



401 Douglas Street
P.O. Box 778
Sioux City, Iowa 51102
(712) 277-7587 Telephone
(712) 252-7396 Fax
E-mail: smstewart@midamerican.com

Suzan M. Stewart
Managing Senior Attorney

April 7, 2010

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57502

BY ELECTRONIC DELIVERY

Re: Docket No. NG10-_____

Dear Ms. Van Gerpen:

In accordance with the Decision and Order approving Settlement Stipulation NG01-010, attached is MidAmerican Energy Company's report on 2009 economic development activities and its 2010 proposed budget. The actual expenditures shown in section 1 are based on the MidAmerican Energy Company 2009 Economic Development Budget, which was approved by the Commission by order issued April 24, 2007 in Docket No. NG07-002.

MidAmerican provides monetary support to local development organizations, specific project assistance efforts for these groups, and business attraction incentives. We also provide in-kind support through the work of Brad L. Howard, our Economic Development Consultant for an area including our South Dakota natural gas service territory.

Brad will continue the work with local development personnel throughout MidAmerican's South Dakota service territory to encourage expansion of existing business, foster economic vitality and support community preparedness for new growth. Additional MidAmerican economic development staff is available to enhance the overall program, as needed, which further extends our relationship and value to our South Dakota communities.

MidAmerican's role is to support community leaders in making decisions relating to the economic growth and vitality of their communities. The unique knowledge and capability of local leaders to address community issues, goals and priorities is fundamental to the growth of those areas. MidAmerican encourages community leaders

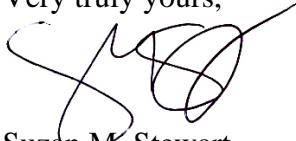
April 7, 2010
Ms. Patricia Van Gerpen
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to work closely with all public and private entities to advance their specific economic development priorities.

We are very pleased to report continued growth within our South Dakota service territory during 2009. In Section III we provide an overview of economic development highlights during the year.

Since successful economic development requires a team effort by many players, we sincerely appreciate the opportunity to support all organizations working to achieve positive impacts on employment, income, and community growth. We respectfully request approval of our 2009 report and our proposed 2010 budget.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Suzan M. Stewart', with a stylized flourish extending to the right.

Suzan M. Stewart
Senior Managing Attorney
Attachment

SS/sh

cc: Brad Howard
Kathryn Kunert

MidAmerican Energy Company

Report on

2009 Economic Development Activities
and Proposed 2010 Budget

to the

South Dakota Public Utilities Commission

March 2010

Prepared by: Brad Howard, Economic Development Consultant,
and Kathryn Kunert, Vice President Community Relations and
Economic Development

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SECTION I Overview

This report is being submitted in accordance with the Decision and Order approving Settlement Stipulation issued in Docket No. NG01-010 and addresses MidAmerican Energy Company's ("MidAmerican") economic development expenditures.

This report presents MidAmerican's expenditures against approved budget for 2009 and the proposed 2010 spending plan. Also presented is an overview of economic activity in MidAmerican's gas service territory. This activity is presented both in narrative format on accomplishments and statistically in selected key measurements of economic activity.

Generally, 2009 was economically positive in MidAmerican's territory. Our local economic development partners reported several successes. These accomplishments are the result of the continuing commitment of proactive local, regional and state economic development activity. The heart of MidAmerican's economic development plan is to support these activities along with community practitioners, both professional staff and community volunteers. We believe our 2009 spending plan helped in that regard and that our 2010 plan will do likewise.

In summary, we were approved to spend \$106,250 in 2009 but actually spent \$105,800. In 2010, we will continue focusing on local development groups and supporting events and activities that will help the communities in our service territory be successful.

Our plan submitted herein calls for spending \$105,175 in 2010.

MidAmerican Energy Company Local Partner Program Funding

MidAmerican's Local Partner Program, which provides financial assistance to support initiatives and projects by professional economic development organizations, was used by the four larger communities in MidAmerican's service territory.

Yankton received a \$5,000 grant to create a Yankton Economic Development Web site to promote Yankton's exceptional location. The Web site features Yankton's unique lifestyle and qualities focusing on the communities strengths to attract business, beginning or continuing a career, strengthening family life or retiring with comfort.

The Vermillion Chamber and Development Company attended the BIO 2009 Conference as a co-op partner with the South Dakota GOED and South Dakota Biotech Association. MidAmerican contributed \$600 to support these initiatives through the Local Partners program. Vermillion shared a booth with other South Dakota communities in attendance including: Yankton, Brookings, Sioux Falls, Dakota Dunes and Rapid City.

North Sioux City Economic Development Corporation implemented a marketing initiative by purchasing space in the Kansas City Business Journal and Minneapolis/St. Paul Business Journal promoting Flynn Business Park and North Sioux City. The ad promoted the excellent business climate by focusing on the productive and trained workforce, available and affordable real estate (Flynn Business Park), interstate and rail access, reliable and affordable natural gas and electricity (MidAmerican Energy), no corporate income tax, no personal income tax, no business

inventory tax, no personal property tax, low unemployment, low workers compensation rates, five-year property tax abatement, and a pro-business community. The ad included a map of the United States showing North Sioux City's central location. MidAmerican contributed \$1,175 of Local Partner funds. MidAmerican contributed \$500 in Local Partner funding to North Sioux City Economic Development Corporation to participate in a booth with the Medical Device Manufacturing trade show in Minneapolis. This was a venue to cultivate new business leads and contacts. North Sioux promoted business retention by recognizing local companies as "Business of the Month". A plaque was given to those existing businesses in attendance to say thank you for doing business in the community. North Sioux received \$425 in Local Partner funding for the plaques.

