

REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

Regularly Scheduled Meeting May 21, 2024 - 12:40 P.M.

The Board of the Redevelopment Authority of the City of Harrisburg held a Regularly Scheduled Meeting on May 21, 2024, in Suite 405, Conference Room of the Rev. Dr. Martin Luther King, Jr. Government Center, 10 North Second Street, Harrisburg, Pennsylvania, at 12:40 p.m. Chaired by Nichole Johnson.

HRA BOARD MEMBERS PRESENT and/or via TEAMS Web-based Video Conferencing

Nichole Johnson
Crystal Brown (via TEAMS)
Alexander Reber

ABSENT: N/A

Also present: Janell Weaser, Harrisburg Redevelopment Authority (HRA) Controller; Bryan Davis, HRA Executive Director and Catherine Rowe, HRA Solicitor.

PUBLIC PRESENT: Fred Lee, Resident of Harrisburg.

MINUTES

The minutes of the Regular Meeting of March 19, 2024, were presented for approval. Mr. Reber moved to approve: second by Ms. Brown. The motion passed unanimously.

TREASURER'S REPORT

The Treasurer's Report for November, December 2023, and January, February 2024 was presented for approval: March 2024 for review. Mr. Reber moved to approve: second by Ms. Brown. The motion passed unanimously.

COMMUNICATIONS

Mr. Davis reported that the improvements to the window room and the roof systems have been completed at the Harrisburg Transportation Center. The only remaining thing is the audio-visual installation. The delivery and installation should be completed by the end of this week.

Mr. Davis said some of the cost for the audio-visual could not be paid with the existing grant. PennDOT said they will set up a new, additional grant for this - plus the installation cost for a new fire pump control panel (an electronic device that also could not be done with the existing funds). This is Resolution number 8-2024 on the agenda today in the amount of \$50,000.

Mr. Davis conveyed that the authority made a full transition from Citizens Bank to the new accounts with Mid Penn Bank which includes their Positive Pay Secure System. The system takes a bit of getting used to. If you do not enter things exactly as written on the checks, for example miss a period in the system it will not allow the check to go through. We get daily notice to login and approve or disapprove things. It compares precisely what comes into the accounts from what we have uploaded.

Mr. Davis announced that the temporary facility at the Broad Street Market will be up and running at the beginning of this week. The City is handing over the keys on the 23rd - the same day it is scheduled to open to the public. In a few weeks there will be an official ribbon cutting grand opening. The Mayor is thinking about how she wants the banner to look. She wants to add logos of those who contributed, especially those who contributed to the construction. We will work through the logistics of that with the Mayor's office.

Mr. Davis said what we need is someone on the Broad Street Market Board who can handle the marking side. The Market also launched a new updated website. It has a smoother path to make contributions and a membership page. Currently there are two memberships. Because I am the Treasurer that makes me happy seeing money come in. Mr. Davis said he is happy to see all the progress that has been made and grateful to everyone involved.

Mr. Davis told the Board Members that he sent out an email to them this morning in case they have not seen it yet. He wanted to let them know about Senator Bob Casey's press conference yesterday morning. Even though the money will not be in our hands for some time it is good to know that it is coming. Mr. Davis said the Authority was awarded \$750,000 and \$500,000 to Capital Region Water (CRW) for the Paxton Creek. CRW's money is going mostly to the intercept. It is a joint project. The Paxton Creek re-channelization and their relocation of the replacement of their intercept were equally discussed as one big project.

Mr. Davis added that the Mayor spoke on behalf of the City and CRW had their own speaker, Charlotte Katzenmoyer.

Mr. Reber stated that most of Capital Region Water's Board members were there. He asked Mr. Davis in the future when this type of stuff comes up if he would let them know. It would be good if the Authority's Board members could attend these types of events.

Mr. Davis apologized.

Mr. Davis asked Ms. Rowe if she wouldn't mind giving a report on the latest with the Commonwealth Tower.

Ms. Rowe said that she and Mr. Davis were approached Friday of last week from Harristown. As you know the Redevelopment Authority owns the property there at Strawberry Square. There is a series of Leases between the Authority, Harristown and the Commonwealth. Upon the expiration of the Commonwealth's Lease term, they have an option to exercise a \$1.00 buy out to purchase the property. Harristown informed us that the Commonwealth will not be exercising this right and will be vacating the property. I believe this happened a week ago.

Ms. Rowe also reported that Harristown notified us they will not be exercising their \$1.00 buyout which is a huge problem.

Mr. Davis echoed a big problem.

Ms. Rowe pointed out there are several big concerns. One being that we do not have any specific information about what this is going to cost. Again, Harristown shared this last Friday. We have requested information on utility and maintenance costs. We need a detailed view of what is exactly going on. There are apparently some outstanding agreements between the Commonwealth and Harristown for some construction work. Where does that stand? This was an overwhelming piece of information to be shared without any details.

Ms. Rowe said she was given the impression that there are conversations between Harristown and the Commonwealth about even having a short-term lease extension which would certainly help not only the Authority but the City too. This is a huge plot of land. If it reverts back to the Authority; no private interest, then it would not be taxed anymore which has implications for the City and the School District. But again, we do not have any of those details which we are working to obtain.

