Planning for Medical Cannabis in Rapid City: From Land Use Review to Lottery

by Kelly Brennan and Sarah Hanzel

On November 3, 2020, South Dakota made history by becoming the first state to vote on recreational and medical marijuana laws during the same election. Amendment A, a cannabis legalization initiative was approved by 54% of voters but was later determined unconstitutional. However, Initiated Measure 26 passed with 70% voter support to legalize the medical use of marijuana by qualifying patients. In addition, the measure legalized the testing, manufacturing, cultivation, and dispensary facilities integral to the medical cannabis industry.

With approval of medical cannabis by voters, local jurisdictions across South Dakota went to work creating policies that would coincide with rules and regulations being further mitigated by the South Dakota Legislature and State Department of Health.

The City’s charge was to identify a regulatory framework to ensure that the newly allowed cannabis facilities would have sufficient opportunity to meet patients’ need while also avoiding potential conflicts with surrounding neighborhoods. From a land use perspective, medical cannabis facilities are similar to many other business in the community today. Yet they differ in key aspects too. Retail pharmacy shops, medical testing facilities, indoor plant cultivation, and manufacturing facilities exist all over Rapid City; however, medical cannabis introduces elements of odor management, security, and distancing from potentially sensitive neighbors such as schools, childcares, churches, parks, and residential properties. State Law established some criteria, for example that a cannabis facility cannot be within 1,000 feet of a school. As an addition to the State Laws, the City needed to determine what other regulations and processes would be created to implement the intent of Initiated Measure 26.
Each of the types of cannabis facilities were determined to be permitted, conditional, or not allowed within commercial and industrial areas. No cannabis facilities are permitted in residential areas. Some uses required review and approval by the Planning Commission and/or the City Council if appealed.

To date, dispensary reviews have made up the majority of cannabis related planning activity in the Community Development Department. The City Council established a cap of 15 dispensary licenses within the community, decided by a random drawing lottery administered by the State Department of Health. The deadline to enter into the lottery was December 31, 2021. In order to qualify for the lottery, applicants needed to secure a zoning letter of compliance from the Community Development Department. This was a two-part review process, starting with a Provisional Zoning Letter of Compliance. The Provisional Zoning Letter was a cursory glance at a proposed site’s eligibility based on its zoning designation and the surrounding development. After a Provisional Letter was obtained, a site was reviewed and found to be either a permitted location, needing no further review prior to the lottery, or a Conditional Use Permit, needing review by the Planning Commission. 40 sites were permitted locations, and 32 required review by the Planning Commission. Each site plan and application packet had to demonstrate compliance with parking, landscaping, signage, traffic circulation, as well as odor, waste, and security plans. During this time, the Community Development Department had a near record-breaking submittal count with more than 40 active applications at once.

The Planning Commission reviewed applications at their meetings on November 24 and December 20, 2021. All of the 32 approved Conditional Use Permit applications reviewed by the Planning Commission were appealed to the City Council. Of those, 8 were approved by the City Council. In total, there were 48 locations eligible to enter into the lottery which included both permitted locations and locations requiring a Conditional Use Permit. On March 9, 2022 the lottery was held to draw the 15 sites. The lottery winners have one year to open the doors and become operational. If they fail to meet this deadline, then the State license is forfeited and the State will reissue the license to another qualifying applicant.

(Continued next page)
With the dispensary locations selected, applications for manufacturing, cultivation, and testing are now starting to come in for review. The first cultivation facility was approved by the Planning Commission in February. With no cap on these facilities, we expect more businesses to come forward based on market demand. But the story is not over. As the status of Amendment A to legalize recreational cannabis is revisited by law makers and voters, further expansion of the cannabis industry in Rapid City is possible.

Example of Cannabis Location map used to help guide planning and decision making for cannabis dispensaries. Map Credit: Kelly Brennan, 2021
PLATTING
In the second half of 2021, the City approved 28 Final Plat applications creating 297 lots. The largest of these is Hillsview Estates Subdivision, which consists of 47 lots on 18 acres zoned Low Density Residential District.

<table>
<thead>
<tr>
<th>Type of Lot</th>
<th>Number of Lots</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>273</td>
<td>92%</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>17</td>
<td>6%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>Industrial</td>
<td>2</td>
<td>0.7%</td>
</tr>
<tr>
<td>Commercial</td>
<td>1</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

ANNEXATIONS
In October of 2021, the City annexed 178 acres north of Sheridan Lake Road and the Highpointe Ranch Subdivision. Future development in this area will include single family residences and townhomes.

