



Statewide Planning Grant Case Study

South Dakota:

*Bolstering Infrastructure to Support
Collective Economic Success*

Key Takeaways

- The South Dakota Governor's Office of Economic Development (GOED) used the Statewide Planning Grant to identify and invest in 16 high impact economic development sites.
- GOED built their grant project around their six Planning Districts (i.e., Economic Development Districts), relying on regional expertise to identify infrastructure for high-impact industries.
- This project draws heavily from such existing resources as regional CEDS and Tribal plans.
- GOED struggled with capacity when spending the grant funds, leading to some project delays but the grant allowed activity that wasn't funded by other state or federal sources.

Introduction

The South Dakota Governor's Office of Economic Development (GOED) is a small and dedicated team, totaling approximately 30 individuals when fully staffed. Despite this limited capacity, GOED was determined to utilize the Statewide Planning Grant dollars to create a big impact in the state. The result of GOED's deliberations was a multi-pronged effort to assess the state's infrastructure capabilities across all regions and localities, addressing both immediate concerns and planning for future needs. This project not only considered local economic development organizations in the process, but specifically uplifted them as key partners in the community to bolster collective economic success across the state.

Project Summary

South Dakota's Statewide Planning Grant funding supported a series of economic development plans to further the state's infrastructure and industry clusters in both urban and rural localities. The project aims to achieve three core objectives:

1. Develop a statewide economic development assessment focused on infrastructure improvements through the integration of existing local, regional, and Tribal plans;
2. Identify 16 high impact economic development sites for specific infrastructure improvements to promote certain industry clusters; and
3. Help 16 communities conduct a detailed capital improvement plan to properly plan for large capital expenditures including infrastructure.

South Dakota's project is notable in that it leverages existing resources, such as regional CEDs and Tribal plans, to facilitate the integration of perspectives from all levels of government. This approach also provided GOED with important insights into future needs that they wouldn't have obtained otherwise. For example, the infrastructure assessment process across the state revealed that South Dakota's natural gas supply chain is going to be a significant problem for the state moving forward. Identifying this issue now is crucial for future infrastructure and industry planning. Since increasing

the natural gas supply in South Dakota relies on decision makers located beyond state borders, the state can strategize now on how to influence natural gas suppliers to build capacity and invest in their regions. Without this assessment, GOED would not have known they had reached their natural gas capacity, nor understood the relationships they needed to build to address the issue at its source. The state's ability to pivot based on this new information will be instrumental in spurring additional infrastructure planning in the region.

Alignment Spotlight

GOED has a close relationship with the state's six Planning Districts (i.e., Economic Development Districts). The state has been struggling with infrastructure for many years, making the Statewide Planning Grant the perfect opportunity to better understand the challenges and focus on building out solid plans for future implementation efforts.

GOED is engaging their Planning Districts and aligning priorities on all three objectives listed above. For the statewide assessment, GOED is seeking to consolidate regional and Tribal plans to better understand and align future statewide planning. For the high impact sites, GOED is conducting a deep dive assessment to better understand what these sites might need to support emerging industry clusters in each region. Lastly, the detailed capital improvement plans for 16 communities across the state will be used as examples to spur additional planning in other communities. Taken together, these elements are grounded in alignment principles and seek to better coordinate and support collective economic development successes.

“Baking in all those various regional plans and CEDs documents and Tribal plans will help us understand what communities and regions want in their region. How do they want to grow? That helps us understand so that when projects come to us, especially from out of state, we have an understanding of where that might be a fit.” – Joe Fiala, South Dakota GOED

Throughout this project GOED has communicated with the Planning Districts regularly to identify the high impact sites and potential industry clusters. Two sites were selected from each of the six Planning Districts, and each site will have a separate planning document that encompasses an analysis of the existing infrastructure, a plan for improvements, and potential costs associated with those improvements. The capital improvement plans follow a similar structure but will also provide matching funds of up to \$20,000 to each community to complete the planning efforts.

While the state is engaging an architect and engineering firm to help conduct this work, GOED has required them to build extensive stakeholder engagement into their planning processes. Beyond the Planning Districts, South Dakota also communicates regularly with their local economic development offices. These partners are vital community resources that provide an on the ground perspective that complements the Planning Districts, and often work with the state on various business and economic development projects. The coordination and communication both between and among the state, Planning Districts, and other local economic development entities has been central to this project's success.

Roadblocks and Areas for Improvement

Although South Dakota's project focused on infrastructure development, it relied exclusively on Statewide Planning Grant dollars despite the availability of large federal programs. Additionally, GOED's limited staffing and capacity led to delays in completing an RFP process and to some coordination challenges with the consultant hired to complete the project. For GOED, a key lesson learned is the importance of maintaining momentum until a consultant is hired or a program is in place. It was easy for staff to "step off the pedal" in the face of other organizational responsibilities, thereby resulting in delays to the implementation timeline.

Federal Linkages

South Dakota's project focused on infrastructure development but did not leverage any federal programs outside of the Statewide Planning Grant.

Lessons Learned

South Dakota's focus on infrastructure is a prime example of cross-sector collaboration. To continue this excellent work, South Dakota will need to continue to better understand regional needs and wants, including regional CEDS, to ensure that the state vision is reflective of its regions. Furthermore, the state will need to transfer its newfound knowledge of future natural gas supply chain challenges into actionable steps to promote secure energy production in the years ahead.

Given the success of South Dakota's project, we can glean a few takeaways for other states, EDDs, and the Economic Development Administration (EDA) based on South Dakota's experience:

- For GOED, momentum was key throughout the Statewide Planning Grant process. While their team had a slow start, they quickly learned that keeping the pedal down was ultimately key to creating more streamlined processes and fostering a sense of urgency among its stakeholders.
- Establishing clear expectations – both for the project and for its intended outcomes – is integral for holding all parties accountable when involved in statewide grants. Clear communication and consistent checkpoints are important for both EDA and the states as they begin to design and implement the grant's objectives.
- South Dakota leveraged existing resources in the state to not only inform their project goals and avoid duplicating planning efforts, but also to ensure that everyone had a voice at the table. Taking the time to source and include these plans will lead to sustainable community projects, increased coordination between stakeholders, and buy-in at every level.

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