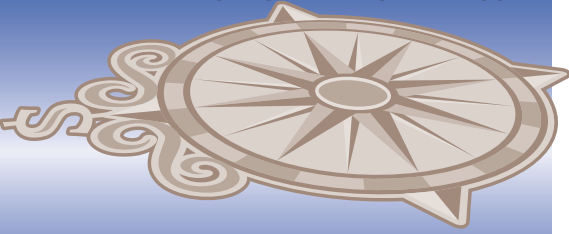


Directions



City Election April 13

Sioux Falls voters will elect a new Mayor, City Council members and School Board members and will vote on Charter Amendments on Tuesday, April 13. Your participation in the process is requested!



Volume 34, Number 2
March-April, 2010

Participation in the political process aids progress and prosperity

Business people are keenly aware of the importance of electing city and state officials who understand the economic factors which shape our world. This spring, Sioux Falls voters will elect a new mayor and new city council members. These representatives of the people will have a profound impact on how our area emerges from the recession and help to determine the priorities for our future.

As always, the most important aspect of the coming election for local residents is the act of voting itself. Regardless of which candidates you support, it is vital to the future of Sioux Falls that you take time from your doubtlessly busy Tuesday to go to the polls and cast your ballot on April 13.

"We do a lot of things as business people to help make Sioux Falls a better place to live," said Development Foundation president Slater Barr, "but one of the most important is participating in the electoral process. We all know how much local and state government influence our business climate and our quality of life."

A number of public events have been held to help local voters make up their minds. The six candidates vying to become Mayor of Sioux Falls, participated in a public forum on March 20 in the City Council Chambers in the Carnegie Town Hall. The event was sponsored by the League of Women Voters and the Sioux Falls Area Chamber of Commerce. The forum is being rebroadcast on CityLink Cable Channel 16 at 9 a.m. on Friday, April 9, Sunday, April 11 and Monday, April 12. It is also available online at www.siouxfalls.org.



FUTURE SIOUX FALLS UPDATE:

City proves its prosperity in competitive analysis

Metro Sioux Falls' dynamic economy has produced strong job growth, low unemployment, and lucrative opportunities for entrepreneurs. The region performs less well in the areas of average annual wages and capacity for innovation.

The Sioux Falls Area has outperformed the nation, state and comparison communities in terms of five-year job growth rates, increasing total employment by 6.9 percent while the state grew by 2.5 percent and the nation declined by 0.8 percent.

Compared to the Des Moines, Fargo and Rochester metros and the nation, average annual wages lag behind in the Sioux Falls area. In the fourth quarter of 2008, the average annual wage in the region was \$38,221 compared to wages ranging from \$38,403 to \$49,197 in the other places examined. Furthermore, while the Sioux Falls Area posted very strong five-year employment growth figures, its five-year growth rate in wages fell behind all benchmark communities, the state and the nation.

While financial services and health care dominate the economic base of greater Sioux Falls, all other business sectors saw growth over the past few years, most surpassing the national growth rate. However, some higher-wage potential sectors, such as professional

Continued on page 2...

**Future
Sioux Falls**

www.FutureSiouxFalls.com

Technology Business Center debuts **Next Step** program

The South Dakota Technology Business Center is maximizing the space available in the technology incubator with the “Next Step” Office program. Next Step is designed for consultants and other start-up businesses that may currently be established in a home office and need to present a professional image on a restricted budget.

The program provides Next Step companies with SDTBC client services before the businesses complete the business plan and application process that is expected of full-time SDTBC tenants. Next Step also places new companies in close proximity to SDTBC partner organizations that can help the

start-up company with the business development process.

Among the benefits of the Next Step program are an office cubicle in a shared suite at SDTBC, complete with teleconferencing, internet, telephone and other technical advantages; access to SDTBC office equipment, work areas and break room; entrepreneurial support programs and networking, and the use of meeting rooms and conference space. Two companies are currently taking advantage of the Next Step program, KH Resources and Wimpy Analytics.



