

MidAmerican Energy Company

Report on

2011 Economic Development Activities
and Proposed 2012 Budget

to the

South Dakota Public Utilities Commission

February 2012

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

TABLE OF CONTENTS

Section I – Overview.....	1
Section II – Expenditures	
2011 Approved Budget	2
2011 Actual Expenses	3
2012 Proposed Budget	4
Section III – Economic Development Highlights.....	5
Section IV – Economic Indicators	19
• Building Permit Valuations: 2007-2010	
• Municipal Sales Tax Report in MidAmerican Energy Communities: FY 2009-2010	
• Taxable Valuation-Dakota Dunes & North Sioux City	
• Population Change Estimate: 2000-2009	

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 2011 and the proposed 2012 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, 2011 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 2011 spending plan helped in that regard and that our 2012 plan will do likewise.

In summary, we were approved to spend \$100,250 in 2011 but actually spent \$101,800. In 2012, 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 \$102,345 in 2012.

MidAmerican Energy Company Local Partner Program Funding

In 2011, MidAmerican Energy Company continued its focus on the smaller communities in South Dakota to promote participation in its Local Partner Program. Information was provided through one-on-one contacts with each community on partnership opportunities available through the program. Elk Point participated in the program receiving \$1,000 for an intern to work in their office for the summer. North Sioux City was very active in 2011 receiving grants totaling \$2,050 for Business of the Month recognition plaques, internship and for participating in the BIO 2011 Trade Show. Hartford received a grant of \$500 for strategic planning. Due to the work with Hartford's new director of economic development, the community is now participating in LocationOne Information System (LOIS). LOIS is a website database used to promote building and sites for site selectors and prospects. As part of its utility activities, MidAmerican also did a study on the natural gas town border station for the city of Canton to ensure there was enough capacity to handle an expansion of an industry in the community.

Larger communities in MidAmerican's service area also received support through the Local Partner Program. MCEDA/LCEDA (Minnehaha and Lincoln County Economic Development Associations) received approval for the 2011 Shot Show and Yankton for continuing to upgrade the website.

MidAmerican has excellent Energy Efficiency programs which continue to be of great interest. Staff provided MidAmerican's energy efficiency packets and materials that can be distributed and available at city halls.

In 2011, the greatest impact on MidAmerican's service area was the Missouri River flood and was a large focus in 2011. The residential communities of Dakota Dunes, McCook Lake, Riverland Estates and Wynstone were all threatened with the loss of utilities and homes. MidAmerican worked with the Governor, Lieutenant Governor and local business and community officials to plan utility removal and evacuations where needed. While some areas were impacted more severely, MidAmerican worked with each community to meet its specific needs.

2011 Property Tax Payments

MidAmerican paid \$937,631.00 of property taxes associated with its South Dakota facilities. These taxes are for 2010, which are paid the following year. 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 \$29,381.00, Lake \$912.00, Lincoln \$56,582.00, McCook \$5,191.00, Minnehaha \$606,428.00, Moody \$7,913.00, Turner \$5,682.00, Union \$151,163.00, and Yankton \$74,379.00.

SECTION II
Expenditures & Budget

2011 Approved 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)	3,575
(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 \$ 33,550

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. \$ 55,000

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

2011 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)	3,575
(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	\$ 33,550
<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.).....	\$ 3,550
<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.)	\$ 3,800
<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.	\$ 59,700
<hr/>	
Actual 2011 Expenditures Requested for SDPUC Approval in this Report	\$101,800

2012 Proposed Budget

Large Development Group Support:

Forward Sioux Falls	\$ 20,000
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)	3,575
(Includes community development support for: Baltic, Brandon, Colton, Dell Rapids and Hartford)	
Lincoln County Economic Development Association (LCEDA).....	<u>4,595</u>
(Includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	

Total Large Development Group Support \$ 35,145

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.) \$ 5,000

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 **\$ 102,345**

SECTION III
2011 Highlights of Economic Development Activities in
MidAmerican Energy Company's South Dakota Service Territory

SIOUX FALLS

Industrial and Warehouse Developments

Bell Inc. leased a 64,000 square foot warehouse facility in Sioux Empire Development Park V for a new distribution center. Bell is also increasing employment in their plant by 38 with added shifts to meet increased customer demand.

Carex Health Brands is expanding production, office and warehousing space in Sioux Empire Development Park III East. The 7,000 square foot addition is nearing completion. Work is scheduled to be complete this month on a \$2 million warehouse expansion to CCL Label's facility on West Bailey Street near Terrace Park.

Inland Truck Parts and Service consolidated operations to a 24,000 square foot facility near Cliff Avenue and I-90. The \$1.4 million facility was operational in 2011.

