



RESEARCH AND POLICY REPORT

Consumer Demand for Household Goods & Services by Rosebud Sioux Tribal Members on the Rosebud Indian Reservation

April 18, 2021

Version 1.0

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Executive Summary

The Rosebud Indian Reservation has been one of the poorest places in the United States over the last 140 years since the Reservation’s creation. Poverty is at the heart of so many things that go wrong here. Low life-expectancies, low graduation rates, higher rates of diabetes & heart disease, along with over-crowded housing, & low household incomes have contributed to this.

RST has approximately 11,510 unemployed members between the ages of 18 – 64, with an unemployment rate of 75.02%. With our current population growth rate of 4.12% we will have approximately 158,107 RST members living here in 40 years in the year 2060. We have 3,225 full- & part-time jobs today in Todd County. We do not know how many of our Rosebud Sioux Tribe (RST) members are employed in Mellette, Tripp, & Gregory Counties. That will take a separate analysis outside the scope of this Report.

The vision & goal of this Report is to identify which sectors of the economy we would need to develop in order to meet today’s Household Consumer Demand of goods & services in Todd County, SD. We want to reach full-employment and build a strong & resilient economy. Full-employment occurs when everyone between the ages of 18 and 64 has secured a job. Only those with disabilities that would preclude them from being employed are not considered part of the labor pool at RST.

REDCO & RST can reduce unemployment by 32.04% with the 3,687.8 jobs created by the development listed in this Report. RST’s Unemployment Rate would decrease from a current Rate of 75.02% to 42.98%

	New FTE's Created	Unemployed RST	Unemployed Reduced %	Current UE Rate	Adjusted UE Rate	Adjusted Unemployed
Jobs Created meeting this Consumer Demand	3,687.8	11,510	32.04%	75.02%	42.98%	7,822
Construction of new single-family residential structures	3,010.7	11,510	26.16%	75.02%	48.86%	8,499
Jobs Created factoring-out Construction of new Homes	677.1	11,510	5.88%	75.02%	69.14%	10,833

REDCO & RST could have Sales Revenues of \$108,486,257 meeting the Un-met Household Consumer Demand listed herein. When including \$290,235,018 in New Home Construction, the Sales Revenue increases to \$398,721,275. Combined Profit Margins for the preceding would be \$29,321,083. When factoring-out the Profit Margins for New Housing Construction of \$20,084,263 we get an adjusted total of \$9,236,820.

There will need to be further economic development in the Manufacturing Sector to get RST members to Full-employment. The research into that is now beginning. There will be further analysis on how to get RST members out of poverty. We will continue our research, planning, & development until we end poverty for our *Oyate*.

Mitakuye Oyasin

The Vision & Goal – The End of Poverty at RST

- **Full-employment.** The goal is for today’s 11,510 unemployed RST adult between the ages 18 and 64 who are physically able to be employed to have a job.
- **A strong & resilient economy.** It is important to have a strong economy so that everyone is employed at a wage high enough to stay out of poverty. It is important to have a resilient economy so that the people of RST are able to withstand the adverse effects of:
 - Loss of government treaty-based financial obligations.
 - COVID-19, or another deadly pathogen, consistently & continually impacting RST.
 - Global, regional, & local financial recession or depression.
 - Racism & treatment as second-class citizens from businesses & employers in the State of South Dakota.

How Do We Do This?

- We identify what is happening now within the RST economy. We will analyze the Industries & Sectors currently creating economic output & activity within the contiguous boundaries of RST, Todd County, SD. We will analyze the economic output & activity in diminished portions of the Rosebud Indian Reservation of Mellette, Tripp, & Gregory Counties in an updated version of this Report.
- We will use the Bureau of Labor Statistics’ (BLS) – Consumer Expenditure Survey (CES) Household Spending results for 2017 for the Midwest Region to identify the Consumer Household Market Opportunities that currently exist. This BLS-CES takes the survey data from the local 7-state region and gives us a percentage of what consumers & their households spend. We are using this percentage allocation to the Personal Income of \$251,132,000 in Todd County from 2017. We know that this allocation is highly accurate (notwithstanding localized anomalies such as a lack of spending for Health Care due to the Indian Health Service providing no-cost care) since the “Alcoholic Beverages” line-item was \$1,717,743 (or, 9/10 of 1% of Personal Income) and actual expenditures were \$1,748,282, a difference of \$30,539 or -1.78%. The predictive estimates in this Analysis are accurate because this specific line-item is accurate at 98.22% Tribal Land Enterprise (TLE) and the Rosebud Casino provided this actual data since TLE managed the Chute 2 alcohol sales and Rosebud Casino managed the Convenience Store alcohol sales.
- There are caveats to this Report. For example, in the Construction of New Single-Family Residential Structures, there is a massive market failure. This market failure is due to the severe

lack of new homes being built for those with the incomes able to pay for housing costs. Also, people utilizing Health Care services, as indicated in the “Hospital” line-item, should be spending \$17,368,829. However, they are only spending \$3,314,427. This leaves an apparent un-met Consumer Demand of \$14,054,042 in Health Care goods & services. This under-consumption of Health Care is probably due to the Indian Health Service offering no-cost Care to RST members.

What Opportunities Exist?

- **Identify biggest Consumer Expenditure Market Opportunities.** There are 28 Industries in Todd County that have Un-met Consumer Demand. The potential Sales Revenue is highlighted in yellow, with three (3) sectors with an over-consumption as highlighted in parentheses:

