

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON PUBLIC PROPERTY AND
PUBLIC WORKS

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, December 6, 2018
9:30 a.m.

PRESENT:

COUNCILMAN BOBBY HENON, CHAIR
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN ALLAN DOMB
COUNCILMAN DEREK S. GREEN
COUNCILMAN WILLIAM K. GREENLEE
COUNCILWOMAN HELEN GYM
COUNCILWOMAN CHERELLE L. PARKER
COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILMAN MARK SQUILLA

BILLS 181044 and 181045

- - -

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 COUNCILMAN HENON: Good
3 morning, everybody. We're going to get
4 this party started here, so happy
5 Thursday and welcome to the City Council
6 Committee of Public Property and Public
7 Works.

8 Clerk, would you please read
9 the title of the bills.

10 THE CLERK: Bill No. 181044,
11 authorizing the Commissioner of Public
12 Property, on behalf of the City of
13 Philadelphia, to convey to the
14 Philadelphia Authority for Industrial
15 Development all or a portion of a parcel
16 or parcels of land in and about the area
17 bounded by 46th Street, Market Street,
18 48th Street and Haverford Avenue, for
19 further conveyance; and

20 Bill No. 181045, authorizing
21 the Commissioner of Public Property, on
22 behalf of the City of Philadelphia, to
23 execute a release from a restriction
24 contained in an agreement dated April 10,
25 1951, related to all or a portion of a

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2 parcel or parcels of land in and about
3 the area bounded by Pennypack Park, Ryan
4 Avenue and Rowland Avenue, conveyed by
5 the City to the School District of
6 Philadelphia in 1951, all under certain
7 terms and conditions.

8 COUNCILMAN HENON: Thank you.

9 I want to recognize that we
10 have a quorum that is established, and to
11 my left is Councilwoman Gym, Councilman
12 Squilla, Councilman Greenlee, and to my
13 right, Councilman Domb.

14 I also would like to recognize
15 we are also joined in the Chambers by
16 Councilwoman Parker and Councilwoman
17 Jannie Blackwell.

18 So, first, if anybody here from
19 the Administration that wishes to speak
20 on Bill Nos. 181044 and 181045, but
21 before you start and state your name for
22 the record, I'd like to recognize
23 Councilwoman Blackwell.

24 COUNCILWOMAN BLACKWELL: Thank
25 you, Mr. Chairman. Thank you very much.

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2 This has been a hard time coming, and
3 we're very happy to be here, but we would
4 also like to add that in this last week,
5 we've been dealing with Kirkbride. Many
6 of you know Kirkbride at 48th and
7 Haverford. And we've worked out those
8 issues, and we want to say that those
9 involved, I understand that Kirkbride --
10 because we've had City involvement by one
11 of our leaders like Eva Gladstein had
12 said they will work with them, because
13 you can't -- if we want to be moral
14 people, we can't open something very big
15 and then hurt something smaller that's
16 next door. So we want certainly that
17 verbal commitment as well. And even if
18 we pass this out today, we want a report
19 to the Committee and to me on all the
20 inclusion stuff so we see that before we
21 formally vote on it. We want to see all
22 of that, and we want a commitment as well
23 that we have community meetings, because
24 as it is now, everybody knows that the
25 police aren't coming, but nobody knows

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2 exactly what is coming and what that
3 means, and that means that the community
4 doesn't know as well.

5 So we want in writing from
6 folks, like I said, we want to see the
7 inclusion stuff and we also want in
8 writing that we will have meetings with
9 the community. I'm happy to determine
10 who that is, the community groups in the
11 area, but we want commitments that we
12 will have inclusion, meetings with the
13 community groups, and that the commitment
14 to Kirkbride will remain, and we would
15 like to see those in writing to you and
16 to me before the final vote next week.

17 Thank you.

18 COUNCILMAN HENON: Thank you,
19 Councilwoman.

20 You may state your name for the
21 record and proceed with your testimony.

22 COMMISSIONER COLLINS-GREENWALD:
23 Good morning, Councilman Henon and
24 members of the Committee on Public
25 Property and Public Works. My name is

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2 Bridget Collins-Greenwald and I am the
3 Commissioner of the Department of Public
4 Property. With me today is Anne
5 Fadullon, Director of Planning and
6 Development for the City.

7 I'm here today to testify in
8 support of Bill No. 181044, an ordinance
9 authorizing the Commissioner of Public
10 Property, on behalf of the City of
11 Philadelphia, to convey to the
12 Philadelphia Authority for Industrial
13 Development some or all of the parcels
14 and land located in and about the area
15 bounded by 46th Street, Market Street,
16 48th Street and Haverford Avenue, for
17 further conveyance, under certain terms
18 and conditions.

