

Stories of Success

We tell people that our mission is all about “*growing a successful region and successful communities.*” Nice.... but not terribly revealing. What does that *really* mean?

If we talk about success the way our customers define it, it means getting real things done to expand social, educational and economic opportunity for our residents. The best way to understand what those things are is through stories. Here are just a few.

Building Community through Housing, One Family at a Time

Jill (not her real name) was given more than her fair share of challenges over the last few years. Her son has several disabilities, her mother (who she lived with) lost her home to foreclosure due to a bad mortgage product, and her credit score suffered as she tried to meet those challenges. As a result, she could only qualify for a mortgage of \$60-70,000 which would not provide a suitable home for her family.

But she had the commitment to work herself into a better position and the support of the HRDC and others to help her get there. Thanks to the counseling of staff at USDA Rural Development and support provided by HRDC, Jill now qualifies for a \$115,000 loan, and is on the verge of closing on a new home. The home that Jill chose was built by the Headwaters Housing Development Corporation (HHDC), and the availability of gap financing from multiple sources made the deal possible. Result: One very happy family, and a community that is better off because of the team effort.

Creating Economic Opportunity by Employing Local Students

EXB Solutions, Inc., a veteran-owned company specializing in software testing for aerospace and defense industries was seeking a community in which to locate their principal office. The company currently has offices in the Twin Cities, Arizona, and Alabama. The JEDC made contact with the owners of EXB and convinced them Bemidji was the place to be. Bemidji is a HUB Zone community allowing the company to maximize its competitive advantage in gaining government contracts. In addition, the community’s telecommunication infrastructure is top of the line, which is essential to their services. However, what impressed the management most was the high quality graduates coming out of BSU’s physics-engineering program. EXB chose to locate in Bemidji and worked quickly to hire 5 recent graduates from BSU starting them with salaries averaging \$55,000. Several of these students were expecting to have to leave Bemidji to find such an opportunity, but now are happy to stay in a community they love. As Don Hughes, EXB’s CEO, put it “It’s a win-win” for all.

Adding to the Amenities of a Small Community

Several years ago Blackduck decided that just one of the many ways it could improve the lives of its residents was to create a trail network that would connect the residents to the various amenities in and around the City. Initial project scoping indicated that just one part of this network would cost in excess of \$300,000; however, city staff, elected officials and residents were not deterred.

The residents began a local fund raising effort that netted several thousand dollars

SOME OF THE COOL STUFF

INSIDE:

- [*HRDC Prepares Individuals for Homeownership*](#)
- [*Shared Vision Tackles Racial Disparity*](#)
- [*HRDC Prepares for a Future of Renewable Energy*](#)
- [*Bemidji Gets Active*](#)
- [*Hubbard County HRA seeks HRDC's Help*](#)

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and the City, with the assistance of the Headwaters RDC, obtained \$10,000 from Blandin and over \$250,000 from MnDOT. The MnDOT money however, required a local match of nearly \$100,000 which the City did not have. The City had two years to come up with the match. Their only real hope of obtaining it was through a trail funding program administered through the DNR. With the assistance of the Headwaters RDC, the City applied but was denied in favor of other projects in the State that scored higher. The DNR program was still their only viable option, and their project had scored high, so with HRDC assistance they applied again.

Their second effort was met with success; it felt like it was time to declare victory and go home! However, projects of this scope rarely proceed without a glitch or two. The next few months were spent frantically acquiring right-of-way, obtaining permits, and mitigating impacts to wetlands. When the dust settled at the end of the summer, the City had a trail that was ready to be paved the next spring. The only thing left to do was find another \$50,000 to pay for it; during the construction process MnDOT deemed some items ineligible for funding and some costs came in higher than expected, increasing the City's out of pocket expenses.

The City once again, with the assistance of the HRDC, applied to the DNR for funds. Failure this time would leave the City in uncharted waters. MnDOT was paying for a paved trail and the money they provided was contingent upon that outcome; MnDOT had never had an enhancement project get to this point and fail. Fortunately, the City was successful in acquiring DNR funds a second time. Thanks to the City's persistence, residents and visitors will be able to walk, bike, or run around the city at the end of this summer on a paved trail.

Not Giving in on Homeless Housing

There is a clear need for housing for homeless individuals and families in the Region, particularly around Bemidji. But a large need does not guarantee that someone will step up to meet that need. In this case, HHDC, Beltrami County HRA, Red Lake HRA and Leech Lake HRA decided to work together to provide quality affordable housing to meet this need. Without the very strong commitment from each, this project would not get to first base. While project partners were able to secure nearly \$4 million to support this development, a variety of political issues and site problems appeared to doom this initiative.

It might have been prudent to walk away from this project, but both the HHDC and HRDC boards exhibited strong support to continue the effort, and the HHDC's consulting engineer, Widseth Smith and Nolting (WSN), provided significant pro bono services to help keep the project moving forward. The Beltrami County HRA gave a huge boost to this initiative by providing an alternative building site at no cost to the project. First National Bank agreed to sponsor an application to the Federal Home Loan Bank to help fill a financial gap. In order to provide adequate accessibility to the site, the City of Bemidji agreed to finance a portion of the street construction cost. The collective commitment of these organizations and others helped keep this moving forward. If all goes well, the HHDC expects to break ground on construction in the spring/summer of 2010. At that time every partner can be very proud of its critical role in making this project happen.

Making Sure we Give the Next Generation a Community as Good as the One We Live In

Lake of the Woods County is a very popular tourist destination because of the lake. People from all over Minnesota and other parts of the nation enjoy visiting the area to fish. Because of this, an area between Baudette and Zippel Bay has experienced growth in the last 20 years, including scattered residential construction and commercial activity that caters to the tourist population.

Therein lies the challenge. We oftentimes love an area to death, and the Lake of the Woods County Board was concerned that this could be the future fate of the TH 172 corridor between Baudette and Zippel Bay.

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If all goes well, the HHDC expects to break ground on construction in the spring/summer of 2010. At that time every partner can be very proud of its critical role in making this project happen.

Not content to be a spectator, the County Board, with the help of the Headwaters RDC, created a policy framework and an enhanced set of regulatory tools to manage the change that will inevitably occur in this corridor. With a little hard work and discipline, this corridor will still be attractive to tourists twenty years from now.

Providing Hope for a Better Future

No problem seems more daunting than poverty on one of our Indian Reservations. The lack of job opportunities, the need for an improvement in labor force skills, and the need for infrastructure to support new economic activity are all major challenges.

To be honest, what's been done in the past has not worked. So, mindful of the adage, "If you keep doing what you did, you'll keep getting what you got," the Headwaters RDC and the White Earth Band of Ojibwe decided it was time to try something different.

What has been done in the past is to implement strategies that have a focus on short term fixes instead of addressing longer-term systemic challenges that can better position the community for success. This is not a Reservation challenge; this is a challenge faced by all struggling communities.

Keeping this in mind, the Headwaters RDC and the members of White Earth Band are focusing on two major issues: the need to separate out the governance of the Reservation from the governance of its economic development activities and its businesses, and the need to substantially improve the education levels of its members. Tough issues? You bet. But effective long-term economic development requires them to be addressed. Success here is a work in progress, but the Tribe is on the right track.

* * * * *

These are just a few real stories that help paint a picture of what this organization is all about. For every one of these, there are several more that could be added. (You can find some of them in the remainder of this report.) Stories of people – individually and collectively – that have their lives improved because of our work tells you infinitely more than our mission statement ever could.

Some of these stories have another chapter to be written while some are finished. They all focus on an outcome that moves the Region forward in real, meaningful ways.

While these stories are very different from each other, they all have remarkably similar attributes: a passion for the initiative, a commitment and a discipline to realize real results, the need for committed partners, and a customer with a vision of a better future. This might be the best summary of all for who we are.

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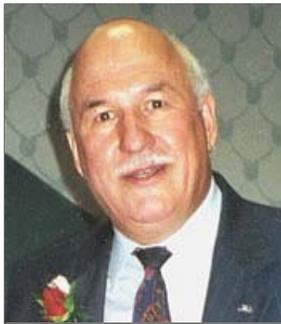
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Chairman's Letter - Joe Vene



"May you live in interesting times" is said to be an old Chinese curse. Certainly most of us would agree we're living in interesting times: the stock market meltdown in October and November of this past year, the precipitous decline in economic activity, and seizure of the credit market have all led to the worst recession since World War II. Whether as individuals or as institutions, we've all been subject to forces beyond our control. Yet times of challenge can also be seen as times of opportunity.

