



## Comprehensive Economic Development Strategies (CEDS) Vital Projects 2011 Executive Summary

The following projects were chosen through an evaluation process as vital projects for moving forward many of the preliminary recommendations identified in the 2011 planning process. These received partial funding from USDA in 2012 and are moving forward with implementation and are now referred to as Resilient Community Projects.



Brainerd Lakes Area  
ECONOMIC DEVELOPMENT  
Corporation

TARGET INDUSTRIES

common goal of expanding business, building community and growing jobs in Crow Wing County. Volunteers are matched in one of two committees: Mentoring and Counseling, or Economic and Community Development. Submitted by: Brainerd Lakes Area Economic Development Corporation (BLAEDC) <http://www.growbrainerdlakes.org/> **“TECH Services” Economic Development Project.** The Brainerd Lakes Area is fortunate to have several technology businesses or businesses that utilize technology to their advantage. We want to build on this economic development cluster for the future. Submitted by: Brainerd Lakes Area Economic Development Corporation (BLAEDC) <http://www.growbrainerdlakes.org/>

**Execs Program Marketing Plan.** This new Executive Initiative (EXECS) strives to better utilize the knowledge and expertise of business leaders that now reside in the Brainerd Lakes Area by fostering connections with the

**The Depot in Staples.** The depot was the cornerstone of early economic development in Staples; a hub of activity, employment and travel for residents of Staples and the surrounding areas for many years. It continues to serve Amtrak passengers daily and is a place of rest and cultural activity for our residents, travelers and members of the Staples Historical Society (SHS). All other buildings that related to the significance of the railroad in Staples have been lost. It is our plan to preserve this 102-year-old building as a living history of the railroad in Staples. Submitted by: Staples Historical Society <http://stapleshistoricalsociety.org/>





**Bridges Business & Teacher Exchange: Bridges Workplace Connection.**

Bridges Workplace Connection and Career Academies (“Bridges”) is to provide high school students work force exploration and preparation for regional high pay, high demand careers through a partnership of area businesses, high schools, and Central Lakes College. The ultimate goal of the Bridges initiative is to provide a qualified employee pipeline to regional businesses to ensure long-term economic vitality for our rural Minnesota region. Submitted by: Brainerd Lakes Area Chamber of Commerce <http://explorebrainerdlakes.com/>



**Connection of the Paul Bunyan Trail to Soo Line Trail.** The Camp Ripley/Veterans State Trail officially received its state trail designation in 2009 and when completed will provide a connection between Crow Wing State Park and the Soo Line Trail, effectively linking the Central Lakes, Lake Wobegon, Soo Line, Paul Bunyan, Heartland and Mi-Gi-Zi Trails into one continuous recreational route. As a first in Minnesota recreational trail construction, it will also be a true multi-use trail from its inception, accommodating motorized as well as non-motorized users. The inter-connection of these trails is considered by the Minnesota Department of Natural Resources

to be the most important missing link in the State trail system. With this connection it would mean there are 400 continuous miles of recreational trails in our region. Submitted by: Morrison County Community Development <http://morrisoncountyhistory.org/>

**High Performance Homes.** Hunt with Habitat for Humanity will house. It will become an on-site residents of the Leech Lake as a model house for builders high-performance buildings. Humanity and Hunt Utilities Group



Utilities Group in partnership create a high performance training opportunity for Reservation. It will also serve interested in learning about Submitted by: Habitat for [www.hugllc.com](http://www.hugllc.com)



**Creative Place-making in Region Five.** According to Anne Markuson, author of “Creative Placemaking,” “Arts and Culture are proving their power as economic and social catalysts. Through smart collaborations with other sectors – government, private business, foundations – they are creating opportunities for rejuvenation and economic development.” Our goal is to create a more vibrant, interconnected region where creativity is valued and integrated into all aspects of life—from schools to hospitals, city halls to libraries, neighborhood coffee shops to the average kitchen table, resulting in a thriving economic and social

environment. Submitted by: Five Wings Art Council <http://www.fwac.org/>



**Solar Thermal Site Assessment at Regional School Districts.** RREAL will provide solar thermal site assessments to 10 regional school districts in an effort to educate school district building and grounds managers, school boards and support staff on the energy cost-stabilizing benefits of solar thermal technologies. RREAL will also increase leadership capacity via board development in order to enhance the organizations’ ability to deliver services to the rural region. Submitted by Rural Renewable Energy Alliance (RREAL) <http://www.rreal.org/>



**RMFR-Rural Microloan Revolving Fund.** Micro-lending is a tool that will allow the poor to elevate themselves with dignity. It is a free market approach to poverty eradication vs. state programs that help alleviate daily needs. Coupled with professional technical assistance and peer-to-peer opportunities of the micro-lending approach, poverty eradication is addressed through micro-lending. By the award of the USDA proposal, North Central Economic Association will provide microloans to start-up/small business capital that they may otherwise not have had access to. Submitted by: North Central Economic Development Organization <http://www.regionfive.org/>

**Local Foods.** There is NOT a rural model for a local foods distribution system anywhere in Minnesota, however many trend setters throughout the nation such as Vermont, Sacramento, Bolder, parts of Oregon, Wisconsin and Mexico had to eventually address the need for a distribution system of some sort, we therefore patterned our model from their successful examples in building a local foods regional economy. This project will build on the work over the past three years to develop a regional local foods distribution system. Submitted by: North Central Economic Development Organization <http://www.regionfive.org/>

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## EXECS PROGRAM MARKETING PLAN

### Submitted By: Brainerd Lakes Area Economic Development Corporation

BLAEDC's new **Executive Initiative** (EXECS) strives to better utilize the knowledge and expertise of business leaders that now reside in the Brainerd Lakes Area by fostering connections with the common goal of expanding business, building community and growing jobs in Crow Wing County. Volunteers are matched in one of two committees: Mentoring and Counseling, or Economic and Community Development.

- **Mentoring and Counseling Committee**

EXECS involvement in this committee build relationships with local business owners and entrepreneurs at gatherings, serve on an advisory board for an expanding company, or provide business counseling within an industry of expertise. Volunteers looking to counsel or mentor area businesses will become SCORE (Service Corps of Retired Executives or now known as "Counselors to America's Small Business") counselors.

SCORE is a nation program that works in conjunction with the US Small Business Administration (SBA) and locally through Minnesota's Small Business Development Centers (SBDC). SCORE volunteers are trained to serve as counselors, advisors and mentors to aspiring entrepreneurs and business owners and it has an existing system for reporting and tracking progress of advice to small businesses.

#### **2012 Mentoring and Counseling Committee Goals:**

**Involvement in 1-3 BLAEDC projects resulting in 10 jobs, through at least 2-5 EXECS volunteers**

- **Economic and Community Development Committee**

EXECS in the economic development committee work to generate leads and offer referrals within specific industries, research industries to support BLAEDC's knowledge base, or network to establish stronger relationships with key stakeholders and promote economic development programs.

As a part of this process, this committee will take a 2-phase approach:

Phase 1 involves supporting the on-going communication of BLAEDC's brand and marketing message by having volunteer committee members act as ambassadors for BLAEDC and assist in promoting the story and process of economic development locally. They will exhibit the education, passion and enthusiasm needed to expand the reach of the economic development message to city and county officials, as well as other key stakeholders in the region.

In Phase 2, these participants will assist in targeting specific markets, such as individuals with an affinity to our market, specific niche industries, or influential

professionals. EXECS will work to generate leads and offer referrals within specific industries, research industries to support BLAEDC's knowledge base, or network to establish stronger relationships and promote economic development programs.

**2012 Economic and Community Development Committee Goals:**  
**Involvement in 1 BLAEDC project resulting in 10 jobs and \$250,000 in investment, through at least 2-5 EXECS volunteers**

The EXECS Program offers both professional networking and educational components for participants. These events will not only help foster relationships, but also further communication about the existing programs and initiatives, as well as resources, available to local businesses.

The EXECS Program will be promoted throughout the Brainerd Lakes Area through an initial ad in the Initiative Foundation's IQ magazine, as well as on BLAEDC's web site and in e-communication with members and key community stakeholders. Additional promotional efforts will be focused on inter-personal communication —one-on-one and small group informational meetings by BLAEDC staff and committee members — as well as through a variety of public relations tactics, such as human interest stories and news releases to the media.

**Regional Initiative**

BLAEDC's vision is to get the EXECS initiative working well in Crow Wing County and then explore the possibility of expanding the concept to other parts of the central Minnesota region. BLAEDC would work with the economic development professionals in each area to identify their interest in the EXECS Program. A combination of implementation outcomes will be considered including:

1. Some areas may set up their own similar initiative and utilize BLAEDC's expertise and experience, and
2. Others may, due to geographic synergies with Crow Wing County, ask BLAEDC to expand the programs outreach to include their county.

**EXECS Work Plan Budget**

**2012**

General Program Initiatives  
Mentoring/Counseling Committee  
Economic/Community Development  
Marketing/PR and Advertising Plan  
Misc. Costs  
Regional Outreach Initiatives

**Total Budget Amount**

**\$30,000**

**2013**

General Program Initiatives

Mentoring/Counseling Committee  
Economic/Community Development  
Marketing/PR and Advertising Plan  
Misc. Costs  
Regional Initiatives Implementation

**Total Budget Estimates \$30,000-\$250,000**

**2012**

General Program Initiatives

Strategy: Enhance Overall Awareness of EXECS program (both committees)

\$1,700

Action: Develop EXECS program web page & fact sheet/handout \$100

Action: PR specific to promoting EXECS (in PR plan budget)

Action: Develop networking/social/educational event for program \$1,250

Action: Develop Thank You materials for volunteer's use \$350

Action: Utilize brand adv. with message to promote program (IQ winter 2012)

Mentoring/Counseling Committee Initiatives

Strategy: Promote/Support EXECS mentoring/counseling committee \$2,000

Action: Assist Volunteers in SCORE application process & training \$0

Action: Develop process to match volunteers to businesses in need \$0

Action: Develop roundtable discussions (2x year) \$2,000

(food/drink/room; signage for event; staff support for invites, PR, name tags, etc.)

Economic/Community Development Committee

Strategy: Promote/Support EXECS economic/community development committee \$900

Action: Local ED PR Plan (in PR Plan budget)

Action: Support networking/relationship building \$500

Action: Support relationship building \$400

General Staff Resources

\$7,500

**General Activities**

**SUBTOTAL.....\$12,100**

**Marketing/PR and Advertising Plan**

Writing

Radio

TV

General PR

**Marketing/PR and Advertising Plan Activities**

**SUBTOTAL.....\$14,950**

**Misc. Costs**

**SUBTOTAL**.....  
**\$450**

**Regional Outreach Initiatives**

**SUBTOTAL**.....**\$2,500**

**2012BUDGETTOTAL** .....**\$30,000**

**2013**

- General Program Initiatives
- Mentoring/Counseling Committee
- Economic/Community Development
- Marketing/PR and Advertising Plan
- Misc. Costs
- Regional Outreach Implementation

**Budget Estimates \$30,000-\$250,000**

## **“TECH SERVICES” ECONOMIC DEVELOPMENT Project Overview Brainerd Lakes Area Economic Development Corporation**

### **Introduction and Overview**

The Brainerd Lakes Area Economic Development Corporation is leading economic development efforts for Crow Wing County communities to be strategically positioned to continue growing.

In 2009, we engaged a site selector and economic development consultant by the name of John Rhodes. John stated in his final report “From a distant perspective, Crow Wing County could be perceived as a remote location that saw its economic peak 100 years ago when the railroad was headquartered here and there was much activity from mining and logging. But when one spends a few days in the community and talks with educators, local manufacturers, and other stakeholders, there begins a thought process that concludes that the county’s best day may actually be coming”.

His executive summary also includes a list of many attributes the community is blessed with – a progressive community college, a career awareness initiative for high school students, great telecommunications capabilities, a new generation of places to shop and enjoy a meal, miles of trails, an abundance of water, banks that will still do business with you, a unique quality of life, and a general feeling of wanting to work together.

This planning session also identified target industry opportunities for economic growth including “Technology Services or Back Office and Shared Service Centers”. As BLAEDC has explored opportunities within this industry sector we identified several initiatives including:

1. Starting, Growing Existing Companies, and Attracting New Businesses to the Area
2. Continuing to Support and Encourage Technology Infrastructure in the community, Including the Attraction of a Data Center to our Area to take advantage of the significant investment we have in fiber network, electrical systems, and sites,
3. Our desire to “brand” our area as a “Technology” hub, and
4. Addressing workforce development initiatives for this industry sector.

### **Starting, Growing Existing Companies, and Attracting New Businesses to the Area**

The Brainerd Lakes Area is fortunate to have several technology businesses or businesses that utilize technology to their advantage. We want to build on this economic development cluster for the future. In fact, our most recent success story as a community is a company called Glynlyon with offices in Arizona and Iowa. They provide on-line educational curriculum and solutions for K-12. BLAEDC wants to continue promoting and offer technical expertise to “Tech Service” companies to start, grow or locate in our area. In fact, our website promotes - If you're considering a new business venture, expanding your existing business, or moving your business, take a

close look at what the Brainerd Lakes Area has to offer. You'll be impressed. But make BLAEDC your first call. BLAEDC has the expertise to help businesses find the best location, financing, and incentives to succeed. If you're interested in operating a business here, call us today. We're ready. Let's grow! BLAEDC also has a web page specifically designed to promote this industry. <http://www.growbrainerdlakes.org/Tech-Services.aspx>.

BLAEDC would like to implement enhanced economic development initiatives around this sector if additional financial resources were available. We would propose to further develop our website with data specific to "Tech Services". In addition we would propose to further define and develop a marketing campaign in addition to implementing other items in 2011 Tech Services/Data Center Economic Development Action Plan, Version 1, March 9, 2011

**Continuing to Support and Encourage Technology Infrastructure in the community, including the Attraction of a Data Center to our Area**

I was recently reading a paper on "Keys to Attracting Data Centers" that shared: Mission critical facilities or data center operations will continue to be strong economic drivers around the country with construction expected far exceed levels prior to the financial crisis. Consumers, technological advances, and changes in the way organizations conduct their business are driving this need and communities can provide the environment where data centers can thrive.

The value of a data center to a community includes significant capital investment and construction jobs, and creates ripple effects drawing in ancillary businesses and vendors that support the facility. They are revenue generators including sales tax, utility tax, and income tax.

Data centers can also represent more than just jobs and capital investment, they can mark a tangible sign that the community is broadening its industry base, transitioning into a new digital economy and illustrating creditability and viability of the community's economic conditions.

Critical success factors in attracting a data center include the right infrastructure and the right natural environment which we have, and partners including local businesses and others which we have based on the number of people here today.

