

BIENNIAL REPORT

Fiscal Years 2017-2018



DEPARTMENT OF IRON RANGE
RESOURCES & REHABILITATION

To the Governor and Legislature
of the State of Minnesota



It is my privilege to present the 38th Department of Iron Range Resources & Rehabilitation biennial report to the Honorable Governor Mark Dayton and members of the Minnesota Legislature.

Over the biennium, the agency emphasized strengthening the quality of life within northeastern Minnesota communities. We partnered with grassroots groups, economic development entities, nonprofits and communities to support small and large business expansion, infrastructure development, downtown revitalization, broadband expansion, education and talent development and culture and tourism.

In celebration of our rich quality of life, the theme “Live and Work Where You Love to Play” is reflected throughout the report. The following businesses are featured: Range Steel Fabricators of Hibbing, Zakobe of Bovey, Northern Twistars Gymnastics of Virginia and Castle Danger Brewery of Two Harbors. The owners of these businesses share one common thread – they all have chosen to live, work and play here in northeastern Minnesota, due in large part to our quality of life.

In closing, with improved community quality of life, business growth, innovative educational opportunities, and a healthy environment, our agency proudly played a leadership role in improving the region’s standing as one of the state’s most desirable places in which to live, work and play.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Phillips".

Mark Phillips
Commissioner





TABLE OF CONTENTS

- 1 Letter from the Commissioner
- 3 Table of Contents
- 5 Who We Are
- 7 How We Are Funded & Our Service Area
- 9 Our Board
- 10 Business Development
- 16 Community Development
- 22 Workforce Development
- 28 Giants Ridge
- 30 Agency Budget
- 31 Grants
- 42 Loans
- 44 Douglas J. Johnson Economic Protection Trust Fund
- 45 Taconite Economic Development Fund
- 46 Iron Range Higher Education Account
- 47 Iron Range School Collaboration Fund





WHO WE ARE

The Department of Iron Range Resources & Rehabilitation* is a State of Minnesota economic development agency headquartered in Eveleth.

VISION

Advance regional growth by stabilizing and enhancing the economy of northeastern Minnesota.

MISSION

Promote and invest in business, community and workforce development for the betterment of northeastern Minnesota.

VALUES

People: We respect, value and celebrate the unique attributes, characteristics and perspectives that make each person who they are.

Commitment: We are committed to providing great service that impacts lives.

Empowerment: We encourage employees to take initiative, engage in continuous improvement and give their best.

Collaboration: We seek out and promote diverse alliances because we value others' knowledge, opinions and abilities, and together we can more effectively address the issues that face our region.

Equity: We strive toward equity, and our intention is that our partners, strategies and investments reflect this.

GOALS

- The regional economy is resilient and diversified.
- The region has a growing, skilled workforce that meets business and industry needs.
- The region's communities are stable, livable and healthy.
- The agency demonstrates management excellence.

*2017 legislation changed the name of the agency to Department of Iron Range Resources & Rehabilitation.



HOW WE ARE FUNDED

The Department of Iron Range Resources & Rehabilitation is funded by a portion of a local taconite production tax paid by mining companies on each ton of iron ore pellets produced. The tax is paid by mining companies in lieu of property taxes. Prior to the agency receiving funding, dedicated amounts of the tax are legislatively distributed to local governments, schools and counties. The commissioner presents an annual budget for approval to the Iron Range Resources & Rehabilitation Board and Governor.

OUR SERVICE AREA

Our service area is a 13,000 square-mile portion of northeastern Minnesota, including 50 cities, 132 townships and 15 school districts. The service area is defined by school district borders.

Minnesota Statutes Section 273.1341





SENATOR
**Tom
Bakk**

SENATOR
**Carrie
Ruud**

REPRESENTATIVE
**Julie
Sandstede**

SENATOR
**David
Tomassoni**

REPRESENTATIVE
**Rob
Ecklund**

REPRESENTATIVE
**Sandy
Layman**

REPRESENTATIVE
**Jason
Metsa**

REPRESENTATIVE
**Dale
Lueck**

SENATOR
**Justin
Eichorn**

Pluskwik/Kishel Images

OUR BOARD

The Iron Range Resources & Rehabilitation Board is an advisory board composed of state senators and state representatives elected from senatorial or legislative districts in which one-third or more of the residents live within the agency's service area. One additional state senator is appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration. Board members are appointed in January of odd-number years and serve until January of the next odd-numbered year. All expenditures and projects made by the commissioner are submitted to the advisory board. The board recommends approval, disapproval or modification of expenditures and projects.*

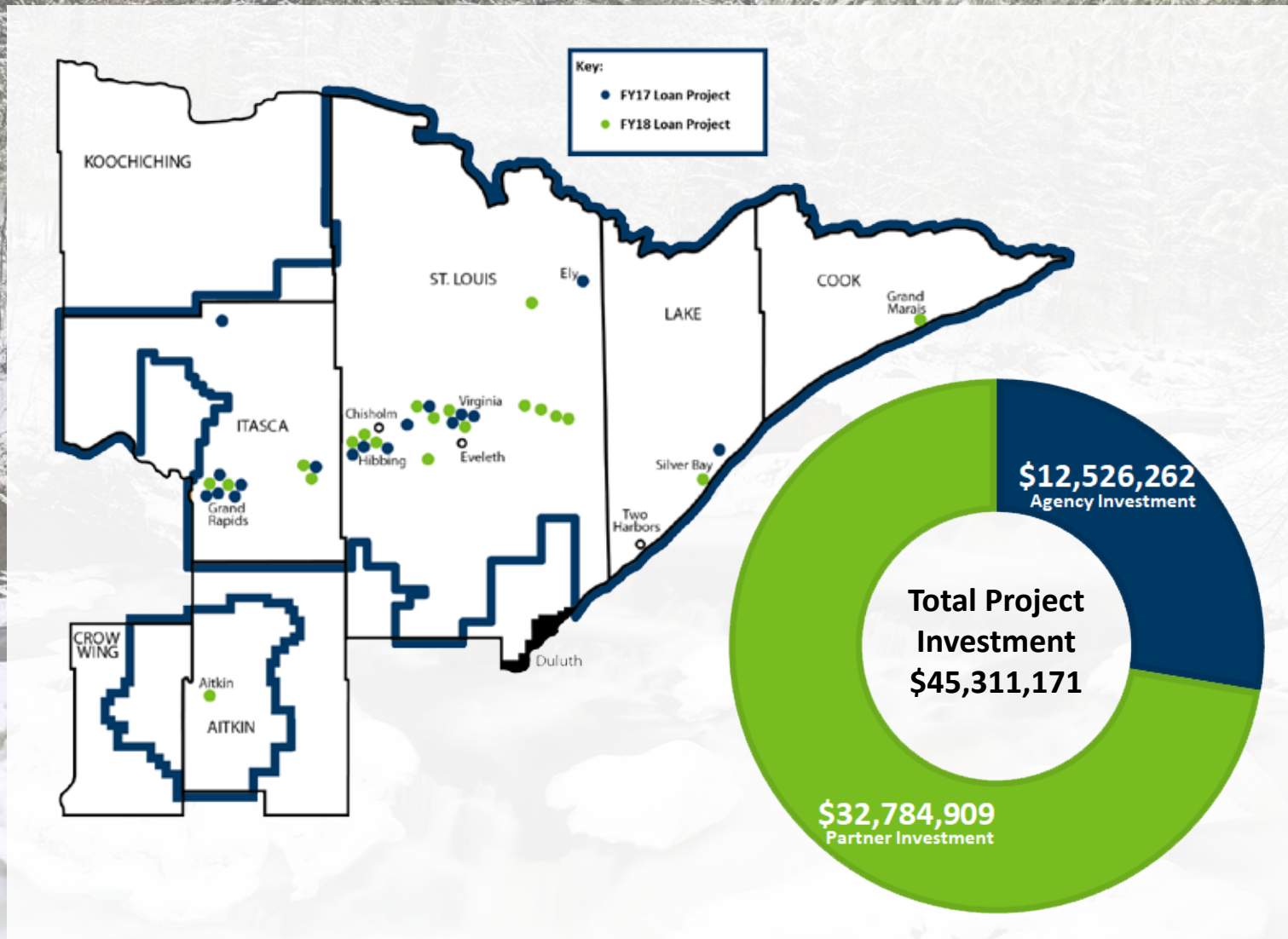
*2017 legislation made the nine-member Iron Range Resources & Rehabilitation Board an advisory board.



