

Annual Report

2018

July 2017 - June 2018



Southwest Regional Development Commission

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SRDC Commissioners

Cottonwood County

Larry Anderson, Township Board
Donna Gravley, County Commissioner**
Vacant, County Municipalities

Jackson County

Richard Peterson, Township Board*
Carol Wagner, County Municipalities
Don Wachal, County Commissioner

Lincoln County

Eloise Hauschild, Township Board*
Dennis Klingbile, County Municipalities
Mic VanDeVere, County Commissioner

Lyon County

Rick Anderson, County Commissioner*
Bob Byrnes, City of Marshall*
Pam Cooreman, County Municipalities
Lori Grant, Township Board

Murray County

Miron Carney, County Municipalities*
William (Bill) Crowley, Township Board
Gerald Magnus, County Commissioner**

Nobles County

Stacie Golombiecki, County Municipalities
Paul Langseth, Township Board*
Mike Kuhle, City of Worthington**
Matt Widboom, County Commissioner

Pipestone County

Daryl Hanenburg, Township Board
Myron Koets, County Municipalities**
Bruce Kooiman, County Commissioner

Redwood County

Paul DeBlieck, County Municipalities
Hartwin Kreft, Township Board**
Bob VanHee, County Commissioner

Rock County

Mike Davis, Township Board
Keith Elbers, County Municipalities*
Sherri Thompson, County Commissioner

School Boards

Eric Hartman, Region 8 School Boards*
Maydra Maas, Region 8 School Boards

Lower Sioux Indian Community

Vacant, Lower Sioux Indian Community

Special Interest Groups

Vicky Baumann, SW Center for Independent Living
Roxanne Hayenga, SW MN Higher Education
Tim Jones, SW MN Private Industry Council
Ann Orren, Health & Human Services
Vacant, Cultural Diversity

** Indicates Current and FY2018 Executive Committee Members

* Indicates Current Board Members



Thank you to Gerald Magnus for serving as the Vice Chair of the ATP 8. Gerald was appointed to the ATP 8 in 2013 and retired from the ATP 8 in June 2018.

Five Projects Selected for SW CERT Seed Grants

Every two years, Southwest Clean Energy Resource Team (SW CERT) issues a request for proposal to disburse \$20,000 toward labor on clean energy projects. For the 2018-2019 cycle, five projects were selected.

Worthington HRA Atrium Hi-Rise Parking Lot Lighting Project will replace existing parking lot lights with LED lighting, and additional new LED lighting will be added. The replacement lighting will decrease electrical usage and will increase lighting in the lot for visitor safety. CERT funded \$3,800.

Federated Rural Electric Jackson Headquarters Project upgraded existing interior and exterior lighting to LED. The project replaced 225 tube lights in 26 rooms, 20 high-pressure sodium wall pack and lantern lights, 15 mercury vapor lights, and 23 mogul-base CFLs. Part of the project also included bringing in high school students to observe the installation of lighting. The total cost of the project was \$39,200. CERT funded \$3,200. Federated Rural Electric's anticipated annual savings is 104,000kWh (\$10,000) – with rebates, this is a three year payback.

Windom Solar-Powered Welcome Signs Project will enable the city of Windom to correct reliability issues to its two solar powered welcome signs. The city installed the signs in 2012, but the signs are currently not operational. The CERT Seed Grant will fund labor toward the repairs and education, while at the same time providing a case study for others to learn about solar design and updating. CERT funded \$3,000.

United Community Action Partnership (UCAP) Project will provide an In-home Education Course and Energy Savings Application for one-on-one education to a minimum of 20 homes. The



Old lighting (right) versus white LED lighting (left) of Federated Rural Electric's Jackson office. Federated Rural Electric offers LED lighting rebates to help offset installation costs to improve lighting and decrease electric bills.

course will educate residents on how to increase energy savings and provide opportunities to have direct impact on their energy consumption through the installation of energy saving devices. The project will also assess the potential for conservation programs that UCAP administers and work with the utility providers to replace worn-out appliances with Energy Star appliances. CERT funded \$5,000.

Southwest Minnesota Housing Partnership (SWMHP) Pre and Post Blower Door Test Project will enable testing on a minimum of 15 single family homes or small rental developments that are using state or federal resources to conduct energy efficiency improvements to understand the impact of the improvements. CERT funded \$5,000.

Project Highlights

Worthington Planning & Zoning

When faced with a vacancy in their Community Development Department, the City of Worthington contacted the SRDC to see if we could help. From April through October of 2017, SRDC Physical Development Director Annette (Netty) Fiedler was the acting Zoning Administrator for the city, working with the city's planning department staff to keep up with the workload during a particularly busy summer and fall.

Netty worked a few days a week out of the city offices, attended Planning Commission and City Council meetings, and together with city staff reviewed development applications.

