COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING BEFORE COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, 2/14/01
1:45 p.m.

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BILL 010092 - Amending Chapter 19-3200 of the Philadelphia Code, entitled "Keystone Opportunity Zones," to provide for the contingent exemption, abatement, or credit of certain taxes within specified geographical areas, under certain terms and conditions.

PRESENT: COUNCIL PRESIDENT ANNA C. VERNA, Chair
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P R O C E E D I N G S

COUNCIL PRESIDENT VERNA: Good afternoon. This is the public hearing of the Committee of the Whole regarding Bill No. 010092. I'll just ask Mr. McPherson to please read the title of the ordinance.

MR. MCPHERSON: Bill No. 010092, an ordinance amending Chapter 19-3200 of the Philadelphia Code, entitled "Keystone Opportunity Zones," to provide for the contingent exemption, abatement, or credit of certain taxes within specified geographical areas, under certain terms and conditions.

COUNCIL PRESIDENT VERNA: Mr. Cuorato, I understand that Mr. Dougherty apparently has the proposed sites. Is he distributing what we received? Is this what he -- is he distributing the same copy that we received yesterday or last evening?

(Mr. Cuorato responds off-mic.)

COUNCIL PRESIDENT VERNA: It is or is not? Okay, so what he is distributing presently is exactly what we received last evening? It is not? Wonderful.

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Councilwoman Krajewski is in her office, and I would ask that she please come down to the chamber.

Mr. Cuorato, kindly identify yourself for the record and proceed with your testimony.

MR. CUORATO: Good afternoon, Madam Chair and members of the Committee of the Whole. My name is James Cuorato. I am the City Representative and the Director of Commerce for the City of Philadelphia. With me is Vince Dougherty, the Keystone Opportunity Zone Program Administrator for the Commerce Department.

I am here this afternoon on behalf of the Administration to testify in support of and offer amendments to Bill 010092. This bill would authorize the exemption, abatement, or credit on certain taxes for certain parcels, or groups of parcels, throughout the City. The authorization is contingent on the Commonwealth of Pennsylvania approving the City's application for Keystone Operating Expansion Zone (or KOEZ) designation.

The KOEZ is effectively a second round of what has been the highly successful Keystone Opportunity Program that has helped create 1900

jobs and retain an additional 1400 jobs in the City over the last two years. The KOEZ has also led to the investment of over $122 million in capital improvements to the KOEZ properties, either in new construction or improvements to existing buildings.

Under the KOEZ program, a business or a property located in a KOEZ will pay virtually no real estate taxes, use-and-occupancy taxes, or business taxes to the City or state until January 1, 2014. The KOEZ benefits -- that is the benefits from the first round the program -- are effective until January 1, 2011, though we do have the option, under the recently-passed legislation to extend the expiration date of the KOZ to match that of the KOEZ. That is, we would add an additional three years to those properties that were designated in the first round. This extension, which would require City Council approval, will be addressed at a later time in separate legislation.

As you can see, it gets rather confusing when we talk about KOZs and KOEZs, so for simplicity sake, in the balance of my

testimony, I will use he term "KOEZ" to cover both KOZ (the first round) and KOEZ (the proposed expansion round) except where a difference between the two actually exists. I will note these differences as they arise.

To reap the benefits of the KOZ Program, the property owner and/or business must be up to date in all taxes and fees to the City and State and be in compliance with all City and State regulations such as, Zoning, L&I, and Health. Furthermore, to prevent businesses from jumping from a non-KOZ site to a KOZ site just to get the benefits, the State law requires that any businesses located in Pennsylvania that is not a KOZ must either increase their jobs by 20 percent in the first year or invest the equivalent of 10 percent of the previous year's gross revenues in capital improvements to the KOZ property. There are also recapture provisions taking advantage of the benefits, then leaving after a few years.

In considering where to locate the KOEZs, the City teams started out with some very basic concepts:

First, our selections must meet the letter and spirit of the State's KOEZ legislation;

Second, we must assure that this program is not a revenue giveaway program but an investment program to help grow and attract businesses in the City;

Third, we need to be conscious of the revenue implications of our decisions;

Fourth, this program should focus on economic development;

Finally, the selection process should be fair to the existing businesses in the City.

From these general guidelines, we developed more specific guidelines for selecting sites, and I know that there has been a great deal of discussion about which sites should be included. Our reasoning on the properties that you will hear about is based on these factors that I just mentioned.

Our more specific guidelines are as follows:

First, no residential would be included. There are two primary reasons for this. First, the loss of wage tax revenues; and second,

the issue of fairness. This is a policy which is consistent from the first round of the KOZs and is also consistent with the spirit of the State legislation which targets industrial and commercial industrialization.

Second, no existing businesses should be included, except under special conditions; for example, a sole tenant in a large, old industrial complex.

Third, the focus would be on industrial development, but commercial development would be considered should a worthy project arise; for example, a project that complements a neighborhood revitalization.

Fourth, we would look at sites that offer opportunities to the growth of the technology industry or have the potential to attract new businesses into the City.

Fifth, our focus would be on vacant industrial land and older industrial buildings. Other sites would be considered on a case-by-case basis.

Sixth, we would also focus on publicly-owned properties and industrial

properties that have impediments to development; for example, environmental problems, access, et cetera.

Seventh, the sites must be developable; that is, of such size as to be developable on their own or in combination with adjoining properties.

Eighth, we would not checkerboard; that is, include one small missing tooth on one block and one small missing tooth on the next block.

Finally, if we expect something positive to happen at an otherwise eligible site, we would not include the site.

To summarize, we attempted to target unattractive properties, which, in most cases, would need some extra incentive for development.

Based on these guidelines, we reviewed and evaluated hundreds of sites for possible inclusion. What we have presented to you today is the final recommended list of properties for inclusion in our KOEZ application. We believe the sites that we have included offer a great opportunity to take many vacant, deteriorated, tax-delinquent, and severely underutilized

properties throughout the City and turn them into productive, job-creating hubs of business that are so critical to our future.

We estimate the total cost to the City in lost billable revenues to be less than $1.7 million. The actual collectible revenues are estimated to be less than $1.5 million. We would expect to see offsets to some of this lost through revenue through certain savings that would be realized, such as cleanup costs, demolition costs, et cetera, that are associated with deteriorating properties and neighborhoods and from increased revenue from real estate transfer tax and from increases in the amount of delinquent taxes that would have to be paid back or increases in the price that properties would sell for at sheriff's sale.

Furthermore, and probably more importantly, what price can you put on the spin-off effect that revitalizing these old properties has on the surrounding community. A perfect example is an existing KOZ area at 18th and Allegheny Avenue, in Councilwoman Miller's district. The Councilwoman and her staff, in

conjunction with my staff, the Allegheny West Foundation and the Hunting Park West Business Association, have been working together since the KOZ designation to revitalize this older industrial area that had effectively been left to rot.

In just this last year, we have seen seven businesses take over old, vacant KOZ buildings in this area, make substantial improvements to the buildings, and create new jobs for people from the surrounding neighborhood. The effect has been dramatic on the entire area, and we have just begun.

The alternative to the KOZ might well have been to let the area deteriorate to the point that L&I would have to step in and demolish dozens of old industrial buildings. I believe that the KOZ Program has proven to be a great tool in our economic development arsenal for attracting and retaining businesses of all types in the City.

In the first two years of the KOZ Program, we have seen the program assist businesses ranging in size from TJ Maxx, with their projected 1100 employees in the Northeast,

to PNC Wiring, a two-person start-up minority-owned business in North Philadelphia. We have been able to attract the 100-employee New York based Super Nutrition, and also retain a growing longtime Philadelphia company like the 100-employee Cedar Farms Company, who were very close to leaving the City for New Jersey. Likewise, the program has helped Chianti Cheese, a cheese drying and grating company on American Street, while also helping the many high-tech companies who have moved into the Port of Technology Building. In each instance, the KOZ designation was a key factor in the company's decision.

It is because of this wide-reaching and positive effect on development in the City that we have had in the first two years of the KOZ Program and the anticipation of many more successes in the future that I respectfully request Council's support for this bill.

Finally, I am submitting to you proposed amendments to Bill 010092. These amendments correspond to the list of properties that you have in front of you. The amendments put

those properties in the proper form to meet the State's requirements for contiguity of parcels within a subzone. The amendments should be added to the legislation as Exhibits 1 through 8, as outlined in Section 2 of this bill.

We -- Mr. Dougherty has a map, a citywide map, that shows the existing KOZ areas and the proposed areas, which he can present, with the permission of the Chair, in a brief fashion to give you an idea of what is on our list, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

I don't want to keep Miss Wilkerson here. Some have asked if she could be present, and I think that -- Miss Wilkerson, I think that your purpose of being here is simply to advise the committee what the Mayor's position is on this particular issue?

MS. WILKERSON: Mr. Cuorato speaks on behalf of the Administration.

COUNCIL PRESIDENT VERNA: I realize that.

MS. WILKERSON: The Mayor has reviewed the list of properties, the Administration is in

support of the list of properties, as amended by the submission today. Those would be the properties in the eight subzones articulated in the legislation.

COUNCIL PRESIDENT VERNA: Okay. Are there any questions of Miss Wilkerson?

COUNCILMAN KENNEY: (Inaudible, off-mic.)

COUNCIL PRESIDENT VERNA: Well, I don't see any reason for her to be sitting here. If there are questions, I think we could ask her now; otherwise, I think we could ask Mr. Cuorato.

Thank you.

COUNCIL PRESIDENT VERNA: Mr. Cuorato, the Pennsylvania Keystone Opportunity Act requires that the application for designation as a KOZ, or a KOEZ, shall show the geographic area of the proposed zones within a detailed map of the proposed zones, including geographic boundaries, total area, and present use and conditions of the land and structures of the proposed zones.

Do you have such a map, and does the information exist?

MR. CUORATO: Madam Chair, we have --

attached to the list of subzones, we have a list of the specific properties, present and proposed use, address, Board of Revision of Taxes number. We also have a map which shows all of the areas that are being designated.

COUNCIL PRESIDENT VERNA: Is that what you've distributed to us since we started our meeting?

MR. CUORATO: Yes, Madam Chair, it is.

COUNCIL PRESIDENT VERNA: Maybe you could tell us, out of the proposed new sites, how many are privately-owned versus publicly-owned, and why is the Administration proposing to include privately-owned properties in the KOEZ program? Have the owners of these private properties been notified, or are we just changing them because that's something we want to do?

MR. CUORATO: Madam Chair, in nearly all cases, the owners are aware of the designation. In many cases, we were contacted and asked if we could include those properties. The designation itself was -- the decisions on recommendations on properties were based on our judgment as to how we could get deteriorated,

blighted, under-used, vacant industrial and commercial sites back into productive use.

In some -- in a certain fashion, I would compare this designation to, for instance, when we established State Enterprise Zones or Empowerment Zones. This is the City's decision to designate certain areas for -- which we think this program is help to have redeveloped.

So it wasn't a situation where every single property owner was contacted and asked about the designation; it was a decision on our part to look at the City, and we really did scour the City to look at all of the different areas that could meet the State criteria which would get properties developed and back into productive use.

COUNCIL PRESIDENT VERNA: I'm sorry, I was distracted.

I noticed on the list that we have properties that are listed, and it indicates that the taxes are up to date. I don't know whether that's just a parcel of ground, whether it's a business. Have you checked with people who are up to date with their taxes and told them that you were proposing this?

MR. CUORATO: In most, but not all, cases, we have. These are industrially-zoned properties, which the City Administration is recommending continue to be industrially-zoned properties. So all that we are really doing is putting a designation on these properties that in a sense makes the properties more valuable to be marketed and increases the likelihood that they will be redeveloped, which is our goal for this program.

COUNCIL PRESIDENT VERNA: Well, have you checked with the annual taxes that are due on the privately-owned parcels, and what is the breakdown of the annual amount due to both the City and the School District?

MR. CUORATO: Madam Chair, our estimate of the amount of tax revenues is $1.7 million to the City.

COUNCILWOMAN VERNA: How about the School District? How about business taxes, property taxes? Give us a breakdown. Let us understand a little more than what we know.

MR. DOUGHERTY: Of the total cost of $1.7 million, that includes all real estate taxes,

both City and School District. It also includes use-and-occupancy tax and business privilege taxes.

The break-out comes down to this: $615,000 of real estate tax to the City; $743,000 of real estate tax, which is School District tax, for a total of $1.4 million in real estate taxes. The total collectible -- oh, I'm sorry. The total use-and-occupancy tax has been estimated at less than $150,000, and the total of business privilege tax is less than 200,000 for all of these parcels.

These numbers are based on research done by the Revenue Department on our behalf.

COUNCIL PRESIDENT VERNA: Councilwoman Blackwell would like you to explain, as part of your testimony, you estimate the total cost to the City in lost billable revenues to be less than $1.7 million. The actual collectible revenues are estimated to be less than 1.5 million. She would like you to elaborate on that, please.

MR. CUORATO: Some of the properties are tax-delinquent, and we made a judgment as to what we could reasonably expect to continue receiving versus those that are not paying taxes.

