

# 2019 ECONOMIC DEVELOPMENT ACTIVITIES AND PROPOSED 2020 BUDGET

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Presented to the South Dakota  
Public Utilities Commission

MidAmerican Energy Company  
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## Table of Contents

SECTION 1 - REVIEW OF 2019 ACTIVITIES .....	3
Introduction .....	3
Economic Development Support.....	4
Local Partner Program Investments.....	6
SECTION II - 2019 ECONOMIC DEVELOPMENT HIGHLIGHTS .....	7
Sioux Falls Metro .....	7
Southeast South Dakota .....	8
2018 Property Tax Payments.....	9
SECTION III - EXPENDITURES & BUDGET .....	10
2019 Approved Budget .....	10
2019 Actual Expenditures .....	11
2020 Proposed Budget .....	12

# SECTION 1 – REVIEW OF 2019 ACTIVITIES

## Introduction

MidAmerican Energy Company (“MidAmerican”) submits this report in accordance with the Decision and Order approving Settlement Stipulation issued in South Dakota Public Utilities Commission (“Commission”) Docket No. NG01-010 and addresses MidAmerican’s economic development expenditures.

This report presents MidAmerican’s expenditures against its 2019 approved budget and provides its proposed 2020 spending plan. Also presented is an overview of economic activity in MidAmerican’s service area in the South Dakota communities we serve.

MidAmerican is aggressive in supporting economic development activities throughout our service territory through financial contributions to local and regional economic development organizations, sponsorships of events and conferences, and deployment of the Local Partners program grant funding. MidAmerican’s continued commitment to proactive local, regional, and state economic development activity includes lending technical expertise and support for several industrial recruitment projects that will expand the industrial base and employment opportunities for communities throughout our service area.

## Economic Development Support

In 2019, MidAmerican spent \$96,076 to support economic development activities in South Dakota, which was below the Commission-approved budget of \$112,145.

MidAmerican continued its strong support of business and economic development events with the State of South Dakota, as well as local and regional economic development organizations. Highlights include:

- \$5,000 sponsorship of the WIN for Workforce Conference produced by the Sioux Falls Development Foundation
- \$5,000 sponsorship of the Giant Vision Business Plan Competition organized by the South Dakota Chamber of Commerce and Industry
- \$5,000 sponsorship of the Enterprise Institute's Innovation Expo business plan competition in Sioux Falls
- \$5,000 sponsorship of the South Dakota Chamber of Commerce and Industry's Economic Outlook event featuring executive leadership from Smithfield Foods
- \$1,500 sponsorship of the K-12 STEM Design Challenge at the Washington Pavilion in Sioux Falls
- \$1,500 sponsorship of the 2019 Governor's Office of Economic Development conference

MidAmerican invests in programs to support South Dakota's communities through direct sponsorships of programs and events, and we are proud to report that staff time accounted for 25.7 percent of expenditures in 2019. MidAmerican works with local economic development partners to identify new opportunities for direct support, including first-time and increased sponsorships. During 2019, there were limited investment opportunities available that would have achieved the needed measurable impact, which resulted in an overall shortfall in the 2019 actual budget.

In 2020, MidAmerican will begin support of local economic development organizations in Brandon and Salem. MidAmerican will also sponsor the 2020 Governor's Sportsmen's Showcase to market South Dakota to a wide audience of national business leaders, as well as the Girl Scouts Believe in Girls STEM event in Sioux Falls.

For 2020, MidAmerican will carry over \$16,068 in unspent funds, per the terms of MidAmerican's Settlement Stipulation. We are pleased to report that MidAmerican has already

identified support for programs and events that will utilize the carryover amount and bring the 2020 balance in line with expectations. The submitted plan calls for spending \$116,069 in 2020.

## Local Partner Program Investments

In 2019, MidAmerican continued its commitment to economic assistance programs, and provided Local Partner investments to communities and development partners for business retention and special projects. MidAmerican staff visited communities regularly to encourage the use of MidAmerican's Local Partner Program, which can be used to support local economic development projects and initiatives. MidAmerican generated considerable interest in the program and are highlighted below:

- The North Sioux City Economic Development Corporation was awarded \$1,775 for a staff member to attend the University of Oklahoma Economic Development Institute.
- The North Sioux City Economic Development Corporation used \$1,000 in Local Partner funding for digital marketing, utilizing drone footage to showcase the Flynn Business Park.
- The North Sioux City Economic Development Corporation was awarded \$385 to support the North Sioux City Business of the Month program.
- The North Sioux City Economic Development Corporation was awarded \$200 to support the creation of digital marketing materials for the Flynn Business Park.
- The North Sioux City Economic Development Corporation used \$750 to create conceptual drawings for future developments within the Flynn Business Park.
- The Hartford Chamber of Commerce used \$2,000 in Local Partner funding for a summer intern from the University of South Dakota.
- The Yankton Chamber of Commerce was awarded \$950 for a high school intern that produced social media content and marketing copy.

