

Allegheny County Council

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Committee Meeting Minutes

Tuesday, June 13, 2006

5:00 PM

Conference Room 1

Committee on Economic Development & Housing

Brenda Frazier, Chair; Jim Burn, Joan Cleary, John DeFazio, Matt Drozd, Dave Fawcett, Mike Finnerty, Bob Macey, and Jan Rea - Members

I. Call to Order

Summary: *Meeting called to order at 5:11 p.m.*

Invited Guests:

Jim Flynn, County Manager or Designee

Dennis Davin, Director, Economic Development or Designee

Mary Conturo, Executive Director, SEA

Summary: *Invited Guests Present: Mr. Flynn; Mr. Davin; Ms. Mary Conturo, Sports & Exhibition Authority*

Recognized Attendees: Jack Exler; George Darakos; Bill Matthews; Cassie Collinge, Eric Ost, Project Architect, Mr. Maurice Strul

Council Staff Present: Jared Barker, Joe Catanese

II. Roll Call

Summary: *Non-Committee Members Present: Susan Caldwell*

Roll Call: Present: Chair Brenda Frazier, Michael Finnerty, Bob Macey, Jan Rea, and Council Member Rich Fitzgerald

Absent: Jim Burn, Joan Cleary, John DeFazio, and Dave Fawcett

Phone: Matt Drozd

III. Approval of Minutes

2641-06 Motion to approve the Minutes of the May 23, 2006 Economic Development & Housing Committee Meeting.

Action: **A motion was made by Finnerty, seconded by Council Member Fitzgerald, that this matter be Passed. The motion carried unanimously.**

IV. Agenda Items

Ordinance

2603-06 An Ordinance of the County of Allegheny, Commonwealth of Pennsylvania, granting authority to the County of Allegheny to convey its interest in one (1) parcel of property situated in the Borough of Braddock that is jointly owned by the County of Allegheny, Borough of Braddock and the Woodland Hills School District to the Redevelopment Authority of Allegheny County.

Sponsors: Chief Executive

Summary: *Chair summarized the bill and expressed concerns about the difference between appraised and assessed value.*

Ms. Collinge said she doesn't have an answer, apart from the appraisal being conducted fairly recently which may account for some of the difference. She explained the property trade transaction and noted that it will benefit residents of newly constructed

housing in the area.

Mr. Exler clarified the potential for the bus shelter.

The Chair noted that she wished there was a simpler path to follow for this transaction; as it is, she said it looks like a private entity will be enriched.

Ms. Collinge said the appraised values are actually pretty close.

In response to a question from the Chair, Mr. Exler noted that there are about 70 units in Maple View Terrace.

Councilwoman Caldwell asked what the local authorities thought. Mr. Exler said the Borough and other local entities are fine with it.

Action:

A motion was made by Council Member Fitzgerald, seconded by Rea, that this matter be Affirmatively Recommended. The motion carried unanimously.

Resolution

2606-06

A Resolution of the Council of the County of Allegheny authorizing pursuit of a Tax Increment Financing plan in Mount Lebanon Municipality, Allegheny County, Pennsylvania.

Sponsors: Chief Executive

Summary:

Chair summarized the bill and deferred to Economic Development.

Mr. Darakos summarized the project and deferred to Eric Ost (Project Architect).

Mr. Ost showed a short animated overview of the project area. Building A is 39 residential units, and Building B is still in schematic design. The total is expected to be around 69 units.

Chair said the expected price is anticipated to be around \$475,000 per condominium. The bill asks the County to opt out of the TIF financing, but participate in the plan.

Mr. Darakos said the TIF guidelines aren't friendly towards this project, they say it is "affordable housing," which this really isn't. The developer recognized that, and decided that it would be easier for the County to opt out, rather than struggle with it. There is, however, a legislative requirement that the County formally say we don't want in.

Mr. Strul said we do want the County to participate in the planning, but they do not anticipate financial participation. President Fitzgerald feels this is appropriate to participate in the planning, but not in the financing.

Councilman Finnerty said he thinks it makes sense to help with the planning.

Councilman Drozd said the price of the condos dictates that anyone who could buy them could afford to be paying whatever taxes exist.

Chairwoman Frazier asked whether this only formed the TIF committee and Mr. Strul replied, correct.

