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COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING AND PUBLIC MEETING
BEFORE COMMITTEE ON
PUBLIC PROPERTY AND PUBLIC WORKS

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- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, Oct. 28, 1998
12:15 p.m.

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BILL No. 980460 - Authorizing Commissioner of
Public Property, on behalf of City of
Philadelphia, to enter into sublease agreement
with Philadelphia Authority for Industrial
Development, for use by the City and affiliated
agencies, of office space located at 990 Spring
Garden Street, Philadelphia, Pennsylvania, under
and being subject to certain terms and conditions.

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BILL NO. 980682 - Authorizing Commissioner of
Public Property to execute and deliver to the
Philadelphia Authority for Industrial Development,
without consideration, a deed conveying fee simple
title to a certain tract of City-owned land, with
the buildings and improvement thereon situate on
the northeasterly side of 63rd Street south of
Eastwick Avenue, under and subject to the terms
and conditions of the Philadelphia Industrial and
Commercial Development Agreement between the City,
the PAID, and the Philadelphia Industrial
Development Corporation.

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PRESENT: COUNCILWOMAN AUGUSTA A. CLARK, Chair
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN FRANK DICICCO
COUNCILMAN FRANK RIZZO

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- - -
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1 PUBLIC PROPERTY & PUBLIC WORKS - BILL 980460

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

3 COUNCILWOMAN CLARK: Good morning, good
4 morning, ladies and gentlemen. The Committee on
5 Public Works and Public Property is now convened
6 for the purpose of hearing two bills before this
7 committee.

8 We'll establish that a quorum is
9 present. In the room and at the table are:
10 Councilman Frank Rizzo; myself, the chair, August
11 Clark; Michael Nutter, who just struck his knee;
12 Frank DiCicco; and Joan Krajewski.

13 Would the clerk please read Bill No.
14 980460. Thank you.

15 THE CLERK: Bill No. 980460 - An
16 ordinance authorizing the Commissioner of Public
17 Property, on behalf of the City of Philadelphia,
18 to enter into a sublease agreement with the
19 Philadelphia Authority for Industrial Development,
20 for use by the City and affiliated agencies, of
21 office space located at 990 Spring Garden Street,
22 Philadelphia, Pennsylvania, under and being
23 subject to certain terms and conditions.

24 COUNCILWOMAN CLARK: Thank you.

25 (Commissioner Andres Perez comes

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2 forward.)

3 COUNCILWOMAN CLARK: Sir, would you
4 identify yourself for the record, spell your name
5 for benefit of the stenographer, and proceed with
6 your testimony.

7 COMMISSIONER PEREZ: Good morning,
8 Council. My name is Andres Perez, A-N-D-R-E-S,
9 P-E-R-E-Z, and I'm commissioner of the Department
10 of Public Property.

11 COUNCILWOMAN CLARK: Thank you.

12 COMMISSIONER PEREZ: Good morning. I'm
13 here today to testify in support of Bill No.
14 980460, which was introduced May 28, 1998,
15 authorizing the commissioner of public property,
16 on behalf of the City, to enter into a 14-year
17 sublease agreement with the Philadelphia Authority
18 for Industrial Development for 64,980 square feet
19 at 990 Spring Garden Street, Philadelphia,
20 Pennsylvania, under and being subject to certain
21 terms and conditions.

22 This space at 990 Spring Garden will
23 house several city agencies including, for the
24 police department, the Advanced Training Unit, the
25 911 Training Unit, the Civil Affairs and Conflict

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2 Prevention Unit, the Equal Employment Opportunity
3 Unit, and the Gun Permit Processing Unit.

4 For the Department of Licenses and
5 Inspections: The Housing Code Enforcement Unit,
6 the Business Regulatory Unit, the Weights and
7 Measures Unit, and the Commercial Industrial
8 Inspections Unit.

9 For the Department of Streets, it
10 includes the Third Survey District Division of the
11 Streets Department.

12 Three of the units -- the 911 Training,
13 L&I Business Regulatory Division, and the Streets
14 Survey -- are currently housed at 1600 Arch and
15 must be relocated.

16 Several police departments units,
17 including Civil Affairs and Conflict Prevention,
18 Gun Permitting, and Equal Employment Opportunity,
19 are being relocated from 319-323 Race Street.

20 It's been determined that these
21 buildings are structurally unsafe and not
22 economical for permanent rehabilitation. The
23 administration's been working to relocate these
24 units from these facilities. The movement of
25 these units will be the first step in vacating

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2 these buildings. Public Property's continuing to
3 search a facility to house the remaining Internal
4 Affairs-related groups from these two buildings.

