

MidAmerican Energy Company

Report on

2012 Economic Development Activities  
and Proposed 2013 Budget

to the

South Dakota Public Utilities Commission

March 2013

Prepared by: Brad Howard, Business and Community Development Manager,  
and Kathryn Kunert, Vice President Business & Community 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 2012 and the proposed 2013 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, 2012 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 2012 spending plan helped in that regard and that our 2013 plan will do likewise.

In summary, we were approved to spend \$102,345 in 2012 but actually spent \$106,406. In 2013, we will continue focusing on local development groups and supporting events and activities to help the communities in our service territory be successful.

Our plan submitted herein calls for spending \$106,500 in 2013.

### **MidAmerican Energy Company Local Partner Program Funding**

In 2012, MidAmerican Energy Company continued to promote participation in its Local Partner Program in South Dakota cities throughout our service territory while also promoting commercial and residential Energy Efficiency programs. Information was provided through one-on-one contacts with each community. Local Partner Program opportunities were used by both the small and large communities. Elk Point participated, for the second year in a row, receiving \$1,000 for updating their web site. Worthing made a huge investment in their community, using a \$2,500 local partner grant to help fund a recreation complex which included a picnic shelter, multi-sport court, ball fields, playground equipment and pond. Lincoln County Economic Development Association used a \$1,200 local partner grant to fund a booth and reception at the South Dakota Shot Show.

Many requests were made in 2012 for business attraction events and sponsorships. MidAmerican provided support to Minnehaha and Lincoln County Economic Development Associations for their annual receptions and meetings and for membership in the Dakota Valley Business Council. Again this year, MidAmerican sponsored the Governor's Golf Classic at the Dakota Dunes Country Club. Scholarship dollars were provided for the 2012 Governor's Office of Economic Development Conference in Pierre, SD and for the first time funding was made available for the Governor's Pheasant Hunt.

### **2012 Property Tax Payments**

MidAmerican paid \$1,104,153 of property taxes associated with its South Dakota facilities. These taxes are for 2011, 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 \$31,949, Lake \$1,025, Lincoln \$64,093, McCook \$5,738, Minnehaha \$700,196, Moody \$8,669, Turner \$6,663, Union \$202,199, and Yankton \$83,621.

SECTION II  
Expenditures & Budget

2012 Approved 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 .....	<u>200</u>

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

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**Total 2012 Proposed Budget For SDPUC Approval \$ 102,345**

2012 Actual Expenditures

	<u>Actual</u>
<u>Large Development Group Support:</u>	
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
<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 .....	<u>200</u>
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.).....	
	\$ 4,700
<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.) .....	
	\$ 8,312
<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.....	
	\$ 57,049
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 <b>Actual 2012 Expenditures Requested for SDPUC Approval in this Report</b>	 <b>\$106,406</b>

## 2013 Proposed Budget

### Large Development Group Support:

Forward Sioux Falls .....	\$ 20,000
Yankton Area Progressive Growth .....	4,000
Vermillion Development Co.....	1,500
Sioux Falls Development Foundation.....	850
Siouxland Initiative (South Dakota allocation).....	1,125
Minnehaha County Economic Development Association (MCEDA) .....	3,685

(Includes community development support for: Baltic, Brandon, Colton, Dell Rapids and Hartford)	
Lincoln County Economic Development Association (LCEDA).....	<u>4,735</u>
(Includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)	

Total Large Development Group Support ..... \$ 35,895

### 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 .....	<u>200</u>

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.).....	\$ 5,000
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### 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.) .....	\$ 7,350
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### Staffing

Allocation of salaries and related expenses for MidAmerican developers working with and/or on behalf of communities in our South Dakota service territory. ....	\$ 57,055
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**Total 2013 Proposed Budget For SDPUC Approval \$ 106,500**

SECTION III  
2012 Highlights of Economic Development Activities in  
MidAmerican Energy Company’s South Dakota Service Territory

**SIOUX FALLS**

**South Dakota Technology Business Center Highlights**

The South Dakota Technology Business Center serves as the resource helping innovators and entrepreneurs as they launch, grow and expand their companies in Sioux Falls. New SDTBC clients during the past twelve months include: **STEM Fuse, Peppermint Clean Energy, Revive Capital Partners, MVA Software, and Union Labs & Testing**. The Center’s graduates to fifteen companies with **Dakota Retail Technologies, Classified Verticals and DataSync** relocating during 2012. Six companies—**Cairn Technologies, Find Your Crave, J1 Insoles, Malloy Labs, Prairie Aquatech and BEgINr Media**—participated in the 2012 Accelerator program. Sponsored by Forward Sioux Falls and EPSCoR, the Accelerator included a one-week entrepreneurship boot camp and an additional twelve weeks of incubation services, business coaching and mentoring. Participants earned up to \$3,000 in milestone payments as they progressed toward a successful business launch.

