

DRAFT
COMMUNITY DEVELOPMENT COMMITTEE MEETING
October 15, 2019 – 6:00 PM – Town Hall

SUBJECT: 1. F.A.I.R. Hearing – Financial Accountability Incentive Reporting

Chairperson Paige Van Wirt called the meeting to order. Present were: Mr. Colón, Mr. Reynolds and Dr. Van Wirt, 3. Chairperson Van Wirt noted that the agenda item is a review of the 2019 Financial Accountability Incentive Reporting Hearing pursuant to Article 349 entitled Economic Development Incentive Reporting Evaluation. We will review the Administrations reports submitted in connection with this meeting. This meeting is for informational purposes only; no actions will be taken by this Committee tonight.

Public Comment:

None.

F.A.I.R. Hearing – Financial Accountability Incentive Reporting

Alicia Karner, Director of Community and Economic Development informed in front of you are the reports submitted she believes from a March deadline. It has been a while and so she has to say that it has been a few months since she has looked at these reports in preparation of this meeting. The first 15 pages are really the annual submissions with what the incentives are for the City. She will skip to the Evaluation Reports on Page 15. The first report on Page 15 is the LERTA report (Local Economic Revitalization Tax Assistance). We have two LERTA's in the City, one on the north side and one on the south side, they were both authorized separately. The north side LERTA is largely encompassing the Northside 2027 district and the south side has been a changing district modified at each time it has come up for a reauthorization. We have 19 active projects right now and in total as you can see on page 16 \$1.3 million dollars associated with future tax revenue. These are the most impressive numbers of the incentives we offer through the City. Prior to the LERTA we had assessments in the realm of \$9 million dollars and post-LERTA there is in excess of \$120 million dollars. She noted that 18 of the 19 projects reported for this year and so the 4,964 current employees or 4,730 full time employees are just short of one company. We consider that a great response. We do not always get that kind of response to our inquiries, so we are happy that is accurate. Ms. Karner explained the LERTA's operate differently. The south side LERTA is a 10% incremental increase over 10 years and the north side LERTA is a flat tax abatement, ultimately it equates to about 39.6% tax abatement for the taxing bodies. We were the lowest at 10% so to offset that we are contributing

\$50,000 dollars annually in the City's budget to be put into public improvements in that area.

Ms. Karner queried if the Committee would like her to go report by report of should she report all and go back.

Chairperson Van Wirt asked if the Committee had a preference.

Mr. Reynolds stated he would rather go individually.

Chairperson Van Wirt noted that individually sounds good.

Mr. Reynolds wondered if he could ask Ms. Karner a question or should we keep the questions until the end.

Chairperson Van Wirt noted if it is brief he can, she would not like to get into a great big back and forth because we only have an hour.

Mr. Reynolds stated he will wait to ask questions.

Ms. Karner remarked she will go through all of this and then answer questions.

Ms. Karner continued with the TIF and not that it is self-explanatory. This is the continuation of the grant that was included on last year's report, it was in total of an \$800,000 award, \$300,000 was awarded in 2017, and \$250,000 in 2018 and that is included in this year's report. This is for the 510 Flats Project formerly known as Greenway Commons. The balance due from the RDA is expected to be transmitted during 2019. The increase in assessment on this really aligns with the September assessment. It went from a \$20,500 assessment to over \$3 million dollars so this is the kind of development you typically envision in a TIF program, something where there are public funds invested to see a significant jump in assessment. There were 150 part-time construction workers, 20 full time employees and there are two other projects within this complex that is proposed and that is anticipation of additional jobs being created for those other two construction projects.

Ms. Karner noted that on page 22, that is the CRIZ report and there were two at the end of 2018, two different projects, three buildings in total, and so the amount we received is \$436,830 dollars. The project cost for those projects exceeded \$45 million dollars and the CRIZ took a portion of debt on one of those projects. That was approximately the \$9 million dollars that you see on page 23. The current assessments for CRIZ projects are \$6,716,100 dollars and that keeps going up. Every time there are more tenants on one of the commercial spaces there is a reassessment. You will see that change in Five 10 Flats as well as the Gateway Greenway, they are fully fitted out.