Sioux Falls' LCEDA/MCEDA (Lincoln County Economic Development Association/Minnehaha County Economic Development Association) obtained \$1,350 in Local Partner funding to co-op the SHOT (Shooting, Hunting, Outdoor Trade Show) with the South Dakota Governor's Office of Economic Development (GOED) and 12 other South Dakota Communities. The state has attended this show for several years and the firearms industry is an increasing presence in South Dakota and is one of the targeted industries identified by GOED. The LCEDA and MCEDA's participation is at the encouragement of GOED. Due to a delay in processing the invoice, MidAmerican did not receive it before the end of the calendar year and it will be included in 2010. LCEDA and MCEDA also applied for sponsorship of their annual meeting in Sioux Falls. MidAmerican, along with other utilities of the two counties, provided \$356.44 toward the food for the event.

2009 Property Tax Payments

MidAmerican will pay \$933,671 in property tax revenue in 2008 taxes, 2008 taxes are paid in 2009 on facilities in South Dakota.

Property taxes support county and city governments, area schools, libraries, park districts and other taxing bodies.

Following is a county-by-county breakdown of property taxes paid by MidAmerican in South Dakota:

Clay	-	\$27,227.00
Lake	-	\$1,024.00
Lincoln	-	\$54,423.00
McCook	-	\$5,463.00
Minnehaha	-	\$615,805.00
Moody	-	\$8,227.00
Turner	-	\$5,991.00
Union	-	\$140,432.00
Yankton	-	\$75,079.00

SECTION II
Expenditures & Budget

2009 Proposed Budget

Large Development Group Support:

Forward Sioux Falls.....	\$ 18,500
Yankton Area Progressive Growth.....	3,500
Vermillion Development Co.....	1,500
Sioux Falls Development Foundation.....	850
Siouxland Initiative (South Dakota allocation).....	1,125
Minnehaha County Economic Development Association (MCEDA).....	3,500
(Includes community development support for: Baltic, Brandon, Colton, Dell Rapids and Hartford)	
Lincoln County Economic Development Association (LCEDA).....	<u>3,500</u>
(Includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	

Total Large Development Group Support \$ 32,475

Individual Community Development Support:

Alcester Development Corp.....	\$ 250
Centerville Development Corp.....	250
Elk Point Development Corp.....	250
Flandreau Improvement Corp.....	250
North Sioux City Development Corp.....	200

Total Individual Community Support \$ 1,200

Economic Assistance Programs

Intended for economic development enhancements that help to create new jobs, capital investment and economic benefit to communities within our service territory (GOED programs, industrial site analysis, LOIS, etc.)..... \$ 6,800

Business Attraction Incentives

Governor's Golf Classic – South Dakota Business Attraction Allocation of costs for business attractions on behalf of South Dakota communities within our service territory (trade shows/marketing assistance, etc.)..... \$ 4,775

Staffing

Allocation of salaries and related expenses for MidAmerican developers working with and/or on behalf of communities in our South Dakota service territory. \$ 61,000

TOTAL 2009 PROPOSED BUDGET FOR SDPUC APPROVAL **\$ 106,250**

2009 Actual Expenditures

	<u>Actual</u>
<u>Large Development Group Support:</u>	
Forward Sioux Falls	\$ 18,500
Yankton Area Progressive Growth	3,500
Vermillion Development Co.....	1,500
Sioux Falls Development Foundation.....	850
Siouxland Initiative (South Dakota allocation).....	1,125
Minnehaha County Economic Development Association (MCEDA)	3,500
(Includes community development support for: Baltic, Brandon, Colton, Dell Rapids and Hartford)	
Lincoln County Economic Development Association (LCEDA).....	4,500
(Includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	
Total Large Development Group Support	\$ 33,475
<u>Individual Community Development Support:</u>	
Alcester Development Corporation	\$ 250
Centerville Development Corporation	250
Elk Point Development Corporation.....	250
Flandreau Improvement Corporation.....	250
North Sioux City Development Corporation	200
Total Individual Community Support	\$ 1,200
<u>Economic Assistance Programs</u>	
Intended for economic development enhancements that help to create new jobs, capital investment and economic benefit to communities within our service territory (GOED programs, industrial site analysis, LOIS, etc.).....	
	\$ 8,050
<u>Business Attraction Incentives</u>	
Governor's Golf Classic – South Dakota Business Attraction Allocation of costs for business attractions on behalf of South Dakota communities within our service territory (trade shows/marketing assistance, etc.)	
	\$ 5,000
<u>Staffing</u>	
Allocation of salaries and related expenses for MidAmerican developers working with and/or on behalf of communities in our South Dakota service territory.	
	\$ 58,100
Actual 2009 Expenditures Requested for SDPUC Approval in this Report	<u>\$105,825</u>
2009 Proposed Budget Approved By SDPUC	<u>\$106,250</u>
2009 Underspent Expenditures	\$ 425

2010 Proposed Budget

Large Development Group Support:

Forward Sioux Falls	\$ 18,500
Yankton Area Progressive Growth	3,500
Vermillion Development Co.....	1,500
Sioux Falls Development Foundation.....	850
Siouxland Initiative (South Dakota allocation).....	1,125
Minnehaha County Economic Development Association (MCEDA)	3,500
(Includes community development support for: Baltic, Brandon, Colton, Dell Rapids and Hartford)	
Lincoln County Economic Development Association (LCEDA).....	<u>4,500</u>
(Includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	

Total Large Development Group Support \$ 33,475

Individual Community Development Support:

Alcester Development Corporation	\$ 250
Centerville Development Corporation	250
Elk Point Development Corporation.....	250
Flandreau Improvement Corporation.....	250
North Sioux City Development Corporation	200

Total Individual Community Support \$ 1,200

Economic Assistance Programs

Intended for economic development enhancements that help to create new jobs, capital investment and economic benefit to communities within our service territory (GOED programs, industrial site analysis, LOIS, etc.)..... \$ 6,000

Business Attraction Incentives

Governor's Golf Classic – South Dakota Business Attraction
Allocation of costs for business attractions on behalf of South Dakota communities within our service territory (trade shows/marketing assistance, etc.) \$ 4,500

Staffing

Allocation of salaries and related expenses for MidAmerican developers working with and/or on behalf of communities in our South Dakota service territory. \$ 60,000

TOTAL 2010 PROPOSED BUDGET FOR SDPUC APPROVAL \$ 105,175

SECTION III
2009 Highlights of Economic Development Activities
MidAmerican Energy Company's South Dakota Service Territory

SIOUX FALLS

Industrial and Warehouse Developments

Advance Sign and Engraving, Inc. constructed a new 5,500-square-foot manufacturing facility on an acre of Sioux Empire Development Park land. The company makes outdoor furnishings from recycled plastic in addition to architectural signage.