19 Conveyance of the property to
20 PAID shall be conditioned upon a
21 commitment by PAID to require an Equal
22 Opportunity Plan in accordance with
23 Section 17-1602 of The Philadelphia Code
24 upon further conveyance.

25 We are also aware of the

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2 concerns raised by Kirkbride and will
3 make every effort to help work through
4 any such concerns as this project moves
5 forward. We have spoken with Kirkbride
6 about this and understand that this will
7 ease their concerns.

8 The City conducted a
9 competitive process to convey this parcel
10 of land. Upon completion of this
11 competitive process, the committee has
12 recommended conveyance to the Public
13 Health Management Corporation, Iron Stone
14 Real Estate Partners, Michael Pearson,
15 and Sam Patterson. Members of PHMC, Iron
16 Stone, Mr. Pearson, and Mr. Patterson are
17 all with us today and will be happy to
18 discuss the plan for the property in more
19 detail.

20 The Department of Public
21 Property supports this measure and,
22 accordingly, I respectfully ask that City
23 Council approve Bill No. 181044.

24 I am also requesting a
25 suspension of the rules to allow for

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2 first reading at the next session of
3 Council.

4 Thank you. I will be happy to
5 answer any questions you may have.

6 COUNCILMAN HENON: Thank you
7 for your testimony.

8 Before I recognize Councilman
9 Domb, let's get the elephant out of the
10 room here. This was a project that has
11 been talked about and the use has
12 changed, the end use has changed over the
13 past several years, whether we as a city
14 or the previous Administration thought
15 that the Police Administration
16 Building was going to go out there --

17 COUNCILWOMAN BLACKWELL: Talk
18 into the mic, Mr. Chairman.

19 COUNCILMAN HENON: -- and then
20 a uniform -- I'm sorry. Talk into the
21 mic. Hello.

22 Okay. So the use of the
23 previous Administration was going to be
24 the Police Admin Building out there and
25 then a uniform call center, which I

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2 thought was not a proper use. Separate
3 building, I understand, but all in the
4 realm of what a different vision -- what
5 a vision was to be like, and here we are
6 now looking to provide much-needed
7 services for a community that otherwise
8 would not have on this scale and much
9 needed.

10 Can you explain although we had
11 to invest a significant amount of capital
12 to bring a building up to code that yet
13 has otherwise been -- and a property that
14 has been vacant, with a brief period of
15 time some use, vacant for 20 years, how
16 you cannot value in a numeric way the
17 services that would be omitted if we
18 don't move forward with making sure that
19 PHMC and the Children's Hospital and
20 University of Pennsylvania and the YWCA,
21 because I don't really think that if you
22 take a look at like an agreement sheet or
23 numbers, that it really tells the story
24 of what it's going to provide for the
25 community.

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2 COMMISSIONER COLLINS-GREENWALD:

3 Yeah. So I could speak on that a little
4 bit, but I think you would get a much
5 greater detail if you would listen to
6 Mr. Pearson come up and explain with the
7 development team.

8 So there's 800 full-time jobs
9 going to be created, social impact
10 things, but I think he could speak to it
11 much better, if I could bring him up.

12 COUNCILMAN HENON: Sure.

13 (Witness approached witness
14 table.)

15 COUNCILMAN HENON: If you could
16 state your name for the record.

17 MR. PEARSON: Michael Pearson,
18 P-E-A-R-S-O-N.

19 COUNCILMAN HENON: And then
20 just explain to everybody that sometimes
21 although we as a city and government make
22 a significant investment, the services
23 that otherwise that wouldn't be provided
24 for a community in the City of
25 Philadelphia, the value of that in a

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2 reuse of a property.

3 MR. PEARSON: Well, I first
4 want to thank City Council for allowing
5 us to talk about the project, and I, on
6 behalf of the rest of the partnership,
7 would really want to say how excited we
8 are to take a unique approach and
9 providing a full-service campus for
10 behavioral health, integrated with a
11 message that is also about empowerment.

12 We're very mindful and with the
13 help of Councilwoman Blackwell, we see
14 that, yes, the service provided to those
15 individual people is so important, but
16 it's also important to make sure
17 inclusion and providing an economic jolt
18 into that zip code is part of this
19 process, and we want to be inclusive with
20 the community groups.

21 In terms of the partners, we're
22 looking to create close to a thousand
23 jobs in that area and provide those
24 needed services, to the point where
25 one-stop shopping on behavioral health

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2 where children and mothers are serviced
3 at one location through those various
4 partners. And in short, that's the scope
5 of the project.

6 COUNCILMAN HENON: Okay. The
7 Chair will recognize Councilman Domb.

8 COUNCILMAN DOMB: Thank you,
9 Mr. Chairman.

10 And good morning. I just have
11 a couple of questions I wanted to -- by
12 the way, I'm in favor of the usage and my
13 comments are not really directed towards
14 the usage. My comments are directed
15 towards what happened here, 46th and
16 Market, and the Inquirer Building.