Ms. Karner continued to say that the next project is the Enterprise Zone Loan Program and we have about \$117,000 to loan and we did not have any active loans in 2018. On page 28 is the Small Business Loan Fund and Exterior Building Loan Fund and these are both funded through HUD funds which is why they are together. We had 2 projects and the third one has since been completed but that you will see payoffs in 2018 and 2019 when we file next year's reports. The total investment was a \$519,940 dollar investment with three full time jobs and two part time jobs that were created. When we do loans you have to create a job for low to moderate income populations for every \$35,000 dollars that is loaned through the program. Some of this was really done under our Blight program, it is not truly an economic development program but we thought out of an abundance of questions we should disclose it and include it in the report.

Ms. Karner noted on page 31 is the Business Infrastructure Development Loan Fund which began as another legacy program. There were no loans in 2018; there is a small amount of money available for that. Then on page 34 you start to see the impact statements. These are very similar to the impact statements we provided to you previously all tallying the different programs that we have. We broke them out by program, LERTA, CRIZ and TIF. Then on page 42, 43, 44, and 45 there is the data or the dollars, the tax expenditures prepared by the Administration. She stated those numbers are fairly self-explanatory. We show you the LERTA, TIF, CRIZ in various reports. The only changes we had from last year to this year you will see on page 47. We removed the HOME Loan Program. We included that before and when we pulled back and look at it that is not an economic development program. She added that the Best Front Forward/Elm Street Loan Fund program is a residential program as well.

Chairperson Van Wirt queried if any Committee Members had any comments or questions.

Mr. Reynolds remarked when he had proposed this a few years ago. One of the reasons he did it was for the educational benefit. There are a lot of these programs and to an average person or anyone on City Council he thought it was good to get all of this information in one particular spot. It was also designed to provide some type of answers to the question, are these programs necessary? Obviously over the past 20 years since Bethlehem Steel shut down we have seen an incredible amount of redevelopment and revitalization. At the same time, the general question that often comes up is would these projects happen without some of these incentives. Mr. Reynolds mentioned the Cities that are our peer Cities, the areas that look for the development as well, are the programs we offer similar to the ones that Allentown and Easton are offering, what they are making available to their businesses.

Ms. Karner stated yes, you will see a lot of these programs authorized by the Commonwealth are utilized in most of the Third Class Cities. There is not a program

that we have not implemented aside from the Keystone Opportunity Zone, which is complete tax abatement, a program that is authorized by the Commonwealth and opted into. That is one program that we as a City will throw all the tools in the toolbox at the problem. We have not gone to that extreme level of giving up our taxes completely for a project. But aside from that you will see these programs used in most of the Cities, certainly in the Lehigh Valley and beyond.

Mr. Reynolds had the question that if you are operating on the idea that everyone is using them what is the best way to track their efficiency. It was mentioned that the LERTA on the south side has been modified several times; he queried how they take a look at how the LERTA can change the most compared to the TIF or the CRIZ. How do you make those determinations internally when that LERTA comes up for reauthorization about what land to include and how to structure the increase in the taxes.

Ms. Karner stated they look at modifying the boundaries every time. Even when she was with Northampton County and the City of Bethlehem was looking at the boundaries and at that point they extended it back into the business district. She believes that was probably 2012 and there was a look to how challenging these properties are. What are we competing against? If you look at our areas that are zoned specifically to accommodate warehouses, we are competing with the Macungie and other areas in which the tax rateable are so much less than what they are in the City of Bethlehem. We look at how we are competing with those we are losing out to and how do we level the playing field a little bit. She is always looking at why certain areas are not developed on multiple levels, what are the challenges associated with the ground and the competition. Then when we looked at the adding the two parcels, it was how many inquiries did we get, how much do we want to see these properties redeveloped, what is the market for them, what is stopping it from seeing redevelopment and how can we incentivize somebody to take a look at this challenging piece. Ms. Karner stated as far as the style or the level of abatement the City of Bethlehem has long held that 10% incremental increase. We did take a look at that when it first came to the City. She and Dave Brong spent a lot of time talking about whether or not it was better for the City to try to collect more of those dollars up front. We were in a difficult financial position for so many years and we had that opportunity to potentially change the way we were collecting it. We talked to some of the tenants, we talked to some of the property owners and decided the continuation of what was a long established practice was the best way to renew the LERTA.

Mr. Reynolds noted the TIF is set to expire next year he believes.

Tony Hanna, Redevelopment Authority Director stated it will expire June 30th of 2020.

