Voters turned down BID project 20 years ago

TAX DISTRICT: In 1990, development tools like BIDs were new.

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The headlines are similar, then and now. “Downtown district foes circulate petitions,” the Journal reported more than 20 years ago.

But supporters of the downtown Business Improvement District that is up for a public vote June 29 hope the headlines will be different than they were June 30, 1990. They hope they won’t read, “Voters turn lights out on BID,” as the paper reported in 1990.

Supporters of the new taxing district say there are many reasons to believe the outcome will be different this time.

They say they have a solid majority of downtown property owners in support of the measure, proof from other cities that business improvement districts are effective, momentum from other recent local revitalization projects and a city council unified behind the plan.

Mayor Alan Hanks is optimistic about the tax district’s chances this time around.

He said he sees this ballot issue no differently than two of the biggest proposals in Rapid City history, both of which successfully beat referral attempts by large margins: the Rushmore Plaza Civic Center and the Vision 2012 half-cent sales tax.

“It’s the same thing,” Hanks said. “People say we can’t afford this; why in the world would we spend this money on quality-of-life issues? But here we are, 15 years after the first round of 2012. Can you imagine what our city would look like without the 2012 program?”

In early 1990, a straw vote of downtown business owners showed narrow majority support for a proposal to tax property owners to pay for business recruitment and downtown promotions.

But opponents, organized as the Committee for Fairness, led by attorney Walter Bradsky, criticized the results, saying the straw poll was not an accurate indication of support.

At the council level, support for the tax district was also mixed.

The final vote in June 1990 was 6-3 in favor of approval. One downtown business owner responded to the vote by shouting, swearing and slamming the door on his way out of the council chambers, according to the Journal’s account.

Opponents quickly gathered enough signatures to refer the tax district to a citywide vote. But days before the July special election, a 7th Circuit Court judge threw out enough invalid signatures to nullify the petitions.

Undeterred, the Committee for Fairness gathered enough signatures to trigger another citywide vote, this time as an initiated measure. In December 1990, Rapid City voters rejected the district, 2,633 to 1,676 and the tax 2,752 to 1,707.

Rapid City Realtor Keith Carlyle, who was mayor in 1990, said some council members then did not understand what could be gained by supporting the district. He said tools like business improvement districts and tax increment financing districts were new then and not fully understood by policy makers.

“It was before its time,” he said. But Bob Fischer, one of three aldermen to vote against the tax district in 1990, said he couldn’t support the tax then because there was never a clear majority of property owners in favor of the BID.

“There were a lot of businesses in the downtown area that were very upset about having to pay higher taxes. They didn’t feel they would gain from the business improvement district,” Fischer said. “My concern was I wanted unity.

If the taxpayers of that area wanted to be assessed additional at that time, I was willing to go along with it. But that wasn’t the case. I couldn’t support it unless there was unity.”

There isn’t complete unity now, with opponents saying the timing is again wrong for a new tax.

But supporters say there is more unity than ever. More than two-thirds of property owners support it, by the official measure of property “front footage.”

There is unity on the city council. Aldermen unanimously approved the BID on three occasions: an initial vote to move forward on the proposal and two ordinance readings at council meetings.

At the first hearing, public supporters outnumbered opponents 4 to 1. By the last meeting, when the council ultimately approved the tax district 10-0, opponents were absent.

A laundry list of civic associations came out in support of the BID: the Rapid City Area Chamber of Commerce, Rapid City Convention & Visitors Bureau, Rapid City Economic Development Partnership, Rapid City Hospitality Association and the Rapid City Downtown Association.

Part of what united all of these groups, Destination Rapid City president Dan Senftner said, is the idea of the Main Street Square. Not only does the public plaza give focus to the district’s goals, it has brought out more than $3 million in commitments for private investment in the downtown.

There has also been somewhat of a changing of the guard in downtown leadership.

Walter Bradsky, a leading opponent in 1990, now says he supports the district— not because he likes the idea of the taxing structure any better, he said, but because some of his sons, as owners and remodelers of the historic Hotel Alex Johnson, are behind the plans.

The Bradskys and other downtown investors see the square as an essential component to a revitalization that will make the downtown a destination for shopping, dining, entertainment and living.

Aside from the momentum from downtown and city leadership, Senftner said, there is evidence from cities nationwide that “downtowns are coming back.”

“We have seen since (1990) downtowns that did flounder and were not growing, and it truly was a very big hit on their city,” he said. “A vibrant downtown changes your whole community .... We don’t have to reinvent the wheel here. All we have to do is follow the guidelines of what’s working.”