

CITY OF BOX ELDER
Community Profile

August 2008

About Box Elder

Located in both Pennington and Meade Counties, Box Elder was named after the trees that grew along the Box Elder Creek. The community slowly emerged from a stop on the Milwaukee Railroad and soon became the home to the Ellsworth Air Force Base (EAFB). In 1964 Box Elder officially became a City Government, and in 1972 the community welcomed its first Mayor, Henry Pesicka, Senior.

Today Box Elder is one of the fastest growing communities in South Dakota, with tremendous potential for further economic growth. With several new residential communities being added to the city, Box Elder has observed an estimated 14.7% increase in population since the last 2000 Census. The population growth rate from years 2006 to 2007 is estimated to be nearly 6%. City officials and community leaders have been working diligently to promote development and improve the quality of life for residents.

Ellsworth AFB is now home to the B1-B Lancer and is considered the “backbone of global engagement for the 21st Century,” for its role in delivering decisive strategic air command. Additionally, EAFB is the second largest employer in the state of South Dakota. In late 2007, EAFB became home to the Air Force Financial Service Center (AFFSC), a centralized financial unit for the U.S. Air Force. While saving the Air Force \$200 million, the AFFSC adds to EAFB’s contribution to employment and growth in the region♣.

Despite its continuous population growth and flourishing housing market, Box Elder still lacks in retail, health care and technological sectors. Working with the City of Box Elder Economic Development (BEED) and with necessary infrastructure already in place, the city expects to experience advances in those sectors, and to provide all services for Box Elder and Ellsworth residents as well as those in nearby communities. With such continuous development, the city is committed to creating an environmental friendly community, where its residents and future generations can continue to enjoy a healthy lifestyle in a well planned city.

Demographic Profile

2.1 Immediate Market

Box Elder's immediate market is comprised of its own population and that of Ellsworth AFB due to the Base's close proximity to the city's commercial corridor. General demographic characteristics are illustrated in Table 1. Additional information is available in the *Summary Table 1*, titled "City of Box Elder - Demographic Profile" at the end of this packet.

Table 1: Box Elder Immediate Market

	Box Elder	EAFB
Population	3,257*	3,424**
Median Age	26.3	21.9
Households		
Average Household size	3.2	3.4
Median Household Income, 1999 (\$)	32,344	31,919
Family w/ own children under 18 yrs (%)	48	74
Race & Ethnicity (%)		
White or Caucasian	83.4	82.2
Black or African American	2.3	6.7
American Indian and Alaska Native	5.6	0.9
Hispanic or Latino (of any race)	3.6	6.6
By age group (%)		
Under 15 years	29.1	33.4
15 to 19 years	9.3	7.5
19 to 24 years	9.3	20.1
24 to 34 years	13.9	23.9
35 to 44 years	17	12.4
45 to 59 years	15.4	2.1
60 years and over	6	0.4

Sources: U.S. Census Bureau, 2000 Census, * 2007 Census Estimates; and ** Ellsworth AFB Economic Impact Analysis 2007

After reviewing Table 1, some simple conclusions regarding the immediate market in Box Elder can be drawn, as described below:

Combined population is 6,681 between Box Elder and Ellsworth

As of 2007, the City of Box Elder had an estimated population of 3,257; the immediate market area has additional 3,424 people at the Ellsworth AFB.

Younger population than U.S. median age (35.3 years), with a small percentage of senior citizens

Most of the population is concentrated in the 20 to 44 age groups, with the second largest group being school-age children and teenagers.

Largest population sector consist of family households with children

48% of households in Box Elder and 74% of those in EAFB are populated by families with children under the age of 18.

Median household income is approximately \$32,000 in both communities

Box Elder and EAFB have similar median income; almost \$10,000 shy of the U.S. median household income. This is likely a reflection of the younger population (and labor force), with many workers yet to achieve their highest earning potential.