17 When I'm looking at the
18 appraisal, which I got last night at
19 5:30, so I haven't had a ton of time to
20 look at the appraisal, I just got it last
21 night, the other properties used as
22 comparables, 42nd and Chestnut, 41st and
23 Chestnut, 43rd and Market, and 42nd and
24 Chestnut, the land prices range from \$119
25 a foot to 582. We'll throw the 582 out,

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2 but typically they're 119 to about 280 a
3 foot.

4 How many acres is this
5 property?

6 COMMISSIONER COLLINS-GREENWALD:
7 We're going to bring Tom Dalfo from PIDC
8 up, because PIDC is actually the group
9 that actually headed up the appraisal.

10 COUNCILMAN DOMB: Okay.
11 (Witness approached witness
12 table.)

13 COUNCILWOMAN BLACKWELL:
14 Mr. Chairman, while they are coming
15 forward, we would like to make sure that
16 Mr. Pearson includes this request for
17 jobs in our community meetings so that
18 the community knows those who qualify and
19 those for which you don't need specific
20 qualifications are included in this job
21 pool. Can we get him to say that on
22 record?

23 MR. PEARSON: We will make
24 every effort to be as inclusive as
25 possible and work with the Councilwoman

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2 with the appropriate groups to ensure
3 that diversity, inclusion, and
4 opportunity and livable wages are part of
5 that package.

6 COUNCILWOMAN BLACKWELL: We
7 want to call a meeting right away. Are
8 you all available for that?

9 MR. PEARSON: Yes,
10 Councilwoman, we are.

11 COUNCILWOMAN BLACKWELL: Thank
12 you.

13 COUNCILMAN HENON: Thank you,
14 Councilwoman.

15 Before you start, the Chair
16 would just like to recognize we are also
17 joined by Councilwoman Sanchez.

18 COUNCILWOMAN SANCHEZ: I have a
19 question too.

20 COUNCILMAN HENON: You have
21 questions before? Now you want to be
22 recognized?

23 COUNCILWOMAN SANCHEZ: If he's
24 finished.

25 COUNCILMAN HENON: No, he's not

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2 finished.

3 COUNCILWOMAN SANCHEZ: Okay.

4 COUNCILMAN HENON: Tom, you
5 want to state your name for the record.

6 MR. DALFO: Good morning,
7 Mr. Chairman and members of the
8 Committee. My name is Tom Dalfo. I'm
9 Senior Vice President for Real Estate
10 Services at PIDC. We ran the marketing
11 process for the City for this asset.

12 Could you repeat your question?

13 COUNCILMAN DOMB: How many
14 acres is on that site in total?

15 MR. DALFO: The entire site is
16 13 acres.

17 COUNCILMAN DOMB: From what I
18 recall from memory, it's 43,560 per acre,
19 right?

20 MR. DALFO: Correct.

21 COUNCILMAN DOMB: So it's about
22 a 566,000 square foot site.

23 MR. DALFO: I haven't done that
24 math --

25 COUNCILMAN DOMB: Here's my

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2 point, and I just wondered if we looked
3 at this. We have comps of land, just
4 land alone, with other buildings, old
5 buildings like this property on them,
6 that range from \$120 a foot to 280. I'm
7 going to get rid of the 582. I think
8 it's an outlier. This is selling at \$17
9 a foot. I'm not blaming anyone. I'm
10 just telling you what's going on.

11 MR. DALFO: So --

12 COUNCILMAN DOMB: Have you
13 looked at those comps?

14 MR. DALFO: I have looked at
15 those comps, and I think -- I'm not sure
16 which appraisal you're looking at.
17 There's two different ones.

18 COUNCILMAN DOMB: Page 157 of
19 the Lynn Associates appraisal.

20 MR. DALFO: I don't have the
21 appraisal in front of me. I have some
22 elements from them.

23 The two appraisals took a
24 couple of different approaches to sort of
25 get where they were in terms of the

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2 value. The Lynn approach I think
3 reflects a site condition that changed
4 during the process. So when we started
5 this marketing process for the property,
6 if you've seen the site plan for the
7 site, there's roughly -- there's two
8 parking lots that have been carved out of
9 it. They were built initially for the
10 juvenile detention facility that was
11 developed on 48th Street a number of
12 years ago. When the process started
13 initially, we thought those parking lots
14 were available for sale and would be able
15 to be used by the development that would
16 occur on 4601. During the process, we
17 learned because of bond covenants and
18 restrictions related to the juvenile
19 justice facility, that that was not the
20 case. So those areas needed to be carved
21 out. And the Lynn proposal I think is
22 looking at two things, is looking -- the
23 valuation is looking at two things. The
24 site that would be developed integrating
25 those parking lots in. So some of the

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2 land values --

3 COUNCILMAN DOMB: The 13 acres
4 doesn't include those two parking lots.

5 MR. DALFO: It does not include
6 that.

7 COUNCILMAN DOMB: Let's just
8 stay with the 13 acres. All I'm saying
9 is, it's 566,000 square feet. We're
10 selling it per foot land at \$17 when the
11 comparables show 120 to 280 a foot.
12 That's my point.

