

**DEADWOOD HISTORIC PRESERVATION COMMISSION
2024 BUDGET ANALYSIS**

TO: South Dakota State Historical Society Board of Trustees

**FROM: Jenna Carlson Dietmeier, Interim State Historic
Preservation Officer
South Dakota State Historical Society**

CC: Kevin Kuchenbecker, Deadwood Preservation Officer

RE: Deadwood HPC 2024 Budget Analysis

DATE: November 16, 2023

BACKGROUND

Following the voters' approval of an initiated amendment on November 8, 1988, Article III, Section 25 of the constitution of the State of South Dakota was amended to allow for limited gaming within the city limits of Deadwood. Subsequent amendments have further defined gambling allowed within the city, such that the last two sentences of Article III, Section 25 of the Constitution currently read:

Further, it shall be lawful for the Legislature to authorize by law, roulette, keno, craps, wagering on sporting events, limited card games and slot machines within the city limits of Deadwood. The entire net Municipal proceeds of such roulette, keno, craps, wagering on sporting events, card games, and slot machines shall be devoted to the Historic Restoration and Preservation of Deadwood.

The details of limited gaming in Deadwood are codified within the sections of South Dakota Codified Law (SDCL) 42-7B. SDCL 42-7B-46 created the historic restoration and preservation fund as a result of gambling revenue in Deadwood. The terms of SDCL 42-7B-46 are as follows:

There is hereby created within the City of Deadwood a special fund to be known as the historic restoration and preservation fund. The Deadwood city commission shall appropriate amounts from this fund, remaining in any fiscal year after provision for the requirements of any revenue bonds issued under § 42-7B-54, to the Historic Preservation Commission established pursuant to chapter 1-19B which may expend those funds for loans, grants and purchases in the manner and for the purposes set out in chapter 1-19B and according to standards established by the State Historical Society Board of Trustees.

At the December 8, 2023, meeting, the South Dakota State Historical Society Board of Trustees will review and take action on the 2024 budget for Historic Preservation in Deadwood, also known as the historic

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restoration and preservation fund or “preservation fund,” as has been done in the past, utilizing the terms in the Administrative Rules of South Dakota Chapter 24:52:10.

OVERVIEW

The City of Deadwood is a unique historic resource and a unique town within South Dakota. A large portion of the City is a National Historic Landmark (NHL), and gaming is legal within the City. Additionally, although the permanent population of Deadwood is roughly 1,200, over two million people visit Deadwood each year. These factors contribute to the unique position of historic preservation in Deadwood, with oversight of the City’s NHL status from the National Park Service and meaningful consultation with the State Historic Preservation Office on all projects within the City that could encroach upon, damage, or destroy historic properties. This analysis of the 2024 Deadwood Historic Preservation Commission Budget takes into account the unique issues faced by the City and its Historic Preservation program.

Commercial development within the City continues to put pressure on the historic integrity of the district. This will continue for the foreseeable future. Deadwood’s Historic Preservation Officer and staff within the City’s Historic Preservation Office advise and assist the Historic Preservation Commission with their gargantuan task of balancing the protection and rehabilitation of the district’s historic resources with the commercial and residential needs of the community. The State Historic Preservation Office (SHPO) continues to partner with the City of Deadwood to preserve and protect as many historic resources of the City as possible, while acknowledging the self-governance of municipalities inherent in state law. To ensure that the City and citizens of Deadwood respect and preserve the historic resources that surround them, public outreach, marketing, and education remain critical.

The 2024 Deadwood Historic Preservation Commission budget shows relative consistency with the previous two years’ budgets. The 2024 budget is estimated at \$7,015,00.00, while the 2023 budget was \$6,920,000.00 and 2022 budget was \$6,900,000.00. Please note that there was a mathematical error in the original 2024 budget submitted to Board Members on November 8, 2023; a corrected version of the entire budget document as well as the individual corrected pages 5 and 6 of the budget document are included with this analysis in the complete board packet.

