

Southwest REAP Annual Narrative Report 2005

To: USDA Rural Development and Interested Parties

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Executive Summary – 2005

The following statistics are reported for the SW REAP Zone for the 2005 calendar year:

- 16 jobs were created by SW REAP assistance (see later stories for this)
- \$262,130 was granted, loaned or invested in the 37 different projects by SW REAP
- 443 people were involved in the 37 REAP assisted projects
- Total project costs for the 37 projects was \$1,046,884 million
- SW REAP dollars represent 25% of the \$1,046,884 million
- 16 projects are *loans* totaling \$91,957 (35% of the SW REAP dollars spent)
- 3 projects are *investments* totaling \$120,000 (46% of the total SW REAP dollars spent)
- 13 projects received *grant* funding of \$44,173 (19% of the total SW REAP dollars spent)
- Of the 16 loans, 6 were new business starts, 5 were existing businesses, one supported a community public facility, and one loan supported a county micro loan program

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.

The SW REAP Board identified the need for a regional micro loan program about two years ago. It made more sense to have one program regionally available and administered than to have six or seven small countywide programs. The board began accepting applications in early 2005. Fourteen businesses were approved for micro loans for a variety of projects including marketing, equipment, renovations, start up, and production costs. These applicants were from six of the eight counties in the zone. Five were women-owned businesses. Five were for the development of new inventions or new products to the area. The types of businesses applying included one in home construction, one in agriculture, a daycare, a grocery store, a restaurants and several retail and service businesses.

Businesses can receive up to a maximum of \$5,000 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.

REAP PTAC (Benchmark 74). SW REAP has partnered with the REAP Investment Board, Inc. and the CONAC REAP Zone to establish the REAP Procurement Technical Assistance Center. Fundraising for the project included a successful USDA Rural Business Opportunity Grant for \$98,000. We plan for this REAP PTAC to evolve into a federally funded PTAC within the next three years.

The PTAC documented contracting successes in the fourth quarter. Five awards were issued to four PTAC clients.

- a. Desjarlais Enterprise, Belcourt: \$110,775.00—house construction for BIA
- b. Berger Electric, Inc., Dickinson: \$31,700.00—Theodore Roosevelt Dickinson Municipal Airport
- c. Temp Right Service, Inc., Dickinson: \$4100.00—Theodore Roosevelt National Park
- d. Innovative Environmental Consultants, Inc., Dickinson: \$2450.00—subcontract Gregor Potemkin & Associates and \$575.00—Healthy Resource, Inc.

2005 Outreach efforts to date (March 2005-December 2005)

- 20 active clients
- 2 events sponsored
- 20 initial counseling sessions
- 63 follow-up sessions
- 5 Awards (three prime, two subcontracts)

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.

2005 Strategic Planning communities are Marmarth and Medora. The Marmarth plan included assessing their tourism potential and community beautification. Medora is working on Community Center Expansion that includes the recently installed ITV system, a daycare, and physical fitness options. Over 139 people participated in these plans and implemented 10 different projects.

Partners are the North Dakota Forest Service, SW REAP, and the community. The 2005 strategic plans for the communities of Medora and Mott can be found at http://www.ndalliancelink.com/SW_Comm_Strat_Plans.htm.

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 SW REAP Board put together a scholarship program a few years ago to assist adult students from the zone with locally provided vocational training. For 2005, the board assisted 11 students in the Halliday Welding Classes. Those students were from Halliday, Dodge and Dickinson. Partners are the Halliday Public School, ND Department of Public Instruction - Career & Technical Education, and the Dunn County JDA.

The board also assisted Paulson Premium Seeds of Bowman to attend a seed marketing trip to Argentina. The trip did target potential pea and lentil buyers and unfortunately several transportation barriers that currently prevent those sales. SW REAP has also set aside some funding to assist the North Dakota Trade Office with trade missions. This funding can only be used by zone businesses to attend a trade mission. The Trade Office recently opened an office providing export assistance to the area. The office is located on the Dickinson State University Campus (Benchmark 73).

Tourism (Benchmark 71). The SW REAP Board targeted a tourism plan in FY 2005 and completed a regional inventory of tourism places and tourism related businesses for each county. Additional tourism tasks are planned and are detailed under the section Plans & Prospects for the Future.