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Household Demand Only-Todd County 2017 Activity			CES-BLS	SD-DOR	CES-BLS	4.5% RST	5-year	5-year	5-year	5-year
Sales Taking Place within Todd County Only			Consumer	Sales &	Consumer	Tax	Industry	Gross	Industry	Profit
Un-met Demand being Imported in from other locations			Household	IMPLAN	Un-met	4.5% TECRO	Gross	Margin	Profit	Margin
#	Sectors	Description	IMPLAN Output	Demand	Demand	Potential	Potential	Margin	Margin	Margin
				& Estimates		FTE's		Amount		Amount
										Growth
49		Electric power transmission and distribution	\$ 25,788,528	\$ 8,751,565	\$ 8,751,565	\$ -	0.00	\$ -	\$ -	\$ -
6	441	Owner-occupied dwellings	\$ 17,203,289	\$ 20,994,635	\$ 7,273,200	\$ 13,721,435		\$ -	\$ -	\$ -
5	402	Retail - Gasoline stores (Gasoline Sales Only-DOR Gallons Sold)	\$ 7,374,963	\$ 6,489,251	\$ 11,640,292	\$ (5,151,041)	27.9	\$ -	11.70%	\$ 1,361,914
25	400	Retail - Food and beverage stores	\$ 4,917,155	\$ 13,741,943	\$ 12,977,042	\$ 764,901	3.9	\$ 34,421	21.29%	\$ 162,847
	433	Monetary authorities and depository credit intermediation	\$ 4,181,593	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	439	Funds, trusts, and other financial vehicles	\$ 4,109,751	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	427	Wired telecommunications carriers	\$ 3,895,992	\$ 1,510,960	\$ 1,510,960	\$ -	0.5	\$ -	52.37%	\$ -
	434	Nondepository credit intermediation and related activities	\$ 3,468,439	\$ -	\$ -	\$ -		\$ -	\$ -	4.44%
	475	Offices of physicians	\$ 3,314,427	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	514	Grantmaking, giving, and social advocacy organizations	\$ 3,074,203	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
3	436	Other financial investment activities	\$ 2,935,396	\$ 21,185,496	\$ 5,250,000	\$ 15,935,496	34.4	\$ 717,097	92.53%	\$ 14,745,114
	478	Outpatient care centers	\$ 2,707,395	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	440	Real estate	\$ 2,620,952	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	516	Labor and civic organizations	\$ 2,548,885	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	61	Construction of other new residential structures	\$ 2,403,041	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
12	502	Limited-service restaurants	\$ 1,993,932	\$ 4,674,540	\$ 1,339,097	\$ 3,335,443	52.6	\$ 150,095	67.31%	\$ 2,245,087
	447	Legal services	\$ 1,651,868	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	407	Retail - Nonstore retailers	\$ 1,599,305	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	485	Individual and family services	\$ 1,577,008	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	451	Custom computer programming services	\$ 1,517,647	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	481	Other ambulatory health care services	\$ 1,473,282	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	486	Community food, housing, and other relief services, including rehabilitation services	\$ 1,353,009	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
21	438	Insurance agencies, brokerages, and related activities	\$ 1,274,802	\$ 1,336,022	\$ 325,000	\$ 1,011,022	2.0	\$ 45,496	100.00%	\$ 1,011,022
	518	Postal service	\$ 802,763	\$ 802,763	\$ 802,763	\$ -		\$ -	\$ -	\$ -
28	399	Retail - Building material and garden equipment and supplies stores	\$ 766,824	\$ 2,481,184	\$ 2,419,830	\$ 61,354	0.2	\$ 2,761	39.27%	\$ 24,094
7	396	Retail - Motor vehicle and parts dealers, Repairs & Maintenance	\$ 697,286	\$ 10,115,397	\$ 3,047,787	\$ 7,067,610	5.4	\$ 318,042	52.41%	\$ 3,704,134
1	59	Construction of new single-family residential structures	\$ 696,588	\$ 290,235,018	\$ -	\$ 290,235,018	3,010.7	\$ 13,060,576	23.54%	\$ 68,321,323
17	406	Retail - General merchandise stores	\$ 621,798	\$ 4,198,927	\$ 2,415,437	\$ 1,783,490	7.3	\$ 80,257	46.58%	\$ 830,750
4	482	Hospitals	\$ 498,370	\$ 17,368,829	\$ 3,314,427	\$ 14,054,402	65.2	\$ 632,448	100.00%	\$ 14,054,402
	503	All other food and drinking places	\$ 491,561	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	406	Retail - Miscellaneous store retailers	\$ 487,552	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
9	403	Retail - Clothing and clothing accessories stores	\$ 432,158	\$ 5,725,810	\$ 722,036	\$ 5,003,774	35.0	\$ 225,170	44.59%	\$ 2,231,183
	63	Maintenance and repair construction of residential structures	\$ 332,621	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	398	Retail - Electronics and appliance stores	\$ 327,497	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	504	Automotive repair and maintenance, except car washes	\$ 280,023	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
8	397	Retail - Furniture and home furnishings stores	\$ 127,748	\$ 6,870,972	\$ 54,776	\$ 6,816,196	31.6	\$ 306,729	43.03%	\$ 2,933,009
	483	Nursing and community care facilities	\$ 118,209	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
11	474	Other educational services	\$ 89,698	\$ 4,198,927	\$ 195,000	\$ 4,003,927	69.1	\$ 180,177	99.36%	\$ 3,978,302
	496	Other amusement and recreation industries	\$ 85,590	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	495	Gambling industries (except casino hotels)	\$ 83,475	\$ 4,000,000	\$ 4,000,000	\$ -	0	\$ -	\$ -	\$ -
	512	Other personal services	\$ 73,263	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
10	501	Full-service restaurants	\$ 70,028	\$ 4,674,540	\$ -	\$ 4,674,540	54.0	\$ 210,354	66.55%	\$ 3,110,906
	508	Personal and household goods repair and maintenance	\$ 66,576	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
	443	General and consumer goods rental except video tapes and discs	\$ 58,541	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
20	401	Retail - Health and personal care stores	\$ 48,946	\$ 2,481,184	\$ 1,320,062	\$ 1,161,122	7.7	\$ 52,250	53.37%	\$ 619,691
	404	Retail - Sporting goods, hobby, musical instrument and book stores	\$ 28,179	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
29	505	Car washes	\$ 14,023	\$ 60,000	\$ -	\$ 60,000	0.8	\$ 2,700	92.31%	\$ 55,386
2	2017	Car Sales in Todd County-Per TC Treasurer	\$ -	\$ 12,215,060	\$ 16,464,193	\$ (4,249,133)	30.4	\$ 13,888	2.28%	\$ 2,285,230
19		Wireless Telephone (Annual Service for all Telephone Lines)	\$ -	\$ 1,510,960	\$ -	\$ 1,510,960	0.5	\$ 67,993	50.25%	\$ 759,257
13		Tobacco (Actual Sales Per SD-Dept. of Revenue)	\$ -	\$ 1,336,022	\$ 3,223,155	\$ (1,887,133)	11.5	\$ -	30.09%	\$ 969,847
22		Movie Theatres	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	11.1	\$ 45,000	63.01%	\$ 630,100
23		Bowling Center	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	21.2	\$ 45,000	80.16%	\$ 801,600
24		Family Arcade/Chuck E Cheese	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	34.7	\$ 45,000	77.37%	\$ 773,700
14		Water Park/Theme Park	\$ -	\$ 2,879,038	\$ -	\$ 2,879,038	53.0	\$ 129,557	88.25%	\$ 2,540,751
		Alcoholic Beverages (Actual Sales per TLE & Rosebud Casino/Plaza)	\$ -	\$ 1,717,743	\$ 1,748,282	\$ (30,539)	8.9	\$ -	55.92%	\$ (17,077)
18		Household Fuels & Oils (Estimated for Propane & Fuel Oil)	\$ -	\$ 3,122,055	\$ 1,501,980	\$ 1,620,075	23	\$ 72,903	58.70%	\$ 950,984
26		Rental Housing	\$ -	\$ 9,733,876	\$ 9,017,400	\$ 716,476	0	\$ 32,241	98.93%	\$ 708,810
16		Public Transportation	\$ -	\$ 1,908,603	\$ -	\$ 1,908,603	29.9	\$ 85,887	58.27%	\$ 1,112,143
27		Reading Materials	\$ -	\$ 381,721	\$ 309,252	\$ 72,469	5.3	\$ 3,261	55.15%	\$ 39,967
15		Other Lodging	\$ -	\$ 2,481,184	\$ -	\$ 2,481,184	50.0	\$ 111,653	97.74%	\$ 2,425,109
NA		Miscellaneous	\$ -	\$ 2,421,862	\$ 1,600,000	\$ 821,862	0	\$ 36,984	\$ -	\$ -
NA		Cash Contributions	\$ -	\$ 6,298,391	\$ 1,000,000	\$ 5,298,391	0	\$ 238,428	\$ -	\$ -
		Totals	\$ 109,985,188	\$ 480,904,478	\$ 102,223,536	\$ 378,680,942	3,687.8	\$ 16,932,481	\$ 133,369,586	\$ 29,321,083
		Factor Out New Single-family Housing Construction	\$ 696,588	\$ 290,235,018	\$ -	\$ 290,235,018	3,010.7	\$ 8,707,051	\$ -	\$ 20,084,263
		Adjusted Totals	\$ 109,288,590	\$ 190,669,460	\$ 102,223,536	\$ 88,445,924	677.1	\$ 8,225,430	\$ 65,048,262	\$ 9,236,820
		CES-BLS Household Demand	\$ 190,669,460	\$ -	\$ -	\$ 89,415,546		\$ -	\$ -	\$ -
		Difference from CES-BLS Household Demand	\$ -	\$ -	\$ -	\$ (969,622)	-1.10%	Difference from CES-BLS Un-met Demand	\$ -	\$ -
		Adjusted Demand Total	\$ -	\$ 88,445,924	\$ -	\$ 88,445,924		\$ -	\$ -	\$ -
		Subtract Negative Sales Demand of Fuel, Auto Sales, & Tobacco	\$ -	\$ (11,287,307)	\$ -	\$ (11,287,307)		\$ -	\$ -	\$ -
		Add Actual 2017 Sales Demand of Fuel, Auto Sales, & Tobacco	\$ -	\$ 31,327,640	\$ -	\$ 31,327,640		\$ -	\$ -	\$ -
		2017 Adjusted Un-met Demand Total	\$ -	\$ -	\$ -	\$ 108,486,257	Potential RST Tax Advantages	\$ -	\$ -	\$ -

- Total Household Consumer Demand in Todd County is \$190,669,460 (without \$290 Million in New Home Construction). Approximately \$102,223,536 of Consumer Demand is met within the County. This leaves an Adjusted Un-met Demand of \$108,486,257.

