

Southwest REAP Annual Narrative Report 2004

To: USDA Rural Development and Interested Parties

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Executive Summary – 2004

It is always interesting to take a look back over the past year and see what the SW REAP Board and their multitude of partners have accomplished.

The following are statistics for the SW REAP Zone for the calendar year FY 2004:

- Assisted in the creation of 30 jobs (see later stories for this)
- Over 812 people were involved in REAP assisted projects
- Provided financial assistance in over 32 different projects
- Project dollars for these 32 projects totaled \$1.7 million
- SW REAP dollars on the 32 projects is \$336,331 (19% of the \$1.7 million)
- SW REAP dollars were loaned on six of the 32 projects for a total of \$146,671 (44% of the \$336,331)

Most Significant Accomplishments

Federal Contracting Pilot Project (Benchmark 74). This year, the SW REAP Board took the lead in finding out why very few companies in our state were doing business with the federal government. North Dakota ranks 48th in federal procurement. SW REAP surveyed 26 businesses in the Zone and accepted 17 into a pilot project to experience first hand the obstacles they encountered in trying to do business with the government. The pilot provided several insights into why North Dakota businesses are failing to compete in the federal procurement arena. Overall findings are as follows:

- Government acronyms and a plethora of agencies, websites, notices, announcements, registrations, and identification numbers make the current procurement system extremely difficult to navigate
- There are very few companies with federal contracting expertise and therefore no support system exists for interested companies
- North Dakota firms simply aren't up to date with information technology.
- Paperwork scares contractors away and federal contracting requires lots of it well before a bid is even submitted.
- Many registration sites require personal and private information as well as private financial information just to register the company on their web sites
- There is a massive amount of misinformation and misdirection out there. Much of this misinformation comes from within the federal procurement systems. If a company acts on erroneous information, it can cost that company dearly in time and money.

In summary, few companies have the manpower to direct towards a full-scale federal contracting effort without some assurance of financial success.

SW REAP has partnered with the REAP Investment Board, Inc. and the CONAC REAP Zone towards efforts to establish a Procurement Technical Assistance Center in both zones. Fundraising for the project is underway. We plan for this REAP PTAC to evolve into a federally funded PTAC within the next three years. Job Creation Activity – 1 job.

Small Business Development Center (Benchmark 60, Task P) The Southwest REAP Zone was given the opportunity to establish a SBDC in the region in the spring of 2004 with the closing of another office in the state. SW REAP provided the match funding necessary for the remainder of the year. Dickinson State University provided office space and the Dickinson Chamber took on the task of fundraising for future years. Since its' opening in June, the center has assisted over 104 clients and provided four workshops in the zone. Even though the center opened later in the year, the annual number of clients are right up there with the other seven North Dakota centers. These services are a great asset to the region providing free or nominal cost technical assistance and counseling for area businesses and entrepreneurs. Job Creation Activity – 1 Job

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 an ethanol plant in FY 2003. Throughout FY 2004, this group diligently worked to raise the \$25 million in investor contributions. Recently, the group announced they had reached their goal. *This represents the shortest amount of time and the largest amount of funding ever raised for such a venture in North Dakota history.* 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.

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 2004 strategic plans for the communities of Mott, Dunn Center and Killdeer can be found at http://www.ndalliancelink.com/SW_Comm_Strat_Plans.htm. Over 182 people participated in these plans and implemented 28 different projects. This year, the city of Beach updated their 2003 plan as well.

SW REAP also completed their strategic plan update in 2004. A copy is also found at the web site mentioned in the paragraph above.

Workforce Fund. Our region is experiencing a shortage of skilled workers in many occupations including truck drivers, automobile and tractor mechanics, finish carpenters, welders, bricklayers, masons, plumbers and electricians according to Dickinson Job Service.

SW REAP created a new strategy that addresses the current need for tradesmen. In 2004, the board put together a scholarship program to assist adult students from the zone with locally provided vocational training. They assisted the **Halliday Adult Welding Class** and the **Bowman Plumbing Code Class** originating out of Bowman and taught through REAP supported ITV system.

The welding class had 15 students from Halliday, Dodge and Killdeer. Partners are the Halliday Public School, Department of Public Instruction - Career & Technical Education, and the Dunn County JDA.

The plumbing class had 11 students from Bowman, Dickinson, Belfield, South Heart, and Hettinger. Partners are the Bowman County Development Corporation, Brackel Plumbing, and the State Plumbing Board.

Another partnership with **Steffas Corporation** of Dickinson also trained 4 welders. Partners were Stark Development Corporation and Dickinson High School. Job Creation Activity – 4 jobs filled.

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.

