

**N.D. Rural Economic Area Partnership Zones**  
***REAP Impact Report***  
***2006-2008***



In 1995, two United States Department of Agriculture (USDA) pilot revitalization Rural Economic Area Partnership (REAP) Zones were created in north-central and southwestern North Dakota. They were created to address critical issues related to out-migration and constraints in economic activity. The two North Dakota REAP Zones were named CONAC (Center of North America Coalition for Rural Development) and Southwest. REAP funding commenced in 1999 as a result of federal earmarked funds from US Senator Byron L. Dorgan.

# ND REAP Zones

## Major Impacts

*"Our initial grant of \$10,000 from the SW REAP Zone helped us reach our fundraising goal in a timely manner so construction of our Spirit of Work Lodge could proceed on schedule. The board of Directors of the Theodore Roosevelt Medora Foundation set a goal of reaching three fourths of the project costs (\$825,000) before construction could begin. The REAP Grant was one of those last pieces that fell into place so construction could begin. As to the project itself, the Spirit of Work Lodge is a badly-needed housing facility in Medora for our 465 volunteers who help us during the busy tourist season. Without this Lodge, volunteers would be staying in rooms at our motel, so the construction of this Lodge allowed us to put 16 motel rooms back into our rentable inventory. REAP brings together economic development professionals and community leaders from the region to discuss areas of mutual interest and concern."*

Jim Fuglie  
Development Director  
Theodore Roosevelt Medora  
Foundation

*"The loan helped me to pay unforeseen expenses of opening a business. It was a "lifesaver." I was worried about these expenses and it was a great relief to get those paid. I spent the money on paying off renovation expenses and some inventory expenses as well. My business is so much more than I ever dreamed it could be. Never thought it would become a "tourist attraction."*

Mardi Schock, Owner  
Quilted Bean, Velva, ND

*"SW REAP matched funds for us in the startup of our business. The money was for inventory and the repair of the car wash. Without the assistance of SW REAP, we might not have been able to start our business. The 0% interest loan made all the difference."*

Anita Mjølhus, Co-owner  
AP Auto, Killdeer, ND

In 1995, two United States Department of Agriculture (USDA) pilot revitalization Rural Economic Partnership (REAP) Zones were created in north-central and southwestern North Dakota. They were created to address critical issues related to out-migration and economic activity constraints in rural communities. The two REAP Zones were named CONAC (Center of North America Coalition for Rural Development) and Southwest.

In 1998, eight North Dakota communities were designated as Champion Communities to acknowledge their past strategic planning work. The Champion REAP Alliance was also formed to coordinate and implement shared basic elements of the REAP Zone and Champion communities with respect to their strategic plans, information sharing and coordination of joint projects.

### Rural Business Enterprise Grants (RBECS) 2006-2008

Through the Rural Business Enterprise Grant (RBEG) program, the USDA-Rural Development provides grants to public agencies, private non-profit corporations or Indian groups for financing and facilitating development of small and emerging private business enterprises, defined as having less than \$1 million in revenues and fewer than 50 employees.

The REAP Zones, through its governing body, the REAP Investment Board, secured two RBECS for projects with a high potential to benefit REAP Zone communities:

#### 2007-CONAC/REAP Feasibility/Market Study Initiative-Victor Rivas-\$50,000

The CONAC/REAP Feasibility/Market Study Initiative studied the scientific prospects of several new technological devices and patents. The study involved the potential use of degradable plastics used in cell phones, as well as plastics that could be used for shielding conference rooms against unwanted technology visitors. The technology patents are presently being evaluated for market potential.

#### 2008-Central Dakota Feeds Initiative-\$99,000

The project involves nutritional and feasibility studies, as well as developing a business plan for the potential development and use of co-products produced in the REAP Zones. The co-products would be produced at one, and possibly two new feed mills constructed within the REAP Zones. Each mill could potentially employ 15-20 people, providing up to 30 new jobs in the REAP Zones. Supporting industries such as transportation would also benefit.

The REAP Investment Board sponsored and received an RBEG earlier this year for the Central Dakota Feed Initiative. The project will match \$100,000 with the \$99,000 from the RBEG.