Maverick Air Center is operating in 12,000 square feet of leased hangar space and 5,000 square feet of office space on Sioux Falls Regional Airport grounds. The company will provide ground handling, hangar and fuel services and currently employs 10 people with plans to have 20 employees by the end of next year.

Raven Industries has numerous expansions underway with investments in five new facilities and renovations to the headquarters downtown culminating in 150 to 200 new positions this year. A 12,000 square foot facility was completed in February and a 6,500 square foot building was started the fall of 2011 which will house classrooms/training facilities for the Applied Technology Division at the Innovation Campus north of Sioux Falls. Completed in early 2011 on the north campus was a 15,000 square foot, 50-foot high facility for design work, demonstrations and training for tethered aerostats. An 80,000 square foot manufacturing facility near the airport will house precision agricultural product production completed in December 2011, allowing up to a \$20 million renovation of current manufacturing space into expanded office space downtown for the company's corporate headquarters. A 40,000 square foot facility to be used by the engineered films division is under construction near the airport as well.

SDN Communications' opened a 25,000 square foot data center near 60th Street North and La Mesa Drive. The \$10+ million center serves as a switch site location, co-location facility, data center, disaster recovery site and point of presence. Located on 65-acres, the facility is expandable to 100,000 square feet. Ten new jobs will be created in the next few years.

Sturdevant's Auto Supply underwent a 60,000 square foot expansion to their 100,000 square foot facility located in the Meadows on the River development.

TJN Enterprises will house \$12 million of metal recycling facilities on twenty-five acres of land at 6700 East Rice Street. Construction is slated to begin in the spring of 2012 and be completed by the end of 2012.

Wheelco Truck & Trailer Parts' phase two, multi-million dollar project was completed and included a complete renovation of their original facility.

Worthington Ag Parts purchased six acres in Sioux Empire Development Park VII and constructed a \$2.7 million, 25,000 square foot distribution facility for their export center and Capello Corn Head Implement Division. The company plans to relocate their worldwide headquarters in 2014.

Office, Commercial & Medical Developments

Avera expanded their intensive care and step down units and is in the process of converting the former cancer building into a site for a transplant unit. The health system also opened the 22,000 square foot Avera Medical Group Dermatology clinic at 77th and Minnesota Avenue; converting the former facility to a pediatric clinic; and opened a new clinic at 4401 West Benson Road.

Casey's General Stores is expanding in Sioux Falls with new stores. The company purchased a block of land along East 10th Street across from CSD for a 3,700 square foot convenience store and gas pumping station. Another store/ station is under construction near Sycamore Avenue and East 41st Street.

CNA Surety will call the new "green" office complex at the former Schoeneman's site on 8th Street home with construction continuing. Demolition work started in the fall of 2010. The \$25 million, 130,000 square foot facility has a projected completion date of June 2012.

Esurance, an online car insurance firm, is expanding employment. The company is adding 40 customer service and sales rep positions to the 20 that were created earlier this year. With the growth, the company will employ nearly 600.

Gabberts Design Studio & Fine Furnishings, a Minnesota-based company, opened a 30,000 square foot showroom next to HOM Furniture in the Meadows on the River development.

The **Holiday Inn City Centre** is undergoing a \$5.4 million renovation with interior and exterior improvements. Renovations are scheduled for completion in May 2012.

Hilton Garden Inn will be built following the demolition of the River Ramp parking structure. The \$20 million, 100-room facility will include 7,000 square feet of conference and banquet space and is scheduled to open in May 2013.

HOM Furniture purchased the former Sportsman's Warehouse facility tripling their space to display furniture by adding a 35,000 square foot second level.

Independent Medical Arts, the 36,000 square foot facility was constructed on four acres of land at 6709 South Minnesota Avenue and houses a number of medical practices in addition to a pharmacy and a medical instrument design firm.

Plastic Surgery Associates moved into their new \$4 million, 18,000 square foot facility at 4201 South Minnesota.

A new 21,000 square foot retail center near Plaza 41 at 41st Street and Kiwanis Avenue will be anchored by **RCC Western Store**. Other tenants include a **Subway** and **Fuji Sushi & Hibachi** restaurants which plan to open in January.

Sanford Heart Hospital is nearing completion on the five-story 205,000 square foot 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. Sanford continues to add medical research professionals. A \$100 million donation from T. Denny Sanford will jump-start the Edith Sanford Breast Health Center, scheduled to break ground in 2012.

The Shoppes at Dawley Farm Village, the 70-acre retail development located near Arrowhead Parkway and Highway 11, is home to the area's newest **Kohl's** department store. The 88,000 square foot store created 140 new jobs. A 23,000 square foot retail center between Kohl's and Target houses **Maurices, Famous Footwear, CherryBerry Self-Service Yogurt Bar and Dollar Tree**. A standalone facility for **Thatzza Pizza** was recently completed. Plans for the development include a 9,680 square foot **Graham Tire** store, and a 14,500 square foot strip mall under construction to house Subway, Verizon, Supercuts and **Avera Health**.