BUSINESS DEVELOPMENT

The agency's business development programs are designed to diversify the economy of northeastern Minnesota. Partnerships with economic development entities, financial institutions, businesses and other funding sources support and help create jobs in northeastern Minnesota.

During the biennium, Iron Range Resources & Rehabilitation provided \$12.5 million in business development loans, generating a total project investment of \$45.3 million.





“Gina and I have high expectations for the future of RSF. We intend to expand our services, create new job opportunities in Hibbing and meet our customers’ product needs with a modern manufacturing facility.” *Jeff Halter, Owner*



BUSINESS DEVELOPMENT: Range Steel Fabricators

Range Steel Fabricators (RSF) entered its second century of industrial steel fabrication on the Iron Range, and new owners Jeff and Gina Halter are positioning the company for growth through equipment modernization.

RSF recently improved its manufacturing processes by replacing an ineffective piece of equipment with a Computer Numerical Control (CNC) profile cutting machine. CNC machines are electro-mechanical devices that manipulate machine shop tools using computer programming inputs. This new machine precisely and efficiently manufactures components that RSF supplies to industries such as energy and utilities, mining and minerals, paper and forest products, commercial construction, and heavy equipment and industrial manufacturing.

RSF machines and fabricates steel and aluminum components for local companies who use them to assemble their products. Those final assembled products are then sold and shipped all over the world.

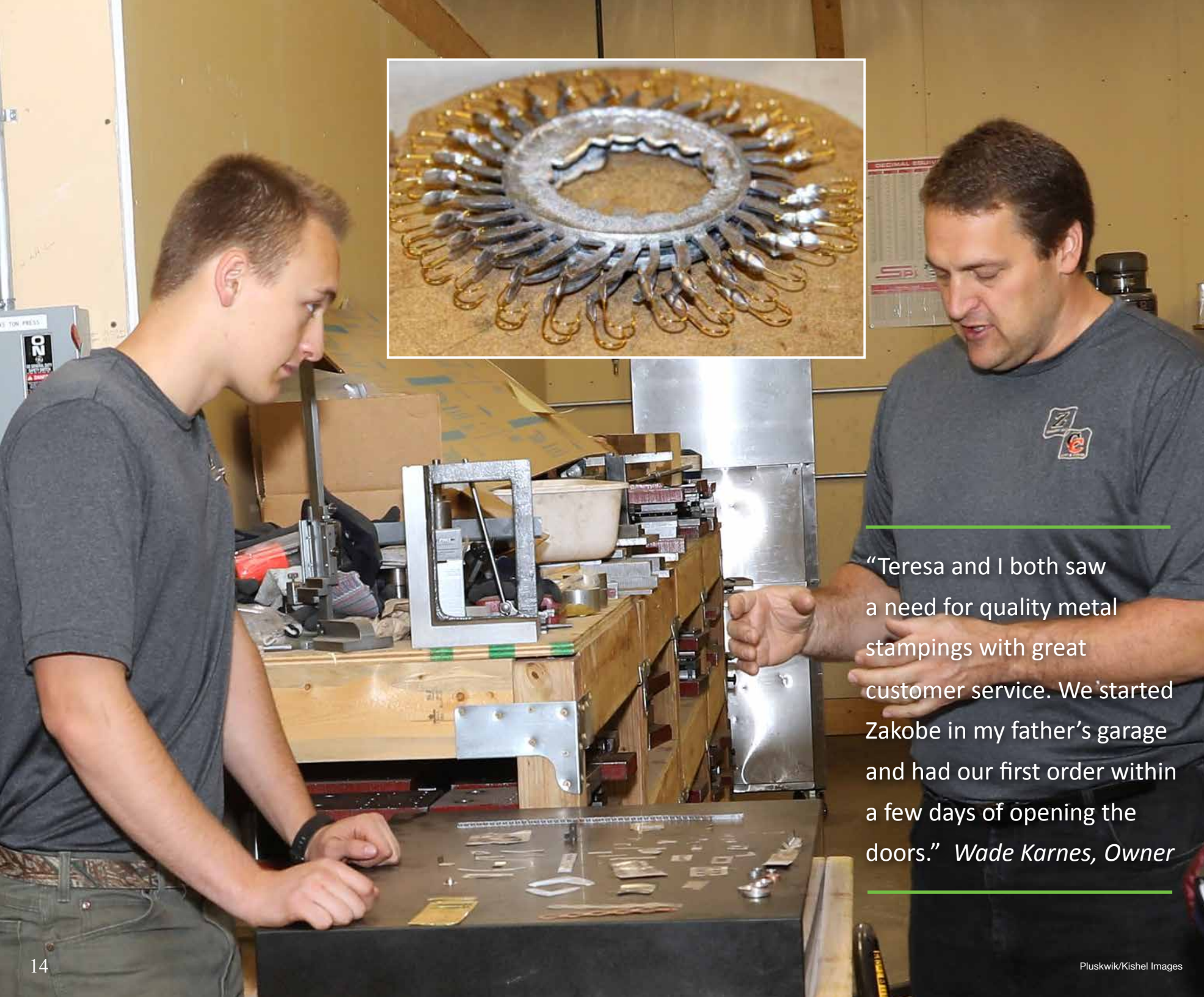
The Halters grew up in Grand Rapids, Minnesota and after having their third child wanted to move back to the Iron Range from Orlando, Florida. They wanted to give their children the same experience they themselves had growing up in a small community and enjoying the outdoors.

The Halters purchased RSF in 2016 and moved their family to Hibbing. Jeff was a real estate developer, and Gina had a professional background in graphic design and marketing. Together they transferred their experience and knowledge of process and operations to managing a manufacturing business. Since 2016 RSF has grown from seven to 20 full-time and three part-time employees.

Iron Range Resources & Rehabilitation supported RSF with a bank participation loan to assist with the purchase of new equipment.

Live and work
where you
to play.





“Teresa and I both saw a need for quality metal stampings with great customer service. We started Zakobe in my father’s garage and had our first order within a few days of opening the doors.” *Wade Karnes, Owner*

Pluskwik/Kishel Images

BUSINESS DEVELOPMENT: Zakobe

A love of family and the outdoors was the driving factor behind Zakobe, a successful family owned and operated metal stamping business in Bovey, Minnesota.

Wade & Teresa Karnes founded Zakobe in 2005, operating it out of Wade’s father’s garage. Twelve years later it is a thriving business that specializes in metal stamping, manufacturing and machining metal fabricated parts for a wide array of industries including fishing, cycling, farm equipment, battery, medical, military, electronics, radiator and computer hardware. Their products are distributed to companies throughout the United States.

Wade graduated from Central Lakes College in Staples as a machinist in 1993, then began his career in Park Rapids, Minnesota after marrying his high school sweetheart, Teresa. He and Teresa had two sons, and when the oldest son Zak turned five they returned home to northeastern Minnesota to raise their sons in the same northwoods where Wade loved to hunt deer when he was young.