It was a unique opportunity for the SRDC to provide assistance to the city, and allowed the city the necessary time to conduct a successful search for their new Community/Economic Development Director, Jason Brisson.



Shoreline of Okabena Lake, Worthington.

Solar Energy Loan Program

SRDC partnered with Region 5 Development Commission (R5DC) for seven months to complete a planning assessment of supply, demand, and approach to offering a residential Solar Energy Lending Program (SELP). This planning assessment was funded in partnership with the McKnight Foundation for the purpose of determining the viability of the organizations offering a SELP as an adjunct to their existing loan portfolios.

Surveys, meetings, and phone and personal interviews were conducted to assess: partnerships, homeowner interest, contractor, and installer and assessor availability to meet potential increased demand. After conducting research, commission staff constructed program formation, including:

- Lending and underwriting criteria and loan terms
- Program targets and projections
- Program launch, outreach and uptake
- Legal authority to deliver the program
- Ideal success measures

The complete report is available at:
www.swrdc.org or www.regionfive.org



Redwood Electric Cooperative's 134kw community solar array near Lambertton. Visible in the background is Highwater Ethanol.

Safe Routes to School & Active Living

The City of Fulda and Fulda Public Schools initiated the Safe Routes to School planning process during the 2017-2018 academic year, engaging a wide group of community stakeholders to envision what safer walking, biking, and transportation would look like for their community. Many action steps came out of the process, and one team member took the idea of a bike fix-it station for the community and made it a reality. Through setting up a bike fix-it station, Fulda hopes to not only encourage students to bicycle, but also to create a wider culture of bicycling for all ages in the community.

After implementing about a quarter of their Active Living Plan, the City of Mountain Lake received assistance from the SRDC in the form of meeting facilitation and grant-writing during the past year. The goal was to not only gauge the community's active living needs and interests, but to also keep their momentum moving. With the SRDC's assistance they have received funds for new benches along their trail as well as for a bike-share system that the city plans to use to boost bicycling along their 5-mile trail and throughout the city.



Buses wait for students outside Fulda Elementary School.

Nobles County Hazard Mitigation Plan

In 2017, the SRDC initiated work on six county-wide hazard mitigation plans to address natural and man-made hazards.

As a result of an upcoming mitigation project near Worthington, the Nobles County Hazard Mitigation Plan was expedited and completed on a highly reduced timeline.

The first planning team meeting was held on November 7, 2017, followed by a Mitigation Strategies subcommittee meeting on November 30, and by January 16, 2018, the plan was in public review.

The plan lays out various actions that units of government and other stakeholders can take to reduce potential risk with a given hazard. These include actions such as ensuring access to backup generator power for severe storms, educating residents on disaster preparedness, developing quarantine plans for public health emergencies, and others.



Hazard Mitigation Plans can reduce potential risk when faced with natural hazards such as severe thunderstorms, heavy rain and flooding.



Examining Ordinances in Southwestern Minnesota

The SRDC partnered with the University of Minnesota's Center for Urban and Regional Affairs (CURA) to examine the ordinances of nine counties in Southwestern Minnesota, where county officials wanted to learn more about the similarities and differences in how each county regulated five subjects:

1. Feedlots
2. Shoreland
3. Renewable energy
4. Telecommunications
5. Agricultural preservation

This effort was made to identify potential sources of conflict for development that may be sited in multiple counties, and to also identify areas where some counties may be more restrictive or relaxed than their peers. The latter has economic development and quality of life impacts as regulations should not be so strict as to cause development to locate elsewhere, but should also not be so relaxed as to have negative impacts on the environment or quality of life.

The participating counties in this project were Cottonwood, Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Rock and Swift.

Greater Minnesota Regional Parks & Trails Commission

The Greater Minnesota Regional Parks and Trails Commission (GMRPTC) plans and provides recommendations for regional designation of parks and trails, opening up development funding sources to them.

As the GMRPTC's work has grown they have onboarded the SRDC to provide assistance to their District 5 Planning Committee (DPC), which includes all nine of the SRDC's counties and ten additional Southern Minnesota counties. Through the SRDC's assistance, the DPC will have greater capacity to provide outreach to local park and trail candidates for designation and expand the regional system.

TZD: Murray County Joyride

After about one year of planning, the Murray County Safe Roads Coalition implemented their first "Joyride" program. The idea behind Joyride is to provide individuals a free, safe and sober ride home during local festivities. In the early summer of 2018 Joyride programs were held in Fulda, Lake Wilson, Hadley, and Slayton where the Safe Roads Coalition provided over 55 rides.

As they continue to host the events annually and familiarity with the program increases, they expect ridership to increase. The SRDC provided planning assistance to the Coalition throughout the process through our shared commitment to ensuring safe roads in the region.

