

2012 Economic Development Interviews – July 22, 2005 – 12 Noon, Caucus Room

Attending – Committee Members: Kroeger, Chapman, Gundersen Olson, 2012 Economic Development Chair Jennifer Languth and Vice Chair Linda Rabe, Kay Rippentrop.

Ron Kroeger explained to each group that there was a strict time schedule for the groups – fifteen minutes each with a five minute break between proposals and that the committee would adhere to the schedule. He explained that certain groups were asked to come because there were some questions, however it was not that one project was favored over another and it was not done to indicate approval or rejection of a project. He added they are looking to bring this information to the full Council by the end of August time frame and then go from there.

Economic Development Partnership Fund: Presenting: Bob DeMersseman, Pat Burchell and Kip Larson.

DeMersseman presented a printed report and noted that the principal idea is to have a source of funds should the opportunity arise that can be short time availability. He noted several occasions where it was necessary to have available money to provide a quick response, GE, Berquist and others. Burchell said that technology is the way to go and there are opportunities coming up that this money will certainly assist with to bring good things to Rapid City. Monies can be made available for such things as pre-employment training is another important tool. Kroeger asked about the city's preliminary plan to "pay as you go", if this is done, when would they expect the funds to be available or would they be prepared to "swap" time frames if there would be another project come up before they needed money. DeMersseman commented that if it were a big enough project, they could go with debt finance over a period of time. Languth asked if the Economic Development office sees issues with the possible Base closure, if these monies could be used for venues to bring in new businesses. Larson said he didn't think this money would be used to fund ideas, that there are grants available for that. Chapman asked a question about process, wondering if the Economic Development group was asking for \$5 million that it would be given to them and they would hold it until potential opportunities came about or were they asking that the city set aside the money in hopes of a potential opportunity. Larson said he could not imagine having that large of a sum of money just sitting, that if the city could set aside a certain amount and then dole out some smaller amounts when needed so that it would be available on a very quick basis. He added that as opportunities came about, the city could shift certain amount over to them, rather than just a big amount of money. Chapman asked where the ten million dollar figure came from? DeMersseman said that based on the amount set by the Council, of 25% of the monies for economic development and under the strictest interpretation of the guidelines, they went with that figure.

Regarding Ellsworth, DeMersseman said that they must be a reconstruction not a reuse, and there will be funds available for the Base from State and Federal government. He said they could participate if it meets their mission. It is important to find a use for the asset, but not to pump all the economic development funds into one basket. Also it is significant to remember that the Base has a lot to offer but at the same time, the operation and maintenance may be just too much for the city to take over, so there may be a need to look at other opportunities. DeMersseman noted that concerning the incubator, someone gets a grant to conduct research that will eventually bring about job creation or investment that the economic development could use some of the money to build out the park and build it into the lease for payback. The incubator is underway and they feel will go quickly.

Kroeger pointed out that currently this is a "pay as you go" plan and those that have their projects ready to go would get funded first. Rabe asked if Economic Development didn't make the request until year seven of the plan and the funds were gone, would they get the first shot at the next chunk of money. Kroeger said that certainly has not been determined and is an issue that must be dealt with. Economic Development group said they understood that. This is a risk that they would have to take, it is fiscally important that the money be used to fund those projects that are ready and make sense. Chapman said the Council has to work through the

issues of project/program language change. DeMersseman said that if all divisions are all working properly, then there should be plenty of good requests for economic development funds.

Canyon Lake Bypass Restoration: Ev Hoyt, Ron Koth and Van Lindquist appeared regarding this request.