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COUNCIL PRESIDENT VERNA: Say that again?

MR. CUORATO: Some of the properties, Councilwoman, are tax-delinquent that we are proposing for recommendation. So we made what we thought was a reasonable judgment as to which taxes would be paid and which would continue to be delinquent.

MR. DOUGHERTY: I might add, if I may, that on these properties, there's $843,000 in delinquent taxes outstanding on these properties. Quite a few are delinquent and effectively abandoned.

COUNCILWOMAN BLACKWELL: Are you saying that we're losing 1.7 on properties you could bill, but that we couldn't collect any more than -- that we will collect 1.5?

MR. CUORATO: We could expect to collect 1.5 from those property owners who are up to date on their taxes and continuing to pay. There are some tax-delinquent properties --

COUNCIL PRESIDENT VERNA: Wouldn't they be paying anyway, Jim? Maybe I'm a little confused. If they're up to date with their taxes

presently, putting them in a KOZ, wouldn't they still be paying?

MR. CUORATO: Yes, Madam Chair, they would still be paying, but the properties would remain vacant and undeveloped. What we're trying to do is add this incentive program so that the buildings can be developed and the taxes would be even greater.

COUNCIL PRESIDENT VERNA: Well, tell us, what is the total acreage of the proposed KOEZ Program, and what is the current undeveloped acreage of the KOZ Program?

MR. DOUGHERTY: In the proposed KOEZ, it's a little over 1300 acres that are included in this proposal. In the original KOZ proposal, it was 1505 acres, I believe was the official total.

COUNCIL PRESIDENT VERNA: And how many do we have now from the KOZ?

MR. DOUGHERTY: I have not done the math. I have been carrying it back and forth in my bag.

COUNCIL PRESIDENT VERNA: Well, you don't have to be precise; just give us a ballpark figure, please.

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MR. DOUGHERTY: I would suggest about 200, 250 acres have been developed.

COUNCIL PRESIDENT VERNA: 250 acres have been developed?

MR. DOUGHERTY: I would suggest 200, 250 off the top of my head.

(Councilman Nutter asks a question off-mic.)

COUNCIL PRESIDENT VERNA: That's 250 out of 1505. 250 have been developed out of the 1505 acres.

COUNCILMAN NUTTER: Thank you.

COUNCIL PRESIDENT VERNA: Mr. Cuorato, since the KOZ Program extends beyond the time period of the KOZ Program, won't this act as a disincentive for a company to locate in a KOZ area?

MR. CUORATO: Madam Chair, we have the State legislation that established the KOEZ Program, gave us the option to add three additional years to the original KOZ Program. That decision is -- has to be made by this June, and we're going to take a look at those parcels, and we will come back to City Council with

recommendations on that.

So we do have the ability to match up the existing properties with the new properties.

COUNCIL PRESIDENT VERNA: I have several other questions that I would like to ask, but I notice that there are a number of Councilmembers that would like to be recognized.

Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you very much.

Please explain how the abatement from wage taxes works. Would you clarify who is eligible, the employer or the employee? Are there --

MR. CUORATO: I'm sorry, could you repeat the question, please.

COUNCILWOMAN BLACKWELL: Who' is eligible for the wage tax guidelines? Would you clarify whether it's the employer or the employee. Are the wage taxes that are generated during the construction stage abatable?

MR. CUORATO: Councilwoman, wage taxes are not included in waivers of the taxes that are removed as a result of the KOEZ legislation unless

they're in residential properties. And we are proposing no residential properties. So no wage taxes would be lost to the City.

COUNCILWOMAN BLACKWELL: Okay. What will trigger the abatement period? Is it the Commonwealth's approval date, the date that business licenses are issued, the date the building permit was issued? Because, as you know, there is some controversy by certain businesses in TIF Districts who thought they were eligible at one point and then found out later that they were not because they began too early.

So what's that date, what triggers that?

MR. CUORATO: Under the KOEZ legislation, the new round, the benefits begin retroactive to January 1, 2001.

COUNCILWOMAN BLACKWELL: January 1, 2001.

The guidelines state that existing businesses will not be eligible for KOEZ designation. If an existing business wants to expand and has a plan to increase jobs by 20 percent and/or invest the 10 percent of the

previous year's gross revenues and capital improvements to the KOEZ property, will they then be considered eligible?

MR. CUORATO: Councilwoman, you're talking about a business in --

COUNCILWOMAN BLACKWELL: An existing business.

MR. CUORATO: An existing business in a KOEZ. Well, they would get -- they would just get the benefits. They would be entitled to the benefits.

COUNCILWOMAN BLACKWELL: Your requirements said existing businesses weren't eligible.

MR. CUORATO: No. We tried to limit the number of existing businesses that were in the areas that we're recommending. There are some, but only in rare instances. So the businesses that we are recommending for inclusion would be entitled to those benefits.

COUNCILWOMAN BLACKWELL: Okay. Are there any community notification requirements? I assume not.

MR. CUORATO: Community. . . ?

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MR. DOUGHERTY: Not in the State-enabling legislation, no.

COUNCILWOMAN BLACKWELL: How will Commerce work with the zoning in terms of rezoning certain areas, if need be, for this KOZ, or KOEZ?

MR. CUORATO: Councilwoman, we are discussing with the City Planning Commission the idea of a zoning overlay for all Keystone Opportunity zone parcels that would restrict them to their current zoning, which is industrial. That's something that we expect to be presenting to City Council very shortly. So that would limit the uses and be consistent with our policy that we do not want -- we do not want residential properties in the KOZ.

COUNCILWOMAN BLACKWELL: What were some of the considerations in not including residential?

MR. CUORATO: Well, there were several. First, we think it's important to maintain wage taxes for the City of Philadelphia. Second was the issue of fairness, in that if certain properties were designated for residential development, it would create a situation where a

group of homeowners or renters would not have to pay wage taxes for 13 years, and we didn't want to be in a situation where we were pitting block against block or neighborhood against neighborhood, where people were saying, you know, Why are they not paying wages taxes and I did? as well. So we tried to established a consistency in that regard.

The final reason merely gets to the specific State criteria that you are -- you have to designate parcels of at least 15 acres. We did take a look at certain blighted areas of the City to see if there were areas that could be included, but we couldn't get to 15 acres, we couldn't get near 15 acres. Or if we worked getting close to 15 acres, we were including a lot of residential properties, which we didn't want to do.

So for those reasons, we decided that this was the prudent policy.

COUNCILWOMAN BLACKWELL: Finally, what's given the KOEZ, or KOZ, status? Will businesses be mandated to still have the same minority participation in construction? Will all of the other rules and mayoral mandates apply?

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MR. CUORATO: Yes, Councilwoman. There would be no change in any of those policies.

COUNCILWOMAN BLACKWELL: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

I just want -- I have a number of questions, but if this were to pass today, we would then have approximately 2,655 acres under the KOZ?

MR. CUORATO: Yes, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam Chair.

Good afternoon. (Inaudible.)

MR. CUORATO: Good afternoon, Councilman, and no there is not.

COUNCILMAN GOODE: So this is our only to opportunity to establish KOZs?

MR. CUORATO: Yes.

COUNCILMAN GOODE: Okay, the KOZ economic development stats that you cite in your testimony, 1900 jobs created, 1400 jobs retained, who else can claim these jobs? Are these job-

creation retention number also claimed by PIDC, also claimed by the Enterprise Zone, also claimed by the Empowerment Zones? I mean, are these attributable to just the KOZ strategy, or is it also attributable to PIDC's programming and other targeted economic development strategies? I mean, how do we know that this strategy works, per se?

COUNCIL PRESIDENT VERNA: Councilman, I'm sorry. The stenographer cannot hear you.

COUNCILMAN GOODE: Okay, thank you.

My question was, you site certain economic development stats related to the success of KOZ, 1900 jobs created, 1400 jobs retained. My question is, who else can claim these jobs? Can PIDC claim that through its programs, they've created these jobs? Can we claim the Enterprise Zone strategy created these jobs? Can we claim the Empowerment Zone strategy created these jobs?

How do we know that it's actually KOZ strategy versus any of these other economic development strategies?

MR. CUORATO: Councilman, I'm sure that there is some properties that are in the KOZs that are included in that 3300 job number, which would

also show up on PIDC transactions for job-counting purposes as well.

In many cases, it's a package of incentives that are used to bring companies into certain areas. And, again, we're taking about parcels that are very unattractive for development and otherwise, we believe, would not be developed.

I think -- I will say that we have with us a list of all of the KOZ transactions, including addresses, type of business, employment, and investment, and we can make that available to the members of City Council. Our belief is that virtually all of the properties on the KOZ list are on that list because of the KOZ Program.

Now, it may well be that once we got them interested in a site because it was a Keystone Opportunity Zone, we were able to bring other City economic development programs to bear in order to get the project done.

COUNCILMAN GOODE: I'll go back to that question again, because I'm not satisfied that you really answered what I was trying to get to.

Let me start with a fact. I have a problem with TIFs and KOZs because I believe that

they more than try to determine economic development strategy for specific locations, but actually determine tax policy. And I believe that's unfair to determine separate tax policy for different businesses. I prefer across the board that we actually cut taxes across the board rather than targeted tax cuts as an overall strategy.

Let me ask you a question about in general in terms of economic development planning. KOZ is something that was offered in terms of State legislation and is something that the City is trying to take advantage of, and if the City decided how it was going to take advantage of it, who actually sits at the economic development planning table, who is a part of that process?

MR. CUORATO: For the -- for general economic development purposes or for the KOZ Program planning?

COUNCILMAN GOODE: Actually for general. Under the Economic Stimulus Program, there was a, quote/unquote, framework for success, and there were a number of committees outlined saying that these are the people who coordinate for neighborhood economic development; in

particular, there was both a neighborhood economic development review committee and a neighborhood economic development coordinating committee. But under the Economic Stimulus Program, there were probably up to 20, 25 committees. It wasn't an organizational framework.

I'm asking now, in terms of our planning in terms of economic development, who sits at the table?

MR. CUORATO: The Department of Commerce, the City Planning Commission, PIDC, PCDC, Housing and Community Development, the Redevelopment Authority, and the Mayor's Office as needed.

COUNCILMAN GOODE: Okay. My problem's in terms of how we plan economic development dating back and we're both familiar with how the system works and really date back to one of my pet peeves with how it works is the Empowerment Zone designation process. That's actually the process through which I got a chance to know you, and that's why I actually respect your integrity and respect the fact that you're forthright in your answers.

During that process, it became very apparent in the early planning that the strategy was to just lay the Empowerment Zones originally over the Enterprise Zones as a way of overlapping funds and incentives, basically laying the funds so that at some point, it seems that you're poised for success because every opportunity for new economic development resource incentives would be targeted in the same places until have we find some success.

Have we moved away from doing that yet or not? I mean, I am actually concerned with the fact that every time there are new economic development funds or incentives, they seem to be targeted towards Center City, State Enterprise Zones, or strictly industrial sites.

MR. CUORATO: Councilman, I would draw a distinction between the KOZ Program and the areas that have been designated. I mean, just to get back to a comment that you made earlier, I absolutely welcome this program from the State. I think this is a tremendous incentive that we're able to offer businesses, and I'm delighted at the opportunity the take advantage of it, because,

quite frankly, I think we need every tool available at our disposal to bring businesses in and keep businesses here growing.

What we did for the KOZ process was, to a certain extent, dictate it by the State legislation and end up with the policies that we have established.

COUNCILMAN GOODE: Excuse me a second. What I'm whittling it down to is, when we have a HUD 108 Program, where we develop economic stimulus funds, when there is a opportunity to establish an Empowerment Zone or there's an opportunity to establish an Enterprise Zone or an opportunity to establish a KOZ, or now a KOEZ, if we are not having the type of economic development success that we would like, and we seem to, in many cases, be applying these programs incentives and funds to exactly the same places, and in some cases, I can say without contradiction, to exactly the same businesses, isn't it time to try to look at not just overlapping what we've been doing in terms of tax programs with new resources but looking at new economic opportunities?

But I'll move on a bit. In your

testimony, you say that no existing businesses can take advantage of this program except sole tenants and old industrial comments. Why is that?

MR. CUORATO: Councilman, it's really a question, I guess, of fairness as to -- again, to go back to the example we used with respect to residential property, who gets the benefits and who doesn't. Also, the spirit of the State legislation is targeted at getting undeveloped, blighted, deteriorated properties developed. So that was our focus.

COUNCILMAN GOODE: My question is, why that exception? Why sole tenants and old industrial complexes?

MR. CUORATO: In cases where we felt a building deserved to be in, and there might be one or two businesses in there, we didn't want to penalize -- or we didn't want to not put the building in just because of one or two businesses in there if every other factor was pointing to a need to have that building more fully developed.

COUNCILMAN GOODE: It goes without saying, that that could be the case for any number of different economic opportunities, including

commercial properties. But are these sole tenants you referred to in these building specific clients that already exist?

MR. CUORATO: Specific clients?

COUNCILMAN GOODE: Are they clients of PIDC, clients of the Enterprise Zones?

MR. CUORATO: Not necessarily.

COUNCILMAN GOODE: Or are these strictly new opportunities?

