



The Stadium Authority that Will Not Go Away

Summary: The Stadium Authority, which should have gone out of business with the demolition of Three Rivers Stadium, continues to exist. And now it plans to extend its life to 2049. This *Brief* explains why that extension is very bad public policy.

Nearly two decades after Three Rivers Stadium was imploded and removed from the landscape, the authority created in 1964 to build and manage the stadium is still in business. It is useful to recall the points made about the ongoing existence of the Stadium Authority that were made in our *Policy Brief* of November 15, 2001.

Quoting that Brief: Remember that the Pittsburgh Stadium Authority was supposed to go out of existence once Three Rivers was demolished? In light of the fact that the Sports and Exhibition Authority (formerly the Auditorium Authority) had taken over the construction and ownership of the new stadiums, why would a Stadium Authority be needed? Yet here we are nine months after the disappearance of Three Rivers and the Stadium Authority is still very much with us. And, we also learn that the Authority continues to own land on the North Shore and is a principal player in any potential development of the property between the new stadiums.

The obvious question is why this happened. It is hard to see any reason other than a desire to maintain some City control of the North Shore property. Stadium Authority members are appointed exclusively by the City.

As late as October 25 (2001), the City's website carried the statement that "the Authority's existence and function will conclude with the planned demolition of Three Rivers Stadium." Obviously, that was written prior to February 2001 (when Three Rivers was demolished—added for clarification of timing.)

What happened to the plan to terminate the Authority in 2001? And here we are 16 years later asking the same question; why does the Stadium Authority still exist?

Today the Authority still owns parking facilities on the North Shore. It has no staff of its own opting instead to share personnel, including the director, with the joint City-County

Sports and Exhibition Authority (SEA). Purportedly, the Authority's sole remaining function is to use revenues from its parking facilities to pay off bond debt associated with the facilities. Through an agreement with City Council in 2013, it was to go out of business in 2028 when the 15 years remaining to finish paying off the bonds for the garage on General Robinson Street would have been completed.

But wait. Owing to a plan to refinance the garage debt in a joint arrangement with SEA, the Stadium Authority board just voted to extend its life for an additional 21 years through April 5, 2049. The relevant question here is: Which decision actually came first, to refinance or the decision to extend the life of the Authority—which required the extension vote they just took? Extending the Authority's life beyond 2028 needed a plausible reason. How do they justify the vote to extend? By refinancing the bonds, not only for lower rates but to get a longer maturity.

One would have thought the refinancing that extended pay off out 30 years should have been mentioned to the Mayor and City Council before any effort to refinance was undertaken or any deals made. After all, in 2013 then Councilman Peduto, opposed a proposal by the Authority for a 35 to 50 year extension. The argument was that the Stadium Authority should cease to exist when the parking garage debt was retired in 2028. The then Councilman also recommended the Authority be folded into the Urban Redevelopment Authority. The Stadium Authority proceeded to vote for a 15 year extension through 2028 and no move to merge with the Redevelopment Authority has been forthcoming.

The director of the Stadium Authority and the SEA defends the extension on the grounds that it is part of a long term joint financing deal to get lower interest rates. How convenient. The argument that merging the Stadium Authority with another, such as the SEA, or even the Urban Redevelopment Authority, or even more appropriately the Parking Authority, would not be prudent does not hold water. The Stadium Authority could sell the parking garages to the Parking Authority (better still, why not sell to a private parking company?) and use the proceeds to pay off its debt. Surely the outstanding debt is lower than the value of the parking facilities. 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.

The Mayor's Chief of Staff is quoted as saying "a reorganization or merger of the stadium authority with another public entity may require additional transactions costs without significant public benefit." How much would the legal fees be to do the paper work? Moreover, selling the garages and terminating the Stadium Authority would presumably free up any revenue from garage operations that is now being used to pay the SEA for its Stadium Authority work. That sounds very much like a benefit that would flow to the new owner of the parking facilities. Would it eliminate income of the SEA for the work done for the Stadium Authority? Now there is a question that needs to be answered.

So there you have it. Even though the Authority has long outlived its original purpose, and should have gone away, it won't go away. Furthermore, an extension through 2049 is for all practical purposes perpetuity. One can only imagine what the Stadium Authority might decide to get involved in over the next 30 years.

The reasons for another extension of the Authority's life do not rise to the level of flimsy, especially in light of the far better alternative to sell its properties, pay off the debt and go out of business. In short this is another illustration of governance Pittsburgh style.

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