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Department of Iron Range Resources & Rehabilitation

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AT A GLANCE

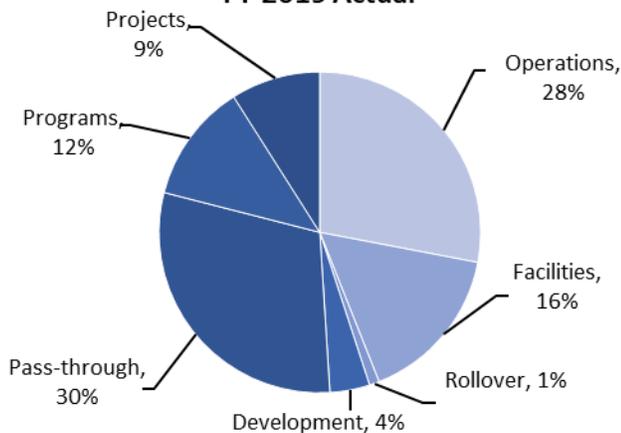
- Established in 1941, the Department of Iron Range Resources & Rehabilitation was created to diversify the economy within a region largely dependent on the removal of minerals (iron ore and taconite) and other natural resources.
- The agency’s service area is defined by Minnesota Statute 273.1341 and encompasses 13,000 square miles in northeastern Minnesota: 53 cities, 134 townships, portions of four tribal nations and 14 school districts. The service area population is 155,693.
- The agency is primarily funded by a portion of local taconite production tax paid by mining companies on each ton of iron ore pellets or concentrates produced. The tax is paid in lieu of property taxes by mining companies located within the agency’s service area.
- The Department of Iron Range Resources & Rehabilitation operates on an annual budget established by the commissioner and approved by a nine-member board and the Governor.

PURPOSE

The Department of Iron Range Resources & Rehabilitation is an economic development agency that reinvests local taconite production taxes back into northeastern Minnesota businesses and communities in order to strengthen and diversify the economy. Loans are provided to businesses relocating or expanding in the region. Grants are available to local and tribal units of government, educational institutions and nonprofits. Grants support projects related to business development, infrastructure and broadband, downtown revitalization, worker training and certification, and tourism and recreation.

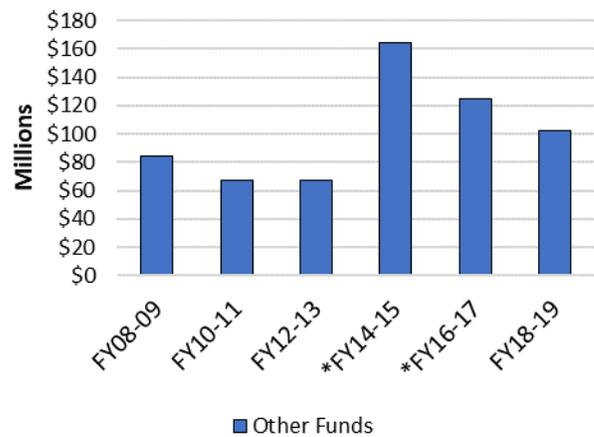
BUDGET

**Spending by Program
FY 2019 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



*Include DJJ Corpus, Event Center Construction & School Bond Payments

Source: Consolidated Fund Statement

AGENCY GOALS AND STRATEGIES

The agency's strategic plan aligns its collaborative efforts around long-term economic growth that increases the well-being of all people in northeastern Minnesota. The agency's mission helps focus funding priorities around leveraging capital, improving quality of life and retaining and creating good paying jobs. We align our strategies with four long-term goals related to community development, asset reinvestment, business development and workforce development.

Communities invest in their foundational, business and social assets to ensure quality of life for all residents.

