

Devils Lake Regional Partnership – A Strategic Plan for Adding Value to the Regions Agricultural Industry

Introduction

In 2002, the Cavalier County Job Development Authority, Forward Devils Lake Development Corporation, Rolla Job Development Authority and the Towner County Economic Development Corporation joined forces to form the new Devils Lake Regional Partnership (DLRP). This partnership is the first of its kind in North Dakota (ND). Despite the lively competition among communities that has been a hallmark of rural economic development efforts, the DLRP recognizes the advantages of sharing costs and work in recruiting new business ventures to the region. The region composed of the DLRP includes Cavalier, Rolette, Towner and Ramsey counties in northeast (ND).

The region composed of the DLRP has seen the agricultural industry as the dominant sector both historically and today. Initially, the focus of the DLRP was to strengthen the regional economy by focusing efforts on diversifying the economy into other sectors such as information technology and the medical device industry. The DLRP committed significant resources attending trade shows in the hope of attracting other sectors of the United States economy to this region. This effort continues.

In 2007, the DLRP decided to revisit it's efforts around the dominant regional economic force, agriculture. This decision was principally due to changing forces in agriculture that we are experiencing today. New government programs favoring green energy and the bio-fuels "gold rush" and other value added projects that address food safety, localized sales, agri-tourism, product differentiation and animal development. In addition, the demand for farm commodities for food and fuel paint a bright picture for long run industry growth rates in the industry. Couple these forces with the reality that ND is the number one producer of many crops, many of which are grown principally in this region logically convey that opportunities to enhance value beyond just production agriculture is more attainable than before.

Developing Value Added Agriculture to Foster a More Sustainable Region

One of the DLRP strategies to accomplish more economic activity in the region is to foster the development of adding value to the agricultural industry beyond traditional production systems which produce the raw commodity and ship it out. "Commodity marketing" is a product of the current farm program that encourages bulk commodity based production as compared to demand based production which is a characteristic of higher value products.

Value added agriculture can be a key component of rural economic development, fostering job growth, economic vitality and local wealth creation. However, it may be easy to overlook the perceived impacts of value added agriculture startups. Direct job creation may be minimal, or the processing plant may not be large and impressive. But one thing is certain. Locally grown companies, the ones that create local jobs and wealth creation, offer more consistent economic return than the "big game hunting" of industrial recruitment, a hunt that becomes far more expensive and less rewarding in rural areas. Rural community driven value added enterprises that are successful are where the dollars begin and remain in that community for a long time.

DLRP Value Added Agriculture Strategic Planning Process

The process to develop a strategic plan for adding value to agriculture in the Devils Lake Region includes a strategic visioning component that focuses on three key questions.

- Where is the DLRP currently at with value added agriculture?
- Where does the DLRP want to be in 20 years?
- How does the DLRP get there?

To help answer these questions, strategic planning brainstorming sessions were conducted in the four counties comprised of the DLRP that included numerous organizations and individuals. Participants were asked to identify value added ventures they felt had merit in their particular county/region. After further discussion, each participant prioritized their perceived top three opportunities for value added ventures.

Through these collaborations, the DLRP now has a better understanding of what constituents in the region view as opportunities for job development and wealth creation in agriculture. Results of this visioning should allow leaders and stakeholders to learn from the past, assess the present and stimulate thinking/action to achieve the desired future. The ultimate goal of the strategic plan is to vault economic developers, community leaders, interested citizens and entrepreneurs into projects that will begin to reshape the future for the region.

Where is the DLRP today with value added agriculture?

The effort to establish value added enterprises is more evolutionary than revolutionary. Potential participants are learning and adjusting their efforts in response to the successes and failure of others. There have been successes in value added development the past few decades but there have also been some notable failures. It appears these failures, as well as crop production problems, have dampened the entrepreneurial spirit during the latter nineties and into the 21st century. Recently, changes in the driving forces affecting agriculture are bringing the value added effort back to the forefront.

Expert assistance is evolving as well to compliment and push along this renewed interest in value added agriculture. For example, university systems now provide significant resources and expertise to act as engines for economic development in partnership with the traditional role of education. This exercise is one example of higher education working with grassroots America to address challenges facing local economies.

Through the strategic planning sessions conducted within the DLRP, a list of current value added opportunities was compiled based on participant's feedback. The value added opportunities identified were then prioritized by the participants. Table 1, *Value Added Opportunities Identified in the DLRP*, is a compilation of the four sessions held in the DLRP showing participants perceptions of the most likely value added opportunities to succeed in this region. Those opportunities in bold italic print are the top ten of prioritized opportunities identified. The entire list of opportunities and comments have been documented for the DLRP.

Table 1. *Value Added Opportunities Identified in the DLRP.*

Value Added Opportunity Identified	Number of Participants Identifying this as an Opportunity	Number of Participants Giving First Priority	Number of Participants Giving Second Priority	Number of Participants Giving Third Priority
<i>Biofuels - Ethanol/Diesel</i>	57	15	5	7
<i>Livestock Feed Mill</i>	35	6	11	1
<i>Agritourism/Agritainment</i>	24	2	2	2
<i>Dairy Production</i>	22	2	2	1
<i>Food Processing Plants</i>	22	1	2	0
<i>High Value/New Crops</i>	18	2	3	4
<i>Hog Production</i>	18	6	2	3
<i>Wind Energy Development</i>	17	1	1	3
<i>Beef Feedlots</i>	15	1	1	2
<i>Organic Production</i>	12	6	0	0
Fiber Based Products Dev.	9	0	2	3
Pride ND Distribution Center	9	0	0	0
Machinery Manufacturing	7	0	0	1
Farmers Markets	6	0	1	1
Natural/Exotic Meat	6	0	0	0
Pea Processing (food/feed)	6	1	0	0
Microbrewery/Wine	6	0	2	0
Fertilizer Plant	5	0	2	1
Services (Vet, plumber. Etc.)	4	0	1	2
Animal Processing Plant	3	0	0	0
Poultry Production	3	2	0	0
Canola Crush Plant	2	0	4	3
Hydrogen Fuel Production	1	1	0	1

