

Bill No. 1547-04

No. 14-04-RE

A RESOLUTION

A Resolution of the Council of the County of Allegheny adopting and authorizing participation in a tax increment financing plan presented by the Urban Redevelopment Authority of Pittsburgh, and authorizing related agreements

Whereas, Pennsylvania's Tax Increment Financing Act, 53 P.S. § 6930 *et seq.* (the "Act"), provides local taxing bodies the legal authority to cooperate in providing financing for development of blighted areas within their respective jurisdictions in order to increase the tax base and improve the general economy; and

Whereas, under the Act, the Urban Redevelopment Authority of Pittsburgh (the "Authority") is legally empowered to prepare a Tax Increment Financing ("TIF") proposal to provide financing for the elimination and prevention of the development or spread of blight within specified tax increment districts located in the City of Pittsburgh (the "City"); and

Whereas, the City, the County of Allegheny (the "County") and the School District of Pittsburgh (the "School District") (the County, the City, and the School District collectively are referred to as the "Taxing Bodies") previously adopted the Penn Liberty Plaza Tax Increment Financing District Tax Increment Financing Plan (the "Penn-Liberty TIF Plan"), and the City created the Penn Liberty Plaza Tax Increment Financing District (the "Penn-Liberty TIF District") located in the Strip District Redevelopment Area to help fund the construction of a parking facility (the "Original Project") to support Penn Liberty Plaza I, a development adjacent to an existing Greyhound bus terminal site located between Penn and Liberty Avenues in the Convention Center Redevelopment Area of downtown Pittsburgh; and

Whereas, the tax increment financing contemplated by the Penn-Liberty TIF Plan did not occur and the Original Project has not been constructed; and

Whereas, the Public Parking Authority of Pittsburgh (the "PPA") desires to develop an intermodal transportation facility, including a parking facility expected to contain approximately 1,000 parking spaces on five above-grade levels (the "Revised Project"), to be located on the existing Greyhound bus terminal site located between Penn and Liberty Avenues in the Convention Center Redevelopment Area of downtown Pittsburgh; and

Whereas, the Taxing Bodies constitute all of the taxing authorities that levy property taxes within the area of the Revised Project; and

Whereas, in order to undertake a TIF on behalf of the Revised Project it will be necessary to expand the boundaries of the Penn-Liberty TIF District to include the Revised Project site (the "Expanded TIF District") and to amend, or amend and restate, the Penn-Liberty TIF Plan; and

Whereas, the County has agreed to participate in a TIF plan for financing a portion of the costs of the Revised Project, which constitutes public infrastructure, and related costs, and has designated a representative to work with the Authority and the other Taxing Bodies toward development and implementation of a TIF plan with respect to the Expanded TIF District; and

Whereas, the Authority, working with the designated representatives of the Taxing Bodies, has adopted and recommended an amendment to the Penn-Liberty TIF Plan (the "Project Plan") in accordance with the requirements of the Act, which Project Plan, as prepared by the Authority, provides for the pledge of a portion of certain tax increments in connection with the financing of a portion of the costs of the Revised Project to be located in a portion the Expanded TIF District;

Whereas, the Act provides for the cooperation of the local taxing bodies in the financing of projects within TIF districts and for the pledge of tax increments in connection with the issuance of debt to pay for certain of the costs of implementing such plans; and

Whereas, the County is expected to benefit from the use of tax increments to pay certain project costs within the Expanded TIF District by stimulation of private investment, increases in property values, creation of employment opportunities and improvement of surrounding properties.

The Council of the County of Allegheny hereby resolves as follows:

Section 1. Incorporation of Preamble.

The provisions set forth in the preamble to this Resolution are incorporated by reference in their entirety herein.

Section 2. Adoption of Project Plan

The Project Plan prepared by the Urban Redevelopment Authority of Pittsburgh and attached hereto as Exhibit A and incorporated herein providing for the pledge of a portion of certain tax increments in connection with the financing of a portion of the costs of the Revised Project within the Expanded TIF District is hereby adopted substantially in such form, and the County, in accordance with the Act, hereby agrees to participate in the Expanded TIF District to the extent and as provided for in the Project Plan.

Section 3. Pledge of Portion of Tax Revenues.

A portion of the tax revenues due or owing to, or received by the County from the Expanded TIF District to the extent described in the Project Plan are hereby pledged, and a security interest therein is hereby granted, to secure the repayment of any obligations of PPA or the Authority for the purpose of financing the Revised Project.

Section 4. Delivery of Resolution.

The Chief Clerk or the County Manager is directed to deliver a copy of this resolution to the Mayor of the City of Pittsburgh, as provided in the Act.

Section 5. Additional Actions.

The appropriate public officials of the County are hereby directed to take such additional actions in cooperation with the Authority, the City and the School District in furtherance of the implementation of the Project Plan, including without limitation the execution and delivery of a Cooperation Agreement by and among the Authority, the County, the City and the School District.

Section 6. Severability. *If any provision of this Resolution shall be determined to be unlawful, invalid, void or unenforceable, then that provision shall be considered severable from the remaining provisions of this Resolution which shall be in full force and effect.*

Section 7. Repealer. *Any resolution or ordinance or part thereof conflicting with the provisions of this Resolution is hereby repealed so far as the same affects this Resolution.*


Enacted in Council, this 1st day of June, 2004.

Council Agenda No. 1547-04.



**Rich Fitzgerald
President of Council**

Attest:



**John Mascio
Chief Clerk of Council**

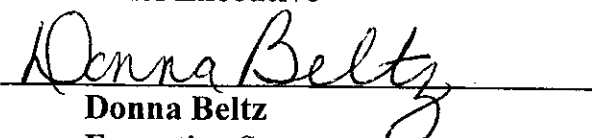
Chief Executive Officer June 9, 2004.

Approved:



**Dan Onorato
Chief Executive**

Attest:



**Donna Beltz
Executive Secretary**

Penn Liberty Plaza Tax Increment Financing Plan - Amendment

In 1996 the Buncher Company developed PLP I (the former Buyer's Mart). They received a TIF to build a 1000-car parking garage under the Veterans Bridge. The Original TIF consisted of two revenue streams: 1) a 75% increment on the real estate taxes on PLP I, and 2) a 100% increment on the parking tax achieved from the new 1000-car garage. The term for the Original TIF plan was for 20 years, expiring in 2016.

Changes proposed under amendment:

- The garage being planned by Buncher has been cancelled. The proposal for the use of TIF revenues has been redirected to help reconstruct the Greyhound Bus terminal located between Penn and Liberty Avenues, fronting on 11th Street.
- The term will remain until 2016.
- The increment will remain at 2003 levels
- Only 800 spaces of the Buncher garage were going to be public spaces. The new garage at the Greyhound terminal will have 1,000 public spaces
- Garage will be owned by the Public Parking Authority, not Buncher

MEMORANDUM

OFFICE OF THE COUNTY MANAGER

TO: John Mascio
Chief Clerk

FROM: James M. Flynn, Jr.
County Manager

DATE: April 29, 2004

RE: Proposed Ordinance

Attached is a Proposed Ordinance amending the Penn Liberty Plaza Tax Increment Financing Plan. This TIF Plan was originally approved by the former County Commissioners in 1996, and the project scope has changed.

The Allegheny County Law Department has reviewed this legislation prior to submitting it to Council.

Please place this on the next agenda for County Council approval.

Thank you.



County of Allegheny

OFFICE OF THE COUNTY MANAGER

JAMES M. FLYNN, JR.
COUNTY MANAGER

KATHLEEN K. MCKENZIE
DEPUTY COUNTY MANAGER

TO: John Mascio, Chief Clerk
Allegheny County Council

FROM: James M. Flynn, Jr.
Allegheny County Manager

DATE: May 24, 2004

RE: Amended exhibit—Bill 1547-04

QA

Please accept the attached substitute exhibits related to the Bill 1547-04 (Penn Liberty TIF) which reflects the language that the Taxing Jurisdictions have approved. Please let me know if you have any questions on this matter.

Revisions made to draft Penn Liberty Plaza TIF Plan Amendment since
5/3/04

1. Reimbursement to the Buncher Company for design costs of the original garage have been removed as part of the plan. (page 1)
2. The estimated budget detail for the Revised Project was included on pages 17-19.
3. The proformas on pages 21-23 were revised.
4. Estimated financings amounts in the text of the Plan were revised based on the proforma changes.
5. We added some additional labeling on the attached maps.
6. We added some additional background and description to the text of the Plan.
7. A footnote was added on page 7 to explain how the reassessment and millage rate changes that occurred in 2001 were being treated.
8. The impact analysis was added on page 20.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

PENN LIBERTY PLAZA TAX INCREMENT FINANCING PLAN AMENDMENT

May, 2004

I. INTRODUCTION

A. Background on the Penn Liberty Plaza Tax Increment Financing Plan adopted on 12/12/95

In December, 1995 the Penn Liberty Plaza Tax Increment Financing Plan (Original Plan), which is included behind page 25, was adopted. The Original Plan called for the creation of the Penn Liberty Plaza TIF District on November 1, 1996. As detailed in the Original Plan, the purpose of the plan was to provide gap financing for a 1,250 space parking garage which would be built by the Buncher Company to support primarily the 382,000 sf former Buyers Mart building that they had renamed Penn Liberty Plaza I. The garage was to be built on a surface parking lot that contained 350 parking spaces; therefore, there would have been a net increase of 900 parking spaces. The Buncher Company designed the proposed garage and they planned to build it once Penn Liberty Plaza I was fully leased. Because only 45% of the space in the building has been leased, the Buncher Company has not built the garage and the planned TIF financing was never completed. The Urban Redevelopment Authority ("URA") has been advised that the Buncher Company has no plans to construct the parking garage at the current time.

Because the financing for the Original Plan never occurred, the URA has been accumulating the pledged real estate tax increment pursuant to the Original Plan. Through the collection of 2004 pledged real estate tax increment, the URA has accumulated \$910,003.68 as of 4/15/04 (see summary on page 10). The URA intends to reimburse itself for \$11,064.52 in costs incurred in the planning and design of the parking garage proposed in the Original Plan. The remainder of the accumulation (\$898,939.16 plus additional interest earned) will be used in the proposed project.

The URA originally proposed the Penn Liberty Plaza TIF Plan because it saw a need for additional parking to support further development in the Strip District, including Penn Liberty Plaza I. Penn Liberty Plaza I has never been fully leased; however, with the completion of the new Convention Center and the construction of the History Center expansion, there is an even greater need for additional parking than there was in 1995 when the TIF Plan was first adopted. This TIF Plan amendment is being proposed because parking is needed now to support development in the Strip District and the new Convention Center. Any further delay would have a significant negative impact on Convention Center business and development in the Strip District.

B. The Proposed Grant Street Transportation Center Project

While the Buncher Company is not in a position to proceed with its parking garage, there is now the possibility of providing parking for Penn Liberty Plaza I, and other buildings hereinafter named, in a proposed new parking garage. The Public Parking Authority of Pittsburgh (the "Parking Authority") has been planning the Grant Street Transportation Center located on the Greyhound Bus Station site across 12th Street from Penn Liberty Plaza I. The center is an intermodal transportation facility including a 1,000 space parking garage on five above-grade levels, and a new Greyhound bus terminal constructed at grade level (see site plan and rendering on pages 11 and 12). Only the portion of the transportation center which comprises the public parking garage constitutes the "Revised Project," as that term is used herein. The current Greyhound facility contains 150 parking spaces; therefore, the Revised Project would result in a net increase of 850 parking spaces. The Parking Authority is taking the leadership role as developer and owner of the Revised Project. Its interest is to fulfill its mission by providing adequate public parking for the City of Pittsburgh, including for buildings in downtown Pittsburgh, including Penn Liberty Plaza I, the new Convention Center and other Grant Street corridor buildings. It has worked closely with Greyhound Lines, Inc. for almost two years in the development of the Revised Project.

The Greyhound Station would temporarily relocate to the Parking Authority's parking lot on Second Avenue near the 10th Street Bridge. Construction on that temporary station would begin in the fourth quarter of 2004. Demolition of the existing Greyhound Station and construction of the new Grant Street Transportation Center would begin in the first quarter of 2005, with completion projected for the first quarter of 2007.

C. Proposed Amended TIF Project

Upon designation of an expanded Penn Liberty Plaza Tax Increment Financing (TIF) District encompassing portions of the Strip District and Convention Center Redevelopment Areas (see enclosed maps on pages 13 and 14), the Parking Authority will issue tax exempt bond(s) generating net proceeds totaling approximately \$27.4 million that will be available for direct costs of the Revised Project. The Parking Authority bonds will be payable from revenues of the Parking Authority system, the real estate tax increment and the parking tax increment described below.

Real Estate Increment. To fund a portion of the costs of the Revised Project, 75% of the real estate tax increments (the "Real Estate Increment") received from Penn Liberty Plaza I will be allocated to the URA by the School District of Pittsburgh, the City of Pittsburgh and Allegheny County. The total pledged Real Estate Increment derived from Penn Liberty Plaza I for the year 2004 is \$147,350. Pledged real estate tax increment for the Project will be capped at that amount, and the Taxing Bodies will receive 100% of any Real Estate Increment in excess of that amount.

The Original Plan projected a completed market value of \$19,704,645 for Penn Liberty Plaza I. If, after the majority of the office space is leased, Penn Liberty Plaza I is assessed at that level, the Taxing Bodies would collect \$300,000 more in annual taxes than they collected in 2004 (see detailed comparison of tax collections on pages 15 and 16). The URA's obligation to disburse the Real Estate Increment allocated to it in support of costs for the Revised Project will be secured by the issuance of a TIF Note in the original principal amount of approximately \$1,227,973 (the "TIF Note"). Stated differently, \$1,227,973 of the proceeds of the Parking Authority Bonds, an amount equal to the principal amount of the TIF Note, will be allocated to the Revised Project on behalf of the URA (see amortization schedule on page 21).

Parking Tax Increment. The Parking Authority Bonds will also be repaid using 50% of the parking tax increment from the Revised Project, calculated at a 31% parking tax rate. That pledged increment is estimated at approximately \$265,243 annually. The City would continue to collect the base parking taxes of \$82,914, in addition to 50% of the increment projected at \$265,243.

With respect to both the real estate taxes from Penn Liberty Plaza I and the parking taxes from the Project, the allocation is only for the remaining term of the TIF District, which expires in 2016.

In addition, no allocation is requested for real estate tax increment from the new Greyhound Station. The Taxing Bodies will receive the base real estate tax from the Greyhound Station parcel, plus 100% of any increment from the new Greyhound Station and any retail/restaurants associated with it. The current assessment of the Greyhound Station is \$4,534,600 and the estimated construction cost of the Greyhound portion of the Project is \$6.2 million.

The Original Plan called for collecting real estate and parking tax increment from the block (Penn Avenue between 13th and 14th Streets) on which the proposed Buncher Company parking garage was to be built. This proposed Amended Plan does not provide for any pledge of real estate or parking taxes from that block; therefore, the Taxing Bodies will receive any and all taxes from that block.

The use of tax increment financing is necessary to make the Revised Project economically feasible. The total budget for the Revised Project is estimated to be \$27.4 million (see detailed budget estimate on pages 17-19), which translates to approximately \$ 27,400 per space, compared to an average cost of \$18,000 per space for other Parking Authority garages. This project is relatively expensive because the Norfolk Southern railroad trestle, which bisects the site, requires the Parking Authority to build two independent parking structures. One will be on the 11th Street side of the trestle with 400 parking spaces and the other will be on the 12th Street side with 600 parking spaces. This 2.2 acre site is not suitable for other development because it is bifurcated by this elevated railroad trestle.

D. Strip District Redevelopment Area

Penn Liberty Plaza I is located in the Strip District Redevelopment Area, which was certified in May, 1981. The Strip District has been an important transportation, manufacturing and commercial center for decades. The Strip District Basic Conditions Report completed in August, 1980 identified several factors which contributed to the blighted condition. Among them are excessive land coverage, faulty street and lot layout and the existence of deteriorated, vacant buildings and poorly maintained vacant lots which deter investment in the area.

E. Convention Center Redevelopment Area

The site of the Revised Project is located in the Convention Center Redevelopment Area, which was first certified in January, 1979. In July, 2002, the City Planning Commission accepted and acknowledged the June, 2002 Basic Conditions Report for the Convention Center Certified Area, which identified that the conditions of blight are still present in the Area.

II. IMPACT ANALYSIS

The economic impact of the Grant Street Transportation Center is detailed on page 20.

