

June 11, 2012

Dear Councilman Dowd,

I have received both your letter dated June 5, 2012 and your email dated June 7, 2012 regarding your refusal to allow legislation authorizing the creation of the Lower Strip Tax Increment Financing (TIF) District to move forward to public hearing and discussion.

I hope you will reconsider your hold on the legislation so that the public can benefit from hearing a healthy discussion at City Council on how, by enacting a TIF District for the Lower Strip, we will support the creation of public infrastructure that will make possible more than \$400 million in private investment. This project would result in the creation of more than 3,100 jobs, create a similar number of full-time equivalent construction jobs over a 10-15 year period, generate tax revenue in excess of \$22 million annually, and add to the population and vitality in the heart of our iconic Strip District. In addition, it would provide the incredibly rare opportunity to add public recreation amenities along a beautiful stretch of uninterrupted riverfront immediately adjacent to Downtown.

I respectfully disagree with several of your assertions and I understand that we have a difference of opinion on other items. I must ask, however, that you refrain from promoting uninformed gossip alleging lease agreements for relocation of 200 Ross Street tenants. My staff and the staff of other public agencies are engaged in a process of review and evaluation of alternative sites. No lease agreements are being negotiated and rumors to the contrary are counterproductive.

Over the past three-and-a-half years, there has been extensive discussion, planning and active stakeholder engagement, both on the conceptual strategy for development that was formalized in the Allegheny Riverfront Vision plan – not to mention the precedent planning in the Strip and neighboring communities – and more specific planning efforts related to the Produce Terminal and the Lower Strip District Project on the 55 acres of Buncher-owned property between 11th and 21st Streets north of Smallman Street. As part of the Allegheny Riverfront Vision and the

subsequent Green Boulevard processes, we have actively engaged stakeholders in planning the future of this corridor for nearly four years. The Riverfront Vision process included monthly Steering Committee meetings, advisory committee meetings, focus groups, multiple public forums, a project website, physical activities in the study area, and was presented to and accepted by the Planning Commission. The Green Boulevard Steering Committee (of which you are a part) continues to meet monthly; the Green Boulevard process has topical working groups, public forums, a Facebook page and website, and will include various activities for the public throughout the summer. Both of these plans emphasize the need for open, accessible, well-designed public space along the river, and the TIF funds will be used to help implement the initial stages of this vision. Because the Green Boulevard planning is still underway and the design of the Strip riverfront portion is not complete, it is difficult to define exactly how these funds will be used, but as was the case with the South Side Works, planning and implementation is an iterative process. Most importantly, we are committed to creating an outstanding riverfront amenity in this corridor and have devoted considerable staff time and public resources in setting the groundwork to do so.

More than 50 meetings with project stakeholders have been held for the Lower Strip Project, and multiple communications occurred with adjacent property owners, community groups and elected officials, as well as broad discussion of the project in multiple media outlets and non-traditional social media. After more than a year of regularly scheduled meetings with the City's planning professionals, as well as discussion of the project in multiple public agency venues – including City Council, School Board, County Council, URA Board meetings and culminating two weeks ago in another appearance before the Planning Commission for a briefing that will conclude with a formal hearing this week – I am somewhat confounded by your posture of refusing to allow legislation pertaining to the structure of a public financing mechanism to be introduced because still more planning on land use should "unfold." Notwithstanding the related nature of land use planning and public infrastructure financing, we can certainly agree that the two items can be considered concurrently in their respective venues so that the gears of our public machinery do not grind to a halt.

By its very nature, City Council is the most appropriate public forum for a healthy, broadly accessible discourse that we all want. As you well know, by moving the legislation forward, public hearings can be scheduled and extensive public debate can occur. By holding the legislation, the opportunity to have the public discourse at the most appropriate venue has also been forestalled. Open letters to the public do not move this process forward nearly as well.

As a veteran of several TIF votes on projects both large and small, you are well aware of the process by which projects and their companion legislation are introduced and then move through an extensive course of public hearings and discussion. Likewise, a large project that has applied for a zoning change to an SP District, such as this one, comes with its own extensive process of public hearings and discussion that initiates future review and public approvals each time a parcel is proposed to be developed. Once a TIF Plan is approved, that approval does not serve as a "blank check" of sorts that forfeits future scrutiny.

