

Industrial Development Authority
April 13, 2016

The regular meeting of the IDA (Industrial Development Authority) was held on Wednesday, April 13, 2016, beginning at 6:00 p.m. in the Borough Building. Mr. Hill called the meeting to order.

Present: Paul Badger; Frank Halderman; Ray Fisher; Greg Wendt; Matt Hill;
Don Holderman, Secretary; Rod Beard, Solicitor;

Excused:

Borough Staff: Ralph Stewart, Borough Manager

Visitors: Sue Hannegan, CCPCDO; Gay D. Dunne, Council President; James H. Dunne;
Doug Johnson; Teresa K. Sparacino, Delta Development Group; Nancy Perkins;
J. T. Newlin; Leroy Kline, Delta Development Group;

Approval of Minutes:

- Mr. Halderman made a motion to approve the minutes of the IDA meeting of March 9, 2016. Mr. Badger seconded the motion. A voice vote was unanimous to approve the minutes as presented.

Public Comments:

- Delta Development – Mr. Kline, president of Delta Development Group, thanked the IDA for allowing him to speak at the beginning of the meeting. He has been with Delta from the beginning, which was 28 years ago. They feel privileged to be part of the Waterfront Redevelopment Plan. Tonight he wanted to discuss where he gets a sense the IDA is and how they might be helpful as they take the next step forward. He said a lot of the hard work has been done in creating a site that is attractive for future development. The key is developing a model that you can sustain and that will create community and economic activity. In order to do that one of the things the IDA may want to consider is developing the model that will be placed on that site, whether it is hotel development, mixed use development or some component of housing. The key is to look at a model that says how many rooms can we support? What can we support in the way of office? What could we support in the way of retail? If there is a remaining component what would that component be and what kind of square footage would it be? Having done projects like this all across Pennsylvania he knows that there is a certain market rate that can support the project. The IDA knows the cost of square footage in Bellefonte or the cost of trying to do a project knowing that model is one that will take into consideration not only the market rate but how you create a competitive advantage for whoever actually locates at that facility. On his outline tonight he wanted to share some thoughts about that. He feels one of the things the IDA may want to consider is developing a comprehensive performance that shows the phases of development. It shows the type of development. It shows the cost of that development and what level of economic activity would support that so that the

IDA knows before there is a hotel or restaurant or office or retail or other types of development what the market can support; what the rate is for that market; and what would that do in terms of a facility. He indicated on the outline the hard cost, the soft cost, whatever IDA has in mind for land acquisition, and how you put those sources and uses together in a project.

On page two he had some ideas that distinguish Delta from other groups. Clearly the IDA understands the market. Clearly the IDA understands financing. Clearly the IDA knows what a project preferment is. One of the keys to success in his opinion is finding a way to reduce the cost of the development. One way to do that is to reduce the cost of the square footage by introducing innovative public funding to help support the project. Delta has been involved in public funding for the last 28 years identifying federal and state resources to make things work.

One of the things he wanted to share is an enclosure that was included with the agenda. It is something they have been discussing with the County Commissioners for the last few months, but he feels it is a nice tool for this particular project. In the last transportation appropriation there was a concept called a county use fund. The county use fund is a \$5 vehicle registration fee that is added to any vehicle in Centre County. The thing that is attractive about that use fund is that the \$5 comes back to Centre County for use to fund infrastructure improvements. With this project, whether it is a street or whether it is lighting or whether it is signage or whether it is landscaping...all these things are eligible uses. The enclosure he provided shows how those various funds can be used to do 37 different things on the list. There are two that he would call their attention to, and that is on the back of the list. One talks about local match and another talks about using it to make payments on the infrastructure bank loan. Whatever the infrastructure costs are for the project, whether it is making improvements to Dunlop Street or other things looking there, instead of using capital redevelopment or economic or community development money he is suggesting the use fund is a nice vehicle to pay for any costs outside the building. Providing the funding, in his opinion, will reduce the cost per square foot for whatever the use is. Instead of adding the costs to the development plan they could provide the funding for the infrastructure improvements with the use fund, which reduces the cost per square foot for whatever the use is. In other words, it's using these resources in an innovative way to reduce the cost of the project. When you look at the infrastructure budget one of the things they talked about is how to use the balance of the Capital Redevelopment Fund. If they are successful in putting this type of funds in place that would allow you to use those capital redevelopment dollars to do something specific to the project instead of transportation improvements.

There are other programs like this that the IDA may want to look at. There is a Public Improvement Grant in the Keystone Community Program. There are various tax abatement programs in the neighborhood assistance program. There is the tax increment financing that the IDA has discussed in the past. There is a new tool now that is different than TIF but it is still called TIF. It is TIIF, which is the Transportation Infrastructure Investment Fund. It provides projects like the IDA is proposing at the Waterfront development. It basically covers infrastructure costs outside the cost of the building.