"While the Headwaters RDC has not been immune to these forces, I believe we're positioned to not only weather the storm, but to position ourselves for a solid 2009-2010 fiscal year."

While the Headwaters RDC has not been immune to these forces, I believe we're positioned to not only weather the storm, but to position ourselves for a solid 2009-2010 fiscal year. Our budget for the past year is good and our coming year budget shows healthy signs. While the credit crunch and housing market forces are causing us and our Housing Development Corporation (HHDC) some headaches, we feel like we are up to the challenge.

Even as we face up to the challenge, we cannot ignore some of the great things going on. Internally, we're growing the next generation of Headwaters RDC leadership, and these newer staff give us cause for optimism. Long-time staff have found new ways to raise the bar on performance, and we've been able to help our customers accomplish some special things. More detail can be found throughout this Annual Report.

Certainly, I'd be remiss if I did not thank our Commission members. While it may be popular in some circles to criticize governing bodies, we're blessed with the best Board in the State.

It's good to reflect on the Commission's work plan toward pursuit and realization of goals such as social inclusion, livable communities and inherent prosperity. There is great strength in the partnerships we create and perpetuate. That strength comes from the Headwaters RDC's constituent partners being on the same page, working together in riding the bus of progress which finds us going in the same direction pursuing a shared vision.

Ours is an aggressive vision for Northwestern Minnesota. Aggressive visions result in remarkable outcomes. We see the importance of the partnering between and among our subsidiary HHDC and HRA companion corporations. We are poised to have another aggressive year. Challenges face us. Building capacity will be important. But the rewards can be great for our communities.

The single ingredient that binds us all together is that of social inclusion. Headwaters RDC's Shared Vision program is poised to bring answers to the questions centered on building community and addressing disparity between people and the races. We hope that Shared Vision, through its mission can be "a catalyst that energizes community to work together to expand social, economic, educational and leadership opportunity for people of all races" – that our community will be a model for race relations throughout the state as one and all embrace cultural understanding and respect between the Indian and non-Indian communities, with strong participation of Indian people in all aspects of community life – a community working together to expand opportunities for all people and all races. We see that community success can be ours through working together.

Housing of course remains a central focus. Even with the soft housing market in these challenging economic times, the need for affordable housing and safe shelter

for our area residents remains. Needs centering around housing for individuals, supportive housing and housing for homeless families remain. We're also considering an initiative whereby existing housing stock can be rehabilitated. What sustains us is the knowledge that every success we realize sets us up for further successes.

Yet another initiative to which the Headwaters RDC has lent its support is that of the Veterans Northern Minnesota Home (VNMnH). This important initiative recognizes and acknowledges the need to provide a continuum of service whereby Armed Forces Veteran's housing and health needs can be met through a facility which attaches to preexisting services such as Bemidji's Veterans Outpatient Clinic – providing services to Veterans within the geographic vastness of northern Minnesota in a multi-county region within which more than 32,000 underserved or unserved have been identified. This is opposed to veterans having to go to facilities three, four or five hours away from Bemidji alone. As well, high emphasis is placed on the support which comes from American Indian Armed Forces Veterans from the great American Indian reservations of Leech Lake, Red Lake and White Earth. VNMnH will build off the Minnesota Governor's long-term model for veterans health care. This is a "beyond the walls" concept in keeping veterans in-home and in-community with preplanned professional care and coordination and alternatives to institutional care. Partnerships with federal, state, tribal and local resources in creating a "center of excellence" for chronic disease management, nursing and rehabilitation in-facility is seen. Cultural diversity will be an important part of all program offerings.

Bring on the coming year!

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From the Executive Director - Cliff Tweedale



Wow! What a year! As our Chair mentioned in his letter, external forces have given all of us quite a ride over the last 6-8 months. While we feel good about how we're weathering the storm, we also know, as the saying goes, that "you're most in trouble when you think you're doing pretty good." So, we're not letting our guard down.

Our lead article in this annual report provides some stories that serve to illustrate what we do, and to give examples of the past year's successes. It is one thing to report that we made "x" loans or built "y" houses; it is quite another to reveal the communities and families that have had their lives transformed for the better because of the work we do. We hope these stories provide a richer appreciation of the Headwaters RDC's work.

As we all know, these successes don't just happen; they come about because of sustained, strategic, collective effort by our staff and the Commission. I offer a great big **THANK YOU!** to both groups.

I am so fortunate to work with a group of people that are willing to hold themselves accountable for outcomes. Our customers don't want us to just work on a project; they want the project to be brought to fruition to make their community better. While we can't guarantee success, we're willing to take the risks necessary to bring about real results.

Our Commission members are the unsung heroes in all of this. We as staff can only stretch ourselves if we know our members are on the same page with us, allow us to take risks, and are fully supportive. I wouldn't trade this governing body for any other. Thanks to all of you.

I look forward to another challenging and fulfilling year!

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The Future HRDC

This past year has been one for the books. As indicated in the letters from the **Chair** and **me**, we've done a pretty good job of positioning ourselves, not only to weather the storm, but to complete some meaningful, and important, things.

Before we talk about what we see on the horizon, I'm going to give you an assessment of how we did on the goals we set for ourselves this past year. Last year on this page we talked about raising the bar on our economic and community development programs by setting some clear goals. We also talked about nurturing new staff leadership.

On the first goal I'd give us a B. While we've undertaken some of the priorities we've talked about in the office (taking advantage of the change in energy prices and the renewed concerns about climate change, the opportunity to build "green" initiatives from our assets, repositioning specific communities to address new economy concerns, and the need to become a talent magnet), we've done this in a way that is slightly less intentional than I might have hoped for. I also think we're still missing some community development opportunities because of that lack of intentionality. Maybe I should focus on the results and less on the process of how we got there – I'll think about that for next year.

On the second goal, I think we deserve a B+. We can almost see on a monthly basis the growth in our new staff. While they still have much growth potential (I would hope we all do!) the potential is shining through. Now it's about discipline and hard work.

I am not convinced the legacy leaders in the office (including me), have done as good a job as I'd like in the mentor role. While the professional growth of the new staff is very good, we as mentors get sidetracked by the challenges presented by the existing economic conditions, and the size of our workload. It's too easy to use this as an excuse, so I won't. I know we can be better in this role.

Finally, we're going to work hard at being one team instead of just a bunch of all-stars. The main accelerator for growth is our ability to function as a team, not just our ability to grow individually.

What's in store this coming fiscal year? I think we can frame 2010 by these three themes

- *Harvesting the fruits of our labors.* The past twelve months have felt like a time to plant new seeds, and nurture new efforts. To keep consistent with this metaphor, the next twelve months will be about the harvest. We've got 3-4 new housing initiatives, a couple really interesting new economic development efforts, a bold new strategic management initiative with Beltrami County, the transition between planning and implementation in a project called Shared Vision (a Bemidji community effort to bridge racial bias and racial disparity) and the beginnings of conversations about "Version 2.0" of the Center for Community Stewardship (CCS). Each of these should "be ripe" within the next fiscal year. We'll report next year on the results of each.
- *Staying the course on professional development.* Growing the next generation of leadership is not something we can declare victory on after just twelve months. Our mentorship/professional development efforts are showing pay-off, but our effort is more important than ever. We're going to stay the course.
- *Acting as one team.* Working together is not only a better way to make lasting change, it is the only way. We'll be finding a way to improve the way we function as a team.
- *Being disciplined, and intentional.* This suggests our approach, and complements the three themes above. Our work and our internal efforts have

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potential for big pay-offs, but also come with more than a little risk. If we're going to capture the promise, and avoid the pitfalls of each, we're going to have to be just a little bit obsessive. For those of you that know us well, being obsessive is no problem for us!

This is going to be an interesting year – we hope you will also find our future work equally worthwhile.

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Building Organizational Capacity

Our mission, and passion, is about building successful communities and a successful region. A mission this bold can only be accomplished by working together with equally committed partners.

It makes sense, then, to focus on strengthening partners when we have the opportunity and ability. Much of our organizational development work is focused on this goal.

