



2018

R5DC & NCEDA

ANNUAL REPORT

Region Five Development Commission
North Central Economic Development Association

200 1st St NE Staples, MN

(218) 894.3233

www.regionfive.org

www.northcentraleda.org



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Five Counties.

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One
Vision.
One
Source.

Introduction

The purpose of the Region Five Development Commission is to insure the orderly and harmonious coordination of state, federal, and local comprehensive planning and development programs for the solution of economic, social, physical and governmental problems of the state and its citizens.

The North Central Economic Development Association (NCEDA) is a local non-profit corporation established with federal and local dollars through the Region Five Development Commission. NCEDA's mission is to provide industry expertise for lending programs offered or created by the Region Five Development Commission. By providing financial assistance in the Region, NCEDA provides entrepreneurship opportunities for small-business persons, increases manufacturing activity, and supports innovative products and processes.

Executive Director Message

2018 was a year of evolutionary progress for Region Five Development Commission (R5DC) and our 501c3 affiliate organization - the North Central Economic Development Association (NCEDA). Many opportunities presented themselves for our organization and region. The several internal changes, while difficult, have only strengthened our resilience and improved our culture and impact. We thank departed team members; Nicky Larson and Sandy Voigt for their several years of service to R5DC & NCEDA and wish them great success.

We welcome the new Commissioners and team members to the R5DC family and look forward to their leadership. R5DC succeeds via partnerships, and it was another year of numerous authentic partnerships that made our work relevant to our communities. I often reflect on the famous quote by poet June Jordan - "We are the ones we've been waiting for". The "we" are all of our many partners working side by side...making a difference together.

This report shares relevant work that address our 5-county regional critical issues through unique endeavors and programs. The R5DC team managed a lending portfolio of five different lending programs and delivered planning and project management in the areas of Transportation, Economic & Community Development.

Some of our newest work has been extremely rewarding. We addressed the workforce shortage through our new "Welcoming Communities" program (pg. 12) and after almost 6 years of project development we began the Solar Schools project (pg 14). With the progress of our local food value chain Sprout, R5DC gained a contract with USDA Rural Development, alongside a national group of partners to coach other value chains on the WealthWorks community development model. NCEDA entered into a new lending program with DEED that has been wildly successful (pg 9) and we began a Regional Transportation Coordination Council with support from MnDot (pg 15). Looking into the future there are many project and program ideas in the pipeline that address important issues such as the opioid and mental health crisis and improved Veteran services.

In 2018, R5DC and NCEDA honored two business enterprises; Three Cheers Hospitality and Baby's on Broadway. We additionally paid tribute to an Exceptional Service Provider; The Fudicia Inc. and the Outstanding Regional Partner award was presented to The Northwest Area Foundation. We are extremely proud of their numerous contributions to our organization and this region.

With respect and gratitude,



Cheryal Lee Hills
Executive Director





Board Chair Message

As my time as the Commission chairman comes to a close, I would like to say that working with Cheryal and her staff has been a highlight of two years as commission Chairman. There have been a few staff changes Nichole (Nicky) Larson our Deputy Director has moved on to the accounting firm of Abdo, Eick & Meyers, LLP, and Sandy Voigt our Loan Specialist took a job with the Women's Business Alliance-Central as the Director. I have had the pleasure to work with these fine individuals during my time on the Commission and wish them luck in their new endeavors.

Tad, Dawn, Staci and Matt work very hard on the things that keep the region running, including city comprehensive plans, regional transportation, jobs and workforce creation and local grown products. They spend many hours ensuring that regional partners have the best product available. I have had many people through the region comment on the great job our planners do.

Stephanie joined our staff to replace Sandy and what a great job she is doing with the very important small business, well water, and sewer loans that help out the businesses and rural individuals with goods and services and daily living.

Angela joined us in the marketing and communications role and she has hit the ground running. She ensures that the communities and individuals are well informed of our goods and services that Region Five provides.

And last but not least, we have our Controller Alex. Alex joined the staff about a year ago and has picked up the ball quickly. She is doing a great job keeping the all the finances in order and briefing the commission to ensure that they have up to date and accurate information.

