

# USDA Rural Development



2009-2010 Progress Report - Minnesota



Rural  
Development

Committed to the future of rural communities. Committed to the future of rural communities. Committed to the future of rural communities. Committed to the future



Since my appointment as State Director in July of 2009, the message from President Obama and Agriculture Secretary Vilsack has been clear: We must work to build rural communities that are sustainable and thriving economically.

We have taken steps toward achieving these goals in Minnesota by creating private sector jobs, investing in new technologies like broadband, expanding the use of renewable energy and updating rural infrastructure and facilities.

Each and every time I visit a project in Minnesota -- whether it's a telepharmacy in Adrian, a manufacturing facility in Grand Rapids, or a group of new home owners -- I am extremely proud of the steps we have taken toward strengthening Minnesota's rural economy.

Sincerely,  
**Colleen Landkamer**  
*State Director - MN Rural Development*



USDA Rural Development funding made an enormous difference in the lives of rural Americans in FY 2010. From helping tens of thousands of families repair or purchase a home, to large-scale investments to develop broadband infrastructure across dozens of counties, USDA Rural Development employees were helping build better lives for the American people.

I am confident that the investments we have made will have a lasting, sustainable impact, and provide jobs and economic activity to keep rural America vibrant and prosperous in the future.

Sincerely,  
**Tom Vilsack**  
*Agriculture Secretary*



Our programs had a remarkable impact in rural America. We delivered direct assistance to an unprecedented number of worthy recipients thanks to the boost in Federal funding that was possible through the Recovery Act, in addition to our regular appropriations.

USDA Rural Development -- through our array of financial assistance programs, but especially through our talented and dedicated employees serving in local offices across the country -- truly makes a difference in quality of the lives of rural Americans, and in the communities in which they live.

Sincerely,  
**Dallas Tonsager**  
*Under Secretary for Rural Development*



## American Recovery and Reinvestment Act Funds Had a Great Impact on Rural Minnesota.



Rural Minnesota greatly benefitted from the funds awarded by the **American Recovery and Reinvestment Act** in FY 2009-2010. The nearly \$675 million allowed USDA **Rural Development** to provide affordable housing; safe, modernized drinking and wastewater facilities; extend high-speed broadband services; improve or build critical community infrastructure; and provide jobs and access to capital in rural Minnesota.

- \$194 million to deliver high-speed Internet services to over 15,000 homes, 1,100 businesses and 100 essential community facilities.
- \$36 million in loan guarantees assisted nine MN businesses create or save about 750 jobs.
- \$84 million improve or replace water, wastewater, and storm water treatment systems in 26 communities.
- \$30 million to build or repair 33 essential community facilities, such as hospitals, community centers and libraries, to improve the quality of life for thousands of rural Minnesotans.
- \$328 million to help over 2,600 individuals and families buy homes or refinance existing home loans.

### 2009-2010 Recovery Act Funds

<i>Business - Cooperative Programs</i>	Business and Industry Loan Guarantees (B&I)	\$35,555,133
	Recovery Act Rural Business Enterprise Grants	\$1,079,381
<i>Housing Programs</i>	Direct Single-Family Home Loans	\$31,373,445
	Guaranteed Single-Family Home Loans	\$297,465,442
<i>Community Programs</i>	Water & Wastewater Loans & Grants	\$84,702,000
	Community Facility Loans & Grants	\$30,914,700
	Broadband	\$193,579,210



# Business - Cooperative Programs

Creating quality jobs, increasing the use of renewable energy, and making our communities more sustainable are pillars of rural economic development.

USDA Rural Development's Business & Cooperative programs boost rural businesses through loan guarantees, gap financing and technical assistance. Our energy programs help farmers and small business owners install renewable energy systems and improve energy efficiency. The Value-Added Producer Grant Program helps producers add value to their products, reach new markets, and harvest healthy foods.

In 2010, we awarded the first Small, Socially Disadvantaged Producer Grant in Minnesota. The grant helps the Hillside Farmers' Cooperative in Southeastern Minnesota develop and establish its free-range poultry operation. Hillside is a cooperative in which Latino immigrants are paired with established farmers that are committed to sustainable agriculture and providing healthy food to rural communities.

Whether it's a multi-million dollar business expansion or a small energy efficiency improvement project, Rural Development's Business & Cooperative programs are here to help.



