

THE MILLE LACS BAND:
EXPLORING THE FOUNDATIONS
FOR ECONOMIC DEVELOPMENT

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PREFACE

This project is a report on the potentials for economic development for the Mille Lacs Band of the Chippewa Tribe of Minnesota. The band received a grant from the McKnight Foundation to undertake such a project, and the band retained the services of the Center for Urban and Regional Affairs (CURA) of the University of Minnesota to compile this report.

The report is not an economic planning blueprint. Rather, it is a reconnaissance document, a background paper. The report examines basic components related to economic development (demographics, infrastructure, natural resources), funding sources for economic development, and past and current economic development activities by the Mille Lacs Band. Based upon this information, an analysis of the barriers to and opportunities for economic development, and potential strategies for economic development are presented. This report focuses on the Mille Lacs Band as a whole. It is recognized that a complete report might have addressed economic development potentials for each district of the reservation. Time and information constraints prevented this from being accomplished. Nevertheless, this report serves as a good foundation for examining specific district economic development.

As part of this project, the Mille Lacs Band developed and administered a survey of tribal members living on reservation lands. The band received technical assistance from the Minnesota Center for Survey Research (MCSR) and CURA in this project. The survey was originally planned as a complete census. Due to difficulties in administering the survey, however, only 138 of over 200 families on the reservation have responded to the survey. Hence, the survey was not a census; and since the survey was not conducted based on a pre-determined random selection method, there is some question as to the statistical validity of these results. This should be kept in mind when these results are analyzed.

A number of organizations and individuals deserve acknowledgement. The McKnight Foundation provided the funding for this project. The Mille Lacs Band leadership was open and helpful in supplying information, especially Commissioner of Natural Resources Don Wedll. At CURA, the advisory board of Tom Anding, Warner Shippee, Fred Smith, and especially Barbara Lukermann provided useful guidance and suggestions. At MCSR, Rosanna Armson coordinated technical assistance for the Mille Lacs Band survey. Steven Laible, partner at Peat Marwick Main and Company in Minneapolis, provided valuable advice and suggestions. Finally, thanks is due to Chris McKee and Louise Duncan of CURA for word processing the numerous versions of this report.

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EXECUTIVE SUMMARY

This report examines the foundations for economic development for the Mille Lacs Band of Chippewa. The report consists of five sections: (1) a profiling of band characteristics, (2) an assessment of the economic development activities of the reservation, (3) an assessment of Indian and non-Indian community relations relevant to economic development, (4) a summary of the barriers and opportunities for economic development, and (5) a presentation of potential economic development strategies.

The Mille Lacs Band is one of six bands comprising the Minnesota Chippewa Tribe. The band is a stronghold for Chippewa culture and sovereignty issues. The band controls less than 4,000 acres of land scattered throughout east central Minnesota, primarily in Mille Lacs, Pine, and Aitkin counties. There are 973 band members living on reservation lands. Unemployment is high (42 percent), as is the percentage of families living in poverty (approximately 60 percent). For fiscal year 1988, the band received revenues of \$1.8 million, 89 percent from federal sources. The current business ventures on the reservation include bingo, native crafts, and wild rice. The infrastructure (both physical and social) available for economic development is good at the main community of Vineland, but fair to poor at the other reservation communities. Due to the small land base of the band, the potential for natural resources based economic development is not high. Exceptions may be hunting, fishing, and gathering rights maintained by the band in their 1837 treaty with the federal government, and the potential for supplemental income from small projects.

Numerous funding sources are available for Indian economic development, but these sources have been difficult to draw upon due to bureaucratic problems, cultural difficulties, and low funding levels. Certain economic development activities of the recent past were often successful for varying periods of time before they ended. A proposed Minnesota Historical Society-Mille Lacs Band Indian Museum project at Vineland holds the potential for stimulating economic development. A recent change in the band's tribal governance structure has led to creation of a Commissioner of Corporate Affairs. This new structure should help insulate economic activities from political manipulation.

Among the most important lessons learned from past economic development projects are: the need for better management, the need for better marketing, the tension between Indian culture and mainstream economic development, issues of scale and capacity, and the tension between political considerations and business considerations. Another important issue is the tension between Indians and non-Indians in areas near the reservation. This tension makes economic development even more difficult.

Based on this information, a series of barriers and opportunities for Mille Lacs Band economic development are presented. And based upon these barriers and opportunities, a series of strategies for economic development, which the band may consider, are presented.

I. PROFILES

A. CULTURAL AND HISTORICAL CONTEXT

As is the case with most Indians in the United States, the Mille Lacs Band of Chippewa has had a complicated relationship with, and, in some cases been party to unfulfilled commitments by, the federal government. The Chippewa (or Ojibwe) moved into Minnesota and the area around Mille Lacs Lake in the mid-1700s, displacing the Sioux (or Dakota). In 1825 the United States negotiated a peace treaty between the Chippewa and the Dakota, and established boundaries between the two tribes.

The Chippewa living in the area around Mille Lacs Lake signed a treaty in 1837 in which they ceded lands in central Minnesota and Wisconsin to the United States, but reserved certain rights for themselves. The Mille Lacs, Rice Lake, and Sandy Lake Reservations were created by the Treaty of 1855. Each of the bands reserved specific locations to serve as their permanent homeland. Two additional treaties between the Chippewa of the Mississippi and the United States were signed in the 1860s, due to the Dakota conflict of 1862. The Mille Lacs, Rice Lake, and Sandy Lake Bands were exempted from land cessions of these treaties and remained on their respective reservations.

The Mille Lacs Reservation lands were under great pressure from the white lumber industry which desired access to the timber on the reservation. The lumber industry manipulated federal policies and lobbied Congress to open the reservation. These efforts led to the passage of the Nelson Act in 1889. Through this act, access to the reservation lands and timber occurred, depleting the resources and leaving the band virtually landless within their own homeland. This process reduced the landholdings at the Mille Lacs Reservation from 61,000 acres to less than 100 acres.

With a greatly reduced land base, some Mille Lacs Band members moved to the White Earth Reservation in north-central Minnesota, and other band members remained in the Mille Lacs Lake area. After years of effort, in 1914 Congress recognized the error in opening the reservation to land claims and appropriated funds to acquire lands for the Mille Lacs Band, now termed the "Non-Removable Homeless Mille Lacs Indians." In 1926, these lands were made into allotments of three to seven acres and were granted to 281 band members. These lands were purchased by the Minnesota Chippewa Tribe, beginning in the early 1950s.

The Indian Reorganization Act of 1934 established the current organization known as the Minnesota Chippewa Tribe. The Minnesota Chippewa Tribe was created out of six bands: Bois Forte, Fond du Lac, Grand Portage, Leech Lake, Mille Lacs, and White Earth. Each of these bands has two representatives on the Tribal Executive Committee, the decision making body for the Minnesota Chippewa Tribe.

The Mille Lacs Band has been a stronghold for the preservation and maintenance of Chippewa culture. The native language is taught at the Nay-ah-shing school (band operated), and other efforts are made to keep the language alive. These include the Drum Society (a religious society) which is quite

respected and popular on the reservation. The Medewin Society (a grand medicine society) also serves to continue Chippewa culture.

Recently, the Mille Lacs Band has been stressing the importance of its sovereignty and the rights which accompany this sovereignty. This emphasis on sovereignty has been demonstrated both in terms of increased attention to culture and to legal rights. At times, this has complicated dealings with private business and state government. Also, there is a position within the Mille Lacs Band to separate from the Minnesota Chippewa Tribe in order to increase autonomy. As part of the Minnesota Chippewa Tribe, Mille Lacs Band leaders feel politically frustrated. A separation would allow the Mille Lacs Band to function more autonomously, and it would eliminate a level in the bureaucracy and fund distribution process.

Sources: Information for this section was obtained from Roger and Priscilla Buffalohead, Against the Tide of American History: The Story of the Mille Lacs Anishinabe, 1985, and from discussions with band leadership.

B. DEMOGRAPHICS AND THE BAND ECONOMY

The Mille Lacs Band's land holdings are spread through four counties in east-central Minnesota: Aitkin, Crow Wing, Mille Lacs, and Pine. Five distinct communities are located on land controlled by the band (see map, Appendix A). The largest is Vineland, located on the southwest shores of Mille Lacs Lake, in Mille Lacs County (see Appendix B, Table 1, for distances between reservation communities and other communities). Isle is located in both northeastern Mille Lacs County and southeastern Aitkin County, near the southeastern shores of Mille Lacs Lake. Sandy Lake and Rice Lake (or East Lake) are both located in central Aitkin County, near the community of McGregor. Lena Lake is located in east-central Pine County, between Hinckley and the Wisconsin border. The holdings in Crow Wing County are less than twenty acres. The Mille Lacs Band has divided these communities into three districts for political purposes. Vineland is District 1; Isle, Sandy Lake, and East Lake make up District 2; and Lena Lake is District 3. The scattered nature of these land holdings makes the delivery of services to all the communities quite difficult.

1. General Population by Location

The Mille Lacs Band of Chippewa Indians is made up of three districts, as mentioned above. Populations by areas are as follows:

<u>Location</u>	<u>Total</u>	<u>M</u>	<u>F</u>	<u>0-16</u>	<u>16-24</u>	<u>25-34</u>	<u>35-44</u>	<u>45-64</u>	<u>over 65</u>
Dist. 1	628	323	305	43%	16%	16%	7%	12%	6%
Dist. 2	162	69	93	38%	19%	7%	15%	11%	10%
Dist. 3	183	78	105	43%	14%	15%	10%	11%	6%
Total:	973	470	503	42%	16%	15%	9%	12%	6%

The total band enrollment is 2,305. This means that 1,332 enrollees live off the reservation. Many live in the Twin Cities area.

2. Unemployment Rates

The band-wide (on reservation) potential labor force of people 16 years and older (excluding students, disabled, retired, institutionalized) is 394 persons. The number of persons unemployed from this potential labor force is 165. The band-wide unemployment rate is 42 percent.

3. Income

The average cash household income is estimated at approximately \$8,000 per year. The Mille Lacs Band survey results show that approximately 60 percent of the band has a household income below the federal poverty level.

4. Educational Levels

According to Mille Lacs Band survey results of those interviewed, the average educational level attained was 11th grade. Approximately 45 percent of the population graduated from high school. Approximately 2 percent are college graduates.

5. Other Observations From the Mille Lacs Band Survey

Selected questions and results are as follows:

- Who should own reservation businesses?

Indians	84%
Non-Indians	16%

- Where should job opportunities be located?

Nearby towns	9%
Reservations	91%

- Household members make things to be sold?

Yes	59%
No	41%

- Of those who make things to be sold, the most frequent items listed were beadwork, birchbark, and arts and crafts. See complete list in Appendix B, Table 2.

- Are you interested in starting a business, either alone or with someone else?