# ND REAP Zones

## Major Impacts

### Leveraging Investments September 2006-December 2008

The two REAP Zones have combined their initial investments of slightly over \$700,000 with others to attain \$3.4 million in total investments since September 2006

	REAP Zones	Other	Total	
2006	\$237,025	\$898,985	\$1,136,010	
2007	\$108,605	\$561,614	\$670,219	
2008	\$368,462	\$1,258,010	\$1,626,472	
Total	\$714,092	\$2,718,609	\$3,432,701	3.8X

### Revolving Loan Fund (RLF)

Since 1999, the REAP Zones have offered larger loan opportunities to primary sector businesses located within the REAP Zones for job creation or employee retention purposes. The loans typically are "gap" lending programs to help the applicant complete the loan package. Loans typically average \$50,000 and are provided to retail businesses and community facilities demonstrating a positive impact on the local economy.

The REAP Zones approved 24 RLF loans since 1999, including two loans for \$105,000 for the period 2006-2008:

- Recreational Area Country Store
- Salt-water Shrimp Production Facility

### Micro Loans

The North Dakota REAP Zones created micro loan programs. The programs provide businesses located within the REAP Zones an opportunity to secure a small loan for business plans, start-up costs, product development, licenses/patents/certifications, marketing plans, research and development, and/or equipment essential to product development. For the two years ending 2008, the North Dakota REAP Zones have provided seventeen loans totaling \$95,500 to small business enterprises.

	# <u>Loans</u>	<u>Total</u>
CONAC Zone	11	\$55,000
SW Zone	6	\$40,500

Businesses located within the REAP Zones receiving the benefits of the REAP Zones' micro-loan programs for the past two years include the following:

Cafe	Beauty Salon	Women's Accessory Store
Auto repair businesses	Gift Shoppe	Auto and Home Supply Store
Pharmacy	Sock Company	Grocery Stores
Barbershop	Campground	Quilt/Coffee and Sandwich
Daycare Center	Horticulture Center	Shop
Quilt Shop	Spa	

*"We would like to thank Patti Perry (Slope County Developer), Gene Buresh (Roosevelt Custer Regional Council) and all board members of SW REAP Zone for their help and support. Without their assistance, it would have been a lot harder financially to complete our project. In our campground, we built a shower/restroom and laundry facility that can be used by our customers and the public. It's good to know there are organizations such as the REAP Zones to help small business owners build these communities."*

Travis & Anna Allard  
Amidon, ND

*"SW has been a very good partner for our welding program, which started with an evening program for the local farmer and ranchers. In June of 2005 we started with a full time 40 hour a week in 3 1/2 days program that has been going for those who want to learn and go to work as welders. We are now working on joining with Bismarck State College. We hope to be teaching and training students by the first semester of 2009 that students can earn a certificate or associate degree in welding. Thanks to the grant we received from SW REAP we were able to purchase our programs and welding machines to start our program. SW REAP has also made it very possible for students in the SW REAP zone to afford to continue to attend with the scholarship that they set aside for our students."*

Duane Hart / Instructor  
Halliday, ND

*"The microloan I received through SW REAP meant I was able to open my business without having to take out such a large loan through a financial institution. It also instilled in me the confidence to proceed with the business venture as I knew I had the support and encouragement of SW REAP."*

Lacey Kostelecky  
Modern Expressions, Hettinger,  
ND

## *ND REAP Zones*

### *Major Impacts*

#### **Entrepreneurial Center for Horticulture Minot State University- Bottineau**

MSU-Bottineau initiated planning in 2003 to research and demonstrate the value of commercial production of specialty and niche market vegetables. The initial planning also included the development of a distribution and marketing system for locally grown vegetable products.

Initial funding of \$310,000 from the US Economic Development Association was used to organize and plan for the Center's operation.

The Center is now ready to construct structures to allow for growing the vegetables throughout the year. The structures, called hoop houses and high tunnels, will be used to demonstrate, model and research various vegetable varieties and production techniques for the niche market crop producers in North Dakota.

**The CONAC REAP Zone has committed \$200,000 for the construction of structures for growing the vegetables, a potting shed, and a packing and storage shed, which will be used for preparing and storing vegetables for wholesale markets. In addition, the state of North Dakota recently approved a Center of Excellence grant, subject to additional due-diligence, of \$400,000 to begin full operation of the Entrepreneurial Center.**

#### **TechLink, Inc.**

The REAP Investment Board purchased TechLink, Inc. in late 2004 to increase jobs or wealth within the Rural Economic Area Partnership's communities, while developing a process self-sustainment. TechLink, Inc is a "for-profit" company, which provides inbound and outbound call-center activities, as well as data processing functions. In 2007, the REAP Investment Board sold 10% of TechLink, Inc. to MTI, a successful call-center company with corporate headquarters in Mohall, ND. Future dividends from the company will help sustain REAP activities.