Years in Operation . . . . .	9 Years on December 31, 2012
Current Tenants . . . . .	22 Client Companies, 2 Next Step Clients
Clients . . . . .	6 Virtual Clients, 9 Service Providers
Graduate Companies . . . . .	15
Jobs Created . . . . .	387 FTE
Average Client/Graduate Employee Salary . . . . .	\$70,000
Total Combined Annual Gross Sales . . . . .	\$130 million
Equity/Grant Funding Secured by Companies . . . . .	\$45 million
Patents Awarded to Client/Graduate Companies . . . . .	11
Patent Applications Pending for Companies . . . . .	25

**Industrial & Warehouse Development**

**Animal Health** purchased 6.5 acres of land in northwest Sioux Falls to construct a 50,000 square foot building to house their health and animal feed distribution operations. The facility will provide room for 40 employees and is scheduled for completion in early 2013.

A bucket elevator, four metal silos, a dust collection system and access ladder on the concrete silo, are some of the projects recently undertaken at **Concrete Materials**.



**Metal Sales Manufacturing Corporation** opened a Sioux Falls location at 2700 West 3<sup>rd</sup> Street. The premier nationwide provider of metal panels for the building and construction industry will manufacture metal roof and wall panels and plans to create 20 new jobs over the next year.

**Raven Industries** initiated a major, three-year remodel and renovation of their headquarters building in downtown Sioux Falls. This project has an estimated completion of June 2014 and includes all exterior improvements, interior renovations, site construction for corporate headquarters and York building façade renovation. The interior renovations will transform space previously used for manufacturing precision agriculture products into expanded office space.

Construction was completed in April 2012 on the addition to **Sheehan Mack Sales and Equipment's** facility in north Sioux Falls. The office addition and interior remodel represented a \$1 million investment.

**Twin City Fan & Blower Co.** leased 50,000 square feet at 2009 East 39th Street North for additional production space. The facility will initially employ 30 to 50 workers with plans to double the size of the plant and grow to as many as 125 employees within three to five years.

**Worthington Ag Parts**, which occupied their \$2.7 million distribution facility late 2011, added a \$1.3 million warehouse to their six-acre complex in Sioux Empire Development Park VII. The 21,000 square foot expansion, expected to create eight jobs, was completed early 2012.

Demolition of the former stockyards and site work has taken place in preparation for a new, \$8 million **Xcel Energy** electrical substation on 15 acres of the property. Completion of the substation is slated for 2014.

## **Office, Commercial and Medical Developments**

Plaza III, the former cancer institute, was renovated to house the **Avera Transplant Institute**. **Avera McKennan** invested \$1.7 million in a 32,000 square foot distribution warehouse at 1111 South Cliff Avenue for future growth and expansion purposes. **Avera Medical Group** opened new clinics at 4401 West Benson Road and 1035 South Highline Place in the Dawley Farm Village development.

**Big Sioux Power Sports** opened in June 2012 in a new 10,000 square foot facility on West 60th Street North. The new dealership employs six.

In early 2012, **Brown and Saenger** moved their printing and promotional operations to the former Pine Hill Press facility they acquired on West 57th Street.

A new hotel, **Candlewood Suites**, opened at 2725 South Carolyn Avenue. The four-story extended-stay hotel features 80 rooms.

**Casey's General Stores** opened a new \$1.7 million convenience store and gas station near Sycamore Avenue and East 41st Street.

McLean, Virginia-based **Capital One** acquired HSBC's Sioux Falls operation retaining its 400 employees. Throughout 2012, Capital One increased employment and is nearing their goal of creating 400 additional positions. The company is located in Sioux Empire Development Park IV.

The **Commerce Center**, home to the Sioux Falls Development Foundation, Sioux Falls Area Chamber of Commerce and the Convention and Visitors Bureau, is undergoing a complete remodel. The \$1.1 million project is slated for completion in March of 2013.

Construction wrapped up earlier this year on a 24,000 square foot, \$1.7 million building at 3410 South Kiwanis Avenue. The facility is home to **Dakota Sports** and **Dakota Lettering**.

**DocuTAP** expanded their presence in the Research Drive building to encompass the entire 15,000 square foot facility. The expansion provides room for the growing medical records and practice management software company, which more than doubled its staff this year. The Research Drive facility is owned and operated by the Sioux Falls Development Foundation which invested \$200,000 in the build-out.

Iowa-based **Fareway Foods** will open a \$1.5 million 34,400 square foot grocery store in the former HOM Furniture space at 1431 West 41st Street.

**Fiegen Construction** purchased the former Howlin Vision Clinic at 3712 South Western Avenue to house their offices. The facility, which was extensively remodeled, provides room for the expanding company.

**Gun Up**, a software company providing product research and information to the firearms industry, relocated to Sioux Falls from the Seattle area. The firm is located in the Shriver's Square building downtown.

Demolition of the River Ramp parking structure took place earlier this year to make way for the \$25.7 million, 5-story, 136-room **Hilton Garden Inn** currently under construction. The facility is scheduled to open in the fall of 2013 along the downtown River Greenway and will employ 40. The project will include 6,000 square feet of conference and banquet space. Pinnacle Hospitality will operate the restaurant/lounge facilities in addition to providing conference food and beverage service.