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Critical success factors in attracting a data center include the right infrastructure and the right natural environment which we have, and partners including local businesses and others which we have in the Brainerd Lakes Area. Commitments by Brainerd area companies to a Brainerd Area Only data center will help to assure the area's "Technology Brand" for the future.

#### Data Center Attraction Marketing Piece – Identifying Local Data Storage Needs

BLAEDC would like to implement enhanced economic development initiatives around this sector if additional financial resources were available. We would propose to further develop our website with data specific to "Data Centers". In addition we would propose to further define and develop a marketing campaign that would include an outreach to potential anchor tenants for a data center facility. Most data center complexes are attracted to an area when that area is able to bring a large anchor tenant. Several potential prospects have been identified by BLAEDC. We would like to continue to cultivate these prospects and new ones. In addition, to implementing other items in 2011 Tech Services/Data Center Economic Development Action Plan, Version 1, March 9, 2011

Future economic development ideas could include the data center hosting games resulting in quick ping rates, promote area to gaming contest organizers, work with resorts for accommodation & community for enhanced tourism, etc.

#### **"Technology" Hub Brand for the Brainerd Lakes Area**

As stated earlier, we desire to brand the Brainerd Lakes Area as a center for technology based businesses. A continued branding and promotional effort is needed to let the world know what we have in the Brainerd Lakes Area and how we hope to build upon it.

#### **"Tech Services" Workforce Development**

Several of the existing "tech service" companies in the Brainerd Lakes area have shared their concerns about the availability of workers in our area to meet their current and future workforce needs. They feel we need to heighten the awareness by our community of the world class companies that are in our midst, develop interest by K-12 students in the various career paths needed by these companies, work with our higher

education institutions to develop programs, certificate offerings, redesign classes, etc. to meet their needs, and assist with attracting highly skilled individuals to our community. Several area partners have come together and are continuing to develop initiatives and action plans around these recommendations. Enhanced financial resources will offer the flexibility and funds needed to continue this initiative.

**BLAEDC**

**2012**

Starting, Growing Existing Business, and Attracting New Businesses  
 \$2,000

Strategy: Enhance efforts and focus on tech services industry

Action: Further develop this section of web site

Action: Continue marketing plan implementation

2012 GOALS: 1 new company in the area, 1 expansion project, 15 new jobs

Promote and Attract Data Center Technology Infrastructure \$5,000

Strategy: Enhance efforts, relationships and networks

Action: Develop information on web site

Action: Connect with area companies on data storage needs

Action: Further develop and implement marketing plan

2012 GOALS: Anchor tenant or tenants identified, Negotiations with Company to Locate Data Center in Brainerd Area

Brand the Brainerd Lakes Area as a “Technology Hub” \$2,000

Strategy: Promote and Market the Area as a Hub of Technology Related Activity

Action: Marketing and PR Activity

2012 GOALS: Enhanced Awareness and Recognition as an Integral Hub for Tech Service Companies

Address Workforce Development Issues for this Industry Sector \$12,500

Strategy: Further Develop the Area’s Workforce for the Tech Services Industry

Action: Implement Research through Humphrey Institute Capstone Project

Action: K-12 Initiatives

Action: CLC Initiatives

Action: Attraction of Highly Skilled Employees

2012 GOALS: Research and develop action plans in each of three areas and implement as appropriate.

General Staff Resources \$5,000

Misc. \$1,000

Regional Outreach Initiatives \$2,500

**2012 BUDGET TOTAL .....\$30,000**

**2013**

General Program Initiatives

Start, Grow, Attract  
Data Center Infrastructure Attraction  
Brand the Area as a Technology Hub  
Workforce Development Initiatives  
General Staff Resources  
Misc. Costs  
Regional Outreach Implementation

**Budget Estimates \$30,000-\$250,000**

**2011 Tech Services/Data Center  
Economic Development Action Plan**

Version 1, March 9, 2011

**2010 and Earlier**

- “Tech Services” Targeted Industry Sector Identified
- Infrastructure Capacity – Fiber and Electricity
- Sites and Properties – Industrial Parks, Office Buildings, etc
- Shovel Ready Site Certification – “We’re Ready. Let’s Grow.”
- Partners – Positively MN, MN Power, and others
- Existing Tech Service Companies Networking
- Technology Needs of Local Companies
- Tech Services Awareness Event

**2011 and Beyond**

1. Professional Presentation and Materials  
Website (Print Me Pages and Final Items)  
Folder Production  
Finalize Report on Existing Needs of Local Companies  
Sites and Buildings - MNPRO Knowledge Enhancement, Other Data, Maps, etc.  
Workforce Development Initiatives
2. Marketing List/Potential Companies  
MNDEED  
Minnesota Power  
APEX  
Research and Development
3. Marketing Strategy  
4 Times to Brand  
11 Times to Make Decision  
Develop Campaign – email, mail, personal contact, telephone, travel, host, etc.

**“Tech Services” Workforce Development Documents and Attachments**

Meetings and initiatives are occurring to:  
To enhance awareness of the area’s goal to grow “Tech Services” companies in the area.

To explore workforce needs of “Tech Services” companies.  
To learn from CLC about their existing programs, redesign possibilities and new certificate and degree program opportunities.  
To explore opportunities to work with existing students to introduce them to local area career opportunities and companies in the area.  
To brainstorm other options to meet workforce needs.

***BLAEDC Tech Services Workforce Development Meeting***  
***Thursday, April 21, 2011***  
***Ascensus – 8:00 am***

Present –

Tech Service Companies:

CTC – Kevin Larson, Andy Isackson

Emily Telephone Company – Bob Olson

Crosslake Communications – Paul Hoge

7 Sigma Systems – Andy Rangen

Ascensus – Steve Christenson

Integrated Retirement – Pam O’Rourke

Landis&Gyr – Patty Mannie

Ideal System Solutions – Elise Hernandez, Jeff Barsness, Tom Henderson

Chambermaster – Scott Juranek

Syvantis Technology – Janelle Riley

Stomberg Technology – Mike Stromberg

Educational Partners:

CLC – Larry Lundblad, Suresh Tiwari, Becky Best, Jeff Wig

ISD 181 – Steve Razidlo

Others:

BLAEDC – Sheila Haverkamp

Chamber – Lisa Paxton and Mary Gottsch

Initiative Foundation – Don Hickman

Tech Service Company representatives introduced themselves and their company. They shared information on the skill sets of their existing employees and gaps-needs-concerns for the future.

Following discussion and dialogue, the following conclusions were noted:

Opportunities for the future include:

1. Enhanced K-12 Initiatives
  - a. Bridges, In-School Business Presentations, Teacher Education, Business Tours for both community representatives and students.
  - b. See Detailed Notes
2. Higher Educational Opportunities

- a. Course Realignment, University Lane Partnerships, New Classes, Certificate Programs, etc.
- b. See Detailed Notes
3. Attraction of Highly Skilled Individuals
  - a. Area Branding and Marketing - ...it.happensinbrainerd
  - b. Employee Recruitment – Work Here, Online Job Fair, etc.
  - c. See Detailed Notes
4. Ongoing Networking of Tech Service Companies – The meeting attendees sincerely appreciated the gathering. A future meeting will be held following a review of ideas shared by BLAEDC, the Chamber, and CLC.

The meeting adjourned at 10 a.m.  
Respectfully Submitted,  
Sheila Haverkamp, BLAEDC

### **Brainerd Lakes Area Information Technology/Workforce Development Action Research Capstone Project**

**Coordinating Partners:** Initiative Foundation, Brainerd Lakes Area Development Corporation, Brainerd Lakes Area Chamber of Commerce, Central Lakes College, Brainerd School District, Humphrey School of Public Affairs/U of M.

**Background:** The Brainerd Lakes region has a vibrant and growing IT/high-tech business sector that can only be sustained if a uniquely talented workforce is readily accessible. In the spring of 2010, the Brainerd Lakes Area Development Corporation (BLADC) along with their partners, the Brainerd Lakes Area Chamber of Commerce, Central Lakes College, the Brainerd School District and the Initiative Foundation convened 14 representatives from 11 IT-related businesses. Information gleaned from a discussion among the participants revealed a potential gap between IT workforce needs and the skills of the available workforce in the Brainerd Lakes Area.

**Proposed Project:** In order to begin to craft a plan to further characterize and mitigate this workforce gap, BLADC, along with the Initiative Foundation and their central Minnesota partners, will commission an action research study to be conducted by a graduate student capstone consultation team from the Humphrey School of Public Affairs from February through May of 2012. The study is designed to:

1. Identify current and prospective IT/high-tech workforce opportunities in the Brainerd Lakes Area.
2. Identify existing K-12 (Brainerd School District) and post-secondary programs contributing to necessary IT talent development.
3. Illustrate existing gaps in talent development.
4. Discover strategies to attract qualified workers from outside the region (4 yr. and master-level graduates).

5. Recommend ways that key economic development, employment, K-12 and higher education stakeholders can create an effective IT/high-tech workforce development model to meet current and future needs.

**Scope of Work & Deliverables:**

1. Mine existing demographic /workforce data and research.
2. Create semi-structured interview questions for key industry stakeholders.
3. Conduct interviews with employers and education institutions.
4. Identify any policy barriers or policy opportunities to help advance IT workforce opportunities in central MN.
5. Prepare and present written recommendations.

**Needed from Brainerd Area Partners** (as of January 19, 2012):

1. Electronic (preferred) or hard copies of any relevant demographic data, industry reports, workforce projections.
2. Meeting to review and confirm project goals, scope of work and deliverables by February 1, 2012 (see Google calendar from Sheila).
3. Interviewee leads, contact information, introductions.
4. Three to five volunteers for 2/23 central MN higher education/workforce panel at Humphrey School.
5. Convening of industry representatives in late February.

**Additional Information**

A \$1,000 grant will be provided to Humphrey team for transportation, meals, lodging, office supplies, etc.

## The Depot in Staples Submitted by: Staples Historical Society

### **History and Work Accomplished Thus Far**

The Staples Historical Society is a 43-year-old non-profit organization that is committed to historic preservation in the Staples area. The society has preserved and protected artifacts, museum items, and records during its time as an organization. In an effort to preserve the local history of the Staples area, the society acquired the Northern Pacific Railroad Depot in February of 2008 by a purchase from the Burlington Northern Sante Fe Railroad. The site of the depot as well as the surrounding parking areas and west egress is currently leased from the Burlington Northern Sante Fe by the society.

In the past seven years, the group has grown from a handful of people to more than 50 current members. Most of the members are local residents, but we have many members scattered around the country who have roots in the Staples Area. Even before the acquisition, SHS members were involved in preservation work, partnering with the City of Staples and AMTRAK to perform partial repairs on the roof and repair major water damage to the ceiling in the lobby. The Depot is still an active AMTRAK station that serves over six thousand passengers a year. The society is committed to restoration of the depot to preserve the long history of this railroad community. The SHS's first action after purchasing the depot was to place the building on the National Register of Historic Places.

The depot was the cornerstone of early economic development in Staples; a hub of activity, employment and travel for residents of Staples and the surrounding areas for many years. It continues to serve Amtrak passengers daily and is a place of rest and cultural activity for our residents, travelers and members of the Staples Historical Society (SHS). All other buildings that related to the significance of the railroad in Staples have been lost. It is our plan to preserve this 102-year-old building as a living history of the railroad in Staples.

During the summer of 2009, MNDOT replaced the roof, fascia, soffits and downspouts on the depot through mitigation for the Northern Pacific hospital building which was removed when the new four lane highway was built during the summer of 2008. The City of Staples has recently adopted an historic theme, and has plans to redevelop the downtown area along these historic lines. Old highway #10, or Second Avenue, was "turned back" to the city and was totally reworked during the summer of 2010. The welcome signs on the East, West, North and South entrances to the City of Staples read "Welcome to Historic Staples."

A Historic Structures Report (HSR) was prepared in August of 2006 by MacDonald and Mack Architects, Ltd, Mattson/Macdonald/Young Structural Engineers, W. J. Sutherland and Associates and Kraus-Anderson Construction Company for the Minnesota Department of Transportation in preparation of the MNDOT project on the Depot.

The findings in the HSR note that the depot survives remarkably intact and has been little modified since its original construction. With the roof project now completed we are ready to move forward with the next step. It is further stated in the HRS that exterior brick and stone masonry has served the building well, and, for the most part, needs only minor repair and general cleaning. Windows and doors have fared less well. Significant window sill, jamb, and sash deterioration was found throughout the building. At both north and south facades, double-leaf, paneled and glazed, exterior waiting room doors had been replaced with inappropriate single-leaf doors with sidelights, all set in hollow metal frames. Through a grant from the Minnesota Historical Society, the majority of the main floor windows were refurbished to their original quality and design and the north and south doors of the depot were replaced with wooden doors that resemble the original doors and reflect current ADA standards, and fire safety codes while meeting the intent of historic preservation as approved by SHPO, the State Historic Preservation Office.

Brick pavers were replaced under a MNDOT-funded Historical Mitigation project during the Fall of 2011. All MNDOT Historical Mitigation work was performed under a 2007 Memorandum of Agreement between MNDOT, SHS, SHPO, City of Staples and other involved parties. The mitigation work performed by MNDOT was triggered by issues related to the right-of-way acquired for the US Highway 10 realignment. Other basic improvements have been made with SHS funds and local donations. These improvements include a new furnace, new electrical service to the outside of the building, new water and sewer service lines into the building, painting, some window repairs and replacement and other work. A very significant portion of this work has been done with volunteer labor contributed by members and non members in the community.

The Staples Historical Society has received approval for a \$404,000 Federal Highway Administration SAFETEA-LU Transportation Enhancement Act (TEA-21) grant in 2010. This TEA grant will fund major restoration of the 1910 Northern Pacific Railroad Depot building when funds are allocated in 2014. Project elements proposed under the TEA grant, include completing the renovation of the building's envelope, installing an elevator, installing modern toilets and revamping and modernizing the building's heating, ventilation, electrical and plumbing systems.

The SHS must provide a match of \$101,000 (20 percent) to receive this TEA grant. Currently, the SHS has these matching funds. None of the TEA grant or required local matching funds can be used for professional services. The SHS also applied and has received tentative approval for a \$90,000 grant from the Minnesota Historical Society Legacy Funds for architectural, engineering and other services. This request also included funding for professional services for Hazardous Materials Identification. The society has worked very diligently with mostly volunteers to bring the project to this point. We are very grateful for the funding support we have received and the work that has been able to be done thus far. Even with the resources mentioned, there are still some gaps that need to be filled. The SHS is strongly committed to preserving this depot building and is navigating a maze of funding and organizational rules and guidelines to accomplish this goal.