Revolving Loan Fund

The SRDC Revolving Loan Fund (RLF) is a financing tool for businesses that is used to make up any gap in financing from the primary lender, which in most cases is a local bank. SRDC staff works closely with banks to partner on projects of value to the region, whether it be startup capital, an expansion of an existing business or a business succession plan to keep a small business in the region. The latest RLF plan was approved in 2017.

The SRDC approved seven business loans over the course

of the past year. Loans were approved for businesses in the following counties: Cottonwood (2 loans), Jackson, Lyon, Nobles, Redwood, and Rock.

EDA Rating: EDA determined the initial risk rating for the SRDC RLF is a **Level A** (highest rating possible). The score was based on 15 measures of the Risk Analysis System, including capital, assets, management, earnings, liquidity, and strategic results.

7
Loans closed for
FY2018.



\$329,472
Total loaned for
FY2018



\$8,393,130.47
Total loaned since
RLF inception
(161 loans) with
\$61,824,720.27 total
leveraged dollars.



Property Assessed Clean Energy

Property Assessed Clean Energy (PACE) is a financing tool used to assist commercial, industrial businesses (including agri-business) and non-profits with improvements that substantially increase energy efficiency. PACE allows businesses to make these fixture improvements without the up-front capital outlay. Costs for the improvements are paid back through a special assessment on their taxes. The increase in property taxes is offset by the decrease in energy costs so that the business sees no change in the bottom line.

PACE has financed 24 loans thus far, totaling \$849,732.06.

In FY2018, six PACE loans were financed, totaling \$237,573.29. Projects are located in Cottonwood (2), Jackson, Lincoln (2), and Nobles. Projects include

a variety of locations, including gas stations, restaurants, multi-unit housing, grocery stores, motels, car wash, rural welding shop, and several main street retail businesses. FY 2018 also included the first solar loan project.

The latest brochure and application, along with our application that assists with energy audit costs, can be found on the Rural MN Energy Board website at <http://www.rmeb.org/pace.htm>. The SRDC administers the Rural MN Energy Board PACE program that covers 18 counties in Southern Minnesota.

6
Loans closed for
FY2018.



\$237,573.29
Total loaned for
FY2018



\$849,732.06
Total loaned since
PACE inception
(24 loans).



2018 Annual Meeting

2018 Project of the Year Awarded to Round Lake Vineyards & Winery



Pictured above (from left to right) are Abraham Algadi, Amy Woitalewicz, Jason Schutz, Scott Ellenbecker, Jenny Ellenbecker, Robin Weis (SRDC Economic Development Director), and Scott McClure.

Each year the SRDC chooses at least one project as their “Project of the Year”. The Awards Committee met in May to discuss potential projects and recommended Round Lake Vineyards & Winery. The winery offers a variety of employment opportunities for the area and showcases Southwest Minnesota well. Round Lake Vineyards & Winery is a family-owned and

operated business first established in 2007. The SRDC, via the Jackson County Revolving Loan Fund (JCRLF), assisted with the expansion of the winery as an event and venue destination in 2015.

The first year after expansion, five weddings were held in their new Cellar Room. In 2018 they will host over 25 events. Currently, Round Lake Vineyards & Winery employs seven full-time staff and 20 part-time staff in the summer.

Scott & Jenny Ellenbecker accepted the award at the SRDC Annual Meeting in Round Lake on July 12th, along with project partners: Jason Schutz from United Prairie Bank; Diana Anderson, Scott Marquardt and Amy Woitalewicz from Southwest Initiative Foundation; Scott McClure from the Jackson County Revolving Loan Fund Committee; and Abraham Algadi from the Worthington Regional Economic Development Corporation (WREDC).

State Director for USDA Rural Development of Minnesota, is Guest Speaker



Brad Finstad, guest speaker.

Brad Finstad, State Director for USDA Rural Development in Minnesota, was this year’s guest speaker at the SRDC Annual Meeting. Finstad has spent his career serving the interests of rural communities and was appointed as State Director by the Trump Administration in November 2017.

Finstad provided an overview of the USDA’s Rural Development Program’s national and Minnesota structure. His presentation also highlighted the importance of innovation, partnerships, and infrastructure for Rural America.

SRDC Staff Recognized for Years of Service



Pictured above (from left to right) are Robin Weis, Kathy Schreiber, Dianne Crowley and SRDC Chairman Mike Kuhle.

Three SRDC staff were recognized at the Annual Meeting for their meritorious service to the SRDC.

- Robin Weis, Economic Development Director, was recognized for her 20 years of service.
- Kathy Schreiber, Administrative Assistant II, was recognized for her 25 years of service.
- Dianne Crowley, Finance Director, was recognized for her 40 years of service to the SRDC.

