

FY 2007 ANNUAL REPORT

SEPTEMBER 1, 2007



"Providing professional expertise and leadership to enhance regional opportunities"

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SPECIAL POINTS OF INTEREST:

- Maddy Forsberg named Outstanding Gerontologist
- Cottonwood County Commissioner Gary Sorenson elected Chair at Annual Meeting
- SRDC develops new mission statement

OUT-MIGRATION AS AN ECONOMIC INDICATOR: A CASE STUDY OF SOUTHWEST MINNESOTA

The majority of counties in Southwest Minnesota have experienced continuous, ongoing population loss over the last thirty years. A large component of this population loss is out-migration, which distorts traditional indicators of regional economic vitality. This year, SRDC with help from bordering RDCs, took a closer look at the issue of out-migration in Southwestern Minnesota.

Typically, outside agencies such as the US Dept. of Commerce Economic Development Administration (EDA) use strictly defined unemployment and income indicators of economic distress when making investment decisions. However, in our region people tend to leave (out-migration) rather than stay on the unemployment roles. The cyclical nature of agriculture also tends to disguise the effects of economic distress on our local economies.

For example, Cottonwood County is the only county in the region that met the EDA unemployment distress criteria during the study period. While this indicator seems to show that everything is better now, the situation we know is considerably more complicated. Using this one statistic as a basis for investment decisions does not do justice to the

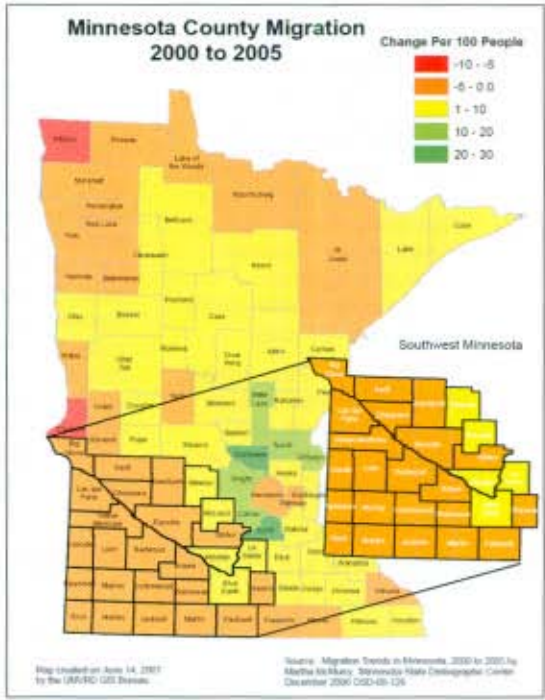
needs of Southwest Minnesota.

Out-migration statistics, on the other hand, indicate many opportunities for investment in our region. More people are leaving Lyon County than moving in, even as the population as a whole continues to increase. All of the counties in Region 8, and most of the others in south western Minnesota, are experiencing similar trends. This out-migration represents lost opportunities for new jobs and improved incomes here at home.

Considering out-migration as an indicator of distress would create a more complete picture of regional

economic dynamics in areas where unemployment and income figures fail to provide paths to future prosperity. A full copy of the report (9MB PDF) will be posted on the SRDC website, <http://www.swrdc.org>

John C. Shepard, AICP;
Development Planner



EXECUTIVE DIRECTOR TRUSTY RE-ELECTED TO NADO BOARD OF DIRECTORS

SRDC Executive Director Jay Trusty has been re-elected to the Board of Directors of the National Association of Development Organizations (NADO) representing the Midwest Region. NADO provides advocacy, education, research and training for

the nation's regional development organizations. Building on nearly four decades of experience, the association offers its members exclusive access to a variety of services and benefits – all of which are

designed to enhance the ability of regional development organizations to foster "regional solutions" to local government, business and community needs.

SRDC ASSISTS IN LINCOLN COUNTY TRANSIT SURVEY

In early 2007, the FCCLA Chapter at Lincoln High - Family, Career, and Community Leaders of America, volunteered to survey residents to identify needed access to acute health care and those who would be willing to volunteer as drivers or volunteer companions.

Based on past SRDC work with transit and coordination, the survey was developed to address two goals: access and volunteers.

During March-April 2007 a

survey tool was developed by the SRDC for use by the FCCLA Chapter to identify people who were willing to volunteer their time (as a driver and or a rider companion); it asked if people needed assistance getting to their appointments, and asked about current use of the County Public Transit System. During May 2007, the Lincoln High School students conducted a telephone survey of residents in Lincoln County.

Of those surveyed:

- 132 contacts had disconnected phone service
- 114 contacts either hung up or indicated they were not interested in participating in the survey
- 74 contacts did not answer their phones
- 97 were not interested in volunteering
- 46 were willing to volunteer; and
- 11 needed help getting to appointments.



SRDC TRANSITIONS TO 3 YEAR EDA GRANT CYCLE

The SRDC was invited to apply and was subsequently approved for the opportunity to switch over to a 3-year grant award this year from the Economic Development Administration (EDA). Only organizations with thorough compliance, acceptable audits, and positive performance reports can be upgraded to the plan.

Ramifications of the 3-year plan include not having to reapply every year, less reporting requirements, and preparing our complete

regional Comprehensive Economic Development Strategy (CEDS) document by the spring of 2010.

The 3-year grant helps the SRDC to offer economic development-related services and activities to Region 8. For example, the CEDS development, providing business assistance, and project/grant development for local units of government with businesses locating or expanding that need additional infrastructure. Past EDA- funded special

projects include the Out-migration Study, Pipestone pre-treatment facility for Ellison Meats, and wastewater ponds for the City of Brewster in conjunction with the MN Soybean Processors project.

Contact Deputy Director Nan Larson for further information.

“Only organizations with thorough compliance, acceptable audits, and positive performance reports can be upgraded to the plan.”

FY 2007 CALL CENTER STATISTICS

SRDC continues to provide services to the elderly in the region through a number of programs. As the Call-Center for the twenty-seven county SW Planning and Service Area, SRDC staff provides information, assistance and referrals to area

seniors through the Senior LinkAge Line™.

The Senior LinkAge Line™ is an information and assistance service which makes it easy for older adults and their families to find community based services and help with Medicare and insurance

issues.

In the past year, the Slayton Call Center had 21,718 contacts and served 11,209 people. 67,791 problems were identified, with the #1 reason for calling being Health Insurance Counseling at 26%.



SRDC RECEIVES NADO INNOVATION AWARD

The Slayton Office of the Minnesota River AAA, a Program of the Southwest Regional Development Commission received a 2007 Innovation Award from the National Association of Development Organizations (NADO) for their Discharge Planners of Southwest Minnesota.

The association's Innovation Awards program recognizes regional development organizations and partnering organizations for improving the economic and community

competitiveness of our nation's regions and local communities. Award winners will be showcased during NADO's 2007 Annual Training Conference, August 25-28 in Austin, Texas.

According to NADO President Dan Bollinger, Executive Director of Southwest Georgia Regional Development Center in Camilla, Georgia, "Each year, Innovation Awards showcase the creativity and significant, long-term impact of numerous regional programs and projects like the Discharge

Planners of Southwest Minnesota, that are key to sustaining and preserving the environmental, economic and cultural heritage of our nation's regions and local communities."



SRDC WATER PLANNING

Counties in Minnesota participate in the state Board of Water and Soil Resources (BWSR) local water management plan process to protect local water resources. BWSR provides base grant funding to counties who complete and update local water plans at least every five years. Additional challenge grant funds are offered through the Legislative-Citizen Commission on Minnesota Resources (LCCMR) and other sources.

SRDC has successfully worked with Rock County, Murray County and Cottonwood County to update their plans. We are currently working in Jackson County and Nobles County to complete plan updates to meet BWSR's rules and reflect local priorities and concerns.

COTTONWOOD COUNTY LOCAL WATER MANAGEMENT PLAN 2007-2017

A 10-year plan with a 5-year implementation schedule March 2007

Prepared for the Cottonwood County Local Water Management Plan Task Force by Cottonwood County Environmental Office and Southwest Regional Development Commission



"SRDC has successfully worked with Rock County, Murray County and Cottonwood County to update their plans."

REVOLVING LOAN FUND UPDATE

The SRDC's revolving loan fund (RLF) program has been in operation since 1994. The purpose of the loan fund is to provide gap financing assistance to for-profit businesses in Region 8. The RLF works in tandem with bank and public financing sources. Businesses may be manufacturing, service, or retail. Businesses may be start-up or already in operation. Interest rates are slightly below market, and set

for a fixed term over the life of the loan. The loan fund typically subordinates to the primary lender on collateral. SRDC also collaborates with other financiers to make a project happen, such as the Southwest Initiative Foundation, Prairieland Economic Development Corporation, DEED, and county or city loan pools.

Since its inception, the RLF has done 92 loans totaling

\$5 million, with total project costs of \$38 million.

The average size loan is \$55,000. Over 1200 jobs have been created or retained. Our loss ratio is currently at 4.4% over the life of the loan fund.

Applications are accepted on an on-going basis. Please contact Nan Larson for further information.



SRDC STRATEGIC PLANNING

This winter, the SRDC Board of Directors and senior staff participated in a Strategic Planning Retreat. Board members and staff participated in a process facilitated by U of M Extension staff to better understand the organization and its history, their shared vision for the future impact of SRDC, and the current environment which can affect the organization's work.

Board members and staff also participated in a planning session to develop the key strategic actions and activities needed in order to accomplish the organization's goals. Five goals were developed for the agency: 1. Train a new generation of governmental leaders. 2. Develop and implement a marketing plan. 3. Identify necessary resources to provide core programs.

4. Provide leadership in bringing together stakeholders to make the region energy independent.
5. Explore and identify programs/services that expand or enhance current core functions. A new mission statement was then developed that better reflects the direction of the Commission:

"Providing professional expertise to enhance regional opportunities"



FORSBERG NAMED OUTSTANDING GERONTOLOGIST



SRDC's own Maddy Forsberg was named the recipient of the Dutch Kastenbaum Outstanding Gerontologist Award by the Minnesota Gerontological Society at their annual conference in April.

Maddy embodies what it means to be an outstanding gerontologist. Her distinguished career as the Director of Aging Programs at

the SRDC, centered on her dedication to developing services, has broad implications for older adults residing in rural areas across Minnesota. She is known in the Aging Network for her strong advocacy as both a collaborator and coalition builder. Through her community development initiatives she set the bar by creating a network of rural health insurance counseling

advocates for seniors, testifying before the Legislature as an expert on rural health care systems, providing educational opportunities for discharge planners, and leading policy and practice initiatives through a long list of coalitions. Above all else she draws upon her personal experiences to serve as the voice of older persons living in rural Minnesota.

2007 PROJECTS OF THE YEAR

Every year at our annual meeting SRDC acknowledges projects of regional importance as our projects of the year.

This year's award winners were:

Suzlon Rotor Corporation for their blade manufacturing facility in Pipestone. Suzlon, an Indian company, located a manufacturing facility in Pipestone that employs

approximately 275 people utilizing the JOBZ program and further identifying the Southwest Region as the renewable energy heart of Minnesota.

John Biren, Lyon County Planning and Zoning; Annette Bair, SRDC; and Mark Lindquist from the Minnesota Project for their work in developing a model wind ordinance that can be used by counties throughout

the state seeking to integrate emerging wind production into their existing planning and zoning ordinances.



Annette Bair and John Biren receive their awards from Chairman Gene Short.

	FY07 Final Budget	FY07 Yearend Projections
Revenues		
Tax Levy	258,000.00	266,999.22
Contract for Services	230,129.00	223,450.24
MN/DOT	51,580.00	51,579.95
Federal Transit	15,387.00	15,386.70
Economic Development Adm	77,628.00	77,628.00
MNRAAA-Federal-Adm/Pdc	56,893.00	55,103.00
MNRAAA-Federal-I&A	187,536.00	175,666.00
MNRAAA-State-I&A	155,202.00	148,435.00
Eldercare Dev. Partnership	27,185.00	27,185.00
CERTS Funds	23,775.00	23,934.64
Dept.Public Safety-Hazard	7,140.00	2,942.00
SW MN Foundation	0.00	0.00
Commission Vehicle Receipts	21,000.00	19,750.65
Interest & Miscellaneous	25,770.00	33,027.35
Designated-Human Service Prjs	0.00	0.00
Reserves-Capital Equipment	25,400.00	2,550.49
Total Revenues	1,162,625.00	1,123,638.24
Expenditures		
Committee Expenses	41,574.00	47,986.89
Salaries & Fringe	845,882.00	829,179.96
Travel	68,000.00	72,327.31
Office Space Costs	46,035.00	46,586.84
Postage	9,700.00	9,899.58
Communications	13,966.00	11,568.41
Printing/Publication	10,249.00	6,728.51
Supplies	14,255.00	12,977.17
Insurance	3,676.00	3,641.48
Depreciation-Equipment	20,700.00	19,631.65
Computer Expenses	12,685.00	10,554.76
Professional Services	23,800.00	24,336.40
Other	11,940.00	12,977.79
Equipment	25,400.00	3,300.49
Debt Service-Principal & Interest	11,800.00	11,800.00
Building Lease Payment	9,646.00	9,011.26
Total Expenditures	1,169,308.00	1,132,508.50
Revenues Over (Under) Expenditures	-6,683.00	-8,870.26
Reserve Changes		
Equipment Reserves	-4,700.00	17,081.16
Building Reserves	14,302.00	14,302.00
General Reserves	-16,285.00	-40,253.42
Net Change in Reserves	-6,683.00	-8,870.26
Tax Revenue (Bond)	232,080.00	232,080.00
Allowance for delinquencies -2.5%	-5,802.00	1,254.00
Present reserve for FY07 bond payments	36,690.00	126,148.00
Bond Payment -August, 2006	-20,629.00	-20,629.00
Bond Payment-February, 2007	-200,629.00	-200,629.00
Interest on Reserves	0.00	4,280.00
Reserve for Future Bond Payments	41,710.00	142,504.00

SOUTHWEST REGIONAL DEVELOPMENT COMMISSION

FY 2007 Budget

July 1, 2007 - June 30, 2008



Audited Governmental Activities for
the Year Ended June 30, 2006

Revenues

Program Revenues	
Charges for Services & Other	341,369
Operating Grants	579,613
General Revenues	
Property Taxes—General	267,738
Property Taxes—Debt Service	230,596
Interest Revenues	<u>27,477</u>
Total Revenues	<u>1,446,793</u>
Expenses	
Government Activities	<u>1,175,468</u>
Total Expenses	<u>1,175,468</u>
Change in Net Assets	271,325
Beginning Net Assets	1,090,374
Ending Net Assets	<u>1,361,699</u>

The FY 2006 Audit was conducted by Minehart, McKee & Associates, Certified Public Accountants, Marshall, Minnesota. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements of the Southwest Regional Development Commission.

Revenues

Tax Levy	266,000
MNRAAA-Adm/Pdc Funds-CY2007	27,989
MNRAAA-Adm/Pdc Funds-CY2008	21,482
MNRAAA-Information & Assistance Funds-CY2007	114,645
MNRAAA-Information & Assistance Funds-CY2008	123,411
State CSC Funds	146,459
MNRAAA-Eldercare Development Partnership	27,185
Economic Development Administration	54,628
MN Department of Transportation	50,000
Current Contracts	170,285
Dept. Public Safety-Hazard Mitigation	28,900
CERTS Funds-LCMR & MN Project-Blandin	6,349
Interest Earned & Miscellaneous	46,020
Inkind Match for Programs	36,695
Reserves used for Equipment Purchases	27,700
Total Revenues	<u>1,147,748</u>

Expenditures

Committee Expense	42,215
Salaries & Fringe	888,503
Staff Travel	71,319
Office Space	45,500
Postage	10,800
Communications	14,482
Print/Publication	10,775
Supplies-Mtg/Wkshp Expenses	14,086
Insurance	4,404
Depreciation (Non-building)	19,335
Audits	6,400
Computer	12,150
Equipment	27,700
Other	11,370
Consultant/Contracted Services/Legal	3,250
Program Inkind Match	36,695
Debt Service-Principal & Interest	11,800
Office Building Principal Payment	9,118
Total Expenditures	<u>1,239,902</u>
Balance	<u>-92,154</u>
Incr/(Decr) in Equipment Reserve	-8,365
Incr/(Decr) in Building Reserve	14,302
Incr/(Decr) in Human Service Project Dedication	0
Incr/(Decr) in Unrestricted Reserve	<u>-98,091</u>

Tax Revenue (Bond)	232,080
Allowance for delinquencies-2.5%	-5,802
Present reserve for FY07 bond payments	52,240
Bond Payment -August, 2007	-17,929
Bond Payment-February, 2008	-202,929
Reserve for Future Bond Payments	<u>57,660</u>

FISCAL YEAR 2007 SOUTHWEST REGIONAL DEVELOPMENT COMMISSION MEMBERS

- Rocky Kolar ————— Cottonwood County Municipalities
- Darrell Holmberg ————— Cottonwood County Town Boards
- Gary Sorenson** ————— Cottonwood Co Commissioners
- Darrel Hage ————— Jackson County Municipalities
- Richard Peterson ————— Jackson County Town Boards
- Craig Rubis* ————— Jackson County Commissioners
- Mary Meneely ————— Lincoln County Municipalities
- Eloise Hauschild ————— Lincoln County Town Boards
- Larry Hansen** ————— Lincoln County Commissioners
- Joanne Myrvik ————— Lyon County Municipalities
- Lori Grant ————— Lyon County Town Boards
- Bob Fenske* ————— Lyon Co Commissioners
- Miron Carney ————— Murray County Municipalities
- Charles V. Swan ————— Murray County Town Boards
- Bill Sauer** ————— Murray County Commissioners
- John Faber ————— Nobles County Municipalities
- Paul Langseth ————— Nobles County Town Boards
- David Benson** ————— Nobles County Commissioners
- Harry L. Hansen ————— Pipestone County Municipalities
- Wally Bucher ————— Pipestone County Town Boards
- Marv Tinklenberg* ————— Pipestone County Commissioners
- Marlo Sander ————— Redwood County Municipalities
- Werner Fischer* ————— Redwood County Town Boards
- Gene Short** ————— Redwood Co Commissioners
- Fabian Deutsch ————— Rock County Municipalities
- Vern Vander Pol ————— Rock County Town Boards
- Robert Jarchow** ————— Rock County Commissioners
- Bob Byrnes** ————— City of Marshall
- Lyle TenHaken* ————— City of Worthington
- Dan Zimansky* ————— Region Eight School Boards
- Dick Gewerth ————— Region Eight School Boards
- Vacant ————— Region Eight Cultural Diversity
- Steve Thovson ————— SW Center for Independent Living
- Sandy Demuth ————— SW MN Private Industry Council
- Liz Struve ————— Southwest MN State University
- Jack Keers ————— Health & Human Services

** Indicates Current & FY2007 Executive Comm. Members

*Indicates Current SRDC Board Members



Newly elected Chair, Cottonwood County Commissioner Gary Sorenson, (right) presents Redwood County Commissioner Gene Short with a plaque for his outstanding service to the region as Chair of the SRDC.

Thank You to the following SRDC Commissioners whose terms expired in FY2007:
Patricia Jansen,
Connie Knorr,
Mary Mulder,
Abdullahi Noor
and Jim Schneider.

FY2007 PROJECT REVIEWS

During Fiscal Year 2007 the Southwest Regional Development Commission reviewed 18 projects from within the Region to avoid duplication and insure wise use of public funds. If you are interested in receiving a complete listing of the project reviews for FY06, please contact the SRDC office.

On the web: www.swrdc.org



PROVIDING PROFESSIONAL EXPERTISE AND LEADERSHIP TO ENHANCE REGIONAL OPPORTUNITIES

SOUTHWEST REGIONAL DEVELOPMENT COMMISSION

2401 Broadway Avenue
 Slayton, MN 56172
 Phone: 507-836-8547
 Fax: 507-836-8866
 Email: srdc@swrdc.org

CURRENT SRDC STAFF MEMBERS

<u>Name</u>	<u>Title</u>	<u>Email</u>	<u>Extension</u>
Jay Trusty -----	Executive Director	execdir@swrdc.org	106
Nan Larson -----	Deputy Director	nanlarson@swrdc.org	108
Maddy Forsberg -----	Aging Program Director	swaaa@swrdc.org	201
Annette Bair -----	Physical Development Director	phydev@swrdc.org	101
Dianne Crowley -----	Finance Director	dcrowley@swrdc.org	104
Robin Weis -----	Program Development Specialist	srlinkage@swrdc.org	112
John Shepard, AICP -----	Development Planner	jshepard@swrdc.org	103
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Lila Anderson -----	Information & Referral Specialist I	lila@swrdc.org	204
Doreen Veenhuis -----	Administrative Assistant I	doreenv@swrdc.org	115

SRDC COMPLETES 5 YEAR PERFORMANCE ASSESSMENT

During the summer and fall of 2006, the SRDC conducted a performance assessment to determine how well it had performed during the past five years. This assessment was performed as required by Minnesota Statute 462.393 Subd. 2, which states, "in 2001 and every five years thereafter, the commission shall review its activities and issue a report assessing its performance in fulfilling the purposes of the Regional Development Act. The report shall address whether the

existence of the commission is in the public welfare and interest."

Respondents were asked to rate the SRDC on a number of issues, with the respondents either being very satisfied, satisfied, somewhat satisfied, somewhat dissatisfied or not satisfied.

64% of survey respondents felt that they were either satisfied or very satisfied that the Commission is currently fulfilling its role.

69% percent of respondents felt that they were very satisfied or satisfied with the quality of assistance provided to local units of government.

Respondents were also asked to rate the relative importance of SRDC program areas, with the Area Agency on Aging being perceived as having a high level of importance by 73%, and both Economic Development and Environmental Quality being seen as having high levels of importance by 60% of respondents.

