Council gives second extension for Presidents Plaza project

By Barbara Soderlin 05-04-10

The Rapid City Council has granted a second extension on an agreement with the investment group behind the proposed Presidents Plaza mixed-use project at Sixth and St. Joseph streets.

The group originally had until Feb. 15 to complete a land transfer deal with the city, and that was pushed back until April 15. The second extension will be until June 1.

Under the deal, the developers would receive $2.8 million in 2012 funding in exchange for providing city parking spaces within the building, which would also contain retail, office and residential space. In seven years the parking spaces and the land would revert to city ownership.

Larry Canfield of Sioux Falls, a partner in the project, said the extension is needed to secure financing for the project.

The partners had planned to use the federal New Markets Tax Credit Program, which would provide a tax credit for making qualified investments, but Canfield said despite qualifying for the program, they were unable to make it work.

“We had gotten the allocation from the community development entity, Dakotas America, and we had to take that and put it with the financing package,” Canfield said. “There is a limited amount of people who are familiar with that process and that do those. It’s a very in-depth process.”

After that setback, he said they had to rework the project financing, but Canfield said the investors remain optimistic the project will happen.

“Everybody still believes there’s a project here and is very positive about it,” he said. “If we can get credit markets to loosen up a little bit, which I think they are, we’re very optimistic.”

The project is estimated to cost about $30 million. Unveiled in December, it is the second attempt at a public-private development at that location, currently a city parking lot. Rapid City developer Hani Shafai in October 2008 pulled plans for a development there called the Rushmont, citing a poor economic and political environment.

Mayor Alan Hanks said if the project still does not seem to be coming together by June 1, “Then I think it has to be a very serious discussion from the city side as to whether we’re going to move forward or not.”

Hanks said the goal was to turn the property, on a prime downtown corner, into something more than just a parking garage.

He said the city has had the money together for a parking ramp for five years and at some point may need to move forward on its own.

“The city of Rapid City is sitting there with $2.8 million in 2012 funds that’s available to build a parking ramp right now,” he said.

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