



## City of Mountain Iron Economic Development Strategy February 2010



Prepared by:  
Arrowhead Regional Development Commission  
Regional Planning Division

**City of Mountain Iron Economic  
Development Strategy  
February 2010**

**Prepared for  
the City of Mountain Iron Economic Development Authority**

**Tony Zupancich, Chair  
Mary Jacobsen, Secretary  
Allen Nelson  
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## INTRODUCTION

The following is the Mountain Iron Economic Development Strategy, adopted by the Mountain Iron Economic Development Authority ("the Authority") on February 17, 2010. The plan was created to guide the Authority's efforts to improve community development and economic development of the City of Mountain Iron through business, industrial, and residential development. The plan discusses the Authority's role in economic development in the city, a basic profile of the city, current programs and projects, vision and goals, proposed efforts in housing, existing business assistance, a land inventory, and implementation and performance measures.

### Background

The City of Mountain Iron contacted the Arrowhead Regional Development Commission to draft a proposal to assist the Mountain Iron Economic Development Authority in developing an economic development strategy for the City. ARDC recently worked with the City of Mountain Iron's Planning and Zoning Commission and Economic Development Authority to complete the City's new Comprehensive Plan. The Comprehensive plan identified several land use policies related to economic development. This plan helps the Mountain Iron Economic Development Authority set strategies and goals for the community that moves beyond the work started in the Comprehensive Plan.

"The Mountain Iron EDA will improve the quality of life for city residents by providing an attractive business environment and an attractive place to live; the EDA leads the City's efforts to provide quality commercial, industrial, and residential development; and Mountain Iron will be a recognized leader in renewable and green energy and technology use and industry."

### Mountain Iron Economic Development Authority

The City of Mountain Iron's website ([www.mtniron.com](http://www.mtniron.com)) states: "Mountain Iron's Economic Development Authority ("the Authority") is responsible for commercial, industrial and residential development within the City. The Authority is very aggressive in pursuing and accommodating commercial and industrial development throughout the City."

This declaration is supported by the vision statement the Authority approved during a strategy planning session:

## Membership

The Authority is comprised of seven members appointed by the Mountain Iron City Council and includes two members of the City Council. One member of the Mountain Iron Planning and Zoning Commission also currently serves on the Authority. The City Administrator serves as the director of the Authority.

**Figure 1.1: EDA Membership**

Member	Term Expires	Other Roles
Craig J. Wainio, Director		City Administrator, HRA Director
Tony Zupancich, Chair	2010	City Council, HRA
Allen Nelson	2013	
Alan Stanaway	2013	City Council, HRA
Andrea Wilson	2009	
Mary Jacobsen	2010	
Barb Fivecoate	2012	Planning and Zoning Commission
Robert Voss	2011	

## 2008 Comprehensive Plan

The City Council adopted a new Comprehensive Plan in May 2008. The Comprehensive Plan addressed transportation, housing, economic development, and land use. The Mountain Iron Planning and Zoning Commission led the development of the plan. The Authority assisted in the effort by addressing the impact of business and economic development efforts on land use and infrastructure. Overall Comprehensive Plan goals for economic development include developing a Renewable and Sustainable Energy Industrial (RSEI) Park and creating a City Policy for renewable and green energy production. Specific action items are:

- ED1. Rezone Renewable and Sustainable Energy Industrial (RSEI) Park site to Industrial.
- ED2. Update Industrial District provisions.
- ED3. Add commercial wind energy conversion systems as permitted uses in the Mineral Mining District.
- ED4. Monitor Taconite Ridge to determine best policies for future projects.

- ED5. Review conditional use policy to consider wind energy conversion systems in designated areas.
- ED6. Rezone Commercial and Industrial Development Area 5 to Commercial zoning.
- ED7. Improve EDA and Planning and Zoning Commission coordination.

Complete information is available in the 2008 Mountain Iron Comprehensive Plan. The plan can be reviewed in its entirety by contacting Mountain Iron City Hall at 218.748.7570. The document is also available for download at [www.arrowheadplanning.org/mtniron](http://www.arrowheadplanning.org/mtniron).

### **Planning Process**

The Authority led development of the Mountain Iron Economic Development Strategy. ARDC facilitated the planning process. The Authority met with ARDC four times:

January, 2009 - Existing economic development strategies and projects were discussed. Desired outcomes of the planning process and vision nuggets were discussed.

March, 2009 - General economic development strategies. The EDA approved the vision statement. Draft goals objectives were approved. Action steps were discussed.

April, 2009 - ARDC presented a final analysis of the Authority's existing economic development efforts and identified gaps. Specific action steps for housing, existing business programs, and development of a city owned land inventory were presented. Performance measures were discussed.

August, 2009— ARDC presented a draft document. The Authority asked ARDC to address the City's current land price schedule and options for a retail market analysis.

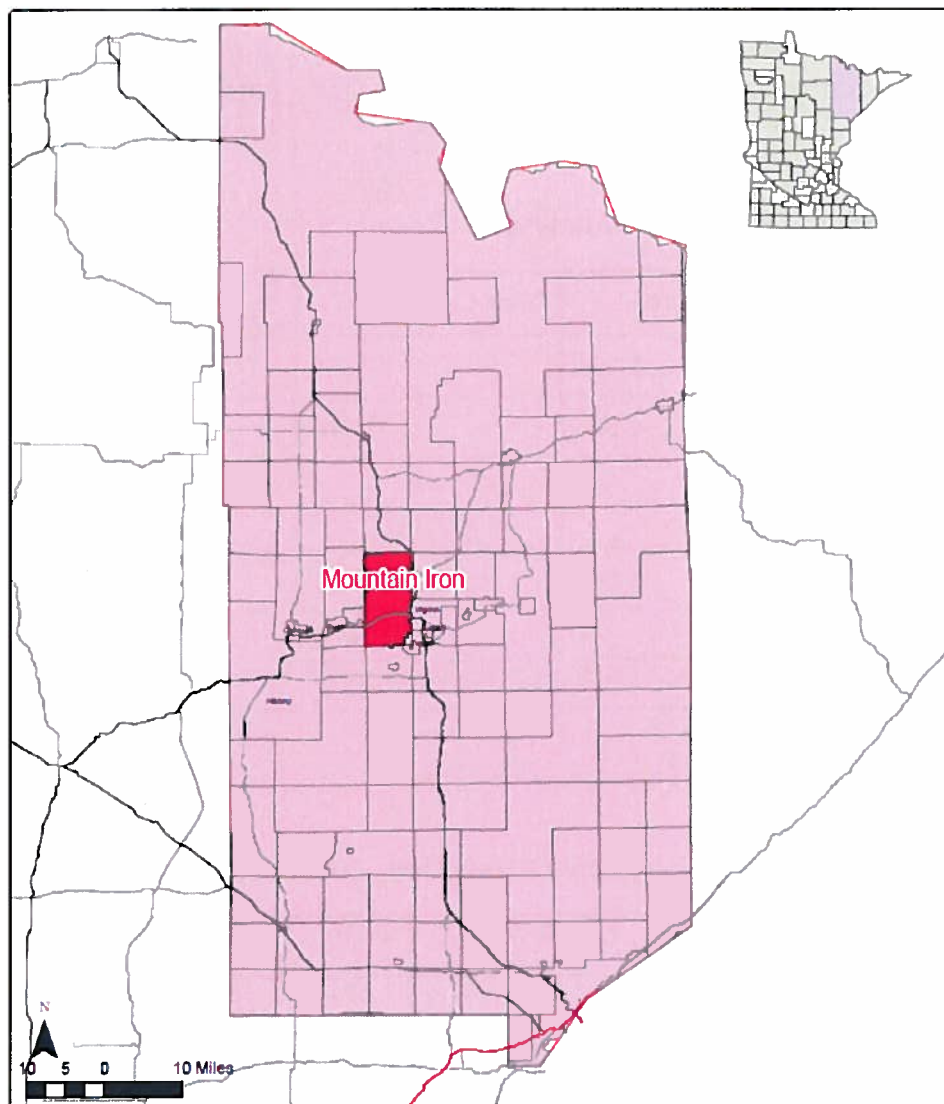
December, 2009— To be completed after December 16.

