

Bill No. 8446-14

No. 28-14-RE

A RESOLUTION

A Resolution of County of Allegheny approving amendments to the Riverplace-City Center of Duquesne Tax Increment Financing Plan and Riverplace-City Center of Duquesne Tax Increment Financing District and authorizing a new Tax Increment Financing project within the Tax Increment Financing District and related actions.

Whereas, pursuant to the Tax Increment Financing Act, 53 PA. Stat. Ann. §6930.1 *et seq.* (“Act”), the City of Duquesne, Pennsylvania (the “City”) adopted its Ordinance No. 99-3 on November 10, 1999 creating the “Riverplace-City Center of Duquesne Tax Increment Financing District” (the “TIF District”); and

Whereas, the County of Allegheny (“County”), the Duquesne City School District (the “School District”) have agreed to participate in the TIF District and the Redevelopment Authority of the City of Duquesne (the “Redevelopment Authority”) agreed to prepare a project plan in accordance with the Act; and

Whereas, development within the TIF District has occurred in accordance with the tax increment financing plan originally approved for the TIF District, which is attached hereto and incorporated herein as Exhibit “A” (the “Original TIF Plan”); and

Whereas, the Regional Industrial Development Corporation (“RIDC”) has proposed to undertake a new Tax Increment Financing Project, consisting of a flex industrial building and related public and private improvements (the “Riverplace-City Center of Duquesne Tax Increment Financing Project” or the “new TIF Project”), within the TIF District as more fully set forth in Exhibit “B” attached hereto and made a part hereof; and

Whereas, the Redevelopment Authority and RIDC have requested that the County, the City, and the School District agree to amend the Original TIF Plan by extending the term of the Original TIF Plan and by amending the boundaries of the TIF District, all as more fully set forth and described in Exhibit “C” to this Resolution; and

Whereas, pursuant to Section 6930.5 (a)(8) of the Act, the governing body of the municipality which created a TIF district may at any time adopt an amendment to a TIF plan, which shall be subject to approval in the same manner as the original project plan; and

Whereas, the Redevelopment Authority has made formal presentations to the governing bodies of the City, the County, and School District, describing the proposed amendments to the Original TIF Plan and TIF District and describing the new TIF Project, and

Whereas, the City, the School District and the County, each as participating taxing bodies in the TIF District and the Original TIF Plan, have designated their representatives to meet with the Redevelopment Authority to discuss the proposed amendments to the Original TIF Plan and the new TIF Project attached hereto as Exhibit “C”; and

Whereas, the representatives of the participating taxing bodies have reviewed the amendments to the Original TIF Plan (the “Amended TIF Plan”) and TIF District and have recommended to their respective governing bodies that the amendments be approved so that the new TIF Project can be accomplished; and

Whereas, the County is expected to benefit from the Amended TIF Plan and the expansion of the TIF District by stimulation of private investment, increases in property values, creation of employment opportunities, and improvement of surrounding properties; and

Whereas, the Council of Allegheny County ("Council") believes that approval of the Amended TIF Plan, expansion of TIF District and the approval of the new TIF Project will benefit the health, safety and welfare of the citizens of the County.

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

SECTION 1. Incorporation of the Preamble.

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

SECTION 2. Terms Defined.

Terms used in the Recitals to these Resolutions are herein used as therein defined.

SECTION 3. Amendment to TIF Plan and TIF District, Approval of TIF Project.

- (a) The Amended TIF Plan and TIF District prepared by the Redevelopment Authority and attached hereto as Exhibit “C” are hereby agreed to and adopted.
- (b) The boundaries of the TIF District shall be as identified in the Amended TIF Plan and TIF District and shall include only those whole units of property assessed or to be assessable for general property tax purposes.
- (c) The life of the TIF District shall be extended beyond its current expiration date, which is December 31, 2014, for an additional fifteen (15) years to December 31, 2029.

- (d) The TIF Project more fully set forth in Exhibit “B” is hereby approved.
- (e) The name of the Amended TIF Plan and TIF District shall continue to be the “*Riverplace-City Center of Duquesne Tax Increment Financing District*”.

SECTION 4.

Findings.

After due consideration, the Council finds as follows:

- (a) The TIF District, as amended, is a contiguous geographic area within a redevelopment area;
- (b) The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the amended TIF District;
- (c) The aggregate value of equalized taxable property of the amended TIF District, plus all existing tax increment districts, does not exceed 10% of the total value of equalized taxable property within the City;
- (d) The area comprising the amended TIF District as a whole has not been subject to adequate growth and development through investment by private enterprise and would not reasonably be anticipated to be adequately developed or further developed without the amendment of the Original TIF Plan;
- (e) No individuals, families, and small businesses will be displaced by the Amended TIF Plan and TIF District and there exists no need for relocation;
- (f) The Amended TIF Plan and TIF District conforms to the County's Master Plan, if any;
- (g) The Amended TIF Plan and TIF District will afford maximum opportunity, consistent with the sound needs of the community as a whole, for the rehabilitation or the redevelopment of the amended TIF District by private enterprise; and
- (h) The amended TIF District is a blighted area containing characteristics of blight as described in the Urban Redevelopment Law and the TIF Project to be undertaken is necessary to eliminate such conditions of blight.

SECTION 5. Notification of Actions.

The Chief Clerk of County Council is directed and the County Manager is requested to deliver a copy of this Resolution to the City and the School District, as provided in the Act.

SECTION 6. Cooperative Actions.

The appropriate public officials of the County are hereby directed to take such additional action in cooperation with the Redevelopment Authority, the City and the School District in furtherance of the Amended TIF Plan and TIF District and the TIF Project.

SECTION 11. 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 12. 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.*

SUMMARY OF RESOLUTION
PROPOSED TIF AMENDMENT AND TIF PROJECT
RIVERPLACE -- CITY CENTER OF DUQUESNE TAX INCREMENT DISTRICT
SUBMITTED FOR COUNCIL MEETING AUGUST 19, 2014

The Redevelopment Authority of the City of Duquesne (RACD) is seeking Allegheny County Council's approval to amend the Riverplace-City Center of Duquesne Tax Increment Financing (TIF) Plan and TIF District. The amendment will assist with a new development in the City of Duquesne. The Regional Industrial Development Corporation (RIDC) is planning to construct a 30,000 sq. ft. speculative flex building at Riverplace – The City Center of Duquesne - in order to meet the industrial demand in the Mon Valley market. Further, this project is anticipated to stimulate the other private investment in the area. As a brownfield site and with the challenging conditions in developing such properties, RIDC has requested TIF assistance to be utilized for infrastructure investment. RACD will advance \$300,000 to the project and proceeds from the tax increment will reimburse RACD. RACD and the RIDC are requesting that the County designate a 70% property tax increment for this TIF Project. It is estimated that 70% of the tax increment for up to fifteen (15) years will be required to reimburse RACD. Once the \$300,000 of the increment funds is reimbursed to RACD the three taxing bodies will retain 100% of the tax yield.