A new 22,000-square-foot expanded truck and trailer parts and service center located near I-229 and 60th Street North is home to **Catco Parts and Service**. The company employs 15 and expects future growth.

A 13-acre site near I-229 and Benson Road is home to **Dakota Fluid Power's** new 25,000-square-foot office and shop facility. They retained their former facility for manufacturing and assembly operations.

Family Memorials by Gibson expanded production and manufacturing with a new 8,000-square-foot facility on 258th Street, west of I-29. Sales operations will continue at the West 12th Street location.

Ruedebusch Development, based out of Madison, Wisconsin, purchased nearly seven acres in Sioux Empire Development Park VIII. Ruedebusch broke ground in October on a new 50,000-square-foot warehouse and distribution center for **FedEx**. The facility is scheduled to open summer 2010.

Magic Makers purchased more than three acres of land in Sioux Empire Development Park III East for a new 20,000-square-foot headquarters/production facility. Construction was recently completed.

Marmon/Keystone, a wholesale distributor of tubular products, completed a \$2.5 million, 62,000-square-foot distribution facility on seven acres of land near West 12th Street and Ebenezer Avenue. The company created ten new jobs.

A company based out of Hull, Iowa, **New Tec Inc.**, opened a location on North Harvestore Road to sell, service and rent forklifts.

Novak Sanitary Service acquired 3.5 additional acres for outdoor equipment storage and a new 10,800-square-foot building that will house a container-repair facility and wash bay. The facility is scheduled to be finished this month.

Work is nearing completion on the new 50,000-square-foot **Variety Foods** warehouse and distribution center on 5.5 acres in Sioux Empire Development Park VIII. The new facility will triple Variety's storage capacity.

Office, Commercial & Medical Developments

Construction continues on the new, \$90 million **Avera Cancer Institute**. The 217,000-square-foot Cancer Institute, scheduled for completion in fall 2010, will be staffed by 165 medical and support personnel. Avera relocated its outpatient mental health and chemical dependency programs to a new 11,600-square-foot office complex at 33rd and Cliff Avenue.

The \$8.5 million **Hilton Garden Inn** near the intersection of 59th Street and Louise Avenue is open. The 4-story, 105-unit upscale hotel includes 3,400 square feet of conference space, a board room, restaurant and lounge.

A new call center plans to create 20 jobs initially and up to 60 over the next 18 months. **Honest Answers Customer Care LLC** is located on West Russell Street and fields sales-related calls for their parent company, Hungry Fish Media in Cambridge, Massachusetts, and other internet-based businesses.

Work was completed earlier in 2009 on **LodgeNet Interactive's** new 2-story, 40,000-square-foot corporate headquarters addition in northwest Sioux Falls. The addition provides room for future growth.

The new 120,000-square-foot headquarters facility for Midland **National Life Insurance Company** was completed earlier this year. The \$18 million facility is located on 12 acres in the Interstate Crossing Commerce Park near the intersection of I-229 and I-29.

By the end of December 2009, **Qwest** expects to have hired 80 new employees to staff its expanding sales and service call center operation. Approximately 300 people are employed at the center which has been operational for four years.

Construction was completed on the **Sanford Children's Hospital**. The \$52 million, five-story, 120-bed facility encompasses 160,000 square feet of space. The \$9 million addition to the labor and delivery area at Sanford USD Medical Center was completed earlier this year as well.

Sanford Health purchased the former 300,000-square-foot Hutchinson Technology facility in Sioux Empire Development Park V allowing them to accelerate research activities. Ground was recently broken on the 5-story, 205,000-square-foot Sanford Heart Hospital that will be located adjacent to the main hospital at 18th and Grange. The 58-bed hospital represents a \$90 million investment in terms of construction and equipment.

The 70-acre retail development, **The Shoppes at Dawley Farm Village** located near 26th Street and Highway 11 in Eastern Sioux Falls, is home to a new 135,000-square-foot Target store which opened in October. 165 jobs were created. Development plans for the area include a new Kohl's store with work scheduled to start next summer, and a First Bank & Trust branch.

Sioux Falls Federal Credit Union constructed a fifth branch office at 5700 East Arrowhead Place. The facility represents a \$1.3 million investment to accommodate their membership growth.

An \$11.5 million, 43,000-square-foot addition at the **Sioux Falls Surgical Hospital** is complete. The two-story expansion adds recovery rooms, additional office space and an expanded reception-admissions area.

Soo Sports has a new location at the southeast corner of Minnesota Avenue and 85th Street. With 15,000 square feet, twice the size of the former facility, the new location allows for a larger service area and showroom.

South Dakota Lions Eye Bank is constructing a 16,000-square-foot facility on land in Sioux Empire Development Park VII. The \$3.4 million facility is scheduled for completion Spring 2010 and will help meet the demand for eye and tissue transplants.

TCF Financial Corporation, a national financial holding company, moved the charter to Sioux Falls, opening a branch in March on South Louise Avenue. The corporation created 15 new jobs in Sioux Falls.