Over the last year we've been involved in one continuing, and three new efforts. Following is a summary

Beltrami County Balanced Scorecard. This effort, sometimes known as strategic aligned management, is a bold initiative that will focus the County on accomplishing customer-centered outcomes, as opposed to just delivering a buffet of services. It comes at a time when all local governments are being challenged to focus their efforts, oftentimes with fewer resources.

While this effort is focused on Beltrami County government, it has the potential to provide substantial influence throughout the county community, and even in other parts of our region.

We're proud to be part of the effort. Staff are facilitating the internal team conversations to develop the strategic approach. This is an important effort that will change the nature of local government business in north-central Minnesota.

Park Rapids City Council Retreat. How does a community get ready to move forward when three of your five council positions are occupied by new leadership? Park Rapids chose to come together over a period of weeks to conduct a two part council retreat, with follow-up work with staff. The purpose of the work was to help the council come together as a team and, after some foundational work in this area, begin to develop strategic priorities.

The effort was facilitated by Headwaters RDC staff.

Regional Economic Alliance. Can regional leaders from 12 counties in Northwest Minnesota come together and, more importantly, stick together to agree on an economic vision for the future, and then to lead change in the Region? That is the question being answered through an ambitious effort being led by the Northwest Minnesota Foundation over the last 8 months.

The challenges are obvious – a large geography, leaders with an already full agenda, a diverse region, and a region that normally does not feel like one regional community, nor one that normally thinks about its future being collectively tied to one another.

For the Headwaters RDC, this effort is different because we have a combination participant/staff role, where we usually have an exclusive role as staff. Although different, we welcome the opportunity to be involved in this future-building effort. We should have a better idea of outcomes within the next 12 months.

Bemidji City Council Retreat. The Bemidji community has not only many strategic advantages as the premier regional center in north central Minnesota, it also has some significant responsibilities. The future of the Headwaters Region depends on a successful and robust regional center. Bemidji's success therefore is a matter of importance to the Headwaters RDC.

While the community is on the cusp of building a regional events center, there are many other things to accomplish in order to be the "star of the north". The Council

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came together in a retreat, facilitated by Headwaters RDC staff, to craft a process to identify outcomes in priority areas. This benchmarking process will help the city government bring accountability for outcomes desired by its customer citizens.

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Housing

HHDC 2009: New Ventures, New Challenges, New Rewards

Housing Rehabilitation: The Next Big Thing

Over the past year the HHDC has taken the necessary steps to prepare for its rehabilitation housing initiatives. It is the goal of the HHDC to create a work program that divides its development projects between new construction and housing rehabilitation. Part of this transition process has involved increasing the capacity of the current HHDC staff. Training in energy auditing and home inspection has been completed and both have prepared staff for work in housing rehabilitation. Additionally, such training will position the HHDC well in applications for project funding. The HHDC has, and will continue to pursue several funding sources, specifically for rehabilitation.

Housing rehabilitation presents new challenges along with the potential for high rewards. Securing funding may be the easiest part of this entire initiative. Properties in this category are anything but consistent and often times are hard to completely assess on the front end. Additionally, building a contractor base and business model for such work is challenging when starting from scratch. Challenges aside, the HHDC is confident and committed to hit the ground running and figure it out along the way.

The rewards come in many forms with rehabilitation housing projects. First, the HHDC will reach an income niche that cannot be served with new construction and allow families that might otherwise find themselves in a home that is unsafe, unhealthy, and inefficient to purchase a home that is like new. Secondly, rehabilitation housing can stabilize neighborhoods that are blighted by poor housing stock and foreclosed properties while revitalizing a sense of pride in ownership. Finally, the HHDC can incorporate "green" design elements into the homes and increase the energy efficiency of older homes, thereby lowering utility costs for our homeowners that need assistance the most.

New Construction: Proven Models Meet New Obstacles but Remain Successful

This past year was a year of changes for the HHDC single family new construction business model. Changes in funding priorities by the HHDC's traditional partners, GMHF and MHFA, led the HHDC to revise its work program as the year progressed.

We first looked to take steps that would make the Corporation run more efficiently and financially independent. To do this, the HHDC formulated plans to manage cash flow and maintain production goals. First the Corporation took a proactive approach to limit the amount of units under construction at one time. At the same time, the HHDC began to deliberately pay down its receivable to the HRDC and seek financial independence by securing funding in new and creative ways. One crucial element to the success of this action plan was the sale of current inventory.

Current market conditions have actually proven favorable for our traditional workforce market. Interest rates have hit historic lows and first time homebuyer incentives,

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such as the stimulus plan's \$8,000 tax credit have blown the doors wide open for buyers that have acceptable credit.

The stimulus bill also created new opportunities to partner even more with one of our strongest allies, USDA Rural Development. Rural Development loan programs experienced an infusion of money from the federal government that has made a drastic impact on access to mortgage financing. Many of the current financial incentives are short term solutions, but currently essential to our success.

Sunset Meadows Overview

Sunset Meadows is the HHDC's latest rural subdivision in the Bemidji Area. It is currently serving as the building location for the ICWC program and will continue to be the primary location for the ICWC in the upcoming year. The concept for Sunset Meadows was to create a long-term location for our rural building initiatives. The subdivision has an integrated recreational trail system that is designed to accommodate biking, walking, and running. In Sunset Meadows the HHDC is also experimenting with some new building designs. We are building smaller, more energy efficient homes with advanced heating systems. The intent is to hit an affordable price point while offering the "greenest" designs that we can afford to produce.



Above: Interior view of an ICWC built home.

High School Program

The High School class will continue this coming year with the construction of one home. There will be some big changes for the program as our long time instructor, Rod Bauman, has retired this past year. Rod will be difficult to replace, but his protégé, Jeff Olson, seems up to the challenge. The HHDC is very excited to continue our work with the School as it is one of our most successful and long standing partnerships. Rod has expressed interest in working with the HHDC in different capacities, perhaps working on purchase rehabilitation projects.

In the upcoming year the high school program will be building a home in the Mayer Estates subdivision, which is another one of the HHDC's subdivisions, created two years ago.



Above: Exterior view of a High School built home.

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Usage of Affordable Mortgage Financing is High; Availability in 2009 in Question

For many years the Headwaters RDC has supported the efforts of developers of affordable housing by accessing financing products for use by moderate income home buyers. In 2008 Headwaters RDC helped Beltrami, Clearwater, Hubbard and Lake of the Woods counties and the City of Mahanomen receive allocations of Minnesota City Participation Program (MCP) low interest mortgage financing. Despite limited use of funds statewide, more than \$3.3 million of MCP mortgage funds were utilized in the Headwaters Region in 2008. Due to challenges with selling bonds, the MCP program has been delayed, and may even be suspended, in 2009.

Headwaters RDC also worked with lender consortia in Beltrami County and the Park Rapids area to obtain Community Activity Set Aside (CASA) mortgage financing to support the construction and sale of affordable single family housing in those communities by affordable housing developers and their partners. Commitment of the CASA funds has been lighter than anticipated, likely attributed to the challenging housing market combined with stringent targeting of the financing.

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HHDC Developing Supportive Housing for Homeless Families

It is evident that there is great need for permanent affordable housing options for very low income individuals and families in the Bemidji area. Providing housing to meet this need has been a daunting challenge. Several organizations in the Bemidji area are working together to help create stable affordable housing and support services for this vulnerable population.

It is evident that there is great need for permanent affordable housing options for very low income individuals and families in the Bemidji area.

The Headwaters Housing Development Corporation has been awarded nearly \$4 million by the [Minnesota Housing Finance Agency](#), [Greater Minnesota Housing Fund](#) and [Minnesota Department of Human Services](#) to help finance a 20 unit supportive and transitional housing development in Bemidji. The project is intended to provide housing and services to low income families to enable them to make a successful transition from homelessness. HHDC is the developer of the housing which will ultimately be owned by the Beltrami County HRA. Other partners in the project include Bi-County CAP, Red Lake HRA, the Leech Lake Band of Ojibwe, and D.W. Jones Management Company.

After the initial site chosen for the project proved infeasible, project partners opted to pursue an alternate location on property owned by the Beltrami County HRA. The alternate location is directly north of the Bi-CAP offices and is located close to groceries and a variety of employment opportunities. HHDC hopes to break ground in the spring of 2010.