5 The final units -- Police Advanced
6 Training and L&I's Housing Code Enforcement Unit
7 -- are being relocated from 1415 North Broad
8 Street. The quality of space in this facility is
9 substandard in comparison to our other facilities
10 where City employees are housed, and building does
11 not have sufficient available rental space to
12 accommodate the expansion requirement for L&I
13 employees.

14 The proposed leased space at 990 Spring
15 Garden will have sufficient space to handle
16 current and projected space needs of all these
17 groups.

18 Additionally, the building's been
19 renovated in its entirety, including all the major
20 systems and interior finishes. The quality of the
21 space will be far superior to any of the
22 facilities from which these groups are being
23 relocated, and will be comparable to the
24 newly-renovated municipal service building and One
25 Parkway facilities.

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2 All of these renovations will be done
3 at the landlord's expense, and the cost will not
4 be passed onto the City through the lease. The
5 landlord is also paying for the City's interior
6 space-planning efforts and is providing a \$20,000
7 moving allowance.

8 When this relocation effort began, the
9 Department of Public Property considered numerous
10 buildings. Based on the needs of the particular
11 tenants being relocated, the search was narrowed
12 down to three facilities. And proposals received
13 from the owners of the three facilities, and a
14 comparative cost analysis was undertaken.

15 The analysis showed that renting space
16 at 990 Spring Garden Street would be the least
17 expensive option while still meeting all of the
18 City's needs for both the quantity and the quality
19 of space.

20 I ask for your favorable consideration
21 of the bill and a suspension of rules for the
22 passage upon Council's second reading.

23 This completes my testimony, and I'll
24 be happy to answer any questions you may have.

25 COUNCILWOMAN CLARK: I'm sorry,

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2 Commissioner, I did read your testimony. You
3 didn't deviate from it, did you?

4 COMMISSIONER PEREZ: A couple of words
5 here or there.

6 COUNCILWOMAN CLARK: In any material
7 way?

8 COMMISSIONER PEREZ: No material
9 difference.

10 COUNCILWOMAN CLARK: All right, I thank
11 you very much.

12 Are there any questions by members of
13 the committee?

14 COUNCILMAN DICICCO: Yes, Madame Chair.

15 Mr. Perez. In a nutshell, is it fair
16 to say that of all the departments and agencies
17 that you mentioned in your testimony, all of them,
18 for one reason or another, would have had the need
19 to find a new home regardless --

20 COMMISSIONER PEREZ: Yes.

21 COUNCILMAN DICICCO: -- whether it was
22 990 Spring Garden or any other place.

23 COMMISSIONER PEREZ: Exactly, yeah.

24 COUNCILMAN DICICCO: So it wasn't just
25 directed to find a tenant for 990.

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2 COMMISSIONER PEREZ: Right.

3 COUNCILMAN DICICCO: These people
4 needed a place to go.

5 COMMISSIONER PEREZ: Yes, sir.

6 COUNCILMAN DICICCO: Thank you.

7 No further questions, Madame Chair.

8 COUNCILWOMAN CLARK: Are there any
9 other questions?

10 With respect to the building on North
11 Broad Street, Mr. Perez, you will remember that we
12 held this bill over to see what, if anything,
13 could be done to keep that building from being
14 salvaged. Do you have any suggestions as to what
15 we might tell those owners?

16 COMMISSIONER PEREZ: I guess my
17 suggestion would be that we -- myself and the
18 owners -- meet and discuss future prospects.

19 You may recall, Councilwoman, that
20 Council's own study, as well as the
21 administration's study preceding this rather
22 massive space consolidation, always assumed that
23 there could be as little as 15 percent or as much
24 as a 25 percent flux factor -- for lack of a
25 better word.

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2 By that, I mean that no matter how well
3 we planned our large deals or medium-sized deals
4 to consolidate and place and get better rates, the
5 City's changing need for space year to year,
6 funding year to funding year, which is also
7 affected by grants received to the City that
8 require new services and new locations, there
9 never will be a time where we will be able to 100
10 percent lock up and close in our space
11 requirements on a long-term basis.

12 So there is a 15 to 25 percent
13 assumption of what they refer to as "flexible
14 space requirements," situations that develop
15 short-term or long-term that are not in long-term
16 plans, that are largely grant-driven or may be
17 driven by unexpected hiring.

18 So, yes, there's going to be a prospect
19 for a number of landlords in the city to make some
20 kind of deal with us on smaller space blocks from
21 time to time.

22 COUNCILWOMAN CLARK: You and I need to
23 sit with that ownership to see what, if anything,
24 makes sense for the City's position --

25 COMMISSIONER PEREZ: Yes.

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2 COUNCILWOMAN CLARK: -- as well as for
3 those owners.

