# Executive Assessment of SRDC

## FY2022–FY2026 Purpose and Conclusion

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## Executive Assessment of SRDC Annual Reports, FY2022–FY2026

### Purpose and overall conclusion

Across FY2022–FY2026, the Southwest Regional Development Commission (SRDC) demonstrated a strong return on public and partner investment by converting modest operating resources into business financing, external grant awards, infrastructure readiness, energy improvements, and community-development capacity across Southwest Minnesota. The organization's highest-value role is as an implementation partner: it connects local governments and businesses with planning, financing, grant development, technical expertise, and coordination that many small communities could not sustain independently.

The five-year record shows sustained impact in five areas: business capital access, grant leverage, transportation and trail development, community planning, and energy resilience. It also shows that SRDC's effectiveness is closely tied to specialized staff capacity and external funding conditions. The principal strategic challenge is to preserve broad regional service capacity while prioritizing the most consequential constraints on growth: workforce participation, childcare, infrastructure, food access, housing-related community readiness, and reliable funding.

**Assessment conclusion:** SRDC is a credible, high-leverage regional development organization. Its return on investment is strongest where staff expertise unlocks outside capital or enables projects that would otherwise be delayed, unfunded, or beyond the administrative capacity of a small city, county, school district, or business.

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### 1. FY2022 Assessment: Recovery, resiliency, and strategic repositioning

### Year context

FY2022 was a transition year from pandemic response to longer-term regional resiliency. SRDC continued emergency-oriented business support through its COVID-19 Revolving Loan Fund (RLF) while defining a broader strategic agenda around entrepreneurship, leadership succession, workforce shortages, and communication. The year also established key planning and partnership foundations that informed later activity in trails, transportation, energy, tourism, and economic resilience.

### Major results and impacts

#### Business recovery and access to capital

SRDC's financing programs were particularly important in FY2022 because rural businesses were still adapting to pandemic disruption, inflation, changing customer expectations, and limited access to flexible capital.

- The traditional RLF assisted **186 businesses** since inception, lending **$9.75 million** and leveraging **$66.7 million** in public, private, and owner investment.
- The COVID-19 RLF assisted **26 businesses**, with **$1.63 million** loaned and **$1.37 million** leveraged.
- Seven new traditional RLF loans totaling **$395,000** supported businesses in broadcasting, construction, auto repair, lodging, manufacturing, ethnic groceries, and mobile food sales.
- Four additional COVID-19 RLF loans supported auto repair, retail, pet boarding, and immigration law. Three gap-financing loans for local development organizations totaled **$183,150**.

**Assessment:** The FY2022 portfolio shows SRDC filling a financing gap rather than duplicating commercial lending. Its ability to offer flexible, below-market gap financing helped businesses retain operating capacity and make investments during a period of uncertainty. The mix of borrowers also indicates that the program supported both traditional rural businesses and enterprises serving increasingly diverse communities.

**Regional resiliency planning**

SRDC completed its first Southwest Minnesota Regional Economic Resiliency Plan after extensive data review, workshops, and stakeholder engagement. The plan identified three structural issues:

1. A gap between employment growth and population growth.
2. A mismatch between employer needs and available workforce skills.
3. Tension between land stewardship and agricultural productivity.

The plan also identified four foundations for resilience: social capital, business diversity, workforce access, and communities attractive to young professionals.

**Assessment:** This was a high-value strategic investment. It shifted the organization's focus from short-term recovery to structural regional challenges. The value was not immediate capital alone; it was the creation of a shared framework for subsequent work on childcare, transportation, trails, workforce recruitment, energy, food systems, and community amenities.

### Transportation, recreation, and workforce attraction

SRDC advanced Safe Routes to School (SRTS) planning and implementation, with more than **$1.1 million** in SRTS infrastructure funding awarded in the region. It also supported the Casey Jones State Trail, where partners secured **$840,000** in LCCMR funding and **$700,000** in Legacy funding for trail rehabilitation and paving.

The agency also began a regional campground economic-impact study and took over support functions for Explore Southwest Minnesota. Within the first three months of SRDC-led social-media work, Explore Southwest Minnesota's Facebook following grew by more than **10%**.

**Assessment:** Transportation and recreation work produced both direct safety benefits and longer-term quality-of-life and tourism value. These initiatives reinforced the organization's workforce strategy: trails, visitor assets, and community amenities help make small communities more attractive to residents, workers, and employers.

