

Meeting Minutes
State College Borough Council
Work Session
May 9, 2005
7:30 p.m.

The State College Borough Council met in a work session on Monday, May 9, 2005 in the State College Municipal Building Council Room, 243 South Allen Street, State College, PA Mr. Daubert called the meeting to order at 7:30 p.m.

Present: Bill Welch, Mayor
Thomas E. Daubert, Council President
Catherine G. Dauler
Elizabeth A. Goreham
Craig R. Humphrey
Jeffrey R. Kern
James H. Meyer

Also present: Thomas J. Fountaine, Borough Manager; Carl R. Hess, Director of Planning/Community Development; Cynthia S. Hanscom, Recording Secretary; and other interested members of the public.

Public Hour: There were no comments made by members of the public.

Update on the ad hoc Tax Study Committee. Mr. Fountaine indicated the ad hoc Tax Study committee has been meeting on regular basis. Because of developments in possible pending legislation, the committee has not completed its report. The Committee has asked the report be delayed beyond the May 2 date as indicated in the charge. The Committee hoped there would be some closure to the legislative issued before the end of the summer. Mr. Kern explained there were two court cases, one on the efficacy of the Business Privilege Tax (BPT) and another on economic decisions. He predicated information should be available by May 19.

Mr. Humphrey asked if there were problems with the Emergency Municipal Services Tax (EMST). Mr. Kern explained there is an amendment before the House of Representatives and it is expected to pass next week.

Mr. Daubert expressed concern in waiting until the end of the summer. The court cases could be tied up for months. The Committee should move forward with their recommendations. Mr. Kern cautioned that the Committee was not prepared to make recommendations to Council without all the appropriate data. He hoped to receive most of the necessary information by the end of the month. Mr. Fountaine added that, if the report is filed by August, Council would have sufficient time to deliberate the issues and make changes to be included in the 2006 budget.

Commercial Incentive Zoning. Mr. Hess reminded Council that they had discussed the base zoning at the work session of April 29. At tonight's meeting, he would present information on the incentives. He presented a series of slides showing the information on the incentives.

He reminded Council the purpose of the Commercial Incentive District was to implement the recommendations of the Downtown Vision and Strategic Plan. The new zoning district would have an underlying or base zoning similar to the current Commercial zoning with incentives added to encourage redevelopment. The incentives could be considered in four areas: parking, floor area ratio (FAR), front setbacks, and "off-sets" or other forms of modulations. The two areas of incentives included building design and use. The three bonus categories were height increase, FAR increase and parking reductions. Maximum bonuses were set to 95 feet in height, maximum FAR of 3.0, and maximum reduction in parking to 30 percent.

Mr. Hess then presented different ways a developer could receive the bonuses:

Front Setback	Minimum setback to qualify is 25 feet, measured from the curb OR Use setback averaging method – give developer options to move building around
Green certified	Minimum of 26 pts through the LEED certification process 26 through 32 points – 0.5 FAR 33 through 38 points – 1 additional story plus 0.5 FAR 39 or more points – 1 additional story plus a total FAR increase of 1.0
Underground parking	To qualify for the FAR bonus, 75 percent of the required parking must be provided in subsurface facilities

Owner-Occupied Residential	To qualify for this bonus, 100 percent of the residential units proposed must be designated and use as owner occupied.
Street Level Commercial	<p>To qualify the street level commercial area must be used for retail services, office, restaurant, theatre, or any combination;</p> <p>The area dedicated to the commercial use must be at least 25 percent of the building's ground floor area and must abut the exterior wall or walls facing the street;</p> <p>The minimum depth of the commercial area from the exterior perimeter wall facing the street must be 25 feet; and</p> <p>At least 50% of the commercial space's exterior wall area facing the street must be devoted to windows affording view by passerby into the interior commercial space</p>
Mixed Use retail/office	To qualify for this bonus, non-residential uses must occupy the entire floor area (excluding space devoted to circulate and HVAC systems) or a story within the building

Mr. Hess presented drawings of setback variations and height comparisons and tables showing what effect the ordinance would have on a typical lot.

Mr. Humphrey commented there should be a way to encourage diversity along North Atherton Street rather than have a wall of nine-story buildings. Mr. Hess noted that the height standards would need to be provided across the board throughout the district.

Mr. Daubert asked if an analysis had been done showing the use of the land within the district and which incentives would be used to the best degree. Mr. Hess believed the FAR and parking reduction bonuses would be most beneficial to developers.

Mr. Kern emphasized the importance of considering economics. No matter how many square feet or the amount of FAR, the bottom line is what would be financially viable. Mr. Fountaine noted that developers had been invited to one of four public meetings to review the ordinance. He believed it was important to have their comments.

