Is city prepared for major downtown street project?

By James F. Taylor
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Is the city ready for the reconstruction of Main Street and Saint Joseph Street downtown? Are all the city departments taking it seriously enough? This construction may have more negative impact on sales and tax revenues than any street construction in the history of Rapid City.

This construction could start as early as November. To date, there has been no written economic impact study or parking plan. Sixteen percent, or more, of the city’s businesses will be affected. By percentage, these businesses represent $568 million — more than half a billion — in gross sales and $4.7 million in sales tax revenues to the city over the two-year life of the project.

The above figures are estimated by taking the number of businesses included in last year’s proposed Business Improvement District (400) compared to an estimated 2,500 businesses in Rapid City. That percentage is then used on the chamber of commerce’s estimate of total sales in Rapid City in 1990 ($1.77 billion) and the state Revenue Department’s 1990 figure on sales tax revenue for the entire city ($14.8 million).

Exact sales and sales tax revenues would have to come from the South Dakota Department of Revenue. Bonnie Hughes, the director of the Community Development Department, has said that these figures are not obtainable. But, after calling the state I found that the information is available if a clerk would type in all the names and addresses of the businesses in the area. This is a job that would require a rather slow clerk/typist less than three hours. It would seem that economic information involving impact on an estimated $568 million in sales would be worth three hours of a clerk’s time!

A parking committee has been appointed that is chaired by Hughes, whose department receives funds from leased parking downtown. The director has indicated that the department does not want to lose that funding. Although they may have been consulted, there is no traffic engineer or financial advisor on the committee. The director has firmly stated that the city will take care of parking during construction “as they go along.”

With the dollars involved, are we going to leave parking control up to a construction crew? Why, less than two months away from the start of reconstruction, is there no parking plan? There is not even a plan for a plan.

Wouldn’t free parking in “all” city lots during the downtown construction go far to alleviate the negative impact from this project? The $45,000 received yearly for leased parking by the Community Development Department represents approximately 2 percent of the city’s revenue from the sales tax of the businesses affected. It represents less than 0.002 percent of these businesses’ gross sales. If someone actually needs leased parking they could obtain it on a case-by-case basis. The desire of one department to protect its budget may have a tremendous negative impact on all the taxpayers of the city.

The Traffic Engineering Department does seem to have done its homework. They have called other cities that have experienced similar construction. They have made some changes after receiving that information. One thing that department has not done is to run a computer model of the future growth of downtown Rapid City. Larry Kostaneski, manager of the Traffic Engineering Division, said the department had no use for the model because the streets were not being changed, only reconstructed. Obviously, the Community Development Department has not asked for that model in order to relate it to downtown parking. Taking into account the gigantic amounts of money involved, doesn’t common sense tell us to obtain all information possible?

Would anyone be surprised by a 10 percent, or more, reduction in sales by downtown businesses during reconstruction? Kostaneski said he would not be surprised by a 10 percent reduction in business. That would represent an estimated $5.68 million in lost sales and $470,000 in lost sales tax revenue. The manager of one local business told me there was a drop of 50 percent in sales during construction in his area. If we compare the possible loss of business sales to the small cost of free parking, to say we’re being “penny wise and pound foolish” would be an extreme understatement.

Are the mayor and the city council being properly informed and advised by all city departments involved as to the possible serious effect of this reconstruction on the city and its taxpayers? If they were, wouldn’t free parking during reconstruction be on the top of their agenda?