



CITY OF GRAND RAPIDS

Meeting Agenda Full Detail City Council Work Session

Monday, May 13, 2019

4:00 PM

Itasca County Boardroom

MEETING LOCATION CHANGE

CALL TO ORDER: Pursuant to due notice and call thereof a Special Meeting/Worksession of the Grand Rapids City Council will be held on Monday, May 13, 2019 at 4:00 PM in the Itasca County Boardroom, County Courthouse, 123 NE 4th Street, Grand Rapids, Minnesota.

CALL OF ROLL: On a call of roll, the following members were present:

Discussion Items

1. 19-0220 Visit Grand Rapids Annual Update - Megan Christianson
2. 19-0239 Advocates for Family Peace - Mandie Aalto
3. 19-0281 Discuss letter of support for Mesabi Metallics - Ben DeNucci
Attachments: Gov Walz MM Letter 04-26-2019.pdf
4. 14-0789 Review 5:00 PM Regular Meeting

ADJOURN

Attest: Kimberly Gibeau, City Clerk



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 19-0220 **Version:** 1 **Name:**

Type: Agenda Item **Status:** CC Worksession

File created: 4/11/2019 **In control:** City Council Work Session

On agenda: 5/13/2019 **Final action:**

Title: Visit Grand Rapids Annual Update - Megan Christianson

Sponsors:

Indexes:

Code sections:

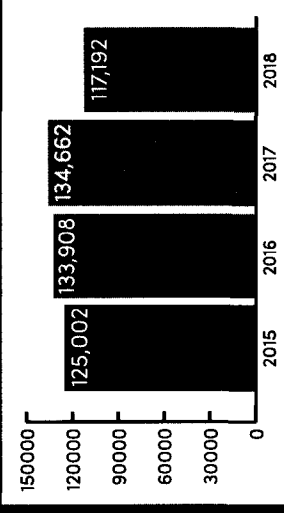
Attachments:

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

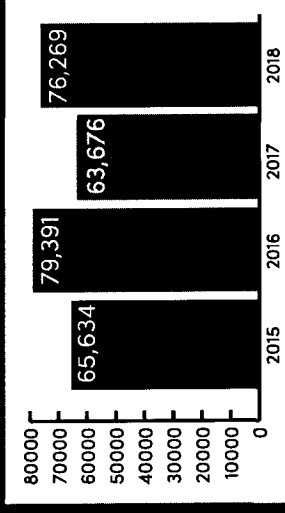
Visit Grand Rapids Annual Update - Megan Christianson

OWNED

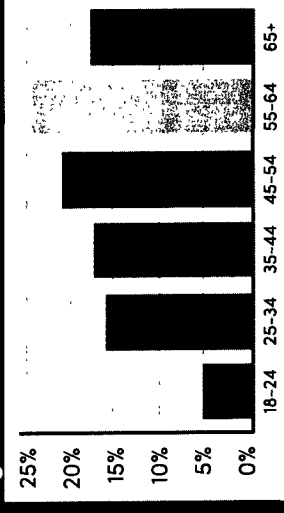
Website Visits



Mobile Visits



Age of Users



Time on Site

2018 = 1:38

Gender of Users

Male 48%
 Female 52%

Top Countries

1. United States 106,149
2. Canada 2,213
3. India 347
4. Peru 336
5. N/A 169
6. Philippines 170
7. United Kingdom 168
8. Germany 139
9. Australia 83
10. Mexico 57

Top States

1. Minnesota 58,937
2. Illinois 16,082
3. Wisconsin 7,701
4. Michigan 3,851
5. Iowa 2,705
6. Nebraska 2,174
7. North Dakota 2,062
8. Indiana 1,493
9. Missouri 1,182
10. California 986

Top Page Visits

1. Homepage
2. Events Calendar
3. Stay Page
4. ATV/OHV
5. Resorts
6. Lakes/Fishing
7. Trail Conditions
8. Hotel/Motel
9. Sweepstakes
10. Shopping
11. Annual Events
12. Ice Fishing
13. Snowmobiles
14. Things To Do
15. Events
16. Dining
17. Golf
18. Trail-Cam
19. Deals
20. Area Attractions

