



**Downtown Revitalization and Parking Expansion**

**Public Private Partnership**

**2012**

# RFP PROJECT GOALS

## Primary Goals:

1. Provide additional downtown off-street parking
2. Increase commercial activities downtown
3. Attract new residential land uses
4. Attract commercial activities downtown

# EXISTING PARKING LOT (\$0 REAL ESTATE TAXES)







RNL

President's Plaza





Skyline View from South-West of Project Site

RNL

President's Plaza





RNL

President's Plaza

# HISTORIC APPROVAL TIMELINE

June 1, 2012	Historic Preservation Commission agrees with the Revised Case Report for President's Plaza
June 6, 2012	State Historic Preservation acts on elevations of President's Plaza
June 13, 2012	Legal and Finance Committee recommends acceptance of exterior elevations
June 18, 2012	City Council approves design of President's Plaza

# CURRENT ACTIVITIES

## Project Redesign

Design team is working diligently on incorporating the final building look into the structural and mechanical design components.

Final Design Anticipated Completion

December 2012



# CURRENT ACTIVITIES

## Project Financing

Bank financing is secured for the project.

Currently, developers are working on the new market tax credit component to make the project fitting and suitable to the community's needs.

# ANTICIPATED SCHEDULE

Anticipated Construction Start

March 2013

Estimated Completion Date

March 2015 [24 Months]





Thank You

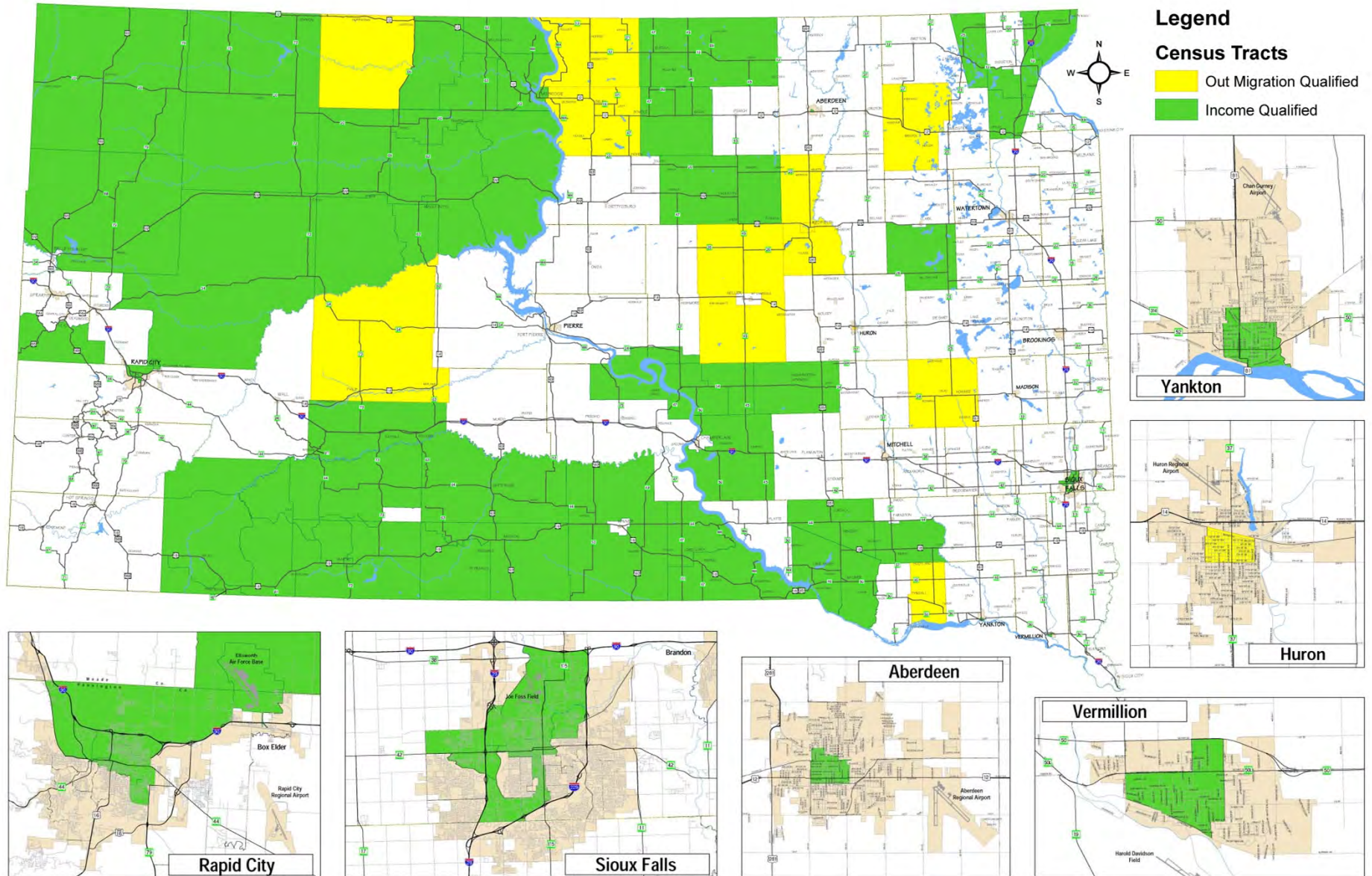
Skyline View from South-West of Project Site