Hoyt noted that Lindquist chaired the Mayor's Committee on Canyon Lake in 1991 that proposed the Canyon Lake renovation project – first 2012 project completed in 1996. Koth was a member of the 1991 committee which recommended the renovation at a cost of \$6.5 million. The project was ultimately done in parts at a much less cost. In 1997, there was a huge water event that changed the structure of Canyon Lake, the biggest water event since the 1972 flood. The BH Fly Fisher and BH Game, Fish, Parks proposed that they take a look at cleaning up Canyon Lake which is really the only silt trap between Pactola and farther downstream. There is no other catch facility along the way. They are proposing that the lake be restructured in two phases; one is to put in a pipe that would be under the water that would be sufficient to take care of the inflows while the lake was cleared of silt. The water would go in above and ultimately go out below in the creek. Hoyt said that they have not had monies for preliminary engineering work/design; just concepts and they have met with city staff on the proposal and were told that this group would have to retain the expertise to design the project. Essentially, all the inflow above Canyon Lake would be channeled down through the pipe, leaving a still pond to evacuate, last time the lake was pumped out, left the channel going through the lake and that led to problems and challenges during the construction. Hoyt said that they want to make sure that the pipe is installed so as to avoid those issues. Then the rest of the project would be to remove the accumulated silt from the lake and restore it to design depths and designed current flows. The flow should go around the north and carry all the duck waste down the creek rather than sitting there creating problems. This project will clean up the lake after a ten/twelve year period and construct the bypass pipe so to manage the creek flows during clean up time.

Kroeger asked about the time frame, and Hoyt asked that if the 2012 could continue to commit the \$400,000 to the project, Game, Fish, Parks has tentatively committed \$100,000 and the Black Hills Fly fishers has committed \$20,000 from their funds. The West Dakota Water group has discussed and would consider only if it is a total project of both phases. Hoyt said they would continue to work to put funding together to accomplish the entire proposed project. However, if the \$400,000 does not remain it is an uphill challenge for the group to raise monies to fund the entire project. Hoyt said they do not know just how much sediment there might be without the engineering done. They know that last time they removed 47,000 cubic yards of silt for a cost of over \$520,000.

Kroeger asked about possibilities of grant funding. Lindquist commented that the Canyon Lake as it was rebuilt after the flood is totally different than what was there before 1972. The Corp of Engineers did not allow the city to build the lake as it had been so it is much more shallow than it was before 1972. The silt increased during the Westberry Trails fire and it is the only holding facility so it is a settling basin from Pactola down. When the original project was down, there was impact downstream to the fisheries so this bypass will eliminate the issue, water flow will be channeled under the lake and brought out downstream on a temporary basis while the silt is being removed. Lindquist said that Canyon Lake would have to have periodic maintenance into the future due to the silt situation, they have loading from Pactola, increased urban development between RC and Pactola, nutrient loading from the fish hatchery and the ducks. Western Dakota wants to see the entire project done as they recognize the need, and it is not just the bypass that needs to happen. He noted that the city will always have the duck issue and due to the depth of the water. Lindquist talked about the various grants that have been researched to little success. Chapman said if the funding came though for \$520,000 where would the other funding come from? Hoyt said he hoped to persuade GFP to come up with additional funds and to other agencies. He suggested that the City may have to upfront some of the costs subject to payback over a period of time by participating agencies. The original estimate had been around a million dollars, including engineering studies. Hoyt said they have run the figures by several engineers and city staff and all agree that this is within the ballpark. Kroeger asked if this would help the algae problem with the bypass. This has showed up in the last couple of years, but there is no real

explanation as to why and where it shows up but there is no “fix” right now. The point stressed is that the pipe (bypass) is installed so that when the silt needs to be removed, or there is a problem with dam, the pipe can be opened, water diverted and then when the repair is made, the pipe shut down and the lake fills again, it is a permanent fix for problems. Hoyt said if there was a thermal event downstream, the pipe could be opened to introduce some cold water without running it through the lake, but you have to be careful so that the lake doesn't become so warm as to harm the fish there. It was pointed out that the dam tender is a city employee and takes the orders on a daily basis to control the water flow. Lindquist noted that requirement for a more shallow lake by the Corp of Engineers has led to the weed problem that requires the city to harvest the weeds on an annual basis.

