

**Pennsylvania Senate Urban Affairs & Housing**  
Joint Committee Hearing  
The Future of Pennsylvania Cities, Large and Small  
**Written testimony Submitted from Senator Jim Ferlo, 38<sup>th</sup> D**  
May 29, 2013

Mr. Chairmen and Members of the Committee, welcome to the City of Pittsburgh and thank you for the opportunity to share some observations and concerns regarding the future of our cities. As you are aware my District is a microcosm of our state as I represent the core of the City of Pittsburgh, and parts of Allegheny, Westmoreland and Armstrong counties. This geography is diversified with both healthy and struggling disadvantaged neighborhoods within the urban core, wealthier suburban communities, working class towns along the Allegheny and Kiski Rivers, and rural farms communities.

My hope is my joint testimony with Director Robert Rubinstein will emphasize how the Pennsylvania legislature should continue to play an active role in supporting revitalization efforts in our state's cities and small towns. Continuing to support state programs and tools that have demonstrated their effectiveness here in Pittsburgh and throughout my District will contribute to the overall strength and continued growth of our cities and the Commonwealth's economy.

**Regardless of the size, governmental structure, or level of local resources, all of the communities I represent have benefited from state government assistance. This ongoing partnership between the state and local government must continue if we are to realize success and progress.** I believe strongly in local decision making. One of our duties as a Legislature is to ensure city and local officials have the tools at their disposal to make sound decisions about growth and investment.

For the past ten years as a State Senator, and for 30 plus years overall as a grass roots leader, I have led community and economic development efforts by organizing communities to become more effective advocates in redefining their communities. I have urged that they be guided by principles of sustainability and a realization that they must re-evaluate their strengths and weaknesses and adjust to an ever changing environment. These efforts have led to the creation of new organizations, that have been vehicles for change, and have drawn upon both human and financial capital to be successful. They have also flourished because of state assistance. Some of these examples include:

- Working to create Main Street communities such as the **Vandergrift Improvement Program, Inc.** and the multiple Main Street communities represented by **FLAG, Inc.** (Freeport, Leechburg and Apollo). Public officials, small business folks and citizens have joined in efforts to re-build their core business districts and educate residents about the 3 E's , the core principles of Main Street: *Environment, Economic re-evaluation, Equity*; and the importance of preservation as the foundation of re-creating successful communities. State government and DCED have to continue their financial support for these types of organizations and remove recently enacted program guidelines that are proving to

be the death knell of progress. This has been particularly true with the City of Pittsburgh's Main Street program that is in a state of atrophy due to diminished grants and new regulations that are reducing the capacity of our community organizations, thus preventing them from being effective partners and advocates within the community development process.

- The creation of ARTEZ, Inc. (Allegheny River Towns Enterprise Zone) has brought together seven municipalities along the Allegheny River in order to enact more strategic use of limited resources and effectively engage in master planning of older and underutilized industrial sites. This multi-municipal, cooperative effort that targets the remediation of hazardous sites among its priorities, is, and must continue to be an integral step towards communities evolving in the 21<sup>st</sup> century. A shovel ready site clear of environmental hazards has proven to be more financially bankable and attractive to private investment. The Legislature should consider how we can expand the enterprise zone tax credit and loan incentive packages to promote more private investment in "Brownfield" towns and cities. One of the underlying factors that has contributed to ARTEZ's success is because it is structured to ensure small business, government officials and citizens from each of the participating municipalities are represented. Everyone has a seat at the proverbial table. I am pleased that support for ARTEZ has been non-partisan, and want to thank Senator Randy Vulakovich for his ongoing support and involvement. ARTEZ's leadership also has a great working relationship with our Allegheny County Chief Executive Rich Fitzgerald and the Allegheny County Redevelopment Authority and together they are working to make certain limited resources are more effectively targeted and prioritized.
- The re-emergence of a grass roots citizen action advocacy group in "old mill town" Natrona in Harrison Township, the Natrona Comes Together Association (NCTA, Inc) is succeeding with discretionary resources from the state and their own fund-raising and sweat equity. The NCTA has led efforts to clean up the community of drugs, abandoned housing and nuisance bars that were prevalent several years ago. Multi-year efforts from NCTA have yielded a new playground and town square and garnered the attention of local foundations, Friends of the Riverfront, and the expertise of the Pittsburgh History & Landmarks Foundation among many helpful partners. The story of Natrona should be a model for effective citizen engagement and I believe too many of the struggling communities we represent need to organize to really effectuate the change they need and deserve from government.
- The planning, development, and now construction of the \$40million Green Innovation Center is transforming the vacant Connley Trade School building into a 6.6 acre complex that will promote energy sector research and innovation. The Green Innovation Center will co-locate collaborative university projects, proof-of-concept energy technology demonstration laboratories, business incubation, and targeted workforce training programs. This ambitious project would not be a reality without a significant contribution of state dollars from the RACP and ACE

(Alternative Clean Energy) program, gaming funds, along with tax credit equity, corporate foundation support, and assistance from U.S. Congressman Mike Doyle and the Pittsburgh Gateways, Inc. of which I am a founding incorporator.