### Energy and equity initiatives

SRDC supported six clean-energy seed-grant projects, including energy efficiency education, EV education, manufactured-home energy assessments, solar, air-source heat pumps, and LED upgrades. Through the Rural Minnesota Energy Board, SRDC also elevated regional transmission constraints that were reducing renewable-energy production and, consequently, local production-tax revenues.

SRDC participated in regional equity and workforce-development collaborations focused on reducing structural barriers for workers and communities of color.

**Assessment:** FY2022 showed SRDC using its regional convening position effectively. Energy work was not limited to technical financing; it included policy, grid-capacity, community education, and inclusion. This broadened SRDC's relevance as renewable-energy development became an increasingly important regional economic issue.

### Financial and ROI assessment

FY2022 operating revenues were **$1.01 million**, with expenditures of **$829,409**, producing an unaudited operating balance of **$177,290**. The local tax levy was **$405,648**, while grants, contracts, loan-program revenues, and other sources supported the balance of operations.

The year's return is best seen through leverage rather than a single annual output figure. SRDC maintained more than **$68 million** in cumulative leverage through its traditional RLF and more than **$1.3 million** through the COVID-19 RLF, while supporting funded transportation, trail, energy, planning, and tourism initiatives.

### FY2022 judgment

**Strengths:** Strong pandemic-to-resiliency transition; effective business-finance tools; clear strategic planning; meaningful transportation and trail progress.

**Risks:** Workforce shortages, population trends, driver shortages for transit, and renewable-transmission constraints remained unresolved structural barriers.

**Overall rating: Strong foundation-building year.** FY2022 positioned SRDC to move from recovery activities toward a more integrated regional-development model.

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## 2. FY2023 Assessment: Institutional continuity and targeted workforce-enabling investment

### Year context

FY2023 marked SRDC's 50th anniversary and demonstrated organizational continuity. The year's signature outcomes were targeted rather than broad: business lending, a completed campground survey, and a highly replicable childcare project in Hills. SRDC also strengthened internal financial and staffing capacity during a period of transition.

### Major results and impacts

#### Business finance activity

SRDC closed seven loans totaling **$826,974** during FY2023. Borrowers included restaurants in Tracy, Marshall, and Jackson, while SRDC continued to administer additional local revolving loan funds for Jackson County, Heron Lake, and Falcon Development.

**Assessment:** The loan volume indicates ongoing demand for local gap financing. The additional administration of partner RLFs extended SRDC's regional reach without requiring every local organization to maintain its own loan-administration infrastructure. This is a practical example of shared services generating administrative efficiency.

#### Childcare as economic development

SRDC provided technical assistance to the City of Hills, which secured **$120,000** from the Minnesota Department of Employment and Economic Development's Childcare Economic Development Grant Program. The project transformed a tax-forfeited, blighted Main Street property into space for three family childcare providers, with capacity for **30 to 42 children**.

**Assessment:** This was one of SRDC's most strategically important projects of the five-year period. Childcare availability is directly connected to workforce participation,employee

retention, and population stability. The project also demonstrated how SRDC can help a small community turn an underused property into workforce-enabling infrastructure. Its scale is modest, but its likely economic effect is disproportionate for a community of Hills' size.

**Outdoor recreation market intelligence**

SRDC completed campground user surveys across seven parks, collecting **302 responses**. Findings showed that southwestern and south-central Minnesota campgrounds were prominent among respondents' favorite destinations, with Garvin Park and Plum Creek Park receiving the most regional mentions.

**Assessment:** The survey did not itself create direct financial return, but it created evidence for future tourism, park, and campground investments. For communities competing for recreation funding, credible user data improves the quality of project prioritization and grant applications.

**Financial and ROI assessment**

FY2023 year-end revenues were **$1.14 million**, expenditures were **$970,353**, and the reported overall balance was **$165,899**. The local levy totaled **$433,189**. Current contracts exceeded budget, reaching **$226,139** compared with a budget of **$156,696**, suggesting strong demand for SRDC services.

Staffing and administrative systems also strengthened: SRDC promoted a Finance Director and hired an Accounting Specialist. These changes were operationally important because finance, grant administration, and loan compliance are essential to the organization's ability to manage increasingly complex funding sources.

**FY2023 judgment**

**Strengths:** Demonstrated financial discipline; targeted lending; a high-value childcare project; and expanded shared-service role in financing administration.

