

REGION 5 DEVELOPMENT COMMISSION

06 - 0464

Annual Report

JULY 1, 2005 - JUNE 30, 2006

**Region Five Development Commission
611 Iowa Avenue
Staples, Minnesota 56479
218/894-3233**

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The fiscal year 2006 was indeed a very challenging year for the Region Five Development Commission.

We discovered that our financial affairs were near bankruptcy. Housing being a black hole with no end in sight, ISTS loan money not being put back into the revolving loan fund, etc. Economic development and transportation programs were "muckin" along and we discontinued running the senior programs from the Region Five office, and subcontracted them to the Minnesota Council on Aging. We even had the courage to discuss moving the headquarters, dissolving the region along with some other ideas.

I believe this was very good for us as we have all learned much about the Region and ourselves. To every board member I thank you for your patience, understanding and great effort in bringing Region Five back from that black hole. We still have a lot of work to do to make Region Five work the way we want it to be working, but together we will get the job done.

We did well in hiring Cheryal Lee Hills as our new Executive Director. Thank you to Cheryal for the tremendous amount of work you have accomplished in the short time you have been here. We love your attitude.

Ann, Chris, Crystal, Thank you for all your work and support. Through these trying times without your support we would have failed. Thanks again!

2007 will be a year with many demands and challenges for us, but when the going gets tough, the tough get things done!

Thank you all for your support.

A handwritten signature in cursive script that reads "Eugene Young". The signature is written in black ink and is positioned above the printed name.

Gene Young, Chairperson
Region Five Development Commission

COMMISSION MEMBERSHIP
(As of June 30, 2006)

CASS COUNTY REPRESENTATIVES

Robert Kangas, Pine River
Erick Hedren, Hackensack
William Bliss, Longville

Board of Commissioners
Municipalities
Town Boards

CROW WING COUNTY REPRESENTATIVES

Gary Walters, Baxter
Justin Bolz-Andolshek, Pequot Lakes
Mark Platta, Brainerd

Board of Commissioners
Municipalities
Town Boards

MORRISON COUNTY REPRESENTATIVES

Tom Wenzel, Little Falls
Duane Johnson, Swanville
Paul Nieman Jr., Little Falls

Board of Commissioners
Municipalities
Town Boards

TODD COUNTY REPRESENTATIVES

Mark Blessing, Staples
Nathan McLaughlin, Clarissa
Alan Perish, Browerville

Board of Commissioners
Municipalities
Town Boards

WADENA COUNTY REPRESENTATIVES

Lane Waldahl, Wadena
Jeanette Baymler, Wadena
William Kern, Verndale

Board of Commissioners
Municipalities
Town Boards

CITY OF BRAINERD REPRESENTATIVE

Lucy Nesheim, Brainerd

City of Brainerd

COUNCIL OF GOVERNMENTS

Gene Young, Little Falls

Little Falls Area COG
Leech Lake Tribal Council

REGION FIVE SCHOOL BOARDS

Judith Taves, Wadena
Douglas Hamilton, Pillager

School Board Representative
School Board Representative

SPECIAL INTEREST GROUPS

Robert Becker, Pine River

Soil & Water Conservation
District

REGION FIVE DEVELOPMENT COMMISSIONERS



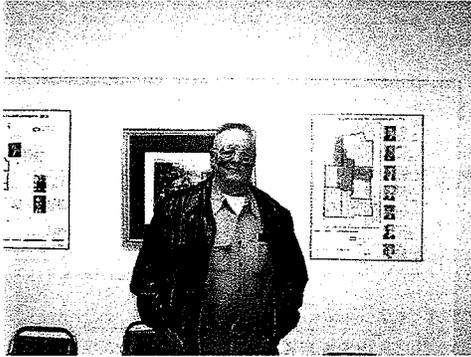
1st Row: Mark Blessing, Lucy Nesheim, Judy Taves

2nd Row: Robert Becker, Tom Wenzel, William Kern, Alan Perish, Erick Hedren, Mark Platta

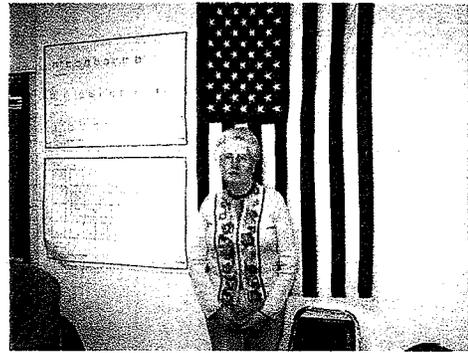
3rd Row: William Bliss and Paul Nieman Jr

Not Pictured: Jeanette Baymler, Justin Bolz-Andolshek, Douglas Hamilton, Duane Johnson, Nathan McLaughlin, Lane Waldahl, Gary Walters and Gene Young.

BOARD OF DIRECTORS
(As of June 30, 2006)