<b>Business &amp; Cooperative Programs</b>	<b>2009</b>	<b>2010</b>
Business and Industry Loan Guarantee (B&I)	\$14,365,000	\$43,155,133
Rural Business Enterprise Grants	\$1,076,207	\$2,242,380
Intermediary Relending Program	0	\$750,000
Value Added Producer Grants	N/A	\$771,400
Rural Energy for America Program (REAP)	\$32,043,426	\$9,476,039
Rural Economic Development Loans and Grants	\$3,677,360	\$2,133,000
<b>Total</b>	<b>\$51,161,993</b>	<b>\$58,527,952</b>





## USDA Recovery Act Grant Helps Establish a Telepharmacy Assisting Seniors and Town Residents in Minnesota

For most of its 130-year existence, the city of Adrian, Minn., has had the services of a hometown pharmacist. That is, until the local pharmacy was forced to close in 2008.

But thanks to the efforts of city officials, a partnership with Sterling Drug, and a [Recovery Act](#) grant from [USDA Rural Development](#), Adrian was able to overcome the loss of its local pharmacy by building a telepharmacy. The telepharmacy expands the benefits of community pharmacy by connecting a satellite pharmacy in Adrian to a central support location at Sterling Drug in Worthington.

Using video, audio and data technology, a pharmacist at the central location oversees the filling and verifying of prescriptions by a technician in Adrian. Images captured at the remote location allow the pharmacist to review, approve and document all transactions.

“The telepharmacy was a unique and cost-effective way for Adrian to provide access to the services of a local pharmacy,” said Colleen Landkamer, USDA Rural Development State Director. “City officials recognized the need for a local pharmacy to remain in town and took immediate actions to make it happen.”

Rural Development helped finance the project by awarding a \$99,999 [Rural Business Enterprise Grant \(RBEG\)](#) to Adrian. The city used the grant to create a revolving loan fund to assist local small businesses with startup, expansion and job creation projects. The telepharmacy will be one of the first local businesses to receive a loan from the RBEG funds.

The RBEG was awarded using funds from the American Recovery and Reinvestment Act, signed into law by President Obama in February, 2009.

“Sterling Drug is happy to be able to bring back pharmacy services into Adrian,” said Bryan Hagen, a pharmacist at Sterling Drug in Worthington. “The telepharmacy model is a great way to keep healthcare in smaller communities where access to those services are important to the communities.”

Adrian City Administrator Bruce Heitkamp says that Adrian’s population is about 35 to 40 percent seniors. Since seniors are generally less mobile than other segments of the population, they relied heavily on the hometown pharmacy to fill prescriptions and provide consultation services. Once the pharmacy closed, their only option was to travel to the next nearest location over 20 miles away.

“Our little town of Adrian just can’t afford a full-time pharmacist,” Heitkamp said. “The telepharmacy option ensures that rural areas of Minnesota can still have a hometown pharmacy.”

The telepharmacy is connected to Adrian’s government center and is only about three blocks away from the clinic. When patients leave the clinic and walk over to the telepharmacy, their prescription is usually already filled and waiting to be picked up.

“When our pharmacy closed, it was a huge blow,” Heitkamp said. “But this telepharmacy has been great so far. It’s definitely meeting the needs of the community.”

The USDA has traditionally been a strong voice for affordable housing in rural areas. Through our Direct Single-Family home loan program, we help low-income individuals and families become home owners. Through our guaranteed home loan program, we guarantee home loans made by traditional lending institutions to moderate income borrowers.

Both the direct and guaranteed home loan programs do not require a down payment. Eligible applicants must meet income and credit guidelines and homes must be located in a rural area or community of 20,000 persons or less. Loans and some grant funding is also available to make essential home repairs and remove health or safety hazards.

Through our Multi-Family housing programs, we build and renovate affordable apartment buildings and provide rental assistance to ensure access to safe and decent housing in rural areas. Our multi-family portfolio consists of 600 facilities. Rent in these units is based on income and rental assistance may be available.

Safe, decent and affordable housing increases the quality of life in our rural communities and provides a building block for future economic growth and job creation.



Housing Programs	2009	2010
Direct Single-Family Housing Loans	\$23,127,616	\$18,656,894
Guaranteed Single-Family Housing Loans	\$160,454,959	\$317,007,937
Home Repair Loans and Grants	\$1,468,727	\$1,258,705
Rental Assistance	\$18,105,119	\$14,545,008
Direct Multi-Family Housing Loans	\$814,225	\$426,164
Guaranteed Multi-Family Housing Loans	\$1,316,074	\$1,010,100
<b>Total</b>	<b>\$205,286,720</b>	<b>\$352,904,808</b>





## Minnesota Woman with Down Syndrome Achieves Home Ownership with Recovery Act Funds

With support from her family, and financing through USDA Rural Development, Elissa Jahn is now a homeowner. Check that, she is now a very proud home owner.