A new 19,400-square-foot facility is home to the consolidated operations of **Urology Specialists**. The new facility, located near 69th Street and Minnesota Avenue, was completed in early 2009.

Quality of Life Developments

Allegiant Air - Non-stop flights to Los Angeles

Augustana College - \$12 million, Kirkeby-Over Football Stadium; Larson Field & Track Complex, soccer complex; \$7.4 million, Mikkelsen Library expansion/renovation; Huether Tennis Centre

Children's Home Society - \$2.3 million, remodel, and 12,000-square-foot expansion

City of Sioux Falls - \$4.8 million, Harmodon Park Softball Complex; \$4.7 million, Drake Springs Family Aquatic Center; \$12 million, Main Library expansion; Thelin Park; Prairie Meadows Park; 80-acre Family Park; \$3.5 million Sherman Park Softball Complex reconstruction; Fire Station #5; new \$4.6 million cell at the Landfill; \$4.3 million, methane capture/ pipeline project; \$13 million, Water Plant upgrade

Colorado Technical University - Launched six new online advanced degree programs

Delta Air Lines - Non-stop flights to Atlanta

Dow Rummel Village - Renovating residential apartments into assisted-living apartments

Evangelical Lutheran Good Samaritan Society - 32-unit Hearthstone Assisted Living Center

Fellowship of Christian Athletes - \$3.3 million, office facility near 69th & Cliff

Great Plains Zoo - \$3.5 million, Black Rhino Exhibit; Face-to-Face Farm

Home Builder's Association of the Sioux Empire - \$3.2 million, 25,000-square-foot **Ronald McDonald House**

Minnehaha County Courthouse - \$8 million, 2-story addition

SculptureWalk - Outdoor sculpture exhibit located along the sidewalks in Downtown Sioux Falls

Sioux Falls Catholic School System - \$40 million, upgrade of O'Gorman High School, performing arts and athletic facilities

Sioux Falls Public Schools - \$8.5 million, R.F. Pettigrew Elementary School; \$14.9 million, Career & Technical Education Academy; Child Nutrition Center addition/remodel

Sioux Falls Regional Airport - \$2.5 million, FAA grant for runway rehabilitation; \$5.8 million, 23,000-square-foot addition to the ticketing area and remodel of current area

Sioux Falls Seminary - \$6.3 million, 28,000-square-foot classroom and office facility

South Dakota Achieve - Inspirations Jewelry & Art Store

South Dakota Public Universities & Research Center \$15.7 million, 60,000 square foot classroom building; \$6.3 million, 21,000-square-foot Graduate Education and Applied Research (GEAR) Center on 260-acre campus in northwest Sioux Falls

St. Francis House - \$600,000, transitional housing four-plex, 6,570 square feet

Sunnycrest Retirement Village - 60-unit independent senior apartment building

University of Sioux Falls - \$4.3 million, Salsbury Science Center expansion/renovation; 30-acre, \$12 million, Sanford Health Sports Complex

VA Medical Center - \$10 million, renovation of the mental health unit; Eye Sight Rehab Center; Nuclear Medicine Department

Wild Water West - \$2 million, expansion including a wave pool, deck with cabanas and new concession area

Statistics for Growth in Sioux Falls: Sioux Empire Development Parks

Number of Businesses: 115
Employment in the Parks: 12,700+

Total Acreage: 1,351

2009 Land Sales

Land Sold: 15.40 Acres
Value of Land Sold: \$1.3 million

Sioux Falls Area Communities:

(Source: 2009 Annual Report for the Lincoln County and Minnehaha County development groups)

LINCOLN COUNTY- MINNEHAHA COUNTY

Lincoln and Minnehaha counties recorded a significant drop in sales tax collections. This key statistic, compiled by the South Dakota Department of Revenue's Business Tax Division, is a measure of the business strength of individual communities, but also a regional growth pattern. The state has posted FY 2009 sales tax collections against FY 2008 showing a \$6.3 million decrease in Lincoln County and a \$71.6 million decrease in Minnehaha County, a combined total decrease of 4.1%. Lennox led Lincoln County in taxable sales growth with a 6.7% increase in 2009, while in Minnehaha County, Baltic had a 10.5% increase in sales tax collections last year. These numbers indicate challenges in the economic growth of the area, with retail, commercial and residential sectors equally driving the challenges in communities.

Lincoln County Economic Development Association (LCEDA)

Beresford

Beresford experienced significant growth in 2009, opening up an additional 150 acres for development, resulting in the availability of 255 acres for industrial and retail development. Funds were awarded for an expansion of the bike path, and Casey's will open a new \$1.2 million store. Beresford, with a population of 2,200, issued 62 building permits valued at nearly \$2 million in 2009.

Canton

Canton, with a population of 3,165, saw business and community growth during 2009, both residential and commercial. The community's restoration project for the railroad depot is still in progress and the city is preparing for sewer lagoon additions a project totaling \$3.2 million. Building permits in Canton for 2009 totaled 49 at a value of \$500,000, and two new single family homes were built this year. The new city manager form of local government is working closely with the economic development group.

Harrisburg

In 2009, 91 single-family homes were built in Harrisburg, currently with a population of more than 4,300. The community approved 288 building permits with a total value of nearly \$12.5 million.

Lennox

Lennox, with a population of 2,741, experienced \$2.0 million in construction during 2009, spread over 154 projects. Two new single family homes were built, and two new commercial buildings are under construction in the new industrial park and another in the downtown. The City completed a new grandstand and police office. Street improvements were also made by paving and guttering eight blocks of city streets previously unpaved, and a Capital Improvement Plan is being developed to continue the infrastructure enhancement.