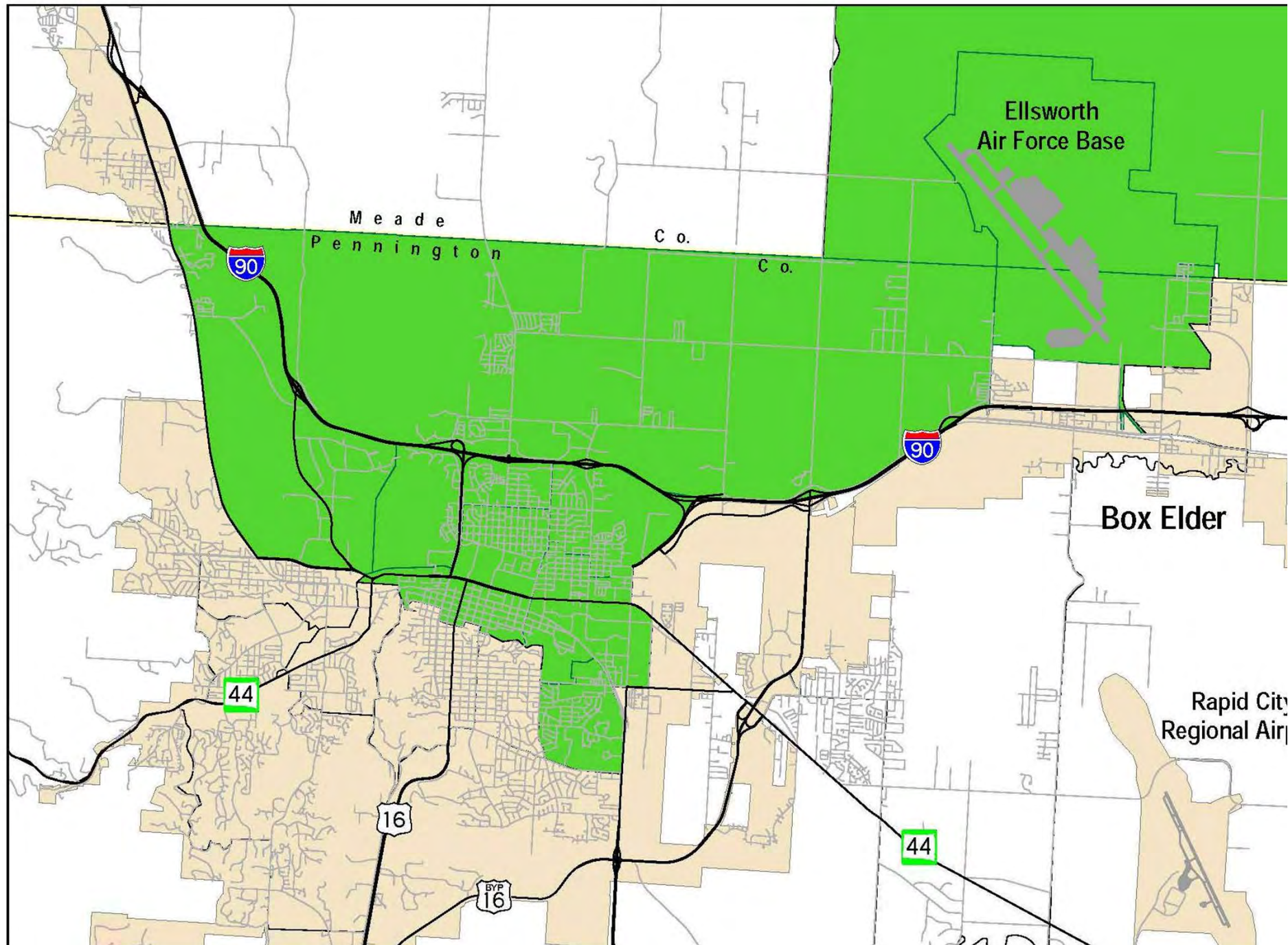
President's Plaza



# New Market Tax Credits Census Tracts







Ellsworth  
Air Force Base

Meade  
Pennington  
C o. C o.

Box Elder

Rapid City  
Regional Air



The background is a dark blue gradient with two large, overlapping circles of a slightly lighter shade of blue. The text is centered in white.

# AGREEMENTS IN REGARD TO 2012

## Specifying use of funds



ORIGINAL  
MASTER DEVELOPMENT AGREEMENT

September 21, 2009

B. City Shall make available the fixed sum of two million eight hundred thousand dollars (\$2,800,000) in 2012 Funds to fund the design and construction of the public improvements of the St. Joe Project.

# FIRST ADDENDUM TO THE MASTER DEVELOPMENT AGREEMENT

November 16, 2009

1. Section 1B of the Agreement shall be deleted and replaced with the following:

City shall transfer the fixed sum of two million eight hundred thousand dollars (\$2,800,000) in 2012 Funds to an escrow account for the purpose of funding the design and construction of the public improvements of the St. Joe Project.



# THIRD ADDENDUM TO THE MASTER DEVELOPMENT AGREEMENT

June 7<sup>th</sup>, 2012

1. Section 1, Overview of St. Joe Project, subparagraph B, shall be deleted and replaced with the following:

On August 6, 2012, or as soon thereafter as the parties have agreed to an acceptable escrow agreement with disbursement provision, City shall transfer the fixed sum of two million eight hundred thousand dollars (\$2,800,000) in the previously approved Vision (2012) Funds to an escrow account for the purpose of funding the design and construction of public improvement of the St. Joe Project. Pending the escrow deposit, City shall immediately commence steps to place the said 2012 funds in a segregated account under the City's control designated for use on this project.

