

# ULI Case Studies

**Allen Matkins**  
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## SteelStacks Arts and Cultural Campus



CHRISTENSON PHOTOGRAPHY FOR WRT

*The campus features a mixture of historic and modern structures surrounding open space that includes an outdoor performing arts pavilion.*

### PROJECT SUMMARY

The SteelStacks Arts and Cultural Campus is a former steel mill site that has been restored, adapted, and transformed into an arts and cultural campus that features preserved blast furnaces and other historic steel mill buildings, an elevated walkway/trestle that offers up-close views of the blast furnaces, a visitor/exhibit center in a historic building, parks and outdoor plazas, an outdoor performing arts pavilion, an office building and production studios for the local public broadcasting station, and a new ArtsQuest Center building devoted to performing arts of all types.

The redevelopment was funded via a variety of sources, including tax increment financing revenues, donations from businesses and philanthropic organizations, and funds and tax credits from federal and state governments. The 9.5-acre development has become a major tourist attraction and a source of pride for the city of Bethlehem, and the steel stacks themselves are iconic structures unlike any others in the United States.

### QUICK FACTS

- Location**  
Bethlehem, Pennsylvania
- Project type**  
Special use
- Site size**  
9.5 acres
- Land uses**  
Cultural facilities, performing arts facilities, offices, entertainment facilities, retail, food services, park, event space, open space, visitor center, playground, parking
- Keywords/special features**  
Former steel mill, redevelopment, cultural district, arts district, tourism, historic preservation, outdoor sculpture, brownfield, industrial redevelopment, place making
- Websites**  
[www.steelstacks.org](http://www.steelstacks.org)  
[www.levittsteelstacks.org](http://www.levittsteelstacks.org)  
[www.hoovermason.com](http://www.hoovermason.com)
- Project address**  
711 East First Street  
Bethlehem, PA 18015
- Master developer**  
Bethlehem Redevelopment Authority  
Bethlehem, Pennsylvania  
[www.bethlehem-pa.gov](http://www.bethlehem-pa.gov)
- Building owners/developers**  
ArtsQuest (ArtsQuest Center)  
PBS39 (PBS39 building)  
Bethlehem Redevelopment Authority (Visitor Center, Levitt Pavilion, and the Hoover-Mason Trestle)
- First Bethlehem Works master planners (1998 plan)**  
HOK Architects Inc., Studio E  
Sandy & Babcock Inc.  
The Idea Network  
Christopher Degenhardt
- Second Bethlehem Works master planner (2005 plan)**  
KostowGreenwood Architects
- SteelStacks master planner and landscape architect (2009 and subsequent plans)**  
WRT  
Philadelphia, Pennsylvania  
[www.wrtdesign.com](http://www.wrtdesign.com)
- Awards**  
ULI Global Awards for Excellence Winner, 2014

What is an old rusty steel mill good for anyway? To many observers, an obsolete industrial facility is just an eyesore, and the sooner it's gone the better.

But leaders in Bethlehem, Pennsylvania, saw something more than rusty steel stacks and dilapidated buildings in their city's abandoned Bethlehem Steel mill. They saw an important part of their regional heritage, an iconic symbol of U.S. industrial history, and a magnificent example of industrial design on a large scale, as well as an opportunity to create a unique place—a cultural and visitor attraction that could become a new economic driver for the community.

They proceeded to redevelop the abandoned mill with these visions in mind and created the SteelStacks Arts and Cultural Campus, an iconic new place in Bethlehem unlike any other historic site or cultural venue in the United States.

## The Site and Background

When Bethlehem Steel closed its mill in Bethlehem in 1997, the company owned 1,800 acres in the city—roughly 20 percent of the city's land area—located along almost six miles of the Lehigh River. The plant had been the source of steel used to create such iconic structures as the Chrysler Building in New York City and the Golden Gate Bridge in San Francisco, and during World War II the company made steel used to build ships (at another facility) at an astonishing pace of about one per day.

**Early planning efforts.** Once the plant was closed, the site became an abandoned brown-field, and it could have remained that way for a long time. However, Bethlehem Steel was not going to let that happen. "To their credit, [Bethlehem Steel] did not just walk away from the 1,800 acres of the Bethlehem Steel plant," says Tony Hanna, executive director of the Redevelopment Authority of the City of Bethlehem. The company brought in master planners, engineers, site remediation teams, and consultants and worked collaboratively with the city to lay out a plan for redevelopment. "What [the company] did for us was get us set up for post-Bethlehem Steel," notes Hanna. "They were actually pretty bullish on redeveloping the site themselves."

The company also worked with the city and paid for feasibility studies to set up a 20-year tax increment financing (TIF) district for the most historic portion of the site, a 126-acre parcel named Bethlehem Works. The TIF district,



*The site before redevelopment.*

which was the first and remains the only such district in the city, is run by the redevelopment authority. In the late 1990s, before establishment of the TIF district, Bethlehem Steel also brought in planners to work with the city on rezoning of the land, including creation of a very flexible IR (industrial) zoning district for the property that allowed industrial uses as well as many other uses.

**The site.** The larger Bethlehem Works site is located between the Lehigh River and rail lines on the north and the well-established South Side neighborhood and Lehigh University to the south. The historic center of Bethlehem is on the other side of the Lehigh River to the north and west of the site. Much of the Bethlehem Steel property to the east of Bethlehem Works has been redeveloped as warehouse and distribution space because it is served by rail and located near Interstate 78, which provides connections to New York City. The site and the city are located 60 to 85 miles from Philadelphia and New York City, both huge population centers.

Bethlehem Works is on a 126-acre parcel at the western edge of the 1,800-acre site, and SteelStacks covers 9.5 acres on the northern and western side of the Bethlehem Works site. The iconic steel stacks themselves are five separate stacks, each built at a different time, ranging from the early part of the 20th century to the 1960s.