The following is the same data, with the Top 28 Un-met Consumer Demand by sector. The “Car Sales”, “Retail – Gasoline stores”, & “Tobacco” actual sales are highlighted in yellow. These preceding three (3) sectors are highlighted since there is an over-consumption of what people should be spending in the seven (7) State area. They are also highlighted since there are potential RST Tax advantages to these goods since RST does not have a 3% Excise Tax on Car Sales, and could sell “Gasoline” & “Tobacco” at rates less than the State of South Dakota (only if RST would implement its own tax-collection system):

Household Demand Only-Todd County 2017 Activity				CES-BLS	SD-DOR	CES-BLS	4.5% RST	
Sales Taking Place within Todd County Only				Consumer	Sales &	Consumer	Tax	
Rank	58	Un-met Demand being Imported in from other locations		Household	IMPLAN	Un-met	4.5% TECRO	
#	Sectors	Description	IMPLAN Output	Demand	& Estimates	Demand	Potential	
							FTE's	
1	59	Construction of new single-family residential structures	\$ 696,598	\$290,235,018	\$ -	\$290,235,018	3,010.7	\$13,060,576
2		2017 Car Sales in Todd County-Per TC Treasurer	\$ -	\$ 12,215,060	\$ 16,464,193	\$ (4,249,133)	30.4	\$ -
3	436	Other financial investment activities	\$ 2,935,396	\$ 21,185,496	\$ 5,250,000	\$ 15,935,496	34.4	\$ 717,097
4	482	Hospitals	\$ 499,370	\$ 17,368,829	\$ 3,314,427	\$ 14,054,402	65.2	\$ 632,448
5	402	Retail - Gasoline stores (Gasoline Sales Only-DOR Gallons Sold)	\$ 7,374,963	\$ 6,489,251	\$ 11,640,292	\$ (5,151,041)	27.9	\$ -
6	441	Owner-occupied dwellings	\$ 17,203,289	\$ 20,994,635	\$ 7,273,200	\$ 13,721,435		\$ -
7	396	Retail - Motor vehicle and parts dealers, Repairs & Maintenance	\$ 697,286	\$ 10,115,397	\$ 3,047,787	\$ 7,067,610	5.4	\$ 318,042
8	397	Retail - Furniture and home furnishings stores	\$ 127,748	\$ 6,870,972	\$ 54,776	\$ 6,816,196	31.6	\$ 306,729
9	403	Retail - Clothing and clothing accessories stores	\$ 432,158	\$ 5,725,810	\$ 722,036	\$ 5,003,774	35.0	\$ 225,170
10	501	Full-service restaurants	\$ 70,028	\$ 4,674,540	\$ -	\$ 4,674,540	54.0	\$ 210,354
11	474	Other educational services	\$ 89,698	\$ 4,198,927	\$ 195,000	\$ 4,003,927	69.1	\$ 180,177
12	502	Limited-service restaurants	\$ 1,993,932	\$ 4,674,540	\$ 1,339,097	\$ 3,335,443	52.6	\$ 150,095
13		Tobacco (<i>Actual Sales Per SD-Dept. of Revenue</i>)	\$ -	\$ 1,336,022	\$ 3,223,155	\$ (1,887,133)	11.5	\$ -
14		Water Park/Theme Park	\$ -	\$ 2,879,038		\$ 2,879,038	53.0	\$ 129,557
15		Other Lodging	\$ -	\$ 2,481,184		\$ 2,481,184	50.0	\$ 111,653
16		Public Transportation	\$ -	\$ 1,908,603		\$ 1,908,603	29.9	\$ 85,887
17	405	Retail - General merchandise stores	\$ 521,798	\$ 4,198,927	\$ 2,415,437	\$ 1,783,490	7.3	\$ 80,257
18		Household Fuels & Oils (<i>Estimated for Propane & Fuel Oil</i>)	\$ -	\$ 3,122,055	\$ 1,501,980	\$ 1,620,075	23	\$ 72,903
19		Wireless Telephone (<i>Annual Service for all Telephone Lines</i>)	\$ -	\$ 1,510,960		\$ 1,510,960	0.5	\$ 67,993
20	401	Retail - Health and personal care stores	\$ 48,946	\$ 2,481,184	\$ 1,320,062	\$ 1,161,122	7.7	\$ 52,250
21	438	Insurance agencies, brokerages, and related activities	\$ 1,274,802	\$ 1,336,022	\$ 325,000	\$ 1,011,022	2.0	\$ 45,496
22		Movie Theatres	\$ -	\$ 1,000,000		\$ 1,000,000	11.1	\$ 45,000
23		Bowling Center	\$ -	\$ 1,000,000		\$ 1,000,000	21.2	\$ 45,000
24		Family Arcade/Chuck E Cheese	\$ -	\$ 1,000,000		\$ 1,000,000	34.7	\$ 45,000
25	400	Retail - Food and beverage stores	\$ 4,917,155	\$ 13,741,943	\$ 12,977,042	\$ 764,901	3.9	\$ 34,421
26		Rental Housing	\$ -	\$ 9,733,876	\$ 9,017,400	\$ 716,476	0	\$ 32,241
27		Reading Materials	\$ -	\$ 381,721	\$ 309,252	\$ 72,469	5.3	\$ 3,261
28	399	Retail - Building material and garden equipment and supplies stores	\$ 766,824	\$ 2,481,184	\$ 2,419,830	\$ 61,354	0.2	\$ 2,761
29	49	Electric power transmission and distribution	\$ 25,788,528	\$ 8,751,565	\$ 8,751,565	\$ -	0.00	\$ -
30	433	Monetary authorities and depository credit intermediation	\$ 4,181,593	\$ -	\$ -	\$ -		\$ -
31	439	Funds, trusts, and other financial vehicles	\$ 4,109,751	\$ -	\$ -	\$ -		\$ -
32	427	Wired telecommunications carriers	\$ 3,695,992	\$ 1,510,960	\$ 1,510,960	\$ -	0.5	\$ -
33	434	Nondepository credit intermediation and related activities	\$ 3,468,439	\$ -	\$ -	\$ -		\$ -
34	475	Offices of physicians	\$ 3,314,427	\$ -	\$ -	\$ -		\$ -
35	514	Grantmaking, giving, and social advocacy organizations	\$ 3,074,203	\$ -	\$ -	\$ -		\$ -
36	478	Outpatient care centers	\$ 2,707,395	\$ -	\$ -	\$ -		\$ -
37	440	Real estate	\$ 2,620,952	\$ -	\$ -	\$ -		\$ -
38	516	Labor and civic organizations	\$ 2,548,885	\$ -	\$ -	\$ -		\$ -
39	61	Construction of other new residential structures	\$ 2,403,041	\$ -	\$ -	\$ -		\$ -
40	447	Legal services	\$ 1,651,868	\$ -	\$ -	\$ -		\$ -
41	407	Retail - Nonstore retailers	\$ 1,599,305	\$ -	\$ -	\$ -		\$ -
42	485	Individual and family services	\$ 1,577,008	\$ -	\$ -	\$ -		\$ -
43	451	Custom computer programming services	\$ 1,517,647	\$ -	\$ -	\$ -		\$ -
44	481	Other ambulatory health care services	\$ 1,473,282	\$ -	\$ -	\$ -		\$ -
45	486	Community food, housing, and other relief services, including rehabilitation services	\$ 1,353,009	\$ -	\$ -	\$ -		\$ -
46	518	Postal service	\$ 802,763	\$ 802,763	\$ 802,763	\$ -		\$ -
47	503	All other food and drinking places	\$ 491,561	\$ -	\$ -	\$ -		\$ -
48	406	Retail - Miscellaneous store retailers	\$ 487,552	\$ -	\$ -	\$ -		\$ -
49	63	Maintenance and repair construction of residential structures	\$ 332,621	\$ -	\$ -	\$ -		\$ -
50	398	Retail - Electronics and appliance stores	\$ 327,497	\$ -	\$ -	\$ -		\$ -
51	504	Automotive repair and maintenance, except car washes	\$ 280,023	\$ -	\$ -	\$ -		\$ -
52	483	Nursing and community care facilities	\$ 118,209	\$ -	\$ -	\$ -		\$ -
53	496	Other amusement and recreation industries	\$ 85,590	\$ -	\$ -	\$ -		\$ -
54	495	Gambling industries (except casino hotels)	\$ 83,475	\$ 4,000,000	\$ 4,000,000	\$ -	0	\$ -
55	512	Other personal services	\$ 73,263	\$ -	\$ -	\$ -		\$ -
56	508	Personal and household goods repair and maintenance	\$ 66,576	\$ -	\$ -	\$ -		\$ -
57	443	General and consumer goods rental except video tapes and discs	\$ 58,541	\$ -	\$ -	\$ -		\$ -
58	404	Retail - Sporting goods, hobby, musical instrument and book store	\$ 28,179	\$ -	\$ -	\$ -		\$ -

