

Alternative Operating Model: Hill Annex Mine State Park

Recommendations Report to the 2021 Minnesota Legislature

01/15/2021

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As requested by Minnesota Statute 3.197: This report cost approximately \$1,000 to prepare.

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Background

The 2019 Minnesota State Legislature, in a special session ending in June of 2019, directed the Minnesota Department of Natural Resources (DNR) as follows:

2019 Minn. Laws 1st Sp. Sess. Chap. 4 Art. 3 Sec. 111.

HILL-ANNEX MINE STATE PARK; MANAGEMENT AND OPERATION.

(a) The commissioner of natural resources must operate the Hill-Annex Mine State Park for the purposes it was established through June 30, 2021, and must during that time maintain at fiscal year 2016 levels, the level of service and hours of operation at the park. The commissioner must work with the group established under Laws 2017, chapter 93, article 2, section 156, to review park activities and the alternate operating model developed and identify options for sustainable and viable operation of the park site. The commissioner must submit recommendations to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources by January 15, 2021.

(b) The commissioner of natural resources must work with the city of Calumet, other neighboring cities and townships, and other local units of government to identify and coordinate volunteers to supplement the Department of Natural Resources' park operations to the extent allowable under state law and rules.

Prior to this 2019 legislation, the DNR had conducted a year-long engagement process with local units of government and stakeholders that culminated in a DNR report to the legislature dated January 15, 2018. That report laid out a framework for transferring management of the Hill Annex Mine State Park (HAMSP, see map in Appendix A) to a local unit of government and re-envisioning the park as a regional mining heritage area.

The DNR commissioner and other agency leadership met multiple times with members of the work group referenced in the 2019 legislation — including the Iron Range Resources and Rehabilitation Board (IRRRB), Western Mesabi Mine Planning Board (WMMPB), City of Calumet, and Itasca County — in late 2018 and in 2019 to discuss current and future operation of the park site. However, limited additional progress was made in 2020 as a result of the COVID-19 pandemic

This report fulfils the requirement to report back to the legislature by January 15, 2021, describing progress made to date and providing recommendations for moving forward.

Work Accomplished to Date: Information and Analysis

Over time, the Hill Annex Mine Heritage Project work group – a committee of the WMMPB made up of representatives from Itasca County, IRRRB, and of the cities of Calumet and Marble – formed in 2019, has requested and received data on several matters from the DNR. That information is summarized here.

Budget and Attendance Data

Below is a summary of visitors, revenue, and expenses for DNR to operate HAMSP over the past five calendar years.

| Operations Summary | 2020¹ | 2019 | 2018 | 2017 | 2016 |
|-------------------------------------|-------------------------|------------------|------------------|------------------|------------------|
| Tour Revenue | 0 | \$12,075 | \$10,835 | \$12,462 | \$11,292 |
| Attendance Total | 0 | 1,283 | 1,410 | 1,592 | 1,409 |
| Tour Capacity | 0 | 3,400 | 3,400 | 3,400 | 3,400 |
| Total Expenses | \$124,997 | \$127,497 | \$129,697 | \$129,697 | \$154,497 |
| <i>Building Maintenance Fees</i> | <i>\$48,000</i> | <i>\$48,000</i> | <i>\$48,000</i> | <i>\$48,000</i> | <i>\$75,000</i> |
| <i>Utilities</i> | <i>\$7,300</i> | <i>\$6,100</i> | <i>\$8,000</i> | <i>\$8,000</i> | <i>\$9,600</i> |
| <i>Public Service Staff</i> | <i>\$19,600</i> | <i>\$20,000</i> | <i>\$18,000</i> | <i>\$18,000</i> | <i>\$18,100</i> |
| <i>Fleet</i> | <i>\$6,000</i> | <i>\$9,300</i> | <i>\$11,600</i> | <i>\$11,600</i> | <i>\$7,700</i> |
| <i>Supervision & Management</i> | <i>\$35,000</i> | <i>\$35,000</i> | <i>\$35,000</i> | <i>\$35,000</i> | <i>\$35,000</i> |
| <i>School Trust Payment</i> | <i>\$9,097</i> | <i>\$9,097</i> | <i>\$9,097</i> | <i>\$9,097</i> | <i>\$9,097</i> |

¹2020 revenue and attendance impacted when COVID-19 resulted in tour closures.

Current Park Maintenance, Operations, and Cultural Resource Protections at HAMSP

DNR continues to operate the park in accordance with the 2019 legislation noted in the previous section. Following the advent of the COVID-19 pandemic in spring 2020, DNR suspended all tour operations and closed the visitor center at HAMSP through the 2020 summer season. Similar measures were taken for tour operations and visitor centers across the state park system. This resulted in no attendance, and associated revenue, at HAMSP in 2020 and a minor reduction in operating expenses.