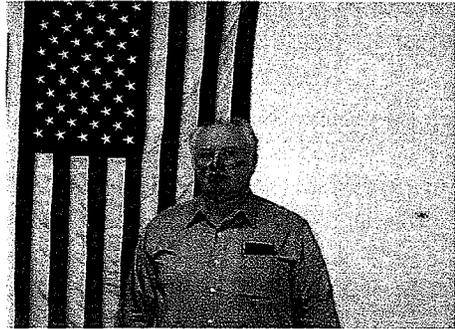
Gene Young, Chairperson



Jeanette Baymler, Vice-Chairperson



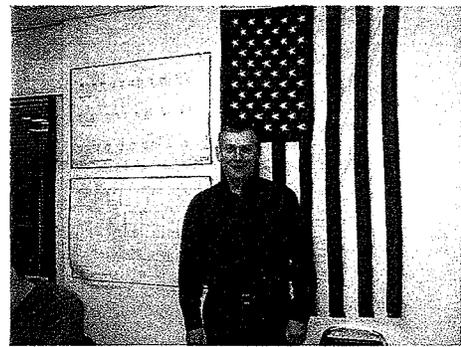
Justin Bolz-Andolshek, Secretary



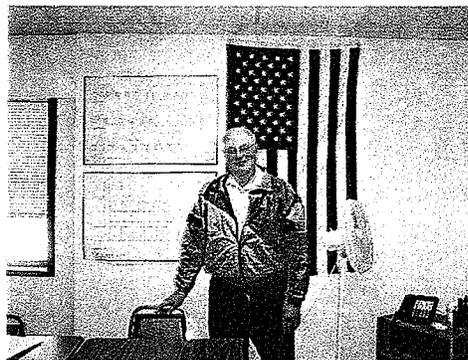
Alan Perish, Treasurer



Erick Hedren, Director



Douglas Hamilton Director



Tom Wenzel, Director

STAFF

(As of June 30, 2006)

ADMINISTRATION

Cheryal Hills, Executive Director
Crystal Riddle, Office Manager



ECONOMIC DEVELOPMENT

Anne Hanson, Economic Development Assistant

HOUSING

Anne Hanson, Housing Assistant

TRANSPORTATION

Chris Etzler, Transportation Coordinator


Region Five
DEVELOPMENT COMMISSION

ADVISORY COUNCILS/TASK FORCES

(As of June 30, 2006)

ECONOMIC DEVELOPMENT

Lucy Nesheim

REPRESENTING

City of Brainerd

TRANSPORTATION COUNCIL

Jim Demgen, East Gull Lake
Dave Enblom, Walker
Duane Blanck, Brainerd
Jeff Hulsether, Brainerd
Steve Backowski, Little Falls
Jerry Lochner, Little Falls
Duane Lorsung, Long Prairie
Russell Larson, Wadena
Steve Voss, Brainerd
Vacant
Bob Erdrich
Pam Jenson
Trevor Walter, Baxter
Tom Wenzel
Steve Kleeberger

REPRESENTING

Region Five ATP Representative
Co. Hwy. Engineer, ATP Rep.
Co. Hwy. Engineer
City Engineer
Co. Hwy. Engineer
City Services Mgr.
Co. Hwy. Engineer
Co. Highway Engineer
District 3
Region Wide Aviation
Region Wide Railroads
Transit
City Engineer
Council Chairman
Leech Lake Tribal Council

COUNTY

Cass Co.
Cass County
Crow Wing County
Crow Wing County
Morrison County
Morrison County
Todd County
Wadena County
MN/DOT
Region Five Area
Region Five Area
Region Five Area
Crow Wing County
Morrison County
Cass County

Ex-Officio Members

Kevin Howieson

District 3

MN/DOT

Director's Report

Cheryal Lee Hills



It is safe to say that this has been a challenging year for Region Five. There have been several staff and program changes. Many wondered if there was a future for this organization, and I'm here to tell you.....there is!

I began my tenure at Region Five Development Commission on April 1, 2006 looking for "a challenge," and I found it.

The change has begun, and the first thing we accomplished was to discontinue the practice of only sharing what we "want" to be. Instead we have become accountable by sharing what we **"ARE" and what we "WILL" be.**

Sharing a vision is great, and asking for contributions to the vision is great.....but when the day ends.....if there are no positive outcomes of the vision, then we have wasted time and money.

It is evident in the following pages of this annual report that we ARE a great resource, and we ARE involved in those projects that make sense regionally. We ARE participating in productive partnerships, we ARE relevant problem solvers, and overall, we WILL have outstanding effectiveness as an organization that serves the communities within our region.

I have learned that Region Development Commissions – RDC's as a whole operate much like units of governments, however, need to be as responsive as private enterprise. I have witnessed that obtained balance by the other RDC's across the state.

During the restructuring and salvation of R5DC the support of the Executive Directors and support staff from the other Minnesota RDC's has been of enormous benefit. I would like to express sincere appreciation to the Minnesota Regional Development Organization – MRDO, for your mentoring support and for providing the legal services of Kevin Walli from the firm of Fryberger, Buchanan, Smith & Frederick, who assisted us with several legal issues.

I would regret not thanking Cliff Tweedale, the Executive Director of the Headwaters Regional Development Commission and past employee Jennifer Hawkins for their honest commitment and efforts to "rebuild" Region Five.

The support of the five counties we serve:, Todd, Wadena, Morrison, Cass and Crow Wing are the life line to this organization, and the commitment of the current commission members is to be commended. Special Thanks to Gene Young for his honest approach and great communication skills as our Chair. With a new plan, a new approach and a few more of the "right people on the bus," Region Five can be better than it has ever been.

It is clear that there are several organizations, units of government and communities of which have contributed to the efforts of Region Five. I am excited to work with this talented pool of people. I am confident that be looking for areas where Region Five can assist the local communities to meet their goals, and by working in the areas of need which are not yet being served, we will be on the path to achieve our mission.

ECONOMIC DEVELOPMENT

The Economic Development Department of Region Five serves as the federally designated Economic Development District of the region. This designation has enabled the Region Five counties to receive federal grants through the Economic Development Administration.

Technical assistance was provided to one community in the region in applying for US EDA infrastructure funds.

North Central Economic Development Association

The ED Department administers the EDA regional revolving loan fund for North Central Economic Development Association (NCEDA). The organization maintains a 501 c(3) status and has its own full corporation and board of directors. The NCEDA Full Corporation met twice in FY06 and the NCEDA Board of Directors met 12 times. In 2006 eleven loans were closed, 85 jobs were created/retained, NCEDA distributed over \$385,500 and leveraged almost \$5 million in private sector investment. 5 businesses were located in Cass County, 1 each in Crow Wing, Morrison and Todd Counties and 3 in Wadena. The average loan amount for last year was just over \$35,000.



