The Cooperative Promise

A Community and Economic Development Guidebook for Electric Cooperatives

National Rural Electric Cooperative Association
Community and Economic Development
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# Acknowledgements

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Special thanks to the Advisory Group members from the following cooperatives:

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How and Why This Guide Will Help

Consumer-owned electric cooperatives have served America’s communities—large, small and rural—for more than 60 years. Created when public power reached only one in 10 rural households, cooperatives now bring power and new opportunity to millions of customers and thousands of communities in forty-seven states. In the 1930s, electricity was the critical element needed for rural economic and community development. Its availability revolutionized life in the home, on the farm and in the factory. Today, reliable, affordable electric power is still essential. But the rise of telecommunications and the decline of core rural industries require cooperatives to bring new tools and resources to creating jobs and improving the quality of community life.

The National Rural Electric Cooperative Association (NRECA) is providing this Community and Economic Development Tool Kit to meet these new challenges. It has three components:

- *The Cooperative Promise...Going Beyond the Wires*—a video that documents extraordinary cooperative efforts in communities much like yours. It will help build support for economic and community development and guide cooperative boards in new directions.

- *The Cooperative Promise...A Community and Economic Development Guidebook for Electric Cooperatives* is the printed complementary resource to *The Cooperative Promise* video. It highlights successful development strategies and the video case study communities.

- *Cooperative.com* Web site ([www.cooperative.com](http://www.cooperative.com)) includes the Community and Economic Development Professional Community that is designed for cooperative staff involved with community and economic development. The site provides a broad range of planning, resource, technical assistance and funding material. NRECA’s C&ED staff constantly updates and expands the *Cooperative.com* selection and range of resources.

Why Community and Economic Development?

For starters, it’s good business. Cooperatives contribute to their communities in two important ways: as a business that employs people and provides essential services, and as a catalyst for positive change and community growth. Cooperatives are comfortable in their role as an important business in their communities. (In South Dakota, electric cooperatives are one of the state’s 25 largest employers.) A number of cooperatives may be less clear about their role as a catalyst: what does it mean? how is it accomplished? is it even a necessary and proper role? The perspectives throughout this Tool Kit are that cooperatives have historically served communities in both ways and that the role of catalyst is constantly being redefined by economic and social needs. In addition, our findings indicate that community and economic development is synonymous with good business. Cooperatives are building load by responding to business and community concerns.
Beginning more than 60 years ago, rural electric cooperatives brought new business, new services and new facilities to rural America. Cooperatives were involved in community and economic development, even when there was no formal process. But community and economic development today requires new funding, new partners and new strategies. Many co-ops find that being a force for change requires many cooperatives taking an active, not passive, role in the planning, financing and management of activities involving development.

An ancient Chinese proverb states, “Risk is Danger and Opportunity.” For many cooperatives concerns about the danger outweigh the opportunities offered by community and economic development.

Some cooperative staff and board members have voiced these reservations:

“We provide electricity. We’re not sure that C&ED is part of our mission and vision.”
“What if we fail?”
“Why should we get involved? What’s in it for the cooperative?”
“How do we work with partners who have so much more knowledge and experience?”
“Where do we turn for help?”
“We’re all busy: Who takes charge of C&ED at the co-op?”
“Have others succeeded with limited staff and resources like ours?”

Based on the experience of the case study communities and numerous other cooperatives, many directors and CEOs/managers strongly support the following observations:

1. Community and economic development is “good business” and part of the cooperative business model. Cooperatives belong to their members and respond to their members’ needs. The Seventh Cooperative Principle: Concern for Community, pledges that “cooperatives work for the sustainable development of their communities….” For Touchstone Energy® members, C&ED confirms the Fourth Touchstone Energy Value, “Commitment to Community.”

Keeping electricity up and running is a cooperative’s first and constant responsibility. But preservation and creation of jobs, and maintenance of public health, education and infrastructure assure that people will want to live and work in the communities your cooperative serves. Grow your community and so grows your co-op.

2. For many cooperatives, community and economic development is a new, or constantly changing, responsibility, particularly for those in small and rural communities. Cooperatives must take great care to manage the risk of failure related to development activities. But many safeguards exist. C&ED projects are not new, risky business ventures in which cooperatives are investing members’ capital. Generally, cooperatives are working with experienced partners from the financing, planning and local government sectors that institute safeguards of their own against loss.
In the Funding section of this guidebook, we review the major cooperative lending programs, which require sufficient collateral on the part of the borrower to protect your cooperative from financial liability. (As further protection, all loan applications must be approved by state and national USDA Rural Development staff.) These programs can help protect cooperative efforts against failure, particularly when they are just getting started.

And, the Community and Economic Development Team at NRECA is ready to assist. We can put you in touch with cooperatives that have successfully undertaken similar C&ED projects. See page 55 for contact information.

3. Through partnerships, the whole is almost always greater than the sum of the parts. Cooperatives may not bring the extensive background in C&ED that other partners possess. However, they have access to unique funding sources, a trust relationship with both residential and commercial customers and special knowledge of the community’s current and future power needs. Designing and conducting a business and community needs assessment (see page 8) can build a working group that recognizes the strengths and interests of all parties.

4. Community and economic development is linked to many internal cooperative activities: key accounts, member services, human resources, finance, community relations, even telecommunications. In smaller cooperatives, C&ED responsibilities may be part of an established job position or shared among several staff members. In some co-ops, managers are the C&ED point person because of their interaction with community leaders. Success often justifies a fully funded C&ED manager. The guidebook sections on Partnerships, Funding and Cooperative.com provide information and contacts on community and economic development assistance and resource organizations.

5. Community and economic development is good business. Cooperatives belong to their consumer-owners and share the responsibility to preserve and promote their community’s best interests. For many cooperatives, community and economic development is at the core of their relationship to the people and to the place that they serve.

A cooperative’s business success can be measured in more than dollars. Investment in community and economic development:

- builds customer loyalty;
- promotes good business relationships;
- attracts dedicated employees and builds employee pride;
- helps increase KWh load; and
- demonstrates the strength of cooperative business model.

Mike Anderson, CEO of Jackson Electric Co-op in Black River Falls, Wis., tells why Jackson Electric is involved with C&ED: “In the early 1980s, we lost our single largest employer of 550 iron workers. And we were seeing a tremendous decline in our dairy
farming. At that time, we [were given] a strong commitment from our board of directors to assist our community in developing an industrial park and to create additional jobs. Commitment to community and economic development is a necessity in order for a rural electric cooperative to survive.”

**The Cooperative Difference**

Community and economic development is an integral part of the “cooperative difference.” Recent scandals among large energy traders such as Enron highlight the dangers of putting profit before serving customers and community. A recent Gallop survey showed that Americans rank family, health, work, friends and finances as their five key concerns. Cooperative efforts in community and economic development touch each of these issues. Cooperatives address these concerns as part of the way of doing business because they reflect the values of their consumer-owners. Chart 1 summarizes what makes electric cooperatives distinctly different from virtually any other utility provider. Demonstrating these unique characteristics at a time when the energy sector is generally in bad repute can help sharpen these distinctions.

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**Chart 1**

Recent surveys conducted for NRECA confirm that loyalty to a cooperative increases to the highest level in the industry when users recognize themselves as “consumer-owners,” not simply as “customers.”

Cooperative employees have a long history of giving back to the communities they serve. A recent survey of all 31 South Dakota cooperatives determined that each of the state’s more than 900 cooperative employees gives an average of 55 hours a year to community organizations and services. This figure is more than three times the number of hours
recognized as the national standard for employee volunteer program excellence by VeraWorks, a nationally recognized nonprofit organization.

However, the percentage of those who see themselves as “consumer-owners” declines noticeably among younger and/or short-term cooperative members. Education is the key to building awareness among these important groups. And economic and community development are highly visible activities that educate the public, particularly the younger public, about a cooperative’s unique commitment to the community. What better way to make cooperative members proud and aware of their membership than saving jobs, financing health care facilities, or bringing power and funding to a new industrial park?

**Building Your Commitment**

A number of cooperatives are committed to economic development, with board and staff investing their time, expertise and the cooperative’s resources in building the local economy and community infrastructure. The *Cooperative Promise* case studies demonstrate that cooperatives can succeed in small communities, in distressed communities, and in communities without major commercial and industrial accounts. But, for many other cooperatives, community and economic development is one of many responsibilities that may be assigned to those who work in areas such as key accounts, marketing or member services. In some co-ops, the general manager or CEO takes charge of economic and community development.

Board support is essential whether your cooperative has been involved with development activities for some time or whether your efforts are in the planning stages. Creating jobs and improving community life require time, money, cooperation and coordination. The cooperative board represents the interests of all the co-op’s consumer-owners and its understanding and approval of cooperative involvement assures that a commitment to economic and community development has the full support of the board, the staff and the membership.

Buy in, or board support, requires both inspiration and education. Many cooperatives see community and economic development as both the right thing to do and as good business. Steve Ahles, general manager of Whetstone Valley Electric Co-op in Milbank, S.D., says that cooperative involvement in both the economy and quality of life of his community is complementary: “Our members, our directors and our employees want to live in a community that has the services that they need and the amenities that they enjoy. In order to do that, we need to build the economy of the community…If we don’t have growth [it will] place real pressure on our rates in the future. So, being involved in economic development is critical and necessary as a cooperative.”

A cooperative’s first responsibility is providing reliable, affordable electricity. But community and economic development are necessary to preserve and expand the existing residential and business base and to create the quality of life that will attract new residents and economic activity. Electric power, of course, is prerequisite for a healthy, growing community, along with land, transportation, other utilities, schools, housing and...
a trained work force. Working together with community partners, cooperatives can be a catalyst in some or all of these areas. This guidebook summarizes the steps for tailoring a community and economic development strategy to the needs of your co-op and your community. The sections that follow will cover:

- Needs assessment
- Local, state and national partners
- Funding
- NRECA resources

**Community and Business Needs Assessments**

Once your cooperative is committed to community and economic development, the next step is to involve key community partners and generate broad community support. At this point, many local leaders conduct a community or business needs assessment. There are three overriding concerns, regardless of the size of the community or the complexity of the assessment:

- Where are we now?
- Where do we want to go?
- How are we going to get there?

Conducting an assessment reinforces the overall investment in community and economic development: it helps build loyalty, good business relationships and visibility in the community at large. Assessments are often the beginning of a larger planning process, not an end in themselves. They help many communities recognize where they do not want to go, as well as pointing them in the right direction. Change and growth are inevitable. There are many communities that regret the changes that have taken place because they did not take charge of their own future. “Know thyself,” is a good place for communities to start taking charge.

A business needs assessment focuses on current and future businesses needs. Its overall purpose is to retain, expand and create jobs. A community needs assessment takes a broader inventory of social and community service needs in addition to business needs. As a leading local business organization, a cooperative may feel its interests are strictly in the area of business development. However, many businesses decide whether to expand, or where to locate, based on the quality of education, health care, recreation and other local amenities. Even an assessment directed primarily at business development should touch on the overall needs and satisfaction of citizens in the community. An unhappy or underserved community is rarely a good place for business investment.

“Stop me before I plan again…”

Many local leaders feel that too much planning stands in the way of progress. They may question if there is the time, money or need for an assessment or any other planning procedure. It is difficult to argue with those who say, “We need more jobs; it’s that simple.” Many communities proceed on the basis of general impressions or the opinions
of a few key leaders. But broad-based assessments and surveys can confirm, modify or even change initial conclusions.