### **Current Needs**

We are in need of additional funding for the following three areas:

1. Funds to restore and/or replace windows in the second floor in the area that will house the Staples Historical Society Museum and Reference Center.
2. Some consultant time to assist with the work needed to be done to coordinate activities for the society in respect to the restoration projects and other work of the society. This would be done on an “as needed” basis.
3. Funds to market and provide signage for the depot-marketing to include a capitol campaign and membership drive to support the work of the society.

### **Enduring Value**

The completed project will provide the Staples community with a refurbished depot which will continue to be an Amtrak station and a hub of community activity, housing the Chamber of Commerce, a Visitor Information Bureau and also offices and a museum for the Staples Historical Society. The SHS has not been able to display its artifacts for several years due to lack of space and lacking a permanent home. The SHS plans to attract other tenants as well, such as a coffee shop/bakery business and offices for non-profit organizations, insurance agencies, law offices or other professionals. Already, the acquisition of the depot by the historical society has meant the area surrounding the depot has been beautified with landscaping and a new attractive paver area adjacent to the new highway. Lighting in the area has been improved with outside fixtures replaced and maintained. The SHS has conducted several annual events, such as An Old Fashioned Christmas at the Depot, Cabin Fever Day and a Railroad Days Waffle Breakfast that bring many people to the depot, with the building again becoming a center of the community the way it was when it was a bustling railroad depot of the 1920's and 1930's. It is the goal of the SHS to make the depot a lasting monument to the generations who worked there during the community's railroad era and serve functional needs of the society and community for today.

### **Sustainability**

The Staples depot is currently serving passengers using two Amtrak passenger trains which stop daily at Staples. Amtrak pays SHS monthly rent for use of the depot. The local chamber of commerce is expected to be moving into the depot in the near future when remodeling of a former ticket office is finished. Additional tenants are likely once renovation work is completed. These tenants will provide income to cover normal maintenance of the building. Both a landscaping and building maintenance plan have been in place for more than two years and are being followed. Building maintenance is now being accomplished with SHS volunteers doing normal custodial activities. In addition, volunteers are making routine repairs and seasonal upkeep. SHS takes a great deal of pride in the appearance of the building and is committed to maintain the buildings appearance. The Staples Historical Society made a commitment in 2008 to save the depot building from demolition and, after protracted negotiations, purchased the building. We now have the opportunity to preserve and enhance this historic building for the next 100 years and beyond.

**Bridges Business & Teacher Exchange:  
Bridges Workplace Connection**  
**Submitted by: Brainerd Lakes Area Chamber of Commerce,**

Bridges Workplace Connection and Career Academies (“Bridges”) is to provide high school students work force exploration and preparation for regional high pay, high demand careers through a partnership of area businesses, high schools, and Central Lakes College. The ultimate goal of the Bridges initiative is to provide a qualified employee pipeline to regional businesses to ensure long-term economic vitality for our rural Minnesota region.

Bridges evolved in 2004 from the Chamber Workforce Committee and continues to be driven by the Chamber and the business community. Workforce Committee members believed the business community, by partnering with schools, could better prepare students for the world of work. Their goal was to help bridge the gap between the student’s high school education and the workplace by making career exploration and work-based learning experiences available to the students, and helping the students understand the post-secondary education requirements associated with different careers. Bridges focuses on students who fall in the middle majority (and below) from an academic standpoint, with special emphasis on students from low-income families.

The Bridges initiative has two components: the Bridges Career Academies and the Bridges Workplace Connection. The **Academies** offer high school students the opportunity to explore a career pathway through programs of study for that is delivered by high school faculty. Some of the courses qualify for college credit or articulated credits into specific post-secondary technical education programs. The **Workplace Connection** provides a bridge between education and business. The Brainerd Lakes Chamber is the catalyst and coordinator of the work-based learning experiences for students in the Academies, plus the general student population at participating school districts. The Workplace Connection started with five school high schools in 2007 (representing five school districts), and expanded to serving 23 high schools in 2010 because of our partnership with the Freshwater Education District, the geographic area representing future employees of the area served by the Chamber. The **Brainerd Lakes Area Chamber of Commerce Education Association** serves as the fiscal agent for the Bridges Workplace Connection.

### **The Project**

One of the key elements to the success of the Bridges programs moving forward is to continue aggressively building relationships and partnerships. Educators and business owners, management and key staff play a huge part in the success of the Workplace Connection initiatives. We need to educate parents and guardians, and reach out to key stakeholders such as community leaders, business owners and teachers - strengthening their understanding of career opportunities and post-secondary education in our region.

Our newest initiative partners with the Education MN, Brainerd (EMB) organization to help bring business and community leaders into the classroom for a hands-on learning experience. EMB is asking for the support of Bridges and the Brainerd Lakes Chamber to bring in 40 plus business representatives to experience the classroom.

We hope to host a kick off breakfast to build the relationship between the teachers and business. Bridges Workplace staff will assist in securing key community stakeholders into the classroom for the Walk-a Day program in the Brainerd School District

The Bridges WorkplaceConnection will coordinate a "Teacher in the Workplace" experience, a full workshop for teachers throughout the 24 school districts. Tours of area industries will be designed to educate the educators about private enterprise and career opportunities in our region. We will encourage hands on opportunities for the teachers, business panels, transportation to locations, incentives and oversee an evaluation after the workshop to measure the Teachers in the Workplace program.

Industry Tour Guidelines will be set up to include:

1. The primary products/services produced; who are the end users/main customers?
2. Examples of how they use math, science, reading and writing.
3. A description of the "soft" skills and technical skills for positions within the company
4. Working conditions, schedules, employee benefits
5. Unique and special characteristic about their companies
6. The financial structure of private business
7. Suggestions for teachers in their classrooms; topics they might cover that would provide a quality workforce.

Goals "Teachers in the Workplace"

- To create a vital link between classroom learning and "real world" living.
- To develop innovative programs for meeting educational goals.
- To develop partnerships between educators and businesses that will help students succeed in college and the workplace.

Expected Outcomes "Teachers in the Workplace"

- Learn about a variety of areas within the industry, may include: planning, finance, management, production, technology, labor issues, community issues, safety and environmental concerns.
- Develop awareness by discussing trends that impact education, business and training
- Develop an understanding of the workplace, specifically the roles and impact of industry on the community.
- Overall Outcomes for both the Walk a Day & Teachers in the Workplace

- Businesses connect directly with students and parents, providing access to the hidden world of business in rural communities
- Educators are better prepared to guide students in career exploration, an important feature since most high schools no longer provide staff focused on career counseling
- Communities increase awareness and understanding of diverse assets.
- All community members experience their communities as welcoming.
- Communities understand the linkage between K-12 education and workforce preparedness

We believe we have the critical relationships in place to accomplish our objectives provided we can secure adequate funding. Bridges is pursuing a number of grants and aligning volunteer and other resources to achieve this and other goals as direct by the Bridges Leadership Council.

Bridges has deep and broad relationships with diverse groups of supporting partners. The Bridges Program has been in operation for the past seven years, during which time the Brainerd Lakes Chamber, Secondary and Post Secondary Schools and Business and Industry have donated time and expertise. The local partners have served on the Leadership Council, Strategic Planning Task Force activities, participated in career events, work based learning and many other events through the years. Throughout this time, members have financially supported it as well. All partners have focused on the career and potential employment success of the students

**Timeline:** 5 months starting April 1, 2012 to August 31, 2012

**Budget Narrative:** The Bridges Workplace Connection grant proposal is seeking a total of \$15,000 for the grant to support the following activities:

- Execution of the Walk-a-Day and Teachers in the Workplace programs including:
  - Professional coordination
  - Food and refreshments
  - Teacher incentives
  - Transportation
  - Promotion
  - Evaluation

The activities are designed to take a holistic approach to further develop the Bridges Program in support of the business and industries in Central Minnesota.

It should be noted that the following groups Central Lakes College, Brainerd Lakes Chamber, Bridges Career Academies and Workplace Connection have contributed in kind dollars plus funding contributions from Central Man Carl Perkins Consortium and Initiative Foundation to support these and other project activities because they realize the importance of the project.

## Connection of the Paul Bunyan Trail to Soo Line Trail Submitted by: Morrison County Community Development

### **Project Description Detail – What is the Project**

The Camp Ripley/Veterans State Trail officially received its state trail designation in 2009 and when completed will provide a connection between Crow Wing State Park and the Soo Line Trail, effectively linking the Central Lakes, Lake Wobegon, Soo Line, Paul Bunyan, Heartland and Mi-Gi-Zi Trails into one continuous recreational route. As a first in Minnesota recreational trail construction, it will also be a true multi-use trail from its inception, accommodating motorized as well as non-motorized users. Along the way there will be access to Charles A. Lindbergh State Park, Crow Wing State Park, the Crow Wing and Mississippi Rivers and many other natural and historic sites. It will put Little Falls at the hub of an interconnected trail system of an estimated 400 miles, which will be the longest paved, off-road trail in the world. In addition, the Camp Ripley Veterans State Trail will be a part of the Mississippi River Trail, a designated route from the Mississippi Headwaters to the Gulf of Mexico (signage to be installed starting spring of 2011).

### **What Need Does It Address**

The inter-connection of these trails is considered by the Minnesota Department of Natural Resources to be the most important missing link in the State trail system. With this connection it would mean there are 400 continuous miles of recreational trails in our region.

### **Who will benefit if the project is implemented**

All of Central Minnesota will benefit from this trail connection. Retail stores, restaurants, motels, bed and breakfasts and new small businesses will benefit from the trail.

### **What specific activities or strategies are you going to undertake so that benefits will occur**

Work with the Minnesota State Legislature for funding to help with the engineering, land acquisition and construction of the trail. Donations from private corporations will also be sought out.

### **What resources to you have and what resources do you need to implement you activities.**

Resources for the Master Plan and Corridor Study and been secured and both are in process already with an expected completion in the spring of 2012. The trail has been designated as a “State Trail” meaning it will fall under the DNR umbrella. Large tracts of land are available now for actual construction. Resources that will be needed will be for

funding of the engineering of the trail as well as for the land acquisition and construction of the trail.

### **Regional Impact**

The project will primarily impact the region from Morrison, Cass and Crow Wing Counties where the trail will run. However, all of Central Minnesota will be impacted with the tourism drawn to the area. Diversifying central Minnesota's economic base through expanding tourism could be a way to combat the higher rates of unemployment and low average incomes which have weighed down the region. This would be a trail of national and possibly international magnitude which could direct some of the \$3.2 billion spent by Minnesota trail user annually (according to a 2009 study by the University of Minnesota Tourism Center) to the Region.

### **Partnerships**

Presently, the partnerships are with the State of Minnesota, Morrison, Cass and Crow Wing counties, Camp Ripley, trail user organization, the National Park Service, Minnesota Department of Natural Resources and the City of Little Falls .

### **State of Readiness**

The Master Plan and the Corridor Study are funded and are underway and should be completed in the spring of 2012. The project would be reading for the engineering in the spring of 2012 with construction to start in the fall of 2012 if funding is obtained. The Mississippi River Trail will be opening and Little Falls has been named an "Enhanced Host City" along with six other cities in Minnesota. Little Falls is centrally located and will host the other communities to design a maintenance plan. On June 2, 2012, MNDOT will sponsor a statewide event commemorating the MRT. The Enhanced Host Cities will gather together as many bicyclists as they can to ride the route in their own areas.

### **Economic/Environmental/equity benefits**

The economic benefits are large as bicycle tourism is very popular. Lanesboro, Minnesota can be used as an example of a mature bicycle trail. The 60-mile Root River and Harmony-Preston trails are managed by the DNR and the most recent economic impact report effectively demonstrate how large the impact can be. The report showed that lodging taxes collected in Fillmore County during the trails first year amounted to only \$176,000. 20 years later the lodging taxes were \$5 million/per year. Additionally, food and drink taxes hit nearly \$11.2 million in 2009. If you add the \$5 million and the \$11 million, that equals \$16 million in tax collections. Dividing that number by 7% Sales tax equals \$228 million in retail dollars spent in Fillmore County!

Environmentally, there has been pressure to preserve the upper Mississippi River area. There is constantly a strain on preserving the area and this would allow for the preservation of the area as well as letting people enjoy that natural beauty of the river.

The equity benefits will be derived from the private equity businesses invest in motels, bed and breakfasts, restaurants, gift shops that will cater to the tourists. We must not forget the entrepreneurs that will be starting new businesses along the trail.

### **Multi-discipline Benefits**

This will be a multi-purpose trail that will be used for biking, hiking, snowmobiling, cross country skiing and ATV's. The corridor itself will be 100 feet long allowing for multi uses.

### **Connection to Other Plans**

It is very important to note that the Mississippi River Trail (MRT) is a huge component of this project. The MRT begins on bike paths in Lake Itasca State Park and follows the Mississippi through ten states along 2,000 miles of trails, mostly on paved road shoulder, to the Gulf of Mexico. Minnesota has 817 miles of the MRT.

### **Timeline**

The Corridor Study and the Master Plan are already in process and will be completed in the spring of 2012. Depending on funding, engineering could begin in the summer of 2012 on the available land with site acquisition of the rest of the land going on simultaneously. Construction could begin in the fall of 2012 or spring of 2013.

### **Budget (need any know matching funds) ED impact how it will lead to creating and or retaining jobs.**

The rough estimates for the total project costs are in the area of \$30 million. The uses would be for construction of \$21 million, \$4 million for land acquisition and \$5 million for engineering services.

### **Contact person:**

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## High Performance Homes Submitted by: Habitat for Humanity and Hunt Utilities Group

### Hunt Utilities Group, LLC (HUG)

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### Lakes Area Habitat for Humanity (LAHFH)

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#### Chief Investigator: Kevin Pelkey

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### Happy Dancing Turtle, (HDT)

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Pre Submission Project Summary

Hunt Utilities Group (HUG) in partnership with Habitat for Humanity - would create a high performance house. This could potentially be an on-site training opportunity for a group from an Indian Reservation and other interested builders to learn about high performance buildings. Hunt Utilities Group has spent the last 8 years bolstering its high performance building knowledge through research and development. Supporting documentation is available upon request.

**1. Project Description details** (descriptive for novice readers) What is your project? Creating a High Performance Housing (HPH) design that Lakes Area Habitat for Humanity can use to build the house, educate Habitat, their volunteers, other build supervisors, and interested builders. Document the building process/details for future builds.

**What need does it address? Who will benefit or what will change if your project is implemented?** Currently, Habitat for Humanity builds good houses at a price that other builders simply couldn't afford to build and profitably sell. In addition, the current houses still have relatively high energy costs. A HUG high performance housing design will lower those costs and make it more ***affordable to build, own, and operate***. The lower energy consumption and heating costs improves home owner cash flow. The design and education process will be documented, replicated, and used by Habitat for a host of applications.

**What specific activities (or strategies) are you going to undertake so that benefit or change will occur?** This project will incorporate education as part of construction and home ownership through on-the-job training. Construction with better efficiency reduces energy consumption and expense for home ownership and occupancy.

