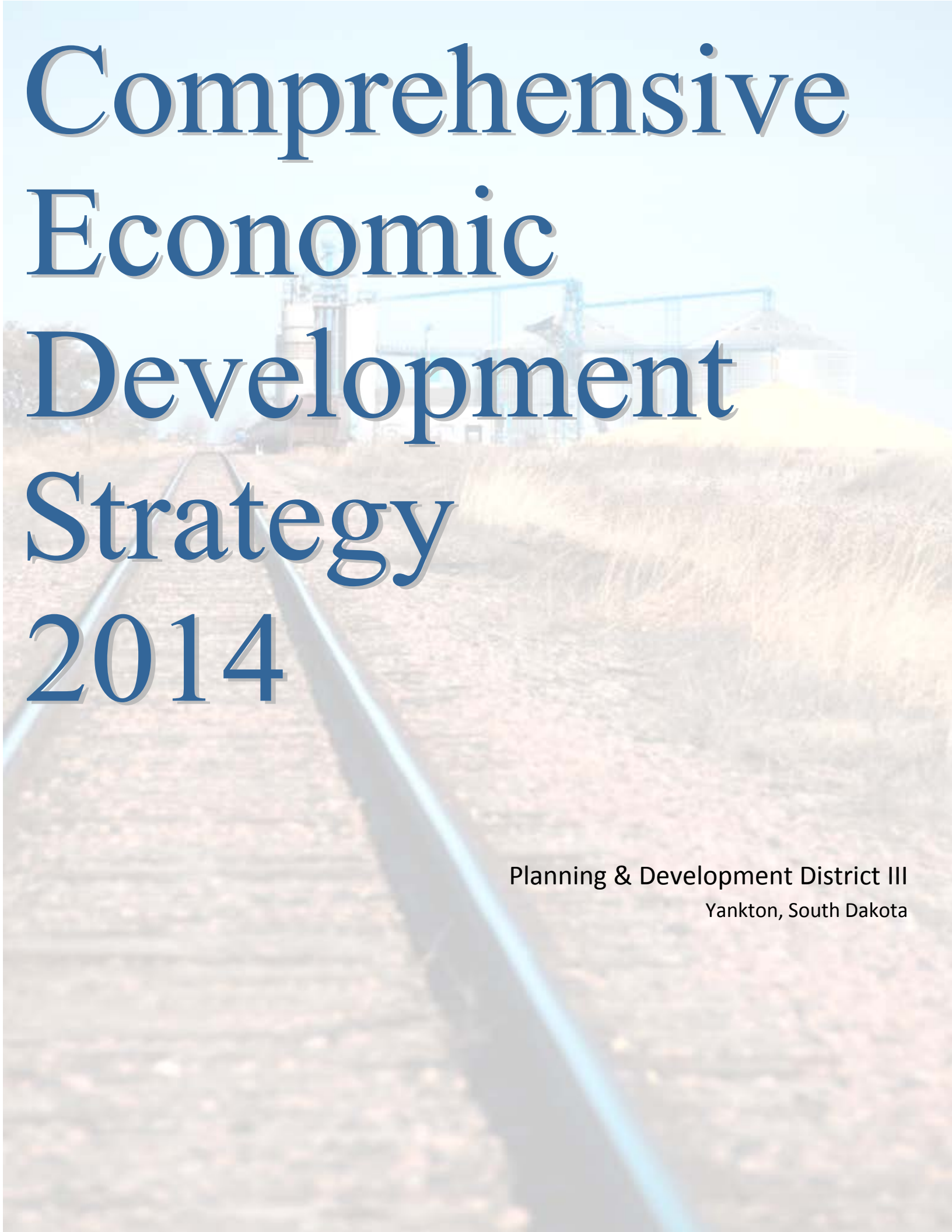
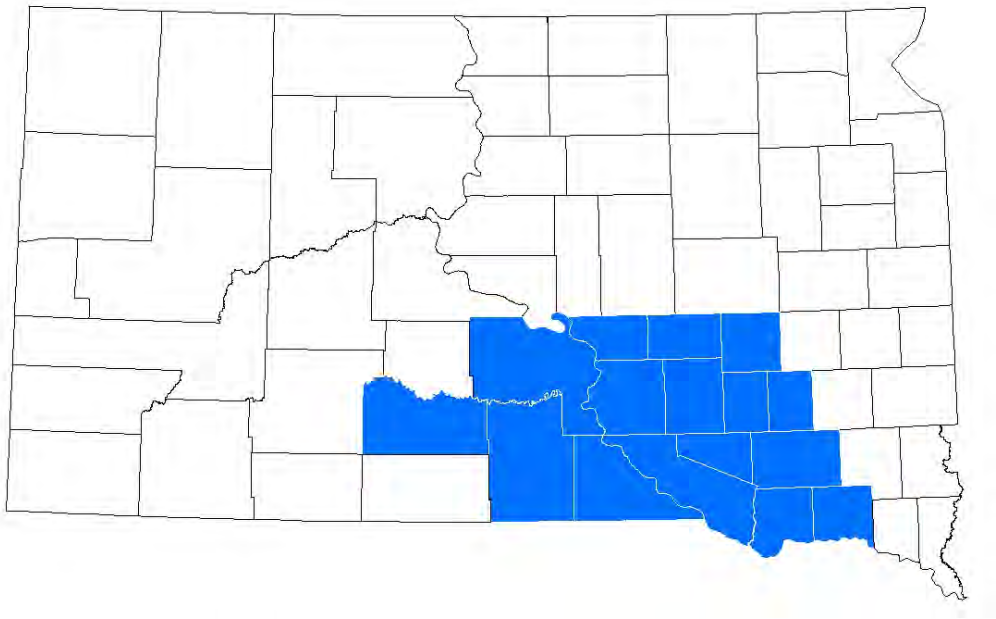
Comprehensive Economic Development Strategy 2014



Planning & Development District III

Yankton, South Dakota

District III Contact Information



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Introduction

Purpose

Planning and Development District III, "District III" is engaged in a Comprehensive Economic Development Strategy (CEDS) process as one means of strengthening regional economic development conditions. The CEDS will address the needs of District III's membership, while meeting the standards established by the Economic Development Administration (EDA). Per EDA requirements, a CEDS should have several attributes, such as:

- Inclusion;
- Flexibility;
- Intentionality; and
- Definable outcomes.

These qualities will be emphasized throughout District III's strategy formation activities.

Although EDA's directions will help guide the CEDS process, it is the region's expectations that will drive its design and implementation. The area's local governments, development interests, and economic sectors will benefit from the CEDS if it:

- Accurately describes the region;
- Thoroughly analyzes development issues;
- Precisely represents regional priorities; and
- Clearly outlines action plans and performance measures.

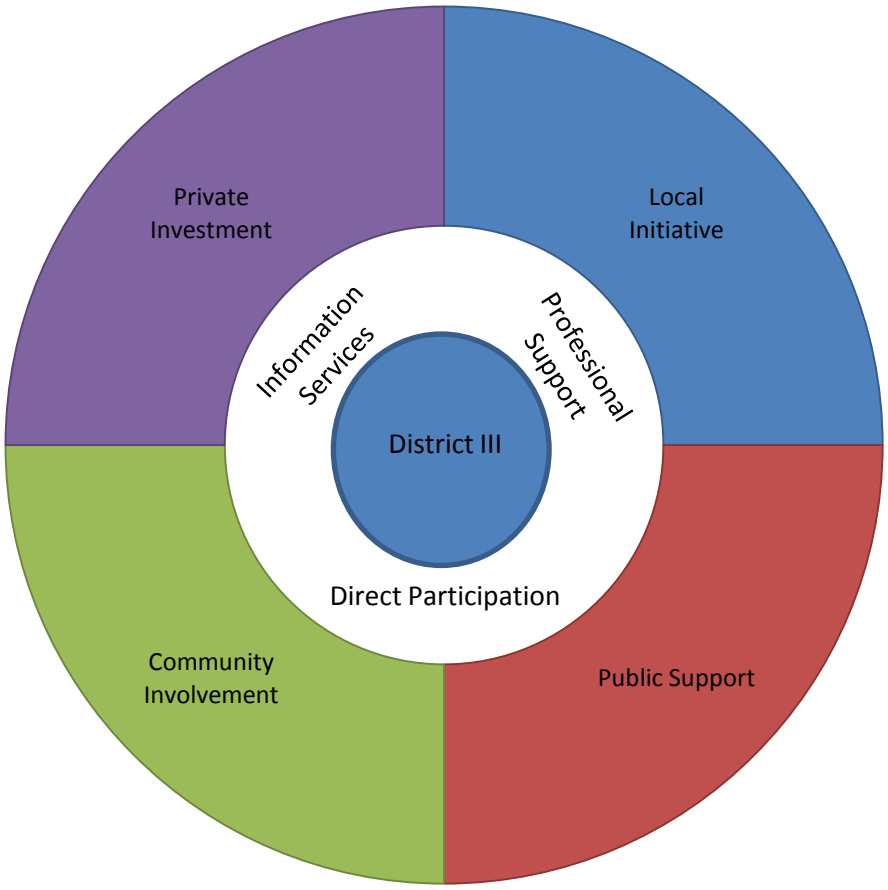
District III's ability to influence the economic future of its 16 county region varies by activity. Its organizational structure and capabilities allow for three types of development strategy engagement activities:

1) Information resources;
2) Professional support; and
3) Direct participation.

The three activities will be further explained in Section VIII (Performance Measures). Regardless of District III's intentions, the association is most effective when cooperating with other public or private entities. Figure 1 illustrates this relationship. The diagram shows that District III encounters and responds to public and private sector actions. It acts as a facilitator for obtaining development information and resources. It can also function as a funding partner in certain situations. It is this ability to pivot and respond to opportunities and threats that make the association effective.

Figure 1

District III Strategy Engagement



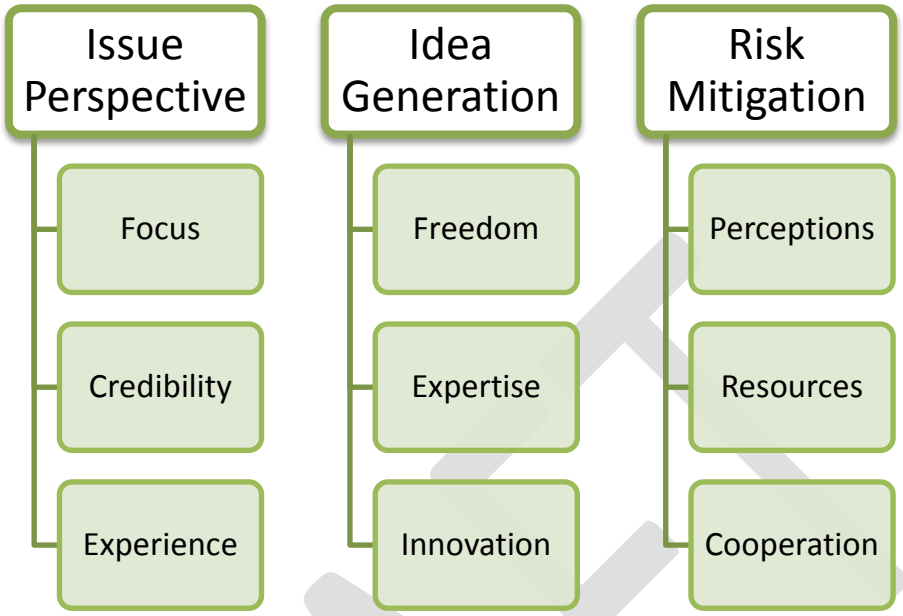
The region's CEDS can be a catalyst for positive change if the process and associated work products are relevant. A 2011 forum hosted by the National Association of Development Organizations (NADO) developed national standards for CEDS preparation. Both EDA representatives and planning district participants wanted to move the CEDS away from being a "broad based encyclopedia or narrative of the region, with a list of random projects and programs," to a more asset based planning process. District III will strive to meet the seven NADO standards.

1) Targeting competitive advantages;
2) Fostering a collaborative framework;
3) Using modern analysis and planning tools;
4) Focusing on strategies rather than projects;
5) Promoting collaboration;
6) Communicating effectively; and
7) Engaging all sectors.

The value of the CEDS to the region is illustrated in Figure 2. The CEDS provides a platform for diverse interests to encounter planning at a regional level.

Figure 2

CEDS Value to the Region



Achieving a higher level of planning performance will enable District III to take full advantage of its organizational potential. Although planning has been part of the regional service "menu", a primary feature of District III has been its ability to put together project funding packages. Since 1973, District III has helped its membership obtain over $250 million in outside financial assistance. Infrastructure was the universal topical "glue" that held the organization together for 40 years. While there will always be a funding component to the region's development, the value of information, analysis and community engagement should become more apparent to all economic development interests.

The District's organizational potential has been enhanced by the development capacity of its membership. Local and regional initiatives have "raised the bar" in terms of human and institutional capital. Examples include:

- Expansion of technical education and workforce training initiatives through the regions' technical institutes;
- Investment by local governments in Geographic Information System (GIS) technology and training;
- Local fundraising campaigns for economic development initiatives and the formation of community foundations;
- Major public and private investments in railroad line rehabilitation and associated agricultural service facilities; and
- A renewed interest in planning and research activities, ranging from housing needs analysis to comprehensive development strategies.

District III's work priorities reflect both its membership's immediate needs and long standing regional challenges. The CEDS likewise will contain a mix of specific, time sensitive objectives and broad, multi-year goals that may extend beyond the initial five year CEDS planning horizon.

Strategy Committee

The CEDS committee is technically a separate entity from the District III governing body. In reality, the CEDS committee is an extension of the District's relationships with all significant development interests within the region. In conformance with EDA guidance, the CEDS committee includes representatives from:

- ✓ Local governments;
- ✓ Economic and development organizations;
- ✓ Employment and training sectors;
- ✓ Community organizations;
- ✓ Women, minorities aged and disabled; and
- ✓ Other special interest groups that have an impact on the region's development.

The current CEDS committee roster is provided in the appendices. The make-up of the committee is revised periodically as individual participants change or development circumstances dictate. District III will strive to maintain "regional issue integrity" in its CEDS committee. The term means that the District will identify regional priorities and seek to include people with corresponding backgrounds and/or expertise on the CEDS committee. The region's situation may be similar or significantly different from national trends or other rural areas.

The relationship of the CEDS committee to the District III committee is solely advisory. The CEDS committee is supported and staffed by District III personnel. The CEDS committee functions through the following annual work program.

- ❖ Review the annual District III CEDS Report and/or update documents
- ❖ Provide a specialized perspective input to District III on regional issues and projects;
- ❖ Maintain regular contact with District III on subjects of mutual interest; and
- ❖ Participate in regional or local planning processes that contribute to a better understanding of development issues cooperative opportunities.

The CEDS committee is intended to complement the services offered to the region by District III. The committee has no budget or resources to develop or implement a traditional scope of work. Rather, it is part of District III's annual process of discerning needs and establishing assistance priorities. The committee's orientation toward the private sector provides a balance to the public and non-profit participation in District III.

Key regional sectors that are priorities for CEDS committee participation include:

- ❖ Agriculture;
- ❖ Manufacturing;
- ❖ Government;
- ❖ Education;

- Communications technology;
- Healthcare;
- Utilities; and
- Construction trades.

There is often a challenge in soliciting CEDS committee membership from owners or chief executive officers. Successful people are busy people. Their experience and knowledge are in demand, so District III respects the time limitations of its CEDS participants by keeping meeting commitments to a minimum.

As noted previously, the CEDS committee provides input to District III, which in turn responds with its staff resources and development relationships. Figure 3 illustrates how the CEDS process is implemented. Figure 4 provides recent examples of how the process led to specific, tangible outcomes. The diagram highlights the fact that District III functions best in partnership with other entities.

Figure 3

CEDS Implementation

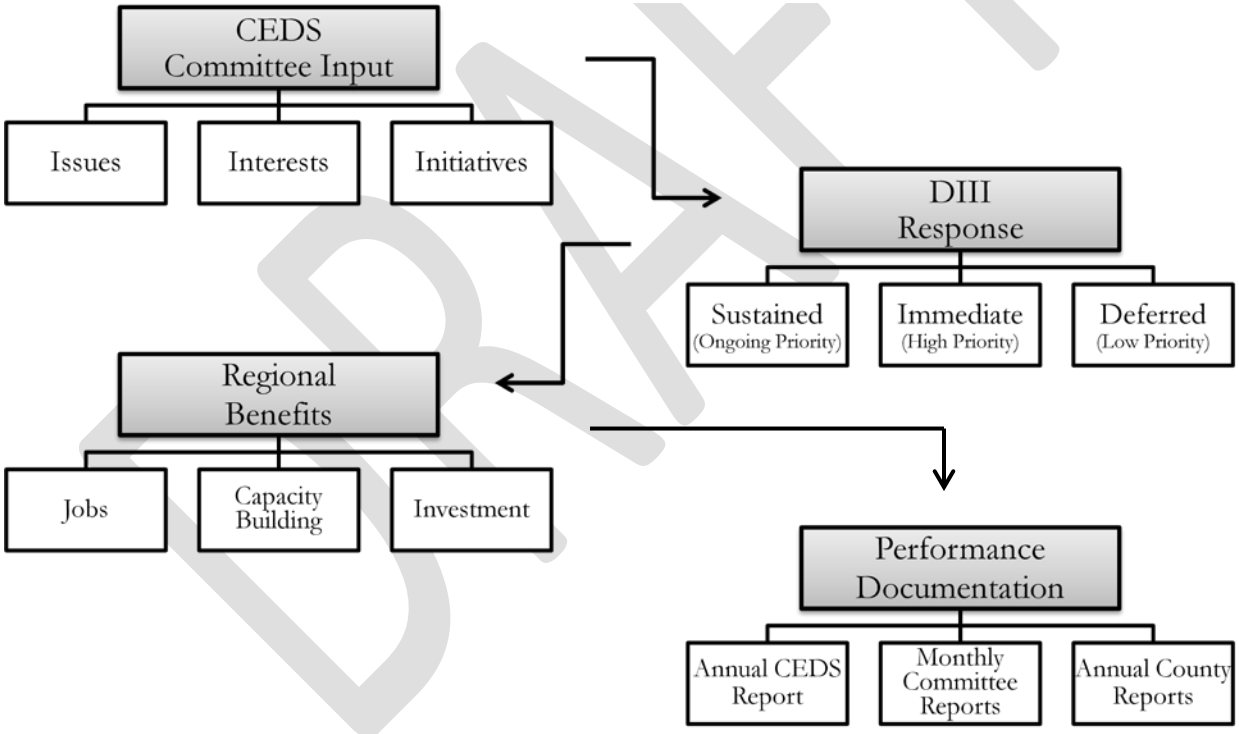
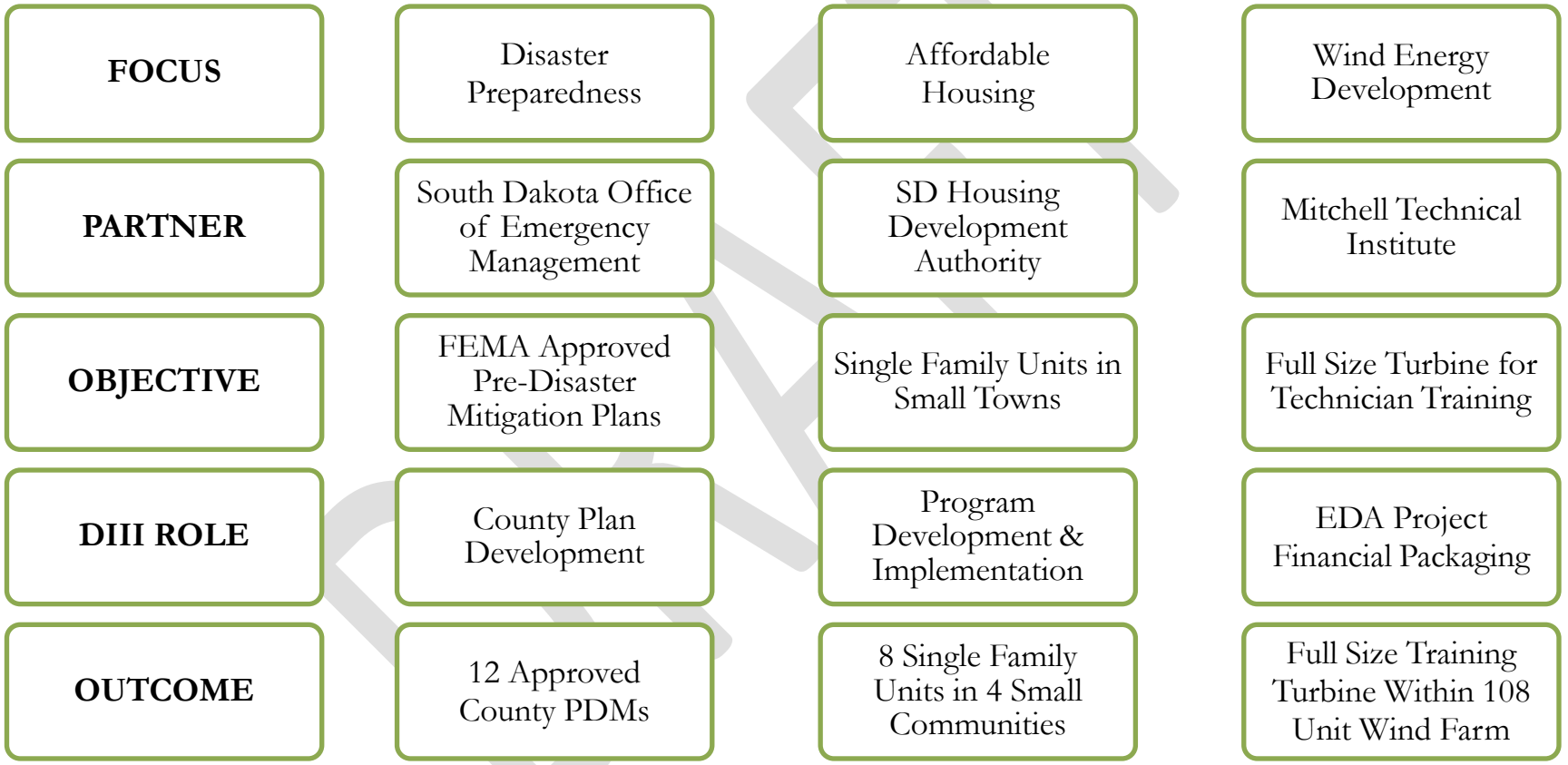


Figure 4

CEDS Implementation Examples



District III works within a continually changing set of issues, interests, and initiatives. These terms are defined below:

- ✓ Issues: a general matter that is readily apparent
- ✓ Interest: a specific concern that has defined participants and benefits
- ✓ Initiative: a response or action that results in measurable outcomes

Implementing the CEDS is partially dependent upon time sensitive priorities, reactions to unanticipated situations and the cooperation of partners. District III cannot reasonably predict future development events when forces ranging from extreme weather to federal program policies, can and do, impact the region on a regular basis. This document will include longer range (5 year) priority projections, but experience has shown District III that any speculation beyond six months is pure guesswork.

Public Review and Comment

District III routinely provides opportunities for its membership and the public to view and comment on the CEDS and associated annual work activities. The process includes:

- ✓ Posting the CEDS document and annual reports on the District web site;
- ✓ Distributing copies of the documents to governing board and CEDS committee members;
- ✓ Notifying media outlets of District meetings in which the CEDS will be discussed;
- ✓ Submitting copies of the CEDS to state agency partners; and
- ✓ Making the CEDS and associated documents available at the District III office.

The District solicits and compiles input from its members and region in several ways. This feedback is part of issue identification and work priority setting.

- ❖ Regular in-depth survey instruments;
- ❖ Over 250 face to face, out of office meetings;
- ❖ Weekly review of local newspaper stories and editorials;
- ❖ Monitoring statewide and local planning processes; and
- ❖ Participation in statewide development initiatives and conferences.

The aforementioned interactions and collaboration take place on an ongoing basis. The District's response will depend upon the situation. The options will range from "no action" to project development. Again, District III cannot force or influence any public or private sector efforts beyond the commitment of its staff and support services. The commitment may be part of District III's annual work plan or a short term staff assignment. It is an established practice that the District will seek partners whenever possible to achieve its development and organizational goals.

Process

This CEDS document will follow EDA's requirements. Section headings include:

- Background;
- Analysis of Economic Development Problems and Opportunities;
- Goals and objectives;
- Community and Private Sector Participation;
- Strategic Projects, Programs, and Activities;
- Action Plan;
- Performance Measures; and
- Disaster and Economic Recover and Resiliency.

The District will strive to make each section as informative and concise as possible.

The CEDS will be updated through annual scope of work changes and report outcomes. The format will again be based upon EDA's guidelines. Digital media will be employed to make the CEDS and its updates more accessible.

District III will make regional data revisions as statistics and sources change over time. Regardless of the topic, most statistics will be out of date in a relatively short timeframe. This document will include the web addresses or reference sites for community and economic development information. The internet makes data mining much more convenient and effective. It would be a waste of paper to replicate all of the digital information available on the region in the CEDS. Rather, District III will illustrate regional conditions and support development related assumptions with "representative" facts.

Performance

The CEDS process will eventually result in measurable outcomes, over the five year planning period. District III will monitor its CEDS related activities to document:

- Job creation and retention;
- Private and public sector investment; and
- Changes in development conditions.

It is understood that job related outcomes are dependent upon the initiative and decisions of individuals and businesses. The CEDS and District III can only play a supportive or facilitative role. It is also understood that the type of job related support provided by District III will be indirect, with the exception of its revolving loan fund's participation in business lending packages. Indirect support is often associated with infrastructure or public programs that benefit an employer or entrepreneur. Infrastructure investments are typically not owned or managed by the business.

The District's performance in implementing the CEDS will also involve capacity building enhancements. The District has always tried to improve the capacity of its region to plan, finance, and manage diverse development approaches. Capacity building includes:

- Staff and board training;
- Process modification and public education;
- Issue awareness and clarification; and

- ❖ Resource identification.

Its regional "institutional memory" will help District III with capacity building. Knowing what approaches have or have not been tried previously may save both time and money. Likewise, knowing who has experience with a particular issue may help establish a mentoring relationship between communities or organizations.

Capacity building takes time and a five year CEDS period is probably a minimal timeframe to realize meaningful improvements. However, even though capacity building is time consuming, positive results may be long lasting. For example, the District has been actively engaged in elevating the GIS capabilities of county offices. Regular training, periodic software upgrades, and daily troubleshooting support have made county personnel more comfortable with GIS. It will take additional time and effort to establish a self-sustaining core of local GIS technicians.

Another longer term performance measurement will be organizational restructuring. District III has a great deal of organizational flexibility. Many of its development partners are not as nimble in terms of their scopes of work or service offerings. It would be surprising if District III did not experience some form of restructuring over the CEDS planning period. Previous examples of organizational changes include the establishment of Prairieland Housing Inc. and becoming the regional host for the Small Business Development Center (SBDC).

Restructuring usually involves new organizational relationships and/or service capabilities. District III is not in a position to instigate changes in other organizations. It regularly provides input and assistance to entities that are considering alternatives to their present development approach (examples: revising staff job descriptions and program budgets).

If the CEDS process leads to opportunities for better or more efficient service delivery, District III will consider adjustments in its organizational structure. Changes will happen if they make sense from three perspectives:

- ➢ Financial;
- ➢ Managerial; and
- ➢ Tactical.

In other words, the District must be able to afford the adjustment. It must also be able to handle the adjustment within its administrative structure. Finally, the adjustment must further the goals of the organization.

All of the aforementioned performance elements include perceptional factors. Acceptance and implementation of the CEDS process will be dependent upon how it is perceived by area leaders and partner organizations. Perceptions help form attitudes. Attitudes are a key to development progress. The CEDS will have an impact on local and regional attitudes if it:

- ❖ Contains accurate facts;
- ❖ Communicates effectively;
- ❖ Reaches a variety of audiences;
- ❖ Remains current; and

- ❖ Expresses a clear development vision.

In addition, changing attitudes will affect personal and institutional roles. Individual values will determine whether or not regional cooperation and collaboration are pursued. Not every issue will have the same worth or significance. It is the willingness to participate in a constructive dialogue that offers unlimited potential for regional success.

Section I
Background Information

Economy

As an "Economic Development District", District III is focused upon the factors that influence and support the region's economy. This chapter contains relevant information that will provide a basic description of the 16 county area that is served by District III. Representative data will be illustrated and sources documented. The CEDS may serve as a reference "portal", but it should not be viewed as an encyclopedia of all relevant development facts.

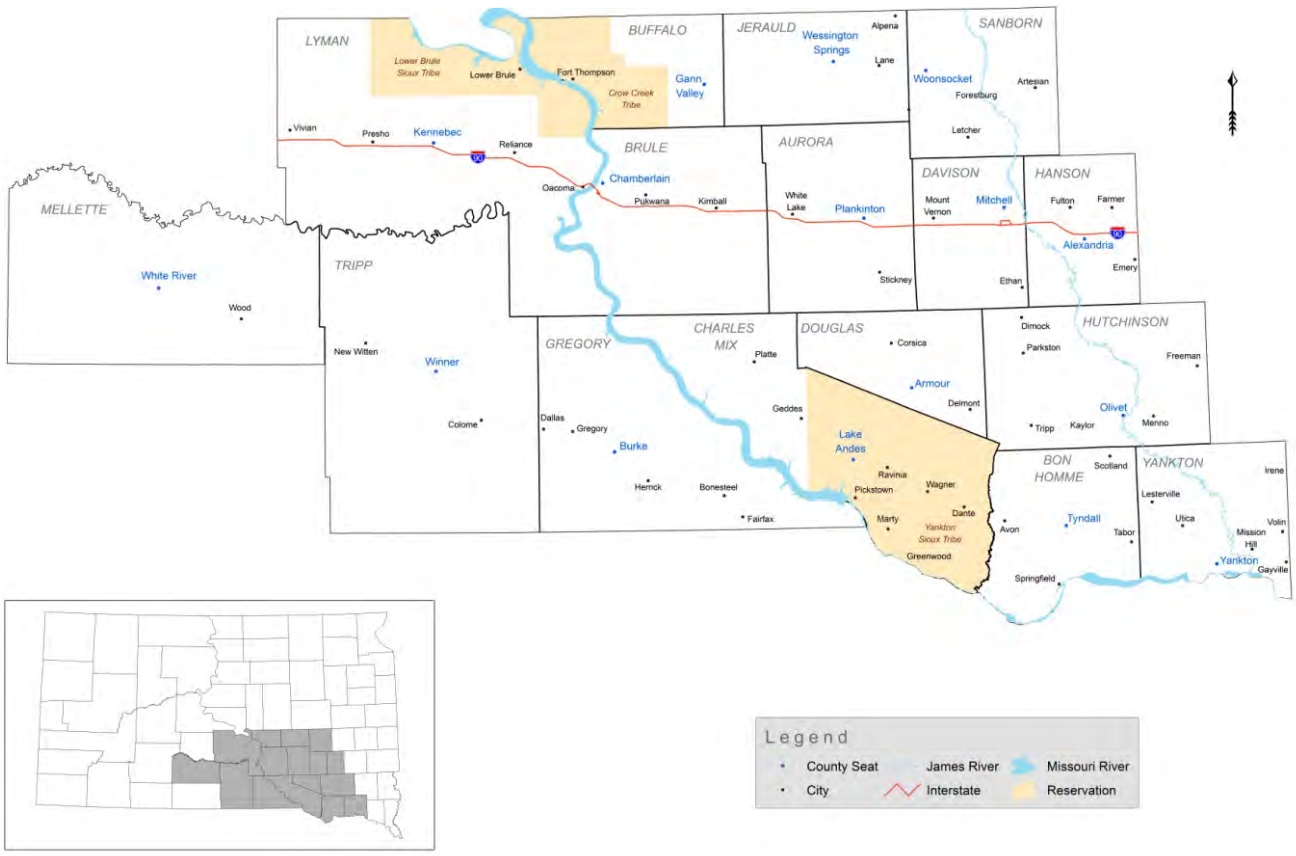
District III is a rural area that covers 16 counties and 12,975 square miles (Figure 5).

Figure 5

Map of region

Planning & Development District III

Service Area



The area's economy has four key sectors, based upon employment. They are: government, wholesale and retail trade, education and health sciences, and manufacturing.