EARNED



Likes
 2017 19,879
 2018 20,301



Followers
 2017 1,500
 2018 1,600



Followers
 2017 355
 2018 585



Monthly Followers
 2017 5,400
 2018 3,200

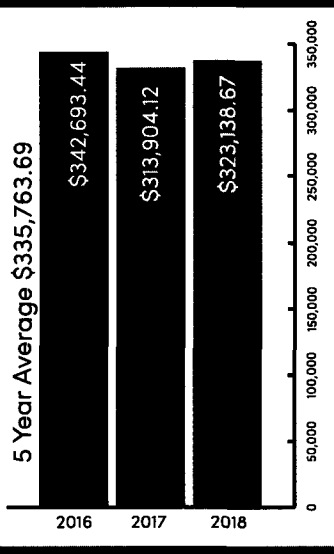


Views
 2017 14,989
 2018 17,542

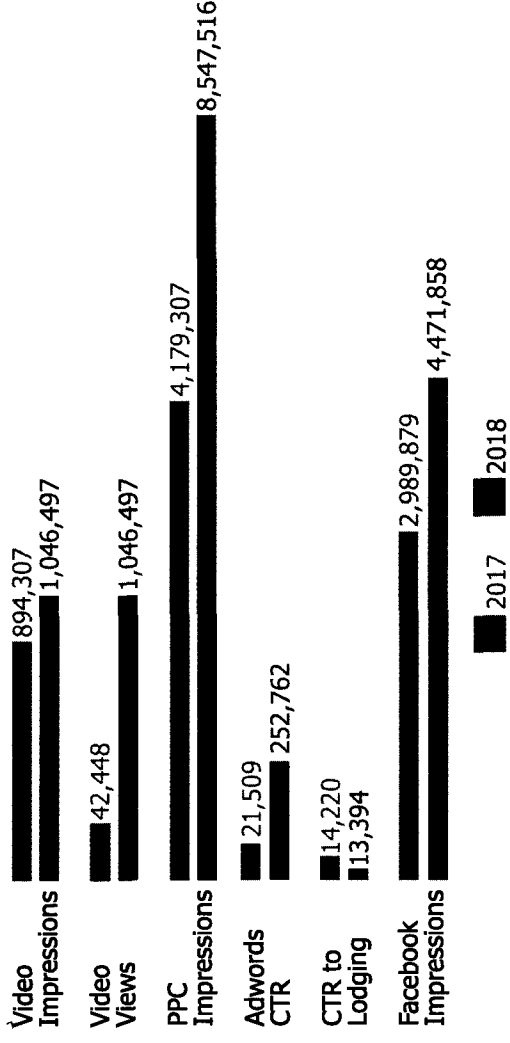


Open Rate
 2017 13,139
 2018 8,074

LODGING TAX



PAID DIGITAL ADS



Digital Display Sample Ad:



COMPARISON ECONOMIC DATA

INDUSTRY	WORKFORCE	TOTAL PAYROL
Education & Health Services	5,095	\$193,671,140
Trade, Transportation & Utilities	3,331	\$132,982,385
Leisure & Hospitality	1,751	\$28,535,058
Public Administration	1,332	\$63,323,139
Manufacturing	920	\$55,286,887
Professional & Business Services	850	\$26,976,733
Construction	708	\$36,712,803
Other Services	597	\$17,000,903
Natural Resources & Mining	550	\$39,944,667
Financial Activities	458	\$21,029,528
Information	147	\$5,313,244
All Industries	15,740	\$620,953,493

Traditional Ads

Traditional Ad Media

- AAA Living
- Ad Taxi – Eblasts
- Explore Minnesota
- Have Fun Biking
- IA Sportsman
- Midwest Living
- Minnesota Bed & Breakfast
- Minnesota Biker
- Minnesota Lodging Guide
- MN Monthly
- MN Snowmobiler
- MN OffRoad
- Snowgoer
- Rider
- Midwest Hunting & Fishing

Sample Ads



MN Monthly Magazine

Midwest Living Magazine

For More Information Contact:

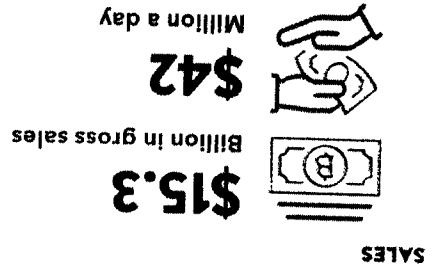
Megan Christianson
 Visit Grand Rapids Executive Director
 218-326-9607
 megan@visitgrandrapids.com
 www.visitgrandrapids.com

