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Region Five

DEVELOPMENT COMMISSION

Annual Report

2009

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*Five Counties,
One Vision,
One Source!*



Chairman Mark Blessing:

Greetings and salutations to all,

It is with great pleasure and humility that I submit this letter to a great active working board, executive director and “team” players, for without this small “family” we would not have been able to accomplish our goals for 2009.

2009 has been a good year for Region Five Development Commission and we have accomplished many of our goals, all of which are stated in the program highlights for the FY2009 Work Plan. The commission and staff are to be congratulated on the significant reduction of debt and the implementation of this rigorous plan. The following is a brief overview of a few highlights that I would like to make note of:

Economic Development Association (EDA): In 2008, the University of Minnesota Crookston became designated as Minnesota’s official EDA University Center. Region Five Development Commission will be receiving assistance through the university with the regional trails inventory project, which will illustrate the many trail systems including; waterways, snowmobile, ATV, biking and hiking trails, which should improve regional tourism and the industries it serves.

Regional Training: Region Five was selected as one of two pilot project sites in Minnesota for EDA approved training.

Transportation: Region Five has a very active and aggressive Transportation Advisory Committee (TAC) which fully supports and defends its position on transportation projects within the region and has the courage, tenacity, and wisdom of “give and take” within each county to improve the region as a whole. Chris Etzler, Transportation Planning Director, is at the top of his game with these programs. Also, for the first time, members from Region Five (Cheryal, Chris, Lee and myself) visited with 12 legislators at the state capitol in April who serve the Region Five counties. I personally didn’t think much of this idea at first, talking with legislators who seem to have their own agenda, but let me tell you, they were open and considerate, listening to us and our ideas. They were grateful for our regional concept and how our counties work together to solve regional issues. By the end of a very long day, I really felt good about what we all accomplished that day.

Independent Septic Treatment Systems (ISTS): Originally, this program was available to assist only low income individuals. It has grown considerably and now includes anyone that can show the ability for repayment. Since 2001, 103 residents have accessed almost \$500,000 to improve or replace their residential septic systems.

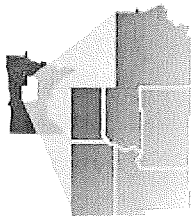
A couple of other objectives that were met are; Township newsletters have continued with great success and are now being sent paperless only to the townships with in the

region. Newsletters have various topics that are beneficial for townships to utilize. Regional meetings with county administrators were also attended to discuss potential collaborative initiatives.

In closing, Region Five Development Commission had a bountiful year. Our audit for FY2008 went well and it showed that we are in great shape financially. My heart felt congratulations to the commission and staff, (team players) of Region Five. Your cohesiveness makes my job as chairperson a task easily maintained. Thank you all for your support.

Respectfully submitted:

Mark C. Blessing
Chairperson



COMMISSION MEMBERSHIP

***Also serves on Board of Directors**

CASS COUNTY REPRESENTATIVES

Robert Kangas, Pine River

Board of Commissioners
Municipalities
Town Boards

*William Bliss, Longville

CROW WING COUNTY REPRESENTATIVES

Rosemary Franzen, Baxter

Board of Commissioners
Municipalities
Town Boards

*Brian Lehman, Nisswa

Mark Platta, Brainerd

MORRISON COUNTY REPRESENTATIVES

*Tom Wenzel, Little Falls

Board of Commissioners
Municipalities
Town Boards

Paul Nieman Jr., Little Falls

TODD COUNTY REPRESENTATIVES

*Mark Blessing, Staples

Board of Commissioners
Municipalities
Town Boards

*Alan Perish, Browerville

WADENA COUNTY REPRESENTATIVES

Dave Schermerhorn, Wadena

Board of Commissioners
Municipalities
Town Boards

Joel Quance, Staples

*William Kern, Verndale

CITY OF BRAINERD REPRESENTATIVE

Lucy Nesheim, Brainerd

City of Brainerd

COUNCIL OF GOVERNMENTS

Dave Becker, Little Falls

Morrison County COG

REGION FIVE SCHOOL BOARDS

Sharon Ballou, Little Falls

School Board Representative

Jody Bjornson, Menahga

School Board Representative

SPECIAL INTEREST GROUPS

*Robert Becker, Pine River

Soil & Water Conservation

Craig Nathan, Wadena

MN Rural CEP

Delina White, Cass Lake

Leech Lake Tribal Council

R5DC COMMISSIONERS



1st Row: Dave Becker, Joel Quance, Rosemary Franzen, Dave Schermerhorn, Bob Becker, Maxine Norman

2nd Row: Mark Blessing, Tom Wenzel, Paul Nieman, Bill Kern, Sharon Ballou, Delina White, Craig Nathan

3rd Row: Brian Lehman, Jody Bjornson

Not Pictured: Andrea Lauer, Mel Rateike, Mark Platta, Alan Perish, Bob Kangas, Lucy Nesheim and Bill Bliss

Commissioner Committees

The following Committees will review potential program ideas with Staff persons. Chair persons will communicate program ideas to full Commission for review and direction.

Economic Development

Staff: Lee Miller

1. Chair: Lucy Nesheim
2. Bob Kangas
3. Jody Bjornson
4. Maxine Norman

Marketing

Staff: Ann Hanson

1. Chair: Bill Bliss
2. Delina White
3. Brian Lehman
4. Sharon Ballou
5. Bill Kern

Transportation

Staff: Chris Etzler

1. Chair: Mark Blessing
2. Dave Becker
3. Mark Platta
4. Tom Wenzel
5. Rosemary Franzen
6. Joel Quance
7. Paul Nieman, Jr.

