

THE RURAL MINNESOTAN



Committed to the future of rural communities.

Official Newsletter of USDA Rural Development in MN Southwestern 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.

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.

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

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.

Sen. Norm Coleman and Rep. Tim Walz recognize Red Rock Rural Water System

JEFFERS — USDA Rural Development awarded the Red Rock Rural Water System a \$4 million grant and \$8.5 million loan in late July to expand services to 565 new users in parts of Nobles and Jackson counties. Since 1983, Rural Development has invested over \$36 million in Red Rock.

Both Sen. Norm Coleman and Rep. Tim Walz took part in ceremonies



recognizing the most recent round of Rural Development funding. In a ceremony at Red Rock headquarters in Jeffers on Aug. 8, Coleman congratulated Red Rock officials and said, "This was a high priority project. We are doing this for the future of this area."

Over 50 people gathered at Lake Indian Baptist Church on Aug. 29 to see Rep. Walz offer his congratulations to Red Rock officials. Lake Indian Baptist Church will finally have clean water for parishioners thanks to the most recent round of funding.

“This is a perfect example of how government should work,” Walz said. “It’s a simple fact that you need clean water if you want to remain economically viable.”



Rep Walz visits with a local reporter at the event in Worthington on Aug. 29.

“We’re very grateful to USDA Rural Development for its assistance,” said Dominic Jones, manager of Red Rock Rural Water System. “There’s a large demand for rural water in this area and we’re working to bring it to everyone.”

“There needs to be more of a comprehensive strategy, with the understanding that no two parts of rural Minnesota are alike,” McElroy said.



From left: Paul Pierson, Norma Naatz, Doug Altrichter, Secretary Mike Johanns, State Director Steve Wenzel, Nancy Schmidt, Mike Hinrichsen, Lisa Noty, Terry Louwagie and Scott Knutson.

Secretary Johanns visits Rural Development booth at Farmfest

MORGAN — Secretary of Agriculture Mike Johanns visited Farmfest on Tuesday, Aug., 7 and took a minute to visit the Rural Development display booth. Farmfest takes place on the Gilfillan Estates in Morgan, Minn., and is the largest annual gathering of farmers and rural leaders in Minnesota.

On the final day of Farmfest, State Director Steve Wenzel participated in a panel that addressed rural and economic development issues in Minnesota. Other members of the panel included Minnesota Department of Employment and Economic Development director Dan McElroy, Center for Rural Policy and Development director Jack Gellar and Minnesota 4-H Extension coordinator Bev Durgan.

“If we are going to turn around parts of rural Minnesota that need to be turned around, we should be able to count on Washington D.C. and St. Paul to help,” Wenzel said. “But we shouldn’t expect them to lead. It’s going to take Minnesotans to lead.”

Other panel members also stressed that rural Minnesota should not rely solely on renewable energy for economic development.

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.

New Fire-Rescue Truck Arrives in Hendricks



Rural Development teamed with Brookings County and the Hendricks Fire Department to help purchase this new fire-rescue vehicle. The truck is a new F-550 and the firemen who helped design the truck were Scott Krier, Chad Olsen, DuWayne Olsen, Braden Texley and Dustin Hauschild. Shane Hastings worked on this project for Rural Development. More information on what Rural Development can do is available at www.rurdev.usda.gov/mn.

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