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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING AND PUBLIC MEETING

4

BEFORE COMMITTEE ON

PUBLIC PROPERTY AND PUBLIC WORKS

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Room 400, City Hall

6

Philadelphia, Pennsylvania

Wednesday, June 2, 1999

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1:05 p.m.

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13 BILL 990178 - Authorizing the Director of Commerce
14 and the Commissioner of Public Property to
15 purchase for use by the Philadelphia International
16 Airport a certain parcel of property owned by the
17 Commonwealth of Pennsylvania, through its
Department of General Services, located at 8350
Enterprise Avenue, Philadelphia, Pennsylvania,
under certain terms and conditions.

17

18 PRESENT: COUNCILWOMAN AUGUSTA A. CLARK, Chair
19 COUNCILMAN JAMES F. KENNEY
20 COUNCILWOMAN DONNA REED MILLER
21 COUNCILMAN MICHAEL A. NUTTER
22 COUNCILMAN FRANK RIZZO

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1 6/2/99 PUB. PROP. & PUB. WORKS - 990178

2 P R O C E E D I N G S

3 COUNCILWOMAN CLARK: Good afternoon,
4 ladies and gentlemen. The Committee on Public
5 Property and Public Works is now called to
6 session. We appreciate your patience and
7 apologize for keeping you waiting. It is that
8 period in the Council schedule when there are so
9 many meetings, and we thank you for your patience.

10 Would the committee clerk please read
11 the title of Bill No. 990718.

12 THE CLERK: Bill No. 990178, an
13 ordinance authorizing the Director of Commerce and
14 the Commissioner of Public Property to purchase
15 for use by the Philadelphia International Airport
16 a certain parcel of property owned by the
17 Commonwealth of Pennsylvania, through its
18 Department of General Services, located at 8350
19 Enterprise Avenue, Philadelphia, Pennsylvania,
20 under certain terms and conditions.

21 COUNCILWOMAN CLARK: The Chair notes
22 that there are present at this hearing a quorum.
23 Specifically, there is Councilman Frank Rizzo;
24 myself, Augusta Clark, Chair; Councilwoman Donna
25 Miller; Councilman James Kenney; and Councilman

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2 Michael Nutter. Thank you very much.

3 (Alfred Testa comes forward.)

4 COUNCILWOMAN CLARK: Good afternoon,
5 sir.

6 MR. TESTA: Good afternoon.

7 COUNCILWOMAN CLARK: Welcome to City
8 Council. Please introduce yourself for the
9 record, spell your last name for the benefit of
10 the stenographer, and then proceed with your
11 testimony.

12 MR. TESTA: Thank you. My name is
13 Alfred Testa, Jr., T-E-S-T-A. I'm the Director of
14 Aviation now for seven weeks -- I'm sorry, this is
15 the eighth week in the City of Philadelphia.

16 COUNCILWOMAN CLARK: All right.

17 Mr. Testa, you're welcome to Philadelphia.

18 MR. TESTA: Thank you. It's been a
19 wonderful experience so far. If it keeps up like
20 this, I'm going to be one of the biggest boosters
21 this city has ever had.

22 COUNCILWOMAN CLARK: Thank you. You
23 may proceed.

24 MR. TESTA: Thank you. I am here today
25 to testify in support of Bill No. 990178.

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2 Activity volumes at Philadelphia
3 International Airport continue to grow at a record
4 pace. In 1997 Philadelphia, achieved a 16.2
5 percent increase in passenger enplanements, the
6 fastest rate of growth of all major hub U.S.
7 airports, followed by an 8 percent last year.
8 And, in fact, part of the package that we have
9 passed out to you has a little history of
10 enplanement growth, operation growth, and the
11 economic impact of the Airport on the City.

12 That \$6-billion-a-year economic impact
13 is actually a couple of years old, and we're
14 trying to update that right now. It might be
15 closer to \$7 billion or \$8 billion a year.

16 On the other hand, Philadelphia, even
17 though it's one of the fastest-growing in the
18 country, is one of the smallest major airports,
19 consisting only of 2200 acres. Taken together,
20 these factors underscore the need for Philadelphia
21 to expand its boundaries to accommodate future
22 Airport development.