The western edge of the SteelStacks site has two other historic buildings, the Stock House and the Turn and Grind Building. Several buildings have been removed from the site, in-

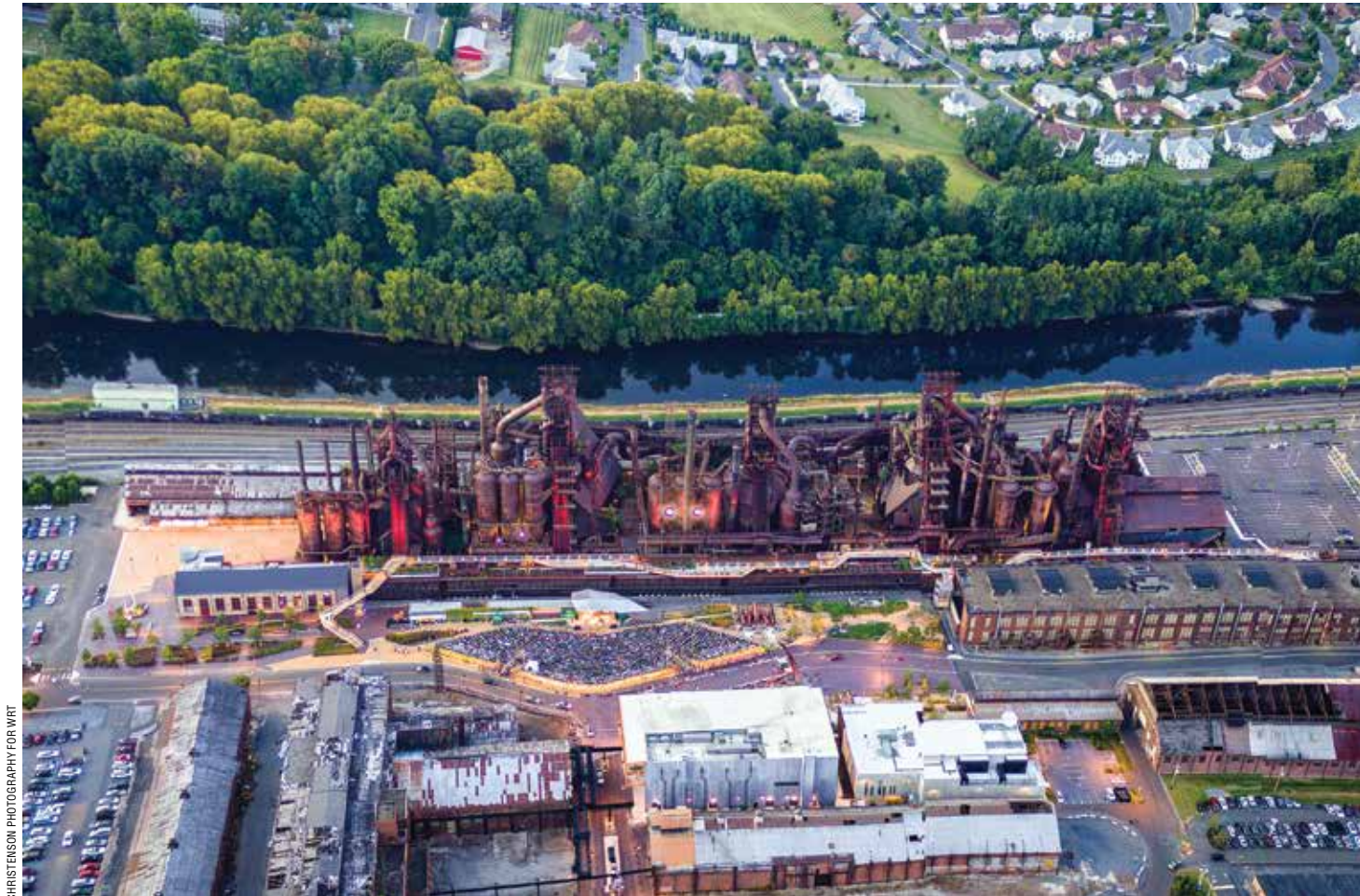
cluding one building formerly at its center. Other former steel mill buildings are adjacent to the site on its eastern and western sides.

**Changing ownership.** Bethlehem Steel spent about \$40 million preparing the site for redevelopment, including remediation of much of the SteelStacks site. The company attracted state and federal money to fund some of this work and even started efforts to bring a Smithsonian industrial museum to one of the machine shops on the property.

But in 2001 the company filed for bankruptcy, and in 2003 the company's assets were acquired by International Steel Group. International Steel in turn sold the property to various entities; 126 acres—the Bethlehem Works site—were sold to an investment and development group that included a local investor, Mike Perrucci, and several New York investors, including a prominent lawyer and several executives from the firm Newmark Knight Frank. These new investors—a five-person partnership known as BethWorks Now LLC—did not know exactly what they would do with the property, but they saw an opportunity and were very sympathetic to the redevelopment plan developed by the city and Bethlehem Steel.

### Community visioning and leadership.

At the time, the city was struggling with how to preserve and enhance the historic blast furnaces and other historic buildings on the oldest part of the site. Considerable disagreement existed at first about what to do. The community felt a lot of anger toward Bethlehem Steel and its abandoned



CHRISTENSON PHOTOGRAPHY FOR WRT

*The redeveloped site, with the Lehigh River and Bethlehem neighborhoods to the north.*

steel facilities, and some residents wanted to tear down the steel stacks. But as the planning process proceeded, new ideas emerged.

Bethlehem has a sister city in Germany, and one of the inspirations for the SteelStacks development came from similar steel mill redevelopment projects that had been completed there. Jeff Parks, then leader of ArtsQuest, a local nonprofit organization dedicated to community revitalization through the arts, spent six days touring two former steel mills in the Ruhr Valley of Germany and came back with some interesting ideas for Bethlehem.