As I close my time as Chairman, I could talk about the number of projects that Region Five is doing. Instead, I would like to say that I have never worked with a finer group of people, from the Commission Members that I serve with, to the Region Five staff. You have all made my time as chairman enjoyable and rewarding.

Very respectfully,

David A. Anderson
Board Chairman



Our Commissioners

Cass County

Bob Kangas, County Commissioner
Kevin Egan, Municipalities
John Benson, Town Boards

Crow Wing County

Rosemary Franzen, County Commissioner
Tom Lillehei, Municipalities
Duane Ruona, Town Boards
Jan Lambert, City of Brainerd

Morrison County

Greg Blaine, County Commissioner
Rollie Johnson, Municipalities
Chuck Parins, Area Council of Government

Todd County

Barb Becker, County Commissioner
Alex Weego, Municipalities
Julie Polak, Town Boards

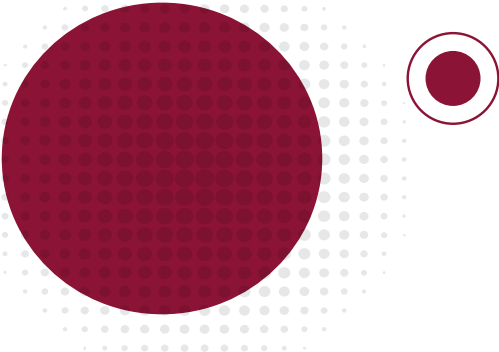
Wadena County

Sheldon Monson, County Commissioner
David A. Anderson, Municipalities
Murlyn Kreklau, Town Boards


Special Interest

Jill Abbott, Higher Education
Mathew Erickson, Camp Ripley
Erich Heppner, Emerging Leaders
Diane Jacobson, SWCD
Curt Johnson, R5 School Board Rep
Craig Nathan, MN Workforce Development

**Current as of July 31, 2018.*



R5DC addresses regional critical issues without duplicating private, public and non-profit entities. We want to know “what keeps you up at night” and address those issues. This results in partnering and collaborating with other organizations, businesses, nonprofits, and local units of government.



Our mission is to enhance the vitality and quality of life in Cass, Crow Wing, Morrison, Todd and Wadena counties.