Yes	49%
No	51%

- When asked what type of business, most frequent responses were "restaurant" and "craft" store. See complete list in Appendix B, Table 3.
- What hourly wage would (unemployed person) you expect in a new job? (The median range was approximately \$4.75/hr.)
- How many hours would you want to work per week (unemployed). (94.2 percent said forty hours a week.)
- Transportation and daycare were both mentioned as significant obstacles to readiness to work.
- Where do you do most of your shopping?

Brainerd	59.1%
All other communities were less than	7%

- How would you rate Nay Ah Shing school?

Very good	5.7%
Good	31.8%
Fair	43.2%
Poor	19.3%

6. Revenue Sources for Mille Lacs Band Operations-1988

Federal sources (89%)	\$1,611,043
State sources (3%)	47,670
Private sources/grants (5%)	86,000
Band generated (4%)	
- taxation*	50,000
- agriculture	5,000
- bingo	20,000
Total:	<u>\$1,819,713</u>

* A 5 percent sales tax on goods sold on the reservation. There is no property tax.

7. Existing Operational Band Economic Development Projects

- Wild rice - small scale harvesting operations located in East Lake which supply seasonal supplementary income.
- Bingo - nets approximately \$20,000 a year in positive cash flow and employs twenty people thirty hours a week, at \$5/hr., plus significant tips (Vineland operation).

- Ah Shu Moog Native Crafts - a new project which is still in the developmental phase. Currently making small birch-bark canoes and baskets which are filled with wild rice and sold as gift items.
- Horticulture - developing garden plots which can provide supplemental income through sales of garden products.

Sources: Information for sections B.1. and B.2. came from a June 1988 report by CHR staff (U.S. Department of the Interior, Bureau of Indian Affairs, Form 5-2119 Rev.) and additional information furnished by the Mille Lacs Band Commissioner of Natural Resources. Information for sections B.3., B.4., and B.5. came from the results of a Mille Lacs Band survey administered by the band with technical assistance from the Minnesota Center for Survey Research and the Center for Urban and Regional Affairs. Information for B.6. and B.7. came from material furnished by the band Commissioner of Natural Resources.

C. INFRASTRUCTURE CHARACTERISTICS

1. Communities

a. Vineland

i. Transportation

The Vineland community on the southwest shores of Mille Lacs Lake is approximately 100 miles from downtown Minneapolis, and it takes approximately two hours to make the drive between the two locations. The two nearest communities are Onamia and Garrison, both about ten miles away. Brainerd and St. Cloud, thirty and sixty miles away, serve as regional service centers for the Vineland community. Route 169, which runs from Virginia to Aitkin to Minneapolis, passes through the reservation. The road is entirely four-lane from Anoka to ten miles north of Milaca, and the state plans to make Route 169 a four-lane highway as far as Mille Lacs Lake by the early 1990s. Route 169 is one of the busiest north-south thoroughfares in Minnesota (see Appendix B, Table 4, for traffic counts). Air service is available in Brainerd, but for major air or rail connections it is necessary to travel to the Twin Cities.

ii. Health Care and Education

An outpatient clinic is available with a nurse on duty forty hours a week, and a doctor visits three times a week for half-a-day. For more intensive medical care, reservation residents can go to hospitals in Onamia, Brainerd, or other larger communities. There are problems with the provision of emergency care, however. The band has a contract with the Onamia hospital for emergency care, but it is difficult to obtain immediate emergency care at other hospitals if Onamia cannot handle a particular patient or medical need. It may take up to thirty-six hours for medical care at another hospital to be approved (due to federal regulations).

There is a school on the reservation for grades seven through twelve, as well as a head start program for pre-school children. All reservation children attend the Onamia public schools from grades one through six. From grades seven through twelve, roughly 60 percent of reservation students (approximately 150 students) attend the reservation school and the remaining 40 percent remain in the Onamia school system. There is a higher retention rate for high school students who attend the reservation school.

iii. Utilities

The reservation has a water system in place which delivers approximately 50,000 gallons of water per day to roughly 100 houses on line. A sewer line is also in place, with the sewage treated in a lagoon system. The typical monthly household bill for water and sewer is \$8 per month, but this fee represents only about 25 percent of the system's operating costs. The band charges based on an ability to pay; hence, the below cost fee average. There is a dump on the reservation to handle solid waste, but it is poorly maintained. Electricity is supplied by the Mille Lacs Electric Company and phone services are supplied by Continental Telephone. Heating needs on the reservation are met with heating oil, and firewood.

iv. Police and Fire

The reservation has its own part-time police officer who works twenty hours a week. The Mille Lacs County sheriff provides additional police services on the reservation. There are no fire services on the reservation; reservation residents rely on the fire company in Garrison. This distance to fire services is a considerable problem in the eyes of reservation leaders.

b. Isle

i. Transportation

The reservation lands near Isle are only seventeen miles from Vineland, and are also approximately 100 miles from downtown Minneapolis. The lands are near state route 47, and are only about ten miles from route 169.

ii. Health Care and Education

Indians living on the Isle Indian lands rely on the health care facilities at Vineland and in Isle and neighboring communities. Children attend Isle public schools.

iii. Utilities

Water is supplied by wells. Waste water is disposed of via septic tanks. Solid waste is disposed of at municipal dumps. Electricity is supplied by the Mille Lacs Electric Company and phone services are supplied by Continental Telephone. Heating needs are met with heating oil and firewood.

iv. Police and Fire

Isle residents rely on band officers and the county sheriff for police services. Fire protection is supplied by local communities.

c. Rice Lake and Sandy Lake

i. Transportation

The Rice Lake Reservation is located near the small community of East Lake, on state routes 13 and 65, five miles south of McGregor. The Sandy Lake Reservation is located fifteen miles due north of the Rice Lake Reservation on state route 65 (see Appendix B, Table 5, for traffic counts).

ii. Health Care and Education

Medical care for Indians living on the Rice Lake and Sandy Lake reservations is available in McGregor and neighboring communities. Students from these reservations attend McGregor public schools or the Indian School on the Fond du Lac Reservation.

iii. Utilities

At East Lake, there is a small centralized water and sewer system which is capable of serving twenty homes. The sewage is disposed of through a holding tank and lagoon system. Outside of this system and at Sandy Lake, water is supplied by wells and waste water is disposed of through septic tanks. Solid waste is disposed of at municipal landfills. Electricity is supplied by the Mille Lacs Electric Company (Rice Lake) and the Kettle River Electric Company (Sandy Lake), and phone services are supplied by Continental Telephone. Heating needs are met with heating oil and firewood.

iv. Police and Fire

Rice Lake and Sandy Lake residents rely on band officers and the Aitkin County sheriff for police services. Fire protection is provided by McGregor.

d. Lena Lake

i. Transportation

The Lena Lake area is seventeen miles due east of Hinckley and one mile from the Wisconsin border. Route 48 passes through the Lena Lake Indian lands, connecting Hinckley with Wisconsin (see Appendix B, Table 6, for traffic counts). The area is also just seventeen miles from Interstate 35 which connects Duluth and the Twin Cities. Air service is available in both Duluth and the Twin Cities.

ii. Health Care and Education

The nearest medical facilities for Lena Lake residents are located in Hinckley. Students attend local public schools in three districts: Hinckley, Pine City, and Sandstone.

iii. Utilities

Water is supplied by wells. Waste water is disposed of via septic tanks. Municipal landfills are used to dispose of solid waste. Electricity is supplied by North Pine Electric Company and phone services are supplied by Northwestern Bell. Heating needs are met with heating oil and firewood.

iv. Police and Fire

The Pine County sheriff and band officers supply police services for the Lena Lake lands. Fire services are supplied by nearby communities.

2. Higher Education

For higher education, Indian students primarily attend nearby colleges and universities. At the two-year level, the community college in Brainerd is most popular. At the four-year level, St. Cloud State is the most attended college, with students also attending Bemidji State, University of Minnesota--Duluth, and University of Minnesota--Twin Cities. Approximately 90 percent of those students achieving a four-year degree do not return to live on the reservation.

Sources: Information on transportation and highways was obtained from the Minnesota Department of Transportation. Other information was obtained from band materials and from the band Commissioner of Natural Resources.

D. NATURAL RESOURCES BASE OF THE AREA

Due to the small land base of the band (less than 4,000 acres), the potential for natural resources based economic development is not high. One exception may be the hunting and fishing rights maintained by the band in their 1837 treaty with the federal government, which is discussed below.

1. General Land Use and Ownership Patterns

The Mille Lacs Band has a limited land base. The band administers 3,736 acres (as of 1985) in Mille Lacs, Pine, Atikin, and Crow Wing counties. Most of the land is owned by the United States government and held in trust for the Indians. The band maintains exclusive jurisdiction over these lands. The Minnesota Chippewa Tribe has interests in some of the lands.

Generally, there are three types of land under the control of the Mille Lacs Band. First, there are reservation trust lands. These are lands inside the boundaries of reservations created for the Mille Lacs Band over the years,

and are owned by the United States government in trust for the Indians. Second, there are non-reservation trust lands. These are lands held by the government in trust for the Indians, but not within reservation boundaries (the lands around Lena Lake are of this type). And third, there are approximately 250 acres of lands owned by the Mille Lacs Band. These lands have been purchased by the band and are not trust lands. These land are completely under the control of the Mille Lacs Band. Most of these lands are located near Vineland.

In the Mille Lacs Lake region, the band controls 2,034 acres, primarily in the Vineland area, but with additional holdings near Onamia and Isle. In Pine County the band controls 1,095 acres concentrated in the Lena Lake region, east of Hinckley near the Wisconsin border. And finally, in Aitkin County the band controls 607 acres in two major groupings--near East Lake and near Sandy Lake. The majority of this land is timber (approximately 65 percent). The overall appraised value of reservation lands is \$1,022,950. (see Appendix B, Tables 7 and 8, for more detailed figures on land type and appraised value.)

With a few exceptions (individual allotments totalling thirty-three acres), the land base is administered by the Mille Lacs Band as a unit rather than by individual members of the band. That is, the land is managed communally rather than individually. County or local zoning does not apply to reservation lands, and the reservation has not developed a major zoning system or land use plan. The only zoning that has been done is to declare Shaw-bushkung Point on Mille Lacs Lake to be a commercially zoned area. Residences are scattered throughout the reservation lands. Numerous holdings, however, are completely unpopulated. These holding are uninhabited because soil characteristics prevent the use of septic systems, and the Indian Health Service will not allow habitation because of this. None of the reservation lands are specifically off-limits to development.

In Mille Lacs County, the land surrounding the reservation is primarily wetland and forest. On the shores of the lake, numerous fishing resort developments exist. The different parcels of the reservation in Aitkin County are near different land uses. The portion near Isle is near a residential community and surrounded by forests and small farms. It is also near Mille Lacs Lake and the resorts located there. The East Lake portion is also near a small residential community and is surrounded by small landholdings of primarily forest land. The Sandy Lake Reservation is surrounded by state land and is in an area in which tourism is popular. The landholdings near Lena Lake in Pine County are in a rural area of forest and some small farming.

