

ECONOMIC DEVELOPMENT

Based on the economic data available, South Dakota, and specific to our purpose, Hot Springs, SD is poised for growth. On a micro-level the city has seen activity over the past two years with startups of new businesses, interest in development increasing and focus on our economy from the State itself. We have created an economic environment that is business friendly, welcoming and all-inclusive.

We are seeing more people moving to Hot Springs from the Colorado Front Range and are bringing their businesses, talents and resources with them. Hot Springs can offer a milder climate than the rest of the Black Hills and avoids the uber-commercialism of tourist baiting that other towns seem to cater towards. Instead we offer easy access to larger markets, new or upgraded infrastructure, ample water, new development, low taxes, and a quiet lifestyle all in a beautiful setting.

Hot Springs is also becoming a destination for retirement. We are seeing an influx of well-educated, successful business people from places like Minnesota, California and Texas coming to Hot Springs to retire. With them they bring years of business experience and disposable income that can foster new business services and growth.

Economic Assessment

South Dakota is on the rise. It was ranked 15th in the nation for 'Best States to Live In' and boasts an average of 2.8% unemployment. We are the 3rd state in the nation ranked for fiscal health and ranks SD as the 25th in the nation for economy strength. ²

2016 Population Estimates from www.census.gov

3,564

Source: Vintage 2016 Population Estimates: Population Estimates

Median Household Income

\$ 41,680

Source: 2011-2015 American Community Survey 5-Year Estimates

Persons in poverty, percent

19.0 %

Source: 2011-2015 American Community Survey 5-Year Profiles

Educational Attainment: Percent high school graduate or higher

92.7 %

Source: 2011-2015 American Community Survey 5-Year Profiles

Median Housing Value

\$ 85,400

Source: 2011-2015 American Community Survey 5-Year Estimates

Total Housing Units

1,881

Source: 2011-2015 American Community Survey 5-Year Estimates

Number of Companies

404

Source: 2012 Survey of Business Owners: Company Summary

Male Median Income

\$ 27,829

Source: 2011-2015 American Community Survey 5-Year Estimates

Female Median Income

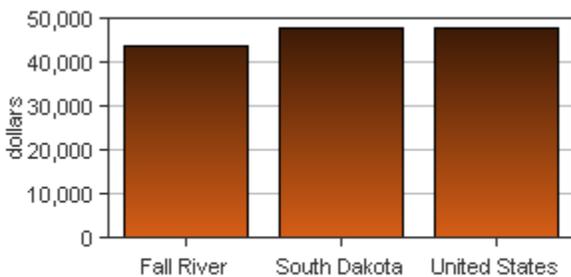
\$ 22,178

Source: 2011-2015 American Community Survey 5-Year Estimates

Veterans

520

Source: 2011-2015 American Community Survey 5-Year Profiles



Personal Income for Fall River

Fall River is one of 66 counties in South Dakota. It is not part of a metropolitan area. Its 2015 population of 6,867 ranked 26th in the state.¹

Per Capita Personal Income

In 2015, Fall River County had a per capita personal income (PCPI) of \$43,766. This PCPI ranked 40th in the state and was 91 percent of the state average, \$47,881, and 91 percent of the national average, \$48,112. The 2015 PCPI reflected an increase of 0.4 percent from 2014. The 2014-2015 state change was 4.2 percent and the national change was 3.7 percent. In 2005, the PCPI of Fall River was \$31,998 and ranked 27th in the state. The 2005-2015 compound annual growth rate of PCPI was 3.2 percent. The compound annual growth rate for the state was 3.6 percent and for the nation was 3.0 percent.¹

Downtown

Our downtown area was developed in an upper and lower downtown due to the narrowness of the valley floor and a large rock formation that split the town in its earliest years where the Jennings Avenue section of SR 385 now exists. The two downtowns are very different

architecturally and in layout but coexist to create a varied shopping and service experience for citizens and visitors alike.

