

2014 REVIEW

**SIGNIFICANT PROGRESS WAS MADE ON OUR STRATEGIC GOALS WHICH WILL SHAPE 2015 AND BEYOND.
THANK YOU FOR YOUR PARTNERSHIP!**

GOAL 1. GROW BUSINESS - CULTIVATE ATTRACTION AND GROWTH OPPORTUNITIES FOR NEW AND EXISTING BUSINESSES AND INDUSTRIES.

SEDC PLAYED A ROLE IN THE START-UP, EXPANSION, AND RELOCATION EACH OF THESE BUSINESSES. CONSTRUCTION TOTALS NEAR \$15 MILLION. NEW JOB CREATION IS CONSERVATIVELY ESTIMATED AT 50.



SCOTT PETERSON MOTORS OF STURGIS announced in March that it will expand by relocating and constructing a highly visible state-of-the-art Ford dealership south of Exit 32. The 22-acre

Vanocker Junction retail development will eventually also include three site-ready business pads. Storm Atlas offered Scott and Susan Peterson the opportunity to rethink their 2013 investment in Sturgis, and fast forward comprehensive development plans that promise to change the Exit 32 business landscape. The dealership should be completed Summer 2015.

The **STURGIS DINNER THEATER** opened in March with a 20' screen, digital surround-sound, full-service menu, and children's arcade. While the idea for this new concept was first brought forth to Starmark Hospitality by the City of Sturgis and SEDC in an effort to promote a much-requested year round downtown entertainment venue, the owners chose not to continue the dinner theatre after five months and repaid their obligation.



In April, **STURGIS ATV & SMALL ENGINES** owner Doug Derby chose to relocate from 10 miles east of Sturgis to 2043 Lazelle St., Sturgis. His renovation of the former Kruse's Second Hand is another example of the many local revitalization projects.



After construction was delayed for several months due to 2013's Storm Atlas, the **WERLINGER AUTO BODY** expansion was completed in May. The 3,600 sq. ft. building expanded to include 6,000 sq. ft. with eight services bays, allowing the opportunity to employ more staff.



In July, **THE KNUCKLE BREWING CO.** became Sturgis' first microbrewery. This new business/expansion project is another example of their continued growth over the last 14 years and also exemplifies the revitalization projects taking shape in downtown Sturgis. The microbrewery's proximity to the 2nd Street Plaza should also make it a popular draw during downtown events.



Following the reveal of the new Indian Motorcycles at the 2013 Sturgis® Motorcycle Rally™, the City of Sturgis and SEDC worked with Vern Eide Motorcars of Sioux Falls

and Indian Motorcycle's parent company, Polaris Industries of Medina, MN to bring the iconic brand back home to Sturgis. In May, **INDIAN MOTORCYCLE STURGIS** opened at 2106 Lazelle Street as a year round sales and service retailer employing 12 full time staff. Their investment in Sturgis set a new pace as their sales and service dealership has become a retail destination shopping experience.

Evidence of their retail draw is shown in their November announcement of a new two-story, 22,000-sq. ft. building on Main Street which will sit in the heart of the Indian Motorcycle Sturgis campus. It will showcase their impressive product and service capabilities and more than double their current space. Gustafson Construction should have the building completed in June 2015.



CAMPBELL SUPPLY reopened in Sturgis in June with a new building that added an additional 2,000 sq. ft.

of floor space for greater selection and product. They had been closed since October 2013 when Storm Atlas destroyed their former building. This is the only Campbell Supply location West River and is a large contributor to our retail trade.



In June, **BLACK HILLS POWER** purchased 13 acres at 1251 Otter Road, Sturgis to accommodate their new service center.

Construction was completed this fall on their new 11,220 sq. ft. building and lay down yard. This expansion project provides the opportunity to increase their workforce and consolidates services in Sturgis, as well as other communities, for more efficient and cost effective operations.



In July, the Bowman family from Belle Fourche purchased Johnston's Hardware Hank in Sturgis, changing the franchise and name to **DO IT BEST HARDWARE**. The Bowman's are a third generation lumber/hardware family. They recently celebrated their major restocking and storefront renovation with a grand opening ceremony. The store now provides additional services to area building contractors.