Mr. Reynolds noted he was not on Council at the time but as the deal was closing and this idea of creating this kind of 20 year thing, what the TIF has turned out in that area with Steel Stacks and the Casino it is hard not to look at that and not thank everyone back then that made that decision, which was not easy to do. First, now that we are almost at the 20 year period sometimes we feel like we will never get to the end but that needs to be said. Going forward, for that area as far as incentives with the TIF ending what is the future for that area with the development there.

Ms. Karner informed they are evaluating that now. We are always interested in hearing outside of the hotel project that has been publicly announced by Wind Creek and this flirtation with the Machine Shop 2 project, there has been no identified projects for the remainder of the site. It is really hard to understand what the needs are without knowing what the vision is. To confidently say what to do next, she cannot do that. Certainly, all of the tools are always on the table for a development project.

Mr. Reynolds asked if the non-developed part of the Casino, there area between Steel Stacks, is that area in the CRIZ currently?

Ms. Karner informed CRIZ is parcel by parcel so it is a spotty CRIZ area. If you look at the two ruins parking lots they are both in the CRIZ, the carpenter shop is, the tool annex, Machine Shop Two certainly is. Then SGO, that complex is include in the CRIZ so it is really over the place on what is in and what is not.

Mr. Hanna added one of the other things we are exploring, as was mentioned, all tools are on the table, even though the current TIF is expiring next year it could be on the table that we could be setting up a specific TIF if we would look at it. We do not know yet. That will be project by project, there may be something that could benefit from Tax Incremental Financing, and it would have to come back before Council, come back before the School District, come back before County Council as well to make that decision. We could potentially make that presentation if it is something that Wind Creek could benefit from, because they are the ones developing the site on their own at this point, 100% of it. Mr. Hanna pointed out right now CRIZ is available, LERTA is not available in that area but it is something that could be explored in the future.

Mr. Reynolds remarked there is a potential for a new TIF.

Mr. Hanna replied maybe.

Ms. Karner added there is always the potential for a new TIF, a TIF can be created anywhere.

Mr. Hanna related you cannot extend the current TIF, 20 years is the maximum in terms of what a tax incremental district can last in the Commonwealth. So we would

talk about the use of tax incremental financing for future projects it would have to start all over again. It could be on the table but we have not looked at anything specifically.

Mr. Reynolds asked if we have the opportunity as long as we get the other taxing bodies to sign onto it.

Ms. Karner stated no, you could create a TIF that is the City of Bethlehem alone. Ultimately the entities who are giving up tax dollars are the ones who have to agree to the TIF.

Mr. Hanna added the other thing that could happen is it does not have to be the same kind of generous TIF in the past, that was a very generous TIF. When it was originally created in 1999 there was a lot of concern that we would have to put a lot of money into the infrastructure and the redevelopment of the Bethlehem Steel site. There was a great deal of concern; it was Bethlehem Steel with their consultants and the City looking at the fact that we would need a lot of money to redevelop the site. Thankfully, because it was such a generous TIF when the Casino came along and started generating a tremendous amount of real estate tax that generous TIF allowed us to do things like Steel Stacks and other things we maybe could not have done previously. Mr. Hanna noted if we set up a new TIF it does not have to be an 85% in the TIF and 15% to the taxing bodies of 65/35, it could be 50/50. It depends on what your needs are and it could be structured anyway you want. It does not have to be a 20 year TIF, it could be a 10 year TIF or it could be shorter than that. It is all projects specific and is driven by whatever financials you would put together for the project.

Mr. Reynolds mentioned some of what was included in the TIF in the last 20 years has gotten developed. He queried if there is an estimate that when the TIF expires next June 30th of 2020, what is that increase tax that will no longer be going into the TIF to pay off the bond that will then be coming into the City.

Mr. Evans noted if you look on page 42 of the report that will give a good picture; the amount that is sent to the RDA in 2018 is \$1.45 so it is about a million and a half that goes into the TIF that will go back into the City, to the General Fund.

Mr. Reynolds noted we will get that \$1.5 but is there an estimate of what the School District will get.

Mr. Evans believes that would be around \$4 million.

Mr. Reynolds asked if the County will be getting less than \$1.5.

Mr. Evans replied yes. He added if you started a new TIF, somewhere in that area for a specific project the amount in those two columns, that \$1.2 plus the \$1.4, that

\$2.6 would go to the General Fund and the TIF would just be on the new projects that come on, the incremental gain.