**Risks:** The year's public reporting contained fewer broad impact measures than FY2022 or later years, making full annual ROI quantification more difficult.

**Overall rating: Effective consolidation year.** FY2023 reinforced SRDC's financial and administrative base while demonstrating how small, focused projects can address major regional barriers.

## 3. FY2024 Assessment: High leverage, expanded program scope, and implementation capacity

### Year context

FY2024 was the strongest documented year for quantified regional leverage. SRDC reported that its work brought **$20.42 million** in investment to Southwest Minnesota, consisting of **$20.19 million** in funds brought into the region and **$228,789** in contractual services. The year expanded SRDC's role in energy, food systems, infrastructure grants, planning, trails, transportation, and business finance.

### Major results and impacts

### Regional investment and grant leverage

The reported **$20.42 million** regional investment is a direct indicator of SRDC's value as a grant-development and project-implementation partner. This amount is especially notable relative to FY2024 operating revenue of **$1.11 million**.

Using the reported figures, SRDC generated approximately **$18.43 in regional investment for every $1 of FY2024 operating revenue**:

$20,418,174 / $1,107,715 = $18.43

This is not a net-benefit calculation and does not mean every dollar was unrestricted cash. However, it is a meaningful leverage indicator: staff expertise and operating resources helped secure substantially larger capital and program investments for the region.

### Revolving Loan Fund impact

The RLF reached a new scale in FY2024:

- **224 businesses assisted** since inception.
- More than **$12 million** loaned.
- More than **$85 million** leveraged.
- **58 current loans** supporting **420 added or retained jobs**.
- Five new FY2024 loans totaling **$471,500**.
- **$14.46 million** leveraged by the new loans reported for the year.

**Assessment:** The RLF was a central driver of ROI. It did not simply provide loans; it mobilized private lending, owner equity, local development funds, and related public

resources. The AmericInn, Pohlman Pallets, LaCanne Funeral Home, KB Manufacturing, construction, auto-parts, and convenience-retail examples show that financing supported both business continuity and regional service capacity.

**Energy finance and resilience**

SRDC expanded Property Assessed Clean Energy (PACE) financing, supporting improvements such as HVAC, insulation, radiant-floor heating, refrigeration, solar, lighting, and heating-system upgrades. One example, Tally Ho Koffie, reported annual heating savings of **$2,738.59** after a propane-boiler conversion.

SRDC also:

- Organized a coalition of **16 schools** for a Renew America's Schools Prize application.
- Administered seven CERTs seed-grant projects supporting LEDs, energy education, heat-pump feasibility, manufactured-home training, and low-income household energy savings.
- Offered Energy Efficiency and Conservation Block Grant support for smaller governments, with grants ranging from **$2,000 to $20,000**.

**Assessment:** PACE and energy grants create layered returns: lower operating costs for businesses and local governments, improved facilities, emissions reductions, and longer-term resilience. The program also enables projects that might otherwise be deferred because of upfront capital constraints.

**Food-system and workforce initiatives**

SRDC provided technical support through the North Central Regional Food Business Center and helped businesses access improvements. A grocery store upgraded heating, cooling, and refrigeration shading; a meat locker improved roof insulation to meet licensing standards. SRDC also received a **$250,000** Meat Processing Train and Retain grant to support a regional workforce initiative expected to serve **30 individuals**.

**Assessment:** This work recognizes food access and local processing as critical economic infrastructure. The approach was appropriate for a rural region where the loss of a grocery store or processor can have outsized effects on residents, farmers, local employment, and community viability.

**Transportation, trails, and planning**

SRDC helped secure more than **$2.86 million** in state Safe Routes to School and Active Transportation awards. Additional federal Transportation Alternatives Program awards included **$573,902** for the Blue Mounds State Park Trail and more than **$686,000** for Marshall trail and pedestrian-bridge improvements.

SRDC also advanced the Southwest Minnesota Regional Trails Plan using more than 50 in-person trail intercept surveys, 235 tourism surveys, and 25 focus groups or interviews. Planning work included the Hills Strategic Plan, Murray County comprehensive-plan update, Lyon County planning, and public-health strategic planning.

**Assessment:** These investments produce benefits that accrue over time: safer routes, better accessibility, recreational tourism, health benefits, stronger grant readiness, and clearer local decision-making. The planning process itself was a form of capacity building because it gave communities an implementable basis for future capital requests.