Our Staff



Cheryal Lee Hills
Executive Director



Tad Erickson
Sr. Regional Development Planner



Dawn Espe
Sr. Regional Development Planner



Staci Headley
Regional Development Planner



Alex Lisson
Controller



Angela Anderson
Marketing & Communications



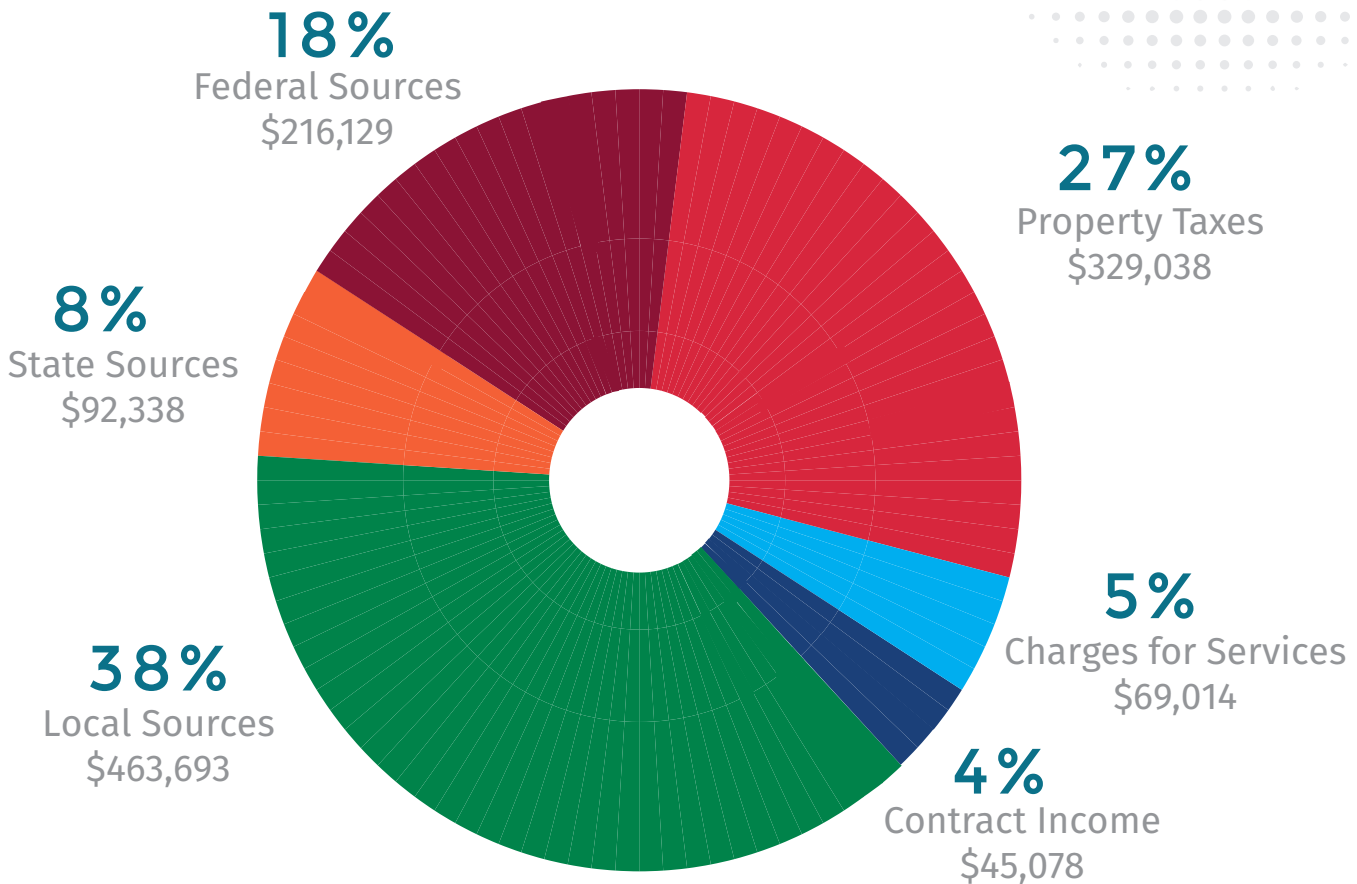
Matt Kallroos
Regional Development Planner



Stephanie Barney
Business Loan Developer

Financial Highlights

FY2018 Actual Revenue by Source



Region Five Development Commission's financial statements for fiscal year 2018 were audited by Schlenner Wenner & Co. An unqualified opinion was expressed.

The assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,581,925 (net position), of which 98.80 percent is restricted in use.

The governmental activities closed the fiscal year with a net position of \$18,930, which was entirely unrestricted.



Social Crowdfunding

Increased demand for financial assistance is causing small businesses, both rural and urban, to look to new lenders to start or grow their businesses. Crowdfunding is a potential new source of capital for rural small businesses. The growing interest in communities to invest locally presents an opportunity for a new form of investors for small businesses. Known as community crowdfunding, this approach helps small businesses raise capital from individuals who are interested in backing local businesses without the expectation of return on investment.

This is not a fit for every business but demonstrates a trend in rural economic development, by cultivating local philanthropic appetites to invest in regional businesses and create jobs along the way. Whether in lieu of, or in partnership with existing public incentives, crowdfunding can be another tool used to help local businesses expand. With the majority of jobs being created by small companies in rural communities, crowdfunding can be a way for these “major employers” to supplement these efforts.

Thanks to a grant from USDA, R5DC, alongside MNstarter, worked with three nonprofit organizations to develop a portal and launch social crowdfunding campaigns. R5DC worked closely with all three organizations in drafting content, setting goals, deciding on rewards, etc. to prepare for the campaign. Suggested marketing timelines, press release templates and other marketing tools were provided. Informational meetings were held, as well as “meet ups” for two of the campaigns.

Although fundraising goals were not met, dollars were raised to offer 4 events in downtown Brainerd to draw shoppers during summer road construction, as well as fund a portion of a mobile food market for Sprout MN. Many lessons were learned and R5DC looks forward to continuing to utilize this method as a way to raise capital for local businesses.