One potential use of land would be to develop it for recreational purposes, especially lands along the shore of Mille Lacs Lake. Some work was done in the 1960s concerning the potential for developing residential recreational communities along the lake. Some of the lakeshore is among the best on the lake. The only land that could be sold, however, is the non-trust land. Also, given the small land base of the Mille Lacs Band, the disposal of any property should be carefully studied.

2. Agriculture

In general, the lands controlled by the Mille Lacs Band have low potential for agricultural development. The quality of the soil tends to be poor, ranging from marginal to unproductive for agricultural purposes. There are numerous garden plots on the reservation, however, where tribal members grow vegetables and fruits for personal consumption. Also, the band has recently acquired some property (approximately seventy acres, forty of which are farm-able) east of Mille Lacs Lake in Aitkin County that is suited for agriculture, and the band plans to use this property for agricultural purposes.

One agricultural activity which is important on the reservation and to the tribal members is the harvesting of wild rice. In 1986, seventy-nine members harvested 23,700 pounds for subsistence use, and sixty members harvested 20,880 pounds for re-sale purposes. The value of this crop in 1986 was approximately \$20,000. It must be emphasized that the value and size of the harvest varies from year to year. The value of the harvest has been declining over the last ten years due to competition from California rice. In 1987, sixty-two licenses for wild rice harvesting were issued. Those figures do not include wild rice harvesting conducted on lands in Wisconsin under treaty agreements (discussed in the section on wildlife and fish). A wild rice processing plant has been built and is operational at East Lake. Approximately 4,000 pounds of wild rice were processed there in 1987. Employment at the plant is both minimal (less than ten workers) and seasonal.

3. Forest Resources

The four counties in which the Mille Lacs Band of Chippewa Indians has land holdings--Mille Lacs, Pine, Aitkin, and Crow Wing--are all classified as central hardwood forests. Mille Lacs County is 37 percent forested, but most of this forested land is in the northern part of the county where the reservation is located. Hardwoods predominate, with the major forest types being aspen, maple-basswood, and oak. Pine County is 53 percent forested, and the dominate forest types are the same as those in Mille Lacs County. Finally, forest lands cover 65 percent of Aitkin County, with aspen forests and northern hardwoods predominating.

Forests cover the majority of reservation lands. Overall, 66 percent of reservation lands are forested, 2,466 of 3,736 acres (see Appendix B, Table 9, for a more detailed breakdown). The total timber value for the reservation lands is \$147,496, and in 1985 timber harvested from reservation lands yielded \$4,644 (see Appendix B, Table 10, for the types of timber harvested).

The potential for economic development based on forest resources is not high. First, the land base of the band--less than 4,000 acres--is not really large enough to support a sustained forestry operation. Also problematic is the low quality hardwood species (primarily aspen) which predominate on reservation lands. Second, according to Minnesota Department of Natural Resources (DNR) analysis, any new primary processing timber operations would be questionable economic undertakings. This industry is saturated in Minnesota generally; new ventures would be marginal at best.

There is some potential, however, in the value-added forest products field. Some potential opportunities would be manufacturing furniture, cabinet

making, flooring, making wood toys, and a dry kiln operation. Two additional potential forest-related operations are a Christmas tree farm and a maple sugar operation. Regarding maple syrup, the DNR reports an unfulfilled demand and that the maples in the area have some of the highest sugar content in the nation. The band, however, has explored the idea of increasing the exploitation of the maple sugar resource as a substitute for white sugar and as a drink, and found it not economically viable (in terms of making a profit) at this time. This may change in the future, though. There is some personal maple sugaring activity on the reservation.

4. Mineral Resources

In general, there is no significant mining activity taking place in the counties of central Minnesota in which Mille Lacs Indian lands are located. This is not to say, however, that there is no potential for mineral development. In the late 1970s and early 1980s, there was drilling in Aitkin, Kannabec, Morrison, and Pine counties. Numerous holes were drilled, but nothing significant was discovered. In Aitkin and Morrison counties, explorers were looking primarily for base metals, including gold. There is still active exploration for gold in the Crosby-Ironton area of Crow Wing County. In Kannabec and Pine counties, geologists were primarily in search of uranium.

The specific bedrock geology of the central Minnesota region is unclear due to the glacial materials covering the bedrock. In general, the geology of central Minnesota is an intermediate geology between the distinctive geologic zones of northern and southern Minnesota. Some geologists have speculated that the central region may have formations conducive to copper-nickel deposits. This speculation is based on findings in Wisconsin in rock of the same age, but of a different lithology. In conclusion, the potential for discovering significant metals in the area is not as high as in northern Minnesota, but the true potential is unknown due to the scarcity of outcrops and the lack of test holes drilled in the area.

Due to the abundance of glacial till throughout the region, sand and gravel resources and pits are common in the area. Numerous commercial pits are operated in Mille Lacs, Pine, and Aitkin counties. There is also some exploitation of sand and gravel deposits on reservation lands, but this exploitation is exclusively for personal use. There is also a granite quarry operated in northern Mille Lacs County.

5. Wildlife and Fish Resources

a. Wildlife

The wildlife resources found on the lands owned by the Mille Lacs Band and found in the surrounding area are similar to those found throughout central Minnesota. The most important and popular game mammal in the area is the white-tailed deer, and hunting for deer is quite popular in the area. Fur-bearing species in the area include beaver, mink, muskrat, raccoon, and red and gray foxes, and these species are commonly trapped in the area. Additional large mammals sighted in the area, at least occasionally, include coyote, black bear, timber wolf, porcupine, and bobcat.

Both waterfowl and upland game birds are found in the reservation areas. Among the most common species of waterfowl in the area are the mallard, blue-winged teal, wood duck, ring-necked duck, coot, bluebill (scaup), and hooded merganser. In the region, the chief upland game species is the ruffed grouse. The grouse numbers at the Mille Lacs Wildlife Management Area in northern Mille Lacs County are significantly higher than the averages for both central and northern Minnesota. Other upland game species found in the area are the woodcock, ring-necked pheasant, and gray partridge. A variety of non-game birds are also found in the area, including the bald eagle and osprey.

Hunting on reservation lands is regulated by the band government, not the DNR. Hunting pressure on the reservation lands is somewhere between high and medium. Much of the hunting, both on and off the reservation, is important for subsistence purposes, supplying important meat supplements for reservation families. There is not much unlicensed hunting by band members on or off the reservation, according to reservation sources. What unlicensed hunting does occur is primarily for small game by young people. Figures on licenses and harvests of wildlife are in Appendix B, Tables 11 and 12.

b. Fisheries

Mille Lacs Lake is an important fishing lake in Minnesota, both during the open water season and the winter season. Mille Lacs Lake is a large, nearly round lake. It is twenty miles in length at its longest point and eighteen miles wide at its widest point. It is considered one of the top walleye fishing lakes in the country. The three main species fished for in the lake are walleye, yellow perch, and northern pike. In the winter season, burbot and tullibee also become important species (see Appendix B, Table 13, for statistics on fishing in Mille Lacs Lake). Due to a dispute between the Indians and the DNR over the control of fishing rights on Mille Lacs Lake (discussed below), the reservation grants fishing licenses. Figures for 1986 and 1987 are given in Appendix B, Table 14.

c. Hunting and Fishing Treaty Rights

It should be emphasized that hunting and fishing on reservation lands is controlled and regulated exclusively by the Indians; it is not regulated by the Minnesota DNR. Additionally, the Mille Lacs Band holds special hunting and fishing privileges on the public lands of northern Wisconsin. A 1983 Court of Appeals decision, Lac Courte Oreilles v. Voight, upheld the claims of the Lake Superior Chippewa Tribe that they retained hunting, fishing, and gathering rights on lands ceded to the United States in Wisconsin by treaties signed in 1837 and 1842. The Court of Appeals remanded the case to the district court to specify the rights retained and how they might be exercised. In 1987, in Lac Courte Oreilles v. State of Wisconsin, the court ruled that the Chippewa have a right to harvest all natural resources used at the time of the treaty, a right to use both modern and traditional methods, and a right to extract a modest living from the sale of the harvest. The court also noted that the rights were reserved on all ceded land, but could now only be exercised on public lands. A related case is underway to determine what

involvement the state may have in protecting and regulating the resources covered by the case (Lac Courte Oreilles v. State of Wisconsin II).

As parties to the 1837 treaty, the Mille Lacs Band is entitled to exercise rights on these public lands throughout northern Wisconsin. The band is one of eleven member bands to the Great Lakes Indian Fish and Wildlife Commission which was created in 1983 to assist in the implementation and management of off-reservation treaty rights. In 1987, Mille Lacs members harvested twenty-nine deer and fifty-eight waterfowl from the Wisconsin public lands (see Appendix B, Table 15, for statistics on Mille Lacs Band use of these rights).

In 1985, three Minnesota bands of the Lake Superior Chippewa filed suit in order to have their harvesting rights in Minnesota under an 1854 treaty upheld (Grand Portage Band of Chippewas of Lake Superior et al. v. State of Minnesota et al., Civ. No. 4-85-1090). Currently, the Grand Portage, Bois Forte, and Fond du Lac bands are in the process of negotiating an out-of-court agreement with the state of Minnesota. A memorandum of agreement has been approved by the bands and the state, and the legislature has passed a bill ratifying the agreement which was signed by Governor Perpich on April 14, 1988. The main theme of the agreement is that the Indian bands will not exercise their rights, and follow state hunting and fishing regulations, for financial considerations. Annually, the state will pay the Fond du Lac band \$1.85 million and the Grand Portage and Bois Forte bands \$1.6 million each as long as all parties continue to agree to the settlement.

The Mille Lacs Band is currently investigating litigation against the state of Minnesota in order to have its harvesting rights in Minnesota under the 1837 treaty upheld. This would cover approximately 500,000 acres of public lands in east-central Minnesota. The band has requested the United States to sue Minnesota over the recognition of these rights, a request the United States is now considering. If the United States decides not to bring suit, the Mille Lacs Band has also requested that the Bureau of Indian Affairs (BIA) grant it funds to cover attorneys' fees for its own lawsuit. The 1854 treaty settlement with the northern bands bodes well for an out-of-court settlement with the Mille Lacs Band as well. Once the rights are recognized, the Mille Lacs Band could be compensated to not exercise these rights as in the 1854 treaty case. It is expected that this issue will be resolved within the next year.

d. Tourism

Tourism is a significant part of the economies in Aitkin, Mille Lacs, and Pine counties. Most of the tourism in these counties is recreation-based, with hunting and fishing being especially important in Mille Lacs county. In 1986, Aitkin County was ranked twelfth among Minnesota counties in terms of total travel expenditures, Pine County was ranked twenty-sixth, and Mille Lacs County was ranked thirty-second. See Appendix B, Table 16, for figures on travel expenditures, travel-generated employment, and local tax receipts due to travel for the three counties.

