

**State College Borough Council**  
**Work Session**  
**Friday, January 21, 2005**

The State College Borough Council met in a work session on Friday, January 21, 2005, in the State College Municipal Building's Council Chambers, 243 South Allen Street, State College, PA. Mr. Daubert called the meeting to order at 12:05 p.m.

Present:                    Thomas E. Daubert, President of Council  
                                 Catherine G. Dauler  
                                 Elizabeth A. Goreham  
                                 Craig R. Humphrey  
                                 Janet K. Knauer  
                                 James H. Meyer

Absent:                     Jeffrey R. Kern

Also present: Thomas J. Fountaine, II, Borough Manager; Carl R. Hess, Director of Planning; Michele Nicolas, Director of Human Resources; Thomas R. King, Chief of Police; Michael Groff, Finance Director; Amy R. Miller, Recording Secretary; Ronald Davis, Assistant Borough Manager, members of the media; and other interested observers.

**Public Hour.** There were no comments from the public.

**Fraser Redevelopment Plan.** Mr. Hess began with options available for redevelopment of the Fraser Street/Medical Arts Building site. Alternatives presented were establishing a Redevelopment Authority (RDA), having the Downtown Improvement District (DID) facilitate development, selling the Borough property, and leasing the Borough property.

One advantage for establishing a RDA would be that the RDA would have the authority to approve, reject or modify specific development proposals. They must follow an extensive public process for any construction. The Planning Commission must approve any plans before RDA moves forward. The Borough can negotiate transfer conditions with RDA and they can complete commercial, retail, industrial and housing redevelopment projects. The RDA insulates the Borough from litigation and financial risk. In addition the RDA can be recipient of HUD section 108 loans, as well as issuing bonds to finance projects, and pursue state grant funding for project assistance.

The disadvantages of a RDA would be that once Council gives approval they no longer have any authority or control of the project because the authority is an independent agency.

Advantages of the DID options are that Council is represented on the DID Board and DID would select and negotiate with a single developer as well as manage the project. In addition, Council may be able to transfer the property to the DID through a negotiated process, and the Borough could negotiate price and payment terms with DID. The DID may purchase, own, construct, renovate, develop, operate, rehabilitate, manage, sell and/or dispose of real property. DID would also assume the financial and legal risk for the project. The Borough could include a reversion clause in a property transfer agreement. DID can also pursue state and federal grants to assist in financing the project.

Disadvantages of having DID manage the project is that DID is an independent entity and Council has less control of redevelopment projects/processes run by DID. In addition DID may not act as a developer outside of the service area nor can they receive HUD loans directly or issue bonds to finance projects.

Mr. Hess then explained the time frames for both the RDA and the DID. Suggested time for project completion under RDA is 24 ½ months and 19 ½ months construction time with DID.

Council must now decide whether to employ an RDA, the DID or another method to complete the project. In addition the scope of the project should be defined.

Mr. Humphrey asked if the RDA would be made up of Borough residents. Mr. Hess answered, "Yes"; state law requires members of a RDA be residents of the Borough.

Ms. Dauler said with an RDA the Planning Commission (PC) would identify and certify redevelopment areas. She asked Mr. Hess if the PC would consider the whole Borough or just focus on the plot of land the Borough would like to develop. Mr. Hess responded that law requires the RDA be certified before any activity can occur in any development area. He also stated that the RDA is employed to respond to Council. Mr. Williams stated the RDA's statute was just amended last year to include boroughs; legislation was originally designed for third class and higher cities. The role of the PC in those forms of government is different from municipalities' planning codes; therefore, Council cannot overrule a RDA.

Mr. Meyer said the RDA could borrow HUD funds. He asked if the funds would be in addition to the HUD funds that the Borough already receives. Mr. Hess said the Borough would take those funds and set them aside; the Borough would act as a bank and use the developer to pay back the federal funds. Mr. Meyer then questioned the use of bonds; Mr. Williams said that bonds are not easily issued at a reasonable interest rate although they would be tax free. Mr. Fontaine said the municipality could guarantee the loans/bonds which would somewhat change the interest rate. Mr. Williams said the only risk would be financial.

Mr. Welch asked, since the RDA would be independent, would they require independent legal council. Mr. Williams said an independent council could be requested but not required; in addition, the RDA would have to pay their own bills out of their own funds.

Mr. Knauer questioned, if the RDA would involve more Borough staff time, how will that be handled. Mr. Fontaine replied the staff obligation is there whether Council establishes a RDA or hires the DID.

Ms. Knauer asked for clarification of Council's involvement if using the RDA or the DID. Mr. Fontaine said by statute Council has veto authority at the end of the project, but there needs to be collaboration among all those involved. Council member can be on the RDA. Mr. Fontaine said potential for conflicts will arise whether establishing the RDA or hiring the DID.

Ms. Goreham asked if the aversion clause for the DID (which states that the property can revert to the Borough) is also true for the RDA. Mr. Hess said similar requirements could be used. Ms. Goreham then asked if there would be greater public involvement using the RDA or DID. Mr. Hess replied greatest public involvement would be through the Planning Commission's involvement with the RDA proposal; but the Borough also has a long history with the DID. Because the Borough owns the site, the Borough can include stipulations.

Laura Silver, resident in College Heights, stated she is an active community volunteer and is concerned about the proposed development. She asked Council to please consider the space as a community center or children's museum. Similar communities have youth centers and YMCAs in their

downtowns but the Borough does not have this resource. Ms. Silver stated that between the hours of 4-7 pm there are no supervised activities or positive opportunities for children to make a connection in the community. This type of project would encourage more families to live in the Borough.

Delores Tariconi, member of the DID Board and owner of the medical arts building addressed Council as member of the DID Board without a preconceived notion; however, after Ms. Silver's comments, she became concerned because she is being asked to give up her building and relocate. Ms. Tariconi also said she was concerned the RDA would become too time consuming. She added that 50 percent of the DID Board members were property owners and are totally committed to this project.

Art Anderson, Chair, State College Planning Commission, said he is aware of the contentiousness on the commission, but asked that Council not consider them as adversaries but rather as part of the State College team.

Teresa Sparacino, Executive Director of the Downtown Improvement District, stated it is the DID's goals to make the downtown viable, but also make it a benefit for the local community. A children's exploratorium is the next thing on DID's list for development, and DID is currently working with the Smeal College at Penn State. She felt the cinema committee should stay in place and believes there is a critical need to move forward on this project.

Mr. Daubert suggested Council think about the options and prepare questions to be discussed on February 14.

**COG General Forum Agenda for January 24, 2005.**

Mr. Daubert suggested Council read the attachments for the COG agenda because they will be discussed. He also urged Council to read the draft report "Beneficial Reuse Project" and be prepared to ask questions; a report will then be prepared and presented to the Public Services Committee on February 4.

There being no further business, the meeting was adjourned to a work session at 1:30 pm.

Respectfully submitted by:

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Thomas J. Fountaine, II  
Borough Secretary