

ANNEXATION STUDY

DEADWOOD AVENUE/NORTH ANNEXATION AREA

August 2002

Annexation Study of Deadwood Avenue Annexation Area

INTRODUCTION:

The following is a study prepared pursuant to SDCL 9-4-4.1 which examines the merits of annexing portions of Section 16, 21, 22, 23, 26, & 27, T2N, R7E, Black Hills Meridian. This area is located north and east from Deadwood Avenue and U.S. Interstate 90 and includes approximately 981.17 acres. The subject area is adjacent to the City limit boundaries.

This area is one of the areas identified as a long-term priority by the City Council as established in the Resolution Establishing Future Annexation Study Areas, adopted April 2, 2001. On January 7, 2002, the City Council directed the Planning Staff to prepare an Annexation Study for the Deadwood Avenue/North Annexation Area.

THE ANNEXATION PROCESS:

Annexation is the process by which lands adjacent to a municipality are made part of the municipality so as to share in the services the municipal government provides and share in the obligation of paying for those services. When an area has developed, is in the process of developing, or is key to the development of other properties, annexation should be considered. As stated in the Rapid City Annexation Policy Document, adopted December 19, 1983;

“When a city is willing and able to provide the urban services from which an adjacent and contiguous developing area benefits; when there exists a community of interest between the city and the developing area; when it is essential that a city be allowed to exercise proper police powers to ensure orderly growth and development; when the development of an area may easily effect the health and safety of the residents of a city; and when a tax inequity exists because of the provision of urban services to (a) developing area; then the area so described must fairly be considered for annexation.”

The process of annexation as spelled out in South Dakota Codified Law Chapter 9-4 provides for annexation by petition of the property owners and annexation initiated by the municipality. This study represents the first step in the process of a city-initiated annexation. This study will analyze the impacts of annexing the subject territory and identify the municipal resources that are in place or available to serve the area.

DESCRIPTION OF TERRITORY:

The territory considered in this annexation contains 1031.73 acres, more or less, and includes 20 properties and 12 property owners plus highway right-of-way and section line right-of-way. The properties, as evidenced by information provided by the Pennington County Director of Equalization’s Office, are listed below:

Property List:

