

MidAmerican Energy Company

Report on

2010 Economic Development Activities
and Proposed 2011 Budget

to the

South Dakota Public Utilities Commission

February 2011

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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 2010 and the proposed 2011 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, 2010 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 2010 spending plan helped in that regard and that our 2011 plan will do likewise.

In summary, we were approved to spend \$105,175 in 2010 but actually spent \$100,260. In 2011, 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 \$100,250 in 2011.

MidAmerican Energy Company Local Partner Program Funding

MidAmerican Energy Company worked with the smaller communities in South Dakota to promote participation in its Local Partner Program. Each community received personal contact throughout the year to determine opportunities for MidAmerican to assist with the funding of local initiatives and programs. Some of the options in the Local Partners Program available to smaller-sized towns include Community Projects for Populations fewer than 5,000, Phase 1 Assessments of Business Parks, Simulated Prospect Visits and Business Park Planning. MidAmerican staff presented these, along with the complete package of other programs including energy efficiency. Two communities, Brandon and Worthing, took advantage of the Program receiving grants in 2011. Brandon received \$500 for a Phase 1 Assessment at the Business Park and Worthing \$400 for work on the website. MidAmerican will continue to encourage participation from the smaller towns.

The larger communities continued to use the Local Partner Program in 2010. North Sioux City received \$1,000 for participating with GOED at the Medical Device and Manufacturing trade show as well as the placement of business retention ads in the Sioux City Journal thanking local businesses and promoting Siouland as a place to grow. Yankton received \$2,000 on website development enabling prospects to find information needed with more ease. Sioux Falls Development Foundation obtained \$1,365 for participation at the Shooting Hunting & Outdoor Trade Show with GOED. MCEDA/LCEDA (Minnehaha and Lincoln County Economic

Development Associations) received \$5,300 in funding for trade show registrations, aerial photographs of Brandon and Lennox business parks and partnered with the GOED to market in Minnesota.

During a community visit, MidAmerican learned of the Southeast Enterprise Facilitation Project which helps entrepreneurs with business plan development and start-up related issues. Currently, McCook and Turner counties, which include the communities of Montrose, Salem, and Centerville in MidAmerican's service area, are involved. The group's intent is to introduce the project in Union county which has additional MidAmerican customer communities. MidAmerican will monitor the program to determine the level of involvement.

Energy efficiency programs have been introduced into South Dakota during the last couple of years. Staff met in-person with each community in our service area to ensure the city was familiar with the available programs. Energy Efficiency packets, containing all of the residential and commercial rebates, were provided to be available for residents of the community.

As part of an agreement with Vermillion, MidAmerican's staff from operations and economic development attended the city council's first meeting of the year to discuss community activity including information dealing with response times, number of services and partnerships with the Vermillion Chamber and Development Corporation.

2010 Property Tax Payments

MidAmerican will pay \$916,798.00 in property tax revenue in 2009 taxes, 2009 taxes are paid in 2010 on facilities in South Dakota.

Property taxes supports county and city government, area schools, libraries, park districts and other taxing bodies.

A county by county breakdown of property taxes paid by MidAmerican in South Dakota: Clay \$28,642.00, Lake \$898.00, Lincoln \$55,084.00, McCook \$5,062.00, Minnehaha \$600,740.00, Moody \$7,853.00, Turner \$5,456.00, Union \$139,325.00, and Yankton \$73,756.00.

SECTION II
Expenditures & Budget

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

2010 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
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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.).....	
	\$ 10,635
<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.)	
	\$ 1,500
<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.	
	\$ 53,200

Actual 2010 Expenditures Requested for SDPUC Approval in this Report	\$100,260

2011 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
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(Includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	

Total Large Development Group Support \$ 33,475

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Alcester Development Corporation	\$ 250
Centerville Development Corporation	250
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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. \$ 55,000

TOTAL 2011 PROPOSED BUDGET FOR SDPUC APPROVAL **\$ 100,250**

SECTION III
2010 Highlights of Economic Development Activities in
MidAmerican Energy Company's South Dakota Service Territory

SIOUX FALLS

Industrial and Warehouse Developments

Aerostar, a division of Raven Industries, is expanding its research and development operations for tethered aerostats with a \$2 million, 12,000 square-foot hangar and office complex.

Sioux Empire Development Park III East is home to a new facility for **American Tire Distributors**. The 90,000 square-foot warehouse/office facility was recently completed; representing a total investment around \$4 million.

Bell Inc., a manufacturer of folding cartons, invested in a new printing press and related equipment. The \$10 million investment included construction costs to accommodate the new equipment. With the addition of the press, Bell planned to increase employment by 22.