Table 1
Non-Farm Wage and Salaried Workers by Industry

		Aurora	Bon Homme	Brule	Buffalo	Charles Mix	Davison	Douglas	Gregory	Hanson	Hutchinson	Jerauld	Lyman	Mellette	Sanborn	Tripp	Yankton	District III	South Dakota
Labor Force (Total # of Jobs)	**2012**	1,630	3,005	2,835	550	4,140	11,530	1,805	2,365	1,840	3,825	1,565	1,995	880	1,370	2,910	11,825	54,070	445,730
	2005	1,375	3,345	2,855	570	4,160	11,010	1,780	2,480	2,015	3,810	1,320	2,000	905	1,595	3,095	11,910	54,225	389,900
Difference		**255**	**-340**	**-20**	**-20**	**-20**	**520**	**25**	**-115**	**-175**	**15**	**245**	**-5**	**-25**	**-225**	**-185**	**-85**	**-155**	**55,830**
Natural Resources, Mining, Construction	**2012**	138	81	177	0	281	747	95	191	91	169	88	42	23	64	145	520	2,852	21,000
	2005	20	80	80	0	150	670	40	155	45	70	40	35	-	45	95	490	2,015	21,800
Difference		**118**	**1**	**97**	**0**	**131**	**77**	**55**	**36**	**46**	**99**	**48**	**7**	**-**	**19**	**50**	**30**	**837**	**-21,800**
Manufacturing	**2012**	*	140	35	*	88	1,948	114	20	66	233	881	*	*	*	86	2,940	6,551	41,300
	2005	5	275	30	0	75	1,795	115	5	50	215	610	0	-	305	70	2,615	6,165	40,000
Difference		*****	**-135**	**5**	*****	**13**	**153**	**-1**	**15**	**16**	**18**	**271**	*****	**-**	*****	**16**	**325**	**386**	**1,300**
Trade, Transportation and Utilities	**2012**	159	342	507	30	645	2,786	363	344	97	660	219	365	44	105	573	2,317	9,556	83,000
	2005	145	365	485	30	600	2,795	335	370	80	615	190	380	58	105	610	2,480	9,585	78,700
Difference		**14**	**-23**	**22**	**0**	**45**	**-9**	**28**	**-26**	**17**	**45**	**29**	**-15**	**-**	**0**	**-37**	**-163**	**-29**	**4,300**
Financial Activities	**2012**	34	73	83	*	131	384	48	87	34	109	33	40	*	26	85	468	1,635	28,700
	2005	35	80	95	5	120	490	45	90	35	115	35	35	-	20	125	510	1,835	28,400
Difference		**-1**	**-7**	**-12**	*****	**11**	**-106**	**3**	**-3**	**-1**	**-6**	**-2**	**5**	**-**	**6**	**-40**	**-42**	**-200**	**300**
Professional/ Business Services	**2012**	61	36	52	*	79	889	24	36	32	45	17	10	6	25	63	676	2,051	29,000
	2005	15	25	60	5	75	565	20	50	25	45	10	20	-	20	70	835	1,840	24,100
Difference		**46**	**11**	**-8**	*****	**4**	**324**	**4**	**-14**	**7**	**0**	**7**	**-10**	**-**	**5**	**-7**	**-159**	**211**	**4,900**
Education/ Health Services	**2012**	66	363	366	*	591	2,055	227	305	14	683	121	6	11	69	439	2,005	7,321	67,200
	2005	85	470	695	25	600	2,215	255	300	10	700	120	10	-	70	405	2,090	8,125	57,700
Difference		**-19**	**-107**	**-329**	*****	**-9**	**-160**	**-28**	**5**	**4**	**-17**	**1**	**-4**	**-**	**-1**	**34**	**-85**	**-804**	**9,500**
Information	**2012**	*	15	42	*	30	322	*	13	*	18	4	*	*	*	31	146	621	6,200
	2005	5	15	30	0	30	355	10	15	5	15	5	25	-	35	45	170	760	6,800
Difference		*****	**0**	**12**	*****	**0**	**-33**	*****	**-2**	*****	**3**	**-1**	*****	**-**	*****	**-14**	**-24**	**-139**	**-600**
Government	**2012**	218	602	383	451	1,283	1,349	184	294	197	466	130	748	252	172	397	1,869	8,995	77,500
	2005	230	665	395	475	1,355	1,360	220	370	205	515	180	735	-	200	475	1,920	9,300	75,200
Difference		**-12**	**-63**	**-12**	**-24**	**-72**	**-11**	**-36**	**-76**	**-8**	**-49**	**-50**	**13**	**-**	**-28**	**-78**	**-51**	**-305**	**2,300**

Source: SD Department of Labor, Labor Market Information Center, http://dlr.sd.gov/lmic/default.aspx. Annual Average data was used and may not total because of rounding. The categories of "Leisure/Hospitality" and "Other Services" are not included in this data table.

**data was suppressed to prevent disclosure of confidential information*

-data was not available

The region's main employment sectors have not changed significantly over time. They show that the region:

- Is heavily vested in government at all levels;
- Has a foundation for growth in education and healthcare;
- Contains viable manufacturing businesses that have weathered national downturns.

Analyzing the region's economic clusters is challenging from a national perspective for several reasons.

1) The 16 county area is apportioned to three "economic areas" (Aberdeen, Rapid City, and Sioux Falls).
2) The area is rural in character and relatively isolated from major markets; and
3) The influence of communities outside of the immediate area may change the appearance of the cluster data.

Examples of regional cluster information from the EDA sponsored "US Cluster Mapping Website" are presented in Section II.

The South Dakota "Cluster Strengths" are:

- Processed food;
- Heavy machinery;
- Production technology;
- Prefabricated enclosures; and
- Sporting, recreational, and children's goods.

The Governor's Office of Economic Development (GOED) has identified "key industries" that are well suited for the state's development situation:

- Advanced manufacturing;
- Bioscience;
- Energy
- Financial services;
- Professional business services;
- Shooting, hunting, and outdoors; and
- Value-added agriculture.

The District III service area contains examples from both lists. The majority of companies are located in the region's largest cities (Yankton and Mitchell). The following statements provide a "snapshot" of the area's economic challenges:

- The economy is heavily dependent upon production agriculture;
- Dependent populations (below age 18 and above age 65) influence education and healthcare services
- Primary jobs creators, such as manufacturing, are subject to cyclic downturns and rapid growth periods.

No discussion of the regional economy can be considered complete without a review of agriculture. The impact of farm and ranch income cannot be overstated. According to the U.S. Department of Agriculture, cash receipts from farm marketing and government payments in South Dakota totaled $9.714 billion in 2011. This figure was up 23 percent from 2010 (source: USDA/NASS S.D. Field Office, Bulletin 73, June 2013). Net farm income exceeded $4.6 billion in 2011, which was an 82 percent increase from 2010. 2012 figures were not yet available, but the perception from media reports is another banner year for farm incomes.

Agricultural production has a significant and immediate effect on the regional economy. The following tables contain impact data by county.

Table 2

Number of Farms

	1997 # Farms	2002 # Farms	2007 # Farms	% Change 1997 to 2007
Aurora	421	401	379	-10%
Bon Homme	672	665	563	-16%
Brule	380	365	370	-3%
Buffalo	77	73	86	12%
Charles Mix	735	755	693	-6%
Davison	429	481	406	-5%
Douglas	392	394	363	-7%
Gregory	570	587	511	-10%
Hanson	326	319	308	-6%
Hutchinson	804	768	723	-10%
Jerauld	276	272	239	-13%
Lyman	414	420	443	7%
Mellette	175	200	216	23%
Sanborn	382	394	354	-7%
Tripp	654	666	624	-5%
Yankton	636	690	658	3%
South Dakota	31,284	31,736	31,169	0%
District III	7,343	7,450	6,936	-6%

Source: USDA NASS Census of Agriculture, 1992, 1997, 2002, 2007, http://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_2_County_Level/South_Dakota/

The trend is fewer, but larger farm units in the majority of counties.

Table 3

Average Size of Farms

	1997	2002	2007	% Change 1997 to 2007
Aurora	814	875	962	18%
Bon Homme	462	518	548	19%
Brule	1,206	1,225	1,401	16%
Buffalo	3,923	3,903	6,629	69%
Charles Mix	925	975	953	3%
Davison	640	579	688	8%
Douglas	630	601	620	-2%
Gregory	992	1,109	1,281	29%
Hanson	710	780	711	0%
Hutchinson	596	658	705	18%
Jerauld	1,255	1,237	1,375	10%
Lyman	2,279	2,108	2,204	-3%
Mellette	3,017	3,302	3,379	12%
Sanborn	907	965	899	-1%
Tripp	1,423	1,582	1,626	14%
Yankton	410	496	490	20%
South Dakota	1,418	1,380	1,401	-1%
District III	1,262	1,307	1,529	21%

Source: USDA NASS Census of Agriculture, 1997, 2002, 2007, http://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_2_County_Level/South_Dakota/

Table 4

Value of Agricultural Products

	Crops ($1,000's)		
	2007	2011	% Change
Aurora	47,280	93,822	98%
Bon Homme	43,630	84,949	95%
Brule	45,097	101,887	126%
Buffalo	10,816	31,512	191%
Charles Mix	77,268	143,916	86%
Davison	46,449	72,023	55%
Douglas	36,501	65,890	81%
Gregory	31,007	78,539	153%
Hanson	36,931	75,625	105%
Hutchinson	103,726	192,872	86%
Jerauld	33,888	63,925	89%
Lyman	51,173	101,088	98%
Mellette	6,708	14,734	120%
Sanborn	27,366	41,355	51%
Tripp	44,113	101,607	130%
Yankton	68,510	142,973	109%
South Dakota	3,383,497	6,206,573	83%
District III Area	710,463	1,406,717	98%

Source: USDA NASS Census of Agriculture, 2007 & South Dakota Agriculture 2013 June 2013 Bulletin
http://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_2_County_Level/South_Dakota/

Table 5

	Livestock & Poultry ($1,000's)		
	2007	2011	% Change
Aurora	55,436	71,972	30%
Bon Homme	65,543	83,432	27%
Brule	54,615	69,850	28%
Buffalo	14,230	17,277	21%
Charles Mix	98,957	121,517	23%
Davison	31,692	42,582	34%
Douglas	70,565	101,056	43%
Gregory	42,418	48,598	15%
Hanson	30,388	40,497	33%
Hutchinson	88,627	123,070	39%
Jerauld	34,848	44,332	27%
Lyman	33,272	40,527	22%
Mellette	46,560	60,665	30%
Sanborn	36,221	43,235	19%
Tripp	92,564	116,571	26%
Yankton	55,081	71,354	30%
South Dakota	3,186,953	4,001,879	26%
District III Area	851,017	1,096,535	29%

Source: USDA NASS Census of Agriculture, 2007 & South Dakota Agriculture 2013 June 2013 Bulletin
http://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_2_County_Level/South_Dakota/

Table 6

Agricultural Income 2011 ($1,000s) All Sources	
Aurora	165,794
Bon Homme	168,381
Brule	171,737
Buffalo	48,789
Charles Mix	265,433
Davison	114,605
Douglas	166,946
Gregory	127,137
Hanson	116,122
Hutchinson	315,942
Jerauld	108,257
Lyman	141,615
Mellette	75,399
Sanborn	84,590
Tripp	218,178
Yankton	214,327
South Dakota	10,208,452
District III Area	12,711,704

Source: South Dakota Agriculture 2013 June 2013 Bulletin

Table 7

Average Per Acre Market Value ($) – Land and Buildings

	1997	2002	2007	% Change 1997 to 2007
Aurora	472	592	1,368	190%
Bon Homme	723	787	1,467	103%
Brule	380	493	1,050	176%
Buffalo	231	272	549	138%
Charles Mix	486	596	1,256	158%
Davison	570	709	1,706	199%
Douglas	560	656	1,468	162%
Gregory	381	396	728	91%
Hanson	557	770	1,955	251%
Hutchinson	653	800	1,832	181%
Jerauld	291	401	916	215%
Lyman	333	344	626	88%
Mellette	201	208	362	80%
Sanborn	382	487	1,230	222%
Tripp	330	338	728	121%
Yankton	960	1,049	1,973	106%
South Dakota	348	442	896	157%
District III	469	556	1,201	156%

Source: USDA NASS Census of Agriculture, 1997, 2002, 2007,
http://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_2_County_Level/South_Dakota/

Table 8

Average Net Cash Farm Income Per Farm

	2002	2007	% Changed 2002-2007
Aurora	$14,826	$82,272	455%
Bon Homme	12,843	61,118	376%
Brule	22,074	101,598	360%
Buffalo	1,665	74,605	4381%
Charles Mix	21,070	81,328	286%
Davison	25,422	74,072	191%
Douglas	35,323	103,528	193%
Gregory	8,795	51,495	486%
Hanson	35,781	80,128	124%
Hutchinson	32,478	92,203	184%
Jerauld	27,868	99,514	257%
Lyman	19,528	66,181	239%
Mellette	31,702	63,543	100%
Sanborn	42,164	66,178	57%
Tripp	19,547	54,671	180%
Yankton	34,857	62,256	79%
South Dakota	28,448	71,160	150%
District III Average	$24,121	$75,918	215%

Source: USDA NASS Census of Agriculture, 2002, 2007
http://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_2_County_Level/South_Dakota/

The tables all illustrate the core reliance of the region on agriculture and the relatively short timeframe involved with dramatic swings in farm income. The region has and will continue to seek economic diversification opportunities. However, for the majority of member counties, the best prospects for economic growth appear to be associated with agricultural processing or another form of "value added" undertaking.

Population

The region's population characteristics may be summarized in three statements.

"Dependent populations are challenging."
"Overall trends are troubling." and
"Minority influence is increasing."

Tables 9 through 14 support these observations.

The majority of counties experienced losses in both younger and older age groups. These populations demand a significant support structure, which is becoming more challenging to maintain.

Table 9

Population History

1940 – 2010

	1940	1950	1960	1970	1980	1990	2000	2010	% Change 2000 - 2010	% Change 1940 - 2010
Aurora	5,387	5,020	4,749	4,183	3,628	3,135	3,058	2,710	-11.38%	-49.69%
Bon Homme	10,241	9,440	9,229	8,577	8,059	7,089	7,260	7,070	-2.62%	-30.96%
Brule	6,195	6,076	6,319	5,870	5,245	5,485	5,364	5,255	-2.03%	-15.17%
Buffalo	1,853	1,615	1,547	1,739	1,795	1,759	2,032	1,912	-5.91%	3.18%
Charles Mix	13,449	15,558	11,785	9,994	9,680	9,131	9,350	9,129	-2.36%	-32.12%
Davison	15,336	16,522	16,681	17,319	17,820	17,503	18,741	19,504	4.07%	27.18%
Douglas	6,348	5,636	5,113	4,569	4,181	3,746	3,458	3,002	-13.19%	-52.71%
Gregory	9,554	8,556	7,399	6,710	6,015	5,359	4,792	4,271	-10.87%	-55.30%
Hanson	5,400	4,896	4,584	3,781	3,415	2,994	3,139	3,331	6.12%	-38.31%
Hutchinson	12,668	11,423	11,085	10,379	9,350	8,262	8,075	7,343	-9.07%	-42.04%
Jerauld	4,752	4,476	4,048	3,310	2,929	2,425	2,295	2,071	-9.76%	-56.42%
Lyman	5,045	4,572	4,428	4,060	3,864	3,638	3,895	3,755	-3.59%	-25.57%
Mellette	4,107	3,046	2,664	2,420	2,249	2,137	2,083	2,048	-1.68%	-50.13%
Sanborn	5,754	5,142	4,641	3,697	3,213	2,833	2,675	2,355	-11.96%	-59.07%
Tripp	9,937	9,139	8,761	8,171	7,268	6,924	6,430	5,644	-12.22%	-43.20%
Yankton	16,725	16,804	17,551	19,039	18,952	19,252	21,652	22,438	3.63%	34.16%
District III	132,751	127,921	120,584	113,818	107,663	101,672	104,299	101,838	-2.36%	-23.29%
South Dakota	642,961	652,740	680,514	666,257	690,768	696,004	758,844	814,180	7.29%	26.63%

Sources: 1970, 1980, 1990, 2010 Census
Historical Census Browser, University of Virginia Library, http://fisher.lib.virginia.edu/collections/stats/histcensus/

Table 10

Changes in Population Aged 65+

	2000	2010	% County Pop. 2010	% Change
Aurora	661	539	20%	-18%
Bon Homme	1,513	1,347	19%	-11%
Brule	905	914	17%	1%
Buffalo	133	137	7%	3%
Charles Mix	1,619	1,619	18%	0%
Davison	3,042	3,301	17%	9%
Douglas	780	727	24%	-7%
Gregory	1,189	1,013	24%	-15%
Hanson	467	467	14%	0%
Hutchinson	2,118	1,838	25%	-13%
Jerauld	588	519	25%	-12%
Lyman	528	548	15%	4%
Mellette	274	277	14%	1%
Sanborn	521	477	20%	-8%
Tripp	1,265	1,187	21%	-6%
Yankton	3,164	3,665	16%	16%

Source: U.S. Census 2000, 2010 Table DP-1, http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t

Table 11

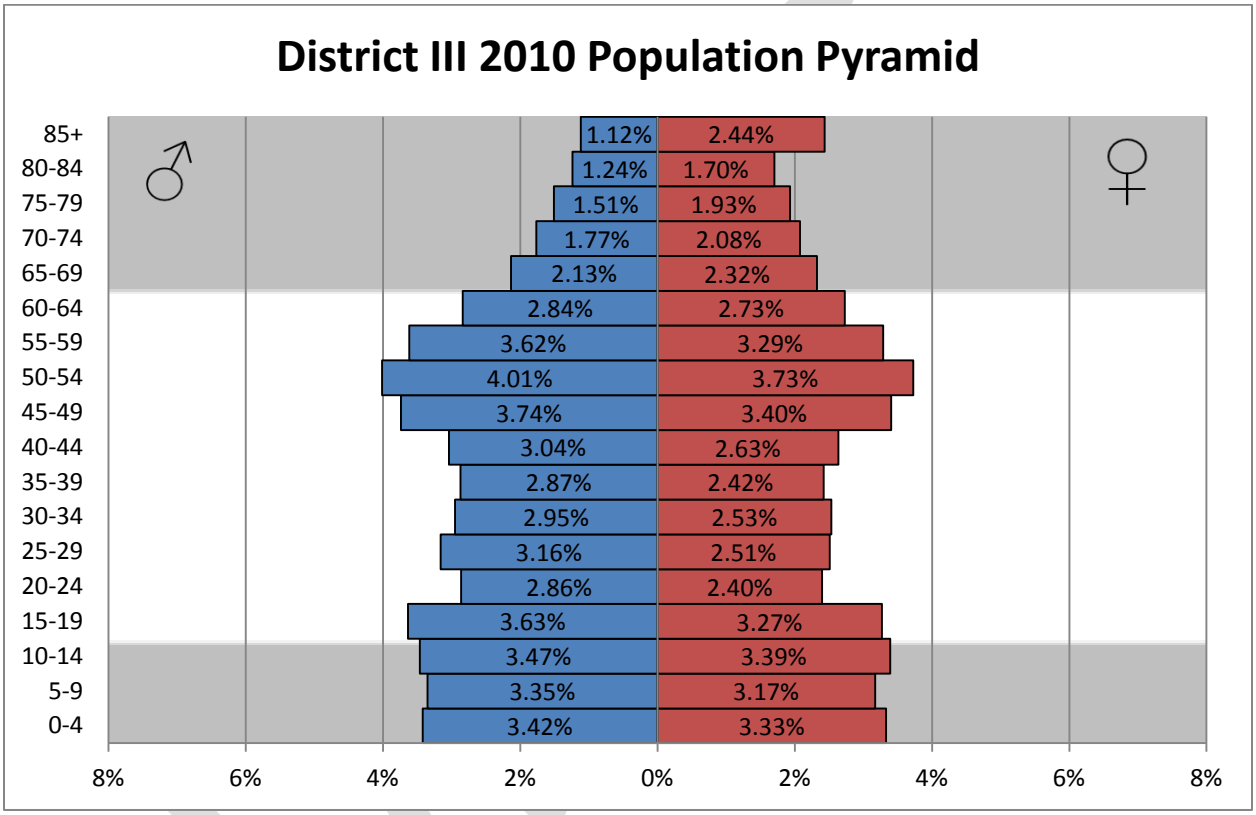
Changes in Population <18

	2000	2010	% County Pop. 2010	% Change
Aurora	843	725	27%	-14%
Bon Homme	1,674	1,395	20%	-17%
Brule	1,636	1,358	26%	-17%
Buffalo	840	750	39%	-11%
Charles Mix	2,990	2,705	30%	-10%
Davison	4,753	4,585	24%	-4%
Douglas	958	687	23%	-28%
Gregory	1,164	964	23%	-17%
Hanson	926	1,081	32%	17%
Hutchinson	2,008	1,742	24%	-13%
Jerauld	492	435	21%	-12%
Lyman	1,250	1,106	29%	-12%
Mellette	735	661	32%	-10%
Sanborn	687	513	22%	-25%
Tripp	1,782	1,323	23%	-26%
Yankton	5,567	4,974	22%	-11%

Source: U.S. Census 2000, 2010, http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t

The region continues to lose residents, while its "Baby Boom" cohorts continue to make up a major part of the population pyramid. These facts have implications for education, healthcare, public services, and employers. The area appears destined to experience continued demographic distress unless conditions change and economic growth results in an influx of working age families. There will continue to be pockets of positive population change because of localized or unique situations. Region-wide, the technology advances in agriculture and manufacturing have changed the nature of rural communities. Likewise, the national "connectedness" offered by telecommunications technology has impacted the expectations of rural residents and those individuals considering a move to the area.

Table 12



Source: http://dlr.sd.gov/lmic/menu_demographics.aspx

Population projections include a modest, regional growth figure, but many rural counties will almost certainly continue the trend of losing significant numbers. Davison and Yankton counties will retain their demographic dominance, but their growth is still relatively modest over the 25 year period.

Table 13

Population Projections 2010-2035

	2010 Projected	2010 Actual	Difference	2015	2025	2035	# Change 2010-2035	% Change 2010-2035
Aurora	2,932	2,710	-222	2,689	2,651	2,658	-52	-2%
Bon Homme	7,145	7,070	-75	6,958	6,781	6,656	-414	-6%
Brule	5,171	5,255	84	5,257	5,286	5,301	46	1%
Buffalo	2,123	1,912	-211	1,950	2,063	2,229	317	17%
Charles Mix	9,085	9,129	44	9,158	9,497	10,023	894	10%
Davison	19,832	19,504	-328	19,961	20,797	21,277	1,773	9%
Douglas	3,008	3,002	-6	2,830	2,572	2,361	-641	-21%
Gregory	4,366	4,271	-95	4,069	3,689	3,343	-928	-22%
Hanson	3,407	3,331	-76	3,599	4,236	5,073	1,742	52%
Hutchinson	7,466	7,343	-123	7,077	6,708	6,497	-846	-12%
Jerauld	2,007	2,071	64	2,001	1,819	1,672	-399	-19%
Lyman	3,701	3,755	54	3,764	3,818	3,799	44	1%
Mellette	2,043	2,048	5	2,056	2,136	2,237	189	9%
Sanborn	2,464	2,355	-109	2,250	2,039	1,788	-567	-24%
Tripp	6,041	5,644	-397	5,385	4,952	4,479	-1,165	-21%
Yankton	23,718	22,438	-1,280	22,925	23,764	24,138	1,700	8%
District III	104,509	101,838	-2,671	101,929	102,807	103,531	1,693	2%

Sources: SDSU produced SD State and County Demographic Profiles May 2008(B755) and SD DLR LMIC http://www.sdstate.edu/soc/rlcdc/i-o/reports and http://dlr.sd.gov/lmic/menu_demographics.aspx

Table 14

Minority Population by County

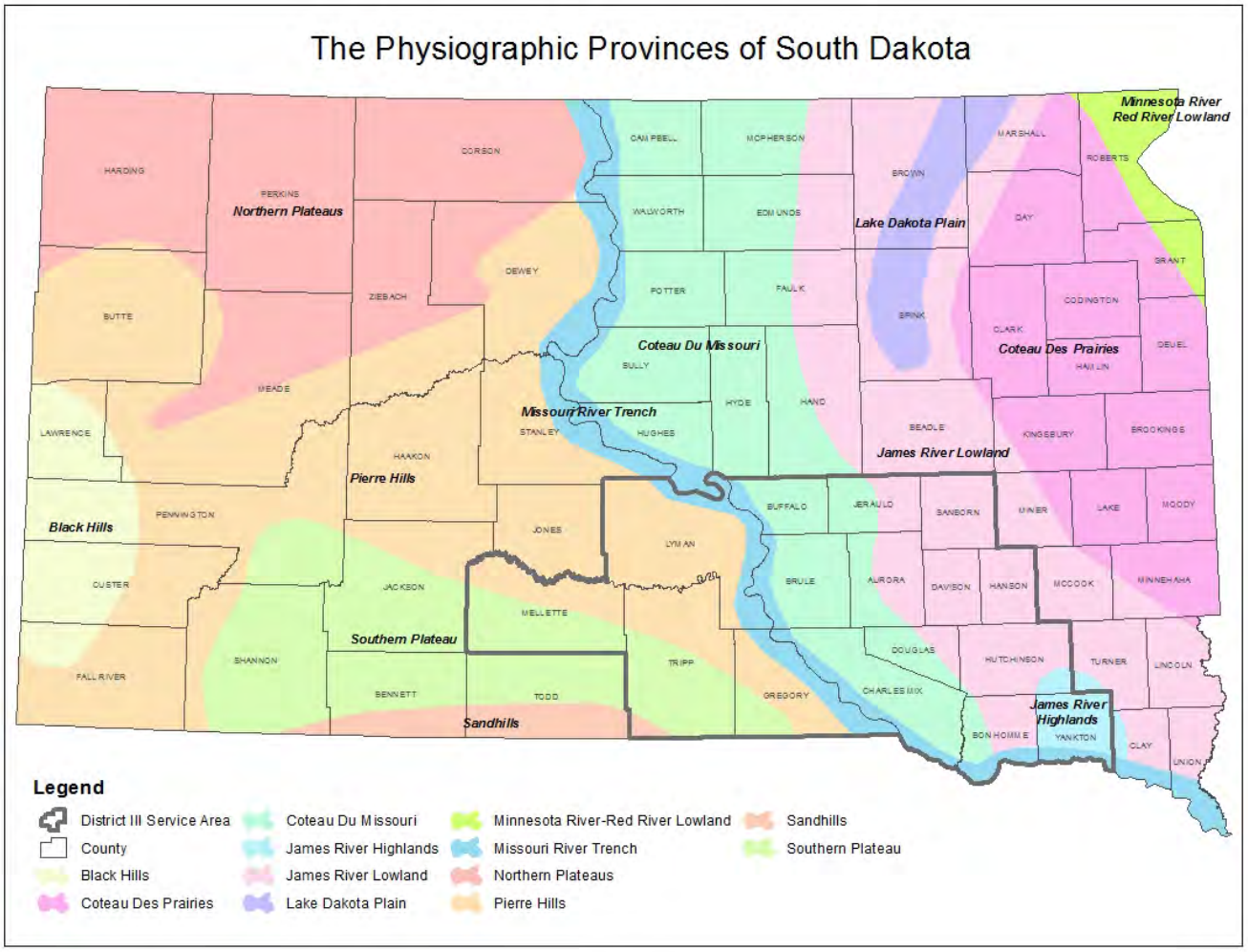
	Native American	Hispanic	Black or African American	Asian
Aurora	48	101	13	20
Bon Homme	565	130	87	22
Brule	558	75	19	16
Buffalo	1,621	35	7	4
Charles Mix	3,114	152	43	48
Davison	652	294	174	137
Douglas	72	23	16	5
Gregory	396	38	22	17
Hanson	18	15	4	15
Hutchinson	81	120	48	16
Jerauld	17	84	2	6
Lyman	1,538	42	21	13
Mellette	1,221	30	5	5
Sanborn	23	28	5	7
Tripp	907	60	17	13
Yankton	751	614	438	155
District III	11,582	1,841	921	499
South Dakota	82,073	22,119	14,705	10,216

Source: 2010 Census, SF1 http://factfinder2.census.gov

Geography

The 16 county region is located in the south central and southeastern South Dakota. Its 12,975 square miles contain portions of seven physiographic provinces (Figure 6).

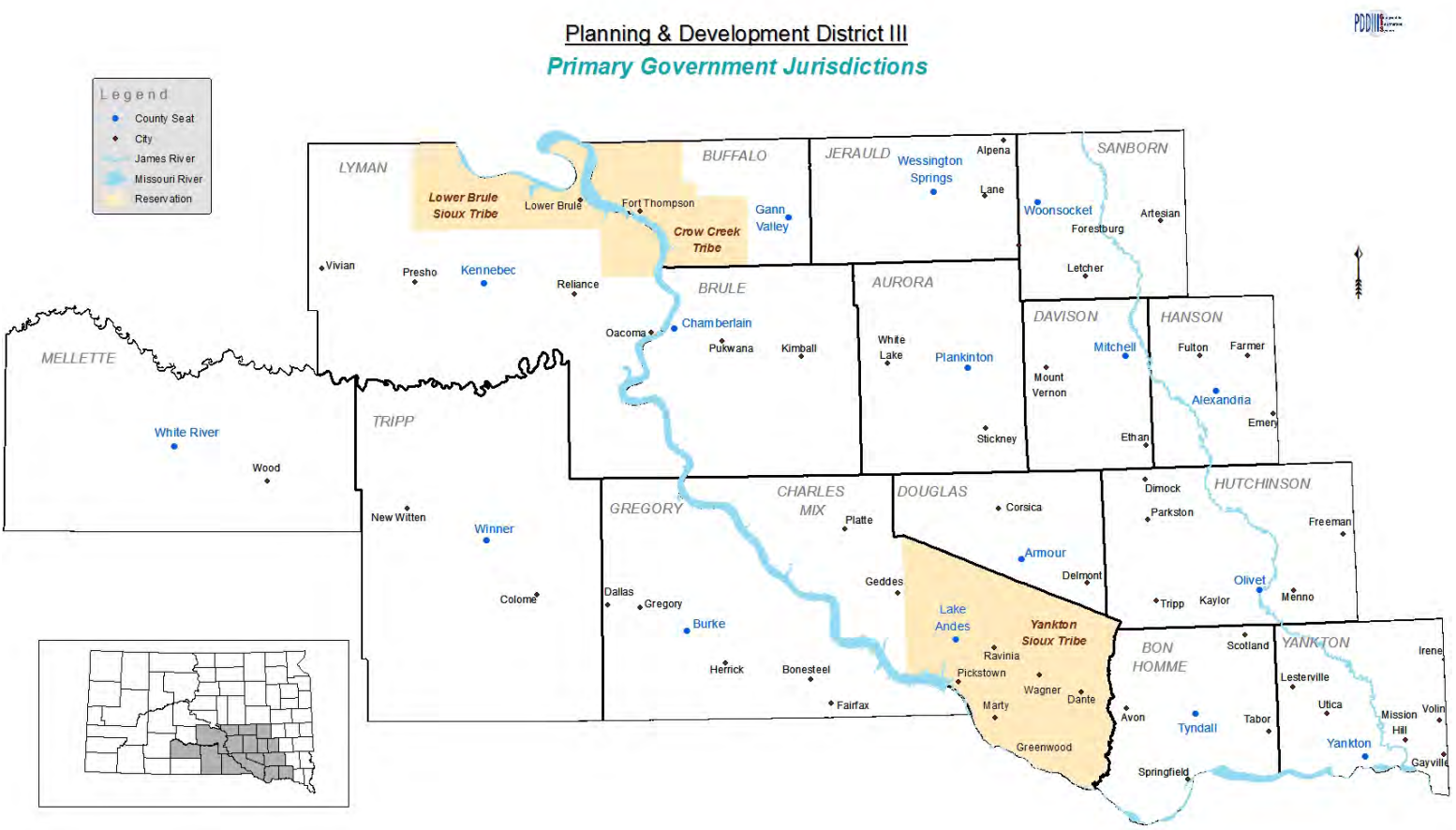
Figure 6



The land surface is dominated by gently rolling plains, eroded plateaus, and smooth hills. The Missouri River and its associated river breaks is the area's most dramatic natural feature. The predominate climate is "humid continental", with the western counties experiencing more "dry continental" conditions. Precipitation averages range from 18 to 24 inches (source: Hogan and Foberg, the Geography of South Dakota, Revised Edition, 1998). The population density is approximately eight persons per square mile.

The region is home to 67 communities and portions of three Indian Reservations (Figure 7).

Figure 7



The settlement pattern was associated with transportation (i.e. railroad) development and natural features. Most communities were established in the 1880s. The majority (62%) of the region's communities have less than 500 residents. The area's population peaked in the decades between the First and Second World Wars.

Agricultural production and service businesses have been the primary focus of community life, although the number of people employed in these pursuits has declined dramatically.