**Financial and ROI assessment**

FY2024 ended with revenues of **$1.11 million** and expenditures of **$1.13 million**, for a modest **$21,712 deficit**. The shortfall was materially smaller than the budgeted deficit of **$120,295**, indicating expense control despite extensive program activity.

The deficit does not by itself indicate weak performance. The year produced the highest documented external investment figure in the five-year record. However, it underscores the need to align staffing and program commitments with dependable revenue sources.

**FY2024 judgment**

**Strengths:** Exceptional documented leverage; major gains in RLF reach, transportation funding, grant capacity, energy programming, and food-system development.

**Risks:** Slight operating deficit; rising salary and fringe costs; dependence on grants and contracts for program expansion.

**Overall rating: High-impact year with strong regional ROI.** FY2024 is the clearest example of SRDC converting operating capacity into outside investment and tangible regional projects.

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### 4. FY2025 Assessment: Adaptation under funding uncertainty and continued implementation

**Year context**

FY2025 was characterized by continued project delivery alongside a changing federal funding environment. SRDC completed key multi-year planning work, secured infrastructure and transportation investments, expanded support for local food businesses, and adjusted after the USDA Regional Food Business Center program was paused and subsequently terminated.

**Major results and impacts**

**Quantified regional investment**

SRDC reported **$16.19 million** invested in the region as a result of its work in FY2025:

- **$15.95 million** in funds brought into the region.
- **$231,519** in contractual services delivered to the region.

Relative to reported FY2025 governmental revenues of **$1.20 million**, this represents approximately **$13.48 in regional investment per $1 of revenue**:

$16,185,376 / $1,200,924 = $13.48

This is lower than FY2024's reported leverage ratio but remains a strong indicator of value creation. It also occurred during a period of program volatility and transition.

**Infrastructure and public-facility development**

SRDC helped the City of Adrian secure a **$1.63 million** EDA grant, representing half of a **$3.26 million** electric-substation project. It also supported:

- A **$27,700** stormwater-planning grant for Steen.
- A **$30,000** USDA SEARCH grant for Hardwick water-system improvements.
- Sewer-system planning for Wilder.
- Industrial-park planning for Pipestone and Jackson.

**Assessment:** This is a strong example of SRDC's role in infrastructure readiness. Small cities often have clear needs but lack the staff capacity to develop scopes, coordinate compliance, and prepare competitive funding applications. SRDC reduces that capacity gap.

**Transportation and active mobility**

SRDC helped secure more than **$2.5 million** in SRTS and Active Transportation infrastructure awards, including:

- **$1 million** for a Worthington multi-use trail.
- **$1 million** for a Nobles County on-road trail connecting Adrian and Worthington.
- **$297,332** for an Adrian sidewalk connection between schools.
- **$279,724** for a Marshall multi-use trail.

It also completed the Regional Trails Plan, advanced the Camden Trail Master Plan, and completed SRTS planning for Lamberton.

**Assessment:** The transportation portfolio continued to deliver a combination of safety, community connectivity, recreation, and tourism benefits. The completion of regional planning documents makes future capital investment more likely because funders often require demonstrable planning and public engagement.

**Food access and local business resilience**

SRDC adapted its food-system work when the USDA Food Business Center funding was disrupted. It maintained local relationships and helped secure alternative grants:

- Egan's Market received **$11,378** for required flooring upgrades.
- Bolt's Grocery received **$70,120**.
- Ivanhoe Supermarket received **$70,000**.
- Highwater Creek Meat Market received funding for safety and sanitation improvements.
- Heron Lake Mini Mart received assistance with a refrigeration grant application.

**Assessment:** The termination of the USDA program was a material risk, but SRDC responded effectively by converting relationships and knowledge developed through that work into alternative financing and grant opportunities. This illustrates the value of maintaining broad funding intelligence rather than relying on a single source.

**Business and energy financing**

FY2025 RLF reporting shows six new loans totaling **$134,000** and **$475,106** leveraged. The annual report appears to contain some apparent typographical inconsistencies in the cumulative RLF loan figures, so the reported annual loan count and annual lending total are the most reliable FY2025 measures.

Energy activity continued through PACE financing for HVAC, solar, refrigeration, LED lighting, air conditioning, and water-line improvements. SRDC also received **$99,959.78** in EECBG funding for energy planning assistance to smaller communities.