Ruedebusch Development, based out of Madison, Wisconsin, purchased nearly seven acres in Sioux Empire Development Park VIII for a new 50,000 square foot warehouse and distribution center for **FedEx**. The facility was completed earlier this year.

Inland Truck Parts and Service is consolidating operations with a 24,000 square foot facility near Cliff Avenue and I-90. The new, \$1.4 million facility will be operational after the first of the year.

Mid State Utility Trailer Sales & Transport Refrigeration of South Dakota moved into its new building near I-90 and Cliff Avenue. The company outgrew the old location on Westport Avenue. The new facility provides space for a large parts warehouse and ten service bays.

A 25,000 square-foot operations facility is under construction near 60th Street North and La Mesa Drive to house a second operations center for **SDN Communications**. The \$10+ million facility, located on a 60-acre site, is expandable to 100,000 square-feet. Ten new jobs will be created in the next few years.

As demand for cabinets has grown, **StarMark Cabinetry** increased their labor force by creating 47 new jobs.

Sturdevant's Auto Supply is expanding their footprint in the Meadows on the River development. The 60,000 square-foot expansion is under construction adjacent to their 100,000 square-foot facility between Shirley and Carolyn Avenues.

Work was completed earlier this year 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 triples Variety's storage capacity.

Wheelco Truck & Trailer Parts is in the midst of a multi-million, two-phase project. An 18,000 square-foot repair addition will include a 12-bay service center and is nearing completion. Phase two is scheduled for completion in April and will consist of a complete renovation of the existing building.

Office, Commercial & Medical Developments

Traco Medical moved to a new facility, nearly four times its previous size, at 4001 West Tickman Street in northwestern Sioux Falls. The medical equipment dealership's new distribution center encompasses 25,000 square feet.

Advana Mortgage opened in 7,500 square feet of the former Howalt McDowell facility. The Rapid City based company expects to employ 30 within the next two years.

Grand opening ceremonies were recently held for the new \$90 million Prairie Center on the **Avera** campus. The Center includes the **Avera Cancer Institute** and the **Avera Surgery Center**. The 217,000 square-foot facility is staffed by 165 medical and support personnel and houses four medical practices: Avera Hematology & Transplant, Avera Medical Oncology & Hematology, Avera Women's Center for Gynecologic Cancer, and Avera Radiation Oncology/MedXray Center as well as the outpatient surgical center with eight operating rooms, 27 pre-op rooms, and 13 recovery rooms. Avera also leased three floors of the former Midland National building in downtown Sioux Falls to house their information technology department.

CBM Managed Services/Marlin's Family Restaurants purchased the former Sioux Printing building in Sioux Empire Development Park I to house their corporate headquarters. The 40,000 square-foot facility is undergoing renovation and should be completed before the end of the year.

A new "green" office complex at the former Schoeneman's site on 8th Street will become home to **CNA Surety**, with room for additional tenants. Demolition work started this fall. The \$25 million, 130,000 square foot facility has a projected completion date of June 2012.

The southeast corner of 26th Street and Highway 11 is home to a new branch of **First Dakota National Bank**. The 7,500 square-foot bank opened earlier this year.

HOM Furniture purchased the former Sportsman's Warehouse facility, tripling their space to display furniture. They are literally raising the roof to provide room for a 35,000 square-foot second story. The new store was expected to open in February 2011.

Remodeling has taken place at the former Sunshine Food Store located at 57th Street and Cliff Avenue and is also underway at West 10th Street and Kiwanis Avenue. The two stores were purchased by **Hy-Vee** this fall. In addition, the Sycamore Hy-Vee store will undergo a \$10 million, 20,000 square-foot expansion and renovation.

Insight Credit Solutions opened a financial services company specializing in prepaid credit cards. The company started with seven employees and plans to add a call center, growing to 45 employees.

Lewis Drug started construction last spring on their sixth Sioux Falls store at the southwest corner of 69th Street and Louise Avenue. The 38,000 square-foot store is scheduled to open this month with 20 full-time and 30 part-time employees.

Plastic Surgery Associates and **Nicholson & Nicholson** will share a new 20,000 square-foot facility under construction near I-229 and Minnesota Avenue. The facility should be ready for occupancy spring 2011.

Sanford Health purchased and renovated the former 300,000 square-foot Hutchinson Technology facility in Sioux Empire Development Park V, allowing them to accelerate research activities and relocate corporate offices while investing \$18 million. Construction continues on the five-story 205,000 square-foot **Sanford Heart Hospital** 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**, is home to the area's newest theater. A 12-screen **Cinemark Century Theatre** opened in late June and employs 45. Development plans for the area include a new 93,000 square-foot **Kohl's** store currently under construction, and a 22,000 square-foot retail center.

