



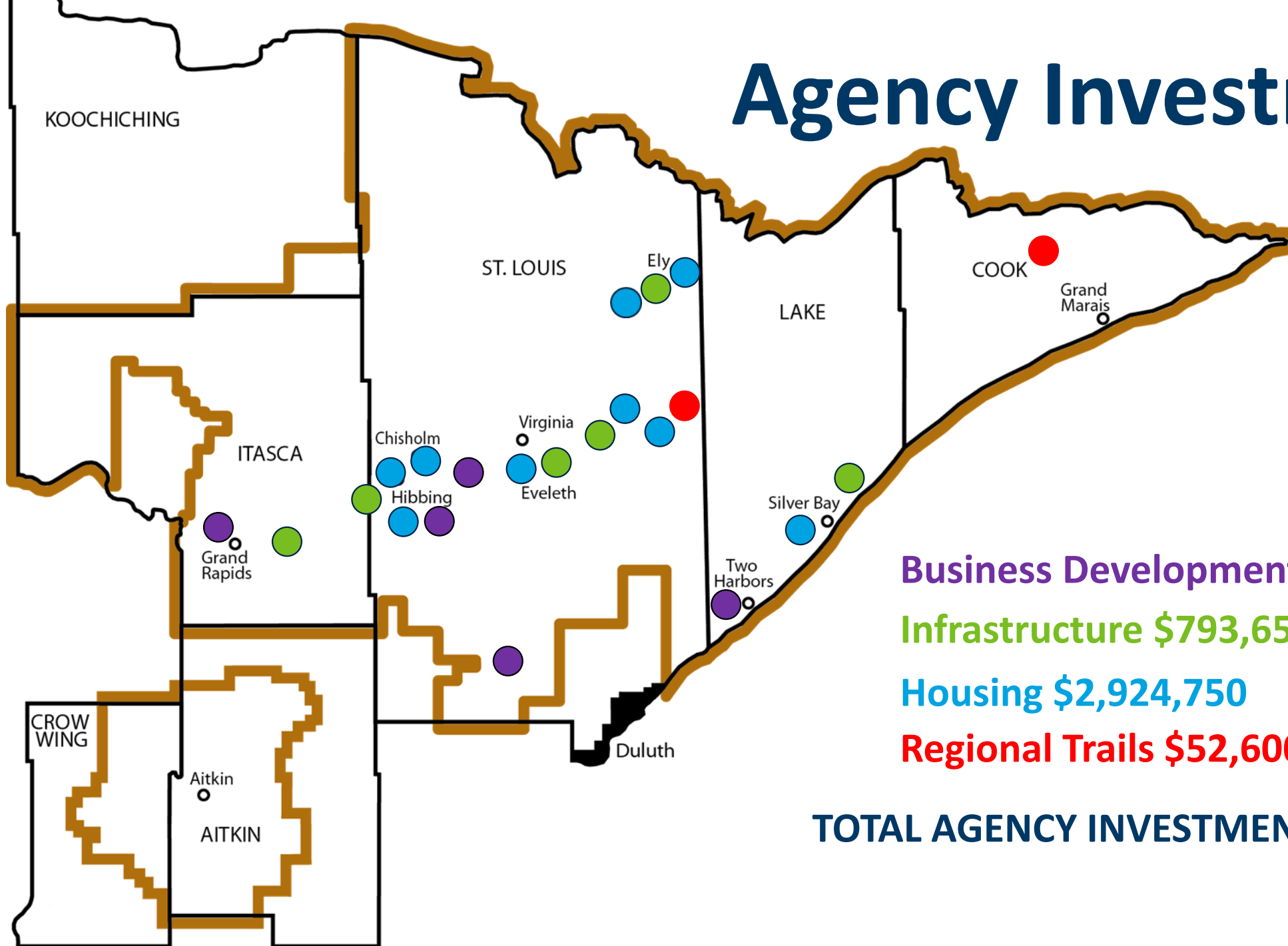
DEPARTMENT OF IRON RANGE RESOURCES & REHABILITATION

Iron Range Resources & Rehabilitation Board Meeting
Tuesday, May 28, 2024
9:00 a.m.