Over the past 30 years I have held elected positions in the former Model Cities and Community Action Programs, Member and President of City Council starting out under the Caliguiri administration as well as my tenure in the State Senate. I have played an important role in the application of various types of economic development tools and strategies. Those tools and strategies have succeeded in improving the quality of life for residents, have expanded business opportunities, led to job growth and retention and created a path toward more sustainable growth and prosperity.

I was first appointed to the Board of the Urban Redevelopment Authority (URA) by Mayor O'Conner and during my seven year tenure as a Board Member, can proudly state that we have been led by an experienced and talented staff at all levels. The URA staff and board has worked in partnership with local businesses, developers, community development groups, banks and citizens to transform Pittsburgh. We have gained regional, national and international recognition. With our Sustainability and Green Design Policy, we are keeping Pittsburgh front and center when it comes to environmentally responsible planning and innovation. Mayor Luke Ravenstahl and his Administration should be credited with these initiatives and a recording of his tenure needs to be fair, balanced and accurate. Pittsburgh remains both the living room and the economic engine of our region and many colleagues who have not frequented our City have commented to me how impressed they are upon visitation. **I want to make it clear that the foundation of our prominent re-emergence could not have taken place without support from the State Legislature.** This includes not only economic development grants and resources in the billions but assistance to City government in tax reforms and direct revenues in the millions. Please take the time to review our 2012 year end progress report entitled "*Wherever You Are , there's the URA*", presented here today which provides a glimpse of the economic development activity that has taken place over the past five years.

Despite the uninformed and inaccurate criticism of just a few, the URA operates in full transparency and openness, and in constructive partnership with hundreds of developers, private contractors, and community development groups, elected officials and grass roots citizens. Resources are spread out to include the core of downtown and Oakland but have effectively impacted both growing and disadvantaged neighborhoods and we continue to do more. This is clearly evidenced in every Board meeting and smaller project meetings that number in the hundreds. Equally important, the URA has led important and transformative initiatives such as the Allegheny Riverfront Master Plan, the Allegheny River Blvd initiative, the redevelopment of the Southside Works and 2<sup>nd</sup> Avenue Technology Park, the North Shore transformation, new ball park and Convention Center construction, the preservation and now rebirth of Bakery Square, the first ever viable TRID project proposal now under review by the Corbett administration that will continue to build on the substantial transformation of East Liberty, and much, much more. From Mayor Caliguiri to Mayor Sophie Masloff to Mayor Tom Murphy to Mayor Bob

O'Connor and to Mayor Luke Ravenstahl, the URA has and continues to be the vehicle to create, guide and sustain this progress.

As a preservationist I believe that every building, commercial or residential, should undergo a critical review and assessment as to its viability and every effort should be made in this regard. Notwithstanding my opposition to the destruction of the Civic Arena no agency has contributed more financially and morally to historic preservation and adaptive re-use than the URA despite the unrealistic, sacrosanct and disruptive opinions of a few.

I have no doubt that our next Mayor will recognize the important function and instrumentality of the URA in bringing an economic development project to a successful conclusion. His ideas and leadership will build on this legacy and continue the effective growth of a great American city.

Included with my written testimony is a brief narrative and supporting data that shows revenue that was either enabled through legislation or granted to the City of Pittsburgh since 2004. Ultimately these additional taxing powers and grants have resulted in a gross revenue increase of \$55 million annually or 11% of the City of Pittsburgh's 2012 operating budget. This ongoing support from the state combined with leadership from the mayor and City Council has resulted in debt service reduction of over a quarter of a billion dollars and 9 bond rating upgrades.

I'd now like to yield the remainder of our time to Robert Rubinstein, Acting Director of the Urban Redevelopment Authority. Thank you.

## Addendum I

### Revenue Enabled or Granted to the City of Pittsburgh Since 2004

In 2004, Pittsburgh was in financial crisis. City leaders of every level were involved in deciding whether to accept Act 47 status, declare bankruptcy, or find another way out from crushing debt, too little revenue, and too much spending. With the assistance of the Pennsylvania State Legislature, Pittsburgh was able to mold a hybrid plan together using new revenue enabled by the state with the tools of the Act 47 process and oversight to carve a path back to financial stability.