The *Community Tool Box*, developed by the University of Kansas Cooperative Extension Service, provided many of the following observations on the value of community needs assessments.

Well designed assessments are valuable because they:
- Draw information from a representative and diversified number of people;
- Gather more honest and in depth responses than people may share in public;
- Document the needs that can win financial, political and community support; and
- Confirm that planned actions and expected results are in line with overall community thinking.

There are risks when a full range of stakeholders is not involved in community or economic development efforts. The decision can be wrong, resulting in the waste of much time and valuable resources. We all know of industrial sites that have full utilities and access roads but no occupants. (One was described as the “best-equipped cow pasture in the county.”)

Then, too, good decisions may not receive support from key partners who were left out of the planning and decision-making process. Here are some of the key groups that should have a role in community needs assessments:
- Chamber of Commerce and other business groups and representatives;
- Local banks and other financial institutions;
- Municipal and county government;
- Regional planning organizations;
- Community development corporations and other development financing organizations;
- Builders, developers, other utilities, etc.;
- Community and nonprofit health, social service and religious organizations;
- Community and citizen groups involved in housing, neighborhood improvement, education, environmental issues, etc.; and
- Interested consumer-owners.

Remember, the business, banking, governmental, planning and non-profit sectors, as well as citizen and community groups, all have valuable perspectives and potential funding to offer. This list can be a guide for inclusiveness as you begin the needs assessment process and may be modified for your own community’s needs.

**What is a Needs Assessment?**

A needs assessment is a structured way of asking people about their most important issues. Its purpose is to guide future actions. Assessments, or needs surveys, may be directed to a targeted audience or to the community at large. In general, assessments share these characteristics:
• They ask the same set of questions of every person;
• They are targeted to a representative group of people, selected by the survey organization;
• They are conducted uniformly by mail, by phone or by personal interview; and
• They are collected and the results are summarized, distributed and discussed.

The key to a useful assessment is asking the right people the right questions in the right way. A business needs survey, for example, may be designed for members of the business community, asking questions related to taxes, development financing, public parking, infrastructure, etc. Soliciting input from members of the general public who have no knowledge of these issues may simply skew the results. Likewise, business owners are likely not to be the most knowledgeable group to survey on elderly or day care issues. Remember to target surveys to the appropriate audience with appropriate questions. If the assessment cannot reach the entire target population, make certain that you select a representative group in terms of demographics: gender, age, income, social, ethnic and racial background, etc.

Be sure that a business assessment circulates beyond established Main Street enterprises. Entrepreneurs and expansion by existing businesses with less than 20 employees now account for the majority of new jobs in this country, many requiring skilled labor or academic training, according to the National Commission on Entrepreneurship. These often-overlooked contacts may be the most promising source of new employment.

Assessments can accomplish two important objectives:
• Gather valuable information that is not available from any other source; and
• Build support among those surveyed for future actions.

What does a Needs Assessment Look Like?

Assessments gather the information needed by the sponsoring group. Each assessment must fit the objectives of the sponsoring organization and draw on the knowledge and experience of the audience being surveyed. Regardless of whether the survey is created in house or with professional outside help, the local development partners should determine most of the focus, if not the content.

Again, we can turn to the Community Tool Box for some helpful questions to ask before framing specific questions for the assessment.
• Why is the organization conducting the survey? You will likely be asked to explain your cooperative’s participation in a needs assessment, especially if your cooperative is new to economic development.
• What are the organization’s goals for the assessment? Before designing a survey or questionnaire, a cooperative (and its partners) must be clear on what they expect to achieve. Those who take part in the needs assessment will want to know how the results will be used.
• Are the resources available to do the job right the first time? A premature, poorly written or misinterpreted assessment will hinder economic and community development efforts.

The *Rural Economic Development Scorecard* appears on page 50 in the Resource Section. Designed by the Ohio State Cooperative Extension Service and further modified by Bob Forsblom of Buckeye Power (G&T), Columbus, OH, it is an excellent model for a general economic development needs assessment.

Many books on community planning suggest that a development committee representing a broad range of community interests, groups and organizations design, sponsor and utilize an economic or community needs assessments. An inclusive approach contributes to key partners asking the right questions, understanding and sharing goals and supporting the survey results.

Once the needs assessment has been drawn up, it might be given to a test group that is representative of the survey audience. The test will let you know if the instructions and questions are clear, and if there is sufficient time to complete the survey. If the survey is to be administered by individuals, in person or over the phone, the test will provide them with “on the job training.” Survey results can be seriously compromised, if test givers ask leading questions or influence responses in any way.

Some communities that are new to economic development only consider attracting a major employer to the area. There are many other strategies that may fit much better with your community’s needs and capacity. Here are some considerations that a community should weigh before pursuing a large outside firm:

• What tax incentives, roads and utility hook-ups will the company expect or demand?
• What level of wages and benefits will most of the jobs provide?
• Does the project fit the community?
• Can schools, health care facilities, available housing, etc. meet the needs of new employees and families?
• Will the taxes paid by the company and its employees cover the added costs to the community?
• Does the business/industry harm or drain environmental resources (air, land and/or water)?
• Is the business subject to business cycles that could lead to cutbacks or closure?
• Will the company commit to staying beyond the point that various incentives might expire?

These questions are intended to encourage discussion, not discourage development. Two case study cooperatives in the guidebook, North Central Missouri Electric Cooperative in Milan, Mo., and the Consumers Power, Inc. in Philomath, Ore., played important roles in bringing major employers to their communities.
Two other sets of questions may point your cooperative and community in the right direction:

A. When considering jobs, is your community concerned about:
   - Saving jobs?
   - Expanding jobs?
   - New jobs?
   - Diversifying jobs?
   - Family wage jobs?
   - Stabilizing the area job market?

B. In terms of building the local economy, will efforts focus on:
   - Better products (value-added agriculture, for example)?
   - New products?
   - New markets for existing products?
   - Subsidiary businesses to support current companies?

A number of studies suggest that less than 5 percent of the rural population currently makes a full-time living from farming. In many areas, other core industries such as manufacturing, textiles, lumber and mining have closed down, moved overseas or are in serious decline.

The new economy is growing in areas such as:
   - information management and knowledge transfer;
   - health care and assisted living;
   - entrepreneurship; and
   - tourism.

Communities that are not located near a major interstate highway, a growing metropolitan area or with a limited business sector, may want to explore these and other new directions for economic development.

There is much truth in the old adage, “Nothing succeeds like success.” Planning for economic and community development may seem like a daunting task for a group that has never worked together before, especially when exploring new directions for the local economy. A number of cooperative communities in North Carolina have helped organize special events to draw people and dollars to their communities and to build a team to address longer-term economic development strategies. For example, Carteret-Craven Electric Cooperative in Morehead City is one of eight cooperatives that co-sponsors the annual WRNS music festival at East Carolina University in Greenville. The event now attracts 30,000 people from the state and the Mid-Atlantic region providing a major boost to the area economy and great visibility for the sponsoring cooperatives and for their membership in Touchstone Energy.

See the tourism section in the C&ED Professional Community on Cooperative.com for the complete case study and for other examples.
Partnerships (You Can’t do it Alone)

Virtually all community and economic development projects involve partnerships. Initially, most cooperatives are involved with community and economic development through the Rural Economic Development Loan and Grant (REDL&G) program, administered through USDA’s Rural Business-Cooperative Service (RBS) and funded through the Rural Utility Service (RUS). Cooperatives submit grant and loan applications on behalf of local business, local government and other eligible recipients to their state Rural Development office.

Partnerships often evolve from the interdependence of the private, public and nonprofit sectors:

- Local and county government own and operate public infrastructure.
- Private developers and nonprofit development corporations own and manage industrial parks.
- Cooperatives, banks, local governments and community development corporations provide business loans.
- Municipal, county and/or regional planning and development organizations coordinate local efforts, provide grant writing expertise and project management.

While each community will have a unique set of potential partners, let’s review the checklist of candidates from the community and business needs assessment section:

- Chamber of Commerce and other business groups and representatives;
- Local banks and other financial institutions;
- Municipal and county government;
- Regional planning organizations;
- Community development corporations and other development financing organizations;
- Builders, developers, other utilities, etc.;
- Community and nonprofit health, social service and religious organizations; and
- Community and citizen groups involved in housing, neighborhood improvement, education, environmental issues, etc.; and
- Interested consumers-owners.

When these organizations and their representatives participate, it will help build support for planned projects and promote involvement of the full range of community stakeholders, including women, youth, minorities, the elderly and persons with disabilities.

The Chamber of Commerce and other business and civic organizations can provide a good perspective on the local business climate. State and national associations are the best source of information about their member local government and regional development organizations.
Local and county governments
Within a cooperative’s service area, municipal and county government are major forces in economic and community development. Both possess the legal and financial authority to encourage business development and to provide and to maintain community services and facilities. State municipal leagues and county associations may also provide useful economic development material and training. You may locate state associations of local governments through the following national organizations:

*National League of Cities (NLC)*
Go to [www.nlc.org/nlc_org/site/](http://www.nlc.org/nlc_org/site/)
Scroll down the NLC home page and locate State Leagues on the right side.

*National Association of Counties (NACo)*
Go to [www.naco.org/](http://www.naco.org/)
Click on Affiliates in gray left-hand panel.
Click on *State Affiliates*.

*The National Association of Towns and Townships (NATaT)*
NATaT represents 11,000 towns and townships in eastern and mid western states.
Go to [www.natat.org/natat/](http://www.natat.org/natat/)
Click on *State Associations* on right-hand panel.

Substate Planning and Development Offices and Organizations
Regional development and planning organizations exist in most states and can be key partners in comprehensive planning, coordination of funding proposals and management of grant and loan programs that involve complex federal requirements. Many of these organizations receive support from U.S. Economic Development Administration (EDA). Many receive state funding, as well.

*U.S. Economic Development Administration (EDA)*
Click on *Economic Development Directory* and scroll down to Section Three, which will lead you to state maps that identify all EDA sub-state districts.

Regional planning and development organizations usually belong to one or both of the organizations listed below.

*National Association of Development Organizations (NADO)*
Go to [www.nado.org/](http://www.nado.org/)
Click on Links
Click on *NADO Member Web sites* in bold on the top of the right column.

*National Association of Regional Councils (NARC)*
Go to [www.narc.org/](http://www.narc.org/)
Scroll down to your state to find local council or click on first letter of your state.
The C&ED Professional Community on Cooperative.com has a section on Partnering with additional information and links to other useful sites and organizations.

**Funding**

Cooperatives can be an important catalyst for funding community and economic development projects. A number of cooperatives have arranged for major financing of new businesses and community improvements through one or more of the USDA Rural Development (RD) programs. Rural Development offers financing to assist in the construction and renovation of business facilities, residential housing, water and wastewater facilities, and medical centers, among others. RD funding can help new and expanding businesses and public services with capital for equipment, supplies, job development, etc.

Often, cooperative staff members work with private and public sector partners to attract grants and loans from a range of other funding sources. Partners may include the state and local government planning, financing and development offices and representatives from the local business community. Many cooperatives that have a successful track record in development follow two basic rules:

- Secure adequate collateral for any loans that the cooperative provides to protect cooperative funds and assets; and
- Utilize cooperative loans to raise, or leverage, the maximum amount of matching funds.