NCEDA Loan Board



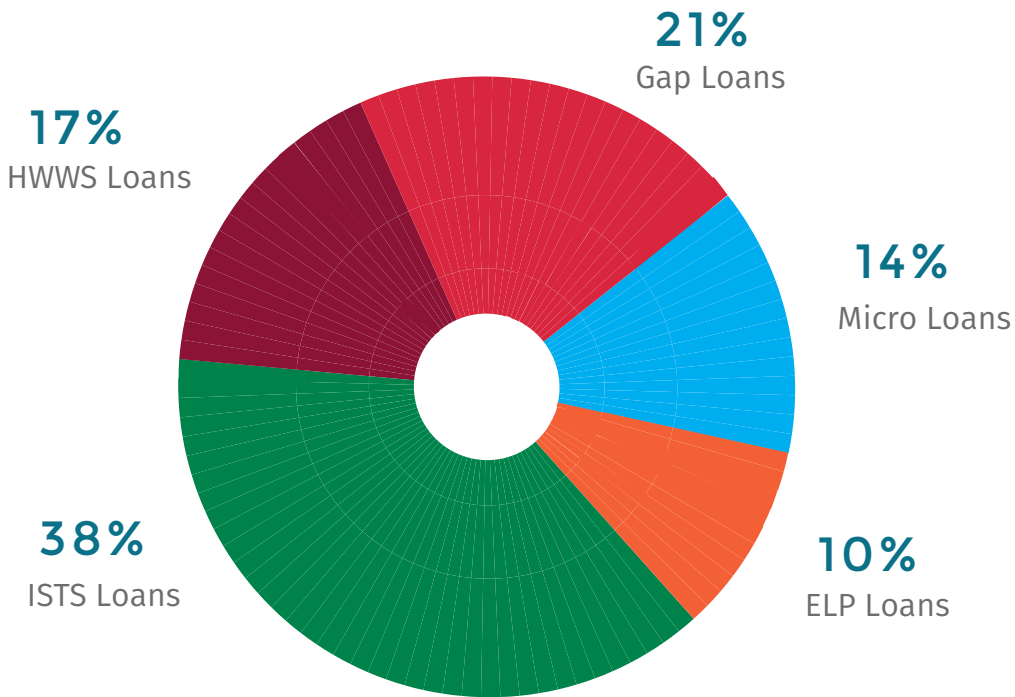
NCEDA Loans

29
New
Loans

\$584,152
Lent to
Borrowers

84
Jobs*

*Number of jobs created or retained, based on 1 job for every \$10,000 loaned and jobs reported.



21%

6 Revolving Loan
Fund (Gap) Loans

14%

4 Micro-Lending
Loans (USDA) for
startup/expansion

10%

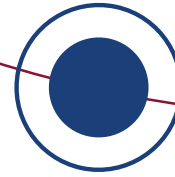
3 Emerging
Entrepreneur Lending
Program Loans

38%

11 Individual Sewage
Treatment System
Program Loans

17%

5 Household Well
Water System
Program Loans



Community Development



Arts & Culture

Artplace and Sprout By the Numbers

- 7 Educational Offerings for Growers, Makers and Small Business Owners
- 25+ artists were commissioned to contribute pieces to the Sprout Marketplace
- 6 Winter Markets, featuring 40+ local vendors, performances & cooking demonstrations
- 1 Summer Harvest Dinner
- 1 Minced Cooking Competition
- 2 Parties with a Purpose
- 4000+ residents and visitors engaged through Artplace funded events and activities

For more details, visit: www.regionfive.org/cms/files/SproutWealthWorks18_Web.pdf

Bush Foundation Creative Community Cohort

R5DC is one of 40 organizations from North Dakota, South Dakota, Minnesota and the 23 Native nations that share the geography selected by the Bush Foundation for its commitment to making art and culture central to problem solving. “We are thrilled to be a part of the Foundation’s second Community Creativity Cohort. We believe this experience will be invaluable in helping address the issues that are of most concern to our region,” stated R5DC Executive Director Cheryal Hills.

Each member of the cohort will receive a general operating support grant of \$100,000 over a three-year period and access to other funds to help them improve their work and strengthen their organizations.