MR. CUORATO: Not necessarily, Councilman. We didn't look at that; we looked at whether or not our judgment was that a building could be fully developed, that it was a property that we wanted developed, that would complement a neighborhood development. And the fact that there were one or two businesses in there did not dissuade us from recommending --

COUNCILMAN GOODE: So you do not know whether these are existing clients or they are not existing clients?

MR. CUORATO: I guess I -- we didn't really consider it as a factor.

COUNCILMAN GOODE: These are clients that have received any number of different loans

and/or incentives from the City over the last 10 or 15 or 20 years. Under the Enterprise Zone Program, they have received HUD 108 financing or may have received economic stimulus funds. Should they, on top of that, be put into a 10-, 13-year tax-free program?

MR. CUORATO: Councilman, I'm not -- off the top of my head -- and we can certainly go through the list, and we'll do that. I'm not aware of any existing businesses that we're recommending be in the zone that would fall into that category.

COUNCILMAN GOODE: But my question I want to ask specifically is, for every property and business listed within these zones, that we detail what type of public financing or incentive that they've received under all of these programs, under City programs, what public funding or incentives they might have received already to stay and expand in the City. And whether they have received PIDC loans, PCDC loans, HUD 108 loans, economic stimulus funds, TIFs, what have we already done to keep these businesses here?

MR. CUORATO: Are you referring to the

proposed -- the areas that we're proposing for the new designation?

COUNCILMAN GOODE: For the new and for the KOZs, for the KOEZs and for the KOZs.

MR. CUORATO: Okay. For the KOZs, I am certain that there are many businesses who not only are taking advantage of the KOZ benefits but have also received, for example, PIDC financing. And we can provide that list to you.

COUNCILMAN GOODE: I'm not concerned with whether, as they are applying for KOZ benefits, or as new KOZ clients, they receive PIDC financing or some other public financing. I want to know whether these are the same clients that have been on the books over the years at PIDC, at PCDC, through the Commerce Department. I want to know whether the people who have benefitted from the KOZ and the people who are intended to benefit from KOEZ are basically the preferred clientele of PIDC, PCDC, and the Commerce Department.

MR. CUORATO: I believe --

COUNCILMAN GOODE: And I don't need an answer to that today. What I need is actually person by person, who has benefitted, and person

by person, who will (indiscernible) the benefit under this legislation, what public financing they have received over the last 10 to 20 years.

My next question is, why is there any limit to the commercial development?

MR. CUORATO: What? I'm sorry.

COUNCILMAN GOODE: Why is there any limit to the commercial development?

MR. CUORATO: Why is there a limit to commercial development?

COUNCILMAN GOODE: It seems to be targeting of industrial development, and basically the testimony suggests that you will consider commercial development but there is not an emphasis on it. Since the focus would be on industrial development, but commercial development would be considered should a worthy project arise.

MR. CUORATO: It really, Councilman, just again gets to the nature of the properties that we're designating. In many cases, we are looking at large either industrial buildings that are proposed for industrial use or zoned for industrial use or large vacant lots that are proposed for industrial use.

We would not have a problem with a commercial development, especially in a neighborhood area that made sense, we would not have a problem supporting that.

COUNCILMAN GOODE: My question, I guess, is, in these areas which you consider to be industrial, as Councilwoman Blackwell asked before, would you consider rezoning properties commercial if you could attract commercial tenants and developers to those properties? Or are you restricting the use of the KOZs to industrial development?

MR. CUORATO: The former. We would support a commercial use if it made sense for a neighborhood.

COUNCILMAN GOODE: Okay. Your testimony says that hundreds of KOZ sites were reviewed. Who were these sites submitted by, who were they reviewed by?

MR. CUORATO: We pulled together a group of City departments and agencies early in the process. We set forth the criteria. By virtue of the criteria itself and the policies that we knew we would be promoting, a lot of areas

of the City automatically just fell out of the process. We -- given the work that Mr. Dougherty and others within the Department of Commerce have done over the past two years on Keystone Opportunity Zones, we had a pretty good idea of how the program was working and where it might work in the expansion zones.

In many cases, Councilman, we did get calls from property owners, brokers, Realtors who would suggest properties to us. We considered every request. Some we were able to say no almost immediately to; others we checked out to see if we could make work, and if we could, we did.

All of the research and analysis work was done primarily Mr. Dougherty and our department.

COUNCILMAN GOODE: Was it done by one person?

MR. CUORATO: Well, Mr. Dougherty, working with, for example, the City Planning Commission, the Law Department, the Budget Office, the Revenue Department. Mr. Dougherty was really the lead person, but there were a number of City departments and agencies that he was working with,

but he took the lead in doing the research.

COUNCILMAN GOODE: And these lists are considered to be final?

MR. CUORATO: I'm sorry?

COUNCILMAN GOODE: These lists are considered to be final?

MR. CUORATO: The list that we are presenting to you this afternoon is our final list of recommended properties, yes.

COUNCILMAN GOODE: Okay. In your testimony, as you describe what you think the impact of this will be, you say that there will be some savings, but there is not a dollar figure that can put on that cost. Why is that?

MR. CUORATO: It's hard to -- I think -- I think that that message was delivered in two contexts. One is the value that having a property developed that otherwise might not be developed. The value that that has, the impact that that has on a surrounding neighborhood is something that you may not be able to measure, but you can certainly make a qualitative judgment that because the property that was deteriorated, abandoned, or blighted has become developed because of this

program, it has a positive impact on a neighborhood.

The other area that we thought there could be cost offsets had to do with the fact that some of these industrial buildings or abandoned buildings that, under this program, we believe stand a very strong chance of now being developed otherwise might sit there, further deteriorate, and result in a situation where, for instance, L&I would have to step in and do the demolition, so you would be saving those costs.

COUNCILMAN GOODE: See, I have a fundamental problem with there being few decision-makers at the table, few economic opportunities.

COUNCILWOMAN BLACKWELL: Excuse me, Councilman, this will be -- your ten minutes is up, so this will be your last question.

COUNCILMAN GOODE: Okay, thank you.

COUNCILWOMAN BLACKWELL: Thank you.

COUNCILMAN GOODE: I have a problem with there being few people at the table making decisions, few different types of economic opportunities looked at, not enough have focus on

commercial, why commercial development could create numbers of jobs for welfare-to-work people. And it seems to be at the same time that these statements within your testimony that there are undetermined cost saving and intangible impact.

If this is really a gut decision, or more of an art than a science, then why not bring in more people for ideas since, since this is our last opportunity and there is not going to be another round to apply?

But I look forward to, I guess, fundamentally finding out whether my gut feeling is right, that a lot of these properties and a lot of these areas outlined are areas that have been designated for economic development funding and incentives over the last 20 years without much success.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Councilman.

Let me ask you, because I received a statement from Penn about exempting one of the properties that are already on the list, and there

may be another one in question. Shall I just see you after the hearing on those specific addresses? Or how do we handle that? There might be two listings from my district that need to be removed; what do I do?

MR. DOUGHERTY: Well, as of right before we came to the committee meeting, we did talk to Jack Shannon, and the list as of 12:30 was final. We did take the two properties off that he had recommended, so --

COUNCILWOMAN BLACKWELL: My understanding is that he's at a zoning hearing and he will be here shortly. So maybe you and I, if it's okay with Mr. Cuorato, will step to the side a moment and deal with that while you continue to testify. Would that be okay?

MR. CUORATO: Certainly, Councilwoman.

COUNCILWOMAN BLACKWELL: All right, thank you.

Councilman Kenney?

COUNCILMAN KENNEY: Thank you, Madam Chairperson.

Just some philosophical questions and some practical questions. Why do areas like

Northeast Airport, the central waterfront, and the Navy Yard need KOZ designation for development? It seems somewhat likely to me that, considering what may be going on at the central waterfront, for example, in the next year or two, will make the property in the central waterfront that's being designated as a KOZ or a KOEZ to be developable land on its own.

Similarly, the Northeast Airport, which I would not consider a blighted area, has -- it has been, the area around it, been developed for various industrial, commercial uses somewhat on their own -- not on their own, but without KOEZ designation through other incentive programs in the City.

And, finally, the Naval Yard or the Naval Business Center, seems to be an area that, on its own, with the normal toolbox of City help that it would happen on its own.

Would we not be better off taking that acreage and finding truly blighted, desolate areas in order to engender the kind of development that would spur from it residential development, other housing stuff, those kinds of things. I mean, why

do I need KOZ incentive, or KOEZ incentive, to do development at the incinerator in the central waterfront?

MR. CUORATO: Well, Councilman, to address the three areas that you mentioned, you are correct, there is a lot of demand for industrial space in the Northeast. The areas that we propose for designation are publicly-owned sites that, to this point, have not been developed, so these are not some of the more attractive sites and, in our judgment, were sites we felt could use this extra incentive.

On the central waterfront site, the decision to include the central incinerator was really based upon the fact that it is a very attractive site, but it is also going to be a very costly development site. So anything that could be done to make this site more attractive we think will be encourage development. The site is partially owned water, it's going to require a lot of pile -- a lot of different piles for construction. And this was a decision that we made that we felt would make that site that much more attractive.

And as far as the Philadelphia Naval Business Center, most of the properties that we are including, or most of land area we are including, there are some environmental problems.

So, again, we are looking at land that is not attractive and trying to take the step that we can to make it more attractive.

COUNCILMAN KENNEY: I think KOEZ is not a step; it's a leap. I mean, aren't there other things that we can do? I mean, even in the event of giving the developer the land, I mean, if you were to take some of that publicly-owned land in the Northeast and say, Well, we have a really good industrial commercial project that's being presented, and as part of your contribution to the project, we gave them the land, or did it for a nominal fee, I mean, do we need to eliminate any taxation for the next 13 years in order to make that more attractive?

For example -- and I guess the reverse philosophy question that comes next is, what about the pioneers at the Navy Yard? I mean, the people who have gone in there without any tax incentive, some of them, some of them with tax incentive,

have pioneered that area and have developed a wonderful property there. And now the guy next door, or down the road, is going to have a tax-free environment, when this particular business person won't -- you know, will have the same environment that they have now.

And is not Kvaerner more attractive to a potential sale if, in fact, it is a part of a tax-free environment?

MR. CUORATO: Councilman, I certainly respect your viewpoint on that. I guess I just approach this program from a little bit of a different perspective, which is, throughout the City, we have a large number of underutilized, deteriorated, vacant parcels that we want to get developed. I am given the opportunity by the State to designate these areas for no City and State taxes for a period of time. I see that as a tremendous incentive to get these sites developed.

With the State program comes these criteria that we have to meet. So, again, without going into all of the detail, we looked at properties all over the City, but if they couldn't

-- if we couldn't make them work in a 15-acre parcel, we had to rule them out from consideration.

I basically just took a program that the State is offering us and tried to apply it to the City in the best and most advantageous way that we could.

COUNCILMAN KENNEY: I would make a request also, that we receive maps for each of the designated subzones. I mean, the Northeast Airport's easy because of the map here, but some of these other property descriptions, it's almost impossible to understand what area you're talking about.

But in the Northeast Airport, for example, explain to me why it's -- I guess on the map, it's designated as Section 9, is a 9-acre parcel and a 2-acre parcel? Now, does that meet the requirements of 15, or is it 15 acres contiguous?

MR. DOUGHERTY: Councilman, we can make distinct properties contiguous, and that's what you'll see in the exhibits. It won't make any sense to you but it is how we make properties

contiguous, so --

COUNCILMAN KENNEY: But, see, Section 9, or Parcel 9, in the Northeast Airport, it may be that it's just on the map anyway, I don't know. But it says it's a 9-acre parcel -- it's on the left-hand side of the map. A 9-acre parcel, a 2-acre parcel, that's 11, right? How does that make the 15 acres?

MR. DOUGHERTY: We make -- there's 10 parcels, I believe? I don't have the map in front of me, but I believe there's ten separate parcels designated on that map. That map is from the airport where they have identified these ten sites as having potential uses for non-aviation.

COUNCILMAN KENNEY: The question is, do they have to be added up together, all of the parcels, 15? Or each --

MR. DOUGHERTY: All of the parcels together, it must be 15 acres.

MR. CUORATO: In each of the eight subzones --

COUNCILMAN KENNEY: Okay, fine. Then that answers that question.

What about areas, desolate areas of

north central or southwest, areas that, in conjunction with this long-awaited Blight Removal Program, may wind up creating 15 or more acres of formerly residential area, that with that KOZ easy designation would create a center for industry or commerce that would help rebuild the whole neighborhood?

I recognize the time constraints on getting the application in, but it seems that we're KOZing areas that, at least in the three instances I'm suggesting, would be developed property on its own and not need the designation.

And number two, with the Navy Business Center, for example, I think we're being terribly unfair to the people that have gone in there and invested. I mean, if I kept my business in the City and spent money to develop a property at the Naval Business Center, and a year or two later, my neighbor pays no taxes, I'm going to wonder what a dope I was -- I should have moved out of the City.

MR. DOUGHERTY: Councilman, if I may,. One of the requirements is if you are a Pennsylvania-based basis not in a KOZ right now and you move into a KOZ, you must increase jobs by

20 percent in the first year or invest the equivalent of 10 percent of last year's gross revenues.