#### **Northern Tier, LLC**

The REAP Investment Board created Northern Tier, LLC in 2005, along with other investors, to invest in developing technologies such as super capacitors, biodegradable plastics and other technological devices to provide additional job opportunities and create self-sustaining funds for the REAP Zones. **The CONAC and REAP Investment Board invested an additional \$100,000 to the project in 2006.** Market potential of several technologies is presently being evaluated.

#### **Killdeer Mountain Manufacturing**

The Regent Development Corporation (RDC) is purchasing an existing business with an extensive remodeling and new construction component to solicit new businesses and businesses looking to expand or relocate. The RDC is working with Killdeer Mountain Manufacturing (KMM) in its efforts to expand into the City of Regent. KMM, under contract with Boeing Corporation, produces wiring components for various commercial and military aircraft. Phase I of the project will house KMM for two years until Phase II construction of a new building is complete. KMM's current expansion into Regent will employ 40-60 people with 21 currently hired and being trained in the Hettinger facility. **The SW REAP Zone has committed \$80,800 to the project.**



# ND REAP Zones

## Major Impacts



*"My name is Cody Hoffert and I run a summer mowing business. I started this business five years ago to earn money for college. I hope that in two or three years I can hand this business down to my brother. I want to keep this business going and keep my mowers in good enough shape for my brother to take over when I leave. The 'Beginning Entrepreneurship Program' has made it possible for my brother and me to replace two of our push mowers and repair our lawn tractor. Thank you for making this possible!"*

Cody and Jesse Hoffert  
Hoffert Mowing, Leeds, ND

Left to Right: Glen Hoffman (Treasurer of Leeds EDC); Cody Hoffert; Jesse Hoffert; and Sheila Hoffert (Mother)

*"With the support of CONAC, we have been able to establish a campus Center of Excellence that is called an Entrepreneurial Center for Horticulture (ECH). The center's mission is to stimulate the burgeoning organic and specialty vegetable production industry in the state and region. One of its goals is to provide technology transfer that will enable business opportunities to flourish. It is a collaborative effort between the North Dakota University System and the private sector. However, without the assistance and cooperation of the CONAC group, I am confident in saying the impetus to get the project moving would not have occurred. The REAP Zone is important to MSU-Bottineau because our vitality and success is tied to the vitality and success of the region. In many ways, we reflect the attitude, prosperity, strength, and optimism of the environment in which we are located---it is a two-way street. Our proximity in a REAP Zone promotes the attributes just mentioned. REAP's partnerships with the college have had short-term benefits and have also laid the foundation for long term, future gains that will provide an enhanced quality of life for area residents."*

Dr. Ken Grosz, President  
Minot State University, Bottineau, ND

*"With the support, both in funding, training and input from CONAC, our company has been able to continue to grow, sometimes in leaps and bounds, and more importantly during the "slow" times. Being the only Sock Company in North Dakota brings many challenges, yet with the continued support and assistance in various forms from CONAC, it has literally enabled us to move forward. The REAP Zone gave us the opportunity to make a unique sock design become a reality, and through this reality we are selling our socks, via internet, through NWA Travelers Magazine, various clinics, and other magazines, such as DEVA LIFEWEAR, the Diabetic Educators Journal, and FITNESS EXPERT Magazine our of Canada."*

Bernie Solwey  
Tenderfoot Socks, St. Michael, ND

*"The REAP Zone definitely helped fill the gap of start-up expenses that go along even with purchasing an existing business. This daycare is a viable part of our small community and many families rely on this business to continue so that families can work and make a living as well. Without this Zone, the daycare purchase may have not been a very inviting purchase option for us as a business."*

Jennifer Hildre  
Kids Quarter Daycare, Velva, ND

DeWayne Streyle, Chairman of the Leeds Economic Development Corp. (recipient of the grant) said, "The Leeds Economic Development Corporation is thrilled to have a company with the stature of Noridian Administrative Services in the community. NAS is providing high-paying, quality jobs for the entire region, is increasing the viability of the community's existing businesses and may become the largest employer in Benson County."