## COMMUNITY PROFILE

### Location

The City of Mountain Iron is located in central St. Louis County, Minnesota. Mountain Iron is located on the Mesabi Iron Range at the intersection of Minnesota Trunk Highways 169 and 53. Along with Virginia, Eveleth, and Gilbert, Mountain Iron is part of the group of cities commonly referred to as the Quad Cities.

**Figure 2.1: City of Mountain Iron Location**



## Demographic Profile

This subsection provides a demographic profile of the City of Mountain Iron from 1980 through 2006. Demographic information is based upon United States Census reports for the years 1980, 1990, and 2000 and analysis of Census data by the State of Minnesota Office of Administration's Office of Geographic and Demographic Analysis.

### Population

The following tables and descriptions provide a basic demographic "snap shot" of the City of Mountain Iron. *Figure 1* presents a simple analysis of the population changes in Mountain Iron from the 1990 and 2000 United States Census and State of Minnesota estimates for 2006. The City's trends are compared on a regional, county, and state level. The estimates in *Figure 2* have been extrapolated by the Minnesota State Data Center based on existing trends.

**Figure 2.2: Regional Population Analysis**

	Mtn. Iron	Quad Cities	St. Louis County	Minnesota
2000 Population	2,999	17,868	200,528	4,919,479
1990 Population	3,362	18,770	198,213	4,375,099
Percent change from 1990 population	-10.8 %	-4.8 %	1.2 %	12.4 %
2006 population estimate	2,843	17,022	196,324	5,167,101
Median Age	41	41.8	39	36.6
Source: MN Dept. of Admin <a href="http://www.lmic.state.mn.us/datanetweb/php/census2000">http://www.lmic.state.mn.us/datanetweb/php/census2000</a> , 03/24/08				

**Figure 2.3: Mountain Iron Population Projection, 2006 - 2030**

Year	2006	2010	2015	2020	2025	2030
Population	2,843	2,790	2,657	2,594	2,490	2,423
Source: MN Dept. of Admin <a href="http://www.lmic.state.mn.us">http://www.lmic.state.mn.us</a> ,						



Eight major industrial projects on the Iron Range have been proposed to start through 2010. If all the projects were to move ahead up to 8,000 construction jobs and approximately 2,000 permanent jobs would be created as direct results of the projects. Additional spin off jobs would also be created. The proposed projects are not proposed for the immediate vicinity of Mountain Iron, but due its central location on the Iron Range along two major highways the City may be able to attract growth.

**Figure 2.4: Population by Age**

Population under 18 years	687
Population 18 years and over	2,312
Population 65 years and over	466
Source: MN Dept. of Admin <a href="http://www.lmic.state.mn.us">http://www.lmic.state.mn.us</a> .	

*Figure 1 and Figure 3* illustrate that like the rest of the State and Region, Mountain Iron has an aging population. The City's median age is 41, which is over four years higher than the state median and two years higher than the County's median age. Nearly sixteen percent (15.5 %) is above the age of 65 and generally not considered part of the work force population. The workforce population - 18 to 64 - does comprise the bulk of the City's population. At 1,846 residents this group makes up about sixty-two percent of the City's population. The natural trend shows a gradual aging of the City's population. This may be changed if an influx of workforce aged population accompanies regional industrial projects.

## Housing

The City's existing housing stock is divided among its more traditional urban cores and its large areas of suburban and rural land. Several new housing developments with urban design standards are under development or have been proposed. These are discussed in more detail in the main body of the Comprehensive Plan. The following figures provide basic background on the existing housing situation in Mountain Iron.

According to the Minnesota Department of Administration Office of Geographic and Demographic Analysis there are 1,326 households and 847 families in Mountain Iron. The average household is 2.26 people in size.

Figures 2.5 through 2.7 contain information on housing costs, ownership, and vacancy rates.

**Figure 2.5: Housing**

Number of housing units	1,409
Number of owner-occupied housing units	926
Number of renter-occupied housing units	400
Median housing value	\$76,100
Median contract rent	\$409
Source: MN Dept. of Admin <a href="http://www.lmic.state.mn.us">http://www.lmic.state.mn.us</a> , 03/24/08	

**Figure 2.6: Ownership**

Status	Units	Percent
Owned	926	69.8 %
Rented	400	30.2 %
Total	1,326	100 %
Source: MN Dept. of Admin <a href="http://www.lmic.state.mn.us">http://www.lmic.state.mn.us</a> , 03/24/08		

**Figure 2.7: Vacancy Status**

Status	Units	Percent
Occupied	1,326	94.1 %
Vacant	83	5.9 %
Total	1,409	100.0
Source: MN Dept. of Admin <a href="http://www.lmic.state.mn.us">http://www.lmic.state.mn.us</a> , 03/24/08		

By comparison the average housing value in the Quad Cities of Virginia, Eveleth, Mountain Iron, and Gilbert is \$55,600. Mountain Iron has the highest median home value at \$76,100 and Gilbert has the lowest median value at \$45,800. Mountain Iron also has the highest median rent at \$409. The average in the Quad Cities is \$338.50. Virginia has the lowest reported rent at \$302.

Approximately 45 percent or 38 of the City's 83 vacant units are rentals. Ten of the units, or 12 percent, are for sale units. The remainders of the vacant units fall into other

categories. New housing is being developed or has been proposed which will add to the available housing stock. Available Rental units will remain in short supply as the new developments consist of single family housing.

