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**DGS SECRETARY SAYS SALE OF PITTSBURGH STATE  
OFFICE BUILDING IS IN BEST INTEREST OF TAXPAYERS**  
*Secretary Welcomes Auditor General's Review of State's Financial Model*

**HARRISBURG** – Department of General Services Secretary James P. Creedon said today that selling the Pittsburgh State Office Building is clearly in the best interest of taxpayers—a point reinforced by the state's financial model—and that he looks forward to sharing that information with the auditor general.

“We have discussed this decision and engaged in the process to sell the Pittsburgh State Office Building publicly for more than two years,” said Creedon. “While the auditor general seemed to only become interested in this topic during the last month, he is welcome to review any and all of our material and we will fully cooperate with him in that review.

“We are confident that he will come to the same conclusions as members of the General Assembly, city and county leaders, and those interested in downtown development—that this decision is clearly in the best interest of taxpayers,” Creedon said.

The secretary explained that the decision to sell the 50-year-old building was based on many factors, including significant annual operating costs and the substantial costs necessary to rehabilitate the structure. Engineering estimates show that nearly \$65 million in state funds would be needed to thoroughly rehabilitate the building.

The building will be sold to River Vue Associates LP, of Canonsburg, for \$4.6 million.

The state will save \$14 million by selling the building and moving state employees into leased space in downtown Pittsburgh. Creedon said the sale will also place the property back on

the tax rolls and provide an estimated half-million dollars in additional revenue to local government and the school district.

State officials said the building was first put up for sale last spring, long before the financial crises had reached its current level, and that the \$4.6 million sale price factors in the extensive renovations needed for the building.

“Waiting until the economy improves does not guarantee that we would get any better sale prices, simply because of the extensive renovations needed for the building,” Creedon said.

The 16-story building, which houses 800 employees in 22 agencies, will require extensive upgrades, including a new roof, extensive HVAC improvements, a new sprinkler system, plumbing and electrical upgrades. The asbestos-containing floor tiles and insulation that were commonly used when the building was built in 1957 must also be removed.

Employees plan to move into three leased space locations in downtown Pittsburgh starting later this fall. One location will feature a “customer service center” that will conveniently house all services needed by the public.

“Based on the current economy, we also received an excellent average base rent price of \$11.16 per square foot for the leased locations that employees will move into and we successfully locked in these prices for the next 20 years,” Creedon said. “We can predict with a reasonable level of certainty that as the economy improves, we would lose this opportunity to capture such competitive lease prices.”

Creedon also said that the region’s municipal and legislative leaders have fully embraced the sale and look forward to the opportunities that would be created by turning the building over to private development.

The General Assembly authorized the sale of the property in Act 54 of 2007.

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