The political geography of the region includes numerous governmental units:

- Sovereign Indian Nations
- Counties
- Municipalities
- Townships
- Special purpose districts and authorities (examples: Water Development Districts, Water Users Districts, Regional Rail Authorities, etc.)

These entities play various roles in economic and community development. School districts are also a major part of the local development picture. They usually represent one of the largest, if not the largest, employer in a vicinity and the influence of education on community survival is significant.

Tribes represent only 11 percent of the regional population, but their potential impact is substantial. The Tribal population is younger than the general demographic profile. Tribal enterprises and administrative offices are major employers.

Workforce

The region's workforce may be described in several ways, such as:

- Employment by sector;
- Unemployment rates;
- Educational attainment;
- Underemployment; and
- Personal earnings.

Data on these topics are point in time representations. Regional trends may not be evident for several years. The area's capacity for workforce development has been elevated by:

- Expansion of the course offerings at the Mitchell Technical Institute (MTI);
- Establishment of high school career exploration and training programs by the Regional Technical Education Center in Yankton;
- Emphasis by the Governor's Office of Economic Development on workforce training support;
- Enhanced public awareness of workforce issues, via media stories and special events.

The following information was compiled from South Dakota Department of Labor and Census sources. It provides an overview of regional workforce characteristics. The labor supply data represent persons who identify as being unemployed or underemployed. They are actively looking for employment.

Table 15

District III Labor Supply October 2013	
South Dakota	52,025
Aurora County	160
Bon Homme County	275
Brule County	340
Buffalo County	305
Charles Mix County	485
Davison County	1,390
Douglas County	135
Gregory County	200
Hanson County	220
Hutchinson County	290
Jerauld County	170
Lyman County	265
Mellette County	175
Sanborn County	100
Tripp county	280
Yankton County	1,400

Source: Labor Supply data is produced by the Labor Market Information Center of the South Dakota Department of Labor and Regulation https://apps.sd.gov/applications/LD54LMICINFO/LaborBulletin/LBLSAreas.asp

Table 16

2012 Worker Information – Compensation

	Estab	Workers	Annual Pay	Payroll
Aurora	118	968	$27,396	$26,519,110
Bon Homme	226	1,774	$28,531	$50,614,552
Brule	280	1,980	$26,407	$52,285,911
Buffalo	27	523	$34,891	$18,248,225
Charles Mix	349	3,436	$28,819	$99,021,047
Davison	846	12,253	$33,739	$413,403,934
Douglas	135	1,117	$29,583	$33,043,896
Gregory	225	1,459	$26,241	$38,285,983
Hanson	83	547	$30,821	$16,859,142
Hutchinson	271	2,585	$28,743	$74,299,389
Jerauld	106	1,566	$29,555	$46,283,400
Lyman	125	1,482	$25,779	$38,204,980
Mellette	49	364	$22,623	$8,234,657
Sanborn	87	646	$27,572	$17,811,272
Tripp	257	2,076	$29,758	$61,777,923
Yankton	862	12,352	$35,019	$432,551,571
South Dakota	33,088	400,473	$36,533	$14,630,431,511

Source: Produced by the SD Dept of Labor and Regulation, LMIC, in cooperation with the Bureau of Labor Statistics

Table 16 does not include farm operators. The information includes average annual pay and the payrolls of those employers covered by the unemployment programs.

Table 17

2013 Labor Force Statistics

	Labor Force	Employment	Unemployment	Rate
Aurora	1,590	1,550	40	2.5%
Bon Homme	2,935	2,825	110	3.7%
Brule	2,830	2,745	85	3.0%
Buffalo	550	485	65	12.1%
Charles Mix	4,065	3,890	175	4.3%
Davison	11,865	11,555	310	2.6%
Douglas	1,780	1,735	45	2.6%
Gregory	2,385	2,315	70	2.9%
Hanson	1,875	1,815	60	3.2%
Hutchinson	3,800	3,690	110	2.9%
Jerauld	1,500	1,465	35	2.2%
Lyman	2,005	1,465	35	2.2%
Mellette	875	815	60	6.7%
Sanborn	1,365	1,330	35	2.5%
Tripp	2,850	2,755	95	3.3%
Yankton	11,825	11,450	375	3.2%
South Dakota	450,240	434,995	15,245	3.4%

Source: The SD labor force statistics are produced by the LMIC in cooperation with the U.S. Bureau of Labor Statistics

Many area counties have unemployment rates below the state average. Additional data on employment may be found through the Labor Market Information Center (http://dlr.sd.gov/lmic/default.aspx).

Labor supply can be defined as the number of persons who would be available to staff a new or expanding business in an area. Labor supply can be categorized into two groups: those who currently hold jobs (and would like to change) and those who, for a variety of reasons, do not have jobs. It includes workers who live in the area and also workers who would commute into the area to work. Labor supply data is developed by the South Dakota Department of Labor and Regulation.

The workforce challenges may be summarized in three statements.

- People appear willing to change jobs if the right position becomes available.
- Lower unemployment numbers may present a perceptional problem for companies seeking to expand or locate within the region.
- A smaller labor pool does not necessarily result in higher pay.

The situation has not changed appreciably since District III co-hosted a workforce summit event in 2011. The summit underscored the need for immediate action on improving workforce skills and employee numbers. Manufacturing businesses expressed their concerns over a lack of employees in specific trades, such as welding and machining. The state's response included the allocation of financial resources for out of state employee recruitment and local job training. Both the Mitchell Technical Institute (MTI) and the Regional Technical Education Center (RTEC) in Yankton took advantage of the new training assistance by expanding their welding class offerings.

Workforce projections for the region may change, depending upon national economic conditions, unique regional development opportunities or other factors beyond anyone's control.

The South Dakota Department of Labor and Regulation's Labor Market Information Center has projections for both growing industries and high demand occupations. The estimates considered a 10 year period between 2010 and 2020. Table 18 contains information on the top 10 growth projections in each category.

Table 18

Top 10 Industry Employment Growth Projections

2010-2020

Industry Title	2010 Workers	2020 Workers	Worker Growth	Percent Growth
Total, All Industries	462,975	504,120	41,145	8.9%
Ambulatory Health Care Services	14,700	18,890	4,190	28.5%
Waste Management and Remediation Service	790	975	185	23.4%
Construction of Buildings	5,180	6,325	1,145	22.1%
Museums, Historical Sites and Similar Institution	490	590	100	20.4%
Wholesale Electronic Markets and Agents and Brokers	1,420	1,700	280	19.7%
Securities, Commodity Contracts and Other Financial Investments and Related Activities	715	845	130	18.2%
Support Activities for Transportation	780	920	140	17.9%
Fabricated Metal Product Manufacturing	3,435	4,020	585	17.0%
Computer and Electronic Product Manufacturing	2,140	2,480	340	15.9%
Couriers and Messengers	1,235	1,425	190	15.4%

Statewide growth occupations (based upon percentage increases 2010-2020) are expected to include:

- Registered nurses
- Food preparation and serving workers
- Childcare workers
- Personal care aides
- Network and computer system administrators
- Industrial machinery mechanics
- Heating, air conditioning and refrigeration mechanics and installers
- Radiologic technologists and technicians
- Medical assistants

A large number of higher growth occupations involved medical services. The region's population characteristics and medical infrastructure should facilitate growth in this field.

Slower growing industries, from a statewide perspective, include:

- Telecommunications;
- Agriculture, forestry, fishing and hunting; and
- Broadcasting.

Telecommunications and agriculture are well represented within the region. Declining employment may be related to more automation or the consolidation of operations.

A combination of career counseling, continuing education, and local training opportunities, may have immediate impacts. Any significant employment opportunities will probably require an influx of workers.

The region's Native American population is poised to become a significant factor in economic development. Tribal characteristics that contribute to this assumption are:

1) A young population;
2) A growing interest in entrepreneurship ; and
3) A renewed community interest in traditional values and family relationships

Changes in development conditions, such as new Tribal enterprises may alter future prospects for many residents. Regardless of the individual Tribal situation, the challenges of bringing jobs to the reservation will continue. Legal, cultural, and geographic factors will probably be considerations in attracting outside investment and job opportunities. On one hand, the Tribes have advantages in soliciting business interest from tax and labor perspectives. Property control and court jurisdictional questions may cause investors to be hesitant. The Tribes are well aware of these issues and mitigating measures may remove perceived obstacles to development.

Another minority group is also expected to impact the region's workforce in the future. The regions Hispanic population has grown over the past 10 years.

Table 19

Changes in Hispanic Population

	2000	2010	% Change
Aurora	64	101	58%
Bon Homme	42	130	210%
Brule	26	75	188%
Buffalo	18	35	94%
Charles Mix	177	152	-14%
Davison	130	294	126%
Douglas	41	23	-44%
Gregory	17	38	124%
Hanson	3	15	400%
Hutchinson	41	120	193%
Jerauld	7	84	1100%
Lyman	18	42	133%
Mellette	35	30	-14%
Sanborn	27	28	4%
Tripp	55	60	9%
Yankton	395	614	55%

Source: U.S. Census 2000, 2010 Table DP-1
http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t

This population appears to be associated with certain economic activities, such as food processing and value added agriculture (example: dairy farms). The region's potential for agricultural based products and manufacturing should attract new workers into the area. A significant number of these employees may be Hispanic or other minorities.

English as a second language may be an issue with student education or employee training. Full cultural assimilation may take a generation, but other ethnic groups have adapted to life in rural South Dakota over the past 125 years, so the long term outlook is positive.

Ethnic or cultural based immigration into the region includes a number of Amish families that have settled in Hutchinson County. Their presence adds a new dimension to "economic accommodation," since they have limited use of modern technologies.

The area's need for population offers opportunities for a variety of groups. Local acceptance is an ongoing process that is not unique to rural communities throughout the Great Plains.

Transportation Access

The region's transportation situation is constantly in flux. The following statements provide a generalized overview of highway and road systems.

Federal and State Highways

- ✓ I-90 and major arterials (US 81, US 18, US 281, US 83, SD 37, and SD 50) have experienced significant repairs and/or improvement projects over the past 10 years.
- ✓ Minor arterials (segments of SD 44, US 183, SD 47, SD 50, SD 45, SD 25, SD 46, and SD 34) are being maintained to a "serviceable" condition.

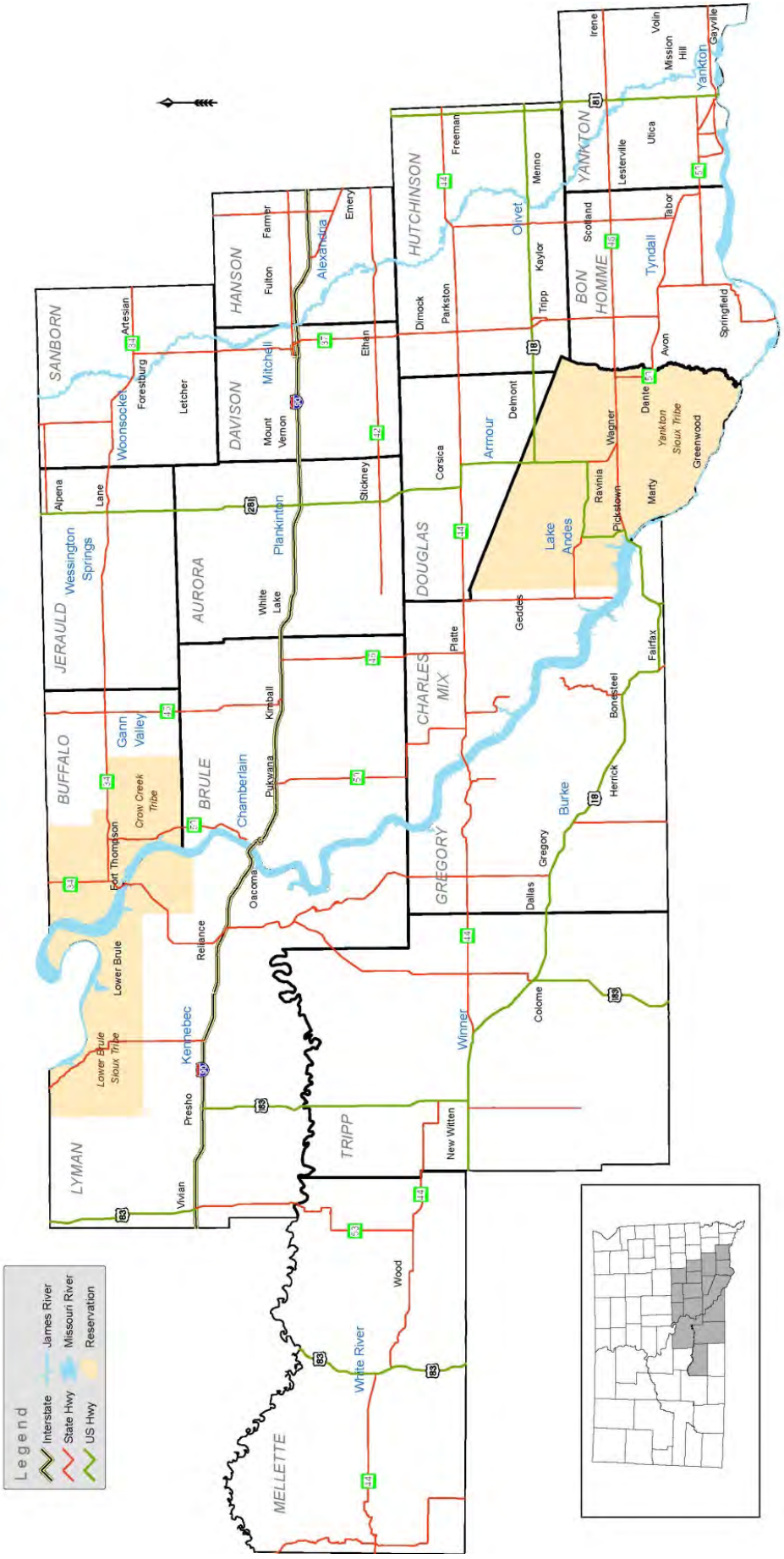
Figure 8 shows the locations of state and federal highways within the region.

In addition to the highways, the region contains numerous bridges that are continually being maintained and/or upgraded. The State DOT has a major challenge in addressing its road and bridge demands. Federal assistance is a key in meeting transportation needs and the national highway bill is always a concern for state and local officials.

Figure 8

Planning & Development District III

State and Federal Highway Map



County, Municipal, and Township Roads

- ✓ Outside funding is becoming more limited, which is forcing local governments to change their maintenance priorities and practices.
- ✓ The cost of putting in access roads for economic development projects is prohibitive without outside support.

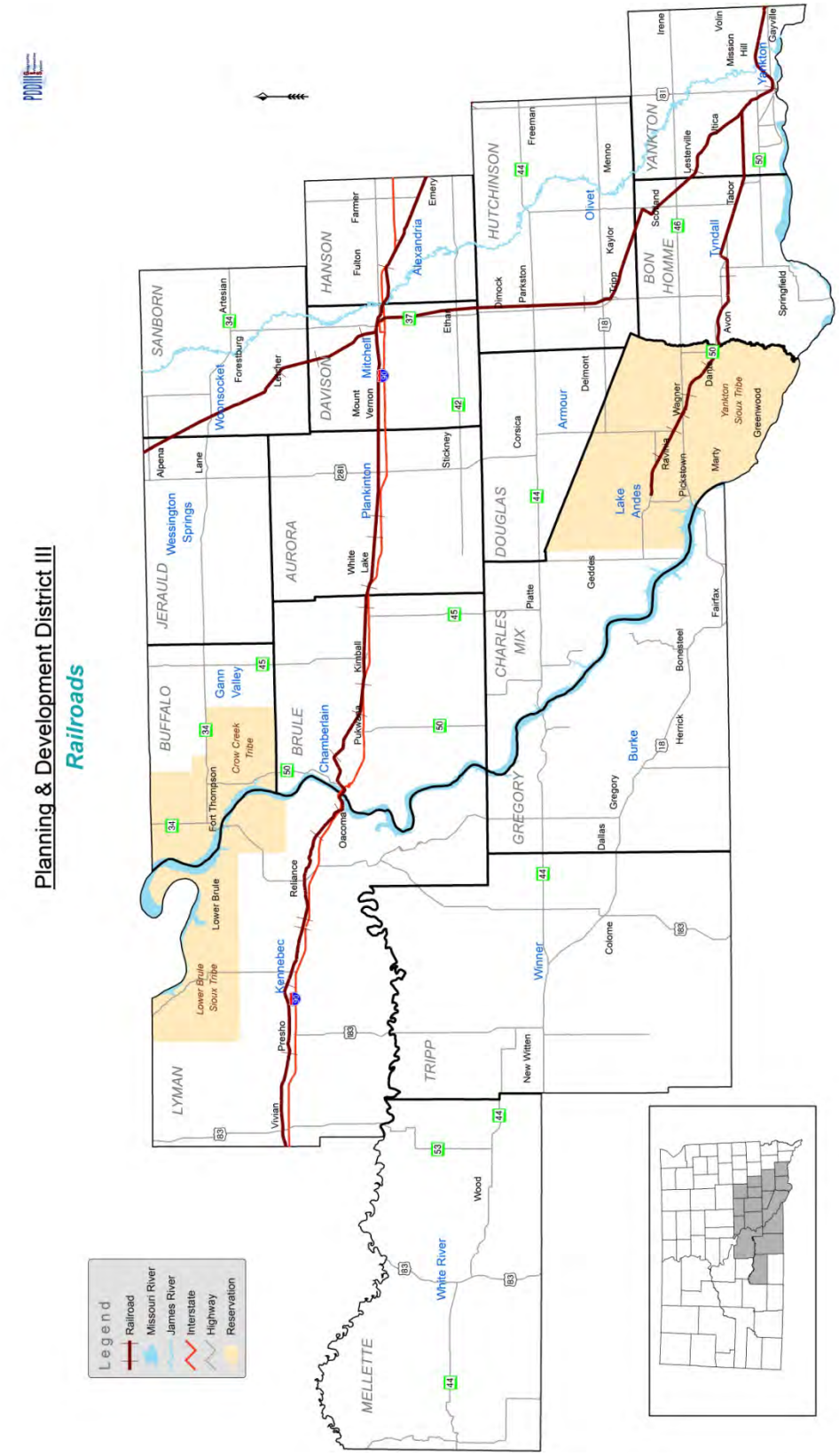
As noted previously, all entities are being challenged with maintaining bridges. Ensuring public safety and reasonable geographic access (example: farm to market roads) are primary considerations. Statewide assistance for bridges is limited to the point where the backlog of projects could take decades to address.

The primary road and bridge planning process in South Dakota is the annual "Statewide Transportation Improvement Program" (STIP). The process includes meetings with the planning districts when the preliminary STIP projects have been identified. The proposed 2014-2017 STIP Report included over 150 projects within the District III service area.

Local road and bridge planning may include regular facility inspections and long range maintenance schedules. Often, the "planning" involves annual decisions associated with the availability of funding. In other words, cities, counties, and townships are doing their best to anticipate road and bridge needs, but events such as disasters and extreme weather (example: excessive snow accumulation) may dramatically change highway budgets. The cost of materials, such as gravel and fuel prices also weigh heavily in project decisions.

The region's rail transportation capacity is increasing. A significant Federal Department of Transportation grant allowed the State of South Dakota and MRC Regional Rail Authority to upgrade a short line track between Mitchell and Chamberlain (see Figure9).

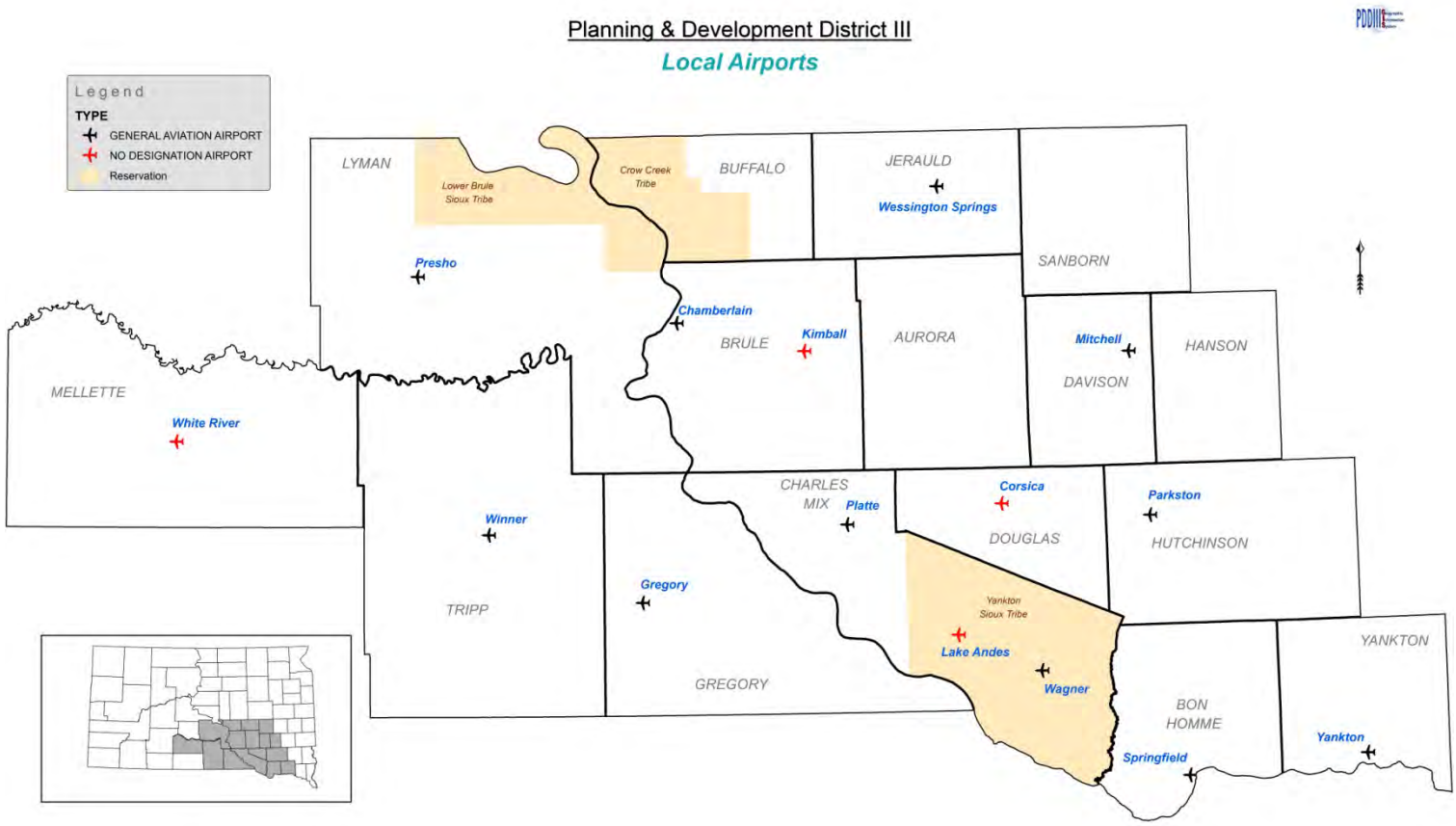
(Figure 9)


Planning & Development District III
Railroads
Legend
Railroad
Missouri River
James River
Interstate
Highway
Reservation
SANBORN
HANSON
DAVISON
HUTCHINSON
YANKTON
BON HOMME
JERAULD
AURORA
DOUGLAS
BUFFALO
BRULE
CHARLES MIX
GREGORY
LYMAN
TRIPP
MELLETTE
Alexandria
Mitchell
Plankinton
Tundall
Lake Andes
Chamberlain
Kennebec
Winner
White River
Yankton Sioux Tribe
Lower Brule Sioux Tribe
Crow Creek Tribe

Almost immediately after the improvements were in place, a multi-million dollar grain storage and rail loading facility was constructed on the line, near the town of Kimball. Short line railroads once served the majority of District III counties. Most lines were abandoned when highway access improved. Another short line (Napa-Platte) may be the focus of rehabilitation and new agricultural support facilities. The cost of bringing tracks up to modern standards and the infrastructure needs of major loading operations, make any rail related venture a significant undertaking. Shipping price advantages for both grain and imports, such as fertilizer, and high commodity prices may influence construction decisions.

Air service is an essential economic development asset for communities of all sizes. The region has 15 hard surfaced general aviation runways in the following communities.

Figure 10



Yankton and Mitchell have full service general aviation facilities that have hosted regular commercial flights, through regional commuter airlines. Commercial flight connections may be made through airports in Sioux Falls and Sioux City. Aviation access is critical to manufacturing companies and certain tourism oriented businesses. Government institutions, such as a large federal prison camp, also depend upon air transportation services. Certain communities have lengthened their runways to serve larger planes. Others are seeking a higher airport rating to attract more business.

The last transportation issue that impacts the region is the transmission of energy products, via the electric power grid or pipelines. The region contains three large Missouri River reservoirs and associated power generation facilities. Electric energy is routinely exported from the area to metropolitan areas. Electric transmission lines crisscross the landscape, generally in a west to east direction. The Western Area Power Administration (WAPA) manages the production and marketing of electric power to local governmental entities, special purpose districts, and Indian Tribes. Direct WAPA customers in the region include:

6 Communities

- Burke
- Pickstown
- Plankinton
- Tyndall
- Wessington Springs
- Winner

4 Indian Tribes

- Crow Creek Sioux Tribe
- Lower Brule Sioux Tribe
- Rosebud Sioux Tribe
- Yankton Sioux Tribe

Large State Institutions

- Mike Durfee State Prison in Springfield
- South Dakota Human Services Center in Yankton

(Source: Customer List – Upper Great Plains Region, Western Area Power Administration, October 2013)

Electric cooperatives, public utility districts, and investor owned power companies also purchase power from WAPA.

The proximity of significant power generation facilities and transmission lines may prove to be beneficial in the development of alternative energy, provided excess capacity exists. The Gregory County Pumped Storage Project concept envisioned the use of surplus hydropower to move water up Missouri River bluffs where it would descend through peaking power turbines. Wind farm proposals require the availability or construction of electric transmission facilities. Obtaining easements for new lines is a challenge, thus the advantage of utilizing existing capacity.

In addition to electric transmission, the region is host to two large scale petroleum pipelines. The NuStar Pipeline Partners L.P. owns a line that crosses four member counties. The TransCanada Keystone pipeline was constructed in 2008. It crosses three member counties and passes under the Missouri River into Nebraska at Yankton. The proposed Keystone XL Pipeline may impact at least two member counties, depending upon its final route.

Large pipelines present obvious environmental concerns, ranging from explosions to groundwater contamination. They provide tax revenue to local entities and may lead to other industrial activities such as loading terminals and refineries. None of these activities is under any local public review within the region, at this time.

Transportation issues will remain a regional development priority for the foreseeable future. The challenges are expected to include:

1) Finding enough resources to maintain roads and bridges without jeopardizing public safety;
2) Keeping all areas accessible, within reasonable travel distances; and
3) Supporting economic development initiatives, without straining local budgets.

As a relatively isolated rural region, District III routinely deals with time and distance problems. There are planning processes already in place at the state and local levels to address transportation. Until the implementation resources (i.e. funding) equal the demand, there will always be deficiencies in most transportation systems.

Resources

The region's key development resources may be summarized under four headings:

- Physical Resources;
- Personal Resources;
- Foundational Resources; and
- Adaptability Resources.

These attributes are not present equally throughout the 16 county region. Taken individually, none of the resources would probably be sufficient to sustain economic prosperity or maintain an outstanding quality of life. Collectively, the resources provide a "cushion" for cyclic downturns and a "springboard" for growth when opportunities arise.

<u>Physical Resources</u>

The region's physical assets include:

- Productive farm land;
- Abundant water via the Missouri River system;

- Topography that is both interesting to visitors and cost effective for developers;
- Geographic proximity to transportation systems and markets; and
- A climate that creates exceptional seasonal features and opportunities for year-round outdoor recreation.

Potential and/or underutilized physical resources include: consistent wind (power generation), National Park marketing (Missouri National Recreation River) and passive recreation pursuits (bird watching, hiking, etc.)

Personal Resources

- The workforce has a strong work ethic and an aptitude toward learning new skills;
- The access to education includes quality high schools, two technical institutes, two private colleges and the University of South Dakota;
- The region's healthcare facilities and support structures are strong and connected to major specialty service providers;
- Both the prevailing small town and Tribal cultures value family ties and spiritual strength; and
- A significant senior population that has both personal wealth and service needs.

Personal resources with unmet potential include a minority workforce (Tribal members); heritage based education and/or tourism (Tribes, Hutterite Colonies, and unique cultural facilities) and retirement services (housing, social, and healthcare services).

Foundational Resources

The region contains the basic building blocks for economic development success, assuming no unanticipated obstacles come into play.

- Access to Capital – statewide, regional, and local revolving loan funds are available to leverage private financing and equity contributions;
- Business Planning Support – The District hosts the Small Business Development Center (SBDC) which provides high quality consulting services;
- Primary Infrastructure Capacities – Despite individual challenges, the area's overall utility, power, transportation, and telecommunications infrastructure can support more development;
- Favorable Tax Climate – South Dakota has the lowest business tax rates in the country and local governments have assisted businesses with tax rebates and tax increment financing districts; and
- Entrepreneurial Examples – the area has provided outstanding examples of "home grown" businesses in a variety of fields, such as telecommunications, transportation, manufacturing and medical services.

One weakness in foundational resources is a failure by some residents to either understand or appreciate the advantages that exist. In other words, the attitude of certain citizens is along the lines of quiet resignation to continual decline. New arrivals may not have the same perceptions because they have lived in other areas with fewer attributes. Ongoing education and sustained positive messaging from local businesses and development groups may improve attitudes. Also, growth in agricultural

incomes and associated spending have immediate and tangible impacts on financial bottom lines and personal outlooks.

Adaptability Resources

This resource category has its "roots" in the aforementioned foundational assets. A definition of adaptability will often include the word "flexibility". This ability is expressed throughout the region by its:

- Economic Flexibility – Farm and manufacturing income changes with national and/or international market fluxuations;
- Education Flexibility – School consolidation, national standard testing, and a host of other variables are continually impacting the delivery of quality services;
- Institutional Flexibility – Organizations and governmental units have to cooperate in sharing leadership, community member energy and financial support, which promotes collaboration on major issues;
- Service Flexibility – Technology advances, delivery efficiencies and entrepreneurial initiative have allowed most areas to access the services necessary to support a 21st Century quality of life; and
- Investment Flexibility – Whether it is a government incentive or local program contribution, the region's communities have demonstrated the ability to modify their development approach as conditions change.

Adaptability resources vary by locale, but each one is necessary to deal with both opportunities and threats. Planning can help channel flexibility into constructive action, but no amount of anticipation can address every situation. Having the confidence and experience to know that they can overcome adversity ensures that communities continue to invest in their future.

Environment

This section will follow the EDA "Environmental Guidance for Grant Programs", which is based upon the National Environmental Policy Act (NEPA). District III will make every effort to comply with both the intent and letter of the guidelines, but there may be topics where common sense and/or logic precludes providing information in the manner suggested by EDA. The CEDS *is* a planning process. It is *not* a construction program. There is no way the CEDS can anticipate or document every conceivable outcome or action associated with "on the ground" impacts. Again, this document may reference specific projects or initiatives that involve physical implementation. These projects will have their own environmental assessment process to follow. It is unrealistic and illogical to expect a planning document to cover all potential environmental impacts from projects within a 16 county area, over a five year period.

1. Designated State or National Parks

The region contains one National Park, the Missouri National Recreation River. The park encompasses the natural flowing Missouri River in segments between the Fort Randall Dam and Running Water (39 miles) and the Gavins Point Dam and Ponca, Nebraska (59 miles) (see figure 11).

Figure 11

There is one National Wildlife Refuge near Lake Andes and portions of Lyman County are part of the Ft. Pierre National Grasslands. The state of South Dakota manages several camping and recreation areas along the Missouri River system.

2. Wilderness Areas

There are no designated wilderness areas within the region.

3. Wild or Scenic Rivers

There are no wild or scenic rivers within the region.

4. Endangered or Threatened Species

Table 21 contains a list of threatened or endangered species by county, within the region.