All of this to say three things – 1) the IDA has done a lot of hard work and should be very proud of the product produced. 2) The next step of it is putting together a development plan that can be supported with the market the IDA has so they know how many rooms it can support; so they know what size restaurant it could support; so they know the office and housing demands; and they know what the market can pay for that space. Once you have that model then the IDA is in a position to negotiate with any private entity that may have an interest in the property. 3) If they use these innovative public resources to reduce the cost of their development the income that would be generated by these public resources will make it a more favorable condition for a

private developer. In other words, if your occupancy at the hotel in the beginning is 65% and you don't close that 35%, handling the cost of the infrastructure outside of that development will allow you to have the developer sustain an occupancy rate that would allow them to build over time. The point is there are resources available. The IDA has used these resources innovatively to get to this stage of development. What he is suggesting is working with the IDA he feels they can identify additional resources to make sure they not only build a successful project, but that the project would be sustained.

Mr. Kline was willing to answer any questions about the outline, the program, or any of the experiences they have had in similar developments.

Mr. Holderman mentioned that Leroy commented about how proud everyone here is of the project to date and he wanted to recognize Delta for the work that they did early on because the study received from Delta has really been the model and guide for everything done thus far.

Mr. Stewart feels this is a good timing because the IDA is looking in the very near future at how to market the property. He feels the Authority members will give this some consideration and get back to Leroy.

Financial Reports:

- Mr. Holderman provided the Financial Report. The funds for last month weren't really that significant - \$8,389.00. Most of it was spent on interest to the loan, some incidental items, and attorney fees. \$5,487.00 was spent for the Act II Industrial Site Reuse Project Grant. That report has been finalized. There is information in the packet regarding that. A response is anticipated from DEP in mid-May.

The Northwest Loan, where there are already significant obligations, the payment to Hawbaker will probably use the full \$3.5 million and then begin the second loan, the \$2.5 million loan. Mr. Holderman doesn't feel more than \$500,000.00 of the \$2.5 million will be used before the project is complete.

- Mr. Halderman made a motion to pay Beard Law Invoice 19465 in the amount of \$262.50. Mr. Fisher seconded the motion. A voice vote was unanimous.

- Mr. Halderman made a motion to approve the application for payment to Hawbaker in the amount of \$342,705.37. Mr. Wendt seconded the motion. There was a question – the construction line on the monthly report just read shows \$468,000.00 is left for construction but there is a retainer on there of \$266,000.00. According to the report payment so far should have been \$2,849,000.00. Mr. Holderman will add up each invoice to see if the number is correct. He will send an email to the IDA members regarding this tomorrow. Mr. Holderman recommends moving forward with payment. A voice vote was unanimous.

- Amendment #10 for Buchart-Horn in the amount of \$29,450.00 for: additional work for project management \$5,200.00; job conferences \$5,650.00; RFI's and change orders \$4,480.00; Chlomar Application \$14,120.00. The letter dated April 6, 2016 explains why there are additional charges.

Mr. Halderman made a motion to approve #1, project management and #4, Chlomar Application. Mr. Wendt seconded the motion. A voice vote was unanimous.

Old Business:

1. Waterfront Property -

I. Nancy Perkins – Update on Historical Markers – When the buildings were razed there was a Section 106 in the process and the outcome of that it was required in the permit that IDA would provide PHMC and the Army Corp some guidance on what was going to be done as far as historical markers for this site. The IDA turned this over to Megan Tooker who then got Bob Lingenfelter and Nancy Perkins to form a committee with her. They did the work for the IDA. A one-month extension was just received because the information is due to both the Corps and PHMC. Megan had an emergency and couldn't be at this meeting so Nancy is filling in so the deadline can be met. Mr. Holderman thanked her for coming in at the last minute and doing this.

Nancy provided an update of where they are today. There are things yet to be done and decided. She presented signage that would go along the waterfront displaying what was on the waterfront before it was developed. As per the 106 agreement with the Army Corp of Engineers and SHPO three interpretive signs are to be added to the waterfront area along the wall. Deadlines are coming up. The proposed signage should be compatible with current signage in the historic district. She is noticing there is a variety of signs. She feels this opportunity could be used to coordinate and development some standards so there is a little bit more harmony with what is done in town. This can set precedence for any future signage along the waterfront and downtown. The stakeholders include Bellefonte Borough, HARB, BellKey, BHCA and the proposed Freight Station Museum.