23 Passage of Bill No. 990178 will
24 authorize the City, through its Director of
25 Commerce and Commissioner of Public Property, to

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2 acquire real property located adjacent to the
3 Philadelphia Airport, and I have included a small
4 reproduction of a photograph that shows circled in
5 red, yes -- and I will point it out on the large
6 map as soon as I can, adjacent to Philadelphia
7 Airport, at 8350 Enterprise Avenue.

8 This 18.8-acre parcel of land, owned by
9 the Commonwealth of Philadelphia (sic.) through
10 its Department of General Services, contains a
11 one-story warehouse utilized by the Liquor Control
12 Board for the storage and distribution of
13 alcoholic beverages.

14 I also brought with me an amendment to
15 the ordinance which provides that as compensation
16 for the sale of the property, the Commonwealth
17 will receive \$5.4 million. On March 30, 1999 the
18 scheduled airlines formally approved acquisition
19 of the property for the above-stated
20 compensation.

21 This airline approval enables the City
22 to fund the acquisition of the property with
23 Airport Revenue Bond proceeds, the annual debt
24 service of which will be payable by the City's
25 Aviation Fund and has no impact on the City's

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2 General Fund. Closing for the sale must occur no
3 later than June 15, 1999.

4 And, therefore, I respectfully request
5 your immediate consideration.

6 I want to go to the -- if you don't
7 mind --

8 COUNCILWOMAN CLARK: Please do.

9 MR. TESTA: Thank you.

10 (Mr. Testa moves to enlarged map on
11 easel of Airport area.)

12 MR. TESTA: This is Philadelphia
13 International Airport generally east to west. And
14 this is the property in question. You have a
15 reproduction of about this area in black and
16 white. Unfortunately, we don't have a color
17 copier at the Airport, so what you have is a copy
18 of this photograph. By the way, this photograph
19 is brand-new, it just got taken last month from an
20 arterial photograph.

21 And it's this piece of property right
22 here that is the Liquor Control Board building and
23 parking area in this general direction.

24 As you can see, this is the new runway
25 that is currently being built and is currently a

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2 year ahead of schedule, well within budget. And
3 this runway will help relieve some of the
4 congestion on the other two runways, which will be
5 used for commuters.

6 Right now, Atlantic Aviation is about
7 to build, or is in the process of building, two
8 brand-new hangar complexes -- I think it's a
9 \$14 million complex, am I right? Yes, \$14 million
10 complex that is for General Aviation Corporate
11 Aircraft, right here next to the new runway
12 system, and some corporate hangars that will take
13 care of the convention next year. And this
14 property is right adjacent to where we're
15 developing this.

16 We already own some of the parcels in
17 here, and this would make it contiguous to the
18 Airport parcel.

19 As a way of explanation, this
20 particular property is owned by the State and does
21 not contribute any tax dollars, so we're not
22 taking any taxable property off the rolls. And,
23 in fact, we're working with the current occupier
24 of that building to try to get them into other
25 property in Philadelphia, and it looks very good.

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2 And that will become a taxable piece of property.

3 COUNCILWOMAN CLARK: Fine.

4 MR. TESTA: I stand ready to answer any
5 questions you might have.

6 COUNCILWOMAN CLARK: Thank you, sir. I
7 do have a few questions.

8 Has the Airport already issued revenue
9 bonds sufficient to close the sale by June 15th?

10 MR. TESTA: Yes.

11 COUNCILWOMAN CLARK: Are there any
12 potential or existing environmental hazard
13 liability associated with the proposed site? And
14 if so, would you describe it.

15 MR. TESTA: We have had an
16 environmental evaluation of the site, and there is
17 no great environmental hazards. But the deal
18 between the City and the State will include a
19 reserve clause for remediation of the site.

20 COUNCILWOMAN CLARK: Will you -- will
21 the City, the Airport, and other City agencies be
22 indemnified and held harmless against any such
23 liability that might be discovered?

24 MR. TESTA: Yes.

25 COUNCILWOMAN CLARK: How much longer do

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2 expect the volume of activity at the Airport to
3 continue to grow? And explain in economic terms
4 how that benefits the City.

