



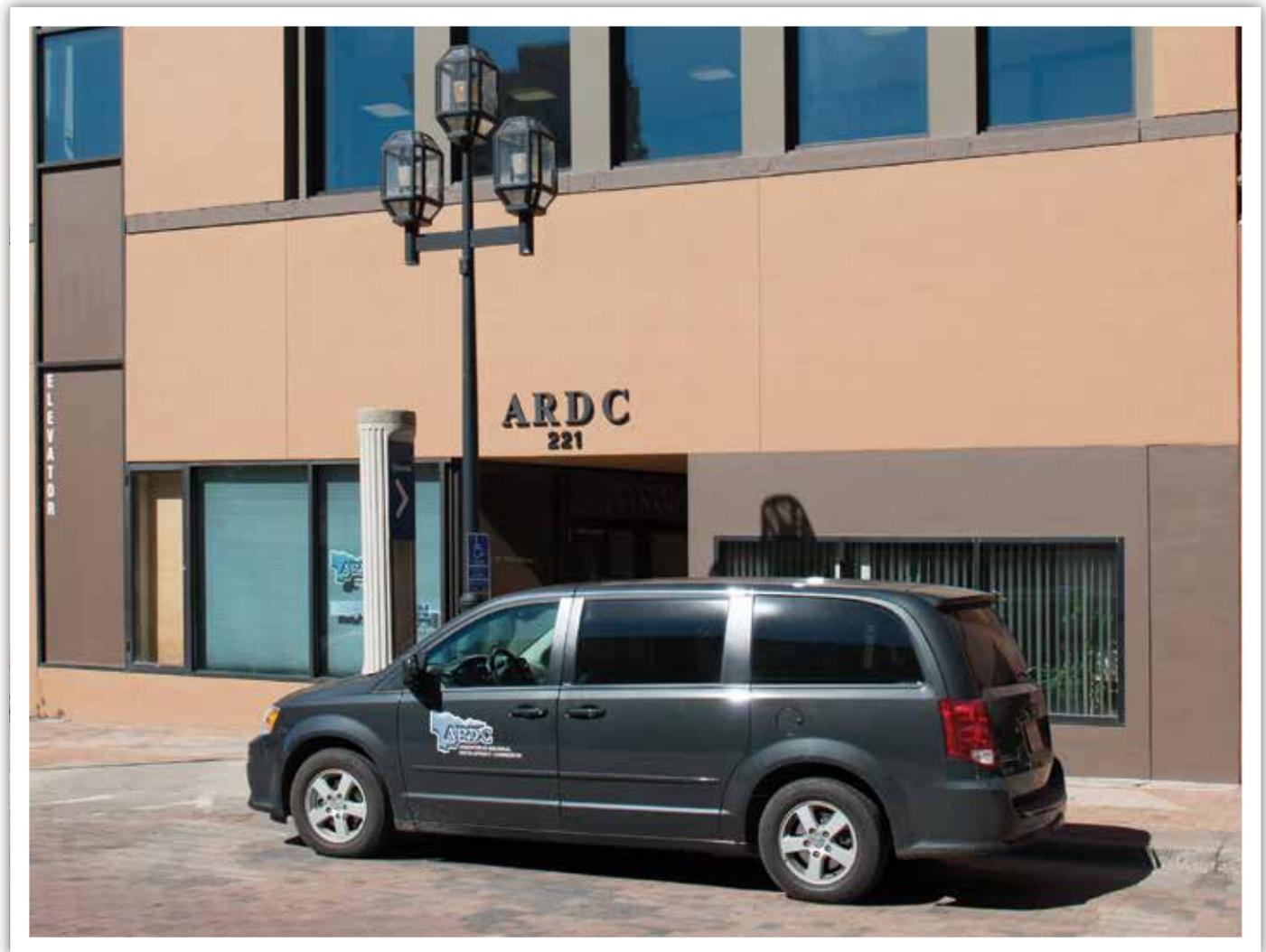
2013 Annual Report

Leading • Planning • Connecting



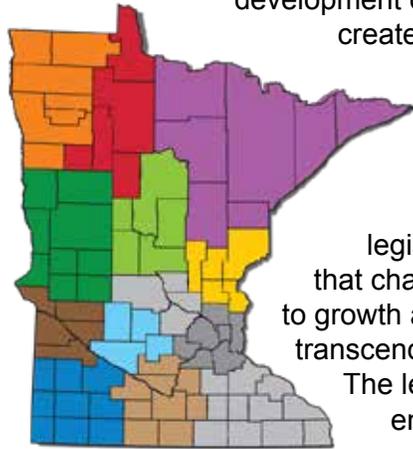
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Serving NE Minnesota for More than 40 Years

ARDC holds a notable place in Minnesota history. It was the first of 11 multi-county regional



development organizations created in Minnesota following the Regional Development Act of 1969.

This land-mark legislation recognized that challenges related to growth and development transcend county lines.

The legislation encouraged local governments to cooperate in

finding solutions for everything from transportation and natural resource issues to economic development and delivery of human services.

Connecting Public and Private interests

Regional development commissions are complex relationships of interests from the public and private sectors. ARDC's membership includes both elected officials and citizen representatives from throughout the region. Programs are funded through the combinations of federal and state dollars, grants, and fees paid for services. This

unique structure gives ARDC programming flexibility that other governmental agencies do not share.

The forty member Commission meets quarterly to discuss regional priorities and to set overall policy. The twelve member governing board meets monthly to monitor programs, revise budgets, approve contracts and expenditures and to deal with other policy issues as they arise.

As outlined in the Minnesota statute, ARDC Board and Commission membership ensures representation by a cross section of elected officials and regional interests:

- County commissioners from the seven county region
- Communities over 10,000 in population
- Communities under 10,000 in population
- Township officials
- Tribal councils
- School boards
- At-large positions
- Advisory committees



Regional Planning Division

ARDC provides communities with professional planning and development services to meet long-term housing, infrastructure, environmental, economic and human needs.

