City creates downtown improvement district to fund revitalization

By Emilie Rusch 04-01-10
journal

Downtown property owners will start paying a special tax to fund downtown improvements this fall.

The Rapid City Council on Monday voted unanimously to create a Business Improvement District downtown to provide funding for downtown projects, including the operation of a proposed year-round public plaza at the heart of revitalization efforts.

The tax district will go into effect May 1, with the first tax bills scheduled to go out to downtown property owners in September or October.

Property owners, assessed based on their proximity to the core of downtown, will generate about $173,700 a year in revenue for Main Street Square operations, with the goal of the plaza eventually becoming self-sustaining.

“The momentum just keeps growing,” said Dan Sendtner, president of Destination Rapid City, the organization proposing the BID. “I feel so strongly that we’re moving in the right direction.”

Monday’s vote came with little drama, but for downtown leaders, it was the culmination of more than a year of work meetings with property owners to share their vision for downtown.

Fewer than 10 people spoke at Monday’s public hearing, a far cry from the first hearing held in late February. Then, more than 100 people packed the council chambers during a nearly three-hour public hearing to share their opinion of the proposed district.

Monday’s unanimous vote was met with applause from supporters in the audience.

“We need to keep downtown vibrant,” said Clancy Kingsbury, an owner of three properties downtown. “Other cities I’ve been to, that’s their center. We need to keep our center good.”

See DISTRICT, Page A9

Main Street Square

Destination Rapid City is spearheading private fundraising efforts to raise $3 million toward the $6.5 million cost to build Main Street Square at the site of the city-owned parking lot at the corner of Sixth and Main streets.

Downtown BID?

The downtown Business Improvement District will be divided into two zones taxed at different rates based on the properties’ proximity to the downtown core. Zone 1 will include all properties bordered by Mount Rushmore Road, Omaha Street, Fifth Street and Kansas City Street. Zone 2 includes all commercial properties outside those boundaries between West Boulevard, Columbus Street and East Boulevard.

Tax rate

| Zone 1: $1.50 per $1,000 assessed value |
| Zone 2: $0.75 per $1,000 assessed value |

Affected properties

| Zone 1: 132 |
| Zone 2: 220 |

Affected property owners

| Zone 1: 87 |
| Zone 2: 124 |

Estimated annual revenue

| Zone 1: $99,984 |
| Zone 2: $73,709 |

The first BID assessment will not be until fall 2010, according to the City Finance Office. Tax amounts should be finalized by the end of June.

Source: Destination Rapid City, city documents

Nearly all of the aldermen expressed enthusiastic support for the downtown district, commending Destination Rapid City for its work in garnering support for the proposal.

Ward 2 Alderwoman Deb Hadcock, a downtown property owner, said the BID and Main Street Square will be an asset from which to build in the future.

“It will make a difference for everyone that’s down in the DID area. I believe that in my heart,” Hadcock said. “It will help all the way to Tech. It will help all the way to West Boulevard.”

Destination Rapid City is spearheading private fundraising efforts to raise $3 million toward the $6.5 million cost to build Main Street Square at the site of the city-owned parking lot at the corner of Sixth and Main streets. The nonprofit organization intends to seek Vision 2012 funding from the city to make up the difference.

If approved, Main Street Square would feature an ice skating rink in the winter and interactive fountains during the summer.

It would be home to numerous festivals and events year-round. The Vision 2012 funding process is scheduled to begin later this month.

“This is going to be something we’re going to be so proud of,” Ward 3 Alderwoman Karen Gunderson Olson said.

“We’re going to look back and say this was a turning point for downtown.”

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