**What resources do you have and what resources do you need to implement your activities (or strategies).** HUG has a knowledge base from over 8 years of experience in high performance building construction methods and research. HUG and LAHFH desire to collaborate in creating a design and oversee the build. LAHFH has years of experience and will manage the build process with HUG as a resource. What is needed will be funding (see budget outline for this project).

**(1.i.1.a) Regional impact** - Long term affordable housing for low income families.

This project has the potential to connect with all the regional and even US wide Habitat affiliates creating a much larger impact than our region.

**(1.i.1.b) Partnerships and connections to other HUD project ideas** - This project could connect with project 24 - Crow Wing HRA Development with Habitat for Humanity by Crow Wing HRA Development and also complements the HUD Resilient Region initiative.

**(1.i.1.c) State of readiness.** Immediate. HUG & HDT are committed to assist and LAHFH is prepared to move forward. In addition to the established knowledge base, a build site is available for LAHFH to use for applied skills learning and documentation of the process.

**(1.i.1.d) Economic/environmental/equity benefits**

The economic/financial/mortgage community is beginning to realize the benefit of high performance housing in what has come to be known as “green mortgages”. In such housing, less out-of-pocket dollars go to heating and cooling and are available for other discretionary spending or savings. Environmentally, this housing has particular benefit in northern climates like Minnesota with the extremes of humid heat in the summer and harsh cold in winter. Significant savings in heating/cooling means less consumption of non-renewable energy sources. Equity for the homeowner is enhanced with a home that costs less to operate and grows in market value. Fuel poverty (paying a disproportionate amount of disposable income for utilities) is reversed.

**(1.i.1.e) Multi-discipline benefits**

Establishing achievable/measurable standards for affordable buildings will help local municipalities (& building standards) improve the overall supply of quality housing over time.

Defining and demonstrating the cost/benefit will help financial institutions and HFH

contributors recognize the multifaceted value of supporting these projects.

**(1.i.1.f) Connections to other plans** (County EDO, Comp plans etc)

This complements the housing priorities established in the H.U.D. Resilient Region initiative.

Economic development organizations recognize the importance of housing that is affordable for their citizens to build, own, and operate; along with the enhanced building skills that lead to future economic opportunity.

The HUG/HDT team is connected to other initiatives to promote high performance housing under programs like LEED, Passive House, Energy Star, Green Star, NREL, etc.

**2. Timeline** (implementation period i.e. 12/24/36 months) LAHFH is now doing builds that are less than 6 months from start to finish. With education as part of the build and design phases, we estimate a timeline of 12 months for completion.

**3. Budget** general estimates for a Single 3 BR Home

Building Lot	\$18,000 plus \$3500 transfer fees and permits	\$ 21,500
Site prep - including Well and Septic or options -		\$ 12,000
Building materials		\$ 75,000
HFH project management costs		\$ 12,000
Professional sub contractors		<u>\$ 20,000</u>
		\$140,500
*Non recurring		
*Documentation	1FTE 12 months	\$ 25,000
*HUG design/engineering and project overview costs		\$ 60,000
*Project survey and research educational outcomes		\$ 10,000
*Project reporting costs		<u>\$ 10,000</u>
		\$105,000
Total preliminary estimated budget		\$245,500
Pending Donations/InKind/sponsorships		
	Lot	(\$18,000)
	Building materials	(\$18,500)
	HFH	(\$ 8,000)
	Professional subcontractors	(\$ 8,000)
	HUG	(\$20,000)
Potential for MN Power Triple E Certification Rebate		<u>(\$ 2,000)</u>
Total donations/inkind/sponsorships		(\$74,500)
Total preliminary project budget		<b>\$171,000</b>

*PLUS Optional project education	<u>\$16,000</u>
Total preliminary project requested budget	<b>\$187,000</b>

**\*Optional project potentials and budget**

*Cost to bring Indian Reservation builders on site for training and learning*

*Assume 4 reservations for this build and 7 days per reservation group of 6 people - housing/transportation/food: assumptions - Food \$20/p/d = \$120\* 7 = \$840 Transport \$500 Housing 3 rooms @ \$100/d for 6 days = \$1800 allow for some extra need Total \$3500 2 days classroom training spread over the 6 days of building @ \$250/day = \$500 Total for each group \$4000 \* 4 Reservation groups = \$16,000 there is expectation of getting additional grants and funding for this option*

**Economic Development Impact** (describe how this project will lead to creating and/or retaining jobs?)

As noted in (1.i.1.f), Economic development organizations recognize the importance of housing that is affordable. LAHFH (see Appendix A) highlights a significant number of families in its service area that do not have access to housing that is within their means to build, own, and operate; most affordable available housing being substandard. By addressing the existing need, there is an increase in demand for building materials. There is an increase in enhanced building skills thus adding to a capable/available work force; a key component for any related economic growth. All this fosters job retention, job growth, and future economic opportunities.

**Project management plan**

This project will be managed as any other Habitat home build by Lakes Area Habitat. The design aspect will be a joint project with HUG and LAH. - The documentation for future builds will be done jointly by HUG and LAH.

**Project Definition of Success**

This project will produce one LAHFH HPH building that meets or exceeds HUG's "high performance house" testing, equivalent to the SPARC, according to testing done pre-owner occupied. The design will meet HFH needs and belong to HFH for future builds. Those who work on the project will be trained to HPH needs to achieve the testing results.

The project will be documented on all steps of the building process to make duplication to meet testing standards in further HFH builds. If the optional Indian Reservation training occurs, the outcomes will be to educate those who participate to HPH building construction standards and understanding.

**How will these outcomes be measured?**

Testing will be done to assure the house built meets or exceeds the SPARC test results as documented in the HPH scale created by HUG for HPH.

Testing to meet or exceed MN Power Triple E Certification

All documentation of the building will be in a format that can be shared by HFH as desired for further HPH builds.

A survey of all those who participate in the build will be done to see what they feel they have learned about HPH builds to measure the amount of learning accomplished by this one build and identify how to make the education process more effective for the next builds. All data will be compiled and shared in a final report for all stakeholders.

### **Appendix A: Letter from Lakes Area for Humanity for this project**

Lakes Area Habitat For Humanity is pleased to participate in a collaborative program with the team at Hunt Utility Group for a multi-purpose outcome project.

A long-standing belief of LAHFH is that everyone, everywhere deserves at least a simple place to call home. This belief is further refined in applying the principle to house construction with the strictures of simple and affordable.

Delivering an end product – a finished home – that is simple isn't difficult. Delivering a home that is affordable is another matter...mortgage costs are controlled within LAHFH by selling a finished home charging no profit and no interest on a home that cost much less to build than a conventional home because of volunteer labor. However, a home that is affordable also means one that is affordable to operate. And, that is where the work of HUG comes in.

#### **CASE FOR NEED:**

According to the Department of Housing and Urban Development and echoed by Habitat For Humanity, no family should spend more than 30% of income sources on housing expenses. Using Brainerd, MN as an example, the housing stock is heavily cost-burdening families, especially so on the lowest income scale.

Demonstration: The typical 3 bedroom apartment rental rate in Brainerd is \$850/month plus utilities (often excessive costs due to poor housing conditions). To afford this rent, the typical renter should have an income of \$38,000 (that's calculating ONLY the base rent, not the utilities). While many families do earn this income, the lower to lowest income scale does not come close. If a worker earned minimum wage (7.25/hour), that worker would need to work the equivalent of 2.5 full-time jobs just to afford the rent on the typical 3 bedroom apartment. Or, the hourly rate of pay would have to be over \$18.

There is a reason 205 individuals have called LAHFH in the last 18 months to ask for an application. The number of jobs in the Brainerd area to pay the “living wage” is small. And there are only so many hours available to actually work in a week. In addition, a large portion of the housing stock is sub-standard with many units not fit for living at all.

The homes that LAHFH builds have average mortgage payment of \$350/month including tax and insurance escrows. What this effectively does is lower the “living wage” to afford the home significantly (less than half the above noted figure). And, that fits well into the LAHFH experience: the average income of the families most recently approved for a home was just under \$17,000. This, at the very least, addresses the payment portion of affordable. The second part of affordable – the operation of the home – needs work. The closer a home can be driven to a zero cost for utilities, the closer we are to a truly affordable home. Using the lessons learned by HUG and applying those lessons to a home built by LAHFH will result in a well-built home that the owner can afford to own and operate.

And, because this is open to all volunteers, the project is perfect to design and implement a training component. In fact, many volunteers arrive on-site hoping to learn skills to use in their own homes.

### **Appendix B: Hunt Utilities Group, High Performance Homes/Buildings (HPH)**

HUG staff has over 70 years of combined background and experience in building and construction work. The last 8 years have been focused on High Performance buildings. Guided by a desire to approach but not duplicate the “Passive House” standard originating in Europe, 8 buildings and one retrofit have been designed and built using a wide variety of techniques and technologies. Straw-bale and cob, structurally insulated panels, and dense-pack cellulose for insulation are a few of the tested techniques. Several different designs for foundations have also been tested including, concrete block, insulated concrete forms and structural slabs with the difference being the amount and type of insulation we use compared to conventional building styles. One innovation includes heat storage (battery) under slab construction. Technical specs and technologies have all been used to achieve a high performance cost effective building that we are now ready to share with other institutions such as Habitat for Humanity.

Almost all the buildings have been tested and documented for effectiveness using HUG’s innovative HUGNET monitoring system (with the data being available on the Internet), and other testing systems to acquire performance data throughout the construction and then during actual usage when possible. We measure actual performance by BTUs/square foot/year and have comparison charts for all buildings to comparable buildings using other standards. HUG is pleased to be able to work with LAHFH to offer our designs and build monitoring services for high performance buildings.

### **Appendix C: Happy Dancing Turtle, operating non profit**

Happy Dancing Turtle has over 8 years of education and focus on Sustainable living. HDT will be participating on an as needed basis for the reporting and results to be able to use it as a further educational effort.

#### **Appendix D: High Performance Home (HPH) measurement and comparison scale**

HUG created a measurement tool to help people understand what we mean when we say High Performance Home/Building. We use the measurement of BTU/SqFt/Year and then compare with other certifications for High Performance such as Energy Star and Passive House out of Germany as well as current home building standards and older housing stock in MN

Included in this appendix are 4 of our scales with a different building HUG has created on our Campus in Pine River, MN. IF interested we also have performance data on heating costs per buildings since they were built to prove our measurement scale. Also a sensor system throughout all the buildings has been monitoring performance since constructions with all the data available for study and use on the internet.

HUG Old Main - HUG Mani - HUG ARC 08 - HUG SPARC 09

#### **Appendix E: White Paper: Habitat for Humanity Pilot Builders Certification program for High Performance Homes** -(available in early draft form if desired)

A separate white paper, establishing a skill based certification process for professionals, volunteers, and LAHFH staff will expand the reach of improved housing beyond the region and the state.

The certification program will address the knowledge, skills, & abilities needed in proper HPH construction. This may improve the skills of home owners for property maintenance and, if desired, possible employment in the housing/construction industry for those who go through this program.

The documentation in “**HUD Region Five White Paper Habitat for Humanity and Hunt Utilities Group High Performance Homes**” will be integral part of the certification program.

**Creative Place-making in Region Five**  
**(Expanding the Impact of Arts, Cultural, and Heritage in Region Five)**  
**Submitted by: Five Wings Art Council**

**1) Project Description Details**

According to Anne Markuson, author of “Creative Placemaking,” “Arts and Culture are proving their power as economic and social catalysts. Through smart collaborations with other sectors – government, private business, foundations – they are creating opportunities for rejuvenation and economic development.”

Our goal is to create a more vibrant, interconnected region where creativity is valued and integrated into all aspects of life—from schools to hospitals, city halls to libraries, neighborhood coffee shops to the average kitchen table, resulting in a thriving economic and social environment.

**We intend to bring together people who rarely are a part of the economic development** conversation; artists, historical societies, arts and ethnic cultural organizations, community education programs, libraries, environmental and outdoor recreation groups, owners of small businesses and farms, other innovative entrepreneurs; to actively engage in seeking innovative ways to strengthen their own economic viability, and to discover new ways in which to effectively collaborate to maximize resources and to create new products/services that will help the economy of the region grow.

What need does it address?

*Get Stats and expound upon the following regional needs...*

Poverty

Unemployment

Mental Illness, particularly depression

Rural Artists, small arts, cultural heritage, history, environmental organizations/businesses working in isolation

Who will benefit if your project is implemented?

Entrepreneurial Artists and designers

Non-profit arts and heritage organizations

For profit arts related businesses (ex. art supply vendors, dance studios, galleries, frame shops etc)

Local foods growers and purveyors

Environment/outdoor recreation entities

Libraries

What will change if your project is implemented?

- More innovative products and services initiated in this region
- Better planning and coordination of services among these entities
- Improved income for individual, as well as both profit and non-profit businesses
- Residents have an enhanced view of the region in which they live
- More livable communities/region

What specific activities (or strategies) are you going to undertake so that benefit or change will occur?

During Phase One we will conduct an inventory of these resources within our region to create a databank that will be a vital tool for effective communication and tracking of outcome based data.

We will then convene a series of meetings with these creative individuals, along with civic, county and education leaders, to learn about models of successful creative economic development efforts. With this inspiration as a platform, we'll begin the process of framing and connecting the assets of our region, build a network, and brainstorm ideas for new products and services, as well as new ways to deliver and market traditional products and services.

*Also, looking ahead (should any of these be included in this grant?) Need to prioritize and expound upon the activities that we'll be proposing...*

....Develop incentives (grants?) to encourage collaboration and innovation?

... Great Minnesota HEART Cache?

...Interactive Website?

....Training

- Forming networks
- Collaborative marketing
- Social Media Communication/marketing
- Business planning and development
- Leadership development

.... Traveling Interactive Art Installation created by Community members in public places, as a means to engage people in identifying their burning issues, passions and collectively discovering solutions

What resources do you have and what resources do you need to implement your activities (or strategies)?

Data from the following organizations...

- Five Wings Arts Council
- Region 5 Development Commission
- Area arts and heritage organizations
- Central MN Sustainable Farm Association

Regional libraries  
Area environment organizations

University of MN/Morris Intern

- A) Regional Impact
- B) Partnership and connection to other HUD project ideas
- C) State of readiness
- D) Economic/environmental/equity benefits
- E) Multidiscipline benefits
- F) Connections to other plans (county, EDO, Comp plans etc)

2. Timeline (implementation period i.e. 12/24/36 months)

Start Date: (once funding is received)  
End Date:

3. Budget (need, any known matching funds)

Economic Development impact (Describe how this project will lead to creating and/or retaining jobs?)