Mission: To generate a positive economic impact through travel and tourism. www.visitgrandrapids.com

TOURISM & MINNESOTA'S ECONOMY

EXPLORE MINNESOTA
INDUSTRY.EXPLOREMINNESOTA.COM

ECONOMIC IMPACT: TRAVEL & TOURISM IN MINNESOTA GENERATES:



Note: Data for leisure & hospitality sector, 2017

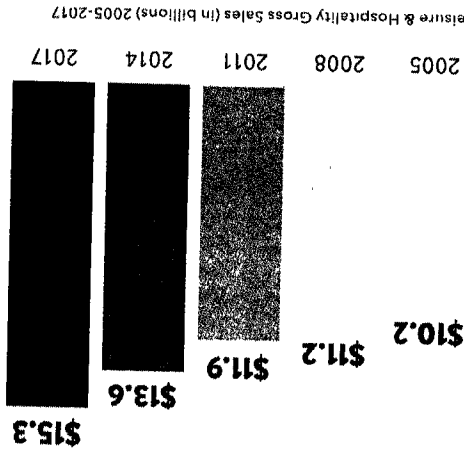
of total state sales tax revenue



523,600 Canadian travelers on overnight trips

456,800 International travelers from other countries

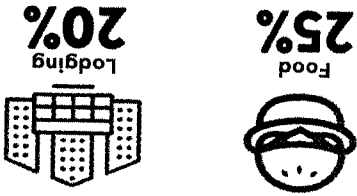
GROWTH IN THE TOURISM INDUSTRY



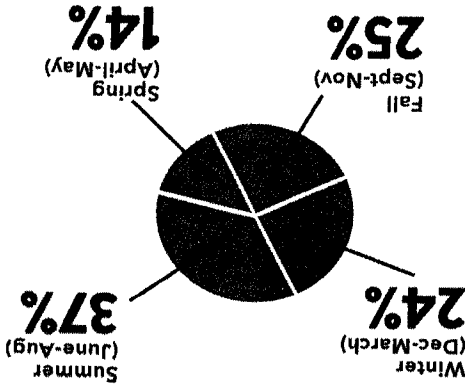
IMPACTS OF STATE TOURISM ADVERTISING

- 3.5 million Minnesota traveler trips
 - \$415.5 million traveler spending
 - \$40.7 million direct state and local taxes
 - 3.76 million additional intended trips in next 12 months
 - \$101 to \$1 traveler spending return on ad investment
 - \$10 to \$1 state and local tax return on ad investment
- Note: Impacts of Explore Minnesota's spring/summer 2018 advertising

TRAVELER SPENDING BY SECTOR



TRAVELER EXPENDITURES BY SEASON

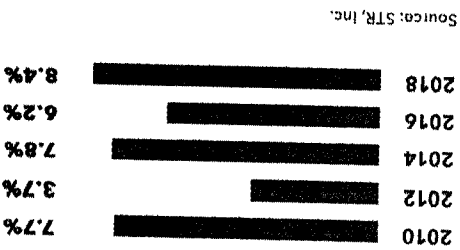


Visitors on overnight and day trips in 2017

73 MILLION

How much the average Minnesota household would owe without the tax revenue generated by travel & tourism

\$625



INCREASE IN ROOM REVENUE

Sources: Minnesota 2018 Tourism Advertising Evaluation; Longwoods International; The Economic Impact of 2017 Travel in Minnesota; Peterson Associates; Minnesota Department of Revenue; U.S. Bureau of Labor Statistics; International State Travel (IST); Tourism Economics.

Note: International travel estimates are for 2017

ECONOMIC IMPACT BY COUNTY

Minnesota's Leisure and Hospitality Industry, 2017

County	Private Sector Employment	State Sales Tax	Gross Sales
Minnesota	1,522,215	\$18,327,422	\$183,327,422