Duluth-Superior Metropolitan Interstate Council (MIC)

ARDC administers and staffs the Duluth-Superior Metropolitan Interstate Council (MIC) which is the federally designated Metropolitan Planning Organization (MPO) for the Twin Ports area. The MIC provides guidance and leadership on transportation and planning issues in the metropolitan area.

Area Agency on Aging (AAA)

As the designated Area Agency on Aging, ARDC promotes efforts and coordinates funding for programs that serve seniors and caregivers. The AAA is the regional agency for the MN Board on Aging.

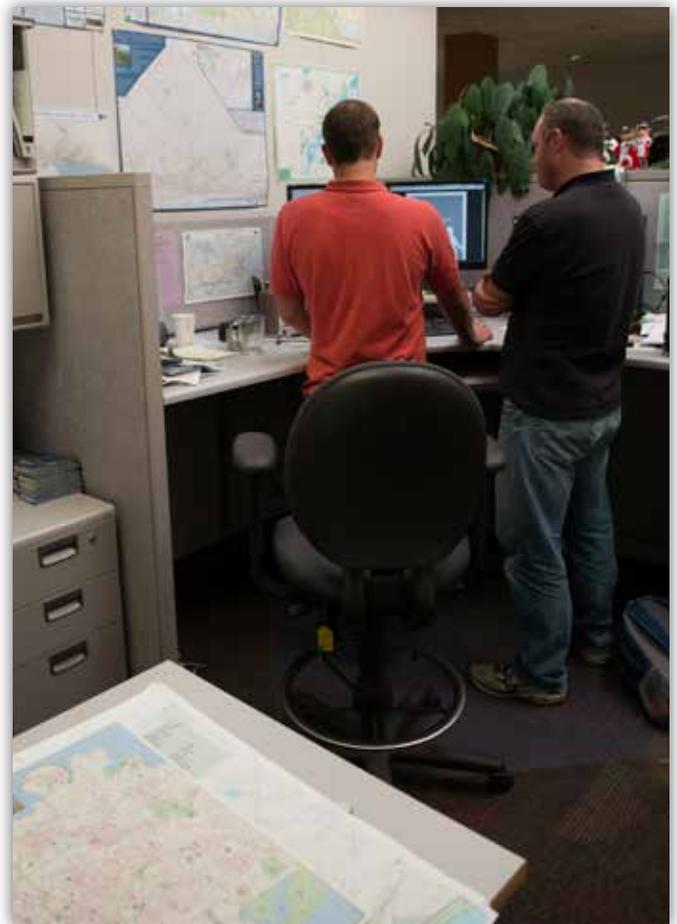
Additional ARDC Provided Planning Services

- Geographic Information Systems (GIS)
- Federal Economic Development Administration funding and Comprehensive Economic Development Strategy (CEDS)
- Federally funded Revolving Loan Fund administered by ARDC and serviced by The Northspan Group
- Natural resource planning and management
- Livable community programs in the region
- Safe Routes to School programs
- Studies related to regional freight movements
- Wildfire mitigation programs
- Planning for alternative energy in the region

ARDC is the place local governments and community-based groups can turn for programs, services, and staffing assistance. The professional

planners and project coordinators help clients improve their communities by:

- Identifying and providing access to available resources
- Encouraging inter-governmental cooperation
- Providing a forum for issues that cross jurisdictions
- Gathering, analyzing, and disseminating data
- Formulating and implementing regional strategies
- Analyzing and developing regional systems
- Facilitating decision-making and strategic planning
- Identifying and instituting innovative practices
- Assuming a leadership role on regional matters
- Delivering technical assistance



The Region

The Arrowhead Region is among the most beautiful and diverse areas of Minnesota. Bordered on the east by Lake Superior and Wisconsin, and on the north by Ontario, Canada, the region is blessed with a wealth of scenic beauty and natural resources. The people of the Arrowhead have built a resource-based economy around the three Ts—timber, taconite, and tourism—while also developing high quality education, health care and human services. With a fourth T—Technology—generating exciting opportunities and erasing geographic barriers to growth, northeastern Minnesota is poised to enter a new era of growth.

7 Counties in Arrowhead Region of Minnesota



Governmental Units

7 counties
70 cities
180 townships
3 reservations

2010 Census—Regional Population

326,225 people

Education

34 school districts
2 universities:
University of MN—Duluth,
University of WI—Superior
1 private college:
College of St. Scholastica
10 community/technical colleges
2 environmental learning centers

Public Land Ownership

63% of the region's land is held in public ownership

National / State Parks and Forests

1 national wilderness area—
BWCAW
1 National Park—Voyageurs
1 National Monument
Grand Portage
2 National Forests
Superior and Chippewa
NE MN covers 19,946 sq. miles
23% of state's land area
26 state forests, 16 state parks,
and 23 county parks

Other Facts about the Region:

57% of Minnesota's commercial forest land
4,621 miles of shoreline
43% of Minnesota's peat land
25% of Minnesota's lake and river access
25% of Minnesota's state resorts
5 commercial ports
13,650 miles of highway
Major regional fiber optics transmission network
Second largest metropolitan area in state—Duluth, MN/Superior, WI

Comments from Executive Director

One of the primary roles of planners in a regional development commission is to gather public input on proposed projects and plans. ARDC staff work in partnership with many jurisdictions in the region to establish public input sessions, facilitate the sessions, report summaries of public input sessions and incorporate the public input into work plans and strategies. ARDC Regional Planning division staff and Metropolitan Planning Organization (MPO) staff play a key role in this function.

Veterans Transit meetings were held throughout the year to gauge the need for transit services for veterans. The group made progress on two fronts and it appears there will be some follow-through from the State of Minnesota regarding coordinated transit for veterans to medical facilities.

ARDC assisted in coordinating a MoveMN discussion about transportation funding in the state. The MoveMN events were held between legislative sessions and appear to have been successful in getting a diverse membership involved in addressing transportation needs and funding across the state.