Mr. Reynolds remarked none of those gains would be included in a new TIF because they are already developed so you do not need an incentive to develop.

Mr. Evans stated yes that would be the new baseline, the \$2.6, this would all go to the General Fund to be incentivized for future projects that would be proposed.

Mr. Reynolds remarked if it will run out in the next 9 months, how much money is currently left in the TIF.

Mr. Hanna explained we have about half a million in this year's coffers and we have to look at what next year's projection is but it could be anywhere around a million dollars more that could potentially come to the RDA for next year's TIF. That would be the allocation to the RDA, so he would say about a million and a half dollars. We do not have any projects allocated for that at all. We are taking a look several things. We are looking at what our potential maintenance costs will be for some of the projects we have done. We will be meeting with Mr. Evans, Ms. Karner, and Mr. Alkhal to look at what our potential maintenance needs are for some of these public projects. If you look at what we have created, the RDA over the last 20 years and particularly the last 10, we have the Visitors Center which is a public facility owned by the RDA. We also have the Levitt Pavilion which is a public facility owned by the RDA. We have the Hoover Mason Trestle which is a public facility owned by the RDA and also a series of public plazas, some we own and some we do not own. But we do have some maintenance expenses that will be affiliated and associated with those projects. We are doing some projections now on what the cost would be. Setting up an endowment for them is something that the School District is not interested in; they do not feel that an endowment is the way to go. So we are looking at ways that we can front end load some of the maintenance costs we might have for some of these buildings. Mr. Hanna added if there is anything left over we will take a look at funding some projects. We can go a number of places but we will certainly not going to take whatever excess money we have and return it to the taxing bodies at this point, we have some needs to look at.

Mr. Reynolds noted that makes sense, the RDA has helped to fund additional projects that potentially could come back on the City for maintenance. Obviously putting money on the side or coming up with a plan for that is important. He would be curious about what type of potential projects they are looking at. What types of things would you be looking to fund with excess money.

Mr. Hanna reported actually right now we are only looking at maintenance related development. There is a large amount of maintenance needs that we have

accumulated over the last 10 years that we are looking to fund and do. The road system there is beat up; we are looking at ways to spend some of that money on redoing some of those roads, also the crosswalks. Some of the money could be directed to additional parking. Even the parking garage, the Polk Street garage, maybe helping out with that, if there is any funding left over. That came up last year as to why we did not direct more TIF money to the parking garage but that is something we can certainly consider after we look at our maintenance needs. We do not have any specific private developers or even public non-profit entities like ArtsQuest or PBS 39 who said we have this big project would you consider funding us with TIF dollars; we have not done anything like that. We have not looked at any proposals from anyone until after we see clear as to what our maintenance needs will be moving forward, because we only have one more year left.

Mr. Reynolds remarked Mr. Evans is having the conversations with Mr. Alkhal as to what they believe are the maintenance costs will be there.

Mr. Evans reported that is in the works now. As it winds down there is only a certain amount of time left in it. The debt payments will all be paid off that was associated with any of the projects. It will be a clean slate but the idea is that we have legacy costs with an important and very valuable asset, we are glad it happened but with that comes maintenance. We are trying to focus on that and Mr. Alkhal is trying to get a handle on how we do that.

Mr. Hanna remarked it is interesting of the three projects he mentioned the Levitt Pavilion is actually leased back to ArtsQuest and the Friends of Levitt Pavilion, Steel Stacks so they pick up most or almost all of the operating expenses for operating Levitt. He is talking about long term significant capital expenses that might be there for the lease we have with ArtsQuest. The same goes for the Visitors Center, they pick up all the cost of operating the Visitors Center right down to cleaning the bathrooms after a concert. They are responsible for maintaining the Visitor's Center in exchange for the free rent that they get for occupying the second floor that was the deal we made 10 years ago. That lease is up for renewal so we are taking a look at that lease again just to make sure that we are covering all the expenses we need to cover. Mr. Hanna pointed out their responsibility really we will focus on the Hoover Mason Trestle which we do not have anyone leasing. It is a bridge and does not have a lot of expenses but it does have some. We are taking a look at what those costs are and whether or not they could be something the City could pick up, maybe we could find sponsors; we are looking at a number of options.

Mr. Reynolds stressed the first thing would be to find out those maintenance costs and as much money as it takes to put aside for those maintenance costs needs to be first as far as priorities are concerned. If you have any money left over the idea that money could be spent on something in that area for public good would be important.