The north or upper district is predominantly single sided along the highway and faces the Fall River. It is encompassed entirely within the Historic District and boasts some of the best hand built red sandstone structures in town (i.e. the Fall River County Courthouse and City Hall). The district holds the main access points to Evan's Plunge, the State Vets Home (off of Minnekahta) and the Battle Mountain Sanitarium aka the VA Medical Center – two of our main employers and one of our main tourist attractions.

The south or lower district has the benefit of being double loading along the highway and creates a more traditional shopping area experience. The area has some excellent sandstone architecture like the Petty building and is the main point for finding the Pioneer Museum and University Avenue where the Bisons play and learn at the Hot Springs school complex.

The upper and lower sections of downtown are so geographically separated that it is somewhat difficult to treat them with the same broad brush. Both could benefit greatly from the development of downtown business groups that work directly with our Chamber of Commerce, SHEDCO and now SHIFF to specifically work on area improvements, open hours and special events coordination and other topics that are vital to the success of each business in the community. Working together, each business wields more control over their own success. These type of business groups will be vital during the 2020-2021 SR 385 Reconstruction Project to ensure the area businesses have a seat at the construction project table.

Downtown Master Plan

In 1978 a downtown master plan called the *"Main Street Project – Hot Springs, SD – A real estate and economic report"* was created by Shlaes & Company in concert with the National Trust for Historic Preservation. Despite its age the plan is still viable today and should be brought off the shelf, dusted off and put into play. The plan is a pretty straight-forward review of our downtown and is sometimes brutally honest. Some of the goals that still apply today are listed below:

1. Remove the prisoner processing and holding area from the courthouse and relocate that use to an area outside of town, or at minimum, off of the main entrance into town.
2. Develop a downtown business organization to coordinate the independent retailers' hours of operation, design standards for facades and interiors, signage standards, joint advertising campaigns and promotions, use annual dues to help maintain the shared public spaces in the shopping district. Learning to work cooperatively and with the Chamber can do a great deal to bring business back to the commercial district.

3. Capitalize on the history of the shopping district. Develop marketing strategies that highlight the uniqueness of the architecture and history of Hot Springs.
4. Educate the retailers in understanding customer care, attentiveness and image, where every action (or inaction) will be interpreted by the public. Everything a merchant does, from building maintenance (or lack of it), to sidewalk clearing, window displays, customer service are all messages sent to customers on how they can be expected to be treated.
5. A primary component of downtown improvements is the inclusion of landscaping aimed at making a great first impression. The goal is to convey an image of relaxation and recreation – an invitation to get out and enjoy the commercial district.
6. Upgrade the available parking to encourage people to get out and explore. Community parking areas should be considered at strategic points along the commercial corridor that includes paved surfaces, easy to read signage and landscaping.
7. Make pedestrian improvements to make the commercial area more attractive and serviceable by visitors by including better lighting, wider safer walkways, landscaping, incorporating shade and creating a more pleasant pedestrian experience.
8. Invest in the Pioneer Museum to develop the grounds, and improve the visitor experience from the time they drive under the welcome sign until they go through the front door. Consider expand display space for traveling or changing exhibits and provide for class areas.
9. Avoid touristy attractions instead invest in marketing what makes Hot Springs unique: its history, its architecture, the springs, the red canyon environment and its quiet life. Improve informational resources and consider a more prominent visitor center with interpretation capabilities.

There are many more recommendations in the 100 page report that are still viable and needed now in the 21st century. These recommendations should become part of the adopted Comprehensive Plan for economic development for downtown.

Economic Planning

BHCLG Black Hills Regional Economic Plan – 2014-2019

Hot Springs is affected regionally by the *Black Hills Regional Economic Plan*. In it the *BHREP* sets out goals. These are a few of the goals that would affect and influence Hot Spring's success that are established:

1. Community Development Goal: To strengthen our communities by enhancing the physical environment and public facilities by providing aid by way of writing grants, technical assistance and planning expertise.

2. Economic Development Goal: Improve the economic conditions and opportunities for all segments of the economy by: providing assistance to retain and expand existing businesses and industries; providing information and technical assistance to communities and the region concerning items related to their economic development needs; enhancing public and private partnerships to address economic development needs in the region and protecting and promoting the diversification of the region's agricultural economy.