COUNCILMAN KENNEY: So we don't turn business --

MR. DOUGHERTY: I'm sorry?

COUNCILMAN KENNEY: So we don't turn business (inaudible) --

MR. DOUGHERTY: Exactly, so people don't jump into a building across the street and get it. So, therefore -- 'cause we've run into this issue in the first round of KOZs, people ask the question, and people are contented with it. You have to invest a whole lot of money or create a whole lot of jobs to take advantage of this. And since most of these properties are deteriorated or vacant land, you have to spend a whole lot of money to get there.

COUNCILMAN KENNEY: In the process of developing these sites, who was consulted from the private development community? You mentioned the governmental people -- the Planning Commission, Mr. Dougherty, Commerce, Law. Who in the private development community was talked to and asked,

What do you think about these sites, or do you have any in mind or, you know, what do you think of that? Anybody?

MR. CUORATO: We talked to the -- again, we were approached by a number of owners, brokers, Realtors. We talked to -- we did do some outreach into the real estate community just in the course of the normal calls that we get about available properties. That has been happening.

I couldn't give you, I mean, a list of names, but we can tell that you we did talk with people in the real estate community to see what sort of interest was there.

COUNCILMAN KENNEY: Did we go to places like New York or Chicago or outside? In this parochial nature of Philadelphia, we only talk to our own developers and our own real estate people. Have we talked nationally to people who may have ideas as to what we can do with these parcels or other parcels?

MR. CUORATO: We --

COUNCILMAN KENNEY: See, what I'm concerned about is -- not to denigrate anybody's efforts, but if we're the only people that's

considering this stuff, we'd better be right, because we have 13 years of looking at the downside as being wrong. And even though you guys have experience and have done a good job the best you can in putting this together, if we're not talking to the movers and shakers nationally or, God forbid, internationally, we're not going to be really taking advantage of -- we're going to be churning more business, I think, than creating more development from outside of Philadelphia or outside of the region.

So I kind of hope -- and if Councilmembers are upset because they haven't been talked to, or believe they haven't been talked to about it in regards to their district, I mean, I think we've lost opportunities to talk to international and national commercial and industrial developers that really may have some better insight than all of us put together.

MR. DOUGHERTY: Councilman, if I may, and I'm sorry if I'm preempting you, Jim, but this was before Jim came along. In the first rounds of Keystone Opportunity Zones, the State has undertaken a major marketing program in the

Keystone Opportunity Zone, so the ball is already rolling with the Keystone Opportunity Zone. The State has done all the major papers, The Wall Street Journal, New York Times, all the business journals throughout the area. There are international divisions that are promoting the KOZ nationwide.

So there's -- to get them the big picture that --

COUNCILMAN KENNEY: Finally, the example that I'll give you is that if KOZs and KOEZs become the State's counterpart to Empowerment Zones, we're in trouble, because I can't imagine -- I can't see anything that the Empowerment Zones have done to really make a difference in the life of the average Philadelphian, either by employment or anything else. So, I mean, if that's the direction we're going in -- and, God, I hope we're not -- we have some really serious problems.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Do you mind indicating to us exactly what is included at the Navy Yard site, please, if

you come up to the. . .

And while he's doing that, Jim, I notice on one list 4519-45 Chestnut Street, Archdiocese of Philadelphia Parking Lot. Has the Archdiocese been called upon to -- have we been in touch with anybody from the Archdiocese?

MR. DOUGHERTY: No, I have not.

MR. CUORATO: But, again, Madam Chair, we're -- we're that -- this designation does nothing more than just make that property more marketable and more valuable.

COUNCIL PRESIDENT VERNA: I just don't think you do that. Am I wrong? I don't think you do that. I think we have to show some common courtesy to property owners, whether they think it's to their benefit or not.

Can we see what the Navy Yard --

MR. DOUGHERTY: (Off mic., not entirely audible.)

I don't have the updated maps, the larger maps that I believe were sent over to your office by PIDC. But effectively this map (inaudible). Basically the sites in the orange are existing KOZ Opportunity Zones. We will be

expanding everything except existing properties included in the Kvaerner site, and the section that they will be doing now is (inaudible). There is a proposal on the table that they (inaudible) from the description.

COUNCILMAN NUTTER: Did you say the Kvaerner site was on the --

MR. DOUGHERTY: No, it's excluded. Everything that's occupied in the Navy Yard right now has been excluded and we will excluded a portion where there is a potential for residential.

COUNCIL PRESIDENT VERNA: (Inaudible, off-mic.)

(Councilmembers and Mr. Dougherty have discussion off-mic.)

MR. DOUGHERTY: So we will extract that so we don't get into that residential issue, should that come to fruition.

COUNCIL PRESIDENT VERNA: How does that -- doesn't that -- the Brack (ph.) have to be modified if you do that, the Brack report?

MR. CUORATO: I'm sorry, Madam Chair. Does the Brack report have to be modified?

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COUNCIL PRESIDENT VERNA: I'm asking that question.

MR. CUORATO: Which -- which --

COUNCIL PRESIDENT VERNA: I don't know.

MR. CUORATO: Which report?

COUNCIL PRESIDENT VERNA: I don't know, I'm asking you that question. At the Navy Yard.

MR. CUORATO: No, I mean, which report, a report to the --

COUNCIL PRESIDENT VERNA: To the Department of the Navy.

MR. CUORATO: A defense on how the property would be disposed of?

COUNCIL PRESIDENT VERNA: Yes.

MR. CUORATO: I don't believe that it does have to be amended or modified.

COUNCIL PRESIDENT VERNA: Well, I think we ought to find out.

Councilwoman, I know the Community College is in your district.

COUNCILWOMAN BLACKWELL: It sure is.

COUNCIL PRESIDENT VERNA: There is a building and a parking lot.

COUNCILWOMAN BLACKWELL: Yeah, 4725

Chestnut, that's mine.

COUNCIL PRESIDENT VERNA: It's a building and a parking lot.

COUNCILWOMAN BLACKWELL: Yeah, I have a building and a parking lot for the West Branch.

COUNCIL PRESIDENT VERNA: Do they have classes in there?

COUNCILWOMAN BLACKWELL: Yes.

MR. DOUGHERTY: There are certain parcels that are put in that are tax-exempt. For instance, in -- I'm not sure where fits in -- 49th and (indiscernible) a City yard, the City Streets Department yard. Properties like this can be included. It costs us nothing to include them. It has no effect on those properties whatsoever, unless some day the City elects to sell them, then they need to be developed. So it effectively costs us nothing to include some of these sites, and that's why we do it, especially in an area where we are targeting redevelopment.

COUNCIL PRESIDENT VERNA: Well, I don't mean to be difficult, but I think you were supposed to be giving us maps. That is not what I thought we were going to see.

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Can I share this with you, please, and can you tell me what the Navy Yard -- (Council President Verna continues discussion off-mic.)

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Gentlemen, good afternoon.

MR. CUORATO: Good afternoon, Councilman.

COUNCILMAN NUTTER: There have been a lot of questions back and forth, and I have a few of my own. The one thing I wanted to try to get a little better sense of, and maybe I missed it in the early part of the testimony, why are we doing this? Just kind of as a fundamental question, why?

MR. CUORATO: I believe that this program offers a very valuable incentive to get properties developed that are deteriorated or vacant or blighted that would otherwise not be developed. To be able to market properties for land with the incentive that a business would pay no City or State taxes for 13 years is a marvelous way to get discussions started about properties being developed. I firmly believe that for many

of the properties that are in the existing KOZ and that we are proposing for inclusion, those properties would sit there vacant and undeveloped, in a further deteriorating condition for years to come if we don't find a way to get development jump-started. And I think this program offers an excellent opportunity to get them jump-started.

COUNCILMAN NUTTER: Well, let me ask you this question. Suppose this program had not been -- or this opportunity had not been authorized by the State, what would we have done? Properties have been here, have been here for however long, you know the details about all of them much more than I do. We have some array of economic development incentive programs; Councilman Goode talked about a number of them little earlier.

I mean, what -- just what would we have done? I mean, we didn't know this was going to happen.

MR. CUORATO: Councilman, the best answer I can give you is -- and I don't mean this to be flip in any way -- we would have just done the best we could to get the properties developed

with the existing tools at our disposal, which for nearly all of the properties on this list, I don't believe would have been sufficient to get the job done.

COUNCILMAN NUTTER: Okay. Well, let's talk about the existing program a little bit so I can, again, better understand this proposal.

Now, did I understand from earlier testimony that there are in the present KOZ a total of 1500 acres; is that correct?

MR. CUORATO: It's approximately 1300 acres.

COUNCILMAN NUTTER: Okay.

MR. CUORATO: I'm sorry, Councilman. Yes, in the existing KOZ, there is approximately 1500s acre, yes.

COUNCILMAN NUTTER: Okay. I thought I had written that down based on someone saying it, okay.

And you have developed approximately 250 of those acres; is that right?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: Okay, so that's a little less than 20 percent? About?

MR. CUORATO: Yes.

COUNCILMAN NUTTER: To what would you attribute that rate of development? Based on what we started with and what's been done so far, how have these incentives led to that level of development?

MR. CUORATO: I should add we have -- and I'm going to check just to confirm this number with Mr. Dougherty -- probably about 20 additional projects in the pipeline. So we have 42 transactions that have been actually completed, and we've got probably 20 that we feel are good prospects that are in the pipeline right now, so that the number of deals that will get done should be increasing.

In many cases -- and in most of the development, quite frankly, predates my position at the Department of Commerce, but in many cases, the companies have indicated that it was the KOZ designation that caused them to make the decision to develop at that site.

COUNCILMAN NUTTER: I understand that and I believe that. I guess what I'm trying to understand is when we did this -- and I understand

it predates your time -- my recollection of the hearings back then were that the City or the economic development agencies picked what they thought were the best array of sites at the time to create the 1500 acres. And the prospect of rolling out a program in which you can get either land at the site or acquire a building at the site or do whatever it is you're going to do and virtually pay no taxes, one would think that that would drive development in a way that you would be reporting today that we started with 1500 acres, 1499 are developed, and folks are knocking down the door, trying to figure out a way to get into the KOZ.

That has obviously not happened, correct?

MR. CUORATO: Correct.

COUNCILMAN NUTTER: Why?

MR. DOUGHERTY: Councilman, if I may, some of the parcels we're talking about of the 1500 acres are the Navy Yard, where the history of trying to get title to that property is well-documented. A lot of them are large parcels along the river and have environmental problems

that need to be dealt with. Another large parcel happens to be the Byberry Hospital site.

COUNCILMAN NUTTER: Well, we knew all that when we picked them.

MR. DOUGHERTY: Right.

COUNCILMAN NUTTER: And we still thought it significant enough and important enough to put them in because it doesn't get much better than paying no taxes.

MR. DOUGHERTY: Right. And I think what we're seeing is --

COUNCILMAN NUTTER: (Inaudible) paying you to be here is not much better than having no taxes to pay, right?

MR. DOUGHERTY: Well, I think what you're seeing, there is a certain lag time between the program starting up and running. It was designated in March of '99 retroactive. So we're just coming into the two years.

COUNCILMAN NUTTER: Okay.

MR. DOUGHERTY: What you're seeing are some of the bigger projects coming on now. For instance, a gentleman testified here last fall about the Philadelphia Coke site, which is an old

polluted site up on the river at Orthodox Street, which is about 70 acres, I believe. To pull that project together, which is going to be a major port facility plus a cocoa bean processing facility, it takes time -- he's got to get up the financing, et cetera. So this gentleman met me almost the first day after KOZ and has been working to get this together.

So it's fairly complicated.

COUNCILMAN NUTTER: Mm-hmm.

MR. DOUGHERTY: Others' projects come along and take a little while to develop, but I think you're starting to see the pace is quickening right now.

COUNCILMAN NUTTER: Okay. And your testimony, I guess what I take out of that is that you expect that there will soon be rapid development of the 1200 or so remaining acres in the current KOZ because of all of this excitement.

MR. DOUGHERTY: I would expect the same history without the lag time on these KOEZ sites as see in the KOZ sites. So as you widen the pool of potential locations for businesses, you're going to see more and more development.

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COUNCILMAN NUTTER: What's the anticipated development at these various sites? Do you have a, you know, an economic analysis or an economic development game plan, or do you have some proposals on the table for each site and how you think that site is going to be developed and how many employees and what are the tax revenue benefits to the City?

What -- out of this array in front of us, what do you think the tax benefits are to the City if we do this?

MR. CUORATO: It's -- it's -- that's very hard to predict, Councilman, because you're dealing with a group of properties that, you know, as I said, I don't think would be developed without extraordinary incentives.

And just to get back to your earlier question, we've got 250 acres done, we've got 20 more deals in the pipeline, which I think we feel good about.

I mean, I would argue that these are all net wins for us, because for most of these properties, they were going to sit there and we weren't going to get them developed without

extraordinary means.

We're targeting primarily industrial sites, commercial if it make sense. I still think that there is a good, strong demand out there for industrial uses. I think the program will help. It's just hard to quantify.