Little diversity in population, with higher percentage of Caucasians than U.S. average

Over 80% of the population in both Box Elder and Ellsworth are composed of Caucasians (U.S. average is 75%). Box Elder's largest minority group is composed of Native Americans, representing 5.6% of the city's population. The largest minority groups in EAFB are African Americans and Hispanics, with 6.7% and 6.6% respectively.

Labor force

Table 2 illustrates Box Elder's immediate labor market, detailing education attainment and labor force participation. Labor force information is also available in *Summary Table 1* at the end of this packet. Below are some of the highlights of the local labor market:

High participation rate in labor market

According to the 2000 Census, labor force participation[†] in Box Elder was 78.2%. Labor force participation is also high for women – 76.4%. Approximately 87% of the population has a minimum of a high school diploma, with over 20% holding an Associate's degree or better.

With a participation rate almost 15% higher than the U.S. average, Box Elder's unemployment rate of over 8% is speculated to be attributed to two main factors:

- a) The overall lack of employment opportunities partly caused by a population growth at a higher rate than its economic development; and
- b) Retired military (and perhaps off-base military spouses and discharged airmen) who are seeking employment that is appropriate to their skill level. In fact, 25.2% of Box Elder's civilian population 18 years and older is comprised of veterans[◇].

Table 2: Box Elder and EAFB Labor Force

	Box Elder	EAFB
Education Attainment (%)		
High School graduate	34	21.4
Some College, no degree	32.3	44.6
Associate degree	11.7	15.7
Bachelor's degree	6.4	11.3
Professional or Graduate degree	1.8	3.3
Labor Market		
Labor force participation	78.2	85.1
Employment	91.6	98.2
Civilian work (% of employed)	95	42.8
Armed forces (% of employed)	5	57.2
Female labor force participation	76.4	71.5
Civilian Veterans (% of civilian population 18 and older)		
	25.2	12.7

Sources: U.S. Census Bureau, 2000 Census

For Ellsworth population, labor force participation is 85%, with 71.5% of adult women either working or seeking employment. Education attainment is higher

for Ellsworth, with 30% of population holding an Associate’s degree or higher. The employment rate for EAFB is 98.4, with more than 56% of the employed adults being in the Armed Forces.

Lack of diversified employment opportunities

As illustrated in Table 3, Census data reflects a lack of diversified civilian employment opportunities in the area, with large concentrations of Box Elder workers in three main sectors: 1) Education, Health and Social Services; 2) Retail trade; and 3) Hospitality industry. Professional and Scientific sector employs an estimated 6% of the city’s labor.

Table 3: Box Elder and EAFB Employment by Sector (%)

	Box Elder	EAFB
Construction	7.5	2.8
Manufacturing	10	3.3
Retail Trade	14.3	1.4
Finance, Insurance, Real Estate	4.8	8.3
Professional, Scientific, Management	6	1.7
Education, Health, Social Services	21.1	25.2
Hospitality	13.2	12.8
Public Administration	7.4	23.8

Source: U.S. Census Bureau, 2000 Census

Meanwhile, Ellsworth employed civilians are concentrated in 1) Education, Health or Social Services, 2) Public Administration and 3) Hospitality Sector.

***The Bigger Picture**

Box Elder is located in both Pennington and Meade Counties. Due to the lack of options in smaller communities, many residents commute to adjacent, larger towns in search for entertainment, shopping and work opportunities. Future development in Box Elder will attract not only the immediate market, but also some of that regional market for potential consumers and labor force.

The combined population of Pennington County and Meade County total more than 120,000 and is slightly older than that of Box Elder (median ages are 37 in Pennington and 33.4 in Meade County). Over 34% of Pennington County and 24% of Meade County residents have an Associate’s degree or higher

level of education. Civilian employment in the two-county area is concentrated mostly in 1) Education, Health and Social Services (23.6% in Pennington, 17.3% in Meade), 2) Retail (13.4% and 12% respectively), and 3) Hospitality (10.5% and 8.1% respectively).

