

			Project Requests for State Funds		
Project Title	Priority Ranking	Funding Source	2022	2024	2026
Spirit Mountain Recreation Area Infrastructure Investment	1	GF	\$ 12,000	\$ 0	\$ 0
Total Project Requests			\$ 12,000	\$ 0	\$ 0
General Fund Cash (GF) Total			\$ 12,000	\$ 0	\$ 0

Spirit Mountain Recreation Area Infrastructure Investment

AT A GLANCE**2022 Request Amount:** \$12,000**Priority Ranking:** 1

Project Summary: The City of Duluth requests \$12m in state funds to renew, replace, and improve aged infrastructure at Spirit Mountain Recreation Area in order to increase the facility's annual economic impact from \$22m and 301 full-time jobs to a projected \$39m and 506 full-time jobs and expand the use and enjoyment of the facility to a greater number and diversity of residents. State funds will be used to design, construct, furnish and equip new and renewed infrastructure.

Project Description

The total cost of this project is \$24m. The diverse components of the project are located across a 400-acre portion of a multi-activity outdoor recreation area. The primary deliverables are:

- 1. Main chalet renovation:** Renovation of 47-year-old 42,000-square-foot building that houses food service, retail, equipment rental, ticketing, office space, event and meeting space, outdoor decking, and snow sports school, among other functions.

Exterior and interior renovations to the existing SkylineChalet, include:

- Reconstruct the thermal envelope to reduce energy consumption.
 - Apply low maintenance, sustainable cladding to the walls and roof.
 - Replace all doors and windows with new thermally broken systems that incorporate glazing suitable to their solar orientation.
 - Remodel 48,120 square feet of interior space to improve circulation, program and food service efficiencies, provide modern sustainable finishes, and install energy efficient mechanical and electrical systems.
- 2. Mountain Improvements:** Replace and realign aging chairlifts, two tow rope lift systems, and improve the beginner ski area.
 - 3. Lighting Improvements:** Replacement of lighting infrastructure - including buried lines, poles, pedestals, and fixtures - with energy efficient/low maintenance LED lighting in downhill skiing/boarding area and addition of lighting to Nordic skiing area.
 - 4. Snowmaking Improvements:** Replace some fixed Alpine snowmaking infrastructure including some fixed pipes and pedestals and install additional fixed snowmaking infrastructure on Nordic trails.

5. **Campground renewal:** Upgrade the power distribution system and make shower buildings accessible (ADA).
6. **Landscape Improvements:** Improvements to storm water handling to prevent water intrusion to building, enhance drainage to eliminate icing problems in pedestrian areas, and provide required level of treatment.
7. **Maintenance, Utility, and Infrastructure Improvements:** Add secure storage facility and upgrade electrical systems throughout the ski hill.
8. **Adventure Park Improvements:** Upgrade existing amenities and add new amenities to increase revenue.

Project budget - \$24m

- Professional Service - \$1.5m
- Contingency - \$1.2m
- Site improvements and Parking - \$9.2m
- Building Improvements - \$11.6m
- FFE - \$300k
- Arts - \$200k

Funding approach

- 50% State of Minnesota
- 25% by Spirit Mountain Recreation Authority
- 25% by City of Duluth

Project Rationale

Spirit Mountain Recreation Area is a regional economic driver that:

- Produces a \$22 million annual economic impact
- Welcomes approximately 250,000 visits per year
- Directly or indirectly supports 301 full-time jobs
- Attracts visitors, residents, and businesses to choose Duluth

Spirit Mountain is essential to Duluth's quality of life, enabling thousands of Duluth residents and visitors of every age to be active, outdoors, together, year-round, in a beautiful natural setting.

Spirit Mountain has not, however, reached its full potential. Spirit can and must be:

- More inclusive and accessible
- Better managed and maintained by Spirit and the City
- More stable, operationally and financially
- Better positioned to maximize its impact on our economy and quality of life

The City proposes to leverage the proposed capital reinvestment to:

- Increase Spirit's annual economic impact – to an estimated \$39.9 million, more than 300,000 visits, and 506 full-time jobs.

- Renew Spirit facilities to serve Duluth for another 30 years.
- Provide recreational experiences that are more relevant and enjoyable for today's outdoor recreationists.
- Lower cultural, financial, and physical barriers to enjoyment of Spirit Mountain and all that it has to offer.
- Further strengthen the appeal of western Duluth as great place to live, work, visit, and invest.

Project Timeline

Project Schedule – 30 months from July 1, 2022 to January project completion

- September, 2022 – Complete project funding award/grant agreement with DEED
- November, 2022 – Complete schematic design
- January, 2023 – Complete design development
- June, 2023 – Complete construction documents
- September, 2024 – Complete construction

Other Considerations

The project will be designed, constructed, and operated to advance vital Minnesota values including:

- Climate protection – Complete replacement of 1970's electrical and lighting infrastructure to significantly reduce GHG emissions.
- Cultural inclusion – Spirit will engage the indigenous community in stewarding the mountain, enjoying the mountain and the recreation area, and visibly honoring the indigenous heritage of this special place.
- Equity – Facility improvements and new programs will lower financial barriers to enjoyment of Spirit Mountain and increase accessibility for those with disabilities.

Impact on State Operating Subsidies

No new or additional state operating dollars will be requested as a result of this capital project.

Who will own the facility?

The City of Duluth

Who will operate the facility?

Spirit Mountain Recreation Authority

Who will use or occupy the facility?

Spirit Mountain Recreation Authority may enter into one or more use contracts with a non-public party for the lease or management of all or a portion of the project.

Public Purpose

As envisioned in the 1973 enabling legislation, the project will enable Spirit Mountain Recreation Area to continue to advance the prosperity of all Duluth residents by:

- Fostering economic growth and job creation
- Providing accessible opportunities for healthy, active, outdoor recreation
- Protecting the natural environment

Description of Previous Appropriations

No State appropriations have been awarded for this project.

In 2014 Spirit Mountain was allocated \$3.4M from the State's general fund to assist with construction of a system to transport water from the St Louis River estuary.

Project Contact Person

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(\$ in thousands)

Spirit Mountain Recreation Area Infrastructure Investment

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2022	FY 2024	FY 2026
State Funds Requested				
General Fund Cash	\$0	\$12,000	\$0	\$0
Funds Already Committed				
Pending Contributions				
City Funds	\$0	\$6,000	\$0	\$0
Other Funding	\$0	\$6,000	\$0	\$0
TOTAL	\$0	\$24,000	\$0	\$0

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2022	FY 2024	FY 2026
Property Acquisition	\$0	\$0	\$0	\$0
Predesign Fees	\$0	\$0	\$0	\$0
Design Fees	\$0	\$1,500	\$0	\$0
Project Management - Contingency	\$0	\$1,200	\$0	\$0
Construction	\$0	\$21,100	\$0	\$0
Relocation Expenses	\$0	\$0	\$0	\$0
One Percent for Art	\$0	\$200	\$0	\$0
Occupancy Costs	\$0	\$0	\$0	\$0
Inflationary Adjustment*	\$0	\$0	\$0	\$0
TOTAL	\$0	\$24,000	\$0	\$0

*Inflation is already included in project costs.

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.	
Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	No
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	No
Has the predesign been submitted to the Department of Administration?	No

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.	
Has the predesign been approved by the Department of Administration?	No
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	Yes
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	Yes
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	Yes
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	Yes
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2026?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A
Has the governing body of the political subdivision passed a resolution of support, which indicates this project's priority number if the applicant is submitting multiple requests?	No