AGENDA

- I. Call to Order
- II. Roll Call
- III. Approval of the March 26, 2024 Meeting Minutes
- IV. Commissioner Comments
- V. Business Development Projects
- VI. Housing Budget Amendment and FY24 Housing Projects
- VII. FY24 Development & Community Infrastructure Projects
- VIII. FY24 Regional Trails Projects
- IX. FY25 Budget
- X. Other
- XI. Adjournment

Agency Investments



Business Development \$9,475,000

Infrastructure \$793,652

Housing \$2,924,750

Regional Trails \$52,600

TOTAL AGENCY INVESTMENT \$13,246,002

BUSINESS DEVELOPMENT

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Hibbing Economic Development Authority

Agency Investment: \$4,500,000

Total Project Investment: \$9,000,000

Number of Jobs: Retained: 8
Created: 12-20

Project: Construct a 34,000-square-foot manufacturing facility on an existing city-owned lot. The entire building will be leased to Advanced Machine Guarding Solutions (AMGS) to accommodate its future growth plans.

Resolution No. 24-027

Cast 7 LLC

Agency Investment: \$275,000

Total Project Investment: \$550,000

Number of Jobs: Retained: 49

Project: Purchase and install a new waterjet machine and new pneumatic manipulators for the purpose of finishing freshly cast stainless steel products and alleviating the strenuous burden of operators handling hot and heavy parts.

Resolution No. 24-028

L&M Supply Inc.

Agency Investment: \$1,000,000

Total Project Investment: \$54,323,992

Number of Jobs: Retained: 83
Created: 35-50

Project: Construction of a new 200,000 square-foot distribution center in Grand Rapids.

Resolution No. 24-029

Finnegan's Farm LLC

Agency Investment: \$950,000

Total Project Investment: \$1,900,000

Number of Jobs: Retained: 2
Created: 8

Project: Purchase of equipment that will extract oils from hemp plants and allow for in-house processing.

Resolution No. 24-030

Fond du Lac Cannabis Corporation

Agency Investment: \$2,750,000

Total Project Investment: \$14,700,000

Number of Jobs: Created: 55

Project: Purchase of furniture, fixtures and equipment for the cultivation of cannabis and manufacturing of cannabis infused products.

Resolution No. 24-031

HOUSING PROJECTS

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Housing Projects & Programs

Project	Agency Investment	Total Project Investment
Bois Forte Band of Chippewa	\$356,579	\$854,508
Center City Housing Corp.	\$1,900,000	\$25,560,125
Center for Energy & Environment	\$298,171	\$1,423,171
East Range Joint Powers Board	\$20,000	\$40,000
Lake County Housing & Redevelopment Authority	\$350,000	\$6,709,757
Total	\$2,924,750	\$34,587,561



Resolution No. 24-032
Resolution No. 24-033

DEVELOPMENT & COMMUNITY INFRASTRUCTURE PROJECTS

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Development & Community Infrastructure Projects

Purpose

- Development Infrastructure grants assist with infrastructure projects that support business development.
- Community Infrastructure grants assist projects that support residential infrastructure and public facility improvements.

Economic Impact

- | | |
|-----------------------------------|--------------------------------|
| • # of Infrastructure Projects: 4 | • # of Project Increases: 2 |
| • Agency Investment: \$670,000 | • Agency Investment: \$123,652 |
| • Total Investment: \$5,157,785 | |

City of Coleraine

Agency Investment: \$140,000

Total Project Investment: \$1,726,000

Project: The project consists of infrastructure and site work for development of a 6,000-square-foot addition to Home and Comfort Assisted Living. Home and Comfort is currently in a 5,000-square-foot facility which will be completely renovated along with the 6,000-square-foot expansion. When completed, the newly expanded facility will provide 22 private rooms and two shared rooms and serve up to 26 residents.



