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Annual Report

2019

JULY 2018-JUNE 2019

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FISCAL YEAR 2019 SRDC COMMISSIONERS

as of June 30, 2019

Cottonwood County

Jenny Quade, Municipalities
Terry Quiring, Township Boards
Donna Gravley, Commissioners**

Jackson County

Carol Wagner, Municipalities
Richard Peterson, Township Boards*
Don Wachal, Commissioners

Lincoln County

Dennis Klingbile, Municipalities
Eloise Hauschild, Township Boards*
Mic VanDeVere, Commissioners

Lyon County

Vacant, Municipalities
Bob Byrnes, City of Marshall*
Lori Grant, Township Boards
Rick Anderson, Commissioners*

Murray County

Miron Carney, Municipalities**
Bill Crowley, Township Boards
Dennis Welgraven, Commissioners

Nobles County

Stacie Golombiecki, Municipalities
Mike Kuhle, City of Worthington**
Paul Langseth, Township Boards*
Matt Widboom, Commissioners

** Indicates FY2019 Executive Committee Membership

* Indicates FY2019 Board Members

Pipestone County

Myron Koets, Municipalities**
Daryl Hanenburg, Township Boards
Bruce Kooiman, Commissioners

Redwood County

Vacant, Municipalities
Hartwin Kreft, Township Boards**
Bob VanHee, Commissioners*

Rock County

Keith Elbers, Municipalities*
Vacant, Township Boards
Sherri Thompson, Commissioners

School Boards

Eric Hartman, Region 8 School Boards*
Vacant, Region 8 School Boards

Lower Sioux Community

Jane Steffen, Lower Sioux Community
—Alternate: Nora Murphy

Special Interest Groups

Ron Skjong, Region 8 Cultural Diversity
Shanda Walker, SW Center for Independent Living
Eriann Faris, SW MN Private Industry Council
Tom Hoff, SW MN Higher Education
Ann Orren, Health & Human Services

Thank you to the following SRDC Commissioners whose terms expired in FY2019:

- Larry Anderson, Cottonwood County Township Boards
- Vicky Baumann, SW Center for Independent Living
- Pam Cooreman, Lyon County Municipalities
- Mike Davis, Rock County Township Boards
- Paul DeBlieck, Redwood County Municipalities
- Roxanne Hayenga, SW MN Higher Education
- Maydra Maas, Region 8 School Boards
- Gerald Magnus, Murray County Commissioners

Providing professional expertise and leadership to enhance regional opportunities.



REVISING SRDC'S STRATEGIC PLAN

Review & Revision at the Board Retreat

In April of 2019, the Board of Directors held their biennial retreat to review and revise the SRDC's Strategic Plan. The retreat was facilitated by Cheryl Glaeser of Achieve TFC. Glaeser was contracted to engage staff and board members in a thoughtful and interactive process to ensure a shared understanding of the mission and vision of the organization, review current progress and accomplishments, explore what is working well, and unveil opportunities for improvement. Together, participants considered influential factors and trends that may impact the region and/or the work of the RDC and developed goals for the next 12 to 18 months as well as revisited the current goals outlined in the 2015 Strategic Plan.

The Board identified the SRDC's Vision of Success as:

- A growing workforce and business base.
- People staying in Southwest Minnesota (population stability).
- Better lives for those living in the region.
- Addressing significant needs that are challenging the region.

Board and staff chose focus areas as strategic priorities that will guide the broader work of the RDC over the next 12 to 18 months:

- Enhance and promote opportunities to support employers in addressing today's changing workforce.
- Facilitate and support the creation and retention of child care providers.
- Establish ongoing funding for the Minnesota Broadband Office's Border-to-Border Broadband Program.

These Strategic Priorities directly impacted the SRDC's Legislative Priorities for the 2019 session, which focused on Childcare, Workforce and Broadband.