*Anne Hanson
ED Assistant*

We currently have 45 loans outstanding. At FY end, funds outstanding total just over \$1.3 million and funds available are over \$463,000. The optimum available balance is 25% for each account; they are presently 26% and 21% respectively. Funds in the #300 and #320 accounts (balance \$331,106) are available to all five of the counties; funds in the #330 account (balance 132,567) are available to all counties except Crow Wing.

One loan of \$46,100 was charged off this year. Since the loan fund began in 1986 there have been 15 loans charged off. The total amount borrowed was \$264,000 and the amount charged off was \$160,429; interest collected was \$40,500. It is interesting to note that of the fifteen loans charged off four of them had no owner's equity injection of cash. Overall default rate on NCEDA loans is about 8%. Region Five provides subordinate, gap funding in participation with area lenders; these loans are a bit riskier and is the portion that the local lender is not comfortable with.

Region Five partnered with other local economic development professionals in 2005 and continued the practice in 2006 of holding informational sessions in each of the five counties to acquaint financial officers in Region Five with funding guidelines and lending opportunities that are currently available. The Small Business Development Center, Central MN Initiative Foundation, U.S.D.A. and Minnesota Business Finance Corporation also showcased their programs. Lenders were asked to express/share the opinions, ideas and needs of their particular institution. All of these meetings were well attended and was a way to remind lenders that Region Five provides gap funding for start-up and expansion of regional businesses. These lenders provide the initial contact information to applicants of NCEDA funding.

Job Opportunity Building Zone Administration

The JOB Zone Administrator's report was submitted in June 2006. A total of thirty projects have been approved since the program began in FY2004. Twenty JOBZ projects were completed in the first year. This slowing down of JOBZ projects was anticipated by state officials in year two of the 12 year program. A prevailing wage statute was added to JOBZ in 2005 that is also contributing to the slow down. In July 2006 a new minimum wage of \$10.58 will take effect for new applicants in the program (110% of the U.S. poverty threshold). Over 73% of the 2005 projects involved manufacturing companies that offered an average of \$11.80 per hour in wages and benefits (statewide the average for 2005 was \$11.41). 45% of the projects involved business expansion, another 45% relocated, generally from within the same community. There was one business startup, a plastics manufacturer. This 2005-2006 activity has created/retained over 406 jobs in Region Five and over 356 of these jobs were related to manufacturing. Over \$8 million in capital investment was generated. Region Five maintains a JOBZ website for the five-county region that can be accessed at: http://www.regionfive.org/economic_development/tax_free_zones.html

Collaborative Initiatives

Network 5 meetings were held bi-monthly in various locations throughout Region Five. Each meeting was attended by 20-40 participants. Speakers were provided at each meeting and included representatives from University of MN Extension, the Center for Rural Policy and Development, Home Town Minnesota and the Minnesota Department of Employment and Economic Development (DEED). Organizations such as EDA, DEED, and USDA have been represented at each meeting, as well as local economic development organizations. These meetings have reinforced a strong economic development presence in Region Five and are essential to developing and maintaining connections to development and funding organizations for the future of the region. Funding to sustain this group was provided by MN Power in May 2006. It should be noted that guests from other parts of the state have attended Network 5 meetings in hopes of forming a similar group in their own area. Many of the guests have stated that the free exchange of information, cooperation and networking found in this group is refreshing and unique.

An Economic Development Advisory Council comprised of regional and state economic development professionals was formed in 2006. This group initially met three times during the year to identify assets and barriers and to develop a five-year vision for the future of the area. The council will also aid in the development of the yearly Comprehensive Economic Development Strategy (CEDS) document. Expectations are for this group to meet twice a year to review the needs and offer direction and focus for the growth of the region.

Region Five collaborated with Initiative Foundation, BLADC, Mille Lacs Band Corporate Commission and others to spearhead the Enterprise Network System Analysis (ENSA) working group. A grant for a consultant was written by Region Five staff and approved by the Initiative Foundation. The system helps identify manufacturing clusters and related opportunities for business growth. Early in 2006 the RFP was sent out for a consultant experienced in data analysis. A 15 member steering committee was formed with private and public sector members to guide this process in cooperation with the consultant and will identify a target industry to concentrate efforts. This three month project will identify companion industries that will strengthen existing businesses in the region. Funding for this project was provided by the Initiative Foundation and MN Power.

REGIONAL TRANSPORTATION INITIATIVES PROGRAM

Administration

Mn/DOT Grant Administration

Throughout the year staff has worked to fulfill the program obligations of the Minnesota Department of Transportation (Mn/DOT) planning grant contract by monitoring local, state and federal transportation programs.

Transportation Advisory Council

The Transportation Advisory Council (TAC) met four times during fiscal year 2006. Each meeting was coordinated and facilitated by the Region Five Transportation staff.



Chris Etzler

At the February meeting candidate projects for the 2009 and 2010 State Transportation Improvement Program (STIP) were reviewed and ranked. Table 1 lists projects that were awarded Federal Funds.