The most noticeable differences in line items are a result of previous and planned bonded expenses. The allocation for the Rodeo Grounds has decreased significantly from the 2023 allocation. A bond is anticipated for late 2024 which will fund improvements and maintenance of the historic facility. Additionally, with the payoff of the 2012, 2015, and 2023 bond, the Historic Preservation

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Commission has increased the allocations for both the City Retaining Walls under Capital Assets & CIP Funding and the Retaining Wall Program under Grants & Loans. Repair of historic retaining walls and repair or replacement of retaining walls threatening historic properties is crucial to the preservation of the entire district.

Kevin Kuchenbecker, Deadwood Historic Preservation Officer, has provided specific details in this year's budget regarding previous, current, and anticipated legislative efforts to promote and fund historic preservation in Deadwood. Under South Dakota Codified Law, Deadwood's historic restoration and preservation fund has been capped at \$6,800,000 since 1995, with any excess gaming revenue being divided according to a complex formula in which only a small percentage of the excess proceeds go to Deadwood's historic preservation. In 2024, Mr. Kuchenbecker plans to continue educational efforts with the legislature to educate and inform the administration on the importance of historic preservation in Deadwood.

This analysis provides a recap of the 2024 itemized budget, with the appropriate Administrative Rule(s) cited to justify the proposed expense. Additionally, the analysis provides comments from SHPO, any questions regarding a proposed budget item, and SHPO's recommendation. Comments from SHPO largely reflect the need for the budgeted items to follow the agreed upon standards, on which Mr. Kuchenbecker and Deadwood Historic Preservation Staff are well-educated. Mr. Kuchenbecker answered my questions on specific budget items during a telephone conversation on November 13, 2023, so you will see no outstanding questions regarding proposed expenditures for 2024. The included recommendations primarily focus on whether I feel the individual line item has followed the applicable Administrative Rule(s) and are within the scope and intent of preservation activities intended by the legislature.

South Dakota Administrative Rule 24:52:10:12 details the Board of Trustees' role in reviewing Deadwood's historic preservation expenditures.

BOND PAYMENTS

SHPO Comment: City of Deadwood cites ARSD 24:52:10:09(2) as justification for these bond payments. This administrative rule states: "Public improvements involving the whole of infrastructure installation, repair, and improvements; public facilities, public fixtures, and recreational installations to the extent that they support, enhance, and protect the historic buildings, sites, properties, and features of Deadwood." Examples of past and current bonded projects include the restoration of the 1905 Carnegie Library Building; the History & Information Center in and restoration of the 1897 Fremont, Elkhorn & Missouri Valley Railroad depot; the construction of the Days of '76 Museum; City Retaining Wall projects; and relocation of utilities along the back of Main Street. The bond debt for city

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owned retaining walls, construction of Outlaw Square, and the development of a new Main Street Master Plan is scheduled to be paid in full in 2024. A new bond will likely be issued in late 2024 with the funds going towards maintenance and expansion of the historic rodeo grounds. SHPO has and will continue to provide oversight to ensure that such bonded projects preserve the historic integrity of the district through rehabilitation, restoration, and/or necessary infrastructure improvements. SHPO looks forward to working with the City on planning and proposals for the Rodeo Grounds improvements to ensure any proposed improvements and/or expansion do not damage the integrity of this historic resource.

Bond Payments – \$1,172,050.00
ARSD SECTION – ARSD 24:52:10:09(2)

QUESTIONS – None

RECOMMENDATION – Approval. City of Deadwood administrative officials responsible for execution and enforcement of these administrative rules, especially when providing oversight and expenditure of significant preservation funds, continue to maintain strict adherence to the intent and spirit of preservation statutes, including SDCL 1-19A-11.1.

FIXED CAPITAL ASSET AND CAPITAL IMPROVEMENT PLANNING

SHPO Comment: SDCL 1-19B-62 states “Any county or municipality may enact an ordinance requiring a county or municipal historic preservation commission to review any undertaking which will encroach upon, damage, or destroy any historic property included in the national register of historic places or the state register of historic places.” Although properties owned by the State of South Dakota are exempt from local review, the City of Deadwood municipal government must continue to comply with this review process for their own municipal facilities, per their local historic preservation ordinance.

City Hall – \$10,000
ARSD SECTION – ARSD 24:52:10:08(10), and 24:52:10:09(1)

QUESTIONS – None

RECOMMENDATION – Approval

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Adams Museum– \$35,000

ARSD SECTION – ARSD 24:52:10:08(10) and 24:52:10:09(1)

QUESTIONS – None

RECOMMENDATION – Approval

Adams House Museum– \$15,000

ARSD SECTION – ARSD 24:52:10:08(10) and 24:52:10:09(1)

QUESTIONS – None.

RECOMMENDATION – Approval

Library – \$40,000

ARSD SECTION – ARSD 24:52:10:08(10) and 24:52:10:09(1)

QUESTIONS – None.

RECOMMENDATION – Approval

Rodeo Grounds – \$30,000

ARSD SECTION – ARSD 24:52:10:08(10) and 24:52:10:09(1)

QUESTIONS – None.

RECOMMENDATION – Approval

History and Interpretive Center – \$15,000

ARSD SECTION – ARSD 24:52:10:08(10) and 24:52:10:09(1)

QUESTIONS – None

RECOMMENDATION – Approval

Historic Street Lights – \$10,000

ARSD SECTION – ARSD 24:52:10:08(10) and 24:52:10:09(2)

QUESTIONS – None.

RECOMMENDATION – Approval

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City Retaining Walls - \$600,000

ARSD SECTION – ARSD 24:52:10:08(8); 24:52:10:08(10); 24:52:10:09(2)

QUESTIONS – None.

RECOMMENDATION – Approval

Wayfinding - \$50,000

ARSD SECTION – ARSD 24:52:10:08(10); 24:52:10:09(2)

QUESTIONS – None.

RECOMMENDATION – Approval

Benches and Trash Cans - \$25,000

ARSD SECTION – ARSD 24:52:10:08(8); 24:52:10:08(14); 24:52:10:09(2)

QUESTIONS – None.

RECOMMENDATION – Approval

General Maintenance - \$75,000

ARSD SECTION – ARSD 24:52:10:08(10); 24:52:10:09(2)

QUESTIONS – None.

RECOMMENDATION – Approval

Days of 76 Museum - \$10,000

ARSD SECTION – ARSD 24:52:10:08(10); 24:52:10:09(2)

QUESTIONS – None.

RECOMMENDATION – Approval

VISITOR MANAGEMENT AND INFORMATION

Trolley Operations – \$40,000

ARSD SECTION – ARSD 24:52:10:08(14); 24:52:10:08(15)

QUESTIONS – None

RECOMMENDATION – Approval

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Marketing – \$414,000

SHPO Comment: Deadwood HPC and City Administrators should continue to provide detailed oversight and analysis of marketing expenditures to ensure that these marketing funds are allocated towards Deadwood’s historic preservation and heritage tourism.

ARSD SECTION – ARSD 24:52:10:08(7); 24:52:10:08(14)

QUESTIONS – None

RECOMMENDATION – Approval

Visitor’s Center/Interpretive Center – \$70,000

ARSD SECTION – ARSD 24:52:10:08(10); 24:52:10:08(14)

QUESTIONS – None

RECOMMENDATION – Approval

HISTORIC INTERPRETATION AND INFORMATION

Days of ’76 Rodeo – \$65,000

SHPO Comment: Deadwood HPC and City Administrators should ensure that the money budgeted for the Days of ’76 Rodeo and Parade is indeed used towards marketing Deadwood’s historic character and heritage tourism.

ARSD SECTION – ARSD 24:52:10:08(7); 24:52:10:08(14)

QUESTIONS – None

RECOMMENDATION – Approval.