\$15,000

## Solar Thermal Site Assessments at Regional School Districts Submitted By: RREAL

### Project Description:

A. RREAL will provide solar thermal site assessments to 10 regional school districts in an effort to educate school district building and grounds managers, school boards and support staff on the energy cost-stabilizing benefits of solar thermal technologies.

B. RREAL will also increase leadership capacity via board development in order to enhance the organizations' ability to deliver services to the rural region.

<b>Activities:</b>	<b>Who Responsible</b>	<b>Deliverable</b>	<b>By When (end date)</b>	<b>RCDI Grant Funds Released</b>
<b>Develop RCDI Workplan</b>	Jason Edens & Stacey Stockdill	RREAL Workplan with Evaluation Plan	<b>12/12/2012</b>	<b>\$5,000</b>
<b>A.1.</b> Work with EnSearch to develop survey for school building administrators.	Jason Edens & Stacey Stockdill	Survey Tool	<b>12/12/2012</b>	
<b>A.2.</b> Solar Thermal Site Assessments.	Roger Garton, RREAL Staff	5 site reports	<b>3/12/2012</b>	
<b>B.1.</b> Identify and secure firm for board training.	Jason Edens	Contract	<b>12/12/2012</b>	
<b>B. 2.</b> Work with EnSearch to develop survey for board members regarding training received.	Jason Eddens & Stacey Stockdill	Survey Tool	<b>12/12/2012</b>	
<b>Mid-point Progress Report</b>	Jason Eddens	<b>Report</b>	<b>09/13/2013</b>	<b>\$5,000</b>
<b>A.3.</b> Solar Thermal Site Assessments.	Roger Garton, RREAL Staff	5 site reports	<b>09/13/2013</b>	
<b>B.3.</b> Offer board training.	Linda Shannon	2 sessions	<b>03/12/2012</b>	
<b>Final Progress Report</b>	Jason Edens	<b>Report</b>	<b>09/13/2014</b>	<b>\$2,500</b>
				<b>\$12,500</b>

## Budget:

<b>Use of RCDI Funds:</b>		
A) Regional School District Site Assessments		\$8,000
B) Leadership Capacity Building Training		\$4,500
<i>NOTE Must Total Grant Amount \$12,500</i>		<b>\$12,500</b>
<b>Matching Funds:</b>		
Conservation Corps of Minnesota Americorps stipend		\$9,000
RREAL VISTA Time		\$5,000
RREAL Travel		\$5,000
<i>NOTE Must Total Grant Amount \$12,500</i>		<b>\$19,000</b>

## Evaluation Plan:

Benchmark to Measure Success	Outcome Target	Data Collection Tool (such as --survey, existing records, pre/post tests)
<b>Job Creation or Retention:</b> Will your project create and/or retain livable wage jobs with benefits?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes: How many jobs? 1FTE	Wage Reports
<b>Programs and Initiatives:</b> In what ways is your project aligned with the <i>Resilient Region Plan</i> recommendations or action steps?	<p><b>List the applicable recommendations below:</b></p> <p><b>E1 Recommendation E1: Public/private collaboration:</b> Increase collaboration between public and private sectors to implement new energy technologies, including state and federal financing for private/public partnerships</p> <p><b>E2 Recommendation E2: Support renewable energy requirements:</b> Energy users support utility companies in meeting renewable energy requirements.</p> <p><b>E1 Recommendation E3: Conservation and renewable technologies:</b> Encourage and teach conservation and advance practical renewable energy technologies that have a reasonable return on investment. Teach people how to conserve energy, manage energy demand, and about new technologies. Focus on conservation. Discuss/teach how energy sources contribute to pollution.</p> <p><b>ECIII Recommendation EC4:</b> Support renewable energy businesses already located within the region.</p>	
<b>Communication, Alliances and Partnerships:</b> a) The recipient's stakeholders will be well informed about their work. The project lead applicant agency asks for and receives feedback from their constituents, and then acts upon that feedback. b) The recipient also builds appropriate partnerships and alliances to advance their goals and build sustainability.	<p>a) This is already built into the work plan under "survey tool" work with Stacey Stockdill</p> <p>b) Keep track of partnerships and alliances that evolve because of the RCDI grant.</p>	<p>a) <i>Survey of Beneficiaries included on work plan</i></p> <p>b) <i>Project Records: Please develop a system for keeping track of partnerships and alliances that evolve from the RCDI grant work.</i></p>
<b>Leadership Skills:</b> Each recipient has increased knowledge, understanding and use of leadership skills pertaining to building a sustainable community;	This is the responsibility of R5DC. A survey will be sent to you in 2012 and 2013.	<i>RCDI Survey of Intermediaries 2012 and 2013</i>

<b>Benchmark to Measure Success</b>	<b>Outcome Target</b>	<b>Data Collection Tool (such as --survey, existing records, pre/post tests)</b>
including how all the disciplines of housing, land-use, transportation and economic development are interdependent upon each other and how to engage others to advance positive change around sustainability.		
<b>Fundraising and Resources:</b> Recipients identify projects and strategies that help achieve strategic goals in an efficient, practical, and sustainable manner.	Please keep track of resources leveraged from the RCDI funds.	<i>Agency Accounting Records</i>
<b>Energy Efficiency and Renewable Energy.</b> Participants and recipient stakeholders will have increased awareness and ability to identify opportunities for deploying energy efficient and renewable energy systems.	<i>This is the responsibility of R5DC. A survey will be sent to you in 2012 and 2013.</i>  <i>For RREAL – this will be incorporated into the beneficiary survey.</i>	<i>RCDI Survey of Intermediaries 2012 and 2013</i>  <i>RREAL Survey of Beneficiaries 2012 and 2013.</i>

**Project Oversight:**

**Jason Edens**  
**Director**  
**RREAL**  
**330 Dancing Wind Rd SW, Suite #2**  
**Pine River, MN 56474**  
**218-839-7732**

## **RMRF-Rural Microloan Revolving Fund** **Submitted By: North Central Economic Development Organization**

By the award of the USDA proposal, North Central Economic Association will provide microloans to start-up/small business capital that they may otherwise not have had access to.

One of the overarching reasons for small business failure is insufficient capital and a microenterprise program addresses precisely this need. Small business owners face unique challenges, and yet they manage to constitute 99.7% of all firms in the US and employ roughly 50% of workers; what's more, they create 60 to 80% of net new jobs.

Furthermore, with unemployment in the ten county communities in central Minnesota being higher than the state and national averages, an acute need for new jobs is being realized.

Micro-lending is a tool that will allow the poor to elevate themselves with dignity. It is a free market approach to poverty eradication vs. state programs that help alleviate daily needs. Coupled with professional technical assistance and peer-to-peer opportunities of the micro-lending approach, poverty eradication is addressed through micro-lending.

Measurable outcomes of this project will include identifying and developing synergies between educational attainment, economic vitality and greater inclusivity. Specifically, this work stands to create stronger economies through access to capital that will foster entrepreneurs and new enterprises.

North Central Economic Development Association supports the intend to expand job creation and retention as well as increase skills through the technical assistance provided by Region Five and micro-lending partners which will improve skills needed to attain living wage incomes.

Outputs/indicators to this work include: number of applicants, jobs created/retained, total hours of technical assistance provided, aggregate dollar amount loaned, other public and private funds that were leveraged, new products/markets created, clusters expanded, pay levels of workers, skills acquisition, and employment.

North Central Economic Development Association provides these guidelines for "Simplifying Lending" through micro-lending for small business flexible solutions:

- \$1,000 to \$50,000 Loans
- Businesses in Region Ten Counties
  - Cass, Crow Wing, Morrison, Todd, Wadena
  - Mille Lacs, Kanabec, Isanti, Pine, Chisago
- NCEDA participation limited to no more than 75% of total eligible project cost
- 25% owner cash/equity
- 10 years maximum

- 3-7% interest rate
- Job creation/retention
- Technical Assistance provided by NCEDA or partner resource
- Federal USDA guidelines

## Local Foods

### Submitted By: North Central Economic Development Organization

#### Project Description:

Development of a regional Local Foods Distribution System. There is NOT a rural model for a local foods distribution system anywhere in Minnesota, however many trend setters throughout the nation such as Vermont, Sacramento, Boulder, parts of Oregon, Wisconsin and Mexico had to eventually address the need for a distribution system of some sort, we therefore patterned our model from their successful examples in building a local foods regional economy.

Let's make the assumption that we can all make the connections to the value of creating a regional local food economy; reduction of VMT's, increased incomes of small agricultural producers (wealth creation), reduction of sprawl (keeping ag land - ag), increased access to nutritional foods, making the URBAN- RURAL connection, adding to our QUALITY OF PLACE as this list goes on and on. Several economic impact studies have been published regarding the positive community multiplier as a result of sourcing local foods and to the enhanced nutritional value that is healthier and a factor in health related impacts.

Extensive work over the last 3-years has achieved a solid foundation to advance regional efforts supply and use locally grown foods. As a fiscal administrator of many activities and as an engaged participant, Region Five Development Commission (R5DC) has been invited and spoke at several state and national conferences regarding the regions local foods work thus far, yet we feel as though we have not truly cracked the most difficult part of the process....the distribution of local foods.

A history of what has been accomplished over the last 3 years is available upon request, below is a overview of most current activity.

In 2011 we have created a plan and are seeking implementation supportive sources:

- January 4, 2011 met with Rural Development to discuss potential USDA programs that align with this effort.
- Obtained funding from SHIP and UofM Partnership to complete the business plan. The plan was crafted by CPA's, growers and restaurant consultants.
- The business plan workgroup is now in the process of seeking legal advice as to appropriate business classification under the direction of finding legal status for a producer driven, consumer aligned Coop called the "Grower Neighborhood Farm Marketplace and Cooperative."

- Partnering as a workgroup member in developing the business plan, the opportunity was presented to the Coop to lease warehouse space from School District 181 at a very competitive rate. Conversations with Central Lakes College have been regarding similar opportunities. Schools are seeking all sort of ethical alternatives to income generation in these economically distressed times. This effort aligns the schools with the local foods efforts and builds sustainable lasting partnerships.
- The Coop 31 member Coop member makeup consists of a majority membership from small volume growers, while the rest of the membership consists of School Districts, Chefs and resort/restaurant managers, community college, sustainable farming association, government, public health, food shelves, 2 health care institutions, community ED and food related social advocacy groups. All growers of the Coop own their property and one is owned/operated by a female.

What follows is the Business Plan developed with input from USDA.

# Business Plan

For

## Neighborhood Farm *Marketplace & Cooperative*

August 22, 2011

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### Executive Summary

Robust local food systems offer social, environmental and economic benefits. Purchasing local food can help preserve local farmland and reduce the distance food travels. Additionally, an ample supply of local food may reduce a region’s vulnerability to supply disruptions and global food safety concerns. Local food is not only in demand at farmer’s markets and natural food retailers; it is also in demand at local schools, hospitals, restaurants and even conventional supermarkets. In order to meet these demands, local and regional food supply systems require the development of organizational and production capacity across the local food, community based food supply system. Regionally, the current food supply chain lacks mid-scale, regional aggregation and distribution systems that move local food into mainstream markets in an effective and cost efficient manner.

Neighborhood Farm Marketplace & Cooperative was born out of the need for this type of regional local food distribution system that can distribute healthy, sustainable food to schools, hospitals, restaurants, and other institutions. Because there is not currently a rural model for a local foods distribution system anywhere in Minnesota, this initiative has been patterned after trend-setters throughout the nation such as in Vermont, Sacramento, Boulder, parts of Oregon, Wisconsin and Mexico. This model builds off of their successful work in creating a local foods regional economy, and adds important social and environmental benefits that will factor in to a successful initiative.

The system is being developed by a wide variety of organizations and individuals, including the Chair of the Central Chapter of the Sustainable Farming Association, the Executive Director of Region Five Development Commission, Independent School District 181 Food Services Director, a regional restaurant consultant, and a former Americorps VISTA member. These are individuals who saw a need and made a way to fill it. This initiative will bring sustainable, healthy food to the entire region, and assist in local economic recovery and growth. So far this year, this group has accomplished the following:

- Alignment with the Todd County Board of Commissioners who have agreed to pursue the bonding process of \$500,000.00 to build a Community Kitchen at the Senior Center in the small town of Eagle Bend. This town is centrally located in the county and many growers would have access to adding value to their commodities and could benefit from a distribution system as the market demand increases.
- Obtained funding from the Statewide Health Improvement Plan (SHIP) and the University of Minnesota Central Regional Sustainability Partnership to complete the business plan. The plan was crafted by CPA's, growers and restaurant consultants. The business plan workgroup consulted legal council as to appropriate business classification for a producer driven, consumer aligned Cooperative.
- Partnered with Brainerd School District (ISD 181) to lease warehouse space at a very competitive rate. Cooperative conversations with Central Lakes College have also been happening regarding similar opportunities. Schools are seeking many different alternatives to income generation in these economically distressed times. This effort aligns the schools with the local foods efforts and builds lasting sustainable partnerships.
- Designed a 30 member Cooperative structure consisting of a majority membership of small volume growers, while the rest of the membership consists of school districts, chefs and resort/restaurant managers, a local community college, local chapter of the Sustainable Farming Association, government, public health, food shelves, health care institutions, community education and food related social advocacy groups.

The geographic area encompassed in this initiative is five counties in central Minnesota; Crow Wing, Cass, Morrison, Todd and Wadena, which boast a total population of 162,000. Part of this region is very rural and is home to two of the poorest counties in the State (Todd, Wadena). The region is made up of primarily agricultural land, and only small portions of lower Cass and Crow Wing make up the majority of the population and growth. These two areas have been ranked one of the fastest growing micropolitans in the nation. These rapidly growing lake counties have a seasonal population that expands from 100,000 to nearly 2500,000 and can be considered a major asset in the development of a successful Local Foods Distribution system.

Neighborhood Farm Marketplace & Cooperative is a region-wide wholesale distribution system distributing fresh and frozen foods from organic and sustainable farms within the above mentioned 5 county area to local schools, health care systems, resorts, restaurants and grocers. Local farmers have committed to the project, contributing at least 100 acres of crops. Its primary products include produce grown by local farmers in North Central Minnesota, and the plan is to expand stock to include meats, cheeses, eggs, dairy products, and other value added products such as jams, jellies, and packaged soups to help ensure the sustainability component.

## Strategic Objective

The mission and vision of the Neighborhood Farm Marketplace & Cooperative is to create a centrally located, regional food hub system with a business management structure facilitating the aggregation, storage, processing, distribution, and marketing of locally and regionally produced food products. Components of a food hub include: aggregation and distribution of regionally produced foods at both wholesale and retail rate; creation of a systematically operated drop off point for multiple farmers and a pick up point for distribution firms and customers that want to buy source-identified local and regional food; active coordination between multiple regionally located farms and regionally located

consumers; creation of a hub-based business management team that actively coordinates supply chain logistics including seeking markets for producers and coordinating efforts with distributors, processors, and buyers; creation of permanent facilities which provide the space and equipment for food to be stored, lightly processed, packed, palletized and possibly even sold under a regional label. Creation of a regionally based food system will also create many possibilities for job creation and workforce retention, economic development, access to healthy food, value added products, education on how to use local foods, how to grow one's own food, and the benefits of local food to self and community.