The **Holiday Inn City Centre** wrapped up a \$5.4 million renovation with interior and exterior improvements to their facility in downtown Sioux Falls.

A 92-room **Holiday Inn Express & Suites** opened on 2.6 acres at 3821 West Avera Drive. The four-story hotel features an indoor pool, children's pool and fitness center.

The 26th and Sycamore **Hy-Vee** store underwent a \$10 million, 25,000 square foot expansion. The expansion created additional job opportunities within the facility.

**Liberty National Bank** purchased a building at 10<sup>th</sup> Street and Main Avenue to house their wealth management department. Liberty hired additional staff.

Construction wrapped up on the **Lumber Exchange** office complex at the former Schoeneman's site on 8<sup>th</sup> Street. The facility is anchored by **CNA Surety** and home to the corporate offices of **Lloyd Companies**. Site work started in the fall of 2010 on the \$25 million, 130,000 square foot facility and CNA relocated to the facility in June. The facility will also house the **Edith Sanford Breast Cancer Foundation**, the **Sanford Health Foundation** and **Sanford Frontiers**.

**NCB Management Services Inc.** relocated their Sioux Falls operation to the Corporate Centre II facility in Sioux Empire Development Park IV from the Capital One complex on Benson Road. The move provided the national accounts receivable management organization room to hire additional staff.

A 10,000 square foot facility for **Omnitech Inc.** is nearing completion near Interstates 29 and 229. The new facility will provide room for up to 55 employees.

**One American Bank**, formerly First Midwest Bank, transformed the former Gigglebees site into a new branch bank. The company invested \$1.5+ million and will occupy 8,000 square feet of the 12,500 square foot facility.

The 21,000 square foot retail center near Plaza 41 at 41st Street and Kiwanis Avenue opened in early 2012 anchored by **RCC Western Store**. The center also houses a **Subway** and **Fuji Sushi & Hibachi** restaurant.

The five-story 205,000 square foot **Sanford Heart Hospital**, located adjacent to the main hospital at 18<sup>th</sup> and Grange, opened. The 58-bed hospital represents a \$90 million investment in terms of construction and equipment and opened space in the main hospital for a diabetes clinic, expanded vascular surgery and a wound-healing center.

Nine football fields played host to the South Dakota Junior Football Program this fall at the 162-acre **Sanford Sports Complex**. In addition, ground was broken on the **Pentagon** and **Fieldhouse** facilities. The \$19 million, 160,000 square foot Pentagon, featuring nine basketball courts with a 3,000-seat center venue—future home of the Skyforce—is scheduled for completion in fall of 2013. The \$8 million, 85,000 square foot Fieldhouse, completed earlier this year, is home to the Sanford POWER program. A **Fairfield Inn & Suites** at the complex is being developed under the auspices of **Sanford Frontiers**. Sanford Frontiers was established to develop the commercial aspects of the Sanford Sports Complex and cultivate researchers' intellectual property to commercialization.

**SDN Communications** purchased a 26,000 square foot office building at 2900 West 11th Street to provide space for long term growth. The \$2.6 million facility will double the company's office space.

The **Sheraton Sioux Falls** renovated its club level lounge, fitness center and meeting rooms as part of a \$6.5 million project that includes upgraded guestrooms, restaurant and lobby.

The 70-acre retail development, **The Shoppes at Dawley Farm Village**, located near Arrowhead Parkway and Highway 11, includes a new 14,500 square foot strip mall. **Subway, Verizon, Supercuts, Sioux Falls Quilters Headquarters** and an **Avera Medical Group** clinic occupy the space. A 46,000 square foot **Ashley Home Furniture Store** and a 9,680 square foot **Graham Tire** store are planned for the development.

**Sioux Falls Area Community Foundation** will acquire the historic railroad depot on 8th Street near Cherapa Place for its permanent home. The Foundation plans to be in the renovated facility by summer of 2013.

Ground was broken on the **Sky Zone Indoor Trampoline Park** at 58th Street and Solberg Avenue. The 16,000 square foot facility is scheduled to open this month.

**TCF Bank**, a national bank holding company, established a contact and operations center earlier at 4101 West 38th Street in the Meadows on the River Development. The company hired 200 employees and invested over \$3.6 million in the facility.

The **U.S. Department of Homeland Security** moved into a new facility on 3.5 acres in Sioux Empire Development Park III. The \$8 million facility houses the immigration & Customs Enforcement Center.

**Vance Thompson Vision** is building an estimated \$6 million surgical and research center at 3101 West 57<sup>th</sup> Street. The new 33,000 square foot facility is scheduled to open in spring of 2013.

**Vern Eide Motorcars** purchased the former Sunshine store on East 10<sup>th</sup> Street and opened a body shop and used-car center, investing \$2.5 million in the 40,000 square foot facility.

## **Regional Highlights**

**Adams Thermal Systems** in Canton completed a 60,000 square foot fabrication facility. The \$6 million addition provides room for 75 to 100 new employees.

