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Committee on Commerce
Public Hearing on
Committee Roundtable:
Main Street and Small Business = Economic Development
Old Economy Village
270 16th Street
Hermitage, PA 16148-3690

Date: Friday, March 26, 2010

Reported by: Constance Lee

1 COMMITTEE MEMBERS:

2

3 Representative Peter J. Daley, Chairperson

4 Majority Chairperson in House

5 Subcommittee on Commerce

6 49th Legislative District

7

8 Robb Miller

9 Majority Executive Director

10 Commerce Committee

11 To Representative Peter J. Daley

12

13 Representative Mark Longiotti

14 Subcommittee Chairperson

15 7th Legislative District

16

17 Representative Jim Marshall

18 14th Legislative District

19

20 Representative Robert F. Matzie

21 16th Legislative District

22

23 Representative Nicholas Kotik

24 45th Legislative District

25

1 Representative Paul Costa

2 34th Legislative District

3

4 Representative Jaret A. Gibbons

5 10th Legislative District

6

7 Representative Dom Costa

8 21st Legislative District

9

10 ALSO PRESENT:

11 Destiny Zeiders

12 Analyst to Representative Peter J. Daley

13 John Scarpato

14 Analyst to Representative

15 Sandy Altland, Legislative Aide

16 Committee Secretary to Representative Daley

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1 (10:00 a.m.)

2 MR. DALEY: This House
3 Commerce Committee will now come to order. My
4 name is Pete Daley. I'm the chairman of the
5 committee. I will start with
6 Representative Mark Longietti to introduce
7 himself.

8 MR. LONGIETTI: Representative
9 Mark Longietti from Mercer County.

10 MR. MARSHALL: Representative
11 Jim Marshall. 14th District, Beaver County,
12 just up the river.

13 MR. MATZIE: I'm
14 representative Rob Matzie. You're in my
15 district. Welcome.

16 MR. DALEY: Go back.

17 MR. SCARPATO: I'm sorry, John
18 Scarpato. I'm an analyst with the
19 representative's office and a Republican.

20 MR. MILLER: Good morning. My
21 name is Robb Miller. I'm the executive
22 director of the House Commerce Committee. I
23 work with Representative Daley.

24 MR. COSTA: Good morning. I'm
25 Representative Paul Costa. My district is the

1 eastern suburbs off Allegheny County.

2 MS. ZEIDERS: I'm Destiny
3 Zeiders, analyst for Representative Daley.

4 MR. KENAPLES: My name is Ted
5 Kenaples. I work with Representative Rob
6 Matzie.

7 MR. DALEY: And, Sandy.

8 MS. ALTLAND: I'm Sandra
9 Altland. I'm the committee secretary for
10 Representative Daley.

11 MR. DALEY: I want to thank
12 Representative Matzie for hosting us today.
13 Yesterday we were north of here in Midland. Is
14 that north or west?

15 MR. MATZIE: Northwest.

16 MR. DALEY: Being from Fayette
17 and Washington County, I've been in the
18 legislature for 28 years. I have been the
19 chairman of this committee for the past six
20 years. What we're trying to do, first part of
21 this session we are dealing with some banking
22 issues. This committee deals with banking,
23 economic development, and Securities and
24 Exchange Commission and HUD housing issues in
25 Pennsylvania.

1 What we're doing this half of the
2 year is to run around the state, and we're
3 talking about economic development and ways of
4 stimulating and helping the small businesses
5 and stimulating the economy of Pennsylvania.
6 We've been to Philadelphia. We've been to
7 Representative Longiotti's district north of
8 here. We were in Cambria County, in Windberg,
9 Williamsport, Midland, and now here.

10 Next week we're going to be in the
11 Mon Valley, where I come from, in a place
12 called Charleroi, Pennsylvania, including parts
13 of that area. Donora is where my district
14 office is; the home of Joe Montana and Stan
15 Musial, some great football players, as this
16 place is also.

17 So what I'm going to do is what I do
18 at all of my committee hearings in the
19 legislative districts of the legislators, I'm
20 going to turn the meeting over to
21 Representative Matzie who will chair the
22 representative meeting. I want to thank you
23 for your attendance.

24 And Mr. Matzie, I want to thank you
25 for your kindness.

1 MR. MATZIE: Thank you,
2 Mr. Chairman, and thank you for agreeing to
3 bring the Commerce Committee here to my
4 district. And one of the reasons that we
5 decided to have it here at Old Economy Village,
6 obviously, it is a State site. It's a member
7 of the Pennsylvania Historical Museum
8 Commission in 40 plus buildings and sites that
9 they're responsible for. It's the first ever
10 site of PHMC. And, of course, we all know
11 about some of the budget hits that PHMC took in
12 the previous budget and try to bring awareness
13 to our members, as well as at the same time
14 take advantage of this beautiful site for a
15 meeting such as this. While this site, per se,
16 isn't the topic for discussion today for this
17 hearing, we felt it was a good opportunity for
18 us to get folks out here, members out here, and
19 get the general public out here, as well, to
20 see the site and be sure to make it a plan for
21 them to come back when the site reopens on
22 April 16th. Yes, the site will reopen the 16th
23 of April and be open for that weekend and
24 Fridays, Saturdays and Sundays after that
25 through October.

1 One of the things that I discussed
2 over the last couple of years and prior to me
3 being a member of the legislature when I was a
4 staff member, I worked close, hand in hand with
5 Mark Peluso, who would be our main presenter,
6 our only presenter here today, to discuss
7 downtown development and economic development;
8 just how important our small businesses in our
9 communities are.

10 I represent many river town
11 communities in our district. And it's so vital
12 and for the downtown districts to be viable
13 because our downtown districts and downtown
14 communities are really the first thing that
15 they see when they come into a community. So
16 if you have a good identity downtown, people
17 will have a good feeling about the rest of the
18 community. So that's one of the reasons we
19 wanted to have Mark come in. And we talked
20 about this many times and felt this was the
21 best opportunity for us to do this today.

22 I want to thank the members that
23 came here today. I know there's a couple of
24 other members that may be joining us at some
25 point throughout the course of this morning.

1 And, again, welcome, everyone, here today.

2 We'll present Mark to you.

3 Mark has been around a long time,
4 and Mark is a commercial real estate specialist
5 and principal of Town Center Associates with
6 offices in Beaver and Pittsburgh, and his staff
7 does work in many of the downtowns throughout
8 southwestern Pennsylvania, and they are truly
9 top notch, and Mark has a true passion for what
10 he does. And we're so grateful that he agreed
11 to be here with us this morning as our main
12 presenter.

13 And Mark, I will turn the program
14 over to you, and welcome, and, again, we thank
15 you for agreeing to participate here this
16 morning. We're looking forward to some
17 information from you here today.

18 MR. PELUSO: Thanks, Rob. And
19 before we get started, let me get something
20 clear, because I keep getting asked this
21 question, with all of guys here, the
22 legislature in Pennsylvania is, in fact,
23 responsible for the healthcare reform in the
24 United States; right? That's what your
25 constituents seem to think.

1 MR. MATZIE: Many do, yes.

2 MR. DALEY: Last weekend, I
3 got 30 calls about it. I said, are you for it?
4 And they said, no. I said, I will vote
5 accordingly.

6 MR. PELUSO: Yes. Thank you
7 so much for inviting us to talk today. We'll
8 tell you later on in the discussion here this
9 morning a little bit more about something that
10 we're doing. The primary focus that Rob had
11 ask us to concentrate on for this discussion
12 today was taking a look at our downtown-based
13 communities as -- as a really important
14 generator of economic development in
15 Pennsylvania. So, basically, what we're going
16 to try to give you is our perspective and the
17 way that we've been coming at this for some
18 years. And you may agree or disagree with some
19 of the things we have to say or think, and
20 that's the purpose of this discussion today.

21 I'm always surprised when the remote
22 controls actually work.

23 What's probably important is to sort
24 of start this conversation by defining what we
25 mean when we're talking about downtown-based

1 communities and try to give you a little
2 perspective on that and, perhaps, maybe set the
3 table for some of the other issues that will
4 come up here.

5 I do want to ask those legislators
6 here, particularly, it seems to me that we have
7 a really good representation of Western
8 Pennsylvania here, and there's a lot of very
9 unique situations relative to downtown-based
10 communities in Western Pennsylvania. I think
11 they're very different than in other parts of
12 the state. It is certainly fair to say that
13 every one of you that are here do have
14 traditional downtown communities in your
15 district. Is that fair to say? There are
16 areas that that's not the case.

17 MR. MARSHALL: Five of the
18 nine that are listed are in my legislative
19 district.

20 MR. PELUSO: Five to the
21 nine --

22 MR. MARSHALL: Five to the
23 nine on your sheet.

24 MR. PELUSO: Everyone here has
25 communities of that ilk. How many of you grew

1 up in traditional downtown-type communities?
2 Did most of you do that? Is that also fair to
3 say?

4 Jim, I know you're the farmer type.

5 MR. MARSHALL: We're a rural
6 area, correct.

7 MR. MATZIE: Mark, why don't
8 you turn that Mike on.

9 MR. PELUSO: Is this on? Do I
10 have to turn the switch on?

11 MR. MATZIE: Yeah, switch it
12 on.

13 MR. PELUSO: How's that? Does
14 that help? Okay.

15 MR. MATZIE: There you go.

16 MR. PELUSO: Mark, the reason
17 I bring that up is because, you know, for those
18 of us that grew up in communities of this
19 nature, communities like Ambridge, a lot of
20 this stuff comes second nature. We sort of
21 understand inherently the important, relevant
22 issues related to this, I think. But you have
23 a lot of constituents who never really
24 experience that. They didn't grow up in that
25 scenario, and they don't live in that scenario

1 right now. And so I understand that oftentimes
2 when we think we're preaching to the choir, we
3 actually aren't. And that I understand that
4 you have a lot of competing issues that you
5 have to deal with in your own districts. We'll
6 talk about that a little bit. I think this
7 slide will quickly demonstrate, I think, three
8 main types of ways of living in your districts;
9 the typical suburban way of life, downtown-
10 based way of life, and certainly rural way of
11 life. So you have constituents who are
12 concerned with issues relative to all three of
13 these.

14 Obviously, today we're talking about
15 that one in the center. I want you to know
16 that I'm not naively suggesting that we don't
17 understand that you guys have a lot of other
18 issues on your plate. I think what we're
19 trying to do is lobby for the position that we
20 think that the communities deserve in terms of
21 the perspective that's needed to really get a
22 sense of how important that is to the entire
23 economy of Pennsylvania.

24 MR. DALEY: Mark, let me just
25 say something very quickly.

1 MR. PELUSO: Sure.

2 MR. DALEY: As chairman, prior
3 to me going to the legislature for Steel County
4 Council of Governments with Joe Hohman who was
5 now the, Clairton Community Development
6 Corporation, Homestead Revitalization
7 Corporation, which we did downtown projects.
8 What I'm thinking of developing conceptually
9 through the committee is a project where we try
10 to reenergize downtown by bringing businesses
11 back to the storefronts downtown and utilizing
12 the second floors for residents as it was in
13 the past. Because of a lot of issues -- this
14 is one of our new concepts that we're working
15 on right now is offering revitalized downtown.

