

THE RURAL MINNESOTAN



Committed to the future of rural communities.

Official Newsletter of USDA Rural Development in MN East Central Minnesota Edition

Another successful year for Rural Development in 2007

ST. PAUL — A new ethanol plant in Eyota, \$12 million for electric infrastructure in southeastern Minnesota and the grand opening of the National Eagle Center in Wabasha. All of these projects were celebrated as Rural Development wrapped up fiscal year 2007.

And what a successful year it was.

USDA Rural Development invested \$470 million throughout rural Minnesota in 2007, raising its investment since 2001 to about \$4.5 billion.

“Credit goes to Minnesota’s rural communities and a proactive Rural Development staff,” said Steve Wenzel, State Director of Rural Development in Minnesota. “There’s a lot of exciting projects happening out in rural Minnesota’s communities.”

Rural Development 2007 Investment in Minnesota	
Housing	\$197 million
Electric	\$165 million
Broadband	\$62 million
Water and Waste	\$29 million
Business and Cooperative	\$9 million
Community Facilities	\$8 million
TOTAL	\$470 million

Rural Development’s business programs. The single-

Minnesota had another good showing in its business programs, highlighted by \$2.6 million for value-added producer grants and \$350,000 in Section 9006 renewable energy grants. Over \$9 million was invested through

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From the desk of State Director Steve Wenzel

ST. PAUL -- While traveling in Southeastern Minnesota on Sept. 19, I received the official confirmation that Mike Johanns would be stepping down as Secretary of Agriculture to return to his home state of Nebraska where he served as governor. Mr. Johanns served rural America and America’s farmers and ranchers with dedication and commitment during his time as Secretary.



I have had the honor and privilege of meeting many Agriculture Secretaries during my 30 years as a Minnesota legislator serving on the House Agriculture Committee and six years as Rural Development State Director. I can say with certainty that Mike Johanns was one of the very best. Mike Johanns as Secretary served President Bush and the nation well.

Mr. Johanns took a grass-roots approach to his duties as Secretary. In preparation for the 2007 Farm Bill, he personally conducted listening sessions throughout the nation to listen to America’s farmers and rural leaders. On Aug. 3, 2005, over 1,500 people braved the 100 degree heat at Farmfest in Morgan, Minn., to offer their input to the Secretary. Mr. Johanns listened to the citizens for over three hours on that sweltering day.

Mr. Johanns grew up on a 160-acre farm in Osage, IA, near the Minnesota border and received his B.A. Degree at St. Mary’s University in Winona, Minn. As Secretary, he helped shape agriculture and rural policies in a way that encouraged rural development, opened new trade routes and funded nutrition

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family housing program also thrived, investing over \$22 million through its direct home ownership loan program and repair grant program and \$164 million in the guaranteed loan program. June Homeownership month was celebrated with events in Baxter, Nashwauk and Bemidji.

Rural Development of Minnesota was fortunate to receive a Section 515 new construction multi-family housing loan. The \$1 million loan will rehab an old hotel in Crookston into an apartment complex. Also highlighting the multi-family housing program was over \$142,000 in housing preservation grants and \$10 million in rental assistance.

In the community programs division, over \$8 million was awarded for community facilities and almost \$29 million was awarded for water and wastewater projects. Highlights include \$12.5 million to expand the Red Rock Rural Water system in southwestern Minnesota and almost \$1.5 million for a new day care center in Tracy.

Rural Development's electric, telecommunications and broadband programs are administered exclusively from the national office in Washington, D.C., but were very successful in Minnesota. About \$165 million was invested to expand electricity infrastructure, highlighted by \$65 million to East River Electric Power in Southwestern Minnesota and South Dakota.



The National Eagle Center in Wabasha celebrated its grand opening on Sept. 29. Rural Development's grant was part of a \$4.5 million project.

million in distance learning and telemedicine grants through the broadband program. A \$366,000 grant will deliver distance learning capabilities to 22 schools in rural Minnesota.

"We do such a variety of projects that we can literally build a community from the ground up," Wenzel said. "The 2007 Farm Bill proposals indicate that Rural Development will only get stronger. I encourage everyone to contact their local office and talk about financing options for development projects."

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programs.

Farm equity, now at \$2 trillion, has increased \$200 billion per year for the last several years. Average farm household income is projected at \$81,500 and exports are expected to reach \$79 billion by the end of this year. America's farmers were truly served well by Mike Johanns.

Mr. Johanns also had a broad vision for America's rural communities. He was a champion for America's rural communities and the Rural Development programs that support them. This support is evidenced in the 2007 Farm Bill, which features over \$1.6 billion for rural healthcare facilities, \$2.1 trillion for renewable energy and \$500 million to address rural water and wastewater problems.

Evidence of his leadership is also highlighted in this newsletter's lead story. We had another tremendous year in 2007 and I know we will enjoy similar success in 2008.

I felt Mr. Johanns truly showed what a great leader he was when he personally visited the Rural Development state office here in St. Paul. He talked to each employee and also posed for pictures with them.

Despite his down-to-earth and "down-home" manner, Mr. Johanns was not afraid to tackle the tough issues that face American agriculture and rural communities. He championed many reforms in the 2007 Farm Bill currently under debate in the Congress. I know some of these reforms were not always popular, but Mr. Johanns led the way and did what he thought was right for the people. Leadership sometimes means making tough decisions, and Mr. Johanns never shied away from making them.

Chuck Connor, the former Deputy Agriculture Secretary, will serve as the Acting Secretary until the President officially nominates a new Secretary. I know Mr. Connor will do a great job filling in for Mike Johanns.