**Bethany Home at the Meadows** in Brandon opened a 58-bed skilled nursing facility. The \$11 million, 52,000 square foot home includes a 20,000 square foot “Main Street” link area with a deli, bank, general store, swimming pool and gym. The facility created over 50 new jobs.

**Central States Manufacturing**, the Arkansas-based manufacturer and distributor of metal building products, is constructing a 40,000 square foot manufacturing facility on ten acres in Hartford. The company plans to be operational in early 2013; creating up to 40 new jobs over the next three years.

Construction is wrapping up on the \$23 million high-speed grain terminal west of Lyons. The **Fremar LLC** grain loading terminal, a joint venture between Central Farmers Cooperative and Archer Daniels Midland, is the first shuttle terminal in Minnehaha County. The facility has the capacity to load 110 rail cars within 8 hours and will employ up to 10 full-time people.

**Integra Plastics** expanded its South Dakota operations with a new 48,000 square foot plant that opened earlier this year in the Corson Development Park north of Brandon. The manufacturing facility includes additional storage and office space and employs fourteen.

**Luverne Truck Equipment, Inc.** invested \$1.1 million in new equipment and upgrades to its facility in the Brandon Industrial Park including renovated offices and visual improvements to the exterior.

## **Sioux Falls Area Communities – Lincoln & Minnehaha Counties**

*(Source: 2012 Annual Report for the Lincoln and Minnehaha County  
Economic Development Associations)*

During 2012, businesses in Lincoln and Minnehaha Counties continued to show solid growth in sales tax collections. According to the South Dakota Department of Revenue Business Tax Division reports, both counties posted increases in taxable sales during the past twelve months. From October 2011 through September 2012 the state has posted FY2012 sales tax collections against 2011 showing an \$11 million increase in Lincoln County and a \$24.5 million increase in Minnehaha County. Together, the two counties recorded an 8.4% increase in taxable sales. Leading Lincoln County was Canton, while in Minnehaha County, Baltic led the other communities in the percentage of increased sales tax collections. Sales tax collections were up 11.5% in Minnehaha County and 5.24% in Lincoln County. These numbers illustrate the region's retail, commercial, and residential growth is continuing to trend upward on an annual basis.

### **Lincoln County Economic Development Association (LCEDA)**

#### **Beresford**

With a population of 2,200, Beresford continued to see steady growth with 81 new building permits valued at more than \$2.6 million in 2012. Five new housing units were constructed, including two twin homes and one new house. Commercial permits were issued for additions at Farmers Coop Elevator, Vision Solutions, Muller Auto Parts and Prinsco Manufacturing. Lincoln County Metal Recyclers put up a new building with a scale and moved their operation from I-29 and Hwy 46 to a new location on North West 13<sup>th</sup> Street. The local elementary school added a new commons area, and final plans are being drawn for over \$1.8 million in improvements to the municipal water and sewer systems.

#### **Canton**

With a population of 3,057, Canton received South Dakota's first Certified Ready Site by the Governor's Office of Economic Development in 2012. Additionally, the opening of major manufacturing plants built by Adams Thermal Systems and Terex Bid-Well occurred. Building permits in Canton for 2012 totaled 53 at a value of nearly \$1.5 million, and four new single-family homes were constructed.

### **Harrisburg**

This year, 38 single-family homes were built in Harrisburg, now with a population of 4,510. The community approved 178 building permits with a total value of nearly \$6 million, \$4.8 million of which was for residential construction. The city acquired land for a neighborhood park and added equipment, sidewalk and fencing. A commercial building was constructed on Willow Street now home to Harrisburg Family Chiropractic and Tryon Gym.

### **Lennox**

Lennox, with a population of 2,300, experienced \$425,000 in construction during 2012, spread over 75 projects. The major infrastructure improvement completed during the past year was the connection to the Lewis and Clark Water System, which will allow for future development projects to proceed in this Lincoln County Community.

### **Tea**

Tea continues to grow with residential and commercial development. This year, the community welcomed Casey's Gas Station, J&R Mechanical HVAC and Napa Auto Parts. Prescott Apartments opened adding 48 units to Tea's housing options, along with a community building and park. The City Athletic Complex is expanding and the Tea Area School District is constructing a new athletic complex to include a turf football field, track and soccer fields. The building permit total for this year was 139, with a valuation of over \$6.3 million and 13 new single-family homes.

### **Worthing**

Worthing, home to 1,100 people, experienced over \$500,000 worth of construction in 2012 spread over 44 new projects. Worthing strives to continue its progressive approach to economic development with the active participation of city government. The community has taken several steps through the Worthing Economic Development Corporation to ensure that plans are in place to promote commercial and industrial growth as well as continued residential growth in the future.

## **Minnehaha County Economic Development Association**

### **Baltic**

Baltic, with a population of 1,100, added two new single family homes and has attractive lots still available for the construction of new houses. Commercial construction was the story in 2012, with a weight room and a new concessions building with restrooms and storage built by Baltic Independent School. The Eastern Farmers Elevator enhanced its grain handling capacity by adding a 250,000-bushel grain bin and new equipment. An eleven-unit storage facility was constructed and a paved bike trail was built by the city to Baltic Heights Park. During the past year, 42 building permits were issued, with \$1.84 million in total construction activity approved.