Cooperatives are also on the leading edge of creative financing. In South Dakota, the East River Power Cooperative, Inc. (G&T) and Sioux Valley Energy (distribution cooperative) worked together on an innovative financing program that enabled local farmers in and around Madison, S.D., to provide equity loans for a state-of-the-art ethanol plant. The loan program took advantage of the unpaid capital credits that the Sioux Valley cooperative owed to its members. A total of 455 farmers participated in the loan program, raising nearly $900,000 that helped leverage additional funds for the $40 million plant. (Case studies, page 41.)

Community and economic development projects face considerable competition for funding. State and local governments have scarce resources to meet the many requirements of their citizens. New or expanding businesses struggle to raise capital for buildings, equipment, raw material, salaries, etc. Electric cooperatives, however, have unique access to several funding sources and can multiply the available funding by working closely with state and local partners. The resource list below introduces some of the major grant and loan programs that assist in bringing jobs, new services and better living conditions to thousands of communities in co-op territory across the country. The C&ED Professional Community on Cooperative.com has more information on each of these programs and describes many other funding, planning and assistance resources.

**USDA**
Rural Economic Development Grant and Loan (REDL&G) program
The REDL&G program is administered through USDA’s Rural Business-Cooperative Service (RBS) and funded through the Rural Utility Service (RUS). It provides funding that enables electric and telephone utilities to make zero-interest loans for rural economic development, job creation and community improvement projects. Co-ops submit loan applications to their state Rural Development offices on behalf of area businesses, local governments and/or nonprofit organizations that meet the REDL&G program eligibility criteria. Since cooperatives are responsible for repayment of the approved loans, they must secure adequate collateral to avoid financial risk. One-time loans are paid back to RUS. Cooperatives may also apply for grant funds that are loaned out to the original applicant and then repaid to the cooperative. Rather than repaying RUS, the cooperative may then loan these funds out again for eligible activities undertaken by eligible recipients. The Jackson Electric Co-op in Black River Falls, WI utilized REDL&G funds in helping finance an industrial park that has attracted thousands of jobs to the area. (Case studies, page 46.)

See [www.rurdev.usda.gov/rbs/buspl/redl.htm](http://www.rurdev.usda.gov/rbs/buspl/redl.htm)

Intermediary Relending Program (IRP)
Cooperatives are eligible to provide loans for business and community development projects through USDA’s Intermediary Relending Program (IRP). Cooperatives borrow the funds from USDA’s Rural Business-Cooperative Service (RBS) at one percent interest and then make loans to eligible entities for establishment of new businesses, expansion of existing businesses, creation of employment opportunities, saving of existing jobs or for community development projects. Loans are generally structured for repayment over 30 years and cooperatives must secure adequate collateral to assure that RBS will be repaid. This program provided critical financing for the Auburn Hills housing program in Milan, Mo. (Case studies, page 29.)

See [www.rurdev.usda.gov/rbs/buspl/irp.htm](http://www.rurdev.usda.gov/rbs/buspl/irp.htm)

Community Facility Grants and Loans program
USDA’s Rural Housing Service (RHS) offers direct loans, guaranteed loans and grants for the development of essential community facilities in rural areas and towns of up to 20,000 in population. Applicants located in small communities with low population and limited income receive a higher percentage of grants. Grants are available to municipalities, counties and special-purpose districts, as well as nonprofit corporations and tribal governments. Cooperatives should explore this source of funding with project partners that are eligible for funding, such as local governments and community development corporations.

Grant funds can be used to construct, enlarge, or improve community facilities for health care, public safety, and community and public services. Under the leadership of the Northern Plains Electric Cooperative in Cando, N.D., the small city of 1,500 maintained and expanded the Towner County Medical Center, with a $2 million community facility loan playing a critical role. (Case studies, page 35.)
For more information on the three community facility grant and loan programs, see:
www.rurdev.usda.gov/rhs/Nonprofit/np_splash.htm#Community%20Facilities%20Grant

Water and Waste Disposal Grant and Loan program
The Rural Utility Service (RUS), within RD, administers this major program that has helped thousands of rural communities to provide safe drinking water and to protect land and water from inadequately-treated wastewater. Local governments, Indian tribes and non-profit organizations serving communities of fewer than 10,000 people can apply for grants or loans. Funding can be used for construction, installation, repair, improvements and expansion of community water and sewer systems, as well as solid waste and storm drainage facilities. Local governments often draw on these funds to complement REDL&G funding that they have borrowed through their local cooperative.

The Water and Waste Disposal Grant and Loan program Web site is at:
www.usda.gov/rus/water/programs.htm

USDA Rural Development programs and state offices
USDA’s Rural Development office has a number of funding programs for community and business development. Visit the Rural Development home page (www.rurdev.usda.gov/index.html) and explore the programs listed in the two blue banners directly below the masthead. For more information about application procedures, visit the Web site for your state Rural Development office: www.rurdev.usda.gov/recd_map.html

U.S. Department of Housing and Urban Development (HUD)

“Small Cities” Community Development Block Grant (CDBG) program
Each year, HUD appropriates funding to states that enable them to make competitive grants to small cities and rural counties for community and economic development projects. Cities of less than 50,000 in population and rural counties of less than 200,000 in population that do not receive CDBG funds on an entitlement basis are eligible to apply. Funds can be used for a broad range of projects, including water and wastewater systems, industrial park development, job creation, health care facilities and Main Street renewal. In general, states require that 70 percent of the beneficiaries of a CDBG-funded project be from low- and moderate-income households.

Since the CDBG program is one of the few federal programs that provides grant funds, rather than loans, it is a critical source for leveraging other resources. Many community projects for which cooperatives provide loan funds would not be affordable without CDBG funding. Cooperatives should explore its availability whenever they are working with an eligible local government or community partner.

Using CDBG funds, the Missouri Department of Economic Development provided major infrastructure funding for the Auburn Hills affordable housing project in Milan, Mo. The project was initiated and organized by the economic development team at the North Central Missouri Electric Cooperative. (Case studies, page 29.)
Applicants apply to the delegated state agency that administers the CDBG program for HUD. State contacts are listed alphabetically, by state, at: www.hud.gov/offices/cpd/communitydevelopment/programs/stateadmin/stateadmincontact.cfm

U.S. Department of the Treasury

Community Development Financial Institutions (CDFI) Program

The Treasury Department’s Community Development Financial Institutions (CDFI) Program supports private, for-profit and nonprofit financial institutions that provide both financial capital and services to underserved people and communities. CDFIs have been key partners for many cooperatives in arranging funding for affordable housing, assisted living centers and business development. CDFIs provide a wide range of financial assistance, including mortgage financing for first-time home-buyers, financing for community facilities, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and financial services for low-income households and local businesses. CDFIs include community development banks, credit unions, loan funds, venture capital funds, and microenterprise loan funds. A national map showing CDFI fund recipients is located at: www.cdfi.org/awards.html. The CFDI locator list has links to many institutions nationwide: www.communitycapital.org/cdfi_locator/alpha_list.html#top

U.S. Small Business Administration

The U.S. Small Business Administration provides financial, technical and management assistance to help Americans start, run and expand their businesses. SBA is the nation's largest single financial backer of small businesses, with outstanding business loans, loan guarantees and disaster loans worth more than $45 billion. SBA’s venture capital portfolio (supporting new businesses and entrepreneurial efforts) is valued at an additional $13 billion. In 2001, SBA offered management and technical assistance to more than a million small business owners. SBA can be a key resource for any new or expanding small business to which cooperatives are providing power, funding or business planning.

Encouraging small business is good business. America’s 25 million small businesses employ more than 50 percent of the private work force, generate more than half of the nation’s gross domestic product. They are the principal source of new jobs in the U.S. economy.

For these reasons, small business and entrepreneurial development may be the most successful economic strategy, particularly in rural or non-industrial areas.

To learn more about SBA, go to: www.sba.gov/abouthsba/
To locate your nearest SBA regional office, go to:
To locate the address and phone number of your nearest local SBA office, consult: [www.sba.gov/aboutsba/sbaofficeslist.html](http://www.sba.gov/aboutsba/sbaofficeslist.html)

**Small Business “Vital Statistics”**
(Source: U.S. Department of Labor, U.S. Department of Commerce)

- There are approximately 25 million small businesses in the United States
- New business formation reached another record level in 1998.
- There were 898,000 new employer businesses in 1998—the highest ever and a 1.5 percent increase over the record of 889,000 new businesses in 1997.
- In 1998, seven of the 10 industries, which added the most new jobs, were in sectors dominated by small businesses. Small businesses hire a larger proportion of employees who are younger workers, older workers, women or workers who prefer to work part-time.
- Small businesses provide 67 percent of workers with their first jobs and initial on-the-job training in basic skills.
- Small businesses:
  - provide approximately 75 percent of the net new jobs added to the economy.
  - represent 99.7 percent of all employers.
  - employ 53 percent of the private work force.
  - provide 47 percent of all sales in the country.
  - provide 55 percent of innovations.
  - account for 35 percent of federal contract dollars.
  - account for 38 percent of jobs in high-technology sectors.
  - account for 51 percent of private sector output.
  - represent 96 percent of all U.S. exporters.

**Cooperative Finance Corporation**

The National Rural Utilities Cooperative Finance Corporation (CFC) is a privately-owned, non-governmental organization that provides state-of-the-art financial products and business management services to more than 1,050 electric cooperative owners across the United States. These systems serve an estimated 32 million ultimate users of electricity. CFC shares virtually the same membership with NRECA.

CFC's owners consist of electric cooperative distribution systems, power supply systems, statewide associations, and service organizations. CFC provides the sole source of financing for a number of electric cooperatives as well as provides independent source of financing that supplements the credit programs of the U.S. Department of Agriculture's Rural Utilities Service (RUS). CFC is the premier private market lender to rural electric systems.

**CoBank**
CoBank is a cooperative lending institution that provides funding for agriculture, communications, energy, water and clean water systems, and other businesses serving rural America. CoBank makes loans to help agricultural cooperatives and rural utilities fund water and wastewater projects through its Water and Waste Lending Program. These loans ultimately assist the system owners that include investor-owned, non-profit and municipally-operated water and wastewater utilities. Financing is available for capital improvements, new construction and upgrades, as well as refinancing of existing debt and acquisition of assets. Eligible systems must serve unincorporated rural areas or towns less than 20,000 in population. Variable and fixed rate loans are available with terms ranging up to 25 years. For more information on CoBank programs, visit: www.cobank.com/services/index.html

Community and Economic Development Check List

Here is a quick review of major funding sources for cooperatives and their partners in economic and community development. State-based agencies generally administer federal grant, loan and technical assistance programs for economic and community development. Click below to access the agency in your state that distributes funding for:

USDA Rural Development
[Includes Rural Business-Cooperative Service (RBS), Rural Housing Service (RHS) and Rural Utility Service (RUS).]
www.rurdev.usda.gov

State Rural Development Offices
Go to www.rurdev.usda.gov
Click on State Offices in the middle of the banner at the top of the Rural Development Home Page. Click on your state on the U.S. map.

Community Development Block Grant (CDBG) Program
State Offices
Go to www.hud.gov/offices/cpd/
Click on CDBG in Quick Links box on lower right
Click on State Administered CDBG, second program down, in right-hand box
Click on Find more information about your state’s CDBG program.

EPA Drinking Water State Revolving Fund (DWSRF)
State Drinking Water Offices
Go to www.epa.gov/safewater
Click on Local Drinking Water Information second down in left column
Click on your state on U.S. map.