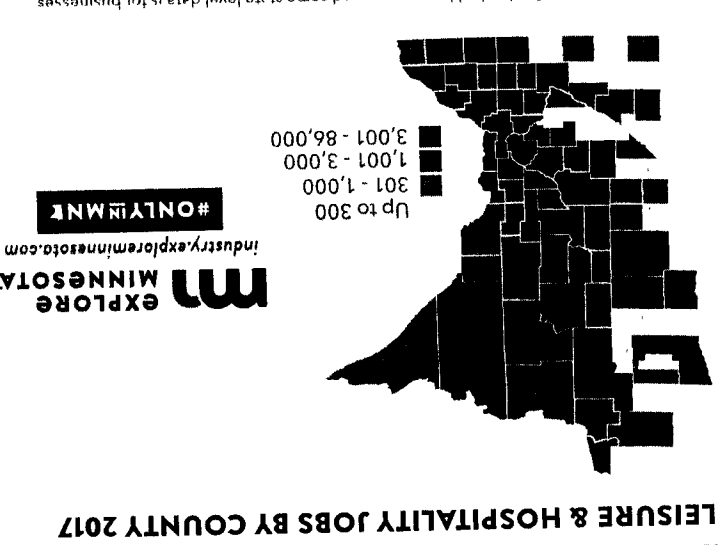
County	Private Sector Employment	State Sales Tax	Gross Sales
Anoka	13,123	\$40,787,492	\$607,082,073
Carver	4,611	\$14,843,541	\$223,642,652
Chicago	1,695	\$4,632,936	\$70,269,422
Dakota	18,696	\$61,933,337	\$933,323,911
Hennepin	85,477	\$350,229,607	\$5,303,889,012
Iaanti	849	\$2,715,893	\$39,876,266
Ramsey	29,659	\$143,896,988	\$2,212,380,540
Scott	6,016	\$22,038,107	\$391,358,066
Washington	11,781	\$38,324,474	\$566,454,649
Wright	4,828	\$14,203,784	\$245,366,623
St. Louis	11,204	\$37,671,354	\$558,982,545

County	Private Sector Employment	State Sales Tax	Gross Sales
Big Stone	119	\$327,012	\$4,322,347
Blue Earth	4,991	\$13,079,442	\$213,747,231
Brown	1,163	\$2,780,948	\$41,444,501
Chippewa	406	\$1,092,735	\$15,746,638
Chisago	298	\$66,957	\$10,035,471
Cottonwood	438	\$946,561	\$13,712,260
Dodge	282	\$690,797	\$16,025,931
Faribault	678	\$1,528,313	\$21,997,217
Fillmore	1,095	\$2,443,419	\$44,779,899
Freeborn	1,999	\$5,490,352	\$87,531,856
Goodhue	328	\$884,011	\$13,426,679
Houston	328	\$769,053	\$11,729,708
Jackson	280	\$769,053	\$11,729,708
Lac Qui Parle	92	\$262,074	\$3,662,437
Le Sueur	570	\$1,812,663	\$28,225,473
Lincoln	135	\$309,503	\$4,079,209
Lyons	1,288	\$3,467,329	\$53,090,438
Martin	886	\$2,716,636	\$40,396,227
Mower	1,198	\$3,559,528	\$54,100,183
Murray	177	\$596,884	\$8,779,020
Nicollet	828	\$2,743,085	\$40,220,344
Nobles	828	\$1,998,470	\$30,028,470
Olmsted	8,928	\$32,820,162	\$490,368,229
Oristone	285	\$772,244	\$11,019,133
Pipestone	391	\$1,819,834	\$26,202,629
Redwood	245	\$568,836	\$8,024,012
Renville	2,282	\$7,097,314	\$147,691,655
Rice	263	\$762,934	\$10,833,891
Rock	198	\$574,385	\$7,992,311
Scottie	1,531	\$4,869,479	\$76,527,205
Swift	251	\$648,767	\$9,322,122
Texas	40	\$123,161	\$1,829,943
Townsend	700	\$1,844,547	\$27,506,092
Wabasha	437	\$1,193,980	\$17,816,208
Wadena	225	\$510,028	\$7,856,446
Watonwan	2,545	\$7,126,835	\$111,328,250
Yellow Medicine	215	\$652,486	\$15,149,170