Integration & Brainstorming at the Staff Retreat

As a follow up to the Board Retreat, this year's Staff Retreat focused on ways that SRDC staff could integrate the strategic priorities into the work that they are already doing. In addition, SRDC Vice-Chair Myron Koets facilitated a brainstorming session where the SRDC staff came up with new ways to expand the services of the SRDC while remaining cognizant of the core strengths and functions of the SRDC that will continue to be expected by our clients and constituents.

Many of the ideas that came out of the brainstorming session involved the SRDC taking a more active role in marketing and promoting the region through social media campaigns, or in conjunction with other agencies/communities in the region. SRDC Communication Specialist Jessica Welu is currently developing an overall communications plan for the SRDC that will seek to engage the strategic priorities of the SRDC and provide a blue print for SRDC communications. Along with this will come opportunities to provide communications services to our constituent units of government throughout the region, presenting a comprehensive communications strategy for the region.

PROJECT HIGHLIGHTS

Murray County Ordinances

Following the County Comprehensive Plan update in 2016, SRDC has been working with the Murray County Planning Commission and Staff on an update and re-codification of their Land Use Ordinances (Zoning, Subdivision, & Energy). The process has encountered a few unexpected twists and delays over the past two years, such as:

DNR has made changes to both the Shoreland and Floodplain Ordinances which needed to be incorporated and documented.

MnDOT Office of Aeronautics has been addressing changes in airport setbacks and height limitations. As a result, an Airport Overlay District was added. While overseen by the joint city-county joint planning board, if not identified in the County Ordinance, setbacks might get overlooked.

Many of the Planning Commission members in our rural counties are active farm operators. Over the past year, farming has experienced several weather incidents which allowed very short windows of time to earn a living (1st priority) before serving on boards and commissions.

Hazard Mitigation

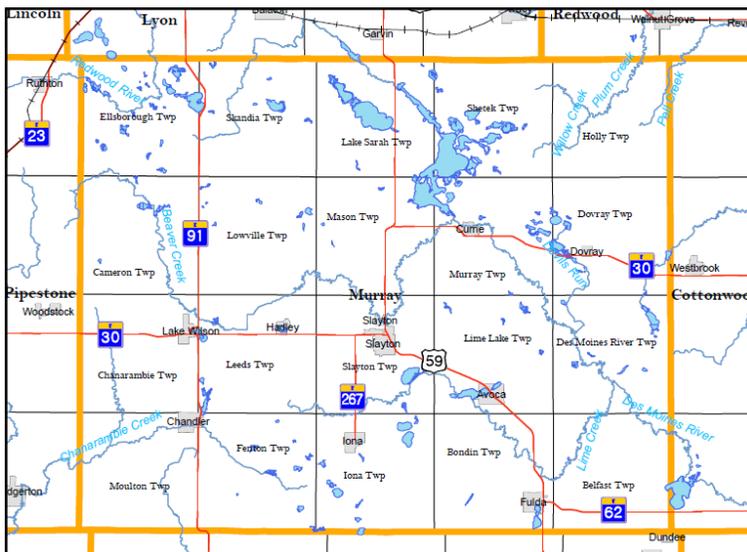
The SRDC has been working under a Joint Powers Agreement with Minnesota Homeland Security and Emergency Management (HSEM) to complete Hazard Mitigation Plan updates for Cottonwood, Murray, Lincoln, Pipestone, and Redwood Counties. Final public meetings were conducted in May and June of 2019, with review by HSEM and submittal to FEMA during the summer of 2019.

Local units of government must have adopted a FEMA-approved local hazard mitigation plan to be eligible to receive project grant funding under certain FEMA programs. A current Hazard mitigation plan is required for a community to be eligible to apply to FEMA for pre-disaster mitigation funds or the FEMA Hazard Mitigation Grant Program (HMGP).

Both programs use the potential hazards identified in the Mitigation Plan to identify projects that could be done to assist a community in becoming more resilient in case of a disaster.