13 MR. DALFO: I understand. I
14 think there's factors that impact that
15 tremendously and I think that the
16 numbers -- the amount of land that's
17 really available because of the carve-out
18 of those two acres is significantly
19 reduced.

20 COUNCILMAN DOMB: This is like
21 a bad dream for me every time we talk
22 about 46th and Market and the Inquirer
23 Building, because I look at this site and
24 say we have \$52 million in this site.
25 We're selling it for 10 million. We're

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2 going to lose \$42 million on this
3 transaction. I'm not saying this -- I'm
4 just saying from past decisions, we're
5 supposed to be stewards of the City's
6 taxpayers' money. We're losing 42
7 million.

8 We then negotiate a transaction
9 on the Inquirer Building that has in the
10 document that this Council negotiated
11 financing fixed to be provided by the
12 seller as a buy-down, which means the
13 seller has to probably write a check to
14 provide the financing of 3.75 fixed for
15 19 years. We don't take that financing.
16 We take 4.07 adjustable. Rates have
17 already gone up 20, 25 percent, and in
18 the ninth year when we have to refinance,
19 if the rates are 6 or 7, it will cost us
20 another \$200 million in financing because
21 we didn't take 3.75, plus 50 million.
22 And what upsets me is, we're not making
23 smart decisions. \$250 million
24 potentially on these two sites is a
25 disaster for the City. That's what

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2 upsets me.

3 I'm just venting because I'm so
4 upset that we made these kinds of
5 decisions. So I don't know if you have
6 an answer. I'm upset about the comps,
7 why we're selling it for \$17 a foot, but
8 you're telling me that's what the market
9 is. When you get an appraisal two years
10 ago that was 10,450,000 and now the
11 appraisal came in at 10 million, was the
12 prior appraisal including the parking
13 lots you're talking about?

14 MR. DALFO: It was, and it
15 didn't -- it was. Like I said, the asset
16 was larger when we started the process.
17 And I do think the impact of those
18 parking lots is twofold. One, it's just
19 sheer acreage that comes out. It's kind
20 of the hole in the doughnut. It
21 tremendously impacts how you redevelop
22 that site. It carves it up into a series
23 of sites that I think, candidly, the
24 values for the land probably don't really
25 reflect some of the impacts for that, and

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2 the valuation I think that was put
3 forward is really dependent upon the
4 successful reuse of the building.

5 So I think the analysis and the
6 comps are a little bit maybe not on point
7 because of the separation, because this
8 is really a campus and if the plan -- the
9 value of the land is so dependent upon
10 the success of the redevelopment of the
11 larger building.

12 COUNCILMAN DOMB: I'm not
13 arguing the usage. I'm just saying in
14 general, the decisions over the last few
15 years will cost the City a lot of money.
16 You have articles coming out, including
17 today's papers, how we're not moving the
18 needle on poverty, and I'm looking at
19 \$250 million we just wasted, it's
20 upsetting to me.

21 Anyway, thank you for your
22 testimony today.

23 MR. DALFO: Thank you.

24 COUNCILMAN DOMB: Thank you,
25 Mr. Chairman.

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2 COUNCILMAN HENON: Thank you.

3 The Chair recognizes

4 Councilwoman Sanchez.

5 COUNCILWOMAN SANCHEZ: Thank

6 you.

7 Thank you, Councilman Domb, for
8 outlining that, and we all support
9 conceptually the concept of a creation of
10 a behavioral health center, but I am very
11 concerned about who is going to go in
12 there and the fact, to your point,
13 Councilman Domb, that we're going to give
14 a massive reduction.

15 This campus is going to be
16 built out and then the providers that are
17 going to go in there are going to be
18 City-funded providers and then we're
19 going to pay rent. And so if in fact we
20 are making accommodations for the
21 purposes of getting out because this may
22 be better developed by a private
23 developer, how will we ensure then when
24 the providers go in there that are
25 City-funded, that is reflected in their

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2 rent?

3 MR. PEARSON: May I speak to
4 that? We have longstanding anchor
5 tenants that are proposed for this
6 building, CHOP, YMCA, PHMC, and Penn.
7 They have more collectively probably over
8 100 years of excellent partnership with
9 the City and the ability to find rates
10 that are appropriate for that real
11 estate.