The project that most impressed Parks was the Landschaftspark Duisburg-Nord, which involved creation of a cultural and recreation center on the site of a former steel mill. He also visited a mill in Saarbrücken that was used as the centerpiece for a museum. John Callahan, mayor of Bethlehem, also made a separate trip to visit steel mills in Germany.

Parks and many others advised, and Mayor Callahan quickly concluded, that whatever they did with the site, they had to work around those blast furnaces. Community leaders came to be-

lieve that the blast furnaces could form a dramatic skyline and backdrop for whatever was done on the site. The site had also been designated in 2004 as one of the most endangered historic sites in the country by the National Trust for Historic Preservation.

But redevelopment was a costly undertaking, and the TIF district in place had generated little revenue. The city was unable to move forward on the project because it did not have sufficient funds to do so.

**Enter gaming.** In 2004, shortly after the Perucci group purchased the site, Pennsylvania legalized gambling. The new ownership group had connections to Sheldon Adelson of the Sands gaming empire, and in 2007, the investment group sold much of its interest in the property to Las Vegas Sands Corporation, a casino developer/operator, which sought the right to build a casino on the property. The new partnership included two entities, Sands BethWorks Gaming LLC and a nongaming real estate entity called Sands BethWorks Retail LLC.

The idea of gaming on the Bethlehem Works site was controversial. One consideration that tipped the scales in favor of a casino was the fact a casino developed within the tax increment financing district would generate a lot of revenue and allow the city to fund preservation of the steel stacks and creation of an arts and cultural campus around them.

Sands BethWorks Gaming needed the approval of the city to proceed because rezoning was required to allow gambling, and the rezoning became a point of contention with the community. Initially, the community was split about evenly on the issue, but eventually was won over when the city asked, "If gaming could allow and support the preservation of the Steel Stacks and the creation of an arts and cultural campus, would you support it?" In the end, the community decided that gaming was worth the risk and approved of the new zoning, and the SteelStacks campus concept was essentially written into the gaming license application.

Once the casino was approved, the city was very supportive of the development process, and the Sands group became very supportive of

the SteelStacks development. Sands BethWorks Gaming eventually developed an integrated gaming, hotel, conference, and retail facility at the eastern end of the Bethlehem Works site and gave most of the western end of the site, 9.5 acres, to the redevelopment authority and its nonprofit partners—ArtsQuest and the local Public Broadcasting System television station, PBS39—for the SteelStacks Arts and Cultural Campus.

The entire casino development was within the TIF district, which had been in place for ten years. Its presence turned the district from “a gasoline-propelled TIF to one that was jet fueled,” says Hanna. “Without these additional TIF revenues that the Sands was generating for us, we would not have been able to do what we have done here.” The redevelopment authority has invested about \$50 million of TIF money in site improvements, infrastructure, and building improvements on the site.

When the city agreed to support the Sands gaming license, Sands BethWorks Retail agreed to own, maintain, and help preserve the steel stacks and other historic buildings on the Bethlehem Works site. Thus, the steel stacks themselves are not owned by the redevelopment authority.

**The ArtsQuest and PBS role.** The redevelopment authority worked collaboratively with ArtsQuest and PBS39 to plan and develop the SteelStacks Arts and Cultural Campus, including the idea of developing new facilities for their operations as a part of the new campus. ArtsQuest was also integrally involved in the development of the Levitt Pavilion SteelStacks, an outdoor live performance venue. Community leaders had expanded on the ideas Parks had learned about on his trip to the Ruhr Valley: they wanted to preserve the history while also remaking the place as an active arts and cultural campus that included music and other performances.

Even before final plans were developed for the campus, ArtsQuest and PBS39 moved forward with development of two separate and adjacent buildings on the southern part of the site in accordance with the 2005 master plan for the larger Bethlehem Works site. Subsequently, the redevelopment agency brought in planners WRT to come up with a plan for the rest of the campus.

## Development Finance

BethWorks Now purchased Bethlehem Works from the International Steel Group in 2005. Las Vegas Sands joined the partnership later that year, and two partnerships were created—Sands BethWorks



HALKIN/MASON PHOTOGRAPHY FOR WRT  
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*Though the campus is busiest at night and on weekends, the Hoover-Mason Trestle has helped increase visits throughout the day and week.*



PAUL WARCHOL, COURTESY OF SPILLMAN FARMER ARCHITECTS

*The plaza in front of the ArtsQuest and PBS39 buildings features a large sculpture that is lit with fire at night.*