In 2017, the SRDC expedited the Nobles County Plan Update at the request of FEMA so that a pre-disaster project in Nobles County could go forward in a timely fashion.

Former SRDC staff Max Kaufman was instrumental in working with the six county hazard plans. He is now pursuing a Masters degree in Public Policy.



Map of Murray County.



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

Applying for EDA Investments

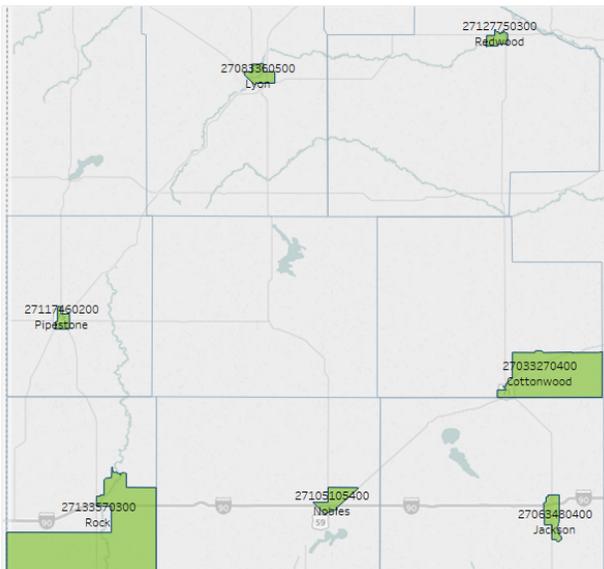
The SRDC is the federally designated Economic Development District for this region. The SRDC can assist with EDA project development and grant submission.

Certain economic distress criteria must be met for Public Works or Economic Adjustment investments.

1. The unemployment rate for the most recent 24 month period of which data is available, must be at least one percent greater than the national average unemployment rate.
2. Per capita income for the most recent period for which data is available, must be 80 percent or less of the national average per capita income.
3. The last criteria is a “special need,” of which certain unemployment or economic adjustment problems are present. Our entire nine-county region is eligible under the special need category based on federal disaster declarations.

To find your unemployment rate and/or per capita income statistics, visit www.statsamerica.org/distress/distress.aspx. Newly added to EDA's distress criteria are designated Opportunity Zones. To find opportunity zones in Minnesota, visit mn.gov/deed/business/financing-business/tax-credits/opp-zones/census-opp-zone-tracts.jsp.

EDA accepts applications at any point via grants.gov. For more information on EDA Federal Funding Opportunities, please contact SRDC staff or visit www.eda.gov/fundingopportunities/index.htm.



MnDEED map of Minnesota Census Tracts Designated as Qualified Opportunity Zones in Southwest Minnesota.

GreenStep Cities

The SRDC, as part of its work with the Clean Energy Resource Teams (CERTs), assists with the GreenStep Cities program. Current members in the southwest region are Marshall, St. James, Sherburn and Vesta. SRDC is looking to expand the number of participants.

The GreenStep Cities program is a voluntary, free program that encourages cities to choose actions from a menu of 29 best practices to help them achieve sustainability and quality-of-life goals. As cities complete task from the best practices, they get recognition that starts at step 1 and culminates at step 5. Every summer the League of Minnesota Cities formally recognizes all new and continuing GreenStep cities at its annual conference.

Cities benefit from a highly structured framework to assess what they have already accomplished and to prioritize goals and strategies to become more sustainable.

Highlights from our region:

- **Marshall:** In December of 2018, the City of Marshall was named a Bronze Level Bicycle Friendly Community by the League of American Bicyclists. They have recently begun a free Bike Share program with nine Trek bicycles at three locations.
- **St. James:** The downtown now has a mini-roundabout and bump-outs. Also, last November, the city contracted with West Central Sanitation for their solid waste needs. West Central has a fleet of vehicles that only use natural gas, which makes them quieter and greener.
- **Sherburn:** This city is great about inputting their utility data into the B3 database that allows them to track their energy efficiency over time. Another big win for them has been construction of a water treatment facility that utilizes reverse osmosis, creating a reduction in the amount of chloride in their wastewater system.
- **Vesta:** Newest to the GreenStep Cities, Vesta is working to create a “Green Team” to start checking off best practice action steps.