5700 East Arrowhead is home to a new 3,700 square-foot branch of **Sioux Falls Federal Credit Union**. The credit union's fourth branch opened in May with six employees.

Construction was completed earlier this year on the new 16,000 square-foot **South Dakota Lions Eye Bank**. The \$3.4 million facility was constructed on land in Sioux Empire Development Park VII and will help meet the increasing demand for eye and tissue transplants.

Sunshine Food Stores expanded their downtown store by 6,000 square feet. In addition to the increased square footage, a general remodel took place and various departments were expanded.

Vern Eide Motorcars completely remodeled their facility at 4030 South Grange Avenue to house an Acura dealership. The former Lady Wellness facility near 57th and Louise Avenue will house corporate and accounting offices.

Quality of Life Developments

American Airlines - Non-stop Service to Chicago and Dallas/Fort Worth.

Children's Home Society - \$5.6 million remodel/ addition to Loving School and renovation/addition to Van Demark Building.

City of Sioux Falls - \$11.5 million Main Library expansion/renovation; Downtown Greenway improvements between 6th & 8th Streets; Falls to Lien Park Bike Trail extension.

Excel Achievement Middle School Academy – Secular non-profit Academy opened with a capacity of 25 students.

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

Great Plains Zoo - \$3.5 million Black Rhino exhibit.

I-90 & Marion Road Interchange - \$8.3 million infrastructure investment.

Lewis & Clark - \$5 million investment; a 3 million gallon tank at 85th Street and two 7.5 million gallon, above ground storage reservoirs near Tea

Lutheran High School in Sioux Falls – Secondary education program for 9 and 10 grade students.

Mary Jo Wegner Arboretum & East Sioux Falls Historical Site - 115-acre, \$3.5 million investment.

Mount Marty University - Purchased and moved to a 23,500 square-foot facility on 41st Street.

National American University - 22,000 square-foot facility.

Sage Air Taxi - New charter air service operating out of the Marv Skie Airport in Tea.

Sanford Sports Complex - Eight football fields for South Dakota Junior Football Program.

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

Sioux Empire Baseball Association - \$450,000 renovation/grandstand addition to Harmodon Park Baseball Complex.

Sioux Falls Catholic School System - \$6 million, 1,000 seat Performing Arts Center.

Sioux Empire Housing Partnership - Governor’s Home project at Hayward Meadows.

Sioux Falls Ministry Center - Renovation of former Stewart Building to house outreach ministries and daycare.

Sioux Falls Public Schools - \$14.9 million Career & Technical Education Academy; New Technology High School.

Sioux Falls Regional Airport - \$5.8 Million, 23,000 square-foot addition to the ticketing area, remodel of current area.

Southeast Technical Institute - \$3 million, Student Success Center.

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

State Theatre - \$200,000 grant from the “Saving America’s Treasures” Program to remodel/restore lobby.

Volunteers of America Dakotas-Child & Family Service Center - \$2.2 million, 12,000 square-foot facility.

University Center - \$10.5 million classroom facility, 48,500 square feet.

Statistics for Growth in Sioux Falls: Sioux Empire Development Parks

Number of Businesses:	122
Employment in the Parks:	12,500
Total Acreage:	1,351
2009 Land Sales	
Land Sold:	6.0 Acres
Value of Land Sold:	\$548,864.40

Sioux Falls Area Communities:

LINCOLN COUNTY- MINNEHAHA COUNTY

(Source: 2010 Annual Report for the Lincoln County and Minnehaha County development groups)

In 2010, Lincoln and Minnehaha counties recorded an increase in sales tax collections during the past fiscal year. 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 the regional growth pattern. The State has posted FY 2010 sales tax collections against FY 2009 showing a \$15.9 million increase in Lincoln County and a \$48.4 million increase in Minnehaha County. Leading Lincoln County in taxable sales growth was Harrisburg, with a 24.9% increase in 2010, while in Minnehaha County, Crooks showed a 23.7% increase in sales tax collections last year. These numbers indicate stability in the economic growth of the area, with retail, commercial and residential sectors equally driving the recovery in the communities.

Lincoln County Economic Development Association (LCEDA)

Beresford

Beresford will be the home of the new Prinsco manufacturing facility, a 28,000 square-foot plant on 15 acres in the industrial park. A mile was added to the community bike path system, which now includes over three miles of trail for recreational purposes. Beresford, with a population of 2,200, issued 70 building permits valued at nearly \$5 million in 2010.