EPA Clean Water State Revolving Fund (CWSRF)
State Clean Water Offices
Go to www.epa.gov/owm/srfcon.htm
Click on new address for state offices (Chart has small type but is very thorough)
U.S. Economic Development Administration (EDA)
Sub-state Offices
Go to www.doc.gov/eda/html/sitemap.html
Click on Economic Development Directory and scroll down to Section Three, which will lead you to state maps that identify all EDA sub-state districts.

You may also return to site map and click on State Economic Development Agencies then click on your state for state-specific agency listings.

The University of Kentucky has a useful site called a Local Government Guide to the Internet, which lists many sites providing information and documentation on key economic, and community development activities.
Go to www.rural.org/lgg/lggurls.html

The best source of information developed specifically for cooperatives is the Funding section of the C&ED Professional Community on Cooperative.com. It provides a more extensive and detailed list of financial and technical assistance resources that the C&ED staff members continually update and expand.

State-based Economic Development Programs

Statewide Community and Economic Development Workshops

Frequently, the statewide can be a leader in providing C&ED services to the distribution cooperatives, either by providing a special focus in the form of a grant writer, funding administrator, or someone to coordinate site selection activities. In some states, the G&T may provide these services, often in conjunction with the statewide. Consistent with the cooperative philosophy, cooperatives helping cooperatives saves resources, increases opportunities for a variety of C&ED related activities and serves to increase visibility among key local partners.

One way to promote cooperative community and economic development at the statewide level is to sponsor a meeting of all C&ED professionals from distribution, G&T and/or statewide organizations and their partners from various local and state entities.

The North Carolina Electric Membership Corporation (NCEMC) sponsored this type of meeting at the statewide and invited speakers from USDA, state assistance agencies, a local foundation, NRECA, CFC and others. Held in conjunction with Touchstone Energy® Services and the North Carolina Association of Electric Cooperatives, the program provided networking opportunities, as well as important visibility for the Touchstone Energy brand.

Attendees not only included electric cooperatives, but also those organizations that provided funding for community and economic development. In some states, such meetings may provide the only opportunity for all the electric cooperatives involved in
C&ED to meet with possible funders as well as other partners, such as local development corporations, small town officials, local foundations and entities designed to oversee and/or promote local development. Some grants specify that eligibility is limited to 501(c)(3) organizations, and a statewide meeting might introduce cooperatives to these local nonprofit organizations and assist in identifying common goals.

A template for modeling a similar meeting in your state appears on page 55 of the Resource Section. It includes the North Carolina meeting announcement and agenda.

State Cooperative Economic Development Entities

Electric cooperatives in a number of states have enhanced their economic development capacity by supporting a state-based economic development organization. Iowa Area Development Group, North Carolina Electric Membership Corporation, Oregon Development Group and SC's Palmetto Economic Development Corporation are electric cooperative, non-profit corporations that promote industrial and entrepreneurial development in cooperative territory through site selection, attractive power rates for business, marketing and funding for expansion and job retention.

Iowa Area Development Group
"Powerful Partnerships…Connecting People and Resources to Grow Business in Iowa" is the motto of the Iowa Area Development Group (IADG). It is the marketing and business development agency for Iowa's electric cooperatives and municipally-owned electric utilities served by the RECs. Since 1985 IADG has served its sponsors and communities with site location services, financial packaging assistance and a variety of supportive initiatives for businesses interested in locating in their member's service territories. IADG has assisted over 1,000 businesses with successful expansions and new site locations. This activity represents capital investment of more than $3 billion and the creation of over 30,000 new jobs for the state. IADG conforms to international data standards and has an extensive site and building data system on its Web site at:

North Carolina Electric Membership Corporation
The North Carolina Electric Membership Corporation (NCEMC) is the statewide G&T that operates two other corporations in support the state's 27 electric cooperatives. One of NCEMC’s principal member services is economic development. Services to businesses seeking to start, expand or relocate in N.C. include: assistance with site and building identification, energy audits, assistance with market research, flexibility in rate design, power quality services, loan and grant assistance and demographic analysis. Since 1997, NCEMC and the North Carolina Association of Electric Cooperatives have administered their own business development loan fund with $10 million in initial capital provided by NCEMC. Local cooperatives can borrow up to $1 million to provide revolving loans to local private businesses and public development entities, with approval from the fund’s executive committee and with documentation of adequate collateral on behalf of the borrower. The fund has made over 50 loans for activities such as spec buildings, industrial park development and rural county economic development.
initiatives. NCEMC works closely with the N.C. Department of Commerce and the N.C. community college system to assist businesses in locating federal and state funding and work force training.

For more information click on NCEMC at: www.ncemcs.com/about_ncemc.htm

Oregon Development Group
The Oregon Development Group (ODG) is supported by a number of the state’s cooperative electric and telephone utilities. ODG provides a full range of assistance to firms considering expansion or relocation in Oregon. Services include site planning, information on available buildings and state regulations, as well thorough knowledge of federal, state and private financial packaging. In addition to providing assistance through USDA grants and loans, ODG has its own $2 million line of credit for eligible economic development projects.

The ODG Web site is www.odg.org

Palmetto Economic Development Corporation
The Palmetto Economic Development Corporation (PEDC) is a key part of the South Carolina Power Team that provides unique access to electric power production, distribution and marketing for new, expanding and relocating businesses. The Team consists of a state-owned, electric generating utility, Santee Cooper; a generation and transmission company, Central Electric Power Cooperative; twenty electric cooperatives; and PEDC, the Team’s economic development marketing organization. Team efforts attracted billions of dollars in capital investment and thousands of jobs to South Carolina by offering below market incentive rates for the first three years of a 10-year contract to encourage new or expanded business activities. PEDC markets the state’s favorable business climate to new and expanding businesses and provides professional and confidential site location assistance, at no cost. As Team members, cooperatives assist eligible businesses with access to USDA Rural Development grants and loans.

For more information: www.southcarolinapowerteam.com/SC_Powerteam.ASP

Another model that is working well is Rural Electric Economic Development, Inc. Revolving Fund (REED Fund) in eastern S.D. and western Minn. East River Electric Power Co-op, a G&T, administers the fund, a non-profit corporation governed by 17 distribution cooperatives. According to its 2002 Annual Report, REED Fund has almost $13 million in assets and has helped finance 98 projects since 1996. For every dollar that it lends, REED leverages an average of $6.30 from other sources. The centerfold of the annual report features a map of East River’s region with flags indicating the projects assisted by the distribution cooperatives and REED Fund. At a glance, the region seems blanketed with flags. Please see page 41 in the Guidebook for other references to REED Fund.

Cooperative.com
Cooperative.com is a collaborative effort by NRECA, the National Rural Telecommunications Cooperative, the Cooperative Finance Corp., Federated Insurance and cooperative employees. It provides its users with 24-hour access to industry news, cooperative events, and information to help you and your co-workers do your jobs more effectively. The Community and Economic Development Professional Community is an important part of Cooperative.com and is directed toward the needs and interests of professionals who work in this area.

Here are some of the benefits of Cooperative.com and the C&ED Community.

A. **Cooperative.com** gives you access to:
   - A national calendar of events, meetings and conferences across the nation
   - Associated Press Headline News
   - Electric utility industry and electric cooperative news
   - A People Finder to locate friends and colleagues
   - A cooperative directory
   - The weather for any place in the United States

B. Cooperatives of all sizes, locations and capacities have access to the same strategic resources:
   - A library of resources designed specifically for electric cooperative professionals
   - Shared experiences and insights with others who face the same challenges
   - Links to valuable outside resources
   - Access to professional communities that deal with issues specific to your job

C. **Cooperative.com** will make it easier to:
   - Learn more about your profession and industry
   - Save your co-op time and money
   - Network with other cooperative employees and directors for new ideas and solutions

D. **Cooperative.com** has established a number of professional communities through which you can exchange information with your colleagues. The content is developed through the participation of you and your peers. Current communities include:

   Communicators              Information Technology
   Community & Economic Development   Key Accounts
   Engineering & Operations         NRECA Board of Directors
   Environmental                   Safety & Loss Control
   Executive Assistants            Supply Chain Managers
   Finance                        Telecommunications
   Human Resources                Youth Tour Directors
   Marketing Committee

(More communities are under development)
The C&ED Professional Community is designed for cooperative members who deal with community and economic development. The community provides free access to the electronic version of Federal Financial Assistance At-A-Glance, NRECA’s best-selling funding guide. There are separate sections for development specialists on:

- Funding sources and strategies
- Business development
- Partnering
- Expanding C&ED activities
- Energy Technology

On the C&ED Community landing page you can sign up to receive the monthly *Funding Update* that provides timely notices about federal grant and loan programs, foundation and other private and nonprofit funding opportunities, important meetings and conferences and other resources. The listserv enables you to exchange information and ideas with colleagues.

*The Cooperative Promise...A Community and Economic Development Guidebook for Electric Cooperatives* is available on Cooperative.com. It can be downloaded in its entirety or by section for use as community resource material or for training of cooperative staff.

How to Register: If you haven’t registered for Cooperative.com since September 2001, go to www.cooperative.com. Click on “Register now.” Prompts lead you through choosing a user name, password and entering your e-mail address. Please pick a password you can remember. If you do forget, Cooperative.com provides an easy way to reset your password. Any problems, call us at 877.766.3226.

*With Cooperative.com, you are connected and in touch. Establish, retain, or renew professional relationships online through listservs and discussion boards on Cooperative.com. It’s a great way to expand your business contacts.*
Case Studies
East Central Energy, Braham, Minn.

“In East Central Energy we pride ourselves on working with our customers in win-win situations. We’ve a strong commitment from our board of directors to focus on environmental stewardship, on using renewable energy to produce electricity, and we believe that the Haubenschild Farm is an excellent example of that along with sustainable agriculture. It helps to have business customers on our board of directors, too!”

Henry Fischer,
Business & Community Development Manager, East Central Energy,
Braham, Minn.

Project
Minnesota’s East Central Energy (ECE) played a key role in the development and sustainability of an innovative system that produces electricity—utilizing methane from animal waste. The Haubenschild Farm in Princeton, Minn., collects the manure from its herd of 820 cattle, then processes the animal waste to produce methane. When burned, the methane gas produces enough electricity to meet most of the Haubenschild Farm’s on-site needs and the excess electricity is sold to East Central Energy to be re-marketed as renewable, or “Green” energy.

Background
Waste products from animal feeding operations can be environmentally harmful to soil, water and air. When processed by an anaerobic digester, the treated animal waste can be applied in greater quantities, with less negative impact, to soil as a fertilizer. The methane gas no longer contributes to possible global warming and the electricity is produced from a renewable resource. The Haubenschild herd produces about 80,000 cubic feet of biogas each day, enough to generate 3,000 kilowatt-hours of electricity when burned in a retrofitted natural gas engine. About half the power generated is used on the farm, offsetting about $700 in weekly electric costs.

Total Cooperative Financial Investment
East Central Energy agreed to pay Haubenschild Farms 7.3 cents per kilowatt-hour over a five-year period, the equivalent of the cooperative’s general service three-phase rate. East Central Energy re-sells the energy to other ECE customers who wish to pay a little extra for renewable energy, at a small mark-up to cover distribution costs.

Leveraged Funds/Source
The biomass power generation project at the Haubenschild Farms involved a financial investment of $355,000. Funding came from the following sources:

- Minnesota Department of Agriculture interest-free (0%) loan $150,000
- Haubenschild Farms owner equity $77,500
- Minnesota Department of Commerce grant $50,000
- Ag-Star (joint venture of USDA, EPA, DOE) in-kind engineering $40,000
Partners
Minnesota Department of Agriculture
Haubenschild Farms owner equity
Minnesota Department of Commerce
Ag-Star (joint venture of USDA, EPA, DOE)
Minnesota Office of Environmental Assistance

Lessons Learned
The Haubenschild Farm biomass power generation project proved that electricity can be generated reliably from cow manure, even in Minnesota’s harsh winter climate. Since the project’s inception more than three years ago, the generator has produced more than three million kilowatt-hours with an average output of 133 kW. The generator has been online 98.7% of the time and is a model for dairy farms nationwide.

