

**IRON RANGE RESOURCES AND
REHABILITATION BOARD**

Submitted June 1, 1984



iron range resources and rehabilitation board

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The Honorable Rudy Perpich, Governor
Legislature of the State of Minnesota

The enclosed report details the Action Plan of the Iron Range Resources and Rehabilitation Board for the economic development and diversification of the Taconite Tax Relief Area for the period 1984-1986.

Included for your review and consideration is a brief executive summary and a concise outline of goals, problems, policies, and possible changes involved in carrying out the IRRRB's statutorily mandated responsibilities.

While the economic recession has severely disrupted the regional economy and continues to hinder developmental efforts, the IRRRB administration and staff remain confident that, with the support of the Governor and the Minnesota Legislature, we can work together to provide a brighter future for northeastern Minnesota and its residents.

Thank you.

Respectfully submitted,

Gary Lampa
Commissioner

Iron Range Resources and Rehabilitation Board

GL/kms

Enclosures



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IRON RANGE RESOURCES AND REHABILITATION BOARD

ACTION PLAN

EXECUTIVE SUMMARY

Northeastern Minnesota continues to experience chronic unemployment both directly and indirectly attributable to the general national recession and the specific decline of our regional taconite industry.

The Iron Range Resources and Rehabilitation Board will continue to utilize monies made available from the Northeast Minnesota Economic Protection Trust Fund (2002), the Taconite Area Environmental Protection Fund, and the IRRRB Board Account (00-20), to combat the Taconite Tax Relief Area's singular dependence upon the slumping taconite industry, seeking to stabilize, diversify, and expand the economy of northeastern Minnesota.

Through our Financial Assistance Loan Program and Industrial Revenue Bonding Authority, the IRRRB will attempt to stimulate private sector business development. Through operation of the Iron Range Interpretative Center, Iron Range Research Center, Giant's Ridge Recreation Area, Hill-Annex Mine, Croft Historical Park, Paulucci Planetarium, and an expanded Trails Program, the IRRRB will work to promote both area tourism and recreation. Through the continued use of our Minelands Reclamation and Building Demolition Programs, the IRRRB will attempt to reclaim and revitalize non-productive lands for tourism and other development. Through utilization of our 2002 Boiler Conversion Program and Wilderness Valley Farms Peat Demonstration Project, the IRRRB will seek to develop and support an indigenous alternate fuel industry.

The funding of technical and market studies for the development and utilization of this region's other remaining resources, especially wood related products, will remain a primary area of emphasis. In addition, technological and market problems affecting the economic viability of our existing taconite industry will be vigorously addressed and explored.

A new emphasis upon large developmental projects such as Hibbing's Wood Industrial Park and the Giant's Ridge Recreation Area will require significant IRRRB financial commitments. And while a correspondingly diminished emphasis will be placed on the agency's traditional grants program to area governmental units for community development projects, selective funding of priority community concerns will be maintained.

While the IRRRB is realistically aware of the present and future difficulties involved in the revitalization of our region, we are confident that the sum total of the aforementioned efforts promise a brighter, more diversified economic future for the Taconite Tax Relief Area and the rest of northeastern Minnesota.

Comprehensive Agency Purpose:

Operating under authority granted and governed by Minnesota Statute §298.22 and associated statutes and subdivisions, the Iron Range Resources and Rehabilitation Board is a regionally based state agency whose primary concerns and responsibilities are the development of the remaining resources of the region statutorily defined as the Taconite Tax Relief Area (Minnesota Statute §273.134) and the vocational training and rehabilitation of this region's residents.

Comprehensive Agency Purpose (Con't.)

Pursuant to these purposes, the present IRRRB administration sets forth the following primary and secondary goals:

Primary Goals:

The IRRRB seeks:

1. To retain existing and create new jobs through private sector business development.
2. To promote the general economic diversification of the Taconite Tax Relief Area through the development of this region's under-utilized tourism industry.
3. To promote the development and utilization of this region's indigenous energy resources.
4. To promote the development and utilization of this region's other remaining natural resources, especially wood related products.