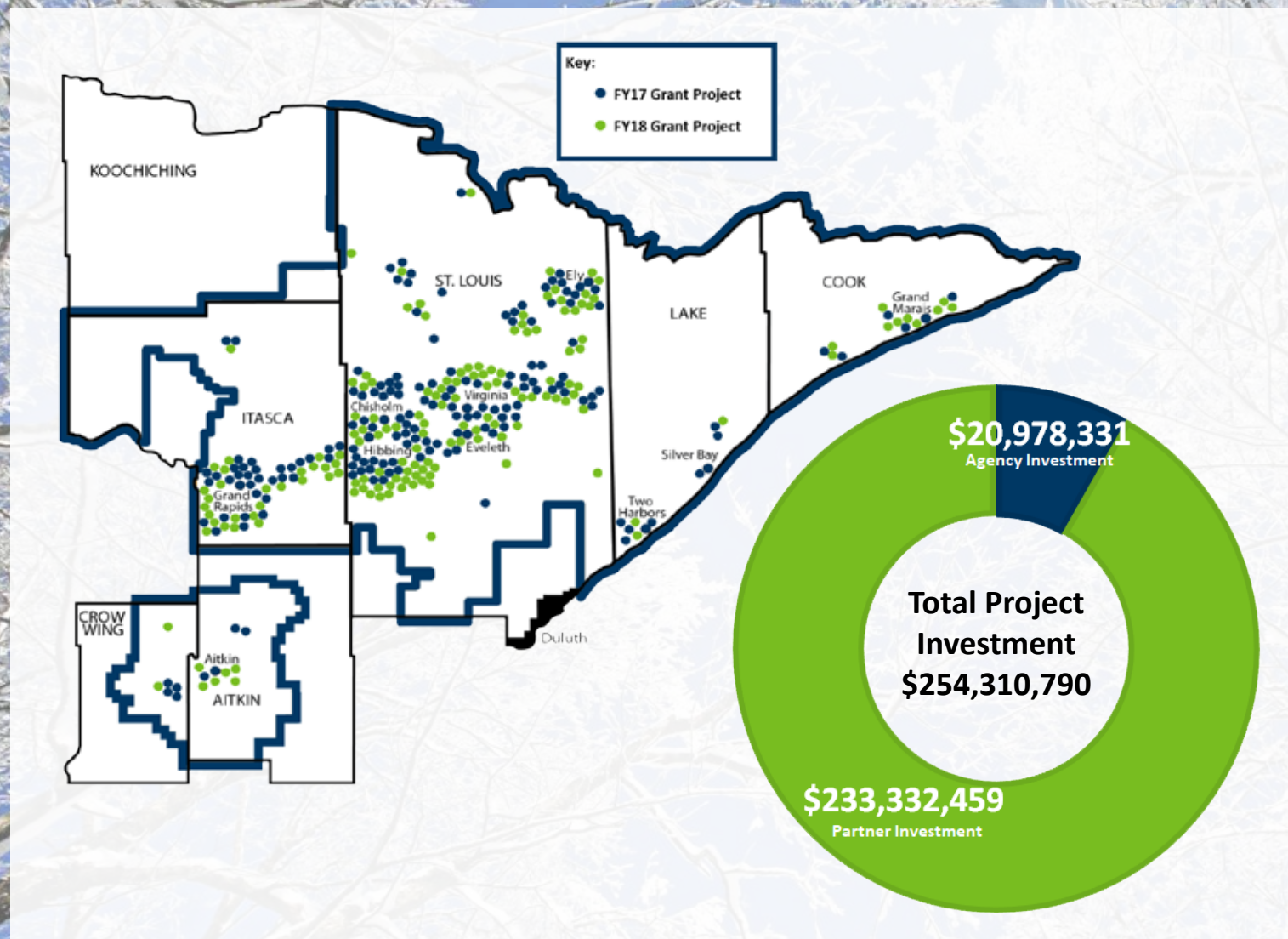
The products made at Zakobe are used every day in homes and businesses. The small metal battery clasp in a TV remote control, or the metal eye hook on a fishing lure could have been tooled and shaped at Zakobe. The company designs and produces all of its tooling in-house, using a variety of metals and other materials such as nickel, aluminum, brass, pvc, bronze, copper, stainless steel and fiber board.

In 2016 the business took another stride when it bought the 6,500 square foot former KMDA facility in Bovey, adding additional press capacity. Zakobe further expanded when it recently purchased Cast & Color, a custom lead casting and painting company that makes fishing tackle. Jigs and lures are now made and painted at Zakobe.

Along with the Karnes’ two sons, Zakobe has several full-time, part-time and telecommuting employees.

Iron Range Resources & Rehabilitation supported Zakobe with a bank participation loan which helped it purchase its current building.

Live and work
where you
to play.



COMMUNITY DEVELOPMENT

The agency's community development programs build stable, livable and healthy communities.

Iron Range Resources & Rehabilitation's community development team works in partnership with local units of government, community development organizations, and regional, state and federal funding partners to support projects important to enhancing community vitality and growth.

During the biennium, Iron Range Resources & Rehabilitation provided \$20.9 million in community development grants, generating a total project investment of \$254.3 million.





“We could not have relocated our business to this facility were it not for the agency’s grant. We now have a large enough building for our customer base, and it is in an excellent centralized location in Virginia pulling students from Hoyt Lakes to International Falls.”

Gwyn Roos, Owner

COMMUNITY DEVELOPMENT: Northern Twistars

Northern Twistars Gymnastics recently moved into a new location at the former Plaza Bowling Lanes building in Virginia. The 16,800 square foot building underwent a complete interior demolition to make way for a new gymnastics training facility used by 400 boys, girls and adults.

Twistars is owned and operated by Iron Range natives Gwyn Roos and Lisa Fix, both former Virginia High School gymnasts and coaches. Since 2008 when it was founded with 75 students, Twistars has operated in three other Virginia locations, each of which it outgrew due to increasing demand in the community.

Iron Range Resources & Rehabilitation provided a Commercial Redevelopment grant which helped pay for the internal demolition and enabled the transformation of the aging bowling facility into a modern gymnasium.

Twistars offers child and adult gymnastics classes, yoga classes, a boys Ninja program, a competitive team program and performance cheerleading. Students range in age from 18 months to 60 years old. In addition, the facility may be rented for kids’ birthday parties.

Virginia resident Jacob Rosandich is a part-time Ninja instructor, and two of his four children are Twistars students. According to Rosandich, the facility gives his family and many others a healthy and fun option for building confidence and lifelong fitness through gymnastics.

Northern Twistars is an excellent example of economic partnership among the city of Virginia, Iron Range Resources & Rehabilitation and private sector business. Gwyn and Lisa developed a business that is meeting an important quality of life demand in Iron Range communities.

Live and work
where you
to play.



“The infrastructure expansion was very important to our community. Castle Danger set their roots here, our downtown was revitalized, and our citizens have a good place to work.” *Dan Walker, Two Harbors City Administrator*



Pluskwik/Kishel Images

COMMUNITY DEVELOPMENT: Castle Danger Brewery

Castle Danger Brewery expanded production capacity by adding an 8,400 square foot packaging hall adjacent to its existing production facility and taproom. The expansion was made possible with a Development Infrastructure grant from Iron Range Resources & Rehabilitation to the city of Two Harbors.

The brewery has been on an upward trajectory since 2014 when it produced 1,500 barrels annually and ranked 14th among all Minnesota breweries in sales revenue and in-state shipments. In 2017 the company produced 14,000 barrels and ranked 6th in the state; in 2018 production of 19,000 plus barrels is expected. The expansion increased efficiencies, more than doubled capacity and has potential for long-term growth of up to 40,000 barrels per year.

The company employs 28 people in Two Harbors, of which six were added since the expansion. An additional six full-time and 35 part-time employees serve in sales capacities throughout the state.

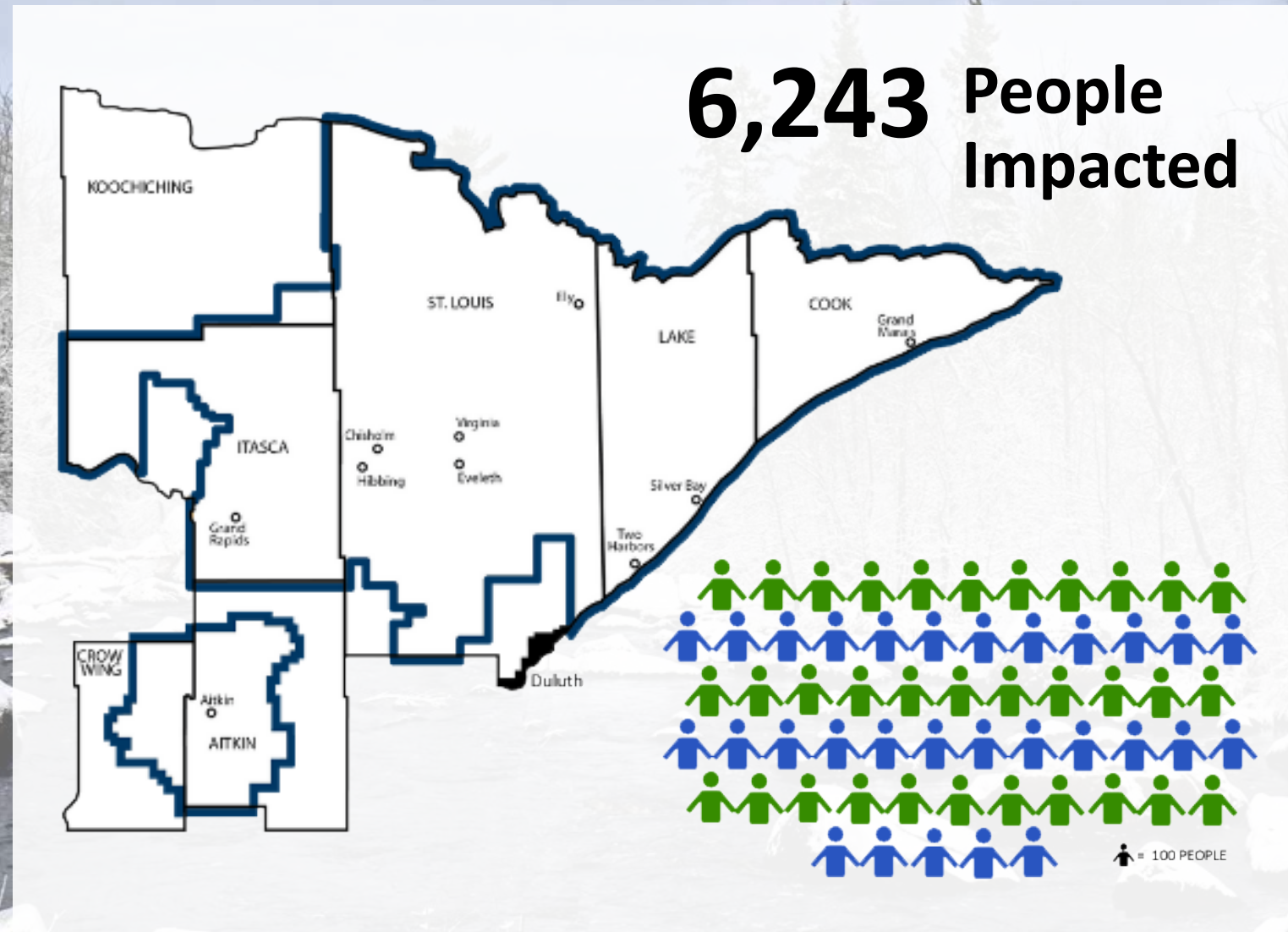
Two Harbors native Clint MacFarlane was a home brewer for five years before founding Castle Danger in 2011 with a 700 square foot brewery. As Clint and his wife Jamie grew their business, they brought in family members Lon and Mandy Larson as business partners in 2014 to manage sales, financial and human resources.

