

## **2001 Annual Report**

### **Kansas Rural Development Council**

As we know, all too well, the events of the new century are even more trying than we imagined. The tragedy of world events and the subsequent impact on the economy of the Nation and our State creates challenges that can be only faced and overcome by coordination and cooperation at all levels. Through this means, the Kansas Rural Development Council stands ready and is in an excellent position to continue to help rural Kansas citizens. Last year we were deeply involved in stemming the tide of rail abandonments and we have great news on this front. Stopping rail abandonment is only the first step, a uniform rail policy needs to be put in place to insure that we keep these life-lines open and serving our rural communities and farmers. KRDC has dedicated time and resources in laying a foundation for critical analysis and the development of a rural transportation plan that will help rural decision-makers in the future.

Following tradition, our first meeting of the year was held in Topeka. The two feature issues/programs centered on two member agency programs, U. S. Department of Housing and Urban Development (HUD) and the Kansas Department on Aging.

Holly Bellino, HUD Economic Development Specialist presented an overview of economic development programs:

1. **Rural Housing and Economic Development Program** is a program designed to enhance the capacity of organizations operating in rural areas carry out housing and economic development activities, fund innovative programs and provide seed support in these areas. This program was authorized by the U.S. Department of Veteran's Affairs and Housing and Urban Development and Independent Agencies Appropriations Act of 1999. This program currently has \$23million authorized and Kansas has not taken advantage of this program.

2. **The Youthbuild program** is designed to assist disadvantaged young adults in distressed communities to complete their high school education and provide on-site construction training experience. The expected results of this construction is the rehabilitation or construction of housing for homeless persons and low and very low-income families. The program is also expected to foster leadership skills and to further opportunities for placement in apprenticeship programs and the employment in living wage jobs. Of the \$52.9 million appropriated for the program, \$10 million has been earmarked for rural and under served communities.
  
3. **The Section 108 Program** is designed to enhance a state's ability to use Community Development Block Grant (CDBG) funds. The basic component of the program allows a state to borrow against future CDBG entitlements.

Vicky Martin, Housing Program Manager, Kansas Department On Aging, presented the Department's new housing program. The Partnership Loan Program, using intergovernmental transfer payments, is designed to help with housing needs for the aging population in Kansas by forming partnerships with other housing entities to leverage these funds. Starting on July 1, 2001, the Kansas Department on Aging hopes to use its allotted \$9 million on this program. It is the hope of the Department that these funds will allow seniors to live independently, avoiding admission to nursing facilities as long as possible. Groups eligible for the loans are:

- Adult day care facilities, boarding care homes, Home Plus, residential health care, assisted living, and nursing facilities;
- Hospitals or long-term care units which are certified to serve Medicaid residents;
- Private residences to be converted to Home Plus facilities; and
- Senior housing projects in Kansas cities with a population of 2,500 or less.

Our second quarterly meeting was a tour of Medicine Lodge and surrounding Barber County. Located in extreme South Central Kansas, Medicine Lodge is a County seat town with a population of 2,193 and a county population of 5,307. Barber County hit its population zenith in 1930 with a population of slightly over 10,000. Our tour began at National Gypsum Plant. The plant, started in the 1930's, produced plaster from the natural occurring gypsum in the area. In 1951, the plant started manufacturing wallboard and today, it manufactures 60 truckloads of wallboard a day. The plant still manufactures plaster. The second stop was a tour of Sagebrush Art Gallery, home of Earl Kuhn the well-known western artist. His art has long been recognized for its depiction of the famed Gyp Hills and western themes. The day was highlighted with a tour of the Gyp Hills. Tour stops included working ranches, riding trails and a tourist ranch where trail riding and camping is a commercial venture for a ranching family.

The following morning we were hosted by the community of Medicine Lodge. There we interacted with a panel of residents who depicted both challenges facing the area and some of the solutions found by enterprising persons. Highlights of the panel were:

**Charles Swayze**, Manager, Farmers Equity Coop of Isabel and KRDC Rail Task Force member discussed the local implications of the rail abandonment. The rail line has suffered neglect since being purchased in 1989. This neglect caused curtailment of service and lack of rail cars when needed for harvest. Until recently, the Surface Transportation Board, the regulatory board governing rail, did not pay close attention to the needs of South Central Kansas. Swayze thanked KRDC for its assistance and organized effort to save the rail in the area.

**Stan Walz**, General Manager, Radiofrequency Safety International Corp. (RSI) of Kiowa presented how a company can be located in a small community and operate nationally. RSI is a consulting firm that assists companies with compliance issues relating to the management of radio communications and the measurement of energy levels produced by radio frequency (RF) emissions from micro-wave towers and etc. RSI is also one of the premier companies offering RF

safety training. The company located in Kiowa because the company founders felt they could use current technology to operate on a national scale and liked the idea of using employees from a small community. Working with the local telephone company, they were able to get T-1 switching for their telecommunications but they are having problems with parcel post delivery and health care for their employees.