- Infrastructure funding is available to improve, replace and modernize foundational assets such as sewer, water and broadband.
- Redevelopment programs provide funds to improve business assets including interior and exterior renovation, energy efficiency and retrofits.
- Community development grants fund the construction, maintenance and improvement of social assets such as parks, recreation, trails, and arts and culture organizations.
- Opportunities to expand or create new child care facilities and programs are actively pursued.
- Agency broadband investments leverage other resources to increase the number of residents served by the state's 2026 broadband speed goals.
- The agency participates in enterprise sustainability to manage energy, conserve water and reduce waste.
- Access and equity inform outreach efforts and staff and leaders work directly with tribal nation representatives from Bois Forte, Grand Portage, Leech Lake and Fond du Lac helping connect their development priorities with grant and loan resources.

Agency investments in Giants Ridge increase its economic impact and contribute to the quality of life in the region.

- Improve assets that contribute to economic impact.
- Track economic impact over time using independent analysis.
- Maintain Giants Ridge's state and national golf course rankings.

Businesses invest in northeastern Minnesota.

- Respond to business needs with creative and flexible financial solutions.
- Assist businesses and communities with economic recovery from the COVID-19 pandemic.
- Recruit new businesses through lead generation, tradeshows and outreach to targeted industries.
- Track family sustaining wages of businesses served by agency loans.
- Promote energy efficiency for small businesses through the Business Energy Retrofit grant program.

Workers have the education and training to meet business needs.

- Invest in workforce development programs that meet businesses' training and education needs.
 - Support skills development that increase workers' ability to earn to a family-sustaining income.
- Invest in higher education programs through Iron Range Higher Education.
- Multi-district collaborative efforts increase availability and access to high quality education for the region's students through a Bricks and Mortar Program and an Innovative Academic Program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of businesses/grantees served by Iron Range Resources & Rehabilitation programs	200	274	Previous FY17/18 and Current FY19/20
Quantity	Iron Range Resources & Rehabilitation investment	\$33.6M	\$34.5M	Previous FY17/18 and Current FY19/20
Results	Total project cost for regional projects that include IRRR Investment	\$298M	\$326M	Previous FY17/18 and Current FY19/20

M.S. 298.22 provides the legal authority for the Department of Iron Range Resources & Rehabilitation.

Iron Range Resources and Rehabilitation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<u>Expenditures by Fund</u>						
2370 - Iron Range Resources & Rehab	31,722	35,942	38,806	55,438	31,674	39,436
2380 - Douglas J Johnson Econ Protect	18,486	15,825	8,284	24,766	6,768	6,136
4600 - Giants Ridge Golf & Ski Resort	10,535	9,518	10,520	11,573	10,157	10,157
Total	60,744	61,284	57,610	91,777	48,599	55,729
Biennial Change				27,359		(45,059)
Biennial % Change				22		(30)

Expenditures by Program

Operations	20,127	17,022	11,004	26,949	8,474	8,474
Facilities	10,272	9,518	10,520	11,353	10,157	10,157
Development	2,087	2,292	2,237	2,691	2,691	2,691
Agency Roll Over	1,870	879	13	2,097		
Pass-through Funding	14,981	18,299	21,091	35,694	14,284	21,414
Programs	5,067	7,516	6,251	7,493	7,493	7,493
Projects	6,340	5,759	6,494	5,500	5,500	5,500
Total	60,744	61,284	57,610	91,777	48,599	55,729

Expenditures by Category

Compensation	5,751	4,742	4,623	5,120	5,120	5,120
Operating Expenses	11,604	12,286	14,104	13,623	11,232	11,232
Grants, Aids and Subsidies	38,388	39,723	34,352	67,083	27,268	35,661
Capital Outlay-Real Property	342	52	497	485	985	985
Other Financial Transaction	4,660	4,481	4,034	5,466	3,994	2,731
Total	60,744	61,284	57,610	91,777	48,599	55,729

Total Agency Expenditures	60,744	61,284	57,610	91,777	48,599	55,729
Internal Billing Expenditures	0	0	0	111	111	111
Expenditures Less Internal Billing	60,744	61,284	57,610	91,666	48,488	55,618