Secondary Goals:

The IRRRB seeks:

1. To promote community development through assisting in the selective funding of projects that address the infrastructural elements necessary to provide basic community services while simultaneously retaining existing businesses and attracting new businesses.
2. To promote community development through assisting in the selective funding of projects that maintain or improve the general quality of life for residents of the Taconite Tax Relief Area.
3. To promote the vocational training and human rehabilitation of this region's residents through assisting in the selective funding of projects or programs that address these concerns.

In order to attain the aforementioned goals, the IRRRB has detailed problems obstructing each of these goals and set forth policies designed to resolve these problems and achieve these goals.

In this regard, the IRRRB has included both present policies and possible future policies, as well as possible administrative, structural, or legislative changes that might be required as part of this process.

PRIMARY GOALS

GOAL #1: To retain existing and create new jobs through private sector business development.

- PROBLEMS:**
- A. The decline in the taconite industry has resulted in extended lay-offs and the permanent loss of many jobs -- both jobs within the taconite industry and jobs dependent upon the taconite industry.
 - B. To create jobs outside the mining industry, small business development requires capital at an economical rate of interest. Larger industrial enterprises also require economical capital as well as other financial incentives affecting expansion or relocation.
 - C. Small business development requires entrepreneurial identification as well as technical assistance in the areas of planning and marketing.
 - D. To retain or create new jobs within the taconite industry, new technologies must be developed that shrink the gap between the cost of foreign and domestic steel.
 - E. There are many potential new industries for northeastern Minnesota which have not been thoroughly explored. (Examples: high technology, scientific research, governmental or private institutions.)

POLICIES: IRRRB will maintain its financial assistance loan program, participating on a 50%/50% basis with private lending institutions in the financing of existing business expansions or new business creations judged technically and economically feasible.

IRRRB will continue to use its industrial revenue bonding authority, which backed by its common bond reserve fund, allows the IRRRB to provide lower rates and extended terms for economic development projects within the Taconite Tax Relief Area.

IRRRB will continue to work with interested businesses and communities in an advisory and supportive capacity concerning financial details such as tax increment financing and alternate funding sources.

IRRRB will continue to serve as a regional liaison between business and governmental entities, disseminating technical and marketing information to which it has access and providing referrals for interested entrepreneurs to appropriate private contacts and governmental units.

IRRRB will continue to assist regional economic development efforts through the selective funding of technical and market studies for both existing and potentially feasible northeastern Minnesota industries. This will include both generic and project-specific proposals.

IRRRB will continue to utilize both in-house expertise and contracted assistance in the exploration of new and innovative economic opportunities for the Taconite Tax Relief Area.

PRIMARY GOALS
PAGE 2

GOAL #1: Continued

CHANGES: IRRRB plans the addition of one staff person to assist Mark Phillips in the administration of its financial assistance loan program.

IRRRB is studying possible procedural or legislative changes that might expedite the financial assistance loan program review and approval process; thereby better accommodating the compressed timelines inherent to the financing of private sector business development.

IRRRB is considering asking the Legislature for additional Northeastern Minnesota Economic Protection Trust Fund (2002) monies to continue and expand our economic development efforts.

GOAL #2: To promote the general economic diversification of the Taconite Tax Relief Area through the development of this region's under-utilized tourism industry.

- PROBLEMS:**
- A. To create jobs outside the taconite industry, northeastern Minnesota must work to promote itself. Tourists must be initially attracted to our region; once here, they must have access to information on points of interest as well as available services and recreational opportunities.
 - B. A network of diverse tourist attractions is needed to augment our existing forests, lakes, and rivers.
 - C. These existing forests, lakes, and rivers must be preserved and protected. While the general quality of these natural resources is good, some cosmetic clean-up of litter or dilapidated buildings is required. Intensive forest management policies must be followed or new policies formulated.
 - D. We must strive to improve the quality of fishing, camping facilities, hiking, biking, ski, and snowmobile trails. General services and accommodations must also be improved.
 - E. Mining activities of the past and present have radically altered or rendered non-productive many areas of northeastern Minnesota. Efforts must be made to reclaim these areas for tourism and other uses. We must also attempt to utilize those past and present elements of the mining industry that are, in themselves, tourist attractions.

POLICIES: IRRRB will utilize its Financial Assistance Loan Program to assist in resort rehabilitation and expansion.