She provided examples of what is around town. There are two historical markers. One is a city scape type and one is a country wider format. The one in the center is something that is somewhat protected from the sun and that is the type of sign, if it were to be placed on the wall at the waterfront there would be concern about fading and it might have to be replaced. There are a variety of things going on. Some can be controlled and some can be managed.

She provided examples of interpretative signage. An Interpretative sign is if you want to tell a story. People go along the waterfront and they can see a transformation of what was and what is now. There is one on the upper left corner that they are leaning toward because it has classic look to it. It is a cast metal sign. It can withstand the weather and can have some photographs. They don't want too much color to make it look gaudy. She provided examples of other signs that have photographs. They are looking for high resolution photographs for the three subjects.

The committee prefers something that is wall mounted because along the riverfront there will be a lot of people walking, possibly skateboarders, and visually impaired people that might bump into something that would be protruding. Another sign location was mentioned at the top of the High Street Bridge. There are high pressure laminate type signs where you can have more graphics and colors. The pros are that you have multiple clear images and the cost may be lower, but in time the exposure to UV rays will cause it to break down and then will need to be replaced.

The subjects they are planning to highlight are the Bush House, which then became the Penn Bell Hotel and back to the Bush House; the Waterfront Industrial Corridor which would include the Bellefonte Fuel and Supply Company Building picture; and the Eagle Silk Mill.

They need to get quotes and timelines from multiple manufacturers. Further historic document is needed and quality images are needed. If you are going to have a dedication you could mock something up and get something temporary for the dedication. The idea is as you approach the sign you can activate something and it will tell you a story. It needs to be

determined who manages the site and who manages the information. It could coordinate with a walking tour of the Freight Station Museum. It could be added later as a sticker or a stand alone.

Mr. Stewart has visited a lot of National Parks and National Monument Sites and he never sees the pre-cast bronze signs anymore.

Mr. Holderman asked if something could be submitted to PHMC, SHPO and the Army Corps saying here is the outline and what is proposed or are they looking for something more definitive. Nancy said it looks like there is a little bit of time since the one-month extension was received. Scott feels you need to ask what level of commitment they require to satisfy the conditions of the permit.

II. Update – April Construction Report – Chuck said there is nothing in writing for tonight. The walls are 100% complete. There is one cap block left to put on the wall. They started yesterday preparing the section of existing wall at the High Street Bridge. The in-wall lighting is nearly completed. There are three fixtures left to be installed. The bases for the overhead site lighting are in. They need to finish the fill, placing topsoil and seeding. They need to do the railing installation. It needs to be determined what is going to happen with Dunlop Street. The boulders for the fish habitat enhancement have all been placed.

With the sidewalk alternative the grading was changed to have it more of a gradual slope so it could be used for ADA access.

Mr. Holderman said there was a change order underneath the Raceway by the Lamb Street Bridge where they began to dig things out for where the sidewalk will be. There were some openings that went down into the raceway so they were given the go ahead to clean that out. They are going to put a metal plate over that. The original fix was somebody placed a traffic sign down and bent it over the hole and filled it in with rocks.

III. Change Order #5 and discussion of Delay costs and last month's discussion on Labor Costs - Mr. Halderman complained last month about the \$90 per hour for labor charges. There was a meeting with the Contractor, Matt and Chuck. Mr. Halderman pointed out what the specifications say that they should be charging the prevailing wage rates plus benefits and according to the specifications they are only allowed to mark that up 10%. They went back and looked at that. Mr. Halderman also requested they go back and look at change orders 1-4, which were already approved and showed \$90 per hour for labor costs. The stuff in the packet this week has figures for labor and cement mason and they are not right. Mr. Halderman called the Department of Labor & Industry this morning and talked to them. They looked up the development project. He told them he couldn't find on the website how to get the prevailing wages for Centre County. The woman found the project and gave Mr. Halderman the prices. The labor base rate is okay, but the fringe benefits is \$20.27 and on the paperwork it shows \$24.16. If you look at the overhead that is \$10.00, but that is not 10%. The wage rate was actually \$46.00. Cement Masons are actually worse
(tape turned here)

...almost \$10.00 an hour for labor. He doesn't understand it. If you go back and look at the specifications the wage rates are in there. He doesn't understand where Hawbaker has come up with these figures and he is upset with Scott and Chuck because they are supposed to be working for the Bellefonte IDA and checking these things. He doesn't see where these things are checked. Chuck checked the wage rates based on the Certified Pay Rolls. There is a sheet that Hawbaker's provided the office at the beginning because they were having trouble figuring out how the fringes were shown on the table. Mr. Halderman is upset because there is a \$100,000.00 change order and the IDA might be overcharged \$25,000.00. Chuck said they had

this since the beginning of the project with the base rate and the total fringes. Chuck said that is what they are paying the laborers. Mr. Halderman said the Certified Pay Roll is correct.