Welcoming Communities

Three R5DC staff completed training for administration and interpretation of the Intercultural Development Inventory (IDI). Executive Director Cheryal Hills, along with Regional Development Planners Dawn Espe and Staci Headley received their certification. Hills, Espe and Headley will facilitate training in the five-county region, based on a generous grant from the Blandin Foundation and Northwest Area Foundation. R5DC is working 10 communities in the five-county region to deliver IDI coaching and facilitate training. These sessions will assist communities in advancing their goals, seeking to attract a qualified workforce, creating social cohesion and improving livelihoods for all people in our region. “All people” refers to everyone – including millennials, military veterans, previously incarcerated people, and people affected by mental illness, along with diverse nationalities. Elected officials of our townships, cities and counties have leadership roles that alongside the private and non-profit sectors can dramatically enhance our competitive advantage in the national “race for talent” and qualified workforce attraction efforts.

Talent Advantage Series

The “Talent Advantage Series” was created by a collaboration effort of Rural Minnesota CEP, Inc, DEED, the Initiative Foundation, R5DC, and SourceWell. Two workshops were hosted in Brainerd and in Long Prairie. This program focused primarily on the profound demographic shift that is happening in Minnesota’s workforce (with significant workforce shortages predicted for the next twenty years), and how employers have responded with programs to develop, retain, and attract talent. Over 100 local business owners, human resource managers, elected officials, local leader and stakeholders attended the workshops. Follow up workshops and gatherings are continuing to happen throughout the region as we look to the future of employment demands.