I think President Bush said it best when he announced the resignation of Mr. Johanns on Sept. 20: "I couldn't have asked for a better Secretary of Agriculture," the President said.

I agree 100 percent.

"I couldn't have asked for a better Secretary of Agriculture." President George W. Bush talking about former Secretary Mike Johanns.

Third phase of Garrison/Kathio wastewater project underway

GARRISON — A \$21 million wastewater project for the Garrison/Kathio sanitary sewer district is entering phase three of construction.

USDA Rural Development awarded a \$2 million grant and a \$2 million loan to fund a portion of the project in the spring of 2004. If all continues to go well, the entire project should be completed sometime in 2009 or early 2010.

About 1,000 residences and businesses will be hooked up to the system. The massive project covers the city of Garrison, Garrison Township, Kathio Township and other parts of Crow Wing and Mille Lacs Counties.

How does a city and township government make such an ambitious project run smoothly?

“Communicate, communicate, communicate,” said Sandy Post, deputy clerk and treasurer for the city of Garrison. “You need to nail down at least one contact with each entity and keep them in the loop.”

Post also reported that there are several development projects underway or in the works thanks to the funding. Projects include town homes, duplexes, water parks and hotels.

“This is exactly the type of development we hope for when we fund these projects,” said Rural Development State Director Steve Wenzel. “I’m really looking forward to seeing the economic development that results from this system.”



Ground was officially broken on this \$21 million project in July of 2004. Several local, state and national officials celebrated the event with the Garrison community.



This new fire hall in Eden Valley was built using USDA Rural Development’s Rural Economic Development Loan and Grant program and its Community Facilities Program.

Rural Development financing helps build fire hall in Eden Valley

EDEN VALLEY — Eden Valley has a new fire hall thanks in part to USDA Rural Development. The city received a no-interest loan from Stearns Electric Association which had applied to Rural Development for a \$300,000 Rural Economic Development Loan and Grant (REDLG) and provided a match of \$60,000 to create a revolving loan fund.

Rural Development’s Community Facilities program issued a \$450,000 loan to the City of Eden Valley. The community of 886 residents also provides fire protection for a number of smaller towns and townships southwest of St. Cloud.

The 10,800 square foot facility is located between the existing city public works building and the water treatment plant in the city’s new industrial park. The location provides more efficiency to government operations as outlined in the city’s comprehensive plan.

“I’m looking forward to coming out and visiting this facility,” said Steve Wenzel, State Director of USDA Rural Development in Minnesota “Fire protection and emergency services are essential for any rural area. I’m proud that Rural Development was able to play a role in making this project happen.”

More information on how Rural Development can assist local emergency response teams can be found on the agency’s website at www.rurdev.usda.gov/mn.

Community Programs News

Additional funding for water and sewer projects

Rural Development in Minnesota expects to receive an extra \$40 million over the next two years to fund water and sewer applications that are on hand at the time the 2007 Farm Bill is signed.

Towns in need of water or sewer improvements are encouraged to file applications with the area office serving them as soon as possible to be eligible for this extra funding.

Steps taken to Make Water and Sewer Systems More Affordable

For water and wastewater loans processed in FY 2008, Rural Development will use a newly reduced similar system cost guide of 1.5% of monthly Median Household Income. This is down from 1.7%. Program Director Bill Slininger says this move will potentially lower the cost of service and open the door to towns between 500 and 5,000 people that have been under-served in recent years.

Other steps taken to make user costs more affordable include: sharing grant needs with other funding agencies such as Public Facilities Authority, Small Cities Block Grant Program, Iron Range Resources, and the Corp of Engineers. Providing longer repayment terms and the lowest interest rates allowed by law.

Applicants Planning on PFA Funds need to Update Project Costs

PFA grants are based on the proposed project cost at the time the City applies to be placed on the Health Department or MPCA Project Priority List. However, PFA is willing to allow an update of the project cost if it is provided to Rural Development prior to the time the State Bonding Bill is enacted by the State Legislature. We recommend that your engineer update the costs this fall or early winter.

Second Year for Minnesota Rural Water's System Planning and Management Seminar (Board Training)

Last winter Minnesota Rural Water, Minnesota Extension Service, Rural Development and Midwest Assistance Program provided 6 hours of training for

approximately 200 City Board Members and interested citizens on things to consider when planning a water or sewer system expansion and things to consider in the ownership and management of the system.

This training was so well received that it is being offered again this winter. You can find full details on the Minnesota Rural Water Website in September, at www.MRWA.com

Class Schedule

November 1, Grand Rapids

December 4, Fergus Falls

January 8, Little Falls

February 12, Bemidji

March 18, 2008, Dodge Center

April 22, 2008, Marshall

Special Emphasis on Health Care

The President has asked Congress for an additional \$1.6 billion over the next five years for Rural Development to fund health care facilities. Priority will be given to Critical Access Hospitals, Clinics, Mental Health Care Facilities, Nursing Homes, Assisted Living Units and Emergency Response vehicles and equipment.

Melrose and Kimball Businesses Awarded Value-Added Grants

Concept Processing of Melrose and Schiefelbein Farms of Kimball were awarded value-added producer grants from Rural Development in September. Concept will use its \$300,000 grant to pay for raw milk in a processing plant that will be added to a dairy farm to make dairy products for its dairy distribution business.

Schiefelbein also received a \$300,000 grant and will use it to enhance its farm operations by identifying and breeding bulls that can produce a large percentage of feeder cattle that will qualify as branded beef.

Minnesota received over \$2.6 million in Value-Added Producer Grants for 12 projects. More information can be found at Rural Development's website.

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