6. Public Lands in the Area

Extensive public lands are located near the various parts of the Mille Lacs Reservation. In Mille Lacs County, 18 percent of the land is publicly owned, and most of this public land is located in northern Mille Lacs County near reservation lands. Major state holdings include the Rum River State Forest (16,612 acres), a portion of which is south of the reservation; Mille Lacs Kathio State Park (10,585 acres) which borders the reservation; and Mille Lacs Wildlife Management Area (36,718 acres), located southeast of Onamia. Mille Lacs Kathio is the fourth largest state park in Minnesota, and was the twentieth most visited park in 1987, receiving 114,334 visitors. Father Hennepin State Park, on Mille Lacs Lake near Isle, is small (316 acres) but popular. In 1987 it attracted 170,387 visitors and was the eleventh most visited state park. (See Appendix B, Table 17, for a month-by-month breakdown of state park visitation.)

Public lands make up 26 percent of Pine County, predominantly state-owned lands. A considerable portion of these lands are located in the St. Croix State Forest (26,046 acres) and the St. Croix State Park (34,037 acres). Mille Lacs Band reservation lands are located adjacent to, and between, this state forest and state park. The state park is the largest in Minnesota, and the tenth most visited. In 1987 208,379 people visited the park.

Public lands comprise 54 percent of Aitkin County. Significant public land holdings near the Sandy Lake reservation lands include the Hill River State Forest (74,632 acres), Savanna State Forest (121,193 acres), Savanna Portage State Park (15,818 acres), Grayling Wildlife Management Area (7,307 acres), and numerous parcels of tax-forfeited land. The East Lake reservation lands are near the Rice Lake National Wildlife Refuge (18,000 acres) and abundant tax-forfeited lands managed by the state.

In conclusion, with the exception of the potential to receive monetary benefits in exchange for not exercising their claimed hunting and fishing rights, it appears unlikely that natural resources will play a significant role in the economic development of the Mille Lacs Band. The small land base and the nature of the land base make agriculture, timber production, and mineral production of significant economic importance unlikely. Nevertheless, natural resources could provide supplemental food and income for band members. A future settlement with the state of Minnesota regarding hunting, fishing, and gathering rights as stipulated in the 1837 treaty may provide an influx of money to be used to help finance other economic development activities or these rights could contribute to other economic development activities.

Sources: Information for sections D.1 and D.2. came from band records and discussions with the band Commissioner of Natural Resources. Information for D.3. came from the band Commissioner of Natural Resources and from the Minnesota DNR, Forestry Division, Brainerd office. The Minnesota DNR, Minerals Division, Hibbing office supplied the information for section D.4. Information in D.5. on hunting and fishing came from the Minnesota DNR, "Mille Lacs Wildlife Management Area Master Plan, 1977-1986," (1977); Minnesota DNR, "Mille Lacs Lake Creel Census," (1987); band records, and discussions with the band Commissioner of Natural Resources. The information in D.5. on hunting and fishing treaty rights was supplied by the band Commissioner of Natural Resources, band materials, materials from the Great Lakes Indian Fish and

Wildlife Commission, and the Minnesota Attorney General's office. The information on tourism in D.5. was supplied by the Minnesota Office of Tourism. Information supplied by the Minnesota DNR, Divisions of Fish and Wildlife, Forestry, and Parks and Recreation was used in section D.6.

E. FUNDING SOURCES AVAILABLE FOR INDIAN ECONOMIC DEVELOPMENT

The following sections provide a summary of various economic development funding sources that may be available to the band. The general array of financing possibilities creates an impression of extensive resources. The band, however, has investigated many of these programs and found significant barriers to using the programs. Major barriers include equity financing difficulties given the land status, developer/manager arrangements, and inappropriate scale or program priorities.

Historically, there have been chronic problems with implementation of Indian economic development using traditional federal funding sources. This is due to several factors. Federal programs have often been overly prescriptive and paternalistic and do not pay enough attention to self-determination, cultural differences, and non-traditional models. Second, the severity of social and economic problems on Indian reservations creates more difficult barriers than in most other settings. High unemployment rates, low educational attainment rates, difficulty in obtaining access to capital, geographic factors, and poor physical infrastructure make economic development on reservations complex.

In addition to public (government) funding sources, there are other national and regional technical and financial assistance groups that have particular sensitivity to structuring successful Indian economic development. These groups are experimenting with alternative economic development models. First Nation and the Seventh Generation Fund are examples.

1. Federal Level

a. Bureau of Indian Affairs (BIA)

1. Grants to 25 percent of project costs and not to exceed \$250,000 per project. Allocations have been completed for 1988 and this program is not in the BIA budget for 1989.
2. Loan guarantees provide 90 percent private market loan guarantees. A total of \$2.5 million available in 1988 for the four-state area. It is currently the most active BIA program for economic development. Available for large scale projects. Currently, \$23 million out on projects in four-state area.
3. Technical assistance grants are available; generally small sums from \$5,000-15,000 for marketing studies, engineering reports, business plan development, and general economic development planning.
4. Direct loans have been made in the past through a BIA revolving loan fund. No money is available at this time. Money has not been revolving back as anticipated.

SPECIAL NOTES: The Mille Lacs Band is part of a new national demonstration program and will receive \$100,000 for one year to explore alternatives for delivery of existing BIA services. They are one of ten bands/reservations doing this at a national level. They will examine a method to establish direct block grants to the Mille Lacs Band as well as new service delivery mechanisms. This grant is primarily directed at governance and program delivery, and not economic development.

b. Economic Development Administration (EDA)

1. Planning assistance for economic development. In 1988, EDA has made \$2.875 million available for Indian tribes across the country. EDA currently funds Chippewa Tribe economic development planners/planning. Grants may be provided up to 100 percent of project costs. These grants have generally been quite small at the band level, \$5,000-15,000.
2. Technical assistance. In 1988, EDA has made \$1.916 million available for technical assistance nationally. Indian tribes are eligible. The program is designed "to provide technical assistance useful in alleviating or preventing conditions of excessive unemployment or underemployment and problems of economically distressed populations in rural and urban areas." EDA provides grants and cooperative agreements not to exceed 75 percent of proposed project costs. These funds have opened up more to Indian tribes in recognition of the lack of EDA funding for tribes over the past several years. Nonetheless, this is a small pot for the entire country, especially since it is not targeted for Indians.
3. Economic Adjustment Assistance (Title IX). A total of \$24.657 million was made available for this program nationally in 1988. Indian tribes are an eligible group. These funds are to be used to "assist areas experiencing long term economic deterioration and areas threatened or impacted by sudden or severe economic dislocation." Grants are made available for revolving loan funds. Grants are also made to develop a variety of strategies to meet targeted needs.
4. Public Works and Development Facilities Assistance. A total of \$126.460 million was made available nationally for this program in 1988. The purpose is "to assist communities with the funding of public works and development facilities that contribute to the creation or retention of private sector jobs and to the alleviation of unemployment and underemployment." EDA grants generally cover 50 percent of project costs.
5. Guaranteed loans. EDA has authorized up to \$150 million in 1988. EDA will guarantee up to 80 percent of the principal and interest of loans made to private borrowers for purchase of fixed assets and/or working capital purposes. Proposals are generally made by private lending institutions.

SPECIAL NOTES: EDA is in a serious federal retrenchment mode. The state director commented that EDA is in a "going out of business" frame of mind.

c. Housing and Urban Development (HUD)

1. Urban Development Action Grants (UDAG). Indian tribes are eligible and are reviewed separately. Tribes were not eligible until approximately four years ago. UDAGs can be used for a variety of economic development projects; the most prevalent use by tribes has been for manufacturing operations and tourism facilities. UDAGs require a 1:2.5 private match. Private loans are generally guaranteed by BIA. The UDAG portion is in the form of a direct grant. There is no ceiling on the amount that can be requested; grants have generally ranged from \$600,000 to \$2 million.

This year \$260 million was made available for UDAG, nationwide. There is no set aside amount for Indian tribes. There have only been seven grants to Indian tribes since tribes became eligible some four years ago.

The HUD program officer suggested that this is an underutilized program on the part of tribes. He suggested that it does imply heavy private sector involvement and this may keep some tribes away.

2. Community Development Block Grant Program (CDBG). There is a special allotment for Indian tribes. This fiscal year it is \$1.7 million. They generally fund eight to ten applicants a year from a pool of twenty-five Indian applicants. The priorities for the funds are economic development, housing rehab, community facilities, and land acquisition.
3. Technical Assistance Grants. This fund is controlled in Washington D.C. and not at the district office. The average size grant is \$200,000. It is used for technical assistance in economic development including training, feasibility studies, management assistance. According to the HUD program person, this fund is underutilized.

d. Health and Human Services (HHS) Office of Community Services

The Discretionary Grants Program of the Office of Community Services has allocated \$20 million in 1988 for "alleviation of the causes of poverty in distressed communities." Promotion of projects which create employment and business development on behalf of low-income people is one of three priority areas. Indian tribes are eligible. This economic development fund has been available since 1982. On average, only 5 to 7 percent of total funds have gone to Indian reservations annually. Grant amounts are not to exceed \$500,000.

2. State Level

a. State Indian Affairs Council

This body was created in 1963 by the state legislature to act as official liaison between state and tribal governments.

The Council operates an Indian Business Loan Program which is funded through severed mineral rights taxes collected by counties each year.

Approximately \$90,000 is collected each year. The concept is to distribute these tax funds among the eleven Minnesota reservations through participation in the business loan program. Funds are administered by the agency and each reservation has a designated, accumulated balance. The Mille Lacs Band has experienced difficulty in using this fund. They would like more direct control over use of their designated funds which at this point have accumulated to \$50,150.

b. Economic Development Recovery Grants

Indian tribes are eligible and the general purpose is to provide funds to eligible jurisdictions for loans to private businesses. The maximum amount is \$250,000.

c. Minnesota Emergency Employment Development (MEED)

The legislature made its first special set-aside for MEED programming on Indian reservations in 1987. Approximately \$700,000 was allocated in 1987 for the biennium. The Mille Lacs Band has received fifteen to twenty slots representing \$60,000 to \$80,000.

3. Local Government

Generally, local municipalities and county governments have not participated on Indian reservations. The reservations are seen as separate governmental entities with their own programs and services. There are cooperating arrangements implied in the relationships between local public schools and the band communities.

4. Foundations/Corporate Giving

While there are many foundations and corporate givers in Minnesota, they are usually restricted geographically. Very few foundations or corporations service the Mille Lacs Band regions. Some potential area funders are Otto Bremer Foundation, the Bush Foundation, the McKnight Foundation, and Northwest Area Foundation. Northwest Area Foundation has given considerable funding for Indian economic development and has recently been reviewing results from these projects. In cooperation with the Minnesota Historical Society, the band has successfully managed small (\$10,000) grants from the Mardag and Bigelow Foundations.