Finance/ Budget/ Personnel

Staff: Nicky Larson/Cheryl Lee Hills

Chair: Mark Blessing

This committee is comprised of the Board of Directors and only meets to create a draft budget in early May:

Grant/Loan/Contract

Administration

Staff: Cheryl Hills

1. Chair: Alan Perish
2. Dave Schermerhorn
3. Bob Becker

<u>Board of Directors</u>	<u>Position</u>
Mark Blessing	Chair
Bill Bliss	Vice-Chair
Brian Lehman	Secretary
Alan Perish	Treasurer
Tom Wenzel	Director
Bob Becker	Director
Bill Kern	Director

ADMINISTRATION

Cheryal Lee Hills, Executive Director
Nicky Larson, Finance Director
Nicole Scheler, Office Specialist

TRANSPORTATION

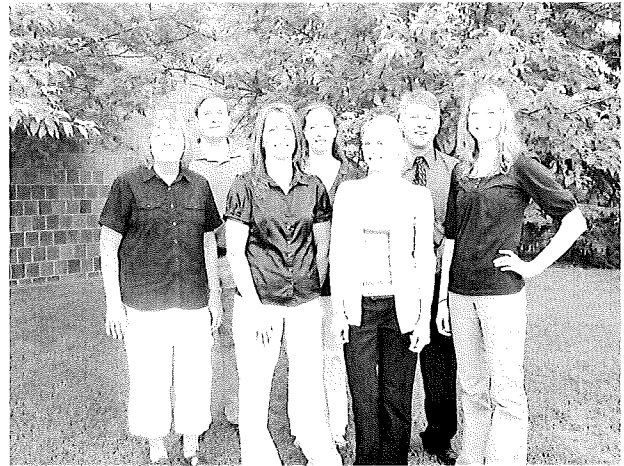
Chris Etzler, Transportation Director

ECONOMIC DEVELOPMENT

Lee Miller,
Economic Development Director
Anne Hanson,
Economic Development Assistant

LOCAL FOODS VISTA

Brittany Borck, VISTA Volunteer



Back row: Lee Miller, Nicky Larson, Chris Etzler. **Front:** Anne Hanson, Cheryal Lee Hills, Nicole Scheler and Brittany Borck

Mission Statement

The mission of Region Five Development Commission is to provide high quality, professional planning and development services through collaboration, assistance, and coordination with local units of government, organizations, and citizens.

Our principal objective is to enhance the vitality and quality of life in Cass, Crow Wing, Morrison, Todd, and Wadena Counties.

Our ROLE

Is to “fill the holes.” We do not attempt to duplicate efforts of the private, public or non-profit sectors. Our job is to help people, organizations and agencies meet their potential in our region and to facilitate any work that is not being done that will allow us to achieve our shared goals and missions.

Annual Report Purpose

To inform the Commission and the region of the staffs’ success in meeting the goals summarized in the Commission approved FY2009 Work Plan. It’s a way for the region to measure our value through the achievement of outlined objectives, benchmarks and goals.

Executive Director's 2009 Report

Cheryal Lee Hills



While there is no doubt that the economic climate change has created many challenges within our region over the last year, it has also produced certain opportunities. In efforts to serve the region, Region Five Development Commission – R5DC makes every effort to seize these opportunities.

Last year, Region Five Development Commission recognized and acted on opportunities within Economic Development, Transportation and Community Development; with specific projects in the areas of Natural Resources, Energy and Local Foods.

Through efforts outlined in *Department Highlights* of this Annual Report it is celebrated that the R5DC has assisted the private sector through initiatives, projects and loan programs in efforts to sustain/create jobs and workforce development opportunities. Additionally, R5DC has coordinated with the public sector to find opportunities that allow municipalities to work collaboratively to

make the best use of their resources and lastly, R5DC has assisted several non-profits through technical assistance and grant administration to achieve higher results and valued services for the people of our region.

Internally, the R5DC website has been updated and the organization converted to new technology hardware and software. The Commission and Staff are to be congratulated on the numerous achievements made over the last year, such as the significant reduction of debt achieved and the implementation of a rigorous outreach plan. Continuing to “live lean” and make the best use of our resources, I’m particularly proud of the quality and quantity of work achieved by our modest staff of SIX persons.

It is clear that there are several others who have contributed to the success of R5DC such as the regions Local Units of Government, Legislators, Chambers of Commerce, Initiative Foundation, The Minnesota Regional Development Organizations and of course the numerous Federal and State agencies we work with.

We pay special tribute to the private businesses that have worked with Region Five Development Commission on many projects over the last year. Together, we have achieved meaningful results and respectfully appreciate your interaction.



Program Highlights

JULY 1, 2007 - JUNE 30, 2008

Serving Counties:

Todd, Wadena, Crow Wing, Cass, and Morrison

The Commission members set forth Administration Objectives in the FY2009 Work Plan, as well as objectives for the three other core areas of organization which consist of; Economic Development, Transportation, and Grant/Loan and Contract Administration.

All of the Administrative objectives set forth have been achieved with measurable results. The objectives included; Advocating for Local Units of Government and residents of the region, providing outreach efforts of services and programs, developing MRDO relations to improve statewide Regional Development Commission value, maintaining an efficient accounting system, managing supportive functions of the Commission and maintaining a quality staff to perform the necessary work.

The subsequent ***Program Highlights*** illustrate the numerous ways Region Five advocates and provides technical assistance within the region.

Economic Development Department

The purpose of the Economic Development Department is to assist and lead regional economic development initiatives by providing planning guidance and technical assistance to local units of government, organizations, and residents of the region.



Lee Miller



Ann Hanson

Service Priorities:

The Economic Development Department of Region Five serves as the federally designated Economic Development District of the region. This designation enables the five county service area of the R5DC to apply for federal grant opportunities through the Economic Development Administration. This designation also charges the E.D. Department of the R5DC to oversee and assist with regional economic development planning and collaboration efforts.

These service priorities were outlined and approved by the Commission through five specific objective areas in the FY2009 Work Plan. This department met all five of the FY2009 Work Plan objectives and benchmarks.

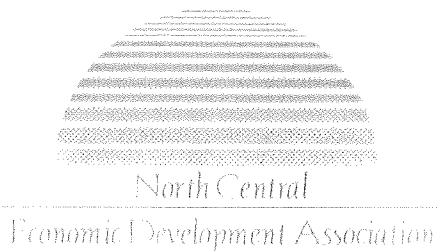
- Objective 1:** To effectively administer the approved EDA Revolving Loan Fund (RLF) program to promote business and industrial expansion within the region to create needed full-time jobs.
- Objective 2:** Continue to be designated as an approved district of the Economic Development Administration.
- Objective 3:** Continue to provide technical planning and grantsmanship services in the area of community and economic development to units of government and businesses in Region Five.
- Objective 4:** Maintain accurate/up-to-date community and economic development database.
- Objective 5:** Work with the State Department of Employment and Economic Development (DEED), MN Regional Development Organization (MRDO), and other regional entities in economic development effort that address needs of rural areas.