East Central Energy demonstrated a good faith effort to promote the development of renewable energy projects within the cooperative’s 12-county service area of East Central Minnesota and Northwestern Wisconsin. The cooperative viewed this as a research and development project and agreed to purchase whatever excess electricity the dairy farm could produce. ECE took this proactive action two years before it was required by state law.

Purchasing excess energy from biomass enabled the cooperative and its G&T, Great River Energy, to avoid the burning of one-half railroad car of equivalent coal-fired energy each month. The Haubenschild Farm project also has generated widespread publicity in major local, regional, state and national publications and has been featured in a variety of radio and television programs. It generated more outstanding publicity for East Central Energy than any other news event in the cooperative’s 67-year history.

Cooperative Facts
East Central Energy
Distribution system
51,170 consumers
Garry Bye
President/CEO
412 N. Main
P.O. Box 39
Braham, Minn.  55006-0039
(320) 396-3351
(320) 396-4114 fax
www.eastcentralenergy.com
Increased KWh Load
N/A

Cooperative Project Contact
Henry Fischer
Business and Community Development Manager
(763) 689-8055 office
henry.fischer@ecemn.com
North Central Missouri Electric Cooperative, Milan, Mo.

“With the help of the co-op, we’ve been able to bring in a work force of 1,000 people in our Milan processing facility. We needed to have housing, and the co-op has helped to bring good housing for our folks.”

Tommy Baca,
Communications & Public Affairs Manager, Premium Standard Farms,
Milan, Mo.

Project
North Central Missouri Electric Cooperative (NCMEC) led efforts to initiate the Auburn Hills single-family housing program, a unique subdivision in rural Missouri. After being the moving force in attracting more than 2,200 new jobs for the area—within a 24-month period—NCMEC added housing to its involvement in the community. While the jobs were essential for Milan, they brought growing pains to the town and an enormous challenge to the cooperative—finding homes.

The housing shortage became a serious issue when two large companies began competing for workers. As more people took jobs, more value-added businesses such as restaurants and stores began to spring up to serve the infusion of new people. Creating even more challenges, a housing shortage existed in the Milan area even before the new businesses opened. Many employees commuted as far as 100 miles a day because they could not find housing. As a result, both companies experienced large turnover with newly hired employees discouraged by the lack of housing and the long commutes.

NCMEC initiated the Auburn Hills Subdivision Project to help alleviate the shortage of single-family housing created by its economic development success. This project’s goal, to fill the community’s long-term housing need, turned out to be a difficult challenge with many obstacles. Auburn Hills was a planned rural subdivision, with the charm of rural living and amenities of city life. The plan called for 50 homes to be constructed within a year. It took nearly four years to bring this new subdivision to occupancy. NCMEC’s project had no model - it was a one of a kind challenge that became a pioneer in many ways.

Auburn Hills is a genuine rural subdivision since it is more than 100 miles from a metro community and it is the recipient of the first-ever Community Development Block Grant from the state Department of Economic Development for infrastructure development in a rural subdivision. It received an almost unprecedented waiver from the U.S. Department of Housing and Urban Development (HUD) to allow more working families to qualify for home ownership and it developed the first not-for-profit wastewater corporation.

The Auburn Hills project has made an important impact on the future of its community and other rural subdivisions; it has set a standard, changed the rules and opened the door for more working families to achieve the dream of home ownership. Further, it has demonstrated that a long-term commitment to cooperation and to community can achieve even the most complex goals. The list of project participants is impressive—from local,
state and federal agencies and financial institutions to government representatives, contractors and nearly every NCMEC employee.

[The Auburn Hills project won NCMEC the 2000 national NOVA Award from NRECA. Much of the material in this case study is from the award citation.]

**Background**
NCMEC assisted ConAgra with a $30 million expansion in the mid-1990s, and then aggressively recruited two new related employers; Premium Standard Farms, a pork producer that has 1,200 employees, and Premium Standard Foods, a pork processor that employs about 1,000. While the new jobs were critical for the area, there was an inadequate supply of housing even to meet existing needs. NCMEC moved quickly to make affordable housing available to the town’s new residents.

**Total Cooperative Financial Investment**
Intermediary Relending Program (IRP) loan for 22 homes  
(NCMEC arranged for a loan through USDA’s Rural Business-Cooperative Service (RBS))  
450,000

**Leveraged Funds/Source**
Community Development Block Grant (infrastructure)   450,000
Bank Midwest Community Development Fund (Three loans)  
195,000

**Partners**
NCMEC
State Rural Development Office (USDA)
Missouri Department of Economic Development
Bank Midwest

**Lessons Learned**
Project leaders agree that federal income guidelines for housing assistance often penalize rural communities. Auburn Hills homes likely would have sold faster and been available to more families if the federal mortgage assistance guidelines for rural Milan, Missouri were more in line with those in the state’s metropolitan areas. (Some states will substitute statewide county averages for the more restrictive rural/urban county data utilized by HUD.)

Bruce Hensley, NCMEC’s Manager of Community and Government Relations says that diligence on the part of cooperative staff and utilizing the professional skills of the state and federal program staff in Missouri were critical in arranging funding for the infrastructure, construction and home owner financing that made the Auburn Hills development successful. Hensley says it is very important to:

- “know the players” in the state’s funding and assistance programs;
- keep your program on the radar screen of your partner organizations; and
- bring key participants together from time to time to insure that proper communication is taking place.
Cooperative Facts
The North Central Missouri Electric Cooperative
Distribution system
4,510 consumers
Billy L. Reeves, General Manager
1098 Highway E, West
P.O. Box 220
Milan, MO 63556-0220
(660) 265-4404
E-mail: breeves701@aol.com
www.northcentralelectric.com

Cooperative Project Contact
Bruce Hensley
Manager of Community and Government Relations
(660) 265-5589
Brunswick Electric Membership Corporation, Shallotte, N.C.

“We have really enjoyed our partnership with Brunswick Electric and the business development center. They encouraged us, they gave us the opportunity to open our own business and it has been a great success story. Without the opportunity to be in this building [the BEMC incubator] would not be in business today.”

Sandra Gore,
President & Owner, Coastal Temporary Services,
(Graduated from BREMC incubator)

Project
The Rural Consumer Services Corporation (RCSC), an affiliate of Brunswick Electric Membership Corporation (BEMC), offers affordable commercial space for new and expanding businesses at three business development centers (BDCs) located in Winnabow, Whiteville and Tabor City, N.C. They can accommodate professional, service, manufacturing or light assembly with a variety of space options.

In addition to affordable space, these facilities provide a supportive environment for entrepreneurs, and business counseling to help fledgling businesses make it through the critical first years. A key capability of the BDCs for many businesses is the availability of High Speed Internet access. Shared services include use of light office equipment such as fax and copier, and some secretarial support, as well as general interior and exterior maintenance. There are also conference room and training facilities available.

The BDCs help small businesses decrease their overhead costs and simplify the startup so owners can concentrate on building their business. With graduated rental rates, the process of growing a business is more manageable.

Since the first BDC opened (1991 in Whiteville), 32 businesses have been housed at the three BDCs and nearly 800 jobs have been created.

Background
The BEMC service area of southeastern North Carolina has been hard-hit in recent years with large numbers of jobs lost, particularly in textiles, other manufacturing industries and farming.

In 1989 Brunswick Electric Membership Corp. and RCSC worked together to develop partnerships and build a nonprofit business incubator facility in southeastern North Carolina. This was one of the first applications approved under a new program funded by the Rural Electrification Administration (REA) to stimulate economic development projects in rural areas across the United States. Funding and other support came from a variety of sources:

- Rural Electrification Administration (now RUS – Rural Utility Services)
- NC Technological Development Authority (NCTDA)
- Brunswick Electric Membership Corporation
- Farmers Home Administration
- Brunswick Community College
- Southeastern Community College
- Local economic development organizations
- Other local businesses and individuals (donated equipment, services, easement for road construction, etc.)

**Total Cooperative Financial Investment**
The basic approach was for BEMC to serve as a catalyst for the project and to minimize the actual dollar investment by the cooperative. The primary contribution from BEMC was a $128,000 loan to RCSC for construction of the Winnabow BDC. Importantly, the “investment” was not in membership dollars, but primarily in staff and management resources to develop partnerships, pursue other financing sources and garner community support for the project.

On average, BEMC/RCSC’s commitment runs approximately $160,000 per year, in management, technical, and promotional support and maintenance, utilities and insurance. Typically, these costs are recovered in rental income from the BDCs’ tenants.

**Leveraged Funds/Source**
NCEMC 0% economic development loans, to RCSC, guaranteed by BEMC, for the construction of the Winnabow and Tabor City buildings $950,000

BEMC 5% economic development loan to RCSC for the construction of the Winnabow building $128,326

For the construction of the Whiteville building and access road (which are owned by BEMC and leased to RCSC):
- USDA Rural Economic Development Loan (repaid) $100,000
- N.C. Technological Development Authority $185,000
- N.C. Rural Economic Development Center, Inc. $30,000
- USDA Industrial Development Grant $32,000
- Columbus County – to match USDA Grant, provided in-kind services to build the road to the BDC $32,000

**Partners**
It took a variety of partners to bring this project to life. It could not have happened without the support of our financial partners, listed above. The ongoing management of the BDCs is made possible by the continuing partnership between BEMC, RCSC and the Small Business Development Centers at our two community colleges. Southeastern Community College provides on-site management for the Whiteville and Tabor City BDCs. Brunswick Community College in Supply provides the management for the Winnabow BDC. Both community colleges also offer business counseling services and entrepreneurial training programs.

**Lessons Learned**
1) It takes time to develop and doesn’t happen overnight.
2) It takes a variety of partnerships to make it happen. It is critical to develop support from the community.

3) The reward is for the community, not a direct return to the cooperative. It is not a profit-making endeavor. The purpose is to create jobs and stimulate the economy.

4) It takes a lot of promotional effort, both initially and on an ongoing basis, to ensure the public is aware that the BDCs are available.

What we might have done differently
- Recommend more allocation for promotional budget
- Develop a more formal marketing plan, with annual review
- Keep more complete documentation on the project and each BDC tenant from the beginning
- Allocate budget for annual maintenance

Increased KWh Load
To date, BEMC has not experienced any substantial increase in KWh load from the BDC project. Since the bulk of businesses hosted at the BDCs is in administrative services or light manufacturing they generally are not large users of electric power. One tenant, who was a substantial user, graduated to a nearby facility served by another utility, but most importantly, the jobs created stayed in the area.

Cooperative Facts
Brunswick Electric Membership Corporation
Distribution System
62,000 active services
Robert W. (Chip) Leavitt, Jr.
CEO & General Manager
795 Ocean Hwy West
Supply, NC 28462
P.O. Box 826
Shallotte, NC 28459
(910) 754-4391
(910) 755-4299 fax
(800) 842-5871
www.bemc.org

Cooperative Project Contact
Judy Gore
(910) 754-4391
E-mail: judy.gore@bemc.org

Primary Project Contact
Bobby Davis
(910) 754-4391
E-mail: bobby.davis@bemc.org
Northern Plains Electric Cooperative, Cando, N.D.