EXHIBIT A

RIVERPLACE-CITY CENTER OF DUQUESNE TAX INCREMENT FINANCING PLAN
(SEPTEMBER, 1999)

("ORIGINAL TIF PLAN AND TIF DISTRICT")

ATTACHED

EXHIBIT B

RIDC INDUSTRIAL FLEX BUILDING TIF PROJECT

ATTACHED

EXHIBIT C


AMENDMENT TO THE TAX INCREMENT FINANCING PLAN
AND DISTRICT FOR THE RIVERPLACE-CITY CENTER OF
DUQUESNE TAX INCREMENT FINANCING DISTRICT

ATTACHED

Enacted in Council, this 9th day of September, 2014


Council Agenda No. 8446-14


John DeFazio
President of Council

Attest: 
Jared Barker
Chief Clerk of Council

Chief Executive Office September 15, 2014

Approved: 
Rich Fitzgerald
County Executive

Attest: 
Sonya Dietz
Executive's Secretary

MEMORANDUM

OFFICE OF THE COUNTY MANAGER

TO: Jared E. Barker
Allegheny County Council

FROM: William D. McKain CPA
County Manager

DATE: August 21, 2014

RE: Proposed Resolution

Attached is a Resolution approving amendments to the Riverplace-City Center of Duquesne Tax Increment Financing Plan and Riverplace-City Center of Duquesne Tax Increment Financing District and authorizing a new Tax Increment Financing project within the Tax Increment Financing District and related actions.

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

I am requesting that this item be placed on the agenda at the next Regular Meeting of Council.

COUNCIL

ALLEGHENY COUNTY

AUG 21 14 11:37 AM

TAX INCREMENTAL FINANCING (TIF)

PLAN AND PROPOSAL

FOR

RIVERPLACE - CITY CENTER

OF DUQUESNE

SEPTEMBER 1999

Prepared by:

Redevelopment Authority of the City of Duquesne

for

City of Duquesne
Duquesne School District
County of Allegheny

EXHIBIT "A"

TAX INCREMENTAL FINANCIAL (TIF)
PLAN and PROPOSAL
RIVERPLACE - CITY CENTER OF DUQUESNE
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EXHIBIT

INTRODUCTION

The TIF Project and Proposal Plan is prepared in accordance with Act 113 of 1990 for consideration and approval by the three local taxing bodies. The three taxing bodies are the City of Duquesne, Duquesne School District and Allegheny County.

The objective of the TIF project is to revitalize and develop the former USX property located along the Monongahela River. The project district was designated as blighted by the Duquesne Planning Commission in accordance with the Urban Redevelopment Law of 1985, as amended. Revitalization is to be accomplished by utilizing a portion of this increased tax yield after new private investment for a defined period to offset public costs required for site preparation and improvements.

In accordance with Act 113 the City of Duquesne, "shall hold at least one public hearing at which interested parties are afforded a reasonable opportunity to express their views on the concept of tax increment financing, on the proposed creation of a tax increment district and its proposed boundaries, on the proposed adoption of a project plan for the district and the benefits to the municipality."

The TIF Plan and Proposal will be formally presented to the City, School District and County for approval following a properly advertised public hearing. The Redevelopment Authority of the City of Duquesne will administer the project on behalf of the approving taxing bodies.

PROJECT BOUNDARY - TAX INCREMENTAL DISTRICT

The Riverplace - City Center of Duquesne TIF area is located wholly within the City of Duquesne and is generally bounded by:

Monongahela River on the East; a point adjacent to Library Street and Former Ore Pit on the South; the Union Railroad property on the North and the Norfolk Southern Railroad right of way on the West.

The District is further defined on the TIF District Boundary Map included as Exhibit "A". The District comprises approximately 150 acres with primary access by East Grant Avenue with North and South Linden Street bisecting the TIF District.

APPROVAL PROCESS FOR TAX INCREMENT DISTRICT

The provisions of the TIF legislation, Act 113 of 1990, specify that a tax increment district shall be created in the following manner:

1. The Redevelopment Authority of the City of Duquesne shall prepare a formal presentation to the governing bodies; City of Duquesne (City), County of Allegheny (County) and Duquesne School District (School District) which levy taxes within the tax increment district.
2. Each taxing body shall designate representative(s) to meet with the Redevelopment Authority for detailed planning of project and the formula and use of tax increment financing.
3. The Redevelopment Authority recommends the boundaries of the TIF District with a TIF Plan and Proposal for consideration by the participating taxing bodies.
4. Upon affirmative action by the County and School District, the City shall hold at least one public hearing at which interested parties are afforded a reasonable opportunity to express their views on the concept of tax increment financing, on the proposed adoption of a project plan for the tax increment district, and the benefits to the taxing bodies.

Notice of the hearing shall be published in accordance with the terms of July 3, (P.L.388, No. 84), known as the Sunshine Act, and said notice shall be provided by first class mail, postage prepaid, to the City, County and School District. This notice shall be provided not less than 30 days before date of the hearing. The School District and County shall notify the City of its acceptance of the TIF District and the proposed TIF Plan and Proposal prior to the public hearing.

5. In order to create a TIF District and an approved TIF Plan and Proposal, the City shall adopt, not earlier than three weeks after the public hearing described in 4. above, a resolution approving the TIF District and TIF Plan and Proposal pursuant to Section 5 (6) (i) through (iv) of the Act 113.
6. The City may, at any time, subject to the provisions of Section 6 (c) of Act 113, adopt amendment(s) to a TIF Plan and Proposal. The initial approval by all taxing bodies establishes the boundaries of the TIF District, method for establishing the tax base upon which the tax increment is determined and procedure to review and approve developer plans, supporting improvements and confirmed commitments which are to be presented as a Developer Package.
7. The amount of estimated new tax yield is determined from the Developer Package and said new tax yield shall control the amount of financing identified for necessary supporting improvements.
8. Any Tax Increment Financing of seven (7) years or less will not require the approval of the governing bodies. The use of such a TIF of seven (7) years or less will be reviewed by the TIF Committee for consistency with the plan and referred to the Redevelopment Authority for approval. Any TIF in excess of seven (7) years will require the approval of the governing bodies.

9. After approval of the TIF Plan and Proposal by all parties; City, School District, and County the Redevelopment Authority shall execute a Cooperation Agreement. The Agreement will specify that the TIF Plan will initially be in place for fifteen (15) years and the TIF Committee, comprised of two (2) representatives from each of the governing bodies and the Redevelopment Authority of the City of Duquesne, will remain in place during that time.

TIF PLAN

The TIF District was initially studied by a number of advisors and consultants to provide direction for dismantling the structures, equipment and machinery at the mill site. Environmental conditions, demolition and site preparation have been proceeding for approximately 12 years. Over one-half of the former mill site is cleared of obsolete, non-productive structures and environmental assessments and remediation are in final stages and the land remaining structures are ready for sale and new development. Marketing and developer identification is being emphasized to stimulate new private investors which will develop facilities for product/service oriented enterprises and new job creation. The ultimate public benefit is jobs and payroll along with new taxables and increased tax yield.

1. Statement Listing the Kind, Number and Location of all Proposed Public Improvements Within the District

The public effort to develop the TIF District is divided into two phases:

First. Clearance; remediation; installation of utilities, and roadways and preliminary land subdivision. The Regional Industrial Development Corporation (RIDC) has addressed these improvements with non-TIF funds. East Grant Avenue and portions of South Linden and North Linden are constructed or under construction. As of July 1999 RIDC has expended in excess of \$20 million dollars on the site.