CONDITIONAL USE PERMITS AND OTHER PROPOSALS
The City approved 44 conditional use permits, 22 Rezones, and 5 Variances from July 2021 to February 2022. These include a wide range of uses such as oversized garages, on-sale liquor, and mobile home parks. Of note, the City reviewed 5 Conditional Use Permits for medical cannabis dispensaries.

PLANNED DEVELOPMENTS
Planned Developments are used for residential and commercial development. During the second half of 2021 there were 26 Planned Development applications, many of which included much needed housing units.

- **Diamond Ridge Apartments** – An Initial Planned Development Overlay to allow an apartment complex to be known as Diamond Ridge Villas. The project will consist of 17 apartment buildings with a total of 384 units ranging in size from 1 – 3 bedrooms. The development also feature a clubhouse, outdoor swimming pool, dog park and garage.

- **5th Street Office Plaza** – A Final Planned Development Overlay to allow an apartment complex at 4815 5th Street. The proposed project includes 165 units across eleven 15-unit structures. This site will provide infill housing opportunities along the 5th Street Corridor.

- **Block 5 Project** – an Initial Planned Development Overlay to allow a 10-story mixed use structure. This property is currently used as surface parking lot owned by the City of Rapid City and is proposed to be redeveloped to include, a 330 stall parking garage, 131 apartments, 117 hotel room and conference center, and 8,000 square feet of commercial/retail space on the ground floor.
The Rapid City Metropolitan Planning Organization (MPO) is promoting an online survey to identify the community’s preferred improvements to the Cambell Street corridor.

The MPO is working to develop ideas for making the Cambell Street corridor from Fairmont Boulevard to St. Patrick Street safer and more convenient for all users.

“The bridge over the railroad is scheduled to be replaced, providing a great opportunity to enhance mobility in the area,” said Project Manager Kip Harrington. “We would like to get the community’s input and encourage participation in the survey.”

Harrington said the project team has developed a series of conceptual alternatives that provide more space for biking and walking in the study area, which currently does not have any sidewalks. The survey will help identify the community’s preferred improvements. The survey can be accessed at https://www.surveymonkey.com/r/CambellStreet through March 25th for you to provide your input. The project website - https://cambellstreetstudy.com/ has additional information about each alternative. Thank you for taking the time to complete the survey!

ALTERNATIVE 1
- Cambell structure retained
- No changes to street network
- Added sidewalk and shared-use path connections

ALTERNATIVE 2
- Cambell structure retained
- St. Joseph and Bridge View merged into one alignment
- Added sidewalk and shared-use path connections

ALTERNATIVE 3
- Cambell structure retained
- No changes to street network
- New east-west trail along existing creek
- Added sidewalk and shared-use path connections

ALTERNATIVE 4
- Cambell structure eliminated
- St. Joseph ramps eliminated
- New at-grade railroad crossing
- Added sidewalk and shared-use path connections

ALTERNATIVE 5
- Cambell structure eliminated
- Cambell alignment split to create 90-degree intersection with St. Joseph
- New at-grade or raised railroad crossing
- Added sidewalk and shared-use path connections

ALTERNATIVE 6
- Cambell structure eliminated
- St. Joseph alignment modified to create 90-degree intersection with St. Joseph
- New at-grade or raised railroad crossing
- Added sidewalk and shared-use path connections

For more information, please contact Kip Harrington, Project Manager, at kip.harrington@rcgov.org or 605-394-4120.
2022 is off to great start!

Material shortages and costs have continued to cause ongoing issues for construction in 2022. But, there are still a high number of building permits and permit valuations being processed. Highlights include:

- Since January 502 permits have been issued with the total valuation of $70,986,013.
- 44 Single Family homes with valuation of $11,507,958
- 26 Townhomes with valuation of $8,328,048

Top Permits issued so far in 2022:

1. $24,655,300 - Monument Health Regional Rehab & Critical Care Hospital at 2115 Promise Rd
2. $1,200,000 - 12-Plex at 535 Neel Street
3. $1,200,000 - 15-Plex at 4801 5th Street
4. $590,000 - 6 Plex at 2763 Clippers Street

Record numbers in February!!

173 building permits were issued last month for a valuation total of $46.25 million, a record valuation permit total for the month of February.

The top-valued permit was issued to Monument Health Regional Hospital with MJ Harris Construction as contractor for the Rehab and Critical Care Hospital facility at 2115 Promise Road. The permit is valued at $24,655,300. Monument Health Regional Hospital with Layton Construction, Inc. as contractor was also issued a permit valued at $7,463,000 for the phase two surgery expansion at the facility at 353 Fairmont Boulevard. Midcontinent Communications with Sunkota Construction Inc. as contractor was issued a permit valued at $5,400,000 for interior build out alterations to the facility at 537 Century Road.