Special Olympics South Dakota recently moved into a new 6,000 square foot office facility on two acres near I-90 and North Cliff Avenue. The new facility will allow expanded programs.

TSP, Inc. is nearing completion on a \$1.5 million remodel of their 18,000 square foot office complex.

The **U.S. Department of Homeland Security** will lease a newly constructed facility in Sioux Empire Development Park III. The 18,446 square foot office center will house the Immigration and Customs Enforcement Center on the 3.5 acre parcel and represents an \$8 million investment.

A \$1.5 million construction project for **Select Specialty Hospital**, which leases space on two floors from Avera McKennan Hospital, converted patient rooms from semiprivate to private and provided other improvements.

Quality of Life Developments

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

City of Sioux Falls - Downtown Greenway Development between 6th and 8th Street; Health Department's third school-based health clinic; \$4 million flood control dam; \$13 million sewer system replacement project; street and bike trail reconstruction

Evangelical Lutheran Good Samaritan Society - 32-unit \$4.2 million Lodge at Prairie Creek Assisted Living Center; Center of Innovation

Frontier Airlines - Began daily non-stop service to Denver in July

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

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

Minnehaha County - 33-unit, \$3.4 million Project Safe Home

National American University - New facility at 5801 South Corporate Place

Sanford Youth Sports Complex - Football fields for South Dakota Junior Football Program

SculptureWalk - 52 outdoor sculptures exhibit located along the sidewalks in Downtown Sioux Falls

Sertoma Butterfly House - Purdy Marine Cove

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

Sioux Falls Catholic School System - \$6.13 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 a daycare

Sioux Falls Public Schools - \$11.5 million investment – Rosa Parks addition, new technology high school renovations, Lincoln High renovations; \$6.8 million Howard Wood Field renovations; alternative high school program

Sioux Falls Regional Airport - \$5.3 million, concourse renovation; \$1.7 million, 12,000 square foot hangar for Maverick Air; \$3.9 million parking lot reconstruction

Southeast Technical Institute - \$3 million Student Success Center, Mickelson Building remodel

St. Joseph Catholic Housing - 69-unit, \$7.4 million Pettigrew Heights Senior Living Apartments

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

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

University Center - \$10.9 million Science & Technology Classroom Building, 50,000 square feet

Statistics for Growth in Sioux Falls: Sioux Empire Development Parks

Number of Businesses:	130
Employment in the Parks:	12,200
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: 2011 Annual Report for the Lincoln County and Minnehaha County development groups)

In 2011, businesses in Minnehaha and Lincoln counties continued to show solid growth in sales tax collections. According to the South Dakota Department of Revenue, Business Tax Division, both counties posted increases in taxable sales during the past fiscal year. For last year, the state has posted FY2011 sales tax collections against 2010 showing a **\$24 million increase** in Lincoln County and a **\$7 million increase** in Minnehaha County. Leading Lincoln County was Lennox, with a 20.3% increase in 2011, while in Minnehaha County, Sherman and Hartford led in increased sales tax collections last year, with 15.5% and 13.3% respectively. Countywide sales tax collections were up 3.75% in Minnehaha County and 12.5% in the communities of Lincoln County. Despite the slow recovery that continues in so much of the country, our region's retail, commercial and residential growth is continuing to trend upward significantly.

Lincoln County Economic Development Association (LCEDA)

Beresford

Prinsco, the Minnesota-based company that makes and distributes high-density, polyethylene corrugated pipe, built a new facility. Operations began in a 24,000 square foot facility in the new Beresford Industrial Park. This \$1.2 million facility currently employs about 30 people. Beresford, with a population of 2,200, issued 89 building permits valued at over \$2.1 million in 2011.

Canton

Canton, with a population of 3,057, was the Governor's Small Community of the Year.

Adams Thermal Systems is nearing completion on a 60,000 square foot fabrication facility. The \$6 million addition will allow for the creation of 50 new jobs. A \$10 million, 65,000 square foot research and development center has been announced and should begin construction in 2012. This state of the art facility will also serve as the company's headquarters.

Legacy Electronics is a California-based company relocated to South Dakota and opened administrative offices in Sioux Falls and manufacturing operations in a 40,000 square foot facility in Canton creating 40 new jobs with plans to add 10 to 15 more employees.

Terex Bid-Well is building a new 80,000 square foot consolidated facility on 8 acres in the Canton Industrial Park. The building and equipment represent a \$4.8 million investment and provides space for potential growth.