Comprehensive Economic Development Strategy (CEDS)

Economic Development planning is critical to the long-term well-being of an area. Economic Development activities around the region are guided by the assessments of current programs and the needs brought forward by key stakeholders of the Region through the Comprehensive Economic Development Strategy planning process. The Strategy or CEDS, as it is often referred to, consists of a five year plan with goals and objectives developed with input from citizens, businesses, and local economic developers.

The plan is updated by staff and reviewed by the U.S. Department of Commerce Economic Development Administration (EDA) annually. Components of the plan include analysis of the region and each county, including industry patterns, wage rates, unemployment rates, and education. It also includes a list of the goals and objectives as well as an outline of activities that have been pursued and will be performed in the coming year to achieve the goals that are outlined.

This service priority fulfilled Objective #2 in the 2008 work plan.



N.C.E.D.A./Revolving Loan Fund



The North Central Economic Development Association, Inc. (NCEDA) is a local non-profit

corporation established to administer Region Five's Revolving Loan Funds (RLF). The RLFs were created with federal and local dollars through the Region Five Development Commission. It offers gap financing for fixed assets and working capital for new and expanding businesses in Cass, Crow Wing, Morrison, Todd, and Wadena Counties.

Businesses must be located within the Region, be a for-profit corporation, partnership, or proprietorship, and be able to demonstrate ability to repay the loan.

Loans range from \$5,000 to \$100,000 and can be used for acquisition and/or improvement of land, buildings, and equipment; new construction or renovation of existing facilities; demolition and site preparation, machinery and equipment purchase; and working capital. Loan funds may not be used for professional fees, debt consolidation, and acquisition of real property for subsequent lease.

In 2009, five loans were closed, 133 jobs were created/retained, NCEDA distributed over \$225,000 and leveraged just under \$6 million in private sector investment. Two loans totaling \$80k have been approved and not closed. Five businesses were located in Cass County, two in Crow Wing County and one each in Todd and Wadena. The average loan amount for last year was just under \$46,000, up from last year's average of \$35,000. NCEDA currently has 48 loans outstanding. At the FY end, funds outstanding total just over \$1.4 million and funds available are over \$77,000. Staff is in the process of recapitalizing the loan fund. Existing and potential businesses in the region benefit from this gap funding. Overall default rate on NCEDA loans is about 8%.

Region Five partnered with other local economic development professionals in past and continued the practice in 2008 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 usually provide the initial contact information to applicants of NCEDA funding.

This service priority fulfilled Objective #1 in the 2008 Work Plan.

Update of the RLF Plan

In the spring of 2008, EDA made several changes to the regulations that govern RLFs that were capitalized utilizing EDA funding. One of these new regulations required RLF Plans to be updated every five years. The original plan was drafted and approved in 1986 and hadn't been updated since 1996. Most of the changes made were done to ensure compliance with the new EDA regulations. One of these requirements included making sure the goals and objectives of the RLF Plan were consistent with the goals of the CEDS. Also included in the updated Plan, is a clarified policy on the handling of delinquent and defaulted loans. EDA classifies delinquent as being arrears for 30-90 days and default as any loan past due for 90 days.

This service priority fulfilled Objective #1 in the 2009 Work Plan.

Network 5

Network 5 meetings continue to be held bi-monthly in various locations throughout the Region Five service area. Each meeting is usually attended by 20-40 participants. Speakers were provided at each meeting and included representatives from University of MN Extension, Energy Audit professionals, Minnesota Power, Crow Wing Power and Central Lakes College. Organizations such as 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 continues to be provided by MN Power.

This service priority fulfilled Objective #5 in the 2009 work plan.

EDA University Center - Crookston

In 2008, the U of M Crookston campus became designated as Minnesota's official EDA University Center. This designation is granted by the EDA and allows for the Center to apply for federal funding to be able to provide technical assistance to local units of government and economic development groups. The EDA Center's work plan for 2009 included five technical assistance projects throughout the state. Three of the five of these projects are located within Region Five.

The EDA Center will be helping draft a business plan and operational model for the Long Prairie Incubator building. The Long Prairie EDA and Region Five ED staff is also participating in these processes to ensure a practical and quality business model.

Todd County also successfully applied for technical assistance to help the county reevaluate the structure and composition of the county's current economic development organization.

Region Five also will be receiving assistance with the Regional Trails Inventory project that is being spearheaded by Chris Etzler, Transportation Department. The final product of this project will be a useful, interactive webpage that will illustrate all kinds of trails, including: waterways, ATV, snowmobile, etc. This regional inventory will hopefully help bolster the tourism industry, as well as help transportation officials make sound decisions regarding trail planning.

Region Five staff also participated with other Regional Development Commissions in partnering with the EDA Center and completing a rural broadband study. The results of this statewide survey will be utilized by the Governor's Broadband Taskforce.

This service priority fulfilled Objective #5 in the 2009 work plan.

Long Prairie Incubator Building



Former Director of Economic Development, Neil Linscheid, in collaboration with the City Administrator of Long Prairie, wrote and submitted a grant application to assist in the construction of a 15,000sq/ft. business incubator building in the City of Long Prairie. The 60+ page document was submitted to the Economic Development Administration and requested that over \$600,000 be awarded to match the City's contribution to this project.