For more information see: <https://www.nado.org/wp-content/uploads/2014/08/SD-Black-Hills-Council-of-Governments-2014-2019.pdf>

Business Development

The businesses established in Hot Springs or looking to locate in Hot Springs do not have to go it alone. The Hot Springs Chamber of Commerce, Southern Hills Future Foundation [SHFF], Southern Hills Economic Development Corporation [SHEDCO], South Dakota Department of Labor and Dakota Resources all provide different services and tools to help businesses get established, grow and prosper. Entrepreneurs can take advantage of having so many people around as a support group – success is in their hands.

Health Center of Black Hills

Over and over again in our community engagement sessions we heard that our citizens want Hot Springs to return to its roots – the very thing that created this town: Health & Wellness. With a new hospital, excellent nursing home care, the VA Domiciliary and the expanded State Vets Home we are off to a great start. Add to that, all the other and alternative health practitioners from chiropractors, to massage therapists, to herbal apothecaries and the list goes on and on (see the Health and Wellness Guide) we are well on our way to becoming the Health & Wellness Center for the Black Hills.

In the very late 1800's and early 1900's Hot Springs had 11 hospitals and numerous bath houses all aimed at providing health services to the Victorian traveler and battered veteran. Even then Hot Springs was a veteran town. As transportation options increased, the Great Depression hit and the American Medical Association started their war against home-remedies and naturopathic solutions, the health and wellness industry was decimated and with it went much of the growth and prosperity of the town.

Now, 100 years later we are getting back to our roots. It's all about the water again in Hot Springs! Evans Plunge is now publically owned by the City and offers ways that all of our residents can enjoy the warm mineral springs. More bath houses and spas are opening up and many hotels and B&B's that once had capped their spring wells are opening them back up to

share with visitors. The city is taking steps to offer more ways for everyone to have safe access to the Fall River and Hot Brook to enjoy the warm waters that Hot Springs became famous.

Along with our healing waters is a steady growth in businesses supporting healthy living. We have a new apothecary, one of the best health food stores in the Black Hills, free-trade shops, local fiber shops, and a brand new farmers market that has become very popular just in its first year. More and more people are talking about year-round food production and taking advantage of our warm mineral waters for growing, heating and support of these ventures. [See Sustainability Chapter for more information]

Tourism and the other 9 months of the year:

Tourism is an important economic engine for Hot Springs. Tourist attractions such as the wholly unique Mammoth Site, Evan's Plunge and the Pioneer Museum offer quality tourist experiences. But Hot Springs isn't a tourist town per se overflowing with t-shirt shops and souvenir stands. We are more about a southern Black Hills experience – a destination for people to visit and slow down a bit. We want to encourage people to enjoy walking our trails, soak in our waters, mountain biking in the forests, taking a stair challenge hike or run, touring the historic sites, enjoy local foods, traveling to see all of our murals and just enjoying the small town life and visits with friendly locals.

Industry:

What Hot Springs really needs is a more varied industry outside of health care to include trades and arts that can grow and employ people with family-supporting jobs. Small industry, manufacturing and arts will be the way Hot Springs survives the other 9 months of the year and begins to keep its children from moving away. Plans are underway to develop an industrial park in town and the Planning and Zoning Commission is working towards changes to the zoning code to allow artists of all types to work in the downtown areas in studios and workshops.

Community Leader Goals:

1. **BID Board** – The BID Board has access to all the collected taxes from hospitality businesses and uses those funds to pay for advertising and improvements for the promotion of Hot Springs. It was suggested that some of the BID monies should be put back into the hotels and motels in Hot Springs to improve curb appeal. Many of our hospitality sites are lacking trees, attractive landscaping or need a fresh coat of paint. The photos that are available on hotel search sites are the first impressions of our community and some extra thought and effort placed into the façade and surrounding grounds could pay dividends.