The revenue changes or additions made by the Legislature for Pittsburgh now generate more than **\$55 million annually** for the City's operating budget. These include:

- Increasing the Local Services Tax from \$10 to \$52 (Now generates \$10.7 million more than in 2004)
- Shifting .25% of the total City and School District real estate transfer tax to City Government Operations (Now generates \$26.4 million more than in 2004)
- Eliminated the two gross receipts business taxes and replaced them with the Payroll Preparation Tax (Now generates \$3.4 million more than in 2004)
- Dedicated a share of the tax on slot machine revenue (Now generates \$10 million annually)
- Dedicated a portion of the economic development program created from revenue from the gaming industry to pay down a portion of Pittsburgh's debt (Saves the City \$5.1 million annually)

In addition to the revenue above, under the Rendell administration between 2006 and 2010, Pittsburgh was granted between \$6 and \$10 million annually to pay for regional event security.

Lastly, none of this touches on the hundreds of millions in economic development assistance provided through numerous state programs, first among them the Redevelopment Assistance Capital Program (RACP). Since 2004, Pittsburgh has received around \$200 million in RACP funding helping to fuel its economic growth which further helps to generate businesses that have made Pittsburgh a leader over the last decade amongst cities and to create jobs that help Pittsburgh itself and the surrounding bedroom communities.

<u>Revenue Source</u>	<u>2004 Revenue</u>	<u>2009 Revenue</u>	<u>2013 Revenue</u>	<u>Difference 04 to 13</u>
<u>Annual Tax Revenue</u>				
Local Services Tax (Increased by \$42)	\$3,200,000.00	\$12,375,000.00	\$13,925,585.00	\$10,725,585.00
Wage Tax Shifted by .25%	\$46,789,000.00	\$64,630,000.00	\$73,228,000.00	\$26,439,000.00
Payroll Preperation Tax	\$0.00	\$44,841,000.00	\$54,065,534.00	\$3,415,534.00
Mercantile Tax	\$7,400,000.00	\$0.00		
Business Privilege	\$43,250,000.00	\$0.00		
Local Share of Slots Revenue	\$0.00	\$2,400,000.00	\$10,000,000.00	\$10,000,000.00
PDF Debt Relief	\$0.00	\$5,100,000.00	\$5,100,000.00	\$5,100,000.00
				<b>\$55,680,119.00</b>

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Grants or Non-Recurring Revenue

Regional Events Security                      City has annually received between \$5 and \$10 million between '06 and '10

Redevelopment Capital Assistance Program      \$181.94 million since 2004

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Property Taxes	\$122,500,000.00	\$124,473,000.00	\$130,578,000.00	\$1,973,000.00
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Providing this to show that property taxes have been stagnant

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Parking Tax	\$47,313,292.00	\$42,290,000.00	\$51,377,998.00	\$4,064,706.00
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Addendum II  
Energy Innovation Center



