

Southwest REAP Annual Narrative Report 2006
To: USDA Rural Development and Interested Parties
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Executive Summary – 2006

The following statistics are reported for the SW REAP Zone for the 2006 calendar year:

- 14 jobs were created by SW REAP assistance
- \$177,871 was granted, loaned, or invested in 16 different projects by SW REAP
- 633 people were involved in the 16 REAP assisted projects
- Total project costs for the 16 projects was \$698,813
- SW REAP dollars represent 25% of the total project costs
- 12 projects are loans totaling \$142,746 (80% of SW REAP dollars spent)
- 4 projects are grants totaling \$35,125 (20% of SW REAP dollars spent)
- Of the 12 loans, seven were for new businesses and five for existing businesses

Most Significant Accomplishments

Micro Loans (Benchmark 76). The SW REAP Micro Loan and Small Business Incentives program addresses funding requests for businesses that employ 10 or fewer people or new ventures located within the SW REAP Zone.

The SW REAP Board identified the need for a regional program three years ago. A regionally based and administered program was more efficient than eight small county- wide programs. In 2006 the board approved nine projects including marketing, equipment purchases, start up costs, renovations and production costs. The applicants were from six of the eight counties in the zone. Four of the approved applications were for women-owned businesses and two were for the development of inventions or products.

Businesses can receive up to a maximum of \$5,000 but not more than 50% of the cost (whichever is less) for business plans, product development, research and development, marketing plans, marketing activities or other business tasks approved by the SW REAP Board. The 0% micro loan is for a maximum of three years with repayments beginning six months from the receipt of the loan funds. Interest rates of 3% apply if the loan is not repaid according to the terms and conditions of the loan agreement.

Applicants must complete an application and provide a project narrative and budget to their local economic developer who relays the proposal to the county economic development board and then to the SW REAP board.

REAP PTAC (Benchmark 74) SW REAP partnered with the REAP Investment Board, Inc. and the Conac REAP Zone in 2005 to establish the REAP Procurement Technical Assistance Center. This was funded in part by a USDA RBOG. Fundraising for the project continued in 2006. \$26,300 was raised from state governmental and quasi- governmental agencies for the continuation of the program. An application for additional RBOG funds was submitted. The program was renamed the North Dakota Procurement Technical Assistance Center and has a statewide application.

The PTAC documented contracting success in 2006. Five awards were issued:

Logo Magic, Inc., Dickinson \$125,000 GSA Schedule 78 for the production of recreational and sporting equipment

Hanson's Excavating, Inc., Des Lacs, ND, \$34,594. USDA/Forest service contract

Three subcontracts in the amounts of \$1,300, \$2,015, and \$1,009 to small disadvantaged businesses and to women-owned small business concerns

2006 outreach efforts:

- 21 new active clients
- 2 events sponsored
- 4 events participated in but not sponsored
- 20 initial counseling sessions
- 167 follow-up sessions
- 5 awards (2 prime- 3 subcontracts)

Strategic Planning (Benchmark 68). SW REAP assists communities each year to develop strategic plans. The practice is significant in that it involves community residents making decisions identifying and prioritizing community needs. It enables residents to actively participate not only in the planning process but the actual attainment of recognized goals. The planning sessions involve not only the residents of a particular community but also the rural residents who identify with the community.

The 2006 Strategic Planning communities were New England and Regent. Over 180 people participated in these planning meetings.

The Regent planning process identified eight community goals including the establishment of a community library, development of a senior citizen transportation system, and improvement of community facilities. The New England participants identified seven goals including reopening a grocery store (accomplished), developing a walking trail, maintain a daycare facility, and a plan to improve city streets.

Partners in these projects are the North Dakota Forest Service, SW REAP, and the Northwest Area Foundation Horizon Program.

Workforce Fund (Benchmark 64). Southwest North Dakota perennially experiences a shortage of skilled workers in many occupations including truck drivers, automobile and diesel mechanics, finish carpenters, welders, bricklayers, masons, plumbers, and electricians. The shortage of qualified laborers is exacerbated by the demands for laborers resulting from the increased oil exploration in the Williston Basin oil field.

The SW REAP Board in 2004 started a scholarship program to assist adult students within the zone to take advantage of locally provided vocational training. In 2006 the board assisted 20 students in the Halliday Welding Classes. The students were from Manning, Halliday, Dodge, Dickinson, Gladstone and Bowman. The partners in the program are SW REAP, Halliday Public School District, ND Department of Public Instruction-Career and Technical Education Division and the Dunn County Job Development Authority.

Tourism (Benchmark 71). The SW REAP Board targeted a tourism plan in FY 2005. In 2006 the board assisted with financing and presenting the Southwest Tourism Conference held in Dickinson. One hundred people attended and participated in the conference. A second conference is scheduled in 2007.

Community Participation

The SW REAP Zone covers an eight county area with roughly 10,000 square miles and approximately 38,000 people. The area encompasses 27 different communities and many rural residents.