Castle Danger beer is distributed in Minnesota and select border towns in North Dakota and Wisconsin, but the company's focus is to keep its story and roots local on Minnesota's North Shore and capitalize on Two Harbor's competitive advantages.

“Two Harbors has great competitive advantages for our business, the biggest one being Lake Superior as our water source,” said Clint. “Lake Superior has exceptional water quality with very low mineral count so we don't have to spend a lot of time and money on filtering.”

Another advantage is the organic sales growth the company has as a result of North Shore tourism. “People visit the North Shore, try Castle Danger beer during their vacation, and then return to their hometowns and buy it in their neighborhood stores,” said Lon. “Another significant competitive advantage is the work ethic of the local workforce. The people and workers of Two Harbors are exceptional.”

Live and work
where you
to play.



WORKFORCE DEVELOPMENT

Iron Range Resources & Rehabilitation's workforce development program is designed to meet the workforce needs of local businesses and industries.

Through regional partnerships with colleges, businesses and school districts, Iron Range Resources & Rehabilitation provides leadership in the development and implementation of a comprehensive strategy designed to maintain an educated, well-trained workforce.



“Veterinary Technician is listed as a field in high demand. Students completing our program enter a job market where their skills are in demand, and they have excellent employment prospects.”

Dr. Peter Hughes, Vet Tech Faculty

WORKFORCE DEVELOPMENT: Vermilion Community College Veterinary Technician Program

Vermilion Community College added a new Associate of Applied Science Veterinary Technician program, and according to college officials the enrollment response has been excellent.

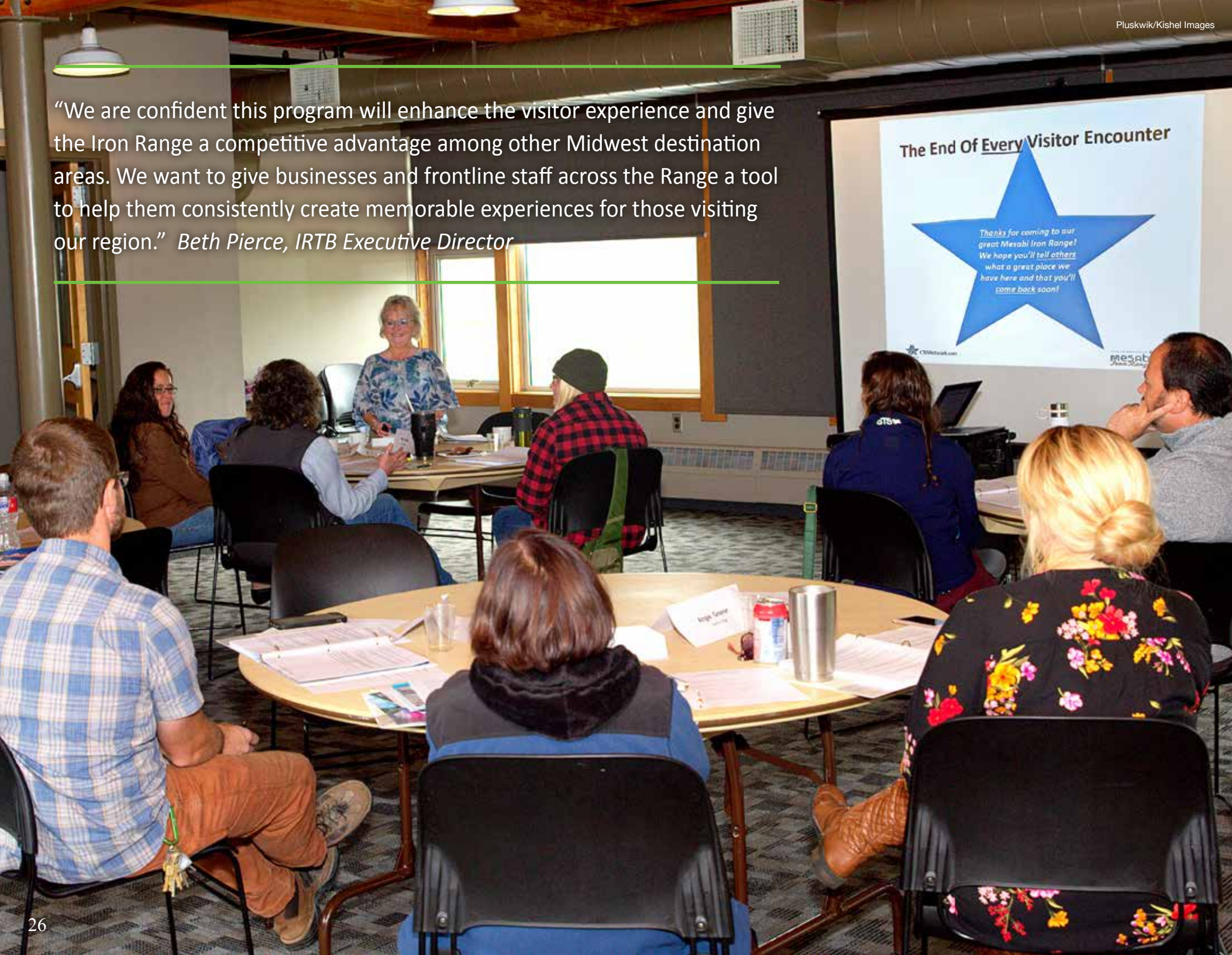
The 75-credit program is the only veterinary program north of the Twin Cities. The program trains students to become Certified Veterinary Technicians. In its first year, 2017, 24 students enrolled in the program. Enrollment is projected to rise to 75 students by the program’s third year.

The program features a United States Department of Agriculture certified kennel and laboratory facilities which allow students to learn surgical procedures, x-rays, dental work, physical exams, sample collection and other animal care. A grant from Iron Range Resources & Rehabilitation helped pay for the laboratory and learning equipment.

Equipment acquisition and program development is supported by the Iron Range Higher Education Account. The account funds higher education programs within the agency’s service area.

Live and work
where you
to play.

“We are confident this program will enhance the visitor experience and give the Iron Range a competitive advantage among other Midwest destination areas. We want to give businesses and frontline staff across the Range a tool to help them consistently create memorable experiences for those visiting our region.” *Beth Pierce, IRTB Executive Director*



WORKFORCE DEVELOPMENT: Certified Tourism Ambassador™ program will benefit Iron Range

The Iron Range is one of two regions in Minnesota (the other is Rochester) taking part in the Certified Tourism Ambassador™ (CTA) program, an industry-recognized certification for frontline staff that is accredited through the Tourism Ambassador Institute.

Curriculum specially customized to the Iron Range was developed and is open to all area businesses who are connected to the tourism industry including hotels, restaurants, retailers and attractions. Through classroom and online training modules the employees will earn their certification and join 12,000 other CTAs worldwide. Workers go through an annual renewal process to ensure their knowledge and skills are continually growing.