"Noridian Administrative Services brought very good jobs to the community with a very competitive salary range and excellent benefits," said Paul O'Donnell, Vice President of NAS Medicare Operations, who oversees the Leeds office. "NAS is extremely happy to help bring economic development to a rural area of North Dakota. Leeds is a good stable office for us and we think it is in our long-term interest to diversify our employee base. It is our corporate strategy to continue to expand in North Dakota."

Leeds NAS customer service representatives respond to incoming telephone calls from health care providers located in Alaska, Arizona, Colorado, Hawaii, Iowa, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming regarding questions they may have about Federal payments under the current Part B Medicare contracts.

U.S. Sen. Byron Dorgan (D-N.D.), who was influential in bringing the NAS Call Center to Leeds, said at its open house, "This is a great example of how the REAP Zone in Leeds is helping to revitalize the rural community. The new NAS call center in Leeds will bring jobs and economic development, and I am excited to see this partnership come to fruition."



# ND Champion Communities

## Major Impacts

### Champion Communities

In addition to the USDA REAP Zones, in 1994, more than 220 rural American communities organized and completed the strategic planning process as part of their application for Round I of the USDA Rural Empowerment Zone and Enterprise Community program. Despite their non-selection, to acknowledge the work of the communities, they were designated "Champion Communities" eligible for Rural Development assistance. The eight North Dakota designated Champions are comprised of 1998 Round II and 2002 Round III applicants.

### Alliance Board

The Alliance Board was created as a combined effort of volunteer leaders from the southwestern, southeastern, north-border, and Native American regions in North Dakota. It assists its membership with community and economic development projects, provides a source for regional communication, and helps each area meet their obligations as a designated USDA Champion Community or REAP Zone.

### Alliance Mini-Grant Program

The mini-grant program provided grants of up to \$500 to support projects undertaken by its member communities. Grant dollars were used to leverage other funding for projects that accomplish the goals and objectives of their respective strategic plans. A total of 23 mini-grants were awarded from 2006 through 2008. Funding for this program has been exhausted, however due to the success of the program, the Alliance is seeking funds to re-capitalize that program.

Total Alliance Mini-grant Investment	\$ 11,445
Total Funds Leveraged	\$223,584

*Lora's Boutique & Spa- Wishek, ND*  
*The Coffee Shop- Edgeley, ND*  
*Cavalier County JDA- Langdon, ND*  
*Stan's Super Valu Bakery- Wishek, ND*  
*Mirror Lake Park- Hettinger, ND*  
*The Chiropractic Clinic- Wishek, ND*  
*Treasure Vine Store- Ellendale, ND*  
*Crossroads Art Center & Café- Hettinger, ND*  
*Adams County Fair Association- Hettinger, ND*  
*Vista Volunteer Program- Cooperstown, ND*  
*City Beautification Program- Hettinger, ND*  
*Crystal Voltz Beauty Shop- Marmarth, ND*

*Dakota Theater- Wishek, ND*  
*Cavalier County Memorial Hospital- Langdon, ND*  
*Cooperstown Technology Center- Cooperstown, ND*  
*Cavalier County JDA- Langdon, ND*  
*Northern Prairie Wellness Center- Lignite, ND*  
*City Marketing Program- Cooperstown, ND*  
*City Hall- Finley, ND*  
*2<sup>nd</sup> Forty Club- Hettinger, ND*  
*Dentist Recruitment Program- Wishek, ND*  
*2008 Rural Tourism Conference- Cooperstown, ND*  
*Gorge Arts & Heritage Council- Walhalla, ND*

### Champion REAP Alliance Training/Events

Connecting members to training resources has been a focus for the Alliance. In 2006 & 2007, three major training events were held with open invitation across the state;