4 COMMISSIONER PEREZ: Yes.

5 COUNCILWOMAN CLARK: Are there any
6 other questions or comments by other members of
7 the committee?

8 COUNCILMAN RIZZO: Just a very light
9 question.

10 COUNCILWOMAN CLARK: A very light
11 question?

12 COUNCILMAN RIZZO: It's a very light
13 question.

14 Commissioner, no relocation money's in
15 this deal, right, for any of the departments
16 moving?

17 COMMISSIONER PEREZ: Uh. . .

18 COUNCILMAN RIZZO: That's a joke.

19 COMMISSIONER PEREZ: Thank you.

20 COUNCILWOMAN CLARK: It's a bad joke.

21 Are there any other comments from
22 members of the committee?

23 (No further comments or questions at
24 this time.)

25 COUNCILWOMAN CLARK: Then I thank you,

1 PUBLIC PROPERTY & PUBLIC WORKS - BILL 980460

2 Commissioner.

3 COMMISSIONER PEREZ: Thank you.

4 COUNCILWOMAN CLARK: Would the clerk
5 please read the second matter before us.

6 THE CLERK: There's one other person
7 testifying.

8 COUNCILWOMAN CLARK: Oh, there's
9 somebody else to testify on that?

10 I'm sorry, I apologize. I wouldn't
11 want you to think we're in a hurry or anything.

12 (Messrs. Grasso and Grace come
13 forward.)

14 COUNCILWOMAN CLARK: Good morning.

15 MR. GRASSO: Good morning.

16 COUNCILWOMAN CLARK: Please identify
17 yourself to the record, spell your name for
18 benefit of the stenographer, and proceed with your
19 testimony.

20 MR. GRASSO: Thank you. Good morning,
21 Madame Chairperson and other members of --

22 COUNCILWOMAN CLARK: I can't hear you,
23 though. Come a little closer. Yes, sir?

24 MR. GRASSO: Good morning, Madame
25 Chairperson and other members of City Council.

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2 My name is David Grasso, G-R-A-S-S-O,
3 and I am here this morning on behalf of Spring-PAC
4 Associates and our agreement with the City to
5 lease office space to a number of City agencies in
6 a building which Spring-PAC has purchased and
7 rehabilitated and placed back on the tax rolls in
8 the Spring Garden Street community.

9 While we are specifically here this
10 morning to discuss Council Bill No. 980460, which
11 simply lengthens the term of the lease from 15
12 one-year terms to one 15-year term, I would like
13 to speak first for a few minutes about the
14 Spring-PAC project and what it means in a positive
15 way for the Philadelphia economy.

16 The building that Spring-PAC owns, and
17 which it has leased space to the City and the
18 state, was formally owned by Packer Press Company,
19 it was vacated by Packer Press in the early 1980s,
20 and it soon fell into serious disrepair.

21 There were numerous fires in the
22 building, which cost the city money every time the
23 fire department was forced to respond. There were
24 numerous Licenses and Inspections violations of
25 the property which went uncured for many years.

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2 Vagrants, trespassers, and drug dealers took up
3 residency in the building. Drug sales and
4 prostitution and other criminal activities, all of
5 which negatively affected the quality of life in
6 the community occurred in and around this building
7 on a daily basis prior to our rehabilitation.

8 The economic drain on the city was just
9 as severe. Tax bills and liens and Licenses and
10 Inspections violations totalling hundreds of
11 thousands of dollars piled up unpaid and ignored
12 by the building's then-owner. In every way
13 imaginable, this building was a blight on the
14 community and a drain on the taxpayers.

15 Corporate neighbors in the community
16 have been affected as well. The Spaghetti
17 Warehouse restaurant, the Federal Express company,
18 the American Red Cross, and the Philadelphia
19 Traffic Court are some of the building's
20 neighbors, and they've all been -- you know, this
21 rehabilitation of this building will help them all
22 tremendously.

23 Spring-PAC Associates stepped to the
24 plate in this building and turned this building
25 around. We purchased the mortgage and foreclosed

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2 on the building. One of the first things we did
3 was work with the City to clear up and pay all
4 those tax liens left delinquent by the previous
5 owners. We reached an agreement with the City and
6 paid \$300,000 -- over \$300,000 to the City to
7 satisfy those liens.