Table 21

Endangered Species

COUNTY	GROUP	SPECIES	CERTAINTY OF OCCURRENCE	STATUS
AURORA	BIRD	CRANE, WHOOPING	KNOWN	E
	FISH	SHINER, TOPEKA	KNOWN	E
BON HOMME	BIRD	PLOVER, PIPING	KNOWN	T (CH)
		TERN, LEAST	KNOWN	E
		CRANE, WHOOPING	POSSIBLE	E
	FISH	STURGEON, PALLID	KNOWN	E
		SHINER, TOPEKA	KNOWN	E
BRULE	BIRD	CRANE, WHOOPING	KNOWN	E
		PLOVER, PIPING	POSSIBLE	T
		TERN, LEAST	KNOWN	E
	FISH	STURGEON, PALLID	KNOWN	E
BUFFALO	BIRD	CRANE, WHOOPING	KNOWN	E
		PLOVER, PIPING	POSSIBLE	T
		TERN, LEAST	KNOWN	E
	FISH	STURGEON, PALLID	KNOWN	E
CHARLES MIX	BIRD	CRANE, WHOOPING	KNOWN	E
		PLOVER, PIPING	KNOWN	T (CH)
		TERN, LEAST	KNOWN	E
	FISH	STURGEON, PALLID	POSSIBLE	E
DAVISON	BIRD	CRANE, WHOOPING	POSSIBLE	E
	FISH	SHINER, TOPEKA	KNOWN	E
DOUGLAS	BIRD	CRANE, WHOOPING	KNOWN	E
	FISH	SHINER, TOPEKA	POSSIBLE	E
GREGORY	BIRD	CRANE, WHOOPING	KNOWN	E
		PLOVER, PIPING	KNOWN	T (CH)
		TERN, LEAST	KNOWN	XN
	INSECT	BEETLE, AMERICAN BURYING[2]	KNOWN	E
	FISH	STURGEON, PALLID	KNOWN	E
	MAMMAL	FERRET, BLACK-FOOTED[4]	POSSIBLE	E
HANSON	BIRD	CRANE, WHOOPING	POSSIBLE	E
	FISH	SHINER, TOPEKA	KNOWN	E
HUTCHINSON	BIRD	CRANE, WHOOPING	POSSIBLE	E
	FISH	SHINER, TOPEKA	KNOWN	E
	PLANT	ORCHID, WESTERN PRAIRIE FRINGED[1]	POSSIBLE	T

JERAULD	BIRD	CRANE, WHOOPING	KNOWN	E
	FISH	SHINER, TOPEKA[3]	POSSIBLE	E
LYMAN	BIRD	CRANE, WHOOPING	KNOWN	E
		PLOVER, PIPING	POSSIBLE	T
		TERN, LEAST	KNOWN	E
		SPRAGUE'S PIPIT	POSSIBLE MIGRATION	C
	FISH	STURGEON, PALLID	KNOWN	E
	MAMMAL	FERRET, BLACK-FOOTED	KNOWN	E
MELLETTE	BIRD	CRANE, WHOOPING	KNOWN	E
	MAMMAL	FERRET, BLACK-FOOTED[4]	POSSIBLE	XN
SANBORN	BIRD	CRANE, WHOOPING	POSSIBLE	E
	FISH	SHINER, TOPEKA	KNOWN	E
TRIPP	BIRD	CRANE, WHOOPING	KNOWN	E
	INSECT	BEETLE, AMERICAN BURYING[2]	KNOWN	E
	MAMMAL	FERRET, BLACK-FOOTED[4]	POSSIBLE	XN
YANKTON	BIRD	PLOVER, PIPING	KNOWN	T (CH)
		TERN, LEAST	KNOWN	E
	FISH	SHINER, TOPEKA[3]	POSSIBLE	E
		STURGEON, PALLID	POSSIBLE	E
	MUSSEL	MUSSEL, SCALESHELL[6]	HISTORIC	E
		MUSSEL, HIGGINS EYE[5,6]	POSSIBLE	E
	PLANT	ORCHID, WESTERN PRAIRIE FRINGED[1]	POSSIBLE	T

E = Endangered T = Threatened C = Candidate CH = Critical Habitat XN = Experimental/Non-essential Population

[1] The counties indicated for the Western Prairie Fringed Orchid are counties with potential habitat. Currently, there are no known populations of this species in South Dakota. Status surveys have been completed for the orchid in South Dakota. However, because of the ecology of this species, there is a possibility that plants may be overlooked.

[2] The American Burying Beetle is presently known for only Gregory, Todd and Tripp counties. One specimen was recently trapped in southern Bennett County. Historic specimens have been recorded from Haakon and Brookings Counties. A comprehensive status survey has never been completed for the American burying beetle in South Dakota. Until status surveys have been completed, the beetle could and may occur in any county with suitable habitat. Suitable habitat is considered to be any site with significant humus or topsoil suitable for burying carrion.

[3] Although Topeka Shiners have not been formally documented within Clark, Douglas, Grant, Jerauld, Kingsbury, Lake, Spink, or Yankton Counties, the species may still occur in these areas because they contain portions of known occupied Topeka Shiner streams and/or potentially occupied streams that exist within one or more of the three known inhabited watersheds in South Dakota: the James, Vermillion, and Big Sioux.

[4] Black-footed ferrets have been reintroduced in the Badlands National Park, Buffalo Gap National Grasslands, Cheyenne River Sioux Tribe Reservation, Lower Brule Sioux Reservation, Rosebud Sioux Reservation and Wind Cave National Park.

[5] A fresh dead shell of a Higgins Eye Mussel was found in the Missouri River below Gavins Point Dam on October 27, 2004.

[6] Shells of these species have been found, but no populations have been located.

[7] A pallid sturgeon was caught in Lincoln County from the Big Sioux River in May 2009.

[8] This list includes counties where Poweshiek skipperling has been confirmed within the past 25 years (1986 or later). Due to the sharp declines in the last several years, the list may include counties in which the species no longer occurs. Nevertheless, we recommend that agencies contact the South Dakota Ecological Services Field Office if undertaking or planning projects that may affect Poweshiek skipperling habitat in these counties.

Source: U.S. Fish and Wildlife Service http://www.fws.gov/southdakotafieldoffice/SpeciesByCounty.pdf

5. Prime/Unique Agricultural Lands

This category does not apply to the CEDS process. There are certainly agricultural lands that fit this description within the region. Projects that may have an impact on these properties will address the issue individually. It would serve no purpose to list all lands within this classification. District III is well aware of the USDA agency information resources and if any projects materialize from the CEDS, consultation will occur.

6. Superfund, Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) Resource Conservation and Recovery Act (RCRA) Sites

The South Dakota Department of Environment and Natural Resources maintains data on:

- Superfund Sites;
- Hazardous Waste Sites; and
- Underground and Above Ground Storage Tanks.

The only superfund site is the "Yankton Air to Ground Gunnery Range." This 7,700 acre area in Bon Homme and Yankton Counties, was used between 1942 and 1946 for skip bombing, air to ground artillery target practice and night precision bombing. One hundred pound sand filled practice bombs and 50 caliber projectiles were used at the site. The U.S. Army Corps of Engineers is conducting an investigation to confirm that the site is clear of potentially hazardous munitions debris.

Should any CEDS related project be proposed for a specific location, the DENR will be contacted for information concerning contaminated sites and storage tanks. It would serve no purpose for this document to include a list of specific contaminated sites, since the appropriate regulatory authorities are already involved and there is no known relationship to any particular development project. Again, specific project locations will involve their own environmental assessment, including an investigation into hazardous sites and storage tanks. There are no known sites that have significant regional or multi-jurisdictional impacts.

7. Hazardous Chemical Manufacturers, Users or Storage Facilities

This document will not list the locations of hazardous chemical facilities or users for three reasons:

a) The information could be a breach of private security and jeopardize public safety;
b) Local county Hazmat Plans already contain information on these sites for use by emergency personnel; and

c) The area is heavily dependent upon agriculture and manufacturing. Both enterprises use chemicals under the regulation of state and federal authorities.

As noted previously, any specific construction and/or development activity that utilizes public funding or is subject to state or federal regulation will comply with environmental assessment protocols. The CEDS, by itself, is not a physical activity, nor is it a regulatory authority that needs to be involved in overseeing environmental protection laws.

8. Manufacturers or Users of Pesticides

District III is unaware of any major manufacturer of pesticides within the region. Pesticide application is a common practice in agricultural areas. The State of South Dakota and the Environmental Protection Agency regulate the use of these chemicals. Virtually every farm operation and in certain situations, government agencies such as Game Fish and Parks, apply pesticides on a regular basis. Communities also spray for mosquitoes, as necessary throughout the summer.

9. Sole Source Aquifiers

According to the South Dakota Department of Environment and Natural Resources, there are no sole source aquifer designations within the state.

10. Wellhead Protection Areas

According to the South Dakota Department of Environment and Natural Resources, there are no "established" wellhead protection areas within the 16 county region. Local counties may have wellhead protection ordinances and potential project sponsors will be encouraged to contact local land use officials before proceeding with construction.

11. Nonattainment Areas for Critical Pollutants

The South Dakota Department of Environment and Natural Resources' (DENR) "South Dakota Air Monitoring Annual Network Plan 2013" noted that the state's ambient air quality concentrations are demonstrating attainment with EPA's National Ambient Air Quality Standards (NAAQS). DENR maintains 10 monitoring stations throughout the state. The District III area does not have any of these stations.

The region's primary air quality issue is typically dust from various agricultural practices. Odor may also be a problem at certain times of the year from the application of organic fertilizer or the "turnover" of lagoons and other water bodies. Individual land use ordinances and best practice information may mitigate localized air borne particle or odor issues, but the region does not have chronic air quality attainment issues.

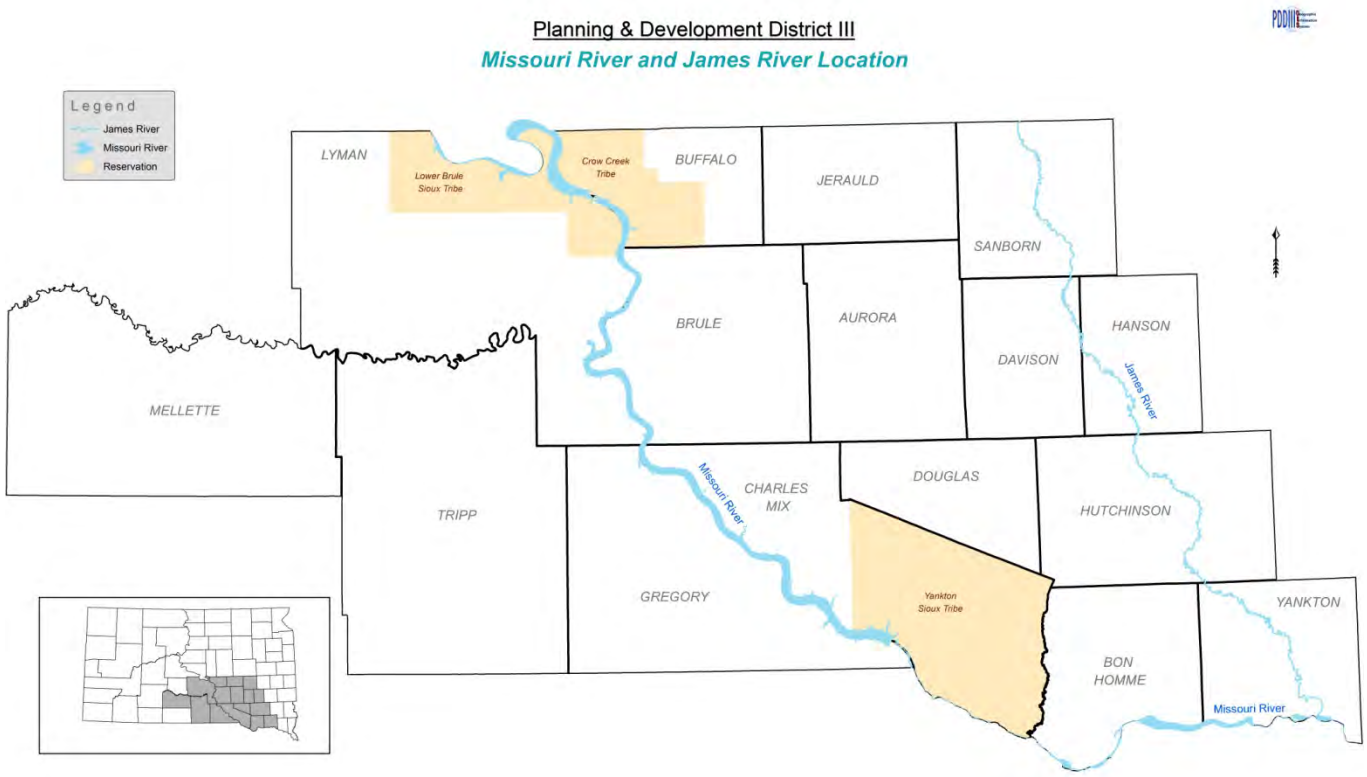
12. 100 Year Flood Plains

The region contains two major river drainages that have experienced regular flooding (Missouri and James Rivers). Figure ____ shows the location of these water bodies. There are also numerous smaller drainage areas with flood plain zones. County and municipal governments

within the region are well aware of 100 year flood plain guidelines. Unfortunately, not every county has been mapped and/or updated by the Federal Emergency Management Agency (FEMA) for flood pain areas.

Local land use regulations, insurance policies and lending practices all discourage construction in or near flood plains, especially within floodway boundaries. There is enough land outside of flood plain areas to avoid problems, with minimal effort.

Figure 12



13. Archeological, Historic, Prehistoric, or Cultural Resource Sites

The region contains numerous sites associated with Native American culture. Their locations are usually kept confidential by Tribal officials and the South Dakota State Historic Preservation Office (SHPO). Virtually no publicly assisted projects move ahead without the consultation and approval of appropriate authorities. The process for contact and project documentation are known to District III staff and state and federal funding agencies.

River drainages and prominent vantage points are likely locations for artifacts. Again, the process for consultation is the same, regardless of any proximity to Indian Reservations.

14. Coastal Zones

The region does not contain any designated coastal zone areas.

15. Constraints to Economic Development

There are no real environmental constraints to economic development, with the exception of occasional weather related disasters. While public infrastructure capacities are not "ideal," they are adequate for maintaining services. The lack of economic diversity has always plagued the area, but until value added agricultural processing or other primary employers expand, the situation will not dramatically change.

Setting a timetable for eliminating any constraints is unrealistic. It has taken decades for the region to reach its present state. It will probably take decades to evolve into a different economic situation. The area lacks the energy resources to generate a "boom" economy. High agricultural commodity prices could sustain some growth, but agriculture is a global activity that is easily influenced by outside forces.

There are no public controversies of region-wide significance, at this time. Education, healthcare, housing and transportation are all issues for the area, but none of them is being elevated above the others as a crisis.

16. Environmental Justice Issues

Approximately 14 percent of the region's population may be classified as being minorities. The majority of these persons are Native Americans, but other groups, such as Hispanics are growing in number. Tribal governments control the community and economic development efforts within reservation areas. Tribal populations are typically younger than the region's "non-native", demographic profile. This disparity has both pros and cons. The major positive element is the workforce potential of Tribal communities. The challenge is getting jobs to the people and/or people to the jobs. Ideally, solutions would minimize the disruptions to Tribal family and cultural norms.

A development possibility that could impact Hispanic or other minority groups is value-added agriculture. These activities, whether on the farm (example – dairies) or near communities (example – processing plants) have been known to employ large numbers of minority workers. Immigration regulations, English as a second language, and other cultural adjustment issues are part of the "picture." South Dakota has experience with minority employees in these situations, thus the District III area could benefit from the experiences of other regions. The opportunity for employment will certainly aid minorities in achieving a higher quality of life. It is their acclimation to rural communities that must be supported to avoid any adverse impacts to their lives.

The region's environmental awareness will continue to be focused upon the availability and quality of water. Floods and droughts are the extremes, but maintaining a sufficient amount of water for crops, livestock and domestic consumption will always be a priority. Rural water system upgrades, Missouri River water rights, drainage practices and irrigation projects may involve a variety of responses, ranging from funding to land use planning and legal processes.

Depending upon the situation, the issue could involve state government, local governments and/or private interest groups. District III will support its membership as requested.

This section included frequent references to the fact that a particular environmental topic did not fit the CEDS document in the same way as a construction project. District III routinely conducts environmental assessments for a variety of projects. Figure 13 illustrates that process.

Figure 13
Typical Assessment Steps

The exact steps may vary, depending upon the funding agencies involved and the nature of the project. The District is continually improving its ability to accurately locate and explain project proposals to ensure full public awareness and agency communication.

Section II
Analysis of Economic Development Problems and Opportunities

Underlying Factors

This section will review regional development challenges and opportunities. It will also examine the region's strengths and weaknesses. The 16 county District III service area has several underlying factors that have influenced its development since non-native settlement occurred in the late 19th Century.

1) The region's economy, with few exceptions, is heavily dependent upon production agriculture;
2) Transportation networks are an essential component in the movement of goods and services;
3) The "agricultural revolution" has changed the purpose of rural communities and facilitated long term demographic changes; and
4) Distance is a determinate that must be considered in most development related decisions.

While these factors are not "front burner" issues in every project or program discussion, they are always in the background. The region may be described as being:

> "An area with significant natural and human resources that is striving to find ways of dealing with an enigma. Namely, it is a great place to live, but the population continues to decline."

Too often, maintaining the status quo is viewed as a victory. The comfort level of people with existing conditions may be a critical element in the success of development efforts. In other words, regardless of any analytical data or plans, public perceptions are going to be a key in motivating change.

Government Supported Plans

District III has close working relationships with several state and federal agencies. The Governor's Office of Economic Development (GOED) partnered with all the South Dakota planning districts in 2012 to compile a set of development needs and issues. The statewide results are presented below.

Top 5 "Needs/Issues" – Collective

1. Strategic Planning
    - Economic Development Planning
    - Community/Regional Planning
2. Business Development
    - New Business Attraction
    - Business Retention & Expansion
    - Entrepreneurship

3. Housing
    - Housing Development Strategy
    - Governor's House Program
4. Workforce Development
    - Workforce Development Strategy
    - Workforce Programs
5. Financing
    - Community Financing
    - Business Financing
6. Communication & Training
    - Community/Economic Development Training Programs

Source: Governor's Office of Economic Development, September 2013

The six primary issues were consistent throughout the state.

The GOED's state initiative priorities for 2014 were noted as being:

- Oil and Gas;
- Entrepreneurship;
- International Trade; and
- Rural Development

These topics reflect the perceived opportunities for progress throughout the state. District III is viewed by GOED as a partner and ally in achieving its goals for rural development. The GOED's plan for rural development is focused on three tracks:

- Strategic planning, preparation, and training;
- Community and public relations; and
- Funding.

Each element has a role for District III to play. The plan is also consistent with the region's specific survey results.

The regional survey was conducted in late 2012. The results were compiled and presented to the District III Governing Board, CEDS Committee, area officials, and other interested parties, in April 2013. Over 500 survey participants were asked to respond to 54 questions. The GOED included 20 questions of special interest to state officials. The survey graded the condition of the region's human and economic assets. Table 22 contains the predominate grades in several categories.

Table 22
Regional Grades

Key
A= Exceeds Expectations
B= Meets Anticipated Needs
C= Improvements Necessary
D= Way Below Expectations
F= Serious Problems Exist
N/A= Don't have or Not Applicable

If the majority answered "N/A", the second most common response was also noted, since it reflected the opinion of those entities that had experience with the item or issue.

Item/Issue	Predominate Grade
Drinking Water Systems	B
Sanitary Sewage Systems	B
Garbage/Recycling Services	B
Drainage Systems	B
Electrical Services	B
Natural Gas/Propane Services	B
Telephone Services	B
Internet Services	B
Cell Phone Services	B
Federal/State Highways	B
County/Township Roads	C
Main Streets	B
Industrial Access Roads	B
Airports	N/A (B 2nd)
Railroads	N/A (B 2nd)
Bus/Van Services	N/A (B 2nd)
Park/Recreational Trail Offerings	B
Community Center/Meeting Rooms	B
Senior Citizen Centers	B
Daycare Options	B
Healthcare Services	B
Library Services	B
Historic Properties/Museums	B
Law Enforcement	B
Ambulance Services	B
Fire Department	B
Emergency Sirens	B
Dispatch/Communication Systems	B

Public School Systems	B
Access to Higher Education Courses	Tie B/C
Workforce Training Programs	C
Industrial Sites	C
Retail and Service Business Opportunities	C
Available Labor Force	C
Development Corporation Activities	C
Local Government Support	B
Local Websites	B
Overall Condition of Housing Stock	C
Availability of Single Family Housing	C
Availability of Apartment Units	C
Number of Buildable Lots	B
Construction/Builder Capacity	B
Nursing Home Units	B
Assisted Living Units	B
Overall Affordability of Housing	B

The survey further reviewed regional attitudes toward specific economic related issues. Table ___ contains the issue and the associated majority response. Respondents had the following response options:

- Much Better;
- Better;
- No Change;
- Worse; or
- Much Worse.

In every instance, the majority response was “No Change.” The table contains the percentages of respondents in the majority group. The consistency may indicate a relatively deep “wait and see” attitude throughout the region or it may be the result of good news not making its way to the general public. Regardless, there is a clear hesitancy in believing that the overall development picture is getting better.

Table 23
Economic Development Attitudes
(All items were rated as having "No Change")

Topic/Activity	Percent Noting No change
1) Number of people employed in living wage jobs	65.3%
2) Employee training opportunities	71.0%
3) Number of people available to fill jobs	65.6%
4) Public awareness of technical job openings	71.5%
5) Manufacturing activity	67.1%
6) Retail and service activity	57.5%
7) Professional service activity	70.8%
8) Construction trades activity	66.8%
9) Agricultural services and processing activity	63.5%
10) Tracking company activity	77.7%
11) Tourism activity	67.6%
12) Access to capital	71.9%
13) Awareness of professional counseling assistance	76.3%
14) Participation of local investors	69.1%
15) Networking/mentoring opportunities	71.6%
16) Public confidence in taking risks	66.2%

Although attitudes toward the current situation may have been ambiguous, the regional responses about development priorities were clear. Tables 24 – 26 contain the ratings for business, community involvement, and environmental issues.

Table 24

Business Sector

	5 = Extremely High Importance	4	3	2	1 = Not Important	Rating Average	Rating Count
Building value added agricultural processing facilities	22.9% (50)	**36.7% (80)**	34.4% (75)	3.7% (8)	2.3% (5)	3.74	218
Promoting tourism	23.2% (51)	**35.5% (78)**	31.4% (69)	6.4% (14)	3.6% (8)	3.68	220
Helping existing businesses (retention and expansion)	**40.4% (88)**	39.4% (86)	18.3% (40)	1.4% (3)	0.5% (1)	4.18	218
Attracting new companies (recruitment)	**45.9% (101)**	33.6% (74)	14.5% (32)	5.0% (11)	0.9% (2)	4.19	220
Working through business succession issues	20.5% (45)	**43.4% (95)**	27.4% (60)	5.5% (12)	3.2% (7)	3.73	219
Finding uses for vacant main street buildings	**45.7% (101)**	30.3% (67)	15.8% (35)	5.9% (13)	2.3% (5)	4.11	221
Keeping professional services available (medical, legal, etc.)	**50.5% (111)**	30.9% (68)	13.6% (30)	3.6% (8)	1.4% (3)	4.25	220
Seeking more potential workers	30.5% (67)	**45.0% (99)**	17.7% (39)	4.5% (10)	2.3% (5)	3.97	220
Supporting workforce training initiatives	27.3% (60)	**40.9% (90)**	24.1% (53)	5.0% (11)	2.7% (6)	3.85	220
Constructing "spec" industrial buildings	16.8% (37)	**33.6% (74)**	33.2% (73)	10.5% (23)	5.9% (13)	3.45	220

Table 25

Community Involvement

	5 = Extremely High Importance	4	3	2	1 = Not Important	Rating Average	Rating Count
Improving community appearance	40.8% (91)	**43.0% (96)**	13.5% (30)	1.3% (3)	1.3% (3)	4.21	223
Adding telecommunications capacity (high speed internet, etc.)	27.0% (60)	**36.9% (82)**	29.7% (66)	4.5% (10)	1.8% (4)	3.83	222
Increasing cooperation among communities	**37.6% (83)**	35.7% (79)	22.6% (50)	2.7% (6)	1.4% (3)	4.05	221
Improving housing opportunities	**44.1% (98)**	36.5% (81)	13.1% (29)	4.5% (10)	1.8% (4)	4.17	222
Providing adequate public infrastructure (water, sewer, roads, etc.)	**47.1% (104)**	33.0% (73)	15.4% (34)	2.3% (5)	2.3% (5)	4.20	221
Creating long range plans for development	**44.8% (99)**	37.6% (83)	13.6% (30)	2.3% (5)	1.8% (4)	4.21	221
Establishing a "social media" presence	17.2% (38)	34.4% (76)	**37.1% (82)**	5.9% (13)	5.4% (12)	3.52	221
Developing effective landuse (zoning) regulations	18.8% (42)	35.0% (78)	**35.9% (80)**	8.5% (19)	1.8% (4)	3.61	223

Table 26

Environment

	5 = Extremely High Importance	4	3	2	1 = Not Important	Rating Average	Rating Count
Securing water rights/resources (Missouri River, etc.)	**43.6% (96)**	29.1% (64)	19.1% (42)	5.5% (12)	2.7% (6)	4.05	220
Improving drainage systems	**38.2% (84)**	33.6% (74)	23.2% (51)	3.6% (8)	1.4% (3)	4.04	220
Managing growth impacts on agricultural land	28.4% (62)	31.2% (68)	**34.9% (76)**	3.7% (8)	1.8% (4)	3.81	218
Anticipating impacts from oil drilling or other resource based activities	13.2% (29)	19.5% (43)	**35.5% (78)**	15.0% (33)	16.8% (37)	2.97	220
Protecting sensitive areas (wetlands, etc.)	23.6% (52)	25.9% (57)	**32.3% (71)**	12.3% (27)	5.9% (13)	3.49	220

The responses correspond to most of the aforementioned GOED statewide development and rural development planning priorities. Table 27 illustrates how the regional issues of "Extremely High Importance" relate to GOED's three rural development planning goals. The consistency is readily apparent.

Table 27

Relationships Between GOED & Regional Priorities of High Importance

Important Regional Issue	Strategic Planning	Community & Public Relations	Funding
Helping Existing Businesses	✓	✓	✓
Attracting New Companies	✓	✓	✓
Finding Uses for Vacant Main Street Buildings	✓	✓	✓
Keeping Professional Services	✓	✓	✓
Increasing Cooperation Among Communities	✓	✓	
Improving Housing Opportunities	✓	✓	✓
Providing Adequate Public Infrastructure	✓		✓
Creating Long Range Plans for Development	✓	✓	
Securing Water Rights/Resources	✓	✓	
Improving Drainage Systems	✓		✓

When asked to identify just three development issues as being important, "housing" stood out with 46.7 percent of respondents. Only three other issues garnered at least a 30 percent response.

Business Retention & Expansion	31.6%
Infrastructure	32.1%
Roads/Bridges	34.4%

The emphasis on housing is warranted. The region's housing stock is older than the state average. The area also lacks housing options. The majority of structures were built before World War II (Figure 14). The value of housing is lower in more rural counties, which may correlate with the age of the units (Figure 15). The majority of housing units in the region are single family and owner occupied (Figures 16-17).