It was noted that since the amount of silt removal is known, the question of cost is unknown. Olson asked if the CDBG funds for park development might be available for this but the question here is that it is not development but cleanup. Chapman said he thought there were monies for park restoration that might be available for this type project for the CDBG monies. Languth suggested that the City get in line and try and get some of the contractor's excise tax money back to the city, currently it all goes to the state. Committee questioned since this is a water issue, the city trying to meet the EPA standards for storm water, Canyon Lake is a collection point for the sediment so this might be something to be discussed during the utility storm water fee discussions.

Downtown Parking Proposal – Black Hills Power: Roger Gallimore and John Walker appeared regarding this suggested project. Gallimore noted that two key people were not available, Pete Cappa had to leave and Barb Thirstrup was unavailable due to a family wedding.

Kroeger said that one main question is when funding would be needed and the amount. Gallimore said that in 1998, the cost for a ramp was about 2.7 million dollars and it was cost prohibitive. Now with the donation of land by BHPL even with the additional cost, makes it more possible. Parking has been a tremendous need for many years. Walker said they have talked with businesses for several blocks and parking is a top priority. BHPL has a need for 120 spaces and they are willing to donate the land for the facility but would want to have first floor parking at no cost and then the rest could be leased out by the city to recover costs and operational costs. Kroeger asked about the land issue, this is a pay as you go proposal and if this was one of the last items on the list, what would happen if the ramp was towards the bottom of the funding list. Gallimore said if the project was not funded by 2012 there would be no way they would continue with the project. Question was raised as to how long BHPL would expect to have parking at no cost. Gallimore commented it would be his impression that this would be “forever”. He continued that he thought the important thing for them was that parking was tied to the building. Chapman asked about maintenance such as snow removal, did BHPL intend to participate in removal costs. Gallimore said he was sure that they were looking at surface (ground floor) parking which would not include the cost of snow removal. They would not be looking to participate in maintenance costs. The project if funded would be owned and controlled by the city of Rapid City, The proposal comes from a mix of for-profit and non-profit businesses and would serve the area at the west end of downtown. Question regarding the rest of the cost, if 2012 only recommended a million dollars. The best method might be through financing through bank financing or other means accessible and that the parking fees would cover that. The last time, they looked at financing two million dollars in 1998 and the total cost was 2.5 million, it looked like it could be financed through operating revenues. Rabe said there are a lot of vacant office sites open, and the committee thought this might help bring more to the downtown, creating economic development. Walker commented that the issues of downtown parking have long been a concern, noting the parking meters and employee parking being a problem. He noted his own business and the need to expand, however parking is a serious concern and especially in terms of expansion for his business and others. Kroeger noted if they had additional information from Cappa or Thirstrup, to forward to the Mayor's Office. Gallimore commented that everyone knows that parking is a big issue and this is a great opportunity for the downtown area. Languth suggested that if the structure is built, it be done so that future expansion is possible. Concern expressed about the length of time

that free parking should be available to BHPL for the donation of the land, that perhaps they should be given a generous length of time, but that it not go on forever.

Pactola Water/Water Utility Plan. Dan Bjerke appeared to talk about this proposal.

Bjerke said that there have been recent articles and news reports on the reallocation of Pactola and he wanted to be sure the committee understood the city was not buying water rights from Pactola. The Bureau of Reclamation owns the water rights, the city of Rapid City is contracting with the Bureau to control/manage a certain percentage of the water in Pactola, a total of 49,000 acre feet the remaining 6,000 was negotiated for recreational use and fish/wildlife purposes. The Bureau of Reclamation got the water rights when the reservoir was built in 1952 and they will continue to hold those rights. The advantage for the city is that they will be able to control/manage the water in Pactola for the city's purposes only. The old contract was on a year to year basis and at the end of the year, it started over. In 1952 there was a 40 year contract signed which expired in 1992 and the city has been working on a year-to-year basis since then. Bjerke said he presented the proposal because he feels there is a real need to fund this three million dollar cost from 2012 and use the other city dollars to build other city water projects. He stressed that for the city to grow, they must have a water supply that is reliable and surface supply will provide at least 50% of the water over the next forty years. The three million will pay off the original construction costs of Pactola and (less than \$70 per acre) the current water fund does not have excess dollars and this project would benefit existing water users on a long-term basis.