### **Brandon**

Brandon, with a 2012 population of 8,900, issued 374 building permits at a valuation of \$8.54 million. Integra Plastics moved into their new 40,800 square foot, \$2.2 million manufacturing plant and Bethany Meadows added 58 nursing beds to their Brandon facility. A total of 31 new single-family homes were built, with nearly \$7 million being spent in home construction, renovation and remodeling in 2012.

### **Colton**

Colton, population 689, has completed the water and sewer infrastructure replacement on 3.5 blocks of 5<sup>th</sup> Street. Other community infrastructure projects slated for the near future are upgrades to the city swimming pool and the addition of new playground equipment at the park. The Colton Elevator has installed a 300,000-bushel grain bin. Activity for 2012 shows 30 building permits at a valuation of \$517,560.

### **Dell Rapids**

Dell Rapids, with a population of 3,633, issued 96 building permits at a total valuation of \$3.11 million. Dell Rapids saw ten new single-family homes and two new four-unit apartment complexes completed, along with a \$350,000 office building. The community is planning for the future, working with the local development corporation to create a nine-acre parcel of land to be developed for commercial/industrial use, in addition to continued analysis for an industrial park. The city added 1,250 “smart” water meters and is working on the second phase of the 15<sup>th</sup> Street construction project.

### **Hartford**

In Hartford, 121 permits were issued, with a valuation exceeding \$5 million during 2012, including ten new single-family homes, four four-plex units and a duplex. This community of 2,534 completed a 1.5 mile recreation trail in 2012 with SDDOT funding. A Safe Routes To School grant allowed Hartford to complete the erection of a new pedestrian walking bridge across the creek in the south part of town. Hartford also built a new disc golf course as part of the Turtle Creek facilities and a new fire and rescue station.

## **VERMILLION**

- **Jobs** – 300 new jobs were either created or committed in 2012 (200 online now, 100 more committed for 2013)
- **New Payroll** – Business expansions at Masaba, Builders Choice and the addition of a new back office company in 2012 resulted in \$8 Million in new payroll.
- **Industry Mix** – Continued to diversify the industry mix with the addition of Alleviant, a medical billing back-office operation to counter our recent growth in manufacturing. They expect to hire 125 employees as they ramp up.
- **Industrial Land** – Invested in bringing water and sewer to an 18 acre site along Highway 50 improving our available shovel ready land. We also designed the access road which will be constructed in 2013.
- **Other**
  - Façade Improvement Program was implemented to providing matching grants for businesses to improve their exteriors.

- The VCDC made a significant contribution to the public library expansion project and also helped facilitate an \$800,000 contribution from a private donor.
- Funded a study to determine the need for conference and banquet space in the community. It was determined that a need existed and we're working with a private party to address the needs.

## YANKTON

In 2012, Yankton continued to benefit from growth projects announced the previous year as new jobs and new payroll influenced local economic indicators. The City of Yankton realized state-leading increases in sales tax revenue growth as Menard's opened its new facility early in 2012. That project included more than 120 new FTE and part-time jobs and sales tax revenues showed consistent, double-digit increases (capturing leakage) as a result of the new retail operation.

The City of Yankton purchased more than 30 acres from the State of South Dakota for future retail and mixed-use development on US Highway 81. This site will complement the Menard's development (opposite side of US highway) and the well-established Fox Run development in Yankton. In 2012, the governor indicated he would propose a multi-million dollar capital improvement plan for the redevelopment of historic buildings on the HSC campus (from which the aforementioned real estate was disposed to the city for future development), and the city of Yankton announced it would invest several millions of dollars in infrastructure improvements for the city's water and wastewater treatment facilities. Included in this project is infrastructure serving Yankton's East Side Industrial Park where lift stations, sewer lines and street surfaces will be improved. In response, YAPG announced it will construct a new industrial spec building in the industrial park to be served by and to complement the city's infrastructure investment. YAPG began the site development process in 2012 and expects to erect the spec building in 2013.

The National Field Archery Association continued its growth in Yankton with the opening of its expanded facilities and training programs. Yankton has quickly earned an international reputation for archery training and the community even experienced the founding of another archery/bow hunting business with the establishment of Xpedition Archery, a bow manufacturer and is a subsidiary of Applied Engineering, a Yankton-based manufacturer of medical and aerospace components.

## CENTERVILLE

**Housing:** The Centerville Development Corporation was approved for funding under the Neighborhood Stabilization Program to rehab a vacant home located at 720 Florida Street in Centerville. The funding includes a \$40,000 loan and \$30,000 grant from HUD. Since approval was received late in the year, the rehab project will begin in 2013. The city participated in the Housing's Paint South Dakota Program, again.