Harrisburg

In 2011, 23 single-family homes were built in Harrisburg, now with a population of 4,372.

The community approved 207 building permits with a total value of over \$6.1 million, \$4.55 million of which was for family homes.

Utility and street replacement projects continued during 2011.

The City Hall Committee moved to the next level and hired an architect to begin determining need so the evaluation of sites for the new city hall can continue.

Freedom Elementary opened its doors this year and the community continues to plan for growth in the school district following passage of a \$38 million bond issue.

Lennox

Lennox, with a population of 2,200, experienced \$760,000 in construction during 2011, spread over 127 projects.

Wilson Trailer completed construction of a 73,900 square foot addition that will almost double their employment by adding 100 new jobs. This expansion represents a capital investment of over \$6.4 million in Lincoln County.

Tea

In Tea, Highway 111, newly renamed Heritage Parkway, has been fully completed with the expansion of the road from two to four lanes and the installation of water and sewer lines to permit commercial development.

New businesses in Tea this year are Tangled Tree gift shop, Verizon Wireless, K Craft Upholstery, AMA Antiques & Coins and Olson & Waltner Law Office. Construction has started on Prescott Apartments, with 48 units in its first phase.

Casey's Gas Station is planning to start building soon.

Neighborhood Dental is expanding into a new clinic and home office.

The Tea Area Intermediate School added eight classrooms in 2011.

Building permit total for this year was 172, with a valuation over \$10 million and 22 new single-family homes.

Worthing

Worthing, home to 1,000 people, experienced over \$400,000 worth of construction in 2011, spread over 33 new projects.

One new single-family home was built, while the city continues planning toward future residential, commercial and industrial growth.

Planning for several quality of life projects has begun, including completion of a Master Parks Plan to guide the development of the Worthing Municipal Park, which will feature basketball and tennis courts and a walking trail.

The LifeLight Music Festival continues to be a major economic benefit and regional attraction.

Minnehaha County Economic Development Association (MCEDA)

Baltic

Baltic, with a population of 1,089, added two new single-family homes, with available lots for new family homes currently open in both the Baltic Heights Addition and the Valley View Addition.

Commercial land is now available on both the north and south side of Lovely Avenue.

Improvements continue on the community baseball fields and RiverPark camping area, and this year saw the replacement of playground equipment in RiverPark.

The Baltic Independent School District's new track and stadium project is nearly finished, completing the overall school complex.

Last year, 45 building permits were issued, with \$510,391 in total construction activity approved.

Brandon

Brandon, with a 2011 population of 8,887, issued 428 building permits at a valuation of over \$17.8 million.

Major commercial projects included **Bethany Meadows Nursing Home's** \$11 million addition will include a 58-bed skilled nursing facility and will be completed in late summer of 2012, creating 60 new jobs.

Integra Plastics is expanding its South Dakota operations with a new 48,000 square foot plant under construction in the Corson Development Park. The facility will include manufacturing, storage and office space. The company plans to hire 14 new employees during the first year and expects to occupy the new plant late this year and be in full production by January of 2012.

Rosen's a Fairmont, Minnesota-based distributor of agricultural chemicals purchased three acres in the Brandon Industrial Park and built a \$1 million, 25,000 square foot warehouse. The company began operations earlier this year.

Colton

Colton, population 689, has begun the engineering phase for the replacement of water and sewer infrastructure.

The city plans the replacement of the street and utilities of three and a half blocks of 5th Street.

Activity for 2011 showed 26 building permits at a valuation of \$269,000.

Dell Rapids

Dell Rapids, with a population of 3,633, issued 109 building permits at a total valuation of \$8.82 million.

Dell Rapids saw nine new single family homes and one multi-family four-unit apartment complex completed.

In addition to a \$3 million renovation of the high school, the community's new \$10 million elementary school will open this year.

The city completed a new \$1.6 million fire rescue facility.

A 1.7 mile trail was constructed with a bridge crossing the Dells of the Big Sioux.

A major upgrade of 15th Street to access the new school and open the north side of Dell Rapids to development was completed.

Hartford

In Hartford, 103 permits were issued, with a valuation of \$3.8 million during 2011 including six new single family homes.

This community of 2,534 completed a bike trail and is planning another recreation trail in 2012 with SDDOT enhancement funding.

Improvements have also been made at Turtle Creek Park, including a ball field, new restroom facilities and electrical service to the park shelter, with a disc course planned for 2012.

The city purchased 75 acres of land to be used for a new sports complex and commercial development.

A Safe Routes to School grant has allowed Hartford to install crossing signals on Highway 38 and Western Avenue, in addition to a bridge across the creek in the south part of town for pedestrian traffic.

Sherman

Sherman, the smallest member community in the Minnehaha County Economic Development Association, continues to improve housing options for its nearly 100 residents. Sherman continues to concentrate on infrastructure improvements.

