

Questions have arisen since the City of Erie filed its challenge to the tax-exempt status of the two hotels and the two parking garages which are owned and operated by the Erie County Convention Center Authority. The public needs to have a clear understanding of why the Authority is tax-exempt and how the Authority benefits the taxpayers of the City and County while improving the quality of life in our community.

The tax-exempt status of the Authority was a critical factor in planning and constructing the Convention Center hotels. The Authority thoroughly investigated the possibility of partnering with privately owned hotel operators, but we were unable to find any who were willing to build hotels of a size and quality necessary to ensure success. In short, the tax-exempt status of the Authority was essential to the creation of a world-class destination that was simply not achievable through the private sector.

The financing of the Convention Center hotels came primarily from bonds issued by the Authority which were guaranteed by the County. The Authority uses hotel revenues to pay down the bonds that were used to build the hotels. Those bonds were sold on the assumption that the Authority's hotels were tax-exempt, and the bondholders purchased those bonds on the assumption that the Authority's hotels were tax-exempt. Changing that rule, nine years into the thirty year bond repayment commitment, is unfair and dangerous to both the bondholders and County taxpayers, since County taxpayers are ultimately responsible for any failure to fulfill this long term obligation.

One only needs to look at the minimal private commercial development that has occurred on the Bayfront in the past twenty years to appreciate that tax exemption is a critical component of successful development. The limited private commercial development that has happened, and that which has long been promised but has not yet materialized, is itself reliant on extensive tax exemptions and substantial state grants.

In the end, it is the taxpayers who own the hotels, and it is the taxpayers who are the sole beneficiary of any profits from the hotels. Every penny which has been generated by the hotels, and every penny which will be generated in the future, has been, and will continue to be, reinvested by the Authority in our community.

The Authority has provided many benefits to the community at large, and the City in particular, since the Authority was created in 2000:

- Saved the City over \$3,000,000 in taxpayer subsidies for the Arena, the Ballpark and the Theatre over the past fifteen years
- Made substantial infrastructure improvements for the benefit of the City:
  - \$2,500,000 for a sewer line, lift station and related items on State Street
  - \$313,000 to rebuild the City's sewer lift station on the Bayfront Parkway
  - \$450,000 to upgrade the City's water system on the Bayfront
- Generates \$250,000 annually in amusement and parking taxes for the City
- Employs in Authority facilities nearly 1000 people who generate more than \$100,000 in local wage taxes annually

- Created more than \$250,000,000 of construction investment in the City
- Created over 841 prevailing wage construction jobs
- Maintains a 600 foot, free courtesy dock for boaters in the West Canal Basin
- Created more than 4000 feet of free public access walkways on the waterfront where none had previously existed
- Secured \$10,000,000 in state grants to clean up the GAF site, which would otherwise have been unavailable for taxable commercial development due to its environmental condition
- Renovated the Arena, the Ballpark and the Theatre, which collectively attract more than 850,000 patrons annually. These reinvestments positioned Erie to retain its sports teams and will grow our cultural arts organizations.
- Generates more than \$94,000,000 in related spending in the community
  - \$11.1 million for Tickets and Admissions
  - \$24.2 million for Eating and Drinking
  - \$34.9 million for Transportation and Lodging
  - \$19.5 million for Shopping
  - \$4.7 million for Other spending

All of this has been accomplished without a single taxpayer dollar from the City of Erie.

The Authority has conceived, constructed and successfully operated more transformational projects than any other local governmental agency. Look at the Warner Theatre, Erie Insurance Arena, UPMC Park, the Convention Center Complex and our Bayfront Place Development Plan. These are the types of projects that we have proven beyond any shadow of a doubt that we can and will do, if we work together as a community.

It is critical that we continue this course and retain all the tools, as originally promised, to help our City, County and its hard working residents expand our opportunities to make Erie an even better place to live, work, and play.