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HRDC Supports Hubbard County HRA



Pictured left to right: Kathy Grell, Darlene Tandseter, Charly Henry, and Ray Melander. Not Pictured: Margaret Aho and Daryl Bessler

“The staff team provided by the HRDC will be a valuable asset as we continue to meet housing needs in Hubbard County. The HRA would be challenged to find a single individual with the capability of providing the range of services offered by the Commission”

– Ray Melander, Chairman,
Hubbard County Housing and
Redevelopment Authority

In February, 2009 the Executive Director of the Hubbard County HRA resigned in order to pursue other interests. Subsequently, the HRDC and HRA entered into a staff services agreement which began on April 1, 2009. Under this agreement, the HRDC will help the HRA implement its ongoing program activities, undertake its financial management duties, and develop new initiatives to help the organization achieve its mission consistent with its business model. The HRDC will utilize a staff team to assist the HRA. The HRA will continue to employ its Administrative Assistant who will be an integral part of the staff team.

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HRDC Provides Homeownership Education

Roughly two years ago the Headwaters RDC recognized the need for improving the quality and access to home buyer education programs in the Headwaters Region. Since then, staff has been certified to provide home ownership education and counseling, began holding Home Stretch workshops in Hubbard and Beltrami Counties, and convened focus groups of key real estate professionals to improve the impact of our program.

The home buying process is complex. Becoming an educated home buyer will provide potential homeowners with the tools and knowledge to successfully navigate the process and make a wise investment in what probably will be the largest and most important purchase an individual will ever make. We have identified a seven step process to home ownership that will assist in taking the complexity out of the home buying process. Those steps are titled: Ready, Credit, Loan, Shop, Select, Closing, and Keep. We are in the process of developing a booklet that covers these steps in more detail, with the ultimate goal that the booklet will help potential home buyers recognize that Home Stretch is a necessary first step in the home buying process.

The questions related to each of the seven steps a potential home buyer should address are:

- Are you **READY** for home ownership?
 - Start with a qualified home buyer education program, such as Home Stretch.
- How important is **CREDIT**?
 - The credit report is a history of how credit has been paid back in the past, and affects more than just the ability to get loans.
- How do I find the best **LOAN**?
 - It is important to shop around to select the best mortgage lender and loan product. Review the products offered by comparing the Truth in Lending Statement and Good Faith Estimate of Settlement Costs.
 - Be sure to obtain a pre-approval for a loan prior to shopping for a home.
- How do I **SHOP** for a home?
 - Make a wish list and shop for a home within the pre-approval that was provided by the lender.
- How do I **SELECT** a home?
 - Once the right home has been chosen, a purchase agreement, including earnest money, will be submitted to the seller. This begins the negotiation process and will continue until both parties agree to the deal and there is a fully executed purchase agreement.
- What is **CLOSING** on a loan?
 - The closing process is simply the process by which title of the property transfers from the sellers to the buyers.
 - Closing generally occurs 30 – 45 days after there is a fully executed purchase agreement.
- How do I plan to **KEEP** my home?
 - Protect the home by performing necessary maintenance and upkeep.
 - Plan ahead for financial difficulty so the home is protected and contact the lender immediately should problems arise.

Studies have shown that, by carefully considering each of these questions along the path to home ownership, the success of the household will be greatly increased. The curriculum of Home Stretch is tailored to fully cover each of these steps for the home buyers. Another advantage of the Home Stretch workshop is that many affordable mortgage products require home buyer education in order to access the assistance. Households that complete Home Stretch are also eligible for a discounted rate on their private mortgage insurance, if they are required to have such insurance.

It is generally not cost effective to provide Home Stretch workshops in the less

Seven-step process to home ownership:

- **Ready**
- **Credit**
- **Loan**
- **Shop**
- **Select**
- **Closing**
- **Keep**

The curriculum of Home Stretch is tailored to fully cover each of these steps for the home buyers.

populated areas of our Region. As a result the workshops aren't offered when a household really needs it. The households' option is then to either not attend a workshop or travel great distances to access one. In the upcoming year the Headwaters RDC will be actively working to increase the availability of Home Stretch in the remainder of the Region by pursuing a combination of live training workshops and video conferencing options. Using the technology of video conferencing would mean a remote site could access the training from the main site anytime it is offered and numbers of households at each individual site becomes much less important. We are excited that this use of technology will greatly improve access and reduce travel time for potential home buyers, which we believe will lead to more households taking advantage of attending the Home Stretch Workshops.

Our next step is to develop the technologies in house, as well as remotely, to make the video link seamless for the participants. We must also develop a network of local volunteers that will be willing to coordinate and oversee the remote locations.

Anyone interested in becoming a part of this exciting effort should contact [Mary Thompson](#) at the Headwaters RDC.

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Stewardship

Center for Community Stewardship: Empowering Courageous Community Stewards

Minnesota is experiencing a steward revolution and it's starting at the grassroots community level!

The Center for Community Stewardship (CCS), started just two years ago, continues to make a difference in communities throughout Minnesota.

John Gardner once said, "Every community has enough leaders to run a small nation, but they're not leading. They are hiding out, living comfortable lives giving little or no attention to the current and future problems of their community. Who gave them permission to stand aside?" We couldn't agree more and it's been the guiding force at the CCS since its inception.



The CCS engages community stewards to collectively define a common community destiny and lay out actions strategies that plan FROM the future.

The CCS engages community stewards to collectively define a common community destiny and lay out actions strategies that plan FROM the future. At its core, however, the CCS is challenging Minnesota community leaders to:

- Agree on where their community wants to go;
- Figure out how to work together to get there; and,
- Act courageously as stewards of their communities

The CCS is actively engaged in projects in Bemidji, Park Rapids, Blackduck, Alexandria, Thief River Falls, Red Wing, Stevens County, Fergus Falls and Appleton. Throughout this report you will be able to read updates from each of these efforts. Notice the common theme: bold community leaders are stepping up to build a brighter future for their communities.

Thank you to all our stewards for what they do for their communities and congratulations to our communities for building a successful future!

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Blackduck 20/20 Version 2.0

Small towns facing competition from bigger regional centers face different challenges and opportunities than their bigger counterparts. Their future is inextricably linked with their bigger neighbor, even if they don't always acknowledge it, or like it.

Blackduck is one of those towns. Spending even a little time in that community, one gets the impression that it is a special place – a downtown that still has activity, its own school, the largest custom drapery



Future action will be opportunity-driven. While not as proactive as initially envisioned, this approach will

manufacturer in the United States, and some very nice amenities, including a golf course, lake and beautiful park. What's not to like?

Well, like similar communities in the same context, Blackduck feels under siege – Bemidji steals their business, its school has declining enrollment, and hope for the future is not as plentiful as in years past.

What does a stewardship effort look like in such a circumstance? Blackduck leaders have been thinking about that lately, and while not having all the answers, they are going to try a few different things. Here are our first steps:

- **We'll focus on specific projects.** Changing community culture doesn't seem to work very well without having it start at the grassroots, project level in communities that feel under siege. Success on real projects will raise hope, thereby encouraging other initiatives. At least that's the plan!
- **Future action will be opportunity-driven.** While not as proactive as initially envisioned, this approach will take advantage of the things that are preoccupying the mind of the community. Right now they are working on some cool stuff, including a youth center initiative (contact [Steve Cochems](#) for a rundown), and possibly a business development strategy ([Bruce Meade](#) is the local contact).
- **We'll be mindful of picking things that stir passion in the community.** Mobilizing the same suspects will not get us where we're going; the only way to get new people engaged is to pick those issues people really care about.
- **We'll model stewardship behavior in our activity.** Gandhi put it best: *"Be the change you want to see in the world."* The things we do need to show that we practice what we preach.

What's next? Well, the school's future is the 900 pound gorilla in Blackduck. Will they decide to tackle this issue as a community? Stay tuned for Blackduck 2.0!

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Progress Park Rapids Leads into the Future

[Progress Park Rapids](#), along with Bemidji Leads!, is one of the "legacy" stewardship efforts in the Headwaters Region. The group is working hard to get to the next level after having substantial success over its first 3 years. Part of this effort has included a re-boot of its agenda and the addition of new members.

We're very proud of this community and its leaders. They are convinced their best days are ahead of them, and are committed to working collectively to create their future.



A spring 2009 retreat defined a bold agenda that is as follows:

- Educational Excellence initiative through School/Community Collaboration
- Create local access to post-secondary education opportunity (includes mentor initiative)
- Implement major arts/culture initiative that makes us the arts capital of rural Minnesota
- Develop major community center for community
- Seek to become the best wired community in Minnesota
- Implement downtown revitalization initiative
- Implement Parks Plan

Goals have been narrowed to focus resources on top priority opportunities. How did they pick these areas? An [indicator report](#) was recently completed, which provided context that suggested where action needed to be focused.