Mr. Bill Matthews said he feels it's important to explicitly say the County won't participate financially because Economic Development does have expertise in this sort of thing.

Action: **A motion was made by Rea, seconded by Finnerty, that this matter be Affirmatively Recommended. The motion carried unanimously.**

Discussion Topic:

Funding for arena site acquisition

Summary: *Councilwoman Rea said there were news reports of a County request for a funding advance to get started on a new arena. It implied that we were all on board, and Council had no idea. We just want to know what's going on.*

Director Davin said this is a discussion between the Chief Executive, the Mayor and the Governor on how to go about securing the site for a new arena. The Governor had looked at site acquisition, and the County had been working on a site acquisition plan since late last year. The Governor suggested something similar to what happened in Philly with the convention center...use the economic development fund that is set up under the gaming act to get some of these sites secured and do some demolition work. The Pens are looking at a timetable that would require that construction start no later than summer of 2007. Some of the reports stated that this would be a loan...that is not correct. The proposal is just to prefund the site control, then refund it from the gaming revenues. In response to a question from Councilwoman Rea, Director Davin indicated that there will be some gaming revenue this year from horse racing facilities. He said there really is no use of tax dollars.

Councilwoman Rea asked whether or not we are using taxpayer dollars until the gaming money is physically coming in and Mr. Davin replied that the Governor's office has said that we know there will be money available this year, and our need is right now.

Councilwoman Rea said she would be more comfortable if we could get in writing that the money that will be advanced will not be taxpayer money. Director Davin said he does not know the exact mechanics of the transaction, but does know that it's not a loan in the traditional sense.

Ms. Conturo said that this is the Governor's idea. They're willing to give us the same deal as Philly so we can get the arena done on schedule.

President Fitzgerald said that one of the things that the Governor said early on was that he was committed to doing this without using tax dollars, but rather to use gaming revenue (regardless of who wins the license). This just says that we're not going to wait until the casino license plays out in order to start moving toward building a new arena.

Councilman Finnerty said he had concerns about reading this in the paper before we knew anything about it. He would like to see communication improve.

Councilwoman Rea said it seems like a shell game...we're taking money that doesn't exist yet to fund something on the hopes that we'll get the income from gaming down the road.

Director Davin said that the County has been assured by the Governor's Office that this has no impact on other projects that we've applied to the state for help with. Regardless of who wins the license, this is one thing we can begin working on.

Councilwoman Rea stated that while the Governor has said that this won't involve pulling money from other sources, she thinks Council has the right to ask the Governor to put it in writing what the actual parameters are here. She said she thinks we have the right to ask for a statement from the SEA as well, since this is such a big priority.

Director Davin said there are obviously a number of high priorities for economic development in the County, but we need to fund them all.

Ms. Conturo said from the standpoint of the SEA, we all know that Mellon Arena is on its last legs, and we need to decide whether to put a ton of money into that and if we did, we would still probably have an inadequate building. That coincides with the Pens deciding whether to stay or leave. That concordance makes this decision particularly important at this particular moment in time; if we're late, we may lose the team.

In response to a question from Chairwoman Frazier, Ms. Conturo noted that the land would be owned by the SEA and prepared for construction.

President Fitzgerald said he thinks that it does make sense to bring someone from the Governor's Office in to talk about this, but he doesn't know if anyone can guarantee the time frame for the realization of gaming revenues. Also, Rendell has been generous to Western PA, so history indicates that he'll do the best he can. But we certainly can ask about priorities.

Councilwoman Rea said that this is moving forward with Plan B as she understands it, but she would also like that clarified.

Mr. Davin said this is not part of Plan B. These properties would need to be available no matter who wins the slots license, because Isle of Capri will need them if they get it, or the County will, if someone else gets the license.

Councilman Finnerty said it's important to remember that infrastructure is something that is an expense as well.

In response to a question from Councilwoman Caldwell, Ms. Conturo noted that a new arena could be built on the current parking lots, but the idea is that it would be better to develop that part of the Hill and move the Arena down towards 5th Avenue, which is also what the Pens want. We would have to buy some sites for that.

Director Davin said this is just the land upon which a new arena would sit, not necessarily where a casino would sit. The Isle of Capri would be on the hook for that

(assuming they win the license).

V. Adjournment

Summary: *Meeting adjourned at 6:01 p.m.*