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Stadium Authority extension is very bad public policy

By Colin McNickle

The rationale for extending the life of the Pittsburgh Stadium Authority does not even rise to the level of flimsy, researchers at the Allegheny Institute for Public Policy argue.

The better public policy would be to sell the properties the authority owns, pay off any debt and go out of business, say Jake Haulk, president of the Pittsburgh think tank, and Frank Gamrat, a senior research associate there.

Sadly, the extension, conveniently approved by the Stadium Authority's board of directors, is "a perfect illustration of government, Pittsburgh-style," the Ph.D. economists say (*in Policy Brief Vol. 17, No. 33*).

The authority was created in 1964 to oversee the construction and operation of Three Rivers Stadium, which would be the home of the Pittsburgh Steelers and Pirates from 1970 to 2000. The stadium was demolished in 2001. The authority was supposed to cease to exist with that implosion.

But a government-as-usual thing happened on the way to the Stadium Authority's demise. It kept granting itself new leases on life. Never mind that Three Rivers is long gone and that it has nothing to do with its dual replacements, it morphed itself into an agency that oversaw development of a 25-acre tract of land between Heinz Field and PNC Park, now nearly fully built out.

The latest extension came this summer. An agency that should have gone out of business 16 years ago now will survive into 2049.

That's the year refinanced bonds for three North Shore parking garages now will be paid off. Longer-term, lower interest fixed-rate bonds will replace those shorter term.

It's a joint deal with the Pittsburgh-Allegheny County Sports & Exhibition Authority (SEA), the entity that actually does oversee the baseball and football facilities. The SEA and the Stadium Authority, in an incestuousness too often indigenous to government, share the same boss and staff.

But as the think tank's Haulk and Gamrat relevantly ask, "Which decision actually came first, to refinance or the decision to extend the life of the authority?" Was the former merely the vehicle to accomplish the latter?

"One would have thought the refinancing that extended payoff 30 years should have been mentioned to the mayor and City Council before any effort ... was undertaken or any deals made," Haulk and Gamrat posit.

After all, when Mayor Bill Peduto was a councilman in 2013, he opposed a 35-to-50-year extension for the Stadium Authority, said it should cease to exist when the debt of one of those parking garages was retired in 2028 and recommended the authority be merged with the city's Urban Redevelopment Authority.

Haulk and Gamrat say a far sounder public policy would be for the Stadium Authority to sell the parking garages to the city Parking Authority. Better yet, they ask, why not sell to a private parking company? Either way, the proceeds could be used to retire Stadium Authority debt.

"Surely the outstanding debt is lower than the value of the parking facilities," the institute scholars say. "Now that would be a prudent step and it would get rid of an authority that was made obsolete by the destruction of Three Rivers and had announced 17 years ago it would terminate itself."

Administration talk that "transactional costs" to reorganize or merge the Stadium Authority would negate any public benefit are a red herring, the researchers say.

Extending the Stadium Authority's life into 2049 "is, for all practical purposes, perpetuity," Haulk and Gamrat remind. "One can only imagine what the Stadium Authority might decide to get involved in over the next 30 years."

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