12 While I'm speaking as a person
13 involved and a partnership, I also am
14 speaking to folks to try to represent
15 good faith effort, longstanding
16 partnership with the City, and hopefully
17 a continued relationship where our
18 goodwill, ethics, and desire to serve the
19 clients will be manifested in always
20 looking at the financials and
21 compensation in which we're funded by the
22 City.

23 COUNCILWOMAN SANCHEZ: I
24 appreciate your response to that and
25 being responsible. I want the

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2 Administration to answer that, because
3 I'm very, very concerned, right? They
4 need to build that out into your project.
5 You're doing your due diligence as the
6 private developer, right? You're in
7 business. You provide a quality service.
8 But I know for a fact that most of the
9 providers that are going to go in there
10 are going to be City-funded and we're
11 going to be paying rent. So I'm not
12 going to fault you for doing business,
13 but I need some assurances from the
14 Administration that our waiver of real
15 value of a property is going to be
16 reflected back. Because PHMC, most of
17 their money is City-funded, right? The
18 Y, we fund this and how is that going to
19 be reflected there? So the City
20 Administration needs to tell us.

21 MS. FADULLON: So,
22 Councilwoman, I'll be frank and honest.
23 I am not up to speed on exactly how the
24 City funds PHMC or some of these other
25 providers. That is something we can

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2 certainly look into and talk to the City
3 agencies that do provide those dollars
4 and ensure that there are safeguards in
5 place.

6 COUNCILWOMAN SANCHEZ: Thank
7 you.

8 Thank you, Mr. Chair.

9 COUNCILMAN HENON: The Chair
10 recognizes Councilman Domb.

11 COUNCILMAN DOMB: Thank you,
12 Mr. Chair.

13 I just want to join in with
14 Councilwoman Sanchez. That should be in
15 the -- I'll give you an example. If
16 they're paying 10 million and they're
17 putting X amount in, we should know up
18 front, if we're going to be the back
19 tenants, what our rent is, and that
20 should be built into the contract.
21 Otherwise we could wind up losing 42
22 million and then paying for the building
23 in excess. That's another -- that will
24 be insane on our part. We need to know
25 what the terms are going forward. So

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2 that has to be part of the transaction.

3 MS. FADULLON: We will make
4 sure that that's part of the conversation
5 when we're negotiating the sales and
6 development agreement.

7 COUNCILMAN DOMB: I mean, it
8 might even be better for us not to sell
9 the property and just lease it to them
10 and control it.

11 MS. FADULLON: So we actually
12 did look into that, and it's not allowed
13 under the bond covenant. We were told by
14 bond counsel that in no uncertain terms,
15 our only option here is to sell the
16 building outright.

17 COUNCILMAN DOMB: Okay. Thank
18 you.

19 Thank you, Mr. Chair.

20 COUNCILMAN HENON: Out of the
21 tenants that have been interested in and
22 are going to be moving in, who is moving
23 in first and what's the timeline? Is
24 CHOP one of the tenants that are ready to
25 move in as quickly as possible?

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2 MR. PEARSON: CHOP is
3 represented and they can better speak to
4 their desire.

5 Peter, would you like to speak
6 towards your desire to move into the
7 complex and the timeline.

8 (Witness approached witness
9 table.)

10 MR. GROLLMAN: Good morning.
11 I'm Peter Grollman with Children's
12 Hospital of Philadelphia. Thank you for
13 the opportunity to answer the question.

14 Children's Hospital is really
15 at a loss for additional space in these
16 behavioral health services. Most of them
17 are located in leased facilities in
18 Market Street, in the Market Street
19 corridor and on our main campus as well,
20 and they're not connected to one another,
21 making it very difficult for families.
22 So the sooner we can aggregate those
23 services under one roof, the better it is
24 for families and the more room that we
25 will have on our main campus for other

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2 services.

3 COUNCILMAN HENON: So CHOP is
4 eager to move in, do some tenant fit-out
5 and start providing the services for the
6 community of the City?

7 MR. GROLLMAN: Yes, we are.

8 COUNCILMAN HENON: Okay. Do we
9 have any other questions for CHOP or
10 anyone else that's testified?

11 (No response.)

12 COUNCILMAN HENON: Well, thank
13 you so much for your testimony.

14 MR. GROLLMAN: Thank you.

15 COUNCILMAN HENON: Is there
16 anyone else here that wishes to speak on
17 Bill Nos. 181044, 181045?

18 The Chair recognizes Councilman
19 Domb.

20 COUNCILMAN DOMB: Thank you,
21 Mr. Chairman.

22 Just a quick question. Is
23 there any idea or budget as to how much
24 money is going to be invested into this
25 building? The purchase is 10 million.

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2 Are you putting another 10 or 20 million
3 in? Any idea?