2. **Chamber of Commerce** – The Chamber is a group of three hard-working individuals that work to spread the word about what a great place Hot Springs is to work, visit and live. It is suggested that the Chamber can expand its role to include more face to face interactions with the existing businesses in town, to promote their goods and services as a shopping district and work towards developing other types of industry in the community. A closer working relationship with shared goals is desired with SHEDCO and a more creative approach to tourism including a concierge service providing itineraries for visitors that show people how to spend more time here in Hot Springs.
3. **SHEDCO** – SHEDCO needs to work closer with the Chamber of Commerce to diversify the types of businesses that move to Hot Springs and actively pursue new industry, artists, manufacturing and development to the area. The group should work towards meeting the goal of creating Hot Springs as the health and wellness center for the Black Hills and assist existing businesses in finding paths to grow and work to develop training for workers to become better employees and ambassadors for the community.

Support for Regional Agriculture

Following is a summary of facts, ideas, ponderings and opportunities collected during a meeting/discussion with Peggy Sanders and Russell Wyatt, March 13, 2017.

Peggy Sanders is a well-known local historian and writer. She is also a rancher in Oral, SD, and 7th generation local family from the Tillotson line. Her father Russell Wyatt is also a rancher, real estate developer, property appraiser and a member of our Housing Initiative. Both agreed to speak to me to discuss Hot Springs relations with our local ranchers from a historic perspective to now. The questions were raised as part of our on-going Comprehensive Plan fact-gathering and was in fact one of the very first things brought to my attention when starting the planning process: How can we rebuild our connections with our local ranchers?

THE LAY OF THE LAND

Fall River Feed Yard (highway 79): 24,000 head of cattle = \$24,000,000. Feed 12,000 bushels of corn per day plus grain and silage. Local job creator and industry. Local Manager: Mike Homelvig

Oral, SD: from a feed/seed store, small airplane manufacturing, cattle cube manufacturing, registered horse business and cattle ranches business is growing

Buffalo Gap, SD: Rancher's Feed & Seed Store serves the ranching community and a fishery that produces more fish for pond and river stocking than Spearfish & Canyon Lake

Edgemont, SD: feed and seed store, rail service that service the ranching community

Fall River County: production in beef, honey and businesses supporting the ranching community

Hot Springs being the commercial hub of Fall River County in comparison offers very little to support the ranching community which wasn't always the case:

Things that were lost that affected the ranchers' relationship with the people of Hot Springs:

- The stables, race track and grandstands at Butler Park all were torn down to create ball fields. (Fun Fact: in 1960 the National High School Rodeo Championships was held at Butler Park)
- Annual Crop Show was stopped
- Farm implement business like John Deere, International and Ford Tractor dealerships left (one returned after this interview)
- Automotive dealerships left like Ford, Chevrolet, Buick-Pontiac and Dodge-Chrysler
- Farm items cannot be bought in town including western wear, implements, etc.

CHALLENGES

The main challenges in creating a better economic tie with the ranchers around Hot Springs is to mend the past history between 'townies' and 'aggies' and work towards mending the City government relationship with the County government. We have to come to realize that we depend on each other and should be able to celebrate that fact. Creating a successful future for Hot Springs needs to include the ranching community.

OPPORTUNITIES

- Include ranching news early and often in the 'regular' town news
- Include ranching issues as part of our economic development planning (there is interest in developing a livestock auction barn near the Fall River Feed Yard)
- As we actively pursue potential stores or businesses to come to town, include those that would be serving the larger Hot Springs areas including our ranchers
- Merge the Ag Awards with the Commerce Awards as presented by the Chamber of Commerce – blend people into a single community and use that opportunity to network between store owners and ranchers
- Celebrate the Ag Industry by growing events that are important to them like the Cowboy Poetry event. Google {Old West Days, Valentine NE} and {www.cowboypoetry.com} as well as other cowboy poetry sites and be ready to be amazed at what could happen if the whole

community backed the Cowboy Poetry event. The size and support events like this can garner is amazing and should be leveraged. We could piggy-back it onto the Custer Buffalo Roundup or follow the Cheyenne Frontier Days to help grow the event. Consider bringing back the Crop Show and look at other ways for our ranchers to show off what they do.