Sturgis' **UPS** distribution facility was destroyed by 2013's Storm Atlas. Their rebuilding and expansion project was completed in November, well ahead of their anticipated 18-month rebuilding process. The new building is nearly 13,000 sq. ft. and offers many new amenities for their 26 employees.



BELLE JOLI

The Jackson family cut the ribbon to their new **BELLE JOLI' WINERY "Sparkling House"** tasting room and production facility on Aug. 15. Their new state-of-the-art "Sparkling House," overlooks a five-acre vineyard and features a variety of sparkling wines, a first for South Dakota's wine industry. Located at the mouth of Vanocker Canyon, Belle Joli is the southern anchor for new retail development at Exit 32.



In August, **LANDSPORT** announced plans to expand and relocate to the Sturgis Industrial Park where they will construct an 11,500 sq. ft. manufacturing facility on a 2-acre parcel. Landsport has been supplying aluminum loading ramps for the trucking industry since 1987, and has been located at 1035 Lazelle St., Sturgis for the past five years. The expansion allows Landsport to nearly double their manufacturing footprint and offers the ability to hire additional personnel.



In December, Wyoming-based **DOMINO'S PIZZA** franchise owners announced plans to build at 1057 Main Street, Sturgis. Iverson Construction anticipates the one-story, 2,800 sq. ft. building will be finished in May 2015. Domino's new dine-in eatery concept will then open for year-round business. This will be one year after SEDC purchased the vacant lot for retail development as part of our continued commitment to downtown revitalization efforts.

GOAL 2. DEVELOP INFRASTRUCTURE - CREATE A DIVERSITY OF FULLY DEVELOPED SITES AND BUILDINGS TO PROVIDE ADEQUATE SPACE FOR NEW AND EXPANDING BUSINESS AND INDUSTRY.

IN 2013, THE SEDC BOARD OF DIRECTORS MADE A DELIBERATE DECISION TO EXPAND OUR FOCUS BEYOND INDUSTRIAL PARK DEVELOPMENT WITH A VISION "TO BE THE CATALYST AND COLLABORATIVE LEADER IN RESPONSIBLE DEVELOPMENT." IN 2014, SEDC TARGETED THE INFRASTRUCTURE INITIATIVES LISTED BELOW.



Before



After

EXIT 32

On 12/31/13 SEDC purchased property at Exit 32. The building was demolished within six weeks. Its prime location has Meade County's highest year-round daily traffic count. It is marketed for commercial development to increase the local tax base and offer more services for residents and guests.



MAIN STREET STURGIS

In May, SEDC purchased a vacant lot on Sturgis' Main Street. As part of SEDC's continued commitment to downtown revitalization efforts, our goal was to construct a building that would incorporate recent City ordinances to encourage year round retail, while still offering Rally vending space. In December, it was announced that a Domino's Pizza franchise will build there and open for year-round business in May 2015.



STURGIS INDUSTRIAL PARK

In December, SEDC awarded a contract to low bidder Rangel Construction to build a 5,110 sq. ft. industrial incubator at the park's entrance. It will be completed by July 1, 2015 and will house the new Sturgis Brown High School machinist training program, as well as, offer additional incubator space for emerging companies.



STURGIS INDUSTRIAL PARK

SEDC owns one 9,600 sq. ft. building (expandable to 30,000 sq. ft.) on 1.2 acres that is available for lease or purchase to a company seeking to relocate, expand, or start-up. SEDC also owns 16 "shovel ready" acres in the Industrial Park - a SD Certified Site Ready Park - for new job creation projects.

GOAL 3. BUILD PARTNERSHIPS - ENHANCE OR ESTABLISH STRATEGIC ALLIANCES THAT FOSTER FOCUSED, UNIFIED ECONOMIC DEVELOPMENT STRATEGIES.



HOUSING: The City of Sturgis and SEDC matched funds with the State to conduct a comprehensive housing study. The 100+ page report was completed in April. In May, the City and SEDC hosted a developer luncheon to explain the report findings, part of which showed a dire 0.7% vacancy rate. As a result, SEDC partnered with the Heritage Acres Board to acquire a 3-acre parcel on Ball Park Road for residential housing. SEDC then sold the parcel to Baron Properties for a 48-unit multi-family development. The first 16-units are expected to start construction in March 2015. SEDC continues to partner with the City and other developers to fill the gaps in our housing market for multi-family and owner-occupied residential developments in 2015.



CITY ECONOMIC DEVELOPMENT LOANS: In 2014, the Sturgis City Council authorized SEDC to administer \$500,000 of the loan fund set aside for Sturgis businesses seeking to expand these targeted retail sectors: Appliances/Furniture, Sports, Apparel, General Merchandise, Hobbies, Lumber/Home Improvement. A Buxton retail study confirmed leakage in these areas as more local dollars are spent out of town for these goods and services. These long term loans are at 3%, can be up to \$100,000 each, and require 10% owner equity. To date, one loan has been approved. SEDC also made recommendations to fund three applications for the City's \$25,000 façade improvement loans.

DOWNTOWN FOUNDATION/BID DISTRICT: Along with the City, Chamber and downtown business representatives, SEDC played an active role in the first full year of the Foundation and BID district. When the 2nd Street Plaza construction begins in 2015, the groundwork laid over the past year will become more visible as development plans are rolled out.

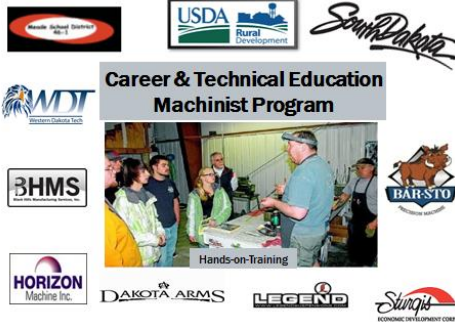


The **MEADE COUNTY ECONOMIC DEVELOPMENT LOAN FUND** now totals over \$140,000. While the loan fund is administered by SEDC, all loans require final Commission approval. In 2013, the Commission approved additional dollars to strengthen the fund. These revolved loan funds are now available to private businesses to further stimulate economic growth in Meade County. Loan rates and terms are flexible, and are based on job and/or service creation.

COUNTY SITE ANALYSIS: The Commission passed a resolution authorizing the SD Dept of Ag to conduct a comprehensive county-wide study to identify sites that are best fit for development. Meade is the first West River county to authorize this proactive planning tool to grow ag-related development.

TAX ABATEMENT: In 2010, Commissioners adopted a tax formula that provides total abatement of property tax for five years on new industrial/commercial improvements or renovation over \$30,000. This has proven to be a strong incentive as **\$18.3 Million in county-wide tax assessments have been removed through 2014. This amounts to an approximate tax dollar savings of \$458,000.**

PRIMARY SCHOOL GRANT: The SD Dept. of Environment and Natural Resources awarded SEDC a brownfields assessment grant to determine the status of hazardous materials in this vacant building. Based on test results, Commissioners voted to tear down the building due to the extent of contamination and potential remediation costs. An EPA grant will be sought to assist in demolition costs.



The Meade School District and SEDC are recipients of two **FUTURE FUND** grants awarded by Gov. Dennis Daugaard totaling \$189,967 for Career & Technical Education (CTE) purposes. The funds will allow the school to develop a new machinist program, which will include the purchase of machining equipment and tools. Beginning in 2015, the fund will also allow the new CTE machinist program to be housed in the industrial incubator under construction in the Sturgis Industrial Park. In addition to the state funds, a USDA Rural Development RBEG grant has also been awarded to help construct the incubator building. Curriculum was developed to provide student internships with three Sturgis Industrial Park manufacturers beginning last fall. This comprehensive workforce training initiative would not have been possible without the partnership of state and federal resources, educators and private industry.



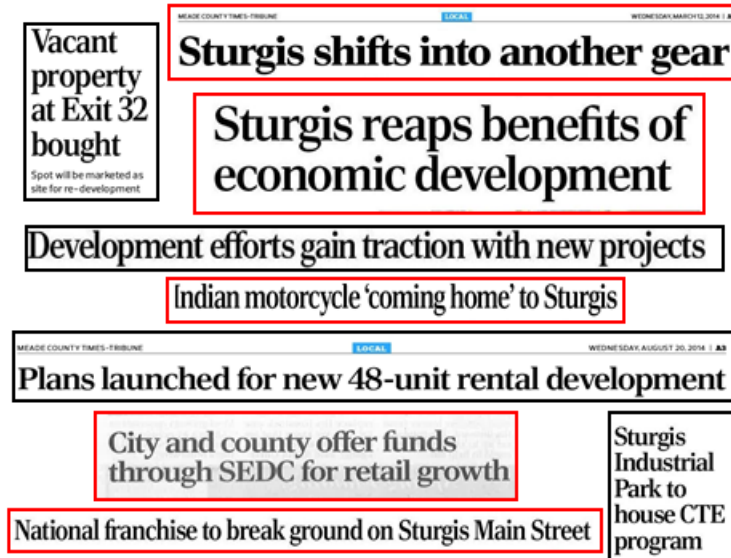
The Governor's Office of Economic Development (GOED), and the many State programs it administers, is a vital resource for local businesses, the City, County and SEDC. In 2014, the GOED provided infrastructure grants, technical assistance grants, and loans to support a variety of growth opportunities in Sturgis and Meade County. SEDC is the local conduit for many of these GOED funding programs.



SEDC partnered with other economic development organizations in the Black Hills to embark on a new regional marketing strategy. A regional approach offers us an opportunity to brand the strengths and similarities of the region to a national audience, yet still maintain community identities. The **Rushmore Region** website and brand campaign went live in April. Also since then, we jointly promoted the Rushmore Region at two industry events. The website is <http://www.rushmoreregion.com>.

GOAL 4. CREATE AWARENESS - INCREASE COMMUNITY UNDERSTANDING OF THE ROLE OF ECONOMIC DEVELOPMENT IN THE GROWTH OF THE REGION.

IN ADDITION TO SPEAKING ENGAGEMENTS, THE SEDC WEBSITE, AND LINKS TO DEVELOPMENT PARTNER WEBSITES, MEDIA COVERAGE IS INVALUABLE IN CREATING PUBLIC AWARENESS. SEDC APPRECIATES THE SUPPORT OF LOCAL MEDIA TO HELP GET THE WORD OUT. BELOW IS A SAMPLE OF 2014 HEADLINES FROM THE MEADE COUNTY TIMES-TRIBUNE.



GOAL 5. GROW THE ORGANIZATION - STRENGTHEN SEDC THROUGH EFFECTIVE, SUSTAINABLE OPERATIONS TO BE RECOGNIZED AS THE PREMIER REGIONAL ECONOMIC DEVELOPMENT GROUP.

- SEDC HAS EXPERIENCED A 61% INCREASE IN THE NUMBER OF PRIVATE INVESTORS SINCE 2011.
- IN 2014, SIX NEW BUSINESSES AND INDIVIDUALS PLEDGED FINANCIAL SUPPORT TO SEDC'S DEVELOPMENT INITIATIVES.
- SEDC HAS EXPERIENCED A 40% INCREASE IN TOTAL FUNDING SUPPORT SINCE 2011.
- IN 2014, TOTAL FUNDING SUPPORT INCREASED 11%.
- A COMPLETE LISTING OF ALL SEDC INVESTORS IS LOCATED ON OUR WEBSITE AT WWW.STURGISDEVELOPMENT.COM.
- REVENUES FROM THE SALE AND LEASE OF SEDC PROPERTIES ARE RESTRICTED TO REINVESTMENT TO SUSTAIN OPERATIONS.

AS WE REFLECT ON THESE EVENTS OF 2014 ...

It is apparent that successful economic development in Sturgis and Meade County depends on the involvement and partnership of many. The actions of government officials at all levels – city, county, state, and federal – create an environment that nurtures development. The search for answers to our workforce needs brings educators and private industry together to address local skills training. The confidence of business owners to invest – and reinvest – in Sturgis and Meade County sends a strong message to other businesses searching for growth opportunities.

On behalf of the SEDC Board of Directors, **THANK YOU** to all of our development partners for sharing the vision and taking the steps to help create a vibrant economy. We look forward to hosting you at the SEDC Annual Meeting on Tuesday, March 31st.

THANK YOU FOR YOUR COMMITMENT TO OUR JOBS, OUR CHILDREN, AND OUR FUTURE.

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