

THE RURAL MINNESOTAN



Committed to the future of rural communities.

Official Newsletter of USDA Rural Development in MN West 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



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 was invested to expand electricity infrastructure, highlighted by \$65 million to East River Electric Power in Southwest Minnesota and South Dakota. Minnesota was awarded almost \$1 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.

Tri-County Hospital Continues to Serve West Central Area

WADNEA — Since 1924, Tri-County Hospital, formerly known as Wesley hospital, has been serving the people of Wadena, Northern Todd and eastern Ottertail counties. Throughout that history, construction, expansion and change have led Tri-County to become a respected institution in the Wadena area.

According to Joel Beiswenger, CFO of Tri-County, changes in technology and treatments have really driven the foot print the hospital makes in Wadena. Joel says, “in 1971 when the hospital had its last major expansion, the treatment of patients was different. The primary care vehicle was inpatient services.” Today most treatments are based on the outpatient model, and with USDA Rural Development’s help, Tri-County was able to fill that need. The project began with an idea in the late 1990s, and with Rural Development’s assistance in the form of a \$5 million direct loan and \$5 million in guaranteed loans through the agency’s community facilities division, another expansion project was completed in 2005.

The project added 31,000 square feet in a three story structure and renovated 30,000 square feet of old structure. The project consolidated administration, lab and diagnostics under one roof and created a common entrance for the hospital and the Wadena Medical Clinic. The positive effect the project has had on the 24,000 people that live in its service area is noteworthy. The renovation eliminated long walks to services, added medical staff and created an efficient structure to increase medical service capacity.

Beiswenger says USDA Rural Development staff members were great to work with. Tri-County



Tri-County Hospital has used Rural Development’s direct and guaranteed Community Facilities program. The 2007 Farm Bill contains over \$1.6 billion in guaranteed loans for health care facilities. Contact your local specialist for more information.

received more good news from Rural Development in September. Tri-County runs a clinic in the city of Bertha out of an old building it leases. Thanks to a \$500,000 direct and \$200,000 guaranteed loan through State Bank in Bertha, Tri-County will build a new clinic in town.

Guaranteed Loan Helps First Step in Willmar

WILLMAR — With declining and expanding enrollments, school districts are facing the challenge of managing inadequate facilities or unneeded capacity. It is one of these situations that left a school building behind in Willmar. From there, Nancy and Paula



Stredde’s calling to help the young put them in partnership with USDA Rural Development. Nancy and Paula own and operate First Step, an early education and child-care center that serves children from a 40-mile radius around Willmar. It had been operating from a small building near downtown and was facing the fact that there were more needs in the community than its old facilities could allow. Nancy and Paula were forced to have all the children’s meals catered and were not satisfied turning away parents that could use their services.

That is when Nancy remembered a conversation at a local Jaycees meeting that had occurred six years earlier. The conversation was with Rural Development staff member Terry Louwagie. So, Nancy called Terry and also Kevin Friesen in Rural Development’s Willmar office. In cooperation with their lender, Paula and Nancy were able to receive a loan guarantee to buy the old Lafayette School from the Willmar School system and fill it once again with smiling youth. They were able to expand their services to serve infants to 12-year-olds, added a full-service kitchen, and a large outdoor play area.

They currently employ 14 people and have a year-long waiting list for children to enter. Local residents are pleased with the transition. Nancy says an elderly man came up to her and complimented her on how nice it was to hear children playing again in the neighborhood. He added that his late wife used to teach at the school before it was closed.

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Allan Cowles is New Single-Family Housing Specialist in Alexandria

ALEXANDRIA — Hello, I am the new Single-Family Housing Specialist in Alexandria. I cover nine West Central counties in Minnesota (Douglas, Todd, Wadena, Otter Tail, Grant, Traverse, Wilkin, Stevens, and Wadena).

The diverse geography and population within my district creates many unique and wonderful opportunities for me to serve the population. My position's primary focus is the creation and maintenance of healthy, safe and affordable housing. I grew up in Western Wisconsin, in St. Croix County, directly East of the Twin Cities. I was raised on a primarily dairy, and crop farm. I attended UW River Falls and Majored in Agriculture. I have been self employed in several different ag related jobs, and have worked for a natural gas utility, ag sales, and as a realtor for three years. Currently I reside outside of Alexandria, with my three daughters, Victoria, Christina, and Alexa. Victoria is a freshmen at UM Morris in the fall of 07.

I look forward to serving the community and fostering a positive relationship with many of the partnering organizations which serve my area. I have been in this position some months now, and have found the job very gratifying, being able to help many low income people with few or no other options to improve their standard of living with affordable and safe housing is a nice reward of my position. I look forward to providing great service to the public and partnering with organizations which share Rural Development's mission of creating a vibrant, stable rural economy.

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 underserved 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 Devel-

opment 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.

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