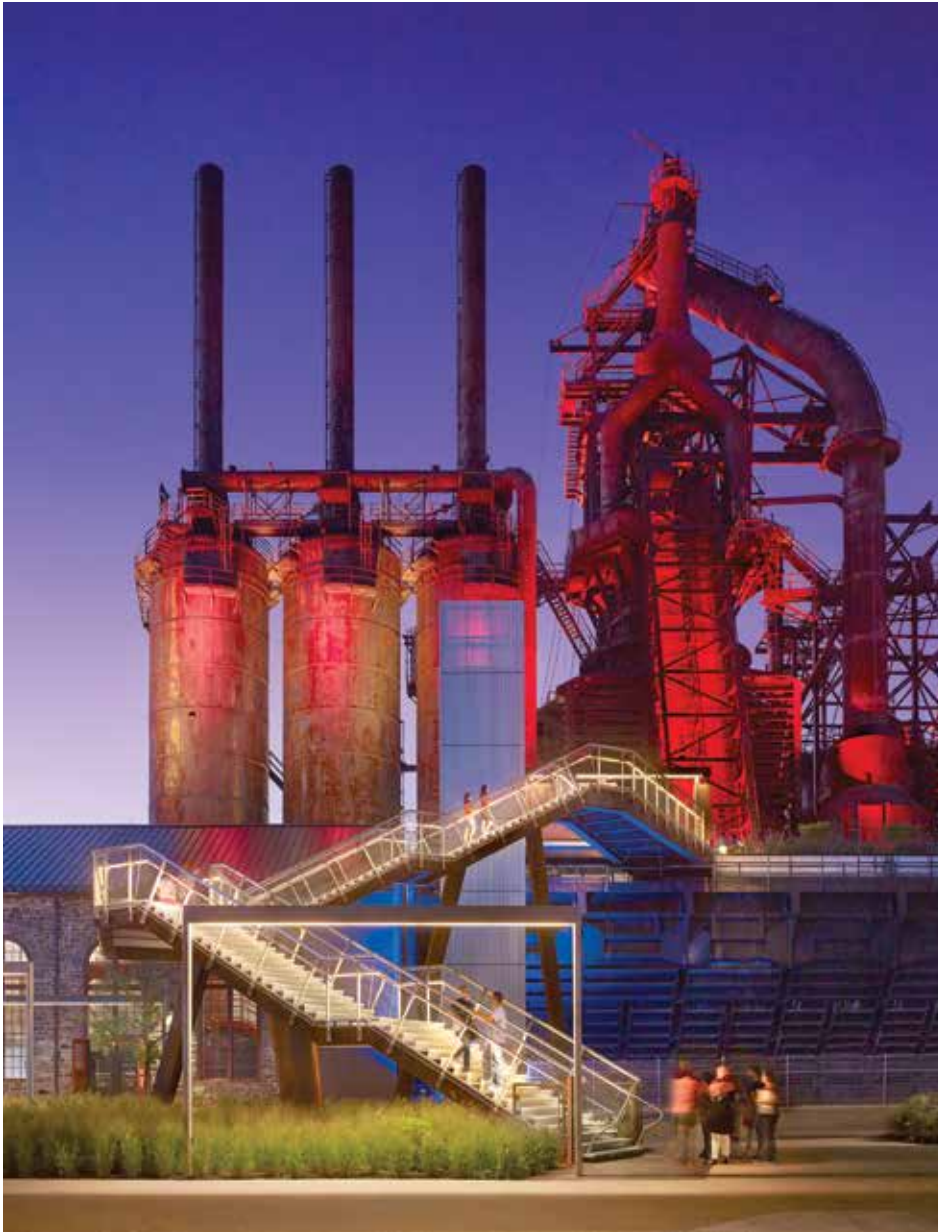
Gaming for the casino and Sands BethWorks Retail for the noncasino real estate assets. Las Vegas Sands owns 50 percent of the real estate partnership and 90 percent of the gaming partnership. Sands BethWorks Gaming owns the casino and the land the casino and hotel sit on. The city receives \$10 million annually in host fees for the casino, in addition to TIF funds.

In October 2009, Sands BethWorks Retail donated all the land for the 9.5-acre campus to the city, except for the footprints of the ArtsQuest Center and the PBS building, which were donated to those organizations.

Sands BethWorks Retail was not required to do this as a part of its gaming license, though it was required to support the overall redevelopment effort. Hanna has noted that he

believes the Sands group was wise to donate the land because it allowed the redevelopment authority to use its money wisely to develop the campus into something significant that in turn has enhanced the whole area, thereby benefiting the casino.

The subsequent SteelStacks development was financed via a combination of TIF funding, government grants, philanthropic donations, nonprofit funds, and private investment. The redevelopment costs and financing involved numerous elements, including two new buildings, two restored buildings, a new walkway on the elevated trestle, an outdoor performing arts pavilion, and acres of landscaped plazas and open space. All campus tenants and activities are nonprofit in nature.



HALKIN/MASON PHOTOGRAPHY FOR WRT

*The steel stacks and the bridge to the Hoover-Mason Trestle at night.*



CHRISTENSON PHOTOGRAPHY FOR WRT

*The campus at night looking west, with the PBS39 and ArtsQuest buildings at lower left.*

Except for the ArtsQuest Center and the PBS39 building, the redevelopment was funded largely with TIF revenues generated by the Sands casino complex. Sands invested close to \$900 million in its casino resort complex, so the additional tax increment generated by this new complex was considerable. The TIF generates about \$12 million annually to support development on the site. To fund development, the redevelopment authority obtained loans secured by future TIF revenues. To date, the redevelopment authority has invested \$45 million.

The nonprofits that built and use the ArtsQuest Center and PBS building paid for the construction of their facilities with private donations, foundation support, public support, and conventional financing. The ArtsQuest Center cost \$26 million, and the PBS39 building cost \$14 million. ArtsQuest is also raising \$8.5 million to restore and adapt the Turn and Grind Shop into the Festival Center. ArtsQuest owns the building.

Financing for the ArtsQuest Center also included new markets tax credits via three different sources. In addition, redevelopment assistance capital came from the state of Pennsylvania, the Kresge Foundation provided about \$900,000, and several local corporations and businesses contributed funds, in part because they believe that ArtsQuest and the cultural assets it fosters are important for attracting talent to the community.

In addition to the development costs, the Mortimer & Mimi Levitt Foundation, which has funded the operation of numerous Levitt pavilions around the United States, provided funding to support programming and operational costs for the Levitt Pavilion SteelStacks, an outdoor performance venue that presents 50 free concerts per year. The Friends of the Levitt Pavilion also raises and gives money to operate the venue.

## Planning and Design

Project planning and design involved several phases, including plans for the overall Bethlehem Works site and for the SteelStacks campus within it.

Planning and design for the former began with a plan that Bethlehem Steel and its design team developed in 1998. A subsequent plan in 2005 by KostowGreenwood Architects provided updates to that plan and was the starting point for the SteelStacks Arts and Cultural

Campus. When the new owners and the casino entered the picture, the plan for the Bethlehem Works site evolved further and planning began to proceed more quickly. The final plan that was adopted for the 120-acre site placed the casino on the eastern edge of the SteelStacks site, allowing pedestrian connections between the sites over time.