COUNCILMAN NUTTER: What's the marketing budget that you have allocated to promote these sites?

MR. CUORATO: We will have to do this within, you know, within the resources that we have. I am going to --

COUNCILMAN NUTTER: What's the current marketing budget for the KOZ Program?

MR. CUORATO: $100,000.

COUNCILMAN NUTTER: How much of it have we spent?

MR. DOUGHERTY: The bulk of that has been spent for brochures. We have very nice marketing materials and --

COUNCILMAN NUTTER: Did you say it was spent already?

MR. DOUGHERTY: Approximately $50,000 of that has been spent. We have a supply --

COUNCILMAN NUTTER: So this is not a 100,000 a year; it's just a 100,000?

MR. DOUGHERTY: No, no. With the original Keystone Opportunity Zone came a one-time $250,000 grant to cover administrative costs, marketing materials, things like that. The second one has a $200,000 administrative -- or "an implementation grant," they call it. We elected in the first round to put a 100,000 aside for the marketing.

COUNCILMAN NUTTER: Okay. Can you tell me why there have been no deals done in Zone No. 11, West Parkside?

MR. DOUGHERTY: Councilman, I wish I had the answer. I've been involved in West Parkside indirectly through Enterprise Zone and Empowerment Zone, and it's just been a tough sell out there, and I don't know why. It's a nice industrial park right along the park, and I've brought many businesses out there and. . .

COUNCILMAN NUTTER: Maybe I misheard you. Did you say you've tried to do a lot of things out there but you don't know why we can't get people out there?

MR. DOUGHERTY: As I said, I've not been the point person for the Commerce Department out in West Parkside, as you know, but I have been tangentially (inaudible) involved and I just don't know why it hasn't developed.

COUNCILMAN NUTTER: But, I mean, you are in charge the KOZ Program.

MR. DOUGHERTY: I am in charge of the KOZ Program, correct.

COUNCILMAN NUTTER: Has anyone ever expressed an interest in being in the West Parkside KOZ?

MR. DOUGHERTY: We've had half a dozen leads in the KOZ, we have one reservation right now. We also have -- of the other five, for whatever reason, they elected not to go forward.

COUNCILMAN NUTTER: Okay. Do any of these areas overlap with TIFs? The expanded areas?

MR. DOUGHERTY: They're mutually exclusive. If they're not generating any taxes, there's nothing to pay the TIF loans, from my understanding.

COUNCILMAN NUTTER: Now, in response to

a question that Councilwoman Blackwell asked earlier --

COUNCIL PRESIDENT VERNA: Excuse me. I'm sorry, Councilman.

COUNCILMAN NUTTER: I'm sorry.

COUNCIL PRESIDENT VERNA: Isn't part of the Navy Yard TIFed?

MR. DOUGHERTY: And that is going to be removed. They did that the first -- my understanding is the first time the whole thing was TIFed, and then they came back and they decided to designate area an elected to remove the TIF in those areas.

COUNCIL PRESIDENT VERNA: So they have been removed?

MR. DOUGHERTY: I don't --

COUNCIL PRESIDENT VERNA: They have not been removed?

MR. DOUGHERTY: They have not been removed, to my knowledge.

COUNCILMAN NUTTER: Is that supposed to happen during a part of this process or --

MR. DOUGHERTY: It is my understanding that PIDC will take care of that, and I know. . .

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COUNCILMAN NUTTER: Will take care of what?

MR. DOUGHERTY: Have any TIF areas removed.

MR. CUORATO: Correct.

COUNCILMAN NUTTER: So you're assuming that they're going to send over necessary legislation to take care of that?

MR. DOUGHERTY: Yes.

COUNCILMAN NUTTER: Now, these areas do overlap, though, with -- I guess the State's enterprise program is going out of the business; is that correct.

MR. DOUGHERTY: Correct.

COUNCILMAN NUTTER: (Inaudible) and the Empowerment Zones.

MR. DOUGHERTY: Correct.

COUNCILMAN NUTTER: And have those entities been notified about possible KOZ expansion?

MR. DOUGHERTY: Those entities, as in the Empowerment Zone and the Enterprise Zone? Yes. They are a part of our economic development team.

COUNCILMAN NUTTER: Okay. In response to a question that Councilwoman Blackwell raised having to do with either City contracting opportunities or goals, or minority contracting opportunities or goals, one of you responded that this would have no impact on any of that.

Do you remember that? Do you remember what the question was?

MR. CUORATO: Councilwoman Blackwell, I believe, asked if the KOZ designation had any effect on any existing City policies regarding minority and female business participation, et cetera. And I believe my response was that the KOZ designation would not have any effect on that. So any policies that would normally apply to a project would not be affected if they were designated a KOZ.

COUNCILMAN NUTTER: Let me ask the other side of that question. Are there any requirements at all with regard to being able to take advantage of a KOZ, that there are either requirements to do business with City businesses or do business with other minority and female businesses in the City, or anything of that type,

similar to the economic opportunity plans that are put into place for TIFs, and we have somewhat of a similar situation with our most recent large transaction, the sports stadiums. So we've implemented various requirements or criteria or voluntary participation programs when the City provides certain economic development incentives.

Are there any with regard to KOZ or the expanded KOZ Program?

MR. CUORATO: Councilman, there are no requirements, no.

COUNCILMAN NUTTER: How about on the employment side?

MR. CUORATO: I beg your pardon?

COUNCILMAN NUTTER: How about in the employment area?

MR. CUORATO: No, there are no requirements. And I say "requirements" to the extent that we are involved in the discussions. For example, if it's publicly-owned land, we can certainly encourage voluntary participating, but there are no requirements.

So, for example, if a privately-owned building or a parcel of land is designated a

Keystone Opportunity Zone and another private party comes in and buys the building and wants to put it to industrial use, there would be no requirements on the purchaser regarding employment.

COUNCILMAN NUTTER: So they could just bring in, as a private business, anybody they wanted and theoretically, the Philadelphians living across the street or down the street or around the corner would have no particular enhanced opportunity to get a job at that site, even though we created this business incentive for that particular business?

MR. CUORATO: Well, I think there's a practical advantage built in. I mean, there are companies that are locating in the City because of our workforce. I can -- I can say with, I think, a very high degree of assurance that, for example, the TJ Maxx warehouse that will be opening up in the Northeast that will employ anywhere in 1100 to 1500 people, I could say with a high degree of assurance that most of those jobs would go to people in the Philadelphia area, because that's one of the reasons they cited for coming in, was

the workforce, the location and things like that.

So, I mean, while there are no requirements, I think practically speaking, Philadelphians stand to benefit by gaining jobs.

COUNCILMAN NUTTER: Do you have maps of the individual proposed KOEZ subzones, I mean, a map that would show streets and areas and things like that? All I have is a list. And, you know, as much as I get around the City, I don't necessarily know all of these parts as well as some of my colleagues may.

Are there actual maps that go with these subzones?

MR. DOUGHERTY: At this point, Councilman, no. Basically, this has been such a fluid process of adding and deleting properties that before we go to City Planning, we give them the final designations, and they do the nice maps that you see as a part of the KOZ package.

So at this point, we have no specific maps. We've basically been using that as our working board as to sites to be included.

COUNCILMAN NUTTER: But, I mean, you're -- I mean, do I understand you to say that you

would -- I mean, you would like us to approve this without the opportunity to see a more detailed map and put some additional eyes on this to make sure that it's right?

MR. CUORATO: Councilman, I --

COUNCILMAN NUTTER: Didn't we have some problems in the original KOZ process where certain properties or streets or locales ended up in the KOZ that should not have been in the KOZ?

MR. DOUGHERTY: I mean, that was just a miscommunication issue more than anything else. These -- we have been in contact with each the District Councilpeople who generally know these or their offices, and generally they know the properties and the areas better than anyone, so we've relied heavily on the Councilpeople.

COUNCILMAN NUTTER: Now, tell me again, what was the criteria for a property or an area to get into this new round?

MR. DOUGHERTY: The statewide criteria?

COUNCILMAN NUTTER: The statewide, county-wide, the office-wide, anybody's wide.

MR. CUORATO: Each of the subzones has

to be a minium of 15 contiguous acres. That's a State-mandated provision. We -- and, again, the spirit of the program targets undeveloped and vacant land.

The specific criteria that we applied were -- and I'll run through these quickly, Councilman. No residential; no existing businesses, except in special circumstances; a focus on industrial development, but commercial development if it made sense in the context of the neighborhood; sites that offered opportunities for growth to the high-technology industry such as incubators; a focus on vacant industrial land and older industrial buildings; a focus on publicly-owned properties because we can control the -- we can control the use and make whatever arrangements are necessary to get a project done; the fact that sites must be developable, which is large enough to be developed; and I guess sort of a summary comment, which is properties that otherwise we would not expect to be developed were it not for some extraordinary provision.

COUNCILMAN NUTTER: Well, in that regard, did you take a look at 116 Fountain

Street? Did anybody think about that?

MR. CUORATO: Yeah, Councilman. The issue with that property would be that we could not -- we could not make it a part of a 15-acre contiguous parcel. If you -- we could not find --

COUNCILMAN NUTTER: All that land along the river and the canal and -- I mean, so are you saying that it was looked at and rejected?

MR. CUORATO: Let me just defer to Mr. Dougherty.

COUNCILMAN KENNEY: Point of information.

COUNCIL PRESIDENT VERNA: Yes, the Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Mr. Cuorato, could you explain to me -- I mean, I know what the word "contiguous" what means, but could you explain to me what your definition of "contiguous" is. I mean, "contiguous" is, I thought, next to each other, one parcel that's not split up by any other -- is that correct?

MR. CUORATO: That is correct, Councilman.

COUNCILMAN KENNEY: So -- but I'm

looking at parcels' descriptions here on a map that the parcels that are highlighted, they're not contiguous, and then some of them aren't even 15 acres.

MR. CUORATO: Well, actually, they are contiguous by the State's definition.

COUNCILMAN KENNEY: Which is. . . ?

MR. CUORATO: Which is that they can somehow be linked. In some cases for the original program, we were able to do it by a line in the street; or in the properties along the river, we used the river as the connecting point and called it "a river subzone."

COUNCILMAN NUTTER: I'm sorry, Mr. Cuorato, but I believe that probably in the second or third grade, you learned about the associative property in math. That, I believe, is the formula of this. It's the associative property.

COUNCILMAN KENNEY: Because it -- and, again, I'm not meaning to interrupt, but this contiguous issue is convenient. When you want to make something contiguous, you find a river and make them touch. I mean, there's nothing

contiguous about a pier at Oregon Avenue and a parcel of land at the Navy Yard. That's contiguous?

MR. CUORATO: We can -- we can be creative to a certain extent. We cannot take a property in Northeast Philadelphia and link it to -- you know, Fountain Street.

COUNCILMAN NUTTER: I understand.

MR. CUORATO: We can be as creative as we can, and that's what we tried to do.

COUNCILMAN KENNEY: Thanks for the information.

COUNCILMAN NUTTER: Thank you.

Madam Chair, I know that -- I'm sure there are others who have questions.

So, Mr. Cuorato, is the answer on the Fountain Street either: We could not figure out the 15-acre contiguous requirement or it possibly just wasn't looked at; or it was looked at and rejected?

Oh, you're --

MR. CUORATO: I'd have to defer to Mr. Dougherty.

COUNCILMAN NUTTER: You can come back

to that, 'cause he's tied up with the Councilwoman.

MR. CUORATO: Okay.

COUNCILMAN NUTTER: Okay, I'll return.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman O'Neill.

COUNCILMAN O'NEILL: Thank you, Madam President.

I'd just like to thank Mr. Cuorato and Mr. Dougherty. On very short notice -- I guess it was a week -- for the number of meetings and contacts we've had on the phone over several sites in the 10th Councilmatic District, some of which have been included in the final packet, some of which have been eliminated based on discussions, and some of which have been modified with setback ordinances coming down the road.

And while whatever is happening in the Administration that caused this to be such a tight schedule, I just want to point out that when I had about ten times as many sites two years ago, I was given a very brief briefing the day before the hearing and wasn't asked, What do you think of

these? It was, We'll sort of brief you on this and what do you think, okay? That was the end of -- I mean, We got to move to another office 'cause we have ten minutes.

And at that particular time, the Administration had not even looked at the Northeast Airport, which the airport was marketing heavily, but the TJ Maxx site, which was mentioned because of the number of jobs involved in terms of the total that had been generated, came out of that meeting. The Council agreed to hold the process for a week because we had a week. We added to the TJ Maxx site, which was a sewage, sludge landfill site that I was aware of and a few other people should have been aware of. It was ideal for this kind of program.

Most of the sites in my district that are KOZ -- I don't know why they were KOZed. It was a Rendell Administration's decision. We did not bicker with their choices. The Byberry Hospitals that have millions of dollars of demolition costs relative to land cost, it's much higher for the demolition than any market value of the land. That makes sense. It still hasn't been

developed, but it gives it a chance to be developed KOZ.