8 That was just the beginning. Not only
9 is this building now back on the tax rolls,
10 generating tax ratables and revenues for the City,
11 Spring-PAC has spent more than \$5 million to
12 completely renovate and rehabilitate this
13 building, which had deteriorated into such a
14 community eyesore. We redid the facade of the
15 building, which was dangerous and in disrepair, we
16 reinstalled a new sprinkler system, a new water
17 and sewer hookup, a new HVAC system, new windows,
18 a new roof, a fire alarm system, four new
19 elevators, and many, many other things.

20 By the time Spring-PAC completes this
21 rehab, we will have spent upwards of \$8 million on
22 the building. The result: modern, first-class
23 space offered to the City and accepted through the
24 competitive bidding process at an extremely
25 affordable price. We believe that the affordable

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2 price, along with the quality of the space, and
3 our reputation for developing buildings on time
4 and on budget all contributed to the Spring-PAC
5 selection by the City.

6 We will lease space to the City at
7 \$10.50 per square foot, and that is a very
8 competitive rate for this location. Moreover, the
9 City was actually paying much for the office space
10 at other locations where some of these City
11 agencies were housed -- and the City was paying
12 for parking space as well. We are providing
13 parking space at no additional cost to the City.

14 A portion of the City --

15 COUNCILWOMAN CLARK: You were providing
16 some parking spaces.

17 MR. GRASSO: Some parking spaces.

18 COUNCILWOMAN CLARK: 'Cause there's a
19 little parking lot and a whole lot of people going
20 to be in the building.

21 MR. GRASSO: I think we're providing
22 about 50 to 60 spots to the City, roughly. And
23 the building has with it, I think, about 110, so
24 we're giving the majority of the parking that
25 comes with the building.

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2 A portion of the City's Streets
3 Department, Licenses and Inspections, and Police
4 Department are poised and ready to move into the
5 Spring-PAC's rehabilitated building in just a few
6 weeks. As I mentioned at the outset of my
7 testimony, the lease is already signed and
8 executed.

9 In addition, the state's Welfare
10 Department, their Department of Probation and
11 Parole, and the Department of Labor and Industry
12 have all signed leases for the building as well.
13 The Private Industry Council of Philadelphia is
14 going to share space with the Department of Labor
15 Industry as a part of an innovative pilot one-stop
16 program for people seeking jobs and employment
17 training. The State is very enthusiastic about
18 this unique and innovative program to start up --
19 which is set to start up in the Spring-PAC
20 building. We estimate that between 750 and 1,000
21 city and state governmental employees will be
22 housed in the building by the time all of the
23 tenant agencies are moved in.

24 While most of these government jobs are
25 already existence, this project is serving as a

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2 catalyst for several dozen new permanent
3 private-sector jobs as private tenants have signed
4 leases or are planning to lease space in the
5 building. One example is Eastern College from
6 Villa Nova, which is planning to lease space and
7 create 15 to 20 new jobs. In addition to these
8 new jobs, our construction and rehabilitation work
9 on the building is generating work for several
10 area construction workers.

11 To summarize, Spring-PAC took a vacant
12 building, which was a blight on the community and
13 on the quality of life in the Spring Garden Street
14 Community and a drain on the city's taxpayers, and
15 turned it 180 degrees around. The building is
16 completely rehabilitated and back on the tax
17 rolls. We have signed and executed leases with
18 the city and the state to lease modern,
19 first-class office space to these governmental
20 agencies at a very economical and competitive
21 price.

22 The Spring-PAC project is good for the
23 community, it's good for taxpayers, and it's good
24 for the overall economic health of Philadelphia.
25 To that end, we have also provided the committee

1 PUBLIC PROPERTY & PUBLIC WORKS - BILL 980460
2 with copies of letters written by Mayor Rendell
3 and Council President Street in support of this
4 project.

5 I would respectfully ask you to act
6 expeditiously on Bill No. 460 and report it
7 favorably out your committee at the full City
8 Council meeting, with a suspension of the rules so
9 that this project can move forward and serve and
10 service the citizens of Philadelphia and their
11 government.

12 Thank you very much for taking the time
13 to hear my testimony on behalf of Spring-PAC, and
14 I will be happy to take any questions that you may
15 have.

16 COUNCILWOMAN CLARK: Thank you, sir.

17 Are there questions on behalf of
18 members of the committee?

19 COUNCILMAN DICICCO: Yes, Madame
20 Chair. Thank you. Thank you, Mr. Grasso for that
21 testimony.

22 In respect to the parking issue, does
23 Spring-PAC still own and operate the surface
24 parking lot at Eighth and Spring Garden, across
25 from the Philadelphia Traffic Court?

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2 MR. GRASSO: Actually, that is not
3 owned by Spring-PAC but it is owned by an
4 affiliated partnership with Spring-PAC.