VERMILLION

Develop Ready Land and Buildings

Available industrial land has grown through both direct purchase with EDC funds and allocation from the city. **In 2011, direct land holdings has grown to approximately 85 acres, 44 of which are shovel-ready.** Options are held on 59 additional acres for a total of 144 acres available for development. These efforts have resulted in available land for heavy industrial, light industrial and retail.

Allocation of resources continues in order to improve the infrastructure on all land holdings, and 22 more acres are expected to be shovel-ready in 2012.

Offer Incentives

The Vermillion Now initiative has allowed the community to be very competitive in offering significant cash and workforce development incentives for target industries. The available incentives were instrumental in landing a major employer, Builders Choice, in 2011. Incentive funds helped to close the gap in negotiations between the company and landlord, and assisted the company with facility improvements. This project has created nearly 50 new target industry jobs in Vermillion.

Available incentives also played a significant role in retaining Masaba Mining Equipment jobs in Vermillion in 2011. Cash grants were provided to assist with a 50,000 square foot expansion and to offset costs for workforce training for more than 60 newly created target industry jobs in 2011.

Advance Workforce Development

In addition to providing financial assistance for companies to train employees, work with Masaba Mining Equipment and the Vermillion School District was done to create a company specific workforce training program to meet their growing needs for welders.

Create a Marketing Plan

Participation in the co-op marketing efforts with the GOED have allowed for the contract with Lawrence and Schiller to increase awareness of assets, benefits and competitive advantages of Vermillion. These efforts have resulted in site visits by qualified target companies and ultimately aided in landing a major employer in the community. The strategies used to communicate marketing messages include use of direct mail pieces, billboards, website, television commercials, radio spots, and social media.

Develop Retention Activities

A partnership was created with the Small Business Development Center and USD to provide business counseling service and educational opportunities to local business. Support was increased for the small business community and entrepreneurs through closer coordination of existing resources among regional, state and federal assistance providers, including the Small Business Development Center, Governor's Office of Economic Development, and the Small Business Administration. A partnership was developed with the Vermillion School District to promote workforce education and training for both the adult worker and students within the school district.

YANKTON

The employment scene improved in Yankton in 2011 as several companies across industry sectors increased their employment numbers along with modest increases in hours worked per week and wage per hour without fringe benefits. It is important to note two companies supported by Yankton Area Progressive Growth (YAPG), **Dakota Trailer and L&M Radiator**, occupied new facilities in 2011 resulting in 160 direct new jobs, 40 indirect new jobs and an increase in local payroll and wage averages that resulted in an estimated \$9-10 million in new economy. In addition, the City of Yankton worked with its resources to attract the development of a Menard's store that brought a number of construction jobs to the community and will open in mid-2012 with approximately 165 new jobs.

Taxable sales in Yankton exceeded \$1.1 billion for the second consecutive year further indicate a rebound in economic activity but with the caveat a percentage of the sales growth would have been relative to home improvement sales required to repair storm damage to a number of residences and commercial and industrial facilities. However, restaurants and retailers frequently noted sales growth of 25-30% over the previous year's sales numbers.

A key issue has is the need for two specific workers – the worker who is younger and seeks an opportunity to develop and the worker who has skills and experience that can result in immediate, high productivity. Companies have been reticent to over-hire based upon economic uncertainty; however, they feel pressure to do so, or to continue to adjust wages per hour, as worker productivity requirements are increased.

As a result of the workforce availability issue, many local resources were applied to workforce training and retraining. As an example, **Baldwin Filters** announced a \$28 million, 70-job expansion project (construction began in 2011 to be completed mid-2012). Much of Yankton's and South Dakota's participation in the investment project is training-cost related. Other employment/capitalization projects occurred at **Kolberg-Pioneer, Inc., Gehl, Inc., Truxedo, Lewis and Clark Hydraulics, Vishay Dale Electronics, Avera Sacred Heart Hospital, Yankton Medical Clinic, Lewis and Clark Rehabilitation Hospital**, and throughout our retail and small businesses that benefitted from the increase in primary employer activity.

CENTERVILLE

The **Centerville Development Corporation** accomplished several goals in 2011. In housing, two spec homes were built and sold. A community housing resource center, through the Sioux Empire Housing Partnership with financial support from Citibank, was completed.

In the **SRTS program**, administration of a \$220,000 grant started with construction of nearly 5,000 feet of new sidewalk, purchase of a new speed trailer, community and school kick-off celebration and bike rodeo for the elementary students. Participation occurred in the Walk to School Wednesdays in October.

27 year old playground equipment was replaced through money raised from the Centennial, 125th, chamber, city and a \$25,000 matching LWCF grant through the SD GFP department.