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 **443 people have participated in SW REAP supported activities this year** by being 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 provided great 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. Through the REAP network of people and representatives, people from those areas of interest or need come forward with potential plans to address the need. 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) Benchmark 61, Task E.** SW Economic Developers partnered with SW REAP and the ND Department of Commerce to hold the fourth 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. Fifty-seven people attended the Expo. **(3) Benchmark 57.** 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 the Revolving Loan Fund. The **Bowman County Development Corporation** obtained \$25,000 in RLF funding for a micro loan program. In addition to the fund programs, the REAP Investment Board, Inc. **purchased TechLink in FY 2004**, a Dickinson and Ashley based company that provides data conversion and data entry. The company can be replicated in rural areas of the zones and will provide for economic benefit to the organization as well. Job Creation Activity for TechLink in 2005 was 16 new jobs. CONAC, the RIB, and SW REAP each invested \$25,000 into a new limited liability corporation called **Northern Tier Investment, LLC**. In addition to these REAP partners, Northern Tier members include Towner County and Northern Plains Electric. This group has invested in technology being developed for eventual production in North Dakota.

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. In FY 2004, SW REAP partnered with a new group called **Prairie Works** (Benchmark 60, Task N). With REAP assistance, this new non-profit 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 had given 18 training workshops, contacted 134 artists, and had products in a Dunn Center storefront from 88 local artists and crafts persons. They had also paid for and completed the design of a web site for product sales by their membership.

Unfortunately, Prairie Works experienced several internal problems and set-backs. The founder of the project married and moved out-of-state. Neither the board nor the new employee understood the grant limitations and funds were spent on ineligible items. Because of this, the funding that was to match the RBOG grant was completely spent. Grant funds of \$30,400 remained but there was no match funding for those grant dollars to be redeemed. Relationships between those involved and the board deteriorated completely by the end summer of 2005.

Of primary concern is the web site. The site had been up and running for about one month when the funding was depleted. Several people and crafters asked that something be done to at least salvage and maintain the web site. The USDA Rural Development State Office gave Prairie Works until December 31, 2005 to present a workable plan for the remaining funds.

Solutions

The SW REAP Board stepped up to the plate in December and provided match funding for the remaining USDA RBOG Funding. The Roosevelt Custer Regional Council assisted the last remaining Prairie Works board member to present a workable plan to the USDA. The following plan was reviewed and approved by the USDA State Office in December:

- (1) approach three to four new board members to replace the previous board members and this board will have their primary concern to continue the Prairie Works web site,
- (2) secure match funding,
- (3) continue the existing web site with the original design company (ComMark, Inc.) to maintain & manage the site and,
- (4) have Roosevelt Custer Regional Council provide financial administration and reporting.

The new board has met and is beginning the task of assembling their membership, creating a fee schedule and working to make the web site self-sufficient by next year.

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 continued completion of the tourism plan

(Benchmark 71):

- Provide loans to businesses that will market & sell vacation packages within the SW REAP Zone. \$20,000 has been set aside for this activity.
- Using the regional inventory, county based tear pads will be designed and distributed to tourism information locations and other businesses
- 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.

Workforce Training & Federal Contracting – Continued work will be done on increasing workforce training. A truck driving class is scheduled to begin in January 2005. Discussions continue on trying to get a mechanic class in the region. Another Bowman plumbing class

begins in February. In addition, a committee has been set up to address the need for more types of training throughout the region. It is possible to replicate the Halliday Welding program for other trades in other schools or communities throughout the region.

Procurement Technical Assistance Center – continued efforts will include fundraising for the project and working towards a better understanding statewide of the need for a PTAC in North Dakota. In addition, the PTAC will be looking for ways to provide for the education and training needed to bring businesses into compliance with the RFID or Radio Frequency Identification. Other PTACs in the nation are taking care of this and it is important that North Dakota and the REAP PTAC not fall behind. The Department of Defense will be mandating RFID tags on most item packaging purchased by them. It is also rumored that Walmart may also require this type of product chip labeling for tracking and inventory.

Strategic Planning - For 2006, SW REAP is partnering with the North Dakota Forest Service and the Northwest Area Foundation's Horizon's Program and the communities of New England and Regent for their community strategic plans. These were begun in 2005 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

RIB – REAP Investment Board

RLF – Revolving Loan Fund