5. Conventional Lender Involvement

Conventional lenders in the area generally have serviced small personal checking and savings accounts and some small personal loans for individual reservation residents. These lenders have been extremely wary about any other level of capital participation with the Mille Lacs Band. There are no reports of conventional lender debt financing for tribal projects.

6. National Indian Technical/Financial Assistance Groups

a. First Nation

They have Indian economic development expertise in-house. They operate a grant program, a revolving loan fund, and provide training and technical assistance. (703) 371-5615

b. Seventh Generation Fund for Indian Development

They have an economic development projects division. They have concentrated on renewable resource projects and native self-sufficiency. They are currently broadening their scope and plan to develop a revolving loan fund and traveling technical assistance. (707) 887-1559

c. Association on American Indian Affairs

They provide technical assistance to Indian-owned businesses. They have expertise in financial planning, management strategies, business planning. (605) 698-3998

Sources: Information for this section came from interviews with program staff for each of the organizations and departments discussed, and from discussions with band leadership.

F. CURRENT AND PAST ECONOMIC DEVELOPMENT PROGRAMS

1. Reservation Business Enterprises (RBE)

This project was begun in 1969 out of the basement of the Tribal Community Center. The reservation had the development of a factory/manufacturing operation in its long range plan. At this time, IBM was looking for an electronics assembly operation to meet minority set-aside requirements. The Mille Lacs Reservation was chosen and two band members went to Rochester to receive training in disassembly and salvage (not in management).

A new 17,000 sq. ft. plant was built in 1970. EDA provided principal financing for the new plant through grants and loans. The plant was apparently modern and well-equipped. The plant was set up for the following capabilities: salvage of mechanical computer components; bench assembly of computer components; hard soldering; printed circuit board assembly; complete snowmobile repair; manufacture of wire harness cable assemblies; automotive jumper and lead assemblies.

In the beginning, a retired IBM person managed the plant. Non-reservation people handled management for the first four or five years. Then, a series of reservation managers were employed unsuccessfully. A reservation person was found who was a good fit for the management responsibilities and he held the position successfully for a number of years.

According to a report by Walter Butler and Associates, new contracts were begun with other companies in addition to IBM and volume increased markedly in the 1970s. In the early 70s, losses seemed to rise with increased volume.

Finally, by 1979, the company was showing high volume and positive cash flow, and was employing between forty and sixty people. In 1981, the enterprise invested heavily in a tribal construction company and the Drift Inn complex. This drained the RBE cash flow and general health of the operating budget. The RBE was also hit by the effects of the national economy on companies it was doing business with such as Packard Electric, IBM, and Delco. Business was lagging for these companies at this time and it affected their subcontracts. RBE also took a significant loss from maintaining a large inventory on a product line which lost its market value. Finally, lack of continuity and attention in management took its toll in the 1980s. The person who had been manager throughout the late 1970s was given additional tribal government responsibilities and his time for RBE dwindled.

By 1985, the company was not receiving new contracts and employment was down to six people. The company eventually closed its doors.

2. The Marina Project

The Marina complex was built in 1974 and included thirteen cabins, a lodge with a bar and restaurant, a convenience store/laundromat, boat storage, and related services. It was funded by grants from EDA and Catholic Charities. Upon completion, it was considered an excellent resort location with perhaps the best resort facilities on the lake.

In the beginning, the Marina developed healthy occupancy rates, developed a repeat customer base, and had positive cash flows of \$20,000-30,000 a year. This was aided by subsidized labor through the CETA program. By the early 1980s, the Marina complex was in financial and management trouble and the reservation leased out the operation to another party from off the reservation. This arrangement proved unsuccessful and the complex is currently out of business and sitting vacant.

Failure of this business enterprise can be attributed to several factors. Management proved to be a difficult area. This was reportedly complicated by intermixing of tribal political considerations and business decision-making. The frequent borrowing and investing across projects on the reservation also creates financial problems for individual projects. Another important factor is the dramatic drop in tourism activity in the early 1980s. The bottom dropped out of the tourist trade at this time and it had a definite impact on the Marina complex.

3. The Drift Inn

The BIA provided loan funds for purchase of the Drift Inn in 1980. It was purchased when tourism was peaking and real estate prices were high. The Drift Inn complex included a dance bar and kitchen with capacity for 200, twenty boat slips, and twenty trailer hook-ups. The complex needed significant renovation and the reservation had to spend substantial additional funds for repairs.

With the purchase and rehab costs combined, this project had a much smaller margin for error when compared with the Marina. It would have been a

difficult project to carry off if the tourist business had not dropped off in 1981. When it did, the Drift Inn was especially hard hit. It should also be noted that initial BIA projections for project income and expenses were inaccurate. The band assumed these projections were correct, and was thrown off course when they proved to be overly optimistic.

The reservation decided to lease out the operation to another party in 1984. This leasing arrangement was tried twice and proved unsuccessful. The Drift Inn is currently vacant.

It was also reported that the bar/dance hall drove away numerous potential campers/fishermen. The two were not a particularly good mix. A management analysis of the Drift Inn done by the band also reported some problems with lack of clarity in lines of authority for making business decisions.

4. Mille Lacs Reservation Construction Company

This operation was developed as a means to create jobs for band members and keep local money revolving in the local economy. It was in business from roughly 1980-1985, although it experienced periods of dormancy during this time. It employed seven to ten people on average. The company's most significant activity revolved around contracts to construct HUD housing on the reservation. It contracted for a total of fifty units of housing. The supervising contractor for the company was made an employee of the reservation. He was apparently quite knowledgeable in the construction field. Management and accounting problems forced the company to close.

5. Bingo

The bingo operation in Vineland has been a consistent profit maker for the reservation. The Indian bingo halls in the state have had a niche since the state prohibits large pay-out games in other non-reservation bingo halls. The state recently began allowing larger stakes at non-reservation halls, which may begin to affect attendance at reservation halls.

The Mille Lacs bingo hall does \$1 million a year in gross sales. The profit margin is in the range of 5 percent. The operation employs twenty people at approximately \$5/hr. for thirty hours a week. These employees earn substantial tips as well.

Bingo players at Mille Lacs are generally fifty to seventy years old and most of them come from the Brainerd area. The average customer spends approximately \$80 a night at the hall. Concern is expressed by some on the reservation about Indian people playing bingo and spending money that is needed for basic needs such as food, housing, and utilities.

6. Ah Shu Moog

Ah Shu Moog is a native products business. It is in the developmental stages. It has concentrated on birch bark products and wild rice. Workers

fashion birch bark into small baskets and canoes. These are sometimes sold with bags of wild rice in them. Each time they sell the combination birch bark container and wild rice for the going price of \$10, they make \$4 over expenses. The operation is very small at this time. The response has been quite positive. Very little marketing has been done to date.

7. Indian Museum--Minnesota Historical Society

The Indian Museum at Vineland is operated by the Minnesota Historical Society. The museum is not a band activity, but its proximity to the Indian community has a positive affect on the local economy. Community members are employed on a seasonal basis (May through September) in such positions as museum guides, storytellers, musicians, clerks, office workers, and maintenance personnel. In addition, the museum store has served as a buyer of Indian crafts, thereby providing supplemental household income to community residents. The "craft connection" can benefit individual producers regardless of where they live.

Sources: Information for this section came from a series of interviews with band officials and residents and non-band officials and residents closely associated with these projects. Material also came from records furnished by band leadership.

G. PROPOSED NEW MUSEUM AND COMMERCIAL DEVELOPMENT PROJECT

The Minnesota Historical Society and the Mille Lacs Band have been working together over the past few years planning an \$8-10 million joint development. The project includes a major new Indian museum and cultural center as well as new commercial activities.

Proposed museum/cultural center improvements include building a new museum to replace the existing museum which is small and structurally flawed. The historic Indian Trading Post is also scheduled to be restored. The activities scheduled in this "cultural component" include:

- exhibits
- crafts training and demonstration
- collection storage and study
- a museum store
- a library
- an auditorium
- operation of the restored historic Indian Trading Post

The museum and cultural center and the Indian Trading Post are seen as a magnet for new proposed commercial activities. Commercial services will be developed to provide services to the tourists coming to the area. As noted in the plan for this project, "all aspects of the proposed commercial development will be linked to the central story of Indian culture and history."

The proposed commercial development is to include a lodge, restaurant, convenience store and service station. The plan is for these businesses to be privately-owned and operated on a for-profit basis. There is also to be a business association set up specifically for this project.

Related recreational facilities are also proposed. Picnic areas, a public dock, and trails are included.

The joint planning effort has resulted in a \$4 million commitment from the State of Minnesota to fund the museum component. Major barriers to further progress include the need for up to \$2 million of equity financing and infrastructure improvements to leverage an additional \$2-3 million of federal/state grant and loan participation.

Sources: Information for this section came from the Minnesota Historical Society (see "A Concept Plan for the New Mille Lacs Indian Museum and Cultural Center" (1984-1985) and "A Coordinated Plan: Museum and Cultural Center, Historic Indian Trading Post, and Commercial Development" (1986)) and from discussions with band leadership.

H. TRIBAL GOVERNANCE STRUCTURE

The Mille Lacs Band of Chippewa Indians initiated a reorganization of its governmental structure in the 1980s. Prior to this restructuring, the band was governed by a five member elected Reservation Business Committee, which included a chair and a secretary/treasurer. The other bands of the Minnesota Chippewa Tribe employed and continue to employ such a system.

The restructuring was completed in 1983. The new governmental structure was modeled on the national system in the United States, featuring a separation of powers and checks-and-balances system. The executive branch includes the elected chair of the band (the chief executive) and five commissioners: Commissioner of Administration, Commissioner of Corporate Affairs, Commissioner of Natural Resources, Commissioner of Human Services, and Commissioner of Education. These commissioners are appointed by the chief executive and confirmed by the Band Assembly. This executive branch is in charge of implementing laws and administering programs on the reservation.

The legislative branch (the Band Assembly), which has the authority to pass laws regulating internal affairs on the reservation, consists of four elected members: the secretary/treasurer and a representative from three specific districts (Vineland, Rice Lake/Sandy Lake, Lena Lake). The judicial branch consists of a chief justice (elected), six judges (elected), and a solicitor general, and is responsible for interpreting laws and administering justice regarding band laws on the reservation.

Under this new governmental structure, economic development affairs are to be handled by the Commissioner of Corporate Affairs. Section 28 of Band Statute 1032-MLC-1 specifies the commissioner's responsibilities:

The Commissioner of Corporate Affairs shall have sole authority to administer, regulate and authorize all business enterprises under the jurisdiction of the Band. He shall have power to organize and reorganize all business related matters in the interest of increased economic development. He shall have power to negotiate contracts on behalf of the Band with ratification in the Band Assembly upon the recommendation of the Chief Executive. He shall have power to authorize the expenditures of corporate funds. He shall have power

to effect inter-business fund transfer. He shall be responsible for the acts and deeds of each business manager and for the lawful disbursement of funds. He shall issue a Commissioner's Order to implement all corporate decisions in the interest of the Band. He shall be responsible for the Corporate policy statement which outlines the goals and objectives of the corporate structure.