Canton

Canton, with a population of 3,165, city is completing a sewer lagoon addition project totaling \$3.2 million. The community rooms at the Depot building have been completed. Building permits in Canton for 2010 totaled 52 at a value of \$3m, and two new single-family homes were built this year.

Harrisburg

This year, 41 single-family homes, were built in Harrisburg, now with a population of more than 4,483. The community approved 253 building permits with a total value of nearly \$24.5 million. Schoeneman's Lumber opened their Harrisburg location this year and redevelopment of the Furniture Barn site has continued. Twenty one additional acres were annexed by the City, bringing the total area of Harrisburg to 2.5 square miles.

Lennox

Lennox, with a population of 2,741, experienced \$2.2 million in construction during 2010, spread over 135 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 concession stand. Street improvements were also made on eight blocks of previously unpaved streets. The local clinic became a Sanford health facility in 2010.

Tea

In Tea, population of 4,200, the building permit total for 2010 was 153, with a valuation of nearly \$6.6 million. The reconstruction of Highway 111 through Tea is in progress, expanding the drive lanes from two to four and includes a bike lane and sidewalks for this vital, community thoroughfare.

Worthing

In Worthing, housing was once again an important element in this year's community growth. Worthing issued 24 building permits, including two for new single-family homes, for a total building permit activity of almost \$300,000 for 2010. The population is 1,200 and is a growing community in Lincoln County.

Minnehaha County Economic Development Association (MCEDA)

Baltic

Baltic, with a population of 1,000, completed almost a \$500,000 of upgrades to the city sewage lagoons, and installed a \$187,000 high-tech, "radio-read" water meter system for community water accounts. A new commercial storage building was completed and a commercial building to house an existing electrical contracting firm was built.

Brandon

Brandon, with a population of 8,288, issued 385 building permits at a valuation over \$13 million. A new 48-unit, family apartment complex construction led valuation at \$3.8 million.

Colton

Colton, population 675, has worked to maintain vital community infrastructure, including a water and waste water project. The community reports 17 building permits at a valuation over \$170,000 during 2010.

Dell Rapids

Dell Rapids saw four new, single-family homes completed this year. Work began on the first phase of the new bike trail system and a \$1.3 million fire station. This community of 3,200 is in the process of taking bids for a new elementary school.

Hartford

This community of 2,200 remodeled their city hall, expanding the finance office, adding two new offices and a new meeting room, an expansion to the council room and new ADA compliant restrooms. Construction began on a new gymnasium addition to the high school, and a new telecom tower is being erected. The historic Mundt building on Main Street is in the process of being restored.

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's economic development initiative "**Vermillion Now!**" hit the ground running and was extremely active in implementing the strategic plan. The Vermillion Area Chamber and Development Company (VCDC) identified three primary focus areas designed to lay the groundwork for future growth, **Ready Land and Buildings, Marketing, and Business Incentives.**

To provide ready land and buildings, the VCDC restructured land holdings to better suit the target industries and provide more appropriate land for heavier industrial projects. After three separate land deals, the organization increased overall holdings by six acres for a total of 48 with an option on 59 additional acres. The land deals included a project which brought **Johnson Feeds** to the community, who built a new bus barn and truck service center for the transportation industry. Currently, three new jobs have been created paying more than \$30,000 with plans to add at least one more position in 2011. Land was also sold to **SDN communication** which provided an upgrade to their entire telecommunications infrastructure in the community. This project made Vermillion's telecommunications, fiber optics and networking capabilities on par with any community in the country. Another deal resulted in land being sold to the **University of South Dakota** which allowed us to purchase additional industrial land and retire existing debt. The VCDC is now debt-free.

To assist with marketing, the VCDC hired Lawrence and Schiller of Sioux Falls to rebrand the community, create industry specific collateral materials and develop an economic development-specific website. **Vermillion's new branding is "Close to Everything. Far From Ordinary."** This tag line describes the proximity of transportation routes, workforce centers, education, central location in the region and country which are all the factors important to industry. The "Far From Ordinary" describes the unique lifestyle in Vermillion attractive to people seeking to move their families. Vermillion has also participated in multiple tradeshows and co-op marketing activities with the State of South Dakota including tradeshows for wind power, outdoors and firearms, biotechnology and medical devices. In 2011, participation in a data center tradeshow will occur to highlight the upgraded network capabilities.

The University has completed two major projects in 2010 - a 500-unit, suite-style housing facility for students and a state-of-the-art wellness center available to the entire community.

For a third year in a row, Vermillion had increases in visitor spending which, while not as great as 2009, exceeded areas such as Sioux Falls and Spearfish.