As of the close of the FY 2008, the application was approved at the regional level in Chicago and forwarded to Washington D.C. for final authorization. This project aims to be completed within 6 months of final approval. It is predicted that this project will result in the creation of 150 jobs and investment of \$1.6 million of private funding in Todd County within 9 years of the start of this project. *This service priority fulfilled Objectives #3 & 5 in the 2009 work plan.*

Ah-Gwah-Ching Campus Technical Assistance Grant

Economic development staff have been assisting the Cass County Economic Development Corporation and the Critical Access Healthcare Taskforce in their efforts to redevelop the former Ah-Gwah-Ching campus near Walker. Staff completed an EDA technical assistance grant for the project in early spring. The 50% matching grant would fund a financial feasibility study. The purpose of the study is to determine and define the roles and financial commitment of a potential collaborative that is comprised of multiple healthcare providers. This project is currently on hold, as the partners are considering incorporating an Indian Health Services Satellite Clinic as part of this redevelopment. Once a

decision has been made regarding the involvement of the Leech Lake Band of Ojibwa, the appropriate changes will be made to the grant application and then submitted.

This service priority fulfilled Objective #3 in the 2009 work plan.

Todd County Livestock Advisory Council

Staff has been serving as an ex-officio member to the newly created Todd County Livestock Advisory Council. Agriculture and related businesses comprise the majority of Todd County's economy. The formation of a group such as this for Todd County is long overdue. The main purpose of the Advisory Council is to enhance the livestock industry in Todd County using various methods. The Advisory Council's official mission statement is "To promote the long term viability of the livestock industry through proactive planning, political advocacy, education and partnerships with producers, businesses, governments and residents."

The Advisory Council plans to address many of the local issues affecting animal agriculture in Todd County. A top priority of the group is public relations with the non-farming population; therefore, the group is organizing the first Annual "Todd County Breakfast on the Farm". The event will take place on Saturday, June 27, from 7:00–10:00 AM, at the Jeff and Korinna Rohde Dairy near Grey Eagle. The event will include a breakfast with pancakes and sausage along with beverages, tours of the dairy facilities, booths for various organizations to educate and inform the attendees, and a petting zoo. The main purpose of the event is to increase agricultural awareness and spread a positive message about modern agriculture industry. *This service priority fulfilled Objective #3 & 5 in the 2009 Work Plan.*

Wadena County Economic Developer Feasibility Study

As a result of discussions with and amongst several groups in Wadena County, a need had been indicated to have an economic developer to represent the entire County and guide economic development efforts. In the spring of 2008, the R5DC was awarded the contract to conduct a feasibility study on this issue. As a result of this study, Wadena County will receive the necessary data and research needed to make a decision as the viability and sustainability of an economic developer for the County. This project is currently

underway and will be completed by early fall of 2008. *This service priority fulfilled Objective #3 in the 2008 work plan.*

Job Opportunity Building Zone (JOBZ) Administrator

The Job Opportunity Building Zones (JOBZ) initiative is a state economic development incentive program that was created in December of 2003 to stimulate economic development in rural areas of the state. Over 3000 acres of land in the Region 5 service area have been designated as “tax free” through this program. The program allows qualifying businesses that locate on a JOBZ qualified parcel, to receive tax exemptions from corporate taxes, individual taxes, sales and use taxes, most property taxes, and the wind energy production tax through 2015. Region 5 is the regional administrator of this program. Staff contacts all the JOBZ participants and collects the necessary information to file annual reports for the State of Minnesota. To date, over 55 businesses in the Region 5 service area have utilized the benefits of the JOBZ program.

This service priority fulfilled Objective #5 in the 2008 work plan.

Know Your Region Training

The R5DC was selected as one of two pilot sites in Minnesota for EDA approved training titled “Know Your Region.” Neil Linscheid of the U of M Extension Service conducted the training on May 22nd as a kickoff event for the CEDS process. The training has not been formerly launched yet, but will become mandatory nationwide for CEDS Committee members in one to two years. The purpose of the training is to help economic development practitioners, elected officials, business and community leaders, and others establish a common framework and language for regional economic development planning. Staff is hopeful this training will result in an improved CEDS document.

This service priority fulfilled Objective #5 in the 2009 Work Plan.

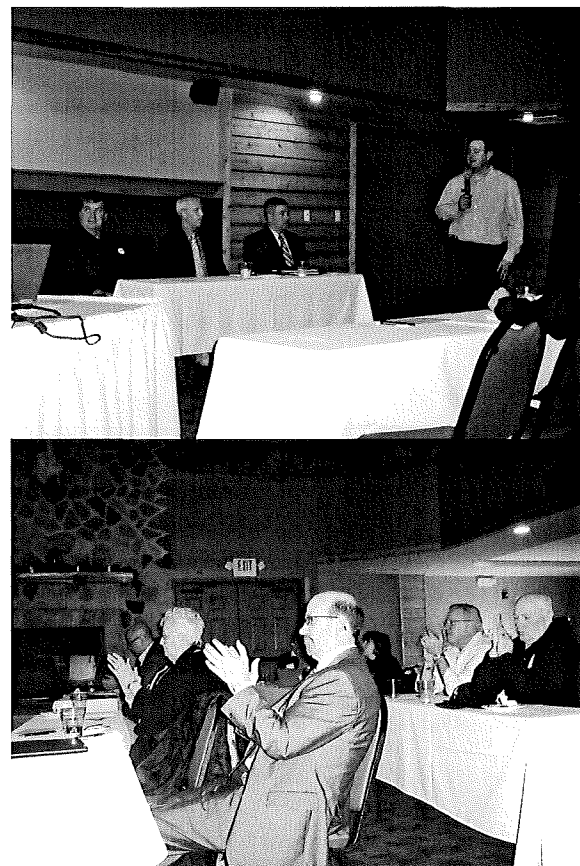
Business Retention & Expansion Workshop

U of M, Extension Services held a Business Retention and Expansion workshop at our

Staples offices on November 13th. Miller coordinated visits with local businesses for hands on experience. Participants received classroom instruction before going out into the community to conduct site visits with real businesses. The U of M facilitator stated this was the largest turnout ever for this event in the four years they have been conducting the workshop. *This service priority fulfilled Objective #5 in the 2009 Work Plan.*

LUG Fiscal Hardships Workshop

Presentations from the Association of MN Counties and from the Association of MN Townships on the status of the local units of governments served by their organizations as well as an overview of bonding issues from David Drown Associates. A lively discussion on how LUG's could share resources or training opportunities was documented and posted on the R5DC website.