County	Private Sector Employment	State Sales Tax	Gross Sales
Becker	2,219	\$70,277,951	\$102,035,925
Balrami	2,038	\$7,487,556	\$122,274,372
Cass	1,888	\$5,696,850	\$89,423,202
Clay	214	\$379,733	\$5,492,579
Clearwater	787	\$2,508,671	\$36,886,811
Hubbard	787	\$2,508,671	\$36,886,811
Kitson	74	\$181,153	\$3,082,369
Lake of the Woods	481	\$2,145,291	\$38,779,570
Mahnomen	116	\$1,019,290	\$14,260,150
Marshall	118	\$345,007	\$4,469,502
Norman	66	\$181,263	\$3,179,768
Pennington	522	\$1,779,576	\$27,635,036
Polk	1,101	\$3,310,330	\$51,876,583
Red Lake	74	\$167,955	\$2,331,642
Roseau	392	\$1,087,828	\$16,768,190
Wilkin	97	\$259,860	\$3,432,072
Region Total	11,884	\$37,768,699	\$592,203,722

County	Private Sector Employment	State Sales Tax	Gross Sales
Becker	2,219	\$70,277,951	\$102,035,925
Balrami	2,038	\$7,487,556	\$122,274,372
Cass	1,888	\$5,696,850	\$89,423,202
Clay	214	\$379,733	\$5,492,579
Clearwater	787	\$2,508,671	\$36,886,811
Hubbard	787	\$2,508,671	\$36,886,811
Kitson	74	\$181,153	\$3,082,369
Lake of the Woods	481	\$2,145,291	\$38,779,570
Mahnomen	116	\$1,019,290	\$14,260,150
Marshall	118	\$345,007	\$4,469,502
Norman	66	\$181,263	\$3,179,768
Pennington	522	\$1,779,576	\$27,635,036
Polk	1,101	\$3,310,330	\$51,876,583
Red Lake	74	\$167,955	\$2,331,642
Roseau	392	\$1,087,828	\$16,768,190
Wilkin	97	\$259,860	\$3,432,072
Region Total	11,884	\$37,768,699	\$592,203,722

County	Private Sector Employment	State Sales Tax	Gross Sales
Becker	2,219	\$70,277,951	\$102,035,925
Balrami	2,038	\$7,487,556	\$122,274,372
Cass	1,888	\$5,696,850	\$89,423,202
Clay	214	\$379,733	\$5,492,579
Clearwater	787	\$2,508,671	\$36,886,811
Hubbard	787	\$2,508,671	\$36,886,811
Kitson	74	\$181,153	\$3,082,369
Lake of the Woods	481	\$2,145,291	\$38,779,570
Mahnomen	116	\$1,019,290	\$14,260,150
Marshall	118	\$345,007	\$4,469,502
Norman	66	\$181,263	\$3,179,768
Pennington	522	\$1,779,576	\$27,635,036
Polk	1,101	\$3,310,330	\$51,876,583
Red Lake	74	\$167,955	\$2,331,642
Roseau	392	\$1,087,828	\$16,768,190
Wilkin	97	\$259,860	\$3,432,072
Region Total	11,884	\$37,768,699	\$592,203,722



#ONLYINMN
EXPLORE MINNESOTA
 industry.exploreminnesota.com

Notes: State total does not equal the sum of counties or regions because some data is withheld to avoid disclosure of individual businesses, and some state level data is for businesses located outside of Minnesota. The Leisure and Hospitality Industry consists of Accommodations, Food Services and Drinking Places, and Arts, Entertainment and Recreation.
 SOURCE: Minnesota Department of Revenue, U.S. Bureau of Labor Statistics 1/19



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 19-0239 **Version:** 1 **Name:** Advocates Presentation
Type: Agenda Item **Status:** CC Worksession
File created: 4/17/2019 **In control:** City Council Work Session
On agenda: 5/13/2019 **Final action:**
Title: Advocates for Family Peace - Mandie Aalto

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Advocates for Family Peace - Mandie Aalto



CITY OF GRAND RAPIDS

Legislation Details (With Text)

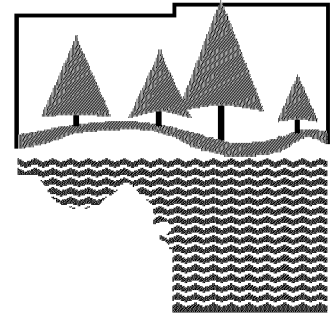
File #: 19-0281 **Version:** 1 **Name:** Mesabi Metallica Itr of support
Type: Agenda Item **Status:** CC Worksession
File created: 5/7/2019 **In control:** City Council Work Session
On agenda: 5/13/2019 **Final action:**
Title: Discuss letter of support for Mesabi Metallica - Ben DeNucci
Sponsors:
Indexes:
Code sections:
Attachments: [Gov Walz MM Letter 04-26-2019.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Discuss letter of support for Mesabi Metallica - Ben DeNucci