Parking is one of them but another is that we have had conversations about some of our connectivity issues in the City of Bethlehem. How do we work on getting wireless capabilities for people that are living in some of our low income neighborhoods? That is a potential project for a small amount of money that would go to help for some of the infrastructure there.

Mr. Hanna pointed out we have time to consider a number of options. Our first priority is to look at our needs for our existing buildings and projects and if there is anything left over we will certainly consider some other uses.

Mr. Reynolds remarked that one of the things that is not in here because it is not a State program, not a local program but have all read about the Federal Opportunity Zones. He asked Ms. Karner to talk about where those are in Bethlehem and if anyone is using them.

Ms. Karner stated we have 5 census tracks within the City, four of them are low income, one is contiguous to low income census tracking which makes it eligible. Those encompass the LVIP Majestic Area off of Commerce Center Boulevard, the Arts and Entertainment area of Wind Creek. The Central Business District on the south side and up to Lehigh University although that census district is split so it is a little confusing. She noted that 5 Ten Flats is not included; there are some weird pockets that are not included. On the north side it is the area that is Hotel Bethlehem and Broad Street and then Martin Tower census track. So that is the one that is not a low income census track but is contiguous. Ms. Karner added we have an awareness of one project, the former Ice House at Fourth and Adams. She pointed out that PNC was the qualified partner on that project. We talked about it with others and are not aware with any certainty that there are others that have been utilizing qualified funds. That is not something they are obligated to report to us, a private entity can create a fund but they have to invest 90% of that fund into a low income qualified census track.

Mr. Reynolds noted they are not obligated but obviously when we take a look at what programs we offer depending on how lucrative those are, if we are looking at that general question of at what point do projects need public incentives, at what point do we need to invest. You would like as much of that information as possible but he thinks it is an important question going forward with these incentives, also what individual developers ask for when it comes time for administration support.

Ms. Karner stated certainly and added those are not the only incentives, there are others. There are housing tax credit programs, educational tax credit programs, there are new market tax credits, a lot of different programs at which the development community can use. We talk about it; we would love to know whether or not they are being utilized. It is not just for bricks and mortar; you can invest in businesses themselves. She was reading an article about co-working space and how co-working

space that is located in a qualified track is a great opportunity for funds to invest because you have a lot of businesses in one location and there is a lot of growth potential in those and you can accelerate their growth pretty quickly. It is the development community but it is also the business community.

Mr. Reynolds understands that we do not have that information. He asked if we are able to put this information up. He knows that Mr. Evans is going to talk about our website at the Council Meeting but he wondered if we can put this information up onto our website.

Ms. Karner stated it was on the old website on Council's agenda, she would presume it will be on the new one.

Mr. Vidoni informed it was on the Community Development's page.

Ms. Karner noted they will put it on the Community Development's page.

Mr. Evans stated yes, it will be on Council's documents because the Council Minutes will be archived but also we can pull it out and highlight it on the Community Development page.

Ms. Karner added she can make sure it is there.

Mr. Reynolds remarked that we are offering a lot of different economic development incentives. We need the programs, other municipalities have them and he understands that we are taking a step in the right direction and collecting data. We should create a lot of leverage for the administration to say we like A and B and we want you to change C, D, and E. Part of the reason you are able to do that is not just because we are the governmental agency but also because the entities that are taking advantage of these incentives while necessary also need to work with the public and the public good with these projects. Mr. Reynolds explained this is what we are able to do and every question that we cannot answer here legally, that we are not required to get answers for the administration can hold out and ask these questions and say we want to support this project but we need more information. If you look at things like the opportunity zones and we have all read the articles that our current President and the Republicans in Congress pass these opportunity zones, they were designed for low income neighborhoods but that is not how they are being utilized. They are being utilized as a way for people to build very, very high end housing and high end projects in low income neighborhoods. That is the type of thing we should be able to have conversations with people about.

Mr. Colón stated most of his questions were answered but he just wanted some clarification about the TIF. The TIF expires in June of 2020 and then the money that is in

the coffers there now, when does that money have to be exhausted by. Do the projects just have to be approved by when the TIF expires? Obviously there will not any more money going into the RDA and out of the TIF but when does this money have to be spent by. Looking at the Flats on Third Street he knows it has been a series of years where money has gone into that.