While the City experienced a loss of households from 1990 through 2000 an estimated small increase of 23 households from 2000 through 2006 occurred. This corresponds to building information from the City.

## **Economic and Work Force Information**

### *Major Employers*

Mountain Iron's main industry is taconite mining. Minnesota Taconite (USS) was the seventh largest single employer in the region as of 2008. Minnesota Taconite employed 1,280 people in 2008. The downturn in the global economy has reduced the demand for taconite which has caused mining companies, including Minnesota Taconite; to suspend operations as part of short or long term closures.

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<sup>1</sup> Northland Connection. Retrieved July 1, 2009.  
[http://www.northlandconnection.com/stlouis/mountainiron/industries/lead\\_emp\\_comp\\_list.php?LeadingEmployerID=1319](http://www.northlandconnection.com/stlouis/mountainiron/industries/lead_emp_comp_list.php?LeadingEmployerID=1319)

**Figure 2.8: Mountain Iron Labor Force Characteristics, 2008**

Labor Force Characteristics Mountain Iron						
Civilian Labor Force	May 2009	April 2009	March 2009	May 2008	2008	2007
Unemployment Rate	9.9%	9.7%	9.9%	5.8%	6.4%	5.6%

Employment 16 and Above	2000	2004	2009
Civilian, Employed	1,556	1,454	1,411
Civilian, Unemployed	65	60	60
Not in Labor Force	808	821	782

Employment 16 and Above By Sex	2000	%	2004	%	2009	%
Male	814	52%	765	53%	742	53%
Female	742	48%	689	47%	669	47%

Total Non Agricultural Employment by Industry	2000	%	2008	%	2013	%
Agriculture/Forestry/Fishing/Hunting/Mining	206	13%	197	14%	189	13%
Construction	95	6%	94	6%	91	6%
Manufacturing	57	4%	56	4%	55	4%
Wholesale Trade	110	7%	102	7%	98	7%
Retail Trade	205	13%	197	14%	192	14%
Transportation and Warehousing/Utilities	80	5%	74	5%	72	5%
Information	49	3%	42	3%	42	3%
Finance/Insurance/Real Estate/Rental and Leasing	78	5%	73	5%	69	5%
Professional/Scientific/Technical Services	38	2%	35	2%	34	2%
Management of Companies/Enterprises		0%		0%		0%
Administrative and Support/Waste Management Services	20	1%	17	1%	17	1%
Educational Services	115	7%	107	7%	103	7%
Health Care/Social Assistance	259	17%	228	16%	224	16%
Arts/Entertainment/Recreation	32	2%	33	2%	31	2%
Accommodation/Food Services	79	5%	74	5%	72	5%
Other Services (Except Public Administration)	61	4%	58	4%	56	4%
Public Administration	72	5%	67	5%	66	5%



Resident Employment Reported by Group Occupation			
	2000	2008	2013
Management (excluding Farming)	54	54	53
Farmer/Farm Management			
Business Operations	4	3	3
Financial Specialist	38	31	31
Computer/Mathematical			
Architect/Engineer	12	13	12
Life/Physical/Social Science	23	21	19
Community/Social Service	19	21	20
Legal	24	20	19
Education/Training/Library	72	63	63
Arts/Entertainment/Sports	18	15	16
Health Practitioner/Technical	122	110	110
Healthcare Support	44	39	39
Protective Services	6	4	4
Food Preparation/Serving	47	48	45
Building Grounds Maintenance	63	59	56
Personal Care/Service	35	33	32
Sales/Related	242	226	219
Office/Admin Support	317	303	290
Farm/Fish/Forestry	4	5	5
Construction/Extraction	132	120	119
Maintenance Repair	106	102	99
Production	86	77	75
Transportation/Moving	88	87	82
Resident Employment Reported by Occupation Type			
	2000	2008	2013
Blue Collar	412	386	375
White Collar	945	880	855
Service & Farm	199	188	181
Commute Times			
	2000	2008	2013
Less than 15 Minutes	942	854	833
15 - 29 Minutes	326	324	311
Over 30 Minutes	244	234	227
Worked at Home	13	14	12

## EXISTING EDA STRATEGIES AND PROJECTS

The Mountain Iron Economic Development Authority (“the Authority”) has used a wide range of strategies to pursue economic development and has several pending projects underway. General strategies for economic development are discussed in Appendix A.

### DEVELOPMENT STRATEGIES

#### Infrastructure Development

The City has been active in developing and improving local infrastructure for community development and economic development. These activities range from street construction in housing developments to preparation of industrial parks. The City has used funding from IRR, DEED, state bonding, and TIF to finance infrastructure improvements.

#### Housing Development

The Authority leads the City’s efforts to provide quality, affordable housing options for residents. This also increases the local tax base and supports the school district and local businesses.

#### Recruitment and Marketing

The City actively recruits and markets to businesses. The City participates in Northland Connection, which is an economic development portal for Northeastern Minnesota that helps market commercial and industrial real estate and provides economic development data to potential clients. More information is available at [www.northlandconnection.com](http://www.northlandconnection.com).

The City also contracts with a consultant to provide recruitment, marketing, and project management services. Several of the City’s current projects and programs have arose from this relationship including the Wind Energy Project, Renewable and Sustainable Energy Park, and Birchum Logging / Mountain Timber, and Rock Ridge Development.

#### Direct Assistance

The City provides direct assistance to businesses through the use of the following programs : tax abatement, TIF, and a local revolving loan fund, and IRR funds. Mountain Iron businesses may also be eligible for a number of region and state wide direct assistance programs. Authority staff is knowledgeable of these resources and provides assistance when necessary.

### Partnerships

In addition to the partnerships implied by the previous listing of programs and projects Mountain Iron is also a member of the Iron Range Economic Alliance, Laurentian Chamber of Commerce, and Quad Cities Chamber of Commerce.

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### **PENDING PROJECTS (AUGUST 2009)**

The Authority will continue to pursue the following projects and implement strategies to ensure their success:

#### Wind Energy Project

The City of Mountain Iron is pursuing development of a wind energy production project. The project will be located outside of Mountain Iron city limits, but the City has received approval for the project from the state legislature. It will be a \$17 million to \$25 million project. The project will provide a long term stable economic development fund from the profits of the sale of electricity. The Authority will also use the project as a marketing and recruitment tool to position the city as a leader in renewable energy.

#### Renewable and Sustainable Energy Park

The City has created new industrial park targeted at renewable and sustainable energy businesses. The park is identified in the 2008 Comprehensive Plan and the City recently rezoned the land to an industrial district. The City has received \$500,000 in state bonding funds for construction as well as \$350,000 from IRR, and \$200,000 from DEED. The City has been in discussions with the United States Economic Development Administration for further public works funding to assist in preparation of the property, and the installation of public roads and utilities. US EDA funding is contingent upon a private beneficiary being ready to start operations. The City will be working with its partners to market the property.

