

POLICY BRIEF
An electronic publication of
The Allegheny Institute for Public Policy

October 27, 2004

Volume 4, Number 41

Amphitheater Mystery Deepens

Back in August, Governor Rendell handed the Steelers \$4 million to help build an amphitheater on Pittsburgh's North Shore. This grant raised a number of questions that have not yet been answered. For instance, who will own the facility and the land the facility sits on? (If the land remains in the hands of the Stadium Authority it will be tax exempt.) Furthermore, by what criteria did the amphitheater rise to the level of a critical capital project deserving of state assistance?

In recent days the Mayor and the County Chief Executive have said they would like to see the \$4 million shifted from the amphitheater to a new parking garage on the North Shore. This proposal has prompted a new look at the circumstances surrounding the amphitheater grant. Not surprisingly, that research has raised additional issues.

First, when the Governor was announcing the City and County recipients of the \$73 million in Redevelopment Assistance (RACP) grants, he said that he wanted to see the money spent quickly. He also said all of the projects receiving awards had matching funding in place. Now that's very interesting. On a September 15 KDKA-TV news broadcast, a Steelers' spokesman was quoted as saying they are not sure when the amphitheater will be built because they have not been able to line up investors. It is not unreasonable to ask whether the Governor was misled about the availability of matching funds in the request for amphitheater funding.

The Governor went on to say that if the projects receiving awards were not started quickly, the state money could be rescinded. Let's see if he was serious about that and asks for the \$4 million back. Given the politics and players involved, the odds would not favor such an action.

Second, it is now known that the amphitheater proposal promised the creation of six full-time, permanent jobs. What a poor deal for taxpayers. They get to spend \$4 million to create six jobs, a preposterous \$667,000 per full time job. To be fair, the amphitheater will need a couple hundred temporaries, presumably to work events. That amounts to the equivalent of about 12 full time, low paid, no benefits jobs. Thus, even using a generous calculation, the taxpayers are being soaked to the tune of \$222,000 per full time job equivalent. Even worse, the amphitheater would create competition for existing venues and might cost jobs at the other sites, resulting in no net new jobs in the City.

Third, when the City-County project wish list was submitted to the Governor, the same parking garage that the Mayor and Chief Executive want the \$4 million for was on the list. The Governor chose not to provide funding for what is now being called the project that all future development, including the amphitheater, depends upon. How can that be possible? A project that should never have received state funds gets an award, while the parking garage that is allegedly the linchpin for future development gets turned down. Could it be that political considerations overrode economic rationale?

As far as shifting the funds from the amphitheater to the parking garage, the Governor appears to have the authority to make the switch. According to the Office of the Budget, which administers the RACP money, the Governor has the discretion to approve projects for funding. He does this with the guidance from local officials—in this case the Mayor and the County Executive. Further, the Office of the Budget says the Governor can shift the money from one project on the wish list to another as long as it was originally on the wish list. Therefore, as long as the Governor gives his approval, the money can be shifted from the amphitheater to the parking garage with little red tape.

But, this begs the obvious next question. If the amphitheater money is shifted to the garage, will the amphitheater be automatically eligible for a new grant in the future? And more importantly, would the Governor opt to replace the \$4 million for the amphitheater in light of the high level of controversy the grant has caused?

An earlier Policy Brief argued very strongly that using taxpayer money for an amphitheater was an egregious misuse of public funds. Now it has been revealed that the requirement that matching funding be in place was not met and there is no date certain to start the project. Moreover, it has still not been revealed whether or not the builders of the amphitheater will buy or lease land from the Stadium Authority or how much they will pay to buy or to lease it. Finally, this new look at the amphitheater situation has found that employment creation at the facility will be the equivalent of a paltry 18 full-time jobs at a cost to taxpayers of \$222,000 per job.

One can only wonder how such a project could be seriously proposed as worthy of state funds. It is amazing that it was actually approved.

Jake Haulk, Ph.D. President

Frank Gamrat, Ph.D., Sr. Research Assoc.

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Allegheny Institute for Public Policy
305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234
Phone (412) 440-0079 * Fax (412) 440-0085
E-mail: aipp@alleghenyinstitute.org