4 MR. PEARSON: The total project
5 cost is closer to 70 million.

6 COUNCILMAN DOMB: 70 million.
7 So you're going to want a rent, let's
8 just be clear, that's going to give you a
9 return of what kind of percentage?

10 MR. PEARSON: I don't have the
11 specifics to the financials in front of
12 me, but I'm willing to have our partner
13 here to speak.

14 (Witness approached witness
15 table.)

16 COUNCILMAN HENON: You may
17 state your name for the record and
18 proceed with your testimony.

19 MR. EISENSTEIN: It's Andrew
20 Eisenstein.

21 Councilman Domb --

22 COUNCILMAN DOMB: Here's my
23 question, Andrew: What type of return --
24 I'm trying to figure out what the City is
25 going to have to pay in rent. What type

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2 of return are you looking to achieve in
3 this investment? Because we can back
4 into what the rent is from that type of
5 return.

6 MR. EISENSTEIN: So the City is
7 not a proposed tenant right now for us.
8 I mean, there may be some uses out there
9 that I'm not aware of, but the key anchor
10 tenants for us that we've been in
11 long-term discussion with have been
12 Children's Hospital, Mr. Grollman was
13 just up here speaking; University of
14 Pennsylvania, probably their health
15 system; Public Health Management
16 Corporation, who is our partner in the
17 project; and the YMCA proposing a
18 children's childcare facility. So we
19 have not been in any specific discussions
20 with the City about leasing space here.

21 COUNCILMAN DOMB: And so the
22 City has not made a commitment on leasing
23 any space?

24 MR. EISENSTEIN: No.

25 COUNCILMAN DOMB: Okay. Is it

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 planned to commit to leasing space?

3 MR. EISENSTEIN: I have had no
4 discussions with the City about leasing
5 space at this building.

6 COUNCILMAN DOMB: And the
7 current usage, does that preclude any
8 real estate taxes being paid or will real
9 estate taxes be paid on this property?

10 MR. EISENSTEIN: Real estate
11 taxes will be paid on this property.

12 COUNCILMAN DOMB: Because I
13 asked that question because I looked up
14 on OPA, the value of this property is
15 \$100 million on OPA. Is that what the
16 taxes will be based on?

17 COMMISSIONER COLLINS-GREENWALD:
18 We have to work with OPA to actually see
19 what the -- if that's the actual real
20 assessed value. We saw that too. It was
21 100 million. I'm not sure that that's
22 accurate.

23 COUNCILMAN DOMB: Because you
24 have OPA saying it's worth 100 and we're
25 selling it for 10. Okay. Thank you.

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 Good luck, Andrew. Thanks.

3 Thank you, Mr. Chairman.

4 COUNCILMAN HENON: Any further
5 questions on Bill No. 181044?

6 COMMISSIONER COLLINS-GREENWALD:
7 I think he wants to speak for the last
8 one.

9 COUNCILMAN HENON: Could you
10 state your name for the record and --

11 MR. ALI: My name is Jihad Ali.
12 I'm a member of Southwest Philadelphia
13 District Services. I'm a consultant for
14 The Enterprise Center.

15 I'm here today to hear
16 testimony about Bill No. 181044, I
17 believe it is. My concerns are about
18 some things that were just currently
19 said. First of all, Councilman Domb, you
20 are one of the most experienced real
21 estate developers in this room, but I
22 think you were wrong when you talked
23 about the square footage, because this
24 property is located -- this property is a
25 CMX-3. It receives a 500 percent

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 increase for FAR, floor area ratio, and
3 it's also in a transportation-oriented
4 district that receives another 30
5 percent. When the developer went to one
6 community group, Spruce Hill, he said
7 that his total square footage was
8 3,500,000. That's his potential total
9 build-out based on those FARs, so --

10 COUNCILMAN DOMB: Just to
11 clarify, I'm talking land value only. I
12 didn't talk about the building. I'm
13 talking about 13 acres is 43,560 feet per
14 acre. I didn't even value the building.
15 Forget the building. I'm talking the
16 land value.

17 MR. ALI: Okay. Got you.

18 And then the other thing was,
19 your appraisal said -- so you didn't say
20 what was the -- did the appraisal give
21 you an appraised price or just told you
22 what their offer was?

23 COUNCILMAN DOMB: The appraisal
24 said it was worth 10 million. My
25 argument isn't so much whether it's worth

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 10 million or not. My argument is on the
3 City's behalf, we invested 52 million
4 into this project and we're selling it
5 for 10 million, and we made another
6 purchase which is going to cost us money.
7 My argument is how we take care of the
8 taxpayers' money.

9 So I only have had this
10 appraisal maybe 14 hours to look at.
11 Okay? So all I could glean so far was
12 the land value. I didn't get into the
13 building. I didn't get into the fact
14 that we put \$48 million of improvements
15 into this building, including
16 architectural and mechanical. I didn't
17 get into that. I'm talking just land
18 value, very simple analysis.