ITASCA COUNTY

Courthouse
Administrative Services
123 NE 4th Street
Grand Rapids, MN 55744-2600
Office (218) 327-7363 Fax (218) 327-2848



April 26, 2019

Office of Governor Tim Walz
130 State Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Governor Walz,

As the elected officials representing the 45,000 residents of Itasca County, we are writing to urge your active leadership in maintaining the viability of the fully permitted iron mining – D.R.I./H.B.I. – steel making project currently known as the Mesabi Metallics Nashwauk Project. This project is the largest of its kind in North America. At approximately \$1 billion already invested, it is certainly one of the largest (perhaps the largest) economic development projects in the history of our state.

The livelihood and vibrancy of our communities here on the Iron Range and in northeastern Minnesota are driven by a natural resource-based economy. Once completed, this project will be an enormous economic engine for our region and the state. Once operational, this project will be an infusion of \$350 million annually into our regional economy, create 350 high paying jobs and an additional 400 to 600 spin off jobs. An estimated \$180 million in new tax revenues for our local units of government will be generated long with millions in new mining royalties for the State of Minnesota going towards the benefit of educating students throughout the state.

While there has been significant discussion and media coverage regarding the State mineral leases for the project site, the central focus needs to be on the critical importance of preserving and maintaining all the permits already in place for the project. This is a fully permitted mining project, without the permits there is no project. Many people toiled on significant development work in the early phases of this project to obtain all the necessary permits from government regulatory agencies. The permitting process was a long process that took many years, culminating in all the necessary permits being issued to the entity known as Essar Steel Minnesota, LLC.

That same entity is now Mesabi Metallics Company, LLC and as such Mesabi Metallics Company, LLC now owns and holds all the permits for this project to be able to go forward. If Mesabi Metallics is essentially forced to dissolve, goes out of business, or just goes away, so do the permits. The permits will be lost, and the project will be dead. Even if another company eventually acquires or owns certain physical assets at the project site (real estate, mineral rights, or owns the partially constructed buildings), it would take that

company many years to apply for and re-acquire all the necessary regulatory permits to do anything with the project site. With the length and difficulty of the current permitting process in the State of Minnesota, it's likely that this project would never be fully re-permitted, and the project would be dead.

Therefore, to preserve all the existing permits for this project and save this project, there are two options:

Option 1: An established mining company or companies in partnership actually acquires ownership of the entity now known as Mesabi Metallics Company, LLC. By acquiring Mesabi Metallics, the acquirer also will be acquiring ownership and control of all the necessary permits already in place to complete construction of the project and commence operations.

Option 2: Mesabi Metallics Company, LLC and whoever its investors may be are allowed to go forward with completing the project.

Clearly, we prefer Option 1. We are urging you to please take a strong and active leadership role in trying to broker a deal for one of the more established mining companies in the region or a partnership of those companies to acquire a controlling ownership interest in Mesabi Metallics Company, LLC.

However, with either of these options, we must address the issue of how your administration is currently dealing with the fact that Essar Global is now involved again with the project, having recently purchased approximately \$240 million of Mesabi Metallics debt. On this issue, we urge you to take a more open flexible approach in communicating and dealing with Essar Global. Please consider some historical perspective here and also look at this from a business and investor perspective.

After Butler Taconite closed in 1984 and all the taconite processing facilities at the Nashwauk site were dismantled, the site was completely abandoned for 25 years. This site has what has long been considered the best, richest ore body in North America. Yet for 25 years, no other established mining company made any effort nor showed any real interest in acquiring and re-developing this site.

In approximately 2008, Essar Global arrived on the scene and through its financiers invested large amounts of capital in developing the project site, acquiring all of the necessary environmental and regulatory permits (as described above), acquiring all of the necessary real estate (20,000 acres of land), to create one contiguous and comprehensive project site, and acquiring all of the mineral rights that were needed in order to have a viable mining operation at this site.

Essar Global and its financiers then actually commenced construction activities. While there were many starts, stops, re-starts, and stumbles along the way, including Essar Steel Minnesota's bankruptcy proceedings, Essar Global and its financiers advanced the project to where development and construction are 50% to 60% complete. Essar Global and its financiers invested approximately \$1 billion in the ground just outside of

Nashwauk, Minnesota. This is quite possibly the largest private investment in an economic development project in the entire history of our State.