Tea

In Tea, population of 4,200, the building permit total for 2009 was 127, with a valuation of nearly \$16 million, including 36 new single family homes. A 32-bed assisted living facility was built, the Tea Steak House added a new banquet hall, Tea Realty and the Beauty Nook are preparing to expand into a new 3,100-square-foot building and a new Tea Intermediate School is under construction.

Worthing

In Worthing, housing was once again an important element in 2009 community growth. Worthing issued 43 building permits, including two for new single-family homes, for a total building permit activity of nearly a half million dollars for 2009.

Minnehaha County Economic Development Association (MCEDA)

Baltic

Baltic, with a population of 975, experienced new home construction in both the Baltic Heights and Valley View Meadows subdivisions with a total of six new homes. In 2009, 66 building permits were issued at a valuation of nearly \$1 million.

Brandon

Brandon, with a population of 8,288, issued 386 building permits at a valuation over \$11 million. Over \$8.4 million of that total was for single family home construction, with 37 permits issued. Commercial projects for the year included Tryon Gym and a 39 unit Apartment building. MT Enterprises and Unit Can are new tenants in the industrial park

Colton

Colton, population 675, saw the opening of a new café during 2009, with another building being remodeled. A major street project is underway for a portion of 5th Street. The community reports 117 building permits at a valuation of more than \$50,000 during 2009.

Dell Rapids

Dell Rapids experienced significant housing construction in 2009, as seven new single-family homes were completed this year. This community of 3,200 continues to grow, issuing a total of 173 building permits, for a combined valuation of \$3.2 million. Dell Rapids Coop is building a \$1.4 million, 15,830-square-foot fertilizer storage and distribution facility.

Hartford

In Hartford, 98 permits were issued, with a valuation of \$2.8 million during 2009. This community of 2,200 issued permits for ten single family homes and saw major additions to Tammen Oil Stop. The City established a new park at the south end of town and has a full-time economic development officer along with a part-time code/building inspector.

Sherman

Sherman, the smallest member community in the Minnehaha County Economic Development Association, continues to improve its residential base in this town of almost 100 residents. Sherman continues to concentrate on infrastructure improvements in their community.

VERMILLION

Vermillion Now! In 2009, Vermillion embarked on a five-year economic development campaign with the goals of a balanced industry mix, expansion of the tax base, job retention and job creation. This initiative is titled Vermillion Now! Through private and public donations, the community raised more than \$1.6 million dollars during the worst economic environment since the Great Depression.

Shovel Ready Sites Initial successes have been the creation of a strategic plan for economic development for the first time in Vermillion's history. The strategies to accomplish the goals include: Plans for Shovel Ready Land and Buildings, Business Recruitment and Expansion Incentives, Workforce Development, Marketing, Business Retention Activities, and the creation of a Culture of Entrepreneurship.

A unique partnership has developed between the **Vermillion Area Chamber and Development Company**, the University of South Dakota, Beacom School of Business, and the SBDC. This partnership has spurred the development of a first-class entrepreneurship program for Southeast South Dakota. The three entities have joined together to fund an entrepreneurship professor position at USD who also serves as an SBDC counselor and Incubator Program Director.

The City of Vermillion has seen a major boom in new construction in both the public and private sector. Public projects include: a new City Hall building; the complete replacement and widening of Highway 50 through Vermillion, including all associated infrastructure; and a sewer slip lining project to extend the life of sewage infrastructure in the community to ensure our ability accommodate future growth.

Private sector projects: New buildings for Casey's General Store and Vermillion Federal Credit Union, and a complete remodel of the Prairie Inn.

New businesses in the community in 2009 include: Siouxland Heating and Cooling, Heartland Smiles dental office, Scoops Ice Cream, Main Street Suites and Gallery, Alltel Wireless, Rebel Style Hair Salon, Past and Present Thrift Store, Mane Attraction Salon, and Silk Road Restaurant.

YANKTON

2009 was a mixed year for Yankton County employers as the manufacturing base shed jobs overall and this downturn was somewhat softened by smaller manufacturers increasing employment and by an increase in non-manufacturing jobs.

Kohlberg-Pioneer, Inc. reduced its workforce from a peak of nearly 500 employees to just over 300 in their facilities.

SAPA Extrusions, while eliminating nearly 200 positions from peak employment in 2008, has increased profit margins with 50% in-use capacity, and the Yankton facility was the single, profitable SAPA plant in North America for 2009.

L&M Radiator increased its workforce to nearly 90 employees before orders slowed; the company had sixty employees at the end of 2009.

The Freeman Company, South Dakota's lone aviation-components manufacturer, decreased its employment base from 90 to 65 in 2009.

Yankton Area Progressive Growth (YAPG) began construction of a 5,000-square-foot (expandable to 40,000 square foot) building in Fox Run Business Park to be used for data center operations. The building is leased to DataWare Green, a start-up data center company, and it will also house SDN (telecommunications) and DataVator, another local start-up with data center interests. The project, partially funded with EDA resources, is expected to create ten new jobs in 2010 and 25 jobs total within four years.

Dakota Trailer Company increased sales and workforce numbers in 2009 to before a slight RIF down to 65 employees; company is working with YAPG to build a new 50,000 SF facility in Yankton's East Side Industrial Park. This new facility will combine three locations into one and will result in 50-100 new jobs in Yankton by 2013 (confidential project as of 8/5/10).

Gehl, Inc. laid off approximately 140 employees in 2008 as a result of economic trends in residential and commercial construction.

Vishay Electronics continued to expand its workforce to meet productivity demands and the company continues to add employees with mandatory overtime.

Mtron PTI relocated its engineering pod from a Florida facility to its Yankton operations, involving ten positions.

Applied Engineering began another expansion project at its facilities on highway SD 50 in east Yankton with completion expected in 2010.

Yankton Ag constructed its first building on East Side Drive as part of a multi-phase growth project along Burlington Northern Santa Fe's railway.