Second. Specific improvements to support developer proposals; such as, service road, utility service on site, fencing, lighting, parking, storage, drainage on-site, building improvements will be identified for inclusion with each Developer Package. Cost estimates for proposed improvements to be undertaken are identified in a report by the Riverplace engineer. Improvements financed by Tax Increments shall be limited by the estimated positive tax yield for debt amortization or availability of other sources.

2. Economic Feasibility Study of the Project and the Fiscal Efforts on the Municipal Tax Base

The TIF District will generate new development as the negative impediments are removed and general supporting improvements are in place. The site offers a number of advantages for industrial operators; namely river, rail and level thoroughfares to interstate highways. The area is served by adequate water, sewer, electric, gas utilities.

The former Machine Shop, Roll Shop and Brick Shed buildings have been

rehabilitated/retrofitted, taxable and occupied by three (3) enterprises. A fourth building, the Store House Building, is being rehabilitated and the former Ore Pit is taxable and being utilized by Allegheny Recovery Corporation. These properties are assessed taxable and RIDC in 1998 remitted the following tax payments: - City of Duquesne \$13,777.22 - Duquesne School District \$27,114.20 - Allegheny County \$6,901.79 a total of \$47,793.21.

The property assessment was appealed by USX reducing the tax yield in 1987. The taxing bodies and USX agreed to a 1988 "in lieu of tax" payment based on the 1987 tax assessment and 1988 millage. It is estimated that the development of 50% of the mill site will achieve an assessment in excess of the 1987 assessment.

In 1999 the total "in lieu of tax" payment is \$192,411 to the City, County and School. As land is sold off for development, the "in lieu of tax" payment will be reduced. In calculating the adjusted tax base a \$2,000 per acre is used. If 100 acres are sold to a private party and assessed, the full \$192,411 will have been matched. In calculating the tax increment, the three taxing bodies will be assured a tax payment equal to the "in lieu of taxes" payment. Thus, thirty percent (30%) of the new tax yield will be retained by the taxing bodies with the balance seventy percent (70%) used for Tax Increment financed improvements.

3. Detailed List of Estimated Project Costs

It is estimated that development parcels will range in size from three to eight acres with an average of four acres per development. Twenty (20) development packages are anticipated over a ten year period. The average public improvement cost is estimated as \$250,000 per package or \$5,000,000 for 20 development packages.

The cost per development package shall be controlled by the projected increased tax increment. Each development package shall be independent and free-standing in regard to incurring of debt and debt service.

The Authority may include up to 10% of the project cost for planning, legal, engineering and administration.

4. Description of the Methods of Financing All Estimated Project Costs and the Time When Related Costs on Monetary Obligations are to be Incurred

Each development package will be independently financed through a negotiated line of credit or loan based on the estimated increased tax yield. As a number of development packages are financed, the Authority may consider a long term bond.

Administrative costs may be paid on a "pay as you go" basis. To the extent feasible, the developer will guarantee the line-of-credit or loan during construction and that portion of the debt service not available for repayment from the tax increment.

Calculating the Tax Increment for each development package.

EXAMPLE:

	Market	Assessed
a. Four Acres of land	\$ 100,000	\$ 25,000
b. Building construction and other on site	<u>2,000,000</u>	
		<u>500,000</u>
c. TOTAL	\$2,100,000	\$525,000
d. Millage (1998)		
City - Land	80	
Improvements	38	
School -	99	
County -	<u>25.2</u>	
TOTAL (less City Land)	242.2	
e. Tax Assessment - 25% of Market Value		\$525,000
f. Tax Payment after Development		
Land (City) 25,000 @ 100 Mills	2,000	
Improvements due 500,000 @143.6 Mills	<u>81,000</u>	83,000
g. Less base (in lieu of tax) (30%)		<u>24,900</u>
h. Positive (increased) Tax Increment Yield for Debt Service (70%)		58,100
i. Potential loan maximum for Public Improvements (assume 7 year amortization)(Approximately \$300,000 principal plus interest)		\$406,700

If a Developers Package averages \$2,000,000 the projected 20 packages will equal a market value of approximately \$40,000,000 and assessment of \$10,000,000. As the tax millage is adjusted, the positive tax yield will also increase. Total estimated property tax yield would be \$1,000,000 to \$1,200,000 annually.

After the public improvement loan related to a Development Package is repaid (7 years or less) the total new tax increment will be paid to the respective taxing bodies. Each loan will be reliant on the positive tax increment from the new private taxable development included in the Developer Package.

5. Map Showing Existing Uses and Conditions of Real Property in the Tax Incremental District

A map of the TIF District showing buildings to remain and main roadways is attached as an

exhibit. A preliminary subdivision of the district is also included which will guide and direct Developer Packages.

6. Proposed Changes of Any Zoning Ordinance, Master Plan, Map, Building Code or Ordinance

The City of Duquesne has adopted a Zoning Ordinance and other building related codes to control the development of the TIF District. The District is zoned for multiple uses with emphasis on environmentally acceptable standards for industrial type uses.