## Sioux Falls Service Center Renovation

To enhance service to our customers and employees in South Dakota, MidAmerican recently completed a comprehensive renovation of the Sioux Falls Service Center. MidAmerican invested approximately \$3 million in the renovation, which includes a new truck storage facility and a remodel of office space and employee welfare areas. The renovated and reconfigured facility was completed in March 2020 and will support customer service, field operations, and engineering services for customers throughout MidAmerican's South Dakota service area.



## SECTION II – 2019 ECONOMIC DEVELOPMENT HIGHLIGHTS

MidAmerican provided direct support to major development projects in South Dakota. As businesses expand or consider South Dakota for new locations, MidAmerican provides project support and guidance to local economic development partners to ensure that the energy needs of prospects and customers are met. The following description is a partial list of economic development projects in which MidAmerican participated:

### Sioux Falls Metro

*Source: The Sioux Falls Development Foundation; Lincoln and Minnehaha County Economic Development Association*

- An \$8 million, 200,000 square foot dry goods (no hyphen needed warehouse facility is under construction in Foundation Park. **Nordica Warehouses Inc.'s** warehouse will be located on a 16-acre campus that will allow for additional future developments. MidAmerican extended new gas service to the facility.
- **Gage Brothers'** new \$40 million state-of-the-art concrete plant on 45 acres near Interstate 229 and Benson Road. The highly automated, 220,000 square-foot plant came online earlier this year allowing 95 percent of the production process to be moved indoors. New facilities include a two-story, \$2.7 million, 14,000 square-foot office. MidAmerican extended gas service to the new facility, including a major service line extension under the Big Sioux River.
- **MidAmerican Energy Company** has completed \$3 million in updates to its service center located at 1200 South Blauvelt Avenue. Upgrades include a new truck storage facility, and an office renovation.
- Construction is wrapping up on \$45 million in renovations to **Smithfield Foods** plant at 1425 North Weber. Upgrades include a renovated distribution center and hog barn, and production line upgrades for bacon and ground pork. The projects will culminate in 70 new jobs. MidAmerican extended a new gas service line to the facility.
- **Sioux Falls School District's** new \$84 million, 326,000 square-foot Thomas Jefferson & New Tech High School. MidAmerican extended gas service to the new facility.

# Southeast South Dakota

*Source: Local Economic Development Partners*

## Beresford

- **K&M Tire** constructed a new 157,000 square-foot climate-controlled tire distribution warehouse. MidAmerican extended new gas main and service lines to the facility.

## Hudson

- **POET Biorefining** expanded its facility with new equipment to convert carbon dioxide from gas to liquid. MidAmerican installed a new transformer to accommodate the increased electric load.

## North Sioux City

- **Compute North** completed installation of a new co-location data center servicing the crypto-currency market. MidAmerican extended new electric service to the facility.
- **Royal Canin** officially opened its new state-of-the-art specialty pet food manufacturing facility where MidAmerican extended new electric and gas service.
- **Sterling Computers** completed renovations of its new corporate headquarters, located in the former Gateway campus. MidAmerican extended electric and gas service to the facility.

## Vermillion

- The **University of South Dakota** converted the heating system in the Dakota Dome from electric to natural gas. MidAmerican extended new gas service the facility.

## Yankton

- **UPS** constructed a new warehouse to serve customers in southeast South Dakota. MidAmerican extended new gas service to the climate-controlled facility.
- **Mount Marty College** constructed a new athletic fieldhouse and student residence hall. MidAmerican extended new gas service to the facility.



## 2018 Property Tax Payments

In 2019, MidAmerican Energy paid \$1,170,010.76 in property taxes associated with its South Dakota facilities assessed in 2018. Property taxes support county and city government, area schools, libraries, park districts and other taxing bodies.