#### Birchum Logging / Mountain Timber

This business development project would bring a new wood pellet manufacturer to Mountain Iron. The business will use the state tax incentive Job Opportunity Building Zone program by locating in one of the City's designated subzones.

#### Housing Development

The City is currently involved in developing two new housing subdivisions: the thirty-five unit single family Unity Drive development and the nineteen unit single and two family South Forest Grove development. In both cases, and the Rock Ridge Development, the Authority planned and platted the subdivisions then sold development rights to private



contractors to build and market.

*Parkville Industrial Cleanup*

The City is pursuing the cleanup and remediation of this former industrial site and plans to redevelop in in the future. Phase I environmental work is completed. The City has secured DEED contamination cleanup funds to conduct further work. The City has received a \$50,000 dollar grant from DEED for work on two sites. The City has also received \$25,000 from Iron Range Resources for work on the same two sites.

*Northeast Enterprise Drive Extension*

The City is attempting to extend Northeast Enterprise Drive to allow for business development. The City has a \$300,000 funding commitment from IRR but needs a business ready to develop in order to use the funds.



## VISION, GOALS, OBJECTIVES, AND ACTIONS

Visioning helps a community or organization, in this case the Mountain Iron Economic Development Authority, determine what it wants to become. The Authority conducted a visioning session during this planning process that considered possible outcomes. The vision was used to set goals and objectives for the City's economic development program. Strategies were created to realize the vision, goals, and objectives. The strategies are identified in the following chapters. The vision statement, objectives, and goals were arrived by the Authority and staff during planning sessions facilitated by ARDC.

### VISION STATEMENT

The vision statement needs to communicate what the Authority wants its role to be in the community. It should not identify specific action items but does need to provide enough information that everyone reviewing it understands its role. The vision also must be realistic. The vision selected by the Authority is:

"The Mountain Iron EDA will improve the quality of life for city residents by providing an attractive business environment and an attractive place to live; the EDA leads the City's efforts to provide quality commercial, industrial, and residential development; and Mountain Iron will be a recognized leader in renewable and green energy and technology use and industry."

The vision statement:

- 1) Declares purpose of EDA - to improve opportunities for the City's residents and businesses; and
- 2) Reasserts existing mission - to lead City's efforts in business and residential development; and
- 3) Highlights future direction and goals for leadership in the emerging renewable and green energy industry.

The Authority also has a mission statement. A mission statement focuses on the present, what the agency is now, what it does, who it serves. A vision statement says what an agency wants to be and serves as the basis for goals, objectives, and actions.

The City of Mountain Iron's website ([www.mtniron.com](http://www.mtniron.com)) states the Authority's mission statement: "Mountain Iron's Economic Development Authority ("the Authority") is

responsible for commercial, industrial and residential development within the City. The Authority is very aggressive in pursuing and accommodating commercial and industrial development throughout the City.”

## **OVERALL GOALS**

Goals describe the broad outcomes that will lead to fulfillment of the City’s economic development vision. The Authority identified six goals:

- Economic prosperity & opportunity
- High Quality of Life = live + work + educate + recreate
- Good reputation as pro-business community
- Increased tax base
- City as leader in renewable energy industry and use
- Provide opportunities that attract and retain younger population
- Stable economic development programs that are well coordinated with other City government operations.

## **OVERALL OBJECTIVES**

- Increase supply/use of industrial, commercial, and residential land
- Maximize Hwy. 169 location for commercial use
- Provide modern communications infrastructure
- Provide assistance to existing businesses
- Catalog EDA/City owned land
- Maximize use of partnerships
- Provide stable long term EDA funding and operation
- Address local regulatory/administrative issues

## HOUSING

The Mountain Iron Economic Development Authority leads the City's involvement in development of new housing development. According to the 2000 United States Census Mountain Iron had 1,409 housing units of which 926 were owner occupied and 400 were renter occupied. The City of Mountain Iron is currently involved in developing two housing projects: the 35 single family unit Unity Drive development and the 20 unit single family South Forest Grove development.

### RANGE READINESS INITIATIVE HOUSING MARKET ASSESSMENT

The Authority benchmarked likely housing growth needs in Mountain Iron to the Range Readiness Initiative Housing Market Assessment's Low Job Growth Scenario which is based upon the completion of three industrial projects - Minnesota Power, Essar Steel of Minnesota, and Mesabi Nugget. The Iron Range Housing Assessment shows that in order to meet the demand caused by the development of these projects, between 149 and 197 new homes will be needed in the Quad Cities Sub-Region in the next five years. Some of those homes will be developed on the open market, but it is likely that much of that housing demand will need assistance in some form. This is particularly true for new housing that is affordable to the average worker at one of the industries or an affiliated business.

The Range Readiness Housing Work Team has a goal of creating at least 75 new owner occupied workforce homes in the Quad Cities Sub-Region. No additional demand for temporary housing is expected in the Quad Cities area.

### RANGE READINESS HOUSING DESCRIPTIONS

#### *New Owner Occupied Workforce Homes*

Housing stock should be able to accommodate the needs of all families by providing quality functional homes within the price range of the areas workforce. We will focus on entry and moderate priced homes along with affordable and subsidized housing. On the Iron Range, an entry level home price is around \$125,000 and a moderate level home price is ranges from \$125,000 to \$175,000.

#### *New Workforce Rental Units*

Local housing stock should include quality and functional workforce rental housing units geared towards multi-family residences with rental costs within the price range of the areas workforce. Mountain Iron will explore the development of units with subsidized and affordable rates because of their need for multiple partners to implement. On the Iron Range, the subsidized monthly rental rate is typically \$375 and below. Affordable rental rates range from \$375 to \$625 per month. The market rental rate is \$625 and over.

### *Owner Occupied Housing Rehabilitation*

Current Regional housing stock is divided into four repair categories for rehabilitation purposes. These areas for housing repair include: minor and major home repairs and dilapidated and functionally obsolete houses. Homeowners and local entities have access to grants, loans and deferred loans to assist in rehabilitation projects.

### *Rental Unit Rehabilitation*

Substandard multi-family rental units need to be rehabilitated by the property owner to ensure quality rental units meet the needs of tenants. Rehabilitation of multi-family subsidized and affordable rental units is a focus of the Range Readiness Initiative. The City of Mountain Iron is developing a rental unit inspection ordinance.

## **GENERAL ACTIONS FOR HOUSING DEVELOPMENT**

The Range Readiness Initiative identifies the following seven actions that communities should consider when developing housing strategies.