“Northern Plains board looked at its role as being more than just the delivery of electricity. We think that that’s a given. Delivering electricity, quality power at the right price and with good service... that’s our consumers’ expectation. What we look for is ways that we could deliver more... Our board made the decision that Northern Plains is in business for the quality of life and economic well being of its consumer-members. Which goes well beyond delivering quality electric service at the right price.”

Bob Spencer
CEO, Northern Plains Electric Cooperative,
President of Towner County Medical Center (for past 10-years)
Cando, N.D.

Project
Towner County Medical Center (TCMC) received REDL&G funding (as well as from other sources) when it became a full-service, nonprofit community medical facility 10 years ago. It now operates in the black, is not dependent on foundation funding and offers: a 20-bed hospital; a 10-bed basic care; out-patient clinic, 10 congregate apartments; a 60-bed skilled nursing center; and a 12-bed addiction treatment center.

Background
Robert Spencer, while co-op manager, headed an effort to retain medical services and jobs in the town of Cando, N.D., (pop. 1600) 10 years ago. He led the city in taking over management of the local hospital/clinic/nursing home, which would have closed if the city had not stepped in. As president of the city’s economic development corporation and president of the board of the Towner County Medical Facility for the past 10 years, he has steered the center into the black and added an array of services. Today, the facility employs 185 people and offers a wide range of medical services, including congregate housing, skilled nursing, basic care, day care, addiction counseling, chiropractic, physical therapy, etc.

Total Cooperative Financial Investment

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Towner County Medical Center:</td>
<td></td>
</tr>
<tr>
<td>Hospital/Clinic expansion and renovation</td>
<td>$400,000 RED&amp;LG</td>
</tr>
<tr>
<td>TCMC/Towner County Living Center:</td>
<td></td>
</tr>
<tr>
<td>Congregate Housing</td>
<td>$400,000 RUS Deferred Loan</td>
</tr>
<tr>
<td>TCMC/Center for Solutions:</td>
<td></td>
</tr>
<tr>
<td>Residential addiction treatment center</td>
<td>$200,000 REDL&amp;G (pending)</td>
</tr>
<tr>
<td>NPEC general funds match</td>
<td>$40,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,040,000</td>
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</table>

Leveraged Funds/Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity (TCMC)</td>
<td>$333,850</td>
</tr>
<tr>
<td>USDA Rural Dev. Community Facilities Loan</td>
<td>$2,877,000</td>
</tr>
<tr>
<td>Equity (TCMC)</td>
<td>$73,000</td>
</tr>
<tr>
<td>Private Placement Bond (held by 3 local financial institutions)</td>
<td>$450,000</td>
</tr>
</tbody>
</table>
Equity (TCMC) $80,000
Local Financial Institutions $50,000
Rural Economic Area Partnership (REAP Zone) $5,000
Total $3,868,850

Partners
Local Financial Institutions
USDA
   Rural Development
   RUS
Rural Economic Area Partnership (REAP)—a multi-county empowerment zone
Lake Region State College and the NE Quadrant Workforce Training Partnership
North Central Planning Council (Regional development and planning agency)
City of Cando and Towner County
Towner County Economic Development Corporation

Lessons Learned
Source: JoAnn Rodenbiker, Director of Business Development
Northern Plains Electric Cooperative

1. Don’t overlook health care as an economic engine in rural communities. It creates the skilled, well-paying jobs we all desire and attracts people from a surrounding market area to the community. Plus new businesses and residents expect it to be there. If quality health care is not available, it is difficult to recruit new business or to expand existing ones. The center has provided the greatest economic growth in Cando and Towner County over the past 10 years.

2. Health care isn’t just a clinic and a hospital. We are fortunate that the TCMC board of directors and administrator recognize that the center needs to provide a whole continuum of care and seeks opportunities to provide housing, day care, substance-abuse treatment, community education, etc.

3. Leverage, leverage, leverage. Although the cooperative has provided a multitude of funding to the TCMC for many of its projects, it has always been a partner with many other financial players. Sometimes that means going out and convincing other sources of funding that they also want to be a part of the action.

Cooperative Facts
Northern Plains Electric
Distribution System
10,613 consumers
Robert A Spencer
General Manager
P.O. Box 608
Cando, ND 58324-0608
(701) 968-3314
Increased KWh Load
The only new load has been the congregate housing at about 75 KWh. However, NPEC feels it has retained more than 225 KWh with the retention of the hospital/clinic and the conversion of the rural home to residential treatment.

Cooperative Project Contact
JoAnn Rodenbiker, Director of Business Development
Northern Plains Electric Cooperative
P.O. Box 608
Cando, ND 58324
(701) 968-3314
(800) 882-2500
joannr@nplains.com

Primary Project Contact
JoAnn Rodenbiker, Director of Business Development
Northern Plains Electric Cooperative
(701) 968-3314
Oregon Development Group, Salem, Ore.

“We have to be the driving force. There is no question that we [must be] the driving force in rural communities to help bring these pieces together. And partnering is really important. If you can get the blessing of the community and get the blessings of boards of the directors of the co-ops to make that financial commitment... That’s what [partnering] really takes.”

Larry Walsh,
President & CEO, Oregon Development Group,
Salem, Ore.

Project
The Airport Business Park is in Lebanon, Ore. It is located next to the regional airport and the I-5 Interstate corridor to attract businesses requiring access to customers, clients and markets. The site was developed after a commitment from West Coast Industries to expand and relocate in the park. West Coast Industries makes equipment to retrofit sawmills and provides family-wage jobs. Consumers Power Inc. electric cooperative supplies power to the park and provided a key loan to the park’s developer, the Gilbert Limited Partnership.

The Oregon Development Group (ODG), a consortium of electric and telephone cooperatives, also played a key role in assisting Consumers Power and other area partners with planning and financial arrangements. ODG President/CEO Larry Walsh approached leaders in the City of Lebanon, Linn County and Consumers Power about developing the park site when State Highway 34 was widened to four lanes. Having gathered planning and site information, ODG then brought together state and local financing groups to discuss extending municipal water and sewer services to the park. ODG assisted with the $80,000 no-interest loan that Consumers Power made to the Gilbert Limited Partnership.

The park has 20 acres of sites available and will provide employment for more than 400 people. With an anchor business in place, the Airport Business Park has attracted a new training facility and is negotiating with other firms to fill available space.

Background
West Coast Industries’ promise of 60 new jobs in the Lebanon area enabled Linn County and the Consumers Power electric cooperative to leverage federal, state, municipal and private funds to provide water and sewer to the park site.

Total Cooperative Financial Investment
Consumers Power provided an $80,000 zero-interest loan to the Gilbert Limited Partnership, representing half of the developer’s investment. The loan helped leverage funds from other major investors.

Leveraged Funds/Source
The Airport Business Park project attracted nearly $1 million in financing from state and federal sources and $300,000 from the City of Lebanon and private sources.
The following funding enabled the City of Lebanon to loop the 28-acre Airport Business Park site with water and sewer.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.D.A. Business and Cooperative Service (grant)</td>
<td>$350,000</td>
</tr>
<tr>
<td>Oregon Economic Development Department, Special Works Public Works Fund (grant)</td>
<td>$340,000</td>
</tr>
<tr>
<td>Oregon Economic Development Department, Special Works Public Works Fund (loan)</td>
<td>$340,000</td>
</tr>
<tr>
<td>U.S. Forest Service (grant)</td>
<td>$13,200</td>
</tr>
<tr>
<td>City of Lebanon</td>
<td>$36,558</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>$1,079,758</td>
</tr>
</tbody>
</table>

Additional Funds

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Owner</td>
<td>$160,000</td>
</tr>
<tr>
<td>City of Lebanon</td>
<td>$143,000</td>
</tr>
<tr>
<td>Interest earned on construction funds during construction</td>
<td>$8,000</td>
</tr>
<tr>
<td>Total</td>
<td>$311,000</td>
</tr>
</tbody>
</table>

(This money was placed in an escrow account and invested in a manner in which the principal, plus interest, earned will pay off the Oregon Economic Development, Special Public Works Loan)

**Partners**
Consumers Power, Inc.
Oregon Development Group
USDA
Oregon Economic Development Department
U.S. Forest Service
City of Lebanon
Linn County
Gilbert Development Group

**Lessons Learned**
ODG believes that a key to the project’s success was bringing the partners and stakeholders together early in the planning stages. Linn County involvement was also critical, since the City of Lebanon had an existing park. Consumers Power cooperative provided essential funding for the developer that will be repaid as the sites are sold. With
other industrial parks in the area, the Airport Business Park must maintain a competitive rate for existing sites to compete in a growing marketplace.

**Cooperative Facts**
Consumers Power, Inc.
Distribution System
19,303 consumers
John Mayse, President/CEO
6990 S.W. West Hills Road
P.O. Box 1180
Philomath, OR 97370
(541) 929-3124
maysej@casco.net
www.consumerspower.org

Oregon Development Group
Larry Walsh, Pres. and CEO
1761 Liberty St. SE
Salem, OR 97302-5158
(503) 362-7726
www.odg.org

**Increased KWh Load**
Estimated increase of 1.5 to 2.0 Mgw

**Cooperative Project Contact**
Larry Walsh, Pres. and CEO
Oregon Development Group
(503) 362-7726

**Community Project Contact**
Keith Miller
Linn County Economic Development Coordinator
(541) 259-5848
East River Power Cooperative, Inc (G&T), Madison, S.D.

“The added value of commitment to community has to make good business sense as well. The cooperatives helped provide equity funding to the tune of $1.1-million [for the $40 million ethanol plant]. The result will be about 35-million KWh [in sales] to this facility... a substantial increase. A good investment for the community - good investment for business.”

Jeff Nelson,  
General Manager, East River Electric Power Cooperative,  
Madison, S.D.

Project  
Since opening in 2001, the Dakota Ethanol plant has brought 35 quality jobs and new, value-added revenues to hundreds of South Dakota corn farmers. The farmer-owned plant is located 10 miles east of Madison, S.D. in rural Lake County on State Highway 34. The Dakota Ethanol plant will buy 15 million bushels of corn a year to produce 40 million gallons of ethanol (and, as a byproduct, 120,000 tons of high-protein animal feed). It currently employs biologists, chemists, and computer experts, with an annual payroll of more than $1.2 million. Dakota Ethanol generates an additional $50 million annual economic impact within a 50-mile radius of Madison.

The plant is a state-of-the-art facility that cost $40 million to build. East River Electric Power Cooperative, Inc.—the area’s G&T—and its distribution cooperatives—primarily Sioux Valley Energy—(Dakota Ethanol’s cooperative power supplier)—worked together on an innovative financing program that assisted nearly 600 cooperative members with investing in the plant.

Background  
In 1998, Lake County farmers learned that they would have to raise around $16 million producer equity in order for the ethanol plant to receive necessary financing from other sources. This requirement seemed like a nearly impossible hurdle for cash-strapped area farmers. Then, East River Power Cooperative, Sioux Valley Energy and other area distribution cooperatives introduced a loan program taking advantage of the unpaid capital credits that the cooperatives owed to its members.

Capital credits are the earnings of a cooperative (gross income less all costs) that are allocated back to members in proportion to the amount of electricity they purchased during the year. Since capital credits are often carried over and repaid in later years, the Value-added Loan Program allowed cooperative customers to use their unpaid capital credits as collateral to secure, or back up, loans for the purpose of investing in producer-controlled, value-added agriculture projects.