Coordinated by the Iron Range Tourism Bureau (IRTB), the program's goal is to drive visitor spending through in-depth knowledge of the region.

Certified workers within the tourism industry may see some great benefits. In other regions, certification has led to higher tips, career advancements and an additional qualification to add on a resume. Employers also benefit because better customer service can result in repeat business.

Iron Range Resources & Rehabilitation supported this project with a Workforce Development grant.

Live and work
where you
to play.





Giants Ridge®



A NEW FUTURE FOR GIANTS RIDGE

On May 1, 2017, the agency finalized a contract under which Guest Services, Inc., in partnership with Billy Casper Golf, manages all Giants Ridge operations, including golf, ski, rental, retail, concessions and facilities.

Giants Ridge offers 35 downhill ski runs, over 60 kilometers of cross country ski trails, snow tubing, snowshoeing and two 18-hole award-winning championship golf courses.

Two new quad ski lifts went into operation in the winter of 2017 at Giants Ridge. A 2,186 foot-long high-speed detachable quad lift and a 1,825 foot-long fixed quad lift highlight several new amenities of a multi-recreation investment in the facility by Iron Range Resources & Rehabilitation. The new lifts allow for easier and quicker transport to the top of the ski hill.

Construction of a climbing wall, two miles of single-track purpose built mountain bike trails and a children's playground rounded out improvements in late 2017 and early 2018.

A 2016 THK Associates, Inc. study shows Giants Ridge to have a \$43 million annual economic impact on the local economy.



Live and work
where you
to play.



APPENDICES

AGENCY BUDGET

	FY 2017 BUDGET	FY 2018 BUDGET
Resources		
Carryforward In	\$14,114,688	\$15,114,267
Current Resources		
Taconite Production Taxes	\$19,405,971	\$21,051,255
Investment Earnings	772,609	1,198,691
Loan Revenues	1,865,671	1,986,835
Facilities Revenues	5,243,542	5,454,727
Occupation Tax Region III	563,091	502,866
Subtotal Current Resources	\$27,850,884	\$30,194,374
Total Resources	\$41,965,572	\$45,308,641
Estimated Expenditures		
Projects		
Development Projects	6,200,000	7,000,000
Public Works	5,000,000	6,000,000
Total Projects	\$11,200,000	\$13,000,000
Programs		
Program Grants	5,575,000	4,810,000
Occupation Tax Region III	563,091	502,866
Total Programs	\$6,138,091	\$5,312,866
Giants Ridge	\$9,802,483	\$10,045,648
Operations & Development Fixed Costs	\$8,654,720	\$7,146,008
Total FY Budget	\$35,795,294	\$35,504,522
Estimated Carryforward Out	\$6,170,278	\$9,804,119

GRANTS

COMMERCIAL REDEVELOPMENT

	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
FY17		
Beatty - demolish former Pehrson Lodge	\$50,000	\$800,000
Bigfork - demolish electric/telephone building	18,076	27,115
Buhl - demolish portion of Cornerstone Villa	14,891	1,814,391
Buhl - demolish Mesabi Manor	78,000	135,000
Cohasset - removal of septic tanks at Nelson Wood Shims	700	978,200
Embarrass - demolish former post office	22,000	356,300
Eveleth - demolish former Lundgrens building	147,000	5,092,470
Grand Rapids - internal demolition of Rapids Brewing building	96,140	2,650,000
Keewatin - demolish two buildings	97,781	130,000
Orr - removal of asbestos at Orr Center	6,000	6,000
Silver Bay - cleanup of former Spur station site	50,830	221,450
Virginia - demolish former One Hour Photo	30,250	43,850
Virginia - internal demolition of former Kmart building	350,000	1,750,000
Total	\$961,668	\$14,004,776
FY18		
Aitkin - demolish airport hangar building	\$4,675	\$6,975
Aitkin County - demolish Garn wood boiler units	7,000	17,035
Babbitt - demolish and dispose of arena boilers	15,919	117,919
Biwabik - demolish Alden’s restaurant	4,666	13,750
Biwabik - demolish R-Bar building	16,935	28,690
Cook County/Grand Marais EDA - demolish trailer homes	49,500	504,775
Grand Rapids - demolish two commercial buildings	23,824	1,029,300
Grand Rapids - demolish and dispose of former Sawmill Inn	82,800	13,807,000
Hibbing - demolish cold storage warehouse for L&M Radiator expansion	24,500	17,622,947
Hibbing - demolish Suburban Bowling Lanes	36,733	54,900
Hibbing - clean up soil contamination	30,040	45,060
Hibbing - internal and external demolition of commercial buildings	92,950	4,882,050
Keewatin - demolish two commercial buildings	21,608	3,756,750

FY18 COMMERCIAL REDEVELOPMENT GRANTS - CONTINUED	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
Kinney - demolish old city hall building	5,000	39,763
Mountain Iron - internal demolition of Heliene building	77,000	8,800,000
Nashwauk - demolish Grover building	58,112	95,345
St. Louis County - demolish old Eveleth Days Inn	100,000	283,000
Tower - demolish dock at Standing Bear Marina	89,994	1,072,944
Virginia - internal and external demolition of Hometown Focus building	45,000	977,030
Total	\$786,256	\$53,155,233
COMMUNITY INFRASTRUCTURE		
FY17		
Bigfork - replace water well	\$75,000	\$135,647
Biwabik - upgrade city-wide infrastructure	250,000	7,200,000
Chisholm - upgrade infrastructure for Lakeview Addition	13,237	5,381,376
Crane Lake - sitework for visitors’ stop	55,900	1,037,600
Gilbert - upgrade of wastewater facility	250,000	8,545,000
Hoyt Lakes - upgrade of wastewater facility	250,000	2,210,708
Total	\$894,137	\$24,510,331
FY18		
Aitkin - upgrade storm water for 1st Street NW	\$130,000	\$2,030,966
Total	\$130,000	\$2,030,966
CULTURE AND TOURISM		
FY17		
Aitkin Area Chamber of Commerce - restore Mississippi showboat	\$10,000	\$20,000
Biwabik Area Civic Association - purchase “Honk the Moose” mascot	1,500	3,000
Borealis Art Guild - purchase art scanner and printer	10,000	23,505
Ely Folk School - marketing campaign	4,500	9,000
Eveleth Elks Lodge 1161 - develop disc golf course	4,111	10,000
Finland Minnesota Historical Society - restore historic buildings	9,323	40,000
Grand Rapids Children’s Museum - develop “Lake Time” exhibit	20,000	54,225
Grand Rapids Itasca Mountain Bicycling Association - develop Tioga Recreation Area - Phase I	17,250	450,000

FY17 CULTURE AND TOURISM GRANTS - CONTINUED	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
Greenwood Community Recreation Board - build playground	15,000	30,000
Incredible Ely - construct Ely Area Veterans Memorial	20,000	61,295
International Wolf Center - marketing campaign	6,000	12,000
Iron Range Historical Society - redevelop Skibo Vista Overlook	10,000	255,938
Iron Range Partnership for Sustainability - marketing campaign	2,410	10,284
Iron Range Tourism Bureau - create promotional videos	4,682	20,000
Itasca County Family YMCA - construct outdoor courts	20,000	293,070
Itasca Ski and Outing, Inc. - repair chalet and marketing campaign	10,000	36,000
Knights of Kaleva - capital improvements to Kaleva Hall	7,000	25,822
Mesabi Musical Theatre - “Xanadu” dinner theatre marketing	4,841	20,900
Northern Lights Music Festival - marketing campaign	10,000	45,947
Northern Lights Nordic Ski Club - construct multi-use building	17,250	160,000
Northern Traxx ATV Club - extend Chisholm ATV trail	20,000	201,250
Old School Lives, Inc. - develop outdoor signage	5,198	30,000
Range Nordic Gliders - improve Carey Lake trail facilities	7,000	190,000
Range Runners Road Runners Club - develop “Race in a Box”	8,550	17,100
St. Louis County Historical Society - develop “The Hill of Three Waters” exhibit	20,000	47,750
Tower Soudan Historical Society - develop architectural plan for historical fire hall	5,000	16,000
Two Harbors Area Chamber of Commerce - capital improvements to information center	3,233	7,466
Visit Grand Rapids - create attractions and event video mapping	8,000	25,500
Total	\$280,848	\$2,116,052
FY18		
Aitkin County Fair Foundation - construct pole barn	\$15,000	\$200,000
Babbitt Conservation Club - enhance 3D archery range	15,000	40,000
Cook County Historical Society - purchase sound system and marketing campaign	4,000	13,000
Crane Lake Visitor & Tourism Bureau - marketing and website campaign	15,000	42,615
Disabled Veterans Recreation - cabin improvements and marketing/design	15,000	55,500
Dorothy Molter Museum - create new exhibit	5,000	10,000
Ely Nordic Ski Club - develop marketing campaign for a winter fat bike trail	7,500	38,000
Eveleth Area Community Foundation - improve tennis courts	15,000	96,000
Finland Snowmobile/ATV Club - purchase compact trackloader	12,000	77,304
Friends of Sax Zim Bog - construct bog boardwalk	10,000	35,900