**Glen Newdigger**, Barber County Research and Extension Agent, presented the components of the Barber County Leadership Development Program. This leadership program was developed from recommendations by the County Extension Planning Committee. The program not only teaches participants about local and state government, it also teaches the skills needed to communicate with individuals and groups. The County has graduated seven classes with eleven members in each class. The Kansas Health Foundation has granted the Barber County Leadership program \$100,000 for the continuation of the program.

**Fred Kerr**, former Kansas State Senator and member of the Board of Directors of the South Central Community Foundation, discussed the growth of the Foundation. The Foundation, started in 1994, serving seven counties, was designed to aid local communities with grants to assist in community projects. The Foundation granted approximately \$200 per county the first year and in 2000, the Foundation granted \$45,000. The Foundation has recently raised operating capital and has hired a full-time professional staff to administer the program. The South Central Community Foundation plans to work with the Kansas Health Foundation on a grant-matching program.

The annual KRDC work session was held in Phillipsburg this year. While there, we had the opportunity meet in a great community facility. The Huck Boyd Community Center serves the citizens of Phillips County with a 500-seat auditorium, meeting rooms, catering facilities and a video conferencing center.

As part of our work session, we met with executives from the Kyle Railroad, Mineral Right and Brook Financial Services. Our first meeting was with the Kyle Railroad. The Kyle is a short-line railroad operating in Kansas, Nebraska and Colorado. This railroad helped the counties of the above mentioned states form the Mid-States Port Authority. Through the leadership and work of the people of these counties and the Kyle Railroad a port authority was created that now serves as an example of how good public/private partnerships can enhance economic development. The Railroad has new repair shops that allow them to repair locomotives not only for themselves but for other rail companies as well. Mineral Right is a plant that manufactures zeolite, a silica crystal mineral used in the treatment of water. The crystals remove heavy metals and hardness from water as well as raise the pH of acidic water. The crystals, grown at the plant are shipped throughout the world. Finally, an executive from Brooke Financial Services discussed how small homegrown businesses can be great job creation engines for the local community. Brooke started in 1986 by providing middleman services for the insurance industry. The company has evolved in to an insurance and financial service company currently employing ninety people.

A representative from the U.S. Census Bureau, Kansas City Region, met with Council members via the video conference hookup at the Huck Boyd Center. The program originated from the Kansas City U.S. General Service Agency video site courtesy of the Kansas City Federal Executive Board. The presentation provided Council members with new data derived from the 2000 Census as well as sites for access of data as it becomes available.

## **Rail Abandonment**

The long arduous task of working through the various facets of rail abandonment in Kansas has been very productive in the short term but much needs to be accomplished before rural Kansas communities and agriculture producers can feel more confident about the long term stability of the transportation networks. After much discussion with stakeholders and policy makers, four major issues surfaced (an in-depth discussion on

theses issues and the method used to formulate these issues can be found in the **2000 Kansas Rural Development Council Annual Report**).

1. Kansas lacks a clear policy on rail abandonment.
2. Not all costs associated with lost rail service are immediately felt.
3. More study is needed to measure the potential economic losses suffered by shippers, producers and communities when rail is abandoned.
4. A public entity that has the authority to purchase and maintain existing rail is necessary for the continuance of a freight rail system.

The long-range agenda adopted by the Council and the Rail Taskforce is as follows:

1. Ask for legislation to create a non-binding resolution to temporarily declare a moratorium on rail abandonment. See appendix for detailed information.
2. Pursue multi-county port authorities where possible.
3. Develop a Kansas rural transportation plan.
4. Develop an economic model to help local governments determine the costs of lost rail service.

As mentioned at the beginning of this segment, there have been several significant events that transpired during the course of the year. First and foremost, the short-line railroad located in Kansas' breadbasket, the South Central part of the State, and the most at-risk of abandonment, was purchased by a Kansas company. Over 900 miles of track were purchased in the business deal. The purchasing company, Watco Companies Inc., will provide much needed track maintenance, increased availability of freight cars and the locomotives thus increasing service to the communities located on the lines. The purchasing company also enacted a self-imposed moratorium on abandonment for much of the rail line. Even though the non-binding resolution on the moratorium of rail abandonment became a Kansas House bill and assigned to committee, it never was voted out of committee. Also with the self-imposed moratorium on abandonment by the purchasing rail company, the resolution became a moot point.

With the immediate danger of losing valuable track subsidizing, addressing the long-term rail issues became a priority. Securing funds for research on the fiscal impacts to communities from lost rail service and the establishment of a panel of policy makers and stakeholders to develop a comprehensive rural transportation plan became more important to the Council. The Kansas Rural Development Council, with the aid of several key legislators, was able to secure \$150,000 from the Kansas Department of Transportation for the research. The funds are being used by the Kansas State University Department of Economics to develop a model for local governments to make cost effective decisions on road maintenance and the development of a foundation for the comprehensive rural transportation plan. Currently three graduate students under the tutelage of Professor Mike Babcock are doing the research. The research is designed to measure the quantifiable impacts of abandonment and its objectives are:

1. Compute the changes in transportation costs due to railroad abandonment in Kansas.
2. Compute the increase in truck attributable road damage to Kansas county and state roads as result of railroad abandonment.
3. Calculate additional highway accident costs attributable to incremental truck traffic resulting from railroad abandonment.