The DNR Division of Parks and Trails continues to address public safety concerns at the site by securing buildings, closing areas subject to erosion, and monitoring the viewing platform for safety. In 2019, heavy equipment on the tour route was moved out of the mine pit to protect it from rising pit water levels. In addition, DNR has had to secure the site after multiple break-ins, by boarding up windows and repairing broken doors and locks at a cost of about \$5,000 per year.

DNR continues standard maintenance of the aging tour bus, which has exceeded its normal scheduled life cycle. The bus needs to pass MNDOT safety inspections annually. The replacement cost, or periodic rental costs, of a tour bus would make continuing tour operations cost prohibitive.

Cultural resource inventory and archiving has been completed in partnership with the Iron Range Research Center.

Engaging Volunteers for Summer Operations

Volunteers from the Minnesota Discovery Center's Paleontology Project participated in park fossil tours during the 2019 tour season. This group was also involved in a separate research project at HAMSP, which was able to continue through 2020. DNR regional management also worked with the WMMPB to encourage local volunteers to help at the park. In spite of initial interest, there did not end up being sustained local volunteer interest in 2019; due to the COVID-19 pandemic, DNR did not seek volunteers in 2020.

Participation in Local Planning Efforts and Reactivation of Park Advisory Group

DNR regional management regularly attends WMMPB planning meetings to address community questions about HAMSP. DNR staff participation in WMMPB planning meetings was limited in 2020 due to the COVID-19 pandemic. In early 2020, the DNR committed to work with the WMMPB to try to reactivate a park advisory group, but made no subsequent progress in 2020 due to the pandemic.

Recreational Use Leases and Fees Paid to the School Trust Fund

The DNR continues to pay the lease fee for HAMSP to the School Trust Fund. The current lease fee is \$9,097. The DNR has had discussions with the Office of School Trust regarding possible changes to the lease fee and source of payment under alternative management scenarios. The lease fee could be lowered by reducing the amount of land included in the lease. The most logical reduction would be to lease only the area surrounding the clubhouse. However, a lease covering this smaller area would result in discontinuing the bus tours, unless other access agreements are negotiated with the Office of School Trust. At this time, no changes to the lease terms or fee have been made.

Plan to Monitor and Address the Mine Pit's Water Levels

The DNR Division of Lands and Minerals has installed a continuous monitoring station at the edge of the pit to track the water level in the series of connected mine pits at Hill Annex Mine. The DNR is working with the Minnesota Pollution Control Agency and IRRRB to collect water quality data and monitor water levels at the Hill Annex, St. James, and Canisteo mine pits. The DNR has developed a [web page](#) to make water level information available to the public.

These mine pits will likely need engineered outfalls in the future. The timeline for any unmanaged outflow from the Hill Annex pit is difficult to pinpoint with potential changes in variables such as precipitation, groundwater inflow and outflow, and other factors. The DNR anticipates that at the current rate of water level rise, it will be 7-10 years before an unmanaged outflow would occur. However, the water level is already above the bedrock/surficial overburden contact. With the water at this level, sloughing along the pit edge will continue, threatening nearby historic structures, including the clubhouse.

The 2020 bonding bill appropriated \$2M to the DNR for predesign, design, and engineering work related to mitigating rising water levels at both the Canisteo and Hill Annex mine pits. DNR has also secured a \$442,500 grant from the IRRRB to cover half of the cost of required work (e.g., well installation, wetland delineation study, groundwater monitoring, and pit bathymetric survey) that is ineligible for bonding dollars

Recommendations

The DNR recommendations for HAMSP have not changed significantly since the January 15, 2018 legislative report (see Appendix B for a summary of the 2018 report recommendations). However, the DNR recognizes that the timing referenced in those recommendations requires updating. This report, therefore, provides updated recommendations to address both the need to adjust the planning timeline and the approach to park operations while the planning is underway.

Recommendation 1: Continue operating the park at status quo through FY2023.

DNR recommends continuing to operate HAMSP at FY2016 operating levels through June 30, 2023, if adequate operational funding is appropriated for state park operations for the FY2022-2023 biennium. If funding constraints require operational changes across the state park system, changes at HAMSP will be consistent with reductions made to other parks identified as “rustic parks” in the *DNR Parks and Trails System Plan*.

Recommendation 2: Re-engage stakeholders in management planning/transfer discussions regarding the park.