Over **812 people have participated in SW REAP supported activities** by being committee members, class participants, visitors, instructors, partner businesses, and entrepreneurs or just plain people with great 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 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 third 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. Westmoreland Coal Company attended the event. This company is considering the construction of a lignite-fired coal plant in the area. **(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 **Conference on Renewable Energy**. Two members of the zone attended that event. **(4)** 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 grants for and within the two zones and continues to provide grant administration and facilitation. The organization has several programs benefiting both zones including a Revolving Loan Fund and a Research and Development Fund in partnership with USDA Rural Development grants. In FY 2004, R&D funds were provided to two projects. Recipients were **UltraTec Products** for marketing implementation and to **Fiberglass Unlimited** for patent work. **Antelope Homes** and **Adams County Development Corporation** obtained RLF funding. In addition to the fund programs, the REAP Investment Board, Inc. purchased **TechLink**, a Dickinson based company that provides data conversion and data entry. The company can be replicated in rural areas of the zones and provide for economic benefit to the organization as well. Job Creation Activity – TechLink 14 new jobs; Antelope Homes 10 jobs.

Problems/Obstacles

For some time, SW REAP has been aware of a large number of artisans and craftsman in the region. The North Dakota Council on the Arts identified 500 such rural artists in the state. These folks have a shared problem of market access, barriers of isolationism, lack of sales experience, and access to services.

Solutions

SW REAP partnered with a new group called **Prairie Works** (Benchmark 60, Task N). With REAP assistance, this company has received funding from the USDA RBOG to provide technical assistance to artists and crafts persons in the following areas:

- Complete baseline needs assessment/economic survey
- Develop gallery opportunities for 25 North Dakota artists
- Open arts shop in Regent beginning 5/2005 for 25 artists
- Complete 12 training workshops (6 virtual)
- Develop Internet presence and log-on access for artists
- Complete follow-up needs assessment/economic survey

Since beginning their work in the spring of 2004, Prairie Works has given 18 training workshops, contacted 134 artists, and has products in the Dunn Center storefront from 88 local artists and crafts persons. Items will also be displayed in the Enchanted Highway Store beginning in May. Work on the web site is underway.

Partners are the USDA Rural Development RBOG and the Prairie Works Board.
Job Creation Activity – 1 job.

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 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.

Annual Meeting - In February 2005, 44 people from across the state attended the Champion REAP Annual meeting held at the Econo Lodge in Rugby. The meeting reiterated several topics including connecting with the Red River Research Corridor, media communication information, personal communication study, and a tour of the Rugby community.

Plans/Prospects for the Future

Tourism –SW REAP will be focusing on tourism development. They have changed their FY 2003 strategy (Benchmark 71) to the following:

- Provide loans to businesses that will market & sell vacation packages within the SW REAP Zone. \$20,000 has been set aside for this activity.
- A regional inventory of tourism places will be assembled for each county.
- Using the regional inventory, county based tear pads will be designed and distributed to tourism information locations and other businesses
- Day Trips are to be identified in each county and included with this information.
- Funding will provide for contractual services as needed, gathering the information, provision of a database to store and retrieve the information, print design, printing, and distribution. All print design and software will be the property of the REAP Investment Board, Inc.
- Efforts should insure a user friendly site and the entire effort should be designed to insure all counties or individual county groups might update their own information and print the tear pads in subsequent years without SW REAP support.
- Host a regional tourism conference utilizing the mailing list generated in the regional inventory. The conference will promote business between existing tourism businesses and provide educational sessions as requested by the existing tourism groups. Efforts will be made to enlist sponsorships from other entities to support the conference.

Workforce Training & Federal Contracting – Continued work will be done on increasing workforce training. A truck driving class is scheduled to begin in April. Discussions continue on trying to get a mechanic class in the region. Another ITV plumbing class begins in March with attendees from around the state.

Procurement Technical Assistance Center – As stated earlier in this document, SW REAP in partnership with CONAC and the REAP Investment Fund, Inc. will establish a center to assist businesses in government contracting. At this time, we are establishing partnerships with the state SBA, SBDC, the state procurement office, and other PTAC agencies in neighboring states. Support for the effort has been overwhelming and we will make every effort to do the best job we can. In 2005, PTAC services to the Zones will begin and fundraising for the two year and ten month project should be completed by the end of this year.

Strategic Planning - For 2004 - 2005, SW REAP is again partnering with the Forest Service and the communities of Medora, Marmarth, and Slope County for community strategic plans. These were begun in 2004 and will be completed this spring.

ACRONYMS USED IN THIS DOCUMENT

SW REAP – Southwest Rural Economic Area Partnership

USDA – United States Department of Agriculture

RBOG – Rural Business Opportunity Grant (annual grant program of the USDA)

FY – Fiscal Year

PTAC – Procurement Technical Assistance Center

CONAC – Center of North America Coalition (six county REAP Zone)

SBDC – Small Business Development Center

RLF – Revolving Loan Fund

R&D – Research and Development Fund