

**TO THE EDITOR FROM
DICK SHELLENBERGER AND MOLLY HENDERSON**

Spending public money requires public disclosure. You can't have one without the other.

Construction of the downtown Lancaster convention center, hotel and associated parking facility is currently estimated to cost \$136.7 million (\$129 million for the convention center and hotel, another \$7.7 million for the parking project). All but \$10 million of these construction costs will be funded by taxpayer money.

On the day we joined the Board of County Commissioners, we each resolved to conduct business based on a shared belief: We would have public disclosure and careful analysis of County affairs.

If there are those who would make County decisions without public scrutiny, we do not agree with them. If there are those who would take County action without due diligence, we do not agree with them. If there are those who would do without a forthright explanation of costs, risks and benefits to County taxpayers, we do not agree with them.

Further, we joined the Board believing revitalization of the City and our County's other urban centers should be a paramount goal of County government. Our actions have demonstrated that purpose. We have worked to keep County government offices downtown, to commit County resources to make the multi-purpose/baseball stadium a reality, and to provide funding for the Crime Commission recommendations. More needs to be accomplished, including implementation of the Hunter report recommendations for Lancaster Square, and more will be accomplished.

We also came into the office of County Commissioner intending to work cooperatively with the City, the Lancaster County Convention Center Authority, Penn Square Partners and others to make the convention center and hotel a good project that will further enhance revitalization of our County seat. The new Board of Commissioners began such work in earnest immediately after our election, before we even took office. Many may recall our "jawboning" efforts, led by Commissioner Shaub and Mayor Smithgall early in 2004 to jump start negotiations between the LCCCA and PSP to proceed with project design.

Over the last year and a half, we have endeavored to play a positive role in the project, in part by questioning and prodding. At the same time, concerns and issues developed as project plans evolved. Despite yeoman efforts by the Chamber of Commerce, the Economic Development Company, the Pennsylvania Dutch Convention and Visitors Bureau, the County Commissioners, the Mayor, the project principals and others, the effective planning and coordination of all elements necessary for a successful project requires much additional work.

For the past two months, we have increased our time and energy addressing the project. This issue came to us squarely when Penn Square Partners decided to seek nontaxable status through the TIF Act for what had been long-planned as a for-profit, taxable hotel.

The TIF Act provides a procedure to obtain tax exemption for a redevelopment project, accompanied by protections and requirements for public disclosure. We fulfilled our duty to evaluate the project pursuant to the mandatory TIF Act requirements

Our respect for conscientious investigation and public disclosure of public funding led us to develop the 57 questions posed on March 11, 2005, and to obtain and distribute the legal opinion of our special counsel that the hotel will be taxable.

In response, Penn Square Partners and other project planners have chosen to refuse to answer many questions, and have chosen a path to avoid public disclosure and dialogue. We could not control that decision, and cannot control its consequences. Indeed, we are concerned with the financial risk such action has placed on County and City taxpayers.

As a result of the most recent turn of events, the project is currently proceeding quickly through City Council and to the Commonwealth agency responsible to evaluate municipal grant requests and guarantees.

Our inquiry – pointing out important issues that need to be addressed to ensure a viable project and protect City and County taxpayers – has done nothing to endanger this project. Further, we are neither taking now nor planning now any steps to disrupt the project.

As the project evolves, we shall continue to evaluate whether County action should be taken on any issue, at all times remaining steadfast to protect the County's interests including the revitalization of downtown Lancaster.

We will also continue what we have been doing, urging full disclosure of all project costs, risks, benefits and facts so that taxpayers – who are now funding far more of the construction cost than had ever been suggested until very recently – have the opportunity to fairly appreciate both the positive and negative consequences of this project.

In particular, we are very concerned at the proposal that Penn Square Partners receive an immediate \$6.8 million that includes reimbursement of all its development costs, and that demolition of the Watt & Shand building may begin in June, six months in advance of receipt of construction bids (which are not expected until late 2005 at the earliest). We believe both those actions would be grievously premature. Building demolition and complete reimbursement to Penn Square Partners should not proceed absent confirmation that funding is available to pay for the actual (not estimated) construction costs.

Prior action was taken in 2003 to borrow \$40 million that cannot be used for construction of the convention center, accompanied by substantial closing costs that will be need to be repeated and with substantial interest costs. This premature action has already cost

taxpayers nearly \$700,000. That number grows every day as interest is paid on the \$40 million loan – and will continue to grow until bids are received and construction commences. We do not want this kind of premature action at high public cost repeated.

That this project is so controversial reflects there are some legitimate arguments both for and against it. Those that pretend otherwise do injustice to public debate and civil dialogue. A deep disappointment over the past two months is that some whose wisdom we have long respected have acted disrespectfully in response to our call for public discourse. To them, we offer Lincoln’s public reply about a harsh critique by the famous publisher Horace Greeley, “If there be perceptible in it an impatient and dictatorial tone, I waive it in deference to an old friend, whose heart I have always supposed to be right.”

We know our County has a great future with the City as its heart. The hotel/convention center is one of *many* projects and proposals in various states. We are greatly encouraged by the Clipper Magazine Stadium, the Lancaster Square Hunter report, the burgeoning Prince Street Arts Corridor, the James Street Improvement District and many other new initiatives.

No one project or proposal will determine the fate of our City and County. Similarly, it would not say much for our community leaders if one project or proposal should cause us to become “a house divided” and angry with each other.

We need to do everything possible to ensure that all City revitalization efforts are placed completely in the sunshine and implemented in a manner that produces a unified Lancaster community.

Accordingly, we intend to continue to commit County resources and to work with government, business and community leaders for public dialogue and City revitalization.

Dick Shellenberger, Chairman
Molly Henderson

Lancaster County Commissioners