Paul Cross, left, and Ivan Ven Osdel

KH Resources, run by Kathryn Henning, provides assistance to businesses and non-profit organizations with start-ups, expansions and turn-arounds. Henning has experience in technology, political campaigns and business consulting. Wimpy Analytics, operated by Paul Cross and Ivan Ven Osdel, is a technology start-up that seeks to identify and develop web-based entertainment concepts that offer promise to potential advertisers, using data analytics to predict what users are looking for.



Kathryn Henning created KH Resources to aid business clients.

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FUTURE SIOUX FALLS UPDATE: City proves its prosperity in competitive analysis

Continued from page 1...

and technical services, grew more slowly in metro Sioux Falls than at the national level; lower-wage sectors like construction and retail trade expanded more rapidly locally.

South Dakota and Sioux Falls remain attractive to businesses and individuals because of their significantly low tax burdens. However, the region and state must compete in other ways to attract and retain businesses, including the provision of a range of incentives that can be individualized and packaged for new firms that could employ many residents.

Entrepreneurship generates wealth, but has a comparatively smaller impact on the regional economy: In 2007, non-employer average annual earnings in greater Sioux Falls were \$41,296 compared to \$36,652 for the state and \$45,688 for the nation. These dynamics mirror overall average wage trends. Compared to all of the geographies examined, metro Sioux Falls' entrepreneurs are not as "high impact." Their income accounts for a smaller percentage of metro GDP (4.7 percent) than the benchmark communities, state (6.5 percent) and nation (8.2 percent).

In 2008, 7.7 patents per 100,000 residents were granted in Sioux Falls compared to 31.7 in Fargo, 42.2 in Des Moines and 256.4 in Rochester. The lack of a major research university—or research institution like the Mayo Clinic in Rochester—in Sioux Falls is one significant weakness to achieving a higher rate of regional innovation.

Brandon is named one of “Best Affordable Suburbs”

Bloomberg BusinessWeek evaluated information provided by the community data company OnBoard Informatics to determine the best affordable suburb in each state. While many of the places on the 2010 list are near amenities such as country clubs and golf courses, the focus is not luxury, but rather communities where families can live well for less and enjoy good schools, low crime, and reasonable commutes.

The selected suburbs were limited to towns within 25 miles of the most populated city in the state, with populations of 5,000 to 60,000, median family incomes of \$51,000 to \$120,000, and lower-than-average crime rates. The magazine weighed a variety of factors including livability (short commutes, low pollution, green space), education (well-educated residents, high test scores), crime (low personal and property crime), economy (high job growth,



The Brandon Municipal Golf Course

low unemployment rate, high family income), and affordability (median household income, cost of expenditures). Affordability was most heavily weighed in the calculations, and places with bad weather, a lack of racial diversity, high divorce rates and few children were penalized. Brandon was chosen as **number eight** in the Top Ten list.

According to *Bloomberg BusinessWeek*, “nature parks, wineries, a speedway, and golf courses are some of the amenities

enjoyed by the residents of Brandon, a fast-growing suburb of Sioux Falls. The Brandon Valley School District has a few elementary schools, a middle school, and a high school. About 40% of residents are married with children and the average commute is 19 minutes.” The magazine lists Brandon’s population at 9,056, median family income as \$79,040, median home price as \$138,400 and the unemployment rate as 4.8%.

Congratulations to Brandon on this national honor!



We host groundbreaking ceremonies

Now that the construction season is about to move into high gear, business owners planning expansions or new construction should be aware that the Sioux Falls Development Foundation is groundbreaking headquarters.

Since its creation in 1954, the Development Foundation has hosted groundbreaking ceremonies for our member businesses. From agendas to gold shovels, the Development Foundation does it all—and invites dignitaries and the business community to attend the ceremony to focus attention on your project.

If you’re planning an expansion or new construction this year, contact the Sioux Falls Development Foundation office and ask about setting up your groundbreaking ceremony. Call Diane at 339-0103 or e-mail dianea@siouxfalls.com for more information or to schedule your groundbreaking.



Last fall’s Sanford Heart Hospital groundbreaking.

BOARD PROFILE: Michael Jamison, TSP, Inc.

Mike Jamison, a Sioux Falls native, is a principal at TSP, Inc., a full service architectural, engineering and construction company. After graduating from Lake Area Technical Institute in Watertown, Jamison continued his education and received his professional Electrical Engineering Registration in 1993. He has been involved in the design of many significant facilities in and around Sioux Falls, including SDN Communications, Augustana College Elmen Center, Avera McKennan Behavioral Health, Wells Fargo Operations Centers and IBP Corporate Headquarters in Dakota Dunes.



Michael Jamison

Jamison has shown his commitment to community involvement through his participation as a Regional Ambassador for Make-a-Wish Foundation, service on the Southeast Technical Institute Foundation Board, SD Achieve Foundation Board, Sioux Empire Fair Association Board, Kirby Science Center Advisory Committee, and as a coach for bantam baseball and Hilltop softball for over 20 years.

Jamison lives in Sioux Falls with his wife Roxann, who works at Anne Sullivan Elementary as an educational assistant. Their children Brent and Sarah both attend Augustana College.

Sioux Falls area partners with state at target industry show

The Sioux Falls area participated with a record-breaking 16 communities and one company who partnered with the state Governor's Office of Economic Development at 2010 SHOT Show in Las Vegas. The convention, which caters to the firearms, ammunition and hunting industries, has been identified as an important "cluster" industry target for South Dakota, as an increasing number of companies within the industry have located in the state.

Governor Mike Rounds also attended the show, which led to several media interviews, including live tapings on NRA Radio and Scott Linden Outdoor, as well as several print media interviews. GOED also held a press conference, with more than 20 members of the media in attendance, that featured Lakota Archery and highlighted the advantages South Dakota's business climate offers firearms companies.

Jeff Eckhoff, Rural Development director for the Sioux Falls Development Foundation, represented our

area at the show, and participated with the state in presentations to potential new businesses. Eckhoff reported that the state logged 26% more leads at the Las Vegas show this year over last year's effort.



Governor Mike Rounds attended the 2010 SHOT Show in Las Vegas with representatives from 16 South Dakota communities to present the advantages of our state's business climate to representatives of the firearms industry.



Dakota BUSINESS Finance wins national SBA award

The Small Business Administration has selected Dakota BUSINESS Finance as the Community Development Corporation of the Year for those CDCs with portfolios totaling less than \$100 million. The award is one of only two national awards given by SBA annually. Lynne Keller Forbes, executive director of South Eastern Council of Governments, which provides administrative services for Dakota BUSINESS Finance, will travel to Washington, DC in May to accept the award during Small Business Week.

Congratulations to Keller Forbes, all of Dakota BUSINESS Finance's board members and staffers Shawn Pritchett, Jessica Evans and Amber Gibson for their work in fostering economic development in our area and for this national accolade.



Jessica Evans, Shawn Pritchett, Lynne Keller Forbes and Amber Gibson.

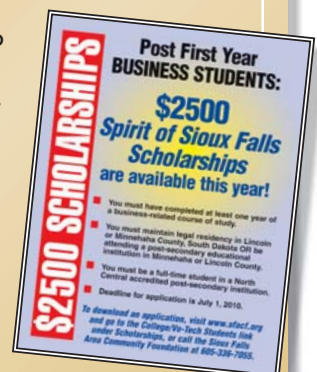
Spirit of Sioux Falls Scholarship deadline is July 1

The Spirit of Sioux Falls Scholarships are presented annually to Sioux Falls area business students who have completed at least their first year of higher education. \$2,500 scholarships are awarded each year to students taking a business-oriented course of study from an accredited post-secondary institution.

"Any business person who knows a college student taking courses in accounting, marketing, business administration or similar subjects should encourage that student to apply for this scholarship," said Slater Barr, Development Foundation president. "We want the best students in our region to apply, whether they are attending a post-secondary school here in Sioux Falls or Sioux Falls students taking courses in another community."

To download the Development Foundation's Spirit of Sioux Falls Scholarship application, visit www.sfacf.org and go the College/VoTech Students link under Scholarships, or call the Sioux Falls Area Community Foundation at 605-336-7055.

The deadline for application is July 1, 2010.



President's Report



By Slater Barr

Incentives make us more competitive, aid community growth

Every day we are besieged by attempts to influence our buying decisions. Advertisers reach us through newspapers, magazines, television, radio and now the Internet. Retailers entice us with rebates or coupons. Others bundle products with their goods. How many kids persuade their parents to buy a box of cereal they don't even like, just to get the toy inside?

Business recruitment operates the same way. Economic developers refer to programs and offers to entice a specific company to locate or expand in their community as "incentives." Incentives are often viewed by critics as government "giveaways," freebies solicited by greedy corporations even though the incentives have no real influence on where companies ultimately locate. Supporters point to the need to remain competitive with other states and communities and to the substantial economic and social benefits of a new industry.

The debate between supporters and detractors will continue to rage because examples abound to support each group's claims. Each business location is unique—and the importance of incentives to the location decision is equally unique. A sound approach to incentives can improve our competitiveness while minimizing risk and cost. Here are a few things we consider when negotiating with a prospect:

Know what the project is worth. Every business comes with its own set of benefits and costs. New companies provide tax revenues, employ local construction firms and create salaries for local residents. They will also consume infrastructure capacity and bring in newcomers who will impose demands on schools, roads, police and other services. A solid cost/benefit analysis weighs both sides.

Direct incentives to areas of mutual benefit. A new business faces a wide variety of costs as they establish their new operation and a community may be asked to help defray some of those costs. But what if we provide incentives, only to see the company close after a couple of years? Directing incentives to certain areas ensures that our investment remains in the community, even if the company is unsuccessful.

Consider attaching "clawbacks" to the agreement. Negotiating with a new company is similar to negotiating a contract. We provide incentives to help with upfront expenses in exchange for the company's assurance of job creation or capital investment. Many communities protect themselves against the possibility that the company won't live up to their end of the bargain by attaching "clawback" provisions that provide a commitment that ensures partial payback if the conditions are not met by the company.

Incentives can increase our competitiveness, help attract new industries and encourage local business expansion. By applying a few simple principles, the negotiation process can produce a true win/win scenario for both the company and the community.



Sioux Falls ranked third most secure nationally

In rating 127 cities with populations between 150,000 and 500,000, Farmer's Insurance ranked Sioux Falls as the third most secure mid-sized community in the nation. Researchers looked at crime statistics, extreme weather, risk of natural disaster, housing depreciation, foreclosure rates, air quality, environmental hazards, terrorist threats, life expectancy and job loss numbers in 379 U.S. municipalities for their sixth annual study.

"The modern world holds many uncertainties," said Development Foundation chair Cathy Clark. "When companies select a location for their operations—or families select a new home—they look to a community that offers them a secure place to grow. This recognition is an acknowledgement of the security families and businesses will find here."

Sioux Falls
Development
Foundation

Chair's Report



By Cathy Clark

It's all about *participation in the process*

With all the changes on the horizon in our city, state and nation, this is certainly not the time to be passive about anything. More than ever before in our recent history, the actions we all take **now** will shape the future in exciting new ways.

One of the ways in which you can be an active participant in creating the future is through your membership in the Sioux Falls Development Foundation. You will be receiving information in the mail about renewing your membership or becoming a member for the first time. Just remember this fact when you are filling out your membership card—the Development Foundation has been a positive force for growth in the Sioux Falls area for over fifty years. Our organization doesn't just work to add new industries; we provide the fuel that drives the growth of **your** company! Please join us.

Another activity that calls for your participation is the city election on April 13. We have a strong slate of candidates, all deeply committed to our community and our region. Regardless of whom you decide to support, we need to make the turnout for this year's city election a record high number—because our new mayor will be an important economic development partner.

We will also be participating this fall in the election of a new governor, helping to select a leader for state government during a time when leadership and commitment are critical to our economic future. Again, excellent candidates have stepped forward: experienced, dedicated people with a vision for tomorrow. It's our job to select one of them to help create that tomorrow in South Dakota.

It's an exciting time, with a number of positive things happening to help us all have confidence in the growth of our community and our state. One of the ways we can all maintain and share that confidence is by **participating in the process** of building that future. If we all care enough to act—the future is in good hands.



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Contact Dan Hindbjorgen, Sioux Falls Development Foundation
Call 1-800-658-3373,
e-mail danh@siouxfalls.com
or visit our Sioux Falls website at www.siouxfallsdevelopment.com

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