**Safe Routes to School:** The infrastructure portion was completed of the first round of the of SRTS program, installing and replacing more than 4,000 feet of sidewalk in Centerville. Approval was received for another \$205,000, the largest award in South Dakota, to complete the next phase of this project. Construction will begin in 2013.

**Bike Path:** Easements were obtained from all property owners for Centerville's bike path. The trail will connect Berry Park with Pedar Larsen Park and will make a half loop around the north side of Centerville. Funding is from a \$50,000 donation by the Walt and Helene Weverstad family and a DOT Transportation Enhancement grant of \$332,000. Construction will also begin in 2013.

**Business Development:** Some new businesses were developed in Centerville in 2012. They include Centerville Farm and Auto (NAPA), Shear Attitude (Hair Salon), Revamped (Furniture Restoration) and The Centerville Dental Clinic. Some transitions and combinations also occurred, the Edberg's purchased the Centerville Steakhouse from the Swanson's and The Sewing Room moved in with Trinkets and Treasures on Broadway.

A workshop was hosted entitled Infusing the Entrepreneurial Spirit Into Your Work. It included a panel of successful entrepreneurs and economic development partners, facilitated by Mark Nelson of Maximum Promotions.

The greatest business challenge came in November of 2012 when the Good Samaritan Society announced the plan to discontinue operations of the Centerville nursing home. The Centerville Development Corporation is working with the City to do everything possible to keep it from closing.

## **ELK POINT**

Further improvements were made to the City's infrastructure system to improve service to existing residents and to provide necessary capacity for additional growth.

Three blocks of electrical transmission lines were converted to underground to provide more reliable service to residents. The City of Elk Point Public Works employees complete a conversion project each year.

Elk Point completed a two block water and sewer main replacement project on North Pearl Street. The two-inch service lines were replaced with an eight inch to provide improved water pressure and to allow for growth in the north part of town. The street resurfacing will take place in spring 2013.

In October 2012, the Elk Point Country Club was demolished to make way for the new Elk Point Civic and Community Center. This project is a partnership between the City of Elk Point and the Recreation Development Association (RDA), dba Elk Point Country Club, to build an 11,360 square foot Community Center on property owned by the RDA. The City will lease the facility from the RDA for twenty years and then take ownership of the facility. The facility will be available for rent in the summer of 2013.

## **DAKOTA DUNES**

(Major investment also served by MEC electric. Note taxable valuation on page 20.)

In Dakota Dunes, 24 new homes were built, and no new residential lots were developed

A total of 1,131 home sites have been sold since Dakota Dunes started.

No commercial property was sold during 2012. A total of 213.03 commercial acres have been sold since Dakota Dunes was started.

The total taxable property valuation at Dakota Dunes at the end of year 2012 was \$376.0m. This is a decrease from the prior year due to short term reductions to property values as a result of the 2011 flood.

## **NORTH SIOUX CITY**

(Major investment also served by MEC electric. Note: taxable valuation on page 20.)

**Nutraferma** completed work on a new 20,000 square foot, \$4.1 million expansion to their existing high-tech soy fermentation facility. To date, the company has invested approximately \$14 million in Flynn Business Park purchasing 3.5 additional acres in 2012. Nutraferma is a joint venture between Nutra-flo and Genebiotech of South Korea.

**Hepar BioScience** purchased approximately 50 acres in Flynn Business Park with initial plans to construct a 30,000 square foot advanced biosciences/pharmaceutical ingredient production facility. This addition may result in the creation of a campus of high-tech bioscience businesses.

**MARS/Royal Canin** began construction on a new 8,000 square foot, \$5 million wastewater pretreatment facility. Although company officials have not yet revealed any additional information about future expansions, continued growth at the North Sioux City plant looks promising.

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

**Midwest Landscaping** purchased approximately two acres in Flynn Business Park and plan to construct a 6,000 square foot building. They also have plans for future growth.

**Nutra Flo/Kay Flo** purchased the former Brown Construction building on South Derby Lane. The company will be consolidating several of their other locations into the site and relocating many of their corporate operations/personnel to North Sioux City.

**Expansions at other existing companies:** Alorica, RTI, Fimco, D2, Steck Wholesale Foods

**Other economic growth:** Advanced Services Staffing Company, Sewalson Contracting, Scrapbook It, Claussen Greenhouse

**What's on the horizon:** Continue ongoing efforts to diversify and strengthen North Sioux City economic base and continue to work with Dunham Company on recruiting new commercial tenants to the River Valley Addition.