FY18 CULTURE AND TOURISM GRANTS - CONTINUED	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
Greenwood Community Recreation Board - renovate bocce ball courts	7,500	14,905
Gunflint Trail Historical Society - construct watercraft exhibit building	15,000	258,000
International Wolf Center - summer marketing campaign	5,000	20,000
Into The Brush, Inc. - marketing campaign	1,600	14,700
Iron Range Partnership for Sustainability - marketing campaign	1,600	3,200
Iron Range Tourism Bureau - develop public art	10,000	24,950
Itasca County Agricultural Association - upgrade animal wash racks	15,000	50,000
Itasca County Historical Society - produce oral histories of the picture GRACE	10,000	28,450
John Beargrease Sled Dog Marathon - marketing campaign, signage and fencing	4,000	14,500
Knights of Kaleva - improve entrances	7,500	22,320
Mesabi Community Orchestra - marketing campaign	2,515	9,370
Minnesota Iron Rangers - marketing campaign	6,000	12,000
North Star Foundation of the Mesaba, Inc. - replace pavilion footings	9,785	30,000
Northern Lights Music Festival - “The Barber of Seville” marketing campaign	8,500	26,700
Range Trail Committee, Inc. - purchase snowmobile drag	7,500	16,570
Toimi School Community Center - restore school building	5,000	10,000
Tower-Soudan Lake Vermilion Area Events Board - new state park marketing campaign	13,000	45,000
Visit Grand Rapids - marketing campaign	7,000	20,000
Total	\$250,000	\$1,228,984

DEVELOPMENT INFRASTRUCTURE

FY17		
Biwabik township - construct town hall	\$200,000	\$701,000
Buhl - infrastructure and sitework for Cornerstone Villa	99,500	1,814,391
Chisholm - infrastructure and sitework for housing development	350,000	2,010,001
Chisholm-Hibbing Airport Authority - sitework for aircraft paint facility	225,000	2,623,788
Cohasset - infrastructure for Nelson Wood Shims	32,500	978,200
Cohasset - Iron Range Regional Rail study	275,000	2,375,000
Coleraine - emergency chairlift repairs and snow groomer at Mount Itasca	150,000	400,000
Cook County/Grand Marais EDA - upgrade ADA accessibility at Cook Co./Grand Marais airport	200,000	891,403
Cook County/Grand Marais EDA - renovate Superior National golf course	300,000	844,585
Cook County/Grand Marais EDA - construct workforce housing	57,143	1,104,000

FY17 DEVELOPMENT INFRASTRUCTURE GRANTS - CONTINUED	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
Cook County/Grand Marais EDA - construct workforce housing	350,000	2,900,000
Embarrass - infrastructure and sitework for new post office	25,800	356,300
Eveleth - infrastructure and sitework at Lundgren’s	150,000	5,092,470
Eveleth Virginia Airport Authority - construct taxi lane and T hangar	52,000	1,940,000
Grand Rapids - infrastructure for airport	167,500	786,500
Hibbing - infrastructure and sitework for MDI	350,000	4,653,400
Nashwauk - infrastructure and sitework for automobile parts recycling facility	149,666	540,000
Reif Arts Council - upgrade ADA accessibility at Reif Center	250,000	10,404,447
Tower - infrastructure and sitework for Lamppa Manufacturing	350,000	2,208,521
Two Harbors - relocate 1st Avenue/7th Street water main	201,000	1,701,000
Total	\$3,935,109	\$44,325,006

FY18		
Aitkin County - install boiler system at Long Lake Energy Center	\$93,000	\$187,628
Aurora - infrastructure and sitework for Embarrass Vermilion Federal Credit Union	150,000	1,426,312
Aurora - infrastructure and sitework for Lakehead Constructors expansion	350,000	3,399,844
Babbitt - replace ice arena heating system	50,000	99,654
Bigfork - upgrade building and handicap accessibility	100,000	708,583
Chisholm - relocate and expand United Way of Northeastern Minnesota	200,000	1,048,075
Chisholm-Hibbing Airport Authority - improve airfield lighting	250,000	1,982,609
Chisholm-Hibbing Airport Authority - reconstruct taxiway	250,000	4,236,200
Cohasset - infrastructure and sitework for Lake Country Power	189,000	13,761,730
Cook County/Grand Marais EDA - remove and upgrade waterline intake	62,554	125,107
Cook County/Grand Marais EDA - infrastructure and sitework for Lutsen workforce housing	120,000	2,625,443
Cook County/Grand Marais EDA - infrastructure and sitework for Grand Marais workforce housing	192,000	1,723,007
Cook County/Grand Marais EDA - expand North House Folk School	200,000	1,792,500
Ely - infrastructure and sitework for crisis center	140,000	671,100
Ely - road reconstruction for 17th Avenue East	450,000	1,600,000
Eveleth - improve infrastructure and HVAC for child care facility	175,000	637,000
Eveleth Virginia Airport Authority - upgrade sanitary sewer/lift station	70,000	400,000
Eveleth Virginia Airport Authority - improve access and relocate fuel station	180,000	2,280,000
Grand Rapids EDA - revolving loan fund - Grand Itasca Clinic and Hospital	300,000	4,100,000
Hibbing - reconstruct sanitary sewer for Brooklyn Drive	225,000	1,750,000

FY18 DEVELOPMENT INFRASTRUCTURE GRANTS - CONTINUED	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
Hibbing - restore Hibbing High School auditorium	300,000	3,150,000
Hibbing - sitework for L&M Radiator	350,000	17,597,747
Mountain Iron - infrastructure and sitework for child care facility	260,000	1,081,390
Mountain Iron - infrastructure and sitework for hotel	350,000	10,384,880
Tower - redevelop Lake Vermilion Cultural Center	268,000	1,805,000
Virginia - upgrade child care facilities	45,000	90,000
Virginia - restore Olcott Park fountain	300,000	900,000
Virginia EDA - revolving loan fund - Coates Plaza Hotel	250,000	1,225,000
Total	\$5,869,554	\$80,788,809

DEVELOPMENT PARTNERSHIPS		
FY17		
APEX - NORTHFORCE.org	\$61,000	\$143,000
Chisholm-Hibbing Airport Authority - shovel ready site development	14,000	28,000
East Range Joint Powers Board - feasibility study of a biodiesel facility	15,000	35,000
East Range Joint Powers Board - economic development services	55,000	110,000
Iron Range Tourism Bureau - St. Louis County comprehensive trails plan	25,000	62,000
Northspan Group - Northlandconnection.com	20,000	132,482
Quad Cities - Small Business Development Center - UMD	60,000	204,000
Total	\$250,000	\$714,482

FY18		
APEX - NORTHFORCE.org	\$50,000	\$109,000
East Range Joint Powers Board - economic development services	55,000	115,000
Enterprise Minnesota, Inc. - manufacturing consulting services	25,000	52,521
Great Plains Institute - advance bioeconomy technology	10,000	40,000
Northspan Group - Northlandconnection.com	20,000	125,500
Quad Cities - Small Business Development Center - UMD	60,000	120,000
United Way of Northeastern Minnesota - child care technical assistance	20,000	40,000
Total	\$240,000	\$602,021

DOWNTOWN & BUSINESS CORRIDOR

	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
FY17		
Chisholm KIDS PLUS - revitalize downtown	\$50,000	\$114,800
Ely - revitalize downtown	34,000	87,500
Eveleth - revitalize downtown	21,500	73,000
Hibbing Area Chamber of Commerce - revitalize downtown	4,500	22,911
Tower - revitalize downtown	40,000	79,000
Virginia Community Foundation - revitalize downtown	50,000	100,000
Total	\$200,000	\$477,211

FY18		
Chisholm KIDS PLUS - revitalize downtown	\$24,820	\$49,640
Cook - revitalize downtown	25,000	50,000
Eveleth - revitalize downtown	15,280	75,000
Grand Rapids - revitalize downtown	28,500	57,000
Hibbing Area Chamber of Commerce - revitalize downtown	50,000	114,678
Nashwauk - revitalize downtown	50,000	126,800
Screen Porch Productions - revitalize downtown	6,400	12,800
Total	\$200,000	\$485,918