III. ECONOMIC FEASIBILITY ANALYSIS

A. 1,000 SPACE PARKING GARAGE IN GRANT STREET TRANSPORTATION CENTER

USES OF FUNDS (see pages 17-19 for additional detail)

1,000 Space Parking Garage	\$27,444,828
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SOURCES OF FUNDS:

Parking Authority Bonds	\$24,444,828
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- a. Pledged parking tax increment supports approximately \$2,848,800 of these bonds.
- b. Pledged real estate tax increment supports approximately \$1,197,661 of these bonds.
- c. Parking Authority System Revenues will support the balance of the bond issue – approximately \$20,398,367

Parking Authority Equity	<u>\$3,000,000</u>
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TOTAL SOURCES	\$27,444,828
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B. PENN LIBERTY PLAZA I

USES OF FUNDS

Building Renovation	\$15,700,000
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SOURCES OF FUNDS

Buncher Debt & Equity	\$15,700,000
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C. Tax Increment Financing

The Parking Authority will issue tax exempt bond(s) totaling approximately \$27.4 million that will be available for the direct costs of the Revised Project.

1. Real Estate Increment. To fund a portion of the costs of the Revised Project, 75% of the real estate tax increments (the "Real Estate Increment") received from Penn Liberty Plaza I will be allocated to the URA by the School District of Pittsburgh, the City of Pittsburgh and Allegheny County. The total pledged Real Estate Increment derived from Penn Liberty Plaza I for the year 2004 is \$147,350. Pledged real estate tax increment for the Revised Project will be capped at that amount, and the Taxing Bodies will receive 100% of any Real Estate Increment in excess of that amount. The URA's obligation to disburse the Real Estate Increment allocated to it in support of Project costs will be secured by the issuance of a TIF Note in the original principal amount of approximately \$1,227,973 (the "TIF Note"). Stated differently, \$1,227,973 of the proceeds of the Parking Authority Bond(s), an amount equal to the principal amount of the TIF Note, will be allocated to the Revised Project on behalf of the URA (see amortization schedule on page 21).
2. Parking Tax Increment. The Parking Authority Bonds will also be repaid using 50% of the parking tax increment from the Revised Project, calculated at a 31% parking tax rate. That pledged increment is estimated at approximately \$265,243 annually. The City would continue to collect the base parking taxes of \$82,914, in addition to 50% of the increment projected at \$265,243.
3. Pledged Parcel

<u>Owner</u>	<u>Lot & Block</u>
The Buncher Company	9-L-70

4. Tax Base for Purpose of Increment Calculation

Subject to the provisions of the Tax Increment Financing Act (53 P.S. §6930.1 et seq.) and pursuant to the Original Plan, the market value of the Pledged Parcel (9-L-70) as of November 1, 1996 will be used as the "base" for calculating the real estate tax increment. The Taxing Bodies will continue to receive real estate taxes applicable to this base market value through the term of the TIF District. The base fair market value for 9-L-70 as of 11/1/96 was \$822,320.

5. Actual Real Estate Tax Increment in Excess of 2004 Pledged Increment

The total pledged Real Estate Increment derived from Penn Liberty Plaza I for the year 2004 is \$147,350. Any increases in pledged real estate tax revenues from the Pledged Parcel over and above \$147,350 will be distributed pro rata to the taxing bodies in proportion to their then-current millages.

Any increases in tax revenues from the Pledged Parcel, attributable to increased millage above the millage as of 11/1/96 by any of the taxing bodies, will be retained by the Taxing Body that increased the millage rate. ¹

¹ Allegheny County completed a County-wide reassessment in 2001, at which time it also changed the assessment ratio from 20.5% to 100%. Because of these changes, each of the taxing bodies was required to adjust their millage rates in 2001. The City of Pittsburgh and Allegheny County determined that their 2001 millage rates were roughly equivalent to the 2000 rates and did not represent millage increases. On the other hand, the School District determined that their new rate of 13.92 mills represented a 2.32 mill increase over the 2000 rate.

For the purposes of this Amended Plan and based on the Taxing Bodies' determinations concerning their 2001 rates, the City of Pittsburgh's and Allegheny County's 2001 millage rates will be considered the "base" rates for the purpose of determining whether there is a millage increase. In the case of the School District, its 2001 millage rate minus 2.32 mills ($13.92 - 2.32 = 11.6$) will be considered the "base" rate for the purpose of determining whether there is a millage increase.

6. Parking Tax Increment due to Increase over Base Rate

For the purpose of this Plan, the base parking tax rate is set at 31% (not the current rate of 50%). If the parking tax is higher than 31% when the Project is completed, any pledged parking tax increment attributable to the difference between 31% and the higher rate will be retained by the City.

7. Financial Details

The proformas and amortization schedules on pages 21-23 are intended to describe the expected financing assumptions.

The Penn Liberty Plaza TIF District was established on November 1, 1996. The TIF Note and the Parking Authority Bonds are projected to be issued in the 4th quarter of 2004. The Project is expected to be complete by the 1st quarter of 2007.

The specific terms and structure of the TIF Note and the Parking Authority Bonds will be determined at the time of issuance. The various assumptions associated with the financing are the best currently available. Many of these assumptions may change, including the interest rate to be paid on the TIF Note, the costs of issuance, the projected net proceeds and the timing on the commencement of the tax increments.

The TIF Note and Parking Authority Bond issue proceeds attributable to pledged real estate and parking taxes will be used to pay construction costs for the Revised Project.

IV. MAPS OF TIF DISTRICT, EXISTING USES AND CONDITIONS AND PROPOSED IMPROVEMENTS

The map on page 25 shows the boundaries of the original Penn Liberty Plaza TIF District and the proposed addition to the District. The map on page 26 illustrates the boundaries of the Strip District and Convention Center Redevelopment Areas in the context of the TIF District.

The map on page 36 shows existing land use and pages 23 and 24 include a preliminary site plan and rendering for the Grant Street Transportation Center.

V. PROPOSED ZONING CHANGES

The parcels in the Penn Liberty Plaza TIF District are zoned Golden Triangle - B (GT-B) and Urban Industrial (UI). A zoning map is included on page 25.

VI. ESTIMATED NON-PROJECT COSTS

No non-Project costs are expected.

VII. PROPOSED RELOCATION STATEMENT

The Greyhound Bus Station will temporarily relocate to a Parking Authority lot on Second Avenue near the intersection with the 10th Street Bridge. Upon the completion of the Grant Street Transportation Center, Greyhound will move into a new station constructed at grade as part of that Project.

VIII. 1% NEIGHBORHOOD DEVELOPMENT FEE

As per City of Pittsburgh Ordinance No. 28 enacted in December, 1998, the Parking Authority, from its own funds, will be required to pay a 1% fee to be expended by the Urban Redevelopment Authority and to be used for neighborhood development in the City of Pittsburgh.

IX. 1% SCHOOL DEVELOPMENT FEE

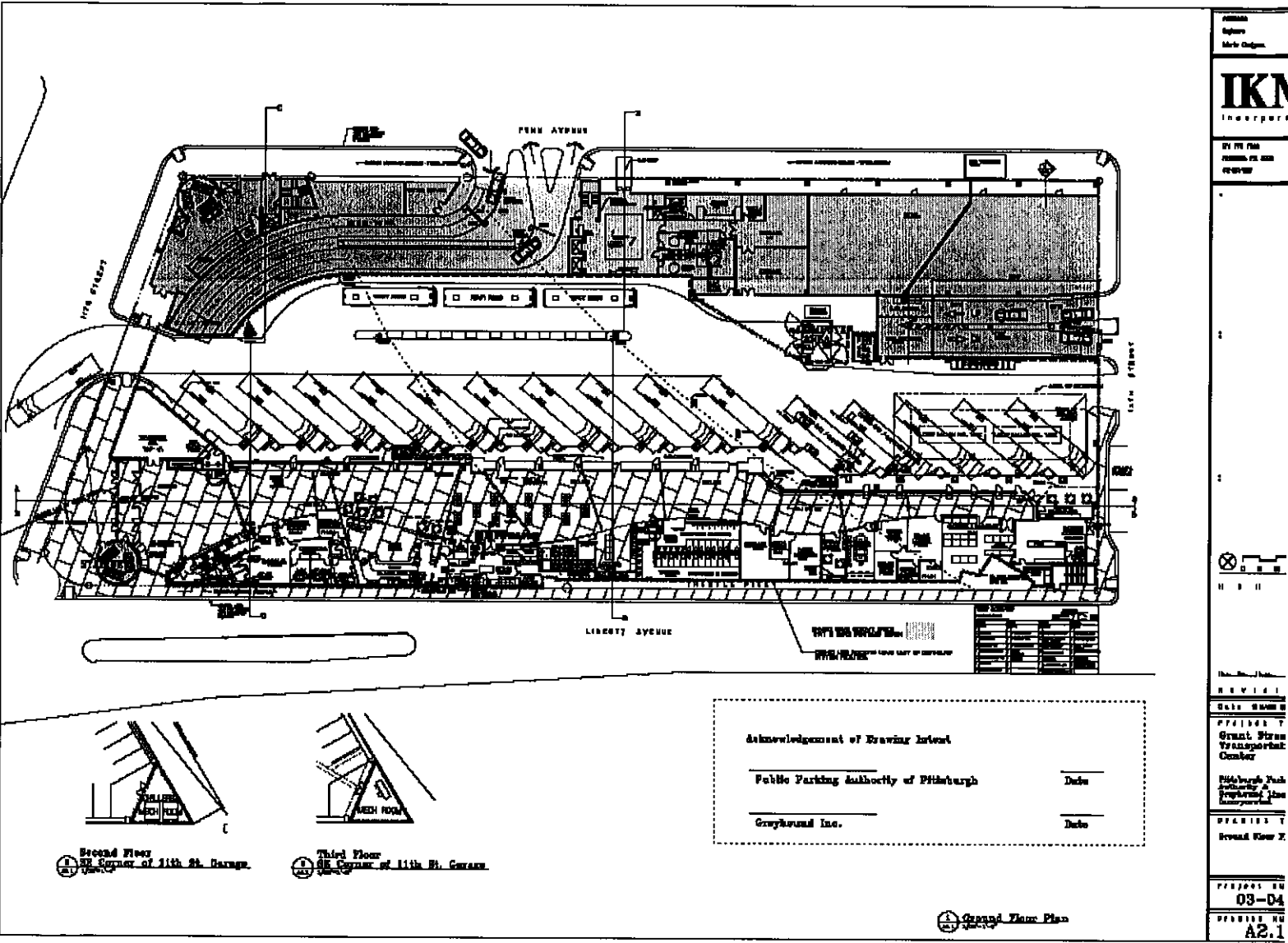
As per Pittsburgh School Board Resolution No. 12 approved on May 26, 1999, the Parking Authority, from its own funds, will be required to pay a 1% fee to be expended by the Pittsburgh School Board and to be used for school development in the City of Pittsburgh.

Penn Liberty Plaza TIF
1999 through 2004

	Jan - Dec 99	Jan - Dec 00	Jan - Dec 01	Jan - Dec 02	Jan - Dec 03	Jan - April 04	TOTAL
Income							
4100 • TIF Revenue							
4110 • City	113,266.86	41,175.46	56,159.16	59,979.53	59,979.53	59,979.53	390,540.07
4120 • School	0.00	74,532.91	60,512.43	64,422.46	64,422.46	64,422.46	328,312.72
4130 • County	31,404.97	30,963.60	24,622.30	26,046.67	26,046.67	26,046.67	165,130.88
Total 4100 • TIF Revenue	144,671.83	146,671.97	141,293.89	150,448.66	150,448.66	150,448.66	883,983.67
4900 • Interest	0.00	5,580.37	8,280.14	5,953.64	4,316.08	1,889.78	26,020.01
Total Income	144,671.83	152,252.34	149,574.03	156,402.30	154,764.74	152,338.44	910,003.68
Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	144,671.83	152,252.34	149,574.03	156,402.30	154,764.74	152,338.44	910,003.68

Note - The 1999 pledged tax increment was transferred in early 2000.

Grant Street Transportation Center Site Plan (IKM Incorporated)



IKM Incorporated

214 Pitt St.
Pittsburgh, PA 15222
412.261.1111

Scale: 1/8" = 1'-0"

Revised: 11/11/03

Drawn: 11/11/03

Checked: 11/11/03

Project: Grant Street Transportation Center

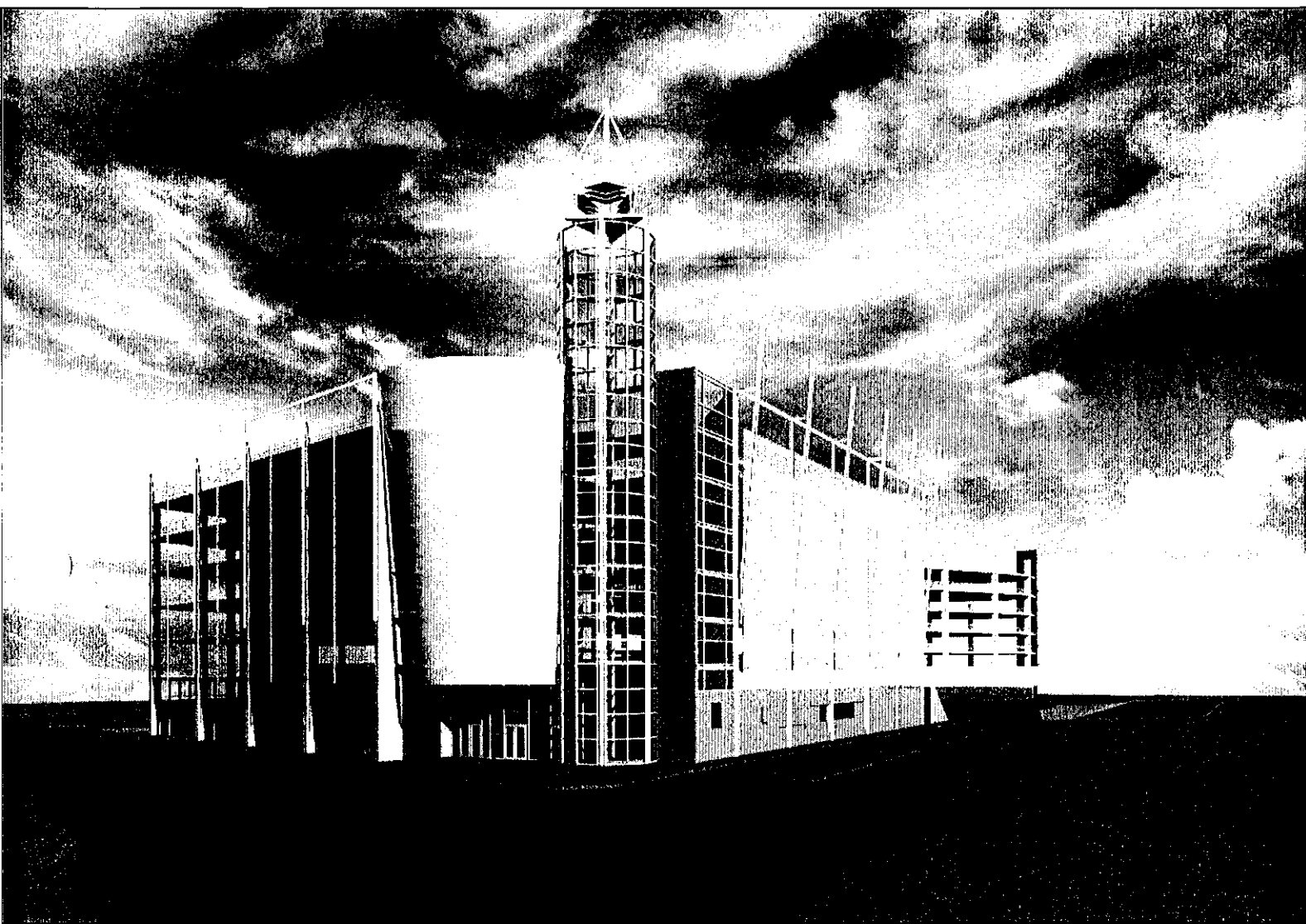
Client: Pittsburgh Public Authority, A. Incorporated, also known as