**SteelStacks campus plan.** With the new casino and the new funding from TIF revenues, the plan and concept for a cultural campus began to emerge, and a new plan began to take shape. Through a competitive request for qualifications (RFQ) process, the redevelopment authority selected WRT to develop a final master plan. The firm subsequently developed designs for three projects that emerged as the plan evolved, including 1) the landscape architecture and place-making plans for the overall site; 2) the Levitt Pavilion, including realignment of the street to allow for a larger seating area; and 3) the Hoover-Mason Trestle.

WRT began its work with the idea of “capturing the spirit of the place,” notes Antonio Fiol-Silva, a WRT principal. At the time WRT was brought in, the ArtsQuest Center and the PBS building had already been established on their sites, so the initial planning effort focused on the plaza and open space between the blast furnaces and these buildings to tie them together, and on the development of the Stock House building and surrounding area. The overall plan as built includes the major elements outlined below.

**The ArtsQuest Center and PBS39 building.** ArtsQuest and PBS39 originally began with the idea of creating a joint facility, and they tried to fit their programs into an existing mill building on the sites they were given. That idea proved to be impractical and too complicated, so they decided to remove the dilapidated buildings and develop two new separate but adjacent buildings.

The ArtsQuest Center is a four-level building designed for cultural uses and events. “We wanted the building and the campus to be as flexible as possible,” says Parks. The direction

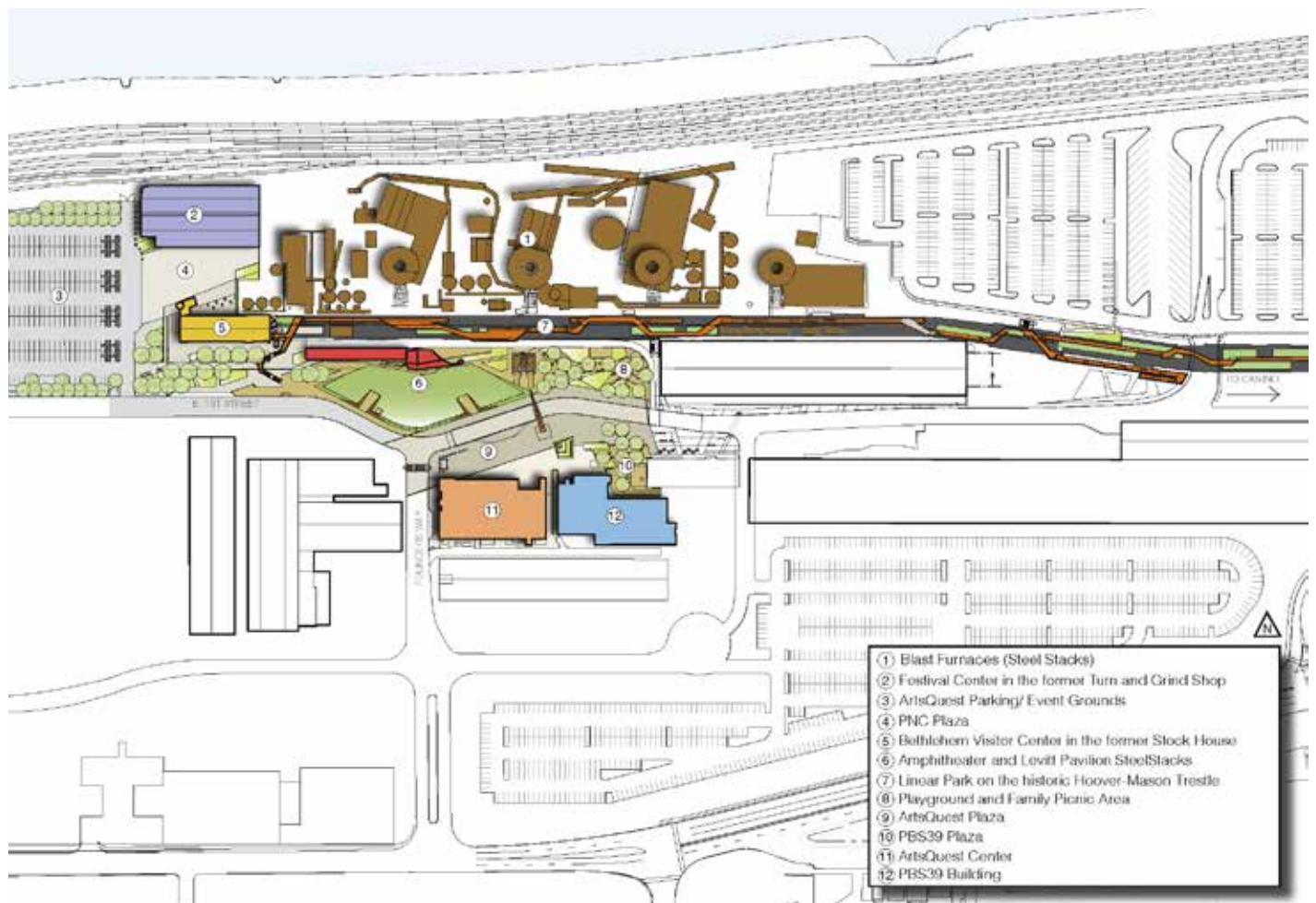
ArtsQuest gave the architects was to try not to compete with the blast furnaces, which Parks believed were and should be the main feature of the site. ArtsQuest wanted a low-key modern building that would be different from the historic structures already in place.

