

Region Five Development Commission

2013 Annual Report



*Mission: To enhance the vitality and quality of life in
Cass, Crow Wing, Morrison, Todd, and Wadena counties*

Five Counties. One Vision. One Source
Region Five Development Commission
200 1st Street NE, Suite 2. Staples, MN 56479
Office: 218.894.3233

Annual Report Purpose

To inform the Commission and the region of all staffs' success in meeting the goals summarized in the Commission approved FY2013 Work Plan. It's a way for the region to measure our value through the achievement of outlined objectives, benchmarks, and goals.



R5DC Role

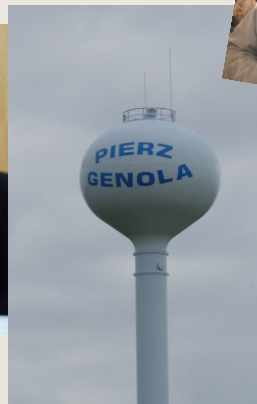
To “fill the holes.” without duplication of efforts by the private, public, or non-profit sectors. Our intent is to identify work that address region critical issues and that will allow for collective shared outcomes.

Serving Quality People, Quality Places

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- 5 Counties
- 65 Communities
- 151 Townships
- 1 Tribe
- 1 Military Camp

Serving
Cass
Crow Wing
Morrison
Todd
Wadena
Counties



The amount of money invested in our region as a
result of Region Five's work in FY2013

\$2,380,700

Staff

www.regionfive.org



Staff Development Day on Mille Lac's Lake — Back Row: Renita McGrane, Melissa Radermacher, Cheryal Hills & Nicky Larson. Front Row: Anne Hanson, Jake Huebsch, Joe Schulte & Tad Erickson.

Region Five experienced 3 resignations this year:

Jake Huebsch, Judy Jones and Renita McGrane.

We commend their service and wish them well.



Region Five's Core Values

Integrity	Innovation	Have Fun
Transparency	Creativity	ROI - Tax Payer Dollars
Honesty	Collaboration	Excellence in Performance/Learning & Growth

Region Five
DEVELOPMENT COMMISSION

Message From the Executive Director

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We frequently state that the only thing consistent about Region Five is “change”. On the onset R5DC could be considered an organization in search of its mission, when in reality we are an organization committed and adaptable to addressing regional critical issues --- that happen to change. While exhilarating, it sometimes feels like controlled chaos until we remember that R5DC has a staff who are proficient in relationship building, influencing, strategic thinking and execution of projects and programs. Until we remember that we have a Commission of courageous thoughtful leaders who take strategic risks.....and until we remember that we have partners from all over our state who collectively work side-by-side to make real progress happen!



In FY 2013 R5DC honored a few of our partners: Syvantis Technologies as our Outstanding Service Provider and The Initiative Foundation - Outstanding Regional Partner. The Region Five 501c3 affiliate who acts as our lending arm is the North Central Economic Development Association (NCEDA) who manages the Gap financing, Micro-lending and oversees the septic and well water lending. R5DC & NCEDA additionally honored Little Falls Radio Corporation and Consolidated Telephone Company, both companies have taken innovative approaches to job creation and improving our rural economic prosperity.

Despite the fact that the government shutdown was difficult on R5DC our audits reflect fiscal stability. This annual report highlights the R5DC's ability to execute the Commissions' 2013 work-plan and delivery of transportation, community/economic development projects, programs and plans.

R5DC celebrated its 40th Anniversary in 2013. The Commission has experienced tribulations and triumph and by recalling our purpose, staying true to our mission/vision and living up to our commitments, Region Five has matured and flourished.

The Resilient Region implementation efforts continue with a range of projects from housing, to the “Virtual Highway” broadband access, to the newly formed Health and Recreation Alliance, policy creation, local food HUB expansion, trail and active transportation and a statewide renewable energy proof of concept center plan to name few. All Resilient Region implementation projects will be highlighted at an upcoming exhibit - details disclosed in subsequent pages of this report.

I look forward to your review of R5DC's 2013 Annual Report and working with you in years to come.