ARDC has been working with nine regional development organizations throughout Greater Minnesota to design a Greater MN Development Strategy. The purpose of the project is to align economic development work throughout Greater MN.

Staff have participated in the StrengthStrategy Discovery sessions which help participants understand their own strengths as well as strengths of their co-workers.

The Economic Development Administration supported an ARDC study of lessons learned from the 2012 flood. The report was issued in 2013 and can be found on the agency website news. An application for Economic Adjustment Assistance was filed by ARDC on behalf of Koochiching County after a paper machine shutdown at the Boise plant in International Falls. A major project to develop an active living website was funded by the federal Centers for Disease Control and Prevention through the State of Minnesota. Regional Planning division staff are developing the regional Healthy Northland website.

A few of the building maintenance projects undertaken in 2013 were a major modernization of the elevator in the skywalk in the ARDC building and a reconfiguration of the Area Agency on Aging space to accommodate additional staff and the confidentiality requirements of the Senior Linkage Line.

The agency By-Laws were revised and updated by the Commission in 2013 with time and dedication from Board treasurer, Allen Rasmussen, working in collaboration with staff. The update is helpful in addressing annual Board and Commission memberships resulting from appointments from various jurisdictions.

The election and appointment process has garnered several new at-large and jurisdiction representatives to the Commission. We welcome the new voices and learned about each new member in individual orientation sessions prior to the member joining the Commission.



Pat Henderson, Executive Director, ARDC

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The Vision of ARDC’s Regional Planning Division is to be the “Full Service Planning Resource” for the Arrowhead Region of Minnesota. We focus on helping communities with all facets of the community planning process from comprehensive planning and zoning ordinance development to specialty planning for specific community improvements. The Division also does planning on a regional basis with the intent to improve the quality of life for all residents of the area.



Regional Planning primarily works on a fee-for-service basis, but also receives funding for regional transportation planning. Regional Planning also administers the Northeast Minnesota Economic Development District (NEMEDD), which allows ARDC staff to assist communities in planning for economic development.

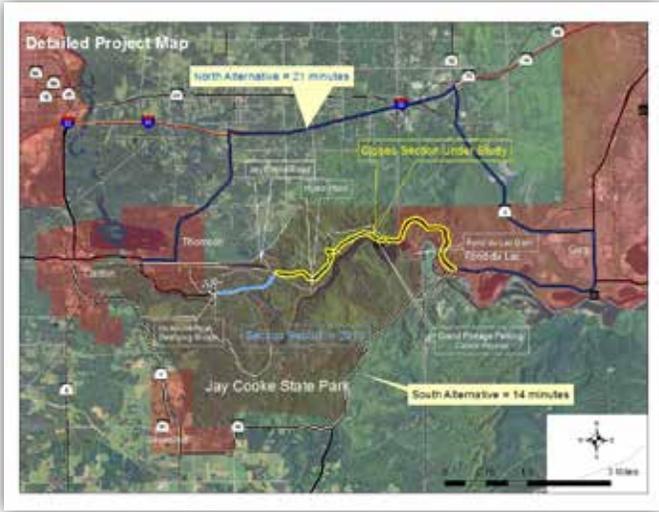
2013 Regional Planning Division Highlighted Projects

Jay Cooke State Park/Highway 210 Access Plan

The easternmost section of Minnesota Highway 210 lies between Jay Cooke Road and Highway 23 in northeastern Carlton County and extreme southern St. Louis County. This section of roadway was damaged in the June 20, 2012 major flood event and has remained closed to the public since that time. This section of Highway 210 is almost completely located within the boundaries of Jay Cooke State Park. The roadway has no residences on it, but does have two power generation facilities and multiple State Park recreation facilities. It was known as a scenic road and some sections of

the road were not designed for 55 mile per hour speeds. It had narrow shoulders and was very susceptible to landslides and other maintenance issues.

The Arrowhead Regional Development Commission (ARDC) was asked by the Minnesota Department of Transportation (MnDOT) to gather public input regarding the future of the roadway. ARDC met with key stakeholders, including Minnesota Power, the Minnesota Department of Natural Resources (MnDNR...the administrators of Jay Cooke State Park), all surrounding cities and townships, Carlton County, and the public. A public survey was also conducted.



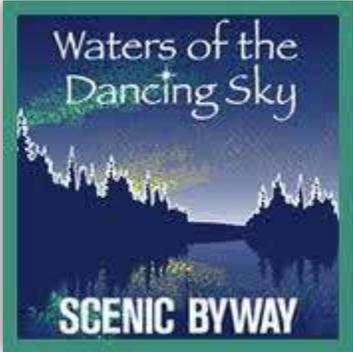
Public input results demonstrate a desire for the road to be rebuilt as a paved, public, full access road. Findings show that stakeholders and the public desire a road that is accessible year round, has a high level of road maintenance, and has traffic speeds that are appropriate for a scenic design.

MnDOT will use the information to help them decide if the roadway should be rebuilt on its original corridor, a new corridor, or not at all. It will also help MnDOT determine what type of road it should be if it is indeed rebuilt.



tourism revenue, resource management and protection, and economic development assistance. Scenic Byway designation also provides links to professional expertise and information sources to assist with implementing future projects along the byway.

Minnesota’s Waters of the Dancing Sky Scenic Byway stretches along the Canadian border from Rainy Lake and Voyageurs National Park in the east to the Red River on Minnesota’s western border. In 2013, The Waters of the Dancing Sky Scenic Byway committee worked with three Regional Development Commissions (Arrowhead, Headwaters, and Northwest RDCs) to develop a Corridor Management Plan to help guide the byway’s management for the next 5 to 10 years.



The final report on the input process for the future of Highway 210 through Jay Cooke State Park in northeast Minnesota may be found on our website.