Manufacturer Networking Group

Staff is working with representatives from DEED, a handful of local manufacturers and a few local economic developers in the formation of a networking group for manufacturers. The idea for this group came from discussions and visits that took place with businesses during the Business Retention & Expansion workshop that R5DC hosted. As a result of the BR & E workshop, two local manufacturers connected and determined that work that was previously done outside of Minnesota could be completed by a shop across town.

Preliminary goals of this initiative are to increase local supply chains and to establish a system to couple businesses together that share similar product needs to create greater purchasing power, allowing the businesses to receive better prices for parts and products. The first meeting of this group will be held during the summer of 2009.

This service priority fulfilled Objective #5 in the 2009 Work Plan.

Grant Projects in Progress

Staff is in the initial stages of two major grant projects. One project is at the request of the City

of Motley. Motley greatly needs to upgrade their wastewater treatment system. The City has estimated the initial capital improvements at \$2.9million, of which the City has proposed to assess \$2million of the cost to two companies in town. The assessment to the companies is based upon usage and system strain. The grant request is estimated to be around \$1.2million. Staff will pursue this project through EDA or USDA funding programs. This project is on hold until the two companies finish internally evaluating the appropriateness of the assessment method and to determine if there are any cost-effective methods of significantly reducing the companies' discharge to the current system.

At the request of the City of Little Falls and Community Development of Morrison County, staff will be providing grant writing services for an EDA grant program. The purpose of the project is to construct a paved roadway into the City's Chief-Hole-In-The-Day Industrial Park to service two businesses that have recently moved there. Total project cost is estimated to be The application was slated for completion near the end of FY 2009, but may not be submitted until early FY 2010. *This service priority fulfilled Objective #3 & 5 in the 2009 Work Plan.*

ECONOMIC DEVELOPMENT COMMITTEES

NCEDA Full Corporation:

** Loan Board members*

<u>Name</u>	<u>Representing</u>
*Patrick Smith	Crow Wing County Municipality, Chairman
* Cy Struss	Cass County
Dennis Plautz	Cass County Municipality
Patrick Rafferty	Cass County EDA
James Kraft	Crow Wing County
*Conrad Bye	Crow Wing County EDA
Jon Vetter	Morrison County
Bonnie Lampert	Morrison County Municipality
*Peter Vogel	Morrison County EDA
Nathan Mathews	Todd County
*Julie Baum	Todd County Municipality
Daniel Beach	Todd County EDA
Bill Stearns	Wadena County
Dean Uselman	Wadena County Municipality
*Jerel Nelson	Wadena County EDA
*Lucy Nesheim	Region Five – ExOfficio

ED Governing Body:

Economic Development Governing Body

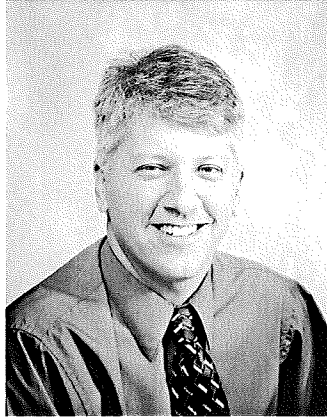
The governing body was formed in response to a change in EDA regulations in 2007 which requires input from the business sector on projects proposed throughout the region in upcoming years. The governing body is comprised of commission members and representatives of the business community. This body provides input on the priority of economic

development projects proposed for the area. The governing body convenes once per year prior to a regularly scheduled commission meeting.

ED/CEDS Advisory Council:

Patrick Smith
Brigid Tuck
Dean Uselman
Alex Weego
Shelia Haverkamp
Diane Knutson
John Kaliszewski
Rebecca Best
Jennifer Hawkins
Lyle Danielson
Julie Baum
Deborah Boelz
Shirley Uselman
Greg Bergman
Joan Dumont
Dave Johnson
Caroll Anderson
Patrick O'Regan

Transportation Highlights



Purpose: To insure safe efficient movement of people and commodities in the region. Provide an ongoing forum for important transportation issues in the region. Assist Mn/Dot and provide input with its planning efforts and programs.

Objective 1:

To implement a regional transportation planning program that establishes general goals and policies for the region and addresses the transportation needs of Region Five.

The Region Five Transportation Staff met objective one by engaging in the following service priorities:

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.

Staff has been actively promoting the Safe Routes to School Program not only as a way to increase the number of children to walk or bike to school, but as a way to make our region safer, healthier and to bring more funds to our region.

Staff has also been active in presenting educational information on roundabouts. Targeting service clubs and driver refresher courses, this is an opportunity to make people aware of the fact that they exist, that they may soon be seen in our region and how to manipulate them.

Region Five staff has also provided information to local units of government on the local plan and development process and access management.

Transportation Advisory Council

The Transportation Advisory Council (TAC) met four times during fiscal year 2009. Each meeting was coordinated and facilitated by the

Region Five Transportation staff. At the February meeting candidate projects for the 2013 State Transportation Improvement Program (STIP) were reviewed and ranked. *Table 1 lists projects that were awarded Federal Funds.

Local Road Authority Projects

Staff continuously links with local road authorities to provide technical or projects assistance throughout the fiscal year. Region staff has work with the cities of Pequot Lakes, Wadena and Staples on major road projects in those communities. Input has been provided to several other area communities as well.

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 FY2013 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 FY2009, 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.

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 and the beginning steps of the Crow Wing County Rail Crossing Safety initiative.

Trails

Regional trails planning and inventory development became a reality in FY2009 as a the Region Five Trails Inventory Project was selected by the University of Minnesota Crookston's EDA Center as a recipient of assistance. The first phase of the project was kicked-off in May of 2009 and expected to be completed by the fall of 2009. This project has been in cooperation with the GIS departments of each of the Region Five Counties.

Region Five also assisted several communities and organizations with trails by either participating in their planning process, grant writing or technical assistance.

Inter-Regional/State-Wide Transportation Activities

Staff participates with other RDC Transportation Program activities through communications and quarterly planner meetings held throughout the state. RDC Transportation personnel had a goal in FY2009 to improve relations and consistency with Mn/DOT districts from region to region.

Hazard Mitigation

Region Five began the development of the Crow Wing County Hazard Mitigation Plan in FY2009. The plan is set to wrap up in the spring of 2010.