It was mentioned that if you go down to the Navy Yard, you're going to have people paying full freight and other people getting a relative free ride. You've got that all over the Northeast, the Northeast Industrial Park, because of the existing KOZ designations. Next door to each other, across the street, some businesses have half of their -- half of their property can be developed KOZ and half they pay taxes on. It is. A mishmash. And we didn't get any where near, I think, at least in my office, the attention in the last process that we did in this, even though we only had a week.

And I just want to thank Mr. Cuorato, who, under duress, I think has done a lot with a little. And I know it's not a perfect situation, but I just want to remind you that just two years ago, I think we had less than this imperfect situation and a whole lot of stuff flying through here, much of which didn't need to be KOZed, and obviously, some of these marginal pieces that are in here should have been in the first round

because of the real tough pieces. The ones that we agreed on are pieces that really need some extra incentive.

And I don't know what we do about, you know, the cousin paying taxes and his other cousin not, across the street. We have it residential we've, and we've gone through this debate, and you just make a decision, do you do it or not do it, because I get people griping all the time, I'm paying $4,000 in taxes and I know somebody's going to be living across the street from me next week or next year that's going to have ten years of -- it's one of those things that once you get into it, it's like quick sand, you know, you can't get out of it very easily.

But I just want to point out that, you know, I think there's been difficulty in putting this together with the deadline, but from a District Council level, the service and the cooperation an cooperation and the communication, it's been much, much better than anything I experienced two years ago.

Thank you.

COUNCIL PRESIDENT VERNA: You're

welcome.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam Chair.

I have a couple questions so I understand better the issue. Could you tell me, these parcels, buildings that are presently owned by an individual, could you identify how many of these are listed with real estate agents for sale? Do you know exactly what effort the owners of these properties have made as of today to sell their buildings? Are they listed?

You indicate that it's very difficult, but how can we know if we really have a situation if none of these properties are physically for sale, especially the ones that are occupied?

MR. DOUGHERTY: I would say eight of them right off the top of my -- nine of them right off the top of my head I know are for sale; they been for quite a while. At least a year, two of them, I know; others longer.

I also know from my experience in the first go-round of KOZ, some people don't put their properties on the market because they'd just as

well let it rot, it's not worth their while, they've had no interest or whatever. You put the KOZ benefit on that, and all of a sudden, they have an interest in moving a property.

Again, the example is the Philadelphia Coke site up on the river, the 67 acres. The company -- it's a big company, and this was, at most, an annoyance to them, and to turn that around, now they would at least accept calls and try to move this property because they saw this as a great opportunity to get out from under.

COUNCILMAN RIZZO: With this carrot, how much delay has the anticipation of these properties becoming a KOZ created? If I owned one of these buildings, I think I would sit tight for a few months, waiting to see what happens. Could you comment on that?

MR. DOUGHERTY: Again, based on the first round of Keystone Opportunity Zones, I would suggest that many of these properties have sat for a long time. So the property owner isn't interested in sitting any longer. They see an opportunity to get this property in the new person's hands and get away from it.

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COUNCILMAN RIZZO: You have properties listed here that are real estate tax-exempt.

MR. DOUGHERTY: Correct.

COUNCILMAN RIZZO: You have parking lots that are owned by universities. I thought that, in many cases, the tax-exempt status only covered the actual institution, the learning buildings. I didn't realize that it extended as far as a remote parking lot from the institution. How do many of these properties become tax-exempt? And is, in fact, the tax exemption a correct and proper one?

MR. DOUGHERTY: I can't address that one. I think that's more of a Board of Revision of Taxes and a Revenue Department issue. I just can't --

COUNCILMAN RIZZO: Well, I think that we need to know the answer to that question, because a parking lot that's three blocks away from the University of Pennsylvania, to be tax-exempt, that's a stretch. Because I believe that churches are obviously tax-exempt, but some of the residences that the religious live in or not tax-exempt. So it's a stretch to me to give

that tax-exempt status to something that's remote from the university.

MR. CUORATO: Councilman, are you referring to properties that are on our list that are noted as tax-exempt and asking why that's the case? I'd probably have to defer to the Law Department to answer that.

COUNCILMAN RIZZO: Well, I think it would be interesting to determine why many of these properties are tax-exempt.

MR. DOUGHERTY: Do you have a specific property in mind?

COUNCILMAN RIZZO: The one I just mentioned. There's a parking lot associated with -- that's owned by the trustees of the University of Pennsylvania.

MR. DOUGHERTY: Some of the designations on these are not about what they are right now but what they will be in the future.

A perfect example is, in the first round, we included a lot of the parking lots on the University City Science Center properties on Market Street. And from one of those parking lots came the Port of Technology Building, which is

brand new and, what is it, a 160,000 square foot facility. So that was the intent in the original round of including parking lots is to encourage a higher and better use.

COUNCILMAN RIZZO: My other -- I notice also that many of these owner-occupied that are on the list that are presently operating as businesses are tax delinquent. You tell me -- I can't understand how business licenses, et cetera, could continue with a company that is delinquent and owes taxes to the City of Philadelphia. How are they allowed to continue to operate, being tax-delinquent in their real estate taxes?

Again, I'm asking you questions that I think, if I read this list, I'd be curious to know, if I sat where you sit. But if you don't know, I think that I would like someone to eventually answer those questions, how you have three or four businesses on here that owe a significant amount of real estate taxes and wound up on this list and are operating businesses. I mean, how do we do that? How do we -- is this an effort to recover the real estate tax? I don't know, but --

MR. CUORATO: Well, Councilman, the owners do not get the benefit of the KOEZ provisions unless they bring their -- unless they are current, so they would have to be -- the taxes would have to be paid.

I know that there's -- there may be a feeling as to why we would designate certain properties if they're tax-delinquent, but it really does get back to how we view the program, which is to say that we look for parcels that might not otherwise be developed, that are a blight, that we want to see developed, and we include those in the zone.

If a building owner is tax-delinquent, he's got to bring the taxes up to date. Will he benefit as a result of this designation? Yes, he will. But we will get a blighted building developed, and that's our goal with this program.

COUNCILMAN RIZZO: Well, will you approach -- I guess this is appropriate for your team. Will you approach these people? I understand that many of these people aren't aware that this is occurring. Will they be approached and told this won't occur until your taxes are

current?

MR. CUORATO: Yes.

COUNCILMAN RIZZO: So all of these will be current before the KOZ designation is given to this property.

MR. CUORATO: Correct.

COUNCILMAN RIZZO: Or it will definitely not happen?

MR. CUORATO: They'll be in the zone, but there will be no benefits. The benefits do not apply unless the property owner is brought -- unless the property is brought up to date on taxes.

COUNCILMAN RIZZO: Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Wouldn't they simply have to enter into an agreement if they're tax-delinquent?

MR. DOUGHERTY: That would make them eligible, yes. And one slipup and if they miss a payment, then they would be denied. We do a complete revenue check on each and every applicant, both at the City and the State level before they are approved.

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COUNCIL PRESIDENT VERNA: Councilman Kenney?

COUNCILMAN KENNEY: Thank you, Madam Chair.

Mr. Dougherty, how long have you been working on this process as far as looking at properties, you know, putting up maybe a temporary idea as to what you'd like to do, putting pins in the map? How long has that been going on?

MR. DOUGHERTY: Probably two or three months. Probably October, late October, we started.

COUNCILMAN KENNEY: Did you give indication to anybody on Council's staff that it's been about a five-month process?

MR. DOUGHERTY: Have I directly? I don't recall having done so, no.

COUNCILMAN KENNEY: I mean, is it three months? What's your answer to the question as far as when did it first start?

MR. DOUGHERTY: I've been working on this for three months, probably October.

COUNCILMAN KENNEY: Okay.

MR. DOUGHERTY: So November, December,

January. About three months.

COUNCILMAN KENNEY: An informal poll of District Councilpersons indicates about a two-week period where they've been contacted for input. Do you find that that's a problem? And were you told not to talk to anybody until two weeks ago?

I mean, why wouldn't anybody -- after three -- if you're dealing with it for three months, such a critical project that's dealing with 13 years, more than a decade of tax policy in the City, and two weeks ago was the first contact, on average two Council people, I mean, what's the strategy there? I don't understand.

Mr. Cuorato, maybe Mr. Dougherty can't answer it and maybe you can, or maybe you can't either. I mean, I don't understand the whole strategy of this.

MR. CUORATO: Councilman, there was an enormous amount of research work that had to be done, which Mr. Dougherty took the lead on. The process really was not as arbitrary or as discretionary as one might think. Because of the criteria imposed by the State legislation and because of City administration policies that were

pretty clear from the get-go, it was --

COUNCILMAN KENNEY: I'm sorry, back up a bit. City administration policies regarding what?

MR. CUORATO: For example, no residential. So my block, the 2600 block of Maxwell Street in Northeast Philadelphia pretty clearly was not going to be in a zone.

COUNCILMAN KENNEY: I understand.

MR. CUORATO: So there were a lot of areas of the City that automatically just were not included.

What Mr. Dougherty was doing during this period was fielding calls, but primarily doing research --

COUNCILMAN KENNEY: Fielding calls from whom?

MR. CUORATO: From people who were aware of the program who said, Could you put my building in?

COUNCILMAN KENNEY: Well, who --

COUNCIL PRESIDENT VERNA: How would they know?

COUNCILMAN KENNEY: I guess my question

is, how would they be aware of the program and not the District Councilpeople representing the district? That's -- the main question here is, in October, when Mr. Dougherty started his diligence, which he's done as best he can to date, why wasn't the phone picked up and, Councilman DiCicco, could you give me somebody to go over this with us, to go through the district with you, or to give us recommendations on what should be done? That didn't happen until two weeks ago; in some cases, a week ago.

MR. CUORATO: Well, how some people learned about the process, there were some news reports about it. But during the time that Mr. Dougherty was doing his research, it was really just narrowing the field down to feasible properties, if you will.

We know that there are some Council districts that do not have any properties in them because the program doesn't lend it is to certain Council districts. Once Mr. Dougherty finished the research and narrowed the field to feasible properties, at that point, we tried the begin outreach to District Councilpeople.

COUNCILMAN KENNEY: But you had input from people outside of City Council recommending properties, suggesting properties, making inquiries about properties, and you were responding to those requests; denying them, saying it was a good idea, a bad idea, here's the reasons why. Don't you think Council was afforded the same -- should be afforded the same courtesy as private developers, real estate brokers, and whoever else that knew about it before two weeks ago?

MR. CUORATO: Councilman, as soon as we got to a point where we developed what we thought were a list of feasible properties, we started the outreach program.

COUNCILMAN KENNEY: Well, let me tell you something, this is reminiscent of another deadline we just faced, and that was the deadline to build stadiums. And now we're facing another deadline: to get this into the Commonwealth before the deadline passes.

I mean, I've got to believe, after, you know, one time, I can understand; now two times, it's starting to get a little old. And it's not

fair and it's not respectful to the Council.

And, again, I'm not a District Councilperson so, of course, I don't have the kind of direct input that I would like, but in support of other District Councilpeople and because I represent the City at large, I think that this is not a way to do business.

And I recognize the October time frame, with whether Mr. Dougherty began his work, but I think the first call should have been made to us or to the District Councilpeople, saying, We have this opportunity, what do you think, where would you like us to look, and what suggestions do you have?

And this is reminiscent of the famous November 30th deadline to build the stadiums or the world comes to an end. Now we face a February 28th deadline or the world's coming to an end. When is this going to stop?

MR. CUORATO: Councilman, all I can do at this point is apologize to you and the members of Council for not having done a better job of --

COUNCILMAN KENNEY: Was it your decision?

MR. CUORATO: -- communicating the program.

COUNCILMAN KENNEY: Was it your decision not to tell Councilpeople?

MR. CUORATO: It was not a conscious decision not to tell Councilpeople. It was more of us --

COUNCILMAN KENNEY: Let's put it this way: did somebody in the Administration tell you not to contact Councilpeople till two weeks ago?

MR. CUORATO: No, Councilman.

COUNCILMAN KENNEY: So the Chief of Staff wasn't aware of it, the Mayor wasn't aware of it? You just made that decision on your own.

MR. CUORATO: Councilman, no one told me not to talk to City Council. What we did was tried to develop the best set or properties that we thought -- that we thought made sense for this program, and at that point -- at that point, begin to communicate with the Council staff.

COUNCILMAN KENNEY: Sounds like the same process in developing the Capital Budget these days. It's, We'll tell you what we think is good for you, and then we'll give you a two-week

deadline to get it done, and then if you don't get it done, then it's your fault, and you're to blame.

And that's -- to me, it's unacceptable. I mean -- and look at the choice we're given. We get angry about it, we grumble about it, and we're going to wind up voting for it anyway because of the time constraints that this administration continually puts us through. And it's just unfair, it's disrespectful, and I don't understand why it continues.

MR. CUORATO: Councilman, I -- I apologize for the process --

COUNCILMAN KENNEY: Well, I don't know if you owe us the apology, frankly.

MR. CUORATO: Well, I will promise to you that certainly anything -- any initiatives that my department brings forth, I will try to do a better job of communicating with Council.

COUNCILMAN KENNEY: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

I believe that Councilman Nutter's light is on. Is he in the room?