Waters of the Dancing Sky

Scenic Byways are roads that have been nominated by local communities to introduce travelers to the uniqueness of the area. Byways can be designated at the national, state or local level. The National Scenic Byways Program began in 1989 and is administered by the Federal Highway Administration. Communities support scenic byways for various reasons including

The planning process was funded through a grant from the Federal Highway Administration’s National Scenic Byway Program.

A committee was established with representatives from various communities along the 191 mile length of the byway. The committee held its first meeting in January of 2013, and met periodically throughout the year. Steps included establishing a byway vision and goals, identifying intrinsic



qualities, identifying interpretive opportunities and telling the byway story, as well as determining marketing approaches, conducting public involvement in the plan, and assigning responsibility for implementing the various aspects of the plan. Recommended action steps were derived and assigned to appropriate entities. The Byway will now be seeking designs and construction funding for the identified projects.

Given this Byway's scope, ARDC's work on this project was significant not only in our region but in the state of Minnesota and also internationally.



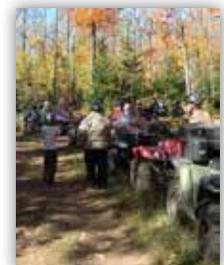
Lake County Trails Plan

Lake County representatives approached the Arrowhead Regional Development Commission regarding the development of a comprehensive trails plan to help the County identify needs, prioritize projects, improve connectivity with other trail systems, increase awareness, and generally improve management of the County's trail system. Lake County has a long history of trail use, tapping its northwoods natural resources. Trails have provided access to nearly all areas within the County. Today, these trails are used by residents and visitors year round to view natural attractions, used to access hunting areas or are part of a destination package. With this in mind, Lake County desired to develop their trails and improve

connectivity to enhance the user's experience and to promote economic development.

ARDC facilitated a lengthy planning process that had significant input from many trail stakeholders and the public. The plan envisions a trail system that is beneficial to the health, economy, environment, education and quality of life of the County, its residents and its visitors. Though the plan focuses on trails within the County, it does take into consideration connections to federal, state and local trails and destinations. The plan identified partnership opportunities for Lake County with other governmental organizations, users, and non-profits with interests in the County. The visioning process laid a foundation for future trails, projects and funding. The document outlines a marketing plan framework that would become beneficial in encouraging residents and visitors to enjoy Lake County's beauty, recreational offerings and destinations.

In late 2013, the Lake County Trails Plan was finalized and approved by the County Board of Commissioners. Many of the Plan's recommendations have already been implemented.



Andy Hubley, Director, Regional Planning Division

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The number of older adults will grow substantially over the next several years and by 2020, for the first time in Minnesota's history, there will be more people age 65 and over, than school



**Arrowhead Area
Agency on Aging**

age children. These changing demographics will change the demand for services in our region, the state and nation-wide. The Arrowhead Area Agency on Aging serves as a neutral source of information and assistance for older adults and their caregivers and seeks to support services and relationships that promote health and well-being of current and future older adults.



A One Stop Shop for Minnesota Seniors

Senior LinkAge Line®

The AAA provided assistance, information and education via the Senior LinkAge Line®. The Senior LinkAge Line® is a telephone information, assistance and counseling service that makes it easy for seniors and their families to find resources in the community. Senior LinkAge Line® (SLL) specialists help persons assess their situations and explore options for help. Arrowhead AAA delivers Senior LinkAge Line® services in partnership with the Minnesota Board on Aging.

- Provided unbiased health insurance counseling to 7,150 callers, including assistance to enroll in Medicare and other health care coverage.
- 294 educational presentations made on such topics as Long Term Care, Medicare Fraud & Abuse, Medicare/Health Care Coverage, Home and Community Based Services and more
- Explained housing options to Senior LinkAge Line® callers.
- Approximately 29 nursing home residents

in the region were assisted with returning home after a nursing home stay by SLL Community Living Specialist.

- 13,684 phone calls answered
- 91% of callers surveyed said the assistance met their expectations

Funding Awards

Funding awards were made to 17 agencies totaling over \$1.8 million to meet caregiver needs, provide nutrition, deliver rides, aid legal rights



Table setting for congregate dining.

and support the independence of older adults in the region. The source of this funding is the State of Minnesota and federal Older Americans Act.

Award recipients and their service area included:

- Arrowhead Economic Opportunity Agency – Arrowhead region
- Arrowhead Area Agency on Aging's Senior LinkAge Line® - Arrowhead region
- Aitkin County CARE, Inc. – Aitkin County
- Community Memorial Hospital – Carlton County
- Community Partners Living at Home Program – Two Harbors area
- Consumer Directions, Inc. – Arrowhead region
- ElderCircle – Itasca County
- Elder Services Network – Virginia area
- Floodwood Services and Training – Floodwood area
- Koochiching Aging Options –Koochiching County
- Legal Aid Service of Northeastern MN – Arrowhead region
- Lutheran Social Services – Duluth
- North Shore Area Partners – Silver Bay area

- North Shore Health Care Foundation – Cook County
- Northwoods Hospice Respite Partners – Ely area
- Range Respite – Virginia area
- Volunteer Services of Carlton County – Carlton County and Duluth area

- Family Memory Care – supported the expansion of the Minnesota Family Memory Care Program in the Arrowhead region. Two new Family Memory Care Consultants were trained, bringing the regional total to three. The service area for this program now includes the greater Duluth area, Carlton County and Iron Range communities. The program helps spouses caring for a loved one with Alzheimer's or related diseases connect to resources and build support networks. Nearly 40 spousal caregivers were assisted by this evidence based program in 2013.

Program Development Activities

- Evidence-based Health Promotion and Disease Prevention– trained 32 leaders/coaches/facilitators and offered program start-up consultation about programs designed to prevent falls, support caregivers and manage chronic conditions. 184 people participated in Matter of Balance, Chronic Disease Self-Management, Healthy Eating or Powerful Tools for Caregivers classes in 2013.

Volunteers

35 trained and certified volunteers provided 907 volunteer hours meeting with people 1:1, staffing exhibit booths, and providing educational presentations.