Regional Transportation Plan

A shift in focus has led Region Five staff and Mn/DOT staff to discuss options for developing a Regional Transportation Plan.

School Transportation

Upon completion of a Emergency Plan for the Staples Motley Schools Transportation department in FY2009, staff evaluated the need for this type of activity. A program was developed and presented at workshop in April.

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

Transportation Committees

RDO Transportation Planners
Brainerd/Baxter Area Trail Coordinating Committee
Functional Class Updated Advisory Committee
City of Staples N/S Overpass Project Management Team
BLACC RBC

Transportation Advisory Council:

<u>TRANSPORTATION COUNCIL REPRESENTING</u>		<u>COUNTY</u>
Mark Blessing, Staples	Council Chairman, R5 Commission	Todd County
Alan Parish, Browerville	Region Five ATP Representative	Todd County Townships
Dave Enblom, Walker	Co. Hwy. Engineer, ATP Rep.	Cass County
Lyndon Robjent, Brainerd	Co. Hwy. Engineer	Crow Wing County
Jeff Hulsether, Brainerd	City Engineer	Crow Wing County
Steve Backowski, Little Falls	Co. Hwy. Engineer	Morrison County
Jerry Lochner, Little Falls	City Services Mgr.	Morrison County
Loren Fellbaum, Long Prairie	Co. Hwy. Engineer	Todd County
Joel Ullring, Staples	Co. Highway Engineer	Wadena County
Steve Voss, Brainerd	District 3	MN/DOT
Vacant	Region Wide Aviation	Region Five Area
Bob Erdrich, Little Falls	Region Wide Railroads	Region Five Area
Pam Jenson, Wadena	Transit	Region Five Area
Trevor Walter, Baxter	City Engineer	Crow Wing County
Vacant	Leech Lake Tribal Council	Cass County
Kevin Howieson	District 3	MN/DOT

Grant/Loan & Contract Administration



Service Priorities:

The service priorities were outlined and approved by the Commission through three specific objectives areas in the FY2009 Work Plan. This department met all three of the Work Plan objectives and benchmarks.

Objective 1: Provide updated information to Region Five in regards to the status of the housing, arts, aging areas and provide GRANT administration for the development of assistance for identified programs

Objective 2: Provide updated information to Region Five in regards to the status of the ISTS loans and to provide additional LOAN administration for the development of assistance for additional identified programs.

Objective 3: Provide updated information to Region Five in regards to the status of Community Development throughout the region and to provide CONTRACT administration for the development of assistance for additional identified programs.

Affordable Housing

By partnering with the Ottertail Wadena Community Action to build two homes in Wadena and by utilizing the Department of Corrections Work Crews Region Five wrote and received and administered grant/loan funding from the Department of Corrections. To date one house has sold the other is still for sale in Wadena. ***** This service priority fulfilled Objective #1 in the 2009 work plan.***

Regional Housing Advisory Group & Central Minnesota Housing Partnership (CMHP) Board.

Region Five Staff have attended many of the Regional Housing Advisory Group meetings and additionally sit on the CMHP Board of Directors to remain informed of various programs offered throughout the region in efforts to promote the utilization various programs where appropriate. ***** This service priority fulfilled Objective #1 in the 2009 Work Plan.***

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, 15 loan applications were received in 2009; 10 were approved, six have closed, 4 are pending and another loan from a previous year will close soon. In the past eight years, 103 landowners have accessed over \$490,000 through this program; only four of the loans have defaulted. only two of the loans have gone into default whereas in both cases the debts were assessed to the landowners property taxes and assessments were paid off, therefore to date there have been no uncollectible loans in this program. ***** This service priority fulfilled Objective #2 in the 2009 Work Plan.***

Coordination of other Regional Meetings:

1. Crow Wing County Cities to discuss shared state building code inspection and other potential shared services.
2. Best Value Procurement Workshop was hosted by R5DC and Northway Construction in efforts to allow LUG's to set their own

performance criteria for evaluating and accepting construction bids.

3. ***** This service priority fulfilled Objective #1 in the 2009 Work Plan.***

CONSERVATION RELATED PLANNING: **LOCAL FOODS VISTA**



In August 2008, R5DC in partnership with the U of M Central Regional Partnership enlisted the support of AmeriCorps to build capacity of the Pine and Lake Country Local Foods Workgroup in efforts to implement a sustainable regional local foods program. The VISTA project sunsets in September 2011. The efforts of this project include improving the incomes of the rural agriculture based businesses, i.e. farmers and growers, by selling their products to the areas resorts, restaurants, school districts, grocers and hospitals to name a few destinations. Through the efforts of the Local Foods VISTA a grant was received to utilize an intern to research

“Farm to School” data and additionally this project has led to regional Community Garden meetings and initiatives. *****This service priority fulfilled Objective #3 in the 2009 Work Plan.***

Micropolitan Planning Initiative

R5DC has attended the Brainerd Chamber Regional Business Council taskforce meetings and has been involved in the Micropolitan planning efforts for the past two years. The regions “Micropolitan” is classified as a multi-jurisdictional area of lower Cass County all of Crow Wing County. We are happy to have received a 2-year grant from the USDA to support a project manager who will move the objectives and goals of these planning efforts forward.

The intended direct outcomes will be comprehensive plan and ordinance recommendations for LUG consideration. The indirect intended outcomes include additional collaborations, new consistencies and utilization of common “best management practices.” Through research and review models will be selected or developed for:

- storm water/waste water planning
- funding options for preservation of parks, trails, public us and recreational facilities
- commonalities among comprehensive planning terms, ordinance terms, definitions and processes

*****This service priority fulfilled Objective #1 & 3 in the 2009 Work Plan.***

Commercial Conservation Design Alternatives – Low Impact Development & Conservation Design Scorecard initiatives.

Region Five has partnered with many regional foundations, local units of government, non-profit organizations & the private sector to execute a detailed plan that includes development of web based and printed materials to encourage implementation of conservation alternatives by commercial landowners/developers. An informational website and printed material to promote this site was created that targets the general public, local units of government and the building industry. The website is:

www.mnbuidsmart.org.

