

Southwest Rural Economic Area Partnership (SW REAP) Annual Narrative Report 2009

To: USDA Rural Development and Interested Parties

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Executive Summary – 2009

The following statistics are reported for the SW REAP Zone for the 2009 calendar year:

- 35 jobs were created by SW REAP assistance
- \$198,785 was granted, loaned or invested in 10 different projects by SW REAP
- 24 people were directly assisted in the ten SW REAP assisted projects
- 164 people directly participated in SW REAP activities
- Total project costs for the ten projects was \$825,347
- SW REAP dollars represent 24% of the \$825,347
- 5 projects are loans totaling \$105,495 (53% of the SW REAP dollars spent)
- 6 projects received grant funding of \$93,290 (47% of the total SW REAP dollars spent)
- Of the 5 loans, all were new business starts initially creating the 35 new jobs

Most Significant Accomplishments

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

Businesses can receive up to a maximum of \$7,500 but not more than 50% (whichever is less) for business plans, product development, research & 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 approval of the loan. Interest rates apply if the loan is not repaid on time.

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

Four businesses were approved for micro loans for a variety of projects including marketing, equipment, renovations and start up costs. These applicants were from two of the eight counties in the zone. The types of businesses applying included one business providing for equipment hauling, one office supply store in a rural community, one restaurant, and one is a video company for special occasion's videos and data transfer.

Three large projects received grant funds. They were the KMM Regent branch \$30,000, Belfield Housing Project \$30,000, and the High Plains Cultural Center in Killdeer for \$27,500. Each of these project presented community support and match dollars totaling of \$477,000.

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. The shortage of qualified laborers is exacerbated by the labor demands from increased oil

exploration in the Bakken oil field which encompasses western North Dakota and eastern Montana.

The SW REAP Board put together a scholarship program which began in 2004 to assist adult students from the zone with locally provided vocational training. For 2009, the board assisted 7 students in the Halliday Welding Classes. Those students were from several cities in the SW REAP Zone including the cities of Halliday, Dodge, Richardton, Gladstone, and Dickinson. Partners are the Halliday Public School, ND Department of Public Instruction - Career & Technical Education, and the Dunn County JDA.

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.

At a minimum, 164 people were identified as participants in SW REAP supported activities this year by being board and committee members, class participants, instructors, partner groups, businesses, and entrepreneurs or just plain people with great ideas and resources. In addition to this kind of participation, our area newspapers provide good support of SW REAP through excellent coverage for SW REAP funded activities.

It is important to understand that the SW REAP board initiates very few projects. The board recognizes areas of need and interest and then expresses a willingness to fund projects in those areas. Therefore, almost all projects mentioned in this report are initiated and implemented by persons outside the board and in many cases involve partnerships of at least 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. (2) 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 the Revolving Loan Fund.

Problems/Obstacles

Job creation in very small rural communities is challenging. In 2009, SW REAP was approached to assist in a new branch division of Killdeer Mountain Manufacturing (KMM), a company that creates airplane component parts like wiring harnesses and computer boards. Currently, KMM has manufacturing capabilities in the SW REAP cities of Killdeer, Dickinson, Halliday, and Hettinger. The city of Regent, population 221, was identified as a possible site.

Problem areas included finding a location, labor availability for the area, and finding funding to build or renovate a company site.

Solutions

Benchmark # 7865-83. SW REAP assisted the project by providing a \$30,000 grant and an \$80,000 loan to the Regent Development Corporation. This action supported a small community group that without REAP assistance would have been unable to provide any financial support or competitively court a project of this impact. Currently, the Regent KMM branch is up and running and has created 28 jobs with health benefits. This is a monumental achievement when considering the population of the community. Together, they created jobs equal to 13% of the community's population. If we extrapolate this to a community of 50,000 residents, it would be equal to the creation of 6,500 jobs.

Partners in this project included the Regent Development Corporation, Slope Electric Loan Program, and the Roosevelt Custer Regional Council loan program. The total project cost was just under \$300,000. KMM now employs several hundred in our region.

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.

Plans/Prospects for the Future

Workforce Training & Federal Contracting – Continued support of the Halliday welding classes is anticipated with a shout out to development groups and Job Service to seek our assistance on similar programs with emphasis on truck driving courses as many jobs are now available for truck drivers in the region.

Loan Programs – We anticipate growth in the number of Micro Loans as our regional economy is doing better and we have great working relationships with county development corporations, and regional entities including the Small Business Development Center, and the Strom Center for Entrepreneurship.

Last Audited Statement: 12-31-08

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)
CONAC – Center of North America Coalition (six county REAP Zone)
SBDC – Small Business Development Center
RIB – REAP Investment Board
RLF – Revolving Loan Fund

SW REAP FY 2009 Grants, Loans, and Investments

Grants & Loans	SW REAP Grants 47%	SW REAP Loans 53%	Match	Total Project	Partnership Fund	Technology	Designations Only	Strategic Workforce	Classes or Projects	# People	New Businesses	New Jobs	
Micro Loans 4 Loans													
Jus Rite Hot Shot		\$7,500	\$99,500	\$107,000						2	1	2 Stark	
Office Express, Inc.		\$7,500	\$21,668	\$29,168						2	1	2 Dunn	
The Tee Box		\$7,500	\$25,000	\$32,500						2	1	2 Stark	
Digital Celebrations		\$2,995	\$2,994	\$5,989						1	1	1 Stark	
Partnership Loans or Grants or Equity													
KMM Regent	\$30,000	\$80,000	\$320,000	\$430,000	1					10	1	28 Hettinger	
Belfield Housing	\$30,000		\$130,000	\$160,000	1					10		Stark	
High Plains Cultural Center Killdeer	\$27,400		\$27,400	\$54,800	1					20		Dunn	
Designation 9 Projects													
Able Inc 7875-84							\$75,000			12		0	
Regent Dev. Corp. Kmm Project 7865-83											noted above		
Hettinger City Theatre 7892-86							\$99,200			10		0	
Technical Equipment Beach 7893-87						12 items	\$19,200			2		0	
Hettinger City Incubator 4892-85							\$130,449			12		0	
Cowboy Hall of Fame 7979-88							\$90,425			20		0	
Beach Flax Straw & Recycling							\$98,000			5		0	
Managing the Viability RCRC 7779-80							\$50,000			4		0	
Halliday Welding Program	\$3,500									7			
Regent Dev. Corp Kmm IRP1 V5129	\$790							1	10				
TR Expressway	\$1,000												
Gateway to Opportunity	\$600										20		
Other partners													
SBDC, RCRC, USDA, SW REAP BD,										14			
Strom Center										3			
Development Corporations										8			
Totals 16 Projects	\$93,290	\$105,495	\$626,562	\$819,457	3	0	562,274	1	0	10	164	5	35

Investments 0%	Investments	Match	Total Project
Total Investments Projects	\$0	\$0	\$0
			\$0
			0
			0
			35

Total SW REAP Funds Disbursed 24%	\$198,785 (Grants + Loans + Investments)
Total Match Funding 76%	\$626,562
Total Project Funds 100%	\$825,347
Loan Funds Repaid	\$33,281
4 Micro Loan Totals 13% of All SW Funds	\$25,495 \$149,162 \$174,657
Grants to 6 projects	\$93,290 \$477,400 \$570,690