Service Type	Funding Amount	People Served
Assisted Transportation	\$94,404	284
Caregiver Respite (In Home and Facility-Based)	\$95,241	150
Chore	\$29,225	178
Congregate Meals	\$725,614	5,739
III-B Counseling/Support Planner	\$16,450	115
III-E Counseling (Individual, Family, Group, Training and Education)	\$76,040	486
Evidence-Based Health Promotion	\$30,968	252
Home Delivered Meals	\$500,774	1,338
Homemaker	\$15,091	42
Information and Assistance (Senior LinkAge Line® Services)	\$135,000	6,445
III-E Information Services	\$2,715	55
Legal Assistance	\$63,750	459
Legal Education	\$1,250	1,526
Medication Management	\$10,000	180
Self-Directed Services	\$40,000	19
Total People Served		17,268

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Grand Avenue Corridor Plan

Identifying opportunities and leveraging funds to improve roadway safety, provide multi-modal connections and spur economic development



The MIC's Grand Avenue Corridor Plan identifies opportunities for MnDOT's pavement resurfacing project to incorporate safety and connectivity improvements for all users--motorists, pedestrians, bicyclists and transit riders.

MnDOT will be resurfacing five miles of the major roadway serving western Duluth (Grand Avenue/Highway 23) during the 2015 and 2016 construction seasons.

Although it is programmed as a resurfacing project with no significant alteration or expansion of the roadway, it presents a significant opportunity to include improvements for non-motorized users and businesses along the corridor at the same time the pavement is being repaired.

Therefore, MnDOT asked the MIC to examine existing conditions and identify issues for all modes of travel along the corridor. The resulting Grand Avenue Corridor Plan puts forward recommendations for possible multi-modal enhancements and safety improvements that were included as part of the scope of MnDOT's resurfacing project.

The study was conducted on an unusually tight time frame (a couple of months) and included an intensive public involvement process to gather public input from neighborhood residents, businesses, bicycle, motor vehicle and public transit commuters and recreational users of the roadway.

Context Zones – Not a 'One Size Fits All' Approach

Land use and transportation patterns change from one end of the 5-mile study corridor to the other—and with these differences come distinct issues and opportunities. Subsequently, some actions or improvements are recommended in one area of the corridor but not in others.

Therefore the study was organized according to six different “context zones” or segments of distinct character within the 5-mile segment of Highway 23.



The study identifies six different “context zones” or segments of distinct character within the 5-mile study area.

By studying the Highway 23 corridor in this manner, the MIC aimed to identify potential improvements that would be both targeted and potentially more cost-effective for MnDOT and the City of Duluth.

Striking a Balance between Multiple Uses

City representatives and interest groups see Highway 23 / Grand Avenue as a leading growth corridor in the coming decades, anticipating increases in commercial, residential, and industrial development.

Greater demand for non-motorized access to recreational amenities and other activity centers such as the Munger Trail, the Lake Superior Zoo, and Spirit Mountain ski hills is also anticipated. Much of the stakeholder feedback focused on concerns about pedestrian safety, along with the need to better accommodate bicyclists.



As its two names suggest, Highway 23/Grand Avenue serves two important and potentially conflicting uses. It provides access to commercial and industrial facilities as well as to residential neighborhoods and recreational destinations.

There was, however, opposition in almost equal measure to making more space in the roadway for bicycles. It is important to protect the vehicle capacity of Grand Avenue because this highway is the only arterial roadway in that part of town, providing access to commercial and industrial uses in West Duluth and also serving as a bypass route for heavy-haul trucks that exceed the weight limits on I-35.

The input of these multiple stakeholders made it clear that the corridor needs to accommodate both regional through-travel and heavy commercial vehicles, along with local trips to businesses, residences, trails and transit stops.

Unique Opportunity to Leverage Additional Funds

The timing of this study happened to coincide with a one-time opportunity to fund the types of improvements that will improve the mobility, safety, and access for non-motorized users of this roadway, as well as enhancements to support economic development. The MIC staff used its research, collection of stakeholder input and preliminary recommendations to inform and support an effort

led by the City of Duluth Department of Economic Development to apply for MnDOT Corridor Investment Management Systems (CIMS) grant pilot project.

Duluth was awarded \$3 million for the Grand Avenue project to include widened and reconstructed sidewalks, improved links to the Munger Trail, better pedestrian crossings, relocated and realigned signals, bus pullouts, multimodal nodes and street design improvements. The Grand Avenue project was the only one of ten CIMS grants awarded for a project north of the Twin Cities area.

View the final plan at www.dsmic.org/grand.

Duluth Bikeways System Plan
Identifying the best routes to integrate bicycling into Duluth's transportation infrastructure

Bicycling is an important and growing transportation option in Duluth. For much of 2013, MIC staff worked closely with the City of Duluth in mapping prospective routes and gathering public input to create a plan for a practical urban bikeway system.



Are you happy with your bike route? This question was posed to residents as part of a joint initiative by Duluth Engineering and MIC planning staff to establish a city-wide system of safe, enjoyable and coordinated on-street bike routes.

The Vision

The vision for a city-wide network of designated bike lanes was established by a number of prior plans and studies. The bikeways system will encourage active transportation by serving people's everyday travel needs as well as connecting to the existing and planned off-street trail network, including the Lakewalk, Munger Trail, Cross City Trail and Lowell to Lakewalk Trail.

Although the resulting plan has a 20-year timeframe—it identifies needed bicycle improvements to be implemented over the next two decades as funding and roadway projects permit—it has a special emphasis on creating an interconnected network of routes where on-street protected bike space can be installed in the next 5 years.

The Context

The City's existing bike route network is largely based on the 1994 MIC's Duluth-Superior Metropolitan Bikeways Plan. Many changes, however, have taken place since then. At the national level, communities increasingly are making bicycling integral to their transportation systems and bike facility design standards have been modified and improved.