1. Farrar Real Estate Limited Partnership, Lot 1, Block 1, Farrar Business Park, Section 16, T2N, R7E, BHM, Pennington County, South Dakota, 1 acres.
2. Chuck & Ellen Glood, Lot 2, Block 1, Farrar Business Park, Section 16, T2N,R7E, BHM, Pennington County, South Dakota, 2 acres.
3. Farrar Real Estate Limited Partnership, Lot 1, Block 4, Farrar Business Park, Section 16, T2N, R7E, BHM, Pennington County, South Dakota, 1 acre.
4. Farrar Real Estate Limited Partnership, Lot 1, Block 5, Farrar Business Park, Section 16, T2N, R7E, BHM, Pennington County, South Dakota, 1 acre.
5. Farrar Real Estate Limited Partnership, That portion of N1/2 SE1/4 lying north and east of I-90 less Farrar Business Park, Section 16, T2N, R7E, BHM, Pennington County, South Dakota, 45.44 acres.
6. Dave Gustafson & Co., That portion of SE1/4 SE1/4 lying north & east of right-of-way line of State Highway 90, Section 16, T2N, R7E, BHM, Pennington County, South Dakota, 34.40 acres.
7. Gustafson & Company and Hackett & Sons, Lot 1 of Tract A, Lien Subdivision, Section 21, T2N, R7E, BHM, Pennington County, South Dakota, 13.36 acres.
8. Gustafson & Company and Hackett & Sons, Lot 2 of Tract A, Lien Subdivision, Section 21, T2N, R7E, BHM, Pennington County, South Dakota, 7.51 acres.
9. Diesel Machinery, Lot 3 of Tract A, Lien Subdivision, Section 21, T2N, R7E, BHM, Pennington County, South Dakota, 7.06 acres.
10. Butler Machinery, North 960' of Lot 4 of Tract A, Lien Subdivision, Section 21, T2N, R7E, BHM, Pennington County, South Dakota, 15.29 acres.
11. Butler Machinery, Lot 4 of Tract A less N960', Lien Subdivision, Section 21, T2N, R7E, BHM, Pennington County, South Dakota, 9.91 acres.
12. Summit, Inc., NW1/4, Section 22, T2N, R7E, BHM, Pennington County, South Dakota, 160.00 acres.
13. Summit Construction Co, Lot X of Lot H-2 of SW1/4 less Lot H1, Section 22, T2N, R7E, BHM, Pennington County, South Dakota, .17 acres.
14. Alleen Jenner, Lot B of W1/2 SW1/4, Lot Y of Lot H-2 of SW1/4, less Lot H-1, Section 22, T2N, R7E, BHM, Pennington County, South Dakota, 11.62 acres.
15. B.H. Power & Light, W1/2 W1/2 NE1/4, Section 22, T2N, R7E, BHM, Pennington County, South Dakota, 40.00 acres.
16. B.H. Oil Marketers, E1/2 SE1/4 SE1/4 SW1/4 SW1/4, SW1/4 SW1/4 SE1/4 SW1/4, W1/2 SE1/4 SW1/4 SE1/4 SW1/4, S1/2 NW1/4 SW1/4 SE1/4 SW1/4, SW1/4 NE1/4 SW1/4 SE1/4 SW1/4, all less R & L Subdivision, less a strip of land 80 feet wide adjacent and parallel to the southeast line of Lot 3, R & L Subdivision, less a strip of land 100 feet wide adjacent and parallel to the north boundary of I-90 and less right-of-way, all located in Section 22, T2N, R7E, BHM, Pennington County, South Dakota, 5.28 acres.
17. GCC Dacotah, E1/2 NE1/4; E1/2 W1/2 NE1/4; SE1/4; Unplatted Balance of SW1/4 lying north and east of I-90 right-of-way, less E1/2 SE1/4 SE1/4 SW1/4 SW1/4, less SW1/4 SW1/4 SE1/4 SW1/4, less W1/2 SE1/4 SW1/4 SE1/4 SW1/4, less S1/2 NW1/4 SW1/4 SE1/4 SW1/4, and less SW1/4 NE1/4 SW1/4 SE1/4 SW1/4; including 80 foot strip adjacent to the southeast boundary of R & L Subdivision and 100 foot strip adjacent to I-90, all located in Section 22, T2N, R7E, BHM, Pennington County, South Dakota, 362.96 acres.

18. GCC Dacotah, SW1/4 NW1/4, W1/2 SW1/4, Section 23, T2N, R7E, BHM, Pennington County, South Dakota, 120.00 acres.
19. GCC Dacotah, W1/2 NW1/4 lying north of I-90, Section 26, T2N, R7E, BHM, Pennington County, South Dakota, 49.28 acres.
20. GCC Dacotah, Unplatted Portion of N1/2 lying north of I-90, Section 27, T2N, R7E, BHM, Pennington County, South Dakota, 93.89 acres.
21. State of South Dakota, Lot H1 of the SE1/4 and Lot H1 of the SW1/4, all located in Section 16, T2N, R7E, BHM, Pennington County, South Dakota; and Lot H1 of the SE1/4 NE1/4 and Lot H1 of the NE1/4 NE1/4, all located in Section 21, T2N, R7E, BHM, Pennington County, South Dakota, 41.21 acres.
22. That portion of the Section line highway lying north of Interstate 90 known as Deadwood Avenue lying within 33 feet either side of the north-south section line between the Southeast quarter of Section 21 and the Southwest quarter of Section 22 and including the 17 foot wide dedicated right-of-way adjacent to Lot 1R Revised of Summit Industrial Park located in the NW1/4 SW1/4 of Section 22, T2N, R7E, BHM, Pennington County, South Dakota. That portion of the Section line highway known as Deadwood Avenue lying within 33 feet either side of the north-south section line between the Northeast quarter of Section 21 and the Northwest quarter of Section 22, T2N, R7E, BHM, Pennington County, South Dakota. That portion of the Section line highway known as Deadwood Avenue lying within 33 feet either side of the north-south line between the Southwest quarter of Section 15 and the Southeast quarter of Section 16, T2N, R7E, BHM, Pennington County, South Dakota, 8.8 acres.