Mr. Hanna explained actually this year we put the third installment in so in 2020 we will not have any obligation to put into 5 Ten Flats. Whatever funding we have, we have been advised, and he will double check, that we have until the end of the year to commit and/or spend the money. So it has to be committed in some fashion by the end of the calendar year. We will double check that with Bond Counsel.

Mr. Colón remarked by the end of 2020 it would have to be drawn down.

Mr. Hanna believes that they are committed to that in some fashion.

Chairperson Van Wirt remarked about how useful this whole process is, it was a great thing to have created because transparency is a good thing. She likes data and will ask for even more. As much as she likes on page 42 to see a synthesis of it she does not think your average person could read it very well. Exactly how much is the City giving up every year, exactly how much is the City getting every year. It would be nice if we could have this in some type of graphic form with some type of chart, something where we could actually see the data, particularly over time. Last year's FAIR hearing was like throwing up a bunch of data and it splashed on the wall and you got to look at it. There is some ability in there to analyze it but what we are looking at over time is are these programs giving us our money's work for the amount of money we are giving up. Chairperson Van Wirt would like the citizens to be able to look at it as well as we can. For example on this LERTA it is tough on this one for her to say how much exactly did the City give up or forfeit in terms of dollars per year. Along those lines one of the purposes of this hearing is so that we can as Council give feedback to the Administration on where we feel the emphasis should be. For our framework for those of you at home or for the minutes we are focusing on three programs here, the CRIZ, the LERTA and the TIF that actually involve money coming out of the General Fund that would otherwise be there. There are other ones that do not involved tax dollars, so not as much scrutiny has been placed on them. We are focusing on the LERTA, TIF and the CRIZ. What she hopes we can do as a Committee is to come up with some comments and some formal feedback to you all so you can see where we feel the traction is and where something else could maybe be improved. That hopefully can be in a timely manner so those comments and input could be incorporated for next year's FAIR hearing. Chairperson Van Wirt pointed out for her she found some of the definitions in here pretty muddly. The timeframes are not definite, investment is a broad word. Maybe we could work on some definitions and some clearer timeframes on here. So we can then compare apples to apples. She asked if there are any further

programs that involve City tax dollars on the horizon that we have not talked about here for economic development incentives.

Ms. Karner stated no.

Chairperson Van Wirt queried if the applicants for the programs that involve tax dollars are vetted so we know that they do not owe the City any money in taxes.

Ms. Karner replied yes. The ordinance that was passed earlier this which allows us to withhold permits has been very driven towards prohibiting these projects or incentives being utilized on those projects. You have to pull a building permit to be able to apply for the LERTA for instance. Well, if you owe taxes we will not give you the building permit which means you cannot apply for the LERTA.

Chairperson Van Wirt noted you have to have the building permit before you apply and are approved for the LERTA.

Ms. Karner stated yes, you actually have to have a completed project. We get it in within a certain time period of the building permit being pulled. Then the County does not go out and do the assessment until the Certificate of Occupancy is generated, so there is a huge lag time on that. But you cannot even begin your project legally without a permit and you cannot apply for LERTA without having a building permit.

Chairperson Van Wirt queried if the same thing applies for the CRIZ.

Ms. Karner remarked essentially there is no trigger in that same form or fashion but there is no ability to do a project to generate revenue, to enter into an agreement with the CRIZ authority to give it back to the debt service if you cannot pull the building permit.

Chairperson Van Wirt mentioned to Mr. Hanna that the same thing would apply with the TIF, that you are not anticipating any grants in the future for anyone who may be behind on their taxes.

Mr. Hanna noted that is correct and it actually even extends beyond the extension of any grant funding. All of our redevelopment agreements in terms of the disposition or sale of property to developers with an example being Skyline West, it has a clause built in per the City Solicitor's office and per Council's review. They basically say we will not go to closing until all real estate taxes are paid.

Chairperson Van Wirt explained she could not emphasize more what Mr. Reynolds said in terms of thing A and thing B should be maintenance. She asked who owns the blast furnaces now.

Mr. Hanna stated they are owned by Wind Creek.

Chairperson Van Wirt mentioned the maintenance is on them for how that will be taken care of because that concerns her, this rusting, hulking thing going forward.

Mr. Hanna remarked they have continued to do evaluations of them and they go through them periodically. They have done some internal maintenance within the blast furnaces themselves but yes, they are Wind Creek's responsibility, not ours.