SECTION IV  
Economic Indicators

**Building Permit Valuations in MidAmerican Energy Communities: 2009-2012**

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

Dakota Dunes	\$ 17,756,322	\$ 15,128,386	\$ 19,271,001	\$ 10,287,242	\$ 62,442,951
Elk Point	\$ 950,096	\$ 809,482	\$ 421,000	\$ 1,478,396	\$ 3,658,974
Jefferson	\$ 155,568	\$ 132,544	\$ 2,000	\$ 67,150	\$ 357,262
North Sioux City	\$ 3,371,447	\$ 2,872,473	\$ 3,350,049	\$ 13,018,595	\$ 22,612,564
<b>Other Communities</b>					
Sioux Falls*	\$ 295,929,196	\$ 252,131,675	\$ 291,163,392	\$ 382,587,307	\$ 1,221,811,570
Centerville	\$ 136,146	\$ 115,996	\$ 288,495	\$ 17,500	\$ 558,137
Flandreau	\$ 1,143,410	\$ 974,185	\$ 667,775	\$ 7,401,382	\$ 10,186,752
Gayville	\$ 163,400	\$ 139,217	\$ 69,030	\$ 763,000	\$ 1,134,647
Montrose	\$ 203,548	\$ 173,453	\$ 328,529	\$ 191,200	\$ 896,730
Ramona	\$ 65,744	\$ -	\$ -	\$ -	\$ 65,744
Salem	\$ 214,520	\$ -	\$ 715,122	\$ 790,000	\$ 1,719,642
Vermillion	\$ 15,808,460	\$ 13,468,807	\$ 5,648,857	\$ 3,718,997	\$ 38,645,121
Yankton	\$ 17,475,943	\$ 18,645,959	\$ 13,504,856	\$ 21,147,467	\$ 70,774,225
	<b>\$ 397,427,406</b>	<b>\$ 347,886,603</b>	<b>\$ 392,559,488</b>	<b>\$ 479,286,378</b>	<b>\$ 1,617,159,875</b>

\*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 2011-2012

*Returns Filed: Calendar Year 2011 and 2012 Municipal tax due.*

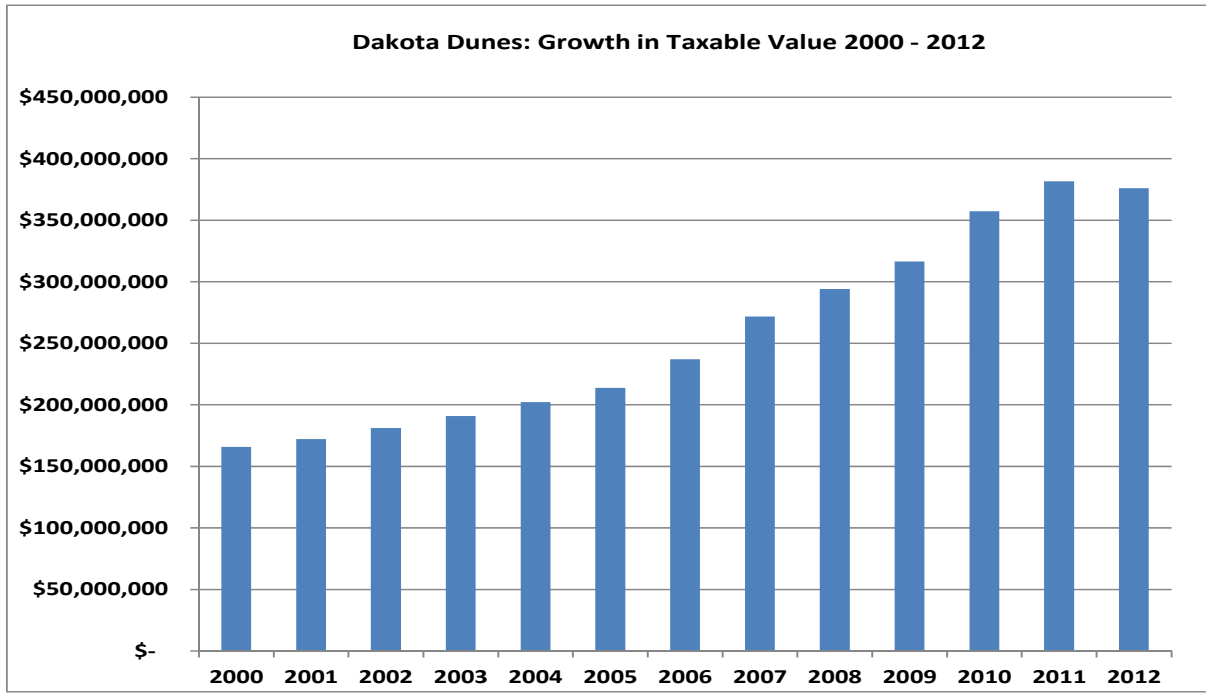
	2011	2012	% Change
<b>Lincoln County</b>			
Beresford	762,959.79	857,267.47	12.36%
Canton	853,764.42	940,917.56	10.21%
Harrisburg	668,747.14	621,263.97	-7.10%
Lennox	610,567.34	438,503.59	-28.18%
Tea	856,664.37	886,434.69	3.48%
Worthing	109,919.78	120,326.03	9.47%
<b>Minnehaha County</b>			
Baltic	121,340.10	129,241.58	6.51%
Brandon	2,092,506.32	2,432,494.62	16.25%
Colton	111,038.44	123,280.33	11.02%
Dell Rapids	821,395.90	853,386.17	3.89%
Hartford	633,754.49	612,180.21	-3.40%
<b>Union County</b>			
Alcester	147,668.84	147,079.95	-0.40%
Dakota Dunes	-	-	-
Elk Point	202,847.44	190,960.87	-5.86%
Jefferson	126,772.01	120,863.67	-4.66%
North Sioux City	1,877,965.59	1,802,350.22	-4.03%
<b>Other Communities</b>			
Sioux Falls	94,256,261.62	100,069,234.00	6.17%
Centerville	145,247.46	158,374.60	9.04%
Flandreau	633,769.82	577,405.63	-8.89%
Gayville	29,697.30	46,902.08	57.93%
Montrose	70,143.81	79,454.27	13.27%
Ramona	19,045.13	20,077.00	5.42%
Salem	437,623.13	498,441.28	13.90%
Vermillion	3,035,558.10	3,296,420.24	8.59%
Yankton	7,547,447.07	8,358,566.10	10.75%