The study area is located north and northeast of the intersection of U.S. Interstate 90 and Deadwood Avenue. The majority of the area along Deadwood Avenue and U.S. Interstate 90, approximately 56.84 acres, is developed and is the location of light industrial and commercial businesses. Development has been considered for the property located on the north boundary of this study, along Deadwood Avenue. Farrar Business Park supports annexation into the City. The majority of the larger land area east of Deadwood Avenue and north of U.S. Interstate 90, approximately 666.13 acres, is primarily undeveloped. There is a non-operating ranch site and a mining/extraction operation located in this area. Land owners in the undeveloped area, GCC Dacotah and Summit Construction, have indicated the potential future development of the area. GCC Dacotah Cement, the largest landowner, would like to continue their mining/extraction operation, but would be interested in extending infrastructure to the area for potential future development. The owner of a 160 acre parcel has also indicated the possibility of future development if water and sewer could be extended north of U.S. Interstate 90. Black Hills Power and Light owns a 40 acre property located in the northern center of this annexation area, and have plans for an unmanned project on this site. Black Hills Power do not support annexation of their property as the costs for the extra tax when purchasing equipment and fuel, would not be passed on to their utility customers.

The South Dakota Archaeological Research Center has stated there is one recorded potentially eligible quarry/artifact scatter in the annexation area and two other potential sites nearby. A large majority of the area has not been surveyed by archaeologists.

The annexation area includes developed property west of Deadwood Avenue, and rolling plains with native grasses in the majority of the area leading into a hogback with Ponderosa Pine trees on the eastern edge of the annexation area. Red soils of gypsum

rock and silt type materials permeate the majority of the annexation area. The hogback area has steep slopes with limestone and sandstone materials.

The annexation area is located in the Deadwood Avenue Drainage Basin.

STUDIES:

The Rapid City Annexation Policy Document of December 1983 identifies the North Highway 79 Annexation Area as a priority area for annexation. The North Highway 79 Annexation Area, as identified in the 1983 document includes approximately 375 acres of the Deadwood Avenue/North Annexation study. This document was adopted by the City of Rapid City to set forth the criteria under which land was to be considered for annexation, and to specifically identify the geographic priority areas for annexation.

On April 2, 2001, the Rapid City Council adopted a Resolution Establishing Future Annexation Study Areas. This area is one of the long-term priorities listed in the resolution.

FUTURE DEVELOPMENT:

The Comprehensive Land Use Plan for Rapid City recommends agricultural uses for the annexation area. The proposed Deadwood Avenue/North Annexation Area has not yet been included in the City's ongoing future land use planning update process.

PUBLIC SERVICES:

One physical improvement, supported by the City of Rapid City, which has occurred in the vicinity of the subject properties, is water service. In addition, sanitary sewer has been proposed for the future as development occurs. Municipal services afford the residents and property owners of the area surrounding the subject territory include police, fire protection, garbage collection, building inspections and nuisance control, parks, airport, public transit, civic center, fine arts, and library.

Street and Road Services: The Major Street Plan for Rapid City shows Deadwood Avenue as the principal arterial road servicing this area. This existing road is a rural section road that is 21 feet to 23 feet wide shoulder to shoulder. As development occurs in the area, there will be a significant increase in traffic. Either complete reconstruction of Deadwood Avenue or a four inch overlay on Deadwood Avenue will be required in approximately five years. The costs for the overlay are approximately \$100,000. If complete reconstruction is required, the costs for the road including sewer, water, storm sewer, grading, paving, and curb and gutter are approximately \$3,080,000. A minor arterial road, Lange Road, is parallel and adjacent to the north side of U.S. Interstate 90. Lange Road serves as access to several parcels in the annexation area. Discussions have taken place regarding the relocation of Lange Road further north to improve the safety and capacity at the Interstate interchange. Other collector streets would need to be constructed as development occurs.

