



2006 Annual Report

Highlights of this report:

- Fighting Above Our Weight: Executive Director's Letter - Page 2
- Bemidji Leads! Is "Spot On" - Page 3
- Lake of the Woods Committed to Economic Development - Page 4
- Park Rapids Area Displays Stewardship on Growth Management - Page 5
- HHDC Builds Houses all over the Region - Page 6
- Beltrami Trails Plan a Model for Northern Minnesota - Page 7

Beltrami County Adopts Breakthrough Recreational Trails Plan

A local vision for having the best trail system in Minnesota took a big leap forward this spring when Beltrami County adopted a Recreational Trails Plan for County-managed lands.

In a process that began in the spring of 2005, over a dozen local groups stepped forward to work with the County to

create a vision for multiple uses of County forest lands that includes recreational trails. Led by a County Board-appointed task force of 20 people, a consultant team of the Headwaters RDC and Brauer & Associates developed a plan that identifies the location, general design characteristics and development strategies for each type of trail use.

One of the highlights coming out of the

“One of the highlights is a consensus to balance broad forest access for multiple uses with the creation of well-designed, fun trails that meet the needs of various users.”

process was a consensus by the task force to balance broad forest access for multiple uses with the creation of well-designed, fun trails that meet the needs of various

users. For example, the County currently has about 500 miles of forest access roads on 147,000 acres of land that will largely remain open

for all uses, provided those uses do not exceed ecological or economic “impact thresholds” set in the plan.

Most users, however, will be drawn to a system of designated trails that will be developed by the County in manageable, easily accessed sites. Cross country skiers, snowmobilers, ATV riders and mountain bikers (among others) will find well-designed and well managed trails being developed as the plan is implemented.

Continued on page 7

Chairman's Letter

We have had another very successful year. Looking back at our activities and accomplishments makes me proud to be a part of this organization.

We have made some great strides in achieving some bold goals. Our Housing Development Corporation is building homes in four of our counties, with intentions to build in our fifth county in the next couple years. Our Finance Corporation has active loans throughout our Region, with much new activity over the last six months. And we are starting our Center for Community Stewardship, with substantial help from the Blandin Foundation. Our creation of the Center will be a great tool to help us

achieve more things for our region. I would like to offer a special thanks to the Blandin Foundation for helping us with this bold initiative.

Our goal is straightforward - we want to help our communities, and Region, be successful. While we feel good about our past work, we know there is much more we can achieve by continuing to work as a team.

I would like to thank the great members and staff we have that are dedicated to this organization. The staff we have are second to none. The combination of the two will help us achieve some great successes in the coming year.



Rick Rone, Chairman

Resource Management

Beltrami County Forestry Plans for the Future

“To achieve certification of its forest lands by an independent third party auditor, Beltrami County must have a well developed Forest Resources Plan. The purpose of this Plan is to assure the maintenance of a permanent forest resource base while also delivering a full range of benefits for the county residence now and into the future. Not only is this important to the long-term economic sustainability of the forestry community in our region, but it also recognizes the social and environmental issues that accompany forest management activities.”

Bob Milne, Director of Resource Management, Department of Natural Resources

“That’s what the Commission, staff and I want for this organization to be known for consistently ‘fighting above our weight’, for having an impact on our Region that is far more than anyone would expect an RDC to have on any Region.”

Beltrami County is proving that forest management goals of timber harvesting and providing a quality environment on County land don’t have to conflict. By combining the development of a Forest Management Plan with third party certification of its forest management practices, the County is in a great position to ensure that it has a sustainable resource for the future.

At the core of the County’s Forest Management Plan is an inventory and long-term harvest projection. Using a computerized Geographic Information System database and mapping, the County maintains an inventory of the predominant tree species and age within

each stand of trees. This technology allows the County to easily look for timber stands that are older than a prescribed age for a particular species.

Pairing the current inventory with a scientifically determined Desired Future Forest Condition (DFFC) allows the County to create a model for future forest management. For instance, the model may tell foresters that they need to harvest so many acres of each species of trees within a 10 year period, and each 10 year period after that, in order to achieve a healthy forest with a wide distribution of age classes.

From The Executive Director — Cliff Tweedale

I was listening to MPR a couple months ago. They were talking about a small town newspaper in one of the Gulf states, and they mentioned that it had won a fistful of Pulitzer prizes over the last 30 years. The commentator said, *“they have always fought above their weight....”*

They have always fought above their weight.

What a striking metaphor, and compliment, for a newspaper that was not only outstanding “for a small town newspaper”, but was one of the very best – period.

That’s what the Commission, staff and I want for this organization. We want to be known for consistently *fighting above our weight*, for having an impact on our Region that is far more than anyone would expect an RDC to have on any Region.

Regional development organizations are supposed to help local communities solve problems and complete projects. They’re supposed to provide timely and expert technical advice, and they’re supposed to complete planning efforts to guide future action. You will see evidence of all these activities in this report, but we need to do more if we are going to help our communities and our Region be successful.

We’re going to need to challenge leaders to lead, for spectators to become players, and for citizens to find a way to make working to-

gether a habit and a normal way of doing business. In short, we’re going to have to do things RDC’s aren’t normally expected to do. We need to *fight above our weight*.

And if we do it well enough, and long enough, then maybe we can help renew hope in areas of our Region where it occasionally is in such short supply.

* * * *

Postscript: If I were to ask my fellow staff what movie the past year reminded them of, at least some of them might suggest “The Perfect Storm.” You probably remember that movie, where all of nature’s forces came together to create the perfect storm to cause disaster in the North Atlantic.

Our “perfect storm” included a combination of a very heavy workload, our difficulty finding the right person for a staff vacancy, and an accident to one of our staff’s family, causing an absence for several weeks. Unlike the movie, though, the challenge we faced did not result in disaster, although it did mean that many in the office did have to deal with very unreasonable workloads.

I want to personally acknowledge and thank the staff for persevering. **THANK YOU** for your commitment and professionalism. There are no better staff than the ones I am privileged to work with.

Community Stewardship

Bemidji Leads! Showing Results

For over two years a group of community leaders has been meeting in Bemidji to discuss the future. They believed that Bemidji needed to be a strong, healthy community that looked and felt like the dreams Bemidjians had for their community. They were committed to not only identifying that future, what they call a destiny, but building it. Now called Bemidji Leads!, this group of stewards is truly creating Bemidji's future.

After over a year of listening, Bemidji Leads! defined a destiny for the Bemidji community that says, in part, that Bemidji will be a *"healthy community, successfully balancing regional center amenities with small town beauty and character. Bemidji will be a star of the north, a national model of community success."* To get there, seventeen bold destiny drivers, or community goals, were announced. Has it worked? Look at these:

- The state legislature committed \$3 million in funding to kick off the development of a regional events center.

- Bemidji Green Up! has been planting 10,000 trees per year.
- Over 100 volunteers of the community came together and held a Bemidji Day at the Capital.
- Bemidji Leads! leaders signed a Declaration of Interdependence.
- Beltrami County completed a county-wide trails plan, and the city is completing major park and trail improvements.
- A Bemidji Education Council is discussing ways to work together for greater student achievement.
- The Downtown Development Authority completed a revitalization plan.

Overall, hundreds of community leaders are engaged in efforts to build a successful Bemidji.

In February, Governor Pawlenty honored Bemidji Leads! as part of his Bemidji Day celebration. See the sidebar for his comments.



"Bemidji Leads! is Spot-On. Do not underestimate the power, the potent power, of what it means to have positive, dynamic leaders at a community and local level."

Governor Tim Pawlenty, March 2006, in Bemidji.

SEVENTH GENERATION INITIATIVE Moving Forward

What do the citizens in the Seventh Generation Community think of their community? What things do they value? What are their hopes and dreams for the future? These are the core questions the community stewardship effort, called the Seventh Generation Initiative, is answering.

The challenges over the next six months are large in a community where many have a diminished sense of hope: to define a visionary statement of the desired future; to identify bold initiatives to move forward; and to engage the community in becoming participants instead of spectators.



Provides Strong Leadership

The efforts of the stewards of Progress Park Rapids are starting to generate excitement in the Park Rapids community. Not only that, the efforts are starting to show results.

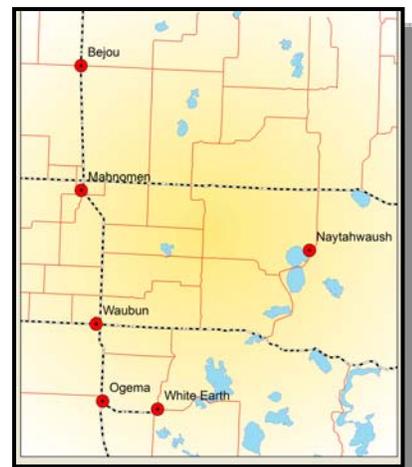
economy, while protecting our natural environment and small town beauty and charm."

For the past year, the stewards have listened closely to the community

How will Park Rapids get there? They will focus on goals in six key, strategic areas: leadership, economic development, education, health, environment and sense of community.

From the information received, the community defined a future that, in part, says Park Rapids will be "a vibrant community with opportunity for all. Park Rapids will embrace an exceptional quality of life and a growing

The goals are bold and difficult, but the community is already coming together to move forward. With the stewardship being displayed in Progress Park Rapids, the future is bright for the Park Rapids community.



The Seventh Generation Community

Economic Development



"I am excited about our joint efforts to use the Bemidji Regional Airport to increase economic activity in our area. I think we have a real opportunity to make some positive things happen over the next few years."

Ron Otterstad,
Beltrami County
Commissioner

Minnesota PLTW has grown from six schools in 2002 to nearly 100 schools statewide today. Schools already implementing PLTW in Northwest Minnesota include Bagley, Bemidji, Cass Lake, Clearbrook/Gonvick, Kelliher, Lancaster, Norman County East (Twin Valley), Red Lake, Red Lake County Central (Oklee) and Tri-County Secondary (Karlstad).

Bemidji Community Strives to Use Airport to Create Economic Opportunity

Can the Bemidji community use the Bemidji-Beltrami Airport to create competitive advantage and spur economic activity? That is the question an ambitious joint effort of the Airport Commission, City of Bemidji and Beltrami County is exploring with the Headwaters RDC's help.

Already the fourth busiest airport in Minnesota, the implementation of an almost-completed Master Plan will result in airport-

related infrastructure second to none. Combined with other community assets, the airport could provide a major economic boost to the area. But as we know, "it isn't about the ingredients, it's about the recipe." This ambitious initiative will define that recipe by identifying a unified, strategic investment and marketing strategy for the airport and adjacent land.

Lake of the Woods Establishes Office of Economic Development

Over the course of a year and a half a large group of community leaders in the Lake of the Woods area met to discuss ideas for improving the local economy. Traditionally, the area's economy has been dominated by natural resources and outdoor recreation, as well as two major industrial employers. While this economic base has provided some success over the years, a lack of diversity in the face of seasonal and global challenges served to

limit the local economy. From the group's vision, several strategies were developed, including: hiring a lead staff person to support economic development; investing in a business incubator; marketing the area to potential businesses; and improving the stock of affordable housing for workers. The first step in the overall plan was to organize the group so that these strategies could be achieved.

INGENUITY FRONTIER Moves Ahead

An **Engineering** Culture In Northwest Minnesota

Ingenuity Frontier is a project of the Northwest Minnesota Foundation, Bemidji State University, Headwaters Regional Development Commission, Northland College and the Department of Employment and Economic Development. These partners are working collaboratively in our region to: increase the pool of manufacturing and engineering talent; promote a culture of innovation; and brand the region as a hub of engineering talent and innovation. The key accomplishments of this project over the last year include:

Ingenuity Frontier Commercials Hit the Airwaves. Several television commercials began running in May. This is just the beginning of a promotional campaign to brand the region as *the* place for applied engineering and technology.

Project Lead The Way Gains Momentum. This past year, the Kern Family Foundation notified four northwest Minnesota schools that their grant requests to implement Project

Lead The Way were successful. Project Lead the Way, supported and encouraged by the Ingenuity Frontier, is a program designed for junior and senior high students, and incorporates the application of math, science and technology. PLTW is successful where collaboration exists among high schools, colleges and industry partners.

New Engineering Degrees Now Available. Ingenuity Frontier has been a major influence in bringing about positive change in northwest Minnesota. The Center of Excellence in Manufacturing and Applied Engineering (COE) is based at Bemidji State University. Two new engineering-related degree programs that address the particular needs of northwest Minnesota have been created through the COE and will start in fall, 2006. A nationally accredited BS degree in Engineering Technology will be offered at BSU. A second degree will be offered online in Applied Engineering Technology.

Community Development

Park Rapids and Henrietta Township Nearing Agreement on Major Growth Management and Service Delivery Initiative

Tired of years of distrust, disagreement and battles over annexation, a 12 member task force comprised of the City of Park Rapids and Henrietta Township officials, staff and citizens, set out to find ways to work together to improve the delivery of services (principally sewer and water) and to improve growth management services (i.e. planning and zoning). The Task Force worked tirelessly over nine months to find an agreement that would not only benefit each jurisdiction, but one that would also serve the long-term interests of the entire community. The Headwaters RDC provided staff support to this effort.

Their persistence and hard work is paying off. The group has decided unanimously on a set of policies that meet all of their goals.

The task force is recommending a 10-year annexation, a joint planning process that would produce an agreed upon vision for a proposed annexation area and a city sewer and water policy change that would make the utilities available to the annexation area.

While this agreement still must be reviewed with the citizens and ratified by each entity, it is a solid agreement that serves the entire community well.

“The development of an overall land use plan to fit the development occurring in the city and the related zoning ordinance was a huge task. It will, however, prove to be invaluable as the city continues to grow and develop. Items such as beautification, signage regulation, highway development, zoning, parks, trails, etc. all become so important as we envision the future.”

Karen Allen, Clerk, City of Baudette.

Strategic Direction Set for Downtown Bemidji

Last year the Bemidji Downtown Development Authority (DDA) began a process designed to reinvent the downtown. A local steering committee met for several months to create a vision for the future of the area. Implementation of the plan through the com-



mitted leadership of the DDA and its partners will help ensure a healthy, vital downtown Bemidji.

Lake of the Woods County Ordinance Amendments Protects Local Resort Industry

After 18 months of work, the Lake of the Woods County Board amended its zoning ordinance in March of 2006. The amendments were primarily made to allow resort owners to improve their facilities even if their current density is in excess of the standards imposed by state rule, provided that moving structures back farther from the shoreland is not feasible. The amended ordi-

nance will also discourage the conversion of resorts to residential planned unit developments by limiting the density of development in such conversions. The Department of Natural Resources worked with Lake of the Woods County and Headwaters RDC staff to develop ordinance changes that met the objectives of both Lake of the Woods County and the State.

Bemidji Area Growth Management Reinvented

Two years ago elected officials in Bemidji and Northern Townships and the City of Bemidji executed both an Orderly Annexation Agreement and a Joint Powers Planning Agreement in order to collectively manage growth in the Greater Bemidji Area. The Joint Powers Board established a Planning Committee and charged that group with de-

veloping a Land Use Plan and development regulations needed in order to implement the Plan. The Bemidji Area Planning Committee has met twice each month for much of the past year, developing a land use plan and zoning ordinance. Drafts of both are completed, and the process of public participation, leading to adoption, has begun.

Bemidji Area Planning Committee Members:

- Clark Chambers, Chair
 - Dick Slinkman, V. Chair
 - Jim Humenuik
 - Mike Kamnikar
 - Dave Landgrebe
 - Nicki Lemmer
 - Janice Moberg
 - Greg Negard
 - Steve Newby
 - Lanee Paulson
 - Dale Thompson
 - Heather Vernlund
-

Housing



Robert and Brandy Barber became the first owners of a home built by the ICWC Program.

Beltrami County HRA Constructs Affordable Housing

Robert and Brandy Barber became the first owners of a house built by the Beltrami County HRA through the Institution Community Work Crew Program. The HRA has recently completed construction of its first five houses in partnership with the Department of Corrections through this initiative. The Barbers are thrilled to be in their new home and appreciate all of the effort put in by the construction crew - inmates housed at the Beltrami County Jail.

"I am proud to be part of giving back to the community and providing low cost housing. It is certainly a positive, productive alternative to sitting in a prison cell."

Chris Paulson,
ICWC Program Member

The Institution Community Work Crew Program provides an opportunity for non-violent State offenders to participate in construction activity rather than sit idly in jail.

Construction is underway on seven new houses. The HRA and Headwaters RDC appreciate the support of the work crew, DOC and the Beltrami County Board for

making this program a success.

The HHDC Moves Aggressively to 20 Units Per Year Goal

The Headwaters Housing Development Corporation is strongly committed to reaching its goal of building twenty housing units per year by building throughout the region where there is both a need and demand for housing. In order to accomplish this goal it is clear that, in addition to scattered site construction projects, subdivision development will be required.

Two years ago, with help from the City of Bemidji, the HHDC constructed the infrastructure for its first residential development. Originally conceived as a place for construction exclusively by the Northwest Technical College Carpentry and Bemidji High School Industrial Technology programs, the site also provided lots for the Beltrami County HRA's ICWC Program, and contractor-built houses are planned this summer. The subdivision, named Lincoln South, has become

not only a place to build affordable single family houses, but a quality residential neighborhood. Seventeen houses have been built to-date, and seven additional homes are now being constructed. The HHDC has built several scattered site single-family homes, as well. In addition, eight houses have been built outside city limits by the Bemidji High School. Those

locations offer an alternative to home buyers who prefer to live in a rural setting. Two additional houses will be constructed out of town during the 2006-2007 school year.

Houses have also recently been built in Blackduck, Clearbrook, and Mahanomen, and the units are all available for sale to income-eligible working families.

The Minnesota Housing Partnership recently provided technical and financial assistance to the Headwaters RDC to help develop its capacity to develop other subdivisions. The HHDC has recently purchased property west of Bemidji that it intends to develop as a fourteen-lot residential subdivision. In addition, the HHDC is working in partnership with the City of Bemidji to redevelop an old MN/DOT storage site that is currently owned by the City. The joint goal of the City and the HHDC is to create a high quality mixed-income residential subdivision. The Headwaters RDC and the City have been awarded technical assistance from the Greater Minnesota Housing Fund that will provide expertise in the planning and design of a high quality neighborhood. The City is presently completing a Phase Two Environmental study of the site, and the site planning will follow. Construction activity may begin in 2007.



House built by the ICWC
Walborg Ave. NE, Bemidji

Transportation

Making City and School Connections: Trail Development Underway

As is common in so many rural communities with newer schools, the Lake of the Woods School is located approximately a mile west of the City of Baudette. Connections between the school and the community are limited to Trunk Highway 11 or a County State Aid Highway a half mile south of the school.

In addition to serving K-12 students with classrooms, auditoriums and athletic facilities, the school serves as a center of activity for the entire Baudette community. Unfortunately, its physical separation from the town limits its accessibility for some community members. Students and residents who could easily walk or bike to the school are forced to either use the shoulder of TH 11 or a car for the short ride. The local track and cross country running teams have also been forced to use the highway shoulder for training.

Lake of the Woods County, the City of Baudette and the School District are working with the Headwaters RDC to plan for the

construction of a grade-separated multi-use trail from downtown to the school. A team of local agency and elected representatives has identified potential routes, while project staff has met with affected property owners to review those routes. Once the concept route and design guidelines have been agreed upon, the County can begin the survey and design work for the trail.

This section of trail will be the third phase of trail construction in the community. The other two phases include a trail from the east end of town at Timber Mill Park to Willie Walleye Park downtown, and from Willie Walleye Park north to the International Border crossing. Phase three will connect downtown through the western areas of the City to the school.

Construction of the trail by 2010 will be funded with a federal Transportation Enhancement grant the County received this spring.

Other Transportation Activities

- Assist local jurisdictions with Safe Routes to School planning.
- Conduct region-wide functional classification review
- Promote highway access management concepts
- Involve the public in the creation of the Lake Bemidji Bike/Ped Loop Route
- Assist in the creation of the "Bicycle Around Minnesota" scenic bikeway tour

Beltrami County Adopts Breakthrough Recreational Trails Plan

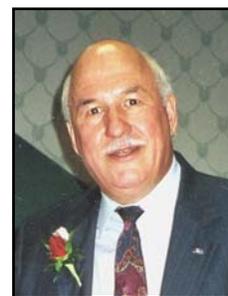
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One of the benefits of the County's approach to include representatives of all user groups in the planning process is that the user groups are now eager to help implement the plan. From the County Natural Resource Management Department's perspective, that is critical. With limited resources, it will take dedicated volunteers to help department staff design, fund, construct and maintain the facilities envisioned in the plan.

"THERE HAS BEEN broad public acceptance of our Plans. Indeed, other counties look upon Beltrami County's plans as models which might well serve them. We are pleased to be seen as forward-thinking in our stewardship of public resources."

Joe Vene, Beltrami County Commissioner

Implementation of the plan is expected to begin quickly, with the County establishing a Recreational Trails Advisory Committee and a Recreation position within the Natural Resource Management Department. The person hired by the department will be responsible for working with user groups to develop the various facilities identified within the plan and to manage all designated recreational trail systems on an on-going basis.



"WHETHER YOUR PREFERENCE is hiking, biking, bird-watching, snowmobiling, horseback riding, cross-country skiing, ATVing, or others, there'll be opportunities for your preferred pursuits. These opportunities are identified for us in our Recreational and Trails Use Plan. We and generations ahead will benefit."

Joe Vene, Beltrami County Commissioner

Headwaters RDC 2006 Annual Report

Headwaters Regional Development
Commission
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Website: www.hrdc.org

Headwaters RDC Staff:

Joe Czapiewski
Physical Planner

Tiffany Fettig
Business Loan Specialist

Tim Flathers
Community Development
Director

Dave Hengel
Director of Community
Stewardship & Development

Laurie Kramka
Development Specialist

Tony Mayer
Technical Planner

Jackie Meixner
Accounting Clerk

Anne Sand
Housing Specialist

Cheryl Smethers
Administrative Support
Specialist

Mary Thompson
Accounting & Administrative
Director

Cliff Tweedale
Executive Director

Headwaters RDC Stewards: Board

Steve Beltz — Clearwater County Cities
Kim Bredeson — Lake of the Woods County
Ray Dalby — Beltrami County Townships
Mark Edevold — Labor
Joann Frederickson — Higher Education
Bob Gannon — Beltrami County Small Cities
Kathy Grell — Business
Dave Jaeger — Mahnomon County Cities
Cal Johannsen — Hubbard County
Ron Johnson; Secretary — City of Bemidji
Lorna LaGue — White Earth Reservation
Robert Milne — Natural Resources
Jean Nelson — Mahnomon County Townships

John A. Nelson — Clearwater County
Charles Pazdernik — Mahnomon County
Allen Pemberton — Red Lake Reservation
Joyce Powell; Vice-Chair — Hubbard County Cities
Allen Rassmussen — Clearwater County Townships
Rick Rone; Chair — Lake of the Woods County Cities
Frank Schaap — School Districts
Duane Splittstoesser — Hubbard County Townships
George Swentik — Lake of the Woods County
Joe Vene — Beltrami County
Emmet Weidenborner — School Districts
Victoria White; Treasurer — Leech Lake Reservation

Transportation Advisory Committee

Kent Ehrenstrom	Jim Heltzer	Curt Oakes	Jim Walker
Craig Collison	Jonathan Large	David Olsonawski	Brian Weuve
Floyd Frank	Jody Martinson	John Peterick	
Brian Freeberg	Jean Nelson	Dan Suave	
Bruce Hasbargen	John Nelson	George Swentik	

Headwaters Housing Development Corporation

Steve Beltz	Rick Rone
Dave Jaeger	Doug St. Onge
Ray Melander, Chair	

Headwaters Regional Finance Corporation

Peter Haddeland	Joyce Powell
Ron Johnson	Rick Rone
John Masog	Cliff Tweedale
Terry Matson	Victoria White

Operational Budget

	2006 Actual	2007 Budget		2006 Actual	2007 Budget
Revenues			Expenditures		
Tax Levy	\$221,388	\$224,699	Personnel/Staffing Capacity	\$653,471	732,809
Long Term Contracts	112,048	104,628	Operating Expenditures	161,557	116,092
Short Term Contracts	269,285	76,000	Investment Expenditures	34,793	11,700
Beltrami HRA Services	41,709	72,500	Fund Balance Revenues	1,085	5,000
HHDC	112,593	100,000	TOTAL EXPENDITURES	\$850,906	\$865,601
HRFC	83,001	70,000			
Center for Com. Stew.	0	160,500			
Other Sources	10,882	6,000			
Other Contracts	0	51,274			
TOTAL REVENUES	\$850,906	\$865,601			

The 2006 figures shown above are unaudited figures. The latest audit, covering Fiscal Year 2005 finances, was performed by Miller, McDonald, Erickson and Moller, Ltd., Certified Public Accountants, and dated November 18, 2005. An unqualified report was issued.