16 Several years ago -- I introduced
17 legislation 26 years ago -- that created the
18 Renaissance Community Program. It was targeted
19 into the Beaver Valley, Mon Valley, and
20 Shenango Valley. That generated about \$8
21 million in revitalization efforts. I think
22 that Beaver County really benefitted from that.
23 That's my perspective as chairman and what I'm
24 trying to focus on on the revitalization.

25 MR. MATZIE: Recognize two

1 other members that are here. Representative
2 Gibbons.

3 MR. GIBBONS: I'm
4 representative Jaret Gibbons. I represent the
5 10th District northeast Beaver County and part
6 of Lawrence and Butler County, including a
7 sliver of Economy Borough right down here.

8 MR. MATZIE: And
9 Representative Kotik.

10 MR. KOTIK: I'm Representative
11 Nick Kotik.

12 MR. MATZIE: Welcome. We're
13 expecting one or two other members that may be
14 arriving. When they come, we'll introduce them
15 to you.

16 Mark, back to you. Sorry.

17 MR. PELUSO: Were you
18 finished, Pete?

19 MR. DALEY: Yes.

20 MR. PELUSO: You all know that
21 there are over 250 municipalities in the State
22 of Pennsylvania. Not a clear number as far as
23 many of those are downtown type of communities
24 that we're talking about here. I don't think
25 an exact count has ever been done on that. I

1 think that it is fair to say that at least a
2 thousand of those municipalities are of the ilk
3 of what we're talking about today.

4 I thought it might be good to work
5 on definitions here maybe to define what we
6 mean by "downtown-based communities." A lot of
7 this goes without rhetoric. This is the
8 kind -- these are the kinds of homes that you
9 find in the municipalities that we're dealing
10 with today. These are the -- this is the way
11 of life you kind of see in a suburban arena or
12 in the rural-type setting as well.

13 I think we all understand the sense
14 and the feel that you get as soon as you come
15 into a community that has a downtown as the
16 center of its economy, and everything feels
17 different. You can sense it immediately. It
18 doesn't matter what part of the state or
19 country that you're in. You know right away
20 this is a different kind of community than a
21 suburban-based community.

22 You also know the business districts
23 are very much different. I thought it might be
24 good just to pause for a second to just reflect
25 a little bit on some of the issues that relate

1 to the way that we changed our lives here in
2 the United States because of the drive to move
3 out of our traditional towns and what that has
4 done, I think, to our sales and to the economy.

5 Regardless of what side of that
6 equation you may be on, there are certain
7 undeniable facts. One that I think is striking
8 that I learned over the years is that over 80
9 percent of everything that's ever been built in
10 the United States has been built in the last 50
11 years. And I think we can all be the judge of
12 whether or not that's for better or worse in
13 respects and what it's done for the quality of
14 our life.

15 I think a lot of people look at the
16 kind of suburban way of life, the suburban way
17 of shopping as a positive thing. It's very
18 convenient. I have lots of people that love
19 their lives in that kind of a setting. But it
20 certainly can be described in some people's
21 view as a sort of a scary landscape. You know?
22 Buildings and parking lots. A very different
23 sense of what it brings to your life from an
24 architectural standpoint.

25 So we have these sort of two

1 divergent ways of living and doing business.
2 And today we're going to concentrate on the one
3 on the right, obviously, on the community
4 business district. You guys can be the judge
5 as to what is better or worse in regard to
6 this, but I think it's becoming increasingly
7 important that we come to grips with some of
8 the facts with what we've done to ourselves
9 over the years.

10 I think you know that most of the
11 population districts in the State of
12 Pennsylvania have been declining, not going up.
13 Most of our towns have smaller populations, you
14 know, with, perhaps, growing suburban
15 populations. When people move out of our
16 towns, they take with them their desire to have
17 all the things that they had in the towns. So
18 when you go out to live in the suburbs, you
19 want to have better roads, and you want to have
20 sewer systems, and you want to have water, and
21 you want to have convenient schools nearby and
22 convenient shopping nearby.

23 So what you do is you pool all of
24 the resources, and the resources are not
25 greater, in fact, they're less, but we spread

1 them out over an enormous geography. In the
2 process of that, we find ourselves abandoning
3 the communities that we started from, and
4 they're left to fend for themselves.

5 I do think that, in my own view, the
6 biggest loss from our towns is actually the
7 brain drain from our towns itself (sic). When
8 you take your population down to a certain
9 point, you start finding that you may not have
10 the kind of interest or experience or skills
11 that are needed to deal with the really
12 incredible, difficult problems that these small
13 communities are facing.

14 God bless the people who have hung
15 in here. We have a number of those that have
16 hung in here that made a commitment to do
17 everything that they can to protect and improve
18 their communities. It an extraordinarily
19 difficult job, it really is, given the limited
20 resources that we have.

21 I wanted to just talk for a second
22 about some of the reasons as to why I grabbed
23 this particular town, because it was convenient
24 and because it's Beaver. This is where our
25 business offices are. So I can readily convey

1 a lot of information to you. We've been
2 working in Beaver for a lot of years. I think
3 this is a good way to show a nice, simple
4 example of the kinds of things that happen in
5 communities developmentally in a lot of
6 respects.

7 That little box represents the core
8 business district in the community of Beaver.
9 And oftentimes what happens is that, especially
10 when we're getting a new program underway in
11 communities, is that there's this sort of a
12 resistance on the part of the elected officials
13 in the community itself as to why there's so
14 much energy and potentially some dollars that
15 are being invested in the core business
16 district. It's a much bigger area than just
17 that downtown.

18 So the question becomes if I'm
19 Mrs. Catalabucci and I'm living over on Tenth
20 Street, why are you guys giving facade grants
21 and fixing sidewalks in the downtown? How come
22 nobody ever gave me any money for that? That's
23 a legitimate question, and I'm sure a lot of
24 your constituents want to know that. I want to
25 hear your perspective on that, too.

1 The interesting part of this whole
2 equation is that the downtown effort, the
3 downtown movement, in the end, really isn't
4 about the downtown. It's really about the
5 entire community. And there's this equation
6 that goes on that has to be looked at that, we
7 believe, that the real economic value from the
8 real estate standpoint of the homes that are in
9 this community, all the homes that are
10 surrounding this little square here are much
11 more impacted by what happens in the central
12 business district than in the residential
13 areas.

14 So if you want to drill down
15 different reasons as to why you think this is
16 important, this whole effort, you come at it
17 from a standpoint, certainly, of quality of
18 life and walkable communities and all the
19 things who live in these kinds of towns
20 understand. If you want to take it to the
21 dollar bottom line, I can tell you that every
22 dollar that you invest in that downtown will
23 come back many times over to the equity in the
24 homes of the people who live in that community.

25 Because when you drive threw a

1 downtown-based community, your whole sense of
2 the people who live there and the value of the
3 life who live there is based on the quick
4 impression on the quality of what is going on
5 in that central business district.

6 So the point that I'm trying to make
7 is that you can readily, from an economic
8 standpoint, begin to demonstrate to people that
9 there's great value in investing in the
10 business district, beyond things that are
11 somewhat intangible, like quality of life.

12 What I'm going to throw up here is
13 images around this particular town, to give you
14 a little better sense of how that downtown as a
15 mental image comes into play for all the people
16 that live there and the improvements that have
17 been made in that town have come back to them,
18 many, many times.

19 What I think is worth considering
20 for a moment -- I don't have the empirical
21 evidence to prove this to you just yet -- but
22 in this particular town, this is a town of
23 4,700 people, okay? That's a small town.
24 There's 74 business units. We track all this
25 stuff in this particular town. There's 74

1 units of business in their core business
2 district that only encompasses two blocks.

3 This community decided to spend
4 nearly \$3.5 million several years ago in making
5 physical improvements to their town. Although
6 some of those came from the good help and
7 support of the State, the DCD, CDBG type
8 monies, mostly CDBG monies, the bulk of it
9 really came from the community itself. The
10 borough went out and borrowed money. Over
11 \$300,000 was raised by residents just throwing
12 money into a hat doing this.

13 They recognize you guys don't have
14 enough resources to write a check to everybody
15 in the state and realized how important this
16 was. The impact of that was pretty striking.
17 There's a little over 2,000 housing units in
18 that town. I would suggest to you that the
19 value, if you want to use a rock bottom,
20 minimum number, the value of everybody's home
21 had to be worth at least 10 grand more the day
22 after that streetscape was done. I would tell
23 you that I believe it's more than two or three
24 times that.

25 If you only took \$10,000 and

1 multiplied that over 2,000 resident, you would
2 get about 20 million bucks. So you could argue
3 that a little town spending \$3 million on a
4 streetscape wasn't very prudent. The reality
5 was, that \$3 million came back immediately
6 several times over for the residents in that
7 town. The smartest thing they could have done
8 was pass the hat and paid for it, and it would
9 have been the best and the cheapest investment
10 they could have made.

11 I want to mention a couple other
12 things were done. I'm grabbing this random
13 example, but I think it's a good one. In order
14 to protect this very small area, this little,
15 two-block area, this community along time ago
16 recognized the importance of this. They have a
17 very strong business district authority. We
18 had the good fortune of being their staff in
19 Town Center as far as managing their program
20 for some time. That's been a great experience
21 in doing that.

22 What they have done is taken some
23 very serious steps to try to protect that and
24 increase the economic value of that area. One
25 of the things that they did was make sure that

1 this area not sprawl out. They kept these two
2 blocks tight. They fought many zoning battles
3 to make sure they kept it that way. They kept
4 it very compact. I think that's one of the
5 smartest things they had done. They fought a
6 lot of zoning.

7 They also passed an ordinance that
8 will only permit retail on the first floor in
9 the central business area. Also very
10 controversial. Why isn't an office as goods a
11 retail business? What are you talking about?
12 Why are you insisting that we put retail on the
13 first floor? This community made that
14 decision, and it has served them very well in
15 many respects. We'll talk about that later.

16 They also passed an ordinance
17 relative to scale. They used the statistical
18 information that we provided them within our
19 program, and they took that and said this is
20 the average size of a unit of business in our
21 downtown. That's a sensible scale for the size
22 of our community. We don't want Rite-Aid, for
23 example, to come in and knock down a block and
24 build a building that's 10,000 square feet.
25 That's disproportionate to the character of our

1 community.

2 On the zoning laws, we believe we
3 have the right to say that there's a certain
4 scale that we want to see happen. They passed
5 an ordinance to limit the maximum size of the
6 footprint that someone can put into the central
7 business district. That actually protected
8 them from having one of their blocks levelled.
9 That's a whole story in itself. That was a
10 very prudent as well.

11 In the end, the net result is this,
12 if you go to that town today, what you'll find,
13 you'll see three or four empty storefronts in
14 that town out of 74 units. I can tell you that
15 there are pending leases on every single one of
16 them. Within a couple of weeks, Beaver's
17 probably going to be at 100-percent occupancy,
18 which is a very rare event in any town, under
19 the best of circumstances.