### *Rehabilitate & Preserve Existing Workforce Housing Stock*

As housing ages, there is a need to expand the rehabilitation and preservation of the existing housing stock. This also improves the community character, historical preservation, and stabilizes the existing housing stock for long-term viability.

### *Promote In-Fill Housing*

There are opportunities to further provide both single family and multi-family housing options on available lots within neighborhoods. This would capitalize on existing infrastructure and minimize the communities' exposure to costly new infrastructure.

### *Promote Redevelopment & Reuse*

As buildings age, there are opportunities to redevelop and reuse existing buildings. This would minimize the need to further extend infrastructure to new sites while capitalizing on existing infrastructure.

### *Promote the Use of Existing Land*

There are opportunities to promote the use of existing land and subdivision lots for housing development. This would provide options to prospective residents to custom build homes on a variety of land options such as lakeshore, subdivision lots, and in-fill lots.



### *Promote Existing Housing Stock*

There are opportunities to promote the purchase and use of existing housing stock for potential home owners.

### *Promote Preservation of Existing Public & Subsidized Housing*

Promote the rehabilitation and preservation of existing public and subsidized housing stock. This provides stability to lower-income families by ensuring their access to quality and safe affordable housing.

### *Establish Requirements on Temporary Workforce Housing*

With many potential economic impacts proposed for the Iron Range, communities may provide information guides addressing temporary workforce housing options and zoning requirements.

## **2008 COMPREHENSIVE PLAN RESIDENTIAL ZONING DISTRICT ANALYSIS**

The following residential zoning district descriptions are excerpted from the 2008 Comprehensive Plan. *(These estimates have not been updated, do not include new developments such as South Forest Grove)*

### *Urban Residential - Sewered District*

This district accounts for approximately 1,450 acres within the City, about 520 acres of which are developed. At the minimum lot size of 10,200 square feet approximately 4,000 additional single family lots could be created. This does not account for roadways, rights-of-way, or soil or topography, which will further limit the number of buildable lots. Fifty-four single-family housing units are being built or are proposed for construction in the UR-S District.

### *Urban Residential - Non-Sewered District*

This district accounts for about 1,750 acres with about 150 acres of that currently developed. At the minimum lot size of 2.5 acres another 640 lots could be created. This does not account for roadways, rights-of-way, or soil or topography, which will further limit the number of buildable lots. Forty-four single-family lots near Mashkenode Lake are proposed for development. This development is not projected to proceed for several years.



### *Rural Residential District*

This district accounts for 5,111 acres of which approximately 400 acres are developed. This means that an additional 942 five-acre lots could be created. This does not account for roadways, rights-of-way, or soil or topography, which will further limit the number of buildable lots.

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### *Multi-Family 2 Residential District*

This district makes up about 200 acres of the City's land base, 90 of which are developed. Most of the development is multifamily dwelling units, which creates a denser development not seen in any of the other residential land use districts.

**Strategy 5.1:** The EDA will meet with the Range Readiness Housing Expeditor to explore options to incorporate affordable workforce housing into its planned developments. This will open up opportunities for project funding not currently available to strictly market rate projects in the current economic environment.

## EXISTING BUSINESS PROGRAMS

Programs targeted at assisting existing businesses are an important part of local economic development efforts. Much of the job creation that will occur within a city is created by existing businesses. The City of Mountain Iron Economic Development Authority can assist existing businesses through the use of many of the general development tools the City already has at its disposal.

**Strategy 6.1:** The Authority will develop and conduct a local business survey which will be used to develop existing business projects.

A local business survey will allow the Authority to gather information that can be used to develop or implement business assistance strategies targeted at specific needs of local businesses, gather information on workforce development needs, and perception of city government and services. The survey can also be used to collect performance measurement data.

The survey should be completed every two years. The Authority can choose to target all local businesses or can survey certain types of businesses categories such as industrial or service.

The survey should include:

- 1) General business information
  - Type of ownership and corporate organization
  - Type of business
  - Industry served
  - Own or rent facilities
  - Geographic markets served and percentage of business from each
  - Other information selected by Authority
- 2) Employee information
  - Number of full time employees
  - Number of part time employees
  - Number of employees by average wages
  - Commute distance (this will help assess local housing needs)
  - Number of employees one year ago
  - Projected number of employees one year in future
  - Benefits provided
  - Workforce skills needs and training needs
  - Source of employees

3) Business Plans and Operations

- Plans to expand products, services, marketing efforts
- Plans to expand or improve facilities, equipment, and communications technology
- Plans to expand or relocate
- Purchasing goods/services from outside the area
- Need for business planning assistance or information
- Communications needs and use
- E-commerce involvement

4) Community Perception

- Rating of labor costs and skills, housing, retail services, building costs
- Rating of community services and facilities



## RETAIL MARKET ANALYSIS

A retail analysis will help the City determine its retail potential by learning which type of retail is successful in Mountain Iron, identifying gaps in retail services, and identifying future retail opportunities.

A retail market analysis can be used by businesses to meet the needs of their customers, and by the City to recruit businesses and improve land use policies by determining how much land and public services will be needed for retail and service businesses.

The University of Minnesota Extension completed a retail trade analysis for the Quad Cities on behalf of the Laurentian Chamber of Commerce in 2006. Mountain Iron should request and study this report as an initial survey of retail market needs and opportunities. This report can be used as a baseline for a retail market profile.

**Strategy 7.1:** The Authority should contact the University of Minnesota Extension service to conduct a retail and/or market analysis for the City.

The University of Minnesota Extension service offers economic analysis services to communities in Minnesota including retail analysis and market area profiles. The retail analysis will be individualized to Mountain Iron and will:

- “define the pull factors available to your community; and
- describe your community’s current local retail market; and
- evaluate your retail trends; and
- show how your community compares to others; and
- evaluate how your actual sales compare to your sales potential!”

The University of Minnesota Extension also provides market area profiles that identify the City’s trade area, demographic breakdown of potential customers, and market potential for retail and services. This profile will include the Authority and local business owners to develop a trade area profile.

The Authority should contact the Northeast Minnesota Community Economics extension officer to discuss these services:

John Bennett  
UMD Center for Economic Development  
11 E Superior Street  
Duluth, MN 55802-2019  
Email: [jbennett@umn.edu](mailto:jbennett@umn.edu)  
Phone: 218-726-6471

**Strategy 7.2:** Following the completion of either a retail market analysis for the City the Authority should work with the Planning and Zoning Commission to review the availability of commercial properties to ensure there is an adequate supply of land zoned and available for the level of retail and service potential identified by the retail or market analysis. Changes to the zoning ordinance and map should be evaluated to ensure that enough available commercial property exists and that the allowed uses match the identified needs and opportunities.