Chapman said that Economic Development recommended one million dollars, so is this a project not worth doing if they could only get a million? Bjerke explained that the city has already signed the contract; they have to do it and pay for it one way or another. By funding this with 2012 that frees up dollars for the other water utility infrastructure needs. They need a reservoir, pipelines, pump stations (Jackson Springs alone is a huge cost and 40% of the city's water comes from this one source). Bjerke said that the water utility dollars should be spent of the expansion of the infrastructure not the cost of Pactola. He stressed that this is a good alternate source to better utilize the water utility funds to help the community grow and expand. Bjerke stressed that there is a process that if Congress does not go along with this and the process starts over, the city will pay greatly and is a long drawn out process. He pointed out that Congress needs to reallocate the water and they have been close a couple of times then stopped but with the last introduction, seems to be a go. The City needs to be continually purchasing additional water rights as they become available. Kroeger noted that whether it was a million or whatever, it would be just that much less that would have to come out of the city's water utility fund. The operational/maintenance costs for Pactola does not change if the water is allocated to Rapid City and now has been negotiated so that the city staff operates and cut the operational costs in half. The City water master lives at Pactola and is in charge of releasing the water and doing minimal maintenance on the valves and hydraulic system. The water master takes order from all the water users on a daily basis and makes the appropriate release of water. Bjerke encouraged the committee to take a hard look at this, the million dollars is good, and will help the water utility fund for the growth of the community. Kroeger asked if the city put a million dollars towards Pactola, what the payback would be. Bjerke noted that the city would have to bond for some of the water projects because the three million is due (one time payment) as soon as Congress finalizes the Act. Kroeger said that if this falls apart and the process is started over, the hearings and such could cost over two million dollars. He noted that the water and sewer funds are short with all the projects being brought forth and this proposal would be a great project for 2012 for the benefit of the community. A concern expressed is that if this is not signed, someone could go to the Congressional group and it becomes a political question. Chapman said this is the closest that the city has been in getting the legislation passed.

Soccer: Louis Usera, Pat Wyss, and Joan Martin appeared regarding the soccer proposal.

Chapman commented that the land where the field is proposed is very valuable land for the city to at some point in time sell so he is wondering why the soccer complex needs to be on this specific site. Usera said they

have tried to address this by looking at different opportunities and in the city and this property that would fit the needs. Since the area was at one time designated to be a park, they felt this would be a good site, and in fact, were encouraged by the City Parks & Rec committee to use this area. This is more cost efficient because it is city land and because there are some issues with the land and the discussion that it should have commercial development, this would be ideal. Wyss said the challenge is finding 80 acres of level ground, relatively close to Rapid City. They looked at land on Elk Vale, and the Lamb property and these are possibilities, however the key is 25 fields for the complex. The Hwy 44 land has area for commercial development, which the soccer events will help make successful. In looking at other communities, there are excellent development opportunities surrounding soccer fields for restaurants, lodging, and clothing stores. This proposal will present the best commercial land proposal as well as the best soccer field development. The property by Elk Vale there is no water and sewer, plus the cost of the land would be over 2 million. By using the Hwy 44 site, there would be no land cost. Kroeger asked if the city used the pay as you go proposal, could be complex be done in phases and would it limit then what you could bring in for tournaments and since there is no guarantee for full funding, does that create a problem. Usera said they have funding proposed for 12 fields. They are hoping to bring in two tournaments, the Regional and Nationals and want to bid on these tournaments for 2011. He noted that Minneapolis has 75 fields and recently held the USA Cup with 115,000 participants. The Minneapolis people are helping Rapid City with funding, contacts, and helping in terms of getting a tournament to Rapid City. When Minneapolis brings in 40-50 different countries, they don't just come for one tournament, they want to come in for "sister" tournaments to get used to the environment prior to playing the big tournament. People want to play on good fields and Rapid City can offer things for players and families that other communities can't especially when they are not playing. Studies show that players/families will stay an additional two days in an area if there is something for them to do. Chapman noted that the phase one is for 12 fields, would that be enough to do any tournament except for the State and National and wondered how often could Rapid City bid on the State and National Tournament. Usera restated by saying that 12 fields could be used for a national level but the first two phases would be the 25 finished fields. After phase 1, they would have 25 fields, not all would be in the same condition, and some would be irrigated with field grass and usable. These fields could be used for other things when soccer was not being played, example of car shows parked on grass rather than hot pavement. With the 25 fields, you could have multiple events going at the same time. Olson asked if the soccer group would really honor other requests to use the fields. Usera commented he understood what was being asked and responded that soccer has a history of working with the city on uses, such as Post 320 using the fields and softball tournaments at the Star of the West facility, they also use their fields for warm-ups. He noted that on Minnesota Street, golfers are using the fields for driving ranges. Additionally for a complex to function, it needs to be utilized and perhaps utilizing the parking at a cost. Usera said this is just an example of a fund raising project that soccer could do; rent out parking space to a group, their concession stands would also bring money into the soccer complex. The soccer complex would be similar to a park, the grass is great and very durable. Usera gave several examples of additional use, Heritage Festival, band concerts, football games, track events such as the state high school track meet if a track were to be installed.