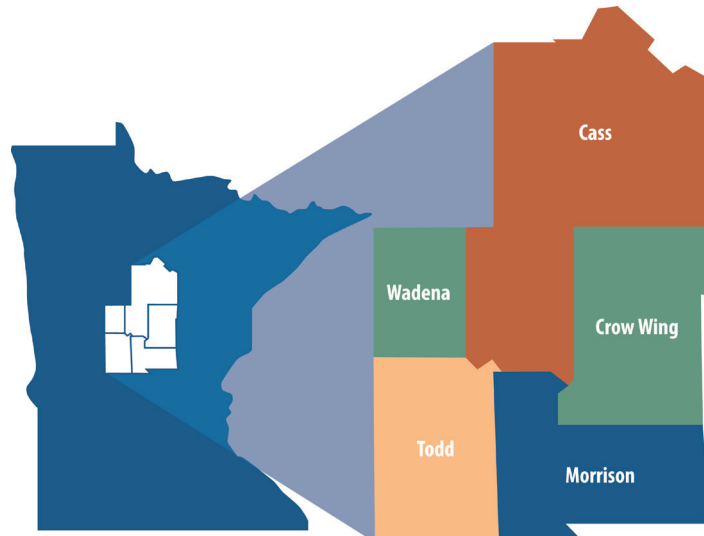


Bush Foundation Creative Community Cohort

Community Development

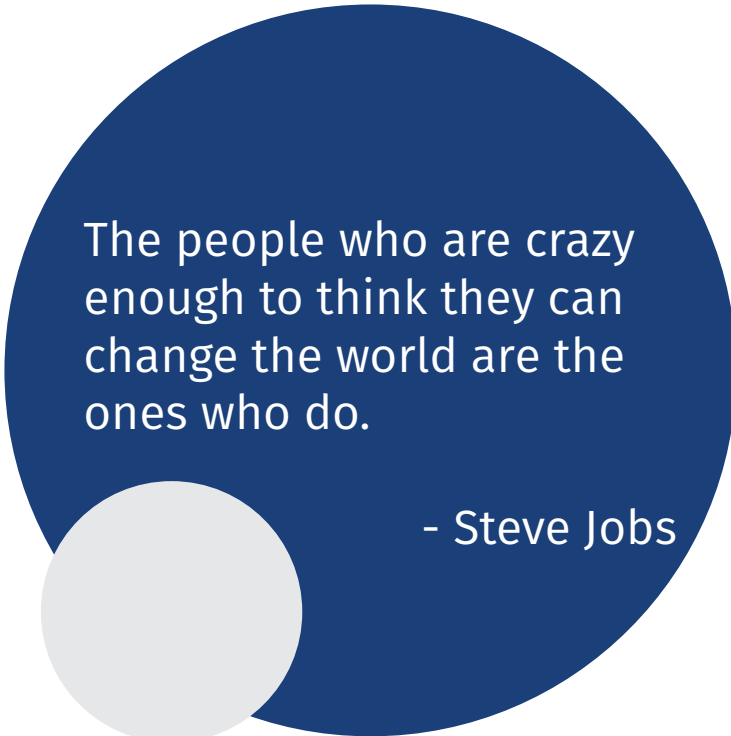
Facilitation of Regional Groups

- Regional Yellow Ribbon Coalition
- Region Five Coop Coalition
- Economic Development Professionals
- County Administrators
- Transportation Advisory Council
- Regional Transportation Coordinating Council



R5DC Regional Board Participation

- Central Lakes College Advisory Council
- Five Wings Art Council
- Happy Dancing Turtle
- Accounting & Financial Women's Alliance
LEAP Program
- Brainerd Planning Commission
- MN Rural Broadband Coalition
- MN Association of Development
Organizations
- RED Group - Process Design Team
- WealthWorks Hub Network
- Pillager School Foundation
- Friends in the Field



The people who are crazy
enough to think they can
change the world are the
ones who do.

- Steve Jobs



Solar Schools

R5DC will receive a grant of \$1,993,660 from Xcel Energy through the Renewable Development Fund (RDF) for a “Regional Schools Solar PV Demonstration” project. The grant will fund the majority of the projected \$3,508,550.00 project budget to construct 14,973 kilowatts of DC-rated solar capacity on multiple school buildings in two school districts, Pine River-Backus and Pequot Lakes, and two MnState/Central Lakes College campuses. R5DC has secured New Energy Equity, a Maryland based firm, as the financing partner to provide tax equity and other financing with Sourcewell providing legal counsel. Rural Renewable Energy Alliance (RREAL) is the project construction manager. All but one small solar array are in the service territory of Minnesota Power, with Todd-Wadena Cooperative and Brainerd Public Utilities as the other utility providers. The project also includes demonstration of solar-powered electric vehicle charging stations at a site to be determined. Students at Leech Lake Tribal College may participate in project construction as trainees in solar installation work. The visibility of these projects may lead to other clean energy projects and additional local job creation that will benefit residents of the region.

R5DC’s goals with this project include:

- Demonstrate cost-effectiveness of a coordinated regional strategy for solar development
- Build expertise, experience and skills among local firms and providers for further solar development in Region Five
- Save schools at least 10% on their energy costs over time
- Integrate the solar arrays with STEM-based and workforce curriculum for students

The expectation is to have Pine River Backus and Pequot Lakes school systems installed by end of 2018 with remaining systems completed at CLC sites in 2019.

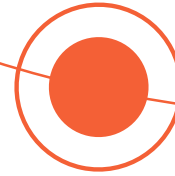
One Watershed-One Plan

The Crow Wing Soil and Water Conservation District (SWCD) is undertaking the development of a Pine River Watershed-based plan consistent with the One Watershed; One Plan vision and program grant requirements adopted by the Board of Water and Soil Resources (BWSR). Staff continues to facilitate this advisory committee. The committee has analyzed baseline watershed related data, identified a comprehensive list of issues facing the watershed, created a prioritized list of watershed related issues, developed issue statements describing the issues that exist, and developed a vision statement for the watershed. R5DC staff presented to the Policy Committee on behalf of the advisory committee to update them on the progress thus far and to check in on the direction of the planning process. The committee is currently identifying long term goals and objectives based on the analysis and issues already identified.

Broadband

R5DC continues to receive \$100,000.00 annually from Sourcewell to coordinate broadband efforts between two local phone cooperatives. Decisions are made based on where the highest need and highest impact can be met. To date, \$400,000 over the last 4 years has leveraged nearly \$10,000,000.00 in state funding to expand broadband in Todd and Wadena counties. Long Prairie worked in partnership with CTC to expand fiber to residents and business owners within the city limits. WCTA has two broadband expansion projects they are currently working on in northern Todd and southern Wadena counties, impacting small towns such as Browerville and Bertha. R5DC is also exploring ways of using creative placemaking to demonstrate rural broadband needs.