Yankton County's 2008 unemployment average was 5.4%; the city had a higher average of 6.9%, more than doubling the previous year's average.

Yankton Office of Economic Development assisted a number of start-up companies including DataWare Green, Green Cache Network, DataVator, Direct Biologics, William Randall Publishing, and BowHuntingScience, Inc. by providing grants, loans, building space and other assistance to these new businesses.

CENTERVILLE

Business surveys – Centerville Development Corporation (CDC) mailed out business surveys to Centerville businesses in early January. They met with 23 businesses in January and February to answer questions, address needs and identify opportunities.

Attended **Business Retention/Expansion Seminar**, sponsored by GOED in, July 2009.
Met with Sioux Falls Director of Economic Development to discuss business recruitment, strategies and identify land for development. CDC worked on a plan with the city council to implement a strategy for business recruitment.

Centerville Development Corporation (CDC) applied for two **Neighborhood Stabilization Program** (NSP) grants for a rehab on 1201 Vermillion Street and reconstruction on 430 Dakota Street. Completed rehab at 1201 Vermilion St. and sold it for a net profit of \$4,575.98. Allowed 180-day redemption period to expire on property at 430 Dakota Street and transferred from CDC to the city in position to acquire by year end.

Hosted **Rural Housing Playbook Regional Conference** in April 2009 at the Centerville Legion Hall. Attendance included 60 community leaders from eastern South Dakota.

Centerville Development Corporation web site- Continue to work to expand and improve the Centerville website to make sure information is accurate and current. CDC is soliciting ideas from the community for future content.

Game Fish and Parks (GFP) completed their portion of the dam project in early spring.
Applied to the Internal Revenue Service for 501 C 3 tax-exempt status for the Centerville Development Corporation.

ELK POINT

Terex Load King laid off 80 workers in January, 2009, and then closed entirely before the month of March. Load King manufactures trailers. The company reopened in April, with a smaller staff. On December 3, 2009, Terex Load King announced they would be permanently closing affecting 73 current employees. However, the business has already been sold to **Manitek International**. They took over operation on February 1, 2010.

Thermo Bond was sold to **Denargo Capital, LLC** early in 2009. They expanded in 2009 and plan to expand further in 2010.

Liberty National Bank purchased **Valley Bank**.

First Federal Bank changed its name to **Bank 360**.

Five blocks of **infrastructure replacement** and street resurfacing (concrete) took place in Elk Point. The west side sanitary lift station and water looping project was completed in 2009. This was built to provide water and sewer to potential development sites.

Elk Point celebrated their 150th birthday with a three-day Sesquicentennial celebration in late June.

Elk Point had only 5 building permits for single family residences. Additional rental housing was obtained as a Main Street property owner remodeled the upstairs for three rental units. A four-plex was also built to accommodate renters.

The **Elk Point Housing and Redevelopment Corporation** purchased 7.01 acres of land next to Eagle Estates for possible future rental housing units.

The **City of Elk Point** was awarded two loans, each for \$300,000, for the construction of a Community Center. Planning is ongoing with possible construction in 2010.

Funding for the \$2.1 million Main Street project was finalized. Water and sewer lines will be replaced on 15 blocks of Main Street. The State of South Dakota will be resurfacing Elk Point's Main Street but the City budgeted to pay for a concrete street on the four core blocks in downtown Elk Point. Also in this project is the purchase of one stand-by generator for the City's Water Treatment Plant and a portable generator to operate each lift station.

FLANDREAU

Ramsdell F & M Ltd. added a \$100,000 addition to their bulk seed plant.

New motor vehicle repair service, **Krull's Garage** anticipates future building and expansion.

Two new homes were built in Flandreau in 2009.

Flandreau Santee Sioux Tribe constructed a multi-million-dollar elderly complex with 20-plus units.

Flandreau Indian School was allocated \$22 million from the American Recovery and Reinvestment Act (ARRA) for infrastructure improvement for the entire campus work.

City of Flandreau completed the Center street project; new water, sewer and street overlay.

Sources for this section: Various economic development groups and chambers of commerce newsletters, newspaper articles and personal phone interviews.

DAKOTA DUNES

(Major investment also served by MEC electric. Note growth in taxable valuation on page 19.)

43 new residential lots were developed.

60 new homes were built. A total of 884 home sales occurred when sales of existing structures are included.

166.9 acres of commercial property sold in 2008.

38 new commercial buildings and **76 companies** have been added for the year.

Siouxland Surgery Center opened 10,000 square feet on its second expansion at the Dunes. Along with other enhancements, this expansion will accommodate new technology and equipment.

Premier Bankcard opened their 50,000-square-foot call center, which will eventually include 60 full and part-time positions dealing with collections and credit teleservices.

A **water interconnect project** was completed with the City of Sioux City.

RiverView Corporate Center, a 42,000-square-foot office spec. building, broke ground.

NORTH SIOUX CITY

(Major investment also served by MEC electric. Note growth in taxable valuation on page 19.)

The North Sioux City Economic Development Corporation has continued to work toward the goal of diversifying North Sioux City's economic base. Economic diversity is the key to economic growth.

Vizio launched a new sales/tech support operation in North Sioux City. They anticipate employing approximately 100 workers by the end of 2009. VIZIO is currently the #1 brand of flat panel televisions in North America. NSCEDC is working with VIZIO on relocating other operations to North Sioux City.

CompUSA announced the opening of a new direct computer sales office in North Sioux City. This subsidiary of electronics maker Systemax is a Fortune 1000 company. The North Sioux City operation will focus primarily on small to medium size businesses. Eventually they will employ up to 60 workers.

Sterling Computers Headquartered in Norfolk, Nebraska, Sterling opened a branch office in North Sioux City. They expect to create 10-15 new technology jobs and provide IT networking services throughout the nation.