The creation of this system offers additional future possibilities which include the creation of one or more community kitchens. These entities allow individuals to create their own personal community-based business models while continuing to increase local economic development. Community kitchens expand the seasonality of local foods by allowing for "seconds" or "culled" products to be produced into frozen or canned items. It also allows for season extension by creating opportunities of preserving foods for serving. Other possible services include retail vending space, offer space for health and social service programs, and community meetings.

Anticipated impacts on the community at large are listed as follows:

**Health Impacts:** Poor diets can result from insufficient access to high-quality produce, often contributing to childhood obesity, diabetes, and other nutrition-related disease. Strategies to increase access to fresh food combined with nutritional education can help to overcome these problems.

**Economic Impacts:** Increasing the production, distribution and purchase of regionally produced foods will strengthen the regional economy by capturing and retaining food dollars for continued use within our region, thereby supporting local businesses and jobs. Strengthening local and regional food systems can also make preservation of existing farmland more economically stable. By increasing demand for local foods like vegetables, which can more easily be produced on small or scattered sites, aspiring farmers are provided with more production options, and this is a critical component in sustaining a local food system. Farmland preservation, in addition to maintaining an economic asset, also helps preserve the rural character of much of our region and keeps agriculture as a thriving economic activity. Local food production can also improve land value and be used as a neighborhood revitalization tool.

**Environmental Impacts:** Sustainable food production has the capacity to be used as a strategy to mitigate climate change. If the cost of gasoline continues to rise, the global food system may no longer be as economical as it has in the past.

## Products and Services

In its early stages, Neighborhood Farm Marketplace & Cooperative will provide fruits and vegetables including potatoes, beans, tomatoes, peas, carrots, watermelon, cantaloupe, sweet corn, peppers, cucumbers, turnips, rutabagas, beets, broccoli, cauliflower, kohlrabi, cabbage, onions, herbs, salad greens, and radishes.

These will be provided as fresh product as long as the season enables. Frozen product and cellared product such as potatoes and root vegetables will be available as season extenders. Growers are currently using high tunnels, greenhouses and hydroponics as a means to extend the season, and NFMC will encourage the use and expansion of these means.

Additional items to be phased in include processed meats including beef, pork, chicken, lamb, and various sausages, as well as milk, eggs, cheeses, and other value added products which are produced in licensed facilities.

Eggs, milk, certain cheeses, and processed meats such as whole chickens will be fastest to implement into a food distribution system, and a USDA chicken processor is located in Crow Wing County. These will be introduced first, then additional products such as dried herbs, herb blends, dehydrated fruits and frozen fruit juices will be produced and marketed with little effort and expense. Finally, the remaining product will be phased in and the Cooperative will be fully functional.

Services in a local foods distribution food hub not only include a full service community based food delivery system, but in the future may also include education on local food and its benefits to self, community and food based systems, school children, kitchen staff, and the community at large. Education with on-site tours, tastings, chef demonstrations, farmer sessions with regular in-store, in-school, in-restaurant and in-hospital sessions would establish and strengthen direct connections with consumers.

The final component of the project is a Community Kitchen which may be phased in at a later date according to market need and financial burden. The primary use of the kitchen would be the production and processing of frozen foods as value added products for sale by the distributor. The kitchen could also be rented on a daily basis to local entrepreneurs who wish to produce local foods in a commercial kitchen for legal retail sale. Incubator programs, whose purpose is to train upcoming entrepreneurs and agripreneurs in the creation and sale of community-based food products, is another future component. These programs are 8-16 week sessions on building food-based businesses. An example of a community engaged in its community kitchen is Kindred Kitchen in Minnesota.

## Marketing Plan

### Environmental and Economic Factors

There has been a lot of talk about the local food movement in the past few years. The public is beginning to understand the substantial advantages of buying and eating local, and most agree that a major food revolution is just around the corner. The Department of Agriculture defines food insecurity as “lack of access to enough food to fully meet basic needs at all times due to lack of financial resources”, and many Americans experience this insecurity firsthand. In 2009, the Economic Research Service estimated that 14.7 percent of American households were food insecure at one point or another during that year. This was the highest recorded rate of food insecurity since 1995 when the first national food security survey was recorded. Add to this the sharp decline in the economy as well as the huge hike in oil prices, and Americans have good reason to be concerned.

The public is in dire need of a better way to live and a better, more sustainable way to eat. They are seeing the benefits of eating locally; both for themselves *and* for their economy. They know that local food is fresher and tastes better than food that has been trucked or flown in from thousands of miles away. They know that there is a reason for the taste difference between carrots from the major grocery store chain and carrots from the farmer’s market, and that reason is freshness. Food that is grown within a 200 mile radius will always be fresher than food grown halfway across the country, and the public can taste the difference. These fewer steps between the source of food and the consumer also mean less chance of contamination. When there is full transparency of where food comes from and who grows it, much more is known about that food. During national disease outbreaks, local food remains safe and consumers remain at ease. Just as importantly, if a local outbreak occurs, the process for finding the source of the contamination is shorter and the outbreak can be contained and dealt with much faster.

The food movement is also an economic and environmental movement; dollars spent with local growers and producers and in locally-owned restaurants stay close to home, working to build up local economies instead of sending money away to different states, regions, and even countries. This is also a major way to decrease a huge carbon footprint; growers and producers who follow sustainable agricultural practices and energy use minimize food's environmental impact, and helps maintain farmland and green space.

### Target Market Demographics/Psychographics

Primary Stakeholders include:

NAME	REPRESENTS	Position
Arlene Jones	Grower - Farm at St. Mathias	Board Member - Executive
Al and Marcie Cunningham	Grower	Board Member
Joe Riley	Grower - Great River Gardens	Board Member - Executive
Jim Chamberlin	Grower	Board Member
John Mesko	Sustainable Farming Association	Board Member
Quinn Swanson	Non-profit – Happy Dancing Turtle	Board Member
Kassie Rizzo	Online distribution – Local Dirt	Board Member
Bob Schaefer	Schools- Central Lakes College	Board Member
Collette Polkamp	Brainerd School District (ISD 181)	Board Member - Executive
Verna Toenyan	Eagle Bend Senior Center	Board Member
Cheryal Hills or Kim Burkett	Region Five Development Commission	Board Member - Executive

Kelly Coughlin and Jenna Domel	Lakewood Heath System	Board Member - Executive
Alan Hudalla	Heath Care - Cuyuna Medical Center	Board Member
Susie and Anna	Restaurant - The Shante	Board Member
Matt Annand	Restaurant -Prairie Bay	Board Member
Matt Mason	Restaurant -The Lodge	Board Member
Derik and Sherie	Restaurant -Harvest Thyme Bistro	Board Member
Sharon Wetteland	Restaurant Consultant	Board member - Executive
Katherine Mackedanz	Todd County Public Health	Board Member - Executive
Judy Jenson	Brainerd Community Education	Board Member
Paul Skinner	Essentia Health	Board Member
Mike Manders	Resort - Grand View	Board Member
Jim Davis	Farm of Plenty	Board Member
John Jansen	Brambling Rose	Board Member
Wyn Borden	Borden Farm Market	Board Member
Mike and Eloise Thorson	Thorson Farm Market	Board Member
Ron Nelson	Nelson – Shine Farm	Board Member
Mike Stine	StoneBridge Beef	Board Member
Kent Montgomery	Seiverts Woods	Board Member
Dave Massie	Northwoods Organic	Board Member

All stakeholders listed above serve, in one way or another, within the 5 County region, and have been involved to some extent in work around a distribution system. While all stakeholders listed are included in the NFMC, other stakeholders are not as visible. These include the children that will benefit from the healthy lunches provided by ISD 181, area families that will have easier access to healthy food from their local restaurants, and any vulnerable individuals who need the care at medical facilities utilizing food from this distribution system. While the benefits to these stakeholders are difficult to quantify, it is definitely a reality that they will benefit from the system either directly or indirectly. Psychographically, NFMC is aware that it will face certain hurdles related to the work. For one, stakeholders will face a challenge in dealing with a new distributor. While they will be well aware of the benefits to them through NFMC, there is always a comfort level associated with familiarity. There will be a new system for ordering, delivery, and pick-up, as well as new processes and procedures that will require new learning. While NFMC will strive to make transitions as painless as possible, it is inevitable that there will be some growing pains. NFMC knows that the more hurdles they can anticipate, the easier the process will be.

Second, there is also the issue of pricing; local food is more valuable and as such will be priced higher than food these institutions are used to purchasing. NFMC is confident that the benefit to consumers will far outweigh the increase in cost, but they also realize that the change will be an area of concern right up front. NFMC believes that proper education about the health and sustainability of local food will be of utmost importance when dealing with this concern.

Finally, there is the issue of product appearance. Fresh produce often looks and feels differently than packaged, frozen, and over-processed food. For instance, fresh carrots will not always be perfectly smooth, and fresh apples aren't always perfectly round. This requires education on the part of NFMC, and how food looks when it is fresh and local. While NFMC does not anticipate a huge problem with this, it does realize that for some consumers this is much different than what they are used to, and will require a new learning curve.

## Primary Benefits

As referred to previously, there are three distinct areas of benefit that will be provided for specifically through this initiative. These include social benefits, specifically in the area of Health, Economic and Environmental benefits. These are mapped out in more detail as follows:

**Health Impacts:** Nearly 63% of the people in Minnesota are overweight or obese, but not necessarily well nourished. Poor diets can result from insufficient access to high-quality produce, often contributing to childhood obesity, diabetes, and other nutrition-related disease. Strategies to increase access to fresh food combined with nutritional education can help to overcome these problems. A recent study noted that access to healthy food decreases the risk of obesity and other diet-related chronic diseases.

**Economic Impacts:** Food production and processing have become increasingly efficient over the course of the history. However, the current system also creates economic distortions such as subsidization of large-scale food systems which serve as a disincentive to produce local foods. Increasing the production, distribution and purchase of regionally produced foods will strengthen the regional economy by capturing and retaining food dollars for continued use within our region, thereby supporting local businesses and jobs.

Additionally, in the 1949 USDA Farm Survey, food raised for home use by Minnesota farmers totaled about 5% of state farm production (double the value of the state's commercial vegetable production at the time). Today, home consumption by farmers is down to only 0.1% of total sales. Strikingly, Minnesota economist Ken Meter reports that, despite Minnesota being the 7th largest agricultural producer in the U.S., an estimated 90% of food purchased by Minnesotans is produced out-of-state. This imbalance creates a constant net flow of money out of Minnesota's rural economies.

Based on estimates of other regions, a 20% increase in local food production and purchasing would generate approximately \$2.5 billion in economic activity within a region (Sonntag, 2008). Strengthening local and regional food systems can also make preservation of existing farmland more economically stable. By increasing demand for local foods like vegetables, which can more easily be produced on small or scattered sites, aspiring farmers are provided with more production options, and this is a critical component in sustaining a local food system. Farmland preservation, in addition to maintaining an economic asset, also helps preserve the rural character of much of our region and keeps agriculture as a thriving economic activity. Local food production can also improve land value and be used as a neighborhood revitalization tool. Estimates have property values increasing by 30% by using land effectively and in agriculture production (Wachter, 2004). Bringing food supply closer to home results in outstanding economic effects; in an eight-county area of Iowa centered in Cedar Falls-Waterloo, the University of Northern Iowa's local foods initiative sparked \$2.2 million of new food sales in 2007. Iowa State University research showed that if the region's consumers ate five locally-grown fruits and vegetables each day for the three months they are in season, it would create \$6.3 million of labor income, and 475 new jobs within the region.

**Environmental Impacts:** Sustainable food production has the capacity to be used as a strategy to mitigate climate change. Local and regional food travels an average of 56 miles versus the nationwide average of 1500 miles. This is only one of many reasons our economic prosperity is so deeply dependent on oil, and therefore on global events beyond our control. As the global supply of oil peaks and prices rise, local communities will be forced to build a food system that provides fresh, healthy local choices. Conditions will change in ways we cannot predict now; however communities in the Neighborhood Farm Marketplace & Cooperative can act now to create local efficiencies in food transportation and distribution. The sooner we take action, the more we can accomplish while we still have oil available to build local infrastructure and resilient communities. Although food miles account for only 11% of the food system's greenhouse gases, a reduction of food miles also reduces the impact that rising fuel costs have on food prices. If the cost of gasoline continues to rise, the global food system may no longer be as economical as it has in the past.

## Competitive Analysis

Appert's Foodservice is the main distributor utilized by the ISD 181, and between them, Sysco, and U.S. Foodservice, the leftover market share is meager to say the least. In 2010 alone, Sysco boasted 11.2 billion dollars in net sales, 11.7 percent higher than 2009. Even with the high cost of food and the rising price of oil, Sysco's numbers prove that there is definitely still money to be made. It also shows that the public's food needs have increased, and NFMC believes that this will continue to trend upward. NFMC believes wholeheartedly that the public wants to eat better and be more informed about their choices. The Cooperative also believes that through proper education, it can convince the public that the benefits to themselves and their children far outweigh the cost increase of purchasing and eating locally.

Appert's boasts a family owned business with an emphasis on competitive pricing and broadline distribution. While they are certainly more of a "local" distributor than a national brand such as Sysco, NFMC can still promise that their definition of local really does mean within a 5 County region. The main concern for NFMC with regard to Appert's is the higher cost ratio. While the Cooperative knows that it cannot give bulk discounts comparable to Appert's, it can offer consumers the opportunity to visit the farms that are supplying their food. To NFMC and its customers, this is much more valuable than a bulk rate.

## Marketing Strategy

The following is NFMC's marketing strategy as it relates to the distribution of local food to hospitals, schools, restaurants, and other institutions. NFMC realizes that its strategy is a fluid strategy and will change and evolve as the Cooperative grows. *Promotion*

The United States Department of Agriculture's Know your Farmer Know your Food initiative believes food hubs that develop group branding and certification schemes add immediate value to the products being sold and provide a level of food integrity now expected from buyers and their customer base. Remarkably, many food hubs are providing not just one of these services, but some or even all of these services, and NFMC is committed to following these principals when promoting its work. Food hubs play a critical role in developing stronger supply chains which strengthen regional food systems and are innovative business models to help small and midsize producers maximize their access to the marketplace, and promoting this to area growers will add even higher capacity to NFMC's strong grower base. In addition, this promotion tactic will ensure that each and every NFMC customer will know where their food is coming from and know that it is within driving distance of their own home. Educating the customer base with this information will enormously strengthen the selling power of the Cooperative.

