

Southwest REAP Annual Narrative Report FY 2000

To: USDA Office of Community Development

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Executive Summary – FY 2000 was a banner year for the ND REAP Zones. The FY 2000 USDA set-asides for REAP Zones helped to assist 65 low-income households purchase or renovate their homes. This is extremely important in out-migration areas where housing is a rapidly diminishing resource due to low values and low rental incomes. Set-asides also assisted in an RBOG Technology grant that will create a regional strategic plan as well as video conferencing and computer labs in our schools plus technology coordinators and technology education funding. In addition, the two ND REAPs received nearly \$1.5 million in FY 1999 and 2000 CDBG EDI funding that enabled them to seriously begin implementation of their now five year old strategic plans.

During the past year, the three North Dakota Champion Communities and the two REAP Zones created the Champion REAP Alliance. This alliance will provide technical assistance and support to its membership under contract with Dickinson State University. Support for the Alliance came from the EDI funding and the North Dakota State Legislature (\$50,000 each).

New areas of interest this year are in tourism and wind energy. The REAP Investment Fund, Inc. (the non-profit arm of the two ND REAP Zones), the SW REAP Zone, and two regional tourism groups partnered to create regional tourism tools (web site, video, and brochure) to be shared by western experience vacation providers including farmers and ranchers. The purpose of their involvement is to provide on-farm non-farm income to existing rural families. Studies shows those leaving the farm move to very urban areas outside North Dakota. It is important to find ways to keep rural families here. REAP also sponsored a workshop on establishing farm and ranch vacation businesses. In addition, all types of tourism bring people to North Dakota. And that's important to alleviating out-migration.

North Dakota has been referred to as the "Saudi Arabia of wind energy". High costs of other types of energy seem to be fueling new interest in this area. Recently, a tower to measure wind speeds has been erected in Dunn County. The board approved funding this past year to assist that effort and will continue to follow the progress and the wind energy efforts at our state legislature as well.

The REAP Zones have also coordinated and assisted in a study to out-source government jobs. Over the years, the consolidation of state and federal services moved these jobs to our more urban cities and our state capitol, Bismarck. New jobs in those agencies are also placed in those cities as well. We believe that with technology, this trend need not continue. A legislative committee has studied this with good results and potential savings to the government agencies. Efforts are going forward to pass legislation to enable

persons to work for state government and live in rural areas and also provide incentives to agency heads to encourage participation.

Most Significant Accomplishment – The single most significant accomplishment of the SW REAP Zone would be the funding of the economic developers. Through an FY 2000 CDBG EDI grant, the SW REAP Board assisted each county development corporation to improve services or add an economic developer position (Benchmark #2). This strategy has been the number one priority of the board since its inception. It has been evident that job and business creation is more readily accomplished if development corporations have paid economic developers and project support. To this end, the board committed \$240,000 that will be matched by local development corporations over the next two years.

Community Participation –It is important to note that the SW REAP Zone is an eight county area, roughly 10,000 square miles and 40,000 people. Therefore, our definition of community is the same but encompasses 27 small towns and many rural residents.

Community participation has been rewarding. The SW REAP board meets each month in a different location to allow residents throughout the region to attend. Usually interested people, regional development corporations, the county newspaper, county commissioners, and some city officials attend.

Public participation in problem solving has grown in some ways. Communities and residents are becoming more interested in planning. Four communities (Dickinson, Dodge, Belfield, and Richardton) are currently working on individual strategic planning documents. Bowman and Adams County had completed strategic plans in 1998 and have seen the plans put in action and become reality. Working with those plans, they have seen accomplishments in value-added agriculture, community computer technology labs, and primary sector employment.

The SW REAP has donated funding to the Grasslands Stewardship Initiative (Benchmark 53) which brings several factions with different opinions together towards non-confrontational solutions concerning maintenance, access and use of federal lands in our region (currently 10% is government owned lands).

Also, we are working towards the creation of county technology groups to work towards regional partnerships in the advancement of education, communications, and business using technology (Benchmark 41).