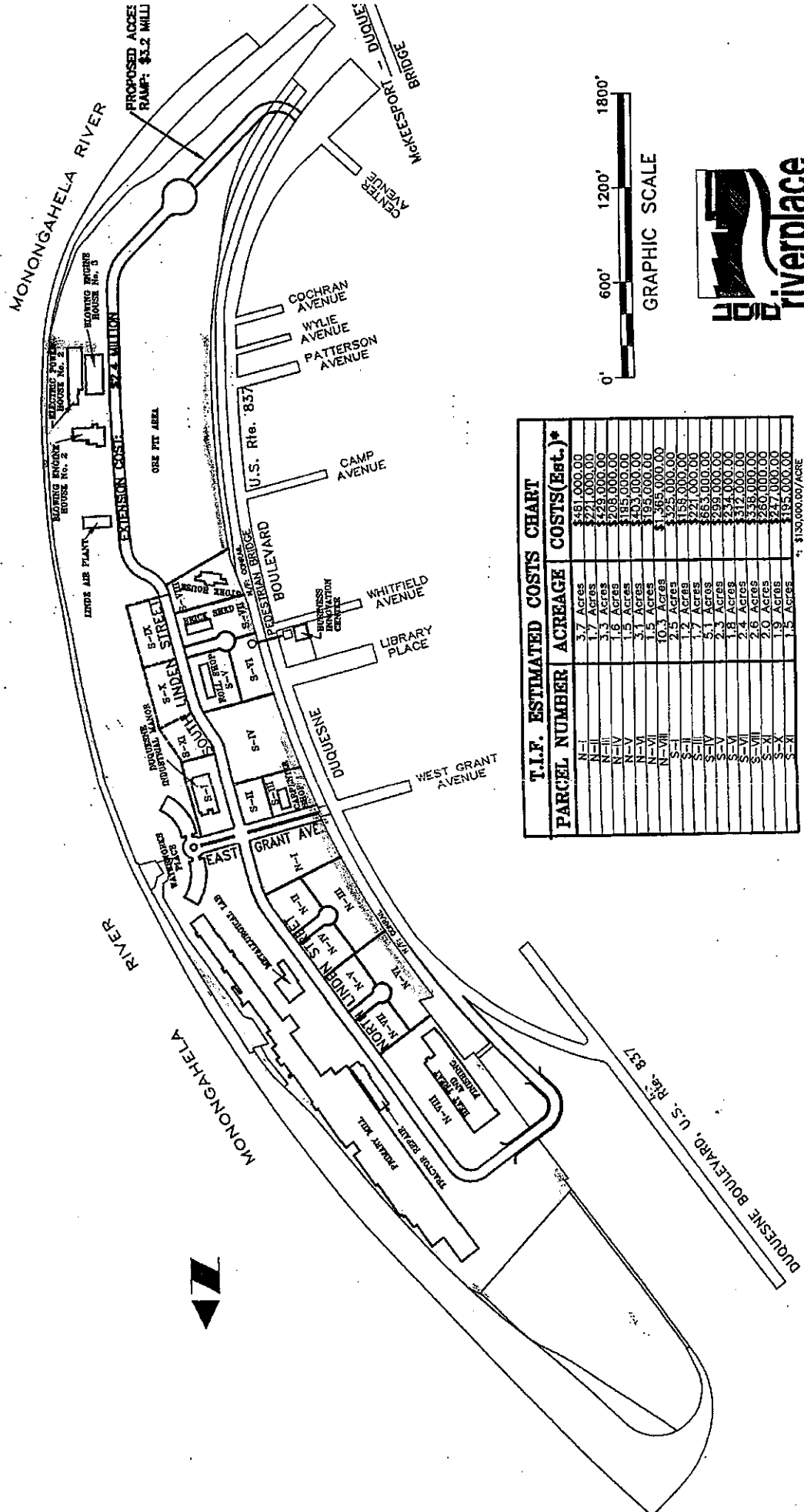
7. List of Estimated Non-Project Costs

It is estimated that tax increments will finance up to \$5,000,000 of public improvements directly supporting Developer Packages. In addition site reclamation and construction/installation of major roadways and utility distribution/collection systems will continue. Funds from sale of scrap and equipment, resale value of land and governmental loans/grants will be used along with new tax yield to finance improvements.

8. Statement of a Proposed Method for the Relocation of Families, Persons and Business

There will be no displacement of on-site families, persons or businesses.

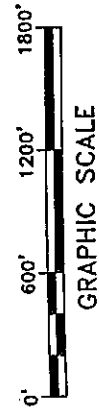
NOTE: ESTIMATED DEVELOPMENT COST PER ACRE ASSUMES NEED FOR ROADWAY ACCESS, ALL UTILITY SERVICE, BASE SITE GRADING AND PREPARATION (EXCLUDING ENVIRONMENTAL



T.I.F. ESTIMATED COSTS CHART

PARCEL NUMBER	ACREAGE	COSTS(EST.)*
N-I	3.7 Acres	\$491,000.00
N-II	1.7 Acres	\$221,000.00
N-III	3.3 Acres	\$423,000.00
N-IV	1.6 Acres	\$205,000.00
N-V	1.5 Acres	\$193,000.00
N-VI	3.1 Acres	\$395,000.00
N-VII	10.3 Acres	\$1,225,000.00
N-VIII	1.2 Acres	\$158,000.00
N-IX	1.7 Acres	\$271,000.00
N-X	5.1 Acres	\$663,000.00
N-XI	2.3 Acres	\$299,000.00
N-XII	1.8 Acres	\$234,000.00
N-XIII	2.4 Acres	\$312,000.00
N-XIV	2.6 Acres	\$338,000.00
N-XV	2.0 Acres	\$260,000.00
N-XVI	1.9 Acres	\$247,000.00
N-XVII	1.5 Acres	\$185,000.00

* \$150,000.00/ACRE



CITY CENTER OF DUQUESNE

TAX INCREMENTAL FINANCING



RIDC

Regional Industrial Development Corporation

Mayor Phil Krivacek, Board Chair
Redevelopment Authority of the City of Duquesne
12 South Second Street
Duquesne, PA 15110

June 6, 2014

Dear Mayor Phil Krivacek,

RIDC is planning to build a 30,000 square-foot speculative "flex" industrial building in the City Center of Duquesne park. The building would sit on a 2.6-acre parcel behind Sarclad and could accommodate up to three tenants. RIDC currently has no available industrial space in the Duquesne park and sees a shortage of industrial space in the entire region. Private developers and financial institutions have been largely unwilling to take on speculative industrial construction. RIDC is currently conducting the architecture and engineering for the project and plans to be in construction later in the summer of 2014 and available for occupancy in 2015.

RIDC anticipates that the building could house 45 to 75 new employees in the park. Construction of the building would create an additional 40 temporary jobs.

Because of the higher costs due to the brownfield site and the lower rents in the Mon Valley submarket, the returns on the building do not support the full construction costs. The current project budget is over \$5 million, which includes site infrastructure, parking and driveway access, building construction, and tenant build-outs. RIDC plans to contribute over \$1.6 million of its own equity into the project.

Analysis of comparable property assessments reveal that the Duquesne flex building would likely generate \$27,000 in increment in the first year after construction is completed, with a total tax bill of \$40,000 annually. This assumes a building value of \$35 per square foot and a land value of \$45,000 per acre.

RIDC is requesting support from the Redevelopment Authority of the City of Duquesne, as well as the taxing bodies of the City of Duquesne, the Duquesne School District, and Allegheny County for **\$300,000 in tax-increment financing (TIF)**. RIDC is proposing a **15-year term for the TIF at 70% diversion**, which would allow for ample time for tax increment to cover the Authority's financing. The flex building TIF project would expire either after **\$300,000 of tax increment has been generated OR after 15 years, whichever occurs first**.

210 Sixth Avenue • Suite 3620
Pittsburgh, Pennsylvania 15222-2602
Phone (412) 471-3839
Fax (412) 471-1740

Exhibit B



RIDC

Regional Industrial Development Corporation

RIDC is asking that the Redevelopment Authority take the formal steps under the existing TIF district to approve the flex industrial building as a TIF project and extend the life of the TIF for 15 years. Upon approval from the Redevelopment Authority, RIDC is requesting that TIF-eligible costs begin to be incurred for the project.

We appreciate your continued support on this project. We are excited for this opportunity and are eager to continue the TIF process with you.