IRRRB will develop the Giant's Ridge Recreation Area near Biwabik into a year-round recreational facility encompassing alpine and cross country skiing, as well as snowmobiling for the winter season. Future plans include hiking, biking, camping, and boating opportunities for the summer. The United States Ski Association's designation of Giant's Ridge as a Midwest Regional Training Center for its nordic division athletes requires the construction of training and lodging facilities, as well as improved and expanded cross country ski trails. Facility design will also enable the staging of world-class competitive events.

IRRRB is exploring the possibilities of the United States Biathlon Association's designation of Giant's Ridge as a training center for its biathlon athletes.

PRIMARY GOALS
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GOAL #2: Continued

POLICIES: IRRRB plans summer utilization of the Giant's Ridge facilities for seminars, camps, and conferences.
(Continued)

IRRRB will continue its operation of the Iron Range Interpretative Center and the Iron Range Research Center in Chisholm, including those programs that have successfully enhanced the educational exploration of our Iron Range heritage and the promotion of northeastern Minnesota tourism. Planned improvements include construction of an expanded parking lot and conversion of the existing parking area into a park setting. Also planned is the construction of the Amphitheatre, Control Building, and Phase I of the Science and Energy Center, including a peat-fired heating system for the entire Interpretative Complex. Future plans provide for the completion of the Science and Energy Center, People's Park, and commencement of the Railroad and Old Towne (reconstruction of Glen Location) projects.

IRRRB is studying the feasibility of a private hotel development adjacent to the Interpretative Center, including a nine-hole golf course, as well as tennis and handball courts.

IRRRB is considering the possibilities of controlled water activities such as boating and excursion rides for the adjacent Glen Pit water body.

IRRRB is studying the feasibility of purchasing a main frame computer for the Iron Range Research Center. Such an addition would both satisfy the present and future informational storage needs of the Research Center as well as provide unique opportunities for main frame computer access to area schools and governmental units. Such a technologically advanced system would also complement the futuristic additions planned for the Interpretative Center.

IRRRB will expand its existing Trails Program in an effort aimed at improved promotion of winter tourism within the Taconite Tax Relief Area. Plans include development of a standardized map of existing trails, promotion of special regional winter events, and the continued assistance of governmental units and local users' groups in the planning, construction, maintenance, and grooming of winter trails.

IRRRB will continue its operation of the Hill Annex historical facility in Calumet and its summer Mine Tours Program, utilizing the growth chamber which is located at Hill Annex to raise seedlings necessary for mineland reclamation tree planting.

IRRRB will maintain its Mineland Reclamation Program, seeking to reshape, stabilize, and revegetate the often dangerous or unusable vestiges of natural ore excavation at former regional mining sites.

IRRRB will also work with the Department of Natural Resources in developing safe public accesses to water-filled pits in order that these might be stocked with fish and made available for fishing and boating activities associated with both residential recreation and tourism.

IRRRB will continue its operation of the Croft Historical Mine Park in Crosby.

IRRRB will continue to utilize its Public Information Division to make the public aware of Board and Agency activities. In addition, this division will work to promote the IRRRB's various operations, its Range Country Promotional Program, and northeastern Minnesota's regional tourist appeal.

IRRRB will operate the Paulucci Planetarium in Hibbing.

PRIMARY GOALS

PAGE 4

GOAL #2: Continued

POLICIES: IRRRB will continue to operate the Anchor Lake Tourist Information Center south of Eveleth, dispensing tourist and travel information such as brochures, maps, and schedules to the motoring public.

IRRRB will attempt to coordinate efforts with county, state, and federal agencies to insure preservation, protection, and utilization of northeastern Minnesota's forests, lakes, and rivers. The IRRRB Building Demolition Program will continue to assist in the razing and clean-up of dilapidated structures.

CHANGES: IRRRB may investigate the possibilities of "spinning-off" the Hill Annex Mine, Croft Historical Mine Park, Anchor Lake Tourist and Information Center, and Paulucci Planetarium to appropriate agencies, units, or institutions.

While IRRRB intends to continue its present tourism promotional programs, the Agency also hopes to closely coordinate its efforts with the Minnesota Department of Tourism. IRRRB will continue to monitor regional tourism promotional needs, filling any voids or shortfalls it might discover.

