January 24, 2014

Mayor Sam Kooiker

Members of the City Council:

Jerome Wright, Amanda Scott, John Roberts, Ritchie Nordstrom, Charity Doyle, Bonny Petersen, Bill Clayton, Steve Laurenti, Chad Lewis, Brad Estes.

Subject: Presidents Plaza - Council Committee Report

Appendix A includes a letter to the President's Plaza Committee, Rapid City Common Council and a comparative analysis of the current agreement and an alternative proposal with additional parking and cash infusion by the City.

It is the recommendation of the Council's Committee on President's Plaza that we proceed with the project with the following specific conditions and findings:

As stated in prior agreements, the TIF, along with the \$2.8 million in Vision Funds, construction of a 350 parking stalls, the contribution of the property by the City, environmental cleanup, and utility relocation would still be in effect. There is no downsizing of the current agreement(s).

This proposal allows utilization of the \$2.0 million for parking improvements from Destination Rapid City and meets their goal of improved parking and vitality to downtown Rapid City.

For an additional \$3.0 million City money and \$2.0 million from Destination Rapid City, the project will proceed on an accelerated schedule as follows:

Agreement completion

February 28, 2014

Design Completions

March 2014 through August 2014

Construction begins
Construction complete

September 2014 September 2016

Occupancy begins

October 2016

There are no New Market Tax Credits included in this proposal, nor is the financing dependant upon them.

The City will receive a 500 parking stall structure, environmental cleanup, utility relocation and approximately 350,000 square feet of additional taxable retail, commercial, hotel, and residential use in downtown Rapid City.

The City will finally fulfill a commitment made in 1974 to provide and improve parking in downtown Rapid City, specifically in the St. Joseph St. area.



All monies contributed by the City through the Vision Fund, TIF, and cash, will go <u>only</u> to the new parking structure, environmental cleanup, utility relocation and directly related items. <u>No City</u> money will be used to pay for any construction of non-parking structure improvements or any part of the Private Developers commercial or residential property.

The City taxpayers, for their total investment of \$2.8 million in Vision money, a cash infusion of \$3.0 million, and the use of a TIF, will receive a minimum of 500 parking stalls, environmental cleanup, utility relocation and an approximately 350,000 square feet of new taxable and productive property. This property will contribute for years to come in economic vitality and activity in the downtown business district and the entire community. The infusion of the cash from the City and Destination Rapid City will allow for a larger scope of work. The attached financial analysis shows the pay off of the TIF approximately two years sooner. With earlier than expected tax revenues, we receive at or about the same cost, a larger parking structure, (500 vs 350 parking spaces) and a specific and accelerated completion schedule. A source of the additional \$3.0 million in funding will need to be identified by the Council, and areas such as the SAB 28 funds, excess cash reserve, are potential funding sources.

Upon the City Council agreeing to the basic terms of the letter from the developer and the summary above, the development of the appropriate contractual, financial assurance, construction documents, and related documentation, can be processed in good faith and in a progressive manner to achieve the above schedule. We can achieve a long sought goal that has been evasive too long, bringing extra parking to downtown Rapid City, reinvestment in economic activity, a shorter construction period, and the TIF is paid off sooner.

Jerome Wright, President, City Council, Committee Chair Date 1/27/2014

John Roberts, City Council, Committee Member Date 1-27-2014

Ritchie Nordström, City Council, Committee Member Date 1-28-14

CC President's Plaza Group Project File



APPENDIX A

January 15, 2014

President's Plaza Committee, Rapid City Council 300 6th Street Rapid City, South Dakota 57701

Subject: President's Plaza

Dear Committee Members.

It is appreciated that the committee has shown leadership in getting the President's Plaza to completion in thinking what is best for Rapid City. The following recommendations are the terms we can and will accept upon legal review and appropriate amendments within our current agreements:

The TIF, along with the \$2.8 million in Vision Funds, construction of 350 parking spots, the contribution of the property, environmental cleanup and utility location, as stated in prior agreements, would still be in effect.

For an additional \$3.0 million City money and \$2.0 million from Destination Rapid City, the project will proceed on an accelerated schedule, and the City will gain:

- Approximately \$50 million in property tax values.
- All City contributions will go to pay for increased parking capacity.
- A multi-level parking structure with a minimum of 500 parking spots.
- 350,000 sq. ft. of additional taxable retail, commercial, hotel, and residential use in down town Rapid City.
- Complete a commitment of 40 years to increase parking and retail activity on St. Joseph Street, and adjoining areas.
- Total City contribution will be \$5.8 million towards a project that includes \$14 million dollars to construct more than 500 parking spaces, bury the power lines and perform environmental cleanup.