In addition to neighboring towns, the **I-90 corridor** attracts consumers from most of Western South Dakota, parts of North Dakota, Montana, Wyoming and the Nebraska panhandle. The 2006 Economic Census reported total retail sales in the two counties were close to \$1.7 billion; wholesale receipts were nearly \$950 million; and hospitality services sales totaled more than \$234 million.

More information is available in *Summary Table 2*, titled “The Bigger Picture – City of Box Elder Counties Profile” at the end of this packet. Population and distances from Box Elder to some of the key towns likely to contribute to consumer and labor market are depicted in Table 4.

**Table 4: Main cities in Region –
Population and distance from Box Elder**

City, State	Population	Distance
Rapid City, SD	63,997	10 miles
New Underwood, SD	666	12 miles
Sturgis, SD	5,990	35 miles
Hill City, SD	890	35 miles
Wall, SD	799	46 miles
Custer, SD	1,902	47 miles
Spearfish, SD	9,971	55 miles
Chandron, NE	5,489	108 miles
Gillette, WY	25,031	147 miles

Sources: U.S. Census Bureau, 2007 Census Estimates; and www.mapquest.com

Education & Technology

Located in Box Elder is the **Douglas School District**. Considered one of the best in South Dakota, Douglas School District attracts many families to live in the Box Elder area. Schools in the district consistently pass state and national standard assessments such as Adequate Yearly Progress (AYP) – a state of South Dakota academic standard assessment on reading and mathematics. In 2008, Douglas School District was one of 8 districts in South Dakota selected to participate in the Wind for Schools program. This educational project will allow students to learn about renewable energy by studying a small wind turbine that will be installed in their school.

Since it began operating in 1891, the school district has observed significant growth, especially after the Ellsworth Air Force Base was reactivated in 1948. Today, the Douglas School district serves approximately 2,400 students, kindergarten through 12th grade.

For those seeking technical or professional training, there are three colleges currently present at Ellsworth AFB, where Box Elder residents may also attend school. In addition, there are a number of institutions of higher education in the immediate Box Elder area and throughout the state offering instruction in a variety of fields, including Technology, Health Studies and Business.

For employers in the area, these schools are more than a pool of educated labor force; they also provide valuable expertise through on-going research. Below is a list of some of the area's main institutions of higher education and a brief description of each.

***National American University (NAU)**

Degrees offered: Associate, Bachelor s of Science and Graduate

Fields of study: Business, Information Technology, Veterinary Technology and Paralegal Study, among others

Campi: Rapid City, SD, Ellsworth AFB – NAU Distance Learning (virtual campus)

***Embry-Riddle Aeronautical University**

Degrees offered: Associates, Bachelor s and Master s

Field of study: Aeronautics Sciences

Campus: Ellsworth AFB (Web-based online learning)

***Black Hills University (BHSU)**

Degrees offered: Associate, Bachelor s, and Pre-Professional

Fields of study: Education, Business, Sciences, Industrial Technology, Environmental Physical Sciences, Genomics, Medicine, Nursing, Dentistry, Renewable Natural Resources, and Law, among others

Campi: Spearfish, SD, Rapid City, SD, and Ellsworth AFB

***South Dakota School of Mines and Technology (SDSM&T)**

Degrees offered: Bachelor s, Master s and Doctoral

Fields of study: Engineering, Sciences and Technology

Campus: Rapid City, SD

Research initiatives include:

Institute of Atmospheric Sciences

Center for Bioprocessing Research and Development (CBRD)

Engineering and Mining Experiment Station (EMES)

*Advanced Materials Processing (AMP) and Joining Lab
The Center of Accelerated Applications at the Nanoscale (CAAN)*

***Western Dakota Technical Institute (WDT)**

Degrees offered: Associate and Diplomas

Fields of study: Business, Construction Trades, Health Services, Manufacturing and Mechanical Trades, among others

Campus: Rapid City, SD

***South Dakota State University (SDSU)**

Degrees offered: Bachelor s and Master s

Fields of study: Engineering, Computer Science, Physics, Nursing, Pharmacy, Education, Aerospace Science, etc.