Following is the county breakdown of property taxes paid in South Dakota:

<b>County</b>	<b>2018 Property Taxes Paid</b>
Clay	\$ 27,485
Lake	\$ 950
Lincoln	\$ 60,269
McCook	\$ 6,095
Minnehaha	\$ 821,266
Moody	\$ 7,520
Turner	\$ 4,270
Union	\$ 175,482
Yankton	\$ 66,669

# SECTION III – EXPENDITURES & BUDGET

## 2019 Approved Budget

### Large Development Group Support:

Forward Sioux Falls .....	\$	22,500
Yankton Area Progressive Growth .....		5,000
Vermillion Development Company .....		3,000
Sioux Falls Development Foundation .....		850
Siouxland Initiative (South Dakota allocation) .....		1,125
MCEDA .....	\$	4,000
(includes community development support for: Baltic, Brandon, Colton, Del Rapids and Hartford)		
LCEDA .....	\$	5,100
(includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)		
<b>Total Large Development Group Support .....</b>	<b>\$</b>	<b>41,575</b>

### Individual Community Development Support

Alcester Development Corporation .....	\$	250
Centerville Development Corporation .....		250
Elk Point Development Corporation .....		250
Flandreau Improvement Corporation .....		100
North Sioux City Development Corporation .....		200

**Total Individual Community Support .....** \$ **1,050**

### 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 (e.g., GOED programs, industrial site analysis, LOIS, etc.) .....

\$ 17,000

### Business Attraction Incentives

Allocation of costs for business attractions on behalf of South Dakota communities within our service territory (e.g., trade shows/marketing assistance, etc.) .....

\$ 15,500

### Staffing

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

\$ 24,875

### Carryover

Unspent dollars carried over into the next budget year, per the Settlement Stipulation .....

\$ 12,145

**Total 2019 SDPUC Approved Budget** \$ **112,145**

## 2019 Actual Expenditures

### Large Development Group Support:

Forward Sioux Falls .....	\$	22,500
Yankton Area Progressive Growth .....		5,000
Vermillion Development Company .....		1,500
Sioux Falls Development Foundation .....		850
Siouxland Initiative (South Dakota allocation) .....		1,125
MCEDA .....	\$	4,000
(includes community development support for: Baltic, Brandon, Colton, Del Rapids and Hartford)		
LCEDA .....	\$	5,100
(includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)		
<b>Total Large Development Group Support .....</b>	<b>\$</b>	<b>40,075</b>

### Individual Community Development Support

Alcester Development Corporation .....	\$	250
Centerville Development Corporation .....		250
Elk Point Development Corporation .....		250
Flandreau Improvement Corporation* .....		0
North Sioux City Development Corporation .....		200

\*Did not collect dues in 2019

<b>Total Individual Community Support .....</b>	<b>\$</b>	<b>950</b>
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### 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 (e.g., GOED programs, industrial site analysis, LOIS, etc.) .....	\$	13,792
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### Business Attraction Incentives

Allocation of costs for business attractions on behalf of South Dakota communities within our service territory (e.g., trade shows/marketing assistance, etc.) .....	\$	16,500
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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 .....	\$	24,759
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### Carryover

Unspent dollars carried over into the next budget year, per the Settlement Stipulation .....	\$	0
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<b>Total 2019 SDPUC Actual Budget .....</b>	<b>\$</b>	<b>96,076</b>
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## 2020 Proposed Budget

### Large Development Group Support:

Forward Sioux Falls .....	\$	22,500
Yankton Area Progressive Growth .....		5,000
Vermillion Development Company .....		1,500
Sioux Falls Development Foundation .....		850
Siouxland Initiative (South Dakota allocation) .....		1,125
MCEDA .....	\$	4,100
(includes community development support for: Baltic, Brandon, Colton, Del Rapids and Hartford)		
LCEDA .....	\$	5,200
(includes community development support for: Beresford, Canton, Harrisburg, Lennox, Tea and Worthing)		
<b>Total Large Development Group Support .....</b>	<b>\$</b>	<b>40,275</b>

### Individual Community Development Support

Alcester Development Corporation .....	\$	250
Centerville Development Corporation .....		250
Elk Point Development Corporation .....		250
Flandreau Improvement Corporation .....		100
North Sioux City Development Corporation .....		200
Progressive Salem Association .....		250
Brandon Development Foundation .....		200
<b>Total Individual Community Support .....</b>	<b>\$</b>	<b>1,500</b>

### Business Retention and Expansion Activities

Intended for economic development enhancements that help to create new jobs, capital investment and economic benefit to communities within our service territory (e.g., GOED programs, industrial site analysis, trade shows/marketing, etc.) .....	\$	33,294
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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 .....	\$	25,000
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### Carryover

Unspent dollars carried over into the next budget year, per the Settlement Stipulation .....	\$	16,000
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<b>Total 2020 SDPUC Proposed Budget</b>	<b>\$</b>	<b>116,069</b>
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