Humble Regards,

Cheryl Lee Hills

Commission



Cass County

Bob Kangas, County Commissioner
John Benson, Town Boards
John Poston, County Municipalities

Wadena County

Ron Noon, County Commissioner
Bill Kern, County Town Boards
David Anderson, County Municipalities

Crow Wing County

Rosemary Franzen, County Commissioner
Mark Platta, Town Boards
Brian Lehman County Municipalities

Schools

Sharon Ballou, Region Five School Boards
Katy Botz, Region Five School Boards
Christopher Hadfield, Higher Education

Morrison County

Duane Johnson, County Commissioner
Paul Nieman, Jr., Town Boards
Andrea Lauer, County Municipalities

Additional Units of Government

Dave Pritschet, City of Brainerd
Chuck Parins, Area Council of Government

Todd County

Mark Blessing, County Commissioner
Alan Perish, County Town Boards
Joel Quance, County Municipalities

Allie Interest

Kim Nagel, Leech Lake Band of Ojibwe
Craig Nathan, Workforce Representative
Steve Hall, Camp Ripley

Message from the Chair

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Greetings to all,

As we look at the accomplishments of Region Five Development Commission in the past year, it's truly amazing how much staff has accomplished in 2013. We began the task of collecting community asset profiles, essentially telling the stories of each of our 65 communities, Leech Lake Band of Ojibwa and Camp Ripley. We feel it is important to share our quality of place and rural cultural elements. We will celebrate the assets of our communities in a way that ties to a sense of community ownership, inspires momentum and participation. View the collected community asset profiles at www.resilientregion.org.



Over the course of the year, Region Five has provided approximately 13 low interest loans for septic system upgrades with a total loan amount of \$76,597. In addition, staff has worked with businesses in the Region to create and retain jobs by lending out more than \$430,000.00 in 2013 for business expansion and start up. Creating and retaining jobs, economic growth and developing a healthier economy are also goals of the recently completed Comprehensive Economic Development Strategies (CEDS) document.

I want to thank the staff: Cheryal Hills, Tad Erickson, Anne Hanson, Nicky Larson, Joe Schulte and Melissa Radermacher for their hard work and dedication to the Region. I also want to thank the Commission members for the great job they have done this past year. I look forward to building upon this year's success to continue improving the quality of life in the Region

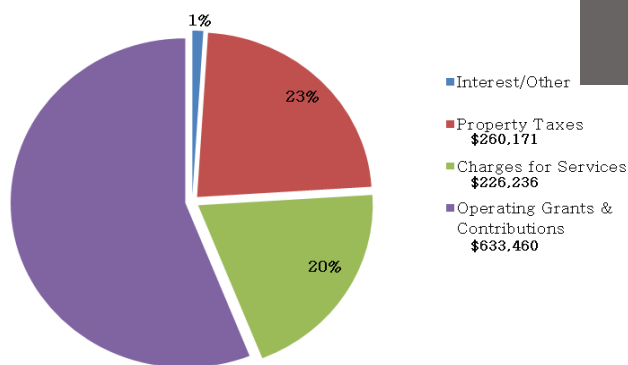
Happy Holidays, a Prosperous New Year and another successful year at Region 5!

Sincerely,

Bob Kangas

Financial Report

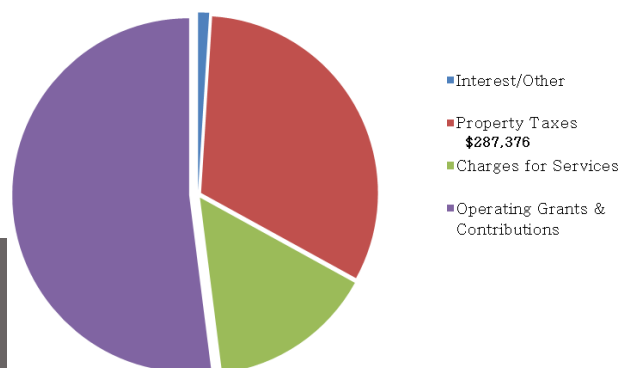
2013 Revenue



Total Expenditures for FY 2013 ~ \$1,069,620

Net Income ~ \$61,559

2014 Proposed Budget



Proposed Expenditures for FY 2014 ~ \$868,392

Proposed Net Income ~ \$29,657

Year in Review

2013

Over the course of the year Region Five has worked in many areas including: General administration, Lending Transportation, Economic & Community Development,. Please review the highlights in this report and see how we have assisted the region throughout the last year. If you have any questions about the work in this report or how we can help with your current needs, please don't hesitate to contact us or visit our web-site at www.regionfive.org

"If you do what you've always done, you'll get what you've always gotten."

~ Anthony Robbins

We would like to extend thanks to our external partners, organizations and individuals. Their support helps contribute to the success of Region Five and that of the region.

Special Thank You to all of our partners !

No single organization or person....however innovative or influential could accomplish our goals alone.