Mr. Daubert commented the 95-foot height bonus is too high, and the parking required for commercial use is too high. He agreed that parking should be required for residential uses. He suggested the 30 percent reduction in parking for commercial uses could be increased. Mr. Hess noted that, if parking were reduced, the developer would not need as much building height. He cautioned that reducing the amount of parking would shift the burden of providing parking somewhere else.

Mr. Kern noted the most prohibitive factor is the parking. Requiring a space for every 800 square feet prohibited redevelopment. Mr. Hess agreed stating that the number of units and parking requirements drive the cost of a project and how much building is proposed.

Mr. Kern explained the Alleyway building located at 301 South Allen Street was a good example of what Council was looking for in development. Parking was located on the first floor with retail frontage on Allen Street. Offices were located on the second floor and residential condominiums on the top four floors. Frontage on Allen Street included a courtyard that was aesthetically pleasing.

Ms. Goreham asked about the incentive for providing parking underground. The Balfurd's site at 320 West Beaver Avenue is providing 96 spaces with a large portion of those underground. She asked how much parking could be reduced for that project. Mr. Hess said, because the project included first floor commercial, the developer would get close to the maximum 30 percent reduction in parking.

Ms. Goreham asked about the residential space proposed for the municipal site. Teresa Sparacino, Executive Director of Downtown State College Improvement District (DID), replied the proposal was for market rate owner-occupied housing. Mr. Hess noted the term "owner occupied housing" was not defined. This draft document defines it as the primary residence.

Ms. Goreham asked what the benefit would be to the Borough if a project were retail or commercial versus student residential. Mr. Hess noted that in regards to police services, the retail/commercial would be less costly. Typically, a student rental apartment building will generate more costs than revenue. He noted the Borough needs to attract more high-end office space. Rental residential uses do not pay for municipal service costs.

Mr. Humphrey asked how the ordinance was related to the Downtown Vision and Strategic Plan. Mr. Hess noted there was encouragement for owner-occupied housing. Whether or not the incentives would reach that goal cannot be answered at this point.

Mr. Meyer asked to see how the Balfurd's site and the apartment building under construction at the corner of Garner Street and Beaver Avenue would fit with the incentives. An analysis of buildings' costs would be helpful to determine the cost per square footage. Mr. Daubert suggested the Heimer project in the 200 block of South Allen Street also be included in that analysis.

Mr. Kern said it would be helpful to have statistical information on the vacancy rates for commercial and office space. Council is trying to encourage retail and office space but the incentives may not be enough if the market is glutted.

Mr. Welch noted the heart of downtown was built in era when there were no regulations. The ordinances today deal with smaller parcels and complicated regulations. He believed the 13 vision areas from the Downtown Vision Plan created spot zoning. Mr. Hess said that area 6 is small enough that it could be challenged as spot zoning. Ms. Goreham asked if area 6 should be included in the proposed area for this ordinance. Mr. Hess explained the height limit for area 6 is 45 feet. The Downtown Vision Plan recommended that area 6 be limited to 4-story buildings.

Ms. Sparacino said that vacancy is not indicative of the condition downtown. Sometimes it is more indicative of the property owner and the rates being charged. Mr. Welch said it would be important to hear from developers to determine if redevelopment is economically viable. He noted that it would be interesting to know if there are tenants that would be interested in living in this area. The bottom line is that the project must be viable.

Mr. Kern asked when Council would talk about zoning for the rest of the downtown. Mr. Hess said the Planning Commission and the DID will be addressing other areas of the downtown; he predicted the Commission would be sending a recommendation to Council before the end of the year.

Mr. Daubert asked the Commercial Incentive District be placed on Council's May 20 work session for further discussion.

Centre Area Transportation Authority (CATA) Budget. Mr. Fontaine noted that Council received the draft 2005/2006 CATA budget at the COG General Forum meeting of April 25, 2005. Council is being asked to comment on the proposed budget and send those comments to the COG Finance Committee by May 12. The COG Finance Committee met in February and March and discussed CATA's situation, with federal and state funding shortfalls and the impact they will have on local funding shares. A deficit of \$315,000 was identified at that time. Consistent with the previous three years' budget cycles, CATA is requesting a five percent increase in local shares for the operating budget, from \$358,463 to \$376,386. This reflects an increase of 9.16 percent, to \$75,127, for the Borough's share. CATA is also requesting \$60,000 for the capital reserve fund, of which the Borough's share will be \$11,976.

