

## Mayor Courtright's Statement on the Parking Transaction

**(Scranton, Pennsylvania)** "I am very pleased to announce what I believe to be an innovative multi-million dollar partnership with the National Development Council and John Basalyga that marks one of the most critical steps for getting the City of Scranton back on track. "

"This partnership would modernize Scranton's parking system, end both the Scranton Parking Authority's costly receivership and one of the City's worst financial liabilities, and make an unmatched investment to supercharge downtown Scranton's already flourishing turnaround."

"The National Development Council, who you will hear more about from Dan Marsh in a minute, is a nationally-renowned non-profit and a clear leader in spurring economic development in cities all across the country through innovative partnerships like the one we are unveiling today. NDC has been working with us for the past six months, helping us craft a deal that will bring tremendous benefits to the City's financial recovery and the downtown's economic recovery. NDC is the right partner for the City at the right time in its history."

"My friend John Basalyga needs no introduction in Scranton. I think I speak for us all when I say that we are incredibly excited by the work he's doing at the newly rebranded Steamtown Marketplace, at the movie theater, and the downtown more broadly. John's not a typical developer and I think that's exactly what we need in Scranton and it's what makes me happy to be his partner."

"Like we're trying to do all around the City of Scranton, John is building upon the great assets we do have and thinking creatively on how to leverage them and bring them into the 21<sup>st</sup> Century."

"When we released the Amoroso Plan in July 2014, we identified three main problems we had to fix: the union judgement, our pensions, and the Scranton Parking Authority."

"Since that time, and, really, since Day One of my Administration, we have been working each and every day to execute on our strategy for recovery. As you know, we have already made serious progress on solving these first two problems."

"After more than ten years of court battles, and more than two years of tough negotiation during my Administration, we reached a final settlement on the judgment that reduces pension costs to the City by millions of dollars, includes a significant deposit into the police and fire pension funds, and, perhaps most importantly, introduces critical reforms to our City's pension system."

“And, through the responsible monetization of the Scranton Sewer Authority, the City will receive significant funds to help stabilize our pension and keep our budget on track towards stability—all while keeping sewer rates low, predictable, and far less than they would have been had we simply pursued a “business as usual” approach.”

“I am happy to announce another big step in the right direction -- we are in a position to accomplish not only a *financial* solution to the problems we’re dealing with from the Scranton Parking Authority and a termination of the costly receivership, but we’re prepared to announce a partnership with NDC and John Basalyga that will accelerate an already thriving downtown redevelopment.”

“Out of all the problems my Administration inherited, those involving the Parking Authority may have been the worst. Each year, we have to budget about \$3 million to pay the *Parking Authority’s* debt. This is debt they should be paying, but can’t, so we have to pick up the slack.”

“On top of that, we are paying hundreds of thousands of dollars in fees for the Receiver’s accountants, consultants, and lawyers; expenses that don’t go towards making our parking system better, but just add more costs and drain money out of the City unnecessarily.”

“But the biggest problem of all has been cleaning up the legacy of the Parking Authority’s default, which the City caused in 2012 by refusing to pay for some of the Parking Authority’s debt, which the City legally guaranteed.”

“The resulting default, has been an albatross around the City’s neck.”

“It lost us our credit rating and, until we started getting to work fixing all this, it froze us out of the credit markets and caused us to pay interest rates of 7, 8, and 9 percent -- even for the most routine financings.”

“The costly, unnecessary and short-sighted decision to send City-guaranteed Parking Authority-debt spiraling out of control is perhaps the biggest liability I inherited. We cannot tolerate the costly receivership a single day longer than we have to. We must stop the bleeding, and turn the page on this unfortunate chapter in our City’s history. The parking deal – and our partnership with John Basalyga and NDC – offers an opportunity to do just that.”

“Through an exhaustive process we began well over a year ago, we looked at dozens of options, ranging from a sale of the whole system, a sale of some of the garages, a sale or lease of the garages and meters to a for profit corporation, or a management agreement, we concluded that a concession-lease deal with a non-profit, specifically with NDC, was the best option for Scranton.”

“Basically, the concession-lease model means that while the City retains ownership of these important public assets, NDC and ABM, a nationally renowned parking operator, will assume the day to day operations and long-term maintenance and repair of the City’s parking system.”

“And, because NDC is a non-profit, once all the annual expenses are paid off, any money left over will flow to the City for particular projects that we would work with NDC to pick, such as restoring playground equipment. NDC will also thoroughly modernize the parking system—cleaning up the garages, relighting them, and introducing the kind of technology that makes the parking experience much more pleasant and convenient.”

“Part of the appeal of the partnership with NDC is that our parking system will, finally, be unified. Right now, the City runs the meters and the Authority runs the garages. Under the new system, NDC will run both. Having parking unified helps save on overhead, allows for the most efficient allocation of resources, and makes sure every visitor to downtown can access the best parking option for him or her. All of this is key to spurring economic development.”

“And, since unification is one of the most important parts of making our parking system the most effective it can be for economic development in the downtown, we approached John Basalyga, who not only has the second greatest number of parking spaces in Scranton—over 2,000—but also is doing an incredible amount to restore vitality in our downtown.”

“The public-private partnership we are forming with John and NDC accomplishes three things. First, it fully unifies the vast majority of the public parking in downtown Scranton, as NDC will operate the Mall garage; and, just as it has always been, mall parking will be absolutely free for shoppers.”

“Second, through a 20 plus year lease, the mall garage will become part of Scranton’s public parking system. The related lease payment will help John with the funding he needs to make additional investments in the Marketplace, but also other projects in the downtown that are part of his vision.”

“Third, we will be selling the Electric City garage—it’s the one above the Globe Store and the movie theater—to John and leasing back all of its spaces and collecting all of the revenue generated each month from those parkers. The Electric City is the oldest garage in the system and, by far, the one in the greatest need of repair. Unfortunately, if we had to bear the cost of repairing the garage on our own, it could have made more financial sense to just demolish it. This would have left a critical portion of the downtown, which is seeing a lot of exciting development, without public parking.”

“Both John and I felt strongly that finding a way to keep the garage operational was vital for the downtown’s redevelopment, so we made a deal to essentially split the cost of the most crucial repairs. NDC will manage the garage as part of the public parking system.”

“Now, we still have a lot of work to do and what we’ve discussed will require approval both from the Parking Authority and the Scranton City Council.”

“I am asking both to consider the benefits of what we have laid out today, not only for the City’s finances, but also for our City’s broader economic recovery. I am also asking that we consider what doing nothing means—growing debt service costs in our City’s budget, even more unnecessary Receivership fees, and an outdated, inefficient parking system that cannot be the resource that John and our downtown needs to realize its incredible potential.”

“Thanks again, and I want to turn it over to John now, who will talk about the deal from his perspective. “