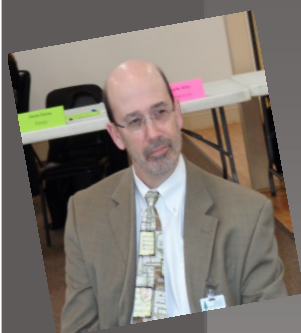


The two year effort to complete the sustainable communities regional plan has ended and the process and product exceeded all of our expectations! The *Resilient Region Plan* lives and breathes. The amazingly committed core team of consultants made our Resilient Region plan one of the most recognized and esteemed efforts in the nation. The region has already leveraged over **\$8 MILLION IN SMALL PROJECTS AND ANOTHER 21 MILLION DOLLARS TOWARD** large projects that implement the plan strategies. We engaged over 600 regional residents, policy recommendations are being taken seriously as they are reviewed by counties and cities all over the region and we now have **42 CHAMPIONS** and many resource agencies who are committed to realization of the plan.



Resilient Region Implementation

Coordination toward implementation is flourishing in; affordable housing, changing populations, connectivity, education and workforce, energy, health care, natural resources, efficiency and effectiveness, transportation and economic stimulation. All in a way that does not jeopardized our commitment to the **BALANCE** of economic development, environmental stewardship and quality of life.



The Champions invite the region back on January 14, 2014, to the Arrowood Lodge in Baxter from 4-7 pm to hear the types of successful implementation projects and to gather input and direction from attendees as to where they see potential for additional implementation. Attendees will hear more about numinous implementation projects including; tribal and veterans housing projects, safe routes to schools, active transportation projects, Local Foods & energy projects, health care coordination and Broadband projects (such as The **VIRTUAL HIGHWAY** initiative). **PLEASE JOIN US!**



The Resilient Region website is an excellent source of information. such as maps and access to webinars. SEE the 11 VIDEO's published and written report (via a grant from the BUSH Foundation) explaining the value of our Resilient Region initiative and our "Distributed Leadership Model". Video's produced by South Shore Productions; Erica Johnson and the written publication by EnSearch Inc; Dr. Stacey Stockdill.

Economic Development

CEDS

Through a planning grant provided by the U.S. Department of Commerce, the Economic Development Administration develops and maintains the Comprehensive Economic Development Strategy (CEDS) for the region. A group of local leaders from all sectors of the population guides the process. The 2013 list of vital projects:



Morrison County Tourism Project; City of Royalton



Little Falls Community Schools Vegetable Garden-To-Cafeteria;
Little Falls Schools ISD #482



Mt. Nebo Park Project; City of Hewitt



Little Falls Local Food Hub; Community Development of
Morrison County



Crow Wing Township Safe Room; Crow Wing Township



BLAEDC Advanced Manufacturing Initiative; Brainerd Lakes
Area Economic Development Corporation (BLAEDC)



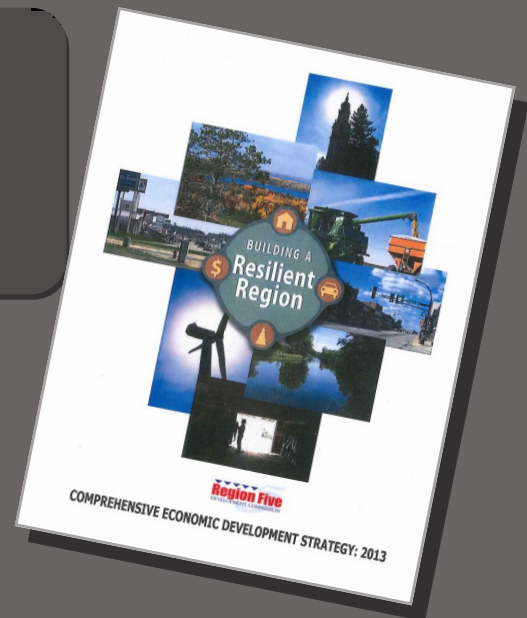
Camp Ripley Veterans State Trail; Camp Ripley Veterans State
Trail Group (LF)



Virtual Highway Project; Resilient Region Connectivity
Champions Group



Resilient Region Five County Public/Private Health
Partnership; Resilient Region Health Care Champions



CEDS documents exist for each region in MN and are created by Regional Development Commissions and two of the MN Initiative Foundations. As result of this regional economic development planning activity, Region Five is participating in an effort with the Minnesota Association of Development Organizations to craft a "Greater Minnesota Development Strategy" which is essentially the alignment of all the regional CEDS.

REPoCC

R5DC and Minnesota DEED completes 1-year EDA planning grant award of \$150,000. The planning document does not recommend creation of another entity, instead offers how to better coordinate and rationalize existing efforts for applied research, and commercialization. This effort aligns well with the nationally offered "Investing in Manufacturing Communities" program.