Minnesota
GreenStep

REVOLVING LOAN FUND

The SRDC Revolving Loan Fund (RLF) continues to be a vital part of our economic development efforts. RLF is a tool that helps strengthen and grow businesses in the region by partnering with primary lenders on projects of value, whether it be startup capital, an expansion or relocation of an existing business, or a business succession plan to keep small businesses in the region.

Successful projects require collaboration from multiple funding sources, which continues to be a strength in this region.

The SRDC approved four loans in FY19, totaling \$284,000. Loans were approved for businesses in Murray and Nobles counties.

Since the first loan in 1995, 165 loans have been made. Initial startup funds for the RLF were \$1,226,000. The RLF has since turned over seven times, totaling \$8,677,130.47 in loans funded.

As of Fiscal year end, 34 loans are active, which have an average loan size of nearly \$54,000. Across the region, money is available for eligible projects. The latest application and requirements checklist can be found at www.swrdc.org/economic-development/revolving-loan-funds/.



Total loaned for FY 2019



Total loaned since RLF inception (165 loans)



Total leveraged from private and public funds and client equity

PROPERTY ASSESSED CLEAN ENERGY

The SRDC administers the Rural Minnesota Energy Board Property Assessed Clean Energy (PACE) program that covers 18 counties in southwest and south central Minnesota. PACE is a financing tool used to assist multi-tenant housing, commercial, and industrial businesses with improvements that substantially increase energy efficiency. PACE allows property owners to make 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 26 projects thus far totaling \$957,212.06. Projects are located in the following counties:

- Blue Earth
- Cottonwood (4)
- Jackson
- Lincoln (4)
- Lyon (3)
- Murray
- Nobles (8)
- Pipestone
- Redwood (2)
- Renville

Projects are located in a variety of locations, including gas stations, multi-unit housing, restaurants, grocery stores, a motel, car wash, rural welding shop, and several main street retail businesses.

Our energy audit assistance program ended this fiscal year. We were able to assist 20 agri-businesses and/or small businesses with costs associated with having an energy audit conducted. Funds distributed totaled \$13,083.75.

Original PACE funds in the amount of \$1.1 million came from ARRA (via MN Department of Commerce), REED and REDG (both USDA funds). The SRDC was fortunate to have received an additional \$260,000 via the Minnesota Department of Commerce on June 30, 2019 to further the PACE program.

The latest PACE information and application can be found on the Rural MN Energy Board website at www.rmeb.org/pace.htm.

2019 ANNUAL MEETING

Sustainability and Development: the Spotlight of the 2019 Annual Meeting



Kathy Draeger, presenting at the Annual Meeting.

This year's Annual Meeting began with a bus tour of projects the SRDC has been involved with in Lyon and Cottonwood counties. Following the bus tour, SRDC Chairman Mike Kuhle welcomed guests to the Annual Meeting held at Painted Prairie Vineyard in Murray County.

Chairman Kuhle highlighted recent successes for the region, including two that were 20 years in the making: the completion of the Highway 60 project and the Lewis and Clark project, which has helped to provide water supplies to a large part of the region.

"Many people are willing to consider living in places that have a little simpler way of life. Regional development ideas can help to make it possible. We're setting the stage for communities, businesses and residents," Mike Kuhle, SRDC Chairman.

Kathy Draeger, Statewide Director for the University of Minnesota Extension's Regional Sustainable Development Partnerships (RSDP) was this year's guest speaker at the SRDC Annual Meeting.