Mr. Cuorato, just answer one question, 'cause I want this record to be crystal-clear as far as the Navy Yard site. The KOZ, or whatever you want to call it, is not going to affect any of the residential properties, so if in the future we have someone who in fact wants to rehab those properties for condos or apartments, they will not be in the KOZ zone.

MR. CUORATO: That is correct, Madam Chair. The description of the properties proposed for the Navy Yard KOZ subzone, we have carved out the areas and the buildings that are proposed for residential development.

COUNCIL PRESIDENT VERNA: Thank you.

Councilman Nutter?

COUNCILMAN NUTTER: Thank you, Madam Chair.

Just one last quick question. And Councilman Rizzo may have touched on this, but I missed some of his questioning as well.

I just wanted to ask, in one of the listings here, and I think the President raised this earlier, about -- there was a parking lot owned by -- it's No. 12, out in West Philadelphia.

4519-45 Chestnut Street. The owner is the Archdiocese of Philadelphia. I think it was testified to earlier that maybe we had not necessarily been in touch with them. Real estate taxes, it says "exempt." Present use, parking lot. Proposed use, redevelopment.

MR. DOUGHERTY: Mm-hmm.

COUNCILMAN NUTTER: What's the redevelopment?

MR. DOUGHERTY: There is no specific -- this is the parking lot for the West Catholic Girls High School, I believe. We are working in that area.

COUNCILMAN NUTTER: I'm sorry?

MR. DOUGHERTY: We are doing work with the Councilwoman and Darrell Clarke to look at redeveloping that area.

COUNCILMAN NUTTER: Okay.

MR. DOUGHERTY: So that's a piece of property that, as I testified before, it cost the City of Philadelphia nothing to put that in. There is no benefit that the Archdiocese could take advantage of. And there's no cost to the City of Philadelphia at this point -- unless, of

course, the Archdiocese sold the building.

COUNCILMAN NUTTER: Well, that's the one area that I wanted to touch on, and I clearly and absolutely respect the process that Councilwoman Blackwell is going to go through, and I know that she'll be diligent about what goes on out in the area. I only pointed that one out, there may be others.

I wanted to, I guess, better understand from at least a theoretical standpoint that if a property like that is -- and assuming that this goes forward, and I don't necessarily want to make that assumption, but just for the moment, a property like that is in the KOEZ, the owner decides, Well, I don't really need a parking lot anymore, I don't know whether cars are presently parked on the lot. Haven't we in fact automatically increased the value of that parcel of land to the present owner, the owner having done nothing, quite honestly, for which to get that increased value?

Because they can now market that piece of property to someone, and I don't know who ultimately will end up doing anything with this,

but if it was a private, tax-paying entity in some transaction, isn't the owner of a property in a KOEZ, or even in a KOZ, the value of their property automatically enhanced by the fact that they can sell it to someone as a site that has a no-tax provision associated with it?

MR. DOUGHERTY: Theoretically, yes. Going on the last two years of experience is what I have to base on. I have not seen major jumps in the cost of real estate that are in the KOZ. As I testified earlier with -- to Councilman Rizzo's question, I believe it was, what you're seeing is, a lot of these properties, people are looking to get rid of, so they'll take whatever opportunity.

And Pat Green's here, a commercial industrial Realtor in the City of Philadelphia, and he may be able to testify differently. But what I have seen basically is these older properties in particular, people are just thrilled to get rid them to finally sell them and have them put back into productive use.

In the case you say about parking lot, we --

COUNCILMAN NUTTER: Well, I mean, I

understand someone being thrilled to get rid of the property, but most people aren't giving property away. And, I mean, they're going to have it appraised and make some assessment of what its value is.

MR. DOUGHERTY: Mm-hmm.

COUNCILMAN NUTTER: All I ask is, if it has a particular value today, you create a certain designation that has potentially, you know, incredible or substantial tax ramifications for a new owner, it seems to me that you have in fact automatically increased the value of that piece of property. I don't know whether it's 2 percent, 200 percent, 2000 percent, but that is result of that.

MR. DOUGHERTY: Yes, I would agree.

COUNCILMAN NUTTER: Okay, all right. Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Thank you.

Mr. Cuorato and Mr. Dougherty, are you aware of any projects that are currently planned

or in the pipeline for any of these parcels? I mean, some of them are vacant properties that -- like the Sunoco property, I understand, is a vacant and contaminated site that, you know, there's really no plans for it. And are there any other projects on this list that are actually in the pipeline and ready to go, or close to being gone?

MR. CUORATO: Councilman, the one that comes immediately to mind -- and I'll ask Mr. Dougherty if he has any others. The one that comes immediately to mind is the Fast Ship Terminal on the Philadelphia port. Part of the site for their terminal, it was in the existing KOZ. What we're trying to do with the KOEZ is wrap the rest of the land for their Philadelphia terminal into the KOEZ zone.

COUNCILMAN KENNEY: Are you aware of any --

MR. DOUGHERTY: I can tell you one at 3150 Orthodox Street, which sits next to the Philadelphia Coke site, which I talked about earlier. It has been for sale, it's now -- Atlantic Metals, I believe, owned it, a 10-acre.

That was on my radar screen to begin with. Subsequent to it being on this master list, we found out that a potential New Jersey trucking company has expressed some interest in this. So that would mean an additional 52 jobs immediately to the City of Philadelphia. So that's the only one that immediately comes mind.

There's others floating out there that -- they're floating out there. I don't count a deal till -- I'm very conservative when I say "it's a done deal."

COUNCILMAN KENNEY: The advertisement of the -- I think Councilman Nutter raised the issue earlier about the $200,000 for advertising. What was the advertising? what did it consist of?

MR. DOUGHERTY: Excuse me, it's $100,000.

COUNCILMAN KENNEY: It's $100,000?

MR. DOUGHERTY: Correct.

COUNCILMAN KENNEY: What did the advertising consist of? who was it directed at? what firm did the work? what was the whole project?

MR. DOUGHERTY: Basically what we did

was put together a glossy pocket portfolio of all of the Keystone Opportunity Zones, maps, site-specific. Each one of these Keystone Opportunity Zone subzones have their own personality or specialty. For instance, the old industrials on the river are port-related, while you have over at the University City Science Center more of a technical. So we just gave people the feel for what it is.

So we had that design developed and basically distributed it widely to all of the Realtors, to all of the Councilpeople, get a supply of --

COUNCILMAN KENNEY: This is the KOZ or the KOEZ?

MR. DOUGHERTY: The KOZ.

COUNCILMAN KENNEY: KOZ.

MR. DOUGHERTY: KOZ. So the money is in the KOZ budget, not in the KOEZ budget.

COUNCILMAN KENNEY: Who did the work?

MR. DOUGHERTY: I don't know. We bit it out through -- and I don't recall who did it.

COUNCILMAN KENNEY: Okay.

MR. DOUGHERTY: But basically, we also

did outreach to -- this information outreach was done to a whole host of developers, brokers, Realtors through the northeast corridor; from upper Virginia basically to upstate New York. We got a few lists, we mailed them out to them.

We also tried to get a lot of advertisement, 'cause that is our target, that's where we find is most -- according to the people working on it above me at that time were basically saying that's where we get our interests from.

COUNCILMAN KENNEY: Do we do anything internationally?

MR. DOUGHERTY: The State has taken care of all the national, but we have not directly done that, no.

COUNCILMAN KENNEY: The State --

MR. DOUGHERTY: Right. We figured we'd piggyback on what the State's doing.

COUNCILMAN KENNEY: Okay, fine. Thank you.

COUNCIL PRESIDENT VERNA: Councilman DiCicco?

COUNCILMAN DICICCO: Thank you.

My question is -- a couple of comments

have been made about choosing not to do residential. Why was that decision made? Or was that a question of legality?

MR. CUORATO: No, Councilman, it's not a question of legality. It's a policy, I guess, that we -- that we used as a guiding principle, and it's really based on a couple of factors. One is, although we would be foregoing all of the City business and State business taxes, we felt as though the wage taxes were still important to the City of Philadelphia as a source of revenue.

And two is the basic fairness issue. When you start to get into residential development, it really does create a situation where you could potentially pit neighbor against neighbor or block against block, even with potential developments into the future.

As we talked about it, we just felt in the spirit the State legislation, it was targeted towards old industrial sites, and those are the areas we wanted to focus on.

COUNCILMAN DICICCO: Yeah, my reason for asking you is I've been working on some other abatement legislation for about three years, and

every time I twist and turn, I'm being told that under the Uniformity Act, we can't do wage taxes. So, again, I'm not critical of why you didn't do it. I'm really, for the record, trying to establish something on the record. The Law Department, no one said that it was something you couldn't do, to your best knowledge? It wasn't prohibited?

MR. CUORATO: That's correct, Councilman.

COUNCILMAN DICICCO: That's very interesting. All right.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions from members of the committee?

MR. CUORATO: Madam Chair, may I just make one additional comment, if I may?

COUNCIL PRESIDENT VERNA: Please.

MR. CUORATO: I appreciate the patience of Councilmembers in accommodating our schedule, and I would also just respectfully request that given the deadline that we're under with the State

application, would respectfully request if Council could waive its rules and have first reading at its next scheduled meeting.

COUNCIL PRESIDENT VERNA: We'll certainly put that under advisement.

MR. DOUGHERTY: Madam Chair, just as a note, a new Exhibit 4 was added to replace the one that was presented to you. PIDC gave me a technical change. I believe Melissa gave you a copy of a new Exhibit 4 -- let me make sure.

Exhibit 4, correct. It's a technical change in the survey that was sent over by PIDC.

COUNCIL PRESIDENT VERNA: Which survey is that?

MR. DOUGHERTY: The Navy Yard. It's Exhibit 4, which goes with the Lower Delaware River.

COUNCILMAN KENNEY: Madam President, I had made a request to Mr. Cuorato relative to the issuance of maps. I mean, we have a map for the Northeast Airport that's easy to understand. The site descriptions on the other subzones are difficult to envision from a piece of paper. It's even more difficult now to envision an amendment

to a subzone that we don't understand, let alone understanding the amendment.

I think we really need the maps here. I really would like to be able to see the boundaries, the borders, exactly where it is.

COUNCIL PRESIDENT VERNA: And I believe State law requires them to do that.

MR. DOUGHERTY: That's part of the application.

COUNCILMAN KENNEY: How come there was a map of the Northeast Airport and not of anything else?

MR. DOUGHERTY: That was the map that existed from the Northeast Airport so they could easily get it to me, so I -- that was, again, one of my tools to understand, just as you are, where sites fit in.

COUNCILMAN KENNEY: Now, this amendment, it's not changing at all any of the parcels?

MR. DOUGHERTY: I've been told by PIDC it does not change the parcel. It is a survey. There was a make made in the write-up of the survey of the area of the Delaware -- Lower

Delaware River, which is the Navy Yard. There was a technical error in the legal description by the surveyor, and that was corrected in this version.

COUNCILMAN KENNEY: So for the record, the correction of the legal description of the surveyor does not in any way change the shape, size, or number of parcels in the zone.

MR. DOUGHERTY: That is what I've been told.

COUNCILMAN KENNEY: I take your answer to be truthful. But, Madam President, I would like to get some verification, either from the Law Department or from Council technical staff that, in fact, the amendment does not increase, decrease, or change in any way the parcels in the zone.

COUNCIL PRESIDENT VERNA: (Inaudible; replies off-mic.)

MR. CUORATO: Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

And I believe Councilwoman Blackwell may have a witness or two. Do we have anyone else here that would like to testify on this bill?

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(Witnesses come forward.)

COUNCIL PRESIDENT VERNA: Good afternoon. Thank you for your patience. Kindly identify yourself for the record.

MR. BRIAN: Yes, I'm Glenn Brian (ph.), Director of City and Community Relations at the University of Pennsylvania.

MR. SHANNON: Madam President, my name is Jack Shannon. I'm Managing Director for Economic Development at the University of Pennsylvania.

COUNCIL PRESIDENT VERNA: Good afternoon.

MR. BRIAN: Good afternoon. Thank you for having us to testify this afternoon.

This application is very, very important to the University of Pennsylvania and is important to the City and the region, and we hope that Council looks upon favor in terms of moving this bill forward.

The Managing Director for Community Economic Development and can answer actually speak to this application.

MR. SHANNON: Madam President and

committee members and members of Council --

COUNCIL PRESIDENT VERNA: I'm sorry, I could just about hear you.

MR. SHANNON: Sorry. Is that better, ma'am?

COUNCIL PRESIDENT VERNA: Not really.

MR. SHANNON: Can you hear me now?

COUNCIL PRESIDENT VERNA: That's better.

MR. SHANNON: Very good.

COUNCIL PRESIDENT VERNA: Thank you.

MR. SHANNON: Madam President, the University of Pennsylvania has been working extensively with the Administration, with City Councilwoman Blackwell's office along with the technical staff of City Council to provide a list of potential properties for the Keystone Opportunity Expansion Zone. Several years ago back, we also worked with that same group on the original KOZ for the University City West Philadelphia area.