## LAND INVENTORY

The availability of land for development is an important component of a successful economic development strategy. In addition to privately owned land within the corporate limits of the city the City of Mountain Iron owns a significant amount of developed and undeveloped land. Putting this land to use through sale and development is a part of the City's long term community growth and economic development strategy.

### CITY OWNED LAND PROFILE

The City's land is owned by the City of Mountain Iron, Mountain Iron Housing Rehabilitation Authority, and Mountain Iron Economic Development Authority. The following land profile total stated in acres. The totals are approximate and were determined using parcel data collected by St. Louis County Planning and Development as part of the Laurentian GIS collaboration. Individual parcel area data was derived using ARC GIS geodatabase calculations. The St. Louis County parcel database included fourteen City owned rights-of-way. These have been excluded from the following data sets. All area totals are approximate.

Total parcels / acres owned by the three City entities: **96**

- City of the Mountain Iron: **82**
- Mountain Iron HRA: **3**
- Mountain Iron EDA: **11**

Total acres / acres owned by the three City entities: **657**

- City of the Mountain Iron: **434**
- Mountain Iron HRA: **23**
- Mountain Iron EDA: **200**

Total developed / undeveloped land owned by the three City entities: **40/617**

- City of the Mountain Iron: **35/399**
- Mountain Iron HRA: **5/18**
- Mountain Iron EDA: **0/200**

Total parcels / acres zoned for residential development: **183**

- City Parcels: **160**
- Mountain Iron HRA: **23**
- Mountain Iron EDA: **0**

Total parcels / acres zoned for commercial development: 150

- City Parcels: 31
- Mountain Iron HRA: 0
- Mountain Iron EDA: 119

Total Parcels / acres Zoned for Industrial Development: 121

- City Parcels: 76
- Mountain Iron HRA: 0
- Mountain Iron EDA: 45

In addition the categories listed above, the City of Mountain Iron owns approximately 187 acres of land in the Mineral Mining District and four acres in a Planned Unit Development.

Land ownership maps are included at the end of this chapter.

**Strategy 8.1:** The City will plan development of city owned land or sale of city owned land for development in coordination with the presence of roads and public utilities or the inclusion of the extension of public utilities and roads in the City's planned capital improvements. Where it is necessary to sell or develop land that does not have roads and utilities in place a cost benefit analysis should be conducted and responsibility for roads and public utilities should be detailed in a development agreement.

**Strategy 8.2:** The City should hire a qualified real estate appraiser to assist in updating the land price schedule used by the City to determine the rate at which the City will sell land for development. This should be done in a manner that allows the city to regularly update the land price schedule.

The City should set up a tiered land schedule based on the following criteria:

- Current and proposed land use - Land values will vary based upon the allowed uses. The City should reserve enough land for expected growth in residential, commercial, and industrial uses.
- Proximity and Access to Highway 169 - Access to Highway 169 will increase the relative value of property for commercial and industrial uses. Highway visibility will be most important for retail and service businesses.
- Existence of public utilities and roads - Access to existing public utilities and roads will increase the value of property.

In addition to producing a price schedule the City should produce a map identifying each city owned parcel by proposed land use (or zoning) and price tier. The schedule and map



should be packaged together so that the City and potential developers can easily determine what land best fits a potential project.

**Strategy 8.3:** The City will work with the Laurentian Vision GIS project to maintain current city wide land records including land use, ownership, zoning, and other relevant land inventory data. The City will report changes in these categories to:

**St. Louis County Planning And Development**  
Physical Planning, and Planning, Research & GIS  
Suite 100, 227 West First Street  
Duluth, MN 55802