Locally, several plans and assessments, including Connecting Duluth, a commuter bicyclist-focused outreach report released in 2010, the 2011 Duluth Trail and Bikeway Master Plan, and the MIC's 2012 Duluth-Superior Metropolitan Bike Map, have laid the groundwork for this project. In addition, the City's Complete Streets policy provides guidance to create a network of streets that offer safe, attractive, and comfortable travel for all users (pedestrians, bicyclists, motorists and public transit).



The development of a city-wide, on-street Bikeways System is supported by recommendations from several prior planning efforts by the City of Duluth, the Healthy Duluth Area Coalition and the MIC.

The Process

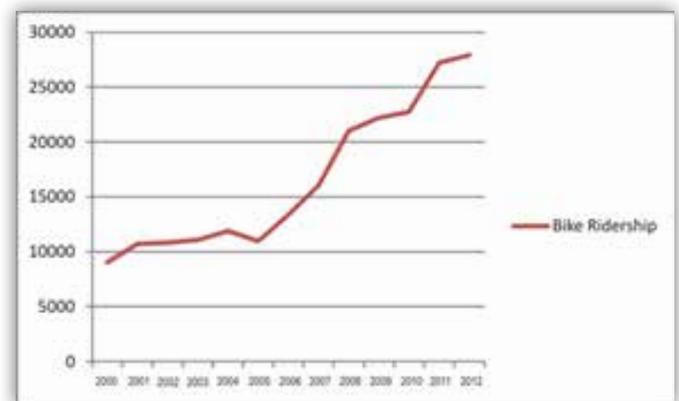
An intensive public input process took place in the summer of 2013 with a series of three stakeholder workshops, an interactive map and an online survey, to gather ideas about the locations of future bike lanes from the local bicycling community. The suggestions that were received were then filtered through a number of engineering

considerations, including roadway widths and grades, and connectivity to other bike lanes and to the rest of the on- and off-road system.

The final map of proposed routes was presented to and approved by the Duluth City Council in December.

The Outcome and Future Plans

With Duluth City Council approval of the Duluth Bikeways Plan, the MIC will undertake a similar planning process in the City of Superior to identify bike routes and identify future on-street bicycle facility improvements. An update of the MIC's popular Duluth-Superior Metropolitan Bike Map is also planned.



One indicator of bicycling trends in the Twin Ports is the marked increase in the annual number of bikes carried on DTA buses from 2000 to 2012.

View the final map of the planned Duluth Bikeways System at www.dsmic.org/bike.

DLH Air Service and Air Cargo Leakage and Expansion Analysis

Understanding industry trends and identifying opportunities to grow a regional transportation asset

The Duluth International Airport (DLH), the second-largest airport in Minnesota generating \$1.3 billion in annual economic impact, has a primary goal of maintaining and expanding both passenger and cargo service opportunities.

The MIC, in partnership with the Duluth Airport Authority, consulting firm Trillion Aviation and stakeholders representing local aviation and economic development interests, conducted a specialized analysis to identify key industry trends

that could influence these goals. The Duluth Airport Authority will use the data from this study as a tool that will guide its air service growth strategy for years to come.



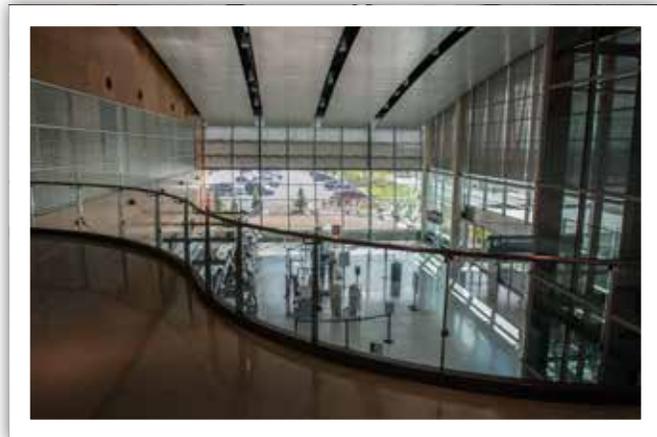
A new \$78 million passenger facility opened at DLH in January 2013.

Strength: Increasing Passenger Volume and New Facilities

In 2012, the airport handled more than 322,000 passengers — the second-highest volume in its history. A brand-new passenger terminal and Federal Inspection Service (FIS) facility opened in 2013 to accommodate three air service carriers (Delta, United and Allegiant).

Weakness: Market Leakage

A key finding of the study shows that DLH is losing a significant share of its potential customers to the Minneapolis-St Paul airport (MSP). “Market leakage” is an industry term that describes how many people within an airport market start their air travels out of another facility. The rate for DLH now stands at 58 percent. In other words, more than half of travelers living within 30 miles of the Duluth airport fly out of the Twin Cities instead.



Threat: Public Perception

This high leakage rate is driven by the perception of lowest cost by flying out of MSP, along with the ease of driving with a good highway connection between the two airports and the recent introduction of a van shuttle service.

The study revealed that “perception” of lower prices is an accurate description. Not only is the cost of a plane ticket sometimes comparable or even lower out of DLH, there are other expenses involved in flying from a distant airport, including the cost of gas, parking fees and the value of one’s time.



Opportunity: Potential for Growth

The high leakage rate, however, also means that there is room to grow—a significant number of additional passengers could be flying out of Duluth International. If DLH were to capture even a fraction (10%) of the passengers that currently drive to MSP, it would mean an increase in the number of daily and weekly flights, lower fares, the return of a first class cabin on most flights and new destinations.

Next Steps

The proposed DLH growth strategy includes new marketing initiatives, capitalizing on low-cost airline service to warm-weather destinations and increasing international travel options.

A stepped-up marketing campaign is needed to remind business and leisure travelers alike that flying local has broad positive implications to the entire community.