A total of 577 farmers participated in the loan program, obtaining nearly $1.2 million in capital to invest in Dakota Ethanol. The loans were made and managed jointly by East River and the member systems issuing loans. Sioux Valley Energy (SVE) alone made
477 loans for nearly $900,000 of the total. The cooperatives repay themselves as the capital credits are retired. The farmer-investors receive market value for their corn and value-added dividends on the shares in the ethanol plant that their loans helped to purchase.

**Total Cooperative Financial Investment**

In addition to the $1.2 million in value-added loans, East River and SVE provided a joint $5,000 feasibility grant to help the project develop its business plan. East River and Sioux Valley also made significant investments in their physical plant to serve the load. The cost to maintain the value-added program is about $60,000 annually, but it has made over $3 million in loans, led to over $216 million of capital investment in seven value-added projects since inception. East River member systems serve four of the projects where the loan program has played a role.

**Leveraged Funds/Source**

The South Dakota Corn Utilization Council offered a $600 rebate to producers for investment in Dakota Ethanol, totaling about $700,000. Total equity investment in the plant was $16 million from ag producers. Commercial debt financing totaled about $24 million.

**Partners**

The electric cooperatives partnered with the ethanol plant organizers, the South Dakota Corn Utilization Council and area producers to see the project to fruition. Other partners included Lake Area Improvement Corp., Madison, and the South Dakota Value-Added Development Center who provided technical assistance and producer education.

**Lessons Learned**

- The Value-Added Loan Program provided not only capital, but also credibility to Dakota Ethanol. While producer investment in value-added agriculture is not a new concept, this project was three times the size of any previous ethanol project in South Dakota, and the first producer-owned endeavor. The cooperative financing program served as a ‘seal of approval’ that the electric cooperatives in the region were behind this initiative.
- To date the Value-Added Program has made over $3.2 million in loans to more than 1,500 producers that has led to a total capital investment of over $216 million and about 10.5 MW in new electric load. This activity influenced development of two more ethanol projects that are not producer-owned, but will further increase cooperative load by an estimated 14-MW.
- Each value-added project must be approved for participation in the loan program. It must be majority producer-owned and controlled, meet prudent risk criteria and comply with state law. It must be located within the general geographic region covered by the G&T. Payment is made jointly to the project and the producer to ensure proper use of funds.
- Access to loans at zero-interest with no scheduled repayment has made the program attractive to farmers. The co-op is assured of repayment by deducting it from capital...
credit retirement checks. However, immediate repayment is required if the farmer sells his/her stock shares.

**Cooperative Facts**
East River Power Cooperative, Inc.
G&T (and member systems)
Jeffrey L. Nelson, General Manager
East River Electric Power Cooperative, Inc.
121 SE First Street
PO Box 227
Madison, SD  57042
(605) 256.4536

**Increased Load**
Dakota Ethanol:  4.5 MW
Other Value-added Projects:
Great Plains Ethanol:  4.5 MW
Heartland Producers: 1.5 MW
Dakota Layers: under 1 MW

**Cooperative Project Contact**
Linda Salmonson
Community & Economic Development
lsalmonson@eastriver.coop
(605) 256-8015
(605) 256-8057 fax
Whetstone Valley Electric Co-op, Milbank, S.D.

“We are served by an investor-owned utility... and that is why we are very grateful to the co-op in the area that stepped forward and helped with the funding of our hospital expansion project. We added a cardiac rehab center... a physical therapy center... home health... and made space for a new dental clinic...It has been a great service to our community to have this available.”

Bill Nelson,
Administrator, Coteau Des Prairies Hospital,
Sisseton, S.D.

Project
The Whetstone Valley Electric Cooperative provided critical leadership and funding for the expansion of the Coteau Des Prairies Hospital in Sisseton, SD. The nonprofit hospital serves 1,500 patients in an economically depressed part of the state, located some distance from neighboring health care facilities. Even though an investor-owned electric utility serves the hospital, Whetstone Valley Electric Co-op, in partnership with the East River Electric Power Cooperative (G&T), provided a key loan that helped the facility add a cardiac rehab center, a new dental clinic, a physical therapy center and home health care services. Coteau Des Prairie Hospital employs more than 70 area residents and the new facilities have added a number of high-skill jobs to the hospital staff.

Background
In the late 1990s, the Coteau Des Prairie Hospital created a nonprofit corporation to raise funds for the hospital to expand its facilities and to offer more specialized services. Whetstone Valley Electric Cooperative partnered with East River Electric Power Cooperative (G&T) to provide a $400,000, zero-interest loan. This partnership project enabled Whetstone to establish a revolving loan fund for other community and economic development projects as the hospital makes its loan payments. The project also contributed to the establishment of the REED Fund, a collaboration involving Whetstone Electric, East River Electric and other cooperative members of the East River G&T. The REED Fund offers financing for business development and for projects involving infrastructure and quality-of-life elements necessary to assist rural communities to retain, develop and attract businesses.

Total Cooperative Financial Investment

| REDL&G Loan | $400,000 |

Leveraged Funds/Source
Whetstone Electric and East River both contributed $40,000 in matching funds to secure the REDL&G funding as a grant, rather than simply a one-time a loan to be repaid to RUS.

Coteau Des Prairies Hospital contributed equity funds

Partners
Coteau Des Prairies Hospital
Lessons Learned
Steve Ahles, General Manager of Whetstone Valley Electric Co-op.
explains his cooperative’s C&ED involvement:
1. Our cooperative, our members, our directors and our employees want to live in a community that has the services that they need and amenities that they enjoy. Our cooperative had an opportunity to help that process along by assisting the hospital expand and provide these services. Without growth in a community, there is going to be real pressure on our rates in the future.
2. The leadership of our G&T [East River] was a key factor in creating a revolving fund for distribution co-ops in its service area. Through this partnership, we could create a better fund with more dollars and make a bigger impact in the communities we serve. Our G&T was instrumental in helping us do that and it’s been very successful over the last few years.
3. REED Fund administrator, Linda Salmonson, provided invaluable expertise that a banker simply could not have supplied. She is always in tune with the cooperative community. As the REED Fund evolved, both East River and the member cooperatives were willing to adapt and change the structure and by-laws of the fund to best serve the communities in our part of the state.
4. By contributing to a major project outside of our service area, we gained a lot of community support and good feeling. It will help the hospital add patrons and patients to their services and add dollars to their bottom line. So, in our view, cooperative involvement in economic development is critical and necessary.

Cooperative Facts
Whetstone Valley Electric Co-op
Distribution system
3,033 consumers
Steve Ahles, General Manager
East Highway 12
P.O. Box 512
Milbank, SD 57252-0512
(605) 432-5331
sahles@tnics.com
www.whetstoneelectric.com/contact.htm

Cooperative Project Contact
Steve Ahles, General Manager
(605) 432-5331
Jackson Electric Co-op, Black River Falls, Wis.

“And with the help of banks and other individuals, we were able to get the Western Wisconsin Technical College in our area to help with jobs and [new] job availability. Keeping our local members employed [in the area means] they don’t have to go to a big city to get a job.”

Gary Woods,
Director, Jackson Electric Co-op,
Black River Falls, Wis.

Project
Since the 1970’s Jackson Electric Co-op (JEC) in Black River Falls, WI has been the moving force in the development of an industrial park, a business incubator and a satellite of the Western Wisconsin Technical College in its service area. The co-op receives 50% of it Commercial and Industrial Kwh sales from the 76 acre industrial park, in which all sites are sold. The business incubator graduated eight small businesses totaling 100+ employees. Major employers are: Leeson Electric Motor Company (250 employees) and Nelson Industries (100 employees). Recently, Jackson Electric Co-op competed with 40 other communities to win the site for a Land O’ Lakes animal milk replacement plant, employing 45 people, which had a total cost of $15 million. With the entire original park sites filled, a new adjoining park is under development. Adjacent to the park is a medium security prison (350 employees) and the Ho-Chunk Tribal Corporate Headquarters (350 employees).

Background
From 1970-1978, JEC manager Mike Anderson, then manager of Customer Services, served as mayor of the City of Black River Falls. He was able to obtain 90% grants from the U.S. Economic Development Administration and the Upper Great Lakes Regional Planning Commission to develop the 76-acre Industrial Park. He also created a $500,000 City of Black River Falls revolving loan fund, to be used to assist in the financing for business and industries that were locating in the Park.

Total Cooperative Financial Investment
Jackson Economic Development Corporation (JEDC) established by Jackson Electric Co-op has a $480,000 revolving loan fund. JEDC has a $4 million portfolio. This $4 million portfolio is the result of funding from the Cooperative Finance Corporation (CFC), the Rural Utility Service (RUS), Dairyland Power Cooperative (G&T), State of Wisconsin and the use of the revolving loan fund. This $4 million has generated an additional $35 million of investments in the industrial park and other area businesses.

Leveraged Funds/Source
Jackson Electric Cooperatives most recent economic development project involves a partnership to enable expansion of Leeson Electric Motor Company, the industrial park’s first occupant. Private and public sector funders are providing $1.5 million in loans at advantageous interest rates:
City of Black River Falls      $  80,000
Jackson County Revolving Loan Fund    $200,000
Jackson Electric Cooperative        $200,000
Business Capital Fund      $100,000
Jackson County Bank
Co-op Credit Union
Black River Country Bank        $920,000
Total Loans                 $1,500,000

One bank will prepare all of the loan documents. Leeson Electric will make one payment to the bank and the bank will distribute the funds to the other investors.

**Partners (in development of the original park)**
Jackson Electric Co-op
City of Black River Falls
Rural Utility Service (RUS)
State of Wisconsin
U S Department of Commerce Economic Development Administration
Upper Great Lakes Regional Planning Commission

**Lessons Learned**
Mike Anderson, manager of Jackson Electric Co-op, sited five key reasons for the industrial park’s success:

- The industrial park project worked because key partners were involved from the beginning. It was very important to “have everyone singing off the same sheet music.”
- Partners need to be honest about their goals and interests: “no private agendas,” according to Anderson.
- Partners should represent a broad range of contributors to a project’s planning, financing and development. The Black River Falls industrial park project involved city and county government, local banks, Jackson Electric, area businesses and others.
- Localities shouldn’t fight each other, according to Anderson, when working together can benefit the entire area’s economy. The Business Capital Fund, for example, is a cooperative effort of five counties in western Wisconsin that has a collective revolving loan fund of $660,000.
- Develop a repayment schedule for cooperative loans that will maximize the impact of funding. Anderson says that cooperatives are there to help new businesses succeed, not to be a source of long-term loans. Since most new businesses will succeed or fail in five years, this is the most important time for cooperative financing. Anderson believes that cooperatives should structure repayment of development loans to get money in and out quickly in order to loan money to other new businesses.