Water/Sewer: Private wells and sewer systems currently serve the industrial/commercial businesses and ranch site located in the annexation area. However, City water has been extended to one property north of U.S. Interstate 90 and Lange Road, funded through a Tax Increment District. Other property owners may

extend this service once their properties are annexed into the corporate limits of Rapid City. Water is not available to the north and northeast sections of the annexation area above 3460 feet in elevation. A booster station near U.S. Interstate 90 and a reservoir will need to be constructed to serve the area above 3460 feet in elevation. Currently the booster station and reservoir are not on the five year plan but will be included as development occurs. The sanitary sewer system would need to be extended from Fountain Plaza Drive north across U.S. Interstate 90 to service this basin area.

Both water and sewer will need to be extended to this area in the future. Additions or extensions to the City water and sewer system will be borne by the developer according to State Law and in accordance with the City Subdivision Ordinance.

Capital Development fees for future water connection will be required at a rate of \$1000 per single family residence or \$750 per single family resident equivalent for commercial and industrial properties.

As development occurs, the necessary storm water detention facilities would need to be constructed as part of the Deadwood Avenue Drainage Basin Design Plan.

Solid Waste Collection and Disposal: The City currently services the annexation area by allowing commercial solid waste haulers serving the area to utilize the landfill and material recovery facility. The cost to commercial haulers for using the landfill is \$45.00 per ton. The collection and disposal of solid waste for any households within the subject territory would be handled by the City of Rapid City rather than commercial haulers once residents petition for this service. The fee for City service, based on current rates, would be \$13.75 per month or \$165.00 annually.

Fire Protection: The City of Rapid City currently provides mutual aid response to the proposed annexation area through the mutual aid agreements with the North Haines and Black Hawk Fire Districts. Upon annexation, all City fire services would be provided to the area including: fire suppression (structure and wildland protection), fire prevention services (code enforcement, plans review, fire investigation), hazardous materials response and mitigation, rescue functions (water related rescue and recovery, vehicle extrications, and industrial rescue), and emergency medical service (basic life support and advance life support).

The City has an obligation to compensate rural fire districts that have capital improvement debts, when annexations diminish their tax base. The North Haines District has indicated that they have no debt at this time and no compensation is required. The Black Hawk Fire District has a long-term debt on the construction of their building. Reimbursement to the Black Hawk Fire District would be required upon annexation. The estimated dollar amount that would have to be reimbursed to the Black Hawk Fire District would be approximately \$2,772.98.

The current cost to the City for providing mutual aid fire protection services to this area is negligible. Fire Station #3 on Federal and West Chicago would most likely be assigned to this area, with backup response from the Main Fire Station. Ambulance units will come from their central location at 1402 West Rapid Street. It should be noted that the response time for a significant portion (estimated 60%) of the proposed annexation area is in the six to eight minute response time range. As the benchmark of responding to 90% of calls within 5 minutes is exceeded, these outer areas would be considered in a

future response district, with an additional fire station, as development occurs in the area. The incremental cost of covering the subject area, if the proposed annexation area would be in a future response district, is \$123,269 per year. Because this is within the current response area and is minimally populated, fire and EMS call volume should be minimal and handled with current resources with no significant cost to the City at the time of annexation.

Police Protection: Law enforcement is currently provided to the subject properties by the Pennington County Sheriff’s Department. Upon annexation the territory would become the responsibility of the City of Rapid City Police Department. There should be no significant cost to the City at the time of annexation.

Building Inspection and Ordinance Enforcement: The services of the Building Inspections Division required by City Ordinance and available immediately to the proposed annexation area include: building permits, sign permits, addressing, plan reviews, building inspections, mechanical inspections, electrical inspections, ordinance enforcement, and other similar services. There is no significant increase in cost to the City in providing these services to the study area. As the area develops, fees or charges for building inspection services would help support the staff and most additional costs.

Public Transit: The City of Rapid City currently operates both a fixed route and dial-a-ride transit system. The City provides dial-a-ride services to all incorporated areas of the City. This service must be provided to all individuals meeting Americans with Disabilities Act (ADA) certification criteria. Dial-a-ride service is provided on a space available basis to the public at large provided they reside more than three-quarters of a mile from a transit stop. A cost estimate is not available at this time due to the uncertainty of the need for transit service in the annexation area.

Other Public Services: Community wide services provided to residents of Rapid City include but are not limited to: parks and recreation, the Rushmore Plaza Civic Center, Dahl Fine Arts Center, Rapid City Regional Airport and the Public Library. Upon annexation, the levy for library services applied to County residents, will be removed.

Residency is not considered for services provided patrons of the Rushmore Plaza Civic Center, Dahl Fine Arts Center or Rapid City Regional Airport. While fees and rental payments help offset costs for these and other citywide facilities, tax support from the City residents does play a role.

Summary of Public Services/Costs: Table 1 represents an itemization of the city services and associated costs described in the preceding sections.

Table 1
Summary of Estimated Costs of Annexation

Improvement	Estimated Cost
Street Upgrades	\$3,080,000 for reconstruction or \$100,000 for repair of Deadwood Avenue
Sewer System Upgrades	Possible Tax Increment funding
Street/Road Maintenance	\$5,982 annually

Traffic Engineering	\$300 for pavement markings and signs and \$4,250 for future street lights
Fire Department	\$123,269 annually <u>after</u> new station
Transit	Costs would be less than \$10,000 per year
Black Hawk Fire District	\$2773 after annexation

TAXATION:

The estimated difference in the 2002 tax assessment rate applied to the subject territory upon annexation would be the addition of the City of Rapid City levy of 3.4685 and the elimination of a total of 2.5071 mills in the Black Hawk Fire District and 2.6841 mills in the North Haines Fire District for the County Fire Administration, Unorganized Road District, North Haines Fire District or Black Hawk Fire District, and the Rapid City Library. The table below gives the current mill rates and anticipated changes upon annexation of the Deadwood Avenue Annexation Area:

<u>Non Agriculture</u>	<u>Black Hawk FD</u>	<u>North Haines FD</u>
Current Total Mill Rate	26.6765	26.8535
Total Mill Rate Upon Annexation	27.6379	27.6379
Net Change in Mill Levy	+.9614	.7844
% Change in Total Tax	3.61%	2.93%

<u>Owner</u>	<u>Fire District</u>	<u>Est. Taxes Currently</u>	<u>Est. Taxes If Annexed</u>	<u>\$ Change</u>
Farrar	Black Hawk	\$ 735	\$ 760	\$ 25
Glood	Black Hawk	\$ 6612	\$ 6850	\$ 238
Farrar	Black Hawk	\$ 735	\$ 760	\$ 25
Farrar	Black Hawk	\$ 735	\$ 760	\$ 25
Farrar	Black Hawk	\$ 8118	\$ 8410	\$ 292
Gustafson,Dave	Black Hawk	\$ 6146	\$ 6366	\$ 220
Gustafson & Co	Black Hawk	\$ 9162	\$ 9492	\$ 330
Gustafson & Co	Black Hawk	\$ 9612	\$ 9957	\$ 345
Diesel Machinery	Black Hawk	\$ 6842	\$ 7089	\$ 247
Butler Machinery	Black Hawk	\$ 29717	\$ 30787	\$ 1070
Butler Machinery	Black Hawk	\$ 5747	\$ 5955	\$ 208
Summit Cons	North Haines	\$ 222	\$ 229	\$ 7
Jenner Equipment	North Haines	\$ 15587	\$ 16041	\$ 454
B H Oil	North Haines	\$ 6856	\$ 7056	\$ 200
GCC Dacotah	North Haines	\$ 3691	\$ 3799	\$ 108
GCC Dacotah	North Haines	\$ 8991	\$ 9253	\$ 262
GCC Dacotah	North Haines	\$ 42299	\$ 43534	\$ 1235
GCC Dacotah	North Haines	\$ 45324	\$ 46646	\$ 1322
BHP & L	North Haines	\$825000	\$850000	\$25000**

** South Dakota Department of Revenue indicates the property is centrally assessed. Information received from Black Hills Power indicates an estimated tax amount for the property owned within this study.