19 MR. ALI: Okay. Thank you,
20 Councilman.

21 One thing I wanted to talk
22 about was this process that Ms. Greenwald
23 said was a fair process. I'm not sure if
24 that's the case, because we've heard
25 rumors from -- there were several

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 developers that applied for this project
3 and we've heard rumors that people from
4 the Public Property might have been
5 agents of the PHMC. Also in addition, we
6 were told that the -- I didn't know the
7 gentleman, Mr. Pearson, but I had met him
8 in the meantime, and I want to thank him
9 for his service. I know he's a veteran
10 officer from the Army. And I myself, I'm
11 a former Marine. So thank you for your
12 service. But I think that the issue is,
13 when he comes in front of the community
14 group, my group, Southwest Philadelphia
15 District Services, we had a dealing with
16 Iron Stone maybe four years ago. Iron
17 Stone at the time, Mr. Pearson wasn't a
18 part of that. So when they come today
19 and they're trying to get this asset,
20 whether it's 13 acres, from the City and
21 they tell us that they have a minority
22 developer, we just want to be certain to
23 what extent is that developer. You had
24 13 hours to look at something. We
25 haven't had any information. We haven't

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 had any community meetings. So we really
3 want to know to what extent -- if they
4 tell us that there's some people of color
5 involved in the ownership of this, we
6 want to make sure what is it and to what
7 extent and is it for all phases of the
8 development.

9 We don't want to be
10 shortsighted like we've been in the past
11 on deals like the Comcast deal that was
12 way before. Some of you may remember.
13 We thought we were going to have an
14 ownership interest in a cable company.
15 That didn't play out for us. So I think
16 those questions need to be answered.

17 In regards to your regulations,
18 I didn't make a regulation, any
19 regulations down here. There was a
20 regulation that when anything comes in
21 front of this Committee, an EOP plan is
22 to be attached to it, not anecdotally
23 saying, oh, we support that. They should
24 have it today. But I will agree with the
25 Councilwoman, as long as we get it,

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 because the EOP plan will give us the
3 things that we want.

4 I'm like you, Councilman. I
5 support the uses. I support the
6 University of Penn. I support Penn
7 Medical. They do great things for kids.
8 I support the need that people that have
9 mental illness need help. I support
10 that. I'm like you, if we're going to do
11 something, let's make everybody a winner.

12 Now, you asked a question why
13 couldn't somebody else buy it, you buy
14 it. Okay. If you can't buy it, why
15 can't we get the University of Penn or
16 Penn Medical to buy it and then lease it
17 to these guys? If we're going to have
18 something that benefits us all forever,
19 why not be the universities and tie some
20 stuff like our scholarship center.

21 So those are the things that
22 I'd like to talk about. I know that the
23 Councilwoman has the other issues
24 addressed, and I'd like to thank you for
25 giving me the opportunity to talk.

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 COUNCILMAN HENON: Thank you
3 for your testimony and joining us here
4 today.

5 The Chair recognizes Public
6 Property Commissioner, Ms. Collins.

7 COMMISSIONER COLLINS-GREENWALD:
8 I just wanted to go on the record real
9 quick that the proposal that Iron Stone
10 did propose did include an EOP. So there
11 are numbers and figures for the minority
12 participation and whatnot. So that is
13 actually in there and we can share it.

14 MR. PEARSON: And I would like
15 to add just as a minority business owner
16 for more than 25 years of experience and,
17 yes, thank you for recognizing my
18 service, but service is more than what I
19 did in the military. It's been an
20 advocate for minority business and job
21 creation for 25 years. I've put up
22 personal guarantees. I've put all the
23 things forward to know what equity
24 partnership is. I'd respectfully like to
25 say that this deal is based on partnering

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 and not tokenism.

3 COUNCILMAN HENON: Wonderful.

4 Thank you.

5 Is there anybody here that
6 would still like to have any kind of
7 public comment or question on Bill No.
8 181044?

9 (No response.)

10 COUNCILMAN HENON: That being
11 said, we will move on to our next bill.
12 Thank you for your testimony.

13 Anyone from the Administration
14 that wishes to testify on 181045? Please
15 approach.

16 Madam Commissioner, state your
17 name for the record and proceed with your
18 testimony.

19 COMMISSIONER COLLINS-GREENWALD:
20 Sure. Good morning, Councilman Henon and
21 members of the Committee on Public
22 Property and Public Works. My name is
23 Bridget Collins-Greenwald, Commissioner
24 of Public Property, and I'm here to
25 testify in favor of Bill No. 181045,

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 releasing a restriction contained in a
3 1951 agreement between the City and the
4 School District of Philadelphia related
5 to the conveyance of 3120 Ryan Avenue
6 from the City to the School District.