LAURENTIAN VISION PARTNERSHIPS MINESCAPES		
FY17		
Buhl - construct Judson Mine recreation area	\$38,250	\$76,500
Virginia - design United Taconite barrier berms	112,250	353,275
Total	\$150,500	\$429,775

FY18		
Chisholm - planning and design for Red Head Mountain Bike Park	\$28,900	\$376,765
Chisholm Beautification Association - sitework for Bruce Mine Memorial Park	99,700	507,628
Cohasset - develop Tioga Recreation Area - Phase II	25,000	1,250,000
Hibbing - tailings basin study	10,375	12,375
Iron Range Tourism Bureau - sitework for Bridge View Park	14,500	46,000
Nashwauk - sitework for disc golf course	13,475	23,950
Total	\$191,950	\$2,216,718

RESIDENTIAL REDEVELOPMENT

	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
FY17		
Biwabik - demolish one house, one garage and one accessory structure	\$5,212	\$6,950
Biwabik - demolish one garage	1,404	4,217
Calumet - demolish four houses	13,230	27,956
Chisholm - demolish one house	6,498	10,595
Crow Wing County Land Services - demolish two houses	5,736	4,567
Ely - demolish four houses, two garages and three accessory structures	27,030	46,582
Eveleth - demolish two houses and one garage	12,612	23,520
Eveleth - demolish three garages and one house	13,082	26,945
Hibbing - demolish three houses and two garages	20,334	28,754
Hibbing - demolish two houses, two garages and seven accessory structures	22,332	30,433
Hibbing - demolish two houses and three garages	15,852	26,120
Itasca County - demolish three houses and one garage	11,834	39,740
Mountain Iron - demolish two houses and one garage	18,240	37,791
Nashwauk - demolish five houses and four garages	37,791	65,143
Palisade - demolish one house and one accessory structure	8,928	32,145
Two Harbors - demolish one house	9,180	16,700
Virginia - demolish two houses and two garages	12,540	36,379
Virginia - demolish five houses and three garages	33,690	88,638
Total	\$275,525	\$553,175
FY18		
Aitkin - demolish one house	\$4,257	\$5,676
Aurora - demolish one garage	1,512	3,107
Aurora - demolish one house and one garage	7,008	10,123
Aurora - demolish one house and one garage	7,227	10,967
Bois Forte Band of Chippewa - demolish three houses and four accessory structures	8,085	20,000
Cohasset - demolish one house and one accessory structure	5,936	7,915
Coleraine - demolish one house	4,131	6,291
Coleraine - demolish one house and one garage	8,718	16,389
Ely - demolish four houses, two garages and three accessory structures	27,930	63,103
Ely - demolish four houses, three garages and two accessory structures	32,328	70,216

	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
FY18 RESIDENTIAL REDEVELOPMENT GRANTS - CONTINUED		
Hibbing - demolish two houses and one garage apartment	12,987	22,209
Hibbing - demolish two houses, one garage and one accessory structure	16,812	27,295
Hibbing - demolish four houses, one garage and two accessory structures	21,792	22,176
Hibbing - demolish three houses, one garage and one accessory structure	27,024	27,984
Hibbing - demolish four houses, five garages and three accessory structures	32,685	55,632
Ironton - demolish one house and one garage	6,180	8,902
Keewatin - demolish one house and one garage	7,650	10,234
Nashwauk - demolish one house	5,940	9,371
Nashwauk - demolish one house	6,051	9,780
Virginia - demolish one house	5,784	13,926
Virginia - demolish one house	6,210	15,389
Virginia - demolish two houses, one garage and three accessory structures	15,409	43,165
Total	\$271,656	\$479,850

WORKFORCE DEVELOPMENT

FY17		
Arrowhead Economic Opportunity Agency (AEOA) - Rural Rides - Career Pathways Pilot	\$30,000	\$925,000
Hibbing Area Chamber of Commerce - Teachers Business Connect	1,950	3,000
Iron Range Tourism Bureau - Certified Tourism Ambassador program	35,000	37,000
Northeast Higher Education District - Corporate Leadership Training at Giants Ridge	50,000	50,000
Northeast Minnesota Office of Job Training - Northeast Career Exploration	40,000	42,500
Summer Worker Outreach Project (SWOP) - summer youth programs	30,000	50,000
Total	\$186,950	\$1,107,500
FY18		
Northeast Higher Education District - Minnesota Infinity Online courses	\$25,000	\$25,000
Northeast Higher Education District - Work Skills 101/201 program	50,000	160,800
Northeast Higher Education District - Accelerated Welding program	100,000	456,000
United Way of Northeastern Minnesota - “Bridges Out of Poverty” workshop	5,000	20,000
Virginia Schools ISD 706 - Virginia/Eveleth-Gilbert school collaboration meetings	9,250	60,750
Virginia Schools ISD 706 - Virginia/Eveleth-Gilbert school collaboration meetings	10,750	10,750
Total	\$200,000	\$733,300

OTHER

	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
FY17		
Arrowhead Economic Opportunity Agency (AEOA) - Business Energy Retrofit program	\$750,000	\$3,847,254
Balkan - upgrade failed heating system	52,500	105,000
Coleraine - replace generator at water treatment facility	25,000	70,000
Coleraine - repair golf course trail	10,000	30,000
Ely EDA - revolving loan fund	125,000	2,100,000
Hibbing - comprehensive plan	20,000	62,150
Hibbing - relocate Hibbing mine view	150,000	2,017,882
Hibbing EDA - revolving loan fund	100,000	660,000
Hoyt Lakes - preliminary engineering for siding facility	178,170	178,170
Ironworld Development Corporation - operating expenses and capital improvements	1,350,000	1,618,210
Itasca Gun Club - relocate facility	125,000	1,283,600
Orr - comprehensive plan	3,035	6,070
Palisade - comprehensive plan	5,000	10,000
Range Mental Health Center - youth crisis mental health studies	515	515
Rushaway Pictures, LLC - produce “Virginia, Minnesota”	14,000	490,676
Tower EDA - revolving loan fund	125,000	6,000,000
Total	\$3,033,220	\$18,479,527
FY18		
AngloGold Ashanti Minnesota - drilling exploration	\$67,000	\$635,000
APEX - mass timber study	15,000	66,550
APEX - workforce skills assessment	50,000	150,500
Arrowhead Economic Opportunity Agency (AEOA) - Business Energy Retrofit program	500,000	1,870,000
Aurora - relocate road for school expansion	60,000	71,000
Bois Forte Band of Chippewa - replace HVAC system	100,000	260,570
Chisholm - comprehensive plan	20,000	60,000
East Range Developmental Achievement Center - ADA elevator upgrade	50,000	140,000
Ely Area Development Association - improve job placement services office	13,500	14,000
First Children’s Finance - child care technical assistance	33,334	225,000
Iron Range Learning and Development Center - emergency flood repairs for Apple Tree	8,500	20,116
Iron Range Partnership for Sustainability - local food study	15,000	15,000

FY18 OTHER GRANTS - CONTINUED

	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
Ironworld Development Corporation - operating expenses and capital improvements	1,349,639	1,666,000
Lake Vermilion Fire Brigade - develop emergency access road	20,000	29,690
Laurentian Chamber of Commerce - hospitality lodging market study	17,500	17,500
Minnesota Dental Foundation - dentist recruitment incentives	240,000	240,000
Mountain Iron - improve Heliene facility	29,900	29,900
Northland Foundation - child care shortage study	11,667	35,000
Occupational Development Center, Inc. - upgrade manufacturing equipment	12,318	12,598
Range Trail Committee, Inc. - purchase snowmobile trail groomer	15,000	229,200
St. Louis County Environmental Services - upgrade sewer and septic system at Ash Trail Store	20,000	33,832
Sturgeon Lake Chain Association - emergency removal of beaver dams	2,600	3,200
University of Minnesota - NRRI - consulting services for Enterprise for Strategic Resources	20,000	46,500
Total	\$2,670,958	\$5,871,156
FY17 Total	\$10,167,957	\$106,717,835
FY18 Total	\$10,810,374	\$147,592,955
GRAND TOTAL	\$20,978,331	\$254,310,790