<u>Agriculture</u>	<u>North Haines FD</u>
Current Total Mill Rate	16.8999
Total Mill Rate Upon Annexation	15.0829
Net Change in Mill Levy	-1.817
% Change in Total Tax	-10.76%

<u>Owner</u>	<u>Fire District</u>	<u>Est. Taxes Currently</u>	<u>Est. Taxes If Annexed</u>	<u>\$ Change</u>
Summit, Inc.	North Haines	\$ 426	\$ 380	(\$ 46)

COMMUNITY GROWTH:

Rapid City continues to grow, with development and future development occurring in the northwest part of the City. According to the U.S. Census Bureau, the Rapid City Population numbers have increased from 54,523 in 1990 to 59,607 in 2000. Rapid City needs to annex areas beyond its boundaries to accommodate the continued growth of the community.

NEED FOR ANNEXATION:

Annexation is the traditional method by which a city extends its boundaries to include areas that are urbanized or are in the process of urbanizing, and are contiguous and adjacent to the existing boundaries of the city. Rapid City established a policy in December 1998, regarding the annexation of property into the City. In developing the Rapid City Annexation Policy Document, the City adopted a set of annexation goals. These goals are:

1. The annexation of lands which are necessary for the orderly growth and development of the City;
2. The annexation of lands which are urbanized or urbanizing to the extent that they require an urban level of services;
3. The annexation of lands the development of which effects the health and/or safety of the residents of the City;
4. The annexation of lands to ensure an equitable tax base.

Annexation of Deadwood Avenue/North Area is an area that should be considered according to the four previous goals, based on the following findings:

- The annexation of the land is necessary for the orderly growth and development of Rapid City. Currently this area incorporates substantial acres of undeveloped land. It is adjacent to the City limits, and has the potential for development, which would include roads and utility services. Zoning and nuisance ordinances will ensure that negative impacts from future developments are minimized.

- The annexation of the subject area is necessary as this area is urbanizing and will require future urban level of services. City water is currently available adjacent to US Interstate 90 and Lange Road.
- The annexation of Deadwood Avenue/North Area impacts the City of Rapid City as this area is adjacent to the City limit boundaries. Future development will have a direct impact on adjoining incorporated areas, especially in the area of zoning or nuisance requirements.
- The annexation of the subject area is also necessary to preserve an equitable tax base. Islands of unincorporated lands located within a City lead to certain inefficiencies. Services such as police and fire protection are more adequately and efficiently provided if they cater to a cohesive service area rather than a scattered or broken service area. Infrastructure improvement costs and maintenance costs are also reduced with a compact urban form rather than a sprawling form.

The property owners of Deadwood Avenue/North Annexation Area share a community of interest with Rapid City and benefit now from certain city services. Businesses of the annexation area drive upon City streets, and benefit from other City services such as City planning. Many of the properties within this territory have available to them an urban level of service due to the growth that has occurred in adjacent portions of Rapid City. City water services are available to a portion of this annexation area.

Based on the goals of the City's adopted Annexation Policy Document, annexation of the subject territory is warranted.

CONCLUSIONS:

The Annexation Policy that Rapid City has adopted will ensure the continued orderly growth of the City and the equitable development of our infrastructure.

The area under study for annexation has some developed and undeveloped properties. There is supporting infrastructure and service in place to accommodate continued development. Some infrastructure upgrades will need to be done to accommodate the full build-out of the area. Upon annexation, the City will incur costs for certain City services such as street repair and maintenance, police protection, and fire and emergency services.

The study area complies with all aspects of the City's Annexation Policy Document. To continue the orderly growth of the City and ensure equitable development of supporting infrastructure, the annexation of this Deadwood Avenue/North Study Area is warranted.