20 So through very difficult economic
21 times, a very small community, a lot of steps
22 were taken to try to protect this, and I think
23 in the end, the economic impact to each of
24 those residents is and will continue to be even
25 more dramatic.

1 I thought it would be good to talk a
2 little bit about how the approach over the
3 years to downtown development has sort of
4 evolved here in Pennsylvania and the United
5 States. So I have a couple little
6 illustrations here that I think help kind of
7 point this out. This is a very typical small
8 town. This is the kind of architecture that
9 you saw everywhere. This is the era when our
10 towns were just booming with business and very
11 vibrant.

12 The strategy that was utilized in
13 those days, okay, as these towns developed was
14 no strategy. There was none. There also was
15 no zoning. Okay? There were no business
16 district authorities or CDCs or development
17 groups trying to make this happen. It all
18 happened. It all happened naturally. You
19 think about it for just a minute or two, you
20 can figure out why that is.

21 I'll throw this question out. Why
22 are central business districts invariably in
23 the dead center of a community when there was
24 never any zoning that required them to be
25 there? How did this cluster of real estate

1 happen, commercial real estate happen right in
2 the center of the community without anybody
3 telling them to do that?

4 MR. SCARPATO: Transportation,
5 easy access, and people weren't as mobile back
6 then, and you had to be able to get somewhere
7 relatively easily so it was equal distance.

8 MR. PELUSO: So in 1875, what
9 would that transportation have been? How did
10 most people get around?

11 MR. LONGIETTI: Horse or walk.

12 MR. PELUSO: Or walk. And a
13 horse was a luxury. If you wanted someone to
14 come to whatever it was you were selling, you
15 had to put it in a point that a maximum number
16 of people could walk to. It doesn't take a
17 genius to figure out if you put something in
18 the middle, more people could get to you. It
19 just happened naturally.

20 What about the architecture? Nobody
21 made them build buildings that looked like
22 this. Instead of being one story, they went up
23 three stories. How did that happen?

24 MR. DALEY: Lack of an
25 elevator. Walk up the steps. Elevator didn't

1 come up until Otis added it. That was the
2 highest that people could walk.

3 MR. PELUSO: Limited token of
4 that for sure. But by the same token, it did
5 go up so you're higher than the other parts of
6 town. This is the high rent district, so the
7 value of land goes up in a high rent district,
8 and that causes people to push people together
9 and make them go as high as they can.

10 When you look at some of these old
11 buildings -- many of which are still there and
12 the communities are working hard to preserve
13 them -- I think that it's fair to say that the
14 reason that that happened is because these
15 buildings were used to say something to their
16 customers. You know? I'm here today, I'll be
17 here tomorrow. This is my advertisement. Cool
18 building, I'm seeing this building. It's
19 making me want to go into this place. They put
20 a lot of time and effort and thought into
21 trying to attract me to what's going on in
22 here.

23 Whether it's retail on the first
24 floor or residential or professional office on
25 the second and up, there was no strategy as

1 these towns developed. The general area was
2 somewhere between the 1850s and 1920, about a
3 70-year period of time that most of the towns
4 that we now live and shop in actually developed
5 the character that they have come to.

6 This is an example of the same
7 little section as to what happened in the 1980s
8 and maybe should go to the '70s here as well.
9 The strategies here were urban renewal type of
10 strategies. Many of you will remember, I
11 certainly do, as being an effort to try to do
12 something about the demise of our towns. It
13 was an approach at that time, let's do
14 something about the flight to the suburbs.
15 Let's do something about trying to keep our
16 towns from collapsing in terms of the
17 infrastructure and the physical appearance of
18 the town. So all kinds of things were tried.

19 I think that many of the things that
20 were tried weren't so smart after all. It's
21 easy to see that in hindsight. These were well
22 intentioned efforts. One of the things that
23 happened was the ubiquitous parking garage.
24 You have to spend millions of dollars to do
25 that. Whether you need it or not. How about

1 let's have -- how about a shopping plaza. We
2 want to try to copy this movement to shopping
3 centers and malls, so why don't we make our
4 downtowns look like that?

5 You have to remember, this town was
6 designed for horses. The size of the street
7 and the scale of the way of life is designed
8 for people on foot and on horses, and we'll try
9 to make it be like something it's not. When
10 you make those kinds of attempts are Carnegie,
11 East Liberty. Many of you are familiar with
12 the effort to do this sort of mall/plaza kind
13 of thing that was done at millions of dollars
14 spent in both of those examples, and in recent
15 years both of those examples have been ripped
16 back out again to try to make these downtown
17 areas much more user friendly, much more able
18 to be utilized by the community itself.

19 The one thing that's always lacking
20 in these kinds of views are people. People
21 don't like these kinds of things. They don't
22 like these fake arenas. So if you went to East
23 Liberty or Carnegie, even in the heyday of that
24 era, they were virtually empty. They couldn't
25 figure out to park and walk.

1 Let's take a beautiful building and
2 cover it up with metal. Why don't we make it
3 look colonial while we're at it. That's a
4 contradiction. Perhaps the worst blight of all
5 is cedar shake shingles. There's a special
6 place in hell for the guy that invented cedar
7 shake. Right next to the guy that invented
8 InsulBrick.

9 AUDIENCE MEMBER: Maybe we
10 need have to them both buried.

11 MR. PELUSO: We could spend
12 all day. This is a great picture that had a
13 good sense of what's going on. Now we're
14 leaping ahead to where we are now. What's
15 going on today? What's a different approach
16 that's going on today? I had the good fortune,
17 our firm had the good fortune of coming into
18 this line of work when there was a whole new
19 approach developing, the Main Street approach,
20 which many of you are familiar with. We've
21 always incorporated that strategy into the work
22 we do.

23 You're seeing a good example here in
24 this illustration how that comes to play.
25 That's looking at this as a multi-faceted

1 effort that's not just based on streetscape,
2 which a lot of failed efforts have been based
3 on. Let's go spend a bunch of money and fix up
4 or streetscape. Everyone in this room knows
5 that's not going to do it by itself. That's an
6 important element, but it's not going to do it
7 by itself.

8 The Main Street approach takes into
9 consideration not only architecture design but
10 business development as the centerpiece of it.

11 What we call in our firm "community
12 life," it's promoting and getting people to
13 rethink about their downtown as the center of
14 their community life. That's probably one of
15 the best initiatives that we've been working on
16 for some years. So I just wanted to mention
17 that is this whole new thrust of taking a look
18 at this in a much more comprehensive way and
19 looking at this as truly economic development
20 and as an important way to add quality to the
21 lives of people in our state.

22 I wanted to kind of move into -- I
23 think we call in our outline of the challenges
24 that are still facing us in spite of maybe
25 better strategies than we're using right now.

1 We already talked about the flight to the
2 suburbs, and you can't discount that as being
3 as dramatic as -- having as dramatic impact on
4 this effort as possible. You can't strip away
5 those kinds of resources. I think about the
6 people that are trying to keep their
7 communities together, their downtown
8 communities together, and trying to work hard
9 to make that happen. It is really a hard task.
10 You know? It's like really tough. It never
11 ends. It just never ends.

12 So I don't want to just blow past
13 this. You move that kind of population, you
14 spread those kind of resources, you're leaving
15 people in the towns with their arms tied behind
16 their backs and a rock around their necks, and
17 you say, what are you going to do now?

18 I want to throw this out to you. Is
19 any development better than no development?
20 People in council say, build that thing because
21 of that statement. Does anybody agree with
22 that?

23 MR. MATZIE: I got a big
24 "false" here from Rob. The correct answer, at
25 least from my perspective, Rob.

1 MR. DALEY: You gave him the
2 answers before.

3 MR. PELUSO: Here's an example
4 in Westmoreland County. You can't see it in
5 this picture. I should have had better
6 pictures for you. In addition to knocking down
7 a really historic, cool building, this building
8 goes up, and this is the size of that building
9 on the right-hand side. This faces one of the
10 most beautiful downtown parklets (sic) you
11 could imagine with a gazebo. It's a beautiful
12 parklet. It's facing these beautiful
13 buildings, great architecture.

14 It's just saying to the community,
15 we really don't have any interest in what this
16 community may be about or the character of the
17 community. We have certain retail
18 requirements, and that's what they require. If
19 you want us to come to your town and bring
20 development to your town, you're going to let
21 us do it this way. That has happened over and
22 over in many communities. That's, I think, the
23 better -- the better statement to be made. I
24 think it's a question of the vision of the
25 town.

1 The look of that town up there on
2 the upper section is the same look of this town
3 where they built this in. Okay? Just a
4 question of the time as to the self-respect
5 that town had, the determination they had to do
6 things right, et cetera.

7 This one is important to me because
8 this is my hometown originally, New Brighton.
9 I grew up here. My great-grandfather was a
10 merchant in this town. My grandfather was a
11 tailor in this town. My father owned a men's
12 clothing store in this town for 30-some years.
13 So I grew up on the streets of this town. A
14 bicycle race there was the picture of what it
15 was like as the heyday as downtowns were
16 unfolding.

17 I wanted to point this out because
18 this Rite-Aid building is in this section
19 (indicating). When it was built, it knocked
20 down some beautiful buildings to put that
21 building up. Then to make matters worse, they
22 decided to knock down these buildings. So they
23 could have a big, giant empty parking lot that
24 nobody ever uses. Literally nobody ever uses
25 this parking lot. It's unnecessary -- and a

1 drive-thru facility that I know of, never uses.

2 Now, you could argue that this is
3 necessary because that's the way people do
4 business today. Small town drugstores, for
5 example, are a thing of the past that nobody
6 could succeed in such. I don't have it on this
7 picture, but right next door here in one of the
8 old, historic buildings in that town is a small
9 downtown pharmacy. It's busy all the time.
10 This place is empty all the time. They make
11 money somehow. I'm always amazed how these
12 guys make money, but they do.

13 This isn't a personal attack on
14 Rite-Aid. They are chomping through our
15 downtowns right now, CVS, Rite-Aid and
16 Walgreens, and they're knocking down building
17 after building to build suburban-type
18 facilities in towns they never should.

19 The towns embrace that because they
20 think it's economic development, and they think
21 it's impossible to survive in today's economy
22 and it's not so.

23 MR. DALEY: Mark?

24 MR. PELUSO: Yeah?

25 MR. DALEY: The big problem,

1 when Rite-Aid comes, it's like the only
2 economic development that some of these people
3 have. I don't know if you have been to
4 Monessen. Monessen was a thriving town of
5 18,000,000 people, and you can shoot a canon
6 down the street of Monessen on Friday night and
7 not hit a car. Rite-Aid come in and Teddy
8 Arhyde (phonetic), who all of us know very
9 well, worked very diligently because they
10 needed it.

11 But you're right, it's a major
12 problem for the downtowns. You see the
13 Rite-Aids and you see the Dollar Generals and
14 Family Dollars coming in. It's sort of the
15 only hope that some communities have. It's
16 scary.