Draeger currently leads several grant-funded projects, including one for climate change convenings in Greater Minnesota, another on local foods and rural grocery stores, and Deep Winter Greenhouse efforts. She served as the Governor appointed Agricultural Representative and Vice Chair of the Minnesota Pollution Control Agency Citizens board. Draeger holds a doctorate in water resources and master's in Soil Science from the University of Minnesota.

Draeger highlighted deep winter greenhouse sites placed throughout Greater Minnesota that are testing the potential of year-round greenhouses. The greenhouses are powered by ground-source geothermal heat, which in the winter months, generates enough heat to keep interior temperatures above freezing.

RSDP's backhaul project uses the existing network of rural grocery stores and their wholesale suppliers to backhaul locally grown produce on emptied wholesale trucks for redistribution through wholesale markets.

Both projects show promise for rural counties on the outer edges of the grocery supply chain and show promise for adding to the quality of life in Greater Minnesota.

Annual Meeting Begins with Bus Tour of SRDC Projects



City of Tracy's Pond Project

Tracy City Administrator Kris Ambuehl led a tour of the city's new wastewater pond construction which is part of the city's aging sewer and water infrastructure replacement project. Ambuehl discusses the implications the project will have on the city.



Subway, Tracy, MN

The bus tour stopped by Subway in the City of Tracy to talk to owner Maggie Siebenahler about her business and SRDC Revolving Loan Fund (RLF) project.

2019 Project of the Year Awarded to Clean Energy Resource Teams

Each year the Southwest Regional Development Commission (SRDC) awards at least one Program or Project of the Year. The SRDC Awards Committee met to discuss potential projects and recommended the Clean Energy Resource Teams (CERTs) for its continuous effort toward helping Minnesotans build and apply clean energy practices across the state.

CERTs are a statewide partnership with a shared mission to connect individuals and their communities to the resources they need to identify and implement community-based clean energy projects. CERTs got its start in 2004, when the SRDC began working with the University of Minnesota Extension's Regional Sustainable Development Partnerships (RSDP), the Minnesota Department of Commerce, and the Minnesota Project to implement a Clean Energy Resource Team in Southwest Minnesota. In 2007, CERT was written into state statute and expanded to cover the entire state.

Today, statewide partners include the RSDP, the Great Plains Institute, the SRDC, and the Minnesota Department of Commerce. CERTs staff engage communities across the seven CERT regions, each of which is guided by a local steering committee. CERTs has impacted 293,000 Minnesotans through grants, events and programs since 2009, and has helped Minnesotans save nearly 434 billion BTUs of energy and avoid \$5.3 million in energy costs since 2010.



CERTs award recipients (from left to right): Rolf Nordstrom, Lissa Pawlisch, Jay Trusty, Kathryn Draeger, and Michelle Gransee.

Presented with the award were Lissa Pawlisch, CERTs Statewide Director; Kathryn Draeger, Director of the University of Minnesota Extension's Regional Sustainable Development Partnerships; Rolf Nordstrom, President and CEO of the Great Plains Institute; Michelle Gransee, State Energy Office Clean Energy and Programs Manager of the Minnesota Department of Commerce, Division of Energy Resources; and Jay Trusty, Executive Director of the Southwest Regional Development Commission.

To learn more about CERTs, visit: www.cleanenergyresourceteams.org



City of Tracy Rail Project

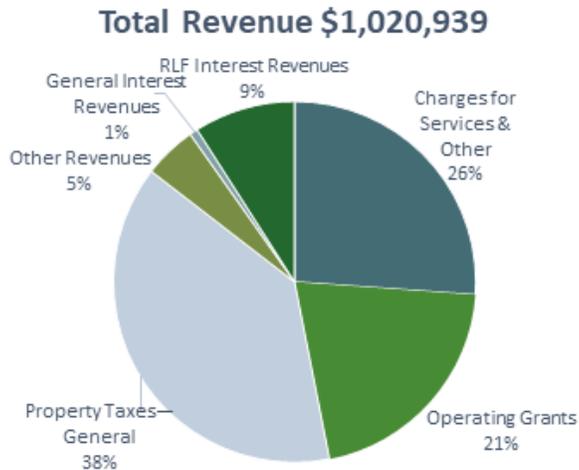
The tour stopped by a rail site in the city of Tracy. SRDC Economic Development Director Robin Weis discussed the SRDC's assistance in compiling a rail request package for the City to use for potential economic development of the property.