Series: Ground Floor Plan

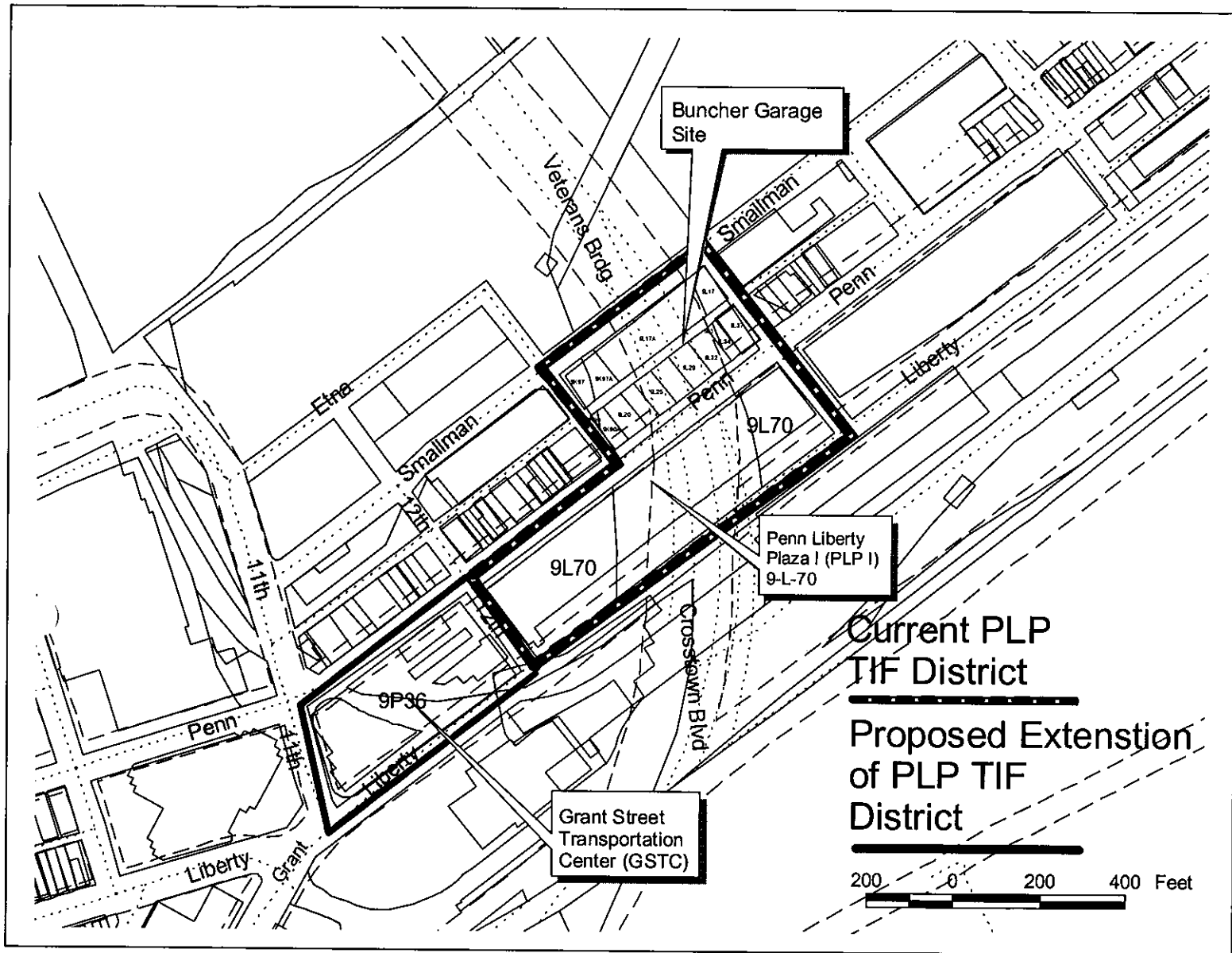
Project No: 03-04

Revision No: A2.1

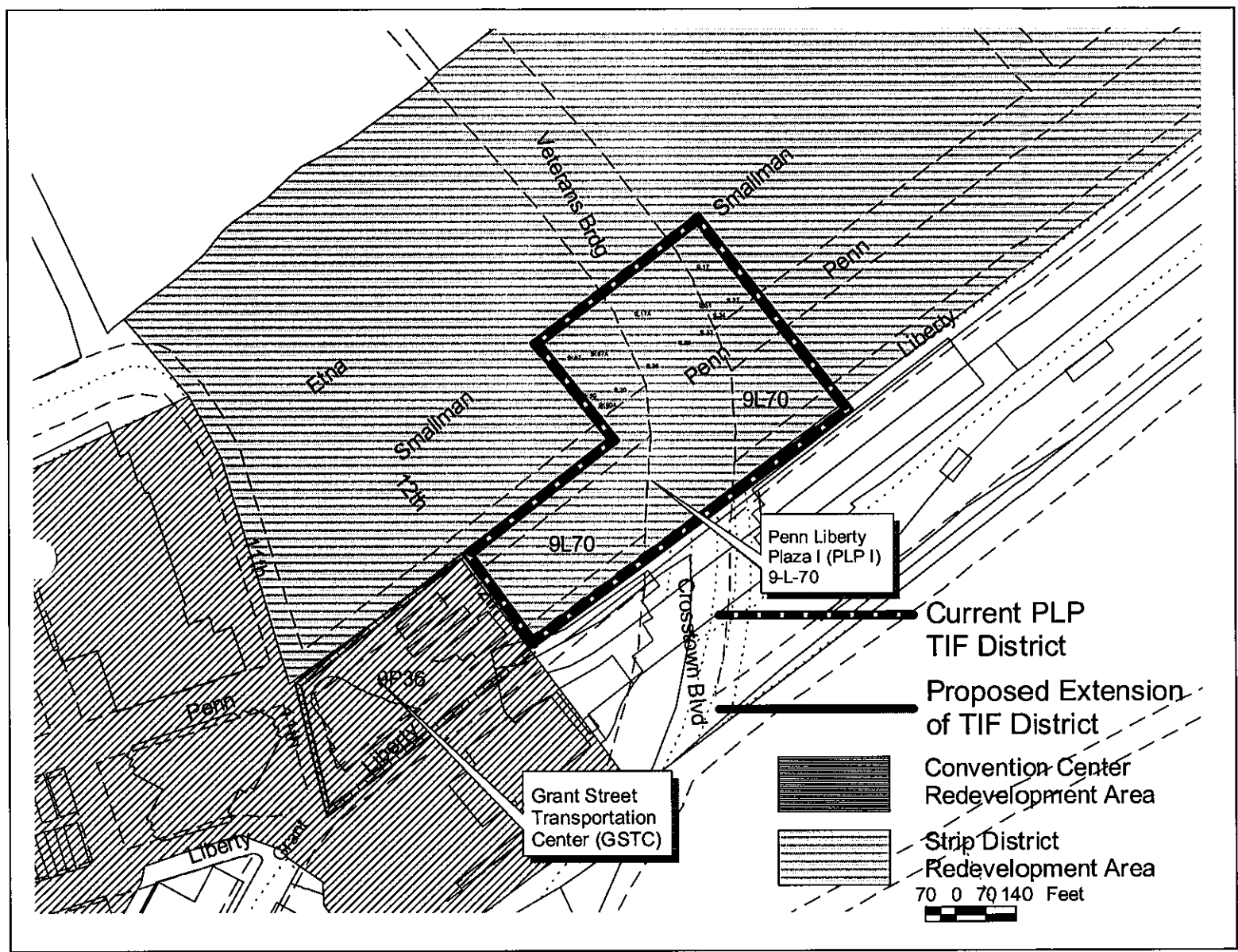
Grant Street Transportation Center Façade Rendering (IKM Incorporated)



F n Liberty Plaza Tax Increment Financing District with Proposed Extension



Plan Liberty Plaza Tax Increment Financing District with Proposed Extension and Redevelopment Areas



**Distribution of Real Estate and Parking Tax Increment
Current Penn Liberty Plaza I TIF Plan Allocations (1)**

Taxing Body	PLP Plan 25% Increment (1)	Millage Increase	Base Taxes		
City	\$ 19,993		\$	10,874	
School	\$ 21,474	\$	\$	11,679	
County	\$ 8,682		\$	4,722	
Total	\$ 50,150	\$	\$ 14,384	27,276	
75% Pledged RE Increment to TIF					
City	\$ 59,980				
School	\$ 64,422				
County	\$ 26,047				
Total	\$ 150,449				
					Distributed to 3TB \$ 91,809
					Pledged to TIF \$150,449

1 Includes real estate tax increment from Buncher Garage Site

Proposed Penn Liberty Plaza I TIF Plan Amendment Allocations (1)

Taxing Body	PLP 25% Increment (2)	Millage Increase	Penn Liberty Plaza I Base Taxes	Buncher Garage Site RE Taxes 100%	Greyhound Base Taxes	100% Greyhound Station Increment (4)	RE Tax	Base Parking Taxes	50% New Parking Tax Increment Taxes (5)	
City	\$ 19,581		\$ 8,703	\$ 3,818	\$ 47,994	\$15,509		\$82,914	\$265,243	
School	\$ 21,031	\$ 13,780	\$ 9,348	\$ 4,921	\$ 61,859	\$19,990				
County	\$ 8,503		\$ 3,780	\$ 1,658	\$ 20,841	\$ 6,735				
Total	\$ 49,117	\$ 13,780	\$21,831	\$10,396	\$130,695	\$42,235		\$82,914	\$265,243	
										Distributed to 3TB \$616,211
75% Pledged RE Increment to TIF										
City	\$ 58,744									
School	\$ 63,095									
County	\$ 25,510									
Total	\$147,350 (3)								\$265,243	
										Pledged to TIF \$412,593

1 Does not include pledge of real estate or parking tax increment from Buncher Garage site

2 Assumes current assessment of Penn Liberty Plaza (\$8,222,700)

3 Pledged real estate tax increment will be capped at this amount, which is the 2004 pledged increment collected from 9-L-70.

4 Assumes Real Estate Assessment of \$6 million for new Greyhound Station / Based on projected construction costs of new station

5 Assumes 31% Parking Tax Rate

NOTE: 100% of any increase in the assessed value over the current assessment of Penn Liberty Plaza I will be distributed to the 3TB. The original PLP TIF plan projected the completion value of Penn Liberty Plaza at \$19,704,645; 100% of the incremental real estate taxes collected between the current increment of \$196,467 and the projected increment of \$501,292 would go to the 3TB:

Proposed Penn Liberty Plaza I TIF Plan Amendment Allocations (1) / With Full Assessment for Penn Liberty Plaza I

<u>Taxing Body</u>	<u>PLP Increment Retained by Taxing Body (2)</u>	<u>Millage Increase</u>	<u>Penn Liberty Plaza I Base Taxes</u>	<u>Buncher Garage Site RE Taxes 100%</u>	<u>Greyhound Base Taxes</u>	<u>100% Greyhound Station RE Tax Increment (4)</u>	<u>Base Parking Taxes</u>	<u>50% New Parking Tax Increment Taxes (5)</u>	<u>Distributed to 3TB</u>
City	\$ 141,106		\$ 8,703	\$ 3,818	\$ 47,994	\$ 15,509	\$ 82,914	\$ 265,243	
School	\$ 151,559	\$ 13,780	\$ 9,348	\$ 4,921	\$ 61,859	\$ 19,990			
County	\$ 61,277		\$ 3,780	\$ 1,658	\$ 20,841	\$ 6,735			
Total	\$ 353,941	\$ 13,780	\$ 21,831	\$ 10,396	\$ 130,695	\$ 42,235	\$ 82,914	\$ 265,243	\$ 921,035
<u>Taxing Body</u>	<u>Cap on Pledged RE Increment to TIF</u>							<u>50% of Increment From New Parking Taxes (5)</u>	<u>Pledged to TIF</u>
City	\$ 58,744							\$ 265,243	
School	\$ 63,095								
County	\$ 25,510								
Total	\$ 147,350 (3)								\$ 412,593

1 Does not include pledge of real estate or parking tax increment from Buncher Garage site

2 Assumes original projected assessment of Penn Liberty Plaza of \$19,704,645

3 Pledged real estate tax increment will be capped at this amount, which is the 2004 pledged increment collected from 9-L-70.

4 Assumes Real Estate Assessment of \$6 million for new Greyhound Station / Based on projected construction costs of new station

5 Assumes 31% Parking Tax Rate

**G Street Transportation Center
Scnematic Budget 1 - Revised
Summary Incorporating Accepted VE**

10-Apr-04

CSI #	Description	Total
01000	GC General Conditions	1,025,425
01001	Allow Street/Sidewalk Closing Permits	50,000
01002	Quality Control/Inspections (o, o)	0
01003	Railroad Requirements	317,000
01015	Environmental Project Goals	0
01505	Selective Demo for Salvage	5,000
01569	Asbestos Abatement	195,000
02221	Building Demolition	950,000
02230	Site Preparation	0
02300	Earthwork	390,000
02465	Monotube Driven Piles	700,000
02500	Asphalt Paving Patch	58,333
02701	Water Service (2)	40,000
02702	Fire Hydrants/Service (1)	20,000
02703	Gas Service	10,000
02704	Sanitary Service	20,000
02705	Site Storm	20,000
02751	Site Concrete Work	0
02752	Granite Curbing	189,000
02760	Rustic Terrazzo	0
02771	Pavement Joint Sealants	10,000
02772	Ornamental Fencing	6,000
02870	Site Furnishings	7,494
02900	Landscaping	2,000
03200	Reinforcement - PPA	1,105,361
03200	Reinforcement - Greyhound	127,301
03206	Post Tensioning Reinforcement	797,940
03300	CIP Concrete - PPA	8,796,982
03301	CIP Concrete - Greyhound	704,177
03450	Architectural Precast	102,300
03542	Cement Based Underlayment	0
04810	Unit Masonry Assemblies	792,977
05120	Structural Steel/Metal Fabrications	697,255
05310	Steel Deck	0
05400	Cold-Formed Metal Framing	0
05500	Allowance Addnl. Metal Fabrications	50,000
05521	Railings	0
05590	Exterior Screen Mesh Panels	657,580
05591	Perforated Metal Panels	359,600
05810	Allowance Exp. Joint Assemblies	25,000
06100	Rough Carpentry	40,000
06402	Architectural Woodwork/Finish Carp.	77,511
06403	Allowance Ticket Counters	21,400
07110	Bituminous Damproofing	0
07170	Bentonite Waterproofing	152,375
07190	Water Repellants	0
07210	Building Insulation	0
07211	Manufactured Wall Panels	80,500

Greyhound Break-out
205,085
12,500
0
79,250
0
0
0
0
0
45,000
60,000
19,250
20,000
10,000
5,000
10,000
10,000
0
52,370
0
3,300
6,000
7,494
2,000
0
127,301
0
0
704,177
0
0
530,337
176,800
0
0
0
15,000
0
0
5,000
20,000
67,511
21,400
0
73,950
0
0
32,200

PPA Break-out
820,340
37,500
0
237,750
0
5,000
195,000
950,000
0
345,000
640,000
39,083
20,000
10,000
5,000
10,000
10,000
0
136,630
0
6,700
0
0
0
1,105,361
0
797,940
8,796,982
0
102,300
0
262,640
520,455
0
0
0
35,000
0
657,580
359,600
20,000
20,000
10,000
0
0
78,425
0
0
48,300

0	EPDM Roofing	180,000
07000	Flashing and Sheet Metal	0
07700	Roof Hatch	0
07710	Manufactured Roof Specialties	0
07811	Sprayed Fire-Resistive Materials	54,900
07840	Firestopping	17,140
07920	Joint Sealants	31,200
07925	Vehicle Traffic Joint Seals and Sealants	99,427
08111	Steel Doors and Frames	74,918
08211	Flush Wood Doors	0
08305	Access Doors	3,567
08340	Overhead Coiling Grills	36,033
08380	Baggage Doors	2,675
08410	Aluminum Storefront Framing	0
08470	Automatic Revolving Entrance Door	0
08710	Door Hardware	0
08720	Automatic Door Operators	12,532
08800	Glass and Glazing	770,400
08840	Plastic Glazing	0
08920	Glazed Aluminum Curtain Wall	0
08960	Canopy Glazing System	0
09260	Gypsum Board/Acoustical/FRP	479,133
09265	Gypsum Board Shaftwall Assemblies	0
09310	Ceramic Tile	104,025
09402	Epoxy Terrazzo	0
09511	Acoustic Panel Ceilings	0
09550	Resilient Flooring/Carpet	80,000
0	Carpet	0
09910	Painting	90,000
10150	Toilet Compartments	33,640
10210	Louvers and Vents	2,890
10340	Exterior Clock	0
10425	Signage	22,000
10426	Allowance Marquis Signage	200,000
10426	Greyhound Signage Allowance	20,000
10500	Metal Lockers	82,335
10522	FEC's	6,724
10675	Baggage Racks	6,600
10750	Telephone Specialties	0
10800	Toilet Accessories	19,753
11030	Automatic Teller Machines (o,o)	0
11120	Vending Machines (o,o)	0
11140	Bus Fueling Equipment (In Plumbing)	0
11150	Parking Control Equipment	390,000
11400	Allowance Food Service	200,000
11475	Appliances	525
11480	Video Games (o,o)	0
11485	Information Center (o,o)	0
12492	Window Treatment	0
12510	Office Furniture and Equipment (o,o)	0
12640	Food Service Area Seating (o,o)	0
12650	Waiting Area Public Seating (o,o)	0
14210	Electric Traction Elevators	466,000
1	Dumbwaiter	0
14000	Roller Conveyor	982

110,600
0
0
0
36,783
11,141
20,280
0
43,452
0
2,140
12,300
2,675
0
0
0
12,532
274,030
0
0
0
0
395,133
0
69,697
0
0
75,000
0
60,000
25,230
1,445
0
8,000
20,000
20,000
79,885
4,000
6,600
0
15,000
0
0
0
0
0
390,000
200,000
525
0
0
0
0
0
0
0
0
466,000
0
0
982

69,400
0
0
0
18,117
5,999
10,920
99,427
31,465
0
1,427
23,733
0
0
0
0
0
0
84,000
0
34,328
0
0
5,000
0
30,000
8,410
1,445
0
14,000
180,000
0
2,450
2,724
0
4,753
0
0
0
0
0
0
390,000
0
0
0
0
0
0
0
466,000
0
0
0

15	Fire Protection	271,450
15400	Plumbing/Fueling Equip./San. Hopper	1,527,750
15500	HVAC	1,474,800
16000	Electrical	1,916,800
16001	Duquesne Light Transformer Pit	150,000
	Cost	27,431,709
	GC Permit	149,600
	BP Tax	164,590
	Subtotal	27,745,899
	GC Fee	750,000
	Subtotal	28,495,899
	Bond	213,719
	Subtotal	28,709,618
	10% Contingency	2,870,962
	Total	31,580,580

Soft Costs

(A/E, Construction Mgt., legal, environmental, surveys, railroad, etc.)