- Engage the city and county governments in mutually beneficial discussions on things like emergency planning, economic development or transportation.
- Make sure all our local ranchers are aware of our farmer's markets and invite them to join.

Redevelopment of Existing Structures

Hot Springs has 16 commercial buildings that are currently vacant. Some are in great condition but many are in poor to very poor condition – but all of them are vital to the future of Hot Springs economy. Of those, 6 are historic sandstone buildings and are critical in telling the story of Hot Springs. The redevelopment and reuse of these buildings needs to happen – and now.

The Planning Administrator's office has been reaching out to the owners of the structures to encourage the redevelopment, refurbishing and reuse of these buildings. Training has happened to enable the Building Official to work closely with building owners to develop a method to phase-in the rehabilitation of these buildings to allow use and revenue streams while other parts of the building are being worked on. Already in place is a discretionary tax in Fall River County that allows for a 0% tax abatement for 5 years for new improvements, expansion or new construction in commercial, industrial or agricultural development. Hot Springs is ready for reinvestment in our historic buildings and our commercial areas and are a ready to assist – or - get out of the way.

For the last two years, 2016 & 2017, the City has sponsored façade improvement grants to help assist local businesses spruce up their storefronts. A few projects that had funding assistance were the theater's new painted façade and new awnings for stores on North River Street and Chicago Street.

Paramount for the welfare of our community's commercial district is a pedestrian friendly streetscape including shade, benches, greenery, pocket parks and access to public facilities. The City and public need to demand a pedestrian friendly highway project when the reconstruction starts in 2020. Failure to attain sidewalks that include trees, an expanded streetscape to include a cantilevered sidewalk to provide extra width for driving and pedestrians safety and visually stimulating and appealing materials will subject our downtown to a commercial sterilization – and make it that much harder to succeed in business. We have one chance to get this project right and it will last for 50 years or more.

Historic Revitalization

In 1975 a “*Historic Revitalization Plan*” was developed by Jim Mueller, Kim Williams with the Hot Springs Chamber of Commerce and the South Dakota Historical Preservation Center. This unique document shows visually the small changes that can be made to the existing (then) facades to uplift and restore the beauty of the historic district. Success in a small community is found when the people there celebrate what makes them different, unique and special from all the other towns in the region: for Hot Springs it is the water, the historic sandstone buildings and mammoths.

The plan outlines the visual impacts of infill construction, fenestration, signage, textures and materials, and highlights the advantages of restoration, landscaping and clear uniform signage. This plan, despite its age, still holds much to learn from in today’s world and should be adopted as part of this Comprehensive Plan. It was the first planning document to identify the river as an asset and proposed ways to improve access to it and its visual presence while maintaining flood control. And it was the first to recommend a cantilevered sidewalk along the narrowest parts of N. River Street to expand the streetscape to become more welcoming and much safer for pedestrians.

Public Art and Culture

In addition to a pedestrian friendly downtown streetscape is the inclusion of public art. The Cultural Development Organization got Hot Springs off to a great start with their support and establishment of a number of historic based murals in all areas of the city. We need to add to that to establish Hot Springs as an arts destination in the region.

Our uniquely-us tall staircases can be adorned with artwork to help make them stand out - not only as a way to exercise but as a sight to behold. Perhaps a Mammoth art design competition can be created similarly to the buffalo in Custer. Mammoths decorated in all types of artwork can adorn our corners – or move from place to place calling out special businesses to visit. Adding wall art to the flood walls through town could take a liability and make it an asset – imagine fish and swirls of water flowing down the walls along with the warm mineral waters! Art competitions and public art can spring up in all kinds of places and in all kinds of ways to create a vibrant and ever changing commercial environment – the sky is the limit!

¹ Bureau of Economic Analysis, US Department of Commerce, 11/16 www.bea.gov

² US News and World Report, www.usnews.com