Community Infrastructure Projects

Grantee	Project Description	Agency Investment	Total Project Investment
City of Beaver Bay	The project consists of a new water intake for the city's municipal water system.	\$200,000	\$1,018,000
City of Biwabik	The project consists of infrastructure and facility upgrades to the Vermillion Trail Campground.	\$150,000	\$1,556,000
City of Eveleth	The project consists of new water meters throughout the city.	\$180,000	\$857,785

Community Infrastructure Project Increases

Grantee	Project Description	Agency Investment Increase	Total Project Increase
Breitung Township	The project consists of new sewer line, storm sewer and road reconstruction.	\$33,652	\$90,000
City of Keewatin	The project consists of curb and gutter, sidewalk and lighting on North First Street.	\$90,000	\$90,000

Resolution No. 24-034

REGIONAL TRAILS PROJECTS

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Regional Trails Projects

Purpose

Regional Trails grants assist the design, engineering and construction of various types of trails.

Economic Impact

- Regional Trails Projects: 2
- Agency Investment: \$52,600
- Total Investment: \$105,200



Regional Trails Projects

Grantee	Project Description	Agency Investment	Total Project Investment
Gunflint Trail Society	Construction of trail, boardwalk, kiosk and signs	\$15,000	\$30,000



THE GUNFLINT TRAIL
Historical Society
"A Legacy of the Northwoods"



Regional Trails Projects

Grantee	Project Description	Agency Investment	Total Project Investment
City of Hoyt Lakes	Trail construction and parking lot paving	\$37,600	\$75,200



Regional Trails Projects

Project	Agency Investment	Total Project Investment
Gunflint Trail Society	\$15,000	\$30,000
City of Hoyt Lakes	\$37,600	\$303,300
Total	\$52,600	\$105,200

Resolution No. 24-035

FY25 BUDGET

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m1 IRON RANGE RESOURCES & REHABILITATION

FY 2025 Budget

Investing resources to foster vibrant growth and economic prosperity in northeastern Minnesota.

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Introduction

I am pleased to present the budget for FY25, which signifies the 83rd year of Iron Range Resources & Rehabilitation's invaluable contributions to the region. This \$62 million investment strategy exemplifies the agency's unwavering commitment to fostering a more prosperous living and working environment in our service area. As Commissioner, my vision is centered on elevating our region by cultivating a future that encompasses sustainable job opportunities, a solid educational framework and thriving cities and towns. Through our array of grant and loan programs, I am dedicated to ensuring that our local businesses, communities and schools have the resources to flourish and succeed.

With this annual budget, the agency is strategically positioned to seize new and emerging investment opportunities. By allocating funds to projects in business, community and workforce development, the agency ensures that it can effectively support growth and progress in these crucial areas:

- Retain and create jobs.
- Address community priorities and leverage investment.
- Improve the quality of life for all residents.

Together with our public and private partners, Tribal Nations, and stakeholders, we are committed to enhancing long-term economic development and the overall well-being of all people in northeastern Minnesota.

Strategic Priorities & Funding

- Improve conditions for economic growth with \$28 million of resources in community and workforce development. Funds include a \$6 million program to promote the preservation, rehabilitation and investment in regional housing stock and neighborhoods.
- Support public works infrastructure, broadband and business and industry with spending of \$16 million, 26% of the budget. Infrastructure funding assists communities in modernizing, redeveloping and replacing foundational assets in order to attract business investment and expansion.
- Invest funds in natural and recreational assets, Giants Ridge and regional trails to generate diversification and economic impact while contributing to the quality of life in the region.
- Produce a fiscally sound spending plan that includes reserve funds for unforeseen future needs.