17 MR. PELUSO: I would love to
18 do a whole workshop on that very topic. I
19 guess what we're trying to convey is not that
20 Rite-Aid coming to a town or a Family Dollar
21 coming to a town is necessarily bad for the
22 town, that they don't have a place to play for
23 the town or supporting that is bad to do. What
24 does matter is whether or not they're willing
25 to play by the rules of the community in terms

1 of what that should -- how that building should
2 fit into the community, the fabric of the
3 community, the scale of the community.

4 And what I have learned and seen
5 over the years -- I'm a commercial real estate
6 broker. We're coming from this from the
7 private side. So I'm not coming to this from
8 the pure planner kind of a thing.

9 MR. DALEY: Doesn't that
10 burden fall back on the community? You know
11 someone would not build a Rite-Aid in downtown
12 Sewickley. That would never happen. It's up
13 to the community to really make sure they
14 foster along those guidelines, signage and
15 design, as part of the local zoning ordinances.

16 MR. PELUSO: That's correct.

17 MR. DALEY: The other side of
18 problem like we face in Clairton, every river
19 valley town is similar. We have some buildings
20 that have asbestos, that are blighted, that
21 have been abandoned. Great storefronts, great
22 facades, great buildings, cornices are
23 gorgeous. What do you do?

24 MR. PELUSO: A very large
25 question. Let me just address the first part

1 of that first. You're talking about -- when
2 you say Sewickley is a community where Rite-Aid
3 could never come in and knock down a block and
4 put their store in. We manage the Sewickley
5 downtown program, so I'm familiar with the
6 issues there.

7 There is a drugstore in downtown
8 Sewickley that is still making everybody crazy
9 because they did knock down some beautiful
10 buildings, and they did put a parking lot right
11 in front of it, did all the things wrong. But
12 it's a small scale. You don't quite realize,
13 it's not right in the pure heart of the
14 business district, you don't notice it quite as
15 much. But it still causes great anger and
16 outrage.

17 Until about 30 days ago, Rite-Aid or
18 anybody else could come in and do the exact
19 same things. They did not have the protections
20 that you're talking about. They snookered
21 people into thinking they must have all kinds
22 of controls. You can't just do anything that
23 you want. They now have the controls in place
24 to protect that.

25 I want to go back and answer that

1 question this way. Are somehow the people in
2 Sewickley smarter or better than the people in
3 Carnegie or Monaca? My answer is no, they're
4 not. Somehow there's this sense that these
5 things are important, and they say, let's show
6 we have some pride in the character of our
7 community and do something about it. How can
8 we get zoning controls in place?

9 What it comes down is, how do we
10 negotiate in chain stores? How do we negotiate
11 with them? The best way to negotiate is when
12 they come to town, not after they come to town,
13 here's the rules. Here's who you're talking
14 to.

15 If you don't have the rules in
16 place, they will tell you every time, I know
17 this, I have been in negotiations with us -- if
18 you don't do it the chain store way, we're not
19 coming. We're not coming. You guys are a pain
20 in the neck. We have towns all over the
21 country that want us. You don't want us, we'll
22 go somewhere else. That's pure, utter B.S.
23 Great negotiating tactic. There's only one
24 reason they're coming to your towns, because
25 there's money in that town.

1 Rochester just had a brand new
2 Walgreens built, \$5 million facility. Eckert
3 just built a \$5 million facility a block and a
4 half away. CVS just built one right at the
5 other end of the bridge. There's a Giant Eagle
6 two blocks away from the new Walgreens.
7 There's four major drug chains all of them
8 built in the few blocks from them. They're
9 doing that because there's money there. You
10 don't think if a community said, we want you,
11 we will help, you but here's the rules, you
12 want to play with the rules or what?

13 So in fairness to the drug chains,
14 if there's no rules, they will do what they
15 need to do. It's business, don't blame them.

16 What we're trying to do is say start
17 to recognize that this is a tragic mistake.
18 You just ripped the heart out of the middle of
19 those towns. New Brighton knows it's a
20 mistake. If you go there now, they spent a ton
21 of money on streetscape. They're a very proud
22 community, now free parking. Go to New
23 Brighton, no parking meters. They recognize
24 that there were mistakes that were made,
25 they're trying to do something about it.

1 What are you going to do with that?
2 A generation before something like that can be
3 addressed.

4 I will read you a little quote on
5 this. This is the last slide. A guy by the
6 name of James Kunzler who is just a cornucopia
7 of just great thoughts on downtown development.
8 He says, convenience store and drugstore
9 architecture, he's asking what they contribute
10 to the community -- he's saying what they
11 contribute to the community is usually ugliness
12 and discord. The people who design them and
13 build them do not have to live with the
14 consequences of their shabby and disruptive
15 work. That's really, I think, the story.
16 These people come to your town, they do their
17 thing, and they're gone.

18 Anyway. Yes?

19 MR. COSTA: Question, in the
20 communities where you have a lot of success, is
21 it the fact that people in those communities
22 realize that they have to support those local
23 businesses for that to be a long-term success?
24 A lot of times you go into those communities
25 and you find a lot of small businesses. If

1 people don't support those small businesses and
2 they go and spend their money at some big chain
3 store and save 50 cents, those districts are
4 never going to survive over the long term.

5 MR. PELUSO: That's such a
6 great question. I could have paid you to ask
7 that. I have the answer to that question
8 coming up here in a bit. If you can hang on a
9 little bit, I can kind of step you through some
10 perspective on that.

11 Back to some of the problems that
12 we're -- I like to use this sketch we have made
13 up to demonstrate another problem -- you guys
14 have to deal with this all the time. That's
15 the question, what's appropriate for the public
16 realm, the public sector to be involved with,
17 and where do you start to get to some line
18 where you have no business being involved.
19 Everybody is trying to tell you that the
20 government is trying to invade our lives, but
21 everybody wants something from you guys all the
22 time.

23 In your own minds, you guys are
24 constantly, I'm sure, trying to figure out
25 where does that line get set? Where is the

1 line that this is no longer appropriate for the
2 taxpayers to be involved in this effort? In
3 downtowns, there's been a common belief that
4 certainly the streetscape areas, you know, the
5 Streets, the sidewalks, it lighting, the
6 landscaping, those are elements that are owned
7 by that community. And they need to pay for
8 them or find the moneys to make those happen.

9 We always like to say that the
10 primary role that our organization plays in our
11 towns is to make the town worthy of good
12 businesses. And a good, important part of that
13 is making a statement to good businesses that
14 your community is willing to make a financial
15 investment in this to make this be a place that
16 people would be comfortable in coming to and
17 using.

18 So you have the streetscape stuff.
19 You also have the facades of the buildings. I
20 think most people seem to be comfortable
21 saying, yeah, you know, those buildings may be
22 owned by a private person or developer or
23 owner, but the quality of what those facades
24 bring to us is so important and makes such a
25 statement of who we were and what we value,

1 we're willing to put some money in that them
2 because we consider them part of the public
3 realm. This is where you start saying, where
4 does this line get drawn? Is that appropriate?
5 Should we be there?

6 We work in lots of communities with
7 lots of facade programs. It's had many
8 positive impacts in many respects protecting
9 and preserving the architecture and the
10 character of the communities. But that seems
11 to be about as far as most people feel they
12 should be doing. The question is, are we
13 willing to go further? Are we willing to go
14 inside those buildings with public dollars?

15 My argument to you today or my
16 statement to you today, I don't believe that is
17 the appropriate role for taxpayers to be
18 playing. I don't think taxpayers have any
19 business being inside those buildings in terms
20 of subsidizing business people in the ways of
21 pushing the envelope we should be doing as the
22 government and the taxpayers.

23 I think the biggest issue in --
24 we'll get to a lot of your question, the heart
25 of your questions here in just a second, but

1 maybe I would say the biggest mistake, and
2 perhaps we all made this mistake, I think we
3 did, too, early on in this business -- we
4 thought it's possible to make a bad business
5 person be a good business person. Okay?

6 Have you ever been to a small store
7 and the owner is bitching about nobody shops
8 here. The community, they don't support me.
9 You don't have any idea what their hours are.
10 The place is dirty. The guy's crabby. Doesn't
11 really have much that would be of value to you.
12 Why the hell should you support that guy?
13 Should we take taxpayer dollars and try to
14 subsidize them?

15 You have look at it like waitress.
16 Have you had a bad waitress in the restaurant?
17 Do you think it's possible to train a bad
18 waitress to be friendly?

19 MR. DALEY: I tried it before,
20 and it didn't work.

21 MR. PELUSO: The theory, in
22 our perspective, is that what we should be
23 doing is trying to attract good business and
24 stay in the public realm every way we can, but
25 really make it clear to good business people

1 that is a place that's worth your investment.
2 This town is worth coming to.

3 Now, there's also this whole long
4 list of things that you're going to tell me.
5 You can't have a bakery or a tailor or a shoe
6 repairman in the town. What people want is
7 butchers, bakers and candlestick makers. They
8 don't want real exotic stuff. They want a town
9 that is real. A place that you can walk to and
10 get the stuff you need and talk to somebody you
11 know. The argument is you can't do it anymore,
12 it's impossible.

13 What I would throw back at you is
14 that, I don't think there's anything that you
15 can tell us in terms of telling us about a
16 business that can't survive in a small town
17 that we can't show you one that is.

18 MR. DALEY: Yeah, but isn't
19 the problem convincing people over the last 50
20 years to reshop downtown. We have that whole
21 change of philosophy that you don't shop
22 downtown, you go to the mall. Or you go to the
23 Wal-Mart, which is even worse than the mall,
24 because it's a one-stop shop and they drop them
25 every 20 miles apart, and it's eating up the

1 downtowns. It's decimating the downtowns in
2 that 20-mile radius.

3 MR. PELUSO: Absolutely right.
4 I will get to that. I will show you an
5 approach that we have to answer that question.

6 MR. LONGIETTI: Just to take
7 that a step further. You don't have to answer
8 right now. What do you do when the living
9 communities surrounding the downtowns used to
10 be the place to be 50, 60, 70, 80 years ago,
11 and now those houses have deteriorated to the
12 point where you don't have the always the best
13 of folks living in them. So now people don't
14 want to go downtown, because even if you fix it
15 up, because they're afraid of the element that
16 frequents downtown on foot, and they're afraid
17 for their personal security?

18 MR. PELUSO: Why don't you ask
19 me an easy question? I think just a real quick
20 response to that, maybe talk about it in
21 discussion. One of the, I guess, important
22 cornerstones of what we learned over the years
23 in this effort is that what we do is we're all
24 downtown all the time. So the committees that
25 we work with are all municipally-recognized

1 committees working on downtown areas. They
2 have the standing to do it. And they're
3 focused on the downtowns. They're called
4 business district advisory committees, that's
5 what they are to council. They don't control
6 money, and they're apolitical as they can
7 possibly be, and they're the right hand of
8 council who has bought into the idea that this
9 is important.

10 What we think that is important that
11 our effort focuses on the downtown arena
12 because, that's a big enough chunk all by
13 itself. As I said before, this is really not
14 about the downtown, this is about the
15 community. So if that community is really
16 serious about this, they may have to take a
17 closer look at the community itself if we ever
18 are going to make any progress.