Table 1

Agency	Route	Project Description	Estimated Cost & Funding Source			
			Federal	Local	Local %	Total
2009 FUNDED FEDERAL PROJECTS						
Mn/DOT	RR Xing	Close Lttl Pine Tr Xing, construct cnctn to CSAH 36	\$200,000	\$0	0%	\$200,000
City of Brainerd / Crow Wing Co	Transit	Transit Vehicle replacement, PTMS Class: 400 - 2 Vehicles for 2009	\$96,000	\$24,000	20%	\$120,000
Wadena Co Friendly Rider	Transit	Transit Vehicle replacement, PTMS Class: 400 - 1 Vehicle for 2009	\$48,000	\$12,000	20%	\$60,000
Baxter City	New Route	Construct RR Crossing - Potlatch	\$251,200	\$62,800	20%	\$314,000
Crow Wing Co.	CSAH 4	Grading, Aggr. Base, Bit. Surfacing	\$912,000	\$228,000	20%	\$1,140,000
Brainerd City	MSAS 126	Reconstruction CSAH 48 to SW 4th St	\$640,000	\$160,000	20%	\$800,000
Morrison Co.	CSAH 12	Reconstruction	\$1,200,000	\$300,000	20%	\$1,500,000
Crow Wing Co.	CSAH 15	Bit surfacing of gravel shoulder for bikeway	\$222,660	\$55,665	20%	\$278,325
			\$3,569,860			
2010 FUNDED FEDERAL PROJECTS						
City of Brainerd / Crow Wing Co	Transit	Transit Vehicle replacement, PTMS Class: 400 - 1 Vehicle for 2010	\$49,600	\$12,400	20%	\$62,000
Baxter City	New Route	Construct RR Crossing - Cypress	\$242,400	\$60,600	20%	\$303,000
Todd Co.	CSAH 2	PM Bit Overlay, Agg shldr & Misc Sfty Imprvmts	\$560,000	\$140,000	20%	\$700,000
Cass Co.	CSAH 1 (N)	Grading, Aggr. Base, Bit. Surfacing	\$1,082,000	\$358,000	25%	\$1,440,000
Wadena Co.	CSAH 23	Grading, Aggr. Base, Bit. Surfacing	\$784,000	\$196,000	20%	\$980,000
Todd Co.	CSAH 24	Shldr Windeng, PM Bit Surfacing, Misc Sfty Impr	\$608,000	\$152,000	20%	\$760,000

Central Minnesota Area Transportation Partnership

Transportation staff also participated in several Area Transportation Partnership (ATP) activities including the development of the Area Transportation Improvement (ATIP) and State Transportation Improvements Programs. The development of the ATIP and STIP required coordination between local road authorities and state and federal funding sources. Staff coordinated the TAC's responsibility for reviewing FY2009 and FY2010 annual eligible federal project selection process, culminating in a well documented approved list of local priority projects.

Modal Transportation Activities

Transit

During the course of FY2006, Region Five Transportation staff continued to monitor regional transit service. Staff participated as a funding/ranking reviewed of applications for Section 5310 public vehicles in the Mn/DOT District 3 area, and provided application assistance to existing or new applicants.

In the fall of 2005 Region Five was asked by Cass County to determine the feasibility of a collaborative effort with existing area transit providers and Cass County to meet the counties needs for transit services. A short seven question survey was emailed or mailed to all of the systems operating around the borders of Cass County. A summary of the responses as well as a list of recommendations was given to Cass County.

In the spring of 2006 Region Five began working with Todd County on a Needs Assessment for transit services. That project is currently in progress with a survey having been mailed and tabulated.

Trails

Regional trails planning and inventory development moved forward in FY2006. Region Five assisted several communities and organizations with trails by either participating in their planning process, grant writing or technical assistance.

Mn/DOT District 3 Activities

Region Five staff has been involved in several District 3 activities. Those include the District's Long Range Transportation Plan, the Trunk Highway 210 Corridor Study, and the Brainerd/Baxter Origin & Destination study.

Local Road Authority Projects

Region Five completed a milestone project in 2005; the Scandia Valley Road Recording. This project had been several years in the works and thanks to hard work from the Township Board, County Commissioners and County staff this project is completed.

Staff continuously links with local road authorities to provide technical or projects assistance throughout the fiscal year. One ongoing program is township assistance with recording their public interest in existing town roads in county offices. Road system management concerns are assisted with draft or sample policies/ordinances customized to deal with local issues or concerns.

Inter-Regional/State-Wide Transportation Activities

Staff participates with other RDC Transportation Program activities through communications and quarterly planner meetings held throughout the state. Region Five staff is representing the RDC Transportation Planners on the Statewide Functional Classification Update Advisory Committee that is looking to have a system update this winter.

Major 2006 Projects

Public Transit/Human Service Coordination Plan

In July Region Five entered into a contract with Mn/DOT and the Department of Human Services to develop a local coordinated transit plan. To assist in the development of this plan Brenton Holper has been hired on. This project is currently underway and is set to be completed in November of 2006.

Regional Transportation Plan

Work is currently underway on a Regional Transportation Plan for Region Five. The Region Five Development Commission is authorized by state law (MS462.383-398) to carry regional planning efforts. The Region Five/MnDOT Annual Planning Grant Agreement includes responsibility for providing a Regional Transportation Plan that reflects historical and projected modal transportation system needs, funding responsibility, and projected funding sources to meet regional system requirements.

The State of Minnesota developed its first thorough state wide transportation plan in 1977, which took over four years to complete. Upon finishing that plan, state-wide Regional Development Commissions took on the task of completing their individual Regional Transportation Plans.

Region Five developed its first regional transportation plan in 1982, and updated it again in 1989 and again in 1992. It has been determined a new version of the regional perspective of the combined but separate road authority needs, responsibility, and funding, is in order. This includes the state, county, city, and town road systems.

The Regional Transportation Initiatives Program has undertaken to construct a new version of regional transportation efforts, needs, and funding, in an informational partnership with Mn/DOT District 3, and in a collaborative spirit with all local road authorities.

The expected completion date of this project is June of 2007.