During development of the South Side Works – a TIF District similar to the Lower Strip in that development and TIF financings will unfold over a period of a decade and half – as each parcel has been developed, the design and relationship to the original, broader land development plan was examined for appropriateness and feasibility. That painstaking review and public process is reflected in more than 30 amendments to the original development plan. Each of those amendments provided yet another chance for the community to engage in a discussion about whether the specific project development plan was being deployed as originally conceived in the conceptual framework of the TIF Plan and zoning text of the SP District.

Your characterization that "Until your plan identifies all \$50 million of improvements and a schedule for those improvements, the Lower Strip TIF District Plan is incomplete" is simply not a feasible, nor advantageous way to consider this sort of large, multi-phase development project. By creating a smart and flexible financing structure, not a final development plan, we will be much better able to respond to the strong market demand that emerges. By underestimating that market demand at this early stage, we run the risk of expending valuable resources on insufficient infrastructure. By approving a basic framework for financing that infrastructure, we give ourselves the valuable flexibility and predictability that both the developer and the public will need to capitalize on the coming development opportunities.

In our TIF Plan, we have identified specific uses for the application of TIF financings, including detailed cost estimates for approximately half of the total available TIF expenditures at full build-out.

We similarly approved a TIF Plan for South Side Works. Had we completely planned the infrastructure at the project's inception, we wouldn't have had the benefit of hindsight, nor would we have been so bold as to design the beautiful riverfront park for which the Mayor recently hosted the grand opening, nearly 15 years after the original TIF Plan and SP District were adopted. Neither of those featured the level of detail that you demand and if they had, it would have most certainly proved to be a waste of time and resources on a less robust and underwhelming public asset.

Since it is not a forgiveness of existing taxes, but the dedication of a portion of future tax revenue projected to be created by as yet unidentified final development plans to fulfill the public obligation to create public infrastructure, a TIF Plan of this size and scale needs by its very nature to be "incomplete." While it is much easier to determine the development plan involved in TIF Plans for single building construction projects, the Lower Strip District project will take more than a decade to develop and will need to be determined as demand reveals itself in future years over future phases.

Regarding your concern about the expiration of the Buncher option on the old Tippins site at 62nd and Butler Streets, the original option provided until December 31, 2011 and was extended until June 30, 2012. Due to various delays and funding restrictions, the site is not yet "pad-ready" according to the terms of the Option Agreement. We anticipate extending the term of

the Option Agreement to provide sufficient time to complete site preparations and allow Buncher to consider whether to exercise the option given the eventual state of the property. Incidentally, this Option Agreement, along with the Development and Master Lease/Option Agreements for the Produce Terminal and the Buncher 43rd Street Distribution Center properties, was discussed and approved over a number of URA Board Meetings starting in October, 2010, all open and well-attended by the public and subsequently reported in the Pittsburgh Post-Gazette, the Pittsburgh Tribune-Review and additional radio and television coverage.

Regarding the option that the URA has secured for the purchase of the Buncher distribution center property between 43rd and 48th, the Mayor should certainly be commended for having been able to secure that option at all. His negotiation is the only reason we have the luxury to consider exercising the only such sale option of highly valuable riverfront property in the City that the Buncher Company has agreed to in decades, to my knowledge. The Mayor's vision is one that the URA remains committed to pursuing all along the Allegheny River for many years to come, including aggressively pursuing closing on the option to purchase that property. As you know, the 43rd to 48th Street zone is a key part of the Green Boulevard planning currently underway. The Sasaki-led consultant team is in the final phases of creating a framework plan for a mix of uses in this zone based on a great deal of public feedback, and we are committed to ongoing efforts to bring that plan to fruition.

Clearly, you and your colleagues on City Council, as well as your counterparts at the School Board and on County Council, will have many questions. We should all consider ourselves very lucky to have this opportunity to discuss the merits of nearly a half-billion dollars worth of development along one of our signature riverfronts. We are at the threshold of both expanding our Central Business District and making our celebrated Strip District neighborhood even greater by affording it riverfront connectivity, which it has lacked for more than a century and a half. I look forward to a thorough and extensive dialogue on these and other issues at the public hearings that will accompany the introduction of the TIF Plan legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Rubinstein', with a long, sweeping underline that extends to the right.

Robert Rubinstein, Acting Executive Director