This year 633 people participated in SW REAP supported activities as committee members, class participants, instructors, partner groups, businesses and entrepreneurs. In addition local media outlets provided excellent coverage of SW REAP funded activities.

The SW REAP Board meets monthly in different locations to allow residents throughout the region to attend. A typical meeting will be attended by interested individuals, regional development corporations, the local news media, county commissioners, and city officials. The board tries to schedule meetings in communities making requests or reports to the board.

The SW REAP Board initiates very few projects. Almost all of the projects mentioned in this report were initiated and implemented by persons outside the board and in many cases involves partnerships of two or more entities. The Board recognizes areas of need and interest, and then determines whether to fund a particular project.

Partnerships and Alliances

- The two North Dakota REAP Zones and eight Champion Communities continue to work together in a group known as the **Champion REAP Alliance**. Together, these 10 entities have constructed a shared website located at www.ndalliancelink.com and will continue to work to maintain their USDA Champion or REAP status.
- The SW REAP Zone partnered with the SW developers and developers from Eastern Montana to fund the “Gateway to Opportunity” conference held this year in Dickinson. 125 persons attended the conference.
- SW REAP and its sister REAP Zone, the **Center of North America Coalition**, have been partnered for seven years through a non-profit 501@3c 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 (RLF). In 2004 the REAP Investment Board purchased Techlink, a Dickinson, ND, and Ashley, ND, based company that provides data conversion and data entry. The company now has 29 employees.
- SW REAP together with CONAC and RIB have invested in Northern Tier Investment, LLC. The company is developing new technologies which will be eventually produced in the REAP Zones.

Problems/Obstacles

SW REAP depends on grant funding and private contributions to maintain operations. Fund raising and obtaining grant funds remains a significant problem and an obstacle. The REAP Zone has yet to receive its allocated share of RBOG funds granted through Project #B-06-SP-ND-0613 (06 RBOG). SW REAP’s allocation from this grant is \$106,600. There is a lack of adequate initial administration of the grant funds. The lack of sufficient funding or the inconsistency in the delivery of allocated funds makes planning for future activities very difficult. It also jeopardizes the accomplishment of already established benchmarks. This limits the REAP Board’s ability to continue existing projects, expand existing projects or to consider new requests or projects. This

handicap reduces the effectiveness of the program and the ability of residents of the Zone to take advantage of the program.

Since the inception of the REAP program, the Roosevelt-Custer Regional Council has served as the fiscal agent and administrator of the REAP Investment Fund, Inc., the recipient of the grant funds within the two REAP Zones. That arrangement was terminated as of 12-31-06 without benefit of a transition period. This may lead to a period of uncertainty and inconsistency in the application of the program principles.

Solutions

- 1) The SW REAP Board together with its various partners must continue the efforts to raise funds from outside sources and continue efforts to obtain funding through RBOG and RBEG grant applications. The board must also closely monitor the administration of RBOG applications and allocations of and the delivery of dedicated funds
- 2) The SW REAP Board and The Roosevelt-Custer Regional Council will continue to cooperate with the new fiscal agent for the RIB to ensure as smooth a transition as possible to the new fiscal management agent without unduly jeopardizing ongoing projects and future projects

Best Practices

- 1) Benchmarks. The benchmark system provides accountability and uniformity to the development process.
- 2) Meeting in communities throughout the region allows for greater community participation and increased the number of individuals involved in REAP- sponsored projects.
- 3) Mandating project match on loans requires local buy-in and investment in projects.
- 4) Creating partnerships has strengthened our position on issues and increased knowledge that enables 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.
- 5) Annual meeting. In 2006, forty people attended the annual Champion REAP meeting in Bowman. The annual meeting allows participants from the various zones and entities to compare information and share information concerning successful and struggling initiatives and to plan system wide for the future years.

Plans/ Prospects for the Future

Tourism – SW REAP will focus on the continued completion of the tourism plan (Benchmark 71):

- Provide loans to businesses that will market and sell vacation packages within the SW REAP Zone. \$20,000 has been set aside for this activity.
- Support a regional tourism conference to promote existing businesses and provide educational sessions as requested by existing tourism groups

Workforce Training and Federal Contracting – Continued work will be done on increasing workforce training. An attempt will be made to replicate the Halliday welding program for other trades in other schools or communities in the region.

Procurement and Technical Assistance – Continued efforts will be made to raise funds for the project and to create a better understanding statewide of the need for ND PTAC.

Strategic Planning – For 2007, SW REAP is partnering with the North Dakota Forest Service and Slope County in the preparation of the Slope County Strategic Plan. Planning began in 2006 and will be completed in 2007.

Date of Last Audited Financial Report

5/4/06

Acronyms Used In This Document

SW REAP – Southwest Rural Economic Area Partnership

USDA – United States Department of Agriculture

RBOG – Rural Business Opportunity Grant

RBEG – Rural Business Economic Grant

FY – Fiscal Year

PTAC – Procurement Technical Assistance Center

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

RIB – REAP Investment Board

RLF – Revolving Loan Fund