We do not bring up this history for the purpose of extolling the virtues of Essar Global or expressing any support for Essar Global. Far, far from it. We all agree that Essar Global has long since overstayed its welcome in northeastern Minnesota. We do not want Essar Global to hold a controlling ownership interest in this project or to be involved in the management/control of this project or the eventual operations of the company.

Rather, we bring up this history because we feel that through everything that has happened during the roller coaster ride of this project, some perspective has been lost on why Essar Global remains so steadfast in wanting to have or retain a stake in this project. Look at it from the perspective of an investor and business venture. Essar Global is trying to stay involved here because they are just trying to re-coup some sort of return on their significant project investment. While Essar Steel Minnesota, LLC was able to retire a significant amount of its debt through the chapter 11 bankruptcy process, Essar Global is still on the hook to pay a significant amount of debt from the project. This is because in a number of instances Essar Global had provided parent guarantees that it would pay those obligations if Essar Steel Minnesota, LLC was unable to.

The reality is that Essar Global bought back into this and intends to hold a seat at the table until such time that it sees some path forward or opportunity to recoup some of its losses here. You are going to have to deal directly with Essar Global if there is any hope of brokering a deal under Option 1 that will allow this project to move forward to completion. We cannot just bury our head in the sand and refuse to deal with a major historic investor in this project. Even if your administration succeeds in this process to “debar” Essar Global from doing business in the State of Minnesota, Essar Global surely will challenge that in court and this project will be tied up in the courts for years to come. In the meantime, the people of the Iron Range continue to suffer the most from a lack of direction forward.

Again, we cannot emphasize this enough, if your intent is to use the withdrawal or threatened withdrawal of the State mineral leases or the “debarment” of Essar Global in order to kill off Mesabi Metallics Company, LLC, the critical permits needed for this project will be lost and this project will be dead.

The bottom line is that unless and until your administration is willing to communicate and deal squarely with Essar Global, there is going to be an unbreakable impasse that will ultimately kill the project. In order to make Option1 a reality, we urge you to put aside any hard feelings or ill will towards Essar. We are requesting that you take a strong, active leadership role here in getting all the players (including Essar Global) and any potential players to the table to attempt to broker a deal for Option 1.

If Option1 fails and we must go with Option 2 (which will be the only remaining viable option to preserve the project), then the State will have to give Mesabi Metallic all the runway it will need to be able to complete this project and commence operations. Mesabi Metallics is faced with a significant undertaking to go out into the financial markets to raise \$500 million to \$1 billion in additional financing to be able to complete the project,

including a value added D.R.I. or H.B.I. facility, and commence operations. Hopefully, Mesabi Metallics and its owners/investors would eventually succeed in raising the amount of capital, but it will take time and intensive effort. No financier or investor is going to write a check for \$500 million to \$1 billion without first engaging in a substantial review of the project and period of deep due diligence.

The State certainly does not help that cause by holding the State mineral leases over the head of the company with artificial unrealistic deadlines that have no correlation with how difficult it truly is to go into the financial market to raise that amount of money. If Option 2 ends up becoming the only remaining viable option to try to preserve this project, then under this scenario we urge your administration to take a more flexible approach in keeping the State mineral leases in place for the company without artificial deadlines. The leaders that have signed on to this letter know that keeping the current permits in place is critical to the successful completion of this project. If we allow this project to fail, we will have allowed a fully permitted iron mining – D.R.I./H.B.I. – steel making project to die on our watch. This project must go forward to completion. We cannot squander this opportunity, there is too much at stake. We are asking for your active leadership to see it through.

Sincerely,



Itasca County Board of Commissioners

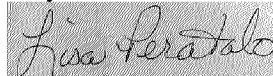
Nashwauk Township

City of Calumet

City of Keewatin

Lawrence Township

City of Marble



Nashwauk Chamber of Commerce

I.S.D. 319 School Board

Itasca Economic Development Corporation (IEDC)

The following entities have been contacted to sign in support of this letter, but were not able to sign at the time of its distribution: Western Mesabi Mine Planning Board (WMMPB), City of Nashwauk, Lone Pine Township, Greenway Township, City of Grand Rapids, and Arbo Township. A follow-up will be sent once all signatures have been acquired.