RCDI

United States Department of Agriculture (USDA) granted the Region Five Development Commission a \$200,000 RCDI grant. The funds are being used to profile 67 communities in the five county region. These include all 65 cities, 1 tribe and 1 military camp. Staff interviews community groups and documents what makes each community special. Funding is also used to move forward implementation plans for projects that the Region has determined to be of vital importance.

One such project was the expansion of the local food HUB "SPROUT":

In partnership with MANY organizations, the SPROUT success this year includes:

- * Over \$327,000.00 in grants to advance "SPROUT" the regions local food HUB.
- * SPROUT provided grower GAP education and built relations with Latino and Amish growers.
- * SPROUT expanded from their initial start of 4 growers to nearly 40 and delivered nearly 100,000 pounds of locally grown fresh produce this last year. Many new buyers; Schools, hospitals, restaurants etc.
- * Local Restaurateur; Prairie Bay visited many food deserts with their Food Truck; "SIDE DISH" and provided chef demonstrations of how to prepare underutilized fresh produce.



- * Bio-fuel delivery truck converted and maintained by Central Lakes College mechanics class.

- * Through a USDA program, Micro loans provided to agriculture producers/growers with a high level of Technical Assistance being offered by Region Five.

- * Solar Thermal High Tunnels at two grower sites. The food grown 365 days a year is sold through SPROUT.

What's next?

- ⇒ Feasibility studies for 3 Food Processing Facilities, all with unique qualities at each such as; 1) an indoor winter farmers market, 2) a demonstration area for educational classes and 3) an innovation center for ag research and development.
- ⇒ New programs that support K-12 schools to deliver student training at a local catholic convent farm.
- ⇒ Facilitated conversations by USDA, SPROUT is learning from 4 other local food Hubs throughout the nation.
- ⇒ Hunger Free Minnesota is learning if there are opportunities to create a pilot program with Lakewood Hospital.
- ⇒ A Health and Recreation Alliance comprised of SPROUT, the Gull Lake Sailing School, Mt. Ski Gull and the Lakeshore Conservation Club to provide healthy food and active living opportunities for Service Member Families. Members will receive. To learn more see www.resilientregion.org and the "December Local Food Report."



Region Five Lending



MICROLENDING

The Rural Microenterprise Assistant Program (RMAP) Loan Committee provides business loans averaging between \$10,000 and \$50,000. Over \$127,100 in loans were approved for 2013 by dollar amounts are most in Crow Wing, then Morrison, then Todd and then Chisago County. 62 jobs were provided. The pipeline in 2013 had over \$1,352,500.00 in requests for funds by potential borrowers. The 3C's (no collateral, no cash, no credit) has had a direct effect on dollars NCEDA was able to fund potential entrepreneurs in 2013. The 25% down also had a definite impact on borrower numbers.

REVOLVING LOAN FUND

The application process for an RLF loan is longer and the criteria is more demanding on borrowers than with RMAP lending or Micro-Loans. RLF loans made in 2013 (\$304,700) by dollar amounts are most in Crow Wing, then Wadena, then Morrison, then Todd and then Cass County. A total of 92 jobs were provided from these loans. The pipeline in 2013 had over \$1,189,500.00 in requests for funds by potential borrowers. The balance, were potential borrowers who didn't meet the lending criteria, are directed back to primary lenders for funding because of strong financial strength, provided funding source options or continue to be currently active in the RLF pipeline.

INDIVIDUAL SEWAGE TREATMENT SYSTEM PROGRAM (ISTS)

The Commission has worked with the Minnesota Department of Agriculture since 2001 to provide low interest loans (3%) to landowners in the region to repair or replace existing non-compliant septic systems. There are no income limits associated with this program but applicants must show re-payment ability. This year 23 applications were received with bids totaling over \$147,000 and requests for funding over \$120,000. Eighteen applications were approved by the Commission, 13 loans have closed and 5 are pending. Some landowners that were approved will wait until spring to complete their projects.

Early in the year Beltrami County asked to partner with Region Five to offer the septic program to their residents. The county could not find a lender that would agree to offer the program. R5DC with the addition of Beltrami County offers financing in six central Minnesota counties.

All five of our region's counties received Clean Water Legacy grant funding from the State of Minnesota to assist low-income landowners with septic improvements. USDA income limits apply. We work closely with the counties to identify likely candidates. The amount of grant funding dispersed depends on the number of people in the household, the cost of the system and the yearly income of the applicants. This is a cost sharing opportunity, partial grant and partial loan, which makes the upgrade affordable. Eight landowners received grants totaling over \$20,000 this past year. The cooperative effort will continue into the next calendar year or until funds are depleted. It should be noted that these funds are not pooled; each county holds their funding separately. When funds are exhausted in a county, assistance will no longer be offered.