Statewide Functional Classification Update Advisory Committee

Functional classification is the grouping of streets and highways into classes or systems according to the character of service they are intended to provide. Basic to this process is the recognition that most travel involves movement through a network of roads. Functional classification defines the role that any particular road or street plays in serving the flow of trips through an entire network.

Federal law requires states to develop and update a functional classification system. Minnesota's last update was in 1993.

The FHWA's guidelines provide the concepts, criteria, and procedures to be used to establish a functional classification system. The application of these guidelines will be overseen by an advisory committee consisting of Mn/DOT and local government stakeholders. Technical evaluation will be conducted by the Office of Investment Management and reviewed by both the advisory committee and local units of government. Local units of government, with assistance from the Regional Development Commissions and MPOs, will evaluate the system cooperatively. Final determination of the system will be made by Mn/DOT in cooperation with local units of government.

The anticipated completion of this update is fall of 2006.

Current Committees:

RDO Transportation Planners (Co-Chair)
Functional Class Updated Advisory Committee
TH 10/Wadena Technical Committee
City of Staples New TH 10 Committee
Brainerd/Baxter OD Study
BLACC RBC
ATP TE App Review Sub-Committee

To learn more about the Regional Transportation Initiatives Program visit www.regionfive.org and click on Transportation.

HOUSING DEPARTMENT – REPORT FOR FISCAL YEAR 2006

Staff has been busy in FY2006 completing and selling affordable housing as well as creating new marketing materials, providing information and program presentations to communities, recruiting program participants, applying for grants to supplement existing programs, completing necessary reports and data collection for all of its housing programs.



Anne Hanson

Affordable Housing

Fiscal Year 2006 was a year of change for the Housing Department as the department was downsized in order to curb costs and to become more efficient and competitive while providing affordable housing to WorkForce families. Late in FY2006 a licensed contractor was hired to oversee future construction projects undertaken by the region. As the year began, two Institution Community Work Crews (ICWC) were working full time, it soon became evident that there was not enough work for both of the crews and one was eliminated about half way through the year. Region Five arranged for the remaining crew to attend educational classes at Central Lakes College. The crew will receive instruction on OSHA safety practices and training in preferred construction methods. A series of "open house" viewings were held on Saturdays in Clarissa and Brainerd seeking qualified buyers. These houses have since been sold. The crew will be soon beginning work on multiple sites in the communities of Pequot Lakes and Brainerd. Three homes will be built on one sub-divided lot in Pequot Lakes next to the school. This lakes area location is growing over 50% faster than other communities in the state. Sharon Thurlow of Pequot Lakes HRA aided in the negotiations, procurement and development of these lots. It is our goal to have another five homes started and available for the crew to work on through the winter months.

In FY 2006, Region Five applied for and received a CASA funding grant from MHFA. Six low to moderate income families can receive up to \$130,000 each for the purchase of a home constructed by Region Five. Funding is accessed through Wells Fargo Bank of Baxter and currently consists of a below market interest rate for up to 40 years.

Self Help Housing

The Self Help Housing Program application was approved by USDA-Rural Development in September 2004. Construction by four qualifying families began immediately. The SE Brainerd homes were finished in the fall of 2005. The grant proposal was to complete twelve homes in the two-year grant cycle and we anticipated starting another construction group in the spring of 2007. Over three thousand flyers were distributed throughout Crow Wing and Cass Counties in employee pay envelopes, at retail stores, in area businesses and community centers. An ad was placed on the Charter Cable Realty channel that ran for 2 months and the program was promoted at the Crow Wing County Fair in August. Many, many applications were sent out and returned to USDA-Rural Development.

NCALL, the organization that oversees the program, suggested that the program be placed in suspension until January 2007. This would give us a little breathing room to identify the additional eight participants needed to complete the grant. The suspension in activities was approved by USDA-Rural Development and NCALL in April 2006. Recruiting efforts will continue through the summer months to enroll the needed families.

Bootstraps Homeownership Program

The Housing Department is also quite pleased to have participated in the creation of a new program - the Bootstraps Homeownership Mentoring Program - that will assist additional families in Crow Wing County to become successful homeowners. The program was one of ten initiatives funded throughout the Initiative Foundations fourteen county area. Bootstraps partners a family with a case manager and also a mentor that will assist them in addressing their homeownership goals, creating a realistic plan to meet that goal, and offer supportive assistance as they progress through their plan. The program is monitored by a steering committee made up of representatives from Region Five Development Commission, Brainerd HRA, Lutheran Social Services, as well as the case manager and a representative from the mentor group. The program was funded by a \$25,000 grant from the Initiative Foundation and also received supplemental grants from Bremer Bank and the Brainerd Lakes Area Community Foundation in the amount of \$1,000 and \$2,000 respectively. It was our goal to enroll at least twelve families in the program, along with at least six mentors, and assist eight of the twelve families in successfully entering a homeownership program within a fifteen-month time frame. During the past year, five families have purchased homes and the other enrolled families are continuing with their spending plans and working toward their homeownership goals. An additional four families have recently enrolled in the program.

Fix Up Fund

In the past year, nine homeowners in the region have received funding through the Fix Up Fund Loan Program. These loans totaling over \$165,000, allowed homeowners to increase energy efficiency, remodel kitchen areas, repair roofing, replace old windows and doors, and complete garage space in their individual homes.

Housing Advisory Committee

Also over the past year, the Housing Advisory Committee met six times to discuss housing issues and challenges that face organizations in rural Minnesota. Members exchange information on the programs, progress and initiatives they are working on and share what works and what doesn't.

After a review of the by-laws and structure requirements, the Region Five Development Commission decided to dissolve the R5DC Housing Advisory Committee.

