

## **Southwest REAP Annual Narrative Report 2003**

**To: USDA Office of Community Development**

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NOTE: The Executive Summary section of this report will be posted to the EZ/EC website under the SW REAP'S name; the other sections of the report will **not** be posted to the website. Therefore, some of the information is repeated in the full report.

### **Executive Summary – 2003**

The Southwest Rural Economic Area Partnership made a difference in many communities and in many lives this year. Ask the Richardton Development Company. They will say that without the start up funds from SW REAP, their proposed ethanol plant would have died a quiet death at the coffee shop. Many community members would say how important their community strategic planning is or their community computer labs or their ITV educations systems. All these were made possible by the collaboration of the Rural Economic Area Partnership.

This partnership is successful because of the commitment of the USDA Rural Development and the commitment of North Dakota Senator Byron Dorgan and his staff.

**Funding** – Senator Dorgan was successful in acquiring \$894,150 in funding for the two North Dakota REAP Zones through the FY 2002 Community Development Block Grant Economic Development Initiative. This funding was routed to the zones in FY 2003 through the REAP Investment Fund. SW REAP and its sister REAP Zone, the Center of North America Coalition, have been in partnership for six years through their non-profit 501-©3 organization, the **REAP Investment Fund Inc.** This group has been the recipient of CDBG EDI grants for the two zones and continues to provide necessary grant administration and facilitation. The Fund has several programs benefiting both zones including a Revolving Loan Fund and a Research & Development Fund in partnership with USDA Rural Development grants. There is not a specific benchmark for this activity as this type of assistance shows up most often as a funding source in the benchmarking system.

SW REAP used their portion of the 2002 funding in 2003 to capitalize their existing Partnership Fund (formally the Community Fund), and also to fund a community web portal, support information technology, and create a new fund for Workforce Training and Federal Contracting.

**Partnership Fund.** This year, partnerships included the **SW Developer's Expo**. This annual event brought 40 persons with energy interests to the zone. Partners are the ND Department of Commerce, the seven county development groups, and local donators. More on this project can be found in the full report under the section "Partnerships & Alliances". Other projects in which SW REAP was a partner were the **Bowman Housing Model** (financing a scale model of a housing unit to attract investors), **Business Challenge** (an annual business education week for students, businesses, and educators), and **Gateway to Opportunity** (a cooperative education symposium coordinated by western North Dakota and eastern Montana educators and developers).

**Workforce Training & Federal Contracting** - This new strategy addresses the on-going need for tradesmen such as carpenters, plumbers, electricians, and mechanics within the North Dakota Rural Economic Area Partnership Zones. This will be done by (1) creating local trade education systems, (2) establishing on the job training cooperative agreements, (3) providing self-employment opportunities and education, and (4) creating scholarship funding for trades linked to actual jobs in the zone.

In addition, under this same strategy, we will work to bring more federal contracting to the Zones. The idea here will be to assist small businesses to overcome the initial hurdles of federal contracting. If warranted, we will create a company to bid contracts on behalf of groups of individual businesses capable of completing government contracts as a unit. This company would need to be self-supporting, adding the costs of its expertise to the bidding process.

In 2003, the board assisted the **Halliday Adult Welding Class**, the **Scranton Mechanic Class**, and a **plumbing class** originating out of Bowman that will be taught through the new ITV LLC system (see the full report - Most Significant Accomplishments). Also, the board funded one business to attend the federal contracting conference in Minot and provided another local business with a grant to secure a GSA Contract. The business person attending the conference provided a Power Point presentation on the federal contracting to the board. This presentation can be viewed at <http://www.ndalliancelink.com/upload/FederalProcurement.ppt> . At present, a project is being considered that would provide technical assistance directly to local businesses pursuing federal contracts. Additional partners will be needed for this project.

