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An Open Letter to the Lancaster County, PA Commissioners

By Robert E. Field, Investor / Builder and *NewsLanc.com,* Publisher

…If after meeting debt service obligations there are not sufficient funds for proper operating of the convention center, the project will end up in bankruptcy court where matters will be sorted out and justice will be undertaken. If the court requests an investigation of the projects origins due to the loss of tens of millions of tax payers' money through grants and guarantees, the state attorney general will conduct one.

Without funds to properly promote and operate the Convention Center and especially if it closes, the Marriott Hotel faces huge losses. Penn Square Partners, a single purpose limited partnership in which the two major partners share no liability, would likely terminate its lease with RACL. The City of Lancaster through RACL (Redevelopment Authority of the City of Lancaster) would own the property and be responsible for over $40 million in bond debt. However, along the way, the insolvency will likely go before a bankruptcy court and more equitable arrangements made.

My advice is to do nothing. Let matters take their natural course. Penn Square Partners, Limited Partnership reportedly invested some $10 million in the Marriott. Either Penn Square Partners will subsidize Convention Center losses until it is financially viable or suffer the consequences of the loss of their investments in the Marriott Hotel and further harm to the partners' reputations.

Nevertheless, if you feel duty bound to consider any intervention, do not pay heed to so called studies which are not subject to professional standards and tend to be white washes. First order MAI appraisals of both the Convention Center and the Marriott Hotel. It is the best $75,000 you could spend on this matter. If Penn Square Partners won't cooperate by providing financial data, then you have done all you can do and your path should be that of 'benign neglect.'

It is not uncommon for hotels such as the Marriott in weak markets to be valued at 35 cent on the dollar. The same applies to a convention center. If the MAI study indicates that debt far exceeds value and thus prospects, no new tax levied by county or city will prove sufficient. It will be but one of many future installments with 'good money going after bad'. I understand the county's potential risk is currently $20 million dollars, but even if the county subsidizes the project its exposure will remain $20 million dollars.

There would be a difficult few years as things work their way through a bankruptcy procedure, as was the case with the ill-conceived Pennsylvania Academy of Music, but when all is said and debt set at a manageable level, the entire Convention Center project will finally be viable and the hotel may even be on the real estate tax rolls…where it belongs.

LETTER: Convention Center "Too big to fail"

I'm going to stick my neck out here and make an unavoidable point: the hotel and convention center project is truly "too big to fail". If the convention center were to close, the hotel would be unable to survive on its own; there isn't enough business in downtown Lancaster to keep it in operation (just look at the Brunswick, which when built was much nicer than the Marriott is right now).

Taxpayers would still be liable for the convention center debt, and closing the hotel would make Lancaster City taxpayers responsible for the outstanding $24 million in construction debt PLUS paying off the balance of the $14 million Fulton Bank loan….

LETTER: None of CC sponsors many promises have come true

…Had some variation of the original hotel and convention center been constructed, funding for the project would have been sustainable. But the project was allowed to metamorphosis into a facility that costs taxpayers far more than anticipated revenue streams could realistically provide for. Adding to this the unreasonably large taxpayer subsidies that continue to benefit the "private" hotel paints a picture of a project that cannot possibly make any kind of economic sense.

LETTER: Calls for referendum on any Convention Center bail out

The only ones to which this makes economic sense are Penn Square Partners – who knows how much they are profiting at the public trough? We need 'full disclosure' so everyone can see the true story…

Lancaster General Hospital may lose its $100 million gamble

When recently a Lancaster General Hospital (LGH) physician was taking a detailed health history, the patient asked *"After living in Lancaster over 40 years, how come this data isn't already in your computer system? I thought the hospital spent $100 million for this purpose."* The response was *"Just a $100 million?"*

Not only has LGH spent the money on an electronic patient health and medical record keeping system to serve its own needs, but medical practices throughout the region are also spending tens of millions to establish their own electronic medical record keeping systems. Yet much of the data will not be accessible beyond the individual entity.

LGH's digital medical storage system is to come on line late this summer. Should it need to be scrapped within five years in order to replace it with a nationally standardized system, the directors will not necessarily be to blame. The same applies to private practices.

The federal government had declined to establish software standards for hospitals and medical practices as it has provided for other industries. It would have been simple to have utilized the Veteran Administration's proven health record system, developed over twenty years, as a starting point.

Why didn't this happen? We surmise that this would have curtailed the opportunity for private industry to sell billions of dollars of their own software to health organizations throughout the nation.

How many lobbyists were working for the software industry and how many were representing the consumer?

The result: instead of having a fully integrated national medical record keeping system so that a sick Lancaster resident could receive prompt and thorough treatment elsewhere in the country and possibly abroad, the nation will have a hodgepodge of a facsimile. And the huge profits (called *"surpluses")* generated by public charity Lancaster General Hospital over the past few years may go largely down the drain.

The above have been excerpted from www.Newslanc.com.

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