Deadwood History, Inc. – \$38,000

ARSD SECTION – ARSD 24:52:10:08(2); 24:52:10:08(10)

QUESTIONS – None

RECOMMENDATION – Approval

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Days of '76 Museum – \$110,000

ARSD SECTION – ARSD 24:52:10:08(2); 24:52:10:08(10)

QUESTIONS – None.

RECOMMENDATION – Approval

Adams Museum– \$95,000

ARSD SECTION – ARSD 24:52:10:08(2); 24:52:10:08(7); 24:52:10:08(10)

QUESTIONS – None

RECOMMENDATION – Approval

Adams House Museum – \$75,000

ARSD SECTION – ARSD 24:52:10:08(2); 24:52:10:08(10)

QUESTIONS – None

RECOMMENDATION – Approval

Historical Re-enactments – \$148,000

ARSD SECTION – ARSD 24:52:10:08(3)

QUESTIONS – None

RECOMMENDATION – Approval

Fassbender Photographic Collection – \$20,000

ARSD SECTION – ARSD 24:52:10:08(2); 24:52:10:08(3)

QUESTIONS – None

RECOMMENDATION – Approval

Century Award - \$1,000

ARSD SECTION – ARSD 24:52:10:08(10)

QUESTIONS – None

RECOMMENDATION – Approval

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HISTORIC PRESERVATION OFFICE

Historic Preservation Office – \$435,100

ARSD SECTION – ARSD 24:52:10:08(1); 24:52:10:08

QUESTIONS – None

RECOMMENDATION – Approval

Public Education/Advocacy – \$220,000

ARSD SECTION – ARSD 24:52:10:08(7); 24:52:10:08(12)

QUESTIONS – None

RECOMMENDATION – Approval

Archaeology – \$27,500

ARSD SECTION – ARSD 24:52:10:08(2); 24:52:10:08(4)

QUESTIONS – None

RECOMMENDATION – Approval

Dues/Subscriptions – \$2,480

ARSD SECTION – ARSD 24:52:10:08(9)

QUESTIONS – None

RECOMMENDATION – Approval

Collections/Acquisition – \$25,000

ARSD SECTION – ARSD 24:52:10:08(2); 24:52:10:08(3)

QUESTIONS – None

RECOMMENDATION – Approval

Archival Development – \$44,700

ARSD SECTION – ARSD 24:52:10:08(2)

QUESTIONS – None

RECOMMENDATION – Approval

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Geographic Information System – \$29,500

ARSD SECTION – ARSD 24:52:10:08(4); 24:52:10:08(8)

QUESTIONS – None

RECOMMENDATION – Approval

Scholarship – \$3,000

ARSD SECTION – ARSD 24:52:10:08(12)

QUESTIONS – None

RECOMMENDATION – Approval

CITY OF DEADWOOD DEPARTMENTAL FUNDS

SHPO Comment: We do not require specific breakouts for each department allocation, as these funds have been allocated from the Deadwood Historic Preservation Fund based on a formula of the increased impact to the City of Deadwood from the 1989 gaming authorization. This allocation remains unchanged since 2012.

City of Deadwood Departmental Funds – \$1,483,170

ARSD SECTION – ARSD 24:52:10:08(15)

QUESTIONS – None

RECOMMENDATION – Approval

DEADWOOD GRANT AND LOAN FUNDS

Grant Fund for Non-Profit Institutions – \$50,000

ARSD SECTION – ARSD 24:52:10:08(3); 24:52:10:09(1)

QUESTIONS – None

RECOMMENDATION – Approval

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Retaining Wall Grant Program – \$840,000

SHPO Comment: Deadwood HPC should ensure that all work completed meets the Secretary of the Interior’s Standards and abides by SDCL 1-19A-11.1 and SDCL 1-19B-62. Furthermore, SHPO recommends that Deadwood HPC and City Administrators take into account any potential archaeological remains which could be affected by retaining wall repair or replacement.