New businesses in the community in 2010 include: **Johnson Feeds, RED Steakhouse, Banner Engineering, Davis Design** (commercial architecture), **Hibbet Sporting Goods, Margo's Moppets,** and **South Dakota Non-Profit Association.**

YANKTON

Buoyed by a strong commodities market and orders from emerging global markets for manufactured goods, Yankton's economy significantly rebounded in 2010 after the 2008-09 jolts that saw local unemployment soar to nearly eight percent. 2010 unemployment levels trended downward as employers began modest, timely recalls of employees with unemployment rates settled in at the 4-4.5% range. Major manufacturers all saw steady increases in productivity levels including **Kolberg-Pioneer Inc.**, **SAPA Extrusions** (which increased productivity by 8,000,000 pounds in 2010 without measurable employment increases) and **Gehl, Inc.**

The most significant manufacturing announcements included **Dakota Trailer, Inc.** and **L&M Radiator, Inc.** In April 2010, Dakota Trailer announced 49 new jobs as part of a \$3 million capital project. **Dakota Trailer** manufactures grain trailers and utility trucks and also contracts services to L&M Radiator. In July 2010, L&M Radiator announced it would double its capacity in Yankton to meet growing demand for radiator systems from its primary customers, one of which is Caterpillar. **L&M Radiator's** announcement included 53 new jobs. As a result of this growth, Dakota Trailer will add approximately 24 additional jobs into the mix. Projects involved Yankton Area Progressive Growth and our capital assets – we provided real estate to Dakota Trailer and we own the L&M Radiator building and are doubling its size to 80,000 square feet for our leasing tenant.

Mtron PTI announced it will build a 5,000 square-foot facility at the Mtron location on East Highway 50. Although this expansion does not include a net increase of new jobs, it retains positions and prepares the company to meet anticipated, near-term growth needs. The Yankton facility will provide better clustering of services in engineering and sales while improving productivity flow through Mtron's main building.

Applied Engineering began an expansion project in 2010 that will involve 25-30 new positions during the next few years along with a multi-million capital investment in personal property for applications in metal processes. Applied is a high-tech, advanced manufacturer that provides services in aerospace, medical manufacturing and other precision-based applications.

Yankton Area Progressive Growth continues its foray into entrepreneurship with archery/bow hunting applications. A \$10,000 grant was approved to Bow Hunting Science, Inc. to continue its progress on the design and engineering of its patented, RFID device designed to track wounded game. In addition, DataWare Green and The DataVator continue their business plans in data center operations/data management with their occupancy of YAPG's Yankton Data Center.

With the continued expansion of the **National Field Archery Association's** presence in Yankton, a group of private investors established a KOA campground on the east side of Yankton, adjacent to the NFAA complex. In addition, with increased market demand and continued growth in tourism, the State of South Dakota announced plans to continue to expand state-owned, camping and recreation opportunities at Lewis and Clark Lake which hosts more than 1.1 million visitors annually.

CENTERVILLE

Business Retention surveys – Centerville Development Corporation (CDC) mailed business surveys to Centerville businesses. The CDC met with four businesses to answer questions, address needs and identify opportunities.

Centerville Development Corporation website - Work continued website improvements to ensure information is accurate and current. CDC is soliciting ideas from the community for future content. Staff continues to develop website content adding a new Facebook page, a projects page and a relevant news articles page. Staff also assisted in developing power point presentations for the Mid States Development Conference in Sioux City last March.

Community improvement and quality of life - A plan for a bike path was developed and a grant application for funding was completed with the help of the South East Council of Governments (SECOG). South Dakota's DOT approved a \$203,000, 100% reimbursable grant. CDC worked with SECOG to complete a Land Water Conservation Fund, (LWCF) grant to replace playground equipment at the park and received a \$25,000 grant from Game, Fish and Parks for the project. The organization also identified a 50% match from the City.

CDC **surveyed the community** on relative importance of different community projects at Community Appreciation Night. Those receiving the highest priority ratings were economic development, bike paths and housing.

ELK POINT

The \$2.1 million Main Street project was completed and a ribbon cutting ceremony for Main Street reopening was held in October. Water and sewer lines will be replaced on 15 blocks of Main Street. The City was awarded \$400,000 from the EPA for the Main Street Reconstruction Project. The water and wastewater surcharges were implemented to pay for the Main Street infrastructure improvements.

The City reduced fees for building permits and other zoning permits to encourage economic growth.

Elk Point was the kickoff city for the Argus Leader Tour de Kota.

Infrastructure replacement and street resurfacing took place in 2010 as the city council approved asphalt re-surfacing on Pleasant Street from Green to Elm Street and approved replacing the water lines. Street resurfacing will be paid for by property assessment. A stationary generator was installed at the water treatment plant and a portable generator will service all lift stations. Also, the city council approved apportioning costs of the Westside Lift Station to benefit property owners when they connect to City sewer service.

