

**REPORT OF THE BOARD OF FREEHOLDERS ESTABLISHING  
THE VALUE OF REAL PROPERTY TO BE EXCHANGED  
WITH GERHARDT AND ELIZABETH HECK**

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 exchanged by and between the City and Gerhardt and Elizabeth Heck. SDCL § 9-27-34.1 requires that the real property be appraised before the City may exchange the property. The freeholders appointed were Jason Salamun, Ritchie Nordstrom, and Pauline Sumption.

PROPERTY

The real property to be appraised consists of two adjacent parcels of property located near the intersection of Radar Hill Road and Morris Lane. The City-owned property (hereinafter the "City Parcel"), consists of approximately 1.7 acres, and is legally described as follows:

**A portion of Lot B of Lot 1, less Lot B-1, Lot B-2, Lot B-3 and right-of-way, and Government Lot 2, less right-of-way, all in Section 19, Township 1 North, Range 9 East of the B.H.M., Pennington County, South Dakota.**

The Heck-owned property (hereinafter the "Heck Parcel"), consists of approximately 1.7 acres, and is legally described as follows:

**A portion of Lot B-3 of Lot B of Lot 1, in Section 19, Township 1 North, Range 9 East of the B.H.M., Pennington County, South Dakota.**

PROCESS

The Board of Freeholders met to discuss the value of the property on February 8, 2018. 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 appraisal recently completed for neighboring property acquired by the City. The Freeholders relied on this information, as well as their personal knowledge and experience in determining the value of the parcels. The Board of Freeholders also received input from Deputy City Attorney Wade Nyberg.

ESTABLISHMENT OF VALUE

The City paid \$1,850 per acre for the City Parcel when it was acquired in 1991 (\$90,650 for 49 acres total). The City Parcel was acquired for the purpose of obtaining water rights that were appurtenant to the larger parcel it is a part of. The City Parcel is zoned General Agriculture District. The property is mostly flat and grass covered.

The Heck Parcel is part of a larger parcel that was most recently purchased following a Sheriff's sale. The larger parcel is zoned Low Density Residential District, and consists of a single family residence and accessory structures on 4 acres.

The Board looked at similar properties in the area east of Rapid Valley and west of Rapid City Regional Airport. Sales of bare land adjacent to developed subdivisions ranged from between \$3,125 per acre to \$5,000 per acre. It appears that availability of water service was a differentiating factor. The City is currently in the process of extending water service to the properties. The property immediately to the east of the Heck Parcel was part of a land exchange between the City and Yasmeeen Dream, LLC. As part of that exchange, the neighboring agricultural property was appraised at \$8,734 per acre.

Considering all of the foregoing, the Board of Freeholders is of the opinion that the value of the City Parcel and the Heck Parcel are equal. The value of each property should be established by using a cost of \$5,000 per acre, which provides a total valuation of **\$8,500** for each parcel.

Submitted this 20th day of February, 2018.

**BOARD OF FREEHOLDERS**

/s/ Jason Salamun  
Jason Salamun

/s/ Ritchie Nordstrom  
Ritchie Nordstrom

/s/ Pauline Sumption  
Pauline Sumption