

Meeting Minutes
State College Borough Redevelopment Authority
May 27, 2020
Virtual Meeting

The State College Borough Redevelopment Authority (RDA) met on Wednesday, May 27, 2020 for a virtual meeting through Zoom. Sally Lenker, Chair, called the meeting to order at 12:04 p.m.

RDA Members Present

Sally Lenker, Chair; Mark Huncik, Vice-Chair; Elizabeth Goreham; James Shincovich, Secretary/Treasurer; and Rebecca Misangyi

Others Present

Ed LeClear, Planning Director; Isabel Storey, Planner; and Denise L. Rhoads, Administrative Assistant

Approval of Minutes

A motion was made by Mr. Shincovich and seconded by Ms. Goreham to approve the January 22, 2020 minutes as submitted. The vote was unanimously in favor.

Chair Report

Ms. Lenker had nothing to report.

Public Hour

There was no public in attendance.

Financial Matters

January through April 2020 Expense Voucher Approval

After reviewing the January through April 2020 expense vouchers for approval, Mr. Huncik made a motion to approve and Ms. Goreham seconded. The vote was unanimously in favor.

2020 Budget Revision

Mr. LeClear stated the State College Area School District (SCASD) staff indicated it was likely the school district would have additional use for the Fairmount School building during the 2020-2021 school year, and possibly later. This development, coupled with the COVID-19 crisis, necessitated a review and likely adjustment of the 2020 RDA budget.

Mr. LeClear and Mr. Miller's overview included:

- Due to a large transfer that occurred in January from Core Spaces on East College Avenue and the fact that SCASD would be using the Fairmount School building in the future changed the budget.

- Discussed revenue sources: 1) 25% real estate transfer tax transferred from the Borough General Fund; 2) one half millage tax increase to fund payback of the Line of Credit (LoC) and other RDA activities (\$287,000); 3) Kemmerer Road loan repayment (~\$36,000); 4) 2020 projected transfer tax revenue (\$200,800); 5) actual transfer tax revenue as of March 31, 2020 (\$312,764); and 6) 2020 projected General Fund transfer (\$287,000).
- Discussed balance sheet and projected end of year (EoY) expenditures: 1) cash on hand as of March 31, 2020 (\$713,092); 2) Neighborhood Sustainability Program loan liability (\$429,910); and 3) Yorkshire loan liability (\$125,000) with the total fund balance of (158,182).
- Discussed the 2020 Economic Development (ED) Program costs: 1) Kemmerer Road loan payment (\$36,000) which was covered by payments from Housing Transitions, Inc.; 2) personnel (\$90,470); 3) operating/program/advertising (\$15,000); professional services decreased to (\$50,000) with the elimination of the Fairmount School feasibility study leaving in Opportunity Zone Business Marketing (\$40,000) and Miscellaneous appraisals (\$10,000); and 4) total cost minus Kemmerer Road (\$155,470)
- Mr. LeClear noted the Planner-Redevelopment Specialist position would stay open until later this year.
- Discussed the 2020 Community Development (CD) Program costs: 1) personnel (\$18,094); 2) interest on the LoC through May 2020 (\$4,951); 3) indirect costs (\$21,530); 4) payment on loan to repay LoC beginning in May 2020 at \$7,500 per month (\$52,500); and 5) total 2020 cost (\$97,075).
- Discussed the 2020 total RDA costs and projected use of fund balance: 1) total ED costs (\$155,470); 2) total CD costs (\$97,075); 3) Yorkshire Village loan (\$125,000); 4) total 2020 costs plus loan (\$377,545); and 5) cash on hand (\$713,092); 6) projected remaining property tax revenue minus 5% (\$222,670); and 7) total 2020 revenue (\$935,762) with 16.7% contingency set aside (\$42,175), potential remaining fund balance available for the Revolving Loan Fund (RLF) by EoY (\$516,042).
- Discussed the 2020 total RDA costs and projected use of fund balance – loan payoff: 1) total ED costs (\$155,740); 2) total CD costs (\$474,485); 3) Yorkshire Village loan (\$125,000) with total 2020 costs plus loan (\$754,955); 4) cash on hand (\$713,092); 5) projected remaining property tax revenue minus 5% (\$222,670) with the total 2020 revenue (\$935,762); and 6) with 16.7% contingency set aside (\$33,408), potential remaining fund balance available for the RLF by EoY (\$147,399).

RDA's comments

- Mr. Shincovich asked what was saved by paying off the loan. Mr. Miller stated it would save about \$22,000 with an interest rate of 1%.
- Ms. Lenker asked what advantage/disadvantage was of paying the loan off. Mr. LeClear stated the RDA would not have as much money to work with by EoY.
- Mr. Huncik stated a decision could fall somewhere in between the two options. He stated he would not want to give away all the capital funding.