HWWS

In October 2013 just prior to the government shut down, Region Five was awarded a \$50,000 grant from the USDA to establish a revolving loan program to assist low-income residents in the repair or replacement of an existing water well. Funding is offered to landowners in the Region that meet USDA guidelines. The terms are 1% for up to 20 years, making this loan an affordable option for those that qualify. The Commission identified a need for this type of funding and has one year to disperse the funds.

Loans Closed In 2013

ISTS loans

\$4,700	Cass-Backus
\$2,750	Cass-Hackensack
\$2,000	Cass-Pillager
\$3,950	Cass-Pine River
\$4,850	Crow Wing-Crosslake
\$7,400	Morrison-Pierz
\$3,700	Morrison-Royalton
\$8,221	Todd-Staples
\$3,956	Wadena-Sebeka
\$3,142	Wadena-Verndale
\$6,328	Wadena-Verndale
\$21,000	Wadena-Verndale
<u>\$4,600</u>	Wadena-Wadena
\$76,597	

NCEDA

\$ 50,000	Cass - Emily
\$ 50,000	Morrison - Little Falls
\$ 21,000	Crow Wing - Brainerd
\$ 26,500	Cass - Hackensack
\$100,000	Wadena - Wadena
\$ 27,200	Crow Wing - Brainerd
\$ 30,000	Crow Wing - Brainerd
<u>\$304,700</u>	Total (\$166,163 LY Total)

