



Round 2

Request: Due to the overwhelming success of CEDA's Rural Capacity Program - Round 1, we wish to provide a 2nd round of funding for economic and community development technical assistance and grants to a new group of small communities across rural Minnesota - increasing our assistance from 18 cities in Round 1 to 20 new cities in Round 2.

Investment: \$627,000 over the biennium.

Purpose: To provide grants to communities across rural Minnesota to receive technical assistance with basic economic and community development strategies. These services would be based on need, given to communities that otherwise aren't able to afford such services, and are therefore at an automatic competitive disadvantage. CEDA thoughtfully designed, implemented, marketed, and administered these specific types of basic community and economic development programs tailored to the individual community's needs in Round 1. By building on the infrastructure that was developed in Round 1 we could efficiently bring these strategies to other deserving cities.

Due to local government budget constraints across rural Minnesota, basic economic development is often deferred in an effort to stretch taxpayer dollars. However, economic development will catalyze entrepreneurship, expand the tax base, and improve jobs and income in the communities that have the most need. Through this important collaboration with the State of Minnesota, CEDA will aid small rural communities by establishing a strong economic development foundation – yielding long-term success.

Program Summary: All communities need time and expertise dedicated to creating viable, effective development programs. However across rural Minnesota, small cities struggle to afford administration of basic economic development efforts.

In order to close the gap of economic disparity and give rural Minnesota a swing at the plate, we have created a kit of essential development tools that all communities should implement:

- Revolving Loan Funds
- Commercial Exterior Improvement Grant/Loan Programs.
- Childcare Incentives.
- Business Retention and Expansion Efforts.

Rural Capacity Program

2nd Round Implementation Timeline

September 2025

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Grant applications, marketing materials, press releases and other materials are created.

October 2025

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Grant applications released and the program is marketed.

November 2025

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Selected communities are notified of the award.

December 2025- January 2027

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Preliminary kick-off meetings are held with selected communities to identify a plan for services.

February 2027- June 2027

I



CEDA works on identified programming services for selected communities.

July 2027

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CEDA provides final reporting to DEED regarding outcomes of programming.

Despite the need, too often rural MN can't afford to provide these basic tools. There are 644 cities in Minnesota with a population under 3,000.

When Funded: CEDA will administer a competitive grant program to receive the technical services above free of cost to the local government. This grant program will aid 18 to 20 rural communities throughout the economic development regions in Greater Minnesota. These grants will allow communities to access services at no cost to them. CEDA will attempt to distribute/award grants geographically equitably. Rural cities in the State of Minnesota will be eligible to apply.

CEDA will work with selected communities to formulate an individualized plan based on their needs. Communities can apply to receive technical assistance with one of the program services listed above. Hours of technical assistance will be provided to each selected community. Each community will also have access to up to \$15,000 in project funds.

Evaluation Criteria/Metrics: CEDA staff will document all aspects of the application process and program. We will report all program outcomes to the Legislature. It is expected that the impact metrics of this program will involve increased rates of entrepreneurship, improved levels of community engagement, and aesthetic revitalization for rural Minnesota cities.

CEDA - Community and Economic Development Associates

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Round 1 recipients:

Baudette, Buhl, Clarkfield, Cottonwood
Danvers, DeGraff, Elmore, Grand Meadow,
Kiester, Mahnomen, Newfolden, New
Richland, New York Mills, Orr, Parkers
Prairie, Rushmore, Vergas, Warroad