Chapman asked about maintenance – which would pay for the operation/maintenance of the fields- who would own the fields – who would charge the parking fees – who would keep the monies. Usera noted that currently, Soccer Rapid City is an organization of the soccer teams, each pays a fee to the organization. They have a budget of about \$130,000 a year. If this land were to be leased to Soccer Rapid City, Usera said they would maintain and operate the soccer park. He stated that at Sioux Park, Soccer Rapid City cares for and maintains the lower fields. The goal would be to work with other organizations to utilize the fields for other needs and then that would bring in additional funds for the o/m of the facility. They hope to make this a model facility for other sport groups to market, noting that the CVB has recently hired an individual to promote the sporting events.

Chapman asked where the other 5 million would come from if 2012 were to give 3.7 million. Usera said they were working on that with grants, Governor's office and different agencies/organizations. Several committee members cautioned the Soccer not to go the direction of naming rights. They hope to have monies for Phase

1 & 3 and Phase 3 may have to be delayed. Wyss noted that many ask about the community support before they are willing to give grants, and the 2012 dollars will prove the support. Wyss said that the phases can be laid out so that 2012 dollars can be leveraged to get other funds and one of the unique issues with this proposal is that this group has a plan on how to make this happen. They have a base to get the facility going and provided a plan to meet the goals. Usera said that they can bid on regional tournaments every other year, and Region 2 officials were impressed that this is a family oriented area so that when games are not being played, there is something for families to do. One game a day is played during the tournaments, so something is needed to fill in the time, so the idea is to build this as a destination place to go for tournaments.

Kroeger asked about the pay-as-you-go plan of the Council, can Soccer Rapid City secure dollars to start in case the city could not place them on the scale until late in the plan. Usera commented that starting next year, he would actually ask the City to hold off a year because that would give them more time for their grant and put their funding together. There is a cost factor to this delay but they would hope the city would keep that in mind when providing the funding. Kroeger asked if less dollars were available is there room to accomplish the 12 fields. Usera said this is a 12 million dollar complex, they have asked for less than that amount because of the land, so whatever the city would choose to grant will be used. They might have to build 10 fields instead of 12 but he would ask that the amount recommended by the 2012 committee would also include the land. Martin said if the land goes away, then it is a different ballgame and an additional two million would be needed.

Olson said that the Parks & Recreation Department is trying to be “traffic cops” to the parks and the city will try and direct everyone through them so that they are in the position of “final authority on the parks/recreation.” It was pointed out that the soccer people have met twice with the Parks and Recreation Board and they have said to go ahead with the project, but that they will not do any maintenance on the fields and soccer is in agreement with that. Usera said they work well with the Parks & Recreation Board in addition to other city staff. Soccer has also met with the new CVB sports person and reviewed the project.

Kroeger reminded the soccer representatives that this will be presented to the Council by the end of August and discussion will continue with the full membership.

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