5 COUNCILMAN DICICCO: An affiliated
6 partnership.

7 MR. GRASSO: Yes.

8 COUNCILMAN DICICCO: There are
9 sufficient -- I mean, I remember when I was at
10 Traffic Court a few years ago that that parking
11 lot was sort of underutilized so I assume that
12 there will be parking spaces available to the 990
13 Spring Garden Street facility as well.

14 MR. GRASSO: We have offered to the
15 Public Property Department that scenario, and
16 we'll be happy to do it.

17 COUNCILMAN DICICCO: Okay. And the
18 other question is: In relationship to the
19 maintenance and security of the building on a
20 daily basis, will that be providing jobs? I mean,
21 you're creating jobs?

22 MR. GRASSO: Certainly.

23 COUNCILMAN DICICCO: And who will be in
24 charge of those jobs? Is that Spring-PAC that
25 will be handling the maintenance?

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2 MR. GRASSO: An affiliate of
3 Spring-PAC, which is USRA Management Company, will
4 manage the building. There will be a first-class
5 security system, there will be a full-time,
6 on-duty security guard and a maintenance man which
7 will be hired -- you know, we're actually in the
8 process now of hiring someone for -- two people
9 for that. So that's going to create two new jobs.

10 COUNCILMAN DICICCO: Two people for the
11 maintenance?

12 MR. GRASSO: One for maintenance --
13 well, actually two for maintenance -- one
14 part-time and one full-time. And one full-time
15 security guard and a part-time security guard --
16 two, so there will be four.

17 COUNCILMAN DICICCO: Okay. And being a
18 Philadelphia company, I'm sure giving I'm sure
19 you'll be giving Philadelphians first
20 consideration.

21 MR. GRASSO: Certainly.

22 COUNCILMAN DICICCO: Thank you. No
23 further questions.

24 COUNCILWOMAN CLARK: Mr. Rizzo?

25 COUNCILMAN RIZZO: I have a question

1 PUBLIC PROPERTY & PUBLIC WORKS - BILL 980460
2 for Commissioner Perez.

3 COUNCILWOMAN CLARK: You can just join
4 them at the table, Commissioner.

5 Mr. Rizzo?

6 COUNCILMAN RIZZO: Thank you, Madame
7 Chair.

8 COMMISSIONER PEREZ: Yes, Councilman?

9 COUNCILMAN RIZZO: Commissioner Perez,
10 in reference to the 50 or 60 off-street parking
11 spots at this facility, I assume it's the
12 operating departments that will be your tenant's
13 decision. Is it going to be limited to City-owned
14 vehicles that will park there? Will the people
15 that have City-owned vehicles also have the luxury
16 of off-street free parking, and people that have
17 to use their personal vehicles will be forced into
18 the paid parking lot?

19 COMMISSIONER PEREZ: It's a combination
20 of all of the above in the sense that there's an
21 immediately adjacent parking lot which has
22 reserved spaces for City vehicles proportionately
23 allocated between the departments that we've got
24 in the building.

25 There's a -- across Tenth Street,

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2 there's the Spaghetti Warehouse lot, commonly
3 referred to as "The Spaghetti Warehouse lot,"
4 which we can use during the day, and that's
5 incorporated into the lease -- there's no
6 additional charge there. I don't remember the
7 number of slots on that lot.

8 COUNCILMAN RIZZO: 30 or 40?

9 COMMISSIONER PEREZ: Right.

10 The City, just across another little
11 street, owns a parking lot, which we had used to
12 support the sheriff's activity at the Justice
13 Center before it was -- rather at City Hall before
14 the Justice Center was built. That gives us
15 another 30 to 50 slots, depending on how spaces
16 are used. The Spring-PAC Associates have agreed
17 to manage the lot for us.

18 And, basically, what happens is, if
19 you're not among the first to get in in the day to
20 a reserved slot for your City vehicle, you go to
21 those backup lots. When those fill up, there's
22 ample street parking in the immediate
23 neighborhood.

24 If you want more secure parking, a
25 block further away, towards Eighth Street, closer

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2 towards the Court House, the Traffic Court,
3 there's more parking.

