



# CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

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To: City Council Members  
From: Mayor Sam Kooiker *SK*  
RE: Downtown Presidential Plaza project (SE corner of St. Joseph/6<sup>th</sup> Street)  
Date: November 2, 2011 Legal & Finance meeting

While I desire to see a successful project move forward on the City parking lot located on St. Joseph and 6th Street, I believe we must reflect on the history of the project proposals.

Key events include:

- After an RFP (Request for Proposal) process in 2007, the City Council selected the Rushmont (Hani Shafai/Dream Design). The property tax increment financing (TIF) portion was estimated at \$23.1 million. The project also included \$2.8 million in Vision 2012 Sales Tax funds, and the property, which is valued at \$1.1 million based on the 2009 appraisal.
- In October 2008, Rushmont Developers pulled out of the project. On June 1, 2009, the RFP process reopened and then closed on July 22. On August 3, 2009, the City Council selected St. Joe Investment Group (Fourfront Design).
- On September 21, 2009, the City Council approved the Master Development Agreement with St. Joe Investment Group that limited the amount of TIF funds to \$5 million.
- On February 22, 2011, St. Joe Investment Group announced that Hanai Shafai and Pat Hall had joined their team. At this meeting, I stated that I believed significant changes in the project should come back to the City Council.
- On April 18, 2011, the City Council approved re-assignment of the Master Development Agreement from St. Joe Investment Group to President's Plaza LLC. No changes to St. Joe's project were proposed to the City Council at that time, although it is now clear that St. Joe Investment Group and FourFront Design are no longer involved.
- You are now being asked to approve a 2<sup>nd</sup> addendum to the 2009 Development agreement, which would return the TIF portion to \$23.1 million from the current \$5 million.

There are essentially three options to consider:

1. Keep the TIF at the level it is at now, capped at \$5 million (would consider request for interest).
2. Remove the \$5 million cap so that \$18.1 million in additional taxpayer financing would be available under the TIF.
3. If it is not possible to proceed with the project according to the terms outlined in the 2009 Master Development Agreement (\$5 million cap), whose re-assignment was approved by the City Council on April 18, 2011, a new RFP should be issued for the project.

Based on the information currently available, I recommend we issue a new RFP so the City Council and public will have full understanding of the increased costs and benefits to the taxpayers and to ensure the best result for continuing the exciting revitalization of our downtown.



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