# SECOND ADDENDUM TO THE MASTER DEVELOPMENT AGREEMENT

November 7, 2011

H. In addition to the public parking structure contemplated by this Agreement, President's Plaza agrees to construct a mixed use building on the land provided by the City. The parties recognize that President's Plaza needs flexibility in the final design of the building to accommodate potential tenants and uses. The parties therefore agree President's Plaza shall have the ability to control the building's tenants and the amount of floor area dedicated to the specific uses. The current structure proposed by President's Plaza contains approximately 89,000 sq. ft. of floor area in addition to the parking structure. President's Plaza cannot reduce the square footage of the final structure by more than 25% without the approval of the City Council. If President's Plaza reduces the square footage of the final building by more than 25% without obtaining City Council approval, it is in breach of this Agreement and the City may suspend its obligations under this Agreement.



Developers of President's Plaza  
are used to complex projects and  
they always can deliver great  
projects to the community.



















Thank You

Skyline View from South-West of Project Site



President's Plaza



EXISTING CITY PARKING RAMP  
ZERO REAL ESTATE TAXES  
TAXPAYERS COSTS NEAR \$5,000,000  
REPLACEMENT COST NEAR \$9,000,000



# ECONOMIC IMPACT

## Temporary Jobs During Construction

Labor at 50% of Construction Costs      \$20,500,000

Number of One Year \$50,000 Jobs      410 Jobs

# ECONOMIC IMPACT

## Sales Tax During Construction

Construction Material at 50% of Construction Costs	\$20,500,000
Sales Tax on Construction Material	\$1,230,000