Furthermore, staff has participated in a workgroup coordinated by the 1000 Friends of Minnesota to develop a Conservation Design Scorecard that Local Units of Government – “LUG’s” can utilize as a tool that can be customized according to the needs of the LUG that will establish parameters for mandated or volunteer conservation designed

developments. *****This service priority fulfilled Objective #1 in the 2009 Work Plan.***

Two-county Weed Inspection Workshop

As a result of recent state cutbacks for training that was previously provided the townships within Region Five township officers requested R5DC to coordinate a Weed Inspection Workshop for the counties of Crow Wing and Cass. Over sixty township officials attended this training. *****This service priority fulfilled Objective #3 in the 2009 Work Plan.***

ALTERNATIVE ENERGY INITIATIVES:

Regional Alternative Energy Study

In partnership with the region’s Economic Development Professionals the R5DC has received funding from AgStar Financial to complete a regional Energy Study which will achieve the goals of identifying what are the high energy usage areas and what the alternative energy sources are within each county of our region. The study will provide economic development professionals with the region with the knowledge of alternative energy project areas that have the highest regional potential.

*****This service priority fulfilled Objective #1&3 in the 2009 Work Plan.***

Central Minnesota Alternative Energy Regional Collaborative – CMAERC (DEED First Grant)

The Region Five Development Commission, as regional convener, received a \$50,000. DEED grant on behalf of a group of regional collaborators (including business, economic development, education, community-based organizations and workforce development) representing Aitkin, Benton, Cass, Crow Wing, Mille Lacs, Morrison, Todd and Wadena counties in central Minnesota.

The grant objectives include regional educational sessions regarding alternative energy technologies in efforts to:

- Educate our Communities as to the existing alternative energy options.
- Listen to the needs of alternative energy

businesses within the region and work on those issues in efforts to take these companies to the next level of success.

- Focus on the workforce development of key industries within the alternative energy fields.
- Identify what other renewable business opportunities exist and what funding mechanisms are available.

Six "Regional Business Sector Alternative Energy Sessions" were hosted throughout the eight counties.

Consultants were brought in to cover the subject areas of Conservation, Solar, Wind, Methane Digesters and the Gasification process. Over 300 businesses and organizations attended these six sessions and through this effort a comprehensive plan was created to move the alternative energy industry forward in our region. *****This service priority fulfilled Objective #1&3 in the 2009 Work Plan.***

Energy Audits

Some utility companies have provided traditional energy audits in the form of assessing a structures

and providing conservation related recommendations. (I.e. lighting, insulation, appliances, ect.) Our concept was to create jobs and value to the general public by having these same auditors conduct an early onsite alternative energy assessment while at the location to perform the traditional energy audits. By calculating some preliminary data the auditor can recommend to the business or homeowner if there would be a reasonable reason to seek out Minnesota companies who provide alternative energy techniques, products and systems. In part because of the efforts from R5DC staff, Residential Energy Audit training was established at Central Lakes College in efforts to train more auditors and MN Power offered training to add on the alternative energy assessment piece. Additionally, R5DC has applied for a \$100,000.00 USDA Grant to conduct 100 energy audits for small businesses and agricultural producers within our region.

(notification of award of these funds will be made public in 11/09)

*****This service priority fulfilled Objective #1 in the 2009 Work Plan.***

Plans & Studies by R5DC

2009 Comprehensive Economic Development Strategy (CEDS) – This document examines economic, social and physical information about the five counties served in our region, and makes recommendations on activities to enhance and improve the economy.

Revolving Loan Fund Plan - Describes the program elements, guidelines and procedures for the loan fund.

Hazard Mitigation Plans – Portrayal of information about hazards and actions are being taken to decrease or eliminate existing risks. Plans for Cass, Wadena, Todd & Morrison counties have been completed. Transportation staff is currently working on the Crow Wing County Plan.

Local Foods Research Summary – Documentation of research carried out statewide local foods activities, organizations and agencies.

Publications & Outreach by R5DC

Communicating with the region

Township Newsletter – Quarterly newsletter developed for the Townships throughout the region.

Commission Weekly E-updates – Weekly Staff update to members of the Commission regarding progression of projects.

www.regionfive.org – Web site devoted to the services, resources and opportunities of our five counties.

www.mnbuildsmart.org – Web site developed to provide conservation planning information.

LEGISLATIVE VISITS & TAC LEGISLATIVE MEETING; Visited 12 of the State Senators and Representative who serve our region in April 2009 and hosted a transportation meeting where legislators could discuss regional transportation related issues with county engineers and MNDOT representatives.

COORDINATION OF OTHER REGIONAL MEETINGS; County Administrators meet quarterly to discuss current and potential collaborative initiatives.

VISITS/PRESENTATIONS TO; County Board twice each year per county, Township Associations for each county, 16 City Council visits, Service Clubs, funding sources, Schools, SWCD offices in each county.

QUARTERLY PRESS RELEASES, RADIO PUBLIC SERVICE SHOWS, VARIED WORKSHOPS.

ANNUAL PUBLICATIONS;

- **FY2010 WORKPLAN:** Details the goals and objectives of the Commission in each of the program and planning areas
- **PERSONNEL POLICY – OPERATIONS MANUAL**
- **ANNUAL REPORT**
- **AUDIT**

ADVISORY BOARDS/COUNCILS/BOARDS/WORKGROUPS

Listening to the region

Coordinated by other agencies that R5DC participate in

1. Minnesota Regional Development Organizations; All staff attend quarterly meetings with department colleagues from across the state.
2. Central Minnesota Housing Partnership BOARD; Cheryal
3. Central Lakes College ADVISORY BOARD; Cheryal
4. EDA CENTER ADVISORY COMMITTEE; Cheryal
5. RREAL (Rural Renewable Energy Alliance) BOARD; Cheryal
6. 1000 Friends of MN Conservation Design Scorecard Workgroup; Cheryal
7. Lakes Area Clean Water Council; Cheryal
8. Pine and Lake Country Local Foods Workgroup; Cheryal
9. Friends in the Field; Cheryal
10. MN DOT Taskforce on Dist.3 Equity; Cheryal
11. Stimulating Economic Progress – STEP BOARD of Directors; Cheryal
12. Blandin Broadband taskforce, representing Minnesota Regional Development Commissions; Cheryal
13. Regional Advisory Housing Group; Ann Hanson.