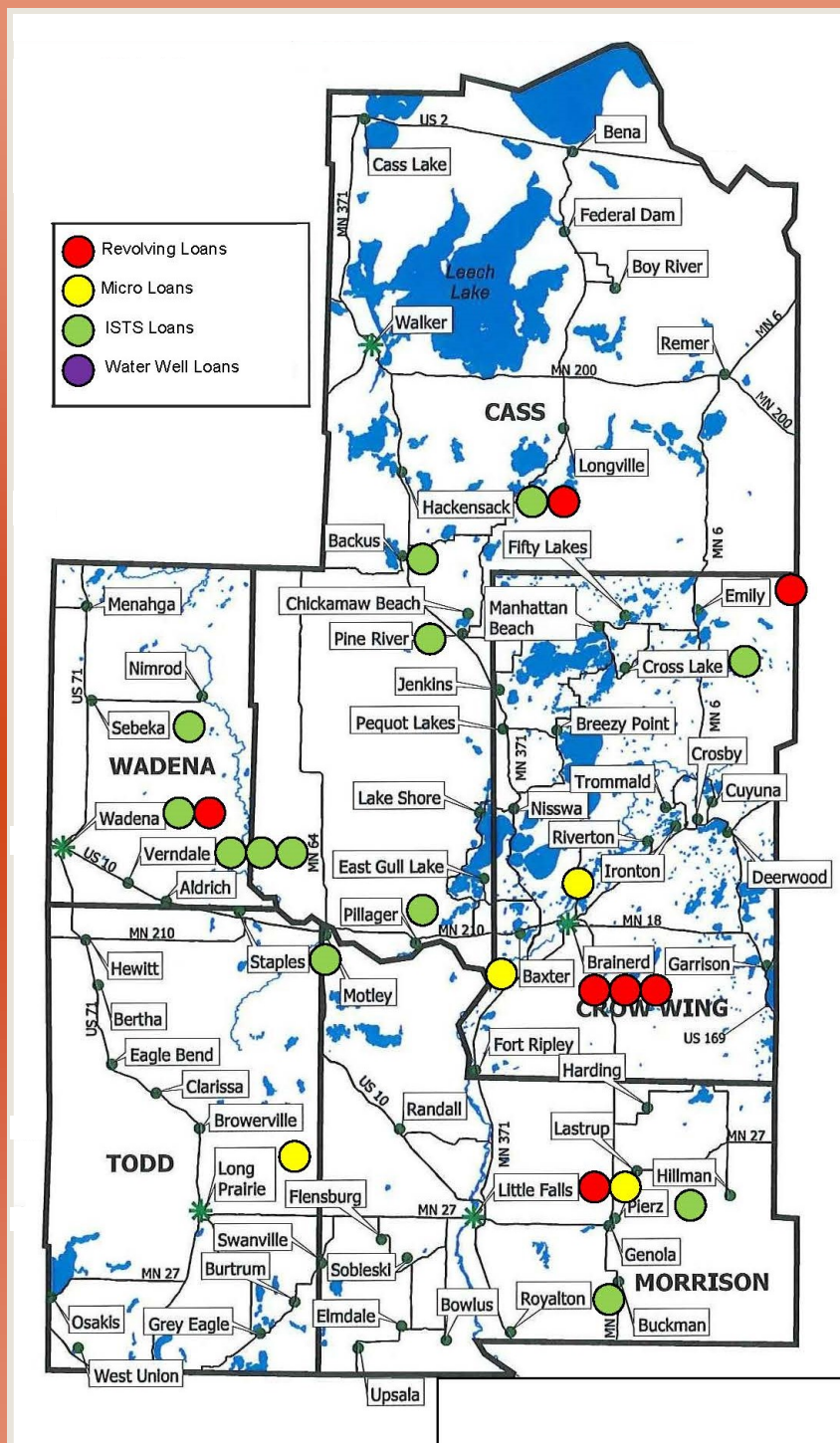
Micro

\$ 12,100	Morrison - Little Falls
\$ 50,000	Todd - Long Prairie
\$ 5,000	Chisago - Taylor Falls*
\$ 30,000	Crow Wing - Merrifield
<u>\$ 30,000</u>	Crow Wing - Baxter
\$ 127,100	Total (\$ 83,700 LY Total)

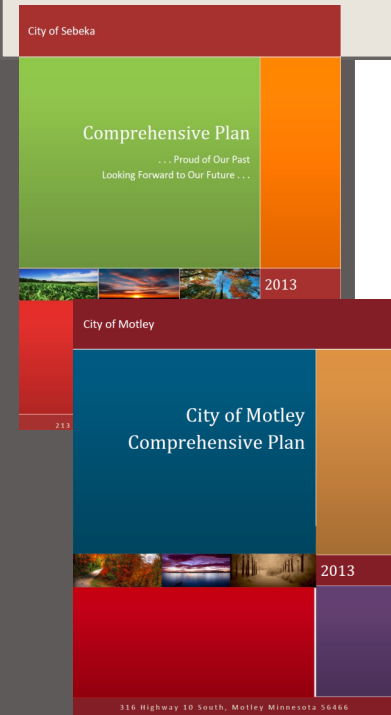
* (County in East Central RDC)

Water Wells

No Funding for 2013.



Community Development



Region Five has the good fortune of having developed numerous professional relationships throughout the Region and beyond. Not least among these relationships is with Jordan Zeller, and JZP.LLC who's expertise we rely on for assistance in comprehensive planning.

Comprehensive Planning

Region Five completed three comprehensive plans in 2013 and submitted two additional proposals that are pending as of the publication of this report. Consistent with its policy of not competing directly with the private sector, Region Five directs communities to seek proposals from private sector firms first.

Sebeka

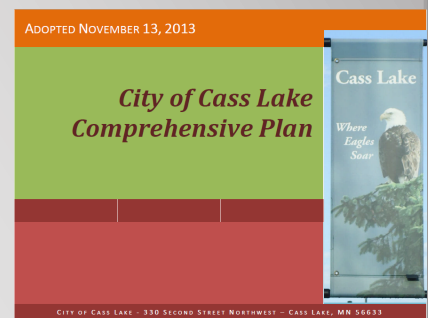
The City of Sebeka Contacted the Region Five the spring of 2013 to update the city's Comprehensive Plan. In late spring a planning task force comprised of local leaders was formed and a series of public meetings were held to discuss the community vision. Based on the input from community members at these meetings, Region Five Staff in conjunction with JZP. LLC drafted the updated Comprehensive Plan for the City of Sebeka. The Sebeka City Council formally adopted the plan at their December 2013 meeting.

Cass Lake

Cass Lake approached Region Five in early 2013 to update its comprehensive plan. In conjunction with JZP Region Five held a series of public meetings with both city and tribal leaders to determine the communities vision and draft the newly adopted plan.

Motley

The City of Motley contacted the Region Five Development Commission in the fall of 2013 to submit a proposal which was accepted in November 2013 to begin planning in January 2014.



Hazard Mitigation

Throughout 2013 Region Five Staff has been working with Emergency Managers from both Morrison and Wadena Counties to update their Hazard Mitigation plans. Hazard Mitigation plans are the basis for communities eligibility for FEMA Mitigation funding for projects such as Safe-Rooms, Acquisition of properties in flood planes, Power line burial, Generators, and wild fire sprinkler systems. Two such examples of projects being moved forward that are eligible because of these plans are safe room applications for mobile home communities in both Crow-Wing Township and Randall.



Transportation

Transportation Planning

Staff continues to provide local transportation planning assistance to the region through a grant contract with the Minnesota Department of Transportation. Staff also continues to work closely with Region Five's Transportation Advisory Committee (TAC) to solicit projects for Federal Funds along with addressing Regional Transportation issues.