DLA



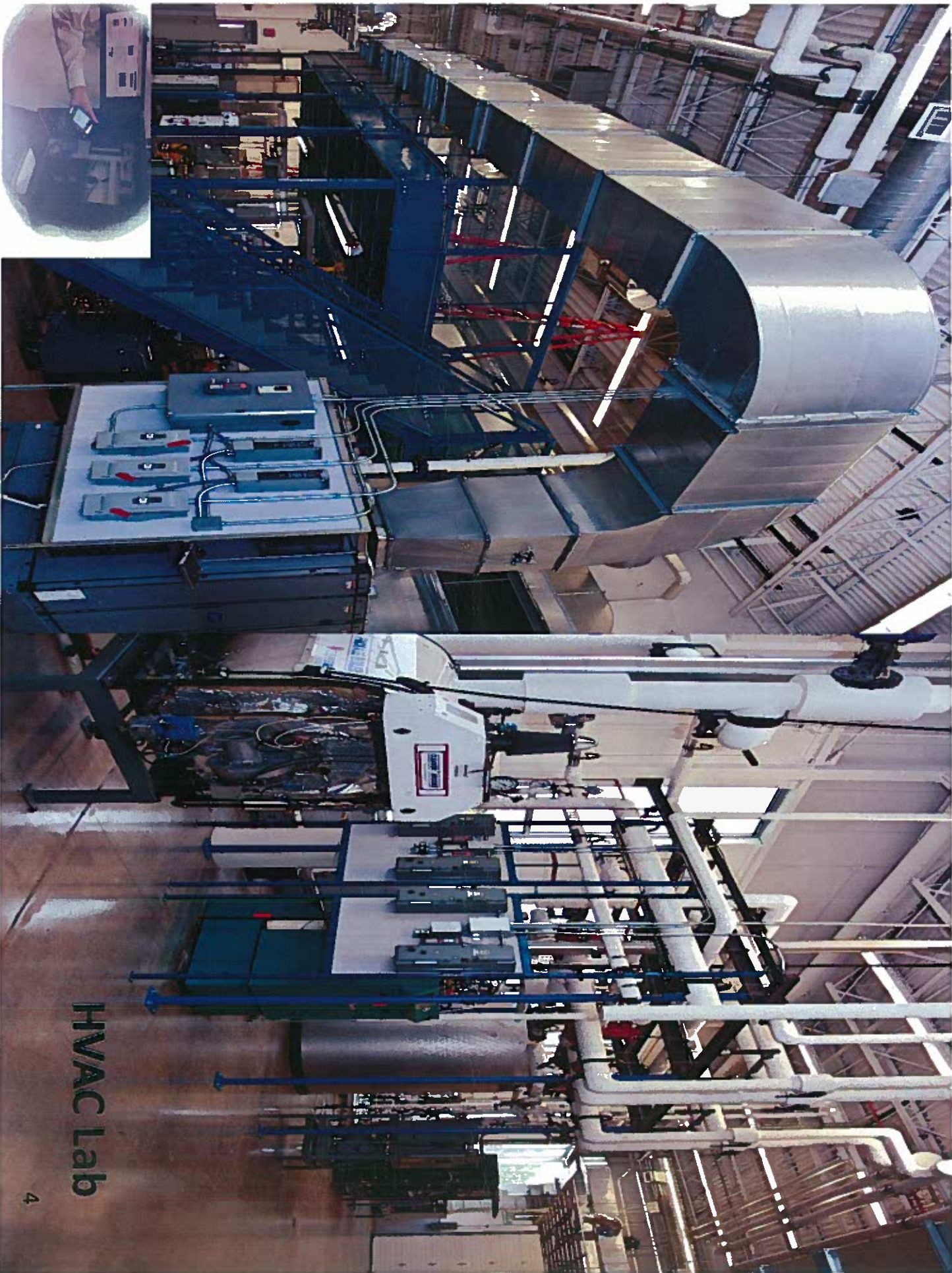


# Corporate – led Workforce Development and Job Training

## On-Site Training Resources

1. EIC Labs
  - 14,000 sq.ft. Energy (Mechanicals Room)
  - 8,000 sq.ft. HVAC (Former Gymnasium)
  - Intelligent Lighting
  - 3,000 sq.ft. Eaton Power Distribution and Transmission
  - 13,000 sq.ft. LEED Platinum Commercial Kitchen
2. Pitt Center for Energy Labs
  - 11,000 sq.ft. Manufacturing Assistance
  - 3,000 sq.ft. Engineering Machining Facility
  - 600 sq.ft. High Temperature Corrosion
  - 5,700 sq.ft. Power Systems
  - 11, 100 sq.ft. Manufacturing Research
  - 2,200 sq.ft. Energy Storage Technology
  - TBD Biomaterials Manufacturing & Testing
3. Penn State Labs
  - Nanotechnology
  - Additive Manufacturing
4. International Union Operating Engineers Local 95
  - Pre Apprentice
  - Apprentice
  - Advanced Commercial Building Operators
5. CCAC
  - Mechatronics
  - Transportation Logistics
  - HVAC
6. Bayer, DOE, EQT, Eaton
  - On site Trainers
7. Green Building Alliance
  - 14 Joint Programs Monthly
  - EIC Construction as LEED Demonstration
8. Springboard Kitchens
  - Food Safety Certification
  - Food Recovery Certification
  - Minority Wealth Development





**HVAC Lab**

# Community Based and Corporate - led

## Sustaining Outreach

- Goodwill
- Holy Family Institute
- Youth Places
- Student Conservation Association
- Manchester/Bidwell
- Northway
- Springboard Kitchens
- Hill House
- And more...

**Sustainable  
Training  
Pathways**

**“Stackable”  
Short-Certificates**

**Credit  
Leveraged**

## Sustainable Careers

- Eaton
- Bayer Material Sciences
- Bayer ECO Commercial Group
- Johnson Controls
- DQE
- EQT
- IUOE #95
- Siemens
- Shell
- Brinker Group
- And more...



## **Economic & Social Impact of Springboard Kitchens**

- **Expansion from 4,400 to 10,000 hot, fresh meals per day**
- **72 New jobs per year (88% placed, 72% retained)**
- **LEED Platinum Premier Green Kitchen**
  - **Water Reduction 50% (27,000 gal/mo.)**
  - **1625 pounds less chemicals per mo.**
  - **1<sup>st</sup> paperless kitchen**
- **Certify 90,000 pounds landfill waste reduction weekly**
- **New Jobs – 80% Male, 75% African American, 55% Ex-offenders**
- **Nutrition To Feed – Insecure, Vulnerable residents in our region**