**Assessment:** The business-finance portfolio was smaller in annual dollar volume than FY2024 but remained diversified. Energy assistance strengthened operating resilience for businesses and local governments while supporting sustainability goals.

**Financial and ROI assessment**

FY2025 audited governmental revenues totaled **$1.20 million**, expenses were **$978,479**, and the change in net position was **$222,445**. This reflects a positive financial result after FY2024's small operating shortfall.

The report's annual operating-budget detail was not presented in the same format as FY2024 and FY2026, so direct comparison should be made cautiously. Still, the reported financial results indicate improved fiscal resilience while SRDC continued to generate substantial external investment.

**FY2025 judgment**

**Strengths:** Strong adaptation; continued grant leverage; completion of major planning work; major infrastructure and active-transportation awards; effective preservation of food-system support despite federal program termination.

**Risks:** Federal funding instability; smaller annual RLF lending; ongoing demands on staff capacity as the organization serves many small communities and programs.

**Overall rating: Resilient and adaptive year.** FY2025 demonstrated that SRDC could sustain regional value creation even when an anticipated funding stream was interrupted.

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**5. FY2026 Assessment: Operational maturity, integrated community development, and financial recovery**

**Year context**

FY2026 illustrates an organization operating with a mature, integrated portfolio. SRDC completed regional and county planning work, continued business and energy finance, supported local food access and workforce development, and expanded its role as a neutral analyst on complex development questions, including data centers and renewable-energy projects.

**Major results and impacts**

**Business investment and loan-program performance**

The RLF approved **nine new loans totaling $591,000**. These loans supported a fuel stop, tree service, truck repair and towing business, radio station, construction company, pharmacy, HVAC/plumbing/heating business, and farm-implement business.

At year-end:

- **55 current RLF loans** supported **303 added or retained jobs**.
- The RLF has assisted **237 businesses** since inception.
- SRDC reported **$87.5 million leveraged** through the two RLF programs since inception.
- Available lending capacity included **$456,598.53** in the traditional RLF and **$206,852.82** in the COVID-19 RLF.

**Assessment:** The FY2026 portfolio demonstrates continued relevance across essential rural-service businesses. The available lending capacity is important: it indicates SRDC remains positioned to respond to future financing demand rather than merely reporting historical success.

**PACE growth and energy resilience**

PACE reached **40 closed loans** and **$1.62 million** invested. This is growth from 32 loans and $1.22 million invested in FY2022.

The four-year change equals:

- **8 additional projects**, a 25% increase in closed loans.
- Approximately **$400,817** in additional investment, a 33% increase.

**Assessment:** This growth confirms that PACE has become a durable specialized financing tool for commercial, industrial, and agricultural energy improvements. Its ROI includes reduced energy costs, preservation of capital for businesses, improved facility quality, and support for renewable-energy deployment.

**Workforce, childcare, and community vitality**

Little Explorers Child Care Center was named Project of the Year. It employs approximately **20 staff**, faces demand that exceeds available capacity, and is expanding to

Minneota. The initial facility was financed through a partnership between State Bank of Taunton and SRDC's RLF.

SRDC also continued the **$250,000** Meat Processor Workforce Development Initiative, reporting seven on-the-job-training participants and four hires at Happy Halal Meats.

**Assessment:** FY2026 clearly connects economic development with workforce-enabling social infrastructure. Childcare and food-processing workforce support are not peripheral programs; they address practical barriers to workforce participation, business retention, and rural service continuity.

**Planning and neutral regional leadership**

SRDC completed or advanced:

- Lyon County Comprehensive Plan.
- Lyon County/Camden Trail Master Plan.
- Twelve-county Southwest Regional Solid Waste Plan.
- Marshall Parks Master Plan.
- Nobles County Comprehensive Plan.
- Industrial-park planning in Redwood Falls.
- EECBG-assisted energy planning for smaller communities.

It also became involved in data-center analysis, serving as a neutral third party for communities and developers needing evidence-based review of complex economic-development proposals.

**Assessment:** This neutral-analysis role is strategically valuable. Communities facing high-impact projects need credible information on infrastructure, fiscal, land-use, and community tradeoffs. SRDC is well positioned to provide this service because it is regional, public-purpose oriented, and experienced in planning and development analysis.

