

CONVENTION CENTER STATEMENT BY COMMISSIONER SHELLENBERGER:

Events of recent months, which have coalesced over the past weeks, make clear the fact that we have arrived at a critical crossroad with regard to the proposed convention center and hotel in the city of Lancaster. I wish to take this opportunity to present my observations and conclusions regarding the plan as it is currently conceived. I have become firmly convinced that construction of the hotel/convention center according to the latest plans and most recently estimated cost is the wrong direction. A new focus for Lancaster City revitalization is needed.

What once was a \$75 million dollar project funded with 47% public money has mushroomed into a \$137 million dollar project funded with 93% public money; and I, in good conscience, can no longer stand by while the tax payers of Lancaster County foot the bill for a project which I believe has become significantly flawed.

I have not reached this conclusion lightly or without continued and careful deliberation. In stating this position, I am in disagreement with some of our community for whom I have nothing but the highest regard. I believe that those who have stood in support of this project have done so believing that both the county and the city of Lancaster would benefit from its presence. Senator Armstrong, Mayor Smithgall, and Representative Sturla are dedicated public servants who have invested significant time and energy in Lancaster City revitalization. Additionally, Fulton Bank, Lancaster Newspapers, and High Industries have consistently stood as excellent corporate citizens dedicated to the betterment of Lancaster. It is to these members of our community that I extend my hand of thanks for all that they have done for our community.

However, I wish to clearly present to the residents of Lancaster County why the convention center and hotel, as currently proposed, no longer offers a viable and fiscally responsible means to revitalization of the City of Lancaster. Allow me to provide the following salient points:

*The original plan called for a \$75 million project, funded 53% private money and 47% public money.

*The Authority projects substantial annual losses from convention center operations.;

*After 7 years, this is not the same project. The line of acceptable public funding and taxpayer risk has been crossed.

*The Authority borrowed \$40 million from Citizens Bank in 2003- unnecessarily and at a cost so far of nearly \$700,000- and with an ongoing taxpayer loss of \$18,000 a month;

*This money can't be used unless new bonds are issued, and then only \$31 million is available for construction. This was not an appropriate financing;

*City officials have ignored the conclusion that the hotel will be subject to real estate tax- by agreeing to pay hotel taxes owed by Penn Square Partners, they are exposing taxpayers to millions of dollars to potential cost.

*City officials have filed an Act 23 grant application in direct violation of the act 23 requirement that Penn Square Partners sign a contract agreeing to pay all local taxes.

*The plans to demolish the Watt & Shand building in June and immediately pay Penn Square Partners \$6.8 million for the building are grievously premature- just like the 2003 borrowing;

*There has been a rush to spend public money without full public disclosure. Spending public money requires public disclosure. You can't have one without the other.

*After spending \$5 million on litigation, the project is again embroiled in litigation on 4 different fronts. We can't let past experience be repeated;

*Commissioners have been flooded with communications from throughout the City and County opposing the project, calling for an end to the project that is dividing the community. The Commissioners have a fiduciary duty to act;

*It is due to these observations and conclusions that I will be proposing Commissioner action to:

-Withdraw County support of the hotel/convention center as now conceived;

-Request the Authority repay the loan/stop the \$18,000 month taxpayer loss;

-Request the Authority stop spending money on the project in its current form;

-Direct counsel to ask DCED to rule on Act 23 requirement for hotel payment of taxes, and legality of \$24 million and \$12 million City guarantees;

-Direct counsel to address separating the hotel room taxes; County Development Agreement Rights; and options to eliminate County guarantee of future bonds;

-Revive the Hunter Report, which includes attractions and entertainment venues at Lancaster Square;

-Seek to refocus revitalization in an effort to unify the community in working together on viable new revitalization projects;

-Reaffirm City revitalization as a paramount goal.

It has been said before, and I repeat it again, "Spending public money requires public disclosure. You can't have one without the other." Sadly, we met huge resistance to our 57 questions issued on March 11, 2005, and to our effort to shed greater light regarding public spending on this project. I trust I have earned your support and trust on this issue. Rest assured, that you have my pledge to work tirelessly to protect the taxpayers of Lancaster County.

Sincerely,

Dick Shellenberger
Lancaster County Commissioner, Chairman