Last month’s record permit valuation totally eclipsed the previous top February mark of $31.68 million from February 2013.
Community Development Block Grant Regulatory Changes in Effect

Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance are directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 3 Rule Change

Below are the key changes in the new Section 3 Rule (24CFR Part 75) that are now in effect.

OUTREACH - Section 3 projects now require prioritization of outreach efforts for employment, training, and contracting opportunities.

Employment and Training: To the greatest extent feasible ensure employment and training opportunities are provided to Section 3 workers within the metropolitan area in which the project is located.

When feasible priority should be given to:
- Section 3 workers residing within the service area or the neighborhood of the project; and
- YouthBuild participants.

Contracting: Ensure contracts for Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 workers residing in the metropolitan area in which the project is located.

When feasible priority should be given to:
- Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project; and
- YouthBuild programs.

LABOR HOUR BENCHMARKS - Section 3 projects now require a minimum percentage of labor hours to be performed by Section 3 Workers and Targeted Section 3 Workers.

- 25% or more of all labor hours must be worked by Section 3 Workers; and
- 5% or more of all labor hours must be worked by Targeted Section 3 Workers.

DEFINITIONS:

Section 3 Worker Definition:
- A low or very low-income resident (the worker’s income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

Targeted Section 3 Worker Definition (for public housing)
- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
  1. A resident of public housing; or
  2. A resident of other public housing projects or Section 8-assisted housing; or
  3. A YouthBuild participant.

Targeted Section 3 Worker Definition (for housing and community development)
- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
  1. Living within the service area or the neighborhood of the project, as defined in 24 CFR 75.5
  2. A YouthBuild participant.

Additional Information and Opportunities:
To find employment or contracting opportunities or to register as a Section 3 business, visit: Section 3 Opportunity Portal - Home (hud.gov)
For a list of FAQ, visit: 19580_SECTION3.PDF (hud.gov)
Code Enforcement is preparing for the changing of seasons.

- As the season changes from cold and snow to the warm spring season, Code Enforcement will be preparing for the growing season. Tall grass and weeds will be a priority focus along main corridors and throughout the neighborhoods.
- Junk and inoperable vehicles continue to be an issue throughout the neighborhoods. All vehicles must be currently licensed and operable or they may be a chance they will be towed from the property.
- Trash and debris build-up will become more apparent in the warmer months. More people are spending time outside during this time and will likely notice more issues.
- As trees begin to bloom, it will be easier to recognize dead and dying trees. These will likely require a notice for removal sent to the property owner. Also, with trees and bushes in bloom the overhanging branches over streets and sidewalks become an issue. Branches must be cut to a minimum height over seven feet over the sidewalk and eleven feet over the streets and alleys.

For more information visit https://www.rcgov.org/departments/community-planning-development/code-enforcement.html

### 2022 Totals

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
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<tbody>
<tr>
<td>Contacts (phone, email, in-person)</td>
<td>961</td>
</tr>
<tr>
<td>Complaints</td>
<td>281</td>
</tr>
<tr>
<td>New Inspections (proactive or complaint)</td>
<td>416</td>
</tr>
<tr>
<td>Re-inspections</td>
<td>437</td>
</tr>
<tr>
<td>Abatements</td>
<td>81</td>
</tr>
<tr>
<td>Property Owner Resolved</td>
<td>183</td>
</tr>
</tbody>
</table>
DOWNTOWN PARKING

In the last half of 2017, Walker Consultants evaluated the parking system in downtown Rapid City and put together a strategic plan for the City to use as a guide while redesigning the parking system. The study found that significant changes needed to be made to the system to accommodate existing and future demand. The City made the following changes to align with the study’s recommendations:

- Smart meters were installed in the downtown core. There are no time limits on meters.
- All mechanical, coin-operated meters were removed.
- A 2-hr time limit was enacted in the peripheral downtown areas.
- Oversell limits for parking permits were increased in relation to occupancy levels.
- On-street permits were created as a way to encourage long-term parkers (residents/employees) to park in the peripheral downtown areas.
- Revenue from new parking program funds future costs of parking program.

### REVENUES

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
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<tbody>
<tr>
<td>2018</td>
<td>$622,605.06</td>
</tr>
<tr>
<td>2019</td>
<td>$1,053,933.50</td>
</tr>
<tr>
<td>2020</td>
<td>$1,367,383.53</td>
</tr>
<tr>
<td>2021</td>
<td>$1,647,034.58</td>
</tr>
</tbody>
</table>

**Two Hour Free Parking**

Enforced Mon – Fri 7 – 5pm. Limited supply of daily permits available online in this area for $7

**Pay Stations**

Enforced Mon – Fri 7 – 6pm and Sat 9 – 5pm. South side lower level of parking ramp. Enter license plate number and payment at a kiosk upon arrival.