**Financial and ROI assessment**

FY2026 revenues were **$1.47 million**, expenditures were **$1.36 million**, and the year-end balance was **$111,054**. This result was materially better than the budgeted **$6,006 deficit**.

Key observations:

- Current contracts totaled **$490,233**, exceeding the **$462,767** budget.

- EDA revenue of **$100,853** exceeded the **$70,000** budget.
- RLF revenue of **$112,807** exceeded the **$60,000** budget.
- PACE revenue of **$36,132** exceeded the **$19,566** budget.
- Salaries and fringe were **$1.10 million**, approximately 81% of total expenditures.

**Assessment:** FY2026 showed financial recovery and strong contract performance. The staff-cost share is high but appropriate for a technical-assistance organization whose primary product is professional expertise. It also creates a strategic vulnerability: staff retention, succession, and workload management are fundamental to SRDC's ability to maintain returns.

**FY2026 judgment**

**Strengths:** Positive operating balance; growing RLF and PACE performance; integrated workforce and childcare focus; completion of major planning work; credible neutral-analysis role.

**Risks:** Heavy dependence on skilled personnel; uncertain external grant conditions; increasing complexity of energy, land use, and data-center decisions.

**Overall rating: Strong operational-maturity year.** FY2026 combined positive financial performance with a broad, integrated portfolio that addressed both immediate projects and long-term regional capacity.

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**6. Five-year impact and return-on-investment assessment**

**Cumulative impact themes**

**1. SRDC consistently leveraged operating capacity into outside investment**

The clearest evidence comes from the years that reported a direct regional-investment figure:

| Fiscal year | Reported regional investment attributable to SRDC work | Operating revenue used for comparison | Approximate investment leverage |
|---|---|---|---|
| FY2024 | $20.42 million | $1.11 million | $18.43 per $1 of revenue |
| FY2025 | $16.19 million | $1.20 million | $13.48 per $1 of revenue |

Combined, the two years reported **$36.60 million** in investment or services associated with SRDC work. The figures should be treated as reported leverage, not as a full economic-impact study. They nevertheless show that SRDC's main financial value is catalytic: a comparatively small operating organization helps bring in substantially larger amounts of project capital and services.

**2. Business finance became a long-term regional asset**

From FY2022 through FY2026, the RLF grew from 186 businesses assisted to 237 businesses assisted. The RLF supported businesses across sectors that are especially important in rural communities: grocery stores, restaurants, childcare, construction, healthcare-related services, agriculture, equipment, hospitality, auto repair, manufacturing, and local media.

The reported cumulative leverage increased from **$66.7 million** for the traditional RLF in FY2022 to **$87.5 million** across both funds by FY2026. The RLF's value is more than loan volume. It:

- Provides patient gap financing when conventional collateral or terms are insufficient.
- Helps businesses retain and create jobs.
- Preserves essential services in smaller communities.
- Recycles capital as loans are repaid.
- Builds partnerships with banks, local development organizations, and public funders.

**3. Energy programs produced durable savings and investment**

PACE financing increased from **32 loans and $1.22 million** invested in FY2022 to **40 loans and $1.62 million** by FY2026. This growth is significant because PACE helps property owners invest without requiring large upfront cash outlays. Improvements such as HVAC, insulation, LED lighting, refrigeration, solar, and heating systems lower operating costs and strengthen long-term business viability.

CERTs, EECBG, renewable-energy engagement, solar workshops, and Rural Minnesota Energy Board support added a broader resilience function. SRDC helped communities understand energy opportunities and risks rather than treating energy solely as a financing issue.

**4. Planning work created an implementation pipeline**

Over five years, SRDC completed or advanced regional and local plans spanning economic resiliency, trails, parks, solid waste, land use, zoning, county comprehensive planning, public health, childcare, and industrial parks.

The return on planning is indirect but substantial. Plans help communities:

- Establish shared priorities and public support.
- Qualify for state and federal grants.
- Identify project scopes and phasing.
- Coordinate infrastructure and land-use decisions.
- Reduce the risk of reactive, fragmented investment.

The Regional Trails Plan, county comprehensive plans, Camden Trail Master Plan, Marshall Parks Plan, and solid-waste plan provide a multi-year capital and policy pipeline rather than one-time project outputs.

**5. Workforce strategy increasingly addressed practical barriers**

The reports consistently identify workforce shortages, retirements, outmigration, skills mismatch, and limited labor availability. Over time, SRDC's response expanded beyond traditional job-development tools to include childcare, transportation, food access, career awareness, and community amenities.