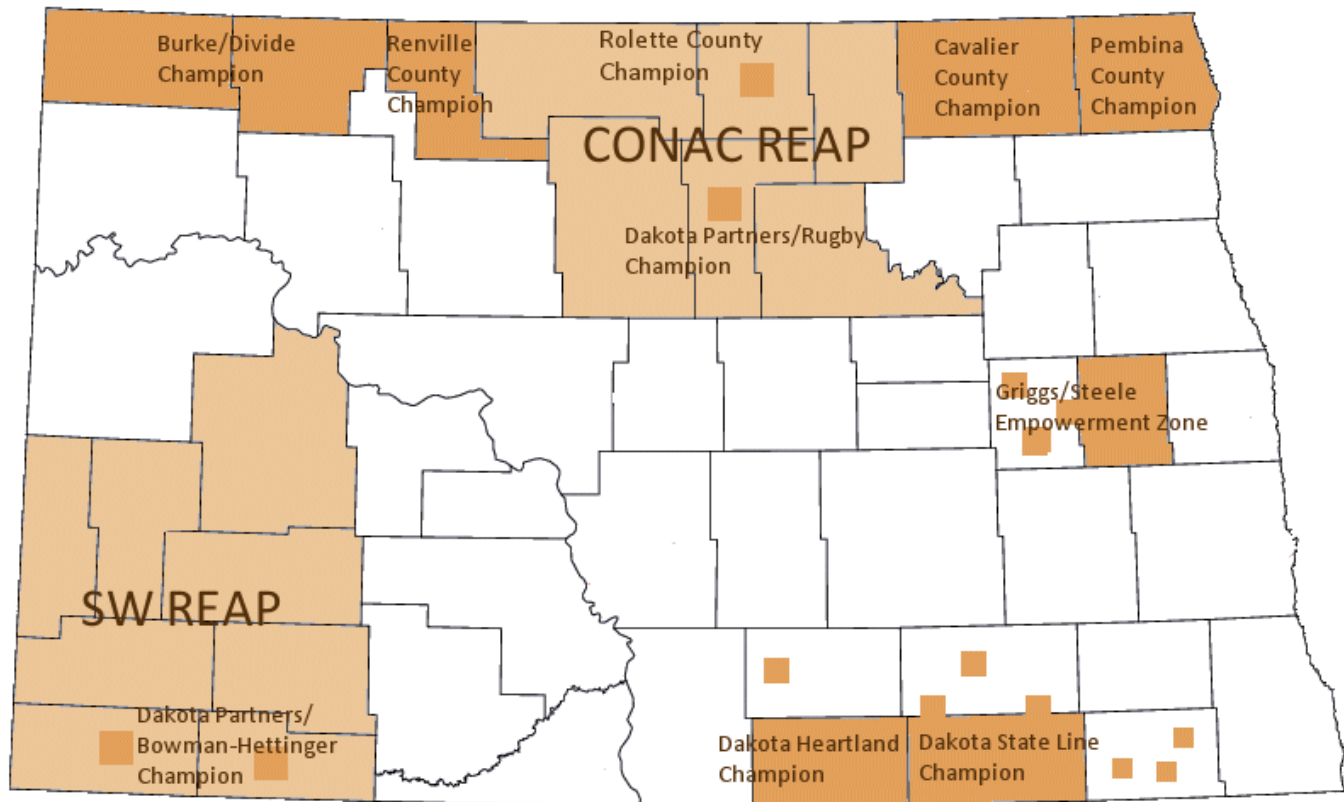
"Hometown Competitiveness Academy"- A two-day event held in July 2006 in Carrington. This training attracted 58 participants.

"Creating Sustainable Resources For Your Community"- A one-day event held in Cooperstown in August 2007. This session attracted 33 participants.

"Creating Effective Rural Leaders In Your Community"- A one-day event held in November 2007 at Lake Region State College. The event attracted 17 participants from central ND.

"Rural Economic Development Day"- The one-day event was held at the ND State Capitol in February 2007. Over twenty rural organizations set up displays for legislators and visitors to showcase the successes of rural programs in ND.

# ND Empowerment Program Designated Communities



## Champion REAP Alliance Representatives

### **Burke/Divide Champion Community**

Ralph Hoversten— Divide County Job Dev. Authority  
Pat Tinjum— Burke County Job Development Authority

### **Cavalier County Champion Community**

Shannon Duerr— Cavalier County Grant Writer  
Carol Goodman— Cavalier County Job Dev. Authority

### **CONAC REAP**

Diane Olson— Bottineau Co. Economic Development Corp.  
George Youngerman— Rolla Job Development Authority

### **Dakota Heartland Champion Community**

Tom Lovik— Wishek Job Development Authority  
Shereece Zimmerman— Ashley City Coordinator

### **Dakota Partners Bowman/Hettinger Champion**

Ed Gold— Adams County Development Corporation  
Bob Morland— Bowman County

### **Dakota Partners Rugby Champion**

Pat Bye— Pierce County Job Development Authority  
Brenda Dissette- Pierce County Job Development Authority

### **Dakota State Line Champion**

Charlie Kraemer— Oakes Economic Development Corp.  
Doug Sitzler— Oakes Economic Development Corporation

### **Griggs-Steele Empowerment Zone**

Becky Meidinger— Cooperstown Economic Dev. Corp.