- In regard to identifying the average business revenue of each Industry, this would be on a case-by-case basis. For example, the “Full-service restaurants” sector has an un-met demand of \$4,674,540. Whether one restaurant, or, four restaurants could meet the consumer demand for eating-out at a Full-service restaurant would need a separate analysis outside the scope of this Analysis. This would give us an estimated number of potential businesses as a result.

- In regard to specific analysis for the following sectors, we have the following:
- **Agriculture** – (*Outside the scope of this Consumer Expenditure Survey*) This would require a separate Analysis for the Manufacturing sector. REDCO will be creating an “Agricultural Resiliency Plan” that will analyze what RST’s economic potential would be in the Agriculture sector from RST lands. This analysis should be completed by the end of 2021.
 - **Construction** - \$290,235,018 for 1,759 units that are over 20-years old at RST.
 - (*See Page 10, #1 Ranking of “Construction of new single-family residential structures” for comments*)
- **Healthcare** – Normally, without a no-cost provider of Health Care services such as the Indian Health Service, local residents would normally pay \$17,368,829 for Care. In 2017, \$3,314,427 was paid out-of-pocket by Todd County residents, leaving an un-met Consumer Demand of \$14,054,402. Before attempting to meet the un-met Consumer Demand for Healthcare & related services, a separate analysis would need to be conducted to determine whether or not people would be willing to consume & pay for Healthcare services totaling \$14,054,402 per year out-of-pocket.
- **Green Energy** – In Todd County in 2017, the economic output of “Electric Power Generation – Wind” was \$241,822 with 0.3 FTE’s. In Cherry County, NE economic output was \$337,640,930 with 26.2 FTE’s. In 2017, Wind Energy was the largest economic sector in Cherry County. It surpassed “Beef cattle ranching & farming” which had \$328,047,913 in economic output, with 746.9 FTE’s. Further, Cherry County is right on the southern RST border. According to recent wind-data, the four-county area of RST has more Wind Energy potential that Cherry County does. Yet, Wind Energy production was the largest sector of their economy in 2017. Wind Energy production would be a significant opportunity in Todd County, especially, when looking at the \$25,788,528 in economic output created by Cherry-Todd & LaCreek Electric combined in 2017.
 - **Data Science (highest growth sectors, globally)** – Like Agriculture, this is outside the scope of this Consumer Expenditure Survey. This would require a separate Analysis for the Manufacturing sector.
- This Analysis tells us specific results of the following Un-met Demand Opportunities:
 - **Output(Sales Revenue** = There are **\$398,721,275** in Sales Revenue that would be created. When you factor-out the Housing Construction of 1,759 units & Sales of \$290,235,018 we get an *initial* adjusted total of \$88,445,924 for Consumer Demand.

When adjusted for the over-consumption of Auto Fuel, Car Sales, & Tobacco, we get the adjusted total of Consumer Demand of \$108,486,257:

	Adjusted Demand Total	\$ 88,445,924			
	Subtract Negative Sales Demand of Fuel, Auto Sales, & Tobacco	\$ (11,287,307)			
	Add Actual 2017 Sales Demand of Fuel, Auto Sales, & Tobacco	\$ 31,327,640	Potential RST Tax Advantages		
	2017 Adjusted Demand Total	\$ 108,486,257			

- Employment\Jobs Created** = There are 3,687.8 FTE's that are created with this un-met Consumer Demand. When you factor out the 3,010.7 FTE's from "Construction of new single-family residential structures", there are 677.10 new FTE's created by meeting this Consumer Demand. The Unemployment Rate for RST members is reduced from 75.02% to 42.98% with meeting Consumer Demand. The Construction of New Homes is responsible for a 26.16% reduction in the Unemployment Rate alone. Factoring-out the Construction of New Homes reduces the Unemployment Rate for RST members by 5.88% to an Adjusted Rate of 69.14%:

	New FTE's Created	Unemployed RST	Unemployed Reduced %	Current UE Rate	Adjusted UE Rate	Adjusted Unemployed
Jobs Created meeting this Consumer Demand	3,687.8	11,510	32.04%	75.02%	42.98%	7,822
Construction of new single-family residential structures	3,010.7	11,510	26.16%	75.02%	48.86%	8,499
Jobs Created factoring-out Construction of new Homes	677.1	11,510	5.88%	75.02%	69.14%	10,833

- Direct RST Tax Revenues** = From this un-met Consumer Demand RST's 4.5% Sales Tax & RST TECRO's 4.5% Tax on Construction of 1,759 units (\$165,000 estimated value of each new home) would generate \$16,932,481 in Direct RST taxes. When factoring-out the \$8,707,051 in TECRO Taxes on the new 1,759 homes, the adjusted total for RST Sales Taxes would be \$8,225,430. This estimate would include Sales Taxes on normally un-taxable unmet services such as Healthcare's \$14 Million & Owner-occupied dwellings \$13.7 Million, currently untaxable in the RST Tax Code:

\$ 16,932,481
\$ 8,707,051
\$ 8,225,430

- Profitcents tells us all of the Gross Margins, Profit Margins, & 5-year Growth Rates of the Industries & Sectors within this Report. The Analysis of the data shows us each Industry & Sector in detail. The following lists the combined Gross Margin Sales Revenue, the Lowest & Highest Gross Margin Percentage, & the Lowest & Highest Profit Margin Percentage. Start-up Costs cannot be determined with the data that REDCO currently was able to find. That will require further analysis & an updated version to this Report:

- **Gross Margins.** The total Gross Margins are \$133,369,586. When factoring-out the Housing Construction of \$68,321,323 we get an adjusted total of \$65,048,262.

\$ 133,369,586
\$ 68,321,323
\$ 65,048,262

- The Lowest Gross Margin amount is \$24,094 and comes from “Retail – Building material and garden equipment and supplies stores.”
 - The Highest Gross Margin amount is \$68,321,323 and comes from “Construction of new single-family residential structures.”
 - The second-highest Gross Margin total is \$14,745,144 and comes from “Other financial Investment activities.”
- **Profit Margins.** The total Profit Margins are \$29,321,083. When factoring-out the Housing Construction of \$20,084,263 we get an adjusted total of \$9,236,820.

\$29,321,083
\$20,084,263
\$ 9,236,820

- The Lowest Profit Margin amount is a loss of (\$779,901) and comes from “Retail – Furniture and home furnishings stores.”
 - The Highest Profit Margin amount is \$20,084,263 and comes from “Construction of new single-family residential structures.”
 - The second-highest Profit Margin total is \$3,434,099 and comes from “Other financial Investment activities.”
- **Start-up Costs.** This needs a separate analysis due to data not found readily available.
- **5-year Growth Rates.**
 - The Lowest 5-year Growth Rate percentage is a negative (5.11%) and comes from “Reading Materials.”
 - The Highest 5-year Growth Rate percentage is 56.75% and comes from “Retail – Clothing and clothing accessories stores.”
- South Dakota Department of Revenue shows us Taxable Sales for Todd County in 2017.
 - 2017 Taxable Sales in Todd County was \$42,158,543

What Is This Telling Us?