**Smart Meters**

Enforced Mon – Fri 7 – 6pm and Sat 9 – 5pm. Making a quick stop? 15 minutes of complimentary parking. $1/hour if staying longer.

### PARKING BY THE NUMBERS

- 2,647 SPACES MONITORED
  - DOWNTOWN
- 1193 2-hr parking or on-street leased spaces
- 728 off-street leased spaces
- 629 single-space meters
- 3 multi-space meters (monitoring 97 spaces)
- 13 loading zones

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**PLEASE VISIT IPSGROUPINC.COM/RAPIDCITY**

For more information.

- View a map of the entire downtown parking system.
- Watch a video on how to use the meters, pay stations, mobile app, and more.
- Purchase a parking permit.
- Pay or appeal a parking violation.
- Buy tokens to validate your customers’ parking.

If you need further assistance or have other questions about downtown parking, call us at 605-394-6098.
**NEW EMPLOYEES**

Over the last year a number of new employees have been hired and we would like to take this opportunity to introduce and welcome them to the department!!

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Bio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANNA GILLIGAN</strong></td>
<td>Parking Operations Manager for Parking Enforcement</td>
<td>I grew up in eastern Iowa, but went to college in Billings, MT, and fell in love with this region of the country. I moved to Rapid City nine years ago, and the natural beauty and easy access to public land have solidified my commitment to this area. I spend the majority of my days off outside, hiking through the Hills or searching for Fairburn agates in the grasslands.</td>
</tr>
<tr>
<td><strong>JASON GOODALL</strong></td>
<td>Parking Enforcement Officer I</td>
<td>I’m originally from the Upper peninsula of Michigan. I enjoy the vast expanses of the black hills. I served Active duty in The Kosovo campaign, operation Iraqi Freedom, and during Freedom. I enjoy spending time with my family, hiking, and outdoor photography. Fun facts; I’ve been to 40 states, 13 countries and seen the midnight sun.</td>
</tr>
<tr>
<td><strong>MARLO KAPSA</strong></td>
<td>Current Planner I in Current Planning</td>
<td>Originally from Belle Fourche, SD. After earning my Master of Urban Planning Degree from University of Washington located in Seattle, I returned to the Black Hills to put my new professional skills to work and enjoy the amenities of South Dakota living (again). I enjoy music, biking, hiking, snowboarding, and spending time with my partner, family, and our menagerie of animals.</td>
</tr>
<tr>
<td><strong>KRISTIN GARVIN</strong></td>
<td>Administrative Assistant I for Current Planning</td>
<td>Originally from Spearfish and have a 12-year-old son named Bryer, my partner Chad, dog named Moose, cat named Squirrel and a bearded dragon we call Loki. I love to spend time with my boys, especially outside. We enjoy four-wheeling, kayaking, hiking, and camping. My son is also a dinosaur expert, so we hit up a lot of museums!</td>
</tr>
<tr>
<td><strong>TANNER HALONEN</strong></td>
<td>Current Planner I in Current Planning</td>
<td>I’m originally from Outlook Saskatchewan Canada which is a small town an hour south of Saskatoon, I’ve lived in Saskatchewan my entire life (until very recently!), graduated from the Urban and Regional Planning Program from the University of Saskatchewan and previously worked as a City Planner for the City of Saskatoon. I came to South Dakota to try something new and experience American planning! South Dakota is a beautiful state and I have friends and family in the area. A hobby I enjoy outside of work is playing hockey.</td>
</tr>
<tr>
<td><strong>KATIE LOVETT</strong></td>
<td>Administrative Assistant I for Code Enforcement &amp; Community Enrichment</td>
<td>I came from Amarillo Texas. I like to draw and paint digitally. I’m a really big nerd. The hills and trees are what brought me to Rapid City. The prettiest sun rises and sun sets I have ever seen. Even when the weather is bad this place is gorgeous.</td>
</tr>
<tr>
<td><strong>CHRISTINE PHILLIP</strong></td>
<td>Administrative Assistant I for Building Services</td>
<td>Moved to South Dakota from Wyoming. Mother of 4, Grandmother of 2. I love the Black Hills as I enjoy being outside and though I hike almost every weekend, I also enjoy kayaking, 4 wheeling and almost any outside activity.</td>
</tr>
</tbody>
</table>