Schimberg Company located a facility at 835 North Derby Lane. Founded in 1918, the Cedar Rapids-based company is a wholesaler of pipes, valves, pipe fittings, etc. The family-owned business has the largest inventory of such parts in the Midwest.

Flynn Business Park has been officially certified by CH2M HILL as development ready. FBP is the first “CH2MHill certified business park” in South Dakota. As the inventory of vacant facilities within North Sioux City declines, the interest/demand for new construction in Flynn Business Park increases.

SECTION IV
Economic Indicators

Building Permit Valuations in MidAmerican Energy Communities: 2006-2009

New residential/non-residential construction & major additions only, excludes fences, sidewalks.

Community	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Total New Valuation</u>
Lincoln County*					
Beresford**	\$ 5,509,339	\$4,000,000	\$1,891,469	\$1,796,895	\$13,197,703
Canton	2,570,112	3,900,000	8,121,688	464,814	15,056,614
Harrisburg	22,818,860	30,000,000	23,085,497	12,502,400	88,406,757
Lennox	1,013,721	3,400,000	9,296,235	3,036,436	16,746,392
Tea	10,614,900	11,200,000	9,889,618	8,616,760	40,321,278
Worthing	1,190,080	1,000,000	1,201,827	450,454	3,842,361
Minnehaha County*					
Baltic	\$ 731,646	\$1,200,000	\$1,237,755	\$990,204	\$4,159,605
Brandon	27,085,442	27,500,000	33,802,162	10,865,483	99,253,087
Colton	187,900	170,000	384,609	50,153	792,662
Dell Rapids	3,343,949	4,000,000	3,505,757	2,231,029	13,080,735
Hartford	2,084,469	9,500,000	6,518,977	2,835,715	20,939,161
Union County					
Alcester	\$ 215,000	\$247,705	\$410,000	\$213,263	\$1,085,968
Dakota Dunes	24,754,000	17,961,076	20,599,008	17,756,322	81,070,406
Elk Point	1,969,600	2,107,676	6,420,000	950,096	11,447,372
Jefferson	704,000	180,894	380,000	155,568	1,420,462
North Sioux City	11,541,200	4,560,034	2,586,123	3,371,447	22,058,804
Other Communities					
Sioux Falls*	\$463,105,323	\$382,629,518	\$523,125,775	\$295,929,196	\$1,664,789,812
Centerville (Turner County)	598,568	171,675	158,309	136,146	1,064,698
Flandreau (Moody County)	1,320,000	778,453	3,309,115	1,143,410	6,550,978
Gayville (Yankton County)	140,000	577,580	190,000	163,400	1,070,980
Montrose (McCook County)	212,610	100,000	542,050	203,548	1,058,208
Ramona (Lake County)	---	117,400	---	65,744	183,144
Salem (McCook County)	1,588,750	250,000	---	214,520	2,053,270
Vermillion (Clay County)	15,085,802	8,708,857	19,544,721	15,808,460	59,147,840
Yankton (Yankton County)	26,339,865	30,005,023	21,884,929	17,475,943	95,705,760
<u>TOTAL</u>	<u>\$624,725,136</u>	<u>\$544,265,891</u>	<u>\$698,085,624</u>	<u>\$698,085,624</u>	<u>\$2,264,504,057</u>

*As Sioux Falls is in both Lincoln and Minnehaha Counties, it is grouped under "Other Communities."

**Beresford is listed in Lincoln County because it is part of that countywide development group.

Source: City Clerks from each of the communities listed.

Municipal Sales Tax Report in MidAmerican Energy Communities: CY 2008-2009

Returns Filed: Calendar Year 2009 and 2008 Municipal tax due.

<u>Community</u>	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Lincoln County			
Beresford	\$648,863	\$681,670	-4.81
Canton	725,160	770,327	-5.86
Harrisburg	624,797	704,315	-11.29
Lennox	376,875	558,857	-32.56
Tea	799,607	822,435	-2.78
Worthing	85,720	90,137	-4.90
Minnehaha County			
Baltic	\$119,727	\$117,391	1.99
Brandon	1,984,756	2,346,586	-15.42
Colton	102,368	110,260	-7.16
Dell Rapids	754,370	770,308	-2.07
Hartford	493,540	564,850	-12.62
Union County			
Alcester	\$140,300	\$155,568	-9.81
Dakota Dunes	---	---	--
Elk Point	413,439	414,979	-0.37
Jefferson	88,447	89,624	-1.31
North Sioux City	1,711,481	1,807,106	-5.29
Other Communities			
Sioux Falls (Lincoln and Minnehaha)	\$89,879,103	\$91,977,976	-2.28
Centerville (Turner County)	140,168	139,132	0.74
Flandreau (Moody County)	522,516	538,710	-3.01
Gayville (Yankton County)	34,996	40,412	-13.40
Montrose (McCook County)	63,473	68,514	-7.36
Ramona (Lake County)	10,534	12,197	-13.63
Salem (McCook County)	394,916	386,468	2.19
Vermillion (Clay County)	3,112,438	3,263,086	-4.62
Yankton (Yankton County)	7,422,963	7,307,211	1.58