Jorgenson Wind and Solar Farm, Westbrook, MN

Jim Jorgenson led a tour of his farm, which includes a wind turbine and 30kW solar array. Jorgenson discussed the impact renewable energy has had on his farm.

Audited Governmental Activities for the Year Ended June 30, 2018



Revenues	
Program Revenues	
Charges for Services & Other	266,786
Operating Grants	212,203
General Revenues	
Property Taxes – General	393,814
Other Revenues	48,422
General Interest Revenues	7,436
RLF Interest Revenues	92,278
Total Revenues	1,020,939
Expenses	
Governmental Activities	874,449
Total Expenses	874,449
Changes in Net Position	146,490
Beginning Net Position	2,466,301
Ending Net Position	2,612,791

2018 Audit

The FY2018 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.

FY2019 Financials & FY2020 Budget

Revenues	FY2019 YEAR END	FY2020 BUDGET	
Tax Levy	378,844	384,000	
Economic Development Administration	70,000	70,000	
MN Department of Transportation	76,034	75,000	
MnDOT-Safe Routes to School	17,610	0	
CERTS Funds	74,974	46,500	
McKnight Foundation Funds	13,434	50,000	
Contracts for Services	193,331	145,949	
REAP Funds	11,814	0	
PACE Administration	33,206	22,620	
Transfers In	66,830	243,508	
Interest Earned & Miscellaneous	15,224	10,685	
Total Revenues	951,301	1,048,262	
Expenditures		FY2019 YEAR END	FY2020 BUDGET
Committee Expense	34,526	29,100	
Salaries & Fringe	731,080	841,293	
Staff Travel	36,933	38,739	
Office Space	37,019	35,848	
Postage	3,234	5,166	
Communications	6,197	5,847	
Print/Publication	6,773	6,912	
Supplies-Mtg/Wkshp Expenses	4,531	4,210	
Insurance	2,329	3,415	
Computer	16,523	18,254	
Other	4,628	6,320	
Professional Services	8,016	8,350	
CERTS seed grants/ REAP Energy Audits	20,346	0	
Equipment/Building Updates	7,689	15,000	
PACE Loan Interest	3,175	570	
Debt Service-Principal & Interest	11,658	11,652	
Office Building Principal Payment	16,644	17,586	
Total Expenditures	951,301	1,048,262	
Overall Balance	0	0	

2019 Project Reviews

During FY2019, the SRDC received thirteen 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 FY2019, please contact the SRDC office.



Pictured above at Pipestone National Monument are SRDC Staff (left to right): Annette “Netty” Fiedler, Doreen Veenhuis, Dianne Crowley, Rose Oakland, Kathy Schreiber, Jay Trusty, Robin Weis, Jason Walker, and Jessica Welu.

SRDC Welcomes New Staff

At the beginning of June 2019, the SRDC welcomed Jason Walker to the staff as the new Development Planner, with an emphasis in Energy Planning.

Jason earned a BA in International Relations and French from Morningside College and an MA in Public Administration from Western Illinois University. He taught English in Madagascar as a Peace Corps Volunteer and has experience working as a Community Development Specialist and as a supervisor in corrections and human services settings. Most recently he was the Lead Teacher, then Assistant Dean of Adult Education at Muscatine Community College for the past 5 ½ years.

SRDC Staff Recognized for Years of Service



Recognized at the Annual Meeting for five years of meritorious service to the SRDC was Account Specialist Rose Oakland.



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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.