Partnerships and Alliances – **(1)** The two North Dakota REAP Zones and three Champion Communities came together to form the Champion REAP Alliance. The purpose of the Alliance is to provide technical assistance and support to its membership towards alleviating out-migration. This project is under the direction of Dickinson State University. **(2)** The SW REAP Zone has supported and encouraged the formation of the West River Regional Tourism Council. The membership is comprised of businesses that work primarily in western

experience vacations. This group includes a large number of farmers and ranchers in agri-tourism including hunting and western ranch vacations. Through this partnership the group has secured funding for several regional marketing tools including a video, brochure, and international web site. Funding sources in the project included the membership businesses, ND Tourism, ND Economic Development & Finance, the Forest Service, and SW REAP.

Problems/Obstacles – (1) Currently, much of our federal funding is awarded on the criteria of high poverty and high unemployment. Unfortunately, there is a national perception that most areas experiencing economic distress have high poverty and unemployment. However, **the by-product of out-migration is low poverty and low unemployment** (lose the income, lose the employee, lose the business, lose the business owner). Remaining residents, businesses, schools, and services are distressed. Home, business, and property values diminish. Because of this long-standing misconception of distress factors, it is extremely difficult to attract any federal resources needed to meet growth objectives in out-migration areas. In addition, poverty and unemployment based initiatives, like HUB Zones, have drawn opportunities out of or away from already distressed out-migration areas. Currently, the North Dakota REAP Zones have nearly \$600,000 in USDA Revolving Loan Funding dedicated to them for job and business creation. All these funds are tied to poverty and unemployment criteria. It appears this money will never be spent and will eventually need to be returned (see Benchmarks 38, 39). **(2)** Though we hadn't thought it would be a problem, having money presented new challenges. The SW REAP Zone received little more than \$25,000 per year in direct funding for the first four years. Then in 1999 and 2000, the ND REAPs received nearly a million and half-dollars in CDBG EDI funding, plus several grants for an RLF, and the RBOG Tech grant. The new challenges were devising long-term solutions and making tough decisions specifically directed at problem solving. Funding has forced us to raise the bar for the areas of benchmarking and decision making for new resource allocation. Sometimes we did opt into an "everyone gets an equal share" kind of distribution to keep peace in the family, it will be interesting to follow these solutions and document long-term problem solving.

Solutions – (1) The SW REAP Board discussed creating a strategy between all nationally designated out-migration Champions and REAP Zones to address the issues of high poverty and unemployment criteria in federal funding. **(2)** The SW REAP Board is meeting in February to work on their annual work plan and to address funding sources and past problems with strategic plan implementation.

Best Practices – (1) Benchmarks. The benchmark system has provided accountability and uniformity to the development process. **(2)** Meeting in locations throughout our region has allowed community participation. **(3)** Mandating project match on loans and grants has required local buy-in. **(4)** Creating partnerships has strengthened our position on issues and increased knowledge that has enabled us to create and implement solutions. Partnerships

include universities, job development authorities, development corporations, local and state extension services, rural development staff, financial institutions, county and city officials, and state agencies.

Plans/Prospects for the Future - Five years ago, the SW REAP Board didn't look at directly creating initiatives to assist the agricultural community. The prospects in our ag economy were so bleak and the task so enormous. However, more and more successful ways to add value to ag products, create non-farm on-farm income, and add new or non-traditional crops have begun to emerge. This may be an area that the REAPs begin to play a larger role. We want people in agriculture to be good at agriculture. We will do everything we can for the agricultural economy to remain and be successful.

The ND REAP Zones also received a \$650,000 RBOG technology grant that will be implemented this year. This includes a regional strategic plan for technology. That should expose more ways the REAP project can participate in that arena as well.

The potential of wind energy has also emerged this past year. Recently, a tower to measure wind speeds has been erected in Dunn County. The board approved funding this past year for that effort and will continue to follow the progress and efforts in our state legislature as well.

Several years ago, in an effort to attract aircraft assembly companies, the North Dakota Legislature changed their tort laws concerning aircraft assembly that limited liability to ten years. One aircraft company has formed a partnership in the SW REAP Zone and so that industry may have some promise as well.

We are extremely optimistic about Twin Buttes Custom Homes, a new facility built just last year on the southern section of the Fort Berthold Reservation in Dunn County. The plant may have real challenges breaking into the market but the community and the tribe are firmly behind this venture. At present, 35 persons are employed there. In addition, there are definite opportunities for spin-off businesses such as counter top and roof truss production.