Mn/DOT ATP 3

Staff also participates in ATP 3 meetings to review and rank projects for the 2017 federal funds for road, bridges, trails public transit, and railroad crossing.

Transportation Alternatives Program (TAP)

Established under the new federal transportation bill referred to as MAP 21, the Transportation Alternatives Program (TAP), is a new program that consolidates a variety of alternative transportation projects that historically were eligible activities under separately funded programs.

Staff was instrumental in the rollout of the Transportation Alternatives Program (TAP) by collecting Letters of Intent from interested applicants and making recommendations for eligible applicants to receive full TAP applications.

Of the \$13 million being solicited across the State, \$3.2 million will be solicited over two years in District 3 which includes all of Region Five.



Safe Routes To Schools (SRTS)

Region Five has built upon its efforts in the area of SRTS by completing both the Pillager and Staples SRTS plans. In addition Region Five assisted the city of Crosby in obtaining funding for SRTS planning. And finally, Region five anticipates working with a number of other communities to advance Safe Routes to Schools.

Active Transportation

Community Transformation Grant (CTG)

Region Five Staff, as a part of the local community leadership team, is actively engaged in advancing the Active Living goals identified in the local CTG workplan. In addition to developing a strategies matrix for Planning, Programming, Education, and Implementation, staff develops and executes three month workplans to implement the Health4Life goals and outcomes.

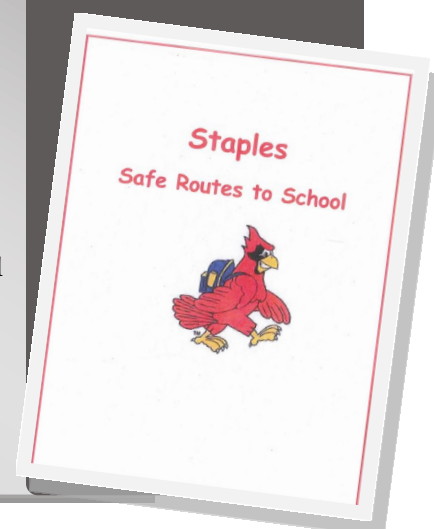
Region Five Mini-Grants

Past projects awarded include:

Brainerd Route Markings and Bike Racks – This projects has identified more functional bicycle network in Brainerd.

Crosby Connections -Implement a designated route between downtown and existing trail network.

Pierz Bike Rack Shelter – Design, and construction of a shelter for bikes as identified in the Pierz Safe Routes to School Plan.



Elected Official Summit photos:



Outreach

County Administrators Meetings-

Region Five hosts the County Administrators meetings at the Region Five offices. These meetings give the County Administrators' the opportunity to discuss current happenings and opportunities for collaboration.

Municipal Meetings-

We attended the annual township meetings for each of the five counties, several City Council & County Board meetings a year to present updated information to the townships on new projects and programs that they may be able to take advantage of.

MADO meetings- (Minnesota Association of Development Organizations) These meetings offer all the Economic Development Districts (EDD) peer-to-peer learning opportunities, as well as to collaborate on projects.

ELECTED OFFICIAL SUMMIT — Orientation to all elected officials as to the services provided by R5DC to local communities, over 80 in attendance.

WHITE HOUSE presentation — In September Executive Director Cheryal Hills was a Keynote speaker at the USDA Forum on Regional Innovation in Rural America Summit. Hills spoke about the Resilient Region plan and implementation efforts.



The Commission approved a 2012-2016 Strategic Plan that sets forth Goals, Objectives and Performance Measures and is accessible at the R5DC website. **The Three main goals are as follows:**

Goal 1: Agency Excellence

To provide superior agency infrastructure that supports the delivery of exceptional services that address future needs and regional critical issues.

Goal 2: 100% satisfaction from partner agencies

Provide a vehicle for implementation of regional programs that cross over traditional jurisdiction boundaries and varied disciplines by partnering with Local, State and Federal Agencies, Private Public and nonprofit organizations.

Goal 3: Create a Region where PEOPLE thrive

To nurture innovation, boost philanthropic engagement, foster responsibility and to allocate investments toward growth initiatives that will drive long-term resilience.



R5DC has retained the services of EnSearch Inc. as a third party evaluator to provide external evaluation of our progress.

FIND US ON THE WEB!!

www.regionfive.org

Region Five Service and Partnership Awards

Region Five feels it important to honor our service providers and regional partners who have gone above and beyond their compensation in ways that have notably assisted in managing our operations and who has significantly made a difference in our ability to meet our mission. The Commission also feels it is important to honor companies who are improving our regions vital economy.