Sincerely,

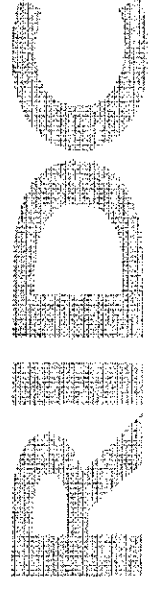
Donald F. Smith, Jr., PhD

cc: Charles Starrett, Administrator

Ronald Brown, Solicitor

Frank Piccolino, City Manager

210 Sixth Avenue • Suite 3620
Pittsburgh, Pennsylvania 15222-2602
Phone (412) 471-3939
Fax (412) 471-1740



Regional Industrial Development Corporation

Tax-Increment Financing

June 2014

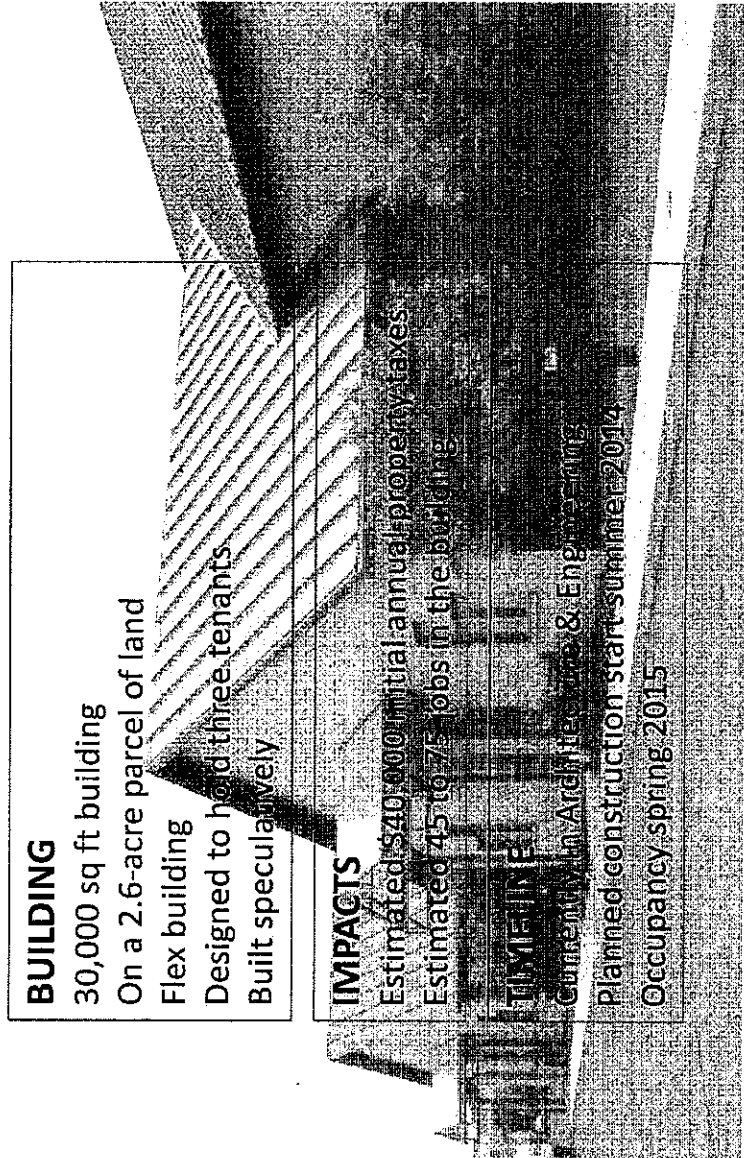
Duquesne Flex Building

Tim White	Sarah Stroney
VP, Development	Development & Policy Analyst
(412) 315-6447	(412) 315-6443
twhite@ridc.org	sstroney@ridc.org

BUILDING LOCATION



OVERVIEW OF PROJECT



BUILDING

30,000 sq ft building
On a 2.6-acre parcel of land
Flex building
Designed to hold three tenants
Built speculatively

IMPACTS

Estimated \$40,000 initial annual property taxes
Estimated 75 to 75 jobs in the building

TIMELINE

Currently in Architectural & Engineering
Planned construction start summer 2014
Occupancy spring 2015

PROJECT OVERVIEW

WHY SPEC?

- No available industrial space in RIDC Duquesne park.
- Shortage of inventory of industrial space in the entire region.
- Business cycle has shortened. Companies are not willing to wait 2-3 years for a new building.
- Private developers/financial institutions unwilling to take on risk

POTENTIAL BUILDING RENDERING



DESMOND
&
ASSOCIATES
ARCHITECTS
1012 Linden Street, Duquesne, PA 15110
Tel: 412.281.1111
Fax: 412.281.1112
www.desmond.com

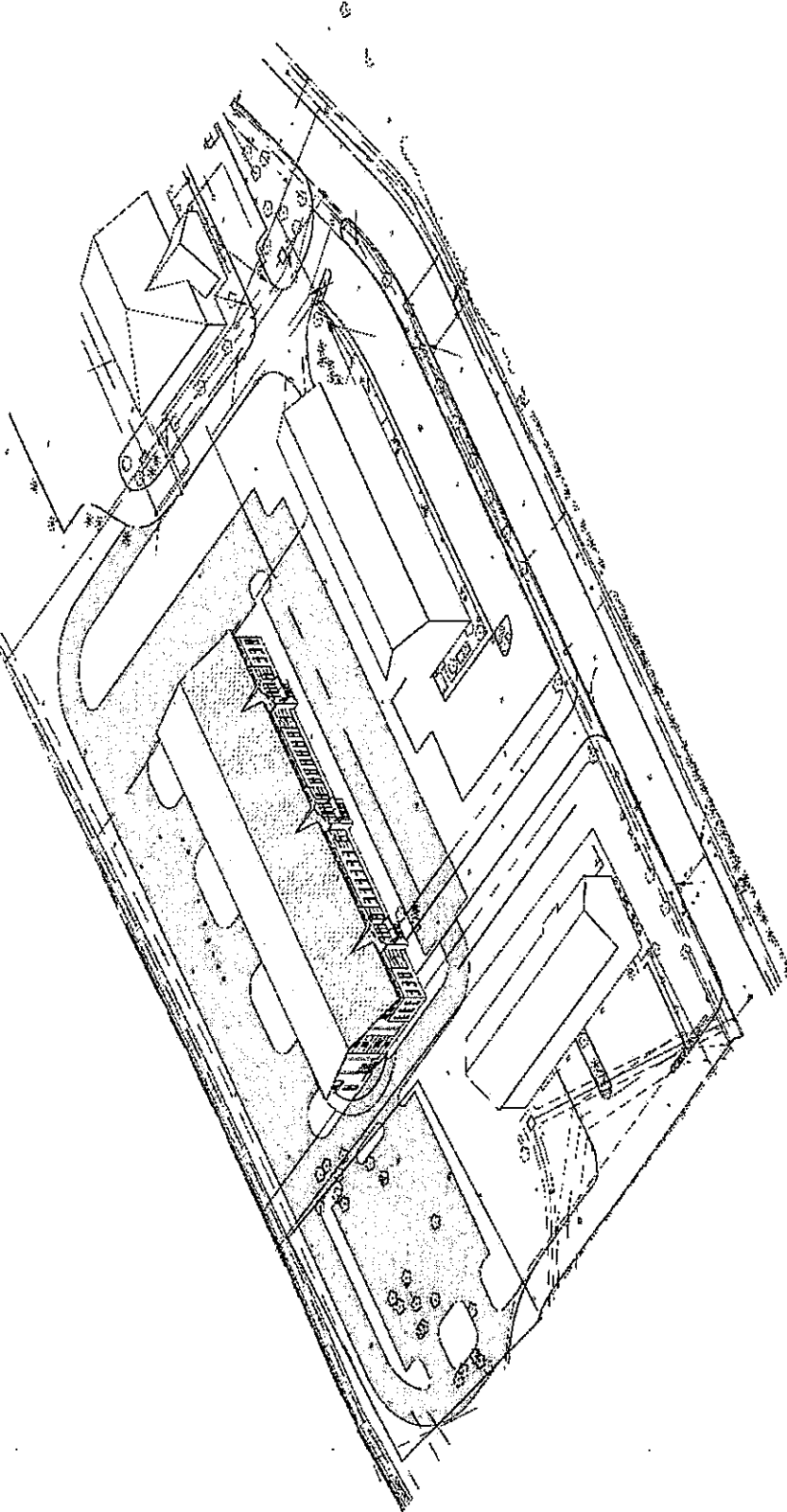
1012 Linden Street, Duquesne, PA 15110
RDC Duquesne Flex Building
New Building