**Strategic Community Planning** – For the second consecutive year, a **SW REAP strategic planning community was chosen as the 2003 North Dakota City of the Year**. The honor went to the **city of Beach** and their success is attributed to their strategic planning efforts. Partners in community strategic planning are the US Forest Service, SW REAP, local developers, and the respective community. There is more information about this in the full report under "Most Significant Accomplishments". The 2003 strategic plans for the

communities of Scranton, Beach and South Heart can be found at [http://www.ndalliancelink.com/SW\\_Comm\\_Strat\\_Plans.htm](http://www.ndalliancelink.com/SW_Comm_Strat_Plans.htm) .

**Job Creation & Business Development** - During the last legislative session, many zone residents worked to support the establishment of the **state's women's prison** in the city of New England. New England had a closed parochial K-12 boarding school with several adequate buildings that could be renovated for minimum & higher security prisoners. The legislature supported the New England site. Minimum security inmates were brought to the community in November and the final group of medium and high security inmates will come to the facility later this spring after addition of a sprinkler system, elevator, emergency generator and an industries program are in place. The prison has approximately 90 employees with about 40 newly hired or recruited for the New England facilities. The facility utilizes health care facilities in Dickinson and New England, New England Pharmacy, local dental and some local food services. SW REAP provided a \$50,000 loan and will provide a \$30,000 grant for ITV equipment.

A REAP Research & Development Grant was given to Richardton Development to help fund the feasibility study and business plan for the **Richardton Ethanol Plant**. When built, the plant will employ 34 people with a payroll of \$1.5 million, consume 18 million bushels of corn and produce 50 million gallons of ethanol and 162,000 tons of feedstuffs capable of feeding 220,000 cattle.

**Annual Meeting** - In March 2003, 51 people from across the state attended the Champion REAP Annual meeting held at the Twin Oaks Resort near Bottineau. The meeting reiterated several topics including the precarious position of health care in rural North Dakota, job creation, and the need to increase cooperation between rural areas on rural issues and rural growth.

## **FULL REPORT SW REAP Zone 2003**

### **Most Significant Accomplishments**

**ITV Lifelong Learning Centers** (Benchmark 64 Task F). This year, the SW REAP Board took to heart the goal of the North Dakota University System's to provide lifelong learning opportunities within 45 miles of every North Dakotan. In the SW REAP Zone, interactive television systems were provided to the communities of Bowman, Beach, and Hettinger. In combination with existing facilities at Dickinson State University, no resident of the SW REAP zone is farther than 45 miles from access to the higher education system. These ITV rooms at Hettinger, Bowman, and Beach are connected to the North Dakota State network and are capable of accessing all the offerings on the ND IVN system. North Dakota's IVN system connects all eleven universities and over 200 other K-12 school, government and extension sites across the state.

The system allows connections between ITV sites or a number of sites can be connected simultaneously. The rooms are being used for nursing classes, vocational training, and graduate level classes. In addition the rooms are used regularly for meetings and non-credit training sessions.

**Southwest Multi-County Corrections Center Women's Prison** (Benchmark 21). During the last legislative session, the zone residents worked to support the establishment of the state's women's prison in the zone city of New England. The state corrections had proposed remodeling a building in Jamestown. New England had a closed parochial K-12 boarding school with several adequate buildings that could be renovated for minimum & higher security prisoners. The legislature supported the New England site. Minimum security inmates were brought to the community in November after renovations were completed. The final group of medium and high security inmates will come to the New England facility later this spring after addition of a sprinkler system, elevator, emergency generator and an industries program are in place. The Southwest Multi-County Corrections Center in Dickinson provides management of the facility. The prison has approximately 90 employees with about 40 newly hired or recruited for the New England facilities. New England is a community of 500 people and Dickinson's population is nearly 16,000. The facility utilizes health care through the St. Joseph's Hospital and Health Care Center in Dickinson and New England, New England Pharmacy, local dental and some local food services. SW REAP provided a \$50,000 loan and will provide a \$30,000 grant for ITV equipment as long as the system is compatible with the local ITV LLC system and available for use by the Dickinson and New England communities.

**Red Trail Energy** (Benchmark 72). A REAP Research & Development Grant was given to Richardton Development Company to help fund the feasibility study and business plan for the **Richardton ethanol plant**. When built, the plant will employ 34 or more people with a payroll of \$1.5 million, consume 18 million bushels of corn and produce 50 million gallons of ethanol and 162,000 tons of

feedstuffs capable of feeding 220,000 cattle. A company, Red Trail Energy, LLC has been formed to build and operate the plant.