2013 was R5DC's first annual awards ceremony, with recognition of:

Outstanding Service Provider – Syvantis Technologies

Outstanding Regional Partner – Initiative Foundation

NCEDA Borrower – Little Falls Radio Corporation

Microbusiness Borrower – Consolidated Telephone Co.

www.resilientregion.org

Advisory Boards/Councils

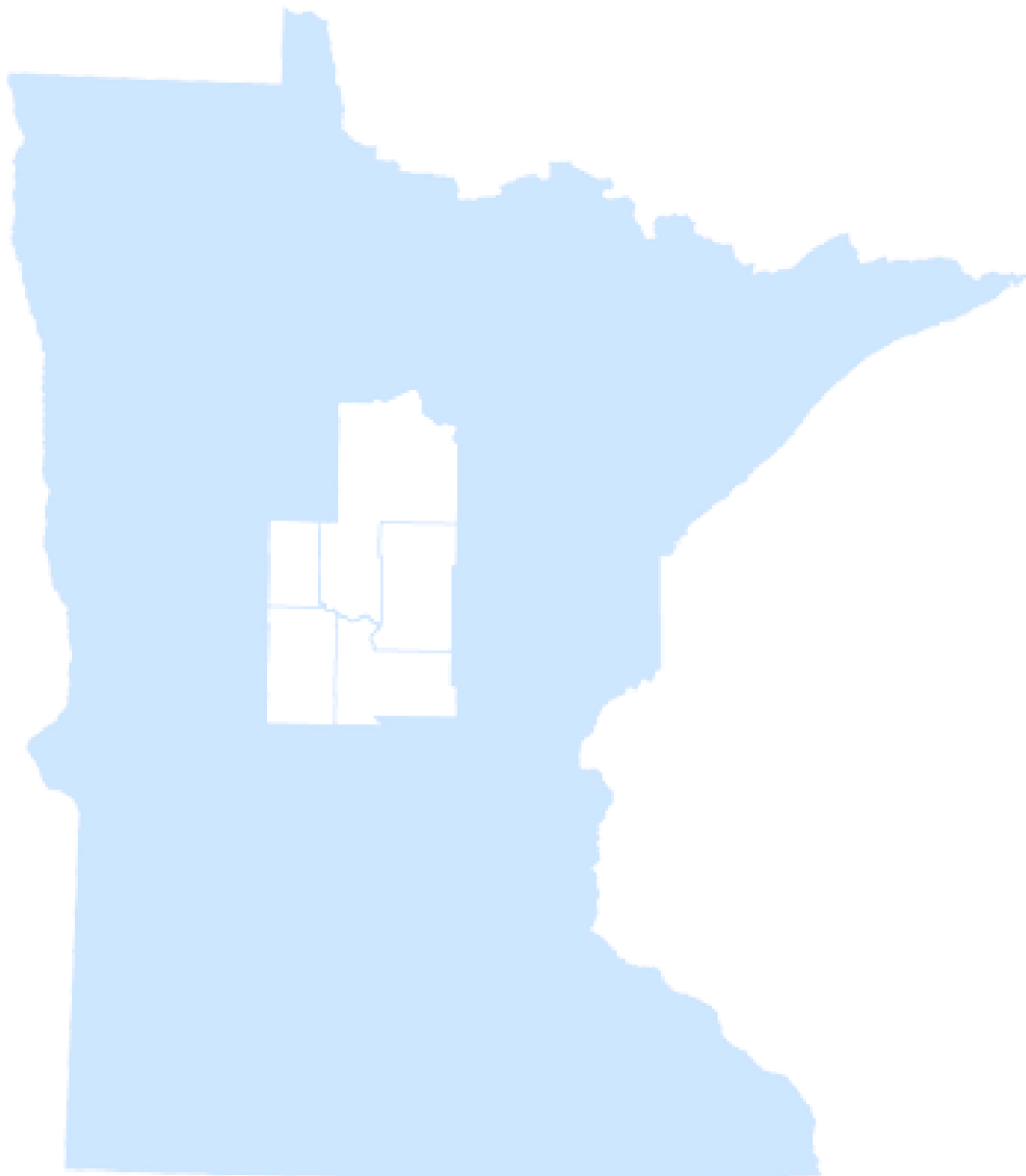
Staff from Region Five participates on many Advisory Boards including:

UofM MN Center for Transportation Studies (representing ALL rural EDDs), UofM EDA Center Advisory Board, National Association of Development Organizations (NADO), Economic Development Professionals (EDO Pro's), Regional Economic Development Group (RED), Friends of the Field, Central Lakes College Advisory Council, Resilient Living Council Board, and the Region Five History Coalition.

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