Elissa, a 31-year-old living with Down Syndrome, moved into her Luverne, Minn. home on April 30, 2009 and couldn't be happier. Even though her path to home ownership was anything but traditional, Elissa has embraced all aspects of home ownership.

When Elissa was diagnosed with Down Syndrome at birth, her parents David and Gail were advised by doctors to institutionalize her. Instead, they enrolled her in an early intervention program. The program played a major role in shaping who Elissa is today and helped her overcome the obstacles in her life caused by Down Syndrome.

Unfortunately, Down Syndrome hasn't been the only challenge in Elissa's life. She also had two holes in her heart when she was born and underwent open-heart surgery. She survived a bout with Leukemia at age five and recently had cataract surgery. Elissa is a fighter, and she's not afraid to tell others about it: "I know I am. And I was born with Down Syndrome too," she proudly says.

David and Gail help out around the home as much as they can, but Elissa makes it clear that it's her house. It was Elissa who picked out paint colors, did the majority of the unpacking, and arranged the furniture. Elissa works at a local business, and also does her own cooking, laundry, and bill paying.

"We are thrilled that this is working out for her," said her father.



"With the USDA program it is almost cheaper than renting an apartment. She values her independence. When she moved in, she had a cat. Now she has a puppy, too."

The Jahn's began to research the possibility of home ownership for Elissa when renting an apartment continued to become less cost efficient. A local bank referred the Jahn's to Kathy Smit at Rural Development's office in Worthington, Minn., and the home-buying process began. Elissa's loan was made using Rural Development's [direct home loan program](#) through funds made available in the [Recovery Act](#).

"I love my house very much," Elissa said. "I'm really thankful that I was able to buy this house."

# Community Programs

**S**trong infrastructure, modern facilities and access to high-speed Internet builds a solid foundation for economic development in rural communities. USDA Rural Development's Community Programs division finances projects that keep our rural communities strong.

Our Water and Wastewater programs finance drinking water, wastewater treatment and storm water systems that preserve the environment and improve the health and safety of rural communities. Our Community Facilities program finances essential buildings, equipment and vehicles in rural areas. Examples of community facility projects include hospitals, nursing homes, fire halls, rescue vehicles, and computer equipment.

Successful Community Program projects include an \$8 million loan/grant to replace a failing water/wastewater system in Elmore, Minn.; a \$14 million loan/grant combination using American Recovery and Reinvestment Act funds to build a new drinking water treatment system away from the flood plain in Granite Falls, Minn.; and a \$13.3 million project to finance a new senior care facility in Hutchinson, Minn. A portion of the project uses a loan guaranteed by Agstar Rural Capital Network.

Our telecommunications program delivers high-speed Internet access to rural areas that improves job opportunities, education, and health care. The Recovery Act provided a major boost to rural broadband access in Minnesota. Using Recovery Act dollars, we were able to finance 13 broadband projects.



<b>Community Programs</b>	<b>2009</b>	<b>2010</b>
Water and Wastewater Loans and Grants	\$27,218,000	\$22,019,000
Community Facility Loans and Grants	\$3,923,100	\$50,256,118
Electric Programs	\$145,319,000	\$205,748,000
Telecommunications Programs	\$9,844,360	\$90,552,000
<b>Total</b>	<b>\$186,304,460</b>	<b>\$368,575,118</b>







## USDA Rural Development Recovery Act Funds Help City Modernize Water Facilities and Build a Library

The city of Elmore, Minn. soon will have modern water, wastewater, and storm water treatment infrastructure. To top it off, the city also is looking forward to finishing its new library.

The city is using funds made available in the [American Recovery and Reinvestment Act](#) and administered through [USDA Rural Development](#) to finance both projects. Once finished, the city will have an efficient and reliable treatment system that meets environmental regulations. It also will have a modern library to improve educational opportunities and access to technology in the community.

“Spending \$100,000 for a band aid wasn’t going to be an option,” Elmore mayor Keven Sullivan said. “We decided to put all the projects together. It helped us a lot.”

### ***Much Needed Improvements***

Even if Sullivan wanted to use the band-aid approach, he would’ve had to buy them in bulk. Problems with Elmore’s water, wastewater and storm water treatment systems included:

- Failing stabilization ponds
- Discharge violations
- Pond seepage
- Sewer backups from poor storm water drainage
- Pollution control violations
- Failing water storage tank
- Cracked and collapsed pipes
- Wasting over 4,000 gallons/ day

The \$8 million project (\$6 million from [Rural Development Recovery Act funds](#)) will fix all of these issues. The city’s water, wastewater and storm water infrastructure was over 50 years old and long overdue for improvements. Another stabilization pond also was added. “All aspects of this project tied into each other,” Sullivan said. “It was like a domino.”