FLANDREAU

Two new homes were built.

Flandreau Santee Sioux Tribe constructed Phase II of a multi-million dollar elderly complex with 12 more units.

Flandreau Santee Sioux Tribe completed a Casino expansion that includes an entertainment center.

City of Flandreau No major city projects for the year 2010

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 taxable valuation on page 19.)

In Dakota Dunes, 29 new residential lots were developed and 56 new homes were built. A total of 1,115 home sites have been sold since Dakota Dunes started. There were 1.75 acres of commercial property sold in 2010 with a total of 205 commercial acres sold since Dakota Dunes was started. The total taxable property valuation at Dakota Dunes grew to \$357.0m.

One new commercial building and **eleven companies** have been added for the year.

Construction of a 10,000 square-foot **Oral Surgery Associates medical office** building is underway in the Two Rivers Business Park.

Liberty National Bank, a 24,950 square-foot bank and corporate office facility was completed and opened for business.

Meridian Clinical Research leased 2,475 square feet in the Dunes Mercy Medical Building.

Tiger Rock Martial Arts leased 1,175 square feet in **Village Square**.

Vizio leased 20,384 square feet in the Tyson building.

NORTH SIOUX CITY

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

LAVA Logistics, located at 801 River Drive (Avalon Building), develops warehousing, distribution and other supply chain systems. This is a high-tech employer with potential for increased growth in North Sioux City.

IN MO TX is a high-tech company established in Denmark in November 2006. In Mo Tx builds robotics that is used in the food processing industry, currently located at 600 North Derby Lane, there's potential to construct a manufacturing facility in Flynn Business Park.

Averttech a Minnesota-based Information Technology (IT) staffing company launched its North Sioux City operation at 600 North Derby Lane to provide IT service to Lifetime Fitness, who operates 88 locations in 19 states; they anticipate steady growth at their South Dakota site.

TMone, headquartered in Iowa City, IA is a leading front-office, business process outsourcing firm specializing in customer relationship management and database management. TMone's North Sioux City operation is to be located within the Brown Construction building initial hiring of 50 employees.

Medco Lab, Inc. is an independent manufacturer of skin-care products located in Sioux City, IA for more than forty years. The company has purchased and launched operations at 629 North Derby Lane.

Kay-Flo Services, Nutra-Flo's holding company is starting a new division that will provide management services to its customers and other companies. The new division, called Kay Flo Services, will be housed at Dakota Plaza. Nutra-Flo includes five agricultural-based companies manufacturing high-performance crop and animal nutrients, including Nutraferma.

Steck Wholesale Foods completed a \$1.8 million expansion of their North Sioux City facility which will create approximately 25 new jobs. Steck also added a new line to produce baking powder biscuits.

Flynn Business Park (FBP) 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 diminishes, the interest/demand for new construction in Flynn Business Park increases. There have been more than a dozen proposals for Flynn Business Park within the past year alone.

SECTION IV
Economic Indicators

Building Permit Valuations in MidAmerican Energy Communities: 2007-2010
New residential/non-residential construction & major additions only, excludes fences, sidewalks.

<u>Community</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total New Valuation</u>
Lincoln County*					
Beresford**	\$4,000,000	\$1,891,469	\$1,796,895	\$5,530,954	\$13,219,318
Canton	3,900,000	8,121,688	464,814	2,396,021	14,882,523
Harrisburg	30,000,000	23,085,497	12,502,400	8,001,536	73,589,433
Lennox	3,400,000	9,296,235	3,036,436	2,270,043	18,402,714
Tea	11,200,000	9,889,618	8,616,760	6,096,155	35,802,533
Worthing	1,000,000	1,201,827	450,454	383,786	3,036,067
Minnehaha County*					
Baltic	\$1,200,000	\$1,237,755	\$990,204	\$843,653	\$4,271,612
Brandon	27,500,000	33,802,162	10,865,483	13,103,512	85,271,157
Colton	170,000	384,609	50,153	170,200	774,962
Dell Rapids	4,000,000	3,505,757	2,231,029	1,900,836	11,637,622
Hartford	9,500,000	6,518,977	2,835,715	2,416,029	21,270,721
Union County					
Alcester	\$247,705	\$410,000	\$213,263	\$181,701	\$1,052,669
Dakota Dunes	17,961,076	20,599,008	17,756,322	15,128,386	71,444,792
Elk Point	2,107,676	6,420,000	950,096	809,482	10,287,254
Jefferson	180,894	380,000	155,568	132,544	849,006
North Sioux City	4,560,034	2,586,123	3,371,447	2,872,473	13,390,077
Other Communities					
Sioux Falls*	\$382,629,518	\$523,125,775	\$295,929,196	\$252,131,675	\$1,453,816,164
Centerville (Turner County)	171,675	158,309	136,146	115,996	582,126
Flandreau (Moody County)	778,453	3,309,115	1,143,410	974,185	6,205,163
Gayville (Yankton County)	577,580	190,000	163,400	139,217	1,070,197
Montrose (McCook County)	100,000	542,050	203,548	173,453	1,019,051
Ramona (Lake County)	117,400	---	65,744	---	183,144
Salem (McCook County)	250,000	---	214,520	---	464,520
Vermillion (Clay County)	8,708,857	19,544,721	15,808,460	13,468,807	57,530,845
Yankton (Yankton County)	30,005,023	21,884,929	17,475,943	18,645,959	88,011,854
<u>TOTAL</u>	<u>\$544,265,891</u>	<u>\$698,085,624</u>	<u>\$397,427,406</u>	<u>\$351,286,603</u>	<u>\$1,988,265,524</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: FY 2009-2010