7 The restriction in that
8 agreement only allows the School District
9 to build a recreation center or an
10 athletic field on the property. Based on
11 discussions with the School District and
12 their current needs in that area, we
13 believe that releasing the restrictions
14 and allowing the use of land for either
15 recreation or school purposes is in
16 everyone's best interest.

17 The Department of Public
18 Property supports this measure and,
19 accordingly, I respectfully ask that City
20 Council approve Bill No. 181045.

21 I am requesting a suspension of
22 the rules so as to allow for the first
23 reading at the next session of Council.

24 Thank you. I'll be happy to
25 answer any questions you may have.

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 COUNCILMAN HENON: Anyone on
3 the Committee wish to ask any questions
4 on Bill No. 181045?

5 (No response.)

6 COUNCILMAN HENON: Before I
7 have a statement or two on this bill,
8 this is a piece of legislation that is in
9 my district that's going to have a
10 significant impact on the education of
11 our kids in a part of the City that is
12 growing in population, not only growing
13 in population with adults, but children
14 and anticipating the future growth with a
15 diverse culture and communities that
16 really represent what Philadelphia is
17 about, and this is a step moving forward.
18 But it's grown so much that sometimes in
19 the quick spurt of growth and families
20 moving into the neighborhood, sometimes
21 we forget what happened in the past.

22 And I know the School District,
23 I want to state for the record, has made
24 some commitments to the community and my
25 office on some issues that still need and

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 remain to be addressed when it comes to
3 making sure that the quality of life of
4 our communities are not as impacted and
5 are as open to the community as possible,
6 such as the pools and fencing and the
7 possibility of enlarging this opportunity
8 for 21st century teaching and innovative
9 methods and giving people opportunities
10 for success in careers and graduation
11 rates and pre-K, that we take an
12 advantage of looking at the larger
13 picture, not just the immediate type of
14 relief that we're trying to provide here
15 today and, that is, utilizing an
16 education campus that essentially we will
17 have with the public schools, not private
18 schools, a public school campus, which
19 this will be right in the middle of the
20 community, having community access,
21 having athletic fields and open public
22 space, but sitting down with Parks and
23 Rec and figuring out if now should be the
24 time to start conversations about making
25 it into a super site, where we can share

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 and leverage resources and share the
3 opportunities that will not just
4 temporarily fill a void and an
5 overcrowded situation, but prepare for
6 the future, like the real future, making
7 sure that this is an incredible,
8 incredible vision that not just our
9 School District but our Parks and Rec in
10 the City of Philadelphia with my office
11 sees for the future. Because they
12 deserve it, and I'm going to keep pushing
13 for it.

14 And I want to let the School
15 District know that this is extremely
16 important to me and to all the parents
17 and everybody who utilizes these athletic
18 fields, who utilizes the permitted use of
19 the basketball courts and the tracks and
20 the public pools.

21 So I think it is extremely
22 important to take -- and shortsighted if
23 we just look at this as just one hurdle
24 of governance as an obstacle, but look at
25 it as an opportunity to really set the

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 path for a vision for the next 30 to 50
3 years. And I wanted to state that for
4 the record, and I want to thank you for
5 your cooperation.

6 With that, any other members
7 have any questions on this Bill 181045?

8 (No response.)

9 COUNCILMAN HENON: Anyone in
10 here joining us today in the Chamber
11 wishes to speak on Bill No. 181045?

12 (No response.)

13 COUNCILMAN HENON: That being
14 none, thank you so much.

15 This will conclude our public
16 hearing on the City Council Committee of
17 Public Property and Public Works. We
18 will now enter into our public meeting on
19 the Committee of Public Property and
20 Public Works, and the Chair recognizes
21 Councilman Greenlee.

22 COUNCILMAN GREENLEE: Thank
23 you, Mr. Chairman. I move that Bill Nos.
24 181044 and 181045 be voted out of this
25 Committee with a favorable recommendation

1 12/6/18 - PUBLIC PROPERTY - BILL 181044, ETC.

2 and I move further that the rules of
3 Council be suspended as to permit the
4 first reading of said bills at our next
5 session of Council.

6 (Duly seconded.)

7 COUNCILMAN HENON: It has been
8 moved and properly seconded.

9 All those in favor signify by
10 saying aye.

11 (Aye.)

12 COUNCILMAN HENON: Opposed?

13 (No response.)

14 COUNCILMAN HENON: The ayes
15 have it. Bill Nos. 181044, 181045 will
16 be reported out of this Committee with a
17 favorable recommendation as to be heard
18 at our next Council session.

19 I want to thank you all for
20 joining us here.

21 This concludes the Public
22 Property and Public Works Committee.

23 (Committee on Public Property
24 and Public Works concluded at 10:15 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter, and that this is a true and
correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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