This work comes on top of past and ongoing efforts that have made a difference in the community. These activities included working on landscaping to improve the appearance of the new T.H. 34 work, continuing efforts to revitalize downtown, the

take advantage of the things that are preoccupying the mind of the community. Right now they are working on some cool stuff, including a youth center initiative, and possibly a business development strategy.



"Park Rapids has a great future ahead of it, primarily because its leaders have found a way to work together. We're not always perfect in this regard, but we're getting better every day, and would stack our efforts up against any other community."

– Katie Magozzi

planning for a community center, increase in arts and culture activities and more.

The next step is to help drive change by identifying champions for each initiative, and by helping those champions find partners and aligning resources.

Park Rapids has decided they can be the most liveable small town in Minnesota. We wouldn't bet against them!

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Shared Vision Tackles One of the Headwaters Region's Toughest Issues



What is one of the toughest issues confronting the Headwaters Region? While there are several to pick from, addressing its racial disparity issues certainly has to be near the top of the list.

Shared Vision is a project centered in Bemidji, but one that has regional implications. Its mission and vision for a better future is not modest. Shared Vision's mission is to "Be a catalyst that encourages the Bemidji community to work together to expand social, economic, educational and leadership opportunity for people of all races." Their vision is: "The Bemidji community will be a model for race relations in our state. We will embrace cultural understanding and respect between the Indian and non-Indian community, and strong participation of Indian people in every aspect of Bemidji community life. Bemidji will be known as a community that works together to expand opportunities for people of all races."

What has the diverse committee of local individuals accomplished so far? Well, good leadership does two things well: it defines reality and provides hope. This group has defined reality through a [survey](#) that gives the community a lens on how American Indian and non-Indian people view community life, and it has provided hope by defining a bold [agenda for change](#) that can help the community move forward. Shared Vision 2.0 is about to launch – stay tuned for the results!



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"Shared Vision hopes to empower the Bemidji community to change the pervasive culture that has been marked by disparities and discrimination, into one reflecting greater cultural understanding and respect amongst all people. This will not happen by one committee, but by a community committed to change."

- Carolyn Jacobs

Bemidji Pioneer: Community destiny – Group notes progress in Bemidji area

(Published Friday, April 17, 2009, in the Bemidji Pioneer)

"Bemidji Leads!", which framed 17 benchmarks for the community's destiny, now wants to focus on five broad areas to reach that destiny. "We are claiming the destiny ahead of time," Jim Bensen, retired Bemidji State president and chairman of "Bemidji Leads!," said Thursday night. "Bemidji Leads! 2.0," he said, "is taking a look at growing and attracting talent, creating prosperity, promoting wellness, building a livable community, and encouraging civic engagement," Bensen said. "They are larger categories and we now have people working on these various areas," he said.

Bensen gave an update of "Bemidji Leads!" at its Thursday night third annual Celebration of Stewardship at which Jim Hanko, North Country Health Services CEO and president, was awarded the Jim Bensen Award for Outstanding Individual

"We are claiming the destiny ahead of time."

Stewardship.

Also, Outstanding Organizational Stewardship awards were given to Lake Bemidji Dragon Boat Festival, Northern Dental Access Center, Bemidji High School Show Choirs and "Bemidji Proud," the effort that saw a Bemidji School District operating levy referendum pass last fall.

Hanko "exemplifies what stewardship is all about," said Bensen, who presented Hanko the award named after him. Since arriving in Bemidji, Hanko "has committed himself to the betterment of our community. Jim is talented, extremely well organized, highly disciplined and tenacious in pursuing goals."

In addition to improving the delivery of health care in Bemidji as head of North Country Health Services, Hanko pulled together a number of resources and agencies to form what is now called the Headwaters Alliance for Drug Prevention to attack a growing problem of alcohol and drug abuse among youth in the community.

Bensen said Hanko was in on the ground floor as a "Bemidji Leads!" steward, and made the Bemidji Area Chamber of Commerce, Joint Economic Development Commission, Bemidji State University Foundation "and countless other organizations increasingly more effective through his tireless commitment."

Hanko and his wife, Jo, "are champions for the arts, theater and music," Bensen said. "Jim understands the importance of education and has worked exceptionally well in building innovative cooperative programs with Bemidji High School, Northwest Technical College and Bemidji State University to provide career orientation and preparation for health care careers."

Bemidji is a "better community because he chose to live among us," Bensen said. "Jim has the courage to speak out and take a stand on difficult issues, follows his heart and puts others before him."

One of those difficult issues was support of the Bemidji Regional Event Center, the first destiny driver of "Bemidji Leads!" Hanko formed a committee which spearheaded a public campaign for the center, advocating support of City Council candidates with like views.

"The Bemidji Regional Event Center is now a reality," Hanko said, "as a consequence and a result of the destiny driver of 'Bemidji Leads!' earlier. ... But it also represents the vision the community's had for many, many years. To see the groundbreaking and soon the form of a Bemidji Regional Event Center is just going to be huge."

Hanko said he was honored by the award, "and to have an award presented that has Jim Bensen's name associated with it is truly an honor." He thanked the NCHS Board of Trustees for giving him the flexibility to pursue community goals and betterment, a board "that is very supportive of community service and community leadership."

Bensen, in his presentation, said "Bemidji Leads!" action teams will now focus on the five areas it determined as "stepping stones" to the community's destiny, rather than "stumbling blocks." Some 300 to 400 "community stewards" are involved, he said.

The community's destiny, he said, is "through intentional, collective action, Bemidji will be a healthy community, successfully balancing regional center amenities, small-town beauty and character; a vibrant economic center, recognized for innovation, creativity and knowledge; a social, cultural, recreational and educational magnet; and, an embracing culturally diverse community that people are committed to shared prosperity, long-term community stewardship — a star of the north, a national model of community success."

The five new areas help focus Bemidji as a knowledge-based economy, Bensen said, which means "you use knowledge so you can leverage that (manufacturing or making things or doing things) to happen easier and better."

He cited Wells Technology and the Potlatch Corp. saw mill as two local examples of using high technology to make their products. "To build a talent base in Bemidji lays a foundation for a broadbased prosperity and prepares the community for a knowledge-based and innovative economy."

The "Bemidji Leads!" model has been adopted in communities near and far, Bensen said, with the aid of the Headwaters Regional Development Commission's Center for Community Stewardship, directed by Dave Hengel.

The Bemidji program last year won the National Excellence Award from the U.S. Chamber of Commerce and Alliance for Regional Stewardship and also the Innovation Award from the National Association of Development Organizations.

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TRForward...Envisioning Tomorrow's TRF Today



There's a movement happening in Thief River Falls and it's called [TRForward](#). The intent of TRForward is to help move our community toward the future with a clear vision, purpose, and direction. It's an exciting opportunity for everyone living in this area to be involved with creating a vision and direction for the future of Thief River Falls.

Recently the Center for Community Stewardship spent two days with a group of community members who had gathered to learn how to better plan for the future and, more importantly, how to move in that direction. Group members came from all different walks of life – from students to parents and grandparents; from business owners to educators and manufacturers. Representing a broad cross-section of the TRF area, the group has one thing in common – the desire to participate in moving our fine city forward. Before the group could begin, however, they needed input from the citizens of TRF and the surrounding area.

TRForward put together a survey asking community members to share their views on a variety of topics, including arts, education, healthcare, housing, transportation, and many more. They received over 1800 surveys from the surrounding area. The group is currently sorting through the results to find the "Top Ten" list – the items residents feel are the most in need of help. Coming soon are a series of community forums and focus groups to better understand the residents' feelings and opinions on these hot topics to better judge the necessary course of action.

Plans are in place to meet this fall for the group to determine its "destiny drivers" – those items that will lead Thief River Falls into the future as a better, stronger community. Coordinating with all major service groups and organizations, city government, the business community, and residents, TRForward is helping drive Thief River Falls into a better future.

Helping the residents of the Thief River Falls area better utilize their community's assets to create an even more desirable community to live and work in...that's what TRForward is all about!

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Helping the residents of the Thief River Falls area better utilize their community's assets to create an even more desirable community to live and work in...that's what TRForward is all about!

