

CONAC 2001 ANNUAL REPORT

Executive Summary: CONAC had many successes during 2001. The REAP Investment Board (CONAC's fiscal agent) was successful in obtaining a \$500,000 HUD - EDI grant for implementation of projects listed in their strategic plans. CONAC was awarded \$250,000 of this funding while the remaining amount went to the Southwest REAP Zone. This funding was broken down into several smaller funding categories which CONAC used to fund many smaller projects. The smaller funding categories consisted of: Housing, Tourism Marketing, Information Technology, Research and Development, Community Planning, REAP Operating, and Administration Costs.

During the past year, the North Dakota Champion/REAP Alliance celebrated its first full year in existence. The Alliance produced quarterly newsletters with information for its partners, scheduled events and success stories. The Alliance is developing a website for all of its members. Each community will have separate links, which are indicative to their own community. Support for the Alliance came from the HUD -EDI funding and the North Dakota State Legislature (\$75,000 each) for a total of \$150,000 for the next two years. The Champion/REAP Alliance has one full time staff member working on issues, which all five communities have in common.

CONAC also had many of its smaller cities and counties engage in a strategic planning process. Local communities had witnessed the positive effects of CONAC's planning over years and wanted to duplicate CONAC's efforts within their local area. CONAC had established a Community Planning Fund to assist these communities with matching resources. Some communities had obtained adequate funding for their planning processes from other outside sources as well. The communities developing strategic plans are developing projects, which reflect CONAC's goals and strategic plans as well.

CONAC made large strides in the area of information Technology. This past year has seen the development of two major technology centers with several smaller community computer labs. The Zone also funded an Information Technology Coordinator's position to assist tech centers and computer labs with information technology needs. Information technology training courses were also held in many of the small cities within the Zone. Support for training costs were augmented by funds provided by CONAC as well. CONAC has made a commitment to developing the information technology field in the Zone. Information technology will provide rural areas the opportunity to compete with larger markets.

Most Significant Accomplishment: The CONAC REAP Zone accomplished many things during the past year. One set of related accomplishments stand out from the rest. The Zone had several information technology related projects funded and were landmark successes for the communities involved. A Technology Center was established in the City of Bottineau and a computer lab was developed in the City of Rugby. These two projects have opened the gates for additional development for both communities. Both

projects were the recipient of a Rural Development Rural Business Opportunity Grant. The Bottineau project also received funding through a Rural Development Rural Business Enterprise Grant which was Benchmarked by the CONAC REAP Zone. Bottineau has recently been awarded the honor of being a regional training site for Sun Microsystems. There is a large computer lab in the Center designated for the purpose of training Sun's system to current and future system operators. The Center has partnered with Minot State University-Bottineau to hold classes at the Center for those getting the training. This opportunity will allow residents of the Zone to obtain training that they would normally need to move out of state to receive. The Rugby computer lab has allowed residents to take basic computer training, which would not normally be offered in their area. This lab also allowed area nurses to get additional training that they would have had to drive 130 miles to receive.

CONAC has also been able to hire an Information Technology Coordinator for the Zone. This coordinator assists communities in the Zone with information technology related issues. The coordinator also travels to the technology centers and computer labs assisting them with a wide variety of needs. This coordinator is located at the Technology Center in Maddock, ND. The coordinator's position moves the Zone one step closer to its overall technology strategy of e-commerce. CONAC realizes that high-speed broad band capability, partnered with a trained workforce will allow rural communities to pursue development opportunities that are outside their own community. Part of the findings this program was funded with a Rural Development Rural Business Opportunity Grant.

Community Participation: The CONAC REAP Zone is a six county area. This relatively large area worked very hard to keep its development efforts community driven. Each county and Native American reservation has representation on CONAC's board. The monthly board meetings are open to the public and residents due participate in those meetings. The monthly board meetings this past year had been rotated to other communities in the Zone.

CONAC is in the process of developing a Zone-wide tourism plan. This planning effort has smaller cities and all the counties working together exploring linkages between common attractions and tourism themes. The key feature of this planning effort will be to consolidate the many entities and attractions of the region into a single package. There are many attractions to see and activities to do in this part of the State and with a solid planning effort, this region could see a considerable growth in tourism travel. Other results of this plan are to include brochures and signage for the related tourism attractions throughout the Zone.