Commissioner Ida Rukavina

FY 2025 Budget

Iron Range Resources & Rehabilitation Board			
	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Resources			
Carryforward In	\$20,143,506	\$22,232,727	\$19,124,692
Current Resources			
Taconite Production Taxes	\$26,113,139	\$26,113,139	\$31,533,494
Investment Earnings	3,705,000	7,950,013	7,797,064
Loan Revenues	3,012,074	3,480,142	2,321,844
Facilities Revenues	7,525,279	7,492,004	7,229,300
Occupation Tax Region 3	503,704	503,704	528,756
** DJJ Corpus Trust	17,769,000	17,769,000	10,630,000
Subtotal Current Resources	\$58,628,196	\$63,308,002	\$60,040,458
Total Resources	\$78,771,702	\$85,540,729	\$79,165,150
Estimated Expenditures			
Projects			
Development Projects	7,500,000	7,500,000	7,500,000
** Development Projects - DJJ Corpus Trust	1,500,000	1,500,000	1,500,000
Public Works	8,500,000	8,500,000	6,000,000
** Public Works - DJJ Corpus Trust	3,500,000	3,500,000	0
Broadband	0	0	1,000,000
** Regional Trails Program - DJJ Corpus Trust	2,000,000	2,000,000	0
Total Projects	\$23,000,000	\$23,000,000	\$16,000,000
Programs			
** Program Grants	15,105,000	14,967,500	17,270,000
Occupation Tax Region 3	503,704	503,704	528,756
Total Programs	\$15,608,704	\$15,471,204	\$17,798,756
Giants Ridge	13,053,215	13,049,217	15,499,586
** Giants Ridge Capital - DJJ Corpus Trust	5,769,000	5,769,000	3,130,000
Total Giants Ridge	\$18,822,215	\$18,818,217	\$18,629,586
Operations & Development Fixed Costs	\$10,462,160	\$9,126,616	\$10,001,309
Total Budget	\$67,893,079	\$66,416,037	\$62,429,651
Estimated Carryforward Out	\$10,878,623	\$19,124,692	\$16,735,499

** DJJ Corpus Trust funds to cover Development Projects, Housing Development and Giants Ridge capital.

Projects

Projects Budget

Development Projects	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Development Projects	\$7,500,000	\$7,500,000	\$7,500,000
Development Projects - DJJ Corpus Trust	1,500,000	1,500,000	1,500,000
Public Works	8,500,000	8,500,000	6,000,000
Public Works – DJJ Corpus Trust	3,500,000	3,500,000	0
Broadband	0	0	1,000,000
Regional Trails Program	2,000,000	2,000,000	0
Total Development Projects	\$23,000,000	\$23,000,000	\$16,000,000

Development Projects - \$7,500,000

These funds are designated for economic development projects to promote business development opportunities and attract new investments to the region. To streamline approvals, improve timeliness, and better serve businesses, the Commissioner, with approval of the IRRR Board Chair, is authorized to approve development projects of \$500,000 and less for projects that meet the following conditions:

- Qualify for Iron Range Resources & Rehabilitation financing under established guidelines.
- Approved by the Technical Advisory Committee (TAC).

Development Projects – DJJ Corpus Trust - \$1,500,000

These funds cover additional Development projects.

Public Works - \$6,000,000

Public works grants help cities, townships, airport authorities, public safety facilities, hospital boards, utility commissions and collaborative organizations complete projects that support community and economic development. Eligible projects include, but are not limited to, publicly owned infrastructure such as wastewater, drinking water, storm water and utility systems, health care and airport facility improvements and renewable energy and energy efficiency initiatives.

Broadband - \$1,000,000

Broadband infrastructure grants help households and businesses unserved and underserved within their service area reach the State of Minnesota broadband speed goals.

Programs

Programs Budget

Program Grants	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Community Development			
Commercial Redevelopment	\$1,000,000	\$1,000,000	\$1,000,000
Residential Redevelopment	275,000	275,000	225,000
Development Partnerships	1,500,000	1,500,000	1,875,000
Business Energy Retrofit	1,500,000	1,500,000	1,500,000
Downtown Building Rehabilitation	500,000	500,000	500,000
Minnesota Dental Foundation	0	0	120,000
Housing Development	5,000,000	5,000,000	6,000,000
Downtown Redevelopment	0	0	1,000,000
Total Community Development	\$9,775,000	\$9,775,000	\$12,220,000
Workforce Development	\$450,000	\$450,000	\$400,000
Mineland Reclamation	\$1,100,000	\$962,500	\$1,150,000
Culture & Tourism			
Culture & Tourism	\$600,000	\$600,000	\$600,000
Minnesota Discovery Center	2,850,000	2,850,000	2,050,000
Total Culture & Tourism	\$3,450,000	\$3,450,000	\$2,650,000
Commissioner Program	\$300,000	\$300,000	\$300,000
Grant Writing Assistance	\$30,000	\$30,000	\$50,000
Regional Trails	\$0	\$0	\$500,000
Total Program Grants	\$15,105,000	\$14,967,500	\$17,270,000