This plant will be lignite-fired and represents the perfect business for rural North Dakota. It consumes lignite and corn and produces ethanol, electricity, and a nutritional feed by-product. The plant is feasible because the feed is near cattle that can consume it either wet or dry. It will consume lignite that can be contracted for up to ten years vs. high cost natural gas that is contracting nearly month to month anymore.

**Strategic Planning** - SW REAP has supported communities each year to do community strategic plans (Benchmark 68). This practice has been significant in that community residents take action. Most importantly, the planning process gives permission to residents to do something they want to see accomplished in their community. In return, the planning process helps to create new leaders and teaches work group and problem solving skills to residents. All communities have included residents in the immediate rural area in their planning groups. Partners are the US Forest Service, SW REAP, and the respective community. The 2003 strategic plans for the communities of Scranton, Beach and South Heart can be found at [http://www.ndalliancelink.com/SW\\_Comm\\_Strat\\_Plans.htm](http://www.ndalliancelink.com/SW_Comm_Strat_Plans.htm) . This year, the city of Dodge updated their 2001 plan as well.

For the second consecutive year, a **SW REAP strategic planning community was chosen as the 2003 North Dakota City of the Year**. The honor went to the **city of Beach** and their success is attributed to their strategic planning efforts. Implementation of their plan included a Spirit of the West weekend that featured lots of good western food, beverages, and entertainment including singer Terry Clark. The weekend was intended to be a front runner to increase attendance at the Home on the Range for Boys annual rodeo. All events were well attended and garnered the group \$12,000 in profits.

## **Community Participation**

It is important to note that the SW REAP Zone is an eight county area, roughly 10,000 square miles and approximately 38,000 people. Therefore, the definition of community in this section of the report encompasses 27 towns and many rural residents.

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. The meetings are coordinated to be in the communities making requests or reports to the board.

As stated in last year's report, community participation is at an all time high with the many successful community strategic plans being implemented. People have participated by being committee members, class participants, instructors, and just plain people with ideas and resources. Area newspapers provide excellent coverage for SW REAP activities.

It is important to understand that the SW REAP board initiates very few projects. The board recognizes areas of interest and a willingness to fund those areas. However, almost all projects mentioned in this report are initiated and implemented by persons outside the board and involve partnerships of at least other two or three entities.

## **Partnerships and Alliances**

(1) The two North Dakota REAP Zones and eight Champion Communities continue to work together in a group called the **Champion REAP Alliance**. Together, these 10 entities have constructed a shared web site located at [www.ndalliancelink.com](http://www.ndalliancelink.com) and will work to maintain their USDA Champion or REAP status. They will work on common problems and shared opportunities. The group is funded by the state legislature through the Department of Commerce and the REAP Investment Fund, Inc. (2) **Benchmark 61, Task E.** SW Economic Developers partnered with SW REAP and the ND Department of Commerce to hold the second annual **Energy Expo**. The Expo worked to bring outside companies working in the energy industry to southwestern North Dakota to enjoy the amenities of the area for a few days and explore business options. Forty people attended the Expo. Colorado's Westmoreland Coal Company's President Chris Seglem attended the event. His company is considering the construction of a lignite-fired coal plant in the area. Seglem said "It was just wonderful". This was his first trip to the area and he said it was a great opportunity and that he appreciated people's hospitality and interest. (3) **Benchmark 57.** The **wind energy partners**, a nine county consortium, have erected two anemometers to measure wind speeds in the region. Wind speeds are recorded daily and this information is shared towards attracting wind developers to the area. SW REAP received a 20 meter anemometer through a state sponsored one-year program and the Department of Energy. A final report for this anemometer is available upon request. Each year, SW REAP is a sponsor the Wind Energy Conference. Two members of the zone manned a booth and distributed over 300 wind reports at the conference. (4) SW REAP and its sister REAP Zone, the Center of North America Coalition, have been in partnership for five years through their non-profit 501-©3 organization, the **REAP Investment Fund Inc.** This group has been the recipient of grants for and within the two zones and continues to provide grant administration and facilitation. The Fund has several programs benefiting both zones including a Revolving Loan Fund and a Research and Development Fund in partnership with USDA Rural Development grants. There is not a specific benchmark for this activity as this type of assistance shows up most often as a funding source in the benchmarking