Agricultural production has evolved from principally serving the food industry to also being a main player in the fuel and fiber industries. Value added opportunities identified by constituents can be categorized as in Table 2, *Value Added Opportunities Categorized by Food, Fiber, Fuel and Other.*

Table 2. *Value Added Opportunities Categorized by Food, Fiber, Fuel and Other.*

<u>Food (Cropping Systems)</u>	<u>Food (Animal Systems)</u>
<i>Food Processing</i>	<i>Livestock Feed Mill</i>
<i>High Value/New Crops</i>	<i>Dairy Production</i>
<i>Organic Production</i>	<i>Hog Production</i>
Farmers Markets	<i>Beef Feedlot</i>
Pea Processing (food/feed)	Natural/Exotic Meat
Microbrewery/Wine	Animal Processing Plant
Canola Crush Plant	Poultry Production
<u>Fiber</u>	
Fiber Based Products	
<u>Fuel</u>	
<i>Biofuels - Ethanol/Diesel</i>	
Hydrogen Fuel Production	
<i>Wind Development</i>	

Other

Agritourism/Agritainment

- ND Products Distribution Center
- Trade Services
- Machinery Manufacturing
- Fertilizer Plant

Economic developers in the DLRP worked with other agencies to informally identify current activity in the value added areas related to the opportunities listed in Table 1. The DLRP is not void of value added agricultural enterprises in the region. Table 3, *Current Value Added Activity in the DLRP*, identifies current business activity in this region for those opportunities listed by participants.

Table 3. *Current Value Added Activity in the DLRP*

<u>Food (Cropping Systems)</u>		<u>Food (Animal Systems)</u>	
<i>Food Processing</i>	Yes	<i>Livestock Feed Mill</i>	Yes
<i>High Value/New Crops</i>	Yes	<i>Dairy Production</i>	Yes
<i>Organic Production</i>	Yes	<i>Hog Production</i>	Yes
Farmers Markets	Yes	<i>Beef Feedlot</i>	Yes
Pea Processing (food/feed)	No	Natural/Exotic Meat	Yes
Microbrewery/Wine	No	Animal Processing Plant	No
Canola Crush Plant	No	Poultry Production	Yes
<u>Fiber</u>			
Fiber Based Products	Yes		
<u>Fuel</u>			
<i>Biofuels - Ethanol/Diesel</i>	No		
Hydrogen Fuel Production	No		
<i>Wind Development</i>	Yes		
<u>Other</u>			
<i>Agritourism/Agritainment</i>	Yes		
ND Products Distribution Center	No		
Trade Services	Yes		
Machinery Manufacturing	Yes		
Fertilizer Plant	No		

Where Does the DLRP Want to be 20 Years From Now?

Driving forces in an industry lead to changes in the industries evolution. There has been a dramatic shift in driving forces affecting the agricultural industry that are now favoring value added agricultural economic development. Mainly, government programs favoring the development of renewable energy and long run industry growth rates favoring crop production and human consumption to meet food and fuel demands.

Because of these and other changes, the DLRP is finding itself in a position to capitalize on efforts to develop some of these opportunities. Setting some benchmarks, considering local feedback and the current trends in agriculture, will assist local leaders and investors

to begin efforts to develop potential projects in the DLRP. Here is a possible scenario of where the DLRP partners would like to be in 2027.

- The region composed of the DLRP is not only the primary producer of many of the states crops, but also the agribusiness leader of North Dakota.
- Citizens in this region welcome progress because of its economic enhancements by supporting value added processing and agribusiness growth.
- More than half of the raw commodities grown in the region are processed into a value added product prior to leaving the state.
- More regional farmers are identifying and filling niche markets through a food demand chain by learning what consumers want and how they want it.
- Livestock production has doubled with numerous production and processing facilities located throughout the region.
- The region is beginning to draw in more vacationers through agritourism.

How Does the DLRP Get There?

Although no stranger to change, agriculture has been thrust into a new economic frontier by powerful driving forces. These changes seem to favor the further development of value added agriculture for the food, fuel and fiber industries. Some considerations for change to capitalize on value added agriculture within the DLRP are economic development strategies, regionalization, niche development and entrepreneurial recruitment.

The most widely known and accepted economic development strategy is the “home run” strategy. This strategy requires significant resources in the hopes of landing the big project that brings 250 living wage jobs to the community. Many communities, especially rural communities are beginning to recognize the shortcomings of this strategy. The alternative is to provide more resources towards an economic development strategy that supports local businesses, local jobs and local wealth.

No matter what strategy or combination of strategies is chosen, significant resources are required for a successful outcome. Keeping the regional approach could be the single most important advantage in the development of value added agriculture businesses within the DLRP. Further, value added agricultural projects today are more regional in nature.

Finding a regional niche(s) is an important step in reinventing an ag based economic development strategy. The DLRP has a rich history of agricultural production and identifying value added agriculture that provides a competitive advantage because of their unique qualities has positive economic implications.

Especially in rural areas, the future relies on growing more entrepreneurs. Particularly finding those individuals that can start high growth businesses and stay the course. This strategy will be key in enhancing rural economic engines. However, to support this, a change in economic development strategy will need to occur away from the traditional industrial plant recruitment towards supporting entrepreneurs in the region. Both strategies are widely accepted in the economic development world. The problem is the lack of resources to fund both strategies.