GOAL #3: To promote the development and utilization of this region's indigenous energy resources.

- PROBLEMS:**
- A. Northeastern Minnesota's severe climate forces all Minnesota institutions, businesses, and residents to devote significant monies to pay for heating costs.
 - B. Even when these heating costs are viewed as legitimate operating or living expenses which provide societal benefits through the employment opportunities generated, our present energy industry is not primarily native to Minnesota. Jobs associated with the production of non-indigenous fossil fuels are largely out-state jobs. Dollars spent on non-indigenous fossil fuels are dollars that flow out of Minnesota and do not readily return.
 - C. Dependence on non-indigenous fossil fuels subjects all Minnesota energy consumers to uncertain fluctuations in fossil fuel prices and availability. This correspondingly affects spendable income, operating costs, and production capabilities.

POLICIES: IRRRB will operate its Wilderness Valley Farms Peat Demonstration Project in order to determine and demonstrate whether the fuel peat industry can become a viable alternate industry in Minnesota. Harvesting procedures and costs, production variables, bog development questions, and environmental concerns will all be addressed. Test burns of both milled and sod peat will be conducted in existing northeastern Minnesota boilers, and the feasibility of using these fuels in these or similar boilers will be determined.

IRRRB will continue its boiler conversion loan program for schools, government buildings, and institutions; thereby encouraging cost-saving capital improvements for these agencies, units, and organizations while simultaneously creating jobs in the alternate fuel industry for northeastern Minnesota.

IRRRB will utilize Wilderness Valley Farms for any additional peat research, education, or promotion deemed necessary.

PRIMARY GOALS
PAGE 5

GOAL #3: Continued

POLICIES: IRRRB will seek to coordinate its alternate fuel conversion efforts with the Department of Energy and Economic Development.
(Continued)

IRRRB will continue to study the feasibility of solid waste incineration for St. Louis County.

IRRRB will continue to study the feasibility of various district heating projects. Conversion from fossil fuels to indigenous alternate fuels such as wood or peat will be a primary aim in this area.

When feasible, IRRRB will attempt to use indigenous alternate fuels in its own operations and facilities. The Iron Range Interpretative Center and Giant's Ridge boiler conversions are examples of this commitment.

CHANGES: The advent of the Minnesota Department of Energy and Economic Development's new energy conservation and conversion programs, coupled with the twenty-three boiler conversions funded to date, may decrease the number of boiler conversion loans funded by IRRRB in the future.

Once the primary objectives for Wilderness Valley Farms have been achieved, IRRRB may consider "spinning-off" this facility to a more appropriate agency, unit, or institution.

GOAL #4: To promote the development and utilization of this region's other remaining natural resources, especially wood related products.

- PROBLEMS:**
- A. Northeastern Minnesota is endowed with significant wood resources which require further analysis and development to maximize their utilization.
 - B. Our existing wood products industry requires further study concerning possible new uses, markets, and industries in the wood products field.
 - C. Northeastern Minnesota is endowed with significant mineral resources which require further analysis and development to maximize their utilization. Our existing taconite industry requires studies of new technologies and markets aimed at improving the economic viability of this Minnesota product.
 - D. We must preserve, protect, and improve northeastern Minnesota's valuable water resources while simultaneously exploring new water uses. Serious national water shortages projected for the imminent future only reinforce these concerns.

POLICIES: IRRRB will work to develop a Wood Industrial Park in Hibbing.

IRRRB will thoroughly explore the utilization of wood wastes and other indigenous alternate fuels for the energy needs of the wood industry.

IRRRB will continue to work with smaller, independent loggers and sawmill operators to explore new processing techniques, uses, and markets for their products.

PRIMARY GOALS
PAGE 6

GOAL #4: Continued

POLICIES: IRRRB will continue to work with larger wood products companies concerning both general and specific wood industry concerns. As with other existing and potential industries, IRRRB will continue to promote northeastern Minnesota's resources and people to attract industrial development, expansion, and relocation.

(Continued)

IRRRB will continue to study new uses, markets, technologies, and technological applications affecting our existing Minnesota taconite industry. The Mini-Steel Mill Study and Mesabi-Metals Project are examples of these on-going efforts.

IRRRB will explore the development of our other northeastern Minnesota mineral resources.