NAPA located in the old Dollar Store (old Drug Store) building in late December. The old theatre building was purchased and leased to **Trinkets and Treasures** for antique restoration and sales. Nancy Larsen, SEFP, assisted both businesses in their start-ups.

In addition to the visible projects, work on expanding the capacity of the organization by securing the **501c3 status** occurred. This qualifies the organization to apply for grants and enables tax deductible donations to be accepted.

Other economic development opportunities in 2011 included **co-hosting a home ownership event with USDA Rural Development**; work with Kent Austin to revitalize the Senior Citizen Center and sale of two additional housing lots at the Millennium Addition for a private home. Community volunteers spearheaded community projects with the wellness center and Pascale Fields.

ELK POINT

Elk Point Economic Development Corporation (EP EDC), with financial assistance from the City, purchased 28.74 acres of land within the city limits for the development of the **Elk Point Business Park**. The land is located in the southwest area of town and is visible from I-29 with close access via exit 18. The EP EDC is proceeding with plans to install infrastructure to the property and develop a marketing proposal.

The city continues to update utility systems to better serve the residents of Elk Point and prepare for future growth. In 2011, the city completed another four blocks of electrical conversion and improvements were made to the efficiency of the operation at the city's sewer lagoon system.

The city council approved a **property swap** where the city acquired a 1,860 square foot building adjacent to City Hall in exchange for the City Auditorium. The City Auditorium was vacant for a number of years. In addition to getting the building back on the tax rolls, the new owner has started an athletic club and an after school and is an added benefit to the Community. The City has subsequently leased the other building to a current business owner for office space.

FLANDREAU

Three new homes were constructed.

City of Flandreau - No major city projects for the year 2011

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, no new residential lots were developed and 21 new homes were built.

A total of 1,120 home sites have been sold since Dakota Dunes started.

A total of 0.68 acres of commercial property was sold with a total of 205.81 commercial acres sold since Dakota Dunes was started.

The total taxable property valuation at Dakota Dunes grew to \$381.0m. Residential and commercial sales activity was impacted by the Missouri flooding during the summer of 2011.

NORTH SIOUX CITY

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

Nutraferma began construction on a new 20,000 square foot, \$4.1 million expansion to the existing, high-tech soy fermentation facility in Flynn Business Park. To date, the company has invested approximately \$14 million in Flynn Business Park. Nutraferma is a joint venture between Nutra-flo and Genebiotech of South Korea.

Hepar BioScience purchased approximately 50 acres in Flynn Business Park. The company has indicated plans to construct an advanced biosciences/pharmaceutical ingredient production facility.

MARS/Royal Canin has purchased property adjacent to the existing facility in North Sioux City for the proposed construction of a new, state-of-the art pet food manufacturing facility. Although exact details of the expansion have not been released publicly, it appears the first phase will include a new pre-treatment facility.

SHI Logistics, Inc., a general freight trucking company from Sioux City, purchased approximately six acres in Flynn Business Park and began construction on a new 6,000 square foot facility. The company will employ 20-25 employees with an initial capital investment of \$500,000.

Midwest Landscaping purchased approximately two acres in Flynn Business Park and has plans to construct a 6000 square foot building.

Earl Miller Construction purchased property in the River Valley Addition and constructed a new 6000 square foot facility. The company specializes in residential and light commercial construction with an emphasis on the remodeling of existing facilities and homes.

The North Sioux City Economic Development Committee and the Governor's Office of Economic Development continue to visit with a **fermentation company from Denmark** regarding their interest in constructing a new \$13 million dry feed manufacturing facility in the United States.

SECTION IV
Economic Indicators

Building Permit Valuations in MidAmerican Energy Communities: 2008-2011
New residential/non-residential construction & major additions only, excludes fences, sidewalks.