5 MR. TESTA: Right now, there are 14,887
6 people working at the Airport. That's the number
7 of badges we have outstanding. That's grown -- I
8 know about the number 'cause we just asked this
9 morning.

10 That number is continually growing.
11 Those people who have jobs at the Airport mostly
12 are from the area. How many are from
13 Philadelphia, I can't tell you exactly. But those
14 people who have jobs are able now to take care of
15 their families, pay their taxes, and spend money
16 in the City.

17 This particular airport generates about
18 a 6 to \$8 billion a year economic impact on the
19 City. Besides those 14,800 employees, there are
20 businesses that pay taxes to the City and to the
21 State. There are ancillary businesses, such as
22 all the hotel development that's taking place
23 around the Airport, that also pay taxes and hire
24 people, which are not included in that 14,000, by
25 the way. And there are also businesses in the

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2 area that supply the necessary services to the
3 Airport such as -- even down to paper products for
4 use in bathrooms and napkins and whatever. All of
5 that contributes to the economic benefit that this
6 airport has.

7 How long do I consider it will keep
8 growing? I don't think -- and this is strictly
9 based on numbers given by the FAA now. I don't
10 think we can continually grow at double-digit
11 numbers because double digits on 25 million
12 passengers mean 5 million, 3 million kinds of
13 growth rates. I'm not sure we can sustain that.

14 But I think that Philadelphia, given
15 the economy, given the size of the market -- what
16 is, it the fourth largest concentration
17 metropolitan district in the country? That can
18 sustain quite a bit of growth, and one of the
19 areas we're growing in quite substantially is
20 international passengers. And I would think that
21 growth will continue as the offerings to the
22 people of Philadelphia and in the Delaware Valley
23 continue.

24 COUNCILWOMAN CLARK: Are there any
25 questions from anybody? Mr. Rizzo?

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2 COUNCILMAN RIZZO: Mr. Testa?

3 MR. TESTA: Yes?

4 COUNCILMAN RIZZO: I'd like to go back
5 to the building that your contemplating purchasing
6 from the State of Pennsylvania.

7 MR. TESTA: Yes.

8 COUNCILMAN RIZZO: Has the State of
9 Pennsylvania -- are they the only tenant in there,
10 this Liquor Control operation, or are there other
11 tenants?

12 MR. TESTA: I think the Liquor Control
13 Board -- well, the GSA owns and controls the
14 building itself. The tenant of that building
15 would be a contractor to the LCB for the
16 distribution and storage of liquor and liquor
17 by-products, but that's --

18 COUNCILMAN RIZZO: Not that that's
19 something you need to know, but it's a curiosity
20 question for me.

21 MR. TESTA: Sure.

22 COUNCILMAN RIZZO: You indicated in
23 your testimony that, hopefully, that that
24 contractor would reposition himself within the
25 City of Philadelphia. Do you know if the

1 6/2/99 PUB. PROP. & PUB. WORKS - 990178
2 Department of Commerce and the State have agreed
3 on a location so hopefully we can work at making
4 that happen?

5 MR. TESTA: We're meeting about ten
6 minutes ago with them to talk about the two
7 possible relocation sites both within the City of
8 Philadelphia: one through a PIDC kind of
9 building, of a brand-new building; and one on a
10 site that already has a building. But they have
11 to stay within the City of Philadelphia because of
12 the Liquor Control Board's requirement because of
13 their liquor distribution within the City of
14 Philadelphia.

15 COUNCILMAN RIZZO: So it's a given that
16 they're going to stay --

17 MR. TESTA: Yes.

18 COUNCILMAN RIZZO: -- within the City?

19 MR. TESTA: Yes.

20 COUNCILWOMAN CLARK: Mm-hmm.

21 COUNCILMAN RIZZO: I would appreciate
22 your keeping me posted on that because as a member
23 of -- just keep me posted.

24 MR. TESTA: Will do.

25 COUNCILMAN RIZZO: Thank you.

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2 MR. TESTA: You're welcome.