To assist the Commissioner of Corporate Affairs in carrying out these responsibilities, a Corporate Commission has also been established. This commission consists of five members nominated by the chief executive and confirmed by the Band Assembly. These members serve staggered four-year terms. Their powers include approving construction, regulation of economic activities on reservation lands, and issuing licenses and permits. In addition to these members, three corporate advisors to the commission may also be appointed by the chief executive. These advisors are non-voting members and serve at the pleasure of the chief executive. The Corporate Commission follows a set of band statutes in conducting business. This new structure was hampered for its first few years because the Commissioner of Corporate Affairs position was vacant. It is too early to determine if this new corporate structure will lead to the increased insulation of economic activities from political activities.

The Commissioner of Natural Resources also plays a role in economic development. Band statutes make the commissioner responsible for "all economic development plans which involve the natural resources" of the band. In reality, the Commissioner of Natural Resources has taken on a more important role.

II. ASSESSING ECONOMIC DEVELOPMENT PROGRAM ACTIVITIES ON THE RESERVATION

A. LESSONS LEARNED

There are a number of lessons which can be learned from reviewing past economic development activities with the Mille Lacs Band. These can be summarized as follows.

1. Securing consistent, trained business management has been a troublesome area with economic development projects on the reservation. There is a desire to develop management experience from the band population but there is also some ambivalence expressed about how to do this effectively. The issue of on-reservation versus off-reservation management is a heavily debated topic on and off the reservation.
2. Tribal government is appropriately concerned about providing employment opportunities and services for reservation members. Tribal political considerations and conventional business practices often clash.

For example, the political leaders may see an economic development project as a way to maximize employment opportunities for the unemployed, with efficiency or productivity perhaps being a secondary concern. On the other hand, conventional business practices would optimize efficiency in a way which might severely limit how many and who could be hired. Political considerations cannot and should not be divorced from business endeavors on the reservation, but perhaps there are ways of structuring economic development projects to strike a better balance between the two.

3. Marketing of products has often been an area which has received little attention from the reservation. It may well be an uneasy fit with cultural teachings and priorities. New approaches need to be tried.
4. Attention should be directed to the question of appropriate scale and capacity to handle projects. None of the Mille Lacs Band projects were massive, but the Marina may have been an example of an inappropriate size and type of business given the management structure.
5. Tribal government has often subsidized economic development projects that were not viable on their own. Again, the intent was good but the practice often resulted in cash flow and other financial problems for individual projects and the band treasury.
6. There has been a problem with external confidence in doing business with the reservation. This is a common problem with Indian/non-Indian communities everywhere. There is a real need for improvement of community relations.
7. Access to appropriately structured capital has not been a problem with past projects. Economic development activity has been extremely

limited over the past three years. Appropriate financing is likely to be a problem in the future, particularly with any larger projects.

The status of tribal lands presents particular financing problems since such lands cannot be used as collateral.

8. Tribal customs and traditions are extremely important among band members. The Mille Lacs Band is particularly known for this emphasis on the preservation of culture. The Mille Lacs Band is also a leader in the preservation of sovereignty rights. These factors need to be kept in mind in developing economic development programs. There is a need to look at projects which capture and enhance the uniqueness of band and tribal customs, life, and resources.
9. The Mille Lacs Band, as well as all Minnesota bands, has very high unemployment rates, low household incomes, and distinct cultural considerations. Economic development is difficult without all these complicating factors. It is especially difficult on Indian reservations. Moreover, economic development is a relatively new occurrence on the reservation and there needs to be a willingness to experiment with innovative approaches in an effort to create success stories by and for Indian people.
10. There is a need to look at alternative models of management and ownership for Indian economic development. Cooperative or non-profit arrangements are worth pursuing in addition to more conventional business models.
11. The Mille Lacs Band needs access to high quality technical assistance people who know business development and are sensitive to the issues and problems of Indian economic development.

III. BAND ECONOMIC DEVELOPMENT AND COMMUNITY RELATIONS: AN INTERNAL AND EXTERNAL ASSESSMENT

Any economic development by the band will involve interaction with non-Indians as suppliers and patrons. In order to achieve some understanding of these relations between Indians and non-Indians relating to economic development, interviews were conducted with leaders of the Indian and non-Indian communities in the Vineland area. These interviews were not designed to deal with specific aspects of community relations, but rather the general aspects of community relations and economic development.

A. THE INDIAN COMMUNITY

Mille Lacs Band members living on the reservation want to develop the capacity to effectively design and manage their own economic development projects. The Mille Lacs Band survey shows that 84 percent of the population interviewed thought Indians should own reservation businesses as opposed to non-Indians. They recognize that there is a need to work with the non-reservation community and that community relations are often strained. There is a recognized need for outside capital, technical assistance, and good working relationships. Band members are somewhat skeptical about working with the non-reservation world, however.

The following concerns about working with the non-reservation community were expressed:

- They do not think the white community tries to understand Indian culture and perspective and are too quick to label and criticize.
- They perceive the outside world as viewing them as a burden, a load they have to carry and subsidize.
- There is concern about the potential of losing land in partnering with white business and non-Indian governments.
- There have been plenty of outsiders with business schemes who come on the reservation to attempt to take advantage of what is perceived as a steady flow of government funds.
- There is some mistrust of non-reservation governmental and business systems.

The Mille Lacs Band reservation people recognize that they have had economic development failures. They also think these efforts must be put in perspective. The following concerns are representative of the band's own assessment of their economic development projects:

- It is generally recognized that management has been a problem on projects and that new management strategies need to be tried, including intensive training of band members.

- Lack of non-reservation support for projects has worked against the success of economic development projects.
- It is recognized that tribal politics and business decisions have sometimes gotten too intertwined and new structures are being tried to provide more balance.
- Outsiders, including some government officials, seem to expect them to fail and this may foster self-fulfilling prophecies.
- Economic development activity has a relatively short history in Indian communities and this needs to be recognized.

The Mille Lacs Band is cautious about economic development at this point. They want to make sure that they create some success stories in the future. They would like to develop better working relationships with the non-reservation community, but retain some concerns about how to do this and still protect their sovereignty and control.

B. THE NON-INDIAN COMMUNITY

Among non-Indians living and working in the Mille Lacs Lake area, a peaceful, relatively non-antagonistic variety of racism exists. The non-Indians in the area suggested a number of reasons for what they perceive as the failure of economic development on the reservation. One problem was the Indians as workers. People agreed that when they were working, the Indians were very good, hard workers. There were difficulties, however, in getting the Indians to accept work and firm time schedules.

- Some pointed to welfare dependency based on the social welfare programs begun in the 1960s. They claimed that Indians no longer needed to work, they could survive on government programs.
- Some pointed to alcoholism.
- Some pointed to a different conception of time among Indians, leading to habitual lateness and absenteeism.

The lack of management skills among Indians was another factor cited among non-Indians as an explanation for the failures of economic development.

- Individuals thought that Indians were put in charge of business operations who had little or no business experience or expertise.
- Many argued that Indian economic development should use non-Indian management.
- Some stressed that Indian businesses, and the reservation in general, were riddled with corruption.

A final major problem in terms of economic development was the lack of integration by the Indians into the local community, and the lack of desire to integrate. Non-Indians had difficulty understanding Indian efforts to

maintain their autonomy and culture. Non-Indians thought that the new Indian school was a failure, that the Indian children who attended it were not getting a good education. There was also resentment over the government money funneled into the reservation. Non-Indians thought this money was all going "down the drain," and they failed to see why the Indians deserved special treatment.

In conclusion, the general feeling among non-Indians in the Mille Lacs Lake area was that the Indians should integrate into society like any other ethnic group (e.g., German, Irish, Italian) if they wanted to achieve success in the United States. To continue living as isolated, autonomous groups would make economic development quite difficult. One individual, however, did not share this mode of thinking. This person was encouraged by the recent emphasis on sovereignty issues and culture. This person thought these developments were contributing to the growth of internal leadership skills and an increased emphasis on education, developments which bode well for the future.

C. AN OVERVIEW OF COMMUNITY RELATIONS

It is clear that both Indians and non-Indians in the Vineland area recognize that community relations between the groups are strained. Efforts must be made to improve these relations if future economic development programs are to be successful. One major problem in improving relations is apparent, however. The Indians are a sovereign people and have sovereign rights. As such, they want to control their economic development projects. The non-Indians, however, advocate Indian integration into the white world to achieve economic development. Hence, a potential impasse exists. One potential way to resolve this impasse, and to improve community relations, is for more Indian and non-Indian interaction. If this could be structured in a way to maintain and respect Indian sovereignty, yet increase community interaction, relations may improve.

Sources: The discussion in this section is based on a series of interviews conducted with Indian and non-Indian residents in the Vineland-Onamia area. The interviews were conducted in May and June of 1988.

IV. BARRIERS AND OPPORTUNITIES FOR ECONOMIC DEVELOPMENT

The barriers and opportunities for economic development discussed in this section are based on an analysis of the information reported in the sections on band profiles, lessons from past economic development ventures on the reservation, and community relations.

A. BARRIERS

The following eight sets of barriers to economic development by the Mille Lacs Band have been identified. These barriers are faced by the band as a whole, and are of greater or lesser importance for specific districts. Any economic development project must acknowledge these barriers and determine specific strategies to overcome them.

1. A shortage of trained Indian management personnel with experience in business planning, marketing, personnel management, and financial management.
2. The overlap of authority for decision making between the political leadership and those designated to manage business enterprises.
3. The lack of a physical infrastructure to support economic development at sites other than Vineland. A high cost would be involved to provide this physical infrastructure at other communities.
4. The lack of venture capital to generate new business enterprises.
5. The existence of cultural barriers to successful operation in the non-Indian economic system: differing sets of values influencing management styles, workforce attitudes, profit goals, individual achievement goals.
6. The scattered nature of band land holdings and the small land base constrain the potential for natural resource-based development.
7. The existence of social problems for a large number of adults which make full-time, reliable employment difficult to achieve (e.g., health problems, emergency health care problems, lack of day care facilities, lack of transportation, lack of financial reserves to cope with monetary crises).
8. The strained relations between the Indian and non-Indian communities which inhibits cooperative efforts to start and update new businesses.
9. The lack of culturally appropriate economic development models and recognized expertise in these areas.

B. OPPORTUNITIES

Eleven sets of opportunities to help achieve successful economic development for the Mille Lacs Band have been identified. These opportunities should be stressed in future economic development, and often present ways to overcome the barriers discussed.