Figure 14

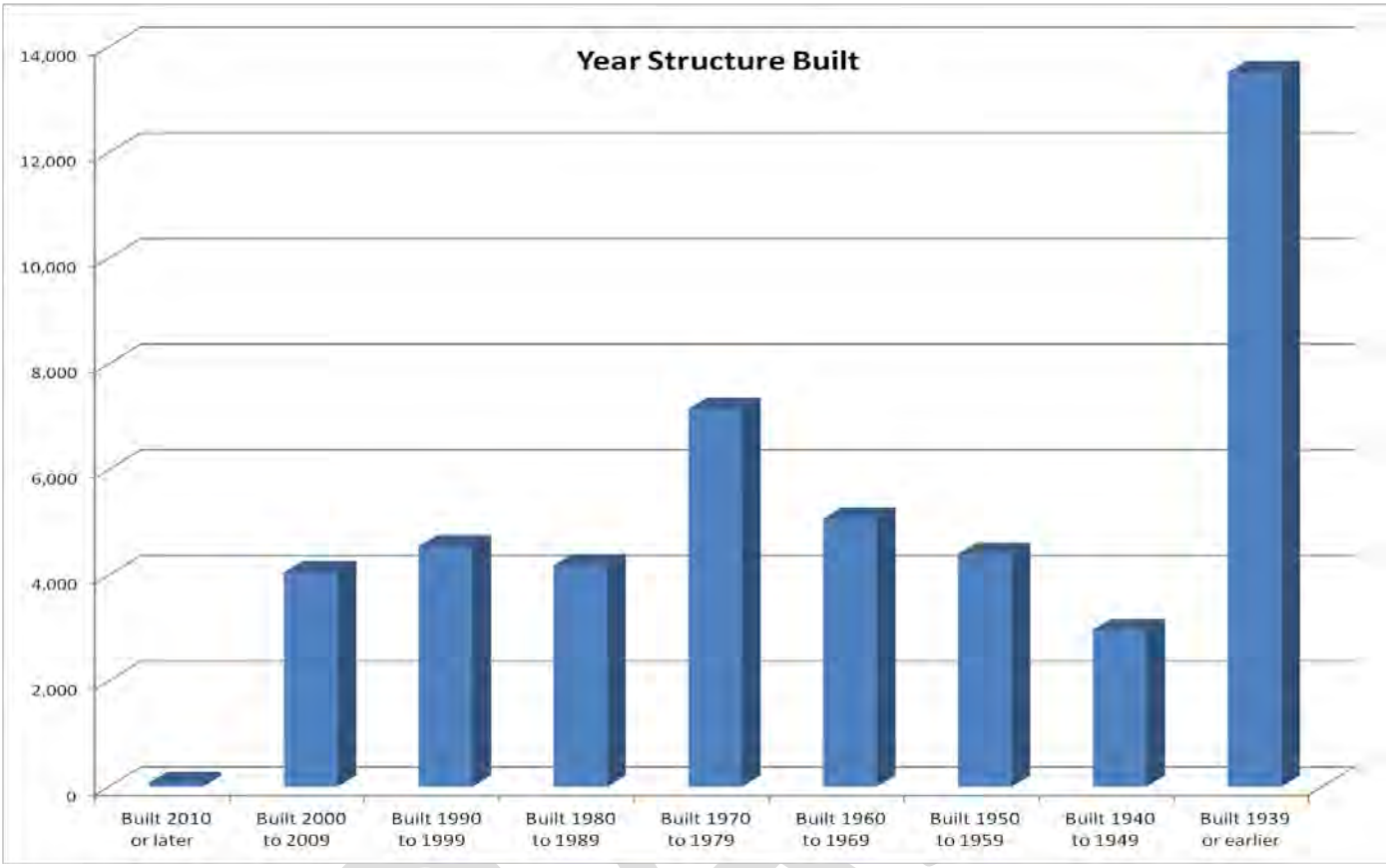


Figure 15

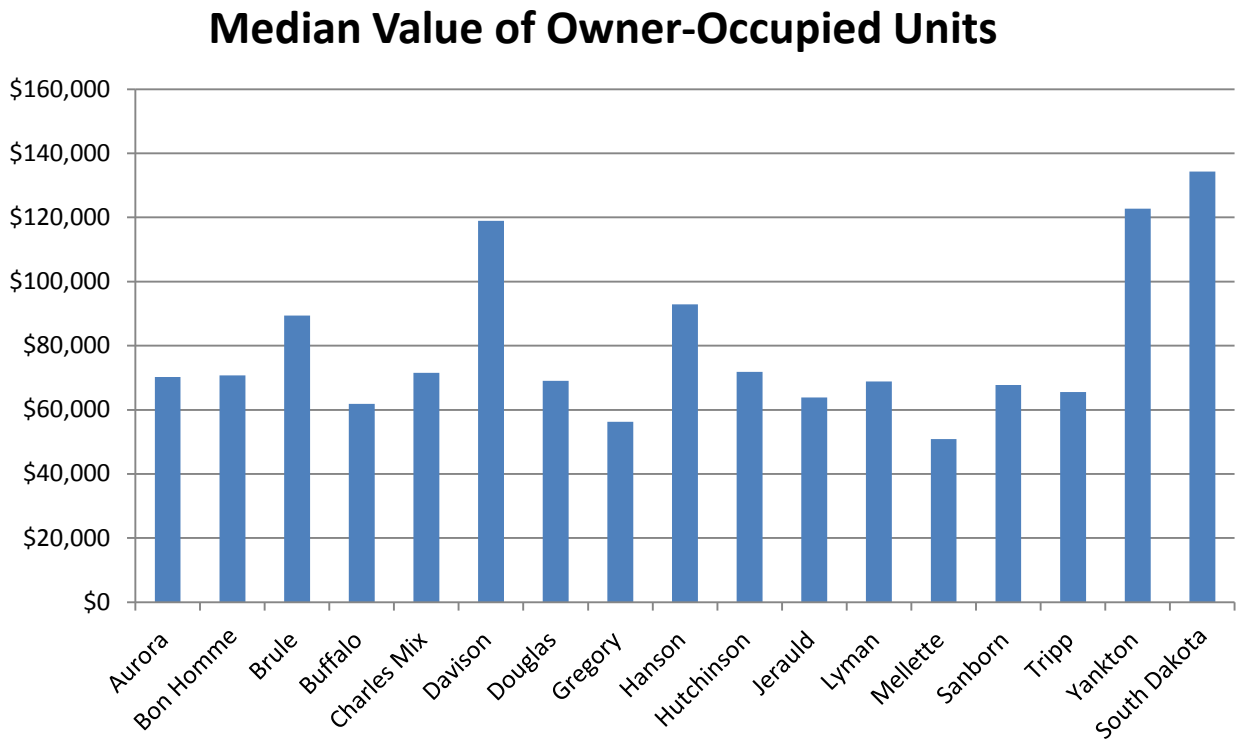


Figure 16

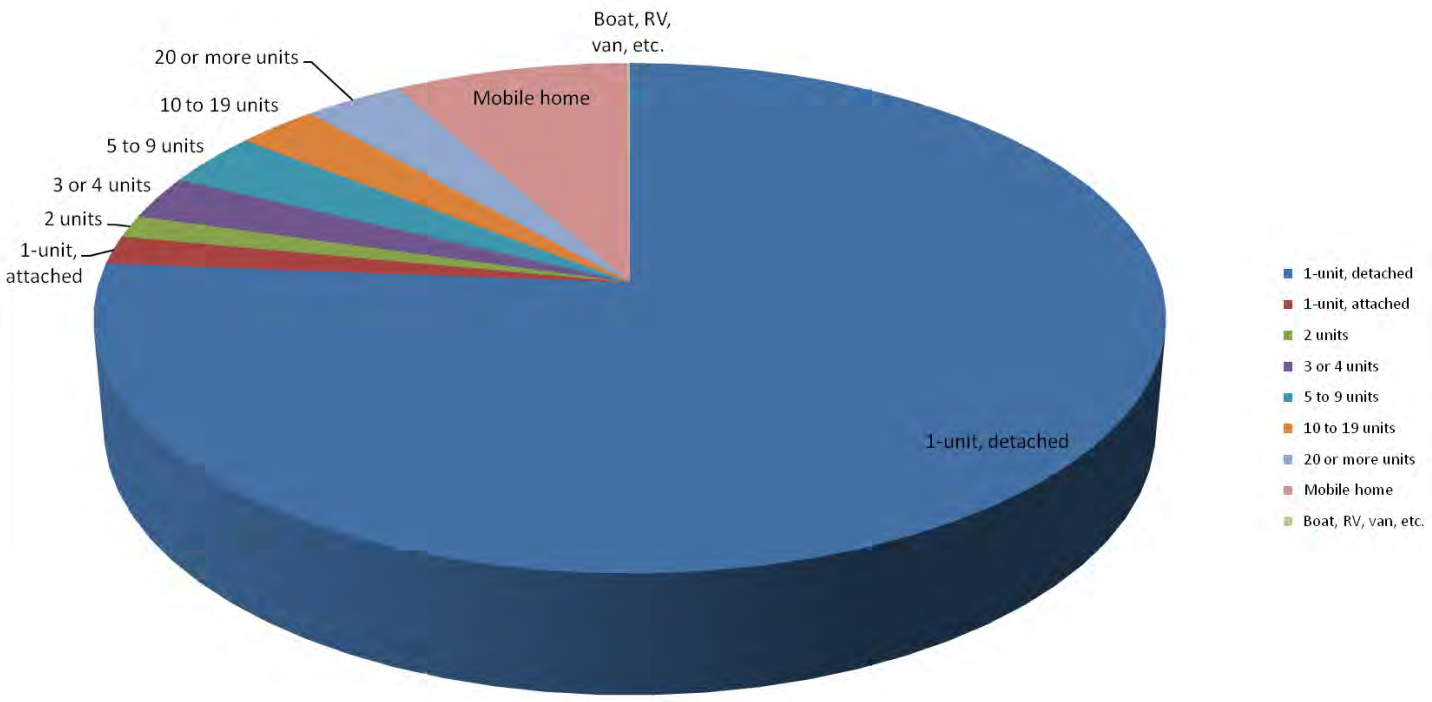
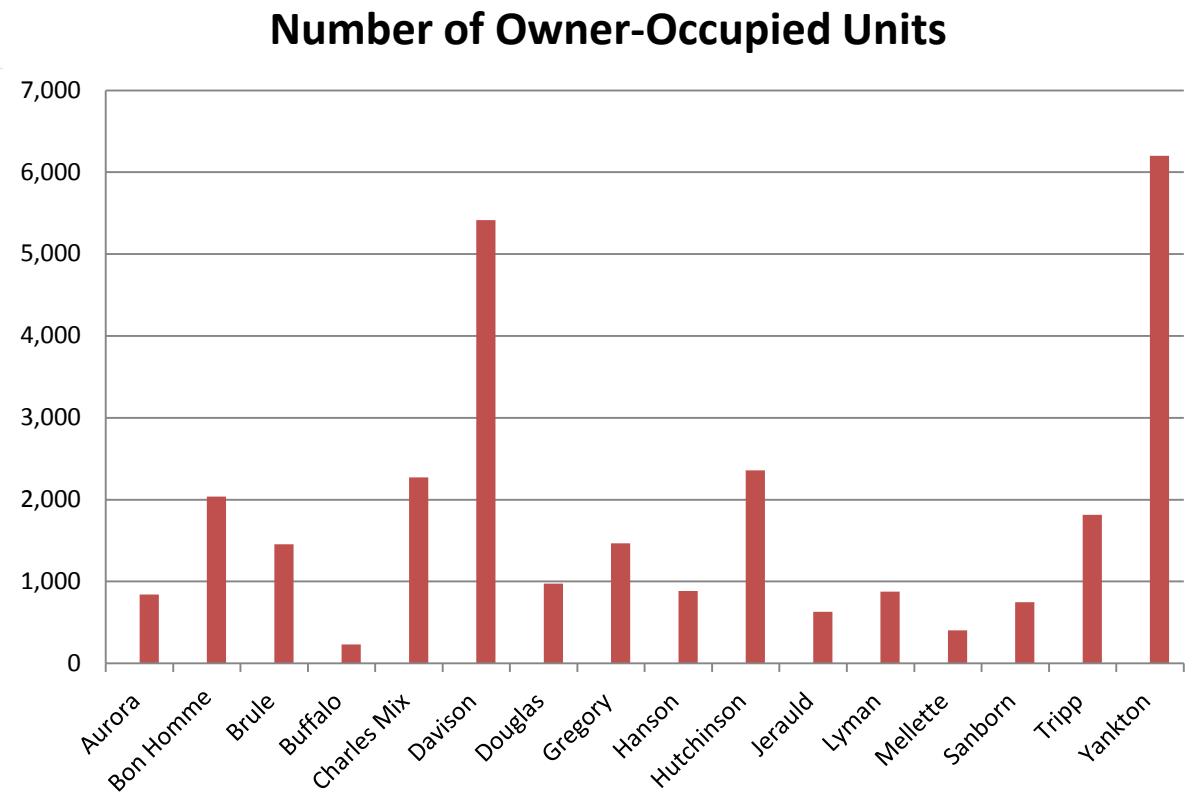


Figure 17



Roads and bridges are supported through the South Dakota Statewide Transportation Improvement Program (STIP). The STIP process includes a review of projects with representatives for the area. The 2014-2017 STIP listed over 150 projects within the District III service area, ranging from multimillion dollar resurfacing and bridge replacements to relatively inexpensive training and support programs. The STIP is an annual activity that helps local governments anticipate improvements. The 2014 South Dakota Department of Transportation budget for projects exceeds $355 million. Transportation is a major state and local expense, which has not kept pace with the needs.

A third state planning process that interfaces with the CEDS and other local planning is the "State Water Plan." The South Dakota Department of Water and Natural Resources uses the "State Water Plan" process to identify proposed public infrastructure projects. District III routinely solicits Water Plan applications from its membership throughout the year. Projects must be listed on the plan to be eligible for state managed financial assistance.

The final statewide planning process that complements local and regional efforts is the "Consolidated Plan," sponsored by the South Dakota Housing development Authority. The Consolidated Plan considers how funding from the Department of Housing and Urban Development (HUD) will be used within the state. The focus of the plan is housing and community development initiatives. District III reviews the plan and when appropriate provides comments on program issues and priorities. The Consolidated Plan includes the South Dakota Community Development Block Grant Program (CDBG), which is a major contributor to public safety, infrastructure and workforce training activities.

Workforce Strategies

The District's interest in workforce training has already been identified. State and local workforce goals are reflected in the District's activities. The state's workforce strategies include "traditional" approaches that include:

- Customized skill training;
- On the job training; and
- Dislocated worker training.

These efforts are coordinated by the South Dakota Department of Labor and Regulation with guidance from the South Dakota Workforce Development Council.

The Governor's Office of Economic Development also engages workforce issues through several unique approaches:

- Dakota Seeds Program (Internships)
- Dakota Roots Program (Job/Skill Matching)
- CDBG Workforce Program (Special Training Allocation)

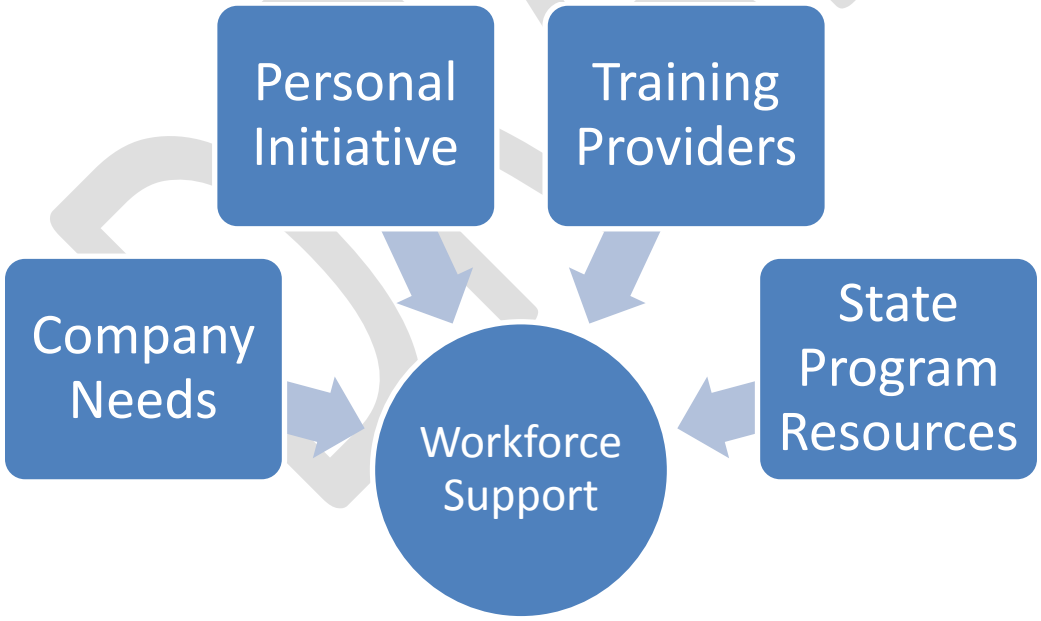
The underlying assumption for the programs is that private employers need support in attracting and retaining skilled workers. The state's perspective on workforce support extends beyond training to housing and other community services.

The District III service area also recognizes the need for attracting, training, and retaining skilled workers. Evidence of regional consistency with state strategies include:

- ✓ District III hosted a manufacturing workforce summit in November 2011, which included participation from the Governor's Office of Economic Development and the Governor of South Dakota. The summit emphasized the need for welders, skilled machinists, and other manufacturing trades.
- ✓ District III has assisted two applicants in obtaining and administering workforce training CDBGs. The projects involved local welding program development and a number of participants were placed in quality jobs.
- ✓ District III has assisted local school districts in evaluating the use of the Governor's House Program for teacher housing. Success in this initiative may result in the state expanding the program employee option to healthcare providers.
- ✓ District III has strong working relationships with the region's two technical training institutions (Regional Technical Education Center and Mitchell Technical Institute). This familiarity enables the District to direct employers to the appropriate training provider.

The roles the District plays in workforce are dependent upon the situation. Figure 18 illustrates the sources of input that influence the District's involvement.

Figure 18



Typically, District III links local or regional needs to resources. The District has a unique set of skills to perform the coordinating role.

- ✓ A staff member previously managed a career learning center for the state;
- ✓ In-house Small Business Development Center personnel have direct, daily contact with businesses and their needs;

- ✓ Extensive experience and regional knowledge allow planning professionals to approach workforce issues from a broad, community development perspective.

These attributes also combine to give the District an understanding of the impacts associated with economic development investments.

Economic Development Investments

An analysis of economic development investments has both objective and subjective elements. Objective factors may include:

1) Costs (scale and scope)
2) Benefits (measurable impacts)
3) Participants (resources leveraged)

Subjective elements by their nature have relative or perceptional characteristics such as:

1) Visibility (public awareness)
2) Acceptance (use or value)
3) Potential (possible outcomes)

Virtually every community within the region has experienced an investment of public or private resources that could be described via objective or subjective criteria. A list of projects, no matter how impressive, will have no value to the CEDS by itself. Rather, any true analysis of regional investments must take into account "game changing" qualities. In other words, what investments have occurred or are being proposed that will alter the economic development playing field within the 16 county area? The following 10 investments had or will have regional significance.

1) Missouri River Reservoirs
   The region's three main stem dams provide electric generation, water supplies, recreational opportunities, and innovative "green energy" alternatives.

2) I-90
   The region's only interstate highway essentially divides the area in half and provides excellent access for the transport of goods and services, along with retail and tourism based business opportunities.

3) Rural Water Systems
   The region's ten systems offer exceptional water quality and quantity for domestic, livestock, and processing uses.

4) Short line Rail Rehabilitation
The upgrading of short line railroad service provides shipping advantages to area farmers, while opening the door to industries that utilize bulk transportation facilities.

5) Destination Retail
The location of a Cabela's store in Mitchell proved that large specialty retailers could operate within the region. Cabela's also paved the way for over $100 million of additional retail investment south of I-90.

6) Destination Tourism
Missouri River resorts have drawn significant visitation while contributing to economic development spinoffs near Chamberlain, Oacoma, and Yankton.

7) Healthcare Systems
Large healthcare systems (Avera and Sanford), through a network of satellite facilities, have helped maintain rural access to healthcare services. The region's demographic profile points to a growing demand for healthcare in the future.

8) Mitchell Tech Expansion
Mitchell Technical Institute (MTI) has moved its campus to an I-90 location. It significantly upgraded physical facilities and expanded its program offerings. MTI has cooperated with Yankton's Regional Technical Education Center (RTEC) and further collaboration could provide a north/south technical training axis within the region.

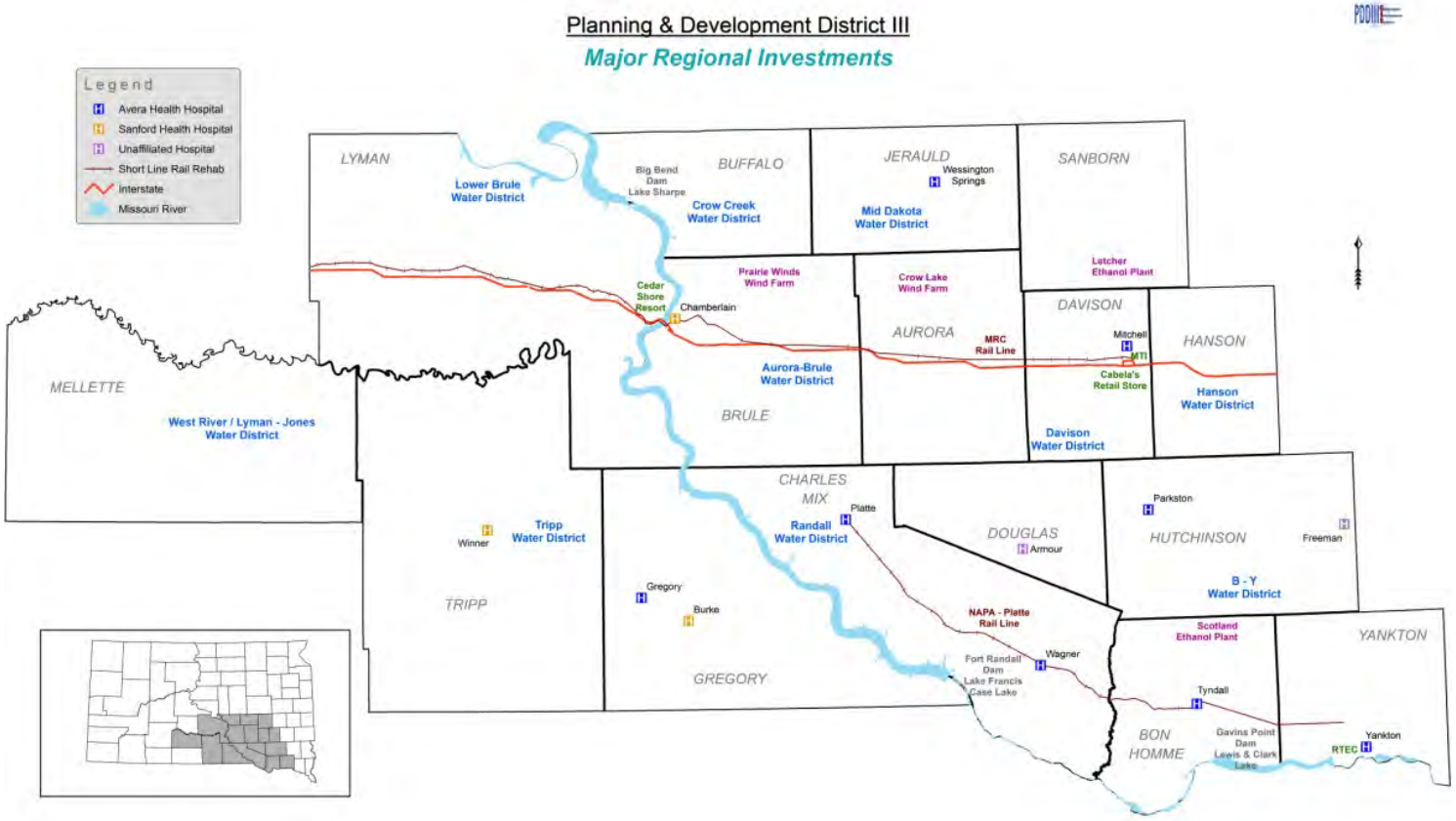
9) Institutional Conversion
Several state facilities changed their function, which kept employment within communities and offered new options for services. Examples included: college campus buildings to prisons (Springfield and Yankton). State training school to a private youth program (Plankinton) and Human Services Center grounds to development property (Yankton).

10) Alternative Energy
The region has two ethanol plants and two wind farms. The second largest ethanol producer in the United States also has a research center in Scotland.

Figure 19 shows the distribution of these investments throughout the region. The majority of investments are in place. Proposed investments within the 10 topic areas are also shown.

One unique development opportunity that has national and international potential is the establishment of a national Olympic archery training center in Yankton. The community already has world class indoor and outdoor archery facilities and its relationship to the National Field Archery Association (NFAA) could lead to the "Olympic dream" coming true. The community hosted the nation's "para-olympic" archery team in 2013. The establishment of a training center would generate tourism and cultural exchanges with archery enthusiasts from across the globe.

Figure 19



Cluster Analysis

Industry cluster analysis undertakes a sequence of steps to identify and locate the clusters present in a region's economy, as well as providing a way to gauge the clusters' strengths and weaknesses compared to the national economy. Such insights can assist in maintaining or increasing cluster strengths by strategic resource targeting. Industry cluster analysis may also help identify new and emerging clusters to replace old and fading ones.

District III staff utilized the analytical tools provided by the Economic Development Administration and the universities of Indiana and Purdue via its Innovation in American Regions page on the STATS America website. Research was conducted to gather data on industry and occupational clusters within the District III region. An analysis on the region's Innovation Index was conducted through the same resources.

Table 28 shows the industry clusters in the District III region, listed in order of location quotients (LQ) from highest to lowest. Location quotients measure the concentration of employment in a particular cluster compared to the cluster's employment at the national level.

A location quotient in an industry cluster greater than 1.00 shows a higher concentration of employment within that cluster than in the same cluster at the national level. A LQ greater than 1.20 can be regarded as an industry cluster which is meeting the demands and needs of the region and exporting goods and services beyond the region. A LQ between 0.75 and 1.20 shows that the industry cluster is probably meeting the needs of the region in terms of employment. LQs less than 0.75 show a significantly lower concentration of jobs in the industry cluster than the national level.

The cluster analysis confirms that District III is an agricultural region. The Agribusiness, Food Processing & Technology cluster has an employment of over 3,700 and has grown nearly 28% since 2005. The Agribusiness cluster LQ is 3.66. Mining remains concentrated in the region but has a relatively low employment level.

A review of the data in the District III region also reveals that there is a significant concentration of manufacturing. The Manufacturing Supercluster, along with four of its six sub-clusters has LQs greater than 1.20. Only Fabricated Metal and Primary Metal manufacturing have LQs less than 1.20. While the Manufacturing Supercluster, as a whole, lost employment between 2005 and 2011, its concentration as a specialized industry grew by 5.03% in the same time period. Even though it only employs 52 persons, The Electrical Equipment, Appliance & Component sub-cluster showed the most rapid gain in both employment and concentration. Its employment grew by 62.5% and its LQ grew by 97.18%.

The Energy cluster has been emerging as a growing industry cluster in the District III region. More opportunities should help the Energy cluster grow in the future. Its employment grew by 13% between 2005 and 2011 and its concentration (LQ) grew by nearly 9% during the same period.

The Biomedical/Biotechnical (Life Science) cluster, which includes general hospitals, clinics, nursing homes, and other medical services is serving the region with a 1.05 LQ. Education and Knowledge Creation reported a LQ of 0.98. At the regional level, this cluster appears to be lacking the necessary employment. However, it is at the community level where the strength of the education and health services industries is more evident.

Table 28

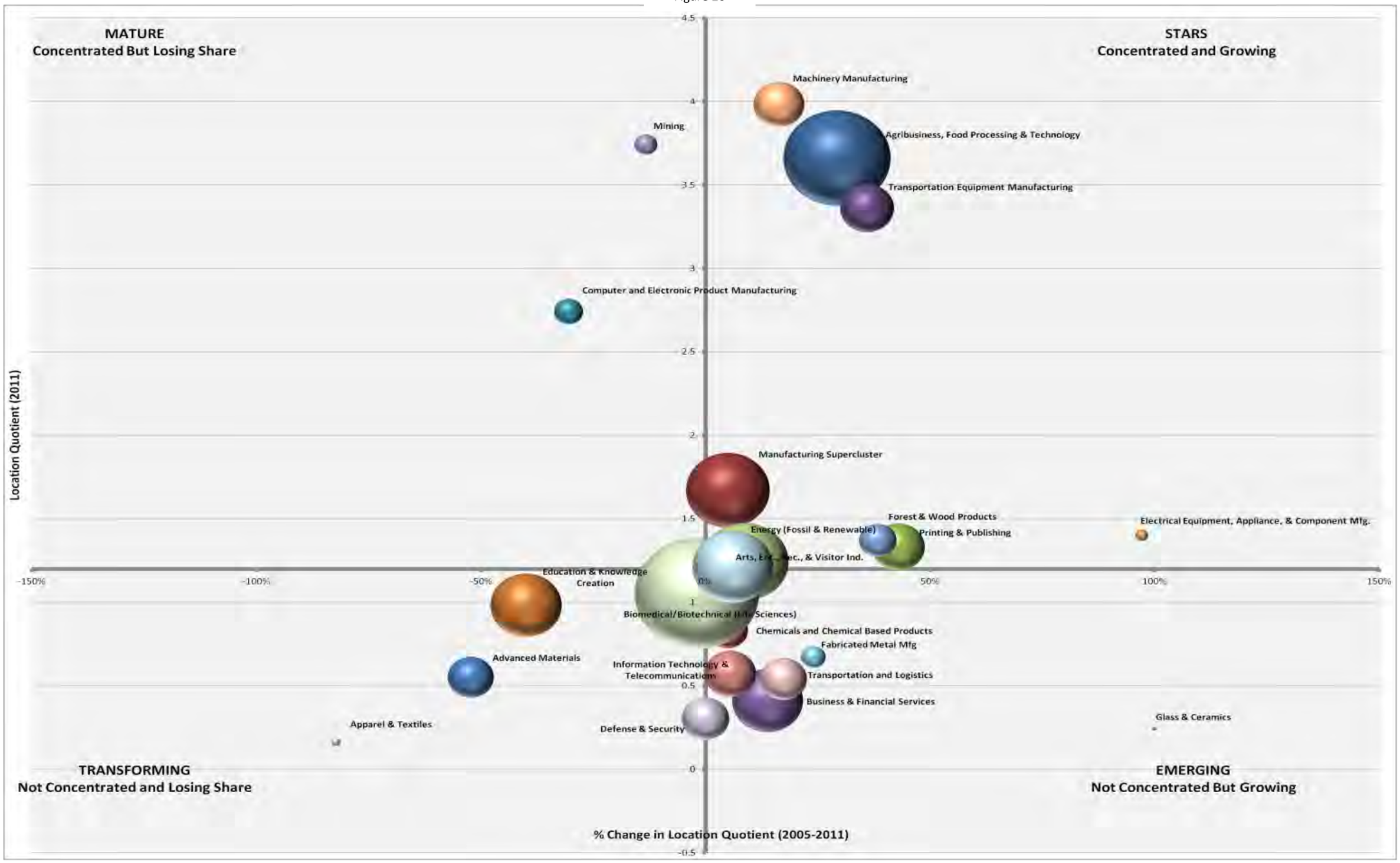
Industry Clusters in District III: Location Quotient Analysis (2005-2011)

Description	QCEW Cluster - Employment	Change-Cluster Emp.	% Change-Cluster Emp.	Industry Cluster Employment LQ	Change-Cluster Emp. LQ	% Change-Cluster Emp. LQ
Total All Industries	44,340	609	1.39%	1	0.00	0.00%
Location Quotients > 1.20						
Machinery Mfg	818	(60)	-6.83%	3.98	0.56	16.37%
Mining	166	(7)	-4.05%	3.74	(0.57)	-13.23%
Agribusiness, Food Processing & Technology	3,711	805	27.70%	3.66	0.83	29.33%
Transportation Equipment Mfg	933	(150)	-13.85%	3.36	0.89	36.03%
Computer & Electronic Product Mfg	263	(212)	-44.63%	2.74	(1.20)	-30.46%
Manufacturing Supercluster	2,261	(731)	-24.43%	1.67	0.08	5.03%
Electrical Equipment, Appliance & Component Mfg	52	20	62.50%	1.4	0.69	97.18%
Forest & Wood Products	442	(2)	-0.45%	1.37	0.38	38.38%
Printing & Publishing	880	156	21.55%	1.33	0.40	43.01%
Energy (Fossil & Renewable)	2,441	281	13.01%	1.24	0.10	8.77%
Arts, Entertainment, Recreation & Visitor Industries	2,085	118	6.00%	1.21	0.07	6.14%
Location Quotients <1.20						
Biomedical/Biotechnical (Life Sciences)	4,991	528	11.83%	1.05	(0.02)	-1.87%
Education & Knowledge Creation	1,624	(826)	-33.71%	0.98	(0.65)	-39.88%
Chemicals & Chemical Based Products	510	(118)	-18.79%	0.83	0.04	5.06%
Fabricated Metal Product Mfg	195	(16)	-7.58%	0.67	0.13	24.07%
Information Technology & Telecommunications	860	47	5.78%	0.57	0.03	5.56%
Advanced Materials	674	(1,079)	-61.55%	0.55	(0.60)	-52.17%
Transportation & Logistics	710	104	17.16%	0.54	0.08	17.39%
Business & Financial Services	1,609	278	20.89%	0.41	0.05	13.89%
Defense & Security	714	59	9.01%	0.3	0.00	0.00%
Glass & Ceramics	5	4	400.00%	0.24	0.21	700.00%
Apparel & Textiles	24	(317)	-92.96%	0.16	(0.74)	-82.22%
Primary Metal Mfg	0	(313)	-100.00%	0.00	(7.31)	-100.00%

Source: STATS America.org/innovation

Figure 20 illustrates the relationship of the industry clusters in the District III region. The sizes of the bubbles in the figure are relative to the cluster's employment. The horizontal axis shows the percent change in the location quotients between 2005 and 2011. The vertical axis shows the 2011 location quotients. In general, the goal of an industry cluster would be to move to the upper-right quadrant of the chart (greater than a 1.20 LQ and a positive change). The figure shows the anchor that the Agribusiness cluster provides for the region as well as the manufacturing clusters that are concentrated in the area. Clusters in the upper-left quadrant of the chart represent mature clusters which maintain a higher location quotient, but have lost a share of their concentration.

Figure 20


MATURE
Concentrated But Losing Share
STARS
Concentrated and Growing
TRANSFORMING
Not Concentrated and Losing Share
EMERGING
Not Concentrated But Growing
Location Quotient (2011)
% Change in Location Quotient (2005-2011)
4.5
4
3.5
3
2.5
2
1.5
1
0.5
0
-0.5
-150%
-100%
-50%
0%
50%
100%
150%
Machinery Manufacturing
Mining
Agribusiness, Food Processing & Technology
Transportation Equipment Manufacturing
Computer and Electronic Product Manufacturing
Manufacturing Supercluster
Forest & Wood Products
Energy (Fossil & Renewable)
Printing & Publishing
Electrical Equipment, Appliance, & Component Mfg.
Arts, Ent., Rec., & Visitor Ind.
Education & Knowledge Creation
Biomedical/Biotechnical (Life Sciences)
Chemicals and Chemical Based Products
Fabricated Metal Mfg
Advanced Materials
Information Technology & Telecommunications
Transportation and Logistics
Business & Financial Services
Apparel & Textiles
Defense & Security
Glass & Ceramics

Clusters in the lower left quadrant of the chart are considered to be "transforming." They are losing concentration as well as having a LQ less than 1.2. Clusters in the lower right quadrant of the chart are considered to be emerging industry clusters; as they do not have a high location quotient, but the region is becoming more concentrated in industries within those clusters. These clusters may represent opportunities for investment and growth in the region.

Table 29 shows the distribution of cluster industries which have a location quotient greater than 1.20 across all counties in the District III region. There are some similarities among most of the counties and there are some counties which stand out from the rest.

The Agribusiness, Food Processing & Technology and Energy clusters were the most widely dispersed clusters in the District III region. Fifteen of the sixteen counties reported LQs greater than 1.2 in the Agribusiness cluster while nine counties reported higher LQs in the Energy cluster. The highest concentration of employment in the Agribusiness cluster was found in Jerauld County, which benefits from the location of a large meat-processing facility. The Energy cluster is spread fairly evenly across the region, with Buffalo County having the highest LQ (2.87), mostly attributed to the Crow Lake Wind Project which came online in 2011.

Table 29

Cluster Strengths in the District III Region

(Location Quotients Greater Than 1.20 by Cluster & by County)

Description	Aurora	Bon Homme	Brule	Buffalo	Charles Mix	Davison	Douglas	Gregory	Hanson	Hutchinson	Jerauld	Lyman	Mellette	Sanborn	Tripp	Yankton	Total Counties W/LQ's >1.20
Agribusiness, Food Processing & Technology	6.91	3.04	3.68		4.62	1.95	9.37	3.64	3.02	7.33	15.53	2.6	2.58	5.06	3.63	2.27	**15**
Manufacturing Supercluster						1.34	1.25		1.77	1.26						3.04	**5**
Glass & Ceramics																	**0**
Transportation Equipment Mfg		1.34				4.17										3.97	**3**
Computer & Electronic Product Mfg																2.74	**1**
Education & Knowledge Creation		1.28			1.47	1.17			1.91		5.4	1.77					**6**
Advanced Materials																	**0**
Chemicals & Chemical Based Products						1.28			2.32	2.17							**3**
Printing & Publishing			1.42			1.24								1.35		2.33	**4**
Business & Financial Services				1.27													**1**
Electrical Equipment, Appliance & Component Mfg		10.08															**1**
Forest & Wood Products	6.66					2.07	4.2								1.51		**4**
Information Technology & Telecommunications																	**0**
Energy (Fossil & Renewable)		1.96	1.51	2.87	2.48		1.25			1.38		2.33	3.01	1.88			**9**
Mining			8.73					5.1	54.1						9.32	3.1	**5**
Fabricated Metal Product Mfg							1.44		2.03								**2**
Machinery Mfg					1.34		4.4		7.5	7.26						7.54	**5**
Apparel & Textiles																	**0**
Transportation & Logistics							1.55		2.48								**2**
Biomedical/Biotechnical (Life Sciences)	1.22		1.23					1.36		1.94	2.56				1.21		**6**
Defense & Security		1.43															**1**
Arts, Entertainment, Recreation & Visitor Industries			1.26	2.64			1.52	1.22			2.57	3.43	2.85				**7**
Total Clusters w/LQ > 1.2	**3**	**6**	**6**	**3**	**4**	**7**	**8**	**4**	**8**	**6**	**4**	**4**	**3**	**3**	**4**	**7**	

Source: STATS America.org/innovation

The highest concentration of any cluster in any county was found to be in the Mining cluster in Hanson County, with a LQ of 54.1. This situation is related to a large quarrying business, which supplies materials for road and heavy industrial projects.