Returns Filed: Fiscal Year 2010 and 2009 Municipal tax due.

<u>Community</u>	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Lincoln County			
Beresford	\$682,888	\$665,519	2.61
Canton	751,364	739,292	1.63
Harrisburg	606,635	718,410	-15.56
Lennox	385,722	456,287	-15.47
Tea	821,600	787,728	4.30
Worthing	98,845	82,232	20.20
Minnehaha County			
Baltic	\$121,680	\$108,825	11.81
Brandon	1,952,395	2,165,108	-9.82
Colton	110,593	108,360	2.06
Dell Rapids	791,076	749,229	5.59
Hartford	523,723	522,651	0.21
Union County			
Alcester	\$138,696	\$148,407	-6.54
Dakota Dunes	---	---	--
Elk Point	390,148	409,799	-4.80
Jefferson	90,311	91,018	-0.78
North Sioux City	1,668,411	1,794,360	-7.02
Other Communities			
Sioux Falls (Lincoln and Minnehaha)	\$90,464,704	\$91,613,058	-1.25
Centerville (Turner County)	144,751	144,299	0.31
Flandreau (Moody County)	524,868	515,072	1.90
Gayville (Yankton County)	36,342	35,325	2.88
Montrose (McCook County)	66,183	62,613	5.70
Ramona (Lake County)	12,571	11,792	6.60
Salem (McCook County)	391,131	399,708	2.19
Vermillion (Clay County)	3,112,438	3,112,438	-2.15
Yankton (Yankton County)	7,415,434	7,221,062	2.69

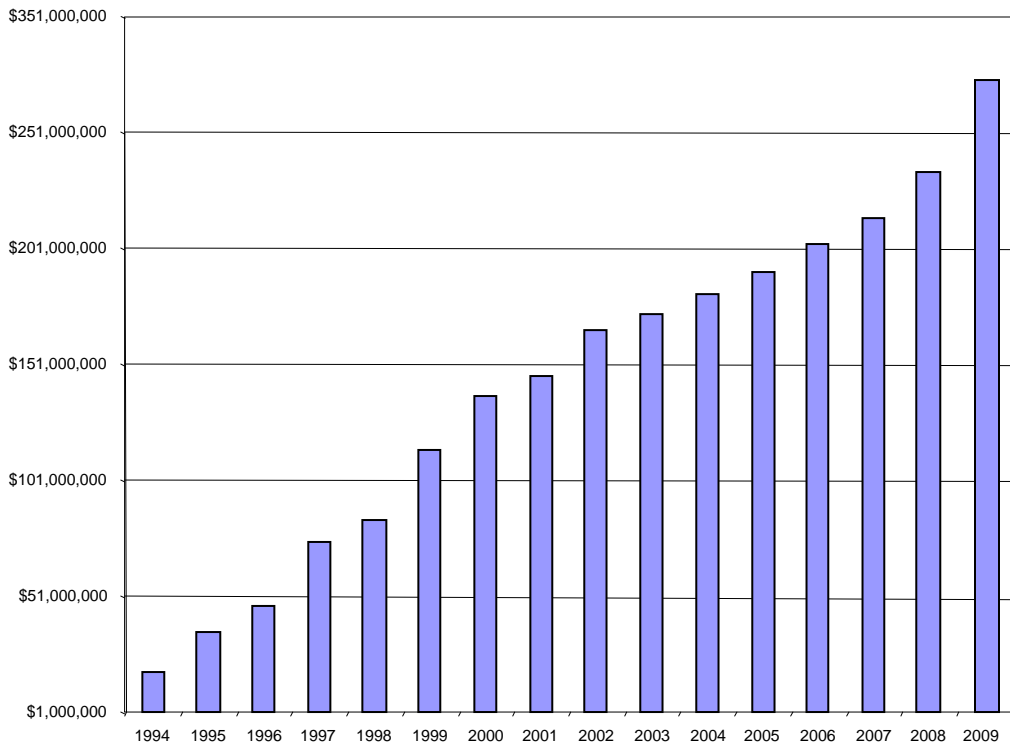
This report is a comparison between city tax due for fiscal year 2010 and 2009.