Phone: (218) 725-5000  
Fax: (218) 725-5029



## Mountain Iron Land Inventory

### Land Ownership

- CITY OF MOUNTAIN IRON
- CITY OF MOUNTAIN IRON ROW

- MOUNTAIN IRON EDA
- MOUNTAIN IRON HRA
- Mountain Iron City Limits



# Mountain Iron Land Inventory Central City View

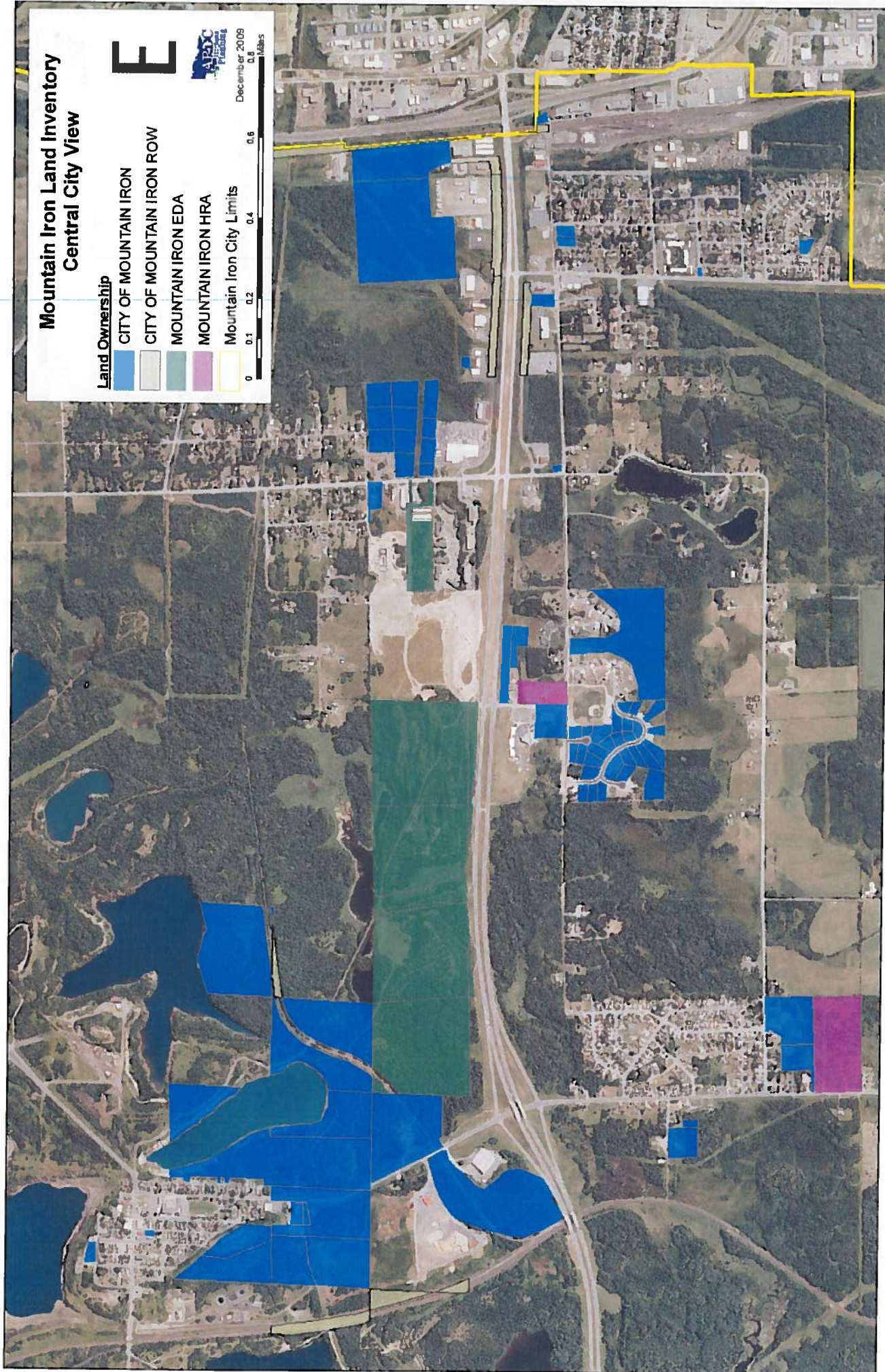
## Land Ownership

- CITY OF MOUNTAIN IRON
- CITY OF MOUNTAIN IRON ROW
- MOUNTAIN IRON EDA
- MOUNTAIN IRON HRA
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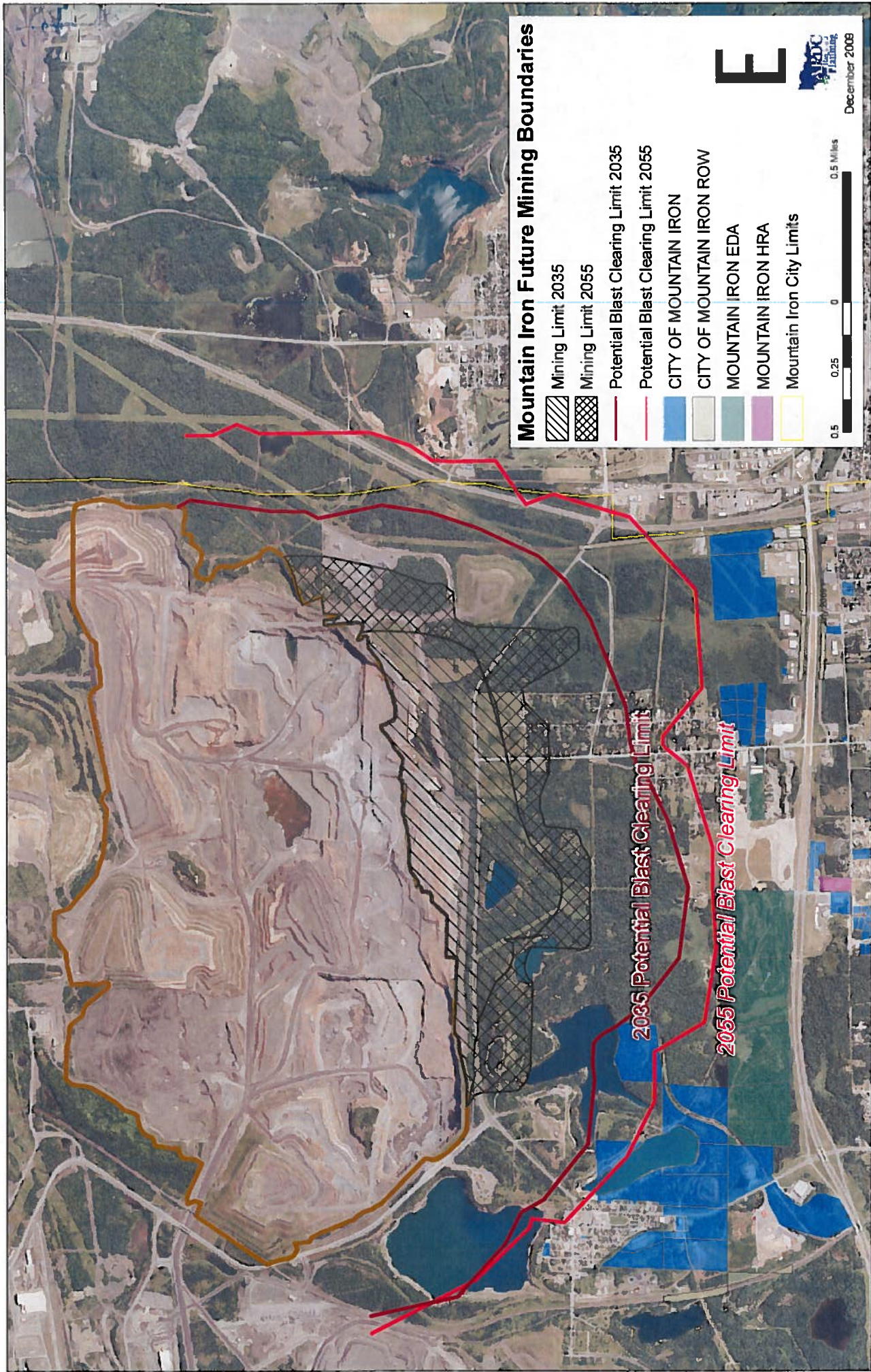
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December 2009









## IMPLEMENTATION AND PERFORMANCE MEASURES

### IMPLEMENTATION

Implementation of strategies and action steps as identified in the Mountain Iron Economic Development Strategy is very important in reaching the goals that have been laid out in the Plan.

The Authority, in partnership with city government and other partners, will implement the strategies and action steps as over the next five to ten years. The Authority will incorporate implementation of the plan into its annual work plan and complete periodic review of accomplishments and needs for modification (update) of the plan.

Economic development performance measures can be used by the Authority to judge the suitability and success of the plan's goals and the Authority's programs, policies, and projects undertaken annually.

### PERFORMANCE MEASURES

**Strategy 9.1:** The Authority will collect and report on performance measure data to establish a baseline for evaluating the success of local economic development activities.

The Authority should gather performance measure data as needed, and analyze the data in an annual Economic Development Strategy Report.

The Authority will measure and report on the effectiveness of economic development investments made in the community via an Annual Economic Development Strategy Report. The following performance measures will be used.

1. Performance measures regarding Authority activities.
  - a. Number, type, and funding amount of Authority investments or assistance
  - b. Amount of proposed and actual private sector investment leveraged by Authority funds or assistance.
  - c. Amount of proposed and actual public sector investment leverage by Authority funds or assistance.
  - d. Number of proposed and actual jobs created and retained as a result of Authority investment or assistance.
2. Performance measures regarding non-Authority activities.
  - a. Approximate number, type, and amount of state and federal funding related to Authority goals and strategies.
  - b. Approximate amount of private and public sector funding leveraged as a result of state and federal funding related to Authority goals and strategies.