ISTS

The Region Five Individual Sewage Treatment System (ISTS) program began in Wadena County in 2001 with funds provided by the Minnesota Department of Agriculture. Crow Wing (2002) and Cass (2003) counties elected to participate shortly after that. There have been minor changes to the program each year. Originally, the program was available only to low income residents. Since then, it has expanded to include anyone that can show repayment ability with preference given to year-round residents. 20 loan applications were received in FY2006; eighteen were approved, two were denied. To date 73 residents have accessed over \$365,000 through this program in the past five years; none of the loans have gone into default.

**Central Minnesota Council on Aging
Program Development and Coordination
in Region 5
July 1, 2005 to June 30, 2006**

A significant segment of Program Development & Coordination (PD&C) involves the state's Community Service/Services Development (CSSD) Grant program. The CSSD Grants are focused to provide services that will allow seniors to remain in their homes and out of long term care as long as possible. While the state makes the grants available, PD & C staff have the task of providing technical assistance to potential grant applicants in order to create strong, viable grant proposals. In addition, CMCOA provides on-going technical assistance for CSSD grantees and also provides a no-cost evaluation of grant proposals for our area organizations. In July of 2005, the state announced that eight organizations in Region 5 were awarded at total of nearly \$480,000. In May of 2006, five programs from four different organizations in Region 5 were awarded approximately \$675,000. As a result, 13 different programs in Region 5 received new funding to the tune of approximately \$1,155,000.

PD & C staff has taken a lead role in planning and implementing the Conference on Aging that takes place the first Wednesday of June each year in Staples. When CMCOA came onboard in 2004 the conference had 88 senior participants, only 14 vendors, no real sponsors for the event and charged seniors \$15 each to attend. Since CMCOA has been involved in planning the conference, it has grown to more than 200 senior participants, 32 vendors and 5 sponsors in 2006. In addition, seniors are now only charged \$5 to attend this daylong celebration.

The Todd County Aging Coordinator partnered with PD & C staff to create the Todd County Senior Services Provider Network (TCSSPN) that now meets bi-monthly throughout various sites in Todd County. While the group meets and shares agency information, the group's first task was to assess transportation options for seniors and to create an easy-to-read Senior Transportation Resource. One thousand "Repositional

Labels” were created and are being distributed to Todd County Seniors and their families. The entire project was financed by four partners in Region 5: Lakewood Health System, Senior LinkAge Line, Long Prairie Hospital and the Todd-Wadena Community Trust. The current focus of the network is to study senior housing options in Todd County.

In addition to the TCSSPN, PD & C staff meets with the Wadena Senior Council, Cass County Senior Service Providers, Todd County Council on Aging, Morrison County Healthy Community Collaborative and the newly formed Morrison County Senior Service Providers. CMCOA also has the lead in the North Central (Region 5) Senior Leadership Group.

In April of 2005, more than 120 seniors participated in the Training and Encouraging Senior Activity (TESA) event in Brainerd co-sponsored by CMCOA and the Lakes Area Senior Activity Center. As a result of this partnership aimed at physical activity for seniors, discussions are underway with Wadena County Public Health and in the Brainerd area to create additional senior exercise opportunities.

**Senior LinkAge Line® 2006 Call Volume
Face to Face**

Face to Face	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Stearns	67	121	79	90	65	43							465
Benton	21	31	23	20	10	11							116
Sherburne	15	3	5	9	7	10							49
Wright	7	40	44	64	9	11							175
Cass	14	5	12	15	15	17							78
Crow Wing	59	35	56	59	125	23							357
Todd	51	29	78	41	42	22							263
Morrison	14	42	11	49	22	8							146
Wadena	21	11	35	46	30	10							153
Pine	25	54	47	36	35	3							200
Kanabec	35	27	37	48	37	2							186
Mille Lacs	11	28	5	22	6	1							73
Chisago	6	13	11	11	2	0							43
Isanti	12	21	21	11	12	0							77
Other	18	9	16	20	29	6							98
Total	376	469	480	541	446	167							2479

SENIOR PROGRAMS

The Senior Outreach Specialists of the Region Five Development Commission were very active in 2005, primarily focusing on Medicare Part D education/outreach and enrollment. They also forged many relationships with health care providers and other service agencies within the entire five county area. The trained SHIP Volunteers were absolutely remarkable during this time period by donating hundreds of hours to the success of Senior LinkAge Line. The numbers listed below include the sessions/one-on-one visits our volunteers donated as well.



Sharon Notch

Sharon Notch (Todd, Wadena, Morrison Counties)
Total Calls: 4,422
Wadena County 26% of calls
Todd County 34% of calls
Morrison County 34% of calls
6% included Ottertail, Becker, Douglas County, etc.



Kathie Phillips (Partial Todd County and Cass/Crow Wing Counties)
Total Calls: 2,396
Cass County 16%
Crow Wing County 69% of calls
Todd County 10% of calls
5% included Becker, Clearwater, Mil Lacs, etc.