Mr. Meyer said one of his concerns was the Miller formula, which allocated costs based on the number of miles each route travels in each municipality. Because almost all the routes travel through the Borough, the Borough is paying for the lion's share (40 percent) of the costs to support travel into the Borough from outside its boundaries. If using the COG formula, the Borough would pay more but it would be based on a fairer system. The bus system is a regional system and should be funded as such. According to the Miller formula, the Borough could choose not to fund certain routes. He suggested the Borough send a message back to the COG Finance Committee asking the COG formula be used for funding purposes. In the past this suggestion has met with resistance from the townships and he predicted history would repeat itself. He asked that Council agree to forward the ultimatum that the Borough would be looking at cutting routes if the funding formula is not changed.

Mr. Meyer noted that there were many routes that seemed reasonable to maintain as the fares received from riders was high. Some routes, such as the P route (which runs to Innovation Park and Scenery Park) only received 20 percent in fares to cover the cost of the route; therefore, it was pulling more money from the subsidy. He suggested this and other similar routes could be discontinued. Hugh Mose, Director of CATA, said the P route was an anomaly. He was meeting with Penn State to see if adjustments could be made to accommodate the continuation of that route. As development expanded along East Park Avenue to Innovation Park, CATA responded to community needs. It is actually competing with the guest shuttle that is running every 30 minutes with a free fare. This was inefficient and he was working with the University to reduce the P route and find resources via the link to continue service to Innovation Park. Ms. Dauler asked when the change would occur. Mr. Mose predicted it would happen this fall. Mr. Mose noted that when the budget is put together, the changes that might occur in the fall are unknown.

Mr. Kern said that CATA was a region-wide bus system and they should not have to worry about stops and mileage. He agreed that it was time to call the question with the COG Finance Committee.

Ms. Dauler asked if the CATA Board of Directors was in favor of the Miller Formula. Mr. Mose noted that the Board of Directors was made up of representatives from the five municipalities. Each member would follow the thinking of the municipality with which he or she serves. He believed the Board knew that the Miller formula had shortcomings and would not object to a change.

Ms. Goreham asked for Mr. Mose's response to the suggestion that specific routes be discontinued by the Borough. Mr. Mose indicated he was a transit professional and was trying to do the best job for the Centre Region. Any strategy that hints at a disruption of bus service would be distressing.

Mr. Kern noted that Council would be remiss if they did not push the issue now because the Borough would see an increase in costs with the COG formula. Mr. Welch agreed, commenting that CATA is a unified bus system and the COG Finance Committee and COG General Forum needed to buy into that theory.

Council discussed the concept of putting advertisements on the buses. Mr. Mose indicated his staff has estimated that \$200,000 could be raised by placing advertisements on all 48 of their buses. This could be a very lucrative proposition. He said he believed local officials did not want rolling billboards. A second issue is the funding available from the state. Because the governor wants to keep the transit system afloat, he is asking the transit authorities around the state not to raise fares. Money from highways and bridges could be used to balance budgets. The message is that the status quo should be maintained. If money is raised by selling advertising, less money would be needed from the state. However, there is no incentive to do the advertising because the money will be available to meet budgetary needs. Mr. Kern noted that money not used by CATA could be used elsewhere. He said he would like to see it added. Mr. Mose said although he is not a proponent of advertising on the buses, the elected officials and CATA Board set the policy; if the majority agrees, he will do it.

Mr. Meyer asked about the link routes and the funding subsidies available. Mr. Mose said it was difficult to discern. Several funding programs have components that capture the mileage and ridership. Even if the ridership increased, CATA would not receive additional funding unless other transit groups had reduced ridership. He noted that at one time there were two routes, the town and campus loops, that qualified for federal and state subsidies because they performed an important community service. However, to make the service function better, the routes were expanded to run back and forth on Curtain Road, which is the largest demand. These new routes never go into the downtown and do not meet the criteria necessary for performing a community service. This may suggest that lower federal and state subsidies are available as the number of routes and ridership on the town and campus loops have decreased. Mr. Meyer noted that when Penn State offered the \$5 per month fee to park at the Bryce Jordan Center and loop into campus, many employees took advantage of the lower rate for parking. The additional cost is taking subsidized dollars away from other routes. A suggestion was made to approach the University for additional funds but Ms. Dauler did not believe they should be contacting Penn State officials at this point. The big issue was getting the municipalities to agree to a regional approach to the system.

Mr. Daubert agreed and asked Mr. Meyer to send the comment to the COG Finance Committee that the Borough intends to remove routes from the system in the coming year. However, all routes would continue if the COG formula were used.