Community Development

Commercial Redevelopment - \$1,000,000

Commercial Redevelopment grants fund partial and full demolition of commercial or publicly-owned structures or the clean-up of brownfield sites, making way for new development.

Residential Redevelopment - \$225,000

Residential Redevelopment grants help create cleaner and safer communities and encourage new construction by assisting in the demolition of residential structures.

Development Partnerships - \$1,875,000

The program funds partnerships for planning, research, education and development-based initiatives which support long term economic growth within the region and are consistent with the Iron Range Resources & Rehabilitation mission, vision and goals.

Business Energy Retrofit - \$1,500,000

The program is funded by Iron Range Resources & Rehabilitation and administered through a partnership with Arrowhead Economic Opportunity Agency (AEOA) to assist business owners with energy efficient improvements to their buildings.

Downtown Building Rehabilitation - \$500,000

The program is funded by Iron Range Resources & Rehabilitation and administered through a partnership with Arrowhead Economic Opportunity Agency (AEOA) to assist business owners with code compliance improvements to buildings located in downtown areas.

Minnesota Dental Foundation - \$120,000

The Dentist Recruitment program funds forgiveness grants within our service area. Funding will be used to administer the Martha Mordini Rukavina Loan Forgiveness Program. The purpose of this competitive program is to provide an incentive to attract dentists to practice general dentistry in the service area, which has a documented need for dentists to provide services to its communities and underserved populations.

Housing Development - \$6,000,000

The grant program will provide funding to support housing projects or programs that result in the creation of new housing units or the rehabilitation of existing housing units. The program will support housing solutions that align with local priorities and regional employers' needs.

Downtown Redevelopment - \$1,000,000

The pilot program will provide gap funding to support building construction projects serving locally owned businesses on main streets in downtown areas.

Workforce Development - \$400,000

Grants assist in workforce development by funding sector specific customized training and career awareness initiatives that emerge from industry, industry clusters, schools or collaborative partnerships that build capacity, responsiveness or innovation to address workforce needs. Funding is also available for post-secondary educational institutions and other regional workforce development partners to develop and deliver curriculum that prepares students for a seamless transition from high school or post-secondary education to the workforce.

Mineland Reclamation - \$1,150,000

The Mineland Reclamation grant programs assist communities and townships with reclaiming and reuse of mine impacted lands, identify and plan new development opportunities and provide the tools to achieve these goals. This program provides funding for highly visible reclamation. The Drilling Incentive Program helps to stimulate additional mineral exploration within the region.

Culture and Tourism**Culture and Tourism - \$600,000**

Culture and Tourism grants assist projects that support arts, culture, history and recreational activities, enhance the quality of life in the region and attract visitors.

Minnesota Discovery Center - \$2,050,000

Minnesota Discovery Center's mission is to "collect, preserve, interpret and promote the history and cultural heritage of northeastern Minnesota; and to manage, promote, sustain and develop the assets of the Discovery Center for the long-term benefit of area residents and visitors." The opening of the Redhead Mt. Park in Chisholm has provided MDC with additional opportunities for future growth.

The Sublease/Management Agreement provides an annual \$1,500,000 operating subsidy, the interest on an endowment fund and a \$150,000 challenge grant for operating or endowment fund raising. In addition to these financial terms, the budget includes \$400,000 for building capital improvements.

Commissioner Program - \$300,000

Grants under the Commissioner Program allow the agency to respond quickly to emergency situations or to support development opportunities that may not meet other program requirements.