Douglas and Hanson Counties contain the most clusters with LQs above 1.20. The two counties share a similar strength in that the concentration of jobs in the Manufacturing Supercluster and two of its sub-clusters (namely Machinery Manufacturing and Fabricated Metal Manufacturing).

The Manufacturing Supercluster and its sub-clusters deserve more study, since most of the clusters in this category have strong location quotients and employment is concentrated in the Supercluster. Figure X shows only the Manufacturing Supercluster and the sub-clusters. All of the sub-clusters could

be considered strengths in the region. While Fabricated Metal Manufacturing has a LQ less than 1.2, the sub-cluster has grown significantly in concentration between 2005 and 2011. Computer and Electronic Product Manufacturing have lost a share of its concentration in the region, but the sub-cluster still remains concentrated. Innovations in this cluster or in complementary clusters might spur investment in new equipment and technology to grow the Computer sub-cluster in the future.

The Transportation Equipment and Machinery Manufacturing sub-clusters are definite leaders in the District III region in terms of concentration and growth. It would benefit the region to engage leaders in these industries with representatives from the Agribusiness cluster to develop ways to grow these clusters even more in the future.

Figure 21

Manufacturing Supercluster and Manufacturing Sub-Clusters in District III (2005-2011)

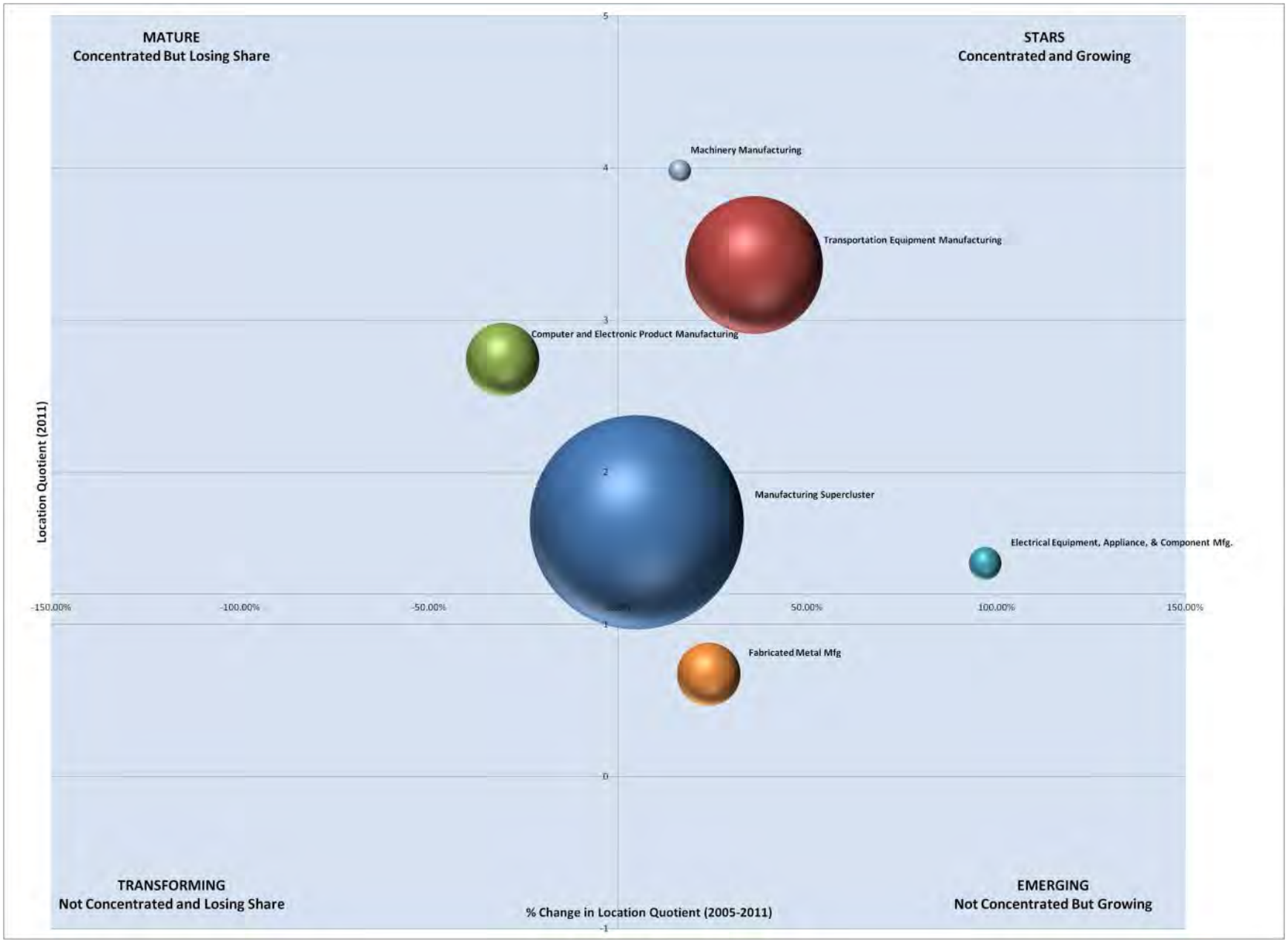


Table 30 highlights industry clusters that could be considered "clusters of opportunity" for the District III region. The table lists clusters in order of percent change in employment. In this case location quotients or changes in location quotients are not considered. For the purposes of this analysis, data showing growth in employment reveals industry clusters that might warrant further consideration and investment.

The Glass and Ceramics cluster grew by 400% between 2005-2011. While the employment level is almost negligible, the cluster may be an emerging strength. The cluster includes a Cement Manufacturing sector. This sector is involved in the production of Portland, natural, and masonry cement products. Another cluster which grew rapidly in employment is the Electrical Equipment, Appliance, & Component Manufacturing cluster. The sector grew by over 62%.

The Agribusiness cluster shows its strength again by an increase in employment of 805 jobs in the region (a 27.7% increase). The Business and Financial Services cluster grew by 278 jobs (20.89%) between 2005 and 2011. The cluster includes many specialties that have grown in the region. Businesses have opened which provide specialized services that either support other sectors of the economy or provide services to individuals. The Biomedical/Biotechnical (Life Sciences) cluster grew in employment by 528 jobs between 2005 and 2011 (a rate of 11.83%). The sectors in the Life Sciences cluster mainly fall into the medical facilities and retail categories. Most of the counties in the region have a clinic, nursing home, and a pharmacy. Some hospitals in the District III region have been in an "expansion mode."

Table 30

Industry Clusters in District III: Industry Clusters of Opportunity

Description	QCEW Cluster - Employment	Change-Cluster Emp.	% Change-Cluster Emp.	Industry Cluster Employment LQ	Change-Cluster Emp. LQ	% Change-Cluster Emp. LQ
Glass & Ceramics	5	4	**400.00%**	0.24	0.21	700.00%
Electrical Equipment, Appliance & Component Mfg	52	20	**62.50%**	1.4	0.69	97.18%
Agribusiness, Food Processing & Technology	3,711	805	**27.70%**	3.66	0.83	29.33%
Printing & Publishing	880	156	**21.55%**	1.33	0.40	43.01%
Business & Financial Services	1,609	278	**20.89%**	0.41	0.05	13.89%
Transportation & Logistics	710	104	**17.16%**	0.54	0.08	17.39%
Energy (Fossil & Renewable)	2,441	281	**13.01%**	1.24	0.10	8.77%
Biomedical/Biotechnical (Life Sciences)	4,991	528	**11.83%**	1.05	(0.02)	-1.87%
Defense & Security	714	59	**9.01%**	0.3	0.00	0.00%
Arts, Entertainment, Recreation & Visitor Industries	2,085	118	**6.00%**	1.21	0.07	6.14%
Information Technology & Telecommunications	860	47	**5.78%**	0.57	0.03	5.56%

Source: STATS America.org/innovation

Occupation Cluster Analysis

This section of the CEDS focuses on identifying clusters of occupations for the District III region. The data is used to determine:

• Areas of specialization in the District III region, and
• Occupation clusters of opportunity in the region

Occupations in Zones 1 and 2 comprise the largest share of the occupation clusters in the District III region (occupations that require little or no preparation). These occupations may include counter and rental clerks as well as retail salespersons. For the purposes of this analysis, these clusters are left out of consideration. The omission is consistent with a regional focus on primary job creation. The total of other occupations in District III decreased by 4,123 (9.9 percent) to 37,164 from 2007 to 2010. Only one cluster, Public Safety and Domestic Security, grew in employment during the period (34 jobs; a growth rate of 8.25%). The Agribusiness and Food Technology cluster lost 931 jobs between 2007 and 2010.

Table 31 shows the occupation clusters in the District III region. The clusters are ordered by location quotient from highest to lowest. Technology-based knowledge clusters lost 784 jobs (nearly 21%) over the same period. There are six technology-based knowledge clusters. They include: information technology; engineering; health care and medical science practitioners and scientists; mathematics, statistics, data and accounting; natural sciences and environmental management; and postsecondary education and knowledge creation

In District III four occupation clusters each contain 5% or more of the region's total jobs. They include:

- Agribusiness and Food Technology
- Primary/Secondary and Vocational Education, Remediation & Social Services
- Skilled Production Workers: Technicians, Operators, Trades, Installers & Repairers
- Health Care and Medical Science (Aggregate)
- Legal and Financial Services, and Real Estate (L & FIRE)
- Managerial, Sales, Marketing and HR

The Technology Based Knowledge cluster (aggregate) is approaching five percent of the region's total jobs.

There are two specialized occupation clusters that have an LQ of 1.2 or more: *Agribusiness and Food Technology (6.93)* and *Natural Science and Environmental Management* (1.67).

Table 31

Occupation Clusters in District III: Location Quotient Analysis (2007-2010)

Description	Occupation Cluster Employment	Occ. Cluster Share of Total Emp.	Change in Cluster Employment	% Change in Cluster Employment	Occupation Cluster Employment LQ	Change in Cluster LQ	% Change in Cluster LQ
Agribusiness and Food Technology	6,823	10.50%	(961)	-12.35%	6.93	(0.64)	-8.45%
Natural Sciences and Environmental Management	293	0.50%	(188)	-39.09%	1.67	0.09	5.70%
Primary/Secondary and Vocational Education, Remediation & Social Services	3,955	6.10%	(56)	-1.40%	1.16	0.02	1.75%
Health Care and Medical Science (Therapy, Counseling and Rehabilitation)	2,160	3.30%	(13)	-0.60%	0.99	(0.06)	-5.71%
Health Care and Medical Science (Medical Technicians)	754	1.20%	(42)	-5.28%	0.97	(0.13)	-11.82%
Skilled Production Workers: Technicians, Operators, Trades, Installers & Repairers	4,356	6.70%	(205)	-4.49%	0.96	0.08	9.09%
Health Care and Medical Science (Aggregate)	3,390	5.20%	(319)	-8.60%	0.92	(0.11)	-10.68%
Legal and Financial Services, and Real Estate (L & FIRE)	4,595	7.10%	(200)	-4.17%	0.9	0.03	3.45%
Personal Services Occupations	1,376	2.10%	(228)	-14.21%	0.87	(0.33)	-27.50%
Postsecondary Education and Knowledge Creation	553	0.90%	(245)	-30.70%	0.75	(0.20)	-21.05%
Managerial, Sales, Marketing and HR	3,345	5.20%	(541)	-13.92%	0.66	(0.01)	-1.49%
Health Care and Medical Science (Medical Practitioners and Scientists)	476	0.70%	(262)	-35.50%	0.66	(0.24)	-26.67%
Technology-Based Knowledge Clusters	3,051	4.70%	(817)	-21.12%	0.6	(0.09)	-13.04%
Public Safety and Domestic Security	455	0.70%	34	8.08%	0.59	0.05	9.26%
Building, Landscape and Construction Design	166	0.30%	(21)	-11.23%	0.58	0.03	5.45%
Mathematics, Statistics, Data and Accounting	874	1.30%	(38)	-4.17%	0.55	(0.02)	-3.51%
Arts, Entertainment, Publishing and Broadcasting	796	1.20%	(48)	-5.69%	0.53	(0.09)	-14.52%
Engineering and Related Sciences	290	0.40%	(62)	-17.61%	0.5	(0.01)	-1.96%
Information Technology (IT)	565	0.90%	(22)	-3.75%	0.43	(0.01)	-2.27%

Source: STATS America.org/innovation

Six occupation clusters that may not be specialized in the District III region, but are increasing in specialization, would be considered emerging occupation clusters. They include:

- Public Safety and Domestic Security
- Skilled Production Workers: Technicians, Operators, Trades, Installers & Repairers
- Natural Sciences and Environmental Management
- Building, Landscape and Construction Design
- Legal and Financial Services, and Real Estate (L & FIRE)
- Primary/Secondary and Vocational Education, Remediation & Social Services

Table 32 shows the occupation clusters that are emerging in the District III region. The clusters are listed in order by growth in location quotient from highest to lowest. The Public Safety and Domestic Security

cluster includes occupations such as emergency management specialists, police officers, fire fighters, pilots, and transportation inspectors. Emergency management has grown in importance in the region over the past decade. This cluster is the only cluster that increased in both LQ growth and in employment.

Table 32

Occupation Clusters in District III: Occupation Clusters of Opportunity (2007-2010)

Description	Occupation Cluster Employment	Occ. Cluster Share of Total Emp.	Change in Cluster Employment	% Change in Cluster Employment	Occupation Cluster Employment LQ	Change in Cluster LQ	% Change in Cluster LQ
Public Safety and Domestic Security	455	0.70%	34	8.08%	0.59	0.05	**9.26%**
Skilled Production Workers: Technicians, Operators, Trades, Installers & Repairers	4,356	6.70%	(205)	-4.49%	0.96	0.08	**9.09%**
Natural Sciences and Environmental Management	293	0.50%	(188)	-39.09%	1.67	0.09	**5.70%**
Building, Landscape and Construction Design	166	0.30%	(21)	-11.23%	0.58	0.03	**5.45%**
Legal and Financial Services, and Real Estate (L & FIRE)	4,595	7.10%	(200)	-4.17%	0.9	0.03	**3.45%**
Primary/Secondary and Vocational Education, Remediation & Social Services	3,955	6.10%	(56)	-1.40%	1.16	0.02	**1.75%**

Source: STATS America.org/innovation

Findings

In District III agriculture is the backbone of the region's economy. The region remains mostly specialized in the Agribusiness occupation cluster. With a concentration of jobs in the Agribusiness industry cluster, the region could seek opportunities to grow its capacities in agricultural research or identify more opportunities to add value to raw agricultural products.

Leaders could investigate opportunities to increase demand between the Agribusiness and Manufacturing clusters. The region has skills in production. While specific locations are higher in specialization in skilled production, there may be opportunities in more rural areas to grow jobs in the production cluster.

Applications of Cluster Analysis

The aforementioned data are "snapshots" in time. The information may have relevancy in day to day decision-making under certain conditions. As noted throughout this document, the region's dependence upon agriculture brings both opportunities and challenges. Economic situations often change in a matter of weeks. Cluster data may assist development leaders by:

- Affirming or encouraging investments in specific growth sectors;
- Raising questions about the future of declining sectors; and
- Promoting the use of facts instead of subjective perceptions.

Cluster analysis is not a substitute for due diligence and the thorough vetting of development prospects. As the technology becomes more "mainstream" and applicable to smaller community situations, its use will increase.

Section III
Goals and Objectives

Context

Goals and objectives are an important part of any strategic planning process. They provide direction, motivation and a means of measuring progress. This section will be divided into two parts: regional development goals and organizational goals. Regional development goals reflect the expressed or implied vision of area leaders and economic interests. Their implementation or fulfillment will require actions and commitments from the private sector and/or public resources. District III itself can only assign or delegate personnel and association assets in achieving these goals. The District is not in a position to directly influence local government or businesses. It is in a position to:

- Educate/inform
- Encourage/motivate
- Support/partner

The District has successfully operated in this manner for 40 years. The model has proven its value.

Chamberlain Vets Memorial Rendering and Picture of the Final Project

Organizational goals apply to the structure, capabilities, and management of District III. The association is always trying to improve its assistance offerings and professional effectiveness. Although the implementation of these goals is dependent upon the actions of District, outside forces will influence the association's priorities and success. Examples of outside influences include:

- National and state economic conditions;
- State and federal program funding; and
- Disaster situations.

The District has operated with the threats or opportunities presented by outside forces throughout its existence. Service flexibility and revenue diversification have allowed the association to adapt to rapidly changing conditions.

Individual goal subsets include a graphic representation that illustrates the potential impact and effort associated with achieving the goal. The illustrations are subjective devices but they show that the majority of regional goals are substantive in nature and not easy to achieve. The higher the number the greater the impact and effort required. Understanding the relative potential of a goal is useful for three reasons.

1) It provides a sense of the "art of the possible." Is it realistic?
2) It gives an impression of how the topic may be viewed against other issues. Is it a priority?
3) It promotes an awareness that nothing is accomplished in a vacuum. Is it worth the effort?

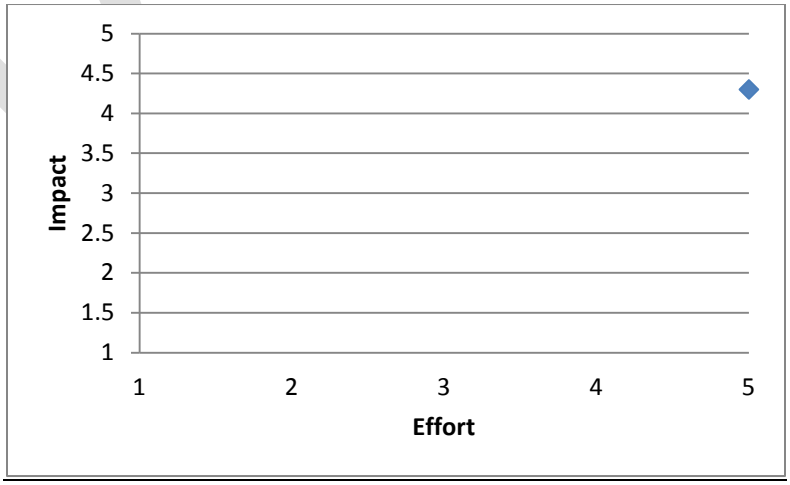
The following goals and objectives are set within a five (5) year timeframe. This 60 month period does not imply that all goals will be met. Rather, it is the EDA established CEDS planning period. Many goals will never be fully addressed.

Unanticipated factors could easily change a goal's perceived potential. Annual CEDS updates will include a review of any new situations that apply to the goals.

Regional Development Goals

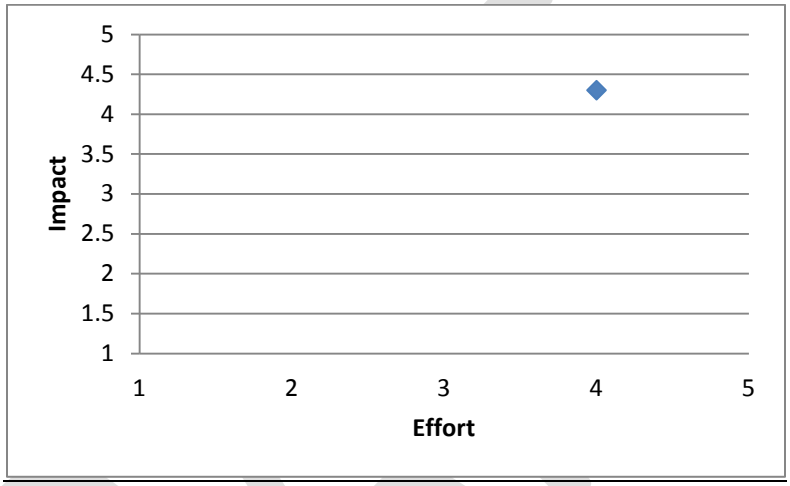
The goals are numbered for easy reference, but the order does not imply any status or hierarchy.

1. <u>Bring infrastructure systems up to demand levels.</u>



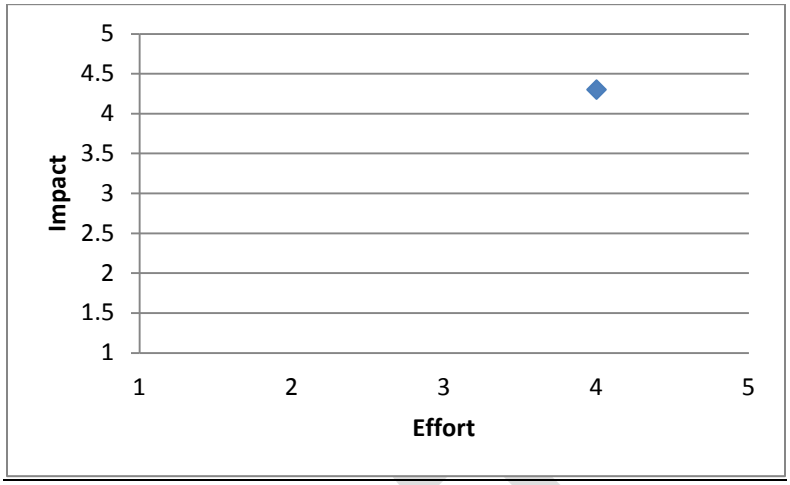
a. Objective: Provide application packaging assistance to municipal, rural water and landfill operations.
b. Objective: Assist communities in the development of industrial park or main street infrastructure.
c. Objective: Help communities with capital improvement planning processes.
d. Objective: Assist service providers in exploring innovative and/or cost effective approaches.
e. Provide utility project cost/benefit analysis assistance.

2. Broaden the base of housing options.



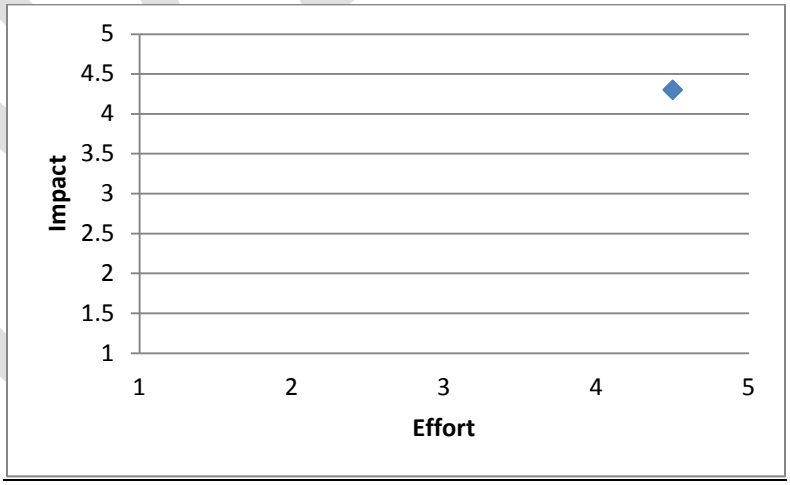
a. Expand the impact of the Governor's House Program.
b. Provide housing research assistance associated with community needs and project analysis.
c. Actively participate in statewide and regional housing initiatives involving Indian Tribes and rural communities.
d. Facilitate public education and training activities associated with housing development.
e. Encourage private sector initiatives that bring more units to smaller communities.

3. Build regional workforce training capabilities beyond present levels.



   a. Assist Mitchell Technical Institute (MTI) with program enhancement and/or regional networking.
   b. Help the Regional Technical Education Center (RTEC) with operational strategies and service planning.
   c. Strengthening relationships with career learning centers and state program managers.
   d. Compile information from area businesses on labor issues.
   e. Support healthcare career initiatives that impact rural communities.

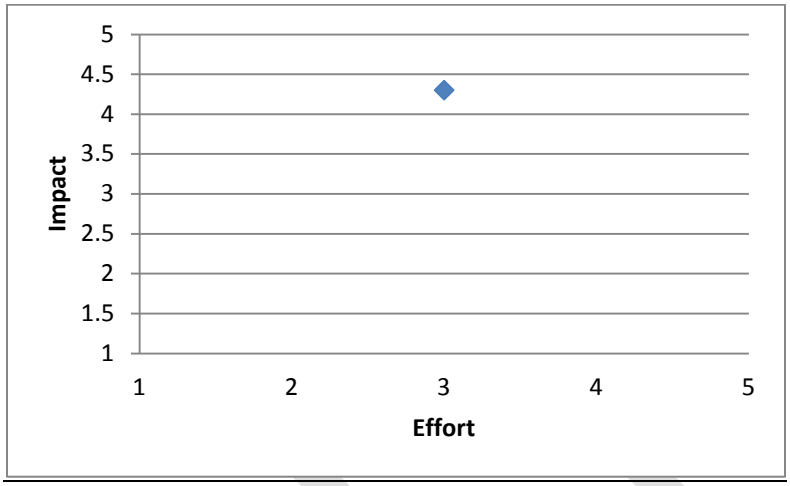
4. Expand the options for value added agriculture in areas that are suited for such development.



   a. Assist the South Dakota Department of Agriculture in researching potential rural development sites, within participating counties.
   b. Support local initiatives that seek to attract or expand processing facilities.
   c. Assist local and Tribal governments with land use planning and information to minimize development conflicts.
   d. Help producer organizations and other agricultural groups in developing new approaches and products.

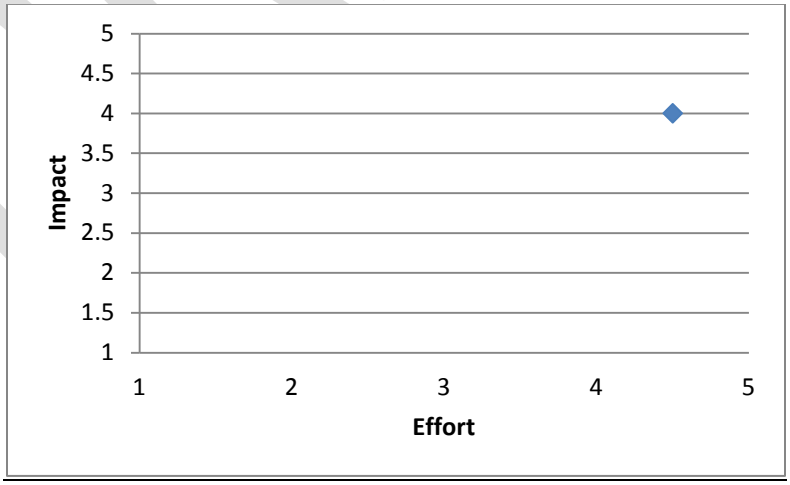
e. Establish relationships with area agricultural service businesses to share information on development resources.

5. Enhance business support programs and services.



a. Expand the scope of resource information activities to reach additional businesses and development entities.
b. Provide training opportunities through partnerships with Small Business Development Center programs and other entities.
c. Continue to participate in student oriented business education and entrepreneurship initiatives.
d. Investigate alternative funding sources for the regional revolving loan program.
e. Strengthen the relationship with the Governor's Office of Economic Development and other business support program sponsors.

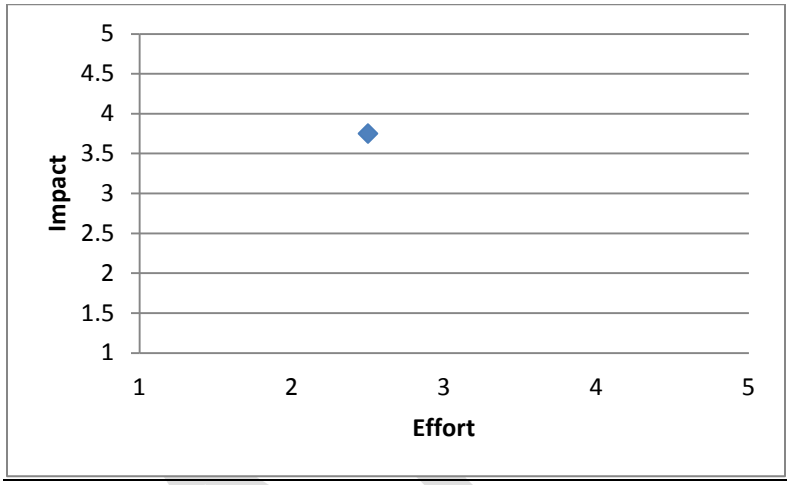
6. Improve the ability of local governments to upgrade transportation systems.



a. Assist regional rail authorities and local officials in reviewing and supporting projects.
b. Provide assistance on drainage or other issues that impact road access and maintenance efforts.

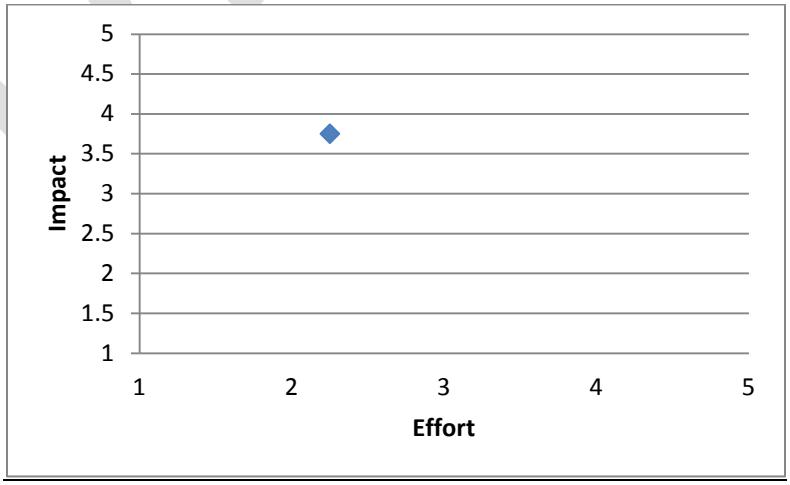
c. Help applicants obtain financial assistance or industrial, agri-business, and main street projects.
d. Encourage long range planning on road and bridge needs.
e. Continue data collection and planning cooperation with the South Dakota Department of Transportation.

7. Link quality of life issues to community and economic development efforts.



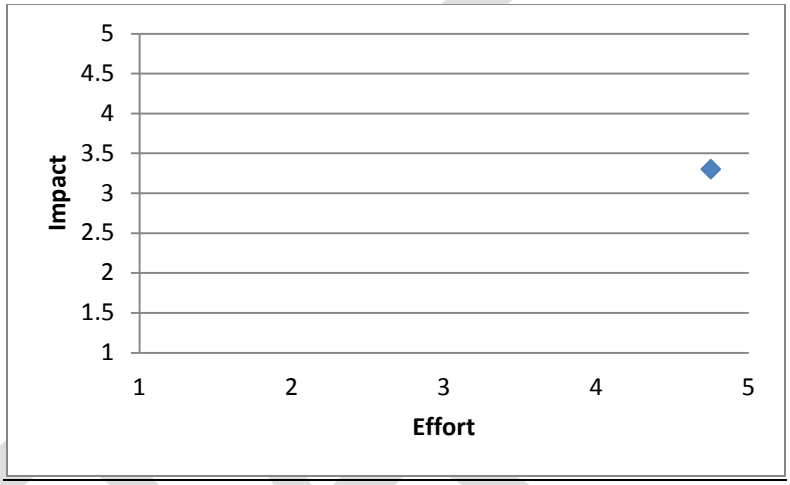
a. Help local recreation and social service project sponsors with planning and funding proposals.
b. Promote local clean-up program ideas as a means of improving public perceptions and community images.
c. Assist cultural and historic preservation project proponents with renovation and/or constructive reuse initiatives.
d. Provide support to special events that promote the region.
e. Improve public awareness, concerning quality of life issues and their direct impact on development success.