Kathie Phillips

Revenue Expenses Indirect Break Out

Fiscal Year Month		12							
Acct #	Description	Jun-06		100% % of Bdg	Jun-06		Jun-06		100% % of Bdg
		W/O Indirect BrkOut Budget	Actual		Indirect Budget	Actual	W Indirect BrkOut Budget	Actual	
400	Federal Grant Revenues	172,563	44,150	26%	0	0	172,563	44,150	26%
402	Local Tax Levy	201,110	241,255	120%	0	0	201,110	241,255	120%
403	Miscellaneous Revenues	425	9,269	2181%	0	1,841	425	11,109	2614%
404	Workshop Registrations	6,441	500	8%	0	0	6,441	500	8%
406	PYMTS FROM OTHER AGENCIES	104,500	70,893	68%	0	0	104,500	70,893	68%
407	Office Rent Received	0	114	0%	0	0	0	114	0%
408	FIX UP FUND ADMIN FEES	0	1,105	0%	0	0	0	1,105	0%
401	In-Kind Contributions	3,000	0	0%	0	0	3,000	0	0%
411	State Grant Revenues	50,000	50,000	100%	0	0	50,000	50,000	100%
412	Local Contracts & T.A.	235,636	104,873	45%	0	0	235,636	104,873	45%
413	Affordable Housing Sales	1,500,000	494,570	33%	0	0	1,500,000	494,570	33%
414	OTHER GRANTS/AWARDS	0	23,500	0%	0	0	0	23,500	0%
415	JOBz ADMINISTRATIVE INC	0	8,285	0%	0	0	0	8,285	0%
426	ISTS Loan NSF/Penalties	0	15	0%	0	0	0	15	0%
428	Principal Repaid	0	46,314	0%	0	0	0	46,314	0%
429	Origination Fees	1,300	2,896	223%	0	0	1,300	2,896	223%
430	Interest Income On Loans	4,700	6,960	148%	0	0	4,700	6,960	148%
431	FIX UP FUND RECRDNG FEES	0	207	0%	0	0	0	207	0%
432	FIX UP FUND REPAYMENTS	0	125,793	0%	0	0	0	125,793	0%
434	Sta Mkt Vlu Hmstd Cr Pmnt	17,481	20,782	119%	0	0	17,481	20,782	119%
435	Product/Service Income	1,000	18	2%	0	0	1,000	18	2%
436	Int Inc Deposits	1,853	1,958	106%	0	0	1,853	1,958	106%
	Total Revenue	2,300,009	1,253,457	54%	0	1,841	2,300,009	1,255,297	55%
500	Salaries	331,033	190,769	58%	89,522	94,871	420,555	285,640	68%
505	Fringe Benefits	126,739	53,096	42%	34,274	26,957	161,013	80,053	50%
507	PERA (Employer Share)	0	0	0%	0	10	0	10	0%
512	Unemployment Compensation	2,100	0	0%	0	0	2,100	0	0%
515	Consultants	1,250	18,489	1479%	500	18,847	1,750	37,335	2133%
516	Audit/Legal	1,625	7,409	456%	6,800	6,228	8,425	13,637	162%
517	Staff/Comm Travel - Meals	300	937	312%	1,100	503	1,400	1,440	103%
518	Internet Services	0	931	0%	0	150	0	1,081	0%
519	Meeting Expense Misc	325	764	235%	65	209	390	973	250%
520	Staff Travel - Mileage	3,215	6,465	201%	1,500	319	4,715	6,784	144%
521	Consultant Travel	0	201	0%	0	426	0	627	0%
522	Commission Travel	6,325	6,861	108%	0	0	6,325	6,861	108%
523	Commission Per Diem	14,700	13,950	95%	0	0	14,700	13,950	95%
526	Staff/Comm Trvl-Lodging	0	463	0%	500	85	500	548	110%
527	Staff Trvl Transportation	0	1,160	0%	150	87	150	1,248	832%
530	Reproduction & Printing	5,050	1,163	23%	1,500	692	6,550	1,855	28%
531	Telephone	0	2,116	0%	8,670	8,058	8,670	10,175	117%
532	Rent	8,098	414	5%	14,407	11,252	22,505	11,666	52%
533	Staff Car	7,976	3,189	40%	920	(879)	8,896	2,310	26%
534	Postage	1,430	1,935	135%	4,600	3,035	6,030	4,970	82%
535	Office Supplies	950	2,246	236%	6,145	3,633	7,095	5,880	83%
536	Lease: Office Equipment	10	0	0%	7,500	9,084	7,510	9,084	121%
537	Computer Supplies	2,000	43	2%	200	1,054	2,200	1,097	50%
538	JOBZ Marketing Expenses	0	120	0%	0	0	0	120	0%
539	Equipment Supplies	0	0	0%	1,000	640	1,000	640	64%
540	Insurance - Office	0	0	0%	9,960	17,888	9,960	17,888	180%
541	Equipment	15,000	1,961	13%	0	297	15,000	2,258	15%
542	Maintenance - Equipment	1,120	0	0%	8,000	3,592	9,120	3,592	39%
543	Maint Agreements - Office Equip	0	101	0%	0	542	0	643	0%
545	Books, Maps & Memberships	4,600	1,560	34%	3,550	2,921	8,150	4,481	55%
546	Maint Agrmts-Cmptr Sftwr	0	874	0%	0	532	0	1,405	0%
547	Program Marketing	0	60	0%	0	0	0	60	0%
551	Debt Service Int Expense	50	11,967	23934%	0	0	50	11,967	#####
556	Consultant Meals	0	0	0%	0	23	0	23	0%
557	Consultant Lodging	0	0	0%	0	58	0	58	0%
560	REG FIVE SPNSRD WKSHP M/E	0	0	0%	0	482	0	482	0%
561	Subscriptions	0	0	0%	0	300	0	300	0%
562	Region Five Marketing	1,750	0	0%	0	0	1,750	0	0%
563	Workshop Expense	5,550	1,054	19%	1,000	0	6,550	1,054	16%
569	Bank Service Charges	0	13	0%	175	194	175	206	118%
570	Miscellaneous Expense	1,750	169	10%	5,000	1,249	6,750	1,418	21%
571	Depreciation	0	0	0%	26,000	0	26,000	0	0%
573	Document Storage/Destruct	0	0	0%	185	213	185	213	0%
575	Pmts. to Other Agencies	20,000	34,307	172%	0	0	20,000	34,307	172%
576	Loan Interest to Region Five	0	2,964	0%	0	0	0	2,964	0%