- 
- c. Approximate number of jobs created and retained as a result of state and federal funding related to Authority goals and strategies.
  - 3. The Authority will collect and report on economic development data that measures general demographic and economic data for the city.
    - a. Positive changes in unemployment rates, median household income, and population and household numbers will be the primary indicators.
    - b. Information on major layoff and job creation actions.
    - c. New residential and commercial construction.

#### **Criteria for Selecting Successful Indicators**

- 1. Validity: well grounded in sound data and accurately depicts a real situation
- 2. Relevance: appropriate for an important to the community's important issues
- 3. Consistency and reliability: data can be researched reliably over a period of time
- 4. Measurability: data can be obtained for the community
- 5. Clarity: unambiguous; understandable by a diverse group of people
- 6. Comprehensiveness: represent many parts of an issue and reduces the need for an excessive number of indicators
- 7. Cost-effectiveness: data collection is not overly expensive
- 8. Attractiveness to the media: the press is likely to embrace it

## **APPENDICES**

### **APPENDIX A: GENERAL ECONOMIC DEVELOPMENT STRATEGIES**

## APPENDIX A: GENERAL ECONOMIC DEVELOPMENT STRATEGIES

The Rural Economic Development Center at the University of North Carolina proclaims that “in small towns, community development is economic development. If community development - compared with economic development - is generally considered to include a broader set of activities aimed at building the capacity of a community, then these case studies demonstrate that capacity-building and other strategies typically associated with community development are analogous with actions designed to produce economic outcomes. This is especially true, it seems, when these efforts are included as parts of a comprehensive package of strategies designed to address a community’s core challenges and opportunities. Communities that incorporate economic and broader, longer-term, community development goals stand to gain more than small towns that take a piecemeal approach.”<sup>2</sup>

Governments and economic development groups employ a wide range of strategies to foster business growth. There are many levels of government and economic development groups. International trade policies made at the federal level certainly affect local economies. However, outside of activities such as lobbying, local economic development actors can have little direct impact on the development and effect of those policies.

For the purposes of this discussion economic development strategies can be divided in to four different groups: direct business assistance, indirect business assistance, direct business programs and policies, and indirect business programs and policies.<sup>3</sup> Several examples including pros and cons for each category are charted below.<sup>4</sup> The Mountain Iron Economic Development Authority regularly use a combination of tools from each of the four economic development strategies charted below to foster business development. The Authority should continue to pursue strategies that include but are not limited to these general categories.

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<sup>2</sup> Small Towns, Big Ideas. UNC School of Government, N.C. Rural Development Center. December 2008.

<sup>3</sup> Planning and Economic Development Toolkit. American Planning Association. <http://www.planning.org/eda/toolkit/2008/index.htm>. Retrieved March 06, 2009

<sup>4</sup> Charts have been retrieved from Planning the source cited in footnote 1 on March 09, 2009. Source of the charts is ECONorthwest.



### Direct Business Assistance

Projects	Location Factor Addressed	Pros	Cons
Land or building purchase and assembly	Land availability and cost	<p>Puts ownership of key property in hands of public job-creation authority</p> <p>Overcomes fragmented ownership and scarcity of large developable sites</p>	<p>Risk of holding undesirable property</p> <p>Expensive</p>
Industrial park creation	<p>Land availability and cost</p> <p>Access to markets</p>	<p>Prepares land for development</p> <p>Designed for multiple users and many jobs</p>	Land can remain vacant and underused while waiting for desired firms
Business accelerator (incubator)	<p>Land availability and cost</p> <p>Workforce</p> <p>Business formation</p>	<p>Focus on job creation</p> <p>Nurture companies of the future</p>	<p>High initial costs for space and program management</p> <p>Need to have management expertise or provide technical assistance</p> <p>Small businesses do not lead to employment and tax base growth immediately</p>



Indirect Business Assistance			
Projects	Location Factor Addressed	Pros	Cons
Infrastructure improvement	Access to markets (transportation and telecom) Business environment (other utilities)	Expands production possibilities Increases access for workers and clients Improves environment for workers and clients	Expensive Difficult to measure effectiveness
Other public service improvement	Community stability	Promotes quality-of-life factors essential to attract workers	Expensive Difficult to measure effectiveness
Planning and redevelopment studies	Various	Provides useful market information and visions for redevelopment Few direct costs	Relies on action by private sector, unless public agency owns relevant property

Direct Business Program Policies			
Projects	Location Factor Addressed	Pros	Cons
Financial incentives; grants and loans, including revolving loan fund	Varies depending on what the grants and loans are used for, could include: business climate; land availability and cost; and business formation	Some existing programs have low cost per job Can be targeted for various goals (historic preservation, job creation, etc.)	Effectiveness varies and is hard to measure Improvements can capitalize by property owner through increased tenant rent Requires local government to monitor loans, grant conditions
Small business assistance	Workforce Business formation	Relatively inexpensive Local focus Small businesses are numerous	Requires dedicated, knowledgeable staff

**Indirect Business Program and Policies**

<b>Projects</b>	<b>Location Factor Addressed</b>	<b>Pros</b>	<b>Cons</b>
Regulatory relief	Business climate	Make sit easier for development to occur  Not necessary to lower standards; can lessen duplication and burden	Can remove necessary regulatory oversight if not done properly
Financial incentives: tax relief	Business climate	Decreases cost of doing business	Costly; may take away necessary resources from other services  Research shows taxes less important than quality of life, labor force, access to supplies
Education and workforce development	Workforce	Workforce skills are a key requirement for job growth	Costly  Requires coordination among multiple groups
Business recruitment and marketing	Varies	Not as costly as grants or tax relief; relies on relaying information on positive attributes	Can be "zero sum" when viewed regionally or nationally  May not address the needs of existing businesses
Intra-regional coordination	Varies	Decreases wasteful competition  Focuses on cross boundary benefits	Requires coordination among multiple groups

**City of Mountain Iron Economic  
Development Strategy**

**Adopted February 17, 2010**

**Prepared for the City of Mountain Iron**

**Prepared by the  
Arrowhead Regional Development Commission**

**ARDC's Mission**

**“ To serve the people of the Arrowhead Region by providing local units of government and citizens groups a means to work cooperatively in identifying needs, solving problems and fostering local leadership.”**

**If you have questions regarding ARDC or The City of Mountain Iron Economic Development Strategy, please contact:**

**Josh Bergstad  
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Arrowhead Regional Development Commission  
221 West First Street  
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218-529-7513  
Fax: 218-529-7592  
Website: [www.ardc.org](http://www.ardc.org)  
E-mail: [jbergstad@ardc.org](mailto:jbergstad@ardc.org)**