### **Pembina County Champion**

Leon Dubourt— Pembina County Job Development Authority  
Darold Johnson- Pembina County Job Dev. Authority

### **Renville County Champion**

Vance Undlin— Renville County Job Development Authority

### **Rolette County Champion**

David "Doc" Brein— Turtle Mt. Band of Chippewa  
Dr. Jim Davis- Turtle Mt. Band of Chippewa

### **SW REAP**

Lynn Arthrud— Billings County Technology  
Patti Perry— Slope County Development Corporation



### **Significant REAP Zone Partnerships:**

- Richardton Development for Red Trail Energy– Richardton, ND
- Dickinson State University, Center of Excellence– Dickinson, ND
- Dakota Women's Correctional Rehab Center– New England, ND
- North Central Correction Center– Rugby, ND
- Devils Lake Basin Irrigation Pilot Project– Benson County, ND
- Towner County Medical Center, Center for Solutions, Cando, ND
- North Central Small Business Development Center– CONAC Counties
- Southwest Healthcare Nurse Recruitment– Bowman, ND
- Spice Video Network, Southwest ND Schools– SW REAP Counties
- Rural Leadership North Dakota

*The Rural Economic Area Partnership (REAP) name implies partnering with other entities to improve the economic conditions within the Zones' 14 counties and reservations. The above partial list recognizes the REAP Zones' early investments in projects, which later were implemented by other partners, and became significant economic and/or social contributions throughout the region. The projects continue to positively affect many employees, customers and communities.*

#### ***MISSION:***

Research and invest in opportunities to attain economic and social improvements within the North Dakota Rural Economic Area Partnership Zones.

#### ***ND REAP Zone Strategies***

- Create jobs or increase wealth
- Attain new funds and partners, leverage resources and realize investment returns to provide program funds and create self-sustainability
- Advance community leadership and workforce training
- Foster social and economic improvements with special emphasis on health care, elderly and youth issues
- Engage in renewable and natural resources' projects

#### **CONAC REAP Zone**

Diane Olson, Chairman  
Nancy Baerwald  
David Brien  
Dave Cichos  
Ken Graywater  
Dr. Ken Grosz  
Alyce Heer  
Curt Jacobson  
Lucille Loftesnes  
Luther Mathison  
Mark Myhre  
Dale Niewoehner  
JoAnn Rodenbiker  
Sandra Shively  
Charles Trottier  
George Youngerman

#### **Southwest REAP Zone**

Kim Nunberg, Chairman  
Bruce Baer  
Jerry Erickson  
Aaron Krauter  
Darlene Mitchell  
Dan Nudell  
Nevada Silha  
David Twist

#### **REAP Investment Board**

Art Wanner, Chairman  
Bruce Baer  
Dave Cichos  
Dr. Ken Grosz  
Greg Hagen  
Alyce Heer  
Dan Nudell  
Kim Nunberg  
JoAnn Rodenbiker

#### **Technical Support**

Senator Byron L. Dorgan and Staff  
North Dakota Department of Commerce  
North Central Planning Council– Devils Lake, ND  
Roosevelt-Custer Regional Council– Dickinson, ND  
Souris Basin Planning Council– Minot, ND



Jim Belquist  
Executive Director  
PO Box 324  
Maddock, ND 58348  
(701) 302-0524  
jboptions@gondtc.com

Laura Every  
Alliance Director  
PO Box 324  
Maddock, ND 58348  
(701) 438-2660  
levery@gondtc.com  
www.ndalliancelink.com

The Rural Economic Area Partnership Fund, Inc. is a non-profit IRS 501 (c) 3 corporation which is administered by the REAP Investment Board, a committee of independent, non-profit, non-partisan volunteers who work with the two REAP Zone steering committees.



USDA Rural Development is a committed sponsor of the REAP Zone program, providing planning and technical assistance to the Zone communities.