Revenue Expenses Indirect Break Out

Acct #	Description	Jun-06		100% % of Bdgt	Jun-06		Jun-06		100% % of Bdgt
		W/O Indirect BrkOut Budget	Actual		Indirect Budget	Actual	W Indirect BrkOut Budget	Actual	
577	Cr Bur Rpts\Othr Ln Csts	0	1,285	0%	0	0	0	1,285	0%
578	Loan Closing Costs	0	329	0%	0	0	0	329	0%
579	Loans Disbursed	0	162,370	0%	0	0	0	162,370	0%
580	Nwsppr/Radio/Other PSA	0	479	0%	100	2,631	100	3,110	3110%
597	Indirect Costs	233,323	214,342	92%	(233,323)	(214,342)	0	0	0%
701	TRAVEL - LOCAL	13,857	421	3%	0	0	13,857	421	3%
708	OFC EQUIP - CELL PHONE	0	345	0%	0	0	0	345	0%
712	SITE TOOLS - TRAILER	0	15	0%	0	0	0	15	0%
713	SITE TOOLS - MISC CONSTR	0	3,351	0%	0	0	0	3,351	0%
715	SITE TOOLS - MISC	0	(3,349)	0%	0	0	0	(3,349)	0%
721	SUPPLIES - PPRLTRHD\ENV	0	106	0%	0	0	0	106	0%
729	SERVICES - ADV/OTHER	0	331	0%	0	0	0	331	0%
731	OTHER - RENTAL	0	43	0%	0	0	0	43	0%
732	OTHER - UTILITIES	0	415	0%	0	0	0	415	0%
733	OTHER - MAINT	0	33	0%	0	0	0	33	0%
753	VAF - MILEAGE	0	146	0%	0	0	0	146	0%
	Total Direct Expenses	810,126	748,412	92%	0	1,840	810,126	750,252	93%
601	Framing Materials	0	99,028		0	0	0	99,028	
602	Foundation Materials	0	0		0	0	0	0	
603	Roof System/Roofing	0	0		0	0	0	0	
604	Wall Panels	0	5,756		0	0	0	5,756	
605	Utilities Hook-up	0	0		0	0	0	0	
606	Paint/Stain/Varnish	0	746		0	0	0	746	
607	Flat Work/Footings	0	18,422		0	0	0	18,422	
608	Floor Coverings	0	15,643		0	0	0	15,643	
609	Appliances	0	3,968		0	0	0	3,968	
611	Cabinets/Counters	0	8,317		0	0	0	8,317	
612	Gravel/Backfill	0	3,798		0	0	0	3,798	
613	Rentals	0	14,706		0	0	0	14,706	
614	Other Costs	0	5,688		0	0	0	5,688	
615	Crew Chief	0	107,472		0	0	0	107,472	
616	ICWC Crew	0	23,114		0	0	0	23,114	
617	Electrical	0	21,755		0	0	0	21,755	
618	Plumbing	0	27,115		0	0	0	27,115	
619	Heating	0	36,148		0	0	0	36,148	
620	Excavating/Site Prep	0	10,910		0	0	0	10,910	
621	Landscaping	0	13,961		0	0	0	13,961	
622	Water/Sewer Hookup	0	0		0	0	0	0	
623	Acquisition Lot	0	85,325		0	0	0	85,325	
624	Acquisition Specials	0	0		0	0	0	0	
625	Adm Overhead	0	240		0	0	0	240	
626	Insurance/Taxes/Permits	0	2,931		0	0	0	2,931	
627	Legal Fees/Appraisal	0	1,675		0	0	0	1,675	
628	Advertising/Marketing	0	1,045		0	0	0	1,045	
629	Development Fee	0	22,281		0	0	0	22,281	
630	Maint./Repair/Warranty	0	5,771		0	0	0	5,771	
631	Closing Costs	0	535		0	0	0	535	
633	Abstract/Title search	0	329		0	0	0	329	
635	Deed Tax	0	0		0	0	0	0	
636	Recording Fees	0	690		0	0	0	690	
638	Other Costs	0	(3,572)		0	0	0	(3,572)	
639	Drywall	0	0		0	0	0	0	
640	Home Inventory Contra	0	0		0	0	0	0	
645	HOUSING CONT (BDG ONLY)	1,481,868	778		0	0	1,481,868	778	
646	Utilities - Elec	0	339		0	0	0	339	
647	Utilities - Gas	0	1,624		0	0	0	1,624	
648	Utilities - Water	0	495		0	0	0	495	
649	Interior Finish Supplies	0	1,035		0	0	0	1,035	
	Total Housing Construction	1,481,868	538,068	36%	0	0	1,481,868	538,068	36%
	Total Expenses	2,291,994	1,286,480	56%	0	1,840	2,291,994	1,288,320	56%
	AGENCY BALANCE	8,015	(33,023)		0	0	8,015	(33,023)	

Miller, McDonald, Erickson & Koller, Ltd.

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**AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH THE MINNESOTA LEGAL COMPLIANCE AUDIT GUIDE
FOR LOCAL GOVERNMENT**

Board of Directors
Region 5 Development Commission
Staples, Minnesota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Region 5 Development Commission as of and for the year ended June 30, 2004, which collectively comprise Region 5 Development Commission's basic financial statements and have issued our report thereon dated October 1, 2004.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the State Auditor pursuant to Minnesota Statutes 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Minnesota Legal Compliance Audit Guide for Local Government covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all of the listed categories.

The results of our test indicate that for the items tested, Region 5 Development Commission complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Board, management of the Commission, and the Office of the Minnesota State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Miller, McDonald, Erickson & Koller, Ltd.

October 1, 2004
Bemidji, Minnesota