

**Agency Purpose**

The mission of Iron Range Resources is to advance regional growth by stabilizing and enhancing the economy of northeastern Minnesota's Taconite Assistance Area (TAA).

Iron Range Resources is a state economic development agency that was created by the governor and the legislature in 1941 to diversify the economy of the iron mining areas of northeastern Minnesota. Specifically, the agency serves the interests of the TAA, a geographical region encompassing approximately 13,000 square miles that stretches from Crosby, Minnesota, across the state's Cuyuna, Mesabi and Vermilion iron ranges to the North Shore of Lake Superior. As part of its core mission of economic development, Iron Range Resources owns and operates the Giants Ridge Golf & Ski Resort.

**At a Glance**

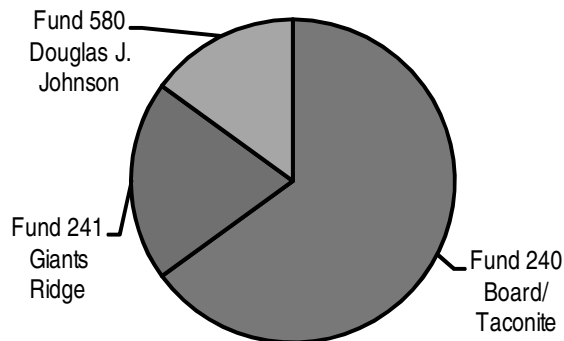
**Business Development**

- \$5.4 million in business loans made in FY2010
- \$11.4 million in loan leverage in FY2010
- 4,258 jobs created or retained since FY2004
- \$68.1 million in loans since FY2004
- Loan leverage of 4.4 to one since FY2004

**Community Development**

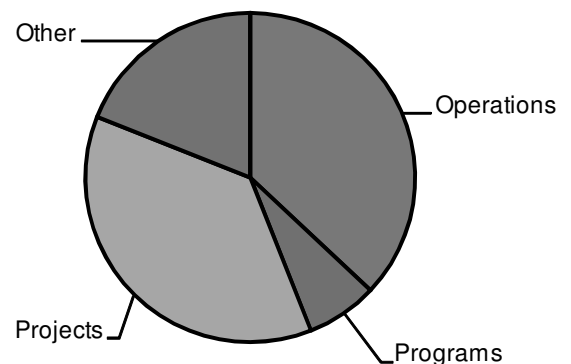
- \$7.3 million dollars in Community Development grants made in FY2010
- Between FY2008 and FY2010 a total of 69 blighted commercial structures were removed in the TAA
- \$4.88 million provided in renewable energy grants between FY2006-FY2010
- Community and business development grants leveraged at 10.6 to one during FY2006-FY2010
- \$55 million in private investment at Giants Ridge since FY2000

**Est. FY 2010-11 Expenditures by Fund**



Source: Minnesota Accounting and Procurement System (MAPS) as of 08/24/10.

**Est. FY 2010-11 Expenditures by Program**



Source: MAPS as of 08/24/10.

**Strategies**

Iron Range Resources focuses its economic development efforts on the following strategies:

- Investing in businesses that relocate or expand in the TAA by providing financial assistance through Business Development grants and loans.

- Preparing TAA communities for change and growth through public/private partnerships and grant making that funds public infrastructure, property redevelopment, tourism and recreation.
- Maximizing existing resources through investments in natural resource-based industries and the regional workforce.

Besides encouraging growth in the region's primary industries of timber, taconite and tourism, the agency focuses its economic development efforts on the following types of businesses:

- Businesses which attract expenditures from outside the TAA
- Manufacturing/Assembly
- Technologically innovative projects

## Operations

Day-to-day operation of the agency is managed by a full-time commissioner appointed by the governor who serves as a member of the governor's cabinet. The agency's annual budget and most economic development proposals are subject to review and approval by a 13-person Iron Range Resources Board.

**Operations** is organized into seven divisions that support the agency's administrative and business activities:

- **Administrative Services** provides finance, information systems and maintenance and shop services.
- **Human Resources and Strategic Results** activities include human resource management and agency-wide strategic planning.
- **Legal Services** for the agency and the IRR board are provided by the Attorney General's Office.
- **Marketing and Communications** provides business focused marketing and communications services for the agency and its stakeholders.
- **Facilities** owned by Iron Range Resources are **Giants Ridge Golf & Ski Resort and Minnesota Discovery Center**.
- **Community Development** activities include grant-making and providing technical assistance for projects.
- **Business Development** promotes the TAA to prospective businesses from inside and outside the region in order to attract new jobs to northeastern Minnesota.