4 COUNCILMAN RIZZO: Thank you, sir.

5 COUNCILWOMAN CLARK: Okay, I have no
6 further questions.

7 Yes, sir?

8 MR. GRACE: Madame Chair, Joseph Grace,
9 counsel for Spring-PAC.

10 Just one question, if I may? As David
11 Grasso of Spring-PAC pointed out, there's a timing
12 issue here in the sense that these tenants are --
13 the City tenants, some of the State tenants are
14 very, very, soon to move in. If there is a
15 suspension of the rules --

16 COUNCILWOMAN CLARK: We'll be happy to
17 do that.

18 MR. GRACE: My question would be: When
19 would it next be on the Council calendar to move
20 forward?

21 COUNCILWOMAN CLARK: Well, it will
22 heard on first reading on Thursday.

23 MR. GRACE: Thank you.

24 COUNCILWOMAN CLARK: And then held over
25 for one week and then heard on second and final

1 PUBLIC PROPERTY & PUBLIC WORKS - BILL 980460
2 passage the following week.

3 MR. GRACE: That's what I thought; I
4 just wanted to ask you that to clarify. And thank
5 you very much.

6 COUNCILWOMAN CLARK: We're happy to
7 clarify it for you.

8 Are there any other questions or
9 comments by other persons in the room who wish to
10 be heard to speak for or against this bill? If
11 so, please indicate your willingness now.

12 (No response.)

13 COUNCILWOMAN CLARK: There being none,
14 we thank you for coming.

15 Commissioner, we will now have our
16 discussion about 13-14 at another time.

17 COMMISSIONER PEREZ: Yes.

18 COUNCILWOMAN CLARK: The clerk will now
19 read the next bill to be considered by this
20 committee.

21 THE CLERK: Bill No. 980682 - an
22 ordinance authorizing the Commissioner of Public
23 Property to execute and deliver to the
24 Philadelphia Authority for Industrial Development
25 (hereafter referred to as "PAID"), without

1 PUBLIC PROPERTY & PUBLIC WORKS - Bill 980682
2 consideration, a deed conveying fee simple title
3 to a certain tract of City-owned land, with the
4 buildings and improvement thereon situate on the
5 northeasterly side of 63rd Street south of
6 Eastwick Avenue, under and subject to the terms
7 and conditions of the Philadelphia Industrial and
8 Commercial Development Agreement between the City,
9 the PAID, and the Philadelphia Industrial
10 Development Corporation.

11 COUNCILWOMAN CLARK: Thank you, sir.
12 (Paul Deegan and Richard Rueda come
13 forward.)

14 COUNCILWOMAN CLARK: Good morning.
15 Please introduce yourself to the record, spell
16 your name for benefit of the stenographer, and
17 proceed with your testimony.

18 MR. DEEGAN: Good morning. Paul
19 Deegan, D-E-E-G-A-N, PIDC. And next to me is Mr.
20 Richard Rueda, from Transfreight, who will speak
21 in a few moments.

22 We're here to testify in support of the
23 bill. The bill authorizes the City to convey a
24 property at 63rd and Eastwick Avenue in Southwest
25 Philadelphia to the Philadelphia Authority for

1 PUBLIC PROPERTY & PUBLIC WORKS - Bill 980682
2 Industrial Development.

3 After conveyance to PAID, the property
4 will be sold to Transfreight, Inc., the owner and
5 developer of an adjacent 15-acre warehouse and
6 distribution facility, which soon, I may add, may
7 double in size to a 50-acre, I think, or a 30-acre
8 facility. The company needs the land for parking
9 and circulation within their site to get their
10 trucks around the existing building.

11 The City acquired this vacant parcel of
12 land in 1976 to provide maintenance access the
13 Airport High-Speed Line. This property backs
14 right up to the Airport High-Speed Line property.

15 The entire property is only 7,000
16 square feet in area, and the company actually only
17 needs to acquire approximately 3,800 square feet.
18 We didn't determine the actual amount of land to
19 be acquired until after the ordinance was
20 introduced, but after several field trips with
21 myself, SEPTA, and Transfreight, we determined
22 that they needed less land.

23 So I would like to amend the ordinance
24 by substituting a new legal description which
25 reduces the area to be sold to Transfreight to

1 PUBLIC PROPERTY & PUBLIC WORKS - Bill 980682
2 3,800 square feet. And I have a copy of the legal
3 description, the new legal description here.

4 COUNCILWOMAN CLARK: Okay.

5 MR. DEEGAN: And I also have the disk.
6 I can give it to the chief clerk's office.

7 The property will be sold to
8 Transfreight for \$3,500, based on the fair-market
9 value of industrial land in Eastwick. It's
10 approximately \$40,000 per acre.

11 The net proceeds from the sale will be
12 deposited in the City's General Fund, and the
13 remainder of the parcel will be continued to be
14 used by the city and SEPTA. This will not disturb
15 the City's access to the Airport High-Speed Line.
16 And that was the purpose of our field visits with
17 SEPTA, to make sure that they could still get
18 their trucks down there next to the site.