NFMC intends to use various avenues of promotion beginning with the Minnesota Department of Agriculture's Minnesota Grown project. NFMC will align with the group which offers newsletters, blogs, social media outlets, and print ads to promote its members. Examples of Minnesota Grown partners include the Minnesota Farmers Union, the Minneapolis Farmer's Market, and spokeswoman and former Olympian, Carrie Tollefson. Minnesota Grown offers marketing and promotion assistance and ideas to its members, and has a proven track record when it comes to the promotion of local food.

Minnesota's Land Stewardship Project works to develop and promote sustainable communities and a system of family-farm based agriculture that is environmentally sound and economically viable, and

the Cooperative intends to align itself with this group as well. The Land Stewardship Project believes that all people have a fundamental responsibility to care for the land that sustains them, and they work to create awareness around healthy food choices and purchasing food locally. Recently, LSP has initiated meetings with hospitals and nursing homes in southeastern and western Minnesota about purchasing food products grown by area farmers without the addition of antibiotics or added hormones in animal feeds and crops grown organically or with minimal use of pesticides. They also co-organized, with Minnesota Environmental Fund partners and others, a Buy Fresh Buy Local food campaign in the St. Croix Valley and licensed a new campaign in northwestern Minnesota that will encourage more people to buy from farmers raising crops and livestock in their areas. A partnership with this dynamic group will only help to further NFMCC's goal of promoting local food to the region. Finally, the Cooperative will align with the University of Minnesota's Local Foods Partnership to advertise on its website and in its publications. NFMCC has the added advantage of an already strong alliance with the University because of shared work relationships and projects throughout the years. The University's Central Regional Partnership provided funds to help create NFMCC's business plan, and members of the Partnership's Board of Directors are Executive Committee Members on NFMCC's Board. In addition, the University is currently partnered with Region Five Development Commission (an NFMCC Board Member) on a HUD Sustainability grant project, and the University and Region Five shared AmeriCorps VISTA volunteers working on various local foods projects from 2009 – 2011.

### **Pricing**

Because of the unique nature of the NFMCC and the benefit to both the growers and the public, the pricing scale will be higher on average than a major foodservice distributor. While it will do its very best to stabilize pricing, the Cooperative realizes that it cannot account for major and severe shifts in the market. For this reason, it will constantly be monitoring sites such as Rodale Institute, and the Minneapolis and St. Paul farmer's market pricing to stay ahead of the game.

While all products will not be certified organic, they *will* be sustainable and all products will come from producers who practice Sustainable Agriculture Practices. This makes NFMCC product more valuable and beneficial to consumers, and consumers will be charged accordingly. Place-based branding plays to the competitive advantages of a locale, as well as for specific products attributes, and receives a premium. These benefits will be promoted and publicized from the beginning of the distribution chain to the very end. Consumers who buy directly from farmers they know, or know are in their region, tend to be more strongly influenced by those around them and are more confident that their actions make a difference. The entire region will know that when they pay NFMCC's premium pricing, they are paying for much more than just fresh healthy food; they are paying for sustainability, a stronger economy, and the livelihood of their regional growers.

Cost analysis and pricing of product has long been a cumbersome task for farmers. Currently, there are two web-based systems utilized by area farmers for pricing:

1. Rodale Institute New Farm [www.rodaleinstitute.org](http://www.rodaleinstitute.org) This web-based pricing system is updated weekly, includes the Minneapolis market, is easy to read, is at wholesale rate, and it is easy to convert from case weights to pounds and is free. Its weaknesses include that it is organic pricing structure and not all products are listed (i.e., beans may not be listed when they are ready in the Brainerd lakes market region).

2. Today's Market Place [www.todaysmarket.com](http://www.todaysmarket.com) This web-based pricing system is updated daily, includes all crops and breaks down each crop by variety (including specialty variety, i.e., Chioggia beets), has a market analysis of each crop (steady, light or high volume), includes country and/or state of origin, and shows a market history for shipping points. The weaknesses include only that the closest market/shipping point is Chicago and there is a monthly fee, though a very low fee of \$25.00 (or a cost savings of \$60.00 for a year subscription).

Staff training will occur with the assistance of chefs, food service directors and Central Lakes College Serve Safe instructors. Additionally, team members include consultants in the food industry who have committed themselves to this project. Students who complete the Sustainable Food Production Program through MState may also be used as a resource. Human resource components will be managed by computer based staffing software and patterns utilized by like businesses.

### **Distribution**

Distribution will happen through the partnership of ISD 181 and the Brainerd School Warehouse. Currently, the District leases a warehouse to hold their product and then distribute it via temperature controlled truck to each school in the District. The NFMC will lease space within the warehouse and partner with the District to distribute to the schools. This partnership will allow for cost sharing between the District and the Cooperative and give the Coop a springboard from which to launch the system. We will own our own root cellar, freezer, cooler and temperature controlled trucks to store and move food from the warehouse to the institutions we serve. Trucks will run on Tuesdays and Fridays, with incoming deliveries happening on Monday, Wednesday, and Thursday. This gives NFMC the ability to inventory all incoming product three days a week and insure that loss due to unmoved product will be minimal. NFMC intends to employ only dynamic, sales-minded individuals as drivers and warehouse workers so they can solicit sales from the front end to the back end and move as much unused product as possible to minimize waste. NFMC also partners with 2<sup>nd</sup> Harvest Heartland to ensure all unused yet still viable product can be donated to the food shelf.

### **Sales Forecast**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Product Sales</b>			
Participating Restaurants/Kitchens	13	13	15
Project Lbs Sold per Kitchen	10,000	10,000	10,000
Restaurant/Kitchen Sales (lbs)	130,000	130,000	150,000
School District Sales (lbs)	30,000	30,000	30,000
Hospital Sales (lbs)	15,000	15,000	15,000
Total Pounds of of Product	175,000	175,000	195,000
Price per Pound	\$1.25	\$1.25	\$1.25
Total Sales	218,750	218,750	243,750
Total Pounds of Product	175,000	175,000	195,000
Cost of Goods Sold %	0.75	0.75	0.75
Cost of Goods Sold	131,250	131,250	146,250
Gross Margin	87,500	87,500	97,500

<b>Membership Sales</b>			
Membership Sales - Fees Quantity	64	67	70
Fees (Waived in Year 1)	\$0	\$25	\$25
Total Membership Sales	\$0	\$1,675	\$1,750

## Operational Plan

Daily operations at the Neighborhood Farm Marketplace & Cooperative are based on common health department approved best practices of strict attention to cleanliness, temperature and humidity control and good record keeping. Daily maintenance of coolers and freezers include inspection, rotation of product (first in, first out) and charting temperatures twice daily. Inspection of fresh product in long term dry cold storage (potatoes, carrots, winter squash) ensures that any products that need immediate usage can be process appropriately to minimize waste. The original overall project is designed to work in minimal square footage with a relatively small staff and modest capital expenditure.

Neighborhood Farm Marketplace & Cooperative will be governed by the Board and the Board will set forth the three positions to run the day to day operations of the Cooperative. The first position that will be hired by the Board will be the Cooperative Manager. This position will be a full time position with a pay rate set by the Board. The position will report directly to the Board and will be reviewed on an annual basis. This position will perform the coordination of the two other positions as well as provide training to all other positions. The primary responsibilities of this position will be as follows:

**1. Oversee all Warehouse staff and procedures.**

Ensure all Tracking, Inventory, Accounting and Quality Control procedures and methods are being implemented and maintained to the strictest standards of professionalism.

**2. Build and maintain Strategic Partnerships with NFMC affiliates.**

Ensure maximum amount of product is being utilized by building and maintaining relationships with all NFMC affiliates and encouraging them to remain strong partners. This entails the initial and ongoing training of Driver and Warehouse Coordinator on proper relationship building and maintenance.

**3. Ensure all NFMC policies and procedures are being implemented properly.**

Regularly monitor all systems for quality assurance, and keep detailed records of all inaccuracies. Hold meetings and training sessions with staff to ensure knowledge of all systems and procedures.

**4. Report all aspects of NFMC to Board of Directors.**

Understand the role of the Board and report all aspects, both positive and negative, of the day-to-day operations of the NFMC to the Board for their review.

**5. Assist in review preparation Annual Budget**

The second position will be that of Warehouse Coordinator and will be responsible for receiving raw product from contracted farmers (or other non-contracted local entities), ensuring that the product is received in acceptable condition for storage or processing and future sale. Once received, the product is entered into inventory using 'Local Dirt' which allows our clients immediate ordering access to the fresh product. If more fresh product is on hand than is sold over a period of days or weeks, the Coordinator is responsible for maintaining correct storage conditions for each until the sale takes place. Part of 'correct storage' of this product may include processing for frozen storage or the creation of value added products such as soups, dried herb blends or jams in a small onsite commercial kitchen. This position will be hired by the Board upon recommendation of the Cooperative Manager, and will be part time with compensation as determined by the Board. The Warehouse

Coordinator will report directly to the Cooperative Manager, and will be reviewed on an annual basis. The primary responsibilities of this position will be as follows:

**1. Receipt of incoming merchandise.**

Receive all incoming product and assign proper tag to each receivable ensuring proper credit to all producers.

**2. Inspection of all incoming merchandise for Quality Control Issues.**

Inspection of all incoming product to ensure quality is being met in strict accordance with Food Safety guidelines and Neighborhood Farm Marketplace Cooperative policies, and immediate report of quality control issues to Cooperative Manager. In addition, the monitoring of ongoing quality deficiencies must be reported to Cooperative Manager immediately.

**3. Entry of merchandise into Inventory/Accounting System.**

After receipt of product, entry into inventory system and accounting system must happen immediately to ensure proper crediting of product to producer.

The final position will be that of Warehouse Driver and will be hired by the Board upon recommendation of the Cooperative Manager. The Driver works with clients on a daily basis and has the responsibility of communicating from the client to the warehouse manager and salesperson any feedback on delivery timing, products, etc. This employee is responsible for truck cleanliness & maintenance along with proper maintenance and temperature control of the product in route. This position will be a part time position with compensation as determined by the Board. The Warehouse Driver will report directly to the Cooperative Manager, and will be reviewed on an annual basis. The primary responsibilities of this position will be as follows:

**1. Transportation of all product to and from the Warehouse.**

Receive all product from producer and transport to warehouse for processing, ensuring product is temperature controlled at all times, and all temperature logs are saved and stored according to proper warehouse procedure. Product will then be transported from warehouse to all buyers and pick-up sites including but not limited to; schools, restaurants, resorts, and hospitals affiliated with NFMC.

**2. Inventory of all merchandise at pick-up and drop off.**

To ensure proper credit and compliance, Inventory of product must happen at pick-up and again at drop off with both the Warehouse Coordinator, and individual assigned persons at each drop off location. Any inconsistencies must be reported to Warehouse Manager immediately.

**3. Solicitation of all product overages to local restaurant and resort managers.**

Because of the extremely short shelf-life of certain items, it will be essential to solicit extra product to NFMC affiliates to ensure that loss of product is minimal.

Anticipated systems for management of the Neighborhood Farm Market and Cooperative include inventory systems such as Local Dirt. Local Dirt is an integrated web-based software system created to assist both farms and buyers with inventory control, ordering, invoicing and messaging. A pilot of this software took place in the 2010 growing season with both chefs and farms expressing satisfaction with ease of application, inventory management, invoice simplicity with email invoicing/messaging to both buyer and supplier, and report generation. Local Dirt has the capacity to manage all inventories, create price lists for wholesale and retail rates, complete all invoicing, and maintain all capacity of management of product. With electronic transmission of orders and payment, and computer-based tools that assist with ordering, pricing and inventory management, this distribution system also keeps transaction costs to a minimum. It is also anticipated that Local Dirt will be an effortless and straightforward application and will be extremely cost effective for this project.

As the project grows in scale across the 5 county area, additional drivers and warehouse workers will be added as needed and as labor controls allow. Schedules will be routinely 'costed' to project projected hours against projected income, and the position of an outside salesperson will be considered. NFMC views this position as one that works directly with clients who are planning menus days, weeks or in some cases, months in advance. The salesperson must have the information to competently work with chefs and food directors with the knowledge of what is likely to be fresh on the warehouse shelves, in what quantity and on what date. The outside salesperson would be expected to meet once weekly with existing clients as well as developing relationships with new clients. Strong marketing materials detailing capacity and the positive impact of the use of local foods on the community are important aspects of these connections.

A final future component of the entity is a commercial community kitchen attached to the space that would allow several positive features:

1. Use by the warehouse for the best use and production of value-added product such as frozen juices, dried herb blends, and frozen soups.
2. Demonstrations and classes by local chefs for the general public on the use and production of fresh and perhaps unfamiliar product in their homes.
3. Development of new local food based businesses by those who need access to a commercial kitchen but lack the startup capital such as caterers, food trucks, and small scale retail processors.
4. Creation of a local food based business incubator program modeled after other successful programs such as Kindred Kitchen and Kitchen in the Market in Minneapolis, Minnesota, La Cocina in San Francisco, and Hot Bread in New York.

## Management and Organization

NAME	REPRESENTS	Position
Arlene Jones	Grower - Farm at St. Mathias	Board Member - Executive
Al and Marcie Cunningham	Grower	Board Member
Joe Riley	Grower - Great River Gardens	Board Member - Executive
Jim Chamberlin	Grower	Board Member
John Mesko	Sustainable Farming Association	Board Member
Quinn Swanson	Non-profit - Happy Dancing Turtle	Board Member
Kassie Rizzo	Online distribution - Local Dirt	Board Member
Bob Schaefer	Schools- Central Lakes College	Board Member
Collette Polkamp	Brainerd School District (ISD 181)	Board Member - Executive
Verna Toenyan	Eagle Bend Senior Center	Board Member
Cheryl Hills or Kim Burkett	Region Five Development Commission	Board Member - Executive
Kelly Coughlin and Jenna Domel	Lakewood Heath System	Board Member - Executive
Alan Hudalla	Heath Care - Cuyuna Medical Center	Board Member
Susie and Anna	Restaurant - The Shante	Board Member
Matt Annand	Restaurant -Prairie Bay	Board Member
Matt Mason	Restaurant -The Lodge	Board Member
Derik and Sherie	Restaurant -Harvest Thyme Bistro	Board Member
Sharon Wetteland	Restaurant Consultant	Board member - Executive
Katherine Mackedanz	Public Health - Todd County	Board Member - Executive
Judy Jenson	Brainerd Community Education	Board Member
Paul Skinner	Health Care - Essentia	Board Member
Mike Manders	Grand View	Board Member
Jim Davis	Farm of Plenty	Board Member

John Jansen	Brambling Rows	Board Member
Wyn Borden	Borden Farm Market	Board Member
Mike and Eloise Thorson	Thorson Farm Market	Board Member
Ron Nelson	Nelson – Shine Farm	Board Member
Mike Stine	StoneBridge Beef	Board Member
Kent Montgomery	Seiverts Woods	Board Member
Dave Massie	Northwoods organic	Board Member

### Bylaws of the Neighborhood Farm Marketplace & Cooperative

**PURPOSE.** The purpose of Neighborhood Farm Marketplace Cooperative is to contribute to the health and well-being of people throughout the Region by providing healthy, wholesome foods that are accessible to all, through a regionally-oriented, collectively managed, cooperative organization that relies on consensus decision making. We strive to make human effects on the earth and its inhabitants positive and renewing and to encourage economic and social justice. Our goals are to:

1. Provide information about food;
2. Make good food accessible to more people;
3. Support local production;
4. See to the long-term health of the business;
5. Assist in the development of local community resources.