- Here are the Top Ten (10) Consumer Demand for goods & services by Industry highlighted in yellow:

1	59	Construction of new single-family residential structures	\$ -	\$ 290,235,018
2		2017 Car Sales in Todd County-Per TC Treasurer	\$ 16,464,193	\$ (4,249,133)
3	436	Other financial investment activities	\$ 5,250,000	\$ 15,935,496
4	482	Hospitals	\$ 3,314,427	\$ 14,054,402
5	402	Retail - Gasoline stores (Gasoline Sales Only-DOR Gallons Sold)	\$ 11,640,292	\$ (5,151,041)
6	441	Owner-occupied dwellings	\$ 7,273,200	\$ 13,721,435
7	396	Retail - Motor vehicle and parts dealers, Repairs & Maintenance	\$ 3,047,787	\$ 7,067,610
8	397	Retail - Furniture and home furnishings stores	\$ 54,776	\$ 6,816,196
9	403	Retail - Clothing and clothing accessories stores	\$ 722,036	\$ 5,003,774
10	501	Full-service restaurants	\$ -	\$ 4,674,540

- There are 3,687.8 FTE's that are created with this un-met Consumer Demand. When you factor out the 3,010.7 FTE's from "Construction of new single-family residential structures", there are 677.10 new FTE's created by meeting this Demand:

3,687.8
<u>3,010.7</u>
677.1

- The Top 10 Industries listed above create 3,294.6 Jobs. When factoring out the 3,010.7 "Construction of new single-family residential structures", we are creating 283.9 FTE's with the remaining Top Nine (9) Industries.
- The Top 10 Industries for Consumer Demand total \$389,616,883. When factoring out the \$290,235,018 of "Construction of new single-family residential structures", we have Demand of \$99,381,865 for the remaining Top Nine (9) Industries.

The following explains the Top 10 further:

1	59	Construction of new single-family residential structures	\$ 290,235,018
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- This is based on replacing 1,759 20-year old, & older, homes within Todd County. The majority of these homes are energy inefficient and need replacing.
 - 1,262 Homes need to be replaced that were all built between 1960 – 1979 (40% of current housing stock).
 - 555 Homeownership Units (estimated at 44%)
 - 707 Rental Units (estimated at 56%)
 - 497 Homes need to be replaced that were built between 1980 – 1999 (During this time-frame 1,010 homes are 32% of the current housing stock. 444 Homeownership Units (44%) & 566 Rental Units (56%)). These 497 Homes that need to be replaced are 49% of

the 1,010 units built during this time. 51% of these current Homes (513 units) can be kept and rehabilitated the closer that they were built near 1999.

- The 1,759 newly constructed units would also alleviate the current over-crowding of Homes, as listed in the REDCO Housing Study.
- These 1,759 New Homes could all be Homeownership if they were made affordable to low- & moderate-income customers. There also needs to be larger homes sold with more amenities for those with higher-incomes who are able & willing to pay for them.
- These older homes are mostly Sioux 400's, Transitional, Mobile Homes & older SWA units. Most of these homes were never to last for more than 30-years, yet, are still a part of the housing stock today.
- The value estimated for each replacement home is \$165,000 for the 1,759 new units needed.
- In communities outside of Indian Country most of these units would have been built “speculatively” based on consumer demand. However, there is a massive market-failure in Todd County, where, there are no “spec-builders” meeting the demand for new homes. Most new homes are either built by SWA, or, are privately bought manufactured homes. In non-Indian communities when new jobs are available new homes follow.
- The 1,759-replacement estimate is based on the data from the REDCO Housing Needs Study.
- The 1,759 units & 3,010.7 FTE's are for construction of units being completed within one-year (1-year).
- We do not have an accurate estimate of the number of housing units needed for all RST families. We are waiting for the 2020 US Census results to come in so that we can determine the need for new homes, based on this population estimate. There are some estimates that there is a need for 3,000 units. However, we need to wait for the 2020 Census data to come in for not only Todd, but for also Mellette, Tripp, & Gregory Counties' estimated RST Population in order to determine the need for every family to have their own home. The results of the Census may validate this 3,000 estimate, or, may show a greater current need.
- Also, this Report does not take into account the growing population of RST and the need for housing over the next 7-Generations, or, over 140-years. That growth-rate is approximately 4.12% annually. That will be conducted in a separate Analysis.

2	2017 Car Sales in Todd County-Per TC Treasurer	\$ 16,464,193	\$(4,249,133)
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- From Todd County Treasurer.
- \$16,464,193 is the actual Sales of all vehicles in 2017.

- CES-BLS estimated \$12,215,060 in car payments made by RST residents in Todd County.
 - We do not know the actual Sale Value of the cars sold for those \$12 Million in car payments, nor, what years the vehicles that they are making payments on were sold in. Also, we do not know the interest rates of these vehicles, nor, the years financed.
 - Further, we do not know the interest rate, nor, years financed that the \$16 Million in actual Sales were in 2017. Therefore, we cannot determine what people are actually paying in car payments based on these actual 2017 Sales.
 - What we do know is that there were 1,261 cars sold to Todd County residents, with a Median Value of \$8,920. This indicates that there is a significant number of used cars sold in 2017. The vast majority of Car Sales are not sold in Todd County, but they are registered there.

3	436	Other financial investment activities	\$ 5,250,000	\$15,935,496
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- Lots of Personal Income here, \$251 Million in 2017.
- There is a great opportunity to invest it. I could only estimate that approximately 1/4 of it is invested in various retirement funds, & other personal funds. IMPLAN® had Output in this category at approximately \$2.9 Million. When reviewing the CES-BLS chart, you see that the actual estimated Consumer Demand is approximately \$21 Million.

4	482	Hospitals	\$ 3,314,427	\$14,054,402
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- This Sector's Consumer Demand will be difficult to satisfy due to the Indian Health Service.
- As was stated earlier, before attempting to meet the un-met Consumer Demand for Healthcare & related services, a separate analysis would need to be conducted to determine whether or not people would be willing to consume & pay for Healthcare services totaling \$14,054,402 per year out-of-pocket.
- This Sector includes Consumer Demand for services such as Optometry, Dental, Orthopedic, Chiropractic, etc.

5	402	Retail – Gasoline stores (Gasoline Sales Only-DOR Gallons Sold)	\$ 11,640,292	\$(5,151,041)
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- There is an overconsumption of gasoline by RST residents. You can see the empty fuel dispensers at local gas stations at various times of the month.
- This \$11.6 Million is based on the average price per gallon of fuel in 2017. The actual number of gallons sold in Todd County was obtained by the South Dakota Department of Revenue.

- RST residents over-consume auto fuel by \$5.1 Million.
- Convenience Store Sales of in-store items & QSR (quick service restaurant) sales are not included in this \$11.6 Million in Consumer Demand. A separate Analysis would need to be conducted.

6	441	Owner-occupied dwellings	\$ 7,273,200	\$13,721,435
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- This is “imputed rent” which tells us what people would actually pay if they had to pay rent for their “owned” home on a monthly basis. It is #6 in the ranking because it tells us that there is a high amount of Homeownership in Todd County (44%). However, this Homeownership is with very old & inefficient units.
- The \$7.2 Million listed herein is for what people actually paid for Homeownership payments, as listed per the REDCO Housing Needs Study. It included mortgage & non-mortgage amounts.
- With IMPLAN® Output at \$17.2 Million & CES-BLS Household Consumption Spending estimates at \$20.9 Million, this tells us that there is a potential for \$13,721,345 in mortgage\homeownership spending in Todd County.