system. **(5) Benchmark 41. USDA RBOG Information Technology Grant** – In 2003, this grant assisted SW REAP to provide for the ITV Life Long Learning Centers. This grant ended in 2003 and final figures show federal RBOG IT funding at \$615,000 and local match at nearly \$400,000 for the two North Dakota REAP Zones.

## **Problems/Obstacles**

Due to the low unemployment rate, strong demand for skilled workers, and out migration of youth from the area, our region is experiencing a shortage of skilled workers in many occupations including truck drivers, automobile and tractor mechanics, finish carpenters, bricklayers, masons, plumbers and electricians according to Ron Lisko, Dickinson Job Service. Lisko stated that openings of this type are hard to fill as the base of remaining workers in the region are unskilled and lack experience in these occupations. Skilled workers from other areas are not as prone to apply for these job openings as they would for employment of this type in more populated regions.

In addition, there are no trade schools in our area. So, we have fewer tradesmen and the tradesmen we do have working in the field lack their trade certifications.

## **Solutions**

SW REAP created a new strategy that addresses the current need for tradesmen. This will be done by (1) creating local trade education systems, (2) establishing on the job training cooperative agreements, (3) providing self-employment opportunities and education, and (4) creating scholarship funding for trades linked to actual jobs in the zone.

In 2003, the board has put together a scholarship program to assist adult students from the zone with locally provided vocational training. They have worked with local entities to assist the **Halliday Adult Welding Class** and the **Bowman Plumbing Code Class** originating out of Bowman and taught through the new ITV LLC system.

The welding class can accommodate 25 students. Partners are the Halliday Public School, Department of Public Instruction - Career & Technical Education, and the Dunn County JDA.

The plumbing class has 13 students signed up with a few more days to go in the sign up period. These students will be studying for their journeyman test and most of them have been working in the plumbing field for some time. Applicants are from Bowman, Dickinson, Belfield, South Heart, and Hettinger. Other levels of plumbing classes will be offered once this larger group of journeymen are

through the program. Partners are the Bowman County Development Corporation and the State Plumbing Board.

Support has also been pledged to the Scranton Auto Mechanic program that will begin next winter. At present, the certification for the auto mechanic class will come from Rapid City Vo Tech. They will oversee the equipment purchases and will be providing additional training to the Scranton vocational education teacher who will teach the class. Equipment purchased by REAP is leased to the programs.

## **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. Partners this year include universities, job development authorities, development corporations, local and state extension services, health care providers, other non-profit organizations, rural development staff, financial institutions, county and city officials, and state agencies.

## **Plans/Prospects for the Future**

**Tourism –SW REAP will be focusing on tourism development that will** develop infrastructure that supports the tourism industry to (1) encourage and assist tourism planning and training, (2) improve tourism product development through quality control standards, marketing, and small business management and other training, (3) encourage and fund local regional tourism strategic planning, and (4) support tourism marketing efforts and strategic plans on the local levels that are linked to the regional plan.

**Workforce Training & Federal Contracting** – Continued work will be done on increasing federal contracting in the region by offering technical assistance. The Scranton Auto Mechanic program will begin in early winter. Meetings are already underway concerning other adult vocational training that could be taught within the zone and through the new ITV LLC system.

**Strategic Planning** - For 2004, SW REAP is again partnering with the Forest Service and the communities of Mott, Dunn Center, and Killdeer for community strategic plans. These were begun in late 2003 and will be completed this spring. SW REAP will also be completing their strategic plan begun last year with the assistance through a USDA RBOG grant.

**ITV LLC** – Work towards overall coordination of the ITV Lifelong Learning Center through partnerships including the North Dakota University System.