<u>Community</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total New Valuation</u>
Lincoln County*					
Beresford**	\$1,891,469	\$1,796,895	\$5,530,954	\$1,964,411	\$11,183,729
Canton	8,121,688	464,814	2,396,021	10,591,878	21,574,401
Harrisburg	23,085,497	12,502,400	8,001,536	4,084,016	47,673,449
Lennox	9,296,235	3,036,436	2,270,043	1,350,105	15,952,819
Tea	9,889,618	8,616,760	6,096,155	4,722,403	29,324,936
Worthing	1,201,827	450,454	383,786	425,137	2,461,204
Minnehaha County*					
Baltic	\$1,237,755	\$990,204	\$843,653	\$368,500	\$3,440,112
Brandon	33,802,162	10,865,483	13,103,512	19,271,001	77,042,158
Colton	384,609	50,153	170,200	275,030	879,992
Dell Rapids	3,505,757	2,231,029	1,900,836	9,199,297	16,836,919
Hartford	6,518,977	2,835,715	2,416,029	4,658,304	16,429,025
Union County					
Alcester	\$410,000	\$213,263	\$181,701	\$219,300	\$1,024,264
Dakota Dunes	20,599,008	17,756,322	15,128,386	19,271,001	59,431,216
Elk Point	6,420,000	950,096	809,482	421,000	8,600,578
Jefferson	380,000	155,568	132,544	2,000	670,112
North Sioux City	2,586,123	3,371,447	2,872,473	3,350,049	12,180,092
Other Communities					
Sioux Falls*	\$523,125,775	\$295,929,196	\$252,131,675	\$291,163,392	\$1,362,350,038
Centerville (Turner County)	158,309	136,146	115,996	288,495	698,946
Flandreau (Moody County)	3,309,115	1,143,410	974,185	667,775	6,094,485
Gayville (Yankton County)	190,000	163,400	139,217	69,030	561,647
Montrose (McCook County)	542,050	203,548	173,453	328,529	1,247,580
Ramona (Lake County)	---	65,744	---	---	65,744
Salem (McCook County)	---	214,520	---	715,122	929,642
Vermillion (Clay County)	19,544,721	15,808,460	13,468,807	5,648,857	54,470,845
Yankton (Yankton County)	21,884,929	17,475,943	18,645,959	13,504,856	71,511,687
<u>TOTAL</u>	<u>\$698,085,624</u>	<u>\$397,427,406</u>	<u>\$347,886,603</u>	<u>\$379,235,987</u>	<u>\$1,822,635,620</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 2010-2011

Returns Filed: Calendar Year 2011 and 2010 Municipal tax due.

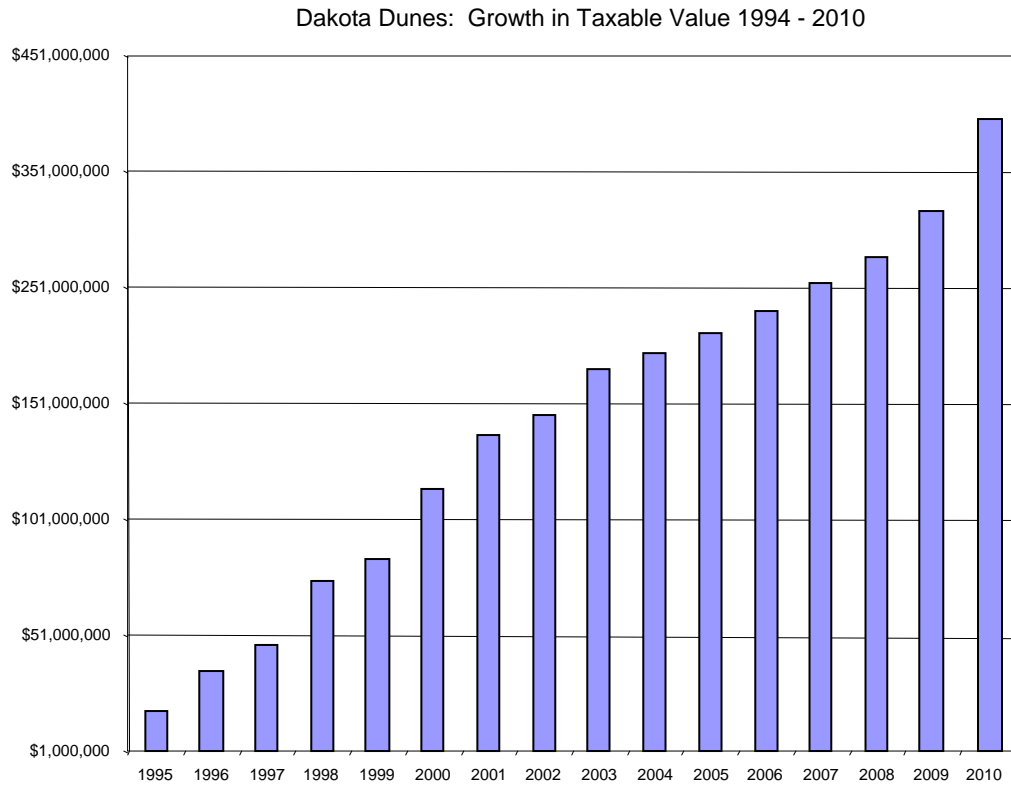
<u>Community</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Lincoln County			
Beresford	\$795,276	\$766,478	3.76
Canton	931,039	806,651	15.42
Harrisburg	647,084	653,099	-0.92
Lennox	599,254	445,635	34.47
Tea	858,602	846,454	1.44
Worthing	117,740	109,657	7.37
Minnehaha County			
Baltic	\$127,562	\$115,454	10.49
Brandon	2,203,350	2,008,971	9.68
Colton	116,356	116,073	0.24
Dell Rapids	893,392	804,548	11.04
Hartford	628,667	587,127	7.08
Union County			
Alcester	\$151,989	\$145,112	4.74
Dakota Dunes	---	---	--
Elk Point	403,451	412,410	-2.17
Jefferson	122,135	113,300	7.80
North Sioux City	1,900,563	1,755,347	8.27
Other Communities			
Sioux Falls (Lincoln and Minnehaha)	\$97,534,834	\$94,571,378	3.13
Centerville (Turner County)	162,853	153,491	6.10
Flandreau (Moody County)	598,871	625,009	-4.18
Gayville (Yankton County)	38,198	34,942	9.32
Montrose (McCook County)	71,081	68,675	3.50
Ramona (Lake County)	19,115	18,198	5.04
Salem (McCook County)	472,020	403,777	16.90
Vermillion (Clay County)	3,275,743	3,257,657	0.56
Yankton (Yankton County)	8,015,730	7,417,015	8.07