Chairperson Van Wirt informed if the TIF ends on June of 2020 and the money does not begin to accrue back to the City until January of 2021 in that 6 month period what happens with that money that would normally be going into the City funds?

The way we collect taxes, we collect them at the beginning of the year, before June 30th. The school district collects them after June 30th, in August but we collect them before August. Mr. Hanna thinks that everything that is due the TIF, and the taxing bodies will be distributed and cleaned up by the time the TIF expires. Mr. Hanna thinks the documents always plan for some at least transition to allow for an orderly transition between when we collect the TIF dollars. A lot of those TIF dollars come to the Authority and then we distribute the money. There will be some orderly transition.

Chairperson Van Wirt mentioned for the CRIZ she asked what the status is right now of what developers can do with non-used CRIZ acreage that they have been granted.

Ms. Karner asked if she is talking about those that were included in the original application or those that have been allocated acreage subsequent to the original application of the Commonwealth.

Chairperson Van Wirt is specifically referring to Martin Tower because that is the one project that has way more CRIZ acreage than it needs. That is a real benefit to the City and she wants to make sure that the City has a voice in where that goes, if it goes anywhere. She asked if it just evaporates or who gets to choose where that extra CRIZ acreage goes.

Ms. Karner explained the process is that the developer needs to subdivide the acreage because it is two parcels currently. The presumption is it will be a subdivision associated with each one. This Council approved a change to our subdivision ordinance which allows the building footprint to be surrounded by a parcel that is maybe parking or non-building related. That is with the intention of allowing a subdivision to not use as much CRIZ acreage as would have typically been required. The developer then makes the request to the CRIZ authority which is the Bethlehem Revitalization and Improvement Authority to decertify the acreage it does not need.

Then there has been banking allowed by the Commonwealth so we decertified several parcels that have gone into a bank which means they are unused. In one instance we did it in partnership with Majestic where they wanted a little bit of time to then figure out how they were going to subdivide the parcels that remained undeveloped. We committed to not allocating that acreage to another project and in other cases we subdivide and that is free for the Authority who defers largely to the City to allocate that acreage.

Chairperson Van Wirt asked what happens if the developer does not request to have it decertified.

Ms. Karner noted there is nothing the Authority or City can do until 8 years post, she thinks a 2015 change to the statute in which we can then hold a public hearing, we can, the authority can remove that designation from the parcel.

Chairperson Van Wirt asked if the developer can say he does not want it to be here, I want to put it over here.

Ms. Karner stated yes but all of this has to be approved not just by the Authority and being negligent in saying the Commonwealth also has to approve it which includes the Department of Revenue, Community and Economic Development and the office of the budget.

Chairperson Van Wirt noted Ms. Karner would have some gavel power on that one.

Ms. Karner replied yes, the Authority is actually the entity that submits the application for approval. We have done it on a smaller scale for the Wilbur Mansion and have been able successfully to include that. We did a transfer of acreage and then we had to do a project approval. So it is actually a two-step process.

Chairperson Van Wirt stated she is glad that Mr. Reynolds brought up the federal opportunity zones. She thinks for us to understand the different layers of economic development, project availability there is. She asked if it is possible to get a summary paragraph for other ones that the City does not control but is still available for economic development for us to understand when we talk about this next year?

Ms. Karner stated there are dozens of this, State and Federal.

Chairperson Van Wirt is asking for just the active ones.

Ms. Karner noted she can certainly do the top 10.

Mr. Reynolds mentioned we can look at different ways to visually present this information. The tough thing is asking the question, what is the City giving up. It is hard to prove that these projects would happen without the incentives. That is why he came up with this in the first place. That is difficult. The question of whether or not incentives are being used goes back to the fact that every time an incentive is being used it should create more leverage for our planning department and our administration to be able to say, this is the public benefit is giving you and this is what we need to create the best project. The more information the administration, City and the public area able to know, although it will be hard to get exact numbers, it should create more of a leverage argument on behalf of the public entity. This is for sustainability, walkability, solar power, all of those types of things. The more incentives that are used that should strengthen things.

Chairperson Van Wirt liked his idea as well for pushing out internet access for our City, particularly for low income neighborhoods. That is a wonderful way to use the power of the City and how we use our tax dollars.

Chairperson Van Wirt thanked everyone for the data and overall it is a good thing for Bethlehem.

Chairperson Van Wirt adjourned the meeting at 6:50 PM.