8. Encourage the continuation of healthcare services throughout the region.



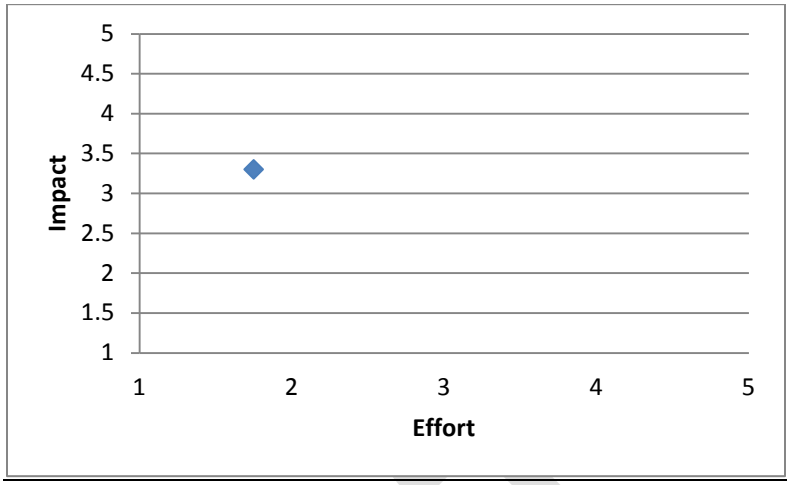
a. Work with local care providers and community lenders on mutually beneficial projects.
b. Seek partnership opportunities with the South Dakota Department of Health and other entities with an interest in rural health.
c. Assist emergency response entities with activities associated with capacity building.
d. Continue to support the activities of entities, such as the Area Health Education Center (AHEC).
e. Assist hospitals and other service providers with basic research and focus group activities.

9. Find ways to utilize the region's renewable natural resources.



a. Support efforts to develop alternative energy production.
b. Assist the Missouri Sedimentation Action Coalition in its reservoir preservation activities.
c. Provide assistance to innovative projects involving wood products or agricultural crop waste.
d. Maintain contacts with surviving Resource Conservation and Development District (RC&D) councils.
e. Help local governments with planning activities associated with drainage and/or soil conservation issues.

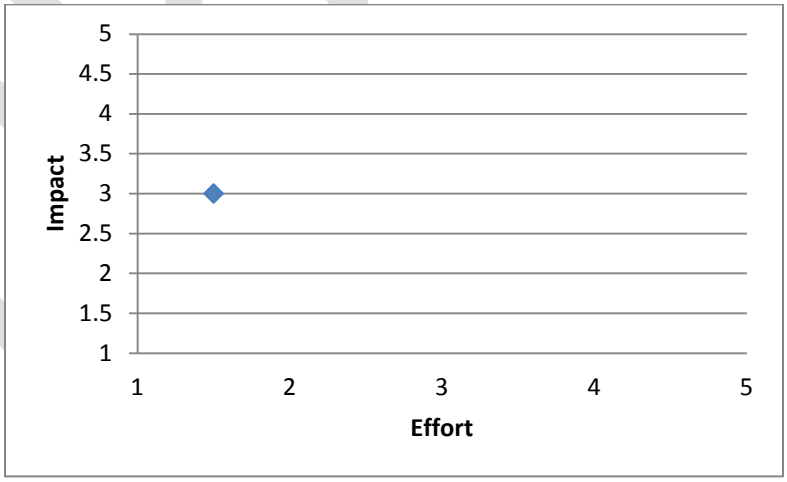
10. Encourage low impact development.



a. Support regional tourism entities
b. Assist communities in the constructive reuse of Main Street and other commercial buildings.
c. Compile information concerning internet based business practices.
d. Develop relationships with businesses or organizations involved with nature or cultural based tourism.
e. Help communities prepare for technology oriented business, along with companies that utilize recycled materials.

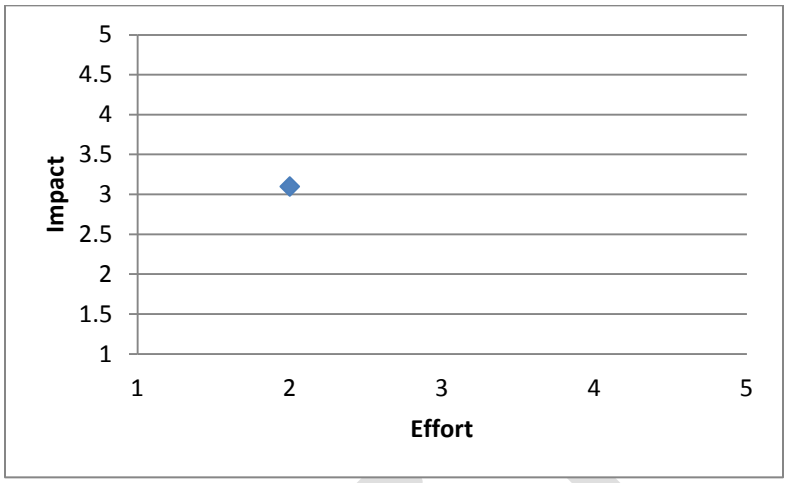
Organizational Goals

1. Provide professional development and other learning opportunities for the District III staff.



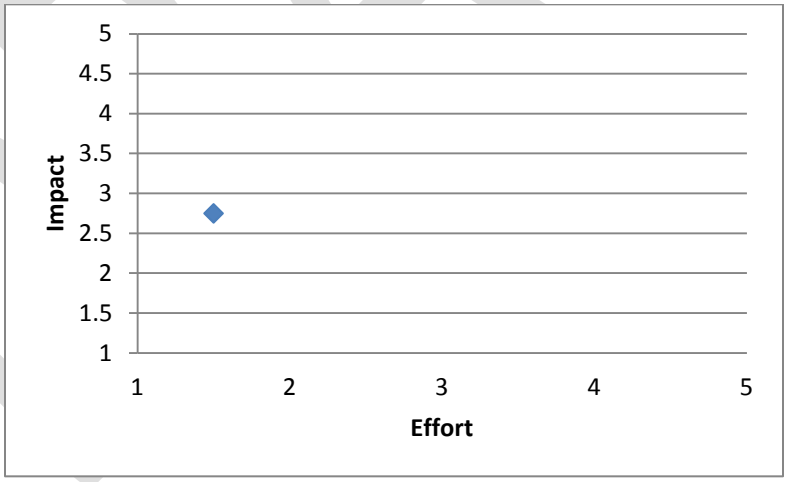
a. Offer training experiences for every employee.
b. Ensure program knowledge and service continuation through employee cross-training, whenever practical.
c. Continue to attend and/or participate in statewide economic development, housing and other critical issue conferences.
d. Encourage employees to utilize distance learning technologies on a regular basis.
e. Seek staff input on training and professional education needs.

2. Upgrade office technologies to improve efficiencies and/or performance capabilities.



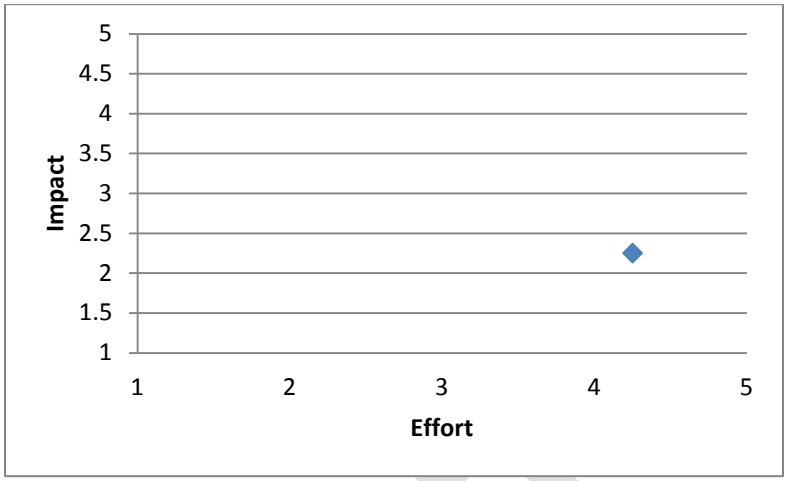
   a. Maintain current Geographic Information System (GIS) programs and associated software.
   b. Acquire additional analytical tools to support project impact research.
   c. Enhance office imaging and production systems to improve presentation and document quality.
   d. Employ rendering and digital imaging software in new work areas.
   e. Develop alternative ways to conduct on line and teleconference meetings.

3. Improve information management processes



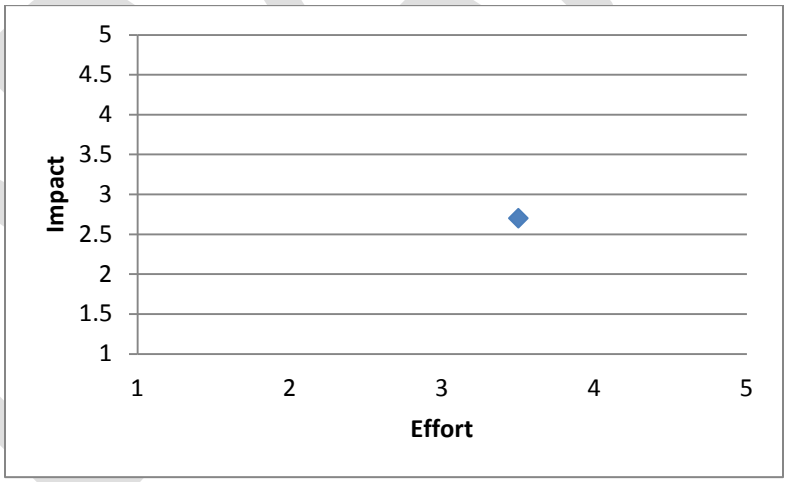
   a. Utilize the region's website to post program information and funding awards.
   b. Strengthen work outcome and report documentation procedures.
   c. Change program monitoring responsibilities to facilitate better staff communication.
   d. Identify alternatives to paper recordkeeping, when appropriate.
   e. Provide opportunities for staff input on information sharing practices.

4. Elevate member awareness of District III's services and work activities.



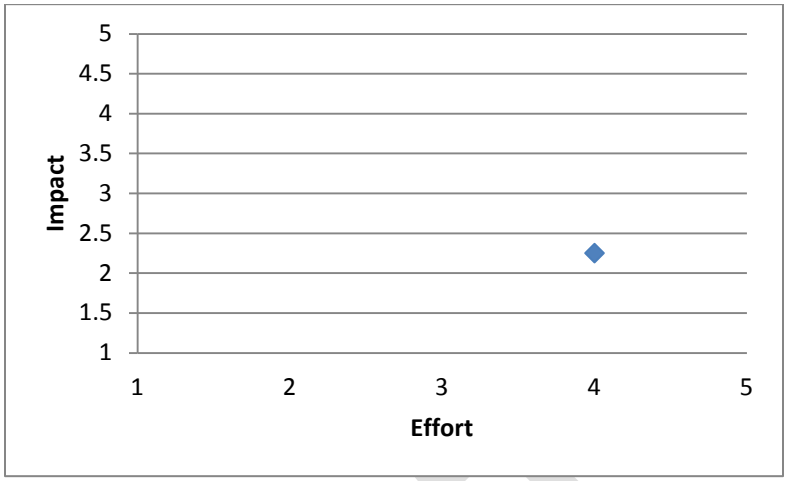
   a. Provide regular opportunities for all members to learn more about assistance opportunities.
   b. Utilize alternative methods, such as social media to communicate with individuals.
   c. Broaden the explanations of services and work performance.
   d. Encourage more member participation in meetings and special events.
   e. Involve media outlets in sharing project information and resource options.

5. Expand outreach efforts to reach disadvantaged groups and other entities with limited awareness of assistance resources.



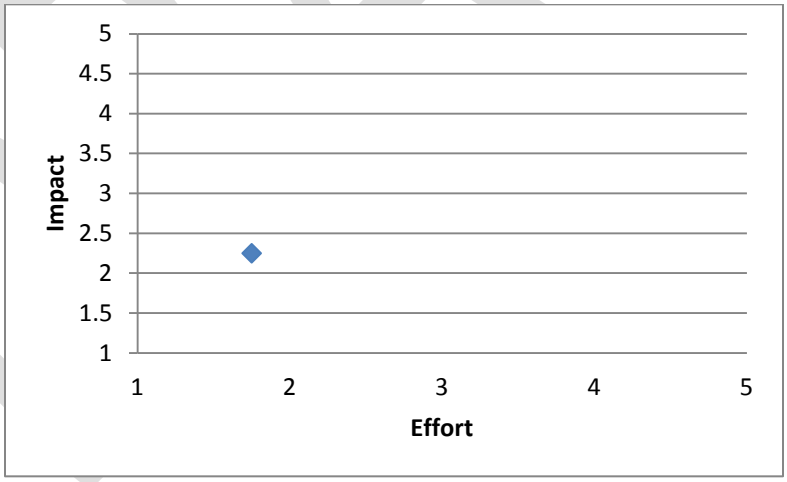
   a. Regularly update contact lists to stay current on Tribal officials and program staff.
   b. Include more non-profit and community organizations in regional survey initiatives.
   c. Identify venues to share development information with businesses, school systems and service groups.
   d. Prepare current resource materials for distribution to the general public.
   e. Minimize the use of jargon or technical terminology in communication efforts.

6. Build regional training capacity.



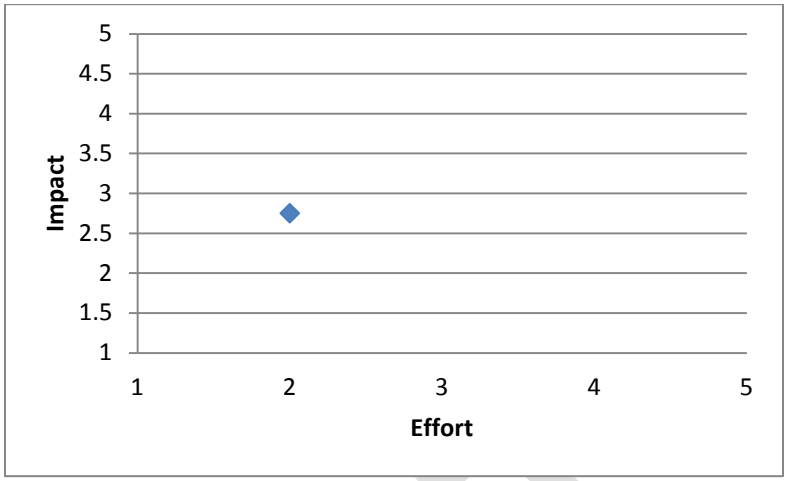
   a. Prepare training programs in cooperation with participating agencies.
   b. Utilize technologies, such as GoTo Meeting, in providing direct training on GIS and associated software.
   c. Target training opportunities on topics of interest to practicing development professionals and local government officials.
   d. Cooperate with government agencies and non-profit entities in offering training courses at conferences.
   e. Seek resources to subsidize or minimize the cost of providing technical training.

7. Develop stronger professional relationships.



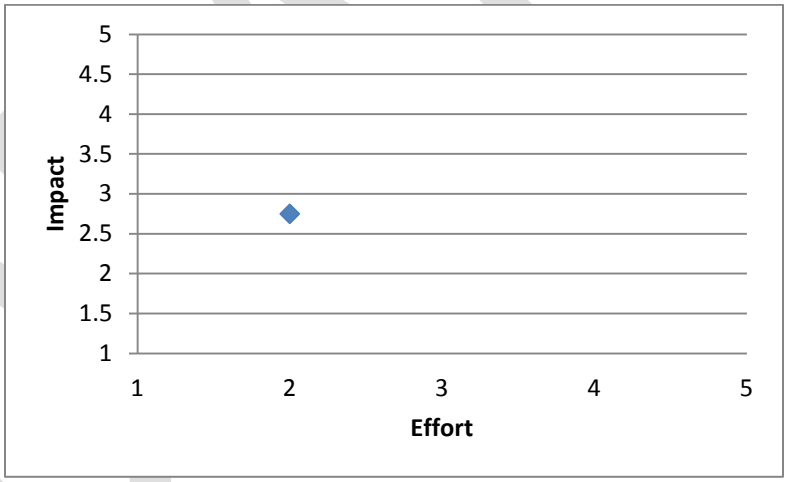
   a. Initiate regular meetings with state and federal program managers to improve communication and performance.
   b. Attend regional association meetings to share service information and project ideas.
   c. Maintain regular contact with emergency response planning managers and local planning offices.
   d. Explore ways to increase development cooperation with education providers at all levels.
   e. Establish new assistance approaches that impact local and regional development efforts.

8. Maintain fiscal and management standards, while ensuring program compliance.



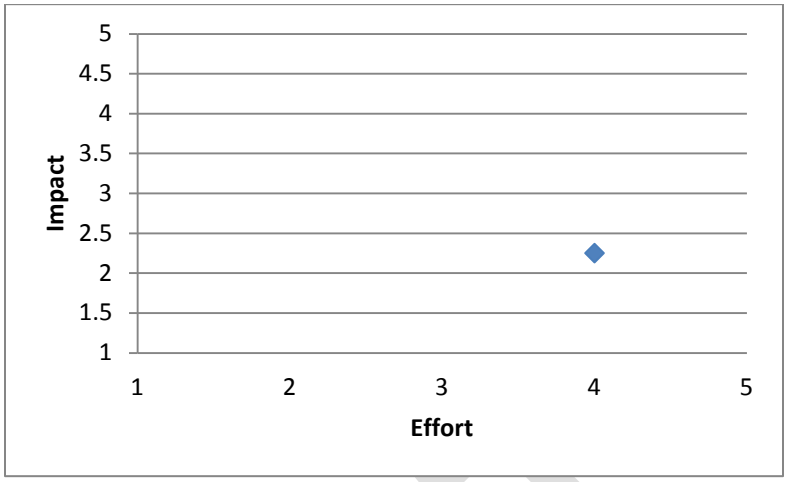
   a. Prepare and submit all performance reports in accordance with agency guidelines.
   b. Develop indirect cost proposals and other financial processes to meet federal guidelines.
   c. Adjust fiscal recordkeeping practices to take advantage of new technologies.
   d. Seek additional sources of revenue to minimize losses in traditional funding sources.
   e. Update risk assessment strategies as conditions change.

9. Anticipate management transition issues.



   a. Identify qualified candidates for potential association leadership positions.
   b. Review executive director succession issues, priorities, and policies.
   c. Ensure management related files and records are complete and well organized.
   d. Conduct annual board leadership training on association management topics.
   e. Periodically discuss future expectations for management changes with committee members and staff.

10. Maintain membership engagement in the business of District III.



a. Encourage participation in business meetings and special events.
b. Provide additional opportunities for member involvement in service delivery activities.
c. Include community representatives to participate in county annual report meetings.
d. Modify membership information to better explain organizational performance and benefits.
e. Develop introductory materials to assist new member representatives in understanding the purpose, management, and impacts of District III.

Goal Fulfillment

Section V outlines how the CEDS may be implemented based upon present knowledge, assumptions, and expectations. It is virtually impossible to know how future decisions or conditions will impact any one year plan, let alone a five year strategy process. The previous CEDS planning period was impacted by the following events, which changed economic conditions in a short timeframe.

- ✓ Stimulus Program
- ✓ National Economic Downturn
- ✓ National Housing Crisis
- ✓ Unprecedented Missouri River Flooding
- ✓ Major Drought
- ✓ Record Crop Prices
- ✓ Wide Swings in Fuel Costs
- ✓ Federal Program Recessions

Very few of these events were predicted in advance and every one of them affected the decisions of public bodies and private businesses.

CEDS implementation will be expressed regionally and county by county. Major initiatives and planned development programs will be identified. Local governments have strict legal processes to follow in obligating future governing bodies. Economic developers strive to maintain confidentiality in discussing their plans. Private businesses make decisions within windows of time that are much shorter than the CEDS annual updates. These factors make the preparation of project lists a somewhat speculative exercise.

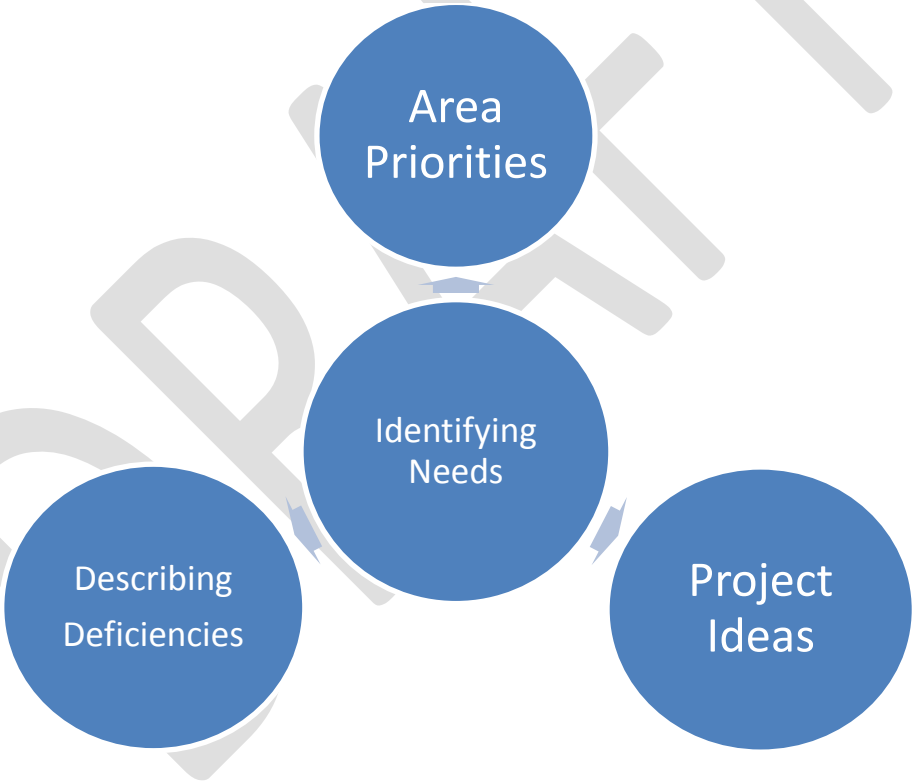
The District's experience, partnerships and acquired knowledge will be used to explain implementation expectations. Annual reports will document outcomes and if the past has any relevance to the future, most CEDS goals and objectives will be addressed in a significant manner.

Section IV
Community and Private Sector Involvement

Community Relationships

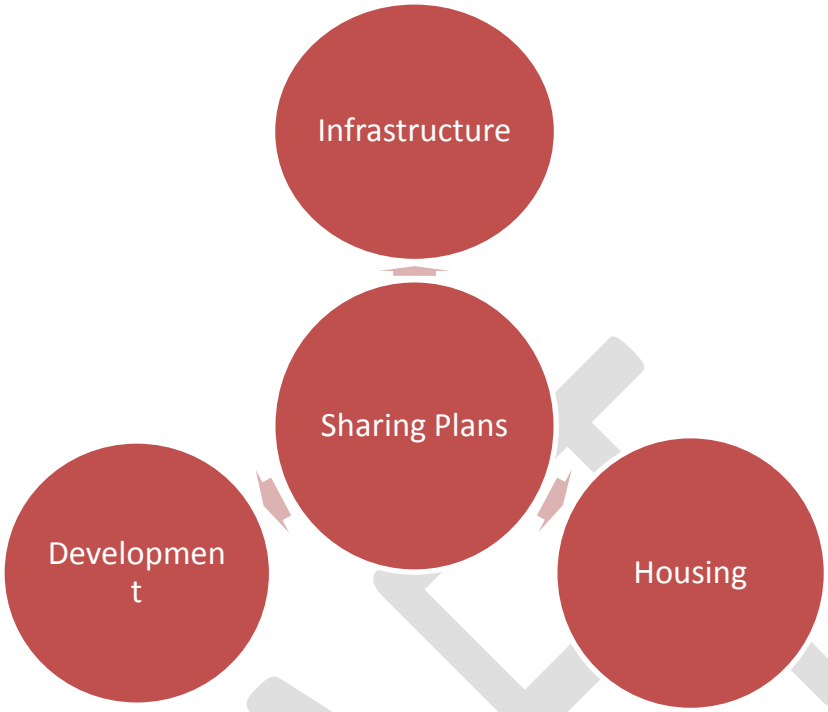
The CEDS process involved direct and indirect input from local governments and special purpose entities. District III is an association of local governments and thus interacts with elected and appointed officials on a daily basis. This interaction contributed to CEDS by identifying needs, sharing plans, determining assets and building trust. These relationships are illustrated in Figures 22 through 25.

Figure 22
Public Sector Input



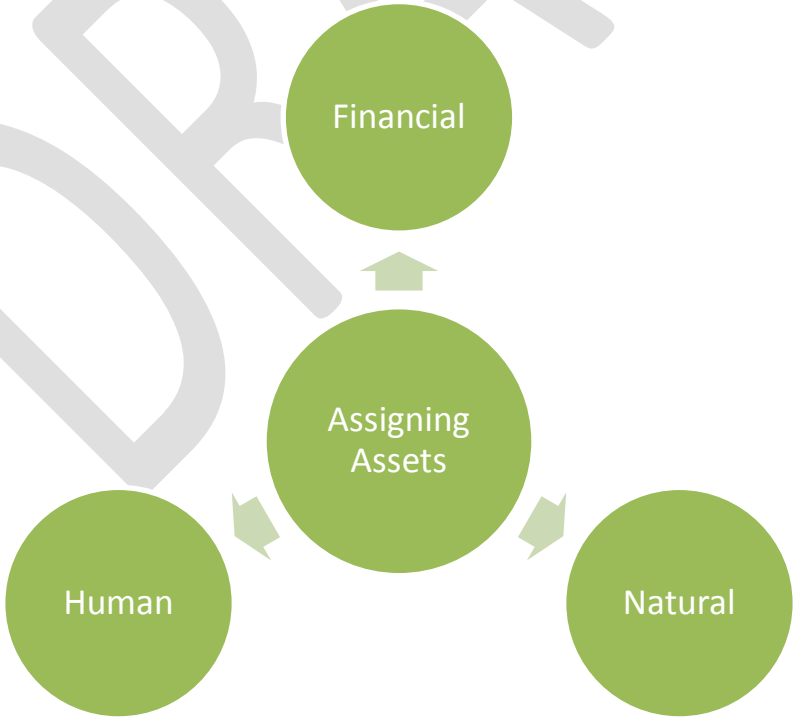
The public sector includes local governments, nonprofit organizations, education providers and citizen groups. The majority of District III work activities begin with needs identification.

Figure 23



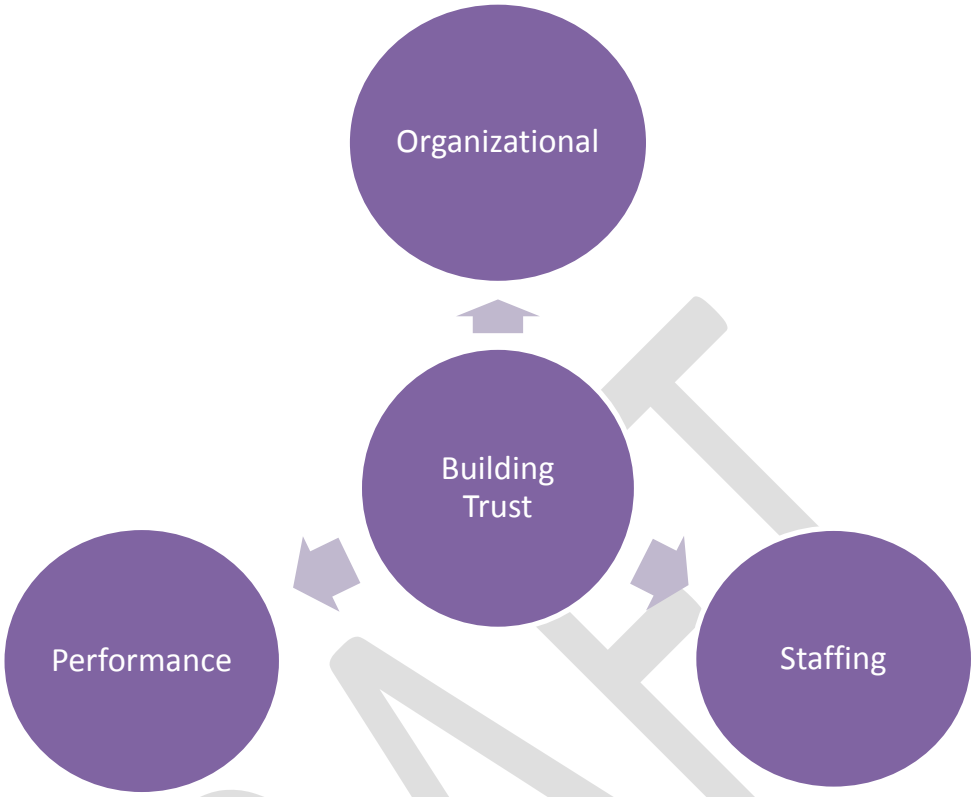
Planning takes place at various times and levels. The activity could be oriented toward a specific project or be part of a long range, strategic effort.

Figure 24



Assets imply resources, such as funding, expertise, and physical features. Every situation will require some form of response, which will utilize various assets.

Figure 25



Trust holds relationships together. It allows risks to be taken and priorities to be developed. District III has relied upon the trust of its membership to perform its service mission.

The District III staff attends an average of 300 out of office meetings per year. The level of engagement ensures that very few assistance or information sharing opportunities are missed.

The previously mentioned regional survey asked individuals about regional issues and resources. Their responses are reflected throughout the CEDS document. In addition, the CEDS process was routinely discussed at District III meetings. The District III Committee will formally adopt the CEDS at its first January, 2014 meeting after a review period.

District III routinely interacts with a host of non-profit entities that have perspectives on the following topics:

- Healthcare;
- Housing;
- Social Services;
- Substance Abuse;
- Tourism;
- Education;
- Recreation; and
- Historic Preservation.

As noted concerning local governments, the non-profits provide depth in understanding specific issues. They also form a base of support for project development.

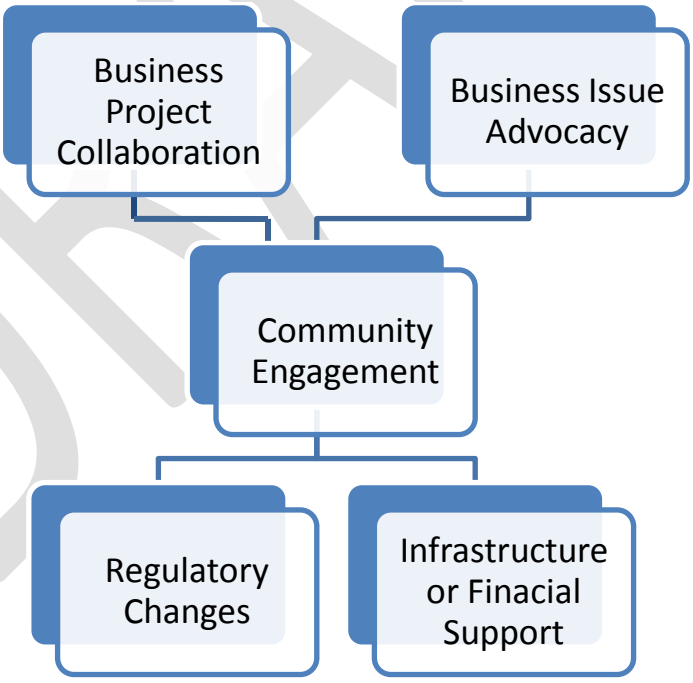
Several members of the CEDS committee have community backgrounds and they provide a broad point of view on development, cooperation and networking. South Dakota has a tradition of local activism and public participation. District III benefits from its relationships with people that have a passion for rural communities and a willingness to contribute their time and expertise.

Private Sector Relationships

Private business owners are a significant part of the CEDS committee. These individuals provided input on regional issues and needs by completing the regional survey. Several manufacturing representatives also gave insights into workforce issues by participating in the workforce summit event.

An illustration of how the private sector influences the CEDS is presented below. The majority of business owners are preoccupied with their daily responsibilities. Their lives intersect with the work of District III when mutual interests meet each other. It is the potential benefit of cooperation that drives the relationship.

Fig 26
Private Sector Input



The CEDS reflects both the needs and possible economic impacts associated with private initiative.

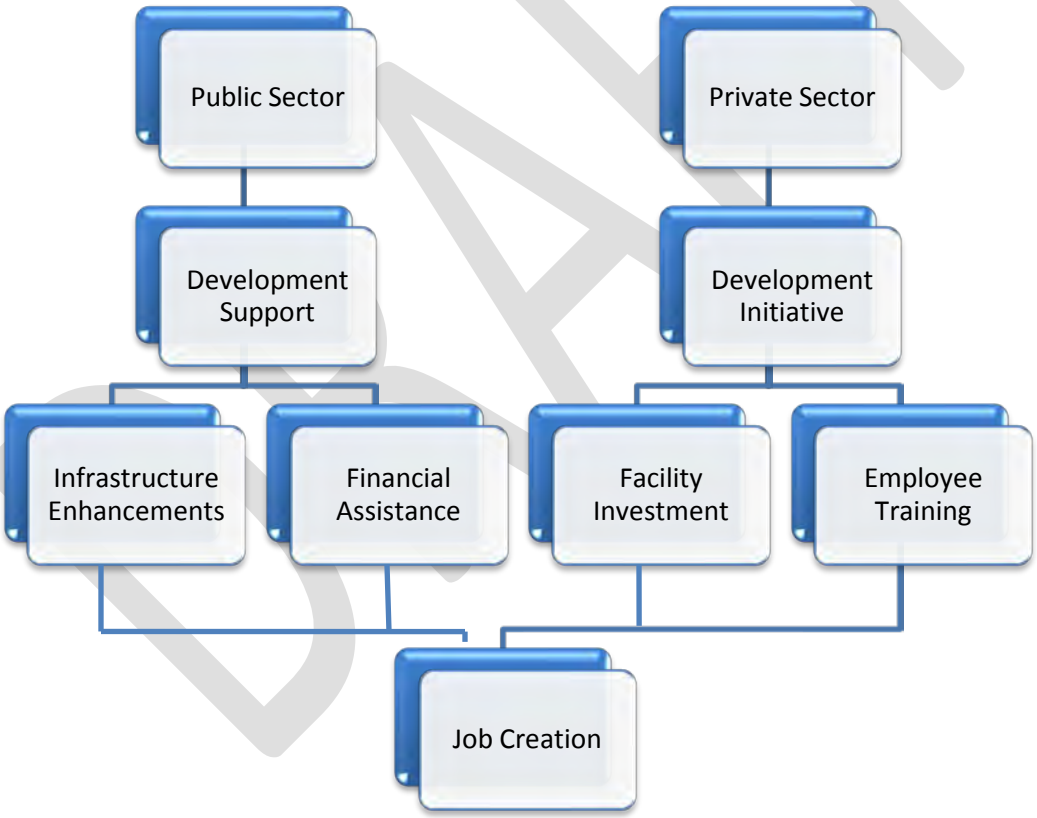
Perhaps the best venue for business awareness is the work performed by the region's Small Business Development Center (SBDC) and revolving loan fund (Areawide Business Council). Both entities are part of District III's service "umbrella". SBDC personnel assist between 150 and 200 clients per year, across

the spectrum of business activity. This access to everything from service and retail businesses to professional and manufacturing operations provides a unique perspective on the area's economic well being. The SBDC and revolving loan program also work closely with other lenders. National or statewide data may give a hint of regional conditions, but nothing beats direct, hands on interaction with the businesses and entrepreneurs themselves.

CEDS implementation will depend upon decisions from entities outside of District III's control. Whenever private investment and public support work in concert, the odds for success increase. As noted previously, outside forces can and do change conditions over a short period of time. The CEDS will outline efforts which should have positive outcomes, but experience proves that no plan or strategy is guaranteed to succeed.

The roles of public and private sector participants in CEDS implementation are illustrated in Figure 27.

Figure 27
CEDS Roles



District III's role in implementation is to make the decisions of both parties easier to make and follow through, by helping to remove barriers or streamline processes. The barriers may be as simple as communication or as complex as packaging. Processes often involve government "red tape" and/or local land use regulations.

Section V
Strategic Projects, Programs, and Activities

Area Priorities

As noted throughout this document, CEDS implementation is dependent upon numerous factors and variables that are not within the ability of any entity to manage. The following list contains information on the anticipated development priorities within each District III member county. It is not possible to accurately identify any job estimates for the majority of projects, since many of them are in the early planning stages. The list excludes bridge and road projects under the control of the South Dakota Department of Transportation. The priorities are based upon the assumption that they will add capacity or advance development opportunities. All of the priorities could be easily categorized under one or more regional goals.

Table 33
Anticipated Development Priorities
2014-2018

County	Project(s)	Lead Entity	Comments
Aurora	• Stickney Sewage System Upgrades	City Council	The project will significantly improve the city's infrastructure capacity.
	• Plankinton Safe Routes to School Project	Aurora County Commission	The project will improve public safety and pedestrian access in several phases.
	• White Lake Main Street Improvements	City Council	The project will involve infrastructure and street improvements.
Bon Homme	• Countywide Development Organization	Area Representatives	The group is attempting to form an association that will work on common issues.
	• NAPA-Platte Rail Line Upgrade	Regional Rail Authority	Interest has been expressed in developing rail based facilities along the short line track.
	• Wind Farm Development	Private Interests and Investors	The project is dependent upon final investment decisions.
Brule	• Improvements to the Railroad Bridge over the Missouri River	State of South Dakota	The project will expand the short line tracks to west river counties.

	• Continued Development around a Grain Loading Facility Near Kimball	Private Developers	The area is poised to attract more agricultural service businesses.
	• Rural Site Analysis Follow-up	South Dakota Department of Agriculture	Area landowners will be contacted concerning their interest in potential projects.
Buffalo	• Crow Creek Sioux Tribe Development Plan	Tribal Government and Program Managers	This effort will take several years and a significant local staff effort.
Charles Mix	• Ethanol Plant Development	Yankton Native Ethanol	The project has encountered issues associated with rail access.
	• Wagner Housing Development Initiative	Local Home Address Committee	The planning work is expected to generate development interest.
Davison	• Mitchell Corn Palace Modernization	City Council	The iconic landmark and attraction is part of Mitchell's identity.
	• Avera Queen of Peace Hospital Campus Relocation	Avera Health Care System	An acreage near I-90 has been secured as a development site.
	• Mitchell Community Recreation Center Concept	City Council	The city is considering options, including other entities and facilities.
Douglas	• Corsica Comprehensive Plan Update	City Council	The planning process should be finished in the spring of 2014.
Gregory	• Wind Farm Development	Local Landowners and Investors	The project needs research into the wind profile and transmission line.
	• Gregory Development Property Initiative	City Council	The land will be developed for economic and housing activities.
	• Burke Locker Plant Development	Development Corporation	An initial feasibility analysis is underway.
	• Bonesteel Water and Sewer Improvements	City Council	The major project will increase system capacity.
Hanson	• Emery Water and Sewer System Upgrade	City Council	The project will significantly improve local capacity.
	• Alexandria Manufacturing Company Expansion	Sharp Industries	The business is in the process of expanding its operations.

Hutchinson	• Parkston Manufacturing Company Expansion	MDS	The business is adding capacity and employment.
	• Parkston Utility Extension	City Council	The project will serve a south development area.
	• Freeman Development Site Improvements	City Council	The land will give economic development projects more location options.
	• Freeman Comprehensive Plan Update	City Council	The planning process will engage local stakeholders.
	• Freeman Infrastructure Improvements	City Council	The sewer system will have more capacity.
	• Wind Farm Development	Private Interests and Investors	The project may be underway in 2014.
	• Menno Infrastructure System Upgrades	City Council	The city's sewage system will be overhauled.
	• Rural Site Analysis Follow-up	South Dakota Department of Agriculture	Area landowners will be contacted concerning their interest in potential projects.
Jerauld	• Sewer System Upgrade to Support a Food Processing Plant Expansion	Alpena and Jacks Links	The project should be finished in 2014.
	• Completion of an Areawide Planning Process	Strengthen Economies Together (SET)	The process involves the SDSU Extension Service and USDA Rural Development.
Lyman	• Infrastructure Relocation and Bank Stabilization for Cedar Shore Resort	State of SD, Oacoma, and Lyman County	The overall effort may take several years.
	• Casino Proposal Near Oacoma	Lower Brule Sioux Tribe	The location is being reviewed by state and federal authorities.
	• MRC Railroad Line Upgrades	South Dakota Department of Transportation	The DOT is looking at bridge and line upgrades to extend the MRC to Presho
	• Presho Safe Routes to Schools Project	City Council	The project will improve safety and pedestrian access.
Mellette	• Housing Development Support	Local Interest Groups	The county needs more affordable housing options for professionals and other residents.
	• Rural Water System Improvements in the Wood Area	Tripp County Water Users District (TCWUD)	The TCWUD is planning a major million upgrade.

Sanborn	• County Drainage System Improvements	County Officials and Area Landowners	Drainage has been a longstanding issue in the county.
Tripp	• Keystone XL Pipeline	Trans Canada	The project will involve a significant construction phase impact in terms of worker support.
	• Winner Water Treatment System Improvements	City Council	The system improvements will add capacity.
	• Rural water System Upgrades	Tripp County Water Users District	The $11 million project will impact the entire system service area.
Yankton	• Corridor Development Study for the Missouri River Bottom Area West of Yankton	Yankton County	The study may take a year to complete.
	• Archery Related Facility Proposal, Including a Specialized Business Park and Olympic Training Center	Yankton Area Progressive Growth, Yankton, and Archery Representative	The community hopes to attract a major archery product manufacturer and training site sponsor.
	• Yankton Infrastructure Improvements	City Council	Both water and sewer service upgrades are being planned.
	• Certified Ready Site Status	Yankton Area Progressive Growth	5 sites are being proposed for certification, which will enhance their statewide marketing potential.
	• NAPA Junction Rail Siding Area Development	Private Developers and Yankton County	The area has favorable attributes for rail shippers.

The listed activities are just a "snapshot" of what may occur over the next five years. It is 100 percent certain that unanticipated projects will become reality and expected projects will be dropped or delayed. As noted earlier, this document is not intended to be a list of projects. The aforementioned activities represent examples of tangible development related efforts. They should not be viewed as benchmarks for regional success.

Regional Initiatives

There are a number of plans or projects "on the drawing board" or under consideration that have regional implications. They are not targeted toward one location, but are intended to serve a wider area. The information is not presented in any order of priority.

- ❖ Extend regional short line railroads

  Participants - State of South Dakota
  Regional Rail Authorities
  Shipping Companies

  Impacts - Higher grain prices

Lower shipping costs
Alternative shipping method

- Value Added Agricultural Facilities
  - Participants - Producers
    Investors
    Government Agencies
  - Impacts - Significant private investment
    Markets for locally produced commodities
    Rural community service businesses
    Population influx

- Federal commitment to address Missouri River Reservoir sedimentation issues
  - Participants - U.S. Army Corps of Engineers
    State of South Dakota
    Missouri Sedimentation Action Coalition
  - Impacts - Preservation of drinking water sources
    Continued recreation opportunities
    Better reservoir management

- Institutional integration of technical training programs
  - Participants - Mitchell Technical Institute
    Regional Technical Education Center
    Other education providers
  - Impacts - Seamless program delivery
    Lower training costs for employers
    More career opportunities

- Regional collaboration on housing development
  - Participants - Local interest groups
    Financial institutions
    South Dakota Housing Development Authority
    Prairieland Housing Inc.
    Private Developers
  - Impacts - Opportunities for affordable housing units
    Employee housing enhancement
    Population stabilization in smaller communities

- Community clean-up program
  - Participants - State of South Dakota
    Local governments
    Service organizations
  - Impacts - Removal of health and safety hazards

Improved community appearance
Better community attitude

- 3 bedroom Governor's house units
  - Participants - South Dakota Housing Development Authority
    Local interest groups
    Community institutions
    Home builders
  - Impacts - Broader program utilization
    Opportunities for local developer investment
    Improved chances of keeping young professionals in rural communities

- Certified Ready Site program participation
  - Participants - Local development groups
    Municipal governments
    Governor's Office of Economic Development
  - Impacts - High marketing profile
    Improved odds for development cooperation
    Enhanced development prospects
    Jobs and private investment

- Repurpose of underutilized or abandoned properties
  - Participants - Local non-profit entities
    Municipal governments
    Private developers
    Property owners
  - Impacts - Main street activity
    Preservation of historic structures
    Focal points for community cooperation

- Expansion of internships, rural living experiences, and mentoring in professional and skilled trades fields
  - Participants - Students
    Local employers
    Coordinating entities
  - Impacts - More opportunities to hold or attract highly trained professionals
    Better odds of finding business successors
    Stronger local economies
- Rural Development Site Analysis
  - Participants- S.D. Department of Agriculture
    County Commissioners
    District III
    Landowners

Impacts- Identification of suitable development sites
Minimizing land use conflicts
Potential private investment
Significant local tax revenues

District III's role in each program or activity will vary. Typically, the District will assist with:

- ✓ Information sharing;
- ✓ Project financial packaging;
- ✓ Planning facilitation;
- ✓ Red tape coordination; and
- ✓ Resource collaboration.

The District will also monitor and report outcomes to appropriate agencies and responsible parties.

Specific program and project funding packages cannot be accurately determined in advance. There are too many variables to productively speculate up to five years in advance. Local funding contributors are expected to include:

- ❖ Special sales tax revenues;
- ❖ Business equity;
- ❖ Private donations; and
- ❖ User fees.

State participation will be driven by the opportunity to leverage jobs and investment. The State of South Dakota is also encouraging local initiative through new development partnership programs.

Federal involvement is too unpredictable to forecast, from either funding availability or timing perspectives. Assuming programs have resources and can be responsive to project timetables, federal partners will be actively pursued. District III's primary member benefit has been its ability to package resources. Future assistance efforts will continue to center around this critical service.

Individual projects will be informally evaluated by District III for its participation in terms of their viability by considering their:

- ✓ Feasibility;
- ✓ Funding assumptions;
- ✓ Timing; and
- ✓ Impacts.

The District is not in a position to actively discourage questionable proposals. It does have an obligation to raise common sense questions, based upon expertise and experience.

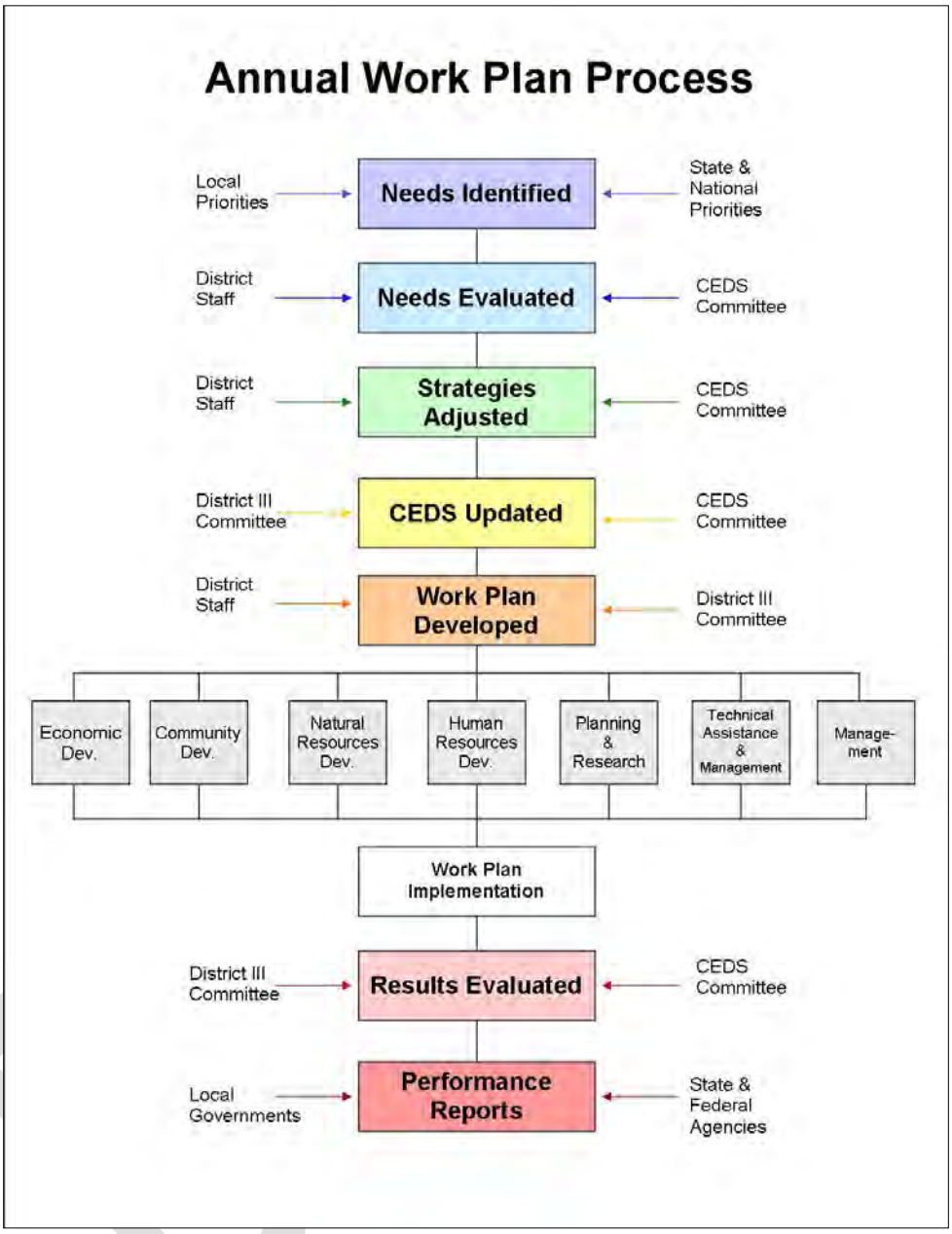
Section VI
Plan of Action

Annual Process

District III has followed a specific process in conducting its work for over 30 years. The steps reflect annual service adjustments, standard category criteria, and long range planning objectives. In other words, the annual work plan process meets both the needs of District III's members and the CEDS. Figure 28 illustrates how the process is implemented. Again, this format has worked well for District III and will be changed when and if it fails to achieve expected results.

Work in progress at Douglas County Hospital in Armour

Figure 28



EDA and the District's development partners are provided copies of the association's annual work plan every January. The plan forms the basis for performance measures and staff work priorities.

EDA Implementation Criteria

District III will implement the CEDS in a manner that conforms to EDA's national program criteria.

1) Promotes Economic Development and Opportunity

   The CEDS expresses the region's development goals and strengths. The primary outcome of the process will be economic development activity. The CEDS also furthers an understanding as to how development partnerships succeed. District III has documented the relationships it has with

major rural development participants within the region and the state. These interactions will lead to positive performance in promoting and implementing development proposals.

2) Fosters Effective Transportation Access

The District's involvement with the state's transportation planning process has been noted. Transportation is a major issue for local officials and businesses. No major development proposal is considered or proposed without its relationship to existing transportation systems being reviewed. District III also routinely assists communities with transportation enhancements that improve pedestrian access and public safety.

3) Enhances and Protects the Environment

District III conducts environmental assessments as part of its public project administrative support services. Businesses and development interests are also assisted with Phase I Assessments. As a rural region, the District III service area is keenly aware of its environmental assets and local land use policies are designed with environmental protection in mind. Tourism, agriculture, and the area's overall quality of life depend upon environmental factors.

4) Maximizes Workforce Strategies

As noted in a previous section, the CEDS supports South Dakota's workforce investments by adding value to the state's programs. The region will continue to use South Dakota's Community Development Block Grant Program's workforce development opportunity. Healthcare and manufacturing career training are expected to utilize this program. The District will seek ways to assist technical institutes and local school districts with workforce development research and program implementation. Relationships already exist that will enable this approach to succeed.

5) Promotes Technology

District III has employed and will continue to develop analytical tools to evaluate economic development project impacts. The region has used EDA program support to establish a sophisticated data center facility. The City of Mitchell was recently designated as one of the world's "Smart 21 Communities." This recognition is associated with the city's technology based businesses, fiber-optic network and commitment to excellence. The region's providers are expanding high speed service to more remote areas. The District will incorporate technology applications, whenever possible, in its development planning efforts.

6) Balances Resources

The District III service area has always strived to reuse, recycle, or conserve resources. Wherever possible, development locations will take advantage of existing access points, utilities and other infrastructure. Infill lots are considered to be prime locations for housing development. The region's dependence upon agriculture and the rising price of farm land, places productive ground in a category worthy of careful evaluation. In other words, there will always be a need to protect prime agricultural property as much as possible. Local land use ordinances and planning commissions have demonstrated sound management principles in their design and implementation.

7) Obtains Adequate Funds and Resources

The region's ability to attract resources is dependent upon several factors:'

- ❖ Economic conditions;
- ❖ Project characteristics;
- ❖ Impact perceptions; and
- ❖ Partnership opportunities.

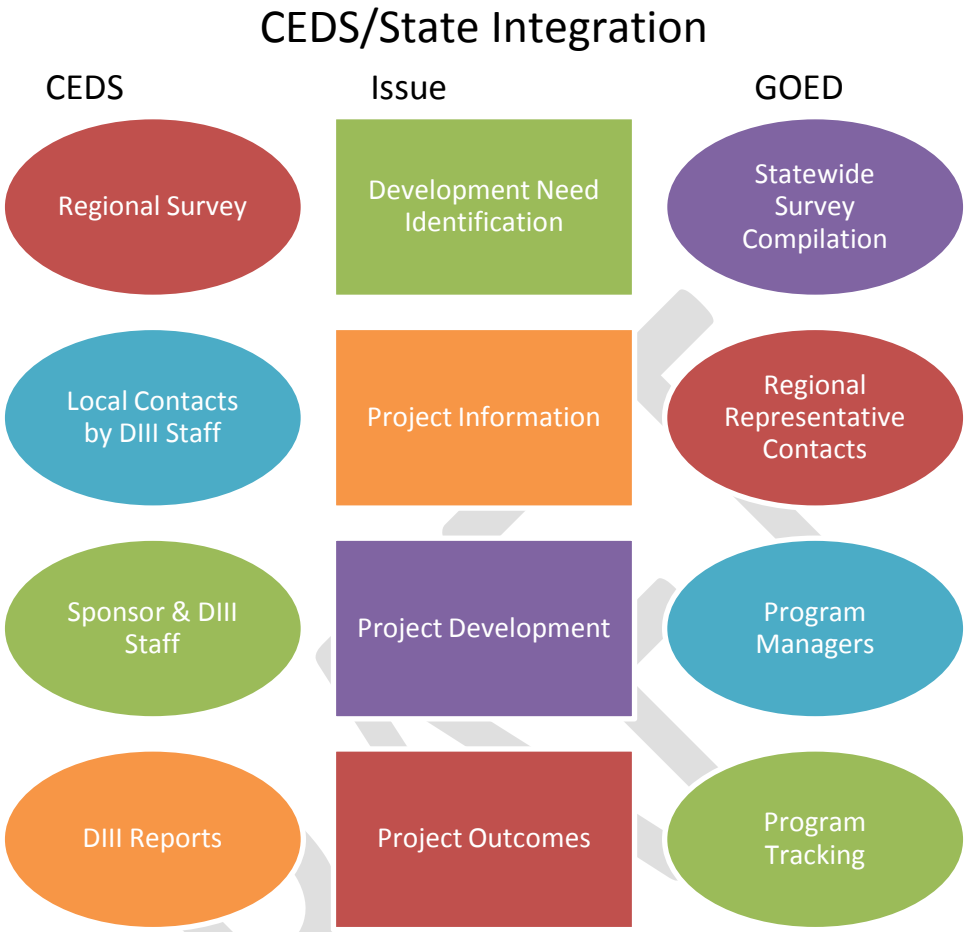
The District's main service has always been financial packaging for both public and private sector initiatives. Its experience, relationships, and organizational flexibility will help it continue to build collaborative financial packages and issue coalitions. As noted, District III has helped its membership obtain over $250 million in outside assistance over the past 40 years. Although the mix of resources may change in the future, there will always be a role for an organization that leverages resources.

Integration with State's Economic Development Priorities

The CEDS exists within a development "environment" that is significantly influenced by state policies and programs. The South Dakota Governor's Office of Economic Development (GOED) is the focal point for statewide development support. The CEDS shares the same primary local issues with GOED, since the most recent annual survey was conducted in cooperation with the state. GOED also interacts on a daily basis with the same development groups as District III.

Figure 29 illustrates how the CEDS and GOED intersect.

Figure 29



The GOED has executed annual technical assistance contracts with the planning districts over several administrations. The value of this relationship to both parties extends to job creation and efficient program delivery. The districts provide quarterly updates to GOED on regional development activities. This continuous interaction enables the state to respond quickly to both opportunities and challenges.

Section VII
Performance Measures

Evaluation Measures

District III will monitor its CEDS performance in three ways. First, the District will track all projects to document work plan outcomes. Second, the District will weigh its performance against initial expectations, as expressed by the CEDS goals and objectives. Finally, the District will evaluate overall regional progress in relation to changing conditions.

Each performance measurement will have a different audience. Project outcomes will help public and private sector interests determine the value of District III assistance. Specific strategy performance will assist EDA, other development partners and association members in gauging the return on their cooperative investments in the region. The overall progress assessment will enable the District III committee to identify productive uses of office resources, along with determining the need for new approaches.

The evaluation process will result in these work products:

1. Monthly Work Reports
2. Quarterly Performance Summaries
3. Semi-Annual Reports
4. Annual County Performance Reports

The distribution of these items and other agency or program specific reports includes the aforementioned audience and local officials. The media and general public have access to monthly work reports via committee meeting minutes and web postings.

The District's performance will be evident by comparing the outcomes to regional data benchmarks. The District will track changes in:

1. Public infrastructure investment;
2. Job creation and retention;
3. Private equity investment;
4. Program participation (increase or decrease);
5. Changes in economic conditions;
6. Minority participation; and
7. New development partnerships.

The actual benchmark numbers for each category will be referenced as part of the performance reports. The sources for the numbers will include the U.S. Census, periodic government publications, and other recognized authorities.

Less quantitative benchmarks will also be considered in calculating progress, such as:

1. Public attitudes;

2. Leadership involvement;
3. Cultural changes;
4. Civic engagement; and
5. Issue awareness.

The District will use primary source (i.e. its own observations and data gathering), along with secondary references (i.e. news stories and association publications) to illustrate any perceptional shifts. Local leadership opinions will also play significant roles in determining regional attitude changes.

Adjustments

As noted throughout this document, the CEDS is a multi-year process. A five year perspective is utilized for goal setting, with annual adjustments. The adjustments will be based upon three situations.

1. The completion or accomplishment of a goal or objective;
2. The modification or elimination of a goal or objective because of changing conditions; or
3. The identification of a new goal of objective because of an opportunity or challenge.

The adjustments will occur with input from the CEDS Committee. The changes will be evident in the District's Annual Work Plan and CEDS Report.

Perspective

Performance is a subjective concept. District III has tracked regional outcomes for 40 years. By any reasonable measure, the association has contributed to regional economic growth. However, setting arbitrary goals, just to have numbers to report is both disingenuous and misleading. The CEDS will produce real results with actual impacts. Numbers alone do not tell an accurate story about progress or positive changes. Performance measures will be based upon facts that mean something to the region.

Section VIII
Disaster and Economic Recovery and Resiliency

Pre-disaster Preparedness

The 16 county region has a history of experiencing natural disasters on a regular basis. The frequency of these events and the costs associated with recovery have prompted local officials to be heavily engaged in pre-disaster mitigation efforts. The main responsibility in South Dakota for disaster mitigation falls on county emergency management offices and the state's Office of Emergency Management (OEM).

The OEM has worked closely with counties and District III in developing Pre-disaster Mitigation Plans (PDMs). District personnel have prepared 15 plans, which have been formally approved by the Federal Emergency Management Agency (FEMA). OEM staff have encouraged counties to update their plans and all member counties should be responding by the end of the five year CEDS planning period. The content of a typical PDM is outlined below.

PDM Chapters

CHAPTER 1 – INTRODUCTION

- Background
- Community Profile

CHAPTER 2 – PLANNING PROCESS

- Background
- Methodology

CHAPTER 3 – RISK ASSESSMENT

- Background
- Hazard Identification
- Hazard Profiles
- Vulnerability Assessment
- Summary of Risk Assessment

CHAPTER 4 – RISK MITIGATION STRATEGY

- Background
- Mitigation Goals and Priorities
- Mitigation Actions
- Mitigation Action Plan

CHAPTER 5 – PLAN MAINTENANCE

- Background
- Plan Monitoring and Evaluation
- Updating the Plan
- Public Involvement

CHAPTER 6 – APPENDIX

- History of Previous Hazard Occurrences
- Public Outreach Effort
- Planning Meeting Items
  - Agendas
  - Signup Sheets
  - Minutes
- References

Photo by Roger Dietrich

FEMA requires that these issues be addressed as part of federal disaster assistance policies.

Other entities are addressing disaster preparedness through workshops and specialized training. For example, the Area Health Education Center (AHEC) conducts special "Core Disaster Life Support Training", in cooperation with health care systems and the Office of Public Health Preparedness and Response. A total of 373 health profession students received training in 2013. Each participant was assigned to a "Point of Distribution" in their home community and 25 percent of the students were registered on Serve SD, which makes them available for call up in the case of an eminent disaster. District III is closely allied with AHEC and the education services it supports.

Disaster preparedness is not a primary function of any South Dakota planning district, but since the associations are already involved in land use planning and infrastructure project development, they are well positioned to raise mitigation issues. The District's relationship to local and area emergency responders and 911 system enhancement is also a critical component of disaster planning. The District's Geographic Information System (GIS) technology and associated tools support local emergency planning and projects involving:

- Drainage impacts;
- Fire evacuation routing; and
- Flood water projections.

Technology is also used by the District in calculating cost/benefit ratios on Hazard Mitigation Grant Program proposals. These initiatives usually involve roads, drainage facilities or other physical features. Federal "fire grants" are also used by local governments to upgrade and/or acquire emergency response equipment.

Post-disaster Planning and Implementation

As with pre-disaster planning, post-disaster activities are the responsibility of local emergency management officials and the South Dakota OEM. The role of the District is centered around technical and administrative support services, such as:

1. Immediate assistance
    - ❖ Mapping (GIS)
    - ❖ Public information (web site hosting)
2. Assessment assistance
    - ❖ Impact documentation
    - ❖ Needs analysis
3. Recovery assistance
    - ❖ Application preparation
    - ❖ Funding program compliance paperwork

The region has utilized a variety of government resources in post-disaster recovery, including: EDA, FEMA, and South Dakota CDBG. An objective of the recovery efforts is to strengthen or improve public facilities to minimize future disaster impacts.

Resiliency practices may include the anticipation of problems (example – lack of electric power) and developing responses (example – standby generators). Resiliency may also involve the marshalling of resources to improve disaster response and recover efforts. Again, as noted at the beginning of this section, the region is no stranger to disasters. Experience has fostered a system that promotes resiliency. For example, most counties now have special emergency response centers and facilities that help mobilize first responders and the public on very short notice. Coordination with the state has been improved and the evidence includes:

- ❖ Pre-positioning of response equipment and supplies;
- ❖ Seamless communication with state and local decision makers; and
- ❖ Joint training exercises and ongoing planning.

Although the District has played a supporting role in both disaster preparedness and recovery, it is not in a position to take a leading position. Local officials have the responsibility and expertise to make disaster related decisions. District III is not going to duplicate those efforts.

APPENDIX

Planning & Development District III
Comprehensive Economic Development Strategy Committee Roster

1. Private Sector Representatives *(53.85%)*

First Name	Last Name	Company	Position
Harold	Bickner	Bickner Electric	Owner
Tom	Bohnet	Applied Engineering	President
Roger	Bordewyk	Farm Bureau Insurance	Owner
Kathy	Divine	Divine Concrete	Vice President
Tony	Erpenbach	Tony's Building Center	Owner
Jerald	Garry	DICE Financial Services Group	Owner
Kim	Halverson	Halverson Ranch	Owner
Lucy	Halverson	Lyman County Herald	Co-Publisher, Editor
Steve	Hohn	MDS Manufacturing, Inc.	President
Kayleen	Lee	Avera Weskota Memorial Medical Center	Administrator
Chet	McManus	McManus Family Farm	Owner
Tim	Peterson	Broken Willow Lodge	Owner
Mark	Vanderwerff	Mark's Photographic Images	Owner
Gale	Walker	St. Benedict Health Center	Administrator

2. Representatives of Other Economic Interests *(46.15%)*

First Name	Last Name	Company	Position
Mark	Benton	Midstate Communications	General Manager
Wade	Blasius	Aurora-Brule Rural Water	Manager
Al	Cerny	City of Gregory	Finance Officer
Jacquie	Fuks	Southeastern SD Tourism Assoc.	Executive Director
Merlin	Goering	B-Y Electric Cooperative	Manager
Dan	Guericke	Mid Central Educational Coop	Director
Rick	Hurd	Missouri River Issues	Advocate
Lisa	Lengkeek	Crow Creek Tribal Employment Rights Office	Director
Lisa	Rothschadl	Bon Homme County	States Attorney
Kent	Swenson	Santel Communications	President
Toni	Wells	Revolving Loan Fund	Manager
Roger	Wiltz	Independent Outdoor Writer	Columnist

Calculations:	**Number**	**Percent**
1. Private Sector Representatives (at least 51%)	14	53.85%
2. Representatives of Other Economic Interests (no more than 49%)	12	46.15%
TOTAL COMMITTEE MEMBERSHIP	**26**	**100.00%**