Mr. Reber inquired as to what the timeline is.

Ms. Rowe answered their Lease expires in ten months.

Ms. Rowe said this scenario was never presented to the Authority. From the beginning the plan was that the Commonwealth was going to exercise that \$1.00 buyout. There were concerns of what impact the \$1.00 buyout would have to the tax base. The fact that Harristown is not exercising their \$1.00 buyout is brand new information and quite a shock, and a disappointment.

Mr. Reber enquired, so we will take over all the Leases and everything else.

Ms. Rowe replied, what leases exist which is part of the problem.

Mr. Reber said, and we did not even negotiate those leases.

Ms. Rowe confirmed.

Ms. Rowe reiterated that Harristown has a lot of information that they need to provide us with. She pointed out that it is not all of Strawberry Square.

Mr. Davis stated only the 333 Market Street building.

Mr. Reber added that is the one we know the Commonwealth was vacating.

Mr. Davis said this is different than the Verizon Tower which was a similar situation. He believes it will come down to whether or not the Authority will have any influence with the Commonwealth staying or finding that space attractive for maybe another department of similarity.

Mr. Davis said as soon as we obtain the facts, we will share them with you and the Mayor's office. His understanding is that they have spoken to someone in the Mayor's office. We will pursue this as quickly and efficiently as we possibly can. If nothing else, I would hope that we could get some extensions from the Commonwealth on their existing lease to give us some breathing room.

Mr. Reber asked, hypothetically speaking, could we start RFP or RFQ for proposals on that property before we take ownership until we are ready so we could have a potential buyer. We do not want to hold this property. We need to sell and develop it as soon as possible.

Ms. Rowe said she asked Harristown what efforts they have undertaken to find a new lease holder and

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when can they start moving on this. She agreed with Mr. Reber that this is something they cannot hold on to.

Ms. Rowe added that commercial real estate is struggling. The Commonwealth workers are working from home. She did just see that Philadelphia's offices are struggling. They just ordered their workers to go back to the office. Their Redevelopment Authority has struggled with that change too. But we do have some practical steps that we want to start taking and the first is getting this information from Harristown and then taking steps to promote and advertise the fact that the space is available.

Mr. Reber commented that someone did purchase the courthouse.

Ms. Johnson wished to know more about the concerns of the School District.

Ms. Rowe explained that if no entity is leasing the property, then it would no longer be taxed. I do not know those numbers. This is some of the information she asked for from Harristown. This is pertinent to us so we can have an honest conversation not only with the Commonwealth but also with the School District and City Representatives to understand what the risks are to the City.

Mr. Reber added that a lot of commercial property downtown received reassessments. Their real estate taxes were lowered which has already eroded the tax base which is where you see some concerns with the budgeting at the City level because they are trying to anticipate the reduction of real estate taxes and trying to make sure we do not end up in a cash crunch.

Mr. Davis recalled the original story when the lease was created with the Commonwealth. It was to maintain a sound tax base. Mr. Reber, I am glad you touched on that the people of the city already had their tax assessments reduced because of all the economic conditions that happened. This is not the first time it has happened. There was the collapse of the Market back in 2009. We have seen this before. But this may turn out to be an asset that is marketable, that could be sold.

Mr. Davis said we will do an analysis of what would be a reasonable purchases price to list on the market. Something of that size needs to be professionally addressed, approached and then determine how we will market it. If that happens maybe it will deliver revenue to the Authority of which we have not had in probably twenty years. We did have an asset that was similar. We had a parking garage and a large office building that was on N. 6th Street. That generated a large amount of revenue for us, which created our reserves. We used those reserves to invest in projects and carry our operating costs. It helped us to offset the costs to the Harrisburg Transportation Center as we subsidized it.

PUBLIC COMMENT

None

OLD BUSINESS

None

NEW BUSINESS

RESOLUTION NO. 4-2024 – authorizing the Authority to approve an application for a Greenways, Trails, and Recreation Program Grant for approximately \$118,779 from the Commonwealth Financing Authority to be used for a new community park at S. 15th and Swatara Streets in Allison Hill. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis said, we talked about the park several times. Mr. Reber is a part of the group that is moving this forward.

Mr. Reber reported that we just submitted a DCNR Grant in the beginning of April. There are other submissions. If this comes through it would back us up if DCNR does not, but it could also enhance the quality if our grant is approved.

Mr. Reber said we did apply for this last year. We were rejected. I am hopeful this year will be a success. It was easier this year to apply because we already had the application put together, just needed to update a couple of things.

RESOLUTION NO. 5-2024 – authorizing the Authority to extend the *Potential Developer* status to October 31, 2024, for Rivas Property Investments LLC’s project of constructing a new parking lot and green space adjacent to their store “Market Fresh Mini Market”. The location is 2452, 2454, 2456 & 2458 N. 6th Street. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Ms. Johnson noted a typo on the Agenda. The address should read 2454 instead of 2545.

Ms. Rowe said it is correct on the Resolution.