19 So homes that need to be knocked
20 down, crime rates that are getting out of
21 control, long list of school districts that are
22 looked at in bad ways or whatever, are other
23 initiatives. I think what we're trying to say,
24 we'll be the downtown, we'll do our job, but we
25 need other parts of this to plug into play.

1 I'm not sure if that answers your question very
2 well. The downtown effort can't address all
3 those things all by themselves.

4 MR. DALEY: Let me interject.

5 MR. PELUSO: Sure.

6 MR. DALEY: Not to throw you
7 another tough question. Our committee will be
8 dealing with blight legislation. We're close
9 to having it in front of the Committee. So
10 some point along, you might want to think about
11 blight, because it has to deal with downtown
12 and the residential part of downtown in dealing
13 with that whole issue.

14 The other side of that is, our
15 generation -- I'm 58 -- my generation, my
16 parents, our parents are dying. That suburban
17 downtown -- and I've seen so many times --
18 classic example, Charleroi who had a vibrant
19 downtown, 87 homes have now passed from
20 grandparents to somebody else. That somebody
21 else doesn't give a crap about that house. And
22 I mean, we've had a couple murders in
23 Charleroi, and we've never had a murder in 50
24 years in Charleroi, because the drug problem is
25 so pervasive.

1 I started as a downtown planner. We
2 didn't take in consideration a big time drug
3 problem like heroin. That's everywhere.

4 MR. PELUSO: I acknowledge
5 what you're saying.

6 MR. DALEY: We will.

7 MR. MILLER: I would just hope
8 that at some point you would touch on schools,
9 and Pete brought up the issue, which is
10 basically about crime and people feeling safe
11 and secure in a downtown area. Maybe you
12 should touch on those issues.

13 MR. PELUSO: Yeah, I'd be glad
14 to. Maybe in the discussion we will make it a
15 point to talk about that as well.

16 I wanted to take a minute to address
17 a thing that you guys have to deal with every
18 day in terms of the communities coming to you
19 from your districts wanting help with these
20 very things. We talked about what's the
21 approach, what strategies are going on in
22 today's world in Pennsylvania. This whole idea
23 of trying to implement Main Street-type
24 strategies, Main Street approaches, really, I
25 think, central to the conversation.

1 Pennsylvania has recognized a long
2 time ago that that strategy was developed by
3 the National Trust Historic Preservation and
4 small communities across the country, and it
5 worked with very well. In Pennsylvania, the
6 State liked the idea, specifically through
7 DCED, said how can we pull these concepts into
8 Pennsylvania. They did this by creating a Main
9 Street program administered under DCED and
10 implemented by Pennsylvania downtown center.

11 I just wanted to mention a few
12 things about that. This is the part I wanted
13 to pause and talk about the limited resources
14 that you guys are being asked to deal with.

15 Did you guys find some money in the
16 last week? Do you have some extra money?

17 MR. DALEY: It's out in the
18 trunk.

19 MR. PELUSO: So I don't think
20 we have any right that somehow, miraculously,
21 given what you guys are dealing with in the
22 economy itself, that you guys will be coming up
23 with lots more dough. You guys are fighting
24 every day to keep the programs together that
25 are the important ones that are already in

1 place.

2 So we don't have much to hope or
3 expect or even a right to that the State of
4 Pennsylvania is going to be able to pump more
5 money into that program. That's a wonderful
6 program. I had the good fortune, I was on the
7 Pennsylvania Downtown Center board for a number
8 of years. I got to see some of the inner
9 workings of how the State administers the Main
10 Street program. It's done a lot of good around
11 the state.

12 The trickiness, however, is that I
13 believe in the entire state right now -- don't
14 quote me on this number -- but it's somewhere
15 in the 20s. In the entire State of
16 Pennsylvania there are 20-some Main Street
17 programs that are actually full-blown Main
18 Street programs that are being funded by the
19 DCED to the fullest extent. There are others
20 that don't have anything going. They have
21 other programs that are not direct state
22 programs that are in place. There's numbers of
23 those around the country.

24 But when -- when your constituents
25 communities come to you and say, we really want

1 to do something about this problem, the normal
2 answer in the past has been, well, you really
3 ought to talk to DCED and Pennsylvania Downtown
4 Center, maybe you guys can be a Main Street
5 community. I think that still is a good
6 answer. The problem is that we have maybe a
7 thousand communities that need this kind of
8 stuff. Okay?

9 And I just want to caution you to --
10 you point somebody in that direction when
11 there's no hope of them getting one for the
12 next 20 years, it's not really very helpful to
13 them. Although it seems like the correct
14 answer. I would give that answer initially
15 until I learned better.

16 It's my understanding that DCED has
17 made a decision -- you guys can confirm this
18 and I believe I'm correct in telling you
19 this -- because of limited funding, they're now
20 going to be able to probably approve one Main
21 Street program per year, per district. Per and
22 when I say "district," I mean DCED district.
23 How many counties is that in Western
24 Pennsylvania? Maybe 11 counties.

25 When you think about the demand for

1 this stuff and DCED says maybe we might be able
2 to add one town, it's not very comforting to
3 your communities to be waiting to maybe be that
4 one town and to go through a number of years to
5 make that happen. We have to find other ways
6 to deal with this. We will talk about other
7 communities who dealt with that very issue.
8 That's no way of saying anything but positive
9 things about the Main Street program it's just
10 that the State has limited money.

11 I want to talk about some of the
12 common characteristics that sprang up in our
13 Pennsylvania communities. I will roar through
14 this very quickly. As I mentioned before, most
15 of our towns came from this era. Most of the
16 architectural style that you see in towns came
17 from that era. That's when they were built.

18 Basically the downtown stole
19 architectural elements from the Victorian homes
20 that they were building at this time. You get
21 all this detail in our downtowns that mirror
22 the same kind of detail that was in the
23 residential structure. How come they all look
24 like this? That's the main reason why. So
25 when we're talking about our communities, about

1 the composition of their storefronts, these are
2 all elements that come from that kind of arena.
3 So it's not a mystery how the towns unfolded.
4 They all look like this. How did that happen?
5 Some did better preservation than others.
6 That's the nature of most of our towns in
7 Pennsylvania.

8 We know that there are lots and lots
9 of downtown-based community throughout the
10 state. The challenges in dealing with all of
11 that are terrific. What I want to talk about a
12 little bit today, which is very timely since
13 you guys are all from Western Pennsylvania.
14 Everybody is really from Western Pennsylvania
15 from the committee today. And I want to talk a
16 little bit about some of the unique dynamics of
17 this particular topic in Western Pennsylvania.

18 That's just to give you some sense
19 of geography of what we're talking about in the
20 greater Pittsburgh area in the southwestern
21 Pennsylvania.

22 But what we've learned, our firm has
23 learned over the years in working in this arena
24 up and down that stretch, what you have in that
25 little box right there are a couple of rivers

1 here. You have the Beaver River coming north
2 and south right here (indicating). You have
3 the Ohio being formed at the Point. And then
4 you have the Allegheny going north and the
5 Monongahela going south.

6 In that box, it's really -- it's
7 actually pretty remarkable, we've learned, is
8 this concentration of downtown-based
9 communities. I don't have as many dots on here
10 that there should be. We know that there's
11 approximately 60 downtown-based communities
12 right in that little geography right there that
13 represent probably 5,000 businesses in that
14 very small area. If you started, you know, at
15 the center of this actually is about Bellevue.
16 If you go about half an hour each direction,
17 you will find roughly 5,000 businesses in our
18 downtown-based communities.

19 I don't think there's a cluster like
20 this anywhere else in the state that can match
21 this cluster and this need. So on the one hand
22 that represents a great challenge because there
23 are so many. On the other hand, it can
24 represent great opportunity because it gives us
25 a chance to combine some resources and do some

1 different perspectives and work with those
2 communities that are under the DCED banner
3 under the Main Street program along with many
4 of those who are not. I do think that the
5 counties are in very key positions to do things
6 in this regard, and I'll talk a little bit more
7 about two counties that I think have stepped up
8 to do that. We'll talk about that in a second.

9 I guess, ultimately, the end here,
10 we want to tell you about some of the
11 approaches that we bring to this, and we're
12 learning every day ourselves, even after ten
13 years -- we have a staff of about 15 at Town
14 Center. We're coming at this in a little
15 different direction than a traditional Main
16 Street program.

17 As I mentioned to you, we're private
18 sector. So we're -- we're not a non-profit.
19 We are not 501(c)3. We're a private company
20 contracting with municipalities to provide
21 management. Our job is to manage the programs,
22 to make what the planners come up with actually
23 happen and to try to bring the resources to
24 bear in the smartest way we can possibly do.

25 So the difference between the

1 programs that we manage is that we don't do
2 this with a single Main Street manager. The
3 Main Street program typically has one full-time
4 Main Street manager, which is excellent.
5 That's a luxury that few towns can afford or
6 the State can afford to get to too many towns.
7 So I just want to mention our approach is
8 different than that. It's having a whole team
9 of people that's coming in a whole different
10 setting and specializing in these aspects. For
11 better or worse, that's who we are. That's our
12 approach to this effort.

13 We also are very much regional
14 focus. We always like to say that we want to
15 work in communities where we can be right
16 there, that we can get to those communities and
17 have staff on the ground and be at their
18 monthly meeting. So Town Center's approach to
19 this is not state-wide. It's not national.
20 It's southwestern Pennsylvania. There's so
21 much need so, in my lifetime, we will never run
22 out of work, I hope.

23 Finally, we like to bring a lot of
24 resources to bear. Resources that -- if we
25 find a resource that we think it's missing --

1 and this will give me a chance to go back and
2 answer some of these questions that you guys
3 are asking. If we see there's a resource
4 that's lacking and nobody else stepping up to
5 provide it, we set out to see if we can develop
6 a program to address it. I'll show you that in
7 a minute.

8 One of resources -- this is our web
9 site for Allegheny Together. We developed a
10 lot of online resources for our committees that
11 we work with so they can access, they can go to
12 the -- Allegheny Together is a program that we
13 provide the management for, the downtown
14 management for. Currently eight towns in that.
15 I picked Bellevue as an example here today. I
16 will walk you through Bellevue.

17 The idea here is that the people who
18 are working on economic development in Bellevue
19 as it relates to downtown can go to the site
20 and get lots of stuff. There is a whole site
21 your for Bellevue. In that site they will find
22 all kinds of information like information on
23 properties and vacancy reports and profile
24 reports. I will show you that. Demographic
25 information, all kinds of different things that

1 can help them understand their downtown much
2 better and quicker.

3 We have e-newsletters, et cetera.
4 This is an example. We track every single
5 property in the core business district. It can
6 be sorted into the different ways. That way
7 they have an ongoing representation of the
8 occupancy of the various -- one of the reasons
9 that we did this, we're coming into the private
10 sector.

11 We look at a downtown, and we say,
12 before we could start, we would like to look at
13 this the same way we might look at a shopping
14 center. How many square feet are in the
15 shopping center? What is the business mix?
16 What are the vacancy rates? What is the
17 composition of how this place is being
18 conducted?