14. Health Care Collaborative; Lee Miller
15. Todd County Livestock Association; Lee Miller
16. Central Minnesota Council on Aging Regional Meetings; Nicole Scheler
17. City of Staples Green Committee; Nicole Scheler & Chris Etzler.
18. North-South Corridor Project Management Team – Chris Etzler
19. Wadena Hwy 10 Taskforce – Chris Etzler
20. Micropolitan Transportation Plan – Chris Etzler

Abbreviations:

NCEDA: North Central Economic Development Association

RLF: Revolving Loan Funds

DEED: Department of Employment and Economic Development

SBDC: Small Business Development Center

EDA: Economic Development Administration

USDA: United States Department of Agriculture

RDC's: Regional Development Commissions

CEDS: Comprehensive Economic Development Strategy

RFP: Request for Proposals

R5DC: Region Five Development Commission

JOBZ: Job Opportunity Building Zone

Mn/DOT: Minnesota Department of Transportation

TAC: Transportation Advisory Council

STIP: State Transportation Improvement Program

ATP: Area Transportation Partnership

ATIP: Area Transportation Improvement Partnership

FHWA: Federal Highway Association

MPO's: Metropolitan Planning Organizations

ISTS: Independent Septic Treatment Systems (Loans)

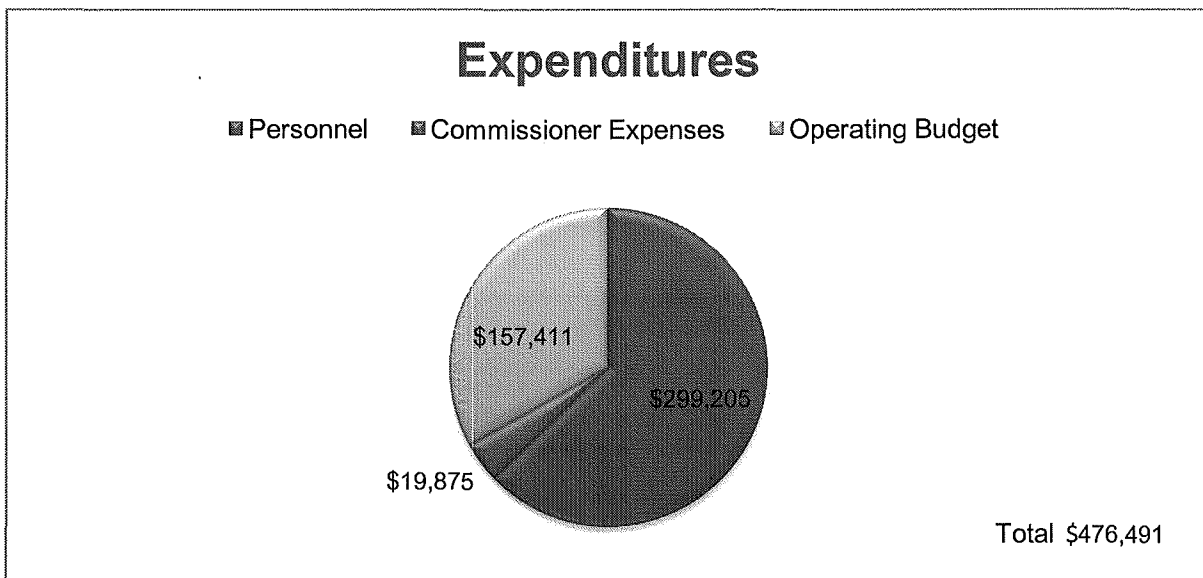
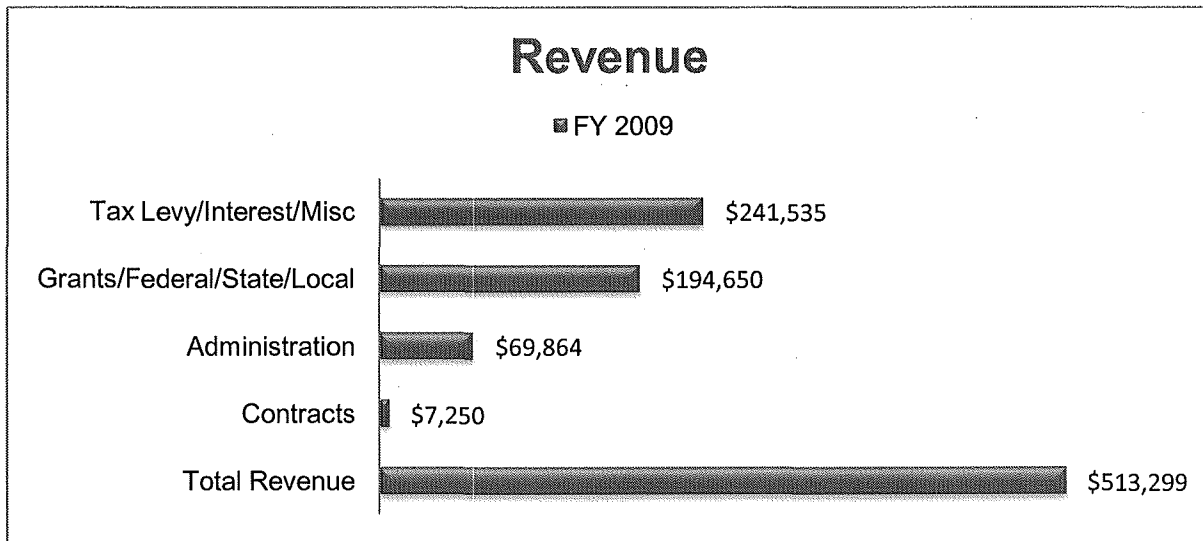
MHFA: Minnesota Housing Finance Agency

VISTA: Volunteer In Service to America

MRDO: Minnesota Regional Development Organizations

Financial Report

Fiscal Year 2009



FY 2009

Total Revenue - \$513,299

Total Expenditures - \$476,491

Excess Revenue - \$36,808