Grant Writing Assistance - \$50,000

The grant program reimburses communities, non-profits and educational organizations for up to one-half of the cost of preparing and applying for funding from other state, federal or private grant programs.

Regional Trails Program - \$500,000

The grant program provides funding to assist cities, townships and non-government organizations with trail planning, design, equipment and construction of various types of trails within the region. Trail types may include: bike, hiking, ATV and snowmobile.

Region 3

Region 3 Budget

Region 3 Grant – Carlton/Koochiching	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Region 3	\$503,704	\$503,704	\$528,756

State law directs Iron Range Resources & Rehabilitation to serve as the fiscal agent for Carlton and Koochiching County (Region 3) grants from occupation taxes for economic and environmental development projects. Iron Range Resources & Rehabilitation does not make any funding decisions, but funds pass through under the following provisions:

- The Region 3 allocation is equal to the amount that would have been generated by a 1.5-cent tax imposed on each taxable ton for the preceding production year.
- By law, one-third of the portion allocated for Koochiching County must be used to fund the Koochiching County Economic Development Commission.

Giants Ridge

Giants Ridge Budget

Giants Ridge	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Revenue			
Operating Revenues	\$7,335,482	\$7,381,875	\$7,068,955
Investment by Type			
Operations	\$4,167,098	\$4,116,707	\$5,785,031
*New Capital / Projects	6,819,635	6,819,635	5,275,600
Deferred Maintenance Account	500,000	500,000	500,000
Total Investment	\$11,486,733	\$11,436,342	\$11,560,631
Total Expense Budget	\$18,822,215	\$18,818,217	\$18,629,586

Giants Ridge Recreation Area promotes destination tourism and offers a variety of recreational opportunities that enhance the quality of life for visitors and area residents. It also supports the agency's mission to enhance and diversify the economy of the Iron Range Resources & Rehabilitation service area. Multiplier economic impacts from Giants Ridge on the local economy are estimated to be over \$55 million. Continued investments in the facility help meet customer expectations and keep Giants Ridge competitive.

Giants Ridge is a destination for amateur and high school sports and is currently the host site for the Minnesota State High School League alpine and cross country state championship races. Private sector lodging partners help fulfill hospitality needs in the recreation area and it is also home to a growing residential development population.

The facility has a single operator management contract for all recreational amenities. The model provides for expanded revenue opportunities and provides more flexibility. This budget supports reinvestment at Giants Ridge to build a better future.

Operational Costs

Operational Costs Budget

Operational Costs	FY 2024 Budget	FY 2024 Projected	FY 2025 Budget
Payroll			
Wages and Benefits	\$5,355,111	\$5,031,760	\$5,982,502
Retirement Insurance	117,011	134,088	245,114
Workers Compensation	52,034	52,034	70,119
Other Payroll Costs	1,627,600	1,603,327	86,000
Total Payroll	\$7,151,756	\$6,821,209	\$6,383,735
Purchased Services			
Rentals and Utilities	\$89,900	\$81,026	\$94,900
Printing and Advertising	87,500	68,448	137,000
Professional/Technical Services	594,500	349,802	760,000
Computer and Computer Services	341,000	310,365	334,000
Communications	137,000	130,175	150,500
Travel	185,000	111,876	226,000
Employee Development	49,000	33,392	62,500
Total Purchased Services	\$1,483,900	\$1,085,084	\$1,764,900
Supplies and Equipment	\$790,250	\$357,840	\$558,500
Repairs and Maintenance	\$458,000	\$311,418	\$683,000
Indirect Costs			
Statewide Indirect Costs	\$293,254	\$293,253	\$315,474
Attorney General Costs	25,000	5,895	25,000
Total Indirect Costs	\$318,254	\$299,148	\$340,474
Other Operating Costs	\$260,000	\$251,917	\$270,700
Total Operational Costs	\$10,462,160	\$9,126,616	\$10,001,309

Operational costs include day-to-day general and administrative expenses for running the agency: payroll, purchased services, supplies and equipment, repairs and maintenance, indirect costs and other operating costs.

THANK YOU

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