



Lineup change: Penguins to lose Civic Arena parking revenues to URA, SEA this month



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For years, the Penguins have been able to keep the parking revenue generated at the former Civic Arena site — a sore point for critics, who argued that the lucrative cash stream served as a disincentive to redevelop the land.

It's an argument that will soon become moot.

Come Oct. 23, the Penguins will lose the rights to the surface parking — and the revenue it generates — to the Sports & Exhibition Authority and the Pittsburgh Urban Redevelopment Authority.

To prepare for the transfer, SEA and URA board members are expected to decide Thursday whether to hire OVG Parking LLC to operate the arena lots on their behalf once they gain control over the parking.

OVG is an affiliate of OVG360, the firm that manages PPG Paints Arena on behalf of the Penguins and team owner Fenway Sports Group.

The Penguins have held the rights to the parking for at least the past decade in conjunction with the demolition of the arena to clear the 28-acre lower Hill District site for redevelopment. They were granted the rights under a deal with the SEA. Kevin Acklin, the Penguins president of business operations who served as chief of staff to former mayor Bill Peduto, said an option agreement governing the arena site was amended during Mr. Peduto's tenure to terminate the rights in October 2023.

"We fully support this new arrangement, as it allows for OVG to manage parking logistics for the benefit of fans and guests of the arena, and revenues will help the public authorities fund arena maintenance and support community initiatives," Mr. Acklin said.

At one time, the Penguins controlled — and derived revenue from — as many as 3,200 parking spaces at the arena site. The number has dropped as development has advanced, most recently with the construction of the new 26-story office tower to be anchored by First National Bank.

Mr. Acklin said 1,600 spaces will revert back to the URA and SEA.

In the past, the rights to the parking, both for commuters and events, generated a steady source of revenue for the team, minus the rent it paid. Before the start of the COVID-19 pandemic, the spaces produced just under \$2 million in revenue annually, Mr. Acklin said.

"While parking revenue has been down sharply since the pandemic, the net revenue should help the public authorities support arena maintenance obligations and generate funding for community initiatives, like the home repair and improvement programs championed by Councilman [R. Daniel] Lavelle," he said.

At times, the parking rights have been a source of contention for those who didn't think the Penguins were developing the land fast enough. The team secured development rights to the 28 acres in the 2007 deal to build PPG Paints Arena.

As a city councilman before becoming mayor, Mr. Peduto questioned the Penguins' commitment to development given the parking rights, which he described as an "ATM for the next 10 years, guaranteed."

Others, including the late state Sen. Jim Ferlo and some Hill leaders, have voiced similar complaints, particularly as the years dragged on without any activity at the site.

The Penguins have repeatedly pushed back, saying their goal has always been to create a mixed-use development that would include offices, housing, retail and entertainment.

“Nobody wants a continued sea of surface parking spaces in the lower Hill,” Mr. Acklin said Wednesday.

“We share a common goal with the city and public authorities to develop the surface parking lots into an exciting new development to build out the tax base, generate more events at PPG Paints Arena and continue to support the greater community.”

In addition to the FNB office tower, the Penguins are in the process of developing a live music venue and 910-space parking garage. There are also plans for the construction of 340 apartments on another part of the site.

Of course, as those parcels are developed, it will cut into the surface spaces — and parking revenue — available to the SEA and URA.

Despite losing the rights to the surface lots, the hockey team still will retain control over a parking garage adjacent to PPG Paints Arena. It also will keep the revenue generated by the new garage, although at least some of that will be used to pay off the construction debt.

Under the public authorities’ agreement with OVG, the operator’s fee will be 2.25% of the net operating profit throughout the contract’s three years. It would increase “nominally” if two option years are picked up, according to the URA.

OVG is partnering with Denver-based Nationwide Parking Services, which will receive 33% of the OVG management fee. As part of the deal, the URA will direct \$1 per parked car on the lots it owns to a fund that will be used to support home repairs and improvements in the Hill.

That’s a dream come true for Carl Redwood, a Hill District Consensus Group board member.

For more than a decade, he lobbied the Penguins without success to donate “A Dollar A Car For The Hill” to use for home repairs, transportation for residents, and business corridor and other improvements.

“It’s been a long time,” Mr. Redwood said Wednesday, adding that he supported the URA initiative.

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