Mr. LeClear asked members what direction they wanted staff to go regarding the issue with the Yorkshire Village liability loan.

- Ms. Lenker stated S & A Homes should pay the loan but, would it be more feasible to work with them. Ms. Misangyi stated staff should think about if the money was needed by RDA now or would it be possible to wait a bit longer for payment.

- Mr. Shincovich asked if the amount of money owed increased. Mr. LeClear stated it would not, and it was from the tax credit vehicle and the tax break went down. Mr. LeClear also noted S & A Homes shared that the investor was the hold up. He stated he would reach out to Andy Haines from S & A Homes to get a feel of what the situation currently was.

Economic Development

COVID-19 Business Needs Survey

Mr. LeClear noted staff initiated a survey to gauge the impact (both immediate and longer-term) of the COVID-19 emergency on State College businesses. The survey was located here:

<https://polco.us/surveys/8403d877-eb8e-446d-9b50-82c3d9110e08>

He noted staff would review the survey and discuss key questions that would assist in the development of a business support RLF. Mr. LeClear discussed the survey briefly. He stated no action was needed due to this being an informational item only.

RDA's comments

- Mr. Shincovich asked if this would be an RDA or Borough program. Mr. LeClear stated it would be an RDA program. He also stated the survey was sent to every business enrolled in the Borough's refuse data base and staff did not feel it was possible to pre-screen.
- Mr. Shincovich asked if the Borough had a sense if Pennsylvania State University (PSU) would want to contribute to this. Mr. LeClear stated there had been conversations regarding this.
- Mr. Huncik asked how staff would go about bringing in new businesses to the downtown. Mr. LeClear stated there would be a lot of value in capitalizing this program and staff should be looking at recruitment as well.

COVID Small Business Support Program Research

Mr. LeClear noted staff-initiated research on business loan programs in other communities in support of developing a State College RFL. Staff gave a summary of key characteristics of similar programs and aspects of program design that would need to be determined after survey results are received.

Ms. Storey's presentation included: Power Point presentation

- Looked at small business support programs in the surrounding communities.
- Discussed loan structure trends: 1) bridge loans to tide businesses over until they could reopen; 2) 0 - 3% loan; 3) up to five years; 4) payment deferral up to six months; and 5) loan amounts between \$1,000 and \$250,000.
- Discussed who qualified: 1) businesses with less than 50 employees; and 2) types: retail, food service, arts/entertainment, hospitality, healthcare, fitness, personal services, and transportation.
- Discussed permitted uses: 1) working capital to include rent, payroll, utilities, inventory, accounts payable, commercial loans, and lease payments.
- Discussed funding sources: 1) city and state funding packages; 2) major local employers; 3) private donors; 4) crowdfunding; 5) support from local bank and branches.

- Discussed the application process: 1) maximize accessibility the ease and efficiency; 2) revenue loss of at least 25%; 3) credit score of at least 650, and 4) annual tax information.
- Ms. Storey noted Lansing, Michigan's list of required documentation: 1) 2018 and 2019 annual revenues; 2) 2019 average weekly revenue; 3) average weekly revenue in February 2020; 4) average weekly revenue since March 16th; and 5) anticipated weekly revenue over the next two to three months.
- Discussed considerations moving forward: 1) priority should be given to businesses that gave the Borough a unique sense of place; 2) overall loan structure; 3) crowdfunding from PSU Alumni Networks; 4) easy and straightforward application to help as many businesses as possible; and 5) funds often used up fast, so any amount would get used up.

RDA's comments

- Mr. Shincovich stated if PSU decided not to open in the fall, it would be a deferred impact on any businesses moving forward. He asked if there would be any thoughts to this possible issue. Mr. LeClear stated he and the Borough Manager had conversations on this concern.
- Mr. Huncik asked what kind of staff support would be available for the program. Mr. LeClear stated it would be with the current staffing.
- Mr. Shincovich asked if there was a possibility for members to help with this process and Mr. LeClear stated it could be a possibility. Ms. Lenker volunteered as well.

There was a brief discussion on the vacancy of the Planner-RDA Specialist position. The hiring process had been put on hold for now.

Upcoming Meetings

Mr. LeClear suggested the RDA members have an additional meeting on June 10, 2020 at Noon. After a brief discussion, it was the general consensus to have that meeting. The regularly scheduled meeting on June 24, 2020 at Noon would still occur.

Adjournment

There being no further business, Ms. Lenker, Chair, adjourned the meeting at 12:53 p.m.

Respectfully submitted,

Denise L. Rhoads
Administrative Assistant