# ECONOMIC IMPACT

## Permanent Jobs

Office Use

260 Jobs

Hospitality and Retail

70 Jobs

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Total

330 Jobs

# ECONOMIC IMPACT

## Real Estate Taxes

Assessed Value

\$40,000,000

Real Estate Taxes

\$800,000 Per Year



Thank You

Skyline View from South-West of Project Site



President's Plaza



# PROJECT TIMELINE

2006	The City appoints a downtown revitalization task force to look at ways to revitalize the downtown area. The parking sub-committee looks for ways to better spend the 2.8 million that has been identified from the 2012 Fund to build another parking ramp in downtown. The ask for proposals for a mixed use development which would incorporate retail stores and living space in addition to parking. Dream Design proposes a 15 story mixed use building which is chosen by the committee as the top proposal.
February 9, 2007	Special Meeting of the City's Historic Preservation Commission is held to discuss the proposal with Dream Design.
February 20, 2007	Mayor Shaw holds a press conference introducing the plan to build a 15 story mixed use high rise in a joint public/private partnership.
February 21, 2007	Mayor Shaw made a presentation on the proposed building at the City Council's Informational Meeting. Mayor Shaw gave a very basic presentation identifying retail, office and residential spaces, but stating that the details were not important at this point just the concept. No details of amount of retail, office or residential were given. He did discuss that the three things that were important to a downtown were having people working, shopping and living downtown. He said that we have the first two already in Rapid City, but this project would help with the third leg. He further stated that it would double the amount of public parking at the site by providing a minimum of 280 public parking spaces. (Source Video of 2/21/07 meeting)
February 28, 2007	The Legal and Finance Committee directed staff to enter into discussions with Dream Design regarding the downtown revitalization plan. This was approved on the City Council's consent calendar March 5, 2007.

# PROJECT TIMELINE

April 4, 2007	Dream Design appeared before the City's Tax Increment Committee and presented a request for the use of tax increment funds to help finance the project. The project plan requested that funds be used to help construct a public parking structure, fund removal of contaminated soils and relocate over head power lines in the adjacent alley. The total cost of the TID was estimated at \$23,085,086.14. That amount was broken down as follows, parking structure \$9,242,500, soil removal \$247,500, power line relocation \$300,000, professional services \$924,250; necessary and convenient costs \$500,000, contingency \$462,125 and financing interest \$11,408,711.14. The committee approved the request.
April 26, 2007	The Planning Commission unanimously approved recommending the creation of Tax Increment District #62 and the proposed project plan for the district.
May 7, 2007	The City Council addressed the proposed TID. There were questions raised about the specifics of the project. Marcia Elkins responded that some elevations have been circulating, but an architect from Colorado had recently been hired and the proposals which have been circulating may not necessarily be what is ultimately brought forward. She further indicated that it would be more appropriate to work out the details at the time the developer's agreement is approved. The City Council approved the creation of the Tax Increment District #62 and the Project Plan for TID #62. There was a presentation prepared by Dream Design at this time which included a project summary. I cannot find where this presentation was ever given to the City Council. The project summary prepared by Dream Design identified there would be 575-600 parking stalls, 52,000 square feet of retail/office space and 50-70 residential units.
July 24, 2007	A detailed design proposal is prepared by RNL, the project's architects, which showed parking, retail/office and residential uses.



# PROJECT TIMELINE

August 3, 2007	Dream Design and RNL meet with the City's Historic Preservation Commission to discuss the project.
September 7, 2007	The City's Historic Preservation Commission makes a finding that the proposal will have no adverse impact on the City's Downtown Historic District. The primary discussion is the height of the proposed residential tower.
September 2007	The State Office of History disagrees with the City's Historic Preservation Commissions finding. The State Office of History requests a full case report. Dream Design/RNL never provide the case report.
March 2008	Dream Design expressed concern with the speed at which the City was addressing the project and the fact the legal agreements were not in place.
July 16, 2008	The Legal and Finance Committee directed that the City Attorney's Office to prepare the agreements for the Rushmont project.
October 2008	Dream Design sends a letter to Mayor Hanks informing him that the project is dead and will no longer be moving forward.
May 6, 2009	The City Council holds a Special Council Meeting to discuss a proposal by FourFront Design/Legacy Development to revive the mixed use development at the corner of 5 <sup>th</sup> and St. Joseph St. Other interested parties attend the meeting, including Dream Design, and request the opportunity to present proposals as well. The City Council takes no formal action at this meeting.
June 1, 2009	The City Council approves a request for proposals for a public private development for the 5 <sup>th</sup> and St. Joseph St. site. The request asked those submitting proposals to address the parking and specifically identify the amount of parking stalls they were proposing to provide above the 135 stalls currently at the site. Potential developers had until July 22 <sup>nd</sup> to submit proposals.