The low-cost carrier, Allegiant, is a strong point both now and into the future. About 20% of all DLH passengers are taking Allegiant flights to

Las Vegas and Phoenix and about 25% of those passengers are drawn from southern Canada because of the avoidance of ticket taxes.

The new Federal Inspection Service (US Customs) facility at the Duluth airport is an important asset that would facilitate the ease of direct flights to and from new international winter destinations (such as Mexico and the Caribbean). Additional warm-weather destinations could be a strong selling point for the customer base that extends into northern Minnesota, northeastern Wisconsin and Canada.

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In 2013, ARDC's Economic Development Administration's Revolving Loan Fund (RLF) approved and/or made 7 new loans totaling \$1,111,250 to businesses in the seven county region of Northeast Minnesota.

Those businesses included a Duluth area craft brewery and a Duluth area craft distillery. Funding was provided to a North Shore alpine ski operation, a Carlton County local egg producer, assisted in a building purchase and renovation for a Duluth residential and commercial restoration business and will fund the development and construction of a new hotel in Babbitt.

Purpose

The purpose of the ARDC's Economic Development Administration Revolving Loan Fund (ARDC/RLF) is to support business activities for which credit is not otherwise available on terms and conditions which would permit completion and/or the successful operation or accomplishment of the project in the seven county region of Northeast Minnesota.

The primary objective of the program is the stimulation of private investment in order to create and maintain productive, permanent employment through the establishment of new businesses or the expansion of existing businesses.

Financing provided in conjunction with this program is intended to complement, not compete with, private lending institutions. As such, securing private sector involvement is a critical factor in qualifying for this program. The RLF provides gap financing and loans will generally be subordinated to the interests of private sector lenders to encourage their involvement.

Eligible Businesses

Priority economic sectors that are eligible for assistance through this program include:

- Aviation/Aerospace
- Manufacturing
- Renewable Resources
- Technology
- Energy
- Other

Businesses must be located in Aitkin, Carlton, Cook, Itasca, Koochiching, Lake or St. Louis counties.

Leveraging Requirements

Jobs

- Applicants must demonstrate that they will create or retain a minimum of one job per \$10,000 in ARDC/RLF Assistance.

Private Sector Investment

- Applicants must demonstrate that they will leverage a minimum ratio of two private sector dollars to one ARDC/RLF dollar (2 to 1).
- Applicants must demonstrate the minimum leveraging ratio, exclusive of owner's equity investment is one private sector dollar to one ARDC/RLF dollar (1 to 1).



Financing Policies

Allowable Use of Proceeds

- Minimum loan size—\$10,000
- Maximum loan size—\$250,000
- Fixed assets, including land and building purchases, building construction, leasehold improvements, and renovations (twenty year term max); and/or
- Acquisition, renovation or moving machinery and equipment (ten year term max); and/or
- Working capital (term loans only, five year max)

Application Process

- Pre-applications are available from the Northspan Group, Inc., contracted agent of ARDC for purposes of administering the RLF. Prepare and submit pre-application to

the Northspan Group. Northspan will notify applicant of project eligibility.

- Northspan staff will discuss full details of application preparation with applicant and advise if a full application is warranted.
- Prepare full application with all applicable and required exhibits and submit.
- Completed full applications received no later than the 15th day of each month will be acted upon during the following month.
- Technical Advisory Committee reviews application and make recommendations to the Loan Review Board.
- Loan Review Board reviews and makes final decision on application.
- At any point in the review process, the application may be denied or sent back for further information.

Loans Approved and/or Disbursed in 2013:

Business	City	Approved	Disbursed
Bent Paddle Brewery	Duluth	\$90,000	\$90,000
Lutsen Mountain Corp.	Lutsen	\$250,000	\$199,983
K & L Buck Properties	Duluth	\$250,000	\$112,556
Vikre Distillery	Duluth	\$75,000	0
Northern Healthcare	Duluth	\$147,000	0
Amundsen Farms	Wrenshall	\$99,250	\$99,250
Junction Properties	Babbitt	\$200,000	0
Total		\$1,111,250	\$501,789



Bob Palmquist, ARDC Revolving Loan Fund Agent
 Phone: 218.529.7562 Email: bpalmquist@northspan.org www.ardc.org



Summary of Revenue, Expenditures & Changes in Fund Balance

Summary of Revenue, Expenditures & Changes in Fund Balance - Unaudited Year End December 31, 2013

	General Fund	Revolving Loan Fund	Grants & Contracts	Total
Tax Levy	\$ 539,198	\$ -	\$ -	\$ 539,198
Grants and Contracts		93,628	3,865,223	3,958,851
Program Income	18,128	598,174	372,024	988,326
Interest Earned	213	145,158	-	145,371
Miscellaneous	6,750	-	21,167	27,917
Total Revenue	564,289	836,960	4,258,414	5,659,663
Expenditures	272,780	740,996	4,443,487	5,457,263
Revenue Expenditures Over (Under)	291,509	95,964	(185,073)	202,400
Other Financing Sources (Uses) Local Match	(441,601)	52,295	183,189	(206,117)
Revenue and Other Sources (Uses) Local Match	(150,092)	148,259	(1,884)	(3,717)
Fund Balance 1/1/2013	984,026	235,151	-	1,219,177
Fund Balance 12/31/2013	<u>\$ 833,934</u>	<u>\$ 383,410</u>	<u>\$ (1,884)</u>	<u>\$ 1,215,460</u>

Sister Mary Matthew, Finance Director

Phone: 218.491.1841 Email: mmatthew@ardc.org www.ardc.org



ARDC 2013 Board and Commission Membership

OFFICERS OF BOARD AND COMMISSION

Wade Pavleck	Chair
Steve Raukar	Vice Chair
Allen Rasmussen	Treasurer
Margaret Sherman	Secretary