Projected Accelerated Project Schedule:

 Agreement Completion February 28, 2014 Design Completions March 2014 through August 2014 Construction begins September 2014 Construction complete September 2016 Occupancy October 2016

> PRESIDENT'S PLAZA, LLC BY: Hani Sanda

Assumption	s:										
Contingency is 4.31318%				Financed period is 20 year	rs on TIF						
Interest on financed portion is 6%			Mill levy for property(2013		.963 per \$1 (000 value reside	ential/owner occur	nied	1/2	26/2014	
				, , , , , , , , , , , , , , , , , , ,	, 4004 101 4 17		r \$1,000 value o		Jieu,		
				\$35,000,000 in assessed	value for TIE						
				400,000,000 III assessed	value for TII (TIFannual					
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Original 350 Parking Spots President's Plaza - Ana 2006-2013			ysis	2006-2013	s Plaza - Alla	llysis with 500	spots,\$2 W DRC	cash, \$3M from (Sity		
350 Parking Spots					- 01-						
70 leased back					350 Parking						
			¢0 040 500		70 leased						
Public Park	ing Structul	е	\$9,242,500			king Structu		\$9,242,500			
0.11.0			*****			talls at \$22,7	47 each	\$3,412,050			
Soil Removal			\$247,500		Soil Removal			\$247,500			
Alley Power Line Relocation			\$300,000		Alley Power Line Relocation		ation	\$300,000			
Professional Services		\$924,250		Professional Services			\$1,265,455	10% of structure	cost		
	Sub-total		\$10,714,250			Sub-total		\$14,467,505			
Contingency Costs		\$462,125	4.30%	Contingend	cy Costs		\$624,010				
Necessary and Convenient Costs			\$500,000			and Conver	ient Costs	\$500,000			
Financing I	nterest				Financing			, , , , , , ,			
	interim-con	struction	\$642,855	6% interest, 2 year		interim-cor	struction	\$868 050	6% interest, 2 ye	ar	-
	long term		\$7,079,367	6.00%		long term			6% interest	ai	
Project Total	al (estimate)		\$19,398,597		Project Tot	tal (estimate	1	\$22,899,607	0 /0 IIIterest		-
,	(4.0,000,001		1 Toject Tot	ai (estimate	,	\$22,099,007			
Total of pro	iect to be fir	nanced by T	IF after cash cor	ntributions	Total of pro	piect to be fi	papeod by TIE	ofter each centr	ibutions		
otal of project to be financed by TIF, after cash cor Project Total \$12,319,230			TUIDUUOIIS	rotal of pro	Fotal of project to be financed by TIF, a						
	Less cash contributions					-		\$16,459,565			-
						Less cash contributions					-
			-\$2,800,000			Vision 2012		-\$2,800,000			
	City Direct		\$0			City Direct		-\$3,000,000			
	Destination RC		\$0			Destination RC		-\$2,000,000			
	Total TIF fir	nanced	\$9,519,230			Total TIF fi	nanced	\$8,659,565			
cost of financing total financed		annual	total	cost of fina	ncing total	financed	annual	total			
6% interest		(\$829,929.85)	(\$16,598,597)	6% inter	est		(\$754,980.34)	(\$15,099,607)			
20 years				20 years	3		,	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
	Principal		\$9,519,230			Principal		\$8,659,565			
	Interest		\$7,079,367			Interest		\$6,440,042			-
	Total		\$16,598,597			Total		\$15,099,607			-
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	TIF financing Vision Fund Additional City cash Destination RC Additional tax revenue		\$16,598,597		Total cost to taxpayer		\$4E 000 000				
					TIF financing		\$15,099,607				
			\$2,800,000		Vision Fund		\$2,800,000 \$3,000,000				
			\$0			Additional City cash					
			\$0			Destination RC		not taxpayer mo	ney		
			¥ -		Additional tax revenue		-\$1,498,990	tax revenue	1.97	\$762,370	per yr
	Total cost to	o taxpayer	\$19,398,597	\$55,424.56/stall	Total cost t	to taxpayer	\$19,400,617	\$38,801.23/stall			