7	396	Retail – Motor vehicle and parts dealers, Repairs & Maintenance	\$ 3,047,787	\$7,067,610
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- Car sales, parts, repairs & maintenance are here from the SD-DOR 2017 data. This makes it challenging to reconcile to New Car Sales in Todd County 2017 data from the Todd County Treasurer.
- The \$3,047,787 in Sales from SD-DOR in 2017 is the combined Sales of car sales from the used car dealers in the County, the auto parts store, & auto maintenance shop providers all in the County, and none of the data is separated. That would take an arduous process to partition.
- With the median price of a Car Sale in Todd County at \$8,920 for the 1,261 cars sold in 2017, we can assume that there will be a significant number of used cars needing major mechanical repairs (ie transmission repair, front/rear end repair, fuel & water pump replacements, window repair, etc.).
- We just do not know if the amount for Auto Parts & Repair Shop be in the amount of \$2 Million, \$5 Million, or as high as \$7 Million (as listed above). However, we would need to complete an Industry-specific feasibility study for an Auto Parts & Repair Shop for this type of business.

8	397	Retail – Furniture and home furnishings stores	\$ 54,776	\$6,816,196
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- This is why payroll deductions for Furniture are so profitable for people within RST.

9	403	Retail – Clothing and clothing accessories stores	\$ 722,036	\$5,003,774
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- RST members need clothes & accessories too!
- What does RST spend on clothing orders?

10	501	Full-service restaurants	\$ -	\$4,674,540
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- There are no full-service dine-in restaurants in Todd County.
- We have to leave the County to eat out, except when the RST Casino diner is open. But that doesn't meet all of our consumer preferences for eating out.
- What this is also telling us is that there are other Sectors & Industries outside of the Top 10 Un-met needs that can be "bundled up" into either one store, or, a series of store locations. For example, a Walmart Supercenter can have a high number of Sectors & Industries located in one store, making a true "One-stop" shopping destination.
- There are Sectors & Industries in Todd County that total a combined Household Consumer Demand of \$26,432,617 Million that could sell what a typical Walmart Supercenter would sell. After the 2017 Sales of \$8,271,238 in Todd County are subtracted, there is an "Un-met Demand" of \$18,161,379. This doesn't include the current \$13,741,943 in Grocery Store Household Consumer Demand in Todd County within these combined Sectors. Combined Sales could be \$40,174,560 with Groceries. That would mean Turtle Creek Crossing & Buches would potentially no longer be in business.
- These totals listed below could have a total Household Consumer Demand as high as \$36,548,014 when the "Retail – Motor Vehicles, parts dealers, auto repairs, & maintenance" are included (see Chart on next page). However, the \$3,047,787 in Sales from SD-DOR in 2017 is the combined Sales of car sales from the used car dealers in the County, the auto parts store, & auto maintenance shop providers all in the County, and none of the data is separated. As stated earlier, that would take an arduous process to partition. However, for the purposes of Walmart Auto Care Centers, we know that they offer simple oil changes, tire repairs & installations, battery installations, fluid changes, etc. Walmart does not conduct major mechanical repairs. With the median price of a Car Sale in Todd County at \$8,920 for the 1,261 cars sold in 2017, we can assume that there will be a significant number of used cars needing major mechanical repairs (ie transmission repair, front/rear end repair, fuel & water pump replacements, window repair, etc.). These are repairs that Walmart is not designed to address. The services of a Walmart Auto Care Center will be needed in Todd County. However, we just do not know if it will be in the amount of \$2 Million, \$5 Million, or as high as \$7 Million. Accordingly, the figures below include the

Auto Parts, Repair, & Maintenance Sector Consumer Demand of \$10,115,397 and are also removed. The Sectors for a potential Walmart (without Groceries) are as follows:

Walmart Sectors identified in Todd County, SD 2017	SD-DOR		
	Household	Sales &	CES-BLS
	Consumer	IMPLAN	Un-met
	Demand	Estimates	Demand
Limited-service restaurants	\$ 4,674,540	\$ 1,339,097	\$ 3,335,443
Retail - Building material & garden equipment & supplies store	\$ 2,481,184	\$ 2,419,830	\$ 61,354
Retail - Motor vehicles, parts dealers, auto repairs, & maintenance	\$10,115,397	\$ 3,047,787	\$ 7,067,610
Retail - General merchandise stores	\$ 4,198,927	\$ 2,415,437	\$ 1,783,490
Retail - Clothing & clothing accessories stores	\$ 5,725,810	\$ 722,036	\$ 5,003,774
Retail - Health & personal care stores	\$ 2,481,184	\$ 1,320,062	\$ 1,161,122
Retail - Furniture & home furnishing stores	\$ 6,870,972	\$ 54,776	\$ 6,816,196
Totals	\$36,548,014	\$11,319,025	\$25,228,989
Factor-out the "Retail - Motor Vehicles, parts dealers, auto repairs, & maintenance"	\$10,115,397	\$ 3,047,787	\$ 7,067,610
Adjusted Totals	\$26,432,617	\$ 8,271,238	\$18,161,379

- The chart on the next page shows us a total Consumer Household Demand for Goods & Services of \$108,486,257 in Todd County in 2017 as highlighted in yellow.** The data used to compile this Analysis was the most complete data from all sources of Economic Output pre-COVID-19. There was an over-consumption of auto fuel, automobiles, & tobacco relative to everyone in the 7-state region. This adjustment is accounted for at the bottom of the chart. This chart also shows us the Potential FTE's, RST Direct Taxes generated, 5-year Industry Gross Margins, the Gross Margin Amount by Industry, 5-year Industry Profit Margins, the Profit Margin Amount, & the 5-year Industry Growth:

This Space Deliberately Blank

Household Demand Only-Todd County 2017 Activity				CES-BLS	SD-DOR	CES-BLS	IMPLAN	4.5% RST	5-year	5-year	Profit	5-year	
Sales Taking Place within Todd County Only				Consumer	Sales &	Consumer	Tax	Industry	Gross	Industry	Margin	Industry	
Un-net Demand being Imported in from other locations				Household	IMPLAN	Un-net	Potential	4.5% TECRO	Margin	Margin	Margin	Margin	
#	Sectors	Description	IMPLAN Output	Demand	& Estimates	Demand	FTE's	Potential	Potential	Amount	Amount	Amount	Amount
49		Electric power transmission and distribution	\$ 25,788,528	\$ 8,751,565	\$ 8,751,565	\$ -	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	441	Owner-occupied dwellings	\$ 17,203,289	\$ 20,994,635	\$ 7,273,200	\$ 13,721,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	402	Retail - Gasoline stores (Gasoline Sales Only-DOR Gallons Sold)	\$ 7,374,963	\$ 6,489,251	\$ 11,640,292	\$ (5,151,041)	27.9	\$ -	11.70%	\$ 1,361,914	1.22%	\$ 142,012	11.16%
25	400	Retail - Food and beverage stores	\$ 4,917,155	\$ 13,741,943	\$ 12,977,042	\$ 764,901	3.9	\$ 34,421	21.29%	\$ 162,847	-0.80%	\$ (6,119)	0.00%
433		Monetary authorities and depository credit intermediation	\$ 4,181,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
439		Funds, trusts, and other financial vehicles	\$ 4,109,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
427		Wired telecommunications carriers	\$ 3,895,952	\$ 1,510,960	\$ 1,510,960	\$ -	0.5	\$ -	52.37%	\$ -	4.44%	\$ -	11.55%
434		Nondepository credit intermediation and related activities	\$ 3,468,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
475		Offices of physicians	\$ 3,314,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
514		Grantmaking, giving, and social advocacy organizations	\$ 3,074,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	436	Other financial investment activities	\$ 2,935,396	\$ 21,185,496	\$ 5,250,000	\$ 15,935,496	34.4	\$ 717,097	92.53%	\$ 14,745,114	21.55%	\$ 3,434,099	16.74%
478		Outpatient care centers	\$ 2,707,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
440		Real estate	\$ 2,620,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
516		Labor and civic organizations	\$ 2,548,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61		Construction of other new residential structures	\$ 2,403,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	502	Limited-service restaurants	\$ 1,993,932	\$ 4,674,540	\$ 1,339,097	\$ 3,335,443	52.6	\$ 150,095	67.31%	\$ 2,245,087	0.34%	\$ 11,341	2.61%
447		Legal services	\$ 1,651,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
407		Retail - Nonstore retailers	\$ 1,599,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
485		Individual and family services	\$ 1,577,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
451		Custom computer programming services	\$ 1,517,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
481		Other ambulatory health care services	\$ 1,473,282	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
486		Community food, housing, and other relief services, including rehabilitation services	\$ 1,353,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	438	Insurance agencies, brokerages, and related activities	\$ 1,274,802	\$ 1,336,022	\$ 325,000	\$ 1,011,022	2.0	\$ 45,496	100.00%	\$ 1,011,022	16.68%	\$ 168,638	2.23%
518		Postal service	\$ 802,763	\$ 802,763	\$ 802,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	399	Retail - Building material and garden equipment and supplies stores	\$ 766,824	\$ 2,481,184	\$ 2,419,830	\$ 61,354	0.2	\$ 2,761	39.27%	\$ 24,094	7.93%	\$ 4,865	8.93%
7	396	Retail - Motor vehicle and parts dealers, Repairs & Maintenance	\$ 697,286	\$ 10,115,397	\$ 3,047,787	\$ 7,067,610	5.4	\$ 318,042	52.41%	\$ 3,704,134	19.10%	\$ 1,349,914	16.13%
1	59	Construction of new single-family residential structures	\$ 696,588	\$ 290,235,018	\$ -	\$ 290,235,018	3,010.7	\$ 13,060,576	23.54%	\$ 68,321,323	6.92%	\$ 20,084,263	10.44%
17	406	Retail - General merchandise stores	\$ 621,798	\$ 4,198,927	\$ 2,415,437	\$ 1,783,490	7.3	\$ 80,257	46.58%	\$ 830,750	7.52%	\$ 134,118	11.93%
4	482	Hospitals	\$ 498,370	\$ 17,368,829	\$ 3,314,427	\$ 14,054,402	65.2	\$ 632,448	100.00%	\$ 14,054,402	5.47%	\$ 768,776	2.59%
503		All other food and drinking places	\$ 491,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
406		Retail - Miscellaneous store retailers	\$ 487,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	403	Retail - Clothing and clothing accessories stores	\$ 432,158	\$ 5,725,810	\$ 722,036	\$ 5,003,774	35.0	\$ 225,170	44.59%	\$ 2,231,183	17.21%	\$ 861,150	56.75%
63		Maintenance and repair construction of residential structures	\$ 332,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
398		Retail - Electronics and appliance stores	\$ 327,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
504		Automotive repair and maintenance, except car washes	\$ 280,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	397	Retail - Furniture and home furnishings stores	\$ 127,748	\$ 6,870,972	\$ 54,776	\$ 6,816,196	31.6	\$ 306,729	43.03%	\$ 2,933,009	-11.43%	\$ (779,091)	-3.56%
483		Nursing and community care facilities	\$ 118,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	474	Other educational services	\$ 89,698	\$ 4,198,927	\$ 195,000	\$ 4,003,927	69.1	\$ 180,177	99.36%	\$ 3,978,302	2.96%	\$ 118,516	10.46%
496		Other amusement and recreation industries	\$ 85,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
495		Gambling industries (except casino hotels)	\$ 83,475	\$ 4,000,000	\$ 4,000,000	\$ -	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512		Other personal services	\$ 73,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	501	Full-service restaurants	\$ 70,028	\$ 4,674,540	\$ -	\$ 4,674,540	54.0	\$ 210,354	66.55%	\$ 3,110,906	3.10%	\$ 144,911	2.28%
508		Personal and household goods repair and maintenance	\$ 66,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
443		General and consumer goods rental except video tapes and discs	\$ 58,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	401	Retail - Health and personal care stores	\$ 48,946	\$ 2,481,184	\$ 1,320,062	\$ 1,161,122	7.7	\$ 52,250	53.37%	\$ 619,691	13.03%	\$ 151,294	0.00%
404		Retail - Sporting goods, hobby, musical instrument and book stores	\$ 28,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	505	Car washes	\$ 14,023	\$ 60,000	\$ -	\$ 60,000	0.8	\$ 2,700	92.31%	\$ 55,386	9.11%	\$ 5,466	10.27%
2		2017 Car Sales in Todd County-Per TC Treasurer	\$ -	\$ 12,215,060	\$ 16,464,193	\$ (4,249,133)	30.4	\$ -	13.88%	\$ 2,285,230	12.32%	\$ 2,028,389	15.42%
19		Wireless Telephone (Annual Service for all Telephone Lines)	\$ -	\$ 1,510,960	\$ -	\$ 1,510,960	0.5	\$ 67,993	50.25%	\$ 759,257	4.06%	\$ 61,345	12.77%
13		Tobacco (Actual Sales Per SD-Dept. of Revenue)	\$ -	\$ 1,336,022	\$ 3,223,155	\$ (1,887,133)	11.5	\$ -	30.09%	\$ 969,847	8.23%	\$ 265,266	17.64%
22		Movie Theatres	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	11.1	\$ 45,000	63.01%	\$ 630,100	-6.70%	\$ (67,000)	0.00%
23		Bowling Center	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	21.2	\$ 45,000	80.16%	\$ 801,600	5.40%	\$ 54,000	4.36%
24		Family Arcade/ie Chuck E Cheese	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	34.7	\$ 45,000	77.37%	\$ 773,700	8.16%	\$ 81,600	4.95%
14		Water Park/Theme Park	\$ -	\$ 2,879,038	\$ -	\$ 2,879,038	53.0	\$ 129,557	88.25%	\$ 2,540,751	8.36%	\$ 240,888	8.24%
		Alcoholic Beverages (Actual Sales per TLE & Rosebud Casino/Plaza)	\$ -	\$ 1,717,743	\$ 1,748,282	\$ (30,539)	8.9	\$ -	55.92%	\$ (17,077)	6.33%	\$ (1,933)	6.12%
18		Household Fuels & Oils (Estimated for Propane & Fuel Oil)	\$ -	\$ 3,122,055	\$ 1,501,980	\$ 1,620,075	23	\$ 72,903	58.70%	\$ 950,984	7.10%	\$ 115,025	0.00%
26		Rental Housing	\$ -	\$ 9,733,876	\$ 9,017,400	\$ 716,476	0	\$ 32,241	98.93%	\$ 708,810	-3.56%	\$ (25,507)	4.41%
16		Public Transportation	\$ -	\$ 1,908,603	\$ -	\$ 1,908,603	29.9	\$ 85,887	58.27%	\$ 1,112,143	0.48%	\$ 9,161	22.14%
27		Reading Materials	\$ -	\$ 381,721	\$ 309,252	\$ 72,469	5.3	\$ 3,261	55.15%	\$ 39,967	6.01%	\$ 4,355	-5.11%
15		Other Lodging	\$ -	\$ 2,481,184	\$ -	\$ 2,481,184	50.0	\$ 111,653	97.74%	\$ 2,425,109	-1.55%	\$ (38,458)	4.91%
NA		Miscellaneous	\$ -	\$ 2,421,862	\$ 1,600,000	\$ 821,862	0	\$ 36,984	\$ -	\$ -	\$ -	\$ -	\$ -
NA		Cash Contributions	\$ -	\$ 6,298,391	\$ 1,000,000	\$ 5,298,391	0	\$ 238,428	\$ -	\$ -	\$ -	\$ -	\$ -
		Totals	\$ 109,985,188	\$ 480,904,478	\$ 102,223,536	\$ 378,680,942	3,687.8	\$ 16,932,481		\$ 133,369,586		\$ 29,321,083	
		Factor Out New Single-family Housing Construction	\$ 696,598	\$ 290,235,018	\$ -	\$ 290,235,018	3,010.7	\$ 8,707,051		\$ 68,321,323		\$ 20,084,263	
		Adjusted Totals	\$ 109,288,590	\$ 190,669,460	\$ 102,223,536	\$ 88,445,924	677.1	\$ 8,225,430		\$ 65,048,262		\$ 9,236,820	
		CES-BLS Household Demand	\$ 190,669,460	\$ -	\$ -	\$ 89,415,546		\$ -		\$ -		\$ -	
		Difference from CES-BLS Household Demand	\$ -	\$ -	\$ -	\$ (969,622)	-1.10%	Difference from CES-BLS Un-net Demand					
		Adjusted Demand Total	\$ -	\$ -	\$ -	\$ 88,445,924		\$ -		\$ -		\$ -	
		Subtract Negative Sales Demand of Fuel, Auto Sales, & Tobacco	\$ -	\$ -	\$ -	\$ (11,287,307)		\$ -		\$ -		\$ -	
		Add Actual 2017 Sales Demand of Fuel, Auto Sales, & Tobacco	\$ -	\$ -	\$ -	\$ 31,327,640		\$ -		\$ -		\$ -	
		2017 Adjusted Un-net Demand Total	\$ -	\$ -	\$ -	\$ 108,486,257		\$ -		\$ -		\$ -	

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So how much Consumer Spending is leaving RST?

2017 Total Personal Income - Todd County, SD	\$ 251,132,000		
24% Taxes & Deductions	\$ 60,271,680		
Net Pay	\$ 190,860,320		
2017 Taxable Sales in Todd County, per SD-DOR	\$ 42,158,543	22.09%	
Untaxable Sales CES-BLS	\$ 44,600,800	<u>23.37%</u>	
Total Sales	\$ 86,759,343	45.46%	
Leakage of Personal Income in 2017, Todd County	\$ 164,372,657	65.45%	
Net Income Available for Spending Outside of Todd County	\$ 104,100,977		
12% of Personal Income spent elsewhere, or, held onto	\$ 22,903,238	12.00%	
Personal Income to be spent in the following communities:	\$ 81,197,739		
Valentine, NE	\$ 17,863,502	9.36%	22.00%
Winner, SD	\$ 10,555,706	5.53%	13.00%
Pierre, SD	\$ 9,743,729	5.11%	12.00%
Rapid City, SD	\$ 16,239,548	8.51%	20.00%
Sioux Falls, SD	\$ 26,795,254	<u>14.04%</u>	<u>33.00%</u>
42.54% of Todd County Net Pay is spent in the preceding places	\$ 81,197,739	42.54%	100.00%

- As this chart shows, \$81,197,739 is estimated being spent in the communities listed in 2017. There was \$251,132,000 in Personal Income (Gross Amounts) that year.
- A Gravity Model is used to calculate the \$81,197,739 in Personal Income going to these preceding communities. The mathematical formula for it is $S = (P1 * P2) / (D * D)$. With RST shoppers, the Gravity Model accounts for the population size of Todd County & the size of the community where the Personal Income is spent, divided by the distance between Todd County & those communities listed above, squared.

What Are The Risks?

- Which Industries have the lowest Profit Margins? (see attached Analysis)
- Which Industries have the highest Start-up Costs? We are unable to determine this today since we have not yet found a no-cost data source. We have not been able to determine this with our current software data. Specifically, Profitcents stated that:

Profitcents doesn't distinguish between companies of different ages/life stages.

Our common size statement analysis gives guidance on expenses, but, as mentioned above does not take into account the age or stage of the business (such as start-up).

Regards,
Paul

We will need to find this Start-up data & then release an updated version of this Analysis.

- Which Industries will take longer to reach the “Break-even” Point? We need to search other sources of data to determine this. We will update this Report when we identify Start-up Costs, Fixed Costs, & Variable Costs needed to determine the “Break-even” Point.

Methodology

- In order to compile the Analysis within this Report, various data were utilized to show the Consumer Demand within Households in Todd County, SD in 2017. 2017 was the baseline year used since REDCO has the 2017 IMPLAN® data for all Economic Output within the State of South Dakota for that year. By comparing all 2017 data to the IMPLAN® Output data, we get a more accurate picture of what is happening within Todd County, the contiguous boundaries of RST. We have IMPLAN® data for the diminished boundaries of RST, which are Mellette, Tripp, Gregory, & a sliver of Lyman Counties. However, we do not know how many members are employed and working within those Counties specifically. We will need to determine how many RST members are actually receiving W-2’s & 1099-Misc Statements in order to determine their portion of created Economic Output within those Counties. We will need to conduct that research & then update this Report at that time.
- The Consumer Expenditure Survey – Bureau of Labor Statistics Midwest Region 2017 Report gives us the ability to assign the percentage of Household Income spent in Todd County on specific Consumer Goods & Services. As stated earlier in the Report, we tested the accuracy of the line-items with the “Alcohol Beverages” line-item and the predictive value was within 98% accuracy of what RST knew was sold in alcohol in 2017. However, as also explained within the Report, there are anomalies. Healthcare is a major anomaly since the Indian Health Service provides no-cost care for RST members, thus, impacting the predictive “out-of-pocket” costs that RST members would normally pay for care. Accordingly, great care must be taken when considering opening a Healthcare related good or service in Todd County. RST members may not actually be willing & able to pay for it “out-of-pocket”. Where other assumptions are made, such as in “Entertainment” an estimated value is assigned. This is done because we know that money is spent by Households for Entertainment, but there is absolutely no actual data to compare it to, except for the CES-BLS percentage allocation. The exception to this is the approximately \$800,000 in Sales Revenue at the Movie Theatre in Valentine, NE in 2017. Therefore, \$1 Million in Sales Revenue is estimated for a Movie Theatre in Todd County. Post COVID-19, this could even be a Drive-in Movie Theatre, or, both movie types. Before starting these specific businesses in this case, we must make sure to conduct Industry-specific research to

ensure accuracy of Market Demand by Consumers & Households in Todd County. This Industry-specific research needs to be done for every business opportunity pursued. This Report merely gives us never seen before insight into what is needed by Consumers in Todd County pre-COVID-19.

- IMPLAN® Economic Impact Analysis software & data gives us the Economic Output of each Sector of the Economy in Todd County, SD in 2017. Output is defined as sales from a business, or, as in the case of a non-business entity, its actual earned revenues (grant, contractual, or, otherwise) It also provides us the number of Full-time Employees (FTE's) in 2017. An FTE is defined as someone being employed for 2,080 hours.
- Profitcents is used to tell us the Gross Margin Percentages, Net Profit Percentages, & the 5-year Industry Growth of specific Sectors\Industries of the economy. If this data could not be found in South Dakota from this software, then the Midwest Region was searched for it. If the Midwest Region did not have data, National USA data was used.
- South Dakota Department of Revenue Sales Tax data for Todd County in 2017 was used for this Report. Those taxable sales were \$42,158,543.
- The following data sources & methods were used to assist in compiling the Analysis within this Report:
 - Consumer Expenditure Survey – Bureau of Labor Statistics – <https://www.bls.gov/cex/>
 - IMPLAN® Economic Impact Analysis. <https://implanhelp.zendesk.com/hc/en-us/articles/360038285254-How-IMPLAN-Works#:~:text=IMPLAN%20is%20an%20I%2DO%20modeling,past%20or%20existing%20economic%20activity.>
 - Profit Cents. <https://sageworks.zendesk.com/hc/en-us/articles/201605464-What-is-the-Industry-Data-Report->
 - South Dakota Department of Revenue – Sales Tax Data. <https://dor.sd.gov/media/njtjnfqq/cy2017-county-city-sic.pdf>

Appendices

- A) CES-BLS Midwest Region percentage allocation at 9/08/2018, combined with Todd County Personal Income in 2017.
- B) Top 50 Industries in Todd County for Employment, Output, Employee Compensation, Proprietor Income, Other Property Type Income, & Taxes on Production & Imports.
- C) Profitcents Industry Data.
- D) South Dakota Department of Revenue – Taxable Sales for Todd County 2017