Examples include:

- Hills childcare capacity for 30–42 children.

- Little Explorers' approximately 20 jobs and expansion to Minneota.
- Meat-processor workforce training supported by a $250,000 grant.
- Career Expo engagement with more than 2,000 students.
- SRTS, trail, and transit work that improves mobility and quality of life.

This is an appropriate evolution. In Southwest Minnesota, economic development depends not only on business incentives but also on whether workers can find childcare, travel safely, access services, and choose to remain in or move to a community.

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**7. Strategic strengths, gaps, and risk assessment**

**Strengths**

**Integrated delivery model**

SRDC's defining strength is the ability to link planning, funding, finance, engagement, and implementation. This reduces the common gap between a completed plan and a funded project.

**Regional scale with local customization**

Serving nine counties, 80 cities, 162 townships, 32 school districts, and one Tribal Nation gives SRDC enough scale to maintain specialized expertise while tailoring work to smaller communities' needs.

**Credibility as a neutral partner**

SRDC's role as a neutral analyst is increasingly valuable for sensitive issues such as energy development, transmission, data centers, infrastructure, and land use. This capability can reduce conflict and improve local decision quality.

**Financial diversification**

The organization combines levy support, contracts, state and federal grants, RLF administration, PACE revenues, and interest income. FY2026 contract revenue exceeded budget, demonstrating market demand for SRDC services.

### Gaps and risks

#### Staff dependency and capacity constraints

SRDC's service model is expertise-intensive. In FY2026, salaries and fringe represented about 81% of spending. This is expected for a professional-services organization, but it means turnover, succession gaps, or sustained overload could quickly weaken program delivery.

#### Volatility in federal and state programs

The termination of the USDA Regional Food Business Center initiative illustrates the risk of depending on time-limited or politically contingent funding. SRDC adapted well, but future disruptions could affect project continuity.

#### High demand relative to regional need

Communities face needs in water, sewer, stormwater, electrical systems, industrial sites, childcare, housing-related readiness, trails, transit, food access, energy, and workforce development. SRDC cannot address every need at once without carefully prioritizing projects with the greatest leverage and regional effect.

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## 8. Executive recommendations

#### 1. Prioritize workforce-enabling infrastructure as an economic-development core

Childcare, food access, transportation, community amenities, and workforce housing readiness should remain integrated with traditional economic development. The Hills and Little Explorers projects show that these investments can directly support labor-force participation and business retention.

#### 2. Protect lending capacity and deepen partner-bank relationships

The RLF and PACE programs are among SRDC's most durable assets. Maintaining available loan capital, modernizing borrower access through Presta, and regularly communicating with banks and local development organizations will preserve their value as gap-financing tools.

#### 3. Diversify the funding pipeline and build contingency capacity

SRDC should continue balancing federal and state grants with contracts, local partnerships, foundation funding, and program revenues. This reduces exposure to abrupt policy changes such as the FY2025 food-business-center termination.

**4. Use the neutral-analysis role strategically**

Demand for independent assessment will likely grow as communities consider data centers, utility infrastructure, renewable energy, transmission, and industrial development. SRDC should formalize this capability with a clear analytical framework covering fiscal impacts, infrastructure requirements, workforce implications, land-use tradeoffs, and community benefits.

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**Overall summary**

SRDC's FY2022–FY2026 reports describe an organization that moved from pandemic recovery into a more mature regional-development role. Its return on investment is most visible in the millions of dollars in grants, financing, and infrastructure investment it helped bring to Southwest Minnesota, and in the capacity it provides to smaller communities that lack dedicated planning, grant-writing, energy, transportation, and finance staff.

The organization generated particularly strong documented leverage in FY2024 and FY2025, reporting a combined **$36.60 million** in regional investment and contractual services. Over the period, its RLF expanded from **186 to 237 businesses assisted**, PACE grew from **32 to 40 loans**, transportation and trail work secured multi-million-dollar awards, and childcare initiatives demonstrated a practical response to workforce constraints.

The core finding is that SRDC's value is not limited to individual grants or loans. It is a regional platform that converts local ideas and needs into credible plans, fundable applications, coordinated partnerships, and completed projects. Continued success will depend on maintaining skilled staff, protecting flexible financing programs, diversifying revenue, and focusing resources on the region's most binding barriers to long-term growth and resilience.