**Cooperative Facts**

<table>
<thead>
<tr>
<th>Cooperative</th>
<th>2002 Kwh Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jackson Electric Co-op</td>
<td>128,659,000</td>
</tr>
</tbody>
</table>
Distribution System  
Commercial & Industrial  
53,483,000  
6,093 Consumers  
Mike Anderson  
Manager  
P.O. Box 546  
Black River Falls, WI 54615  

**Cooperative Project Contact:**  
Mike Anderson, Manager, Jackson Electric Co-op  
800-370-4607  
(715) 284-7143 fax  
[www.jackelec.com/](http://www.jackelec.com/)
Resource Section
Rural Economic Development Scorecard

Source: The Ohio State University, Cooperative Extension Service and Bob Forsblom, Director of Business Development, Buckeye Power, Columbus, OH

I. Does your rural area have an economic development plan?
   ____YES  ____NO  ____DON’T KNOW
   A. Does it specify economic development goals and relate them to broader community goals?
      ____YES  ____NO  ____DON’T KNOW
   B. Was it prepared and reviewed by a citizen’s committee?
      ____YES  ____NO  ____DON’T KNOW
   C. Does the plan identify community resources including natural (land, mineral, forest, water, agriculture) and human resources?
      ____YES  ____NO  ____DON’T KNOW
   D. Is the plan up-to-date; has it been prepared or up-dated in the last 3 years?
      ____YES  ____NO  ____DON’T KNOW
   E. Does the plan include an analysis of employment, income, and the economic base of the area?
      ____YES  ____NO  ____DON’T KNOW
   F. Does the plan list specific activities to be implemented with the person(s) responsible and the dates to be accomplished?
      ____YES  ____NO  ____DON’T KNOW
   G. Does the plan include evaluation activities with measurable objectives to monitor progress?
      ____YES  ____NO  ____DON’T KNOW
   H. Does the plan encourage public/private efforts in economic development?
      ____YES  ____NO  ____DON’T KNOW

II. Does your rural area have an economic development organization?
    ____YES  ____NO  ____DON’T KNOW
    A. Is there a formal organization with a constitution, bylaws, and officers?
       ____YES  ____NO  ____DON’T KNOW
    B. Has a local person (either professional or volunteer) been designated to administer the organization?
       ____YES  ____NO  ____DON’T KNOW
C. Does the organization have an ongoing/yearly adequate source of funding for its activities?

____YES  ____NO  ____DON’T KNOW

D. Does the organization have the capability to raise funds for special projects to take advantage of new opportunities?

____YES  ____NO  ____DON’T KNOW

E. Does the organization represent several groups in the area including agriculture, small business, government, and educational groups?

____YES  ____NO  ____DON’T KNOW

F. Does the organization follow and implement the activities specified in an economic development plan?

____YES  ____NO  ____DON’T KNOW

III. Does your rural area actively try to develop leadership?

____YES  ____NO  ____DON’T KNOW

A. Do community leaders attend economic development educational programs and confer with outside resources for advice?

____YES  ____NO  ____DON’T KNOW

B. Does the rural area provide a formal ongoing leadership development program for emerging leaders? Are there efforts to develop new leadership?

____YES  ____NO  ____DON’T KNOW

C. Are the area’s children (especially teenage children) involved in economic/community development efforts?

____YES  ____NO  ____DON’T KNOW

D. Is there a yearly opportunity for everyone in the area to participate in the economic development efforts and suggest ideas?

____YES  ____NO  ____DON’T KNOW

IV. Has your rural area completed a thorough economic analysis?

____YES  ____NO  ____DON’T KNOW

A. Do you know what resources are utilized in the area? What resources are underutilized or not utilized at all?

____YES  ____NO  ____DON’T KNOW

B. Has your community conducted a community attitude survey? Do you know the concerns and desires of the general population?

____YES  ____NO  ____DON’T KNOW
C. Is there an area fact sheet that describes employment, wage rates, income sources, major employers, utilities, community facilities and services, transportation resources and access, education resources, and other community characteristics?
   ____YES   ____NO   ____DON’T KNOW

D. Do you know what goods and services are consumed in your rural area but not produced in your rural area? Do you know what your area imports?
   ____YES   ____NO   ____DON’T KNOW

E. Do you know what goods and services are produced in your rural area but are consumed elsewhere? Do you know what your area exports?
   ____YES   ____NO   ____DON’T KNOW

F. Do you know where people in your area shop for food, clothes, recreation/entertainment, appliances and cars?
   ____YES   ____NO   ____DON’T KNOW

V. Does your rural area have a comprehensive rural economic development strategy?
   ____YES   ____NO   ____DON’T KNOW

A. Does your area have a visitation program to learn about business needs, problems, and plans? Is there a business retention and expansion program?
   ____YES   ____NO   ____DON’T KNOW

B. Does your area have a program to encourage and assist start-up businesses?
   ____YES   ____NO   ____DON’T KNOW

C. Does your area have a program to attract new businesses?
   ____YES   ____NO   ____DON’T KNOW

D. Does your program encourage development of natural resource industries?
   ____YES   ____NO   ____DON’T KNOW

VI. Is your rural area economy growing
   ____YES   ____NO   ____DON’T KNOW

A. Has the number of businesses increased in the past 5 years?
   ____YES   ____NO   ____DON’T KNOW

B. Has the number of people employed increased in the past 5 years?
   ____YES   ____NO   ____DON’T KNOW

C. Has per capita income increased in the past 5 years?
   ____YES   ____NO   ____DON’T KNOW
D. Has there been new capital investment by basic industry in the past 5 years?
   ____YES  ____NO  ____DON’T KNOW

E. Have new industries (new industrial sectors) located or been created in your area in the past 5 years?
   ____YES  ____NO  ____DON’T KNOW

VII. Does your rural area have the capacity to support future economic growth?
   ____YES  ____NO  ____DON’T KNOW

A. Are your banks involved in economic development and do they have special programs to support business development?
   ____YES  ____NO  ____DON’T KNOW

B. Are there other sources of financial capital such as revolving loan funds, venture capital funds, and government loans and grants?
   ____YES  ____NO  ____DON’T KNOW

C. Do the schools meet or exceed the state’s highest educational standards?
   ____YES  ____NO  ____DON’T KNOW

D. Do area schools offer up-to-date vocational-technical education to both youth and adults?
   ____YES  ____NO  ____DON’T KNOW

E. Are colleges and universities easily accessible? Are there opportunities for college credit coursework in the area?
   ____YES  ____NO  ____DON’T KNOW

F. Do electrical, gas, water and sewage utilities have excess capacity to meet the needs of anticipated new industry?
   ____YES  ____NO  ____DON’T KNOW

G. Do water, sewage, and solid waste facilities meet state and federal environmental standards?
   ____YES  ____NO  ____DON’T KNOW

H. Does transportation resources (highways, railroads, airports) meet the needs of anticipated or desired new industries?
   ____YES  ____NO  ____DON’T KNOW
Community and Business Assessment Tools

There are many places to go for assistance if your electric cooperative seeks to increase its activity in community and economic development. Listed below are some helpful Web sites. The first reference leads to recommendations for the Ultimate Community and Economic Development Department, as well as position descriptions for conducting C&ED activities. It is something to strive for, or at least to add to your existing program The Ultimate Community And Economic Development Department Purpose


Conduct a Community Needs Assessment

The first step, before undertaking new activities, is to identify priorities. Conducting a Community Needs Assessment will help you identify what resources your community possesses versus what is needed to improve its health and vitality. Here is a valuable Web site example to guide you and your community through the process: www.ag.uiuc.edu/~lced/resources/factsheets/needpuls.htm.

Community Strategic Planning Development Tool

A new, free online tool, developed by the Laboratory for Economic and Community Development at the University of Illinois, will help you and your community leaders create a strategic plan in seven easy steps:

- Establish a Planning Committee
- Create a Mission Statement
- Summarize the results of Your Community Assessment
- Evaluate Strengths, Weaknesses, Opportunities and Threats
- Establish Goals for Community Development
- Identify Objectives and Strategies
- Prepare a Written Report

You can learn more about strategic planning by contacting Julie Fesenmaier, senior research specialist, Laboratory for Community and Economic Development, University of Illinois at Urbana Champaign, e-mail: fesenmai@uiuc.edu

Go to www.communitydevelopment.uiuc.edu/cdo/ to register (follow the prompts entering your e-mail address, community and state). Happy Strategic Planning!

Blueprint for Cooperative involvement in C&ED

One of the best blueprints for electric cooperative involvement in community and economic development is Harvesting Hometown Jobs, the new small-town guide to economic development, published by the National Center for Small Communities. Go to www.natat.org/ncsc/, and follow the path “Publications and Economic Development” to order the publication. It discusses a community’s social capital and a system for job harvesting. The table of contents includes: Rethinking Local Economic Development, Getting Started, Growing New Small Firms, Retaining and expanding Existing businesses, Recruiting Business and Industry, Attracting Tourists and Retirees, Managing
Growth, innovative Partnerships for Economic Development as well as lists Resource Organizations and a free listing of the Best Resources from the Center.


The following sites, Corporation for Enterprise Development, www.cfed.org, and the Department of Housing and Urban Development’s Office of Community Planning at www.hud.gov/progdesc/cpdindx.html, provide all types of helpful information on Empowerment Zones, Enterprise Communities, Brownfields and others.

NADO, the National Association of Development Organizations, www.nado.org, supports development groups in rural America; training, local development strategies and the Digest, www.nado.org/pubs/digest.html is informative.

Perhaps the most extensive collection of resources is at W.K. Kellogg Collection of Rural Community Development Resources, www.unl.edu/kellogg/index.html.

Regional Rural Development Centers also provide assistance and the four noted below cooperate on extension activities, rural development research and other activities:
- Iowa State University’s www.ag.iastate.edu/centers/rdev/RuralDev.html, North Central Regional Center for Rural Development
- Pennsylvania State University’s www.cas.nercrd.psu.edu, Northeast Regional Center for Rural Development
- Mississippi State University’s, www.srdc.msstate.edu, Southern Rural Development Center.
- Utah State University’s www.ext.usu.edu/WRDC, Western Rural Development Center.

The Community and Economic Development Team at NRECA is dedicated to meeting our members’ needs as well as learning from and sharing our members’ experiences. Both The Cooperative Promise video and guidebook are drawn largely from the challenges and successes of cooperative CEOs, managers, staff and consumer-owners.

The C&ED Team is:
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Jessie Georgieva, Associate, Community and Economic Development
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Economic Development Workshop

Monday, October 21, 2002

NCEMC Statewide Offices
3400 Sumner Boulevard
9:30 a.m. till 4 p.m.

This interactive one-day workshop will include program participants from NRECA, CFC, North Carolina Rural Center, NC Department of Commerce, Gold Leaf Foundation, and USDA

This free program (lunch included) is made available through the offices of TSE Services and the NC Association of Electric Cooperatives

To Register Please Contact: Rochelle Gilliam (rochelle.gilliam@ncemcs.com) or call 1-800-662-8835, ext. 3064
Registration deadline is Thursday, October 17, 2002
ECONOMIC DEVELOPMENT WORKSHOP

Monday, October 21, 2002

NCEMC Statewide Offices
First Floor Conference Rooms

9:30 a.m. – 9:45 a.m. Welcome & Introductions………………Fred Tedder
Bob Goodson

9:45 a.m. -10:30 a.m. Rural Development……………………Delane Johnson
USDA

10:15 a.m. -10:30 a.m. Break

10:30 a.m. -11:15 a.m. Gold Leaf Foundation………………..Valeria L. Lee
President

11:15 a.m. –12:00 p.m. NRECA/CFC Economic Development…Jane Marden
Bob McLaury

12:00 p.m. -12:45 p.m. Lunch

12:45 p.m. - 1:30 p.m. Telecommunications…………………..Patrick Carey
USDA

1:30 p.m. – 2:15 p.m. NC Dept of Commerce………………Stewart Dickinson
Dir. of Finance

2:15 p.m. – 2:45 p.m. Rural Center…………………………..Representative

2:45 p.m. – 3:00 p.m. Break

3:00 p.m. – 4:00 p.m. Roundtable discussion

4:00 p.m. Adjourn