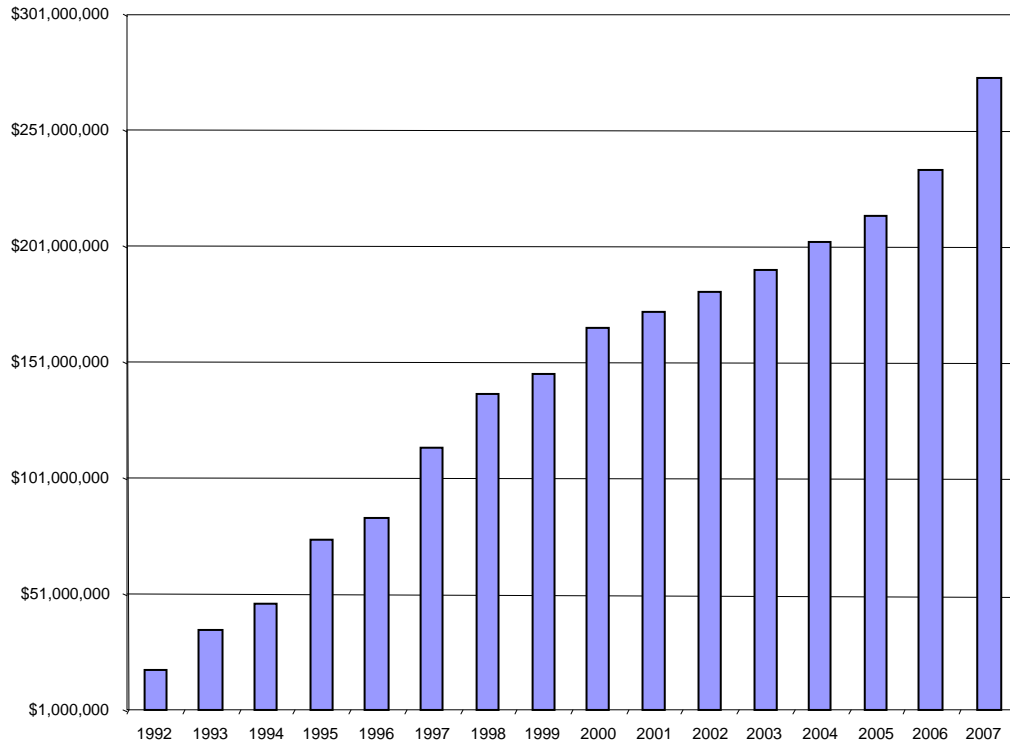
This report is a comparison between city tax due for calendar year 2009 and 2008.

The dollar amounts in this report are a result of municipal tax due reported on the SD tax returns until January 2010 (amounts paid through audits will not be included).

Source: The South Dakota Department of Revenue and Regulation.

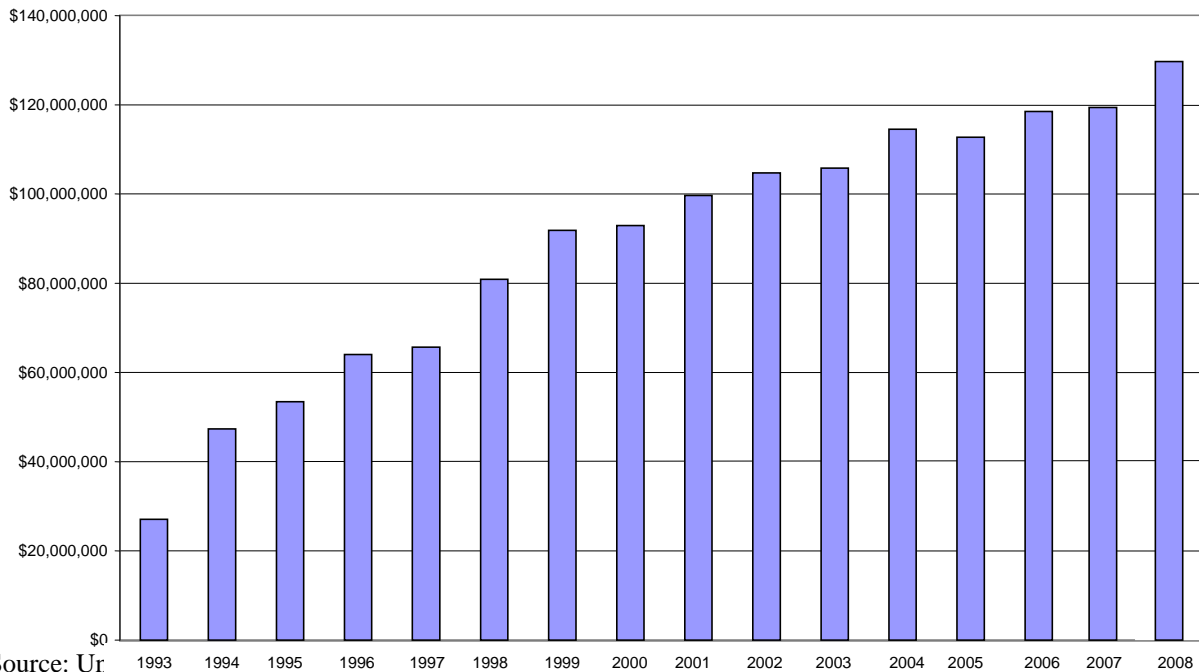
Taxable Valuation -- Dakota Dunes

Dakota Dunes: Growth in Taxable Value 1992 - 2008



Taxable Valuation - -North Sioux City

North Sioux City: Growth in Taxable Valuation 1992 - 2008



Source: Ur

POPULATION ESTIMATES FOR MEC-SERVED COUNTIES IN SOUTH DAKOTA

South Dakota Counties with MidAmerican Energy	2000	2008	Total Change	Percent Change
Clay	13,587	13,605	18	0.1
Lake	11,276	11,693	417	3.6
Lincoln	24,131	39,713	15,582	39.2
McCook	5,832	5,755	19	0.3
Minnehaha	148,281	179,180	30,899	17.2
Moody	6,595	6,414	-181	-0.3
Turner	8,849	8,366	-483	-5.8
Union	12,584	14,131	1547	11.0
Yankton	21,652	21,835	183	0.08
TOTAL MEC COUNTIES	252,787	300,691	47,904	15.9
OTHER SD	502,107	511,692	9,585	0.18
SD TOTAL	754,844	812,383	41,370	5.1
MEC COUNTIES %/SD	33.5	37.0		
Source: US Census Bureau				