The dollar amounts in this report are a result of municipal tax due reported on the SD tax returns until January 2011 (amounts paid through audits will not be included).

Source: The South Dakota Department of Revenue and Regulation.

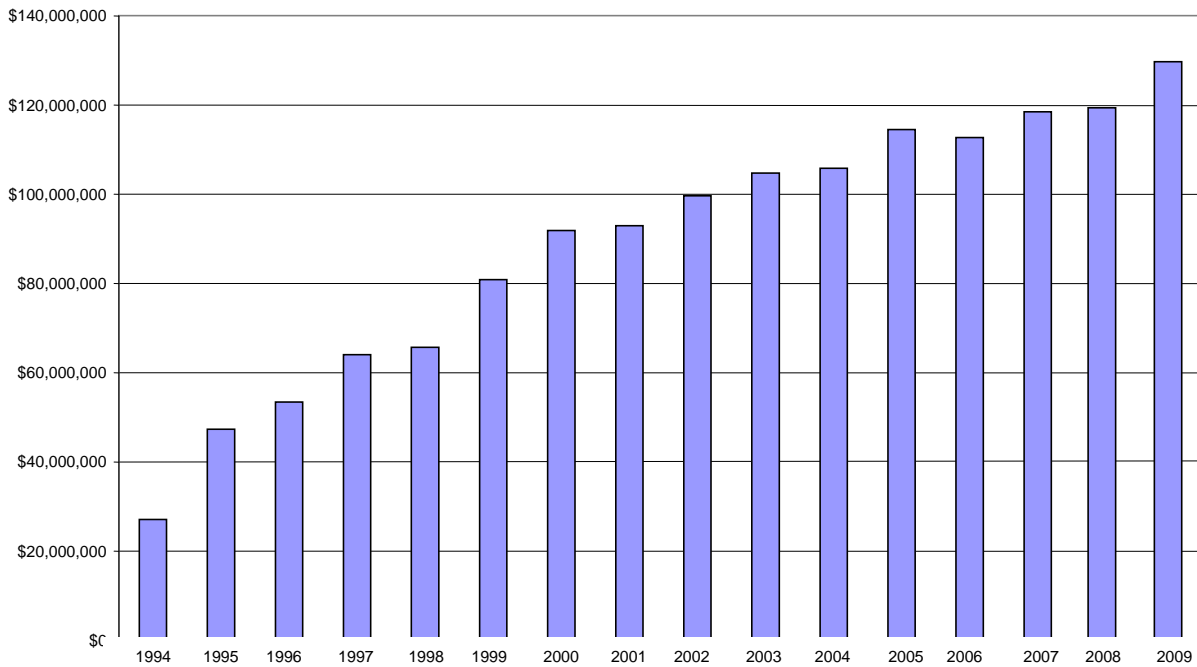
Taxable Valuation -- Dakota Dunes

Dakota Dunes: Growth in Taxable Value 1994 - 2009



Taxable Valuation --North Sioux City

North Sioux City: Growth in Taxable Valuation 1994 - 2009



Source: Union County Assessor's Office

POPULATION ESTIMATES FOR MEC-SERVED COUNTIES IN SOUTH DAKOTA

South Dakota Counties with MidAmerican Energy	2000	2009	Total Change	Percent Change
Clay	13,587	13,490	-97	-0.07
Lake	11,276	11,994	718	6.36
Lincoln	24,131	41,218	17,087	70.8
McCook	5,832	5,619	-213	-0.36
Minnehaha	148,281	183,048	34,767	23.4
Moody	6,595	6,375	-220	-0.33
Turner	8,849	8,237	-612	-6.9
Union	12,584	14,589	2,005	15.9
Yankton	21,652	21,986	334	0.15
TOTAL MEC COUNTIES	252,787	306,556	53,769	21.2
OTHER SD	502,107	505,827	3,720	0.7
SD TOTAL	754,844	812,383	57,539	7.6
MEC COUNTIES %/SD	33.5	37.7		
Source: US Census Bureau, 2010				