Thanks to the Recovery Act, Rural Development was able to finance the project and keep user rates reasonable for Elmore residents. The city also is working on securing additional state funding.

### ***Library, a Grass-Roots Effort***

Agriculture Secretary Tom Vilsack has made funding rural libraries a top priority. Rural Development funded six library projects in Minnesota in 2010. Five were funded using Recovery Act funds, including \$250,000 for a new library in Elmore.

“Over time, we hoped we could find a way to get a library project finished,” Sullivan said. “It’s always had great community support, really a lot of grass-roots support.”

A private donation allowed the city to purchase the building. Private donations also funded roof and wall repairs. All funds were raised through the Friends of the Elmore Library group.

Several other community-based organizations have made donations or helped with fundraising events. Volunteers are helping with some of the restoration work. Recovery Act funds will go toward additional renovations to the building.

“This is a great community effort,” said Colleen Landkamer, Rural Development State Director. “It’s these types of collaborative and community-based efforts that make important projects like this happen.”

## USDA Rural Development Loan Guarantee Helps Business Maintain Equal Employment Opportunities for People with Disabilities

For the last 32 years, Minnesota Diversified Industries (MDI), a nonprofit social enterprise, has been dedicated to providing job opportunities for people with disabilities. Founded in 1964 by John DuRand as an Occupational Training Center, MDI transitioned into an Affirmative Business in 1978. Company leaders wanted to provide people, specifically people with disabilities, equal opportunity employment.

MDI is an AbilityOne program through which government products and services are set aside for people with disabilities. With locations in St. Paul, Grand Rapids, and Hibbing, MDI currently employs 131 people, 70 of whom are people with disabilities.

Using a [Business and Industry Loan Guarantee](#) from [Rural Development](#), MDI was able to refinance an existing loan and maintain its mission “to serve people with disabilities by offering progressive development and employment opportunities in competitive business enterprises.”

“It was a matter of survival really,” said Peter McDermott, MDI President and CEO. “Without that loan guarantee, I’m not sure MDI would have survived.”

One of MDI’s largest clients is the United States Postal Service. MDI has provided over 74 million large plastic mail totes during the past 20 years. MDI also assembles and shrink-wraps commemorative stamps for the service. However, with the advancement in electronic mail and cellular communication, as well as a declining interest in commemorative stamp collections, the

demand for these products and services had decreased.

“The loan guarantee allowed us to stabilize employment and increase our commercial clientele,” McDermott said. “As a result, we’ve seen an increase in sales from \$1.4 million in 2009, to \$2.7 million in 2010.”

MDI was also selected to receive [Recovery Act](#) funds last year to develop its Partners2Work program, which provides anything from resume development to job placement for people with disabilities who need extra support. MDI works with local community businesses to assist people with disabilities who would like to work in their communities.







## USDA Rural Development Loan Helps Wells Concrete Expand

Entering Albany from the East on Interstate 94, it's difficult not to notice the swirl of activity and new buildings on the south side of the highway. Wells Concrete is building a new plant, and if motorists think it looks impressive from the highway, it looks even bigger from the inside.

Wells Concrete has received financial assistance to expand its operations into the City of Albany with a zero-interest loan from local electric cooperative, Stearns Electric Association. The Cooperative is one of 28 organizations in 11 states to receive funding through USDA Rural Development's Rural Economic Development Loan (REDL) program.

The \$647,360 REDL loan will assist Wells in paying construction costs on the \$20 million project. The new plant will initially create 50 new jobs in the region with the potential of adding 150 or more once production reaches full capacity. Wells also has facilities in Wells, Minn. and Grand Forks, N.D.

"This is a major investment on the part of Wells Concrete and the zero-interest loan through Stearns Electric Association will save us a considerable amount in financing costs over the 10-year period," said Paul Nelson, Vice President of Wells Concrete. "This is very helpful in our efforts to expand and grow the Company."

Nelson recently led a tour of the new 165,000 square foot facility. He emphasized how the building's design, from the exterior brick work to the concrete conference table in one of the meeting rooms, reflects what the company can do for customers.