3 COUNCILWOMAN CLARK: Miss Blackwell, do
4 you have any questions?

5 COUNCILWOMAN BLACKWELL: No questions,
6 Madam Chair.

7 COUNCILWOMAN CLARK: Okay. Well, I
8 thank you very much.

9 We have one amendment to this bill.
10 Would you propose that amendment.

11 COUNCILWOMAN BLACKWELL: Yes.

12 COUNCILWOMAN CLARK: First, are there
13 any other persons here who wish to be heard to
14 speak in favor or against this proposal?

15 (Ken Sipos comes forward.)

16 MR. SIPOS: Yes.

17 COUNCILWOMAN CLARK: Almost forgot you.
18 Good afternoon.

19 MR. SIPOS: Good afternoon, Madam
20 Chairwoman, members of the committee. My name is
21 Ken Sipos, representing the Department of Public
22 Property.

23 Public Property is in favor of this,
24 the passage of this bill and the amendment. And I
25 respectfully ask that the rules of committee be

1 6/2/99 PUB. PROP. & PUB. WORKS - 990178
2 suspended so that this bill could be reported out
3 and read at the second reading -- acted on at the
4 second reading.

5 COUNCILWOMAN CLARK: Thank you, sir.

6 Yes, sir?

7 MR. TESTA: I'm sorry. Given my
8 newness, I forgot to ask for a suspension of the
9 rules.

10 COUNCILWOMAN CLARK: All right, we're
11 happy do that.

12 MR. TESTA: Thank you.

13 COUNCILWOMAN CLARK: Are there any
14 other persons in the room who wish to be heard to
15 speak in favor of or against Bill No. 990178?

16 (No response.)

17 COUNCILWOMAN CLARK: There being none,
18 I'll entertain a motion that this public hearing
19 be closed and we go into public session.

20 COUNCILWOMAN BLACKWELL: So moved,
21 Madam Chair.

22 COUNCILWOMAN CLARK: Thank you.

23 (Duly seconded.)

24 COUNCILWOMAN CLARK: All in favor,
25 aye?

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2 COUNCILWOMAN CLARK: Okay, now this
3 committee is in the public session. And Madam
4 Blackwell has an amendment to the bill.

5 COUNCILWOMAN BLACKWELL: The proposed
6 amendment to Bill No. 990178, we propose to amend
7 this bill, amend Section 1(b) of the bill to read
8 in its entirety as follows:

9 (b) The purchase price shall not
10 exceed \$5.4 million.

11 COUNCILWOMAN CLARK: Thank you. Are
12 there any other amendments to the bill?

13 (No response.)

14 COUNCILWOMAN CLARK: Okay, there being
15 none. . .

16 COUNCILWOMAN BLACKWELL: Madam Chair, I
17 move that the amendment to Bill 990178 be accepted
18 as read.

19 (Duly seconded.)

20 COUNCILWOMAN CLARK: All in favor?
21 Opposes?

22 Bill No. 990178 has been amended.

23 Now I'll entertain a motion for the
24 entire bill to be reported out as amended.

25 COUNCILWOMAN BLACKWELL: Madam Chair, I

1 6/2/99 PUB. PROP. & PUB. WORKS - Pub. Meeting
2 move that Bill 990178 be reported out of committee
3 as amended with a favorable recommendation and
4 also for a suspension of the rules so that it may
5 be considered at our next Council session.

6 COUNCILWOMAN CLARK: Is there a second?

7 COUNCILMAN RIZZO: Second.

8 COUNCILWOMAN CLARK: All in favor?
9 Opposed?

10 It has been properly moved and seconded
11 that Bill No. 990178, as amended, be reported out
12 of this committee with a favorable recommendation,
13 and that the rules of Council be suspended so as
14 to permit first reading at the next stated session
15 of Council.

16 There being no further business for
17 this committee, this committee is now adjourned.
18 Thank you, I appreciate it.

19 (Adjourned at 1:15 a.m.)

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C E R T I F I C A T E

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RE: COUNCIL COMMITTEE
ON PUBLIC PROPERTY & PUBLIC WORKS
BILL NO. 990178

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JOSEPHINE CARDILLO,

Registered Professional Reporter