Council Replacement. Mr. Daubert reviewed criteria that should be used when considering the appointment of the replacement of Janet Knauer on Council. He noted that the nominee:

- Should have previous Borough service either as a Council member or long-term ABC member,
- Cannot currently be seeking election; and
- Must be a registered voter in the Borough.

Ms. Goreham noted the Centre County by-laws indicate that a member of the same party must be appointed to a vacant position. She felt this was important to balance ideals. In both cases where a vacant position has come up on Council in the past 10 years, individuals have been replaced by an individual of the same party. Therefore, she was recommending criteria be added that the individual should be a Democrat and female.

Mr. Kern disagreed. He noted that he has no party affiliation and can participate in discussions and decisions unencumbered by party needs. Ms. Goreham felt Council needed to be responsible to the citizens who had elected a Democrat. She believed Council should review the list of individuals that ran at the last election and select a female Democrat receiving the most votes.

Mr. Meyer said this Council has never voted according to party. The County is different because there are only three members. In this community, the party has little effect on the issues.

Ms. Dauler agreed that a replacement should provide a gender balance but did not agree that the individual needed to be from the same political party. In the past, Council has not voted

according to political lines and party affiliation. She said the biggest influence in her decision was that this individual would be going through the budget approval process and she would like to see an individual with some experience.

Mr. Kern agreed that Council has never participated in party politics and did not believe it should be done here in this instance. He agreed that someone with budget approval experience was important. Mr. Daubert disagreed. Ms. Goreham also disagreed commenting that efficiency in the budget process should not be the main factor in considering a Council replacement.

Ms. Goreham commented the replacement should be someone who is "similar" to the person elected by the public.

Cindy Hahn, 225 Bradley Avenue, noted the replacement for Janet Knauer should be an individual who is "like-minded." Council should consider an individual who has the same ideology. The voters of this municipality elected Ms. Knauer and their decision should be respected. Someone with budget approval experience should not be a consideration. There are two new members on Council who went through the budget last year and did not need two or three years to learn how to deal with the process. Ms. Hahn said having someone with the same ideologies is more important.

Mr. Meyer said Council members start their terms in January and have 10 months to learn what to do and to understand the needs of the Borough. The budget will be the key issue in the next few months. The individual selected will not have the benefit of that lead time. Ms. Goreham disagreed, commenting that staff does a good job of preparing the budget. Anyone with experience in the Borough would be able to provide direction and be an effective player in the budget process.

Mr. Kern felt the Council was not going to agree on this matter and should move forward with the selection process based on the three criteria already listed.

Mr. Daubert asked if there were nominations for a Council replacement. Mr. Meyer nominated Richard L. McCarl because he has served on Council in the past. Mr. Humphrey nominated Jacqueline Melander; she has a deep commitment to preservation through her years of service with the Historic Resources Commission and he believed Ms. Melander's ideology was similar to Ms. Knauer's.

Mr. Meyer suggested Council vote on this at the next possible meeting because of issues that arise with a 6-member Council. Mr. Humphrey agreed. Ms. Dauler did not believe it needed to be acted on so quickly. Council has 45 days to appoint a replacement and Ms. Knauer's resignation is effective today. Mr. Kern agreed it could wait until the regular meeting of June 6. Mr. Daubert said he would make an announcement at the regular meeting of May 16 and list the nominations.

ITEMS OF INFORMATION

Ms. Dauler commented on the State College Area School District's reluctance to support the Pennsylvania's Homeowner Tax Relief Act 72. Act 72 was \$1.5 billion property tax relief package that would be fueled by revenue from expanded gaming. She said she attended a citizen information meeting that included information on the Act and watched subsequent School Board meetings where the issue was discussed. The School Board appears to be reluctant because changes in school district property taxes would need to be approved by referendum. The School Boards looks at this as anti-school board because they will have to go to the voters and explain why they need money and there is resistance to this idea. Ms. Dauler commented that the School District could benefit from the Act with additional income and the property owners could save approximately \$330 in annual taxes. She said it appears the School Board will opt out of Act 72 but she would be attending the School Board meeting to comment on the issue.

Ms. Goreham reminded Council that the Centre Area Cable Consortium would hold a public meeting to take comment on the Adelphia franchise on Tuesday, May 10, at 7:00 p.m., at the Mount Nittany Middle School. This was an opportunity for cable television customers to provide comments, suggestions, and constructive criticism on current cable service. Such feedback will assist the Centre Area Cable Consortium in negotiating a new cable franchise agreement.

There being no further business, the meeting adjourned at 10:20 p.m.

Respectfully submitted,

Cynthia S. Hanscom
Assistant Borough Secretary