19 So when we first started this, we
20 said, we can't hardly think about this town
21 until we get some basic information. There was
22 none. You couldn't get this stuff, nor was it
23 updated. So, by default, we said we're going
24 have to come up with a system that can do this,
25 and that's what this is all about. You can

1 click on each of the properties and basic
2 information, property owner stuff, all the
3 things that you would expect on the database of
4 that ilk.

5 Once you get that stuff in there,
6 you take a look at what's really going on. The
7 people in Bellevue -- people that are working
8 on this effort can say, how many square feet do
9 we have? The answer is 3,800 square feet.
10 That's ground level square foot as well.

11 If you want to get some idea what's
12 the size of this project, well, you have 103
13 units of business in that little downtown, and
14 you have 300,000 square feet of space. You
15 want to get some sense of that, bingo, now you
16 know. You might want to know that. And you
17 also might want to know what the mix is. We
18 can show you what the mix is based on the units
19 of business and the square feet of business and
20 how those are broken down.

21 Just as an example, you can see
22 right here there's 31 retail, 43 service, that
23 represents on a square-foot basis these two
24 numbers, and you have nearly 40 percent here
25 and about 25 percent under service.

1 So you see what happens here? If
2 you just count units, it looks like your
3 service is much greater than your retail.
4 Right? If you really count the reality, which
5 is square feet, you see the retail is greater
6 than your service. Those are the kinds of
7 things that I think people would find would be
8 very useful in understanding the dynamics of
9 their town.

10 Bellevue was just underway. Rob was
11 at one of the key issue workshops, just kicking
12 that off a few weeks ago. That's a great
13 project and great energy and people being
14 wanting to be involved in this of great skills.

15 Once you have the information, you
16 start taking a look at different communities,
17 and I won't bore you with this numerical crap.
18 If you want to measure success by occupancy --
19 how do we measure success? You guys are
20 investing taxpayer money in the town. You want
21 to know if you're getting a good investment for
22 the people of the Pennsylvania. Do you do it
23 by vacancy or by business mix? What is it,
24 what is it that we're measuring, by the
25 conditions of the facades or the conditions of

1 the streetscape. We want to provide you with
2 ways to measure all of those things, and you
3 can decide for yourself whether progress is
4 being made.

5 These are random towns over 150,000
6 square feet. Here's what's happening with the
7 vacancy rate. I will tell you, I was using
8 Beaver as an example of that seven percent. I
9 can't remember if I mentioned this to you, but
10 as of today, every single storefront in Beaver
11 is either leased or has a pending lease on it.
12 We think that we may have five minutes of
13 having 100 percent occupancy of that town. It
14 will be changed tomorrow. That's a rare
15 occurrence.

16 MR. MATZIE: While you have
17 that up, I think one of the key things that
18 stand out with this in numbers, and Beaver is a
19 good example because of you have a map up and
20 the small four-block area of Main Street. We
21 will use Ambridge and Beaver Falls because they
22 have square foot as far as available in their
23 downtown and how many units they have and
24 seeing how much bigger and how many more units
25 that they have. I think that's one of the

1 compounding problems a lot of older communities
2 face that problem. The infrastructure is here.
3 Ambridge has a downtown of 20 blocks. Those
4 are the struggles that the community has. You
5 have vibrant stores. You have a Maytag shop.
6 You have a Charles Men's Store. You have four
7 florists. We have an electric shop. We have
8 banks. They're all over. They're all spread
9 out.

10 If they were all in four blocks like
11 Beaver is, everyone would say Ambridge is a
12 model downtown as far as occupancy is concerned
13 and business they have to offer, but are not
14 because over the last hundred years of building
15 out. Those are the issues that we as
16 policymakers are facing, how do we combat that
17 in working with communities to understand and
18 recognize that the zoning issues, code
19 enforcement are so important to ensure that you
20 have a vibrant downtown.

21 And I think that that -- those
22 numbers really illustrate it. Seeing the
23 percentages and how many units. So when people
24 say, Beaver, Beaver is a great downtown,
25 they're beautiful. They have 74 total units.

1 They're all going to be occupied. Ambridge has
2 164. They have 40 vacancies. There's still a
3 lot of businesses in there.

4 MR. PELUSO: There's more
5 business in Ambridge than Beaver.

6 MR. DALEY: I'm absolutely
7 amazed that this part of the area is doing so
8 well. Because if you go to, let's say,
9 Duquesne, McKeesport, Clairton, Monessen,
10 south, other than Monongahela, you don't have
11 this kind of occupancy does. California does,
12 but it has California University. If it wasn't
13 there, you would be off the Richter scale.
14 This is rather remarkable what you've done
15 here.

16 MR. PELUSO: I think in
17 fairness to those communities you're talking
18 about -- and we do some work down in Mon
19 Valley, Elizabeth is one of the towns in
20 Allegheny Together -- you're starting in a
21 different place. It's unfair. If you come to
22 Ambridge, you say --

23 What's the population in Rob in
24 Ambridge in 1965?

25 MR. MATZIE: Probably 20,000.

1 MR. PELUSO: So 20,000
2 population, no strip mall, right, very few.

3 MR. MATZIE: You had a Sears
4 and a JCPenney.

5 MR. PELUSO: Exactly. What's
6 the population of Ambridge today?

7 MR. MATZIE: Under 8,000.

8 MR. PELUSO: Let's face that
9 reality. We have a town that was built for
10 20,000, and now we have 8,000. Okay? As
11 legislators, people will come to you and say,
12 can you bring some money to your town. I'm
13 hoping you guys would start asking the hard
14 questions like, what are you guys doing about
15 the scale of your town?

16 The question you're raising are we
17 really -- are we really ready or able or
18 willing, I should say, to face that stuff?
19 Right? There's some really hard decisions that
20 have to be made. If you don't, eventually it
21 will be made for you. The downtown is a ghost
22 town. The resources are spread so thin, you
23 just can't do that. You have to rescale your
24 town. What are we going to do about that? How
25 do we do that?

1 The towns you're talking about, some
2 of them are on a different classification.
3 Braddock is a good example. Millions and
4 millions of dollars were put into Braddock and
5 what do we have? There was such devastation of
6 economic change. They were built for a much
7 bigger town on a much bigger time. Braddock is
8 not a town or Duquesne is not a town -- you
9 can't apply these kind of approaches to a town
10 like that. You really can't. They're in a
11 different category. They need help. They need
12 a different kind of help.

13 MR. DALEY: 28 years ago I
14 wrote the Downtown Plan for Monaca -- in my
15 other life. I was disconnected after that, and
16 I don't know what happened. What happened to
17 Monaca.

18 MR. PELUSO: They're not big
19 enough to be on this chart. Monaca is sitting
20 right next to the Beaver Valley Mall, now next
21 door to the biggest box store development in
22 history of Beaver County development with the
23 Wal-Mart plaza and the Lowe's plaza. So
24 they're sitting next to all of that, right
25 across the river from the Northern Light

1 Shopping Center. As shopping spot, they have
2 taken it on the chin. And bypassed, by the
3 way, the traffic moves. So they are in this
4 odd pocket.

5 Monaca is one of our favorite towns.
6 I can say this right. A lot of times when
7 we're getting a program going, we want to see
8 the physical improvements happening so we can
9 trick people into thinking that the community
10 is better than it is. A downtown is a cheap,
11 easy way -- relatively speaking, put some
12 dollars here and you say, whoa, cool town. And
13 then you get to try to get them to work on
14 residential areas and demolition and the things
15 you were talking about.

16 Monaca is the opposite of that.
17 Monaca is a wonderful residential community.
18 It has just wonderful residents. Great
19 residential neighborhoods. It's a terrific
20 place. But you don't feel like that in the
21 downtown. You feel like it's downtrodden.
22 It's like is it going this way or this way? So
23 it's the opposite. It's a town that downtown
24 investment is really necessary.

25 Interestingly enough, of the ten

1 Beaver County river towns, they're the last
2 town in line for a major overhaul. We'll talk
3 about the river town partnership. So they are
4 finally now lining up. You will start to see
5 some physical improvements. A lot of
6 excitement going on there. I think the town
7 will look as good as it can. We need to
8 attract much better business there.

9 I would like to hear about your
10 study some day. We will see how well you did
11 in your prognostications.

12 MR. DALEY: 30 years later, it
13 seems like it's not done.

14 MR. PELUSO: The other thing
15 we do are the things you expect them to do.
16 This is a copy of an annual action plan, using
17 the four-point Main Street approach. Every
18 town adopting annually a very specific plan of
19 action you have to be able to answer yes or no
20 to. So that in a course of a year, we want our
21 communities to be able to say that specifically
22 they have accomplished 80 or 90 specific things
23 to move the town in the right direction. We do
24 that.

25 I want to get back to the question

1 about -- the question was raised about whether
2 the part of the solution or an important part
3 of the solution is relating to whether the
4 community supports the downtown, and what's
5 that all about. What was suggested is that
6 unless the community does that, there's no way
7 for the small town to survive.

8 Hi, Kevin.

9 We also, over the years, have
10 certainly come to appreciate that dynamic. I
11 want to put it in that context. In the Main
12 Street approach, you're talking about the two
13 main arenas when you're talking about business
14 development. You're talking about keeping your
15 best businesses and helping them grow. Then
16 you're talking about business recruitment. How
17 do you bring business to the town? We believe
18 that it needs to be done in that order.
19 Keeping your best businesses, they're where you
20 should start your focus. What do we need to do
21 to keep the businesses that we already have?
22 How can we make them aware that we value them
23 being in our town? We will do everything that
24 we can to help them.

25 Keep in mind, making our approach is

1 keeping the best businesses. My sense of the
2 bad businesses is let them float out in the
3 ocean and go away, even if it means a vacancy,
4 because they're doing nothing for your
5 community and nothing for your downtown. And
6 we have plenty of both. There are plenty of
7 good businesses and plenty of bad businesses.

8 So how do we help the best
9 businesses? What we want to concentrate on is
10 exactly the point that is raised. How do you
11 connect the community to their market, to the
12 marketplace, I should say? How do you connect
13 businesses to the community in that dynamic
14 that we know is the center of the whole thing?

15 You know, if your community, if the
16 community of Ambridge is not the primary market
17 for downtown Ambridge, than who the hell is?
18 There's certainly businesses in Ambridge that
19 have a bigger market and it comes from all over
20 the place, but the primary market are the
21 people who live here. Do you have the things
22 that the people who live here actually want or
23 need? If you do, then we need to find some way
24 to help support you in that.

25 So, this program that we came up

1 with is called Downtown First. And we're just
2 rolling this out right now. We worked a couple
3 years on this. It addresses that very specific
4 point. We've done it because it didn't exist,
5 at least that we know of. This is the downtown
6 version of buy local. It's -- it's saying what
7 it says right there, "Put your money where your
8 house is!" It's smart for you to do that.
9 It's convenient to be able to shop in a small
10 town, but it's really smart for you to have a
11 strong downtown. And if your house is there,
12 you have to do everything you can to support
13 that effort.

14 First of all, we want to make it
15 easy for the businesses to let them know that
16 you know that they're there. So when we say
17 downtown businesses first, when you bring up
18 Sewickley Village first, in this case, you're
19 going to get automatically all business types
20 in Sewickley in the downtown. We expand that
21 now to include all businesses in Sewickley, if
22 they're interested, in all of our towns.