**Programs** directly serve units of government, nonprofits and higher education in the agency's service area. This activity demonstrates the agency's on-going commitment to grant making as a tool to foster community growth and stimulate economic and cultural activity.

**Projects** support the agency's business related economic development efforts. This activity promotes the agency's most successful strategies: cultivating business development projects; supporting community development; and collaborating with the private sector to encourage investment in the region. Financial assistance is provided through bank participation loans, direct loans, employment incentive grants, infrastructure improvement grants and equity investments.

**Pass-Through Funding** is legislative funding for projects that serve immediate needs in the TAA. The activities funded are diverse as they respond to the unique needs of the region.

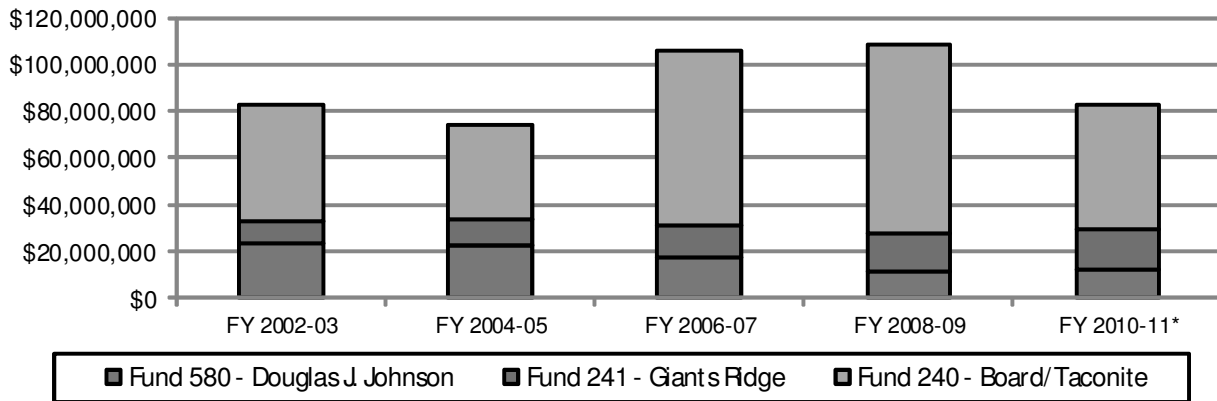
**Agency Roll-Over** consists of all budget activity that has been certified and re-set into FY 2011.

## Key Activity Goals & Measures

- Financial assistance is provided to promote the long-term economic viability of the region.
- Program funding is leveraged to maximize investment and participation.
- Business opportunities are supported that create and retain jobs while diversifying the region's economy.
- Loan risk ratings and delinquency ratios are managed to protect the agency's invested resources.
- Satisfaction and timeliness are monitored to ensure positive customer relationships and ongoing partnerships.

**Budget Trends Section**

**Total Expenditures by Fund**



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/24/10.

**External Factors**

External factors impacting Iron Range Resources operations include taconite production levels, demographics, aging regional infrastructure, dependence on natural resource-based industries and geographic distance to markets.

Iron Range Resources revenues are derived from the region’s primary industry of mining. The agency is challenged by the fact that revenues are dependent on cyclical taconite production levels.

Demographics in the seven county region of the agency’s service area show trends that are below state averages. The mean average of persons age 65 or older in those counties is 20%, a figure consistently higher in each county than the state’s 12.7%. Additionally, population growth from 2000 to 2009 has a mean average of 1.4% compared to the state average of 7%. Two counties, St. Louis and Lake show population losses of -1.4% and -4.1% respectively during that period.<sup>1</sup>

Aging infrastructure in local cities and municipalities also poses a challenge for the region’s economic development efforts. Addressing those issues through public works and community development grants has been an agency priority over the last four years.

The region is dependent on natural resource-based industries but continues to make inroads on diversification efforts by supporting technological innovations and manufacturing and assembly businesses. Supporting the agency’s current level of economic development funding is key to long-term stability and growth in the region.

**Contact**

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

For additional historical information and performance trends visit:  
<http://www.accountability.state.mn.us/Departments/IronRangeResources/index.htm>

<sup>1</sup> Data source at <http://quickfacts.census.gov/qfd/index.html>