Mr. Davis reported that this Resolution as well as the next two are projects that we have not seen anyone else having an interest in. If someone else would be interested, then I would not be recommending additional extensions. At this point I am okay with extending them another six months. Especially Resolution number 6-2024, with the McCoy properties that we know is expected to be a tax credit multifamily development. The last tax credit round has passed for this year. We will be holding onto that project through next year. There is always the possibility that they might come up with changes to their design plan or land development plan.

RESOLUTION NO. 6-2024 – authorizing the Authority to extend the *Potential Developer* status to October 31, 2024, for McCoy Boy Realty LLC’s project of mixed-use commercial/residential housing located at 1600-1602, 1610 N 7th, 1611 & 1625 Wallace, 622, 634-636 Harris Streets. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

RESOLUTION NO. 7-2024 – authorizing the Authority to extend the *Potential Developer* status to October 31, 2024, for Angel Fox’s project of new laundromat with apartments above and parking located at 1243-1247 Market and 8-10 S. 13th Streets. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Reber inquired if they have their financing in place.

Mr. Davis replied that she still needs financing.

RESOLUTION NO. 8-2024 – authorizing the Authority to approve (a) a Grant Agreement with the Pennsylvania Department of Transportation to fund improvements at the Harrisburg Transportation Center, in the approximate amount of \$50,000 and (b) authorize the Executive Director to execute a contract(s) for the Audio-Visual Equipment and Fire Pump Controller improvements. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

RESOLUTION NO. 9-2024 – authorizing the Authority to approve an Easement Agreement with Capital Region Water (CRW) for the construction of Green Stormwater Infrastructure (LTCP, CSO & GI) designed to manage runoff, located on 22 Argyle Street. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis said this is identical except in location to what we did with CRW on Bailey Street. Bailey Street has a planting area, but less of a park. This project is more like a park. It will have the same as Bailey Street but also include green space with benches and grass. The attached easement agreement is nearly identical to what we authorized on Bailey Street.

RESOLUTION NO. 10-2024 – authorizing the Authority to terminate the Authority's obligations and rights in the operations and management of the Harrisburg Transportation Center. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis informed that the Authority has had a long-term Master Lease Agreement and a Lease Back Agreement with Amtrak since the early 1980's. This Resolution has detailed the exact dates and the types of agreements that were amended so we can effectuate our removal of the Redevelopment Authority from the operations of the Transportation Center. This entails terminating these agreements, terminating our Vendors such as maintenance, preventive maintenance, HVAC systems, electrical systems, elevators, and landscaping. Plus, several tenant and parking leases.

Mr. Davis said we will have to coordinate with Amtrak, which we are prepared to do. There are two primary reasons for doing this: (one) the Redevelopment Authority's core mission is the elimination of blight. We accomplished that when the station was originally redeveloped. We were the tool, the continuity of care for those improvements over the past thirty years and are very happy to have had a part in that, however having done so at a price. The price to us has resulted in a deficit of our revenue for nearly all those years. It has been a deficit since I came on board in 2008. Our records show Harrisburg University was a tenant until 2007. This is when they completed their new building. They had leased the 1st, 2nd and 3rd floor in their entirety which was 100% occupancy. After they left, we never recovered because that was at the same time as the housing crisis that impacted businesses. And business has continued the same up to today. And the second is these latest improvements that we helped facilitate with PennDOT on the major systems with the roof and sky lights. The observation room for special events is also a huge investment in those upgrades.

Mr. Davis added that we also have funding that will improve and take care of the cooling tower, possibly the chiller. This is another federal allocation we obtained through PennDOT. PennDOT is drafting up the scope of that work, but they do have the funding to deliver that to the Transportation Center. We do not need to be the Master Lease holder to make those improvements. We are in a position not only because of the finance reason but also by not managing the Transportation Center frees us up to focus more on our core mission which is the elimination of blight.

Mr. Davis mentioned that what he is currently seeing is leadership who want to invest in their neighborhoods who have a strong commitment to the residential areas that are being prioritized again, which he has not seen in a long time. So, with the Authority not having to oversee the Transportation Center it will focus our resources towards the elimination of blight which is our core function.

Mr. Davis said taking all that into consideration leads us to having this resolution on our agenda today. We can set that in motion where we wind down our operations with the Transportation Center and make adjustments to ourselves.

Mr. Reber wondered as far as communications how exactly will this be handled.

Ms. Rowe said we can get a letter put together and sent to the National Railroad Passenger Corporation otherwise known as Amtrak. Now that we have the Resolution done, we can start immediately.

Mr. Reber was just concerned that they would hear about it through the news first.

Ms. Rowe said that she does not expect this to make big news but agreed with Mr. Reber.

EXECUTIVE SESSION

The Regular Meeting was interrupted for an Executive Session to discuss further on things mentioned in the prior months' meetings.

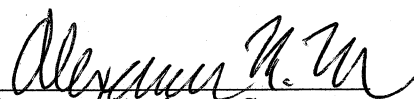
OTHER BUSINESS

None

ADJOURMENT

The Meeting was Adjourned at 1:30 pm.

Respectfully submitted,


Secretary/Assistant Secretary

6/18/24