The ArtsQuest Center includes four levels of flexible and primarily multifunctional event space; only a cinema has fixed seating. The top two levels are devoted to the Musikfest Café presented by Yuengling, a longtime Pennsylvania brewer. This is a two-story space that includes a balcony overlooking a stage and looking toward the steel stacks through large windows. The second level includes a smaller room for events as well as an art gallery.

The first floor is primarily one large space for food service, including a large seating area, a bar, a small shop, and a two-screen art cinema. It has large glass walls facing the blast furnaces, with doors that open to an outdoor plaza.

Branding signage from sponsors and donors appears on the front of the building. It can accommodate trade shows, dances,

## SITE PLAN



COURTESY OF WRT

concerts, theater performances, and small business meetings.

The PBS39 building, adjacent to the ArtsQuest Center, is the office headquarters for PBS39 and also includes two television production studios and a community room used for public education. In front of both of these buildings are plazas that include seating, performance areas and stages, and a 30-foot-tall, 70-foot-long cantilevered bridge sculpture that arches across East First Street and is lit with fire at night.

### **Stock House and the Turn and Grind Shop.**

The Stock House, located at the western side of the site, is the oldest building on the site and was in very bad shape—near collapse—when redevelopment planning began. The redevelopment authority chose to restore the building at considerable expense and make it a visitor center for the city and the site, with the upper level used as office space for ArtsQuest. “We were meticulous in restoring the building,” Hanna notes. “We wanted to provide to future developers a proof of concept.”

Another building just north of the Stock House—the Turn and Grind Shop—is yet to be completed. It will be used as a festival center and will support a number of functions, including sculpture exhibitions, temporary markets (including farmers markets and craft fairs), and hospitality events. The building is owned by ArtsQuest and will be completed during 2016. The Stock House and the Turn and Grind Shop, together with PNC Plaza, a landscaped area between the two buildings, provides the principal pedestrian entry point to the campus from the parking lot to the west.

**Playground and family picnic area.** Before redevelopment, the area where the playground and Levitt Pavilion are located was occupied by a long industrial building that housed large machines and wheels used in supporting the blast furnaces. One of these buildings still stands on the eastern edge of the site, but the other was removed to open up the views to the steel stacks themselves and to provide open space. A playground and picnic area have been created on the eastern half of this central open space, which has as a central feature one of the large wheels from the demolished building.

**Levitt Pavilion SteelStacks.** When the Levitt Foundation committed funds to support a new outdoor performing arts facility at SteelStacks in 2010, the campus plan was



PAUL WARCHOL, COURTESY OF SPILLMAN FARMER ARCHITECTS

*The ArtsQuest Center (right) and PBS39 building (left), with a performing arts plaza in front. ArtsQuest and PBS39 were key players in redeveloping the site, together with the Bethlehem Redevelopment Authority.*



BETHLEHEM REDEVELOPMENT AUTHORITY

*The Stock House before restoration and reuse as the Bethlehem Visitor Center.*



HALKIM/MASON PHOTOGRAPHY FOR WRT

*The plaza in front of the restored Stock House, now home to the Bethlehem Visitor Center.*

revised to accommodate the Levitt Pavilion concept. WRT's revision located the pavilion directly in front of the steel stacks, providing a dramatic backdrop for the venue. To make this work, however, WRT needed to realign the street to make the seating area big enough to accommodate large audiences. As a result, East First Street now bends and curves to the south, around the stage and seating area. The result is a wide, grassy seating area in front of the pavilion that accommodates 2,500 people.

The pavilion itself is a modern, covered, open-air stage with stainless-steel cladding.

Because the site is shallow, there is no room behind the stage, so back-of-house facilities are located to its side.

**The Hoover-Mason Trestle and the steel stacks.** The Hoover-Mason Trestle, completed in 2015, is an elevated steel walkway—36 feet above the ground—that spans the entire front and length of the five 20-story-tall blast furnace towers. When work began on the new trestle, everything was just as it had been when the mill closed: many train cars were still located on the old trestle, some with ore still in them. Likewise, the skip cars used to move material to the top of

the stacks were still in place, some also with materials still in them.

The trestle provides an entirely new perspective on the mill and the campus as a whole, allowing visitors to reach the level where much of the work of making steel took place, right next to the stacks. The new trestle has been carefully inserted four to six feet above the original elevated trestle, which was used by the trains moving the length of the mill to supply materials to the furnaces. The new trestle not only provides views of the steel stacks soaring above, but also of the ore cars at the original trestle level and the bins below where the cars dropped the ore for the furnaces.



JEFFREY TOTARD PHOTOGRAPHY FOR WRT

*The Levitt Pavilion is the featured outdoor event space on the campus; more than 50 free concerts are held at the venue each year.*



HALKIN/MASON PHOTOGRAPHY FOR WRT

*The Hoover-Mason Trestle is a new structure that was placed above and in some places next to the existing rail trestle; the original trestle was used to deliver materials to the blast furnaces.*



HALKIN/MASON PHOTOGRAPHY FOR WRT

*The steel stacks are beautifully lit at night, drawing visitors to the site even when there are no events scheduled.*



To create the new walkway on the trestle, the designers had to locate points where it could rest on existing structures below because there was no way for the supporting structure to reach all the way to the ground. The trestle weaves back and forth in a zigzag pattern along the length of the stacks and beyond, extending toward the casino to the east. It eventually will extend to the casino once uses are added to the area between the casino and the campus.

Interpretive signs along the new trestle describe the steel-making process and provide background on steel workers, the community, the history of the mill, and the many structures built with steel from the mill. The story line was developed in cooperation with Lehigh University and the Steelworkers' Archives; PBS39 also provided footage and images from the mill's history. WRT oversaw the signage program, working with the company Bluecadet. An interactive app is available that provides audio commentary and an oral history for visitors as they walk along the trestle.

Planters added along the length of the trestle include vegetation that is native to the area, including some of the plants that grew in and around the steel mill itself after it was closed.