This report is a comparison between city tax due for fiscal year 2011 and 2010.

The dollar amounts in this report are a result of municipal tax due reported on the SD tax returns until January 2012 (amounts paid through audits will not be included).

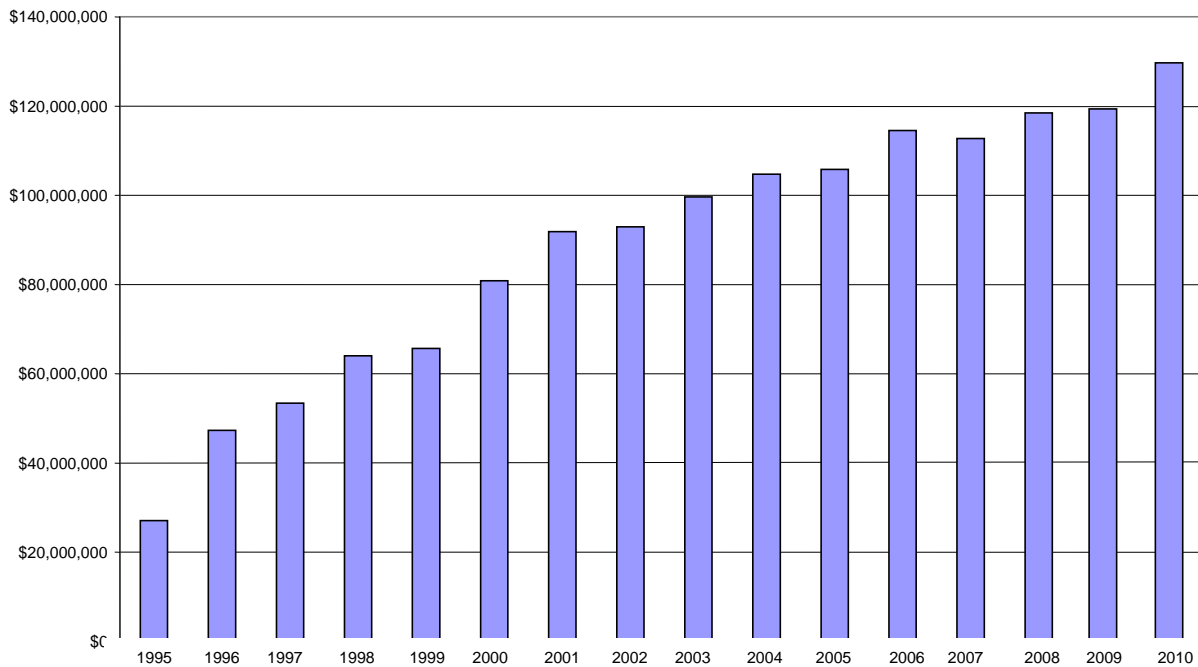
Source: The South Dakota Department of Revenue and Regulation.

Taxable Valuation -- **Dakota Dunes**



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	2010	Total Change	Percent Change
Clay	13,587	13,864	277	2.0
Lake	11,276	11,200	-76	-6.7
Lincoln	24,131	44,828	20,697	85.7
McCook	5,832	5,618	-214	-3.6
Minnehaha	148,281	169,468	21,187	14.7
Moody	6,595	6,486	-109	-1.6
Turner	8,849	8,347	-502	-5.6
Union	12,584	14,399	1,815	14.4
Yankton	21,652	22,438	786	3.6
TOTAL MEC COUNTIES	252,787	296,648	43,861	17.4
OTHER SD	502,107	517,532	15,425	3.0
SD TOTAL	754,894	814,180	59,286	7.8
MEC COUNTIES %/SD	33.5	36.4		
Source: US Census Bureau, 2010				