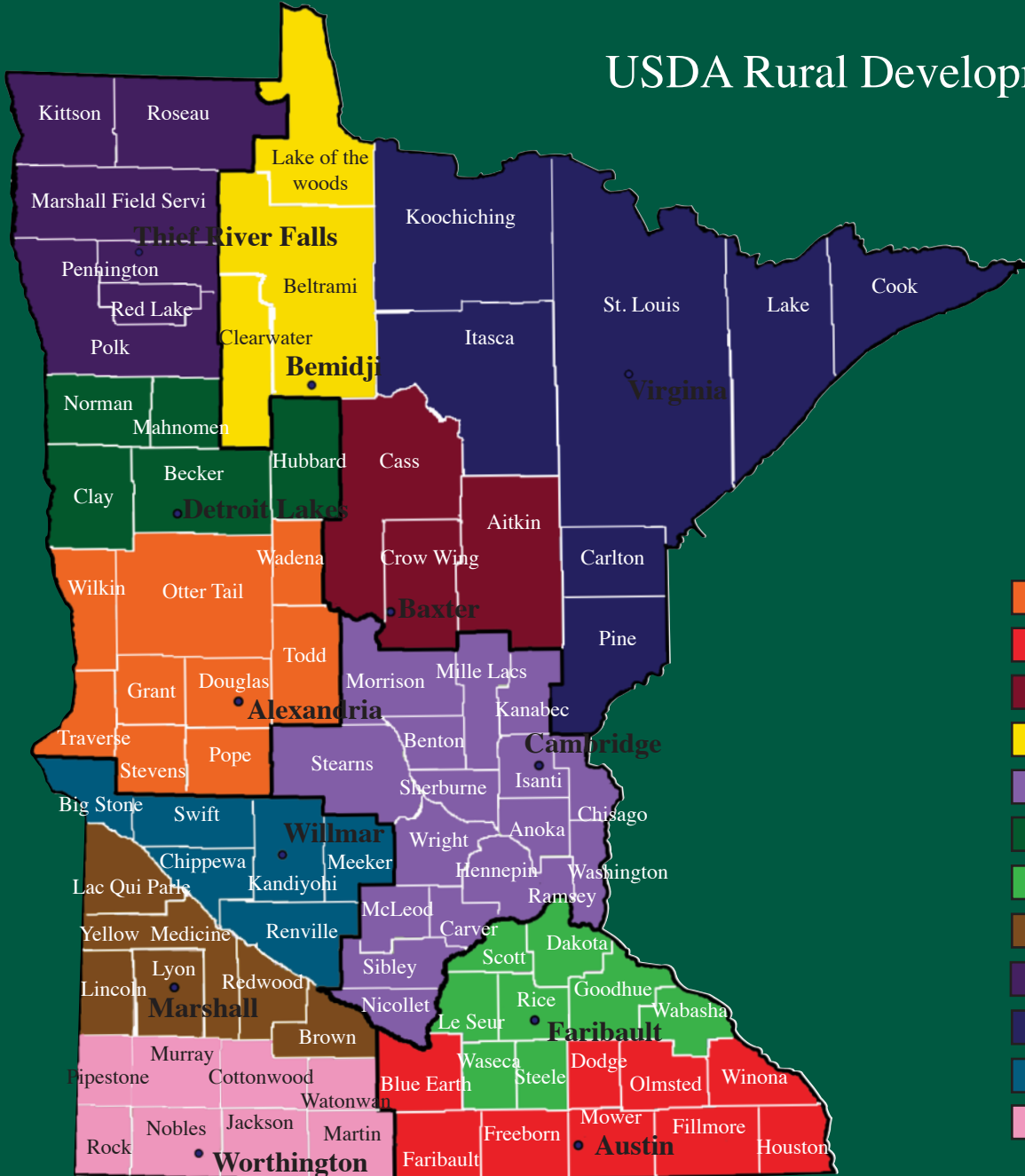
"Everything in here, we can do," he said. "We designed the building to try and promote our product. The plant itself really shows off all that we can do." The plant was designed using lean manufacturing practices, which focus on creating maximum efficiency in production and end value for the customer. Nelson said once production begins, he expects six to 12 trucks carrying raw materials to enter the facility daily and 20-30 trucks carrying finished products out.

Wells broke ground on the new plant May 6, 2009 and the company anticipates being fully operational by Aug. 1, well ahead of its original target month of November. Production on some product lines may begin as soon as June 1.

"It's going to be one of the most state-of-the-art plants in the country when it's done," Nelson said.

In addition to Wells Concrete, Stearns Electric has used the REDL program to finance projects in St. Joseph, Rockville, Albany, Eden Valley and Auguste, Minn.

# USDA Rural Development Minnesota Area Offices



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- Faribault | 507-332-7418
- Marshall | 507-532-3234
- Thief River Falls | 218-681-2843
- Virginia | 218-741-3929
- Willmar | 320-235-3540
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