Total PPAP Project Cost:

191,700
670,250
929,800
509,300
75,000
6,204,405
10,200
39,874
6,254,479
180,993
6,435,472
51,576
6,487,048
648,705
7,135,752

79,750
857,500
545,000
1,407,500
75,000
21,227,304
139,400
124,716
21,491,420
569,007
22,060,427
162,144
22,222,571
2,222,257
24,444,828

3,000,000

27,444,828

GRANT STREET TRANSPORTATION CENTER

Economic Impact Analysis

Employment Impact

Construction

Total Construction \$ \$ 27,400,000

A. Employment Impact

	Labor Hours (per \$1,000 construction)	Total Labor Hours	FTE Jobs (2,000 hrs/yr)
On- Site Construction	9.4	257,560	129
Off- Site Construction	1.5	41,100	21
Manufacturing	7.9	216,460	108
Trade, Transportation, etc.	5.3	145,220	73
Other	1.5	41,100	21
Total			351

B. Income Impact

	Total Labor Hours	Avg. Hourly Earnings	Total Earnings
On- Site Construction	257,560	\$ 15.00	\$ 3,863,400
Off- Site Construction	41,100	\$ 15.00	\$ 616,500
Manufacturing	216,460	\$ 12.00	\$ 2,597,520
Trade, Transportation, etc.	145,220	\$ 10.00	\$ 1,452,200
Other	41,100	\$ 11.00	\$ 452,100
Total Earnings			\$ 8,981,720
Disposable Income (88%)			\$ 7,903,914
Personal Consumption Exp. (92%)			\$ 7,271,601

C. Expenditure Impact

	Fraction of Total Consumption	Expenditures
Shopping Goods	0.171	\$ 1,243,444
Convenience Goods	0.232	\$ 1,687,011
Other Consumption	0.597	\$ 4,341,146
		\$ 7,271,601

In addition to the construction jobs created; the new parking garage and transportation center will ease traffic congestion in the Central Business District core and add much needed parking spaces for Penn Liberty Plaza I, the new David L. Lawrence Convention Center and the Grant street corridor (USX Tower, Gulf Tower, and Federated Tower etc.) as well as raise the taxable value of the Penn Liberty Plaza and provide an attractive intermodal transportation facility that will include a new Greyhound Bus Terminal and connect to a Light Rail Transit stop and the Martin Luther King Jr. East Busway. The parking supply created by the Grant Street Transportation Center will help to bring an additional approximately 600 jobs to Penn Liberty Plaza I.

Real Estate Increment TIF Note Amortization Schedule

Pmt No.	Payment Date	12 yrs Fully Amortized			4.75%		
		Beginning Balance	Scheduled Payment*	Principal	Interest	Ending Balance	
1	2005	\$ 1,227,973	\$ 136,600	\$	\$ 78,271	\$ 58,329	\$1,149,702
2	2006	\$ 1,149,702	\$ 136,600	\$	\$ 81,989	\$ 54,611	\$1,067,713
3	2007	\$ 1,067,713	\$ 136,600	\$	\$ 85,884	\$ 50,716	\$ 981,829
4	2008	\$ 981,829	\$ 136,600	\$	\$ 89,963	\$ 46,637	\$ 891,866
5	2009	\$ 891,866	\$ 136,600	\$	\$ 94,236	\$ 42,364	\$ 797,630
6	2010	\$ 797,630	\$ 136,600	\$	\$ 98,713	\$ 37,887	\$ 698,917
7	2011	\$ 698,917	\$ 136,600	\$	\$ 103,401	\$ 33,199	\$ 595,516
8	2012	\$ 595,516	\$ 136,600	\$	\$ 108,313	\$ 28,287	\$ 487,203
9	2013	\$ 487,203	\$ 136,600	\$	\$ 113,458	\$ 23,142	\$ 373,745
10	2014	\$ 373,745	\$ 136,600	\$	\$ 118,847	\$ 17,753	\$ 254,898
11	2015	\$ 254,898	\$ 136,600	\$	\$ 124,492	\$ 12,108	\$ 130,405
12	2016	\$ 130,406	\$ 136,600	\$	\$ 130,405	\$ 6,194	\$ -
TOTAL		\$	\$ 1,639,200	\$	\$ 1,227,973	\$ 411,226	

*\$136,000 is the net available for debt service after deducting annual costs from the pledged real estate tax amount of \$147,350 (see proforma p. 23).

Parking Authority Bond Issue proforma

Real Estate Taxes Estimated	\$	232,077.48
Less: Base Taxes	\$	(21,831.12)
Less: Millage Increase	\$	(13,779.60)
Increment	\$	196,466.76
Amount of Increment Pledged	75%	\$ 147,350.07

Parking Taxes Estimated	\$	613,400.00
Less: Base Taxes	\$	(82,914.00)
Increment	\$	530,486.00
Amount of Increment Pledged	50%	\$ 265,243.00

Total Estimated Annual Pledged Increment Available for Debt Service	\$	412,593.07
Less: Trustee Annual Fee	\$	(1,500.00)
Less: URA Annual Fee	\$	(20,000.00)
Remaining Term of TIF		391,093.07

2016 12

Estimated Cost of Funds

4.75%

Estimated Proceeds from Future Increment Cash Flow

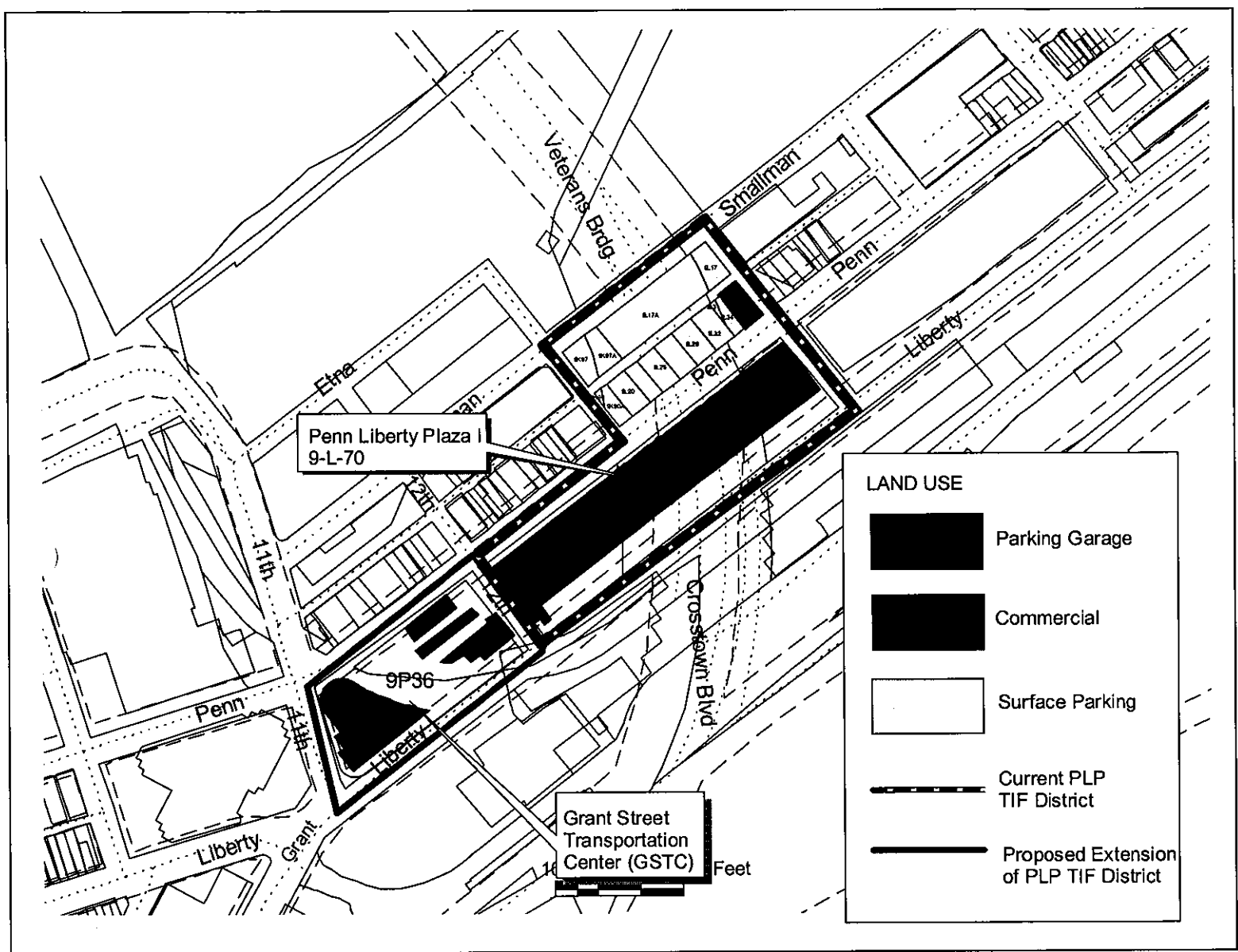
\$3,204,567.89

Add: Escrowed Funds on Hand with URA	\$	910,003.68
Less: Upfront URA Fee	\$	(32,045.68)
Less: Costs Incurred by URA for Original Plan	\$	(11,064.52)
Less: Trustee, Bond Counsel and Other Misc. Costs	\$	(25,000.00)
Total Estimated Net Proceeds of the TIF	\$	4,046,461.37

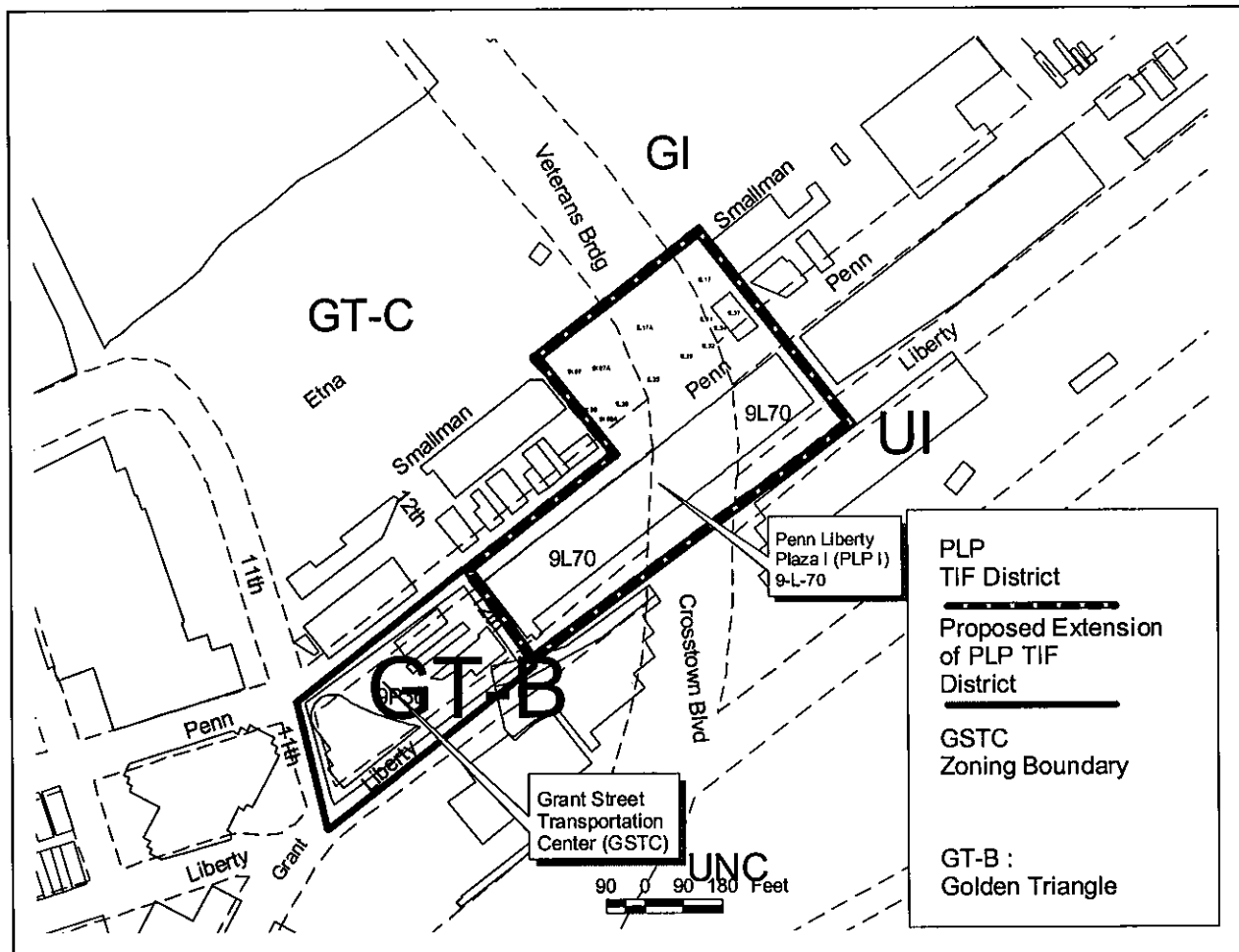
Parking Tax Increment and Real Estate Tax Increment portions of Parking Authority Bond Issue

Parking Taxes Estimated	\$	613,400.00	Real Estate Taxes Estimated	\$	232,077.48
Less: Base Taxes		<u>(82,914.00)</u>	Less: Base Taxes		(21,831.12)
			Less Millage Increase		<u>(13,779.60)</u>
Increment	\$	530,486.00	Increment	\$	196,466.76
Amount of Increment Pledged	50%	\$	Amount of Increment Pledged	75%	\$
		265,243.00			147,350.07
Total Estimated Annual Pledged Increment	\$	265,243.00	Total Estimated Annual Pledged Increment	\$	147,350.00
Less: Trustee Annual Fee		(750.00)	Less: Trustee Annual Fee		(750.00)
Less: URA Annual Fee		<u>(10,000.00)</u>	Less: URA Annual Fee		<u>(10,000.00)</u>
Total Estimated Annual Pledged Increment Available for Debt Service	\$	254,493.00	Total Estimated Annual Pledged Increment Available for Debt Service	\$	136,600.00
Remaining Term of TIF	2016	12	Remaining Term of TIF	2016	12
Estimated Cost of Parking Authority Funds		4.75%	Estimated Cost of Parking Authority Funds		4.75%
Estimated Principal Amount of Parking Authority Bonds Supported by Future Increment Cash Flow		\$1,976,593.77	Estimated Principal Amount of Parking Authority Bonds Supported by Future Increment Cash Flow		\$1,227,973.49
Add: Escrowed Funds on Hand with URA		910,003.68	Less: Costs Incurred by URA for Original Plan		(5,532.26)
Less: Costs Incurred by URA for Original Plan		(5,532.26)	Less: Upfront URA Fee	1.00%	(12,279.73)
Less: Upfront URA Fee	1.00%	(19,765.94)	Less: Trustee, Bond Counsel and Other Misc. Costs		(12,500.00)
Less: Trustee, Bond Counsel and Other Misc. Costs		(12,500.00)			
Total Estimated Parking Authority Proceeds Generated by TIF	\$	2,848,799.25	Total Estimated Parking Authority Proceeds Generated by TIF		\$1,197,661.50

Existing Land Use for Penn Liberty Plaza Tax Increment Financing District with Proposed Extension



Existing Zoning for Penn Liberty Plaza Tax Increment Financing District with Proposed Extension



URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

**PENN LIBERTY PLAZA I BUILDING
AND
PARKING GARAGE**

PENN LIBERTY PLAZA TAX INCREMENT FINANCING DISTRICT

TAX INCREMENT FINANCING PLAN

OCTOBER 12, 1995

I. INTRODUCTION

A. Tax Increment Financing Plan

The Urban Redevelopment Authority of Pittsburgh (URA) proposes designating a Tax Increment Financing District encompassing several blocks in the Strip District Redevelopment Area. This district, which would be named the Penn Liberty Plaza Tax Increment Financing District, would contain two development sites. The first, and largest, is bounded by 12th and 14th Streets and Penn and Liberty Avenues and is the site of the abandoned Buyer's Mart Building. The Buncher Company which owns this building will renovate it into 374,000 square feet of office space and rename it Penn Liberty Plaza I. The second site within the proposed district is bounded by 13th and 14th Streets and Penn Avenue and Smallman Street and is the proposed site for a parking garage that the Buncher Company will develop to serve the tenants of the building and other local users.

The introduction of this new office space will reinforce the strength and vitality of downtown and begin to anchor development in the Strip District. The designation of this TIF district would allow TIF proceeds to be used to finance a portion of the estimated \$12.5 million garage construction cost. Under this proposed plan, seventy-five percent of the tax increments realized by the City of Pittsburgh, Allegheny County and the School District of Pittsburgh (the Three Taxing Bodies) from the renovated building and the parking garage would be used to pay debt service on a TIF note to be issued by the URA for the construction of the garage. Twenty-five percent of the real estate tax increment would be retained by the Taxing Bodies.

The Buncher Company currently operates a surface parking lot on the proposed garage site. The City will additionally pledge the incremental parking tax generated by the new parking facility to pre-pay principle on the TIF note so that it is expected that the TIF note will be retired earlier than the stated term. The calculation of the estimated future parking tax is included as the last exhibit in the Financing Methods section of this plan.

Original Plan

To date, the Buncher Company has added a mezzanine level to the old Buyers' Mart building and completed other structural work. Buncher will also undertake extensive exterior work as part of a \$15.7 million overhaul. The parking garage which is still in the conceptual phase of design will be a multi-level reinforced concrete structure containing up to 1250 spaces. Buncher owns several of the parcels which comprise the 425' x 225' parking garage site and expects to control the remainder of the site by early 1996.

The Buncher Company has renovated a building adjacent to the abandoned Buyer's Mart into an office building referred to as Penn Liberty Plaza II. This fully-leased building, which is located between Penn, Liberty, 14th and 16th Streets, houses several major tenants including Allegheny County Administrative offices and AT&T's Customer Service Center. The Buncher Company is developing Penn Liberty Plaza I on a spec basis and is marketing it aggressively to businesses which require space for back office uses.

The TIF District will be created as of November 1, 1996. Construction of the garage will begin by that time.

B. Strip District Redevelopment Area

The proposed Penn Liberty Plaza I and Parking Garage are located in the Strip District Redevelopment Area, a stretch of level land along the Allegheny River about a quarter of a mile wide and more than a mile and a half long. It spans from the Central Business District on the southwest to Lawrenceville on the northeast. It is separated from the rest of the City to the southeast by a cliff that represents a major topographical barrier.

The Strip District has been an important transportation, manufacturing and commercial center for decades. The area was certified as blighted and designated a Redevelopment Area in the early 1980's. The Strip District Basic Conditions Report completed in August 1980 identifies several factors which contributed to the blighted condition. Among them are excessive land coverage, faulty street and lot layout and the existence of deteriorated, vacant buildings and poorly maintained vacant lots which deter investment in the area.

The Buyer's Mart building has been vacant for the past decade. It was last used in the mid-80's as a discount retail outlet. Previously, it was used as a distribution center for the Railroads. As mentioned above, this project will allow the building to be reused and contribute productively to the local and regional economy. The project will also eliminate a highly visible eye-sore in the area.

II. PROPOSED IMPROVEMENTS

A. Penn Liberty Plaza I Building

The Buncher Company plans to renovate the abandoned Buyers Mart Building into 374,000 leasable square feet of office space.

B. Penn Liberty Plaza Parking Garage

To meet the anticipated parking demand generated by the development of the Penn Liberty Plaza I office building, Buncher plans to build a 1,250-space parking garage on 425' x 225' site located beneath the Veterans Bridge.

III. ECONOMIC FEASIBILITY ANALYSIS

A. The Renovation of the old Buyer's Mart Building into 374,000 square feet of leasable office space.

	(millions)
Estimated Cost	\$15.7
Estimated Sources	
Buncher Debt & Equity	\$15.7

B. The development of a 1250-space parking garage

	(millions)
Estimated Cost	\$12.5
Estimated Sources	
Buncher Debt & Equity	\$7.0
Tax Increment Financing	\$5.5

Tax Increment Financing represents 44% of garage development costs and 20% of total development costs.

C. There is currently an unmet demand for back-office space convenient to the downtown business district. Buncher has developed several buildings in the Strip District which target this market all of which are leased out nearly to capacity. The existence of this demand and Buncher's previous success in this unique market segment reinforce the feasibility of the Penn Liberty Plaza I project.

IV. FINANCING METHODS

When the parking garage is in place and the Penn Liberty Plaza I building is fully renovated, the properties in the proposed TIF district are estimated to generate an annual tax increment of approximately \$858,866. The Authority proposes using seventy-five percent of the tax increment each year for twenty years to service a tax increment financing note of approximately \$6.1 million. The remaining twenty-five percent of the tax increment will be retained by the Taxing Bodies as will the current taxes (the "Base taxes") of \$67,410.

Any increase increment in tax revenues from the Penn Liberty Plaza I building and the parking garage, attributable solely to an increase in assessed value over and above that determined necessary to meet the note payments, will be used in the following manner:

75% of increase in increment to be used to retire the note
25% of increase in increment to be retained by the Taxing Bodies

Any increase in increment in tax revenues from the Penn Liberty Plaza I building and the parking garage attributable to an increased millage by any of the taxing bodies will be used in the following manner:

100% of increase in increment to be retained by the taxing body that increased the millage.

In a typical Tax Increment Financing scenario, the Urban Redevelopment Authority would issue bonds which would be underwritten by a commercial securities firm and sold in either a public offering or private placement. In an effort to reduce the costs associated with the financing, the Buncher Company or one of its subsidiaries will purchase a long-term note from the Authority. The Authority will, in turn, provide the proceeds from this transaction to Buncher's development entity for the construction of the garage. Seventy-five percent of the tax increment generated in the TIF district will be used to pay off the note held by Buncher's subsidiary. The seventy-five percent tax increment would be guaranteed by the Buncher Company. This arrangement will reduce costs and allow a greater portion of the money supported by the tax increment to flow into the construction of the garage.

In the alternative, the note may be held by a bank or other financial institution if terms satisfactory to the Buncher Company can be agreed to.

Original Plan

**ESTIMATED DEVELOPMENT COSTS
PENN LIBERTY PLAZA I BUILDING AND PARKING GARAGE**

ESTIMATED DEVELOPMENT COSTS
PENN LIBERTY PLAZA I BUILDING AND PARKING GARAGE

Penn Liberty Plaza I Renovation

Structural	\$1,670,000
Thermal and Moisture Protection	\$885,000
Exterior Finishes	\$3,240,000
Interior Finishes	\$5,595,000
Plumbing	\$928,000
HVAC	\$906,500
Vertical Transportation	\$315,000
Electrical	\$1,650,000
Site work	\$15,500
Construction Contingency	\$495,000
TOTAL ESTIMATED RENOVATION COST	\$15,700,000

Parking Garage

Demolition and Site Clearing	\$188,500
Excavation and Foundations	\$250,000
Structure	\$9,300,000
Exterior Wall	\$1,250,000
Specialties and Equipment	\$112,500
Vertical Transportation	\$125,500
Plumbing	\$70,000
Fire Protection	\$312,500
HVAC	\$0
Electrical	\$665,000
Site work	\$126,000
Construction Contingency	\$100,000
TOTAL ESTIMATED GARAGE CONSTRUCTION COST	\$12,500,000

ESTIMATED ANNUAL SHARE OF TAX INCREMENT

	A	B	C=.25(A-B)	B+C	D=.75(A-B)
	Estimated Future Tax	Current Property Tax (retained by Taxing Bodies)	Tax Increment to be Retained by Taxing Bodies	Total Estimated Future Tax to be Received by Taxing Bodies	Increment to Support Project
City	\$264,224	\$41,140	\$55,771	\$96,911	\$167,313
School District	\$433,383	\$17,200	\$104,046	\$121,246	\$312,137
County	\$228,669	\$9,070	\$54,900	\$63,970	\$164,699
TOTAL	\$926,276	\$67,410	\$214,717	\$282,127	\$644,149

Original Plan

Penn Liberty Plaza I (Buyer's Mart) Tax Increment Financing Financing Plan

04/23/04
bmart\tiffinplan

Calculation of Tax Increment

	Future Market Value	Future Assessed Value
Land	\$837,380	\$209,345
Building	\$28,200,000	\$7,050,000
Total	\$29,037,380	\$7,259,345

<u>Taxing Body</u>	<u>Millage</u>	<u>Tax</u>
City - Land	0.1845	\$38,624
City - Building	0.032	\$225,600
County	0.0315	\$228,669
School	0.0597	\$433,383
Total		\$926,276

Income Available for Debt Service

Total Anticipated Tax Revenue	\$926,276
- Current Taxes	\$67,410
= Tax Increment	\$858,866
x Portion of Tax Increment Available for Debt Service	75%
= Income Available for Debt Service	\$644,149
-Debt Coverage	\$0
= Net Income Available for Debt Service	\$644,149

Size of Tax Increment Note

Annual Income	\$644,149
Interest Rate	8.50%
Term (years)	20
Maximum Note Amount	\$6,095,799

Uses of Tax Increment Note

Construction Costs	\$5,506,698
Capitalized Interest	1 year interest payments 1% of Total Note Amount
Issuance Fee	\$60,958
Issuer's Legal Fees	\$10,000
Total	\$6,095,799

**PENN LIBERTY PLAZA I
PROJECT TIMETABLE**

Penn Liberty Plaza I
Building

Addition of Mezzanine level

Complete
April '96 to October
'96
As
required

Exterior Renovation

Tenant Buildout

Parking Garage

Construction

April '97 to Nov '97

ESTIMATED FUTURE PARKING TAX CALCULATIONS**Buncher Garage Site**

Garage Spaces	1,250
To Buncher	450
<u>Remaining Spaces</u>	<u>800</u>

ASSUMPTIONS

Accommodates all History Center Demand in garage
 Assumes garage occupancy same as for entire Strip District (i.e. 80%)

RATE STRUCTURE

< 4hrs:	\$3.00
Day:	\$5.00
Evng/Wknds:	\$3.00

NO. OF OCCUPIED SPACES

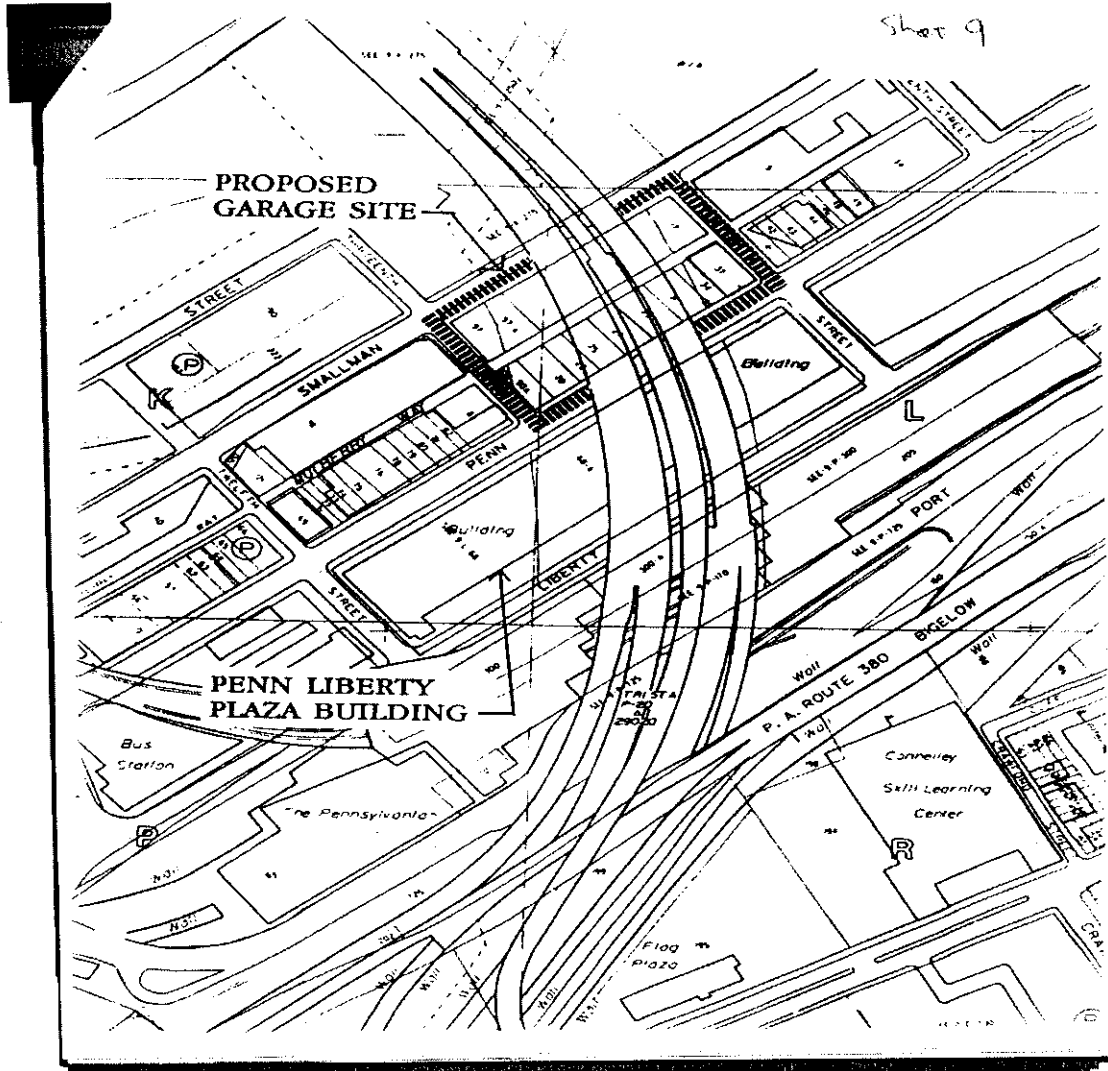
	Day Visitors	All 90	Evng/Wknds
Sun	-	75	265
Mon	60	580	-
Tues	60	580	-
Wed	60	580	-
Thurs	60	580	-
Fri	60	580	-
Sat	-	90	265

WKLY REVENUES

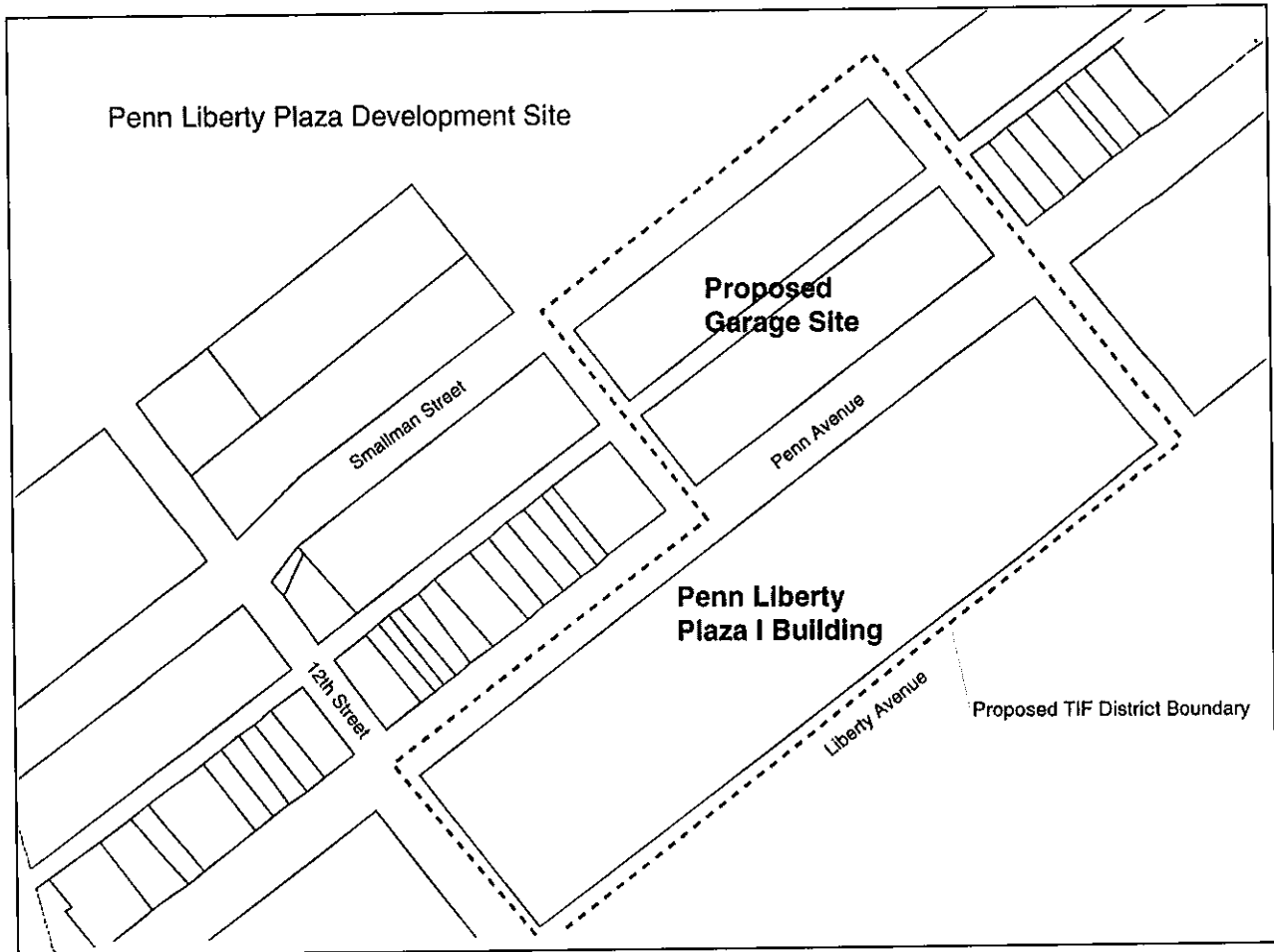
	Day Visitors	All 90	Evng/Wknds
Sun	\$ -	\$ 375.00	\$ 795.00
Mon	\$ 180.00	\$ 2,900.00	\$ -
Tues	\$ 180.00	\$ 2,900.00	\$ -
Wed	\$ 180.00	\$ 2,900.00	\$ -
Thurs	\$ 180.00	\$ 2,900.00	\$ -
Fri	\$ 180.00	\$ 2,900.00	\$ -
Sat	\$ -	\$ 450.00	\$ 795.00
TOTAL REVS	\$ 900.00	\$15,325.00	\$ 1,590.00

WKLY REVS X 4.33 weeks/mnth	\$77,138.95
Monthly Revenues	\$77,139.00
Parking Tax (20.64%)	\$15,920.00

V. MAP OF EXISTING USES AND CONDITIONS



VI. MAP OF PROPOSED IMPROVEMENTS



VII. PROPOSED ZONING REDEVELOPMENT PLAN CHANGES AND RELOCATION

While this project does not require a zoning change, it will be necessary to vacate an alley which runs through the proposed garage site.

It is not expected that any persons will be dislocated as a result of the TIF Projects. If there are any however, URA and the Mayor's Office will work closely with all businesses and persons to find them equitable space in the vicinity of their present location.

OFFICE OF THE COUNTY COUNCIL

County of Allegheny

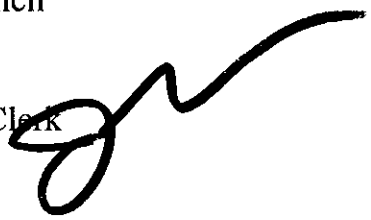
ROOM 119 • 436 GRANT STREET • PITTSBURGH, PA 15219

PHONE (412) 350-6490 • FAX (412) 350-6499



MEMORANDUM

To: All Members of Council

From: John Mascio, Chief Clerk 

Date: May 14, 2004

Subject: **Pro Forma for Bill No. 1547-04 – Penn Liberty Plaza Tax Increment Financing Plan**

Attached is the Pro Forma for the above referenced bill which was requested by the Economic Development Committee at the May 11, 2004 Committee Meeting.

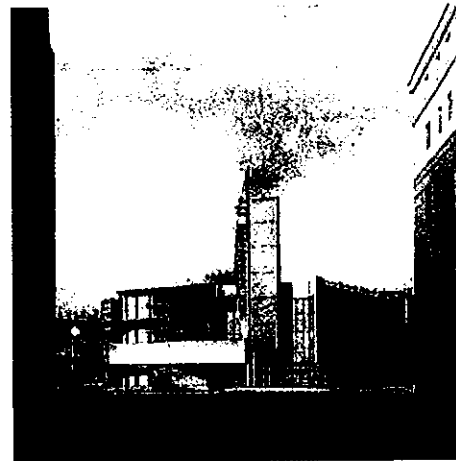
I am also awaiting a Legal Opinion from the URA and a breakdown of changes in the Attachment to the bill, which were also requested at the meeting.

I will place a copy of these documents before you at the May 18th, 2004 Regular Meeting.

CC: Joe Catanese
Amie Downs



WALKER
PARKING CONSULTANTS



PRELIMINARY FINANCIAL ANALYSIS

**PROPOSED GRANT STREET
TRANSPORTATION
CENTER GARAGE
PITTSBURGH, PENNSYLVANIA**

Prepared for:

Ralph R. Horgan
Executive Director
Public Parking Authority of Pittsburgh

Date Issued:
October 17, 2003

FINAL REPORT

October 17, 2003

Ralph R. Horgan
Executive Director
Pittsburgh Parking Authority
232 Boulevard of the Allies
Pittsburgh, PA 15222-1616

Re: Preliminary Financial Analysis
Proposed Grant Street Transportation Center Garage
Pittsburgh, Pennsylvania
Walker Project No. 11-2116.00 – FINAL REPORT

Dear Mr. Horgan:

Walker Parking Consultants is pleased to submit the attached final report of our Preliminary Financial Analysis of the proposed Grant Street Transportation Center Garage. This letter report presents our analysis and conclusions, and is intended to assist the Pittsburgh Parking Authority in evaluating various financial issues.

Once again, we appreciate the opportunity to be of service to you, the Pittsburgh Parking Authority and the City of Pittsburgh. If you have any questions or comments, please do not hesitate to call.

Sincerely,

WALKER PARKING CONSULTANTS

John W. Dorsett
Vice President
Director of Study Services

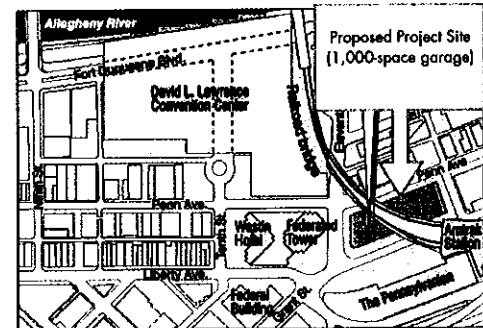
Philip J. Baron
Parking Consultant

cc: Daniel R. Johns, P.E., Walker Parking Consultants, Kalamazoo, MI



SUBJECT OF ANALYSIS

The Pittsburgh Parking Authority (PPA) plans to develop and operate two adjoining public parking garages totaling 1,000 spaces on the parcel of land in downtown Pittsburgh that is currently occupied by the Greyhound Bus Terminal Station and a 170-space garage ("the project"). The subject site for the project is located in the northeast region of downtown Pittsburgh, along the fringe of the Golden Triangle. The parcel of land is bordered by Penn Avenue to the northwest, Liberty Avenue to the southeast, 11th Street to the southwest and 12th Street to the northeast. This proposed site, bisected by railroad tracks, is identified in the figure to the right.



PRELIMINARY DEMAND ANALYSIS

It is anticipated that daily commuters working in downtown Pittsburgh, patrons of the David L. Lawrence Convention Center, and people visiting the Strip District and the Cultural District, will utilize the project. Even though the project will be adjoined to the Greyhound Bus Terminal, it is anticipated that parking demand generated by that land use would be immaterial. Therefore, this analysis focuses on the primary demand generators in the surrounding area that exhibit a high probability of contributing significantly to the project's utilization.

CONVENTION CENTER DEMAND

Based on its close proximity, it is anticipated that the David L. Lawrence Convention Center would be a significant source of demand for the project partially because its 750 space parking structure cannot satisfy all parking demand generated by this facility. Walker analyzed projected annual attendance figures at the new convention center including the total number and type of planned events to calculate the estimated total parking demand. Using these statistics, we were able to project convention center parking demand captured by the project. The demand model factors in the type of event, average attendance, drive ratio, persons per vehicle, and number of events per year to project the total convention center parking demand. Then, the total projected parking demand is calibrated to account for the capture rate. The following table summarizes the projected convention center parking demand captured by the project.

Projected Parking Demand Generated by the Convention Center (Year 1)

Type of Events	Average Attendance	Persons Per Vehicle	x Drive Ratio	= Parking Demand per Event	x Event Show Days/Year	= Parking Demand per Year	x Event Demand Capture Rate	= Annual Parking Demand "Project"	Avg. Parking Demand per Event "Project"
Conventions	1,165	2.0	95%	553	68	37,630	25%	9,407	138
Trade Shows	2,632	2.0	95%	1,250	19	23,754	65%	15,440	813
Consumer Shows	3,143	3.0	95%	995	77	76,637	50%	38,318	498
Meetings	340	1.0	95%	323	219	70,737	15%	10,611	48
Banquets	684	2.5	95%	260	80	20,794	10%	2,079	26
Other	375	2.0	95%	178	10	1,781	5%	89	9
Totals					473	231,332		75,945	

Source: David L. Lawrence Convention Center, Walker Parking Consultants



Further analysis of the convention center parking demand included the evaluation of historical operating statement from the old convention center garage. A review of this data allowed for a determination of a representative distribution of transient parking demand activity generated by the convention center. Walker applied the historical parking demand distribution of the old convention center garage to the total parking demand figure to determine the average rate paid per user group. The demand growth for this market segment is predicated on the projected growth in event demand at the convention center. Event days are projected by convention center representatives to be 473 in year one of this analysis, then increase by nearly eleven percent in year two. In year two, stabilization at approximately 530 event days per year are assumed all projected years thereafter.

Projected Convention Center Parking Demand Distribution and Revenue at the Project

User Group	Total Demand	Historical Distribution	Demand	Rate	Est. Rev.
Transient Revenue (<6)	37,626	23%	8,559	\$ 10.00	\$ 86,000
Transient Revenue (>6)	37,626	27%	10,093	\$ 12.00	\$ 121,000
Meetings	37,626	30%	11,259	\$ 12.00	\$ 135,000
Special Event	37,626	21%	7,716	\$ 5.00	\$ 39,000
Consumer Shows	38,318	100%	38,318	\$ 12.00	\$ 460,000
Total Demand			75,945		
Total Revenue					\$ 841,000
Total Revenue/Space					841.00

Note: Example represents year one projection period

MONTHLY DEMAND

At present, the existing Greyhound Bus Garage (170-spaces), located on the project site, serves both monthly lease and transient parking patrons. Based on discussions held with the operator of the Greyhound Bus Garage and Walker's field observations, the majority of daily demand at the Greyhound Bus Garage is from leaseholders. It is assumed that the existing lease demand identified at the Greyhound Bus Garage would be reabsorbed at the project once it is complete.

In addition to the displaced monthly lease demand, the project site is located amid several mid-rise office towers that generate demand for monthly parking. Walker assumes the project could potentially lease 400 monthly spaces during the first year of operation. The demand projections assume a conservative growth of approximately 20 percent during the five-year projection period, resulting in a demand for 500 lease spaces in the fifth year of operation.

Projected Monthly Lease Demand and Revenue at the Project

Year	Lease Demand	Months	Annualized	Assumed Rate	Est. Lease Revenue
Year 1	400	12	4,800	\$ 200	\$ 960,000
Year 2	425	12	5,100	\$ 200	\$ 1,020,000
Year 3	450	12	5,400	\$ 200	\$ 1,080,000
Year 4	475	12	5,700	\$ 210	\$ 1,197,000
Year 5	500	12	6,000	\$ 210	\$ 1,260,000

NIGHT/WEEKEND TRANSIENT DEMAND

The night/weekend transient demand is anticipated to stem from nearby attractions located within the Cultural and Strip Districts of downtown Pittsburgh. Historically, night and weekend demand at comparable parking facilities represents between ten to fifteen percent of the total annual parking revenues. Walker assumes the project could generate night and weekend revenue comparable to existing parking facilities located in the market area.

Projected Night/Weekend Transient Demand and Revenue at the Project

Year	Daily Demand	Days	Annualized	Avg. Rate	Est. Night / Weekend Revenue
Year 1	150	300	45,000	\$ 4.00	\$ 180,000
Year 2	160	300	48,000	\$ 4.00	\$ 192,000
Year 3	170	300	51,000	\$ 4.00	\$ 204,000
Year 4	180	300	54,000	\$ 5.00	\$ 270,000
Year 5	190	300	57,000	\$ 5.00	\$ 285,000

DAILY TRANSIENT DEMAND

Daily transient demand is anticipated to stem from nearby office towers, hotels, restaurants, and entertainment venues. Historically, daytime transient demand at comparable parking facilities represents between fifty to sixty percent of the total annual parking revenues.

Projected Daily Short and Long Term Transient Demand and Revenues at the Project

Year	Short-Term Daily	Days	Annualized	Avg. Rate	Est. ST Daily Revenue
Year 1	100	250	25,000	\$ 10.00	\$ 250,000
Year 2	110	250	27,500	\$ 10.00	\$ 275,000
Year 3	120	250	30,000	\$ 10.00	\$ 300,000
Year 4	130	250	32,500	\$ 11.00	\$ 358,000
Year 5	140	250	35,000	\$ 11.00	\$ 385,000

Year	Long-Term Daily	Days	Annualized	Avg. Rate	Est. LT Daily Revenue
Year 1	100	250	25,000	\$ 12.00	\$ 300,000
Year 2	110	250	27,500	\$ 12.00	\$ 330,000
Year 3	120	250	30,000	\$ 12.00	\$ 360,000
Year 4	130	250	32,500	\$ 13.00	\$ 423,000
Year 5	140	250	35,000	\$ 13.00	\$ 455,000

Note: The daily transient figures presented in the table above do not include convention center demand. The convention center parking demand and revenue is calculated separately.

MARKET RENT

Market rates for the project are used in the development of annual parking revenue projections. Expenses are estimated from a study of comparable costs in Pittsburgh, comparable costs extracted from the operating results of the nearby existing PPA facilities, and comparable cost information gleaned from Walker's database.

Comparable PPAP Lease Rates

Comparable Facilities	Leased Spaces	Standard Lease Rate
Third Avenue Garage	222	\$200.00
Ninth and Penn Garage	217	\$190.00
Ft. Duquesne & Sixth Garage	168	\$190.00
Smithfield-Liberty Garage	228	\$230.00
Mellon Square Garage	410	\$220.00
Wood-Allies Garage	176	\$190.00
Oliver Garage	85	\$210.00
First Avenue Garage	585	\$160.00
Convention Center Garage	300	\$200.00
Weighted Average		\$194.51
Total Supply in Sample	2,391	
Assumed Project Lease Rate		\$200.00

EXPENSE ANALYSIS

Expense information from the existing Sports and Exhibition Authority-owned North Shore Garage and prior Walker studies of comparable parking facilities, including those owned by the PPA, are used as a basis for the estimation of anticipated expenses. Specific amounts are adjusted for this pro forma operating statement based on the anticipated scheduling of labor, comparable expenses, local data and industry norms. Expenses are generally projected to increase at 3.0% per year based upon historic trends in the CPI Index and prognostications by economists.

Labor: This expense includes compensation as well as all payroll taxes and benefits to staff employees managing this property, maintenance personnel, etc. Projected labor expenses are summarized as follows:

Estimated Direct Labor Expense

Labor Expense Calculation	Position	Hourly Rate	No. FTE's	YE 2004	YE 2004 (Rounded)
Facility Supervision	Manager	\$16.05	1.00	\$33,384	\$33,000
Facility Supervision	Asst. Mngr.	\$13.00	1.00	\$27,040	\$27,000
Cashier	FT-Shift Lead	\$11.90	3.00	\$74,256	\$74,000
Cashier	FT-Secondary	\$9.00	2.50	\$46,800	\$47,000
Custodian	FT	\$11.90	2.50	\$61,880	\$62,000
Additional Event Cashiers	PT-4 Hr. Min.	\$9.00	2 EEs x 85 events	\$6,120	\$6,000
Flag/Attendants & Traffic Control	PT-4 Hr. Min.	\$8.00	3 EEs x 85 events	\$8,160	\$8,000
Taxes & Benefits		40%		\$103,056	\$103,000
Total Salaries and Benefits				\$360,696	\$360,000



Operating expenses: Operating expenses include most expenses that are generated by the operation of the facility. This includes utilities, insurance, uniforms, supplies, maintenance, ticket expense, police expense and security, office expense, marketing, shared shuttle operating expenses, and miscellaneous expenses. These expenses are estimated on a pro-rata unit basis as derived from the existing North Shore Garage, local data and the Walker data bank, and are listed in the following table.

Pro Rata Operating Expenses (Year 1)	
Expense	Cost/Space
Utilities (E + T)	\$130.00
Insurance	\$20.00
Uniforms	\$2.00
Supplies	\$15.00
Maintenance (equip., snow, sweep, etc.)	\$30.00
Reserve for Repairs & Replacements	\$75.00
Ticket Expense	\$12.00
Security	\$120.00
Office Expense	\$6.00
Marketing	\$8.00
Miscellaneous Expenses	\$2.00
Expenses per Parking Space	\$420.00

Structural Repair Sinking Fund: Walker recommends that funds be set-aside on a regular basis to cover structural repairs and maintenance costs at a *minimum of \$75 per structured space annually*, to be placed in a sinking fund. Once a sinking fund is established, contributions to this fund accumulate over time and are available to cover structural maintenance and structural repairs.

Real Estate Taxes: Property owned by the Parking Authority is assumed to be exempt from property taxes.

Parking Taxes: The parking tax is 23.664 percent of the total gross parking revenue.

Net Operating Income (NOI) is the remainder of the effective gross income (EGI) less all estimated operating expenses.

PRELIMINARY FINANCIAL PRO FORMA

This study examines the relationship between the projects' income producing potential and its ability to support the debt requirements. This approach involves projecting income and expenses to develop a projection of the Net Operating Income (NOI) over a specified holding period. This future income stream is used to demonstrate the ability of the project to generate sufficient revenue to amortize the bond debt required to finance its development.

The Pittsburgh Parking Authority anticipates a two-year construction period beginning in early 2004 that is anticipated to result in a proposed January 2006 opening date for the project. Based on Walker's experience and the pace of projected downtown development of surrounding properties, stabilization is anticipated to occur within five years after completion. Thus, the fifth annual projection period is assumed to represent stabilized occupancy.



The five-year financial pro forma is located on Page 8.

CONCEPTUAL ESTIMATION OF PROJECT COST

The conceptual estimation of project cost is a point of reference that is used when evaluating the financial viability of a project. Walker prepared a conceptual estimation of project cost to demonstrate the PPA's ability to fund the project as a system. The following table shows the estimated project cost. It is important to note that the estimated project cost included in this report is preliminary in nature and will differ from the actual project cost.

Conceptual Estimate of Project Cost			
Item	Unit Cost	Capacity	Total Cost
Base Structure	\$26,000	1,000	\$26,000,000
Equipment & Signage	\$1,000	1,000	\$1,000,000
Hard Costs	\$27,000	1,000	\$27,000,000
Soft Cost	12.5% of Hard Costs		\$3,375,000
Est. Cost of Development			\$30,375,000
Cost per Parking Space			\$30,375

Source: Walker Parking Consultants/Pittsburgh Parking Authority

SUMMARY

Based on the preliminary financial projections for the subject project and reasonable financing assumptions, the average pro forma net operating cash flow at stabilized occupancy is projected to support an average principal loan amount that is sufficient to finance the estimated project cost. Therefore, the project appears to be financially supportable.



PROJECT ASSUMPTIONS

1. Transient parking demand is based, in part, on the estimated attendance figures provided by the David L. Lawrence Conference Center.
2. David L. Lawrence Conference Center event figures are assumed to be within range of actual future activity. No extensive investigation was undertaken to verify the projections provided by the convention center. Walker assumes the event projections to be accurate.
3. Stabilization of the project is assumed in year three of operation.
4. Facility ramp-up assumes 75 percent in year one, 85 percent in year two, 90 percent in year three, 95 percent in year four, and 100 percent in year five.
5. Monthly lease rates are assumed at \$200 per month in years 1-3, and \$210 in years 4 and 5.
6. Transient (daily) rates are assumed at an average rate of \$10 for 6 hours of parking or less and \$12 for more than 6 hours per day in years 1-3, and \$11 for 6 hours or less and \$13 for more than 6 hours in years 4-5.
7. Night and weekend parking rates are assumed at a flat rate of \$4.00 per vehicle in years 1-3, and \$5 per vehicle in years 4-5.
8. Operating expenses are increased by three (3) percent annually.
9. The proposed parking garage capacity is 1,000-above grade parking spaces.
10. Twenty-four hour security is assumed at the subject facility.
11. The parking tax is equal to 23.664 percent of gross operating parking revenues.



PROPOSED GRANT STREET TRANSPORTATION CENTER GARAGE

Parking Space Capacity 1,000

PRELIMINARY FINANCIAL ANALYSIS

Walker Project #11-2116.00

Pro Forma Operating Statement

				Year 1	Year 2	Year 3	Year 4	Stabilized Occupancy Year 5
				2006	2007	2008	2009	2010
FY Ending April 30								
Estimated Operating Revenues	Avg. Rate	Units	Number					
Lease Revenue (Weekday)	\$ 200	12	400	\$960,000	\$1,020,000	\$1,080,000	\$1,197,000	\$1,260,000
Daily Transient Revenue (<6hrs)	10	250	100	250,000	275,000	300,000	358,000	385,000
Daily Transient Revenue (>6hrs)	12	250	100	300,000	330,000	360,000	423,000	455,000
Night/Weekend Revenue	4	300	150	180,000	192,000	204,000	270,000	285,000
Convention Center Transient Revenue	11.07	-	75,945	841,000	936,000	936,000	936,000	936,000
Potential Gross Receipts				2,531,000	2,753,000	2,880,000	3,184,000	3,321,000
Occupancy (less Vacancy & Collection Loss)				85%	85%	90%	95%	100%
Effective Gross Receipts				2,151,400	2,340,100	2,592,000	3,024,800	3,321,000
Less: Pittsburgh Parking Tax	0.23664			(509,100)	(553,700)	(613,400)	(715,800)	(785,900)
Effective Gross Income (EGI)				\$1,642,300	\$1,786,400	\$1,978,600	\$2,309,000	\$2,535,100
EGI per Parking Space				\$1,642	\$1,786	\$1,979	\$2,309	\$2,535
Estimated Operating Expenses	Expense Trend:							
Supervision				3%	3%	3%	3%	3%
Cashiers				\$60,000	\$61,800	\$63,700	\$65,600	\$67,600
Custodians				\$121,000	124,600	128,300	132,100	136,100
PT Cashiers & Flag/Attendants				\$62,000	63,900	65,800	67,800	69,800
Payroll Taxes & Benefits (40%)				\$14,000	14,400	14,800	15,200	15,700
Total Salaries and Benefits				\$103,000	106,100	109,300	112,600	116,000
				\$360,000	\$370,800	\$381,900	\$393,300	\$405,200
Utilities	Cost/Space							
Insurance	\$130	\$130,000		\$133,900	\$137,900	\$142,000	\$146,300	\$150,700
Uniforms	\$20	20,000		20,600	21,200	21,800	22,500	23,200
Supplies	\$2	2,000		2,100	2,200	2,300	2,400	2,500
Maintenance (equip., snow, sweeping, etc.)	\$15	15,000		15,500	16,000	16,500	17,000	17,500
Reserve for Repairs & Replacements	\$30	30,000		30,900	31,800	32,800	33,800	34,800
Ticket Expense	\$75	75,000		75,000	75,000	75,000	75,000	75,000
Security	\$12	12,000		12,400	12,800	13,200	13,600	14,000
Office Expense	\$120	120,000		123,600	127,300	131,100	135,000	139,100
Marketing	\$6	6,000		6,200	6,400	6,600	6,800	7,000
Miscellaneous Expenses	\$8	8,000		8,200	8,400	8,700	9,000	9,300
	\$2	2,000		2,100	2,200	2,300	2,400	2,500
Total Expenses				\$790,500	\$812,000	\$834,200	\$857,100	\$880,800
Expenses per Parking Space	\$420			\$791	\$812	\$834	\$857	\$881
Estimated Net Operating Income (NOI)				\$851,800	\$974,400	\$1,144,400	\$1,451,900	\$1,654,300
NOI per Parking Space				\$852	\$974	\$1,144	\$1,452	\$1,654

Note: Projections are rounded to the nearest \$100.

Prepared by Walker Parking Consultants on October 17th, 2003.



STATEMENT OF LIMITING CONDITIONS

This report and recommendations are based on certain assumptions that are either outside Walker's control or that of the client. To the best of Walker's ability we analyzed available information that was incorporated in projecting future performance of the parking system and proposed improvements. This report is subject to the following limiting conditions:

1. This report is to be used in whole and not in part.
2. Walker's report and recommendations are based on certain assumptions pertaining to the future performance of the local economy and other factors typically related to individual user and/or parking system characteristics that are either outside Walker's control or that of the client. Walker analyzed available information that was incorporated in projecting future performance of the parking system and proposed improvements to the best of our ability, but Walker does not guarantee the results or conclusions.
3. The results and conclusions presented in this report may be dependent on future assumptions regarding the national, international or overall economy. These assumptions and resulting conclusions may be invalid in the event of war, terrorism, economic recession, rationing, or other events that may cause a significant change in local or national economic conditions.
4. Projections presented in this report are estimates, preliminary or conceptual in nature, and may be dependent on future events or the completion of future projects or developments as presented by the client or others. Actual events and the results realized may differ from the prospective estimates and projections in this report.
5. Walker assumes no responsibility for any alterations or changes in the proposed subject project or for events that occur or circumstances that change after the date of our field inspections.
6. Walker has not considered the presence of potentially hazardous materials such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyl, pesticides, or lead-based paints. The consultants are not qualified to detect hazardous substances, and Walker urges the client to retain an expert in this field, if relevant to this study.
7. Sketches, photographs, maps and other exhibits are included in this report to assist the reader in visualizing the subject property. Such exhibits may not be of engineering quality or to a consistent scale and should not be relied upon as such.
8. All information, estimates, and opinions obtained from parties not employed by Walker Parking Consultants/Engineers, Inc. are assumed to be true and correct. We assume no liability resulting from information presented by the client or client's representatives, or received from sources normally considered to be reliable.
9. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property. It is assumed that the use of the land and improvements is within the boundaries of the property described.
10. None of the contents of this report may be reproduced in any form for external use by anyone other than our client without our written permission. This report, in whole or in part, may not be disseminated to the public through advertising, public relations, news, sales, or other media without our written permission. Such permission will not be unreasonably withheld.
11. The quality of a parking facility's on-site management has a direct effect on a property's economic viability. The projections presented in the analysis assume responsible ownership and competent management. Any departure from this assumption may have a negative impact on the conclusions presented in this report.



12. Some of the figures and conclusions presented in this report are generated by computer models that use and generate precise numbers. The use of seemingly exact numbers is not intended to suggest a level of accuracy that may not exist. A reasonable margin of error may be assumed regarding most numerical conclusions. Conversely, some numbers are rounded and as a result some conclusions may be subject to small rounding errors.
13. This report was prepared by Walker Parking Consultants/Engineers, Inc. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Walker Parking Consultants as employees, rather than as individuals.
14. Walker employees are not required to give testimony or attendance in court by reason of this analysis without previous arrangements. If required to do so, Walker's standard per diem hourly consulting fees and travel costs must be paid prior to any such appearance.
15. This report is set forth as a Preliminary Financial Analysis of the proposed parking facility. This report is intended to be used for internal planning purposes, only. This is not an appraisal report and is not intended to assist the owner in obtaining project financing.


WALKER
 PARKING CONSULTANTS

Mr. Ralph Horgan

October 17, 2003

Page 8 of 10

PROPOSED GRANT STREET TRANSPORTATION CENTER GARAGE

Parking Space Capacity, 1,000

PRELIMINARY FINANCIAL ANALYSIS

Walker Project #11-2116.00

Pro Forma Operating Statement

FY Ending April 30				Year 1	Year 2	Year 3	Year 4	Stabilized Occupancy Year 5
				2006	2007	2008	2009	2010
Estimated Operating Revenues	Avg. Rate	Units	2006 Number					
Lease Revenue (Weekday)	\$ 200	12	400	\$960,000	\$1,020,000	\$1,080,000	\$1,197,000	\$1,260,000
Daily Transient Revenue (<6hrs)	10	250	100	250,000	275,000	300,000	358,000	385,000
Daily Transient Revenue (>6hrs)	12	250	100	300,000	330,000	360,000	423,000	455,000
Night/Weekend Revenue	4	300	150	180,000	192,000	204,000	270,000	285,000
Convention Center Transient Revenue	11.07		75,945	841,000	936,000	936,000	936,000	936,000
Potential Gross Receipts				2,531,000	2,753,000	2,880,000	3,184,000	3,321,000
Occupancy (less Vacancy & Collection Loss)				85%	85%	90%	95%	100%
Effective Gross Receipts				2,151,400	2,340,100	2,592,000	3,024,800	3,321,000
Less: Pittsburgh Parking Tax	0.23664			(509,100)	(553,700)	(613,400)	(715,800)	(785,900)
Effective Gross Income (EGI)				\$1,642,300	\$1,786,400	\$1,978,600	\$2,309,000	\$2,535,100
EGI per Parking Space				\$1,642	\$1,786	\$1,979	\$2,309	\$2,535
Estimated Operating Expenses	Expense Trend:			3%	3%	3%	3%	3%
Supervision				\$60,000	\$61,800	\$63,700	\$65,600	\$67,600
Cashiers				\$121,000	124,600	128,300	132,100	136,100
Custodians				\$62,000	63,900	65,800	67,800	69,800
PT Cashiers & Flag/Attendants				\$14,000	14,400	14,800	15,200	15,700
Payroll Taxes & Benefits (40%)				\$103,000	106,100	109,300	112,600	116,000
Total Salaries and Benefits				\$360,000	\$370,800	\$381,900	\$393,300	\$405,200
Utilities	Cost/Space			\$130,000	\$137,900	\$142,000	\$146,300	\$150,700
Insurance	\$20	20,000		20,600	21,200	21,800	22,500	23,200
Uniforms	\$2	2,000		2,100	2,200	2,300	2,400	2,500
Supplies	\$15	15,000		15,500	16,000	16,500	17,000	17,500
Maintenance (equip., snow, sweeping, etc.)	\$30	30,000		30,900	31,800	32,800	33,800	34,800
Reserve for Repairs & Replacements	\$75	75,000		75,000	75,000	75,000	75,000	75,000
Ticket Expense	\$12	12,000		12,400	12,800	13,200	13,600	14,000
Security	\$120	120,000		123,600	127,300	131,100	135,000	139,100
Office Expense	\$6	6,000		6,200	6,400	6,600	6,800	7,000
Marketing	\$8	8,000		8,200	8,400	8,700	9,000	9,300
Miscellaneous Expenses	\$2	2,000		2,100	2,200	2,300	2,400	2,500
Total Expenses				\$790,500	\$812,000	\$834,200	\$857,100	\$880,800
Expenses per Parking Space	\$420			\$791	\$812	\$834	\$857	\$881
Estimated Net Operating Income (NOI)				\$851,800	\$974,400	\$1,144,400	\$1,451,900	\$1,654,300
NOI per Parking Space				\$852	\$974	\$1,144	\$1,452	\$1,654

Note: Projections are rounded to the nearest \$100.

Prepared by Walker Parking Consultants on October 17th, 2003.

**Penn Liberty Plaza I Tax Incremental Financing Plan Amendment
Grant Street Transportation Center (GSTC)**

Location:

Bordered by Penn Ave to the northwest, Liberty Ave. to the southeast, 11th Street to the southwest, and 12th Street to the northeast

Project Summary:

The Public Parking Authority of Pittsburgh intends to construct an intermodal transportation facility including a 1,000 space parking garage and new Greyhound bus station called the Grant Street Transportation Center (GSTC). In addition, the Port Authority (PAT) has federal approval for expansion of its LRT system, including a new station to be constructed under 11th Street. Although each project is being financed and built separately, both the Parking Authority and PAT are committed to a unified, seamless design and development program. In addition to these three modes of transportation, there is an Amtrak Station and the Port Authority's Martin Luther King East Busway directly across Grant Street from the GSTC site.

Project Benefit:

The \$33 million dollar development will serve as an intermodal transit center serving downtown, the Strip District, the Convention Center, and the Cultural District. Situated on the edge of downtown, the garage will mitigate traffic congestion by intercepting cars before they get into the core of the city. Couple that with the ability to access the LRT, and you have what is essentially fringe parking with core-CBD access. On the bus terminal side, it is important to note that Greyhound's Pittsburgh operations are among their most significant in the country. Given that the existing Greyhound station is in such disrepair, a new state-of-the-art facility will enhance convenience and comfort for passengers coming from all over the country. The GSTC will combine all elements of travel and transportation together in a dense urban environment.

Time Frame:

The Penn Liberty Plaza I (PLP I) Tax Incremental Financing (TIF) plan to be amended was adopted in 1995. The GSTC development site is in the Convention Center Redevelopment Area. An Inducement Resolution for Tax Incremental Financing was passed by the URA Board at its April 2004 meeting. It is expected that the PLP TIF amendment approval process will be completed by July 2004 with construction of the GSTC to begin in Fall 2004.