The research is to be completed in August of 2002. However, some preliminary results will be available by early 2002. For a more detailed description of the research, see appendix.

The last issue that KRDC plans to bridge is the make up of the rural transportation planning group and the design of the rural transportation plan. This plan is intended to be a blueprint for local governments to make road maintenance decisions, help these governments with public/private partnerships and give guidance to the State on the design of comprehensive transportation enhancement packages that will best utilize tax dollars. See appendix for more details.

## **KRDC Strategic Plan Review**

The Executive Committee reviewed the Kansas Rural Development Council Strategic Plan. The plan was last reviewed in 1997. Executive Committee members reviewed the ten issues addressed in the earlier plan and revised these issues/needs into seven areas. Each of the six areas was then developed by strategy managers and presented to the membership for input and refinement. The seven areas addressed are:

- **Rural Economy** --- The Kansas economy, in spite of diversification, is and will continue to be influenced by agriculture. Development of a skilled entrepreneurial base of human capital is needed to retrain the population and diversify the economy and rural Kansas must find a way to capitalize on the rural entrepreneurial resources that exist.
- **Life Long Learning and Training Opportunities are Necessary For Kansans to Compete in the Global Economy** --- (1.) Better communication of rural policy issues and related information to rural citizens is necessary. (2.) Language training is needed in the schools. (3.) Kansas citizens and small businesses should know about the availability of the many job training/retraining programs available from the agencies offering such service. (4.) Help out-of-work Kansans to embrace life-long learning, to understand the need for change, to learn new skills and to see themselves to other occupations. (5.) Every Kansan should know about the possibilities to create Micro enterprises and how to tap into funds to help them get established. (6.) Kansas schools, businesses, farmers/ranchers and citizens need fast, dependable and affordable Internet access for all their education, business and communication needs. (7.) Bridge the gap between business and education and the need to create universal learning goals and procedures across the state.

- **Rural Infrastructure** --- A good sound infrastructure is a key ingredient for rural communities to thrive and that the lack of infrastructure makes it difficult for rural communities to survive. The key areas of infrastructure are transportation networks, telecommunication, water and wastewater systems and utility service.
- **Rural Healthcare** --- Healthcare delivery is changing and communities also have to change. Acute care is a serious problem in the remote areas of the State. Problems stem from lack of emergency care, lack of paved runways for fixed-wing emergency flights and lack of medical personnel. Local empowerment and better coordination of activities are necessary for communities to make the necessary transition in healthcare.
- **Water In Kansas** --- Water is essential for life. An adequate supply, free of pollutants is necessary to assure the health and welfare of Kansas citizens, institutions, commerce and the state's fish and wildlife resources.
- **Lack of Safe, Efficient and Affordable Housing In Rural Kansas Communities** --- (1.) Senior citizens and other rural citizens with special needs oftentimes have problems finding housing that allows them to live in an environment that gives them the freedom and dignity they need to lead normal and productive lives. (2.) Limited resources in rural areas oftentimes stymie the development of new housing stock because local communities do not know all of the resources that are available. (3.) Low-income families need extra assistance to qualify for home ownership and once they own their home they sometimes need assistance to maintain their homes. (4.) Preparedness can make the difference in surviving a natural disaster and not all persons understand the necessary steps they can take to insure their survival.

## **Community Assessment Team**

The Kansas Rural Development Council and the State's U.S. Department of Agriculture's designated Enterprise Community (Leoti/Wichita County) worked together to pilot a Community Assessment Team designed to help the community with its development strategy. Five team volunteers: Loren Medley, Kansas Electric Power Cooperative, Ned Webb, Kansas Department of Commerce and Housing, DeAnna Gerhardt, USDA Rural Development, Gary Satter, Glacial Hill RC&D and Steve Bittel, KRDC spent three days with community leaders and volunteers. The purpose of the program, based on the Texas Rural Development Council designed program, is to assist local communities in the assessment of resources and challenges and provide detailed assistance in accomplishing their development goals. Preliminary feedback was provided to community members at a town hall meeting and a formal written report will be provided to the city.

## **Rural Policy Forum**

The Kansas Rural Development Council sponsored the Seventh Annual Rural Policy symposium at Kansas State University. This is an annual event the Council has been involved in since its inception. The theme for this year's symposium is ***Were the Poppers Right? Helping Rural Kansas Succeed In A Post-2000 Census Environment.*** The theme is loosely based on the Frank and Deborah Popper 1987 article ***The Great Plains: From dust to Dust.*** Aside from the presentation at Kansas State University, there were two videoconference site in Western Kansas.

## **Looking Toward 2002**

In the upcoming year, KRDC plans to continue working on the transportation plan for rural Kansas as well as assemble taskforces to develop agendas for life long learning and training, and affordable housing in rural communities