

**REPORT OF THE BOARD OF FREEHOLDERS ESTABLISHING THE VALUE
OF REAL PROPERTY LOCATED AT 108 E. MAIN STREET**

INTRODUCTION

The Rapid City Common Council appointed a Board of Freeholders to establish the value of property that has been declared surplus. The property is proposed to be donated or leased by the City to the Rapid City Economic Development Partnership. SDCL § 6-13-2 requires that the real property be appraised before the City may dispose of the property. The freeholders appointed were Jason Salamun, Chad Lewis, and Pauline Sumption.

PROPERTY

The real property to be appraised consists of a parcel of property located at the intersection of East Main Street and East Boulevard. The City-owned property (hereinafter the “Parcel”), consists of approximately 4.52 acres (196,891 square feet), is legally described as follows:

**Ulland Outlot Revised, located in the NE¹/₄NE¹/₄ of Section 1, T1N, R7E, BHM,
Rapid City, Pennington County, South Dakota.**

The property spans from East Boulevard on the west to Maple Avenue on the east, and from the Rapid City, Pierre & Eastern Railroad right-of-way on the north to East Main Street on the south. The property is zoned Light Industrial on the west, and General Commercial in the center and to the east. The property is mostly flat land, with two structures. The structure located on the eastern portion of the lot is a 25,858 square foot combination warehouse and office building. The structure located near the center of the lot is a 3,960 square foot warehouse.

PROCESS

The Board of Freeholders met to discuss the value of the property on October 30, 2017. Each of the Freeholders is generally familiar with the value of property in and around Rapid City. The Freeholders reviewed the assessed value of neighboring properties, as well as the price paid by the City to acquire the City Parcel. The Freeholders relied on this information, as well as their personal knowledge and experience in determining the value of the parcel. The Board of Freeholders also received input from Mayor’s Executive Coordinator Kelsey Sakos and Assistant City Attorney Wade Nyberg.

ESTABLISHMENT OF VALUE

The City paid \$1,411,000 for the Parcel when it was acquired in 2012. The structures currently located on the Parcel were present when it was purchased, although the structure located on the eastern portion of the property was renovated by the Pennington County Sheriff to be used to administer the County’s 24-7 sobriety program. A portion of the structure is leased to the Sheriff for the 24-7 program, and the remainder of the structure is used for storage. The structure near the center of the property is also used for storage. While the Parcel was acquired for purposes of

building a fire station, that facility is no longer planned as first envisioned. A large portion of the Parcel remains undeveloped.

The Board looked at neighboring properties, which neighborhood consists generally of property east of 5th Street, south of Omaha Street, west of Lacrosse Street, and north of Quincy Street. Assessed values for land in the area vary from a low of \$3.96 per square foot for land in the eastern portion of the neighborhood to a high of \$14.97 per square foot for property on Saint Joseph Street in the western portion. There were two recent sales that were in close proximity to the Parcel.

The former McKie Ford property, at the corner of Omaha and East Boulevard, sold for a total of \$1.7 million in 2016. The site was smaller, at 3.49 acres, but the structure was assessed at a much higher value of \$700,000. Assigning the remaining \$1 million sale price to land yields a land value of \$6.59 per square foot.

The property immediately east of the Parcel, which contains a used car lot at the corner of Maple Ave and East Main Street, sold in 2016 for \$290,000. Using the assessed values for land and structure, the .42 acre lot's land value amounts to roughly \$7.67 per square foot.

The former McKie Ford property, at the corner of Omaha and East Boulevard was deemed to be the most comparable. As such, the Board settled on a value of \$6.59 per square foot. Multiplying \$6.59 per square foot times 196,891 square feet produces a land value of \$1,297,511.69. The assessed value of the structures is \$312,800, which the Board agreed accurately reflected the value of the buildings.

Considering all of the foregoing, the Board of Freeholders is of the opinion that the value of the Parcel is **\$1,610,311.69**.

Submitted this 16th day of November, 2017.

BOARD OF FREEHOLDERS

/s/ Jason Salamun
Jason Salamun

/s/ Chad Lewis
Chad Lewis

/s/ Pauline Sumption
Pauline Sumption