Campus: Brookings, SD

Research initiatives include:

Plant Biotechnology,

Geographic Information Science Center of Excellence

***University of South Dakota (USD)**

Degrees offered: Bachelor s, Master s and Professional

Fields of study: Health Sciences, Education, Business, Arts and Sciences, Law and Medicine

Campus: Vermillion, SD

Research Initiatives include:

Cardiovascular Research Institute (CRI)

Center for Research and Development of Light-Activated Materials (CRDLM)

Center of Biomedical Research Excellence (COBRE) on Neural Mechanisms of Adaptive Behavior

Missouri River Institute

Business Research Bureau (BRB)

Given the multiple options for higher education in the surrounding area, Box Elder residents are able to receive the proper training to fulfill their career aspirations.

Heath Care

Box Elder residents have several options of health care providers within the area. Health providers in the Black Hills area serve a community base that includes Western South Dakota, and parts of Montana, Wyoming, North Dakota, and Nebraska. The largest health care providers in the two-county area are listed as follows:

*** Rapid City Regional Hospital – Rapid City, SD**

Services provided include Cardiovascular Surgery, Diagnostic Imaging, CT Scanning, Laser Surgery, Neonatal Intensive Care, Air Ambulance, Dialysis, Psychiatric and Chemical Dependency, Sleep Disorders, etc. The hospital is licensed for 310 acute-care and 56 psychiatric beds

*** 28th Medical Group– EAFB, SD**

The Ellsworth AFB 28th Medical group provides medical operations and support to military families. Services provided by the 28th Medical Operations Squadron include Dental, Family Practice, Physical Therapy, Public Health and Optometry Clinics, Health and Wellness Center and a Life Skills Support Center. In addition, the 28th Medical Support Squadron offers Laboratory Services, Pharmacy, Radiology Services and assistance in health care benefits at the TRICARE Center.

*** Sturgis Regional Hospital – Sturgis, SD**

Services that include 24-hours Emergency Care, Diagnostics, Intensive Care, Obstetrics, Rehabilitation and Therapeutic programs, and a Specialty Clinic for visiting physicians, this medical center has a 25-bed Critical Access Hospital and an 84-bed Medicare-certified Nursing Home.

*** Fort Meade Veteran Affairs Center – Fort Meade, outside of Sturgis, SD**

Fort Meade VA Center offers Dental, Diagnostic services, Pharmacy, primary and secondary medical, surgical care, residential treatment services, extended nursing home care and tertiary psychiatric inpatient care services. Fort Meade VA Center is operated by the Veteran Affairs Black Hills Health System, which also operates another VA Center in Hot Springs, SD.

Leisure and Tourism

Populated with a large number of young families with school-age children, the

City of Box Elder recognizes the importance of physical activities and the appreciation for nature. With that in mind, the city has been working on the development of new parks, the improvement of existing ones, and the building of bicycle trails. **City parks offer basketball courts, baseball diamonds, playgrounds, and picnic areas.** In addition, residential developers have are the committed to build additional parks, joining the city in promoting healthy recreation options and lifestyles. **Other recreational activities available in Box Elder include golf, paint ball, and BMX (Bicycle Motocross).**

Box Elder also hosts one of the State’s main attractions, the **South Dakota Air and Space Museum.** Located just outside Ellsworth Air Force Base, this museum features the B1-B lancer and 25 other aircrafts, four types of missiles, interactive cockpits, and the South Dakota Aviation Hall of Fame. Admission is free.

Located between the **Badlands** and the **Black Hills**, Box Elder is a short distance from beautiful sights and perfect spots for those who enjoy being outdoors. **Hiking, biking, skiing, fishing, hunting and sightseeing** are common activities for residents and visitors of Western South Dakota. Millions of tourists visit the area every year to enjoy attractions that include **Mount Rushmore, Crazy Horse Memorial, Custer State Park, Bear Country USA, Reptile Gardens, Sturgis Motorcycle Rally, and first class resorts.**

Housing/ Land Use

As previously mentioned, Box Elder has been experiencing continuous growth in the housing market. The city has reached building permits records and expects even further growth in the coming years. In 2007 the City of Box Elder issued 155 building permits, 136 of which were residential permits; and as of July 2008, 95 building permits had been issued by the city, 90 of which were residential. The city also estimated that approximately 65% of Box Elder’s land is used for residential purposes, accounting for 1726 dwelling units within city limits. Table 5 below itemizes land use in Box Elder.

Table 5: Box Elder Land Use

Agricultural	3.97%
Commercial	5.53%
Governmental	2.74%
Industrial	0.61%
Residential	64.86%
Other	1.90%

20.39%

Vacant City of Box Elder Planning and Zoning, Land Use Survey 2008
Note: 1% of land parcels have multiple use

Eight developers continue to build residential neighborhoods in Box Elder. The market is expected to get even better for them as Ellsworth AFB continues to implement the **Air Force Military Housing Privatization Initiative (MHPI)**. With the purpose of providing military families with quality affordable housing, the Air Force plans on replacing or demolishing inadequate homes in exchange for privately built housing that meets current market standards. Ellsworth AFB currently owns 1,144 family housing units and houses more than 900 families. After 2010, EAFB estimates that 345 families will be moved off the base into homes provided by the community. In addition, Ellsworth estimates that there will be a demand for an additional 175 homes by 2010 due to the centralization of the Financial Services Center at EAFB.

For those interested in building large commercial or professional facilities, Box Elder is a very viable option. According to city reports, more than 20% of the city's land is currently vacant, with a few landowners holding large lots. Less than 6% of the city's land is occupied for commercial use, as shown in Table 5.

Transportation

Land, Rail and Air

The city of Box Elder has the necessary pieces in place to become a transportation hub for Western South Dakota, having easy access to rail, land and air transportation. The city sits along **Interstate 90 (I-90)**, which runs east-west, providing vast access from neighboring states via car or truck. Distances from Box Elder to major cities are listed on Table 6, as follows.

Table 6: Travel distance to nearest major cities

Rapid City, SD	10 miles
Sioux Falls, SD	340 miles
Denver, CO	413 miles
Omaha, NE	514 miles
Minneapolis, MN	566 miles
Kansas City, MO	695 miles
Chicago, IL	902 miles

Source: www.mapquest.com

Currently under the final stage of development is Western South Dakota's first transload facility, **Black Hills Transload Services, LLC**. Built next to the **Dakota, Minnesota & Eastern (DM&E)** railroad track (east-west), this facility will facilitate **expedited shipment of freight from further distances**. By connecting truck to rail transportation, Transload Services will improve the area's industrial and commercial capabilities. Black Hills Transload services will include:

- 13,000 sq/ft high ceiling warehouse space
- 63 acres of outdoors storage (and additional 114 acres available)
- 2 miles of indoors unloading track
- 2.5 miles of graveled roadways
- Shipment through the following carriers:
 - Dakota, Minnesota & Eastern (DM&E)
 - Iowa, Chicago & Eastern Railroad (IC&E)
 - Burlington Northern Santa Fe Railway (BNSF)
 - Union Pacific Railroad (UPRR)
 - Canadian Pacific (CP)
- Development of adjacent Business Park

Air transportation is available from **Rapid City Regional Airport**, one of the largest in the region. Less than ten miles away from Box Elder, the airport operates direct flights to Minneapolis, Las Vegas, Phoenix, Salt Lake City, Denver and Chicago. Rapid City Regional Airport also provides General Aviation (GA) services, such as Air Ambulance, Air Cargo, Air Mail, as well as Private and Corporate aircraft operations.

Utilities

Box Elder's utility service providers are listed below:

Electric power:

- Black Hills Power Cooperative
- West River Power Cooperative

Gas service:

- Montana Dakota Utilities (MDU)

Telephone, cable and internet:

Mid Continent Communications
Quest Communications

Given the location of Box Elder and the natural resources available, alternative forms of energy are being explored by the community, which would contribute to further sustainable development.

Financial Incentives to Prospective Businesses

9.1 Box Elder Economic Development Funding

Box Elder Economic Development (BEED) has recently received a federal grant from U.S. Department of Agriculture (USDA), which is being used as a local revolving loan program to promote business growth. This revolving loan project assists new and existing businesses, promoting business expansion and creating additional jobs in the Box Elder area.

Additional information is available at the Box Elder Economic Development office.

9.2 State incentives

South Dakota's tax climate is one the friendliest in the country, with **NO corporate tax, personal income tax, personal property tax, or business inventory tax.**

Moreover, the South Dakota Governor's Office of Economic Development makes several types of funding available, encouraging growth and development throughout the State. Programs available are as follows:

Workforce Development Program

- Funds are available to assist in new and existing employee training
- Technical assistance for project development is available
- Up to 50% of total eligible training costs, not to exceed \$1,000 per trainee

REDI Fund (Revolving Economic Development Initiative)

Help promote job growth in South Dakota

Low interest fund: 3%

Available to start-up firms, business expansion or relocation, and local economic development corporations

Up to 45% of total project cost

SBA 504

Fixed rate financing to expanding small businesses (Net worth less than \$7.5 million or past 2 years average after-tax profits less than \$2.5 million)
Long-term fixed rates or other reasonable rate
Available for fixed-asset purchases (land, building, equipment, etc.)

Additional federal loans are available through U.S. Small Business Administration (SBA). For information please go to [HYPERLINK "http://www.sba.gov"](http://www.sba.gov) www.sba.gov or contact the SBA South Dakota District Office at (605) 330-4243.

APEX Loans

Companies in communities with 25,000 people or less
Must generate a 75% minimum increase to agricultural product or export or replace imports

Micro Loan

Available to small businesses for working capital, equipment, real estate or other fixed assets

Bond Financing

Designed for capital-intensive projects
Low interest rate through SD Economic Development Finance Authority "A" rating with Standard & Poor
For-profit businesses engaged in industrial, processing, and manufacturing

Value-Added Agricultural Sub-fund

Assist in the funding of feasibility and marketing studies for prospective value-added agricultural businesses

Tourism Enhancement Program

For added tourism projects

For further information on the above services, please contact the South Dakota Governor's Office of Economic Development.

9.3 Additional services

The Box Elder Economic Development office provides **consulting and technical assistance** for startup and established businesses in the greater Box Elder community. They are available for questions and start-up assistance for entrepreneurs and business owners within the community. In addition, Box Elder Area Chamber of Commerce provides **regular training and seminar opportunities** for chamber members and the community at large, encompassing topics such as business, personal, and professional

development.

♣ For more information on Ellsworth Air Force Base and its economic impact to the region, please go to <http://www.ellsworth.af.mil/shared/media/document/AFD-080731-021.pdf>

† Labor force participation refers to share of the population at legal working age (16 or older) who are either working or seeking employment.

◇ The U.S. Bureau of Census classifies a *Civilian Veteran* as “a person 18 years old or over who has served (even for a short time), but is not now serving, on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or the Coast Guard, or who served in the U.S. Merchant Marine during World War II. People who served in the National Guard or military Reserves are classified as veterans only if they were ever called or ordered to active duty, not counting the 4-6 months for initial training or yearly summer camps. All other civilians 16 years old and over are classified as non-veterans.”

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