Communities in CONAC also participate financially when it comes to funding projects in the Zone. CONAC usually requires matching funds of some type for a majority of the projects it funds. Many of the communities have some type of funding which they use to match CONAC funds. Having communities participate with the funding of a project creates a sense of ownership from that community, which increases the possibility of success for that project.

Partnerships and Alliances: The CONAC REAP Zone still has its formal partnership agreements with the Souris Basin Planning Council and the North Central Planning

Council. These two councils provide an abundance of technical assistance and leveraged funds to the Zone. Souris Basin also provides fiscal management of funding sources while North Central provides benchmark management services.

Both REAP Zones and North Dakota's Champion Communities have been participating in the Champion/REAP Alliance. The Alliance has a full time staff member to assist these empowerment communities work on common issues. The Alliance has started to develop a website, which will allow all the communities to have their own link. All types of information in those communities will be available through this site. Eventually, communities will be able to pursue e-commerce from these sites as well.

CONAC has kept its partnering relationship with the local economic development organizations and Native American Tribal Governments when pursuing projects. Local developers and tribal planning offices are usually the lead force for developing projects. CONAC partners with these groups to ensure not to duplicate effort. Also, partnering allows for the concentration human and financial resources to be more efficient.

Problems/Obstacles: The CONAC REAP Zone as well as the other empowerment program communities designated on the emigration criteria face the same large opposition to their existence. The overwhelming opponent has been the lack of federally based programs with outmigration as an overall criterion for funding deployment. Just about every federal program has funding sources based on poverty and unemployment. Many of these programs do not take into account that communities facing emigration are suffering from the similar declining economic conditions, except instead of the people staying and struggling with their fate, they leave for more prosperous economic conditions. Emigration is the proponent of an economically declining state (lose the income, lose the employee, lose the business, lose the business owner). Remaining residents, businesses, schools, and services are distressed. Because of this injustice of recognizing out-migration as a criterion for poverty, it is extremely difficult to attract federal resources needed to meet growth objectives in out-migration areas.

CONAC as well as the REAP Program has no direct funding allocation from the USDA or other Federal Government. CONAC has been able to operate by acquiring funding through the other Federal grant sources and legislation passed through the State of North Dakota. However, these funding sources are only temporary support for an organization, which needs to be self-sustaining. CONAC needs to develop a more reliable sustainable funding mechanism in order to fulfill its long-term mission.

Solutions: North Dakota REAP Zones have been pursuing a national effort with the other emigration designated communities to resolve the usage of the poverty and unemployment criteria for federally funded programs. The outcome is to add an out-migration element to the federal definition of poverty and unemployment. This action will create a larger degree of development opportunities in the CONAC REAP Zone.

CONAC as well as the other empowerment program communities in the State are have been looking at ways to resolve the long-term self-sustaining issue. Through the REAP Investment Board, an effort has been started to develop revolving loan, intermediary relending, and capital investment tools which could provide a return to these communities. The returns on these tools could provide these communities with the financial vehicle they need to be self-sustaining.

Best Practices: CONAC has been revising its strategic plan on a regular basis. Focusing on the current successful development trends has produced positive results for the Zone this past year. One key element to the strategic planning effort is the Online Benchmarking System. The system has allowed CONAC to effectively track and monitor results of its development efforts. CONAC also has been enlisting support from its partners and with as many other entities as possible in getting its projects completed. Hiring competent consultants when needing additional expertise on a project has also assisted CONAC not only in producing a better project, but in the long run saved it money. Networking with other communities developing similar projects as to not reinvent the wheel has saved time and effort amongst the empowerment program communities as well.

Plans/Prospects for the Future: CONAC's plans for this year will include the development of an overall information technology strategic plan. Currently, the Zone is working with a consultant whom is completing the strategic planning process. One goal of the plan is to identify potential economic opportunities in the Zone relative to information technology. The North Dakota State Legislature is researching the capability of outsourcing jobs to rural areas of the State. Also, "Back Room" information processing is another growing market for rural areas as well. With its information technology strategic plan in place, the CONAC REAP Zone will be prepared to take advantage of opportunities such as these.

Wind energy development will also be pursued this year. Other empowerment program communities have been researching the possibilities of being a wind energy producer. CONAC is planning to partner with these other communities to further this research by funding a wind energy coordinator's position. This position will follow current industry research and leads regarding wind energy development and coordinate efforts between the partners. The overall goal for this activity is to develop a wind energy producing entity for the Zone.