23 When you go to that, you'll get a
24 results -- you're just seeing results here.
25 This was searching for restaurants. Boom, you

1 will bring up all the restaurants in Sewickley.
2 This is a directory. I'm not suggesting that a
3 directory that is anything that is
4 world-shattering. That's a good directory.
5 All the businesses in the downtown are
6 automatically in there. They don't have to pay
7 to be in there. You can sort for them.

8 If you can't find a good Italian
9 restaurant in Sewickley, it will bring you up
10 to a nearby, downtown-based community that has
11 a good Italian restaurant and help you find it
12 that way, that sort of thing. The directory is
13 really good.

14 It also gives you the ability -- you
15 see the L? That means local independent. So
16 each of our businesses need to go through some
17 criteria to tell you in order to get this label
18 that they are, in fact, truly a local
19 independent business. That means that
20 Starbucks is going to show up on this because
21 they're in Sewickley. We value them. We want
22 them on here. But they're not a local
23 independent, so they don't get the L. They
24 don't meet the criteria. The people in the
25 community says, I will do everything I can to

1 support my downtown, and I will go to
2 Starbucks, but I will also support the ones
3 with the L.

4 Next, the businesses have an
5 opportunity to display -- this is showing
6 you page -- this is one page. There's six
7 pages of this, where the businesses are able to
8 go on here, put pictures of their businesses
9 in. How about hours? You know what time
10 businesses are open in your town? I don't.

11 So it would be easy to go to one
12 spot and find out when they're open. They have
13 a more involved web site, labelbean.com, this
14 is in Bridgeville. Every single business in
15 the town has the ability to tell the community
16 who they are, and it's all free.

17 We've set this up so that the -- we
18 initially were going to ask the businesses to
19 pay a moderate fee if they wanted to have more
20 extensive here to help support the cost. What
21 we found in our field research on this thing is
22 that very few downtown-based business have any
23 web presence. Talk about them simply uploading
24 a picture and putting stuff on, they don't do
25 that.

1 So what we decided to do was -- the
2 most important thing was to find a way to
3 connect to the community. For this reason, we
4 decided to go all free. There is no charge to
5 be on the directory and no charge to have a
6 complete web system and to put their own web
7 page on here as well. So we think that's a
8 good way so that the people in this way, in
9 this case Sewickley, the people can say, I'm
10 going to try to buy local and downtown, and
11 here's a way to help me understand who these
12 people are.

13 This is our approach to help support
14 existing business, one of many, but we think
15 it's a useful tool and we're pretty excited
16 about rolling this one out.

17 First of all, going back to this --
18 I don't know if we have it on our site just
19 yet. You see this right here (indicating)?
20 This is all just coming into play right now,
21 "take the pledge." If you click on that, "take
22 the pledge," this is for the community to make
23 the statement that without having to pay any
24 money or buy a membership or anything. It's
25 just saying, I'm going to really try to shop in

1 downtown Ambridge. I'm going to really try to
2 do it. The pledge is a simple pledge, it says,
3 I will try to think of my downtown first. I'm
4 not going to drive past my hardware store to go
5 to Lowe's when I can buy the hose at my
6 hardware store. It doesn't mean I can't go to
7 Lowe's, it means I'm going to try to think of
8 my downtown first. It's a buy local movement.
9 In time, I think this will have a good impact.
10 That's one of the business support efforts that
11 I wanted to mention.

12 Now, on the recruitment side, this
13 is another resource. I'm bringing these up
14 only for the standpoint, when we find something
15 and there's not a resource out there and we
16 think it's really needed, then we go to the
17 trouble and expense for doing it.

18 If you were a business and wanted to
19 go into business -- I'm running past my time --
20 if you were wanting to go into business, you're
21 looking for a location in a downtown-based
22 community, where would you go to find out
23 what's available for rent or for sale? Anybody
24 have the answer for that? Where would you go
25 to find that?

1 AUDIENCE MEMBER: We call your
2 company.

3 MR. MATZIE: Call a Realtor, a
4 chamber of commerce, call the municipality.

5 MR. PELUSO: You start poking
6 around all over the place. The Realtor won't
7 have all the places to rent. When CBRichard
8 Ellis -- they belong to LoopNet. You have all
9 these different things. You can't find it.
10 It's hard for a business who wants to go into
11 business to get central information.

12 What we have learned is that the
13 property owners and the real estate community
14 is somewhat disconnected from this. And we're
15 saying they need to be involved. Private
16 property owners who want to lease their
17 buildings or sell their buildings. Real estate
18 agencies of all types of ilk need to have an
19 easier way to display that in a central format.
20 That what's downtownproperties.net is all
21 about. We do them automatically. A building
22 for sale, we put it on there and ask for
23 forgiveness later. We send them a postcard and
24 say, if you don't want it on here, tell us, and
25 we will take it off. We will drive people to

1 the site.

2 What we're trying to do is create a
3 central source of information in the downtowns
4 we work in. When you click on it, this is the
5 results for Bellevue, there's a number more
6 than shown here. What we'd like it to be is
7 all the available store -- building storefronts
8 in Bellevue that are available. When you click
9 on that to get a bigger picture, it takes you
10 to whoever is handling. If Howard Hanna, a
11 private owner, CBRichard Ellis, no middleman.
12 This is no attempt to try to garner the lead.
13 We want to go directly to the owner or the
14 agent at no cost that to agent. That's a good
15 way to engage them more in the process.

16 I'm done with that spiel. I want to
17 talk about two regional programs that we've had
18 the good fortune to be involved in; one is
19 Allegheny Together. Allegheny County, a long
20 time ago, recognized there's not enough State
21 resources to try to solve all the problems that
22 they have. Allegheny County has identified 45
23 business districts in Allegheny County alone
24 that they think -- that's outside the city --
25 that they believe could greatly benefit from a

1 program of this nature. So they worked on this
2 for years. They finally came up with this idea
3 of Allegheny Together. They started seeking
4 applications three years ago. They awarded
5 four communities as pilot communities to the
6 program. They've been adding two programs each
7 year. There's now eight in the program. And
8 Allegheny County contracted Town Center for the
9 program.

10 We also partner with Pittsburgh
11 History and Landmarks Foundation. We provide a
12 lot of planning and technical support and
13 historic preservation consultation and
14 assistance and a whole host of resources that
15 they bring to the effort. They have partnered
16 with a number of other organizations in various
17 ways to try to bring as many resources as
18 possible.

19 That's a really great program. The
20 County has been really serious about it. We're
21 trying to garner a number of different
22 resources. They want to bring a Main Street
23 approach on a more regional basis. DCED
24 supports this effort and has provided some of
25 the funding connected with this on a limited

1 basis. A lot of the money comes in through
2 DCED. They also know that the community is
3 going to have to pony up themselves if they
4 want to be involved in this effort. It will
5 take a lot of private capital to make it work
6 as well. It's been a great -- I think a great
7 start.

8 In Beaver County, we have been under
9 contract for some years in providing, as Rob
10 referred to, the same type of management
11 support in downtowns in the ten riverfront
12 communities in Beaver County. A unique thing
13 about Beaver County, which I think is worth
14 noting here -- you guys might find this of
15 interest as I'm closing here, I want to make
16 sure I mention this to you. There's ten
17 downtowns in the Beaver County downtown
18 program. But those ten downtowns typically, or
19 previously, had been elbowing for CDBG money
20 ever year, and they were competing in their own
21 towns against their own projects.

22 The business district authority,
23 let's say, would like to see some money brought
24 in for facade program, for streetscape stuff,
25 they're competing in their own town with

1 Ambridge with the fact that they need to put
2 the new sewer system over on Duss Avenue. The
3 council has to wrestle with these various
4 competing interests. It became chaotic.
5 Particularly for the county commissioners had
6 to make the decision each year. They have all
7 the applications in, competing in their own
8 towns. They have recognized for a long time
9 the importance of this effort.

10 So what the municipalities did, they
11 all kind of worked together on this and form a
12 coalition of the ten downtowns. The councils
13 all appointed a representative of the town to
14 sit on an informal, non-incorporated body
15 called the Rivertowns of Beaver County.
16 There's ten towns that participate in that.
17 It's coordinated through the County office of
18 the community development program.

19 So what happens now is that the
20 municipal managers from these towns sit around
21 the table and they start shuffling money around
22 as a recommendation. They know how much money
23 has been allocated to the downtown program, and
24 they have to figure it out for themselves. The
25 proposed this to the county commissioners, and

1 the county commissioners said, okay, do it.

2 What they do is they prioritize
3 projects. They wait their turn, as Monaca has
4 been doing, waiting their turn for their
5 streetscape. It's kind of cool. It's a very
6 statesman-like way. These people saying, it's
7 not politically popular in my town to wait
8 until Rochester finishes that two blocks of
9 stuff that they're doing, but I think it's the
10 best way to do it.

11 The management will stick their
12 necks out, and it's really worked well. To the
13 council's credit, they have supported that.

14 So what's happened now is a whole
15 series of recommendations come to the County
16 commissioners; they don't have fight about it.
17 It was these guys who recommended it. It makes
18 it a lot easier and a lot less chaotic, and
19 there's been millions of dollars have been
20 leveraged with other funding sources by doing
21 it this way on a regional approach.

22 So you know, we're not only looking
23 at CDBG monies, we've been getting a lot of
24 support from DCED. New Brighton just finished
25 a Hometown Streets project. We are able to

1 show the cooperation, and that becomes
2 attractive for investment from other sources.

3 I apologize. I'm sure I'm way over.

4 MR. MATZIE: Can't help
5 yourself. I think the neat thing about the
6 rivertowns, the pooling of the money to do a
7 bigger project. Instead of doing one block,
8 you do six blocks because it's your turn.

9 Any questions from members? We
10 touched on a lot of things.

11 MR. MARSHALL: I wanted to
12 talk about schools a little bit. I'm not from
13 this area. I'm from York County, a small town
14 called Heidelberg. I remember what happened to
15 the downtown. It was a beautiful downtown
16 area. It went through the same kind of
17 problems that the downtown areas down here go
18 through.

19 One of the things that happened in
20 that downtown was, it was probably the case out
21 here, that not very far from the downtown was
22 an elementary school. It actually started out
23 as a high school. It was a very substantial
24 building. It was vacated. It has since been
25 rehabbed, and it's apartment for seniors now.

1 But in so many of these towns, the
2 absence of a school, you know, that's like a
3 ripple effect. And it has a couple different
4 effects that happen. They built that school
5 someplace else. And where you build schools,
6 you'll find sprawl. So that's -- that's one of
7 the things, that's like the beginning of sprawl
8 in this state.

9 So I'm just wondering, you didn't
10 really talk too much about schools and how
11 schools help keep a downtown area vibrant. And
12 I was just wondering what your thoughts were on
13 that.

14 MR. PELUSO: I can remember
15 back in my -- my college days, I was in urban
16 planning -- I can remember them -- that was the
17 era where they were developing model
18 communities.

