Rapid City planners do serious dreaming about downtown

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A monorail picks up conventioneers at Rushmore Plaza Civic Center and whisks them over Omaha Street to downtown Rapid City.

Below, other visitors walk to stores over a wide, landscaped pedestrian bridge.

Downtown, the alley between Main and St. Joseph Streets has been covered by a skylight from Fifth Street to Mount Rushmore Road. Inside, shoppers stroll on cobblestone amid lush plants, fountains, sidewalk restaurants and renovated back door store fronts. A string quartet serenades shoppers in one block. In another, a Group Theatre troupe entertains.

Above it all, shoppers amble through second story connections between downtown businesses, perhaps dropping the kids off at the Downtown Day Care Center.

Outside, several once-vacant downtown buildings have been converted into parks and parking lots.

On Thursday night city planners and about a dozen downtown business people did some serious dreaming about what downtown Rapid City could be.

The meeting, sponsored by the city Planning Commission, was a brainstorming session on how to use money from the newly created Downtown Tax Increment District.

Tax increment financing is a way to raise money for public projects, and it works this way:

The state sets the valuation of the district. (The valuation of Rapid City's 33-block downtown was set at about $32.5 million, not $38 million as reported in Thursday's Journal.)

As improvements are made in the district — whether through building renovations or other projects — the district's valuation increases. The additional tax revenues generated by improvements are set aside in a special fund.

Meanwhile, the improvements have been financed by tax increment bonds, which are paid off by the tax increment fund.

As in the case of industrial revenue bonds, the bondholder, not the city, takes all the risk.

Tom Didier, a managing partner of the Hotel Alex Johnson, said three major downtown problems — parking, access to the Civic Center from downtown and empty downtown buildings — are all related to transportation.

"Improve transportation and you'll fill up buildings," he said.

Wes Shelton, economic development director for the Rapid City Area Chamber of Commerce, said linking downtown to the Civic Center "instantly doubles parking in both areas."

Shelton said, "We have the finest civic center within hundreds of miles, but it's divided from downtown by a railroad and a five-lane highway. Sometimes we don't see what it means to cross something like that."

Shelton said Seattle solved a similar problem by building a park, complete with waterfall, over a freeway.

He also said vacant buildings downtown can discourage people who are considering locating in Rapid City.

Shelton said one way to use tax increment money is for the city to buy a vacant building, then either renovate or raze it. The city then sells the property to a developer at an attractive price. The difference between the sale price and the cost of renovation is financed by tax increment bonds. The city makes its money back through increased tax revenues on the improved property.

Architect Lee Geiger said downtown Rapid City could be "the second most significant tourist attraction in the Black Hills" if the city uses planning tools already available.

For example, he said the city paid his company $30,000 to study the downtown historic district, but he said the study has been underused.

Tom Lee of Dain Bosworth said, "Downtown parking won't work unless it competes with the competition, and the competition is free."

Lee also said, "Key to making downtown work is the second floor." He said connecting businesses on the second floor is a relatively inexpensive way to protect shoppers from the weather.

City Planning Director Knute Knudson proposed an alley mall between Main and St. Joseph. "Bury the wires, put in a skylight atrium, brick the walkways, line it with plants and you've created the same shopping atmosphere that entices people to the (Rushmore) Mall. It could be very, very spectacular."

Not all ideas discussed Thursday qualify for tax increment financing. For example, that money can only be used on city-owned property. But planners and business people agreed a vision is needed for downtown.

"The common thread you see in successful downtowns is a festival atmosphere," Shelton said.