

Beleaguered P&L District faces July drop-dead date

By Jim Davis. Kansas City Business Journal: February 11, 2000.

The idea of July looms as the next crucial milestone in the Power & Light District's tortuous journey from concept to reality.

July 15 stands at the end of an 18-month period the district's officials negotiated in January 1998 with the city and Tax Increment Financing Commission. The time allows them to prepare for construction in a dilapidated 12-block area surrounding the Power & Light building at 106 W. 14th St.

This date differs from the deadlines the district has unilaterally set -- and repeatedly missed -- because it carries the additional bite of a binding agreement with the city.

If the district fails to meet city-imposed leasing thresholds and fails to secure financing for the project -- whose cost has swelled by nearly 40 percent, to \$628 million, since January 1998 -- the city will be entitled to pull the developer's rights on July 15.

It's not surprising that leaders of Atlanta-based Regent Partners Inc. don't expect to be forced out because they're confident they'll meet the performance requirements. Regent became the district's co-developer in April and has been steering its daily operations since September.

Members of the Kansas City Council's Planning, Zoning and Economic Development Committee, who heard an update on the district last week, also want it to succeed. But they're running out of patience.

"We need action," said Troy Nash, the committee's vice chairman.

Ed Ford, who chairs the four-person committee and was the only council member to hear the names of tenants being pursued, said he's optimistic -- though not very optimistic -- that the ambitious redevelopment will work.

"The key is, are they making progress?" Ford said. "I saw significant progress between last week and two months ago."

David Allman, Regent Partners' president, said his people decided to meet with Ford alone because a larger group session would have taken longer.

"We've tried to keep relevant information before the city," said Allman, who remains based in Atlanta but was in Kansas City for the committee meeting. "The intent is to communicate well with the appropriate people who have a stake in this when it's appropriate and how it's appropriate."

Allman said he wants to get 10 anchors -- national retail, entertainment, and food and beverage tenants that are in similar complexes elsewhere.

Missouri Rep. Henry Rizzo of Kansas City, who talked with Regent officials in late January, said they told him that three or four prospects, whom they declined to identify, are solidly pledged to anchor the district.

If Regent continues to make headway, Ford said, he'd be inclined to allow more time to nail down a deal when the developer returns April 12 to give another update to the committee. But Ford -- who allowed that he's more patient than Nash and the other committee members, Bonnie Sue Cooper and Jim Rowland -- said political pressure will mount to get firm answers about which tenants have committed to the district.

Rowland said he's already frustrated.

"If, by April 12, we get no more relevant information, it will become more and more difficult to believe we're 30 days out or 45 days out," he said. "It will test the boundaries of our patience."

Instigation could come, Rowland suggested, by wielding the mid-July deadline as a prod for action. He said the long-stalled Midtown Marketplace announced tenants last year shortly after the City Council imposed similar conditions.

Pressure counterproductive

But Ford, who served on the earlier council, said he thought the additional pressure was counterproductive.

Steve Block, one of the Midtown project's backers, bristled at the deadline's imposition, in part because he and his people already had invested years in a venture that he said wouldn't adhere to an arbitrary timetable.

What differentiates the Midtown Marketplace from the Power & Light District is that Block and his partner, Roger Cohen, are Kansas Citians steeped in its politics and culture -- as opposed to Regent Partners, which had no prior experience in this market.

But Allman said that local knowledge is not that significant. The Regent president said his company's work in other cities on ventures similar to the Power & Light District gives Regent an understanding of what tenants want. Regent has demonstrated its commitment to Kansas City and the district by its investment, which has exceeded a million dollars, Allman said.

Allman said about a dozen people from his company are working in Kansas City. AMC Entertainment Inc., the Kansas City-based movie theater operator that enlisted Regent, remains involved and will be an equity partner, he said.

But AMC's input has shrunk since the July 1999 death of company Chairman Stan Durwood, who championed redeveloping Downtown. AMC's descent was reinforced by the December resignation of Nick Bashkiroff, Durwood's hand-picked lieutenant, as the district's managing director.

Nash, who had prior contact with the district as a staff member for former Mayor Emanuel Cleaver before he joined the City Council last year, worries that the economy will overheat and sink the district.

"What I'd like them to do in April is tell us who the tenants are," Nash said. "The worst thing we can do is build expectations, only to have the community feel let down."

Ford said he thinks the City Council's posture toward the district will need to weigh alternatives and decide whether they can be achieved. Pursuing an idea such as a new downtown arena would waste all of the spade work that has been done preparing for Power & Light, he said.

"This is our best chance to bring people Downtown after dark," he said. "If Regent would have been on board a year earlier, we would have been breaking ground right now."