Stevens Forward

Sponsored by the Stevens County Board of Commissioners, [Stevens FORWARD!](#) is an effort to create a brighter future for all residents of the County community. Funded through a variety of public and private sources including the County, the five cities, the townships, the University of Minnesota, Morris, financial institutions, and other local businesses, this initiative represents a genuine spirit of partnership and collaboration.

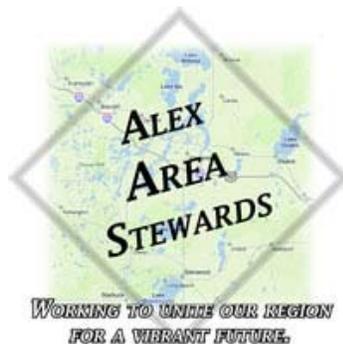


In November 2007, a group of two-dozen Stevens County citizens volunteered to find new and innovative ways to collectively direct the county-wide community toward a prosperous future. Our “Stewards” are a healthy mix of individuals representing all five communities in our County. They are farmers, attorneys, high school and college students, government officials, university administrators, business owners, and citizens-at-large. The group spent nearly a year learning about and discussing the economic, cultural, social and educational issues that affect our entire County. From these ideas, thoughts, and dreams we crafted a written Destiny Statement and identified Destiny Drivers, which form the foundation of Stevens FORWARD!

Our Stewards now function as liaisons throughout the County community, identifying champions and moving our Destiny Drivers from ideas to action. Having crafted our Destiny Statement and identified our Destiny Drivers, our community champions are now planning next steps and determining funding for projects that will contribute to the fulfillment of our goals.

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Alex Area Stewards...Working to Unite Our Region for a Vibrant Future



The Community Stewardship Initiative of the Alexandria, MN began in the winter of 2008 as a conversation by the Alexandria Area Economic Development Commission Board of Directors and staff focusing on the need for increased connectedness and collaboration throughout the region. Following discussions with Dave Hengel of the Center for Community Stewardship in Bemidji, MN which has worked with a number of communities to initiate similar stewardship programs, the decision was made to move forward. In May of 2008, a number of informational meetings were held with community,

business, organizational, and local government representatives and leaders from throughout the Alexandria Regional Community. The interest and responses that were received from these meetings was clear and very positive, and the Stewardship Initiative began.

Since the spring of 2008, the Alex Area Stewards have conducted a Regional Perception Survey (over 1,000 completed surveys returned) and held numerous Community Conversations throughout the region. Information gathered helped the Stewards gain an understanding of what citizens feel is important to the continued success of the region and what should be improved for future success. In addition, a group of Stewards undertook a detailed demographic and statistical analysis of the Alexandria Regional Community and compared compiled information with other like-communities from throughout Minnesota to better identify the region's key assets. The resulting data and information confirmed much of what the Stewards already believed about the region – it has many assets encompassing a wide variety of strengths, but there are areas that can be strengthened.

Utilizing the survey, conversation, and community asset information, the Alex Area Stewards created a Destiny Statement that identifies what the Alexandria Regional Community should be in the future to assure its continued success. To assist with working towards this Destiny, 13 Destiny Drivers (goals) were identified to help strengthen specific aspects of the community. Each Driver is being spearheaded by a Champion organization or group from throughout the region, with the goal of strengthening the entire Regional Community. The mission statement of the Alex Area Stewards is, “Working to unite our region for a vibrant future.” The Destiny Statement and Destiny Drivers all focus on achieving this mission to strengthen our entire region.

Currently, the Alex Area Stewards are in the process of sharing their Destiny Drivers

The mission statement of the Alex Area Stewards is, “Working to unite our region for a vibrant future.”

with the region through a series of articles and informational pieces in cooperation with local media partners. Interest in individual Drivers has started to build from throughout the area, and Driver efforts are either underway or slated to begin in the near future.

The Stewards group continues to grow and evolve to better serve the entire Alexandria Regional Community. The group is open to anyone who has a passion for the success of the entire area. To learn more about the Alex Area Stewards and their Stewardship Initiative, go to www.alexareastewards.com or call (320) 763-4545.

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Forward Fergus Falls

The Fergus Falls Economic Improvement Commission (FFEIC) Board of Directors voted in early 2009 to contract with the Center for Community Stewardship (CCS) to embark on a community visioning

process using the CCS's proven program of civic engagement and the development of "Destiny Drivers". The City of Fergus Falls is a micropolitan center that finds itself in the middle of a lot of change and demands for limited resources. The board felt it was imperative that we bring the community together through a formal process to get a common vision with significant support from the community. The CCS was chosen to help us get to the future in our community.

So far our local team, now called "Forward Fergus Falls", has over 50 active members (stewards) divided into three teams. The teams are the Asset Team, Public Engagement Team, and the Buzz Team. The teams are chaired by Harold Stanislawski of the FFEIC, Greg Stumbo of the Fergus Falls City Council, and Pat Conley of the Fergus Falls City Council. The teams have met regularly and have developed strategies to move forward in consultation with the leadership of the CCS.

A survey is being developed to get input from the public and should be ready to go sometime in late July. In addition to the survey, plans are underway to conduct extensive listening sessions with the community to learn what's important to all the stakeholders. Fergus Falls has plenty of positive attributes and assets, but the question being asked is, "What makes us special?" In that regard, the Asset Team has identified many particular attributes that really do make Fergus Falls stand out. The listening sessions and the survey will ultimately be used to help select "destiny drivers" that the Forward Fergus Falls effort will launch in concert with the community.

The West Central Initiative and the Otto Bremer Foundation provided financial support to the program in addition to the Fergus Falls Economic Improvement Commission. "We are pleased with the progress made thus far," said Harold Stanislawski, FFEIC Director, "and we look forward to working on the input sessions and with the staff of the CCS. The program has been met with a lot of enthusiasm from the community and that is a very good sign."

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"We are pleased with the progress made thus far, and we look forward to working on the input sessions and with the staff of the CCS. The program has been met with a lot of enthusiasm from the community and that is a very good sign."

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Economic Development

White Earth Economic Development Strategy

What will it take to create economic prosperity on the White Earth Reservation? Over the last year the Headwaters RDC has been actively working with the White Earth Reservation Office of Economic Development to answer this question. Under the leadership of these organizations, an Economic Development Taskforce was created by selecting diverse individuals and organizations to help guide the project. The goal of this project is to create a development strategy to ensure the White Earth Reservation is able to compete in a transformed global economy.

The White Earth Economic Development Strategy has focused on coordinating the efforts of individuals, organizations, tribal government, and private industry concerned with economic development. By providing a forum to identify problems and opportunities and analyze the White Earth Reservation's economy, the project should help local areas coordinate their programs and activities to maximize their resources. . The project is intended to help create jobs, foster more stable and diversified economies, and improve living conditions for the White Earth Reservation.

For more information on the White Earth Economic Development Strategy, please contact [Dean Johnson](#).

“The goal of this project is to create a development strategy to ensure the White Earth Reservation is able to compete in a transformed global economy.”

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Headwaters RDC Focuses on Renewable Energy

It is clear that a shift towards renewable energy is gaining momentum in the United States. Renewable energy not only offers an alternative to fossil fuels, but also acts as a potential area of economic growth. The benefits of this growth come in various forms, including job creation and diversified tax revenue. To help the Region take advantage of these changing conditions, the Headwaters RDC has had roles in two projects that will help position the Headwaters Region for success in the renewable energy industry.

Headwaters Renewable Energy Collaboration

The Headwaters Renewable Energy Collaboration is a region-wide renewable energy project led by the Headwaters RDC. The goal of this initiative is for the Region to become a leading center of production for renewable energy goods and services.

The Headwaters RDC, with the assistance of a committee consisting of individuals and organizations with a common interest in setting the Region up for success in the growing bio-energy industry, will create a regional strategy to take advantage of opportunities and overcome challenges necessary to create growth in this industry in our region.

“Renewable energy not only offers an alternative to fossil fuels, but also acts as a potential area of economic growth.”

“The goal of this initiative is for the Region to become a leading center of production for renewable energy goods and services.”

REDI

The [Rural Energy Development Initiative \(REDI\)](#) is a statewide wind energy project administered by the [Southwest Initiative Foundation \(SWIF\)](#) and is sponsored by the

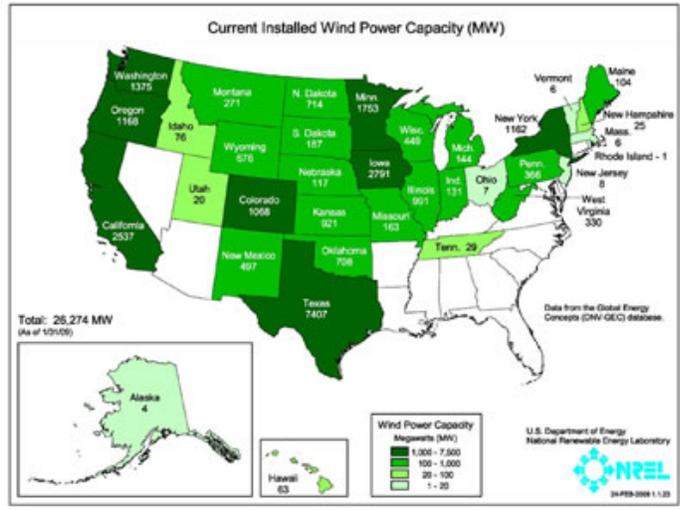
[State of Minnesota](#) and the [Center for Rural Policy and Development](#).

The goal of REDI is to maximize rural economic development and stabilize rural economies by building renewable energy capacity, expertise, and leadership through the State of Minnesota.

This goal will be accomplished

by providing organizing and technical assistance to rural entities seeking to develop wind energy projects for the purpose of selling the energy to an electric utility and by raising awareness of the local economic, community and environmental benefits of renewable energy development, energy conservation and efficiency.

In the past year the Headwaters RDC has held a number of informative presentations for community members who were interested in learning more about opportunities in wind energy and has assisted a number of individual landowners begin to navigate the wind energy arena.



“The goal of REDI is to maximize rural economic development and stabilize rural economies by building renewable energy capacity, expertise, and leadership through the State of Minnesota.”

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Meet an HRFC Customer: EXB Solutions, Inc.



EXB Loan Closing with President/CEO Don Hughes and Tiffany Fettig, HRFC's Business Loan Specialist.

[EXB Solutions, Inc.](#) opened its principal office in Bemidji in June 2008. The company specializes in software testing for aerospace and defense industries. EXB also has offices in Wayzata, Alabama, and Arizona. Bemidji is classified as a HUB Zone community, which gives companies such as EXB a competitive advantage when seeking government contracts.

Management was extremely impressed with what Bemidji had to offer in regards to its quality of life, communications/technology systems, and highly trained workforce. EXB hired five BSU graduates out of the engineering program, with average salaries of \$55,000. They also hired a Paul Carpenter to manage the office, who comes with significant experience out of Phoenix, AZ. One of the first projects the team was charged with was software testing for the launch system for the space shuttle.

The company has not been immune to the recession as in late 2008 the Bemidji office lost contracts with one of their largest customers, Honeywell. These large companies were taking cost-saving measures, such as returning in-house some of their engineering work. However, EXB management reports signs of a turnaround are evident as new contracts are beginning to materialize.

The HRFC partnered with the [Joint Economic Development Commission](#), the [Northwest Minnesota Foundation](#), and the [Neilson Foundation](#) to provide the necessary financing for EXB to located in Bemidji.

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Summary of HRFC Loan Activities

Currently, the HRFC Revolving Loan Fund (RLF) consists of an asset base of \$4.1 million with 24 active EDA loans and 4 active flood loans. Over its 29-year history, the RLF has made \$11.56 million in loans partnering with \$45 million in private funds and \$12.2 million in other public funds. Jobs created and retained during the programs' existence amount to 3699 to date. Due to the economic slowdown felt throughout the region, loan activity was limited to modifications to the existing portfolio loans. Staff devoted time to marketing the RLF to potential business borrowers, bankers, and other key partners in our region.

The decline in applications was also experienced by the several city and private RLFs the HRFC helps to administer. They include the cities of [Blackduck](#), [Bagley](#), Mahnomen, and the [Blackduck Telephone Company](#) RLFs. Compared to the record number of 11 applications received and approved last year, only 2 were processed among those RLFs this year. Despite the temporary lull in activity, the HRFC RLF and the city RLFs remain an important asset in the region's economic development tool chest.

“Due to the economic slowdown felt throughout the region, loan activity was limited to modifications to the existing portfolio loans. Staff devoted time to marketing the RLF to potential business borrowers, bankers, and other key partners in our region.”

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Community Development

Bemidji is Getting Active!

The Headwaters RDC partnered with Beltrami Wellness Education for Long Life (B-WELL) to complete an active living plan to develop a comprehensive approach to incorporating physical activity into the daily lives of residents of the Bemidji Area.

Partnerships were critical to the development of this plan. Key partners included [BWELL](#), [Bemidji State University](#), the [City of Bemidji](#), the [Greater Bemidji Area Joint Planning Board \(JPB\)](#), [ISD 31 Community Education](#) and [MeritCare](#).



Active living is more about building communities where people are intrinsically more active than it is about building recreational trails for bicyclists that want to go 20 miles before breakfast. Avid cyclists and runners will be

active and find opportunities, while less active individuals need facilities that are convenient, close, desirable and accessible.

Active Living Themes

- Improvements to the community need to be long term solutions – not just a band-aid approach.
- There is a large need for safe and convenient connections between destinations.
- There is a need for an active living component of a future comprehensive plan for the Greater Bemidji Area Joint Planning Board.
- There is a great opportunity to pursue trail connections via Transportation Enhancements and Safe Routes to school funding.
- There is an opportunity to examine and improve land management tools that either inhibit or promote active living in the Greater Bemidji Area.

Through deliberate, collective action, Bemidji will be a place:

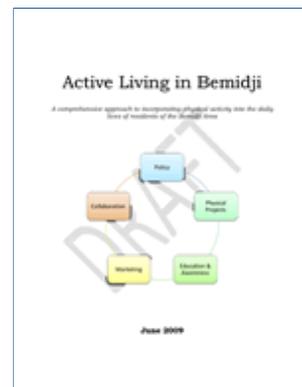
- *where there exists a mutual respect between all modes of transportation*
- *that has been recognized nationally as a safe and healthy place to live*
- *that is as accessible for bicyclists and pedestrians as it is for motor vehicles*
- *where physical activity is safe, easy, accessible, and a common occurrence for residents*
- *that has strong connections – allowing people to comfortably navigate to and from high quality destinations*
- *where children can safely walk to school*

- There are several options for low cost improvement within the right-of-way on existing roads.
- The City of Bemidji would benefit from maintaining a commitment to implement high priorities in existing planning documents.

Vision

Through deliberate, collective action, Bemidji will be a place:

- where there exists a mutual respect between all modes of transportation
- that has been recognized nationally as a safe and healthy place to live
- that is as accessible for bicyclists and pedestrians as it is for motor vehicles
- where physical activity is safe, easy, accessible, and a *common occurrence* for residents
- that has strong connections – allowing people to comfortably navigate to and from high quality destinations
- where children can safely walk to school



Active Living in Bemidji
[PDF Download](#)



Implementation

This Active Living project is supported by Blue Cross and Blue Shield of Minnesota (Blue Cross) as part of Prevention Minnesota. Prevention Minnesota is Blue Cross’ long-term health improvement initiative funded by tobacco settlement dollars to tackle the root causes of preventable heart disease and cancer.

Implementation will begin in early August. The funding from Blue Cross will position the Bemidji Area to truly become an active living-friendly community. Key projects include the development of a comprehensive plan for the JPB and securing funding for pedestrian and bicycle facilities, including Safe Routes to School and Transportation Enhancements. An educational component, with programs and promotions, will also be a critical component of implementation.

If you have any questions about active living in the Bemidji Area, please contact [Matthew Dyrdaahl](#).

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City of Mahanomen Comprehensive Plan

What is Mahanomen going to look like in 20 years? Is the industrial park thriving? Do people have living wage jobs? Do residents have affordable and quality

“What is Mahanomen going to look like in 20 years? Is the

housing? Is there enough sewer and water capacity to serve existing and future development? Are there enough parks for our kids?

The Headwaters RDC recently helped the City of Mahanomen articulate the answer to those questions by creating a comprehensive plan. The comprehensive plan addressed housing, economic development, land use, and public facilities/infrastructure. It combines the typical approach to a comprehensive plan by providing a long-term vision, but also includes a strategic component to assist the City with short-term action steps to help gain traction over the next five years.

