City wants more proof of financing for development

By Emilie Rusch 2/8/11

The Rapid City Council issued an ultimatum Monday to the developers of Presidents Plaza: Provide proof of financing by Feb. 22 or ask for another deadline extension.

Aldermen voted 9-0 in favor of drafting a letter communicating the demand to the St. Joe Investment Group, whose representatives were not at Monday’s meeting. The development group, which includes Legacy Development of Sioux Falls and Bryan Vulcan, president of Rapid City’s FourFront Design, is scheduled to update the council on the $23 million project at the Feb. 22 council meeting.

“Let’s call it what it is,” Ward 1 Alderman Ron Weifenbach said. “If the project’s moving forward, it’s moving forward.”

The development group has been working on the project since July 2009. But at that council meeting, the developers only presented an updated timeline for the $23 million project’s completion. The council then acknowledged the report.

According to the timeline, the land should be transferred by March 15, the financing package finalized by April 30, groundbreaking by third quarter 2011 and grand opening in 2013.

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Council members have debated the need to grant a formal deadline extension to the St. Joe Investment Group since December, the last time a presentation was made on the public-private development proposed for Sixth and St. Joseph streets.

Dec. 6 was the developers’ fourth deadline in a year to provide the city council with proof of financing and the land transfer.

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According to the timeline, the land should be transferred by March 15, the financing package finalized by April 30, groundbreaking by third quarter 2011 and grand opening in 2013.

Ward 2 Alderman Sam Kooker, who made the motion to draft the letter, said the city council and the community needs to know whether private financing is available.

“My expectation for the letter is very simple,” Kooker said.

“If the developer comes forward, if it’s not moving forward, it’s not moving forward.”

Developers announced in August that they had secured private financing for the project but have yet to disclose the name of the lender.

The project also will receive $2.8 million in city Vision 2012 funds in exchange for 350 public parking spaces.

Public improvements are eligible for tax increment finance reimbursement.

As proposed, Presidents Plaza will include 430 parking spots, with 350 owned by the city, as well as 20,000 square feet of retail and office space and 40 loft apartments.

Ward 3 Alderman Dave Davis questioned what the city was losing by being patient, since there isn’t another interested developer waiting in the wings.

“Why are we pushing someone into the corner when we don’t have someone to complete the project? It hasn’t cost us anything today, except for time,” Davis said.

But Ward 4 Alderman Jordan Mason said at some point, the city may need to cut its losses and walk away if the financial commitment isn’t there.

“If the financial institution is not willing to make a commitment, are we going to continue to make the city’s commitment on this project?” Mason said.

Ward 5 Alderman Aaron Costello, who works for FourFront Design, abstained from the vote.

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