Sheet

Schematic Design
Package



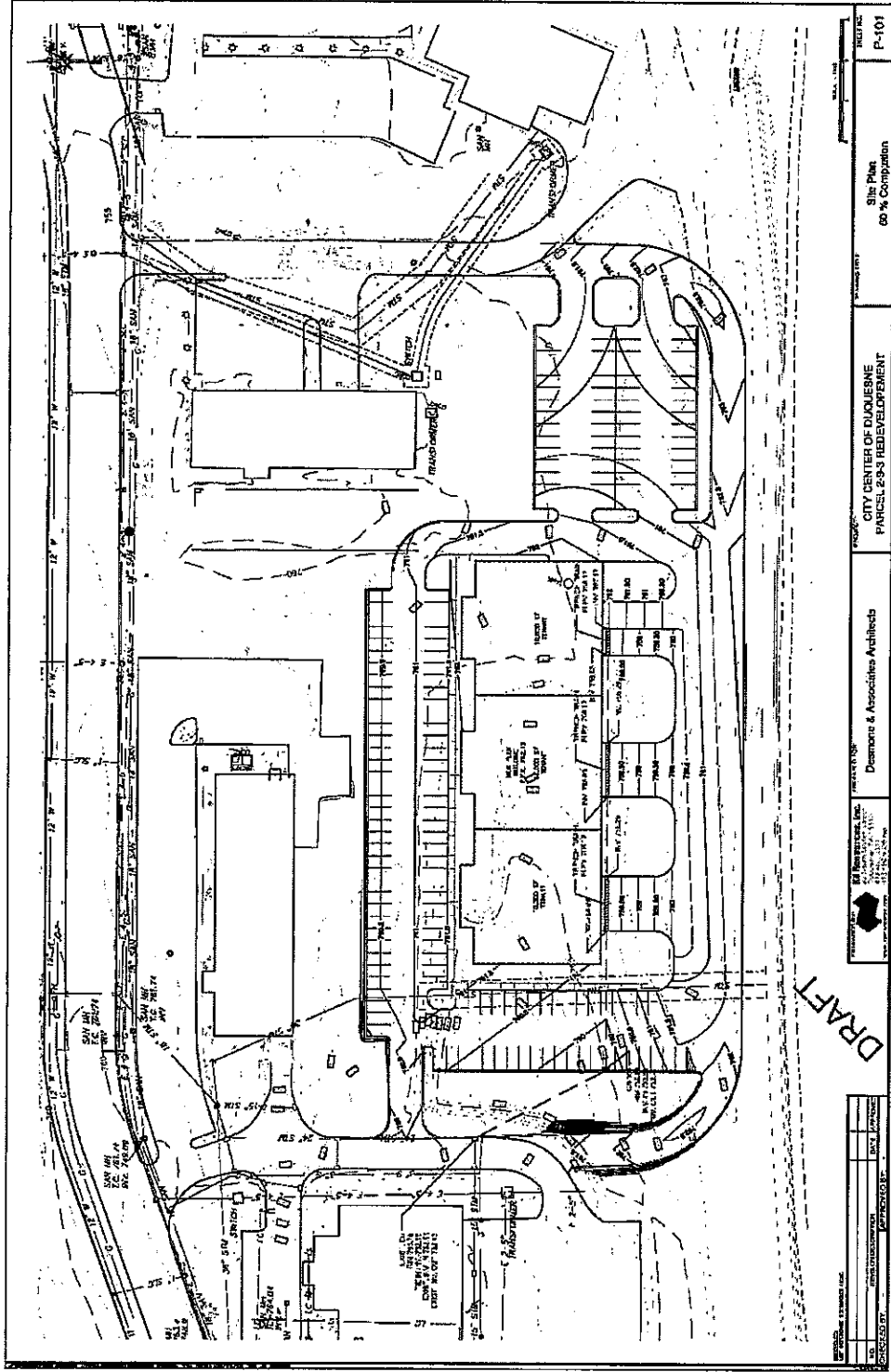
Date: 08/14/08



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SITE PLAN AND CHALLENGES

PROJECT OVERVIEW



DRAFT

PROJECT BUDGET

This project has a total investment of over \$5 million. RIDC is leveraging public support combined with equity.

USES		SOURCES		
Land Cost	\$158,000	\$60,000/acre	RIDC equity	\$1,666,054
Building construction	\$2,475,000	\$82/SF	State support	\$3,101,946
Site Work	\$175,000	\$6/SF	TIF	\$300,000
Stormwater infrastructure	\$420,000	\$14/SF	Total Project Cost	\$5,068,000
Parking and Access Road	\$860,000	\$29/SF		
Base Building	\$430,000	\$14/SF		
Tenant Improvements (est)	\$550,000	\$18/SF		
Total Project Cost	\$5,068,000	\$167/SF		

JUSTIFICATIONS FOR TIF



PUBLIC INFRASTRUCTURE NEED: The stormwater work involved in the project creates a financial gap in the project. The TIF will support this piece of the public infrastructure.



RENTS DO NOT JUSTIFY COSTS: Rents do not support the full construction costs of a new industrial building in the private market, especially on a brownfield site. However, RIDC is seeing demand for this type of product in the Mon Valley.



INVENTORY SHORTAGE: The building will be able to attract companies who are not willing or able to wait 2-3 years for a new building.



MORE WORKERS: Bringing new companies and employees into the park will increase fiscal revenue and will bring additional demand for businesses that seek to service workers, such as a restaurant

COMPARABLE PROPERTIES

Value									
Lot-Block	Municipality	Owner Name	Acreage	Sq Ft	Land	Building	Total	Price per SF	Price per Acre
304-H-29	Duquesne	DURA BOND COATING INC	29.93	55,000	1,047,900	2,580,500	3,628,400	\$46.92	\$35,012
378-B-015	Duquesne	GREATER PITTSBURGH COMMUNITY FOOD BANK	10.93	80,000	983,700	3,770,900	4,754,600	\$47.14	\$90,000
380-A-106	McKeesport	EQUITABLE GAS COMPANY LLC	3.6	32,000	144,300	1,645,800	1,790,100	\$51.43	\$40,083
378-B-30	Duquesne	RIDC (Industrial Manor)	3.11	32,665	85,800	1,122,600	1,208,400	\$34.37	\$27,588
AVERAGE								\$44.96	\$48,171

- Comparable properties are either owner-occupied or have steady long-term tenants.
- The new RIDC building is not pre-leased, resulting in a lower assessment value than these comparable properties.