19 I would like to ask that the committee
20 consider the bill favorably. And because the
21 facility's already under construction, I ask that
22 the rules of Council be suspended to permit first
23 reading at the next regularly-scheduled meeting of
24 Council.

25 I thank you for the opportunity to

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2 testify. I would like to introduce Mr. Richard
3 Rueda, who's the president of Transfreight,
4 sitting to my right. Transfreight is a company
5 that's been in Philadelphia for, I think, 26
6 years. They were relocated by the airport
7 expansion.

8 And unlike some of the other companies
9 who were relocated, Mr. Rueda made an
10 extraordinary effort to stay in Philadelphia. He
11 employs 300 people on this site, and I think it's
12 a good ordinance and good sale for everybody
13 concerned.

14 Thank you.

15 MR. RUEDA: Good morning.

16 COUNCILWOMAN CLARK: Thank you. Good
17 morning, sir. Please spell your last name for our
18 stenographer and proceed.

19 MR. RUEDA: R-U-E-D-A. I'm president
20 and CEO of Transfreight Systems, which is an
21 intermodal transportation company located here in
22 Philadelphia at our corporate headquarters.

23 We were relocated from the airport to
24 this new site, which consists of about 15 acres.
25 We need the additional space in order to continue

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2 the phase I development, which is running at about
3 \$5 million and will then constitute the largest
4 intermodal facility, when completed in Phase II,
5 in the eastern part of the United States. It
6 consists of a 400,000 square foot warehouse and
7 about 25 acres of container parking and lifting.

8 COUNCILWOMAN CLARK: I'm missing the
9 term that describes your business. Are you saying
10 "air modal"?

11 MR. RUEDA: "Intermodal."

12 COUNCILWOMAN CLARK: Intermodal.

13 MR. RUEDA: We combine two forms of
14 transportation -- rail and surface, air and
15 surface, erosion and surface.

16 COUNCILWOMAN CLARK: All right, thank
17 you.

18 Are there any questions by members of
19 the committee? Mr. Rizzo?

20 COUNCILMAN RIZZO: Your company only
21 needs the 3800 square feet?

22 MR. RUEDA: Yes, it does.

23 COUNCILMAN RIZZO: The 7,000 square
24 feet, could you explain -- does SEPTA, when they
25 use City-owned land, pay the City of Philadelphia

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2 for the use of that land?

3 MR. DEEGAN: Councilman, I believe that
4 SEPTA uses this land and other facilities as part
5 of the overall lease agreement with the City to
6 operate the transportation system. 'Cause
7 actually, the Frankford el, I think, is owned by
8 the City, the Airport High-Speed Line is actually
9 owned by the City, and there's a master lease with
10 SEPTA to operate and maintain these facilities,
11 so. . .

12 COUNCILMAN RIZZO: And the --

13 MR. DEEGAN: So it's part of the
14 general -- I think they call it the lease
15 lease-back.

16 COUNCILMAN RIZZO: The remaining square
17 feet of the parcel, it will not -- will have
18 right-of-way to it?

19 MR. DEEGAN: Yes.

20 COUNCILMAN RIZZO: And it would -- is
21 this land going to be considered for sale? SEPTA
22 has a habit, like many organizations, of hanging
23 on to things they don't necessarily need. Has it
24 been determined that SEPTA has no need for this --
25 or has need for this facility?

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2 MR. DEEGAN: Yes, Councilman. They
3 have a roadway, which physically goes from 63rd
4 Street underneath the overpass so that they can
5 get down to inspect the High-Speed Line.

6 So there is a visible roadway there,
7 which, for the most part, sits today within the
8 parcel that's not going to be sold. So that this
9 actually won't affect their roadway, but they do
10 use it continuously. I think they have to inspect
11 the High-Speed Line.

12 COUNCILMAN RIZZO: Okay. My concern is
13 that -- glad to hear of this company's growth, but
14 I just wouldn't -- I hate to see you in a
15 situation in a few years where you would need more
16 and not -- and then come back at us and it not be
17 available.

18 MR. RUEDA: I appreciate your concern,
19 but there is -- it's -- the only reason we need
20 this sliver of space is because the building that
21 was there that has to be remodeled needs more
22 turning space for the truck to go around. We have
23 no expansion in that area. We do have a
24 reservation on the remaining 20 acres where we're
25 putting up the -- and that's just being finalized

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2 now -- the 400,000 square foot warehouse.

3 So it will be a \$20 million project
4 when we're finished.

5 COUNCILMAN RIZZO: Good luck. Thank
6 you.

7 MR. RUEDA: Thank you, Councilman.

8 MR. DEEGAN: And we hope that they will
9 come to PIDC to buy extra land rather than looking
10 for more City land 'cause we own land next door.

