

REGION 5 DEVELOPMENT COMMISSION

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Annual Report

JULY 1, 2001 - JUNE 30, 2002

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Region 5 Development Commission
611 Iowa Avenue
Staples, Minnesota 56479
218/894-3233

Minn. Stat. 462.393 Subd. 1

Chairperson's Report

July 1, 2002

Fiscal year 2002 has been a successful and challenging year for the Region 5 Development Commission. I believe we have made progress in all areas identified by the commission leadership.

Each year, we renew our efforts to serve local units of government and our citizens in the following four core program areas: Economic Development, Community Development, Transportation Initiatives, and the Area Agency on Aging. We have met challenges in these areas, for example, taking a leadership role in responding to the Potlatch plant closing in Brainerd, expanding our ISTS loan program, identifying brownfields in our region, initiating multi-jurisdictional community planning, facilitating county wide transit systems, leading railroad corridor safety projects, establishing Area Agency on Aging partnerships within and outside our region, modifying county senior outreach systems and health insurance counseling networks.

In addition, the Commission has worked to establish new programs to meet particular needs identified in Region Five strategic planning. We have added a Housing program to assist with providing affordable housing to the region, and a Geographic Information System program in response to technology advances in decision making data base establishment. We also must continue to market the Region 5 Development Commission and to be mindful of the growing diversity in our region.

I wish to compliment the professional staff on the job they are doing. Their cooperation and commitment is essential to the services that are delivered. I am pleased with the progress we have made, and continue to push forward and to assist in further development of this remarkable five county area of central Minnesota.

Sincerely,



Ralph Lorentz, Chairman
Region 5 Development Commission

COMMISSION MEMBERSHIP
(As of June 30, 2002)

CASS COUNTY REPRESENTATIVES

Jim Demgen, East Gull Lake
Ardean Braggalla, Cass Lake
Fred Martin, Akeley

Board of Commissioners
Municipalities
Town Boards

CROW WING COUNTY REPRESENTATIVES

Dewayne Tautges, Ft. Ripley
Harold Krause, Nisswa
Sharon Thurlow, Pequot Lakes

Board of Commissioners
Municipalities
Town Boards

MORRISON COUNTY REPRESENTATIVES

Tom Wenzel, Little Falls
Duane Johnson, Swanville
James Wielinski, Little Falls

Board of Commissioners
Municipalities
Town Boards

TODD COUNTY REPRESENTATIVES

Stan Sumey, Staples
DeWayne Hulke, Clarissa
Alan Perish, Browerville

Board of Commissioners
Municipalities
Town Boards

WADENA COUNTY REPRESENTATIVES

Ralph Lorentz, Wadena
Wayne Wolden, Wadena
William Kern, Verndale

Board of Commissioners
Municipalities
Town Boards

CITY OF BRAINERD REPRESENTATIVE

Lucy Nesheim, Brainerd

City of Brainerd

COUNCIL OF GOVERNMENTS

Gene Young, Little Falls
Christine Cummings, Cass Lake

Little Falls Area COG
Leech Lake Tribal Council

REGION 5 SCHOOL BOARDS

Judith Taves, Wadena
Janet Moran, Brainerd

School Board Representative
School Board Representative

SPECIAL INTEREST GROUPS

Ted Winkels, Verndale

Soil & Water Conservation
District

BOARD OF DIRECTORS

(As of June 30, 2002)

Ralph Lorentz, Chairperson
Ardean Brasgalla, Vice-Chairperson
Ted Winkels, Secretary
Jim Wielinski, Treasurer
Lucy Nesheim, Director
Stan Sumey, Director
William Kern, Director

STAFF

(As of June 30, 2002)

ADMINISTRATION

Robert Hutton, Executive Director
Nancy Stevens, Controller/Executive Assistant
Crystal Riddle, Office Manager
Arlene Saari, Secretary

AREA AGENCY ON AGING

Barbara Card, Director
Sharon Notch, Senior Programs I & A Specialist
Sandra Kruse, Senior Programs I & A Tech.

COMMUNITY DEVELOPMENT

Timothy Schmidt, Community Development Director
Peggy Sammons, GIS Coordinator

ECONOMIC DEVELOPMENT

Gail Leverson, Economic Development Director
Maggie Muckala

HOUSING

William Higgs, Housing Coordinator

TRANSPORTATION

Roger Germann, Transportation Initiatives Director

ADVISORY COUNCILS/TASK FORCES

(As of June 30, 2002)

<u>ECONOMIC DEVELOPMENT TASK FORCE</u>	<u>REPRESENTING</u>	<u>COUNTY</u>
Lucy Nesheim, City of Brainerd	Advisor	Region 5 DC

<u>COUNCIL ON AGING</u>	<u>REPRESENTING</u>	<u>COUNTY</u>
Ted Winkels, Verndale	Chairperson	Region 5 DC
Sue Anderson, Walker	Seniors	Cass County
Dee Anderson, Hackensack	Seniors	Cass County
Dorothy Svenvold, Pillager	Seniors	Cass County
Wayne Abell, Breezy Point	Seniors	Crow Wing County
Eugene Kennedy, Pequot Lakes	Seniors	Crow Wing County
Betty Czech, Royalton	Seniors	Morrison County
Maxine Gutormson, Swanville	Seniors	Morrison County
Martha Rach, Staples	Seniors	Todd County
Dorothy Berscheit, Grey Eagle	Seniors	Todd County
Rachel Schluttner, Verndale	Seniors	Wadena County
Dean Lalone, Sebeka	Seniors	Wadena County
Jamie Richter, Walker	Public Health	Region 5
Frank Schaap, Walker	Social Services	Region 5

<u>TRANSPORTATION COUNCIL</u>	<u>REPRESENTING</u>	<u>COUNTY</u>
Jim Wielinski, Little Falls	Region 5 ATP Representative	Morrison Co. TWP
Dave Enblom, Walker	Co. Hwy. Engineer, ATP Rep.	Cass County
Duane Blanck, Brainerd	Co. Hwy. Engineer	Crow Wing County
Jeff Hulsether, Brainerd	Brainerd Engineer	Crow Wing County
Steve Backowski, Little Falls	Co. Hwy. Engineer	Morrison County
Jerry Lochner, Little Falls	City Services Mgr.	Morrison County
Duane Lorsung, Long Prairie	Co. Hwy. Engineer	Todd County
Russell Larson, Wadena	Co. Highway Engineer	Wadena County
Fred Martin, Akely	Region 5 Townships	Cass Co. Twp.
Steve Voss, Brainerd	District 3	MN/DOT
John Luce	Aviation	Region 5 Area
Howard Warnberg	Railroads	Region 5 Area
Jan Roers	Transit	Region 5 Area
Trevor Walter, Baxter	City Engineer	Crow Wing County
Tom Wenzel	Council Chairman	Morrison County

Ex-Officio Members

Kevin Howieson	District 3	MN/DOT
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COORDINATION

REGION 5 LEGISLATIVE MEETINGS: The Counties of Cass, Crow Wing, Morrison, Todd and Wadena have enlisted the services of Region 5 to coordinate meetings between the five county boards and the area legislators on a regular basis. The purpose of the meetings is to share information and provide input on Region-wide concerns. These services include meeting notices, minutes and forwarding of resolutions and other concerns to state agencies and the legislature.

INFORMATIONAL SERVICES

The Region 5 Development Commission is a Regional Information Center for many types of information including, but not limited to, management and administration, community development, economic development, transportation, health issues, programs for seniors, cultural activities, and census data.

The information is available through various methods including a library, a computer modem linking Region 5 with state data banks, referrals, and Bi-monthly newsletters published and distributed by Region 5.

Program Directors provide latest available planning technical information and expertise, to any requesting local government, in the area of transportation, economic development, community development and aging issues.

PROGRAMS FOR OLDER PERSONS

The Minnesota Board on Aging has designated the Region 5 Development Commission as the official Area Agency on Aging for Cass, Crow Wing, Morrison, Todd, and Wadena Counties.

The Region 5 Area Agency on Aging (AAA) serves as an advocate, service developer and facilitator, educator, and information and funding source.

The Region 5 AAA provides information and assistance to older persons and their families through the Senior LinkAge Line®: 1-800-333-2433, technical assistance to agencies and units of government in the development of services for older persons, coordination of aging services, and demographics and needs data.

To guide its activities, the Region 5 Area Agency on Aging has prepared an Area Plan for 2000-2002. Based on the priorities established in this Plan, *Table 1* shows the services, which are projected for 2001.

**TABLE 1
SERVICES PROJECTED FOR 2001**

	<u>Number of Units</u>
Congregate Meals	87,319 meals
Home Delivered Meals	<u>73,851</u> meals
	161,170
Health Assessment Screening	1,046 hours
Information & Assistance	7,554 hours
Homemaking	1,000 hours
Transportation	10,977 one-way trips
Legal Assistance/Ed	1,458 hours
Chore	5,792 hours
Health Promotion	353 hours/sessions
Respite	400 hours

The activities of the Region 5 Area Agency on Aging are guided by a fifteen member Council on Aging. The Council on Aging is comprised of representatives for older persons and service providers. They develop policies and priorities, recommend action on contract/grant applications, and conduct the Annual Conference on Aging.

The Region 5 Development Commission takes final action on major policy decisions, budget approvals, and contract/grant awards. The total project costs for the contract/grants awarded by the Region 5 Development Commission annually amount to approximately \$1.3 million. *Table 2* identifies the type of funds used to finance a wide array of services:

TABLE 2
FUNDS DISTRIBUTED IN 2001

SERVICE	Federal Funds	USDA	State Funds	County Funds/ In-Kind	Private Funds/ In-Kind
Congregate Meals	109,626	80,908	100,811		152,808
HDM	116,952	126,814	31,608		129,239
Sub Total	226,578	207,722	132,419		282,047
Homemaker	8,201			8,201	
Transportation	52,058			52,058	
I & A	75,340			75,340	
Senior Center Renov.	20,000			20,000	
Legal Cases/Ed	29,985			29,985	
Health Assessment	19,829			19,829	
Respite	9,600			9,600	
Health Promotion	11,277			11,277	
Sub Total	226,290			226,290	
GRAND TOTAL	452,868	207,722	132,419	226,290	282,047

An annual Conference on Aging is sponsored by the Region 5 AAA to provide up-to-date information on aging issues as well as networking opportunities. Other trainings are provided by the AAA to update seniors and service providers on current issues and development.

Throughout CY 2000 the Senior Program Specialist assisted approximately 1077 individuals who were looking for services or assistance to help a senior remain independent. The highest topic areas were prescription drugs, health insurance, transportation, nutrition, legal issues, housing, chore, respite, adult day care, caregiver support, home care, etc.

Quarterly, the Region 5 AAA draws together senior advocates, RSVP directors, Senior Center Directors, Presidents of County Councils, service providers, MN Senior Federation, Green Thumb, Foster Grandparents, Senior Companions, etc. The purpose of these meetings is to share information, coordinate our activities, and form another necessary link between the AAA and the individual counties.

COMMUNITY DEVELOPMENT

The Region 5 Development Commission Community Development Department provides technical assistance to local communities in land use planning and zoning, grant writing, conduct local and regional studies and reports, and provides U.S. Census data.

Early in FY 02 the Community Development Department conducted a Regional Brownfields study to identify brownfields sites within Region 5. A press release was sent and published in nearly every community newspaper within the Region. Survey summaries were sent to all county heads to present to their boards.

There has been increased interest in community planning in FY 02. The Community Development Department has secured three planning contracts including the City of Randall (Morrison County), Bungo Township (Cass County), and the City of Chickamaw Beach (Crow Wing County). Community planning technical assistance contract revenues totaled \$9390.42 for FY 02.

The Community Development Director facilitated a total of 14 community meetings in the development of local comprehensive plans. In addition, the 12 presentations were given to offer Community Development services to local units of government and community organizations. Studies were also conducted for the Cities of Randall and Chickamaw Beach as well as for Bungo Township.

The Community Development Department assisted the Region 5 Housing Program in securing \$30,000 of funding for the program from the Otto Bremer Foundation. Also, grant writing technical assistance was provided to the Walker Area Community Center through a technical assistance contract of \$339.20.

A total of 23 Census Data requests were completed over FY 02. Census data requests ranged from single-community population statistical information to a 10-page Census report.

The Community Development Director continued to represent Region 5 in monthly area planner's meetings held in Nisswa to discuss planning issues in Cass and Crow Wing Counties.

A multi-jurisdictional planning project was developed for the entire area surrounding Mille Lacs Lake in a cooperation with Minnesota Planning, East Central RDC, and Arrowhead RDC. A Work Plan has been created and is currently set for presentation to local units of government in FY 03. Work for the project is scheduled to begin in FY 03. A joint-planning project also began negotiation in FY 02 for the City of Royalton and Bellevue Township. Under the current proposal, the Community Development Department will begin the project in FY 03.

ECONOMIC DEVELOPMENT

The Economic Development Department of Region 5 serves as the federally designated Economic Development District of the region. This designation has enabled the Region 5 counties to receive federal grants through the Economic Development Administration.

The ED Department administers the EDA regional revolving loan fund for North Central Economic Development Association (NCEDA). The organization maintains a 501 c(3) status and has its own full corporation and board of directors. The NCEDA Full Corporation met twice in FY02 and the NCEDA Board of Directors met 12 times. The corporation received 13 applications for business financing and approved 7 projects during FY02.

Information on the revolving loan fund was presented to all five county boards. A Lender Survey was administered identifying new financing needs of local lenders. A Technical Assistance Survey was administered during FY02 to identify the needs of the business loan clients that we service. A quarterly newsletter, The NCEDA Report, was developed to distribute to lenders, NCEDA recipients and NCEDA board members. This newsletter was published twice in FY02.

The ED Department has been active in identifying and promoting regional projects for EDA funding. Three pre-applications for EDA funding totaling \$1,042,000 have been prepared by this office during FY02. The communities seeking assistance during the past fiscal year are Wadena, Little Falls and the Brainerd/Baxter area.

The annual Comprehensive Economic Development Strategy (CEDS) was completed in September of 2001. It was presented and approved by the five county boards. An annual Economic Development Survey was administered to counties and municipalities as part of the report preparation. An Industrial Park Survey was administered to all municipalities in Region 5 to identify infrastructure needs. The results will be included in the 2002 CEDS report.

The Individual Sewage Treatment System (ISTS) loan program began for Wadena County in FY02. It provides 3% interest loans for ISTS projects in Wadena County. Eighteen applications were made for this funding and fifteen loans were approved totaling \$61,500 of funding through the Minnesota Department of Agriculture. Similar programs have been developed in Cass and Crow Wing County during FY02. We will begin taking applications for these counties in FY03.

Network 5 meetings were held bi-monthly in various locations throughout Region 5. Brainerd, Crosby, Wadena and Staples each hosted meetings. Each meeting was attended by 20–40 participants. Speakers were provided at each meeting on topics such as wireless networking, tax abatement and bio-diesel power. Organizations such as EDA, DTED, and USDA have been represented at each meeting, as well as local economic development organizations and legislative representatives. These meetings have reinforced a strong economic development presence in Region 5 and the are essential to developing connections to funding organizations for future of the region.

REGIONAL TRANSPORTATION INITIATIVES PROGRAM

A variety of transportation planning activities took place during the FYE2002. The variety included numerous local transportation issues solution assistance, modal development and funding processes, DOT-District ATP related program work, railroad corridor safety project facilitation, Transportation Council staffing and facilitation, Region 5 internal program collaboration, and other related activities.

DOT Grant Administration/Transportation Council/MnDOT ATP Activities

Staff monitored and completed quarterly reports (including the Fiscal Officer budgetary reports, and collaborated with DOT district personnel during the year. ATP activities increased staff time and coordination of processes between local road authorities and state and federal funding sources. Staff coordinated the Transportation Council's responsibility for reviewing FYE2005 annual eligible federal project selection process, culminating in a well documented and RDC approved list of priority local projects.

Modal Transportation Activities

Transit (OT)

Staff participated in the Crow Wing County/City of Brainerd discussions which finalized an implementation strategy for the new county-wide service. Staff continued monitoring the Morrison County Area Transit Service, and is monitoring the proposed Wadena County County-wide Transit Application process. Cass and Todd County areas are inactive at this point. Staff is monitoring a local transit service application process centered at Walker, Hackensack, Onigum (WHO). Staff provides process facilitation assistance to local governments on an "as requested" basis.

Staff participates as a funding/ranking reviewer of applications for Section 5310 public vehicles in the MnDOT District 3 area, and provides application assistance to existing or new applicants.

Freight, Rail, Waterways (OFRW)

(Corridor projects are partnerships of local road authorities, OFRW, and the Railroad) Staff is monitoring the close out of the Morrison County Area BN-SF Railway Co. Corridor road crossing safety improvement project. Staff is facilitating the Todd-Wadena County Area road crossing safety improvement project, which is beyond mid-point in its process. Staff has facilitated the Todd-Cass Corridor Railroad Crossing Safety Improvement project, which has been merged into the TH210 Road Corridor Improvement Project by DOT. Staff continues to assist local governments as requested along this latter corridor.

Local Road Authority Projects

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

Inter-Regional / State-Wide Transportation Activities

Staff participates with other RDC (MRDO members) Transportation Program activities through communications and quarterly planner meetings held throughout the state.

Staff works with state local government Associations, particularly with the attorney staff at the Minnesota Association of Townships.

Staff has been honored a 2nd year to be the state MAT Annual Scholarship Award Recipient Selection Committee Chair. This year the association is awarding four scholarships.

HOUSING

The Region 5 Development Commission obtained a loan from the MN Housing Finance Agency to build six affordable homes during FY02. The homes are completed using labor contracted from the MN Department of Corrections.

During FY02 two homes were construction in the City of Little Falls using the Region 5 Corrections Crew. Two homes will be completed by July, 2002 in the City of Pillager and two homes will be completed shortly within the City of Staples. Lots have been purchased in the Cities of Brainerd and Clarissa for six additional homes.

Region 5 Development Commission hopes to obtain additional funding to begin a housing construction revolving loan fund in order to keep affordable housing available for moderate income citizens within the region.

GEOGRAPHIC INFORMATION SYSTEM

The Region 5 Development Commission recently acquired grants from the Economic Development Administration and the Initiative Foundation to begin a regional geographic information system. The purpose of the program will be to assist those local units of government who do not have this capability readily available and to compliment those systems which already exist with the local units. Start-up of the program began in June, 2002.

Region 5 Development Commission
Estimated Fiscal Year 2003 Budget

06/13/2002

Revenue Comparison
Current FY02 and Estimated FY03

Revenues	Approved Budget	Proposed Budget	Difference
Technical Assistance	15,000	19,000	4,000
Local Levy	204,767	210,910	6,143
Interest & Miscellaneous Income	27,500	11,000	(16,500)
In-Kind	1,400	1,400	0
MN Board on Aging SLL Grant	0	13,813	13,813
EDA Planning & EDA Technology Grants	57,391	141,117	83,726
Medicare Empowerment Grant (AAA)	3,025	0	(3,025)
Health Care Financing Adm. (AAA)	15,000	13,191	(1,809)
MN Board on Aging (Caregiver III E)	0	21,902	21,902
Medicare ORT (AAA)	0	4,925	4,925
MN Board on Aging Administration	97,062	109,781	12,719
North Central EDA, Inc.	61,212	66,167	4,955
MN Department of Transportation	50,000	50,000	0
Foundations and Other Agencies	54,129	62,500	8,371
Region 5 I & A Grant (AAA)	45,906	40,301	(5,605)
Subtotal Program Revenues	632,392	766,007	133,615
Direct Granting Assistance			
Area Agency on Aging	1,540,489	1,292,153	(248,336)
ISTS - MDA Sewer Grants	25,600	200,000	174,400
Housing Construction	420,000	420,000	0
Beaver Damage Grants	25,000	0	(25,000)
Subtotal Granting Assistance	2,011,089	1,912,153	(98,936)
TOTAL AGENCY REVENUES	2,643,481	2,678,160	34,679

Region 5 Development Commission
Estimated Fiscal Year 2003

06/13/2002

Expenditure Comparison
Current FY02 and Estimated FY03

Expenditures	Approved Budget	Proposed Budget	Difference
Salaries **	244,039	284,989	40,950
Fringe Benefits @ 32.510%	76,048	92,682	16,634
Subtotal Personnel	320,087	377,671	57,584
Compensatory Time	6,200	6,200	0
Commission Benefits	1,505	1,600	95
Consultants/Mentor/etc.	31,500	33,000	1,500
Staff Travel	21,053	29,012	7,959
Consultant Travel	2,500	450	(2,050)
Commission Travel	8,750	8,750	0
Commission Per Diem	18,900	18,900	0
Council Travel	3,546	3,150	(396)
Reproduction and Printing	6,400	5,603	(797)
Telephone	1,600	600	(1,000)
Rent	5,726	6,067	341
Staff Car Usage	0	3,450	3,450
Postage	2,005	1,850	(155)
Supplies	1,325	1,370	45
Insurance - Office	5,281	5,281	0
Equipment	2,700	91,685	88,985
Maintenance - Equipment	665	645	(20)
Books, Reports & Memberships	5,500	5,532	32
Workshops/Conferences	18,500	745	(17,755)
Miscellaneous Expense	10,090	7,920	(2,170)
Subtotal Direct Costs	473,833	609,481	135,648
In-Kind	1,400	1,400	0
Total Direct Costs	475,233	610,881	135,648
Indirect Costs @47.0710%	175,258	177,775	2,517
TOTAL PROGRAM COSTS	650,491	788,656	138,165
Direct Granting Assistance			
Area Agency on Aging	1,540,489	1,292,153	(248,336)
ISTS - MDA Sewer Loans	25,600	200,000	174,400
MHFA (Housing Program)	420,000	420,000	0
Beaver Damage Grants	25,000	0	(25,000)
Subtotal Granting Assistance	2,011,089	1,912,153	(98,936)
TOTAL R5 AGENCY BUDGET	2,661,580	2,700,809	39,229
Excess Revenues Over (Under) Expenditures	(18,099)	(22,649)	(4,550)
Fund Balance Proj. 7/1/00 & Proj. 7/1/01	190,000	171,901	(18,099)
Fund Balance Proj. 6/30/01 & Proj. 6/30/02	171,901	149,252	(22,649)

Beinhorn & Company, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Commission Members
Region 5 Development Commission
Staples, Minnesota 56479

We have audited the accompanying general purpose financial statements of Region 5 Development Commission, Staples, MN 56479, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Region 5 Development Commission as of June 30, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2000 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements of Region 5 Development Commission. The individual fund financial statements and schedules listed in the table of contents are presented for purposes of

additional analysis and are not a required part of the general purpose financial statements of Region 5 Development Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Beinhorn + Company, Ltd.

September 15, 2000