Architects drawing superimposed on photo shows proposed hotel complex on Knecht properties at Mount Rushmore Road and Omaha Street, with Rushmore Plaza Civic Center across Rapid Creek in the background.
Group proposes to build downtown Radisson

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A plan to build a 400-room Radisson hotel and convention center in downtown Rapid City was announced Wednesday.

A final decision will be made within 60 to 90 days, said Don Knecht, executive officer with Knecht Industries, Inc.

The complex, which has been under wraps for months, could revitalize the city by attracting large conventions, officials said.

If agreement is reached with the developers and financiers, the complex would be built on the 6½-acre site now occupied by the home offices of Knecht Industries, at Mount Rushmore Road and Omaha Street.

Knecht Industries business has been sold, but the properties remained, Knecht said. He said the buyers are Ron Doering, an executive with Knecht Industries, and several other individuals.

Doering said Wednesday other details of the purchase would be announced after completion of financial arrangements.

"We have an agreement with these fellows. If the hotel group comes together, they (the buyers of the business) will move to another location," said Knecht. "There are no problems. We've reached an agreement they will vacate, and everything is in order."

The hotel complex would cost about $18 million and become part of the Radisson Hotel operation, said Tom VanHousen, vice president of Landmark, a division of Appletree Enterprises Inc. of Bloomington, Minn.

VanHousen described Landmark as a development firm which puts together financing, design and construction packages in mid-sized cities such as Rapid City.

In a presentation to the Rapid City Downtown Association, VanHousen showed slides of and described projects in which his firm has been involved in Lexington, Ky., Flint, Mich., and other cities.

The Knechts contracted with Ken Bordner Consultants Inc. of Bloomington to do a market analysis and feasibility study for the proposed hotel complex.

Financial support is being sought from downtown businessmen to expand the study to see what can be done to improve a 20-block section of downtown Rapid City.

Vance Williams, cochairman of the beautification task force of the Rapid City Area Chamber of Commerce, emphasized the Knechts paid for their own hotel study, but that contributions are needed for the other portion of the study.

VanHousen said his firm will combine the Bordner study with its own analysis to see what size hotel complex could be supported in Rapid City.

He said the total number of rooms may vary either side of 400, and that his firm must determine what it takes to produce a profitable hotel operation.

The Radisson chain would manage the hotel for a fee, but may also become an equity partner in the operation, said VanHousen.

"We're not here just to make a study for a hotel, but to develop a project that acts as a stimulus for revitalization of the entire central business district of Rapid City," he said.

"We come to you as outsiders, and we offer a partnership between public and private investment for the common good of both," he said.

The proposed hotel complex would include several restaurants, lounge facilities and a night club, and banquet and meeting facilities for 800 to 900 people.

Because of its proximity to the Rushmore Plaza Civic Center, Rapid City would become a more desirable site for large conventions, said Tom Kiernan, director of the chamber's Convention Visitors Bureau.

"Plus, plus, plus is what I see," said Kiernan, who said Rapid City has lost convention business in the past because of the lack of a single large lodging complex.

Anthony L. Piluk, hospitality and financial consultant with Ken Bordner Consultants, said the average person attending a convention spends from $50 to $100 per day and the average convention lasts about three days.

"If you have a 2,500 person convention group, can you imagine what a three-day convention would do for your businesses?" he asked the downtown merchants.

VanHousen said 65 to 70-percent occupancy is needed to make the hotel profitable. He listed positive features of the downtown location, such as good pedestrian access, and the nearby Civic Center.

If agreement is reached on the project it would take about a year to move the lumber facility, and another several years to build the complex, said Knecht.

Knecht Lumber Co. was founded in 1928 by John Knecht, now chairman of the board at the age of 94. Two of his sons, Don and Bob, as well as other members of a management team, have operated and managed the business which has expanded to a multi-million dollar operation in several states.

Besides the downtown Rapid City portion of the business, the Knechts have sold Big K lumber yard in Rapid Valley; Building Materials Distributors, a wholesale distribution center serving dealers in five states; Knecht Homes Division, which handles land development and building, and a retail outlet in Gillette, Wyo.

The Knechts have moved their offices to 38 E. Chicago St. since the sale of the business.