1. The use of financial assistance groups with Indian economic development expertise which can provide technical assistance for management and financial planning (e.g., First Nation, Seventh Generation Fund, Association on American Indian Affairs).
2. The possibilities for cooperative or joint ventures with non-Indian management and financial resources provided in concert with Indian resources and workforce.
3. The existing Vineland infrastructure, which could support new businesses tapping the tourist market and Route 169 access.
4. The new Minnesota Historical Society Museum project could sustain new retail and service businesses at Vineland.
5. The development of small "home based" enterprises which could be nurtured through cooperative marketing and management.
6. The potential to retain well trained and/or educated band members who often leave the reservation. If well paying jobs and opportunities for advancement in business could be provided on or near the reservation, more of these individuals might remain on the reservation.
7. The creation of small committees or advisory boards with Indian and non-Indian representation to discuss and review common economic development interests.
8. Supplemental assistance to overcome transportation, health, and day care problems could be targeted to allow band members able and eager to secure employment to do so.
9. The settlement of issues concerning hunting, fishing, and gathering treaty rights could expand the band's resource base (financial and/or natural).
10. If a higher proportion of cash income flowing into the reservation could be spent for goods and services within the reservation, an economic development multiplier effect will take place.
11. If the exploration of new models for service delivery by the Mille Lacs Band leads to direct service delivery by the band, the band could better target social services programs which would allow for more successful economic development.

V. POTENTIAL ECONOMIC DEVELOPMENT STRATEGIES

Before examining the potential economic development strategies available to the Mille Lacs Band, some preliminary questions about future economic development must be discussed. First, the band must decide which of two major development alternatives it wishes to follow: 1) to stress economic development at Vineland, building upon the strengths existing there; or 2) to stress economic development in other communities, locations where little economic development has been done in the past. Vineland projects are likely to be more successful (due to the existing population and infrastructure) and could lead to faster economic development for the band as a whole. If such a path is chosen, the band must determine an equitable way to share the wealth with other reservation communities. For example, funds could be used to further develop the infrastructure at the other communities to better prepare them to participate in economic development. Focusing upon economic development in communities other than Vineland would probably mean slower overall economic development, but it would mean that the economic development would take place in a more equitable fashion. (See Appendix C for a matrix which could be used to assess economic development priorities for the band as a whole and for specific districts.)

The band must also determine if the following general strategies for economic development are acceptable and appropriate with other band interests and priorities. Those strategies which meet with band approval should then be prioritized by the band. It must be emphasized that the priorities will vary by project and by district. Also, many of the strategies will be undertaken jointly. Lastly, the band must realize the importance of the linkage between economic development and human resources development. A social service infrastructure to supply quality education, health care, day care, transportation, and financial crisis intervention must be in place in order to achieve and maintain successful economic development. For example, a crisis loan center based on a revolving loan fund may be created so that workers are not forced to miss work when a financial crisis develops (e.g., the lack of funds to repair a car leads to missing work).

1. Diversification:

Pursue opportunities both to create new businesses related to tourism (the museum, other non-Indian markets) and to nurture home-based crafts. Give responsibility for these two types of projects to designated officials with expectations for a timetable and accomplishments made clear. Small scale, cooperative arrangements may provide slower but more appropriate economic development.

2. Delegation and accountability for business performance:

Give business owners and managers greater authority to "hire and fire" in exchange for predetermined objectives (e.g., profitability, number of Indians employed, wage levels). Business managers would have increased independence to make business decisions, but would be held accountable to band political leadership regarding these objectives. Take advantage of the existing structure of a Corporate Commission and

give it greater independence to use and apply the financial resources of the band for economic development.

3. Target additional resources to address human resource problems creating barriers for Indian members to seek and retain employment:

Target experienced workers now faced with day care and transportation barriers. Create a crisis loan system.

4. Marketing expertise:

Put greater emphasis on prior marketing feasibility for any new enterprises or investments. Require that all enterprises have competent marketing staff or access to marketing expertise from the voluntary sector (e.g., retired executives, donated staff time from marketing firms) or from firms of the band's choosing (e.g., Lady Slipper).

Lack of attention to markets has been a problem in the past and an area where more resources must be allocated.

5. Management expertise:

Develop Indian management expertise by entering into agreements with both Indians and non-Indians to manage enterprises on an interim basis and train band employees to take over management in a specified number of years.

Recruit the qualified band members to serve as management staff for band enterprises. Provide opportunities for additional management training, both on-the-job and through continuing education.

Seek out assistance from qualified executives through an Indian LEAP (Loaned Executive Assistance Program) to help develop new business plans, financial business plans, and marketing plans. Use these experienced managers as mentors to designated Indian staff members.

6. Expand and improve relations with non-Indian communities:

Set up ad hoc committee to determine where mutual interests in economic development occur. Recommend activities which can satisfy both the bands' and the communities' interests.

Establish a process for joint discussion between band political leadership and elected officials in neighboring communities to review projects by the band which would affect the communities (e.g., road improvement projects, new building construction), and vice versa, projects developed by non-Indians which affect Indians need to be reviewed.

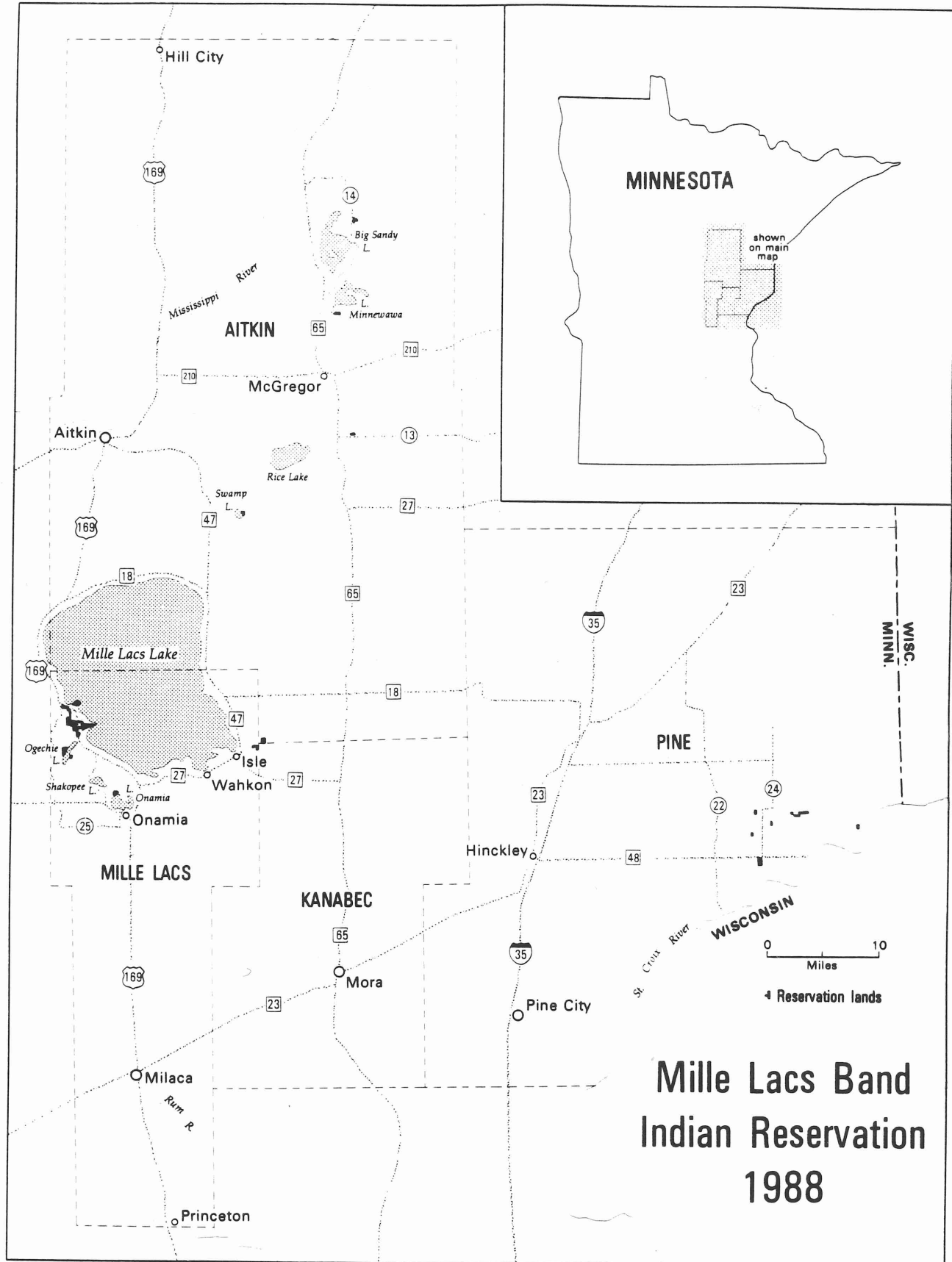
Develop networking relationships with non-Indian financial institutions on a one-to-one basis (e.g., the Commission of Corporate Affairs or chief executives of Indian enterprises).

7. Test all new business proposals against a set of criteria (which include all of the following) to insure that it is appropriate to Indian values. If a proposal successfully passes this screening, it will be screened for economic validity (see number 8).
- Will the business be located on reservation lands? If not, how many Indians will be employed and will Indians be involved in ownership and management?
 - What is the trade-off between total control and management by the band and the benefits in employment and value added from a non-Indian controlled venture?
 - Is the expected wage level for employment sufficient to provide economic security to the household?
 - Does the project provide opportunity for development of Indian management expertise?
 - Is the scale of the operation one which matches the existing capacity of the band to finance it during the initial years of operation until adequate markets have been tapped?
 - Is the organizational structure compatible with Indian cultural values for cooperation and consensus, yet organized to insure good management and profitability?
 - What new investments in infrastructure will be required? Will these investments improve the standard of living for Indian households?
 - Will the enterprise create undesirable side effects (e.g., water pollution, resource depletion)?
 - How will the enterprise build additional skills for the Indian workforce?
 - Are there political/cultural trade-offs which are appropriate in exchange for the creation of new businesses and jobs?
 - What additional outlays for infrastructure and targeted social services are going to be required to provide a stable workforce for the project? Are these resources available, or can they be secured (through grants)?
 - What are the prospects for the wages paid-out to be retained and recycled on the reservation?
 - What is the cost of travel between the districts to manage the project and secure a work force? Who will pay these costs?

8. Once a project has been determined to be appropriate to Indian values, it should be evaluated against a set of criteria for economic validity. If it passes this screening process, it should receive serious consideration by band leadership and undergo more careful economic analysis by technical experts knowledgeable about the particular type of project.

- What is the organizational structure of the business? What kind of ownership will be involved (e.g., partnership, corporation)?
- What goods and services will be produced?
- What will the marketing strategy be?
- Where will the funds to establish the business come from? How will they be spent?
- What are the business cash flow projections?
- How many persons will be employed? In what type of positions?
- Where will the business be located?
- Where will the business obtain its supplies from?

