

Scheel: Cabela's deal isn't fair

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By Dan Daly and Scott Aust, Journal staff

RAPID CITY -- The day after the Rapid City Council voted to give outdoor outfitter Cabela's \$2 million and the 30-acre Black Hills Visitor Information Center site to bring a store to town, the operators of the center sounded a conciliatory note.

However, Steve D. Scheel, chief executive officer of Cabela's rival Scheels All Sports, was not so conciliatory.

And Mayor Jim Shaw, in comments during the Monday night council meeting, launched what seemed to be a preemptive strike against critics of the deal.

The Black Hills, Badlands & Lakes Association operates the visitor center and houses its offices inside the building. The group pays no rent but, it does cover the building's expenses.

The Cabela's agreement would set aside 5,000 square feet of space inside the 80,000-square-foot store for a visitor center. BHB&L would probably operate it -- but Shaw said Monday night another group could step in.

Regardless, the tourism agency will have to find a new home for its office. Before Monday night's vote, BHB&L went on record opposing the deal. But Tuesday, association chairman Brian Boyer said the agreement is workable.

"We're looking forward to working with the city of Rapid City," Boyer said. "They've been good landlords for us, and they've run a nice facility. This is such a good opportunity for Rapid City, so we all have to work together and move forward."

He noted that the deal includes free rent, free utilities and \$500,000 for finish work on the center interior. Boyer also hopes to put up more signs on the interstate to increase traffic to the center, even among tourists who don't plan to shop at Cabela's.

At the council meeting, Shaw said that the current visitor center has not served the tourism industry. "It's been a dismal failure," Shaw declared.

Shaw said a center inside Cabela's is bound to do a better job. The current stand-alone center saw about 60,000 tourists last year, a small fraction of the estimated 5 million tourists who visited the Black Hills, he said.

There have been projections that as many as 1 million people a year will likely visit the Rapid City store. Cabela's stores are billed as "destination retailers," tourist attractions in their own right.

It's unclear what the breakdown between local shoppers and out-of-town visitors would be. Meanwhile, Cabela's is building more stores in the region, and it's also unclear whether the Cabela's name will continue to be a tourist draw.

Last week, the Billings, Mont., city council approved a rezoning request from Foursquare Properties, Cabela's land-development partner, to build a Cabela's-anchored shopping center in Billings.

That means the Rapid City Cabela's will be 230 miles from the Sidney, Neb., store, 374 miles from the Billings store, and 277 miles from the Mitchell store.

Scheel, whose Fargo, N.D., company plans to build a 100,000-square-foot sporting-goods store across Interstate 90 from Cabela's, complained that Rapid City is giving Cabela's an unfair financial advantage.

"We've been in Rapid City for so many years. We're building a bigger building, and we're going to employ more people than Cabela's. We've always been a good community citizen in Rapid City. ... It's almost like a slap in the face that they would give this (deal) to our No. 1 competitor," he said.

The developers of Rushmore Crossing have been approved for tax increment financing worth \$20 million, including interest, over the life of the TIF. The money will be used to cover street construction and other development costs. Scheel insisted that Scheels All Sports, one tenant in the sprawling development, is not receiving any direct subsidy from the city.

Shaw, however, disagreed. And he also said Scheels is welcome to propose its own deal.

"Scheels has never approached us. I will mention that Scheels as part of Rushmore Crossing is the beneficiary of a \$20 million TIF that the city council has already approved," Shaw said. "To say Scheels is not benefiting from tax money is ludicrous. Nevertheless, if they'd like to propose something similar to Cabela's, bring them on."

Since details of the agreement first emerged in March, Shaw has argued that the 30-acre visitor-center site would better serve Rapid City as a tax-generating commercial development than a city-owned mostly vacant lot. Cabela's will generate as much as \$3.7 million a year in sales tax receipts, according to one estimate.

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