Since then, we've had some moderate success in terms of development of that area, but quite frankly, we have a number of challenges

still ahead of us and, therefore, we have, along with a coalition involving Amtrak, private property owners in the area, along with Drexel University, requested the expansion of the zone to include other properties that are eligible but were not included within the original list.

As you're aware, Madam President, we have had a number of recent successes out in University City in terms of development, but we have a significant area that remains to be developed along the Schuylkill River between 34th Street roughly and the river itself.

That area is characterized by a number of vacant lots, railroad yards, highways, and vacant industrial buildings. And we believe that with the designation of these properties as KOZ, it will facilitate the development of those properties in preparation for the United States Postal Service relocating its facilities from 30th and Market Streets to Southwest Philadelphia, at which time, over a million square feet of office space will become available in the marketplace.

If you or any members of City Council should have any questions about the specific

properties that have been recommended by the University or any other parts of our economic development plans in the area, I'd be happy to answer them along with Mr. Brian.

COUNCILWOMAN BLACKWELL: Thank you very much. Thank you very much.

We are in receipt of the letter. Thank you, Mr. Jack Shannon. Glenn, we are in receipt of a letter from you. Would you please list specifically for the record the property that you would like deleted from the KOZ, or KOEZ, application?

MR. BRIAN: Okay, thank you, Councilwoman Blackwell.

The property in question to be deleted is 3401-59 Chestnut Street. We would like that to be deleted since proposed future redevelopment use would primarily be residential.

COUNCILWOMAN BLACKWELL: Thank you. I think that does it for us.

And certainly while the President is talking, I'll ask if any other members of Council have questions.

COUNCIL PRESIDENT VERNA: Councilman

Rizzo?

COUNCILMAN RIZZO: Thank you, Madam Chair.

Good afternoon, Mr. Shannon.

MR. SHANNON: Good afternoon, Councilman Rizzo.

MR. BRIAN: Good afternoon.

COUNCILMAN RIZZO: Earlier we had a discussion, and since we don't have anyone from the Administration here that can answer the question, maybe you can answer it for me. And I don't think there will be any need for me to confirm your answer.

Could you explain the real estate tax-exempt status of the University and why it would apply to some of these vacant lots?

MR. SHANNON: Councilman, a number of the properties that have been included on the list are tax-exempt because of the nature of the use being institutional formerly or having been acquired by the University. For the properties that we've included within Keystone Opportunity Expansion Zone application, it is our intention that they would be redeveloped on a

private-development basis, similar to what we've done successfully on a residential property at 3100 Chestnut Street in partnership with Dranoff Properties.

As a result of that action, a formerly tax-exempt property was restored to the tax rolls; and in that case, over 275 apartment units have been created, instilling a new sense of life on the eastern section of University City.

With respect to the properties that we have included in our request for KOZ status, those properties are vacant industrial buildings or parking lots or institutional uses that we would be seeing, hopefully, transformed into high-tech office space or related commercial uses that would create new jobs for the area, relatively high-paying jobs, and the City would benefit from the City wage taxes being created from that.

I would also note that with respect to the parking lots at the University of Pennsylvania has, even if they are used for employees only, we do pay parking taxes for those properties already, even though they may be tax-exempt otherwise in their nature.

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COUNCILMAN RIZZO: So, obviously, you're not giving me the legal interpretation of "tax-exempt." I just can't figure how a parking lot could be tax-exempt. And I understand that the buildings that support the educational process, and I know the parking lots, if you really spin it, could also be a part of that.

Can you tell me, does the University pay any real estate tax other than the project that you've just described to the City of Philadelphia?

MR. SHANNON: Absolutely, Councilman. We pay real estate taxes on all of our commercial properties in West Philadelphia, all of our residential developments that are off-campus also pay those taxes, and we also, as the City's largest employer, pay wage taxes on an employee base of over 27,000 people.

COUNCILMAN RIZZO: Well, let's stick to wage tax. I understand the -- I understand the other tax is associated, but I think it's a -- in all due respect, I think it's a stretch, and I'm going to check to see how a parking lot can be not subject to real estate taxes. Again, I understand

the rules that you're playing by and the rules that you know, but I just need to confirm that that's an appropriate exemption from real estate tax.

Thank you.

MR. SHANNON: You're welcome.

COUNCILMAN RIZZO: Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

Is Mr. Cuorato still in the room?

(Mr. Cuorato return to witness table).

COUNCIL PRESIDENT VERNA: I'm sorry. Any other questions for the witnesses at the witness table? Councilwoman?

(No further questions for U. of Penn. witnesses.)

COUNCIL PRESIDENT VERNA: Thank you, gentlemen.

MR. SHANNON: Thank you very much.

COUNCIL PRESIDENT VERNA: Mr. Cuorato, you heard Councilman Kenney earlier ask for the appropriate maps that we should be looking at before voting on this bill. Did you hear him?

MR. CUORATO: Yes.

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COUNCIL PRESIDENT VERNA: And why is PIDC not here? I shouldn't be asking you; I should be asking them. They certainly should have been here to testify, and they should have been providing the maps.

And you don't have to answer that. That's not your problem, that's mine.

MR. CUORATO: Well --

COUNCIL PRESIDENT VERNA: Because they should have been here.

MR. CUORATO: PIDC is a delegate agency to the Commerce Department, so I'll take the responsibility for them not being here. We did get input from PIDC on this process, Madam Chair, and I should have had them here.

COUNCIL PRESIDENT VERNA: You're really too kind, you're too kind. But we still don't have the maps, and I don't think anybody's going to feel very comfortable voting on this until such time as we see the maps, as we're supposed to.

MR. CUORATO: Okay, just so I understand --

COUNCIL PRESIDENT VERNA: Excuse me, Councilman Kenney, what other information did you

want before you feel that you're able to consider this bill?

COUNCILMAN KENNEY: I wanted confirmation from either the Law Department or from Council technical staff that the, quote/unquote, technical change in the amendment does not in any way expand, diminish, or change the parcels in the Naval Business Center that were a part of the original submission for the subzone of the Naval business zone.

Mr. Dougherty said he didn't -- he understood the question, but he didn't know the answer.

COUNCIL PRESIDENT VERNA: Mr. Feder?

(Witness comes forward.)

COUNCIL PRESIDENT VERNA: Can you prepare that for us in writing by tomorrow morning?

MR. FEDER: Council President, I'm Richard Feder from the Law Department.

COUNCILMAN KENNEY: Do you want the question again?

MR. FEDER: I understood the question. I don't know that the Law Department -- I'd simply

by relying on the same representations that you have been asked to rely on, which I think are reasonable, but I -- I -- the Law Department can't look at those and make that judgment. We don't have the expertise to do that.

COUNCILMAN KENNEY: Do you have any suggestions on --

MR. FEDER: I would think PIDC -- whoever made that legal description that you're concerned about, I'm sure they could come in and explain to you how it was done.

COUNCILMAN KENNEY: I mean, my understanding from the purpose of the amendment is to carve out the potential residential development at the yard -- at the naval base, I'm sorry -- to make sure that it's not a part of the KOEZ, but I want to make sure that there's no other non- -- there's no other industrial/commercial property that's been included or no existing property that's been suggest as being excluded by virtue of acceptance of this amendment.

MR. FEDER: Right, I understand your concern. I -- I'm not -- the Law Department is not competent -- any more competent than you are

to answer that question.

COUNCILMAN KENNEY: The Law Department is very competent.

MR. FEDER: But Mr. Dougherty and PIDC together put those together. I mean, they are the ones you have to rely on.

COUNCILMAN KENNEY: Okay. If we can maybe --

COUNCIL PRESIDENT VERNA: And our technical staff couldn't do that. I insist that PIDC be here tomorrow morning.

COUNCILMAN KENNEY: Okay.

COUNCIL PRESIDENT VERNA: And that they come here with the maps so that we could see exactly what it is.

MR. CUORATO: Madam Chair, I will try to get -- maybe the Planning Commission can produce individual zone maps for us. We will shade in the KOEZ areas so that you'll be able to look at a map of each of the areas and see what we are designating. I will get the Planning Commission to do that.

COUNCILMAN KENNEY: Point of information. From a timing standpoint, I know the

application needs to be there in Harrisburg by February 28th. What are the drop-dead dates for our approval and the ability to get it there by the 28th?

MR. CUORATO: I had asked for waiver of the rules, Councilman, so the first reading could be tomorrow and a hopeful final passage on February 22nd.

COUNCILMAN KENNEY: That's the last Thursday we're able to do that. Okay, thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other questions or comments?

Councilman Nutter?

COUNCILMAN NUTTER: Unfortunately, Madam Chair, I missed some of the exchange about the maps and designated areas and the like. Was there a final decision made with regard to maps? And then I heard something about a letter. What was the conclusion of that?

MR. CUORATO: Now that I believe we have a final set of properties, I will ask the Planning Commission to produce maps of the different subzone areas, and we will shade in the

proposed KOEZ subzones so that you can look at each map and clearly see where those areas are. So it will a visual graphic picture of what we've given to you on the property list.

COUNCILMAN NUTTER: And when would that be available?

MR. CUORATO: As soon as I can possibly get it, Councilman.

COUNCILMAN NUTTER: It's -- it's -- it's just -- I don't know, it's just a little bit of a quirk of maybe my personality, but out of today's hearing, do you have, I guess, any impression that -- I mean, there seems to be a lot going on in a relatively short period of time and a lot of questions asked and, you know, some answered, some partially answered, some seem to have no answers for, you know, something that is, I think, you know, important and serious, at least conceptually.

But you do start to, after a while, get a little bit of an instinct around here. And I guess I'd like to get some response from you, Mr. Cuorato, as to. . . do you have any sense that, I mean, this train is moving a little too

quick and that all of the various conductors And passengers don't necessarily have a good sense about what's going on?

I mean, I've never seen so much running around in this chamber as today. And, I mean, it's not just the nine years that I've been here. I mean, I've actually been paying attention to this institution for 18 years, and there have been some fairly wild times in this place, but the last 10, 15 -- I mean, I've never seen a hearing like this in recent times.

It just -- you know, it would change after every Q and A, after every person. We've got, you know maps floating around, maybe we got the right ones, maybe we don't, lists, who's in, who's out. I mean, do it, not do it. I mean, I don't even have a tremendously big opinion about it. I mean, have a KOZ, nothing's going on in it. I don't have anything in this particular package. I talked about one, I think it got blown off the table without a whole lot of discussion or thought or consideration. You know, that's fine.

But, I mean, I do care a little bit about how we do what we do. And I have a certain

discomfort, I guess, about it. And I've learned a little bit in my time here, and I guess I'd just like to get your response and reaction to that.

MR. CUORATO: We could have done a better job of managing this process, Councilman, and I will take responsibility for that. We did the best we could in developing a list of properties that met the goals that we have for this program. It -- it. . . it's hard to --

COUNCILMAN NUTTER: Mr. Cuorato, I was not trying to -- you are -- I've known you for a good while. You've been in any of your positions, whether I was in the government or out of the government, I know you to be a conscientious person. I think you are trying to do the best you can under circumstances. I'm not trying to particularly criticize anybody for what they did or didn't do. I mean, we are where we are. But for me it was today.

And as late as 4:15 today, after I don't know how long this hearing has been going on. I mean, there seems to be so many things that are loose for something that is pretty serious. We started with 1500 acres, we have some projects

that are done, other stuff in the pipeline, and the next thing you know, we say, Let's double it. We liked it so much, worked so well, I think we need some more of this. I mean, on any basis of analysis or examination or evaluation, I mean, that case has not been made today, from what I can see and from what I can tell.

Again, I'm not as deeply involved as some of my colleagues because they have, like, real live properties and real live entities, and some have come up to the table and all of that.

I have no idea what would happen if we didn't do anything, and I can't imagine that the State wouldn't figure out a way to give us another opportunity under a different set of circumstances and, you know a little more time and effort and development.

I mean, I want to try to be as helpful and supportive as possible. Some days you will just, due to the nature of what we're doing, you won't appreciate the questions, you'll do your best to respond to them. In most instances, you do fine, and some days are a little better than others.

So I don't have any ax to grind, personal or political. I mean, I'm kind of not in this one that much, but I'm here. And at some point in time, I might be asked to make a vote, and I take those things pretty seriously. I try not to take myself too seriously, but I take the job and the responsibility very seriously. And, I mean, I just really didn't hear a whole lot here today and am just kind of watching this thing develop. I mean, it's been a circus around here.

And you can respond or not respond. And if you don't, I won't be upset, but I think it just needed to be said.

MR. CUORATO: (Nods head.)

COUNCILMAN NUTTER: Thank you.

MR. CUORATO: I always appreciate your questions, Councilman Nutter.

COUNCILMAN NUTTER: Fine, I wouldn't do that to you.

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you.

For Bill No. 010092, the public hearing will be continued until tomorrow morning, at 9 a.m.

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And may I suggest, Mr. Cuorato, that someone from PIDC be here.

MR. CUORATO: Yes, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

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(Adjourned 4:20 p.m.)

C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Wednesday, February 14, 2001, were reported fully and accurately by me, and that this is a correct transcript of same.

RE: COUNCIL COMMITTEE OF THE WHOLE
BILL NO. 010092

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter