

PROCEEDINGS OF THE CITY COUNCIL
Rapid City, South Dakota

February 22, 2010

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Rapid City was held at the City/School Administration Center in Rapid City, South Dakota on Monday, February 22, 2010 at 7:00 P.M.

The following members were present: Mayor Alan Hanks and the following Alderpersons: Bill Waugh, Patti Martinson, Sam Kooiker, Aaron Costello, Lloyd LaCroix, Malcom Chapman, Karen Gundersen Olson, Ron Weifenbach, Ron Kroeger and Deb Hadcock; and the following Alderpersons arrived during the course of the meeting: None; and the following were absent: None.

Staff members present included Finance Officer Jim Preston, City Attorney Jason Green, Assistant City Attorney Wade Nyberg, Public Works Director Robert Ellis, Growth Management Director Marcia Elkins, and Administrative Coordinator Amber Sitts.

Presentations

Dan Senftner described the positive points of a Downtown Business Improvement District. He listed six cities in South Dakota, North Dakota and Montana that already have BIDs, including Sioux Falls, Deadwood and Aberdeen. He said this would bring Main Street Square to the downtown area. The Main Street Square is designed to host over 200 events per year, such as ice skating and performances, so there are many opportunities. Senftner said these venues will continue to add revenue and generate more retail. The Main Street Square will give tourists another attraction to visit. He said he has been asked why this is in only one area and explained that we need impact in an area to make a change. He indicated they have 67.4% of property owner signatures in favor of the proposal. It was indicated that the BID funds will be used for the initial funding of Main Street Square, but he pointed out that it will soon be self funded. The estimated cost of the Square is \$6.5 million. There is \$3 million being donated, and the remaining costs will be applied through 2012 funds. Senftner suggested that we need to move forward to ensure stability. He urged the Council to move forward with the Downtown Business Improvement District.

Dennis Halterman agreed that there is a lot of good energy downtown but said the project for Main Street Square is a bad idea. He pointed out that the proposed area is smaller than the skating rink at Wilson Park, so he is not sure it will all fit. Halterman said that events do not create business, and he referenced eight principals to revitalize historic districts. He said this area will compete against the same businesses it claims to help, and he said we should come up with a plan that will help the people further away as well. He referred to a document that was created years ago and said it came up with a concept of where we could go. If we build a bridge across Omaha, he said we instantly have a park. He wants something that is comprehensive and helps everyone. A bad compromise will inhibit further plans and growth in the district. He urged the Council to help create a plan that will truly make us destination Rapid City.

Motion was made by Chapman, second by LaCroix and carried to open the (No. CC022210-01) Public Hearing to Consider the Establishment of the Downtown Business Improvement District.

Brad Kurtz spoke in favor of development of the BID. He said the more events and activities in the area will contribute to making downtown a vibrant area. Clancy Kingsbury indicated that he would like to see this project go through and said everyone will prosper. Andy Kuipers indicated that Rapid City CVB is in support and said this will help them market the area and Rapid City. Rose Stewart supports the proposals and said improving downtown benefits the community and the Black Hills. Lisa Modrick

said many areas are still growing in their city centers and projects like this are an enhancement. She said this will bring people to, not through, the city. Doug Morrison said he supports this and feels it will be vital for the downtown community. Sandy Swan spoke of Summer Nights and said this vote will affect the long term viability of events such as Summer Nights. Darla Vulcan expressed her support and also discussed the success of Summer Nights pointing out that many business owners have prospered and increased tax revenues back to the City. Josh Schmaltz said this is something Rapid City can benefit from for both residents and visitors. Bill Kessloff encouraged the Council to vote yes and said the financial impact and growth of the community is at a pivot point. Kurt Small indicated he is in favor of the BID and does not see a down side. David Hanna indicated he does not own property downtown but believes it is an investment for the city. He said some events can bring in tax dollars and said it does create excitement for Rapid City. Jerry Freed said this will turn a lot of lights green downtown for future business. He urged Council to approve the program. James Taylor said everything you want to do you can do downtown. He said he was assured that the area will be marketed and is happy to see this moving forward. MJ Adams said this is the best plan in her time downtown. We have the determination to get it done and this will move downtown forward benefiting her business and others. Gene Williams said this is a business decision and it is good for Rapid City as a whole. Peter Schmid indicated he is in zone 2 so he did not believe it would benefit his business very much. However, he supported it as he felt it would be worth it to have a pleasant place to spend time. Joe Lowe spoke of a similar area in Laguna Beach that was very successful and said if we enhance downtown we will increase sales tax. Kitty Kinsman said tonight we have heard the starting point to this plan. The community and tourists will embrace it, and she pointed out that private property owners are willing to put their dollars on the line. Peter Anderson said McCarthy Properties believes in downtown and supports this as a way to support their investments and the community. Mike Brummer said there has been a lot of hard work into this project and mentioned Ray Hildebrand's contributions. He said the Square will draw people to the area. Brummer said he was originally was against the BID but said this is someplace to start the revitalization of downtown. Gideon Oaks stated his support for the BID and said events do bring in dollars and people. Steve Rollinger spoke of the president statues and their success as well as the success of the Downtown Association. He said this is a powerful project. Dan Tribby said this proposal represented different groups getting together. He said the BID provides start up for the Main Street Square but said every event after that will generate funds to support it. Al Reiman said a vibrant downtown is a necessity for future growth and development. He asked Council to vote yes. Mike Derby spoke of President's Plaza and said as the picture was painted people got excited. He requested support from the Council for the BID. Linda Raabe said the Chamber supports the plan, and she compared it to a similar area in Boise. She suggested that will help encourage our children to stay here after graduating college.

Jim Jeffries said that this is the wrong funding for this project, and he urged a better proposal such as 2012. He asked why it is being paid for by owners in the two zones if it is said to benefit the community. Durwin Trummer said he lives downtown and spoke of the need for more parking. He said the taxing should be done to the community as a whole. Trummer read a letter from Mike Whalen who also opposed the BID but could not attend the meeting. Julie Frye indicated this is a good idea but said that her opposition is to the funding. Teresa Kurylas wanted the Council to consider other proposals. She said this would not benefit her business but said if this is passed the cap should be removed. Don Frankenfeld said the BID proposal is fatally flawed and said the cap is unconstitutional in that value based property taxes must be uniform. He suggested removing the cap or putting it in a separate clause. He would like the park financed with other means and said time should be taken to create a BID that works for Rapid City. Mr. Dushak indicated his opposition to the BID. Another audience member said the BID is unfair and said the entire city should be taxed. She said it has not been explained how they will have a significant event in such a small area and said proponents have not listened to the ideas that Halterman suggested. She said this will not benefit anyone on the outskirts. Bonnie Evans filled out an opposition form but left the meeting prior to speaking. Bonnie Redden suggested that the area is very small and said we need parking as well. She also briefly spoke of the TIF debt. Darwin Jones expressed his opposition since the tax would be passed to

renters. He felt he should have the opportunity to keep his dollars. Mike Mueller spoke in opposition and referenced the cap suggesting that large businesses will sign on and will not suffer. Richard Hoff said he supports the Square but not the way it is being funded. Michael Krumm said he is for growth and development but hopes they do not build the Square too small. He would appreciate more thought so that what is built is workable for Rapid City. He suggested a building bridge to Memorial park and using the things we already have.

Motion was made by Chapman, second by LaCroix and carried to close the public hearing.

Motion was made by Hadcock, second by Olson, to direct staff to prepare the ordinance and find that the Council has not received objection from the majority of property owners. Responding to a question from Kooiker about the cap, Senftner indicated that the assessment will become \$.75 or \$1.50 per thousand depending on the zone. He said the cap was established and set up to be the fairest. It was indicated that other districts in South Dakota do have a cap but he is unsure of the formula used to come up with the figures. Senftner pointed out that only 10 of 352 properties will meet the cap. The BID as it stands will generate \$175,000 per year. Senftner said the BID funding will be decided by the district and the Board of Directors, but it will start with operation and maintenance of the Main Street Square. Kooiker said people do not want the entire amount used for salaries and benefits, so we want to make sure most of the funds are toward programs with a reasonable portion to salaries and benefits. Senftner referred to the 3 year budget and mentioned there would be 12 members on the board. Olson briefly discussed the remarkable change she has seen with Aberdeen and said much of that improvement lies with the BID. She felt that the space for the Main Street Square is large enough and said it is wonderful and unique. Responding to a question to clarify the Board of Directors, Green indicated that the statute requires at least 5 members and the resolution indicates 10 members. Responding to Chapman regarding the BID being unconstitutional, Green said the South Dakota Supreme Court addressed the argument in 1912 and said uniform taxation applies only to general, not special, assessments. This would be a special assessment. Chapman indicated his support and pointed out we will need to address parking and public/private partnerships. He said downtown has been going through revitalization for some time but this is just a tipping point. He explained that this is only the first part of the process and said there will be other opportunities for citizens to make additional comments during the ordinance readings. LaCroix said he is in support and said it has been a long time coming. He said this is positive for the community and said the vision of the downtown group is a vision on which they took action. Weifenbach said he believes there will be participation from those paying the taxes. He said the concept is noble and has been talked about for years. He applauded business owners for coming forward with willingness to pay additional taxes. Hadcock said the funding source has been the issue and said she is in the district with her own business. She said we need to carry on this vision which will make our community a better place to be. Responding to Costello, Senftner said the funding for utilities has not been specified at this point. He is confident it can be covered but said it would be positive if the cost it can be shared with the City. Costello asked if we offer discounts or share utility costs with any other entities in Rapid City. Ellis said that the city pays for the utilities for sports fields but they are now trying to get them to share. He said the school pays 100% of their water. Costello referred to the funds budgeted for promotion. He suggested looking at where we can trim the budget and use the Convention and Visitor's Bureau and other entities to help advertise. Responding to questions about the usage fees, Senftner indicated there are several rental opportunities. He also indicated there will be 6 board members from zone one and 4 from zone two. Mayor Hanks explained that the board would operate similar to the one at the Convention and Visitors Bureau, and he said they are accountable to the people they serve. Waugh said he is in favor, and Olson asked for a review of the information about the Square becoming self funded. Chapman suggested having a liaison from Council to the Board of Directors. Martinson expressed concern about putting all eggs in one basket but said this is the only vision presented. Once the Square is self sufficient, Senftner said the vision is that the funds will then expand throughout zones 1 and 2. Responding to a question, Green said the BID can be undone with the

same process as it takes to set it up. Costello said there are many solutions to each problem and said this is a good place to start. Motion carried.

As there was no further business to come before the Council at this time, the meeting was adjourned at 9:45 P.M.

ATTEST:

Finance Office

(SEAL)

CITY OF RAPID CITY

Mayor