Scott asked if this could be tabled so they can research the costs. Mr. Halderman would ask for signed timed sheets because he doesn't even know if the hours are right. Mr. Hill appreciates his due diligence on this item.

IV. Update Act 2 – Final Report Submitted – The final report was submitted. They have 90-days to approve that, but they told Randy they expect it to be completed in about 45-60 days. They are expecting approval by mid to late May.

V. CO Option – Dunlop Street – There has been a lot of information on Dunlop Street. The pricing came in at 4:00 today for the change order that was discussed last month. Mr. Halderman has been attending the job meetings and pretty much everything on it has to be done. He was convinced that the changes need to be done. There are some draining issues by the Café.

Mr. Holderman said the IDA is seeing a \$70,000.00 increase, of which, this is no longer considered road reconstruction so it now becomes eligible for 50% reimbursement. If you looked at it previously the IDA would bear the burden of the full amount. They deducted \$60,000.00 for the street pavement. This is something that would be more flexible for the developer. It will be aesthetically nicer, more appealing, and the IDA will get reimbursed on it. Mr. Halderman said just for estimate Hawbaker had a turnaround space that he felt it wasn't big enough. Hawbaker said they could move it back and made a turnaround where you could pull into the turnaround and pull out the same way.

The summary of this is Dunlop Street would no longer be a street. There would be two black topped roadways on either end, Lamb and High, to facilitate the businesses, which is the Gamble Mill and Fornicola's building that has the commercial entity in it. That would give them blacktop roadway to get in there. In between those two spaces is a brick walking path. The walking path goes the entire distance between Lamb Street and High Street. The brick walkway is 4' and there are two 6" curbs.

Mr. Halderman made a motion to approve the change order and resurfacing of Dunlop Street. Mr. Fisher seconded the motion. The change order accompanies a four-week extension to the contract duration in addition to the amount. The completion date would be June 27th. Mr. Halderman said where the accountant's office is there will be no parking on that roadway. It would be for deliveries. At the Gamble Mill there is a 24" drop from the manhole to the existing roadway. There will be quite a bit of a grade. The grade could not be changed without going back to FEMA and going through the whole process. A voice vote was unanimous.

VI. Thomas & Williamsons Consultant – There are a couple things under actions to be taken that will need to get to Hawbaker and subcontractors. Mr. Holderman would like Chuck to examine this when he has a chance.

2. Armory Property - This will be discussed after the meeting is adjourned in an Executive Session.

New Business:

1. Furniture Elements for Waterfront Sidewalk – Benches/Garbage Containers – There is Streetscape Improvement Toolbox information in the packets. Mr. Hill was hoping to get curved

benches to fit in the alcoves. There are six alcoves. The cost for each bench is \$1,500.00 with delivery. Mr. Hill thought to get the community involved in this waterfront project was to ask for donations for these benches and sponsorships and have a small little plaque put on the bench stating who donated it. He felt that might provide some community involvement. He feels you could easily get six benches sponsored by this community and businesses in the community. He suggested going out with a footprint to see how many benches would fit in each alcove. Mr. Stewart stated some alcoves are bigger than others. Mr. Halderman suggested moving some temporarily from Talleyrand Park to see how it would look.

They are suggesting two waste containers, one at each entrance, which would make it practical for the refuse collectors to take care of them. In the future it can be determined if more are necessary. It was suggested that they be anchored down.

The benches are manufactured with an area for a placard. Mr. Stewart stated there is a County Borough Town Hall meeting in a few weeks and the initiative to get sponsors for the benches could be announced as well as putting it on the website.

Mr. Johnson asked if there was any thought of making it a project for CPI or one of the engineering classes at Penn State. It would give local flare to the benches if CPI made them. Mr. Hill was unsure how difficult it would be for them to duplicate the benches. Mr. Stewart said the diagram from the manufacturer could be photographed and shown to CPI. Mr. Hill would like to be careful about photocopying the picture in case of copyrights. Mr. Halderman will purchase a bench, but he wants to purchase it from the company and not CPI.

2. Mr. Halderman would like to know what will be in the planted area. It will be a combination of all types of native wildflowers. That will require some care taking.

3. Mr. Dunne and BHCA are working diligently to have the Freight Building moved Monday, April 18th.

Adjourn:

- Mr. Wendt made a motion to adjourn the April 13, 2016 meeting of the Industrial Development Authority at 7:20 p.m. Mr. Fisher seconded the motion. A voice vote was unanimous.

Executive Session:

The IDA went into Executive Session to discuss the Armory property.