19 MR. MARSHALL: Yes.

20 MR. PELUSO: They were always
21 the model in the show. They would show you how
22 they had developed these neighborhoods that
23 were no greater than a mile in distance, and
24 they all had an elementary school within
25 walking distance in those towns. I can

1 remember saying, I live in a town like that.
2 It was developed in 1836. Yet, we've all
3 forgotten about that. That's what happens with
4 the sprawl. I guess I don't have the answer
5 more than I'm just agreeing with the symptom
6 that you're talking about.

7 You start taking -- take the
8 walkability away from people by putting
9 something out in the suburbs. In the town I
10 grew up in, all the schools are right there.
11 The high school was right in the center of it
12 all. They decided to take everything out of
13 town and took all the schools out of town.
14 Initially, only the farmers had to find their
15 way in to school. Everybody else walked. Now
16 everybody has to be bussed, everybody, from
17 kindergarten on up.

18 I think it's -- I guess it's a
19 question of whether or not, you know, we're
20 really able to understand the value of what a
21 walkable community actually means. So when
22 we're making decisions about ripping that way
23 of life apart, maybe we'll pause for a second
24 before we do. You know?

25 Ambridge just went through a long,

1 torturous decision, but they made a decision to
2 keep the school in town.

3 MR. MATZIE: There was a move
4 to try to move the high school, tear down the
5 local high school. Whether you were for
6 building a new high school or remodeling the
7 old high school, one of the key things the
8 officials in Ambridge said -- I had the
9 distinction of being mayor. We wanted to make
10 sure the school stayed in Ambridge. That was
11 the crux that I said. Whether we rehab the
12 existing building or tear it down and build a
13 new one, as long as it's somewhere in Ambridge.

14 I walked to school. I went to
15 Ambridge High School. It was literally walking
16 distance for me. I think you're right. I
17 think probably something that doesn't get
18 touched on.

19 I hate the word "sprawl," growing up
20 in a walking community and living here now and
21 decided to raise my family in a walking
22 community, I love downtowns. I love the
23 architecture of it all. I like to have that
24 ability to go into a store and know the owner,
25 know that I went to school with them or their

1 family or their parents.

2 I think those are key issues that we
3 are facing. As far as policymakers, I think
4 communities need to face those as well, and
5 hopefully we can work together to come up with
6 some solutions to bring about -- to
7 revitalizing a lot of these communities. I
8 know we have done that here, and we continue to
9 do that.

10 Any other questions? Jaret?

11 MR. GIBBONS: Something that
12 you HAD said earlier that interested me was
13 ABOUT talking about these -- you called them a
14 citizen advisory groups, the right arm of the
15 councils. One thing that I'm learning both --
16 we talked a little bit about getting people to
17 buy into the downtown.

18 What about sometimes -- and I think
19 specially for us as legislators -- to get our
20 borough councils or whatever the -- for the
21 most part, city councilmen in these types of
22 municipalities to buy into the idea of
23 revitalizing your downtown. This question
24 might sound strange, not every town necessarily
25 thinks that a streetscape and doing all this

1 will lead to something that they will go out
2 and work on this. Sometimes -- have you, in
3 your experience working, ever seen situations
4 where, you know, sometimes you get a split
5 between either perhaps even the citizen
6 advisory councils versus the borough councils
7 or the city governments where there's kind of a
8 struggle there between vision, direction? How
9 do you resolve those types of situations?

10 MR. PELUSO: What I've learned
11 over the years is that the problem that evolves
12 some day when somebody's trying to do a
13 development that creates that kind of
14 contentiousness, the problem started a long
15 time ago because there was no buy-in from the
16 elected officials in the town.

17 What we have come to learn over the
18 year, we will not do a program unless there's
19 council buy-in. This is under city hall. This
20 is not going to be a group that's out there by
21 itself. It's under city hall. City hall
22 doesn't have time to deal with all this stuff,
23 but they have to understand and respect what's
24 going on. That response may seem flippant to
25 your question. But that's a serious question.

1 I think that's the beginning of a
2 successful program. I can tell you, though,
3 that typically when you start a program, we're
4 usually happy if we can get indifference from a
5 council as opposed to outright hostility. That
6 sounds like the opposite of what you would
7 expect. We will take indifference to start.

8 Because the council -- you have all
9 kinds of competing interests. We are seeing
10 this as one of many things that are going on.
11 However, as long as council nods their heads up
12 and down and recognizes that that committee is,
13 in fact, going to be responsible and going to be
14 their advisors, then in short order, within a
15 few years, the council will need to be bought
16 into or it should be stopped or you guys
17 shouldn't support that program.

18 If somebody is asking you for
19 support, I think you need to ask them some
20 questions, like, well, what really is the level
21 of support on council?

22 MR. GIBBONS: As legislators,
23 we might have a vision that might be different
24 than what the council has and what we want to
25 do. If all of your elected officials can't

1 come together and agree on this, I think that
2 creates a problem because -- sometimes maybe it
3 is the question of too many levels of
4 government trying to come together and trying
5 to figure this out. I can think of projects
6 that, you know, that -- without buying into or
7 that I think is the direction to go, but
8 perhaps they want to put their money somewhere
9 else. It's trying to bring everybody together.
10 I think that can be a big problem when you're
11 trying to deal with the various levels of
12 government, state, local, county, et cetera,
13 and bring everybody on to a similar vision of
14 how to get things done. If people can't see
15 and come together and cooperate, I think you're
16 not going to get anything accomplished. I
17 think that sometimes is a problem that we face
18 as well.

19 MR. PELUSO: Do you have
20 constituents who believe that the best thing to
21 do would be to bring a bulldozer in and forget
22 about these towns, that they're a thing of
23 past?

24 MR. GIBBONS: I think the
25 bigger problem -- some of my colleagues who

1 represent some of these towns like some of the
2 ones that I have -- I don't have very many
3 boroughs. I do have a few borough downtowns --
4 is that what they feel is that we're going to
5 restore manufacturing, it's going to be bring
6 people back and that's going to bring the jobs.
7 That's going to bring the businesses back
8 downtown.

9 That's one of the biggest problems I
10 run into. My hometown is Ellwood City. We had
11 a couple of big mills in the area that brought
12 us through in the middle of the 1900s up
13 through the 1980s -- to the '70s, '80s when
14 things started to shut down. Some of the older
15 folks have the feeling that, well, that's the
16 way we do this. We need to get the mills up
17 and running again. The reality is, that's not
18 going to happen. Not likely. At least not in
19 the sense of the manpower, rebuilding that
20 population back the way it was. I think you
21 addressed that we have to realize that our
22 populations -- Ellwood City's population tracks
23 Ambridge. We were 20,000 people down to 8,000
24 now.

25 I think that's the problem that we

1 run up against is oftentimes my constituents
2 feel that that's what we need to go back to.
3 The problem is that's not the reality. And
4 that's, I think, the biggest fight that I
5 fight, and I'm sure some of these guys have
6 felt that as well, is trying to get past that
7 and trying to get them to buy into the new idea
8 of this is how we have to do this.

9 MR. PELUSO: The magnitude of
10 investment that's required, that's a number
11 that we're not always willing to do with. The
12 reality is, there's no way the public sector
13 can address it fully. I'm guessing we're lucky
14 if the public sector can address 10 or 15
15 percent of it. It has to come from the private
16 sector. It has to be millions of dollars that
17 have to be invested. If people think it's a
18 good investment, property owners, et cetera.
19 That's where the money has to come from.

20 We are trying to show that the
21 communities are worth the investment, and you
22 guys believe that. I think that's the new era
23 that we have to move into.

24 MR. MATZIE: A piece of the
25 pie, no question.

1 Just in closing before I turn it
2 back over to the chairman for adjournment of
3 this meeting, I want to take the time to thank
4 the members who took the time to come here
5 today and express to the audience that's here,
6 one of the things that we do as policymakers
7 and members of general assemblies, we have
8 hearings and we have committee meetings when
9 we're in session in Harrisburg or other times,
10 but to go out on the road to hear testimony and
11 have interaction with communities and get
12 opportunities to hear and see for ourselves is
13 what really shapes public policy and good
14 public policy. Having the dialog that we've
15 had here today helps us when we're thinking
16 about crafting legislation to help make a
17 better Pennsylvania.

18 I want to thank some folks here
19 before I turn it back over to the chairman. I
20 know Steve Miller is here today from the PHMC.
21 He took the time to drive up from Harrisburg.
22 He oversees all the sites, and I want to thank
23 him for agreeing to host the Commerce Committee
24 here today. I'm encouraging my members who
25 have PHMC sites in their districts to host some

1 committee meetings in their site itself or in
2 this case something that really had not a whole
3 lot to do with it the topic, but it does in a
4 way.

5 If you look on the way out, you see
6 the picture of how Economy was, they had their
7 Main Street down the middle, a big, old,
8 cobblestone street. I encourage the audience
9 members when we're here when the site reopens,
10 I know Barbara Franco was planning on coming to
11 you today, the executive director, she took ill
12 in the latter part of this week. Thank you for
13 coming today. I want to thank the president of
14 council here in Ambridge. And Bob Dunn,
15 another member of council, for being here. I
16 want to thank The Friends of Old Economy, the
17 non-profit group that helps facilitate this
18 site as far as fund-raising, and will be taking
19 over when the site does open. The president
20 Kevin Flannery is here. Kevin, we thank you.
21 As well as other members that are out here in
22 the audience. Larry Goodens is here, he's a
23 president of the Economy Borough council, and
24 we thank Larry for being here as well.

25 It's really nice to see so many

1 folks come out and take an interest in not only
2 what we have talked about here, to be here for
3 Old Economy.

4 And the last person I want to thank
5 is Marian Landy, who is enjoying her retirement
6 and still very active in the Old Economy
7 building. Thank you all for participating in
8 this here today.

9 I will turn it over to the chairman
10 for ajournment.

11 MR. DALEY: Thank you,
12 Representative Matzie. It's a pleasure to be
13 here. All of us in Washington and Fayette
14 County, many people come up here and
15 participate in the facility. My sister was
16 just here with my nieces, and it's a wonderful
17 place.

18 Of course, being from Western
19 Pennsylvania, I think it's the greatest place
20 in the world to live. I know we have a lot of
21 problems out here; nevertheless, I think the
22 people are the greatest people in the world.
23 The diversity of our culture and heritage and
24 our background is a wonderful mix and our food,
25 as you know, I put it above anywhere else in

1 the country.

2 We are here taking this very serious
3 going around the state. The next hearing will
4 be next week in my district. I hope the
5 members will come down 79 a little bit and come
6 into the Washington County. The blight
7 legislation is the second part of that hearing.

8 Being that said, thank you all --
9 it's April 8th, which is almost next week.

10 MR. MATZIE: The week after.

11 MR. DALEY: This meeting is
12 adjourned. Thank you very much.

13 (Whereupon, the above-entitled
14 matter was continued at 12:17 p.m., this date.)

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C E R T I F I C A T E

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I hereby certify that the proceedings and evidence are contained fully and accurately in the stenographic notes taken by me on the hearing of the within cause and that this is a correct transcript of the same.

Constance Lee,
Professional Court Reporter