Full-Time Equivalent

	45.21	42.48	42.03	41.63	41.63	41.63
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Iron Range Resources and Rehabilitation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	2,408	2,620	2,848	2,630	2,515	2,525
Transfers In	2,957	3,214	3,721	3,768	3,469	3,408
Transfers Out	5,365	5,834	6,569	6,398	5,984	5,933

2370 - Iron Range Resources & Rehab

Balance Forward In	47,143	49,151	56,988	55,126	45,993	54,074
Receipts	35,154	39,353	44,723	47,600	41,122	42,462
Transfers In	20,094	18,760	20,513	18,416	15,736	16,510
Transfers Out	24,046	17,576	28,757	20,359	17,751	18,515
Net Loan Activity	1,604	745	463	648	648	648
Balance Forward Out	48,227	54,492	55,125	45,993	54,074	55,743
Expenditures	31,722	35,942	38,806	55,438	31,674	39,436
Biennial Change in Expenditures				26,580		(23,134)
Biennial % Change in Expenditures				39		(25)
Full-Time Equivalents	34.10	33.00	33.62	33.62	33.62	33.62

2380 - Douglas J Johnson Econ Protect

Balance Forward In	44,742	30,408	41,555	41,309	16,072	14,753
Receipts	5,089	4,857	5,838	6,865	8,480	4,849
Transfers In	12,772	16,465	10,568	12,781	8,371	8,037
Transfers Out	12,363	13,347	8,347	10,233	5,402	5,129
Net Loan Activity	(1,346)	(806)	(20)	(9,884)	(6,000)	(6,000)
Balance Forward Out	30,408	21,752	41,310	16,072	14,753	10,374
Expenditures	18,486	15,825	8,284	24,766	6,768	6,136
Biennial Change in Expenditures				(1,262)		(20,146)
Biennial % Change in Expenditures				(4)		(61)
Full-Time Equivalents	6.48	6.31	6.01	6.01	6.01	6.01

4600 - Giants Ridge Golf & Ski Resort

Balance Forward In	527	2,347	2,222	2,202	1,626	1,703
Receipts	4,899	7,064	4,734	5,234	5,234	5,234
Transfers In	7,540	1,499	5,766	5,763	5,000	5,000
Transfers Out	149					

Iron Range Resources and Rehabilitation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Balance Forward Out	2,281	1,392	2,202	1,626	1,703	1,780
Expenditures	10,535	9,518	10,520	11,573	10,157	10,157
Biennial Change in Expenditures				2,040		(1,779)
Biennial % Change in Expenditures				10		(8)
Full-Time Equivalents	4.63	3.17	2.40	2.00	2.00	2.00

Iron Range Resources and Rehabilitation

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Open				
Fund: 1000 - General				
FY2021 Appropriations	2,860	2,860	2,860	5,720
Base Adjustments				
Forecast Open Appropriation Adjustment		(8)	35	27
November Forecast Adjustment	(230)	(337)	(370)	(707)
Forecast Base	2,630	2,515	2,525	5,040
Dedicated				
Fund: 2370 - Iron Range Resources & Rehab				
Planned Spending	55,438	31,674	39,436	71,110
Forecast Base	55,438	31,674	39,436	71,110
Fund: 2380 - Douglas J Johnson Econ Protect				
Planned Spending	24,766	6,768	6,136	12,904
Forecast Base	24,766	6,768	6,136	12,904
Fund: 4600 - Giants Ridge Golf & Ski Resort				
Planned Spending	11,573	10,157	10,157	20,314
Forecast Base	11,573	10,157	10,157	20,314
Revenue Change Summary				
Dedicated				
Fund: 2370 - Iron Range Resources & Rehab				
Forecast Revenues	47,600	41,122	42,462	83,584
Fund: 2380 - Douglas J Johnson Econ Protect				
Forecast Revenues	6,865	8,480	4,849	13,329
Fund: 4600 - Giants Ridge Golf & Ski Resort				
Forecast Revenues	5,234	5,234	5,234	10,468