The Hoover-Mason Trestle was not always part of the plan for the site, but it has become one of its most popular attractions, especially during quieter times when no performances are taking place. Construction took about a year, spanning one of the area's worst winters on record, and the trestle was opened in June 2015 at a cost of about \$15 million.

**Lighting, main entry, and parking.** In adding the trestle, the redevelopment agency also had to redesign the lighting of the steel stacks—lighting that had originally been put in place by Sands BethWorks Retail. The stacks had been lit from the historic trestle, but this lighting had to be moved with the addition of the new walkway. The new plan placed the lighting closer to and within the stacks and used a variety of colors to create a powerful image for the blast furnaces at night. The new lighting cost over \$300,000.

The stairs to the trestle and the trestle itself are also lit in a dramatic fashion. Night lighting in general is a key feature throughout the campus since performances are frequently offered in the evening.

The major entry point for the project, including signage, is located at the corner of East Third Street and Founders Way, an entry street that leads straight to the Levitt Pavilion at the

center of the campus. A large surface parking area with 225 spaces is located on the western portion of the site. Off-site parking is also available on the casino property at the eastern edge of the site.

**Off-campus uses nearby.** In addition to the casino, the National Museum of Industrial History, which had been one of the original planned uses for the cultural campus, is being developed with the Smithsonian Institution in a building on the Bethlehem Works site just to the west of the SteelStacks campus. It is expected to open in the middle of 2016. A community college, located next to the museum, draws many students and faculty members to the area each day. Several other historic mill buildings are also located to the west, with plans for a brew pub and other uses being considered.

To the east, Sands BethWorks Retail is planning to redevelop the Machine Shop No. 2 structure as a retail/hotel building, with Bass Pro Shops frequently mentioned as a prime candidate to occupy a large portion of the retail space.

## Marketing and Management

When planning began, ArtsQuest and the redevelopment agency estimated that the marketing radius for the performance venues on the site would extend about 40 miles, an area that includes around 2.7 million people.

A good deal of marketing power had already been established for the development via the Musikfest event that had been operating in the city for decades. Musikfest, which was started in Bethlehem in 1983 under the leadership of Parks, is the largest free music festival in the United States and the largest event on the campus each year. In 2015, Musikfest featured more than 500 live performances over nine days.

Not surprisingly, much of the marketing and management for SteelStacks emanates from ArtsQuest because it is the entity that promotes and manages Musikfest and the other events on the campus. ArtsQuest operates the Levitt Pavilion SteelStacks as well as the other performance venues at SteelStacks, including those in the ArtsQuest plaza and in ArtsQuest Center itself. The Levitt Pavilion is supported by both the Levitt Foundation and money raised locally, and around 50 free family-friendly performances are held there each year between late May and early September.

## OTHER PARTICIPANTS

**ArtsQuest Center architect**  
Spillman Farmer Architects

**PBS39 building architect**  
URS Corporation

**Levitt Pavilion SteelStacks and plaza architect**  
WRT

**Stock House/Bethlehem Visitor Center architect**  
USA Architects

**Hoover-Mason Trestle architect and landscape architect**  
WRT

**Campus and blast furnace lighting**  
L'Observatoire International

**Turn and Grind Shop/Festival Center architect**  
Artefact Inc.

**Interviewees**  
John Callahan, mayor of Bethlehem (2004–2013) and director of business development, Florio Perrucci Steinhardt & Fader

Tony Hanna, executive director, Redevelopment Authority of the City of Bethlehem

Jeffrey A. Parks, executive director, ArtsQuest Foundation

Antonio Fiol-Silva, principal, WRT

Joe Klocek, project manager, Boyle Construction

Joe Biondo, principal, Spillman Farmer Architects

Grover Silcox, reporter/producer, PBS39



PAUL WARCHOL, COURTESY OF SPILLMAN FARMER ARCHITECTS

*The interior of the ArtsQuest Center, a flexible building designed to showcase the performing arts and other cultural events.*

Within its own building, ArtsQuest sponsors 150 to 170 live shows per year in the Musikfest Café, including jazz, rock, blues, country, and even classical music. ArtsQuest also holds concerts on Thursday, Friday, and Saturday on the lower level of the building, with primarily local performers. ArtsQuest is the largest employer of local musicians in the area. The cinema serves up independent films as well as food and beer in the theater.

As owners of the steel stacks themselves, Sands BethWorks Retail maintains them as a part of its license agreement with the city. The structures are maintained primarily from the inside.

Each year, 7 million to 8 million people are attracted to the casino, and about 1 million visit the SteelStacks site per annum.

## Observations and Lessons Learned

For the city of Bethlehem, the impact of the SteelStacks campus has been remarkable. “The economic impact has been enormous,” notes former mayor Callahan, “but SteelStacks has also become [a source of community pride]—the place where residents take visitors to show off the cultural assets of the city.”

It also gives the former steel workers and their families the opportunity to come back to the

site and see it up close; before redevelopment, it had been fenced off. “We didn’t abandon our past in order to embrace a better future,” Callahan says. The SteelStacks redevelopment concept embraced the past and transformed an industrial artifact into the centerpiece of a cultural center.

The lesson that can be drawn from this project is obvious in hindsight: historic industrial structures, even decaying and rusty old steel stacks, are incredibly interesting artifacts and can be transformed into fascinating attractions. But this transformation requires the vision to look beyond the existing rust and decay. Parks originally was in favor of tearing down the blast furnaces. “It wasn’t until we got to Germany that I saw the error of my way,” he says. “This [the steel stacks] is probably the biggest piece of art that we are ever going to have in this community, and it is part of our heritage.”

Many facilities around the world like the Bethlehem steel mill have been torn down because they were seen as obsolete eyesores. The SteelStacks development proves that if industrial facilities are surrounded with the right uses and the right setting and design, they can shine again. “The good old days won’t come back,” notes Parks. “Time marches on, and you have to be aware of that and say, ‘What can we do to move forward?’”