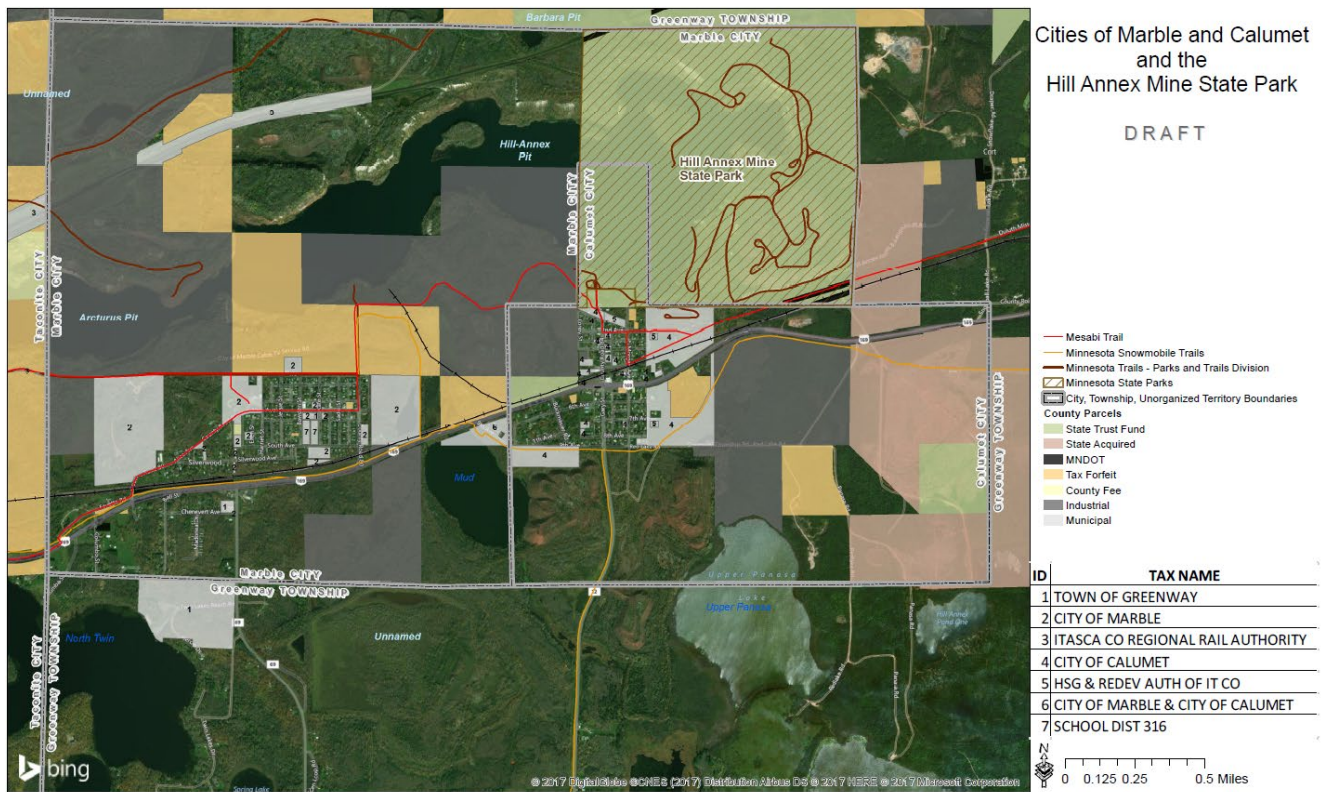
When COVID-19 related staffing and operational considerations allow (e.g., when state and local planning resources are again available), DNR will again engage with local stakeholders and work group members to review the operational model outlined in the 2018 legislative report and identify options for sustainable and viable operation of the park site.

Recommendation 3: Support local efforts to obtain funding for feasibility/business planning.

DNR supports local efforts by Itasca County or another appropriate economic development entity to obtain planning funds to launch the Hill Annex Mine Heritage Project, which would develop by July 1, 2023 a concept design and business plan for local operation of the park.

Appendices

Appendix A: Map of Hill Annex Mine State Park



Appendix B: Summary of 2018 Legislative Report Recommendations

[“Alternative Operating Model: Hill Annex Mine State Park – Report to the 2018 Minnesota Legislature” \(1-15-2018\)](#) provides DNR and workgroup recommendations for the future of HAMSP. Below is a summary of key recommendations from the report.

- 1) Create a five-year transition plan from a state park to the Hill Annex Mine Heritage Project.
- 2) Create a shared vision to guide the study of whether the “Hill Annex Mine Heritage Project” could stimulate the tourism economy of the area, manage some park operations through a local-regional-state partnership, increase visitation to the area, and leverage the area’s unique educational, historic, cultural and scientific values.
- 3) Provide information, analysis and recommendations on several management issues at the park that will need to be well understood for future park management.
- 4) Seek \$150,000 from the 2018 Minnesota Legislature to develop the concept plan and feasibility study for an alternate model for local-regional operations of the park.
- 5) De-authorize the state park and transition to local management.