Below, Chairman Mike Kuhle (Center) is joined at the Annual Meeting by four former SRDC Chairmen (from left to right): Craig Rubis, Miron Carney, Marlowe Nelsen, and Gene Short.



Annual Meeting Begins with Bus Tour of SRDC Projects



Biotechnology Advancement Center

Abraham Algadi (WREDC) provided a tour of the BAC and Industrial Park. Jason Brisson (City of Worthington) & Mayor Mike Kuhle discussed the city's future plans for the facility. Roxanne Hayenga (MnWest) discussed MnWest's connection & educational design to meet the BAC's employment needs.

Mini Market Lupita

The tour stopped by Mini Market Lupita to see the renovations completed in the market and restaurant through its PACE project.



Blue Line Travel Center

Larry Potter, owner of the Blue Line Travel Center updated the tour group on his energy savings from the PACE projects completed at the travel center.



New Beginnings Garden Center

The tour stopped to talk to owner Leanne Langseth about her business and RLF project.



Round Lake Vineyards & Winery

Owner Scott Ellenbecker provided a walking tour of Round Lake Vineyards & Winery.

Finances

Fiscal Year 2018 Financials & Fiscal Year 2019 Budget

Revenues	FY2018 YEAR END	FY2019 BUDGET
Tax Levy	378,248	372,600
Economic Development Administration	70,000	70,000
MN Department of Transportation	73,830	75,000
MnDOT-Safe Routes to School	16,259	16,000
CERTS Funds	44,232	62,250
McKnight Foundation Funds	9,080	0
Contracts for Services	328,719	199,078
REAP Funds	8,139	20,390
PACE Administration	20,393	19,492
Transfers In	11,418	136,486
Interest Earned & Miscellaneous	8,838	7,400
Total Revenues	969,156	978,696

Expenditures	FY2018 YEAR END	FY2019 BUDGET
Committee Expense	26,374	33,800
Salaries & Fringe	747,313	750,302
Staff Travel	37,896	39,940
Office Space	37,227	36,480
Postage	3,296	4,190
Communications	5,988	6,010
Print/Publication	6,134	8,519
Supplies-Mtg/Wkshp Expenses	9,551	4,970
Insurance	2,348	3,588
Computer	14,389	13,930
Other	4,797	4,665
Professional Services	35,722	8,325
CERTS seed grants/ REAP Energy Audits	5,435	25,500
Equipment/Building Updates	973	7,000
PACE Loan Interest	3,389	3,175
Debt Service-Principal & Interest	11,664	11,658
Office Building Principal Payment	15,753	16,644
Total Expenditures	968,249	978,696
Overall Balance	907	0

Audited Governmental Activities for the Year Ended June 30, 2017

Revenues	
Program Revenues	
Charges for Services & Others	149,805
Operating Grants	333,878
General Revenues	
Property Taxes – General	362,847
Other Revenues	41,417
General Interest Revenues	5,341
RLF Interest Revenues	81,244
Total Revenues	974,532

Expenses	
Governmental Activities	861,811
Total Expenses	861,811
Changes in Net Position	112,721
Prior Net Position, June 30, 2016	2,353,580
Net Position, June 20, 2017	2,466,301

2017 Audit

The FY 2017 Audit was conducted by Richard W. Holmberg, LTD, Certified Public Accountant, Marshall, Minnesota.

The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements of the Southwest Regional Development Commission.

2018 Project Reviews

During FY 2018, the SRDC received nine projects from within the region to avoid duplication and ensure wise use of public funds. If interested in receiving a complete listing of the project reviews for FY2018, please contact the SRDC office.

SRDC Staff



Pictured above: Back row (from left to right) are Jessica Welu, Dianne Crowley, Annette Fiedler, Doreen Veenhuis and Rose Oakland. Front row (from left to right) are Jay Trusty, Robin Weis, Kathy Schreiber, and Max Kaufman.

Jay Trusty

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SRDC Staff Retires



In April of 2018, Rhonda Wynia, Administrative Specialist, retired from the SRDC after 39 years.

Congratulations on your retirement Rhonda, and thank you for your meritorious work for the SRDC!

SRDC Welcomes New Staff

At the end of April 2018, the SRDC welcomed Jessica Welu to the staff as the Communications Specialist. Jessica holds a Masters in Writing from Minnesota State University–Mankato and a Bachelors in Professional Writing & Communication from Southwest Minnesota State University.

Welcome Jessica!



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SWRDCmn

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The Southwest Regional Development Commission (SRDC) is a nine-county regional development commission made up of representatives from local units of government and public interest groups in Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood and Rock Counties.

The purpose of the SRDC is to work with and on behalf of local units of government to develop plans or implement programs to address economic, social, physical, and governmental concerns.