#### II. Membership

**1. ELIGIBILITY** Membership in the Cooperative is open to any person who meets all qualifications set forth in these bylaws and who pays a non-refundable membership fee as set by the Board. The amount of such fee shall be set by the Board as per the three-tier membership structure.

**2. MEMBERSHIP STRUCTURE** Each member will be designated a group; Producer, Purchaser, Individual, and all dues will be implemented as follows:

**Producer:** Any business or individual grower, producer, baker etc. that provides product or service for the purpose of sale. Producer will pay dues based on the number of pounds they intend to provide (based in part on net pounds provided from the previous year), and following the poundage guidelines as attached.

**Purchaser:** Any business or individual restaurant, resort, hospital or other institution etc. that purchases product or service from the Neighborhood Farm Marketplace and Cooperative. Purchaser will pay membership dues based on the number of pounds they intend to purchase (based in part on net pounds provided from the previous year), and following the poundage guidelines as attached.

**Individual:** Any government agency, individual person, or interested entity, etc. that has a vested interest in the Neighborhood Farm Marketplace & Cooperative. Individuals will pay a flat fee of 25.00 annually to the Cooperative, and three-tier fee structure will not apply.

The Cooperative will cap all annual fees at 75.00 for all groups unless otherwise decided upon by majority vote of the Board.

**3. NON-DISCRIMINATION** The Cooperative strives to be egalitarian in all aspects of its business operations. The Cooperative works to serve a diverse population by incorporating procedures and

practices that remove barriers to classes of people who are oppressed or are denied power and privilege in society generally. These classes of people include people who are discriminated against based on race, sex, religious creed, age, disability, size, sexual orientation, gender orientation, marital status and economic status.

**4. MEMBER STATUS** An active member maintains a current address on file and keeps current in their dues. An active member becomes an inactive member if they; fail to pay dues, fail to maintain a current address on file for one year, fail to renew a low income membership, or request inactive status.

**5. CAPITAL ACCOUNT** Members shall pay dues into a capital account. The Board sets the amount of dues based upon the structure determined above. Upon becoming an inactive member, members may have all money they have paid into the capital account refunded, unless the member's dues have been transferred from the capital account.

**6. INACTIVE MEMBER DUES** Inactive member dues may be transferred from the capital account to the Cooperative's accounts according to policies and procedures established by the Staff and approved by the Board.

**7. ANNUAL MEETING** An annual meeting of the membership shall be held each year. The place, day, and hour of the meeting shall be mailed to all active members at least 10, but not more than 50 days, prior to the meeting. In addition, notice of the meeting shall be posted at the Cooperative at least 10 days prior to the annual meeting.

The purpose of the annual meeting is to provide an opportunity for the Board and members to discuss the activities of the Cooperative. The Board shall establish the agenda for the annual meeting in a manner that allows for members to propose agenda items.

**8. MEMBER VOTING** In all instances of member voting, ballots may be received at the Cooperative, by mail, or at a meeting of members. No proxies are allowed and each active member shall have one vote. Unless otherwise specified in these bylaws, or by law, a simple majority vote is required for elections and other membership actions. The Board may prescribe additional rules and procedures for elections as appropriate. The Board shall take steps to encourage maximum participation by the membership.

**9. QUORUM** An election must meet a quorum of 10 active members to be considered valid.

**10. MEMBER INDEMNITY** Members are not liable for the debts of the Cooperative.

**11. COMMUNICATION** Members shall maintain free-flowing communication with the Board, Staff, and other members.

### III. Board of Directors

**1. GENERAL RESPONSIBILITIES** The affairs of the cooperative shall be managed by a Board of Directors.

**2. ELIGIBILITY** Any active member is eligible to serve as a Director of the Cooperative.

**3. ELECTION OF BOARD MEMBERS** Board members shall be elected by the membership, except for the Staff representative, who shall be appointed by the Staff. The Board may prescribe the manner and procedures for membership elections, except that elections shall be held annually, and all nominations must be referred to Board and vetted at the Board level.

**4. VACANCIES** In the event of a vacancy on the Board of Directors, the remaining Board members may appoint a new Director. The appointed Director shall serve until the next Board election. Any Board appointed Director is eligible to run for an elected term at the next election.

**5. DECISION MAKING** Board Decisions are made by majority vote by quorum.

**6. QUORUM** For purposes of Board action, unless otherwise specified or required by law, a quorum shall be a majority of the Board.

**7. CONFLICT OF INTEREST** Directors shall be under an affirmative duty to disclose an actual or potential conflict of interest in any matter under consideration by the Board. Directors having such an interest may not participate in the discussion or decision of the matter unless otherwise determined by the Board.

**8. REMOVAL** Any Director may be removed from the Board whenever the Board determines that such removal will be in the best interest of the Cooperative. Before a Director is removed, that Director shall be given reasonable prior notice and a reasonable opportunity to speak before the Board at a regular meeting. Removal shall require a consensus minus-one vote of the Board. The membership may also remove a director through the member-initiated ballot process.

**9. RESIGNATION** A director may resign by submitting a written resignation to the Board with thirty days notice. Absence from three (3) Board meetings in a Board members term without providing prior notification shall constitute resignation from the Board. Exceptions to this policy may be made by consensus of the Board.

**10. BOARD DUTIES** Except as to matters reserved to membership by law or by these bylaws, the business and affairs of the Cooperative shall be directed by the Board of Directors. The major duties of the Board are to:

1. Employ Staff, approve the make-up of the hiring committee, approve job descriptions, and approve a hiring policy;
2. Select officers, and fill Board vacancies as needed;
3. Approve an operating budget annually;
4. Monitor the financial health of the Cooperative;
5. Appoint standing and special committees as needed;
6. Authorize appropriate agents to sign contracts, leases, or other obligations on behalf of the Cooperative;
7. Adopt, review, and revise Cooperative plans;
8. Approve major capital projects;
9. Adopt major policy changes;
10. Adopt policies to foster member involvement;
11. Authorize major debt obligations of the Cooperative;
12. Ensure compliance with all corporate obligations, including the keeping of records and filing all necessary documents;
13. Ensure adequate reviews of Cooperative finances;
14. Maintain free-flowing communication between the Board, Staff, committees, and the membership;
15. Adopt policies which promote achievement of the mission statement and goals of the Cooperative.
16. Resolve organizational conflicts after all other avenues of resolution have been exhausted;
17. Establish and review the Cooperative's goals and objectives.
18. Provide an annual report to the members to include a financial report, committee reports, and a summary of other significant events held and actions taken by the Cooperative during the year.

**11. SUPREMACY** The Board shall not exercise any power under these bylaws which is in conflict with the articles of incorporation or applicable state or federal law.

**12. MEETINGS** The Board shall meet at least twelve times a year. Board meetings shall normally be open to the membership. The Board may close meetings at its discretion to discuss personnel matters, legal matters, or other items which require private discussion. Extra or special meetings may be called at the discretion of the Board or by petition of 10 active members, provided that the petition specifies the business to be conducted at the meeting.

**13. ACTION WITHOUT MEETING** The Board may act without meeting if all Directors consent. The action shall be recorded in writing at the time it is made and included in the minutes of the next Board meeting. Any action taken under this procedure shall be fully effective.

**14. INDEMNIFICATION** The cooperative shall indemnify any person who was or is a party or is threatened to be a party to any civil, criminal, administrative, or investigative action, suit, or proceeding by reason of the fact that the person was or is a Director or officer of the cooperative against expenses (including attorney's fees), judgments, fines, and liabilities reasonably incurred or imposed upon them in connection with or resulting from any claim, action, suit, or proceeding, provided that they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the cooperative. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo contendere or its equivalent shall not create a presumption that the person did not act in good faith and in a manner which they reasonably believed to be in or not opposed to the best interests of the cooperative. The Board of Directors may obtain insurance on behalf of any person who is or was a Director, officer, employee, or agent against any liability arising out of their status as such, whether or not the cooperative would have power to indemnify her/him against such liability. The indemnification provided by this section shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or contract.

#### IV. Staff

**MAJOR RESPONSIBILITIES** The major responsibilities of the Staff are to:

See Position Descriptions

#### V. Financial Information

**1. FISCAL YEAR** The fiscal year ends December 31.

**2. AUDIT COMMITTEE** The Board shall name an audit committee or select an experienced accountant to conduct an audit every three (3) years. Members of the audit committee or the accountant may not be employees, or officers of the cooperative or their immediate families; Board members may be on the audit committee, but the committee may not be composed entirely of Board members. The audit committee or accountant shall report their findings to the Board in writing and in a timely fashion.

**3. REPORTS** The financial coordinator or a member of the Finance committee shall report to the members at the annual meeting and in the Cooperative's newsletter. The Finance committee will also report to the Board as required.

#### VI. Dissolution

**1. BOARD ACTION** In order to voluntarily dissolve the Cooperative, the Board of Directors must adopt a resolution recommending dissolution and direct that the question of dissolution be submitted to a vote of the membership.

**2. NOTICE** Appropriate notice of the vote must be provided

**3. VOTE NEEDED** The Cooperative may be dissolved by a 2/3 vote of the active membership. No other business may be transacted at a special meeting called for the purpose of dissolving the Cooperative or on a ballot issued for the purpose of dissolving the Cooperative.

**4. PROCEDURE** Upon dissolution of the Cooperative the Board shall supervise the winding up of business, the paying of debts, and the distribution of assets.

## VII. Amendment

These bylaws may be amended through a board or member-initiated ballot that remains open at least 30 days. Copies of the proposed bylaws changes shall be available at all locations of the Cooperative at least 30 days prior to the beginning of any vote to amend these bylaws.

## Financial Plan

### Neighborhood Farm Marketplace & Cooperative Proforma Accrual and Cash Basis Income Statement For Calendar Years 2012-2014

	2012	2013	2014
Product Sales	218,750	218,750	243,750
Product Cost of Goods Sold	(131,250)	(131,250)	(146,250)
<b>Gross Margin from Product Sales</b>	<b>87,500</b>	<b>87,500</b>	<b>97,500</b>
Membership Sales	0	1,675	1,750
<b>Total Net Sales</b>	<b>87,500</b>	<b>89,175</b>	<b>99,250</b>
Coop Manager Salary	31,200	31,200	31,200
Warehouse Coordinator	11,440	11,440	11,440
Driver	15,600	15,600	15,600
Employment Taxes	4,455	4,455	4,455
Unemployment Insurance	582	582	582
Workers Comp	1,747	1,747	1,747
<b>Total Payroll Expense</b>	<b>65,025</b>	<b>65,025</b>	<b>65,025</b>
Dues and Subscriptions	240	240	240
Postage and Office Supplies	1,200	1,200	1,200
Bank Charges	120	120	120
Kitchen Supplies	3,000	3,000	3,000
Bad Debt Expense	600	600	600
Legal & Accounting	3,000	3,000	3,000
Local Dirt	365	365	365
Advertising and Promotion	4,000	4,000	4,000
Insurance	3,000	3,000	3,000
Vehicle Gas and Maintenance	2,000	2,000	3,000
Website	60	60	60
Depreciation	10,250	10,251	10,252
Lease	10,139	10,139	10,139
Repairs & Maintenance	1,200	1,200	1,200
<b>Total Expenses</b>	<b>39,174</b>	<b>39,175</b>	<b>40,176</b>

<b>Net Profit (Loss) Accrual Basis</b>	<b>(16,699)</b>	<b>(15,025)</b>	<b>(5,951)</b>
Beginning Cash	0	249,051	244,277
Add: Net Operating Income	(16,699)	(15,025)	(5,951)
Add: Grant Proceeds	322,500	0	0
Add: Depreciation Expense	10,250	10,251	10,252
Subtract: Cash Outflows for Equipment	(67,000)	0	0
Ending Cash	249,051	244,277	248,578
<b>Net Profit (Loss) Cash Basis</b>	<b>249,051</b>	<b>(4,774)</b>	<b>4,301</b>

### Neighborhood Farm Marketplace & Cooperative Projected Sales For Calendar Years 2012-2014

<b>INPUTS</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Participating Restaurants/Kitchens	13	13	15
Sales Price per Pound	1.25	1.25	1.25
Cost of Goods per Pound	0.75	0.75	0.75
Growers & Buyers 0-499 lb (\$25 annually)	2	2	2
Growers & Buyers 500-999 lb (\$50 annually)	8	8	8
Growers & Buyers 1000-2499 lb (\$75 annually)	10	11	12
Growers & Buyers 2500+ lb (Avg \$200 annually))	2	2	2
	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Product Sales</b>			
Participating Restaurants/Kitchens	13	13	15
Project Lbs Sold per Kitchen	10,000	10,000	10,000
Restaurant/Kitchen Sales (lbs)	130,000	130,000	150,000
School District Sales (lbs)	30,000	30,000	30,000
Hospital Sales (lbs)	15,000	15,000	15,000
Total Pounds of of Product	175,000	175,000	195,000
Price per Pound	\$1.25	\$1.25	\$1.25
Total Sales	218,750	218,750	243,750
Total Pounds of Product	175,000	175,000	195,000
Cost of Goods Sold %	0.75	0.75	0.75
Cost of Goods Sold	131,250	131,250	146,250
Gross Margin	87,500	87,500	97,500

**Membership Sales**

Membership Sales - Fees Quantity	64	67	70
Fees (Waived in Year 1)	\$0	\$25	\$25
Total Membership Sales	\$0	\$1,675	\$1,750

**Neighborhood Farm Marketplace & Cooperative  
 Depreciable Assets  
 For Calendar Years 2012-2014**

	Cost	Life	2012	2013	2014
Coolers and Freezer	40,000	10	4,000	4,000	4,000
Computer and Desk	2,000	3	667	667	667
Stainless Steel Tables & Packaging Equipment	3,000	7	429	429	429
Truck	22,000	7	3,143	3,143	3,143
Total	67,000		10,250	10,251	10,252