This report is a comparison between city tax due for fiscal year 2011 and 2012

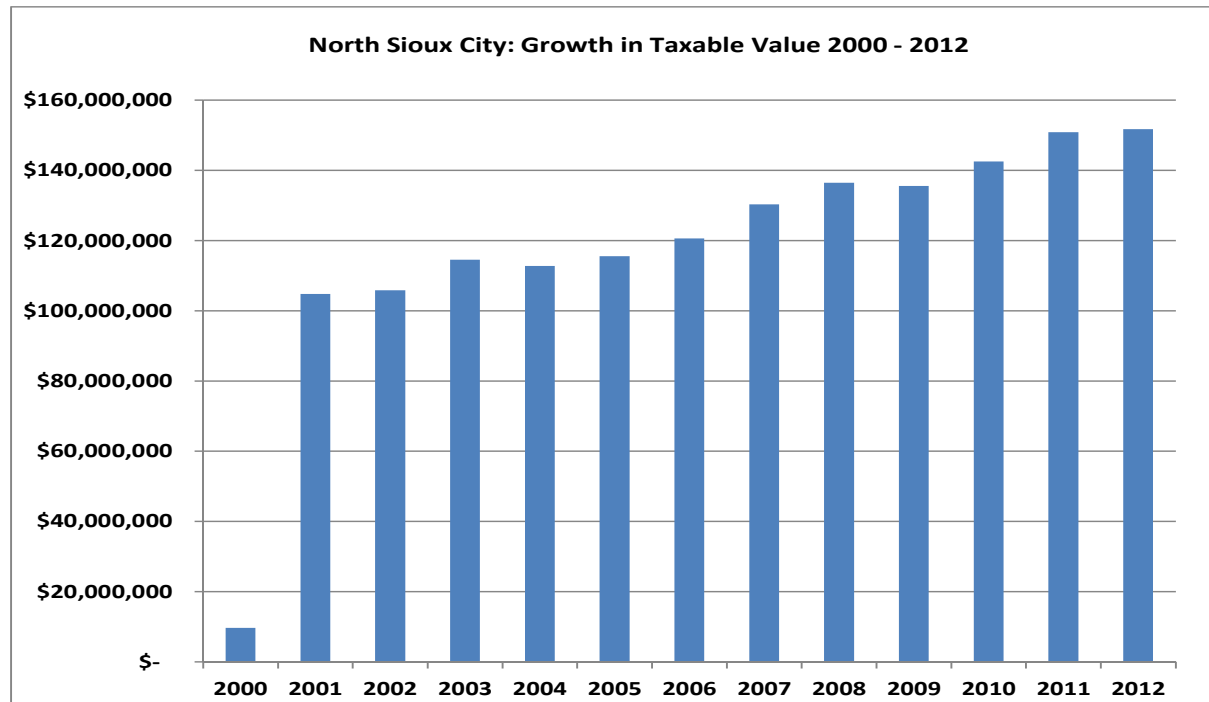
The dollar amounts in this report are a result of municipal tax due reported on the SD tax returns until January 2013 (amounts paid through audits will not be included).

*Source: The South Dakota Department of Revenue and Regulation*

Taxable Valuation -- Dakota Dunes



Taxable Valuation -- North Sioux City



Source: Union County Assessor's Office

**POPULATION ESTIMATES FOR MEC-SERVED COUNTIES IN SOUTH DAKOTA**

South Dakota Counties w/ MidAmerican Energy	2000	2011	Total Change	Percent Change
Clay	13,587	14,051	464	3.3
Lake	11,276	11,567	291	2.5
Lincoln	24,131	46,793	22,662	48.4
McCook	5,832	5,556	-276	-5.0
Minnehaha	148,281	171,752	23,471	13.7
Moody	6,595	6,475	-120	-1.9
Turner	8,849	8,332	-517	-6.2
Union	12,584	14,651	2,067	14.1
Yankton	21,652	22,612	786	4.2
TOTAL-MEC COUNTIES	252,787	301,789	49,002	16.2
OTHER SD	502,107	522,293	20,186	3.9
SD TOTAL	754,894	824,082	69,188	8.4
MEC COUNTIES %/SD	33.5	36.4	36.6	

Source: US Census Bureau, Est. 2011