BOARD OF DIRECTORS

Wade Pavleck	Koochiching County
Dick Brenner	Carlton County
Sue Hakes	Cook County
Don Niemi	Aitkin County
Paul Bergman/Brad Jones	Lake County
Terry Snyder	Itasca County
Steve Raukar	St. Louis County
Jason Hollinday	NATC
Allen Rasmussen	At Large
Margaret Sherman	At Large
Paul Nevanen	At Large
Gordy Anderson	At Large
Earl Elde	MIC Advisory Committee
Michael Duffy	AAAA Committee

COMMISSION MEMBERSHIP

County Commissioners

Don Niemi	Aitkin County
Dick Brenner	Carlton County
Sue Hakes	Cook County
Terry Snyder	Itasca County
Wade Pavleck	Koochiching County
Paul Bergman/Brad Jones	Lake County
Steve Raukar	St. Louis County
Steve O'Neil/Angie Miller	St. Louis County

Communities Over 10,000 Population

Roger Maki	Cloquet
Darby Sater	Hibbing
Emily Larson	Duluth
Dale Adams	Grand Rapids

Communities Under 10,000 Population

Pam Nordstrom	Palisade
Bill Lenz	Grand Marais
Pat Oman	Moose Lake
Edward Bolf	Nashwauk
Cynthia Jaksa	International Falls
Carlene Perfetto	Silver Bay
Darlene Koski	Hermantown

Township Officials

Clayton Kauppila	Carlton County
Ginny Storlie	Cook County
Tarry Edington	Itasca County
Michael Hoops	Lake County
Kevin Adee	Koochiching County
Earl Grano	St. Louis County

North American Tribal Council (NATC)

Jason Hollinday	Fond Du Lac Reservation
Tony Swader	Grand Portage Reservation
Sidra Starkovich	Bois Forte Reservation

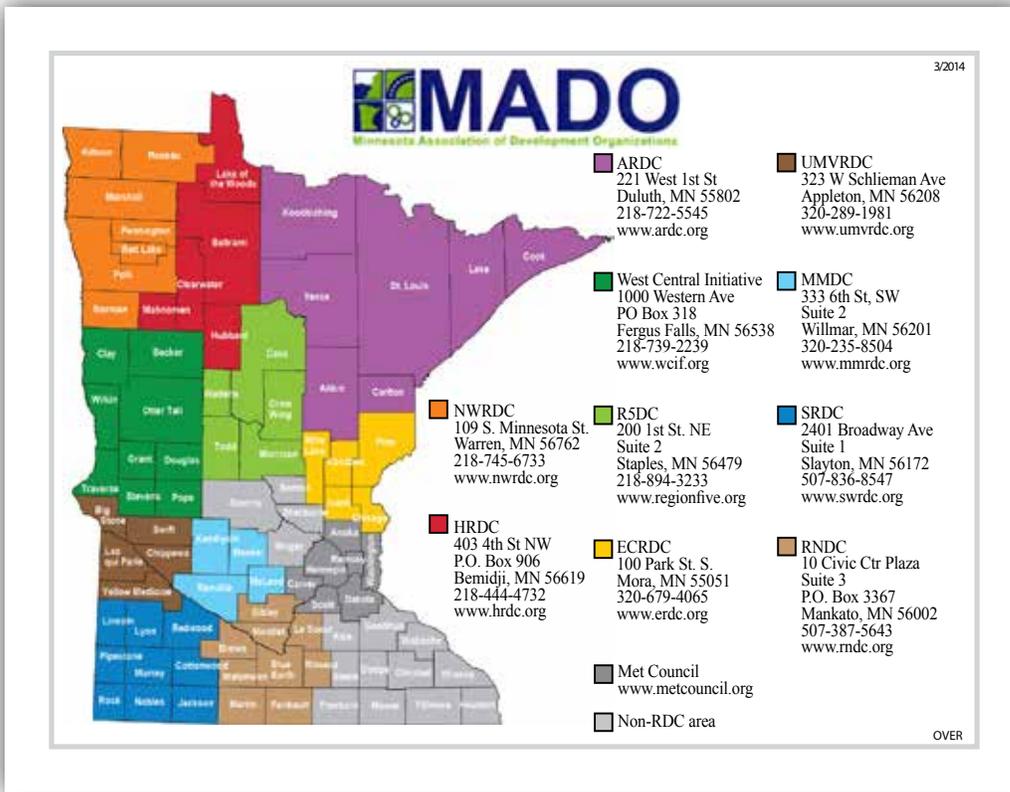
School Boards

Judy Seliga-Punyko	ISD #709
Sonya Merhar	ISD #706

At Large Members

Lars Kuehnou	Duluth
Paul Nevanen	International Falls
Gordy Anderson	Two Harbors
Margaret Sherman	Palisade
Heather Rand	Duluth
Allen Rasmussen	International Falls
Harlan Tardy	Nashwauk
Connie Christenson	Carlton
Earl Eide	MIC Advisory Committee
Michael Duffy	AAA Committee





What is a Regional Development Commission?

There are 9 Regional Development Commissions (RDCs) in Minnesota covering 63 counties. The West Central Initiative covers an additional 9 counties and performs some of the same functions as an RDC.

RDCs were established in MN statute in 1969 to provide technical assistance to the local units of government in their region.

RDCs perform a variety of unique services based on the needs of their region.

RDCs partner with numerous state and federal agencies, obtaining and administering grants for programs and projects at the local level.

RDCs are governed by volunteer board of directors composed of elected officials and business and community leaders.

RDCs are recognized for their fiscal responsibility and capabilities in professional program management.

Services Provided by RDCs include:

- Community Development
- Comprehensive Planning
- Grant Writing and Administration
- Economic Development Technical Services
- Environmental Services
- Transportation Planning
- Housing Services
- Business Loans
- Entrepreneurial Training Programs
- Business Marketing and Retention Planning
- Energy Efficiency Planning and Development
- Services for Seniors
- Geographic Information Systems (GIS)
- Tourism Planning

Call your local RDC about their services today!



**Arrowhead Regional Development Commission
221 West First Street
Duluth, Minnesota 55802**

www.ardc.org