Assumptions:

Building Value: \$35.00 per sq ft

Land Value: \$45,000 per acre

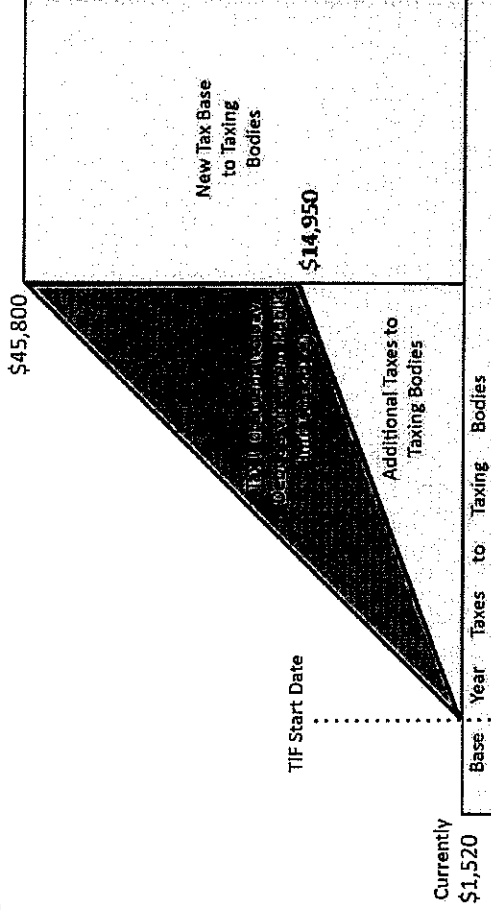
INCREMENT ANALYSIS

	Total	Land	Building	Annual increase: 1%
Current (base) assessment	\$42,200	\$42,200	\$0	
Probable first assessment	\$1,168,800	\$118,800	\$1,050,000	

Base Year	Year 1*	Year 2	Year 15**	
Total County Tax	\$200	\$2,764	\$5,528	\$6,292
Total City Tax	\$781	\$7,136	\$14,273	\$16,244
Total School Tax	\$739	\$10,227	\$20,454	\$23,279
County Tax Increment		\$2,565	\$5,329	\$6,092
City Tax Increment		\$6,356	\$13,492	\$15,463
School Tax Increment		\$9,489	\$19,716	\$22,540
County Tax Increment for TIF		\$1,795	\$3,730	\$4,265
City Tax Increment for TIF		\$4,449	\$9,444	\$10,824
School Tax Increment for TIF		\$6,642	\$13,801	\$15,778

Total Base Taxes: \$25,782
 Total Increment: \$596,057 --
 70% available toward TIF is \$417,240
Total Tax: \$621,839

A 15-year TIF provides ample increment to cover \$300,000 in funding. The taxing bodies are provided with 100% of the tax after the 15-year period, which is an estimated annual increase of over \$44,000



*Year 1 assumed construction period
 ** Year 15 includes 1% average annual increase in assessment

DRAFT

TAX INCREMENT FINANCING (TIF)

PLAN AND PROPOSAL AMENDMENT

FOR
RIVERPLACE – CITY CENTER
OF DUQUESNE

APRIL 2014

Prepared by:

Redevelopment Authority of the City of Duquesne

For

City of Duquesne
Duquesne School District
County of Allegheny

Exhibit C

TAX INCREMENT FINANCING (TIF)
PLAN AND PROPOSAL AMENDMENT
RIVERPLACE – CITY CENTER OF DUQUESNE
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INTRODUCTION

The TIF Project and Proposal Plan Amendment is prepared in accordance with the Tax Increment Financing Act 113 of 1990 for consideration and approval by the three local taxing bodies. The three (3) taxing bodies are the City of Duquesne, Duquesne School District and Allegheny County.

In September 1999, the Redevelopment Authority of the City of Duquesne prepared the Tax Increment Financing (TIF) Plan and Proposal for Riverplace – City Center of Duquesne and presented it to the City of Duquesne, the Duquesne City School District and the County of Allegheny. Subsequently the three (3) taxing bodies approved the plan and proposal and the TIF District was created.

The objective of the TIF project is to revitalize and develop the former USX property located along the Monongahela River. The project district was designated as blighted by the Duquesne Planning Commission in accordance with the Urban Redevelopment Law of 1985, as amended. Revitalization is to be accomplished by utilizing a portion of this increased tax yield after new private investment for a defined period to offset public costs required for site preparation and improvements.

Utilizing the TIF resources, TIF Project #1 was undertaken assisting Thermal Transfer Corporation to locate at Riverplace – The City Center of Duquesne. Thermal Transfer Corporation later expanded its operations resulting in increased revenues for the taxing bodies and a significant number of jobs.

Other developments have taken place in the TIF District, without TIF resource support. Among these developments are American Textile Company, Dura-Bond Industries, Inc., the Greater Pittsburgh Community Food Bank, the Commonwealth of Pennsylvania and the Regional Industrial Development Corporation. The Flyover Ramp opened in 2009 providing additional Riverplace land for redevelopment. Property owned by the Redevelopment Authority of the City of Duquesne adjacent to Riverplace and State Route 837 is being offered for commercial redevelopment. Thus, it is appropriate to amend the project plan, proposal and the TIF District boundaries.

In accordance with Act 113 the City of Duquesne, “shall hold at least one public hearing at which interested parties are afforded a reasonable opportunity to express their views on the concept of tax increment financing, on the proposed creation of a tax increment district and its proposed boundaries, on the proposed adoption of a project plan for the district and the benefits to the municipality.”

The TIF Plan and Proposal Amendment will be formally presented to the City, School District and County for approval following a properly advertised public hearing. The Redevelopment Authority of the City of Duquesne will administer the project on behalf of the approving taxing bodies.

PROJECT BOUNDARY – TAX INCREMENT DISTRICT

The Riverplace – City Center of Duquesne TIF area is amended as set forth below and is located wholly within the City of Duquesne and is further defined on the TIF District Boundary Map included as Exhibit “A”.

APPROVAL PROCESS FOR TAX INCREMENT DISTRICT

The provisions of the Tax Increment Financing Act, Act 113 of 1990, specify that an amendment to a tax increment district and project plan shall be approved in the following manner:

1. The Redevelopment Authority of the City of Duquesne shall submit an amended Project Plan to the governing bodies; City of Duquesne (City), County of Allegheny (County) and Duquesne School District (School District) which levy taxes within the tax increment district.
2. The Redevelopment Authority recommends the amended boundaries of the TIF District with an amended TIF Plan and Proposal for consideration by the participating taxing bodies.
3. The City shall hold at least one public hearing at which interested parties are afforded a reasonable opportunity to express their views on the concept of tax increment financing, on the proposed amendment of a Project Plan for the tax increment district, and the benefits to the taxing bodies.

Notice of the hearing shall be published in accordance with the terms of July 3, (P.L. 388, No. 84), known as the Sunshine Act, and said notice shall be provided by first class mail, postage prepaid, to the City, County and School District. This notice shall be provided not less than 30 days before date of the hearing. The School District and County shall notify the City of its acceptance of the amended TIF District and the amended TIF Plan and Proposal prior to the public hearing.

4. In order to amend the TIF and an amended TIF Plan and Proposal, the City shall enact, not earlier than three weeks after the public hearing described in 3 above, an ordinance amending the TIF District and approving the amended TIF Plan and Proposal pursuant to Section 6 of Act 113.
5. The amount of estimated new tax yield is determined from the Developer Package and said new tax yield shall control the amount of financing identified for necessary supporting improvements.
6. Any Tax Increment Financing of seven (7) years or less will not require the approval of the governing bodies. The use of such a TIF of seven (7) years or less will be reviewed by the TIF Committee for consistency with the plan and referred to the Redevelopment Authority for approval. Any TIF in excess of seven (7) years will require the approval of the governing bodies.