Penn Liberty Plaza TIF
Plan Amendment

	<u>Original 1995 Plan</u>	<u>Proposed</u> <u>Amendment</u>
PLP I Real Estate Pledge	75% of Increment	75% Capped at 2004 Pledge (\$147,350)
Parking Taxes Pledge	100% of Increment	50% of Increment
Term	20 years end in 2016	no change / ends in 2016
# of new parking spaces	850	850
# of Public Parking Spaces	800	1000

Penn Liberty Plaza TIF
Allocations of Allegheny County Real Estate Taxes

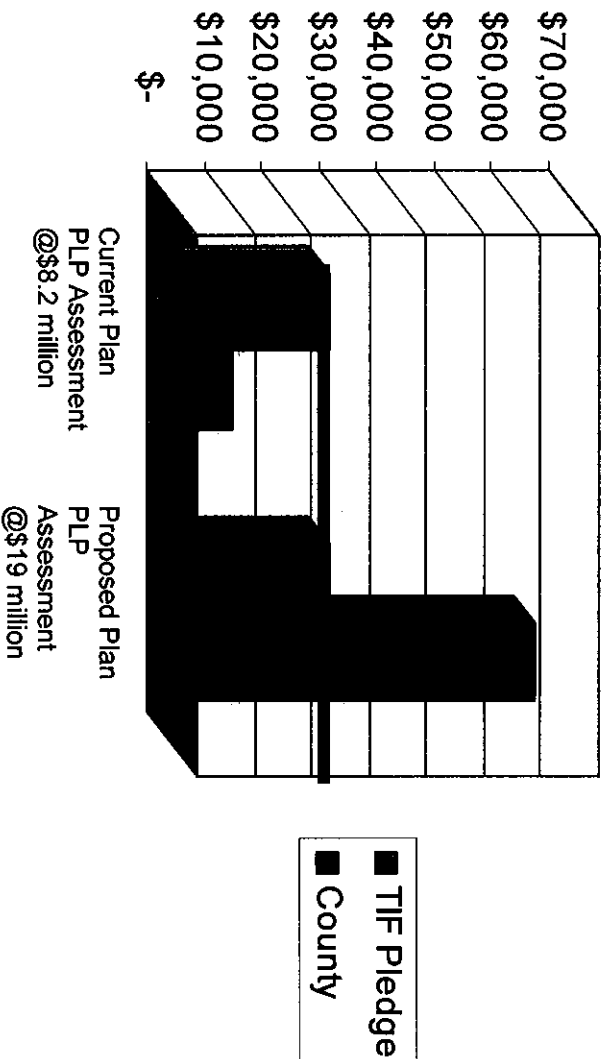
	<u>Pledged</u>	<u>Base Taxes</u>	<u>County Increment</u>	<u>Percentage Pledged for PLP I</u>
2004	\$26,047	\$ 4,722	\$8,682	75%
Proposed Amendment (minimum)	\$25,510	\$26,279	\$15,238	75%
Proposed Amendment (At full assessment)	\$25,510	\$26,279	\$68,012	29%

PENN LIBERTY PLAZA TIF

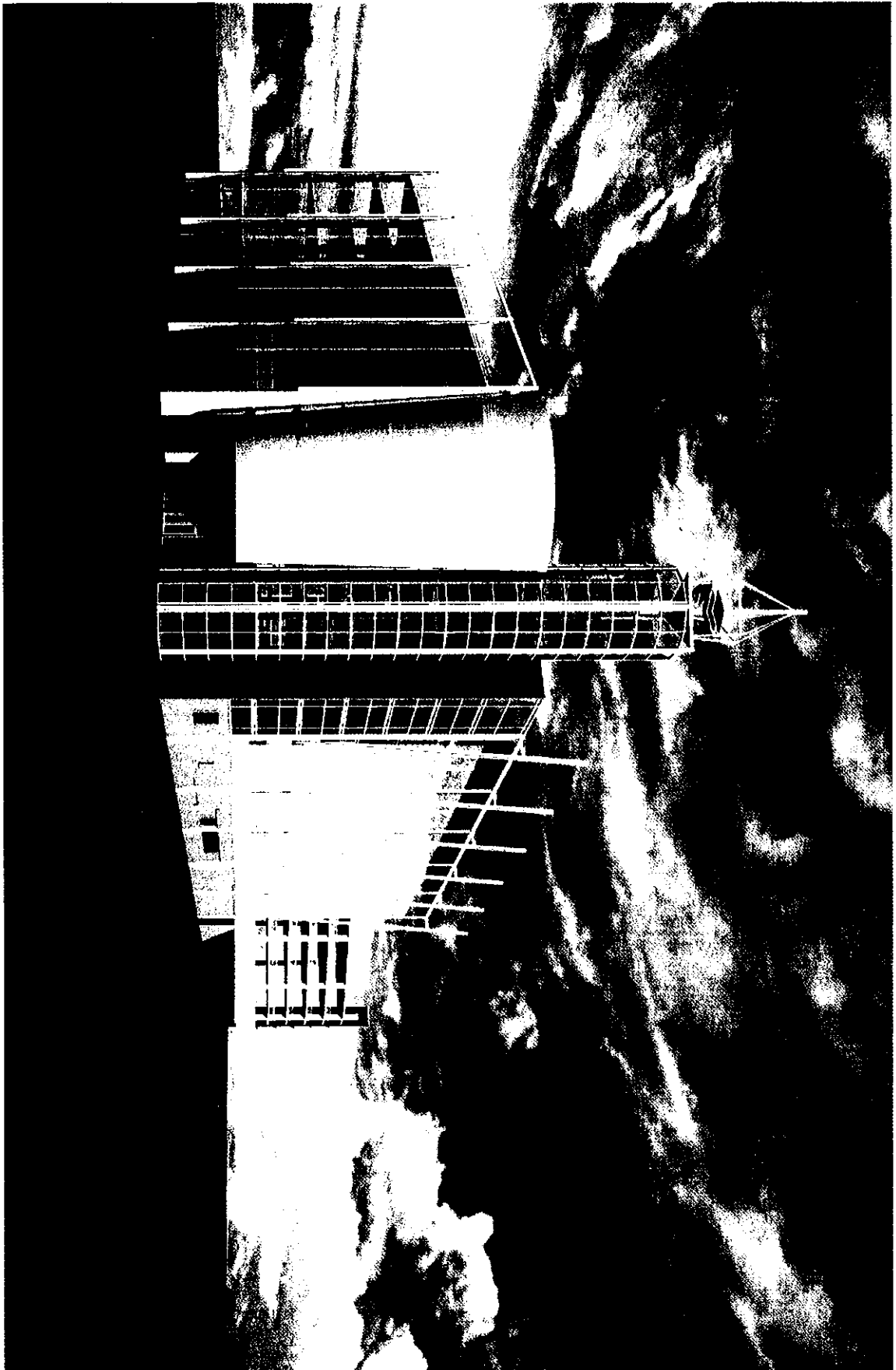
ALLOCATIONS OF REAL ESTATE AND PARKING TAXES

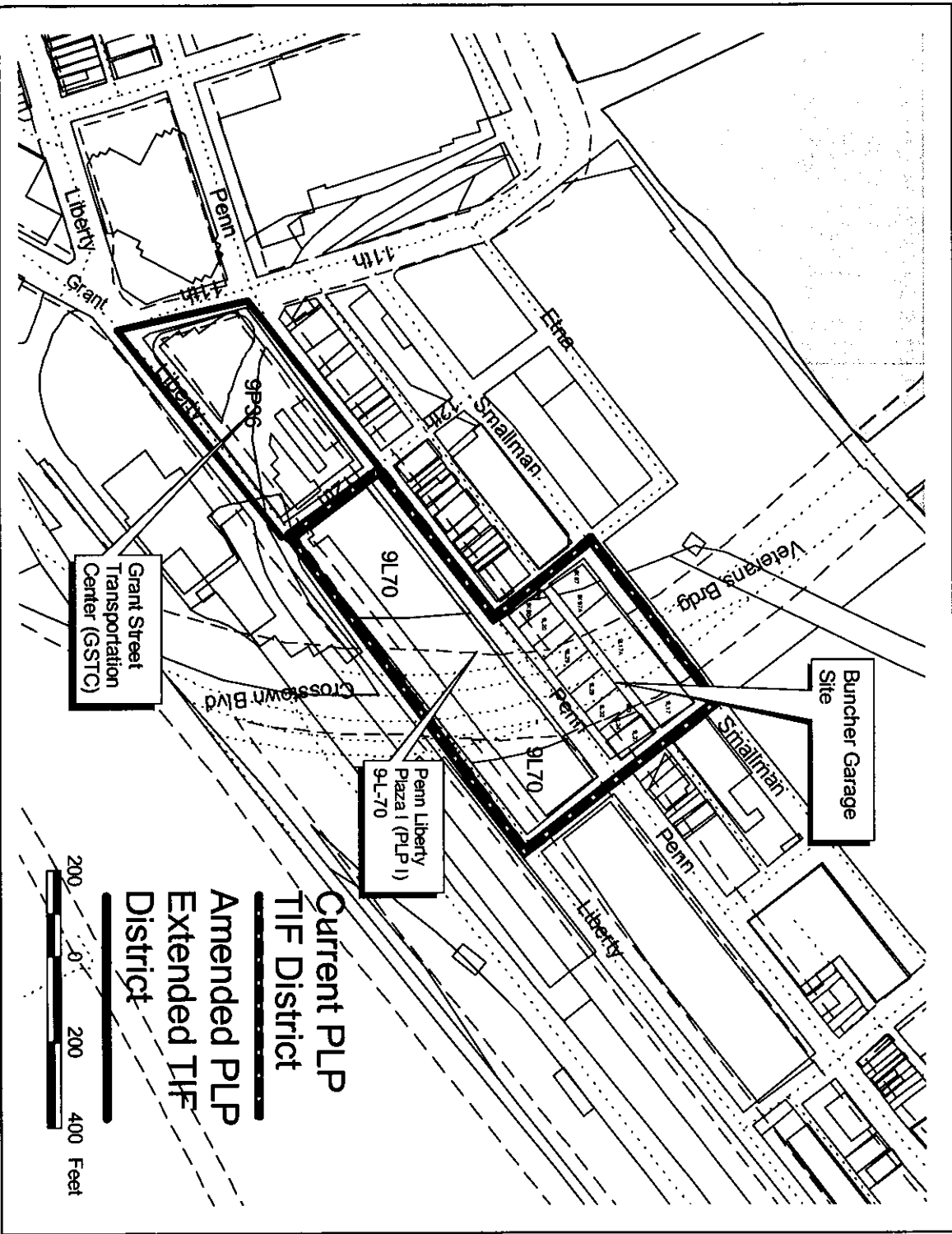
	City			County			School District		
	Base Taxes	Pledged	Unpledged	Base Taxes	Pledged	Unpledged	Base Taxes	Pledged	Unpledged
2004	\$10,874	\$59,980	\$19,993	\$4,722	\$26,047	\$8,682	\$11,679	\$64,422	\$35,858
Proposed Amendment (minimum)	\$143,429	\$323,987	\$300,333	\$26,279	\$25,510	\$15,238	\$76,128	\$63,095	\$54,801
Proposed Amendment (at full assessment)	\$143,429	\$323,987	\$421,858	\$26,279	\$25,510	\$68,012	\$76,128	\$63,095	\$185,329

Penn Liberty Plaza TIF
Allocations of Allegheny County Real Estate Taxes



100% of Increment Above Current is Allocated to Taxing Bodies
TIF RE Increment Pledge is CAPPED at \$147,350 total and \$25,510
For Allegheny County





Penn Liberty Plaza TIF Amendment Approvals Schedule

URA

Inducement Resolution

Thursday, April 08, 2004

Presentation to Representatives of the Taxing Bodies -

April 22,
2004

TIF Committee

Complete Draft Plan

Tuesday, April 20, 2004

Distribute Plan to TIF Comm.

Tuesday, April 27, 2004

TIF Committee Meeting

Monday, May 03, 2004

- 2:00 p.m.

City Council

Send Legislation

Tuesday, May 04, 2004

Introduce Legislation

Tuesday, May 11, 2004

Committee Discussion

Wednesday, May 19,
2004

- 10:00
a.m.

Hearing Advertisement
Hearing

Thursday, May 20, 2004

Tuesday, June 22, 2004 - 1:30 p.m.
Wednesday, July 07, - 10:00
2004 a.m.

Committee Discussion

Final Vote

Tuesday, July 13, 2004

County

Send Legislation

First Reading

Tuesday, May 04, 2004

- 5:00 p.m.

Economic Development
Committee

Tuesday, May 11, 2004

- 5:00 p.m.

Second Reading

Tuesday, May 18, 2004

- 5:00 p.m.

School

Business Committee
(at Frick Middle School)

Agenda Review

Legislative Meeting

Monday, May 03, 2004 - 5:30 p.m.

Wednesday, May 19,
2004

- 6:00 p.m.

Wednesday, May 26,
2004

Revised Project

Demolition of Greyhound Station
& Construction Start for Grant
Street Transportation Center

1st Quarter of 2005



May 17, 2004

Urban Redevelopment Authority of Pittsburgh
200 Ross Street
Pittsburgh, PA 15219

Re: Proposed Penn Liberty Plaza Tax Increment Financing Plan Amendment

Ladies and Gentlemen:

At your request, we are rendering this opinion to you in connection with the proposed Penn Liberty Plaza Tax Increment Financing Plan Amendment (the "**Proposed TIF Plan Amendment**"). Our understanding of the facts is as follows:

A. The City of Pittsburgh (the "**City**"), the County of Allegheny and the School District of Pittsburgh previously adopted the Penn Liberty Plaza Tax Increment Financing District Tax Increment Financing Plan (the "**Original TIF Plan**") in October 1995, and the City created the Penn Liberty Plaza Tax Increment Financing District (the "**Penn-Liberty TIF District**") located in the Strip District Redevelopment Area to help fund a portion of the cost of the construction of a parking facility (the "**Original Project**") to support Penn Liberty Plaza I, a development adjacent to an existing Greyhound bus terminal site located between Penn and Liberty Avenues in the Convention Center Redevelopment Area of downtown Pittsburgh (the "**Greyhound Site**").

B. The tax increment financing contemplated by the Original TIF Plan did not occur and the Original Project has not been constructed, and there are currently no plans to construct the Original Project.

C. The Urban Redevelopment Authority of Pittsburgh ("**URA**") has been approached by the Public Parking Authority of Pittsburgh to reallocate the tax increment to develop a public parking facility consisting of approximately 1,000 parking spaces on five above-grade levels (the "**Revised Project**") as part of an intermodal transportation center to be located on the Greyhound Site.

D. In order to undertake a tax increment financing on behalf of the Revised Project, it will be necessary to expand the boundaries of the Penn-Liberty TIF District to include the Revised Project site (the "**Expanded TIF District**") and to amend, or amend and restate, the Original TIF Plan.

E. With the completion of the new Convention Center, the construction of the History Center expansion and other construction and redevelopment in the Strip District, there is greater need today for additional parking than there was in 1995 when the Original TIF Plan was adopted, and the Proposed TIF Plan Amendment and the Revised Project are being proposed because parking is needed now to support such facilities and future development in the Strip District.

cohen&grigsby

Urban Redevelopment Authority of Pittsburgh
May 17, 2004
Page 2

In rendering our opinion, we have examined the Proposed TIF Plan Amendment, the Original TIF Plan and such constitutional and statutory provisions and such other documents and law as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to the matters set forth herein.

We have assumed, for purposes of expressing this opinion, (i) the authenticity of all documents submitted to us as originals and the conformity to originals of all documents submitted to us as copies, (ii) the genuineness of all signatures affixed to such documents and (iii) all documents executed by the parties thereto have been duly authorized, executed and delivered by such parties, (iv) such parties have the full power and authority to perform their respective obligations thereunder and (v) such documents constitute legal, valid and binding obligations of such parties enforceable against such parties in accordance with their respective terms.

Based upon the foregoing, and subject to the further qualifications and limitations set forth below, it is our opinion, under existing law and as of the date hereof, that:

1. It is within the discretion of the City to adopt the Proposed TIF Plan Amendment and to approve the Expanded TIF District.

2. It is within the discretion of the URA to implement the provisions of the Proposed TIF Plan Amendment and to effectuate the purposes of the Proposed TIF Plan Amendment.

This opinion is expressly limited to the laws of the Commonwealth of Pennsylvania and the United States of America. This opinion is being expressed for your benefit and may not be distributed to or relied upon by any other person without the express written consent of the undersigned. This opinion is limited to the matters set forth herein, and no opinion may be inferred or implied beyond such matters. By rendering this opinion we are not undertaking any obligation to update this opinion after the date hereof.

Very truly yours,

Cohen & Grigsby, P.C.

COHEN & GRIGSBY, P.C.

ACS:CRB:JDP *csb*
825735_1

Revisions made to draft Penn Liberty Plaza TIF Plan Amendment since 5/3/04

1. The estimated budget detail for the Revised Project was included on pages 17-19.
2. The proformas on pages 21-23 were revised.
3. Estimated financings amounts in the text of the Plan were revised based on the proforma changes.
4. We added some additional labeling on the attached maps.
5. We added some additional background and description to the text of the Plan.
6. A footnote was added on page 7 to explain how the reassessment and millage rate changes that occurred in 2001 were being treated.
7. The impact analysis was added on page 20.