# PROJECT TIMELINE

July 27, 2009	A Special City Council Meeting was held to discuss the proposals the City had received. Only two proposals had been received by the deadline. One from St Joe Investment Group and one from Presidential Plaza Partners. The St Joe Investment Proposal had 500 parking spaces, of which 350 would be owned and operated by the City and 150 would belong to building tenants. The proposal indicated that the development would provide 10,000 – 16,000 sq.ft. of retail space, 40,000 sq.ft. of office space and up to as many as 40 urban loft style residential units. They were also proposing 6,000 – 10,000 sq.ft. banquet facility. No request for changes to the TID were made at that time. The Presidential Plaza Partner’s proposal included a net gain of 45 parking stalls for the City and there was some discussion that the amount of stalls could be increased to possibly 145 parking stalls. No action was taken on the proposals. A decision was continued to the August 3, 2009, City Council meeting so a side by side comparison could be made.
August 3, 2009	The City Council directed the City Attorney’s Office to enter into negotiations with the St. Joe Investments Group to carry out the proposed project. The City Council further directed that the negotiations be completed by December 31, 2009
September 21, 2009	The City Council approves a Master Development Agreement with St. Joe Investments. No specifics of the building design or the amount of space to be committed to specific uses is included in the master agreement. The only detail addressed in the agreement is that the City will get a minimum of 350 parking spaces. The agreement states that the City will participate in the design of the building through the building permit process and the Historic Preservation review. In the agreement, St. Joe investments limits the amount of TID funds it will use to \$5 million dollars.



# PROJECT TIMELINE

November 16, 2009	The City Council approves the first addendum to the master agreement. The addendum dealt with the financing and payment of the 2.8 million dollars in 2012 funds.
December 21, 2009	After a hearing on a resolution of intent to enter into a land transfer, the City Council approved authorizing the City Attorney to execute the necessary documents to transfer the property to St. Joe Investments. No transfer has ever occurred.
February 1, 2010	The City Council approves extending the deadline in the master agreement to transfer the City land to the developer to April 15, 2010.
April 19, 2010	The City Council continues a request for a second extension by St. Joe Investments to its May 3, 2010 meeting.
May 3, 2010	The City Council approves St. Joe Investments extension request giving them until June 1, 2010 to transfer the land.
June 7, 2010	The City Council approves a 6 month extension for St. Joe Investments to provide proof of financing.
August 19, 2010	In a Rapid City Journal article St. Joe Investments indicates that they have postponed plans to include residential lofts in the President's Plaza project.
December 6, 2010	St. Joe Investments appears in front of the City Council and provides a report on its progress on the project. In conjunction with the report they provide a new time line for approval. The City Council approves acknowledging the report, but does not specifically grant an extension of any deadlines.
January 2011	Questions arise about the lack of a specific extension and the overall status of the project.

# PROJECT TIMELINE

February 22, 2011	St. Joe Investments appears at the City Council meeting and informs the Council that Hani Shafai and Pat Hall have joined their development group. St. Joe Investments indicate that there have not been major changes to the initial project elements outlined in the master development agreement. Alderman Kooiker requested that any significant changes to the original proposal be brought forward to the Council for approval.
February 27, 2011	In a Rapid City Journal article Hani Shafai stated that residents could expect to see changes in the proposed project in the coming months. Pat Hall indicated that the final product would incorporate the best from both designs.
April 18, 2011	The City Council approves an assignment agreement transferring the Master Development Agreement from St. Joe Investments to Presidents Plaza LLC.
August 2011	The City Council directs that a committee be formed to work with the project developer and provide more information about the progress of the project, but still provide the confidentiality the developer's need.
September 6, 2011	The City Council appoints the Presidential Plaza Review Sub-Committee, acknowledged a report on the scope and time frame of the project and extended the deadline to provide proof of financing to January 31, 2012. Presidents Plaza LLC indicated at the Legal and Finance Committee meeting that the scope of the project had not changed.



# ECONOMIC IMPACT

## Estimated Construction Costs

\$41,000,000 - \$49,000,000

# ST. JOSEPH STREET PARKING TIF







Thank You

Skyline View from South-West of Project Site



President's Plaza