Transportation

TAC

R5DC staff continues to meet quarterly with the Region Five Transportation Advisory Council (TAC). The TAC is a committee of the Region Five Development Commission serving Wadena, Crow Wing, Todd, Morrison and Cass Counties.

The TAC is charged with addressing issues of local and regional significance; reviewing and guiding the development of various transportation plans and studies effecting the region; providing input to the Minnesota Department of Transportation in planning, policy, and project development; and recommending a prioritized lists of transportation projects seeking federal aid through the Central Minnesota Area Transportation Partnership (ATP).

SRTS

In cooperation with the City of Long Prairie, and the Long Prairie Grey Eagle School District 2753, R5DC developed the Long Prairie Grey Eagle Safe Routes to School (SRTS) plan. This was done by collecting and analyzing information received through a parent survey, an in-class student tally, two walking audits (one at each school site), and an analysis of issues and barriers. After assessing issues and barriers, the planning team guided by Region Five developed several goals and recommendations to be considered by both the city and the schools. Each goal was based on the 6 “E”s framework, which include Engineering, Education, Encouragement, Enforcement, Equity, and Evaluation. The plan was approved by MnDOT in July of 2018.

RTCC

R5DC will serve as the coordinator of the five-county Regional Transportation Coordinating Council (RTCC) for the counties of Cass, Crow Wing, Morrison, Todd and Wadena. The goal of this council is to fill transportation gaps, streamline access to transportation and provide individuals with more options of where and when to travel. This improves mobility for the “transportation disadvantaged”—older adults, individuals with disabilities, individuals with low income and/or military veterans. R5DC will coordinate between transportation providers, service agents and the private sector. Year one of this two year plan began in July of 2018, with goals set to identify operational guidelines, determine membership, define public participation and to draft goals to implement the plan.



Vital Projects



The R5DC CREDS Strategy Committee, comprised of a group of diverse regional leaders from the private, public & non-profit sectors, selected ten projects to include as Vital Projects in the Comprehensive Regional Economic Development Strategy (CREDS). The 2018 Vital Projects are:

Integrating Site-based Solar Energy Systems into STEAM Curriculum - RREAL

RREAL's mission is to make solar energy accessible to everyone. Solar installations are taking place at Pine River-Backus Schools, Pequot Lakes Schools and the Brainerd and Staples campuses of Central Lakes College. The first project of its kind in Region 5 Minnesota, our Solar for Schools curriculum development project will bring age-appropriate STEAM-integrated clean energy curricular opportunities to all grades.

Talent Advantage Series – Rural MN CEP

A collaboration of organizations which seeks to elevate the demographic and economic causes of Central Minnesota's workforce shortages, highlight effective strategies to attract, develop, and retain skilled workforce, and otherwise elevate the option of "hidden talent" (veterans, disabled, minorities, New Americans, retired workers) which can also alleviate the constriction this has created for our regional economy.

Regional Broadband Expansion Projects

CTC and WCTA CTC's project mission is to expand broadband access and critical redundant fiber connections into all R5 communities and critical facilities within R5. Through this project all R5 communities will have access to new ways to help grow economic, education, health innovation with new fiber optic connectivity. A regional R5 fiber optic network will enhance collaborative efforts of our local governments, school districts and citizens to connect with each other and the world.

Ag Vet Program - R5DC

The R5DC AgVets program is designed to better meet the needs of our Minnesota Veterans and to ensure that Minnesota's agricultural economy thrives in the years to come. This will be achieved by 1. Increase the number of military veterans gaining knowledge and skills through comprehensive, hands-on and immersive model farm/ranch programs offered in Central MN 5-county region that lead to successful careers in the food and agricultural sector, 2. Deliver extensive training program, including cutting edge technologies and innovations that producers can adopt to effectively manage business operations. Assist with job placement or career advancement activities post training, 3. Via effective coordination, connect veterans with resources that assist throughout program. 4. Evaluate and fiscally administer program with high degree of accountability and transparency to meet continued "high performing grantee" status. Attraction efforts initially concentrate on veterans from within the five-county region with intentional focus on reaching veterans from minority and unrepresented groups.