From a design perspective, it is important to plan for and be aware of the fact that a campus like this will have quiet times and extremely busy times; the plan and the uses need to be arranged to support this range of activity levels. The SteelStacks campus can accommodate 30,000 people, and because there are numerous venues and places to visit, crowds can be comfortably spread across the site, including at observation points from above on the trestle. The trestle, the steel stacks themselves, and the visitor’s center are attractive and interesting in their own right during quieter times, when the place takes on a more parklike character.

From a finance perspective, the redevelopment was not easy or simple and required compromises that veered away from an ideal scenario. Bethlehem is known as the “Christmas City,” and the idea of bringing gambling to the Christmas City was not the preferred scenario for many residents and city leaders. In the end, however, the compromise that approved gaming, and brought in the accompanying TIF revenue, allowed a lot of good things to happen on the SteelStacks site. While gambling is controversial, in this case the city decided it would be more of a plus than a minus, and most community leaders continue to believe that today.

Community leadership was essential to make this project what it is today. “Consistency and quality of leadership is the number-one requirement to get anything done in any community,” notes Parks, “It is very easy to fall into a ‘We cannot do that’ mentality.” In Bethlehem, the mayors, the city council, and civic and business leaders all remained committed to the project over time, and that is why it exists today. Notes Fiol-Silva, “Bringing everybody together to understand and share a vision and to know how they could contribute . . . was really very key.”

But the leadership effort really began long before the SteelStacks concept was first developed. Bethlehem Steel executives and the city started the redevelopment planning process for the site in 1997. But even before that, the principal ideas behind the project—that Bethlehem’s history was vital to its future, and that culture and the performing arts are important for a community—were well established in Bethlehem. The city can trace its history back to the Moravians who established the community in 1741, and city leaders have

been preserving and promoting that history for many decades.

And through the efforts of city leaders—who started the Musikfest program in Bethlehem in 1984—a very strong musical tradition has been fostered and is well established in the city. Really good ideas, and the leadership to act on them and support them, can be transformative for communities facing difficult changes, and these good ideas can and do live on for a long time.

## PROJECT INFORMATION

### Development timeline

	Month/year
Bethlehem Steel mill closes/redevelopment planning begins	1997
New flexible zoning established for the site	1997
TIF district formed	2000
Bethlehem Steel files for bankruptcy	2001
International Steel acquires entire 1,800-acre site	2003
Gambling legalized in Pennsylvania	2004
BethWorks Now LLC acquires 120-acre Bethlehem Works site	2005
State awards gaming license to Sands	2006
Sands partnership acquires 120-acre Bethlehem Works site	2007
Sands Casino Resort Bethlehem opens	2009
Deal finalized for acquisition of SteelStacks site	October 2009
Construction begins	October 2009
Levitt Foundation commits funding for Levitt Pavilion	2010
SteelStacks site officially acquired	June 2011
Phase I completed	July 2011
Hoover-Mason Trestle opens	Spring 2015
Project completion expected	2016

### Gross building area (GBA)

Use	Building area
ArtsQuest Center	68,000 sq ft
PBS39 building	29,000 sq ft
Stock House/Bethlehem Visitor Center*	14,000 sq ft
Turn and Grind Shop/Festival Center	22,000 sq ft
<b>Total GBA</b>	<b>133,000 sq ft</b>
Parking spaces	225 spaces

\*Second-level space is used for ArtsQuest offices.

### Land use plan

	Square feet	Percentage of site
Buildings	76,310	19
Streets/surface parking	150,000	36
Open space/landscaping	182,500	44
Other	5,190	1
<b>Total</b>	<b>414,000</b>	<b>100</b>

**Site size** 9.5 acres

### Development cost information

#### Bethlehem Redevelopment Authority investments

Streets, utilities, parking, and related infrastructure	\$8,000,000
Open space (plazas, parks, amphitheater lawn, etc.)	\$7,000,000
Bethlehem Visitor Center	\$6,500,000
Levitt Pavilion SteelStacks	\$7,500,000
Hoover-Mason Trestle (includes blast furnace lighting)	\$16,000,000
<b>Total</b>	<b>\$45,000,000</b>

#### ArtsQuest/PBS39 investments

ArtsQuest Center	\$26,000,000
PBS39 building	\$14,000,000
<b>Total</b>	<b>\$40,000,000</b>

**Projected ArtsQuest investment in Turn and Grind Shop** \$8,500,000

**Projected cost of comprehensive development** \$93,500,000



## About the Urban Land Institute

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Established in 1936, the Institute today has more than 36,000 members, representing the entire spectrum of land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, academics, and students.

ULI is committed to

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both the built and natural environment;
- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

**Patrick L. Phillips**, Global Chief Executive Officer

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## About Allen Matkins

Allen Matkins is a California-based law firm specializing in serving the real estate industry. The firm has more than 200 attorneys in four major metropolitan areas of California: Los Angeles, Orange County, San Diego, and San Francisco. Its core specialties include real estate, real estate and commercial finance, bankruptcy and creditors' rights, construction, land use, natural resources, environmental, corporate and securities, intellectual property, joint ventures, taxation, employment and labor law, and dispute resolution and litigation in all these matters.

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## ULI CASE STUDIES

The ULI Case Studies program highlights and showcases innovative approaches and best practices in real estate and urban development. Each case study provides detailed information regarding the ideas, plans, process, performance, and lessons learned for the development project. Each also includes project facts, timelines, financial data, site plans, photos, location maps, and online videos. The new ULI Case Studies program is the revitalization of a program begun in 1971. For more information, visit the ULI Case Studies website at [www.uli.org/casestudies](http://www.uli.org/casestudies).

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