CHANGES: IRRRB may investigate the broad scope of concerns surrounding the possible sale of northeastern Minnesota water to other parts of the state or nation.

SECONDARY GOALS

GOAL #1: To promote community development through assisting in the selective funding of projects that address the infrastructural elements necessary to provide community services while simultaneously retaining existing businesses and attracting new businesses.

- PROBLEMS:**
- A. Because of the decline in taconite production, northeastern Minnesota communities have less money available with which to provide community services and fund community maintenance and improvements. This has resulted from these communities experiencing:
 - 1. Decreased revenues from taconite production taxes.
 - 2. Decreased revenues from taxes dependent on mineral and property valuations.
 - 3. Decreased revenues from taxes levied against residents who have either left the area to seek new employment opportunities, or who have become tax delinquent because of employment lay-offs or terminations.
 - 4. Decreased revenues from taxes levied against businesses which have become tax delinquent because of their dependence on the depressed taconite industry or decreased retail sales attributable to the taconite decline.
 - B. The general decline in the northeastern Minnesota economy has rendered new business development more difficult.

POLICIES: Subject to the Legislative Advisory Committee's and Governor's review and approval, the IRRRB will continue to utilize Taconite Area Environmental Protection Fund and IRRR Board Account (00-20) monies to selectively fund priority community development projects within the Taconite Tax Relief Area.

The present IRRRB Administration seeks to direct significant portions of these taconite monies towards those projects that most directly address the following criteria:

- 1. Those projects of an emergency nature whose denial will imminently endanger the public health or welfare, or
- 2. Those projects of a job-intensive character whose completion will provide a long term employment benefit to our economically distressed region.

SECONDARY GOALS
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GOAL #1: Continued

POLICIES: In order to maximize the impact of its money, the IRRRB will seek to lever its available dollars; more readily funding those projects that secure a variety of other funding sources. While the IRRRB has sought to follow this policy in the past, we will re-emphasize this posture in the future.

(Continued)

IRRRB will continue to utilize its Building Demolition Program to assist communities and residents in razing and removing dilapidated structures, clearing the way for future development and returning non-productive properties to area tax rolls.

CHANGES: Because of the taconite production decline, the IRRRB has less money with which to fund community development projects. Hence, the IRRRB may not be able to assist local governmental units to the degree that it has in the past.

Because of a shift in IRRRB emphasis to projects more directly related to economic development, the IRRRB may not be funding certain types of projects and programs it has funded in the past.

GOAL #2: To promote community development through assisting in the selective funding of projects that maintain or improve the general quality of life for residents of the taconite tax relief area.

PROBLEM: A. Facing decreased revenues attributable to the taconite production decline, communities are often forced to address priority issues such as streets and utilities while other community needs such as recreational or cultural development may not receive adequate attention.

POLICIES: While the IRRRB's main thrust will be in the area of direct economic development, IRRRB realizes that recreational and cultural development are indirect factors relating to this general aim. Thus, the IRRRB will devote smaller portions of its taconite monies to projects of this type that address the general quality of life for residents of the Taconite Tax Relief Area.

GOAL #3: To promote the vocational training and human rehabilitation of this region's residents through assisting in the selective funding of projects or programs that address these concerns.

PROBLEM: A. The regional economic crisis brought on by the decline of the taconite industry has correspondingly increased the incidence of societal problems among our populace, especially in the areas of vocational retraining, human services, and human rehabilitation.

POLICIES: Where there is an unanswered need, the IRRRB will assist in the selective funding of projects and programs that address the vocational training of workers directly or indirectly displaced by the decline in the taconite industry. IRRRB will work to coordinate these efforts with the Department of Economic Security, the Northeast Minnesota Office of Job Training, and the Arrowhead Economic Opportunity Agency, as well as the state vocational school system in this area.

SECONDARY GOALS

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GOAL #3: Continued

POLICIES: Where there is an unanswered need, the IRRRB will work with the appropriate
(Continued) organizations or agencies to insure northeastern Minnesotans are properly fed, clothed, sheltered, and medically attended.

Where there is an unanswered need, the IRRRB will assist in the selective funding of projects or programs that address the human rehabilitation of the residents of the Taconite Tax Relief Area.