7. After approval of the Amended TIF Plan and Proposal by all parties; the City, School District, and County the Redevelopment Authority shall execute an Amendment to the existing Intergovernmental Cooperation Agreement. The Agreement will specify that the Amended TIF Plan will be in place for fifteen (15) years from the date of the Amended Project and Plan approved and the TIF Committee, comprised of two (2) representatives from each of the governing bodies and the Redevelopment Authority of the City of Duquesne, will remain in place during that time.

AMENDED TIF PLAN

1. Statement Listing the Kind, Number and Location of all Proposed Public Improvements Within the District:

Exhibit "B" attached hereto describes certain public improvements and private investment to be undertaken as part of the Amended Project Plan.

2. Economic Feasibility Study of the Project and the Fiscal Effects on the Municipal Tax Base
3. Detailed List of Estimated Project Costs

The estimated project costs for the RIDC Flex Building are set forth in Exhibit "B" attached hereto.

The cost per development package shall be controlled by the projected increased tax increment. Each development package shall be independent and free-standing in regard to incurring of debt and debt service.

The Authority may include up to 10% of the project cost for planning, legal, engineering and administration.

4. Description of the Methods of Financing All Estimated Project Costs and the Time When Related Costs on Monetary Obligations are to be Incurred

Each development package will be independently financed through a negotiated line of credit or loan based on the estimated increased tax yield. As a number of development packages are financed, the Authority may consider a long term bond.

Administrative costs may be paid on a "pay as you go" basis. To the extent feasible, the developer will guarantee the line-of-credit or loan during construction and that portion of the debt service will not be available for repayment from the tax increment.

Existing cash balances in the RACD Tax Increment Fund will be advanced on behalf of the Developer in the amount of \$300,000 that will be applied to certain public infrastructure improvements. 70 percent of the anticipated incremental property tax yield on the RIDC Flex Building will be collected by the taxing bodies and placed in the RACD Tax Increment Financing account to enable the fund to be available for future projects in the TIF District. 30% of the anticipated incremental property tax yield will go directly to the three taxing bodies.

After the public improvement loan related to a Development Package is repaid (7 years or less) 100% of the total new tax increment will be paid to the respective taxing bodies.

5. Map Showing Existing Uses and Conditions of Real Property in the Tax Increment District

A map of the Amended TIF District showing buildings to remain and main roadways is attached as Exhibit A.

6. Map Showing Proposed Improvements and Uses in the Tax Increment District

7. Proposed Changes of Any Zoning Ordinance, Master Plan, Map, Building Code or Ordinance

The City of Duquesne has adopted a Zoning Ordinance and other building related codes to control the development of the TIF District. The District is zoned for multiple uses with emphasis on environmentally acceptable standards for industrial type uses.

8. List of Estimated Non-Project Costs

There are no non-project costs anticipated.

9. Statement of a Proposed Method for the Relocation of Families, Persons and Business

There will be no displacement of on-site families, persons or businesses.

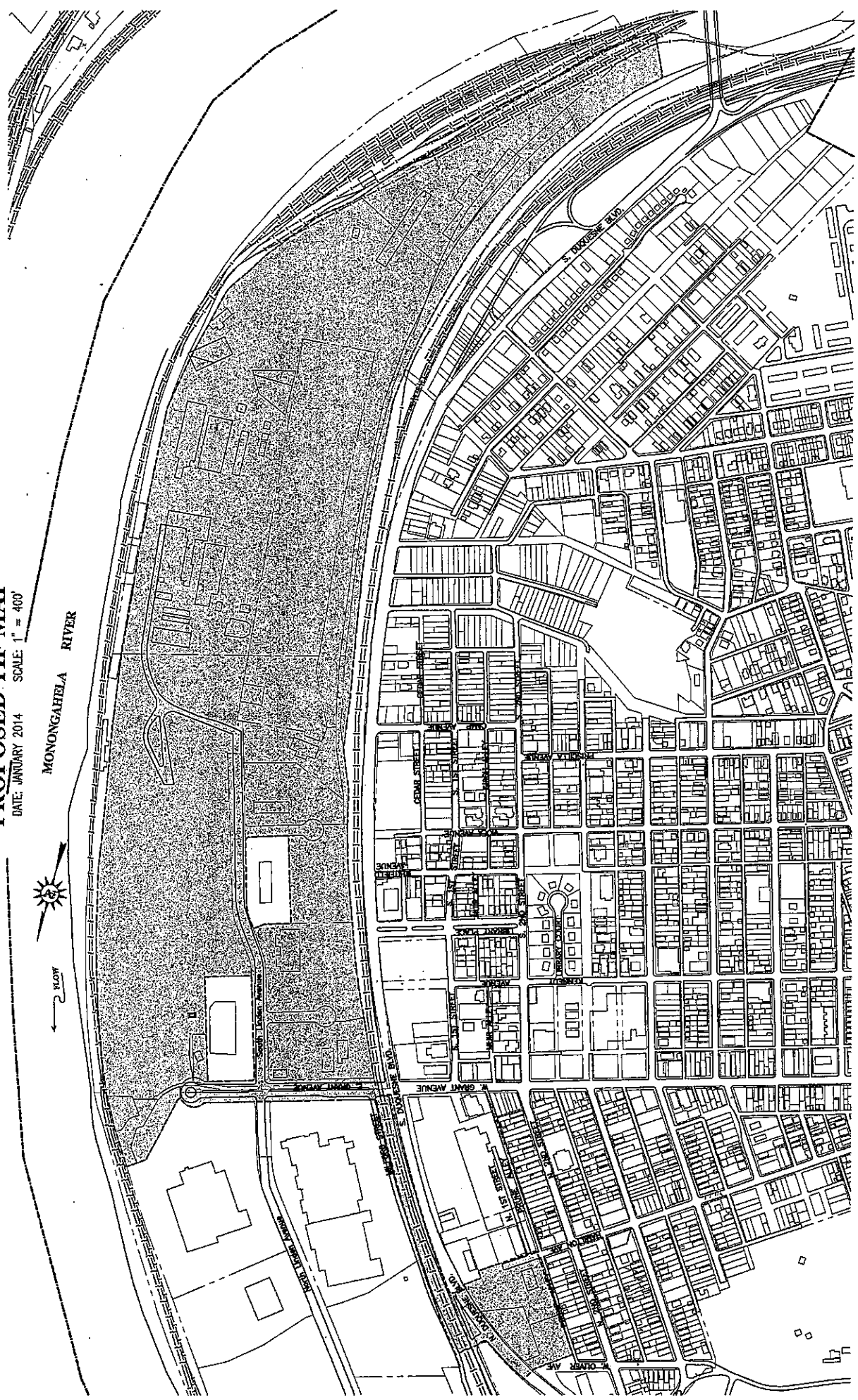
PROPOSED TIF MAP

DATE: JANUARY 2014 SCALE: 1" = 400'

MONONGAHELA RIVER



FLOW



EXISTING TIF MAP

DATE: JANUARY 2014
SCALE: 1" = 300'