ARSD SECTION – ARSD 24:52:10:09(1)

QUESTIONS – None

RECOMMENDATION – Approval

Cemetery Headstone Grant Program - \$6,000

SHPO Comment: Deadwood HPC should ensure that all work completed meets the Secretary of the Interior’s Standards and does not detract from the setting, feeling, or materials of the historic cemetery in which the headstone will be placed.

ARSD SECTION – ARSD 24:52:10:09(1)

QUESTIONS – None

RECOMMENDATION – Approval

Grant Fund for Projects Outside of Deadwood – \$100,000

SHPO Comment: SHPO appreciates Deadwood’s continuing support of this important preservation tool across the state and hopes funding can one day increase as resources allow.

ARSD SECTION – ARSD 24:52:10:08(3); 24:52:10:08(12)

QUESTIONS – None

RECOMMENDATION – Approval

Paint Grant – \$25,000

ARSD SECTION – ARSD 24:52:10:09(1)

QUESTIONS – None

RECOMMENDATION – Approval

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Historic Publication Fund - \$5,000

ARSD SECTION – ARSD 24:52:10:08(12)

QUESTIONS – None

RECOMMENDATION – Approval

PROFESSIONAL SERVICES

Professional Services – \$75,000

ARSD Section – ARSD 24:52:10:08(13)

Questions – None

RECOMMENDATION – Approval

Legal Services – \$12,500

ARSD Section – ARSD 24:52:10:08(5)

Questions – None

RECOMMENDATION – Approval

Historic Neighborhood Revitalization – \$8,000

ARSD Section – ARSD 24:52:10:09(2)

Questions – None

RECOMMENDATION – Approval

SD Historic Preservation Office – \$70,000

SHPO Comment: SHPO appreciates the continuing relationship between the City of Deadwood and our office and recognizes the ongoing need for SHPO staff support to assist Deadwood in handling its unique historic preservation issues.

ARSD Section – ARSD 24:52:10:08(1b)

Questions – None

RECOMMENDATION – Approval

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REVOLVING LOAN PROGRAM ACTIVITIES

Revolving Loan Programs - \$280,000

SHPO Comment: This line item in the 2024 budget is to assist in building up the account for the various grants and loans offered through Deadwood’s revolving loan programs. Although some of the programs detailed in the itemized budget offer grants that do not need to be repaid, SHPO typically does not review revolving loan expenditures as these costs are recovered and not viewed as direct expenditures of the historic restoration and preservation fund created as a result of gambling revenue in Deadwood. Revolving loan expenditures with the aim of preservation of the historic resource—such as for the windows & doors program, the siding program, and the foundation program—are allowable pursuant to ARSD 24:52:10:07, 24:52:10:09, and ARSD 24:52:10:15.

CONTINGENCY (Property Maintenance)

Contingency (Property Maintenance)- \$50,000

SHPO Comment: The 2024 budget includes \$50,000 for contingent property maintenance. No specific project activities are delineated in the itemized budget as this money is to be used for emergency repairs to prevent further damage to absentee-owned historic properties that have been entered into the Demolition by Neglect Program. As this expense is allowable under ARSD 24:52:10:09, Deadwood HPC should ensure that all contingency work completed meets the Secretary of the Interior’s Standards.

GENERAL COMMENTS

- The majority of recurring budgetary items in the 2024 budget have similar allocations to the 2023 budget. The greatest differences can be seen in a drastically reduced budget for the Rodeo Grounds line item under Capital Assets & CIP Funding from 2023, as there are plans to issue a new bond in late 2024 with the funds going towards improvements to preserve the Rodeo Grounds. Additionally, funds for City Retaining Walls and the Retaining Wall Program have increased as previous bonded debts have been paid off.
- For any supplemental budget items, the Deadwood Historic Preservation Officer will first consult with SHPO before allocating funds to supplemental budget lines, and then SDSHS Board of Trustees will be informed of new supplemental budgetary items at their next Quarterly meeting.