Downtown still struggling

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A special program to increase the number of businesses in downtown Rapid City has not done so after two years of effort.

By next January, downtown must have 95 percent of its buildings occupied to meet a goal of South Dakota Main Street, the program established to bolster downtown.

Bryan Schnell, director of Downtown Development Corp. and manager of the Main Street project, recently estimated the percentage of occupied buildings "in the high 70s."

"The program clearly has not accomplished what I had expected it to do thus far," Schnell said.

In August 1987, when the city started planning for the Main Street project, about 80 percent of the buildings were occupied.

According to Schnell, downtown occupancy was as high as 92 percent before the departures of Computerland on St. Joseph Street, Independence One Bank at Fifth and Main streets, and several others.

Those others include the Elks Theater, J.R.'s Bar & Grill, Two Wheeler-Dealer, and the announced closure of Hallmark Card Corner. Downtown also has the ever-vacant J.C. Penney Co. store, four vacant storefronts on Sixth Street, and three empty Mount

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Rushmore Road storefronts, south of the Lucky Lady Casino.

The accompanying map of the downtown core illustrates the situation as of late January. Of 139 street-level, or storefront, businesses bounded on the east and west by Fifth Street and Mount Rushmore Road and on the north and south by St. Joseph and Main streets, 16 were vacant.

That is an occupancy rate of 88 percent — for storefronts only. Storefront occupancies are about 5 percent to 7 percent higher than occupancy rates of whole buildings.

The Main Street program, begun in January 1988, was undertaken to stop businesses from leaving downtown, to lure more businesses and to renovate historic buildings.

To pay for the project, the city created a downtown tax increment district. Its boundaries are the south side of Omaha Street, the north side of Kansas City street, the west side of East Boulevard and the east side of West Boulevard.

For businesses in that area, the program set out to increase store sales by 50 percent. That has not happened. Schnell estimated that store sales had increased from 10 percent to 20 percent.

South Dakota Main Street also called for changes to the storefronts at Plummer’s Piano, Woolworth’s and buildings on the south side of St. Joseph Street. The idea was to strip buildings of metal sidings and expose the original fronts.

That has not occurred at Plummer’s or Woolworth’s. But frontes were exposed at Gold Plus (the former Foxy Market) and part of the Sweeney Building that housed Black Hills Spas. New awnings were put up at Tiffany Optical, Black Hills Beauty College, Power Plaza, the Dusek Building near the federal courthouse, and the former Crystal Lounge. The beauty college and Wok II restaurant also installed business signs that hang over the sidewalk.

Schnell estimated that since January 1988 downtown businesses spent about $1 million in improvements.

Other goals of the program were to have a comprehensive plan for property owners, which does exist, and a way to carry out the plan, which would exist if a proposed Business Improvement District (BID) was approved.

Schnell said Main Street had succeeded in promoting downtown.

Before Main Street, downtown had three promotional events: a winter sale for spring, a summer Crazy Days and a Christmas sale. Now there are summer and winter crazy days, a military appreciation/band festival day to replace Dakota Days, the Heritage Festival, Artoberfest, Christmas promotions and occasional Friday afternoon band concerts.

Schnell said people were satisfied that Artoberfest, summer Crazy Days and Christmas attracted shoppers.

But he said the real failure was to restructure downtown economically. The idea was to create a strategic fit among businesses as successful malls and shopping centers do.

"Right now downtown, the rents are so low that if a marginal business wants to open up someplace, chances are it would choose downtown because they (rents) are the lowest in the city."

Schnell said a BID (encompassing the same downtown blocks as the Main Street project) would provide solutions.

Asked to assess downtown’s financial health, Schnell said: “I’d say financial health is average or OK. I would not say it’s excellent. I know there are some people that are struggling, and the irony is when you start to struggle, the first place you cut back is in promotions, and lots of people have viewed the BID as something extra when it could turn it around.

“In one year or two years, our biggest opponents would become our most vocal proponents.”

He said downtown seemed to have “close to enough” parking places. But parking has caused “a great amount of animosity” because downtown has no parking garage, as many people thought it would have following a 1984 vote to increase city sales taxes.

According to the city finance office, the city has spent about $2.18 million to acquire downtown land for parking lots and improve them.