LOANS

FY17 LOANS

ORGANIZATION - DESCRIPTION	TYPE	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
ACC Manufacturing, Inc. - start-up	Direct	\$1,500,000	\$9,300,000
Arrowhead Center	Loan Guaranty	75,000	100,000
ASV Holdings, Inc. - expansion	Participation	300,000	700,000
Grand Rapids EDA - purchase building	Direct	293,000	586,000
Derek L Gustafson, DDS, PA	Loan Guaranty	32,917	43,899
J&A Logging	Loan Guaranty	75,000	100,000
Todd Knuckey - Range Environmental Drilling	Loan Guaranty	72,000	96,000
Lenci Enterprises, Inc.	Loan Guaranty	50,000	100,000
Midwest Manufacturing & Mechanical, Inc.	Loan Guaranty	25,000	50,000
Minnesota Diversified Industries - expansion	Direct	1,000,000	4,700,000
Northland Tractor Repair, Inc.	Loan Guaranty	45,000	120,000
Seppi Borthers Concrete - expansion	Direct	400,000	1,000,000
Spring Creek Manufacturing - purchase operation	Participation	170,500	341,000
Steger Mukluks and Moccasins - purchase cutting equipment	Participation	23,045	92,180
Sunrise Bakery, LLC	Loan Guaranty	75,000	121,000
Wolf Ridge Environmental Learning Center - expansion	Participation	500,000	8,200,000
Zakobe, LLC - expansion	Participation	82,250	164,500
	Total	\$4,718,712	\$25,814,579

FY18 LOANS

ORGANIZATION - DESCRIPTION	TYPE	AGENCY INVESTMENT	TOTAL PROJECT INVESTMENT
Airmark, Inc. DBA Nelson Wood Shims - transform production line	Participation	\$325,000	\$650,000
Biwabik Mary Ellen Stone Company, LLC	Loan Guaranty	47,062	62,750
Ellefson Off Highway, Inc. - expansion	Participation	300,000	800,000
Freebs Fitness & Training	Loan Guaranty	37,500	80,000
Hedstrom Lumber - purchase & renovate equipment	Participation	250,000	500,000
Heliene Inc. - expansion	Direct	1,750,000	8,700,000
Hibbing Fabricators, Inc. - purchase equipment	Participation	220,000	440,000
Hoyt Lakes - purchase building for expansion	Direct	850,000	850,000
Johnny’s Auto Service	Loan Guaranty	36,000	101,600
JVP Investments, Inc.	Loan Guaranty	75,000	250,000
Midwest Manufacturing & Mechanical, Inc.	Loan Guaranty	75,000	250,000
Midwest Manufacturing & Mechanical, Inc.	Loan Guaranty	25,000	300,000
Rapids Counseling Services, Inc.	Loan Guaranty	75,000	100,000
RSF Industries, Inc. - purchase equipment	Participation	37,000	85,000
Stern Companies - purchase equipment	Participation	1,000,000	3,248,000
Tim & Jesse, Inc.	Loan Guaranty	29,988	39,984
Tower EDA - purchase building for expansion	Direct	1,850,000	1,850,000
Virginia-Eveleth EDA - financial assistance	Direct	650,000	650,000
Virginia Plastics - purchase assets	Participation	100,000	239,258
Wilderness Products, LLC	Loan Guaranty	75,000	300,000
	Total	\$7,807,550	\$19,496,592
	GRAND TOTAL	\$12,526,262	\$45,311,171

Douglas J. Johnson Economic Protection Trust Fund

The Douglas J. Johnson Economic Protection Trust Fund is devoted to economic rehabilitation and diversification with priority for projects and programs designed to create and maintain productive permanent, skilled employment including employment in technologically innovative businesses; to encourage diversification of the economy; and, to promote the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business and tourism; and, projects and programs for which technological and economic feasibility have been demonstrated.

Minnesota Statutes Section 298.291-298.297

	Type of Funding	AGENCY INVESTMENT
FY17		
No projects awarded		0
	Total	0
FY18		
Mountain Bike Trails	Grant	\$5,000,000
Biwabik - Giants Ridge		
Chisholm - Redhead		
Cohasset - Tioga		
	Total	\$5,000,000

Taconite Economic Development Fund

The Taconite Economic Development Fund was established by the 1992 Minnesota Legislature. Currently in years when total industry production exceeds 30 million tons, up to 25.1 cents-per-ton of the taconite production tax may be rebated to northeastern Minnesota iron ore mining operations. The rebate must be used for:

- workforce development and associated public facility improvement
- acquisition of plant and stationary mining equipment and facilities
- research and development in Minnesota on new mining or production technology

When the total industry production is below 30 million tons, distributions are limited to chips and fines credits. In FY17 mining companies received their entire TEDF rebate; however, in FY18, they were only eligible to receive a rebate based on chips and fines.

Minnesota Statutes Section 298.227

	AGENCY INVESTMENT
FY17	
ArcelorMittal Minorca - line 1 cobber distributor and separator replacement, vacuum disc filter upgrades	\$649,457
Hibbing Taconite - Highway 5 relocation, furnace stack and scrubber replacements	1,875,068
Magnetation - no projects submitted to date	1,092,998
Mesabi Nugget - water treatment plan - large scale trial	12,817
Mining Resources - no projects submitted to date	1,719
Northshore Mining - direct reduction grade pellets, cavex cyclone installation RC/RT pumps	1,127,463
USS-Keetac - pre-heat dust collector upgrade, tails basin reclamation and dust control	1,005,719
USS-Minntac - lines 4 and 5 kiln burners, 2016 mine extension, third stage crusher conversion, step 1 and 2 cleaner magnetic separators	3,257,432
United Taconite, LLC - Project Mustang - engineering and plant modification	1,099,715
Total	\$10,122,388
FY18	
ArcelorMittal Minorca - no projects submitted to date	\$19,621
ERP Iron Ore, LLC - no projects submitted to date	561,585
Northshore Mining - no projects submitted to date	40,175
USS-Keetac - no projects submitted to date	42,493
USS-Minntac - no projects submitted to date	22,901
United Taconite, LLC - no projects submitted to date	13,225
Total	\$700,000

Iron Range Higher Education Account

Created by the 2008 Minnesota Legislature, the Iron Range Higher Education Committee advises the Commissioner on providing higher education programs to the service area. Programs are funded by five cents of the Taconite Production Tax that are placed in the Iron Range Higher Education Account. Upon recommendation of the Commissioner and the Iron Range Higher Education Committee, the Board approves expenditures from the account.

Minnesota Statutes Section 298.28 Subd. 9d

	AGENCY INVESTMENT
FY17	
Northeast Higher Education District - marketing and student recruitment plans for advancement strategies	\$300,000
Northeast Higher Education District - Iron Range Engineering	950,000
Northeast Higher Education District - Iron Range Engineering - Next Innovation Feasibility Study Phase I	100,000
Northeast Higher Education District - Process Operations at Itasca Community College	240,000
Northeast Higher Education District - Veterinarian Technician program at Vermilion Community College	450,000
Northeast Higher Education District - welding stations at Mesabi and Hibbing Community Colleges	64,000
Total	\$2,104,000
	PROJECT AMOUNT
FY18	
Northeast Higher Education District - Iron Range Engineering	\$1,000,000
Northeast Higher Education District - Iron Range Engineering - Next Innovation Feasibility Study Phase II	195,000
Total	\$1,195,000

Iron Range School Collaboration Grant Program

The Iron Range School Collaboration grant program supports multi-district collaborative initiatives that result in increased availability and access to high quality education and training for students, teachers and communities within the service area.

Minnesota Statutes Section 298.28 Subd. 7a

1. Bricks and Mortar Projects:

- Partnership with one additional school district
- Bricks and mortar projects are capped at \$2 million annual contributions based upon approval of voter referendum
- Evidence of new and increased curriculum opportunities for students

2. Innovative Academic Programming:

- Partnership with one additional school district or NHED member college
- Programming examples include but are not limited to: ALI, EIP, STEM initiatives and early childhood
- Evidence of new and increased curriculum opportunities for students

	AGENCY INVESTMENT
Brick & Mortar Projects	
FY18 - Grand Rapids School District	\$4,700,000
Total	\$4,700,000
Innovative Academic Programming	
FY17 - Education Innovation Partners - Technology upgrades for the Center of Education Leadership & Innovation	\$2,000,000
Total	\$2,000,000

The 2017-2018 Biennial Report recaps
the Department of Iron Range Resources & Rehabilitation
activities from July 1, 2016 through June 30, 2018.

Cover: Floe Matte Cover, 100#
Body: Floe Matte Text, 80#



10% post-consumer recycled content



DEPARTMENT OF IRON RANGE
RESOURCES & REHABILITATION

IRRRB.ORG