APPENDIX A



Mille Lacs Band Indian Reservation 1988

APPENDIX B

Table 1. Distances Between Reservation Communities and Other Communities

		<u>Miles</u>
Vineland to	Onamia	10
	Garrison	11
	Brainerd	31
	Milaca	32
	St. Cloud	60
	Minneapolis	100
Lena Lake to	Hinckley	17
	Vineland	51
	Duluth	91
	St. Paul	93
Isle to	Onamia	13
	Vineland	17
	Minneapolis	100
Rice Lake to	McGregor	5
	Aitkin	28
	Vineland	54
	Duluth	69
	Minneapolis	150
Sandy Lake to	McGregor	10
	Rice Lake	15
	Aitkin	33
	Vineland	69
	Duluth	74
	Minneapolis	165

Table 2. Items Made to be Sold By Members of the Mille Lacs Band

<u>Item</u>	<u>Number of Responses</u>
Anything	1
Arts and crafts	15
Baskets	3
Beadwork	39
Birchbark	14
Birdhouses	1
Blankets, quilts, afghans	8
Bow and arrows, clubs, poles, paddles	1
Don't know	1
Dreamwebs	1
Drums	2
Gods eyes	1
Jewelry	2
Key chains, watchbands	2
Maple syrup	1
Moccasins	5
Paintings, drawings	3
Pipestone	1
Rugs	2
Shirts, shawls, vests, ribbons	2
Sweetgrass	1
Wild rice	2
Woodwork	1

Source: Mille Lacs Band Survey, 1988.

Table 3. Types of Businesses That Members of the Mille Lacs Band
Would Like to Start

<u>Type of Business</u>	<u>Number of Responses</u>
Anything	2
Arts and crafts shop	7
Auto repair	3
Auto sales	1
Bar and grill	1
Beauty salon	1
Campground manager	1
Carpentry	1
Clothing store	1
Construction	2
Don't know	3
Factory	1
Fried bread	1
Game room	1
Golfing business	1
Grocery store/general store	3
Health club	4
Minnow baitshop	1
Production	1
Pull tabs	1
Quilting	1
Recycling/metal processing	1
Resort	1
Restaurant/cafe	9
Retail sales	4
Supplier	1
Tourism	2
Vending	2
Video	1
Wild rice	2

Source: Mille Lacs Band Survey, 1988.

Table 4. Traffic Counts on Highway 169 (1987)

<u>Location</u>	<u>Daily Average*</u>
Onamia	4,900
Vineland	3,400

*Vehicles traveling both north and south.

Source: Minnesota Department of Transportation.

Table 5. Traffic Counts on Highway 65 (1984)

<u>Location</u>	<u>Daily Average*</u>
East Lake	1,500
McGregor	2,150
Junction with Highway 14	1,250
Libby	760
Oxbow Lake	740

*Vehicles traveling both north and south.

Source: Minnesota Department of Transportation.

Table 6. Traffic Counts on Highway 48 (1987)

<u>Location</u>	<u>Daily Average*</u>
Hinckley	1,500
Midway between Hinckley and the Wisconsin border	850
Wisconsin border	390

*Vehicles traveling both east and west.

Source: Minnesota Department of Transportation.

Table 7. Mille Lacs Indian Reservation Land Types (1985)

<u>Land Type</u>	<u>Total</u>	<u>Mille Lacs</u>	<u>Lena Lake</u>	<u>East Lake-Isle-Sandy Lake</u>
Timber	2,466	1,218	868	380
Grass	84	20	30	35
Upland brush	40	30	10	--
Lowland brush	133	74	25	34
Non-commercial	1,013	692	162	159
Commercial	--	--	--	--
Total	3,736	2,034	1,095	607

Source: Mille Lacs Band of the Minnesota Chippewa Tribe.

Table 8. Appraised Value of Mille Lacs Indian Reservation Lands, By Type (1985)

<u>Land Type</u>	<u>Total</u>	<u>Mille Lacs</u>	<u>Lena Lake</u>	<u>East Lake-Isle-Sandy Lake</u>
Timber	\$739,800	\$365,400	\$260,400	\$114,000
Grass	12,600	3,000	4,500	5,100
Upland brush	4,000	3,000	1,000	--
Lowland brush	13,300	7,400	2,500	3,400
Non-commercial	253,250	173,000	40,500	39,750
Commercial	--	--	--	--
Total	\$1,022,950	\$551,800	\$308,900	\$162,250

Source: Mille Lacs Band of the Minnesota Chippewa Tribe.

Table 9. Forested Land by Reservation Area

<u>County</u>	<u>Number of Acres Forested</u>	<u>Percent Forested</u>
Mille Lacs	1,218	60
Pine	868	79
Aitkin	380	62

Source: Mille Lacs Band of the Minnesota Chippewa Tribe.

Table 10. Wood Products Harvested from Reservation Lands
(1985-1986)

<u>Type</u>	<u>Value (in dollars)</u>	<u>Amount</u>
Oak	1,808	--
Other saw logs	1,656	--
Cordwood	1,608	--
Pine	300	--
Birch bark	--	23,275 sq. ft.

Source: Mille Lacs Band of the Minnesota Chippewa Tribe.

Table 11. Mammal Hunting Statistics

<u>License</u>	<u>Year</u>		<u>Harvest--1986</u>
	<u>1986</u>	<u>1987</u>	
Deer			
Subsistence	128	--	68
Ceremonial	4	--	4
Wisconsin*	--	44	--
Total	132	135	72
Small Game			
Total	53	--	477
Trapping			
Total	52	--	809
Small Game and Trapping			
Total	--	43	

* Hunting licenses for use on Wisconsin treaty lands.

Source: Mille Lacs Band of the Minnesota Chippewa Tribe.

Table 12. Waterfowl Hunting Statistics

<u>License/Species</u>	<u>Year</u>		<u>Harvest</u>	
	<u>1986</u>	<u>1987</u>	<u>1986</u>	<u>1987</u>
Waterfowl	56	55	151	119
Species				
Mallard			--	42
Coots			--	41
Wood Duck			--	15
Bluebill			--	13
Other			--	8
Off-reservation (total)			--	58

Source: Mille Lacs Band of the Minnesota Chippewa Tribe.

Table 13. Non-Indian Fishing in Mille Lacs Lake (1986-1987)

OPEN WATER SEASON (May 17--October 14)

<u>Angler Hours</u>	<u>Walleye Catch</u>	<u>Average Walleye Size</u>
1,259,828	167,735	1.8 lbs.

WINTER SEASON (December 11--February 15)

<u>Angler Hours</u>	<u>Ice Fishing Shelters (Peak)</u>	<u>Burbot Catch (Average Size)</u>	<u>Yellow Perch Catch (Average Size)</u>
1,645,741	3,500+	328,826 (1.0 lbs.)	324,423 (0.5 lbs.)

Source: Minnesota DNR Creel Census.

Table 14. Mille Lacs Reservation Fishing Statistics

	<u>1986</u>		<u>1987</u>
	<u>Licensed</u>	<u>Harvested</u>	<u>Licensed</u>
Fishing	67	2,680	78
Netting	56	1,680	8
Minnowing	4	300 (gal.)	4
Ceremonial fishing	9	144	--

Source: Mille Lacs Band of the Chippewa Tribe.

Table 15. Mille Lacs Band Users of Wisconsin Public Lands (1987)

Deer hunters	44
Duck hunters	26
Small game hunters	21
Rice harvesters	16
Bear hunters	12
Trappers	11

Source: Great Lakes Indian Fish and Wildlife Commission.

Table 16. Tourism and Travel Effects in Aitkin, Mille Lacs, and Pine Counties (1986)

	Total Travel Expenditures (000)	Travel-Generated Employment (Jobs)	Local Tax Receipts (000)
Aitkin	\$52,652	743	304
Mille Lacs	16,716	410	104
Pine	23,244	405	136

Source: Minnesota Office of Tourism.

Table 17. Monthly Visitors to Selected State Parks (1987)

	<u>St. Croix</u>	<u>Mille Lacs Kathio</u>	<u>Father Hennepin</u>	<u>Savanna Portage</u>
January	983	3,142	738	4,855
February	1,189	2,199	757	1,717
March	1,487	848	2,011	153
April	7,179	3,782	8,206	352
May	29,115	16,454	22,302	4,247
June	41,906	20,045	32,945	8,548
July	39,764	20,615	34,955	10,848
August	47,262	24,919	40,278	11,076
September	24,480	11,708	18,536	7,279
October	7,534	4,424	5,154	3,573
November	2,127	2,151	2,910	2,997
December	5,353	4,047	1,595	2,654
Total	208,379	114,334	170,387	58,299

Source: Minnesota Department of Natural Resources.

APPENDIX C

This appendix presents a matrix to be employed in establishing the foundations, the potentials, and the priorities for economic development for the specific districts or communities on the reservation. The matrix should be completed for each community.

A. RESOURCE BASE

- acres
- primary natural resource base
- physical infrastructure (highways, water, sewer, telephone, solid waste)
- social service infrastructure (health, education, counseling)

B. DEMOGRAPHICS

- total population (percent of total band)
- total number of households (percent of total band)
- median household income (1988)
- percent of households under poverty level
- number employed full time (on reservation (M/F), off reservation (M/F))
- number employed part-time/seasonal (M/F)
- unemployment rate (1988) (M/F)
- number of 16-44 year old persons employed (young labor force) (percent employed) (M/F)
- number of 45-64 year old persons employed (old labor force) (percent employed) (M/F)
- number of 16 year or older persons with high school degree or further education (M/F)
- number of 16-64 year old persons without access to car to use for work (M/F)
- number of 16-64 year old persons with health related problems (M/F)
- number of 16-64 year old persons with day care related problems (M/F)
- number of 16-64 year old persons seeking work, and without transportation, health, or day care problems (M/F)

C. HUMAN RESOURCES

- entrepreneurial talent and interests
- job skills/work experiences available
- family situations limiting participation in the work force (brief description of the types of situations and proportion of households experiencing these situations)
- threshold population level to base local, community-based economic development upon

D. CURRENT ECONOMIC ENTERPRISE STATUS (1988)

- home-based crafts (number of workers, outlets/markets for products, estimated value of products, status: operating/closed/pending)
- small enterprises on reservation (number of workers, outlets/markets for products, estimated value of products, status: operating/closed/pending)
- large enterprises on reservation (number of workers, outlets/markets for products, estimated value of products, status: operating/closed/pending)
- pending enterprises (status, product/service, location, organizational structure)

E. ECONOMIC DEVELOPMENT POTENTIAL (by product or service)

- wild rice processing
- crafts
- wood products
- manufacturing
- retail
- services (non-tourist markets, construction, business, repair)
- tourist industries (lake, travel, Indian culture)
- entertainment (bingo, recreation)

F. PRIORITIES (for band as a whole, and for special districts)

- human resource development
- infrastructure investments
- marketing of existing enterprises
- new capitalization of existing enterprises
- expanded management expertise for existing enterprises
- community relations
- new business ventures: specifics on products or services, scale (based on markets and capacity to manage), organizational structure (relations with non-Indians), financing requirements (sources)