The following is a summary of the major themes from the plan:

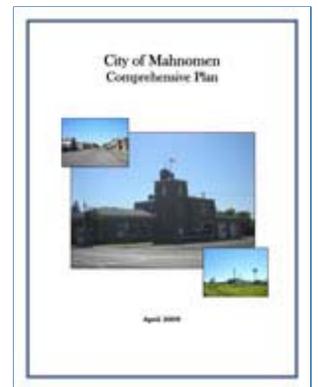
- The next twenty years will see less young families with children and more retired home owners
- There is a need for a variety of housing options for an aging population
- There is a need for affordable multi-family housing
- Mahanomen needs to position itself to compete in a knowledge and skills economy
- There is a large opportunity to integrate the Shooting Star Casino into the community while redeveloping downtown
- The White Earth Tribal and Community College is a great asset to the community
- There is a need to target specific areas for multi-family development to meet the demands of an aging population
- There are opportunities to improve parks and trails

The City of Mahanomen is eager to begin implementing strategies outlined in the plan. Potential next steps include a strategic planning process to identify needs and opportunities for a parks and trails system and recodifying existing ordinances to reflect the policy direction of the comprehensive plan.

If you have any questions about the Mahanomen Comprehensive Plan, please contact [Matthew Dyrdaahl](#).

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industrial park thriving? Do people have living wage jobs? Do residents have affordable and quality housing? Is there enough sewer and water capacity to serve existing and future development? Are there enough parks for our kids?"



*City of Mahanomen
Comprehensive Plan
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Lake of the Woods County Growth Management

Lake of the Woods County is known as the “Walleye Capital of the World”, due to the high quality of walleye fishing on Lake of the Woods. The County is also a resort community and has many popular tourist activities, including fishing, hunting and other forms of recreation. The amazing natural resources and tourism attractions are drawing people to the County. Lake of the Woods County has seen an increase in development along TH 172 (Growth Corridor) and nearby shoreland areas, from the City of Baudette to Wheeler’s Point.

Lake of the Woods County has taken steps to effectively manage growth in the County by developing a Land Use Addendum, which focused on the future desired condition of the Growth Corridor and by revising and improving land management tools.

The Growth Corridor is a 12 mile stretch of highway between Baudette and Wheeler’s Point Resort. The corridor begins at Trunk Highway 172 at the

“The Lake of the Woods high Growth Corridor will offer an exceptional quality of life to existing residents, future residents, and tourists interested in taking advantage of the unique natural resources and opportunities in the County.”

intersection of Highway 11 and follows Highway 172 north to Wheeler's Point.

Vision

The Lake of the Woods high Growth Corridor will offer an exceptional quality of life to existing residents, future residents, and tourists interested in taking advantage of the unique natural resources and opportunities in the County.

Objective and Policies

- Encourage growth in highly desirable areas while discouraging haphazard, random development patterns
- Clarify and improve implementation of land management tools
- Protect housing from incompatible uses
- Target specific areas for commercial development
- Support uses that target tourist oriented development (including gift shops, resorts, recreational vehicle use, etc.)

Land Management Tools

A second component included a revision of the existing Lake of the Woods Zoning Ordinance. A key part of this process integrated two separate ordinances (the LOW County Subdivision Ordinance and the Rainy/Rapid Rivers Shoreland Management Ordinance) into the existing Zoning Ordinance. The purpose of this effort was to provide a greater degree of clarity for county staff and officials, residents and developers. In addition to consolidation, revisions were made to the subdivision language in order to meet the County's policy objectives as well as State Statute. A key feature of the new language is the addition of an "Administrative Subdivision", which is intended to simplify the subdivision process by avoiding formal platting.

For more information about growth management efforts in Lake of the Woods County, please contact [Matthew Dyrdaahl](#).

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 Gary Gauldin – School Districts
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 Tom Hanson – Lake of the Woods County
 Dave Jaeger – Mahnomen County Small Cities
 Cal Johannsen – Hubbard County
 Dean Johnson - White Earth Reservation
 Ron Johnson – City of Bemidji
 Cal Larson Sr. – Clearwater County Small Cities
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Roger Stewart
 Cliff Tweedale
 Steve Young

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Our Staff Team

The HRDC staff team consists of ten professionals with extensive experience in a wide variety of planning and development areas, including economic development, community development, housing, transportation, land use planning, recreation, natural resources, environmental protection, and business financing. Staff work on dozens of projects each year to help communities, cities, counties, school districts, townships, businesses and other customers address their most critical issues. Present staff of the HRDC include:

Aaron Chirpich
Development Specialist
achirpich@hrdc.org

Aaron joined the HRDC staff in March 2007. Aaron provides a variety of development assistance, focusing mainly on housing. Aaron manages the Headwaters Housing Development Corporation (HHDC) and its activities.



Matthew Dyr Dahl
Development Specialist
mdyr Dahl@hrdc.org

Matthew joined the HRDC staff in May 2007. Matthew provides various developmental assistance, focusing most of his attention on local planning, community development and transportation planning.



Tiffany Fettig
Business Loan Consultant
tfettig@hrdc.org

Tiffany joined the HRDC as a consultant in early 2006. Tiffany manages the Headwaters Regional Finance Corporation (HRFC) and its Revolving Loan Fund.



Tim Flathers
Community Development Director
tflathers@hrdc.org

Tim has been with the HRDC since 1983. Tim provides local planning and housing assistance, grant writing, grant administration and other community development assistance.



David Hengel
Director of Community Stewardship Development
dhengel@hrdc.org

Dave has been with the HRDC since 1988. Dave focuses on economic development activities and is the Director of the HRDC's Center for Community Stewardship.



Tony Mayer
Technical Planner
tmayer@hrdc.org

Tony has been with the HRDC since 1996. Tony is responsible for developing and maintaining the HRDC's geographic information system (GIS) and is involved in a broad range of development activities.



Jackie Meixner
Administrative Support Specialist
jmeixner@hrdc.org

Jackie has been with the HRDC since early 2006. Jackie conducts bookkeeping services for the organization. In early 2007, Jackie moved to the Administrative Support Specialist position where receptionist and secretarial work were added to her duties.



Mary Thompson
Accounting & Administrative Director
mthompson@hrdc.org

Mary has been with the HRDC since 1992. Mary is responsible for the administrative management of the HRDC, the Headwaters Housing Development Corporation (HHDC) and the Headwaters Regional Finance Corporation (HRFC) as well as the accounting, financial and grants management for all three entities. Mary also assists in housing development and homebuyer education and counseling.



Cliff Tweedale
Executive Director
ctweedale@hrdc.org

Cliff has been with the HRDC since 1975. Prior to becoming Executive Director in 2000, Cliff served as planning director for 25 years. In addition to organizational management and leadership responsibilities, Cliff is an active participant in the Commission's community development activities.



Ryan Zemek
Development Specialist
rzemek@hrdc.org

Ryan started working for the HRDC as an intern during the summer of 2008. Ryan began full-time status in September 2008. Ryan provides a range of development assistance, focusing most heavily on economic development, but also assisting in local planning, housing development, community development, grant writing and grant administration.



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Finances

Operational Budget

Revenues	2009 Actual	2010 Budget	Expenditures	2009 Actual	2010 Budget
Tax Levy	\$ 246,868	\$ 249,163	Personnel/Staffing Capacity	\$ 889,090	\$ 824,542
Long Term Contracts	89,500	114,628	Operating Expenditures	176,003	133,047
Short Term Contracts	248,660	161,076	Investment Expenditures	29,404	6,000
Beltrami HRA Services	40,977	48,330	Successful Communities Challenge Fund	40,000	10,000
Hubbard HRA Services	16,912	50,000	Fund Balance Revenues	16,329	---
HHDC	182,311	160,000	Total Expenditures	\$1,193,015	\$1,098,987
HRFC	74,681	80,000	<i>The 2009 figures shown above are unaudited figures. The latest audit, covering Fiscal Year 2008 finances, was performed by Miller, McDonald, Inc., Certified Public Accountants, and dated February 13, 2009. An unqualified report was issued.</i>		
Center for Com. Stew.	247,670	107,000			
Other Sources	3,247	7,500			
Other Contracts	---	(4,108)			
Total Revenues	\$1,150,826	\$ 973,589			

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