Innovations Academy – Bertha-Hewitt School District

The purpose of this project is to provide students in our region a hands-on experience in the fields of medical, manufacturing, agriculture, and the trades. The mission is to motivate students in our poverty ridden communities by giving them applicable experiences. The goal is that more students in our area will then attend a trade school and/or 4 year college in the areas where our region needs the most jobs.

Expanding the Legacy Trail – City of Staples

By connecting our communities, trail users would have the ability to travel all the way from Bemidji to Staples or Staples to Royalton or a variety of other routes. This feasibility study will be the start of making connections with the region's western communities that lack access to state trails within Region Five.

Welcoming Communities– R5DC

Welcoming Communities project will provide a platform for equity and inclusion through learning and knowledge-sharing with regional stakeholders or subject matter experts, and capacity-building of trained coaches that assist with deployment of strategies. The project will provide a framework for rural communities to learn inclusive community practices, tools for navigating a changing rural identity, and foster inclusive efforts across the region in ways that improve livelihoods and ownership of the process and the outcomes.

Region 5+ Comprehensive Re-entry Project – Crow Wing County

When a person with mental illness is picked up by law enforcement, officers have few options, basically the emergency room, detox or jail. By offering this innovative model the social worker or mobile crisis team member will work with law enforcement to offer additional options. The Comprehensive Re-Entry Project is designed to provide a full continuum of care to individuals with acute or chronic mental or chemical health problems who become involved with law enforcement. This project enhances the resources and tools available to law enforcement so that individuals in our region get the right services and right time and have strong incentives to participate in those services. This project is new to our region yet the multi-county and integration with law enforcement, mobile crisis services and jails to address this increasing criminalization of serious mental illness will produce better results not only for these stakeholders yet more importantly the individual themselves.

River to Rail – City of Brainerd

Property owners and businesses, Brainerd Restoration - a 501C3 nonprofit, the Brainerd Lakes Area Economic Development Corporation (BLAEDC) and the City of Brainerd are partnering in a quality of place initiative entitled River to Rail. This initiative has community and regional characteristics that will make it a distinctive and attractive quality of place unlike any other place in the region and the upper Midwest.

Toward Zero Deaths – Minnesota Toward Zero Deaths

Safety is something that truly effects the whole community. Additionally, it is a priority for health for both the prevention of the crash and for the risk to those that respond. There are many risks that are imposed following a crash, some of which are health concerns from hazards at the scene that can be communicable or as a result from the contents of vehicles in the crash.

Honoring Service

Paul “Sonny” Nieman, Jr. faithfully served on the Region Five Development Commission since 1982 and passed away on July 26th, 2018. We honor his public service and commitment to the region. He is deeply missed.

A special thank you to all of our Commissioners, past and present, for serving on the Region Five Development Commission. We are grateful for your time, dedication and service to your community and to this region.



Celebrating Innovation

Since 2010, Region Five has won an Innovation Award from the National Association of Development Organizations (NADO) in 2011, 2014, 2017 and 2018. The winning project in 2018 was for the Welcoming Communities campaign. Dawn Espe, Senior Regional Development Planner accepted the award for R5DC from NADO President, Doug Elliot.



Plans & Publications

PLANS:

Comprehensive Regional Economic Development Strategy
2018 Planning Report

EDA Planning Grant
Progress Reports (March & October)

Comprehensive Plans for the following cities in our region*:

Nisswa
Crosslake
Brainerd
Staples
(*in partnership Sourcewell)

Safe Routes to School Plan
Long Prairie-Grey Eagle Schools

PUBLICATIONS:

Take 5 with Region 5
R5DC's Quarterly Newsletter to share details on our work in the region.

NCEDA
This newsletter is shared monthly to highlight local success stories, share economic news, grants, resources and webinars.

NCEDA INSIDER
This monthly publication is used to communicate information for the full NCEDA corporation to keep them informed of internal news.

1 Army Camp
1 Tribal Nation
5 Counties
24 School Districts
65 Cities
151 Townships
163,000 People



Congratulations to our 2018 Award Winners:

The Fiducia

Exceptional Service Provider

Northwest Area Foundation

Outstanding Regional Partner

3 Cheers Hospitality

NCEDA Business Partner

Baby's on Broadway

Micro-Business Partner

Thank you to our partners!
We look forward to another year of serving all people
in the communities of our region.

R5DC & NCEDA