11 COUNCILWOMAN CLARK: Okay. Well, we
12 won't be your competitor.

13 MR. DEEGAN: It's all for the city.
14 It's all --

15 COUNCILWOMAN CLARK: It's all for the
16 city. And we do appreciate your faith in the city
17 as evidenced by your willingness to expand.

18 Are there other comments by members of
19 the committee? Councilwoman Krajewski?

20 COUNCILWOMAN KRAJEWSKI: No.

21 COUNCILWOMAN CLARK: There being none,
22 thank you for your testimony.

23 MR. DEEGAN: Thank you.

24 COUNCILWOMAN CLARK: Are there other
25 persons in the room who wish to be heard to speak

1 PUBLIC PROPERTY & PUBLIC WORKS - Bill 980682

2 in favor of or against?

3 (No response.)

4 COUNCILWOMAN CLARK: Thank you, sir.

5 MR. RUEDA: Thank you.

6 (Ken Sipos comes forward.)

7 COUNCILWOMAN CLARK: Good morning.

8 COUNCILMAN KENNEY: Good morning,
9 Madame Chairwoman and members of the committee.

10 My name is Ken Sipos.

11 I wasn't going to testify; I just
12 wanted to clear up that we purchased this piece of
13 land for maintenance for the Airport High-Speed
14 Line. And when we were requested to assist in the
15 expansion of this property, we arranged to have
16 the -- have it inspected to see how much room
17 SEPTA needed to get into and out of the High-Speed
18 Line.

19 COUNCILWOMAN CLARK: Is it your
20 testimony that the remaining plot of land
21 continues to be useful to us?

22 COUNCILMAN KENNEY: Yes, for
23 maintenance of the High-Speed Line.

24 COUNCILWOMAN CLARK: And that the sale
25 of this piece of land does not detrimentally

1 PUBLIC PROPERTY & PUBLIC WORKS - Bill 980682

2 impact on our continued use?

3 COUNCILMAN KENNEY: That's correct.

4 COUNCILWOMAN CLARK: I thank you so
5 much.

6 COUNCILMAN KENNEY: Thank you.

7 COUNCILWOMAN CLARK: Okay. Are there
8 other persons in the room who wish to be heard to
9 speak in favor of or against this bill, which is
10 properly before the committee?

11 (No response.)

12 COUNCILWOMAN CLARK: There being none,
13 then the public hearing is adjourned.

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1 PUBLIC PROPERTY & PUBLIC WORKS - Public Meeting

2 COUNCILWOMAN CLARK: We are now in our
3 public session.

4 I'll entertain a motion from
5 Councilwoman Krajewski with respect to Bill No.
6 980460. And they need a suspension of the rules.

7 COUNCILWOMAN KRAJEWSKI: Madame Chair,
8 I move that Bill No. 980460 be reported out of
9 this committee with a favorable recommendation
10 with a suspension of rules so as to permit first
11 reading at our next session of Council.

12 (Duly seconded.)

13 COUNCILWOMAN CLARK: All in favor, say
14 aye?

15 All opposed, say nay?

16 There being none, Bill No. 980460 has
17 been reported out of this committee with a
18 favorable recommendation, and with the further
19 recommendation that the rules of Council be
20 suspended so as to permit first reading at the
21 next stated session of Council.

22 Councilman Rizzo, would you give us a
23 motion with respect to 980682.

24 COUNCILMAN RIZZO: Okay. Does this
25 require a suspension of the rules?

1 PUBLIC PROPERTY & PUBLIC WORKS - Public Meeting

2 COUNCILWOMAN KRAJEWSKI: Yes.

3 COUNCILMAN RIZZO: Okay. I move that
4 Bill No. 980682 come out of this committee with a
5 favorable recommendation, and that the rules of
6 Council be suspended so that it could be heard at
7 its next regular session of Council.

8 (Duly seconded.)

9 COUNCILWOMAN CLARK: Thank you. It's
10 been properly moved and second that Bill 980682 be
11 reported out of this committee with a favorable
12 recommendation, and that the rules of Council be
13 suspended so as to permit first reading at our
14 next stated hearing of Council.

15 All in favor, say aye?

16 Opposes, nay?

17 It is so ordered.

18 Moved that the meeting be adjourned?

19 So ordered.

20 (Adjourned at 11:47 a.m.)

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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, October 28, 1998, were
reported and accurately by me, and that this is a
correct transcript of same.

RE: COUNCIL COMMITTEE
ON PUBLIC PROPERTY AND PUBLIC WORKS
BILL NO.'S 980460, 980682

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter