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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON COMMERCE

5

AND ECONOMIC DEVELOPMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, November 17, 2004
10:25 a.m.

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RESOLUTION 040827

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PRESENT:

13

COUNCILMAN W. WILSON GOODE, JR., Chair

14

COUNCILMAN DARRELL CLARKE

15

COUNCILMAN FRANK RIZZO

16

COUNCILMAN JUAN RAMOS

17

COUNCILMAN MICHAEL A. NUTTER

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COUNCILWOMAN BLONDELL REYNOLDS BROWN

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2 COUNCILMAN GOODE: Good morning.

3 This hearing is called to order. This is the
4 public hearing of the Commerce and Economic
5 Development Committee on Resolution No.
6 040827, a resolution authorizing the Committee
7 on Commerce and Economic Development to hold
8 hearings to review the findings and
9 recommendations of the Philadelphia 21st
10 Century Economic Development Summit, to take
11 public testimony related to the Street
12 Administration proposed Economic Development
13 Blueprint and Investment Fund, and further
14 authorizing the Committee to issue subpoenas
15 to compel the attendance of witnesses and
16 production of documents and other evidence.

17 My name is W. Wilson Goode, Jr.,
18 Chair of the Committee. I note that a quorum
19 is not present yet but it's not required. We
20 will not be taking action on this resolution
21 today, but it is simply an informational
22 hearing. Other Committee members present
23 include Darrell Clarke, Juan Ramos and Frank
24 Rizzo, and other members will be joining us
25 shortly.

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2 The first person to testify this
3 morning is Stephanie Naidoff, City
4 Representative and Director of Commerce. I
5 ask Ms. Naidoff to please approach the witness
6 table.

7 I also note that Vice Chair of the
8 Committee Michael Nutter is also present.

9 Ms. Naidoff, please state your name
10 for the record.

11 MS. NAIDOFF: I'm Stephanie Naidoff
12 and I'm City Representative and Director of
13 Commerce.

14 COUNCILMAN GOODE: Please proceed
15 with your testimony.

16 MS. NAIDOFF: Thank you very much.

17 Good morning to Mr. Chairman and
18 Members of the Committee. As I said, I'm
19 Stephanie Naidoff and I'm the City
20 Representative and Director of Commerce. I'm
21 here today to provide testimony responding to
22 Chairman Goode's invitation to attendees at
23 the Philadelphia 21st Century Economic Summit
24 and others to testify at this public hearing.

25 As I understand it, the purpose of

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2 the hearing is to review the findings and
3 recommendations of the summit and to take
4 public testimony related to the Street
5 Administration's proposed Economic Development
6 Blueprint and Investment Fund.

7 I'm pleased to have this opportunity
8 to review with City Council and the public the
9 purpose for which the summit was held and the
10 context in which recommendations arising out
11 of the summit should be considered. As
12 previously indicated in testimony to City
13 Council last spring, the Department of
14 Commerce has undertaken a strategic planning
15 process for the City's Economic Development, a
16 process that we have consistently indicated
17 will result in a strategic plan to be known as
18 the Economic Development Blueprint. The
19 Department's mission is to create a Blueprint
20 that will serve as a strategic plan for the
21 City of Philadelphia's economic development
22 investment. The Blueprint should serve as an
23 outline against which to measure future
24 investments, projects, initiatives and
25 agendas. We have consistently indicated that

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2 had the summit was to be one vehicle for
3 gathering input needed to develop an
4 actionable Blueprint. We believe and have
5 been told many times that the summit was one
6 of the most constructive and positive dialogs
7 to take place in the City's civic arena in
8 decades. The summit advanced a number of
9 important recommendations and outlined a set
10 of priorities. This is exactly what we hoped
11 would happen, and we are eager now and working
12 diligently to evaluate the work from the
13 summit and to use it to produce a Blueprint
14 that will help make Philadelphia a great place
15 to live, work, visit and do business.

16 The Economic Development Summit was
17 the public involvement portion of the Commerce
18 Department's strategic planning process. It
19 was the way to engage a broad range of
20 constituencies in discussion about the
21 priorities for the City's economic development
22 and to receive their input about sets of
23 recommendations that will promote business and
24 foster the growth of jobs in Philadelphia.
25 From the outset of the planning process, we

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2 determined that it could not be a unilateral
3 government effort and, therefore,
4 intentionally engaged some of the smartest,
5 most innovative and most farsighted members of
6 our community. Based on the comments I have
7 received, there is consensus that we assembled
8 at this event a group of individuals with
9 stellar capability, great diversity and broad
10 constituent representation. We also believe
11 that we created an interactive and
12 cutting-edge atmosphere where people truly
13 listened to one another and where ideas were
14 freely articulated and debated.

15 The summit was held at the Navy Yard
16 on September 14th and 15th. Almost 200 people
17 attended. Both days were designed and
18 facilitated by the Center for Applied
19 Research, CFAR, a management consulting firm
20 comprised of Wharton School professors.
21 Participants engaged in three interactive
22 working sessions over the course of the day
23 and a half, and I'm going to describe each one
24 briefly.

25 The first was to generate

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2 recommendations in seven working groups
3 through what we called an interview design
4 process. The interview design process divided
5 the participants into seven different working
6 groups. The groups were organized around
7 certain key topics in economic development.
8 The first, "Why here? Advantages and
9 disadvantages of doing business in the City's
10 primary centers and key industries." Second,
11 "Energizing communities. The advantages and
12 disadvantages of doing business in
13 Philadelphia's neighborhoods." Third, "Making
14 work work. Connecting individuals and jobs."
15 Fourth, "Increasing diversity. Minority
16 participation in public and private sector."
17 Fifth, "Busting barriers. Rethinking the cost
18 of doing business in Philadelphia." Sixth,
19 "The economic development tool box.
20 Philadelphia's incentive strategies. And the
21 seventh, "Spending wisely. Investments for
22 growth, River City, gaming and beyond."
23 The process began with the
24 participants conducting one-on-one interviews
25 with one another, each asking one of four

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2 specific questions for each topic that were
3 provided by the Commerce Department as part of
4 the program design. Following the interviews,
5 participants gathered into small theme groups
6 to discuss the similarities and differences in
7 responses they received. Each theme group
8 then presented their findings to all the
9 participants in the working group. The group
10 then collectively developed five
11 recommendations based on the information that
12 was gathered. The session resulted in five
13 priority recommendations from each working
14 group with a total of 35 recommendations
15 across the groups to bring into the next day's
16 session.

17 The next day was "Envisioning the
18 future, defining a role for the City of
19 Philadelphia through the history of the
20 future." This visioning exercise asked mixed
21 groups from across the seven focus areas to
22 envision Philadelphia in the year 2014 as a
23 City where economic indicators are off the
24 charts, businesses are thriving, and people
25 are fully employed in high- paying jobs.

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2 Participants interviewed each other, telling
3 the story of how Philadelphia got there.
4 Working through a number of questions we
5 provided, the groups came together to identify
6 the major components of success with a focus
7 on defining the City's role in economic
8 development. A list of action headlines was
9 developed by each group to capture these
10 ideas.

11 The third section was called,
12 "Putting it all together. Creating a timeline
13 for action." The final task for each group
14 then was to prioritize a set of five
15 recommendations for the City from across the
16 working group recommendations from the first
17 day, creating a timeline with each
18 recommendation assigned to a particular time
19 frame for completion. The recommendations
20 reflected the action headlines that were
21 created in the previous sessions and created a
22 vision of the future economic development of
23 the City.

24 The summit concluded with a fishbowl
25 discussion that involved the seven working

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2 group leaders and Mayor Street. The
3 discussion integrated the work across each of
4 these three interactive sessions and offered
5 the opportunity to learn what others had been
6 thinking.

7 At the summit, we indicated that we
8 would produce two post-summit documents, a
9 report of the summit proceedings and the
10 Economic Development Blueprint. The first of
11 these was an interim report of the summit
12 which we indicated at the summit would be
13 issued to the summit participants shortly
14 after the event. This report was delivered to
15 all summit participants on October 7, 2004.
16 As indicated in the report, it was intended to
17 be a compilation and summary of the work
18 product of the summit. As such, the Commerce
19 Department intended it to be an internal
20 in-process document which was issued to summit
21 participants for their feedback as to whether
22 we collected and reported the information
23 accurately and completely. Notwithstanding
24 that October 7th interim report was never
25 intended to be anything more than a working

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2 document for the summit participants, it has
3 become the subject of media attention and this
4 hearing.

5 While I believe that the interim
6 report, even in draft form, reflects the work
7 of the summit and speaks for itself, I
8 understand that Councilman Goode has asked for
9 this hearing to focus on the issues of access
10 to capital, business environment, capital
11 investment, and workforce development. As
12 indicated in the materials attached to the
13 interim report, these same four issues were
14 the areas in which the recommendations of the
15 summit group were concentrating. But the
16 summit also provided us with a vision and sets
17 of objectives for Philadelphia's economic
18 development future. Although sometimes the
19 words differed, what we heard as a consensus,
20 the envisioned goal, was clear. Market and
21 people-friendly Philadelphia is now the
22 location of choice for individuals and
23 business. That goal of the summit
24 participants was focused on the single great
25 vision of making Philadelphia the location of

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2 choice. Becoming market and people-friendly
3 requires other components to be in place. As
4 described in the interim report, Philadelphia
5 must sustain and grow existing businesses,
6 attract new enterprises, educate our children
7 well, train or retrain our workers, and
8 provide a diverse, culturally rich City and
9 region with a solid infrastructure and an
10 appealing environment.

11 The summit group stressed that doing
12 this means, above all, spending our resources
13 wisely so as to leverage our investments, make
14 the most of our current market strengths,
15 achieve an appropriate balance of short and
16 long-term goals, and bring some of those
17 short-term goals to quick fruition to build
18 momentum and confidence.

19 Finally, summit participants were
20 emphatically in favor of combining this
21 ambitious agenda with tax reform. The interim
22 report included the recommendations generated
23 by the summit groups designed to achieve these
24 objectives. The four areas that are the
25 subject of the today's hearing was the most

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2 important priorities for the summit
3 participants. Indeed, they were important
4 priorities for us as we organized the summit,
5 which is reflected in our express inclusion of
6 these issues as part of the summit program as
7 working group topics and as specific focus
8 questions within those topics. Recognizing,
9 for example, that one of the principal goals
10 of the City's capital investment and incentive
11 program is job creation, I sought input at the
12 summit with regard to our investments and
13 programs by including among other things
14 questions regarding administrative capacity of
15 government agencies, performance measures, and
16 program transparency and consistency. My hope
17 was that we would receive advise on how to
18 maximize our return on City economic
19 development dollars and opportunities and how
20 to evaluate the effectiveness of these
21 activities.

22 I'm hopeful that today's hearing
23 generates additional input on these areas of
24 priority from the summit. We're looking
25 forward, for example, to continue working with

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2 Councilman Goode's office to review the City's
3 job creation efforts. The Commerce
4 Department, PIDC, and other City economic
5 development agencies recently provided
6 extensive contribution and discussion on that
7 topic with the Councilman's staff. All of
8 this will be helpful to us as we consider
9 these issues in connection with the Blueprint.
10 Although, as the Councilman knows, we are
11 still developing the content of the Blueprint,
12 I can comment to you now that these issues
13 will be addressed in the Blueprint when it is
14 done.

15 The second document then is the
16 Economic Development Blueprint which we
17 indicated at the summit would be produced by
18 the end of the year. I believe we are still
19 on schedule to produce the document within
20 this time frame. The Blueprint is intended to
21 integrate what we learned from the summit with
22 a discussion of the City's financial and human
23 resources, the Street Administration's
24 priorities, the respective roles of City
25 government, citizens and non-government

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2 institutions, and our judgment about what the
3 City can accomplish now and what it can do to
4 lay the groundwork for the future.

5 Given the areas of focus of summit
6 and this hearing, we're optimistic that the
7 Administration and City Council will share
8 common economic development objectives and
9 will work cooperatively on responsible
10 strategies and plans to implement them. The
11 Administration's recent experience with
12 Councilman Goode on the job creation tax
13 credit program which would allow certain firms
14 to claim a tax credit for creating new jobs in
15 the City demonstrates how we would like to
16 approach the Blueprint once it is released.
17 As with the job creation tax credit bill, we
18 will want to work closely with City Council
19 following completion of the Blueprint to
20 review the financial impacts and reach
21 mutually acceptable solutions.

22 Throughout our planning process,
23 we've done what we said we would do. We began
24 organizing the process in April of 2004. We
25 effectively engaged the public at the summit

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2 in September. We promptly issued a report and
3 asked for feedback. And we are currently
4 revising that report to respond to the
5 comments. And we're working diligently on the
6 Blueprint and anticipate being able to meet
7 the stated time frame for completion.

8 In his invitation to provide
9 testimony at the hearing, Councilman Goode
10 indicated that the Commerce Department and the
11 summit participants should be saluted for the
12 dynamic process that led to the
13 recommendations of the summit. He also stated
14 that he believes that open public testimony
15 will both complement and enhance the great
16 work that has already been done. I truly hope
17 that this will be the case. I ask for your
18 continued cooperate as we continue to advance
19 our efforts to complete this exciting and
20 rewarding process with the Blueprint.

21 I thank you for the opportunity to
22 speak on this important issue. And now I'll
23 be happy to answer any questions you might
24 have.

25 COUNCILMAN GOODE: Thank you for

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2 your testimony Ms. Naidoff. Actually, I don't
3 have any questions.

4 Any questions from any Members of
5 the committee?

6 The Chair recognizes Councilman
7 Clarke.

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

10 Good morning.

11 MS. NAIDOFF: Good morning.

12 COUNCILMAN CLARKE: Real briefly --
13 and you may not be able to answer this in any
14 level of detail. Can you talk to me about
15 small business corridors involvement in this
16 process? What should they do early on in the
17 process?

18 People are interested in creating
19 job opportunities in neighborhoods. Can you
20 talk to me about their strategy to approach
21 that and those individual business people and
22 business corridors?

23 MS. NAIDOFF: Councilman, as you
24 know, we have a number of programs in a number
25 of agencies, not only the Commerce Department

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2 but PCDC and other agencies that working hard
3 with our neighborhood small business
4 communities. And I think that they are
5 achieving some notable successes. But the
6 whole point of making this a topic at the
7 summit is that we believe, and I think we all
8 believe, that we can always improve on what is
9 being done. So we are studying a lot of the
10 discussions and the recommendations that were
11 given to us at the summit to look for ways in
12 which we can improve leverage, perhaps
13 consolidate, make more efficient the resources
14 that we are already putting into small
15 development. It is a critical part of the
16 City's economic development and a very
17 important part of the Economic Development
18 Blueprint that we will be issuing at the end
19 of year.

20 COUNCILMAN CLARKE: Can you be a
21 little more specific?

22 Basically what it sounds like you're
23 saying, we have a mechanism in place and we're
24 just going to add more resources. And
25 although I agree that there is a mechanism in

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2 place, but if you look at some of the
3 commercial corridors throughout the City, I
4 see a substantial decline in the number of
5 them and I think we may have to do something
6 different. So I was hoping to get a sense of
7 a different approach, more aggressive
8 approach, something out of the box.

9 MS. NAIDOFF: Well, I would start by
10 saying I don't think that the answer is
11 necessarily to add more resources. I don't
12 think that as a City in any one of the
13 important elements of economic development we
14 have the ability right now to add a lot of
15 resources. But what we can do, and especially
16 because we have so many smart, committed
17 people working on it both within the
18 Administration and City Council and all of the
19 related organizations that are devoted to
20 this, I think we can figure out some better
21 ways of leveraging resources and making sure
22 that we are targeting them to really enhance
23 the small business and commercial corridor
24 activity that does exist in Philadelphia and
25 that should be improved and enhanced in the

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2 future.

3 COUNCILMAN GOODE: Ms. Naidoff, does
4 the Administration still plan to pursue the
5 \$500 million investment fund?

6 MS. NAIDOFF: Yes.

7 COUNCILMAN GOODE: And that's not
8 new resources that would be available for
9 neighborhood commercial corridors?

10 MS. NAIDOFF: The application of the
11 Investment Development Fund is yet to be
12 decided. That's part of what we will address
13 in the Blueprint.

14 COUNCILMAN GOODE: But you seem to
15 be suggesting that we need to use our
16 resources more wisely to leverage more private
17 investment but don't necessarily need more
18 resources for neighborhood commercial
19 corridors. I don't know if that's what you
20 meant to say, but that's what you conveyed.

21 MS. NAIDOFF: I think it is a dual
22 track, Councilman. I think what we need to do
23 is where we can invest more money we have to
24 make some wise decisions about what will spur
25 economic development most effectively in the

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2 future. But mostly importantly, I believe
3 there is also a great opportunity that comes
4 out of this very good dialog that took place
5 in September at the summit to look again at
6 the resources that we are applying and see if
7 we can leverage them differently. I used the
8 phrase zero based budgeting at the summit, and
9 I do believe that there is an opportunity to
10 rethink how we're doing what we are doing with
11 current resources as well. And I think we
12 have to do both.

13 COUNCILMAN GOODE: Well, we will
14 actually be taking extensive testimony today
15 about neighborhoods, neighborhood economic
16 development commercial corridors and I hope
17 you will listen to that testimony closely.

18 MS. NAIDOFF: I certainly intend to
19 do that, and we look forward to hearing that
20 input and getting us and helping us shape the
21 recommendations in the Blueprint.

22 COUNCILMAN GOODE: Councilman
23 Clarke.

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

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2 To follow up on the Councilman's
3 question, as an example, it's my understanding
4 that a substantial portion of the \$500 million
5 Economic Development Fund will go toward
6 infrastructure improvement in certain areas
7 along the waterfront.

8 We have various commercial corridors
9 -- I'll give you one as an example. I'm
10 always going to put a plug in during this
11 testimony. The ridge and Cecil B. Moore
12 corridor is a corridor that we've asked, we
13 reached out to the community, we reached out
14 to the business people. They've organized.
15 They're working very diligently using
16 barebones minimum resources to try and bring
17 that corridor back. And one of the things
18 that continues to come back to me is "What
19 about our curbs and sidewalks? What about our
20 infrastructure improvement?" Those are the
21 types of things that, frankly speaking, a lot
22 of these business people won't be in a
23 position to implement themselves.

24 So I'm wondering is that a part of
25 the capital improvement programs that we're

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2 talking about on a broader scale. Will we
3 also incorporate some of these neighborhood
4 commercial corridors to create such amenities
5 that will make them a more conducive corridor
6 to shop. And, frankly speaking, some of these
7 sidewalks you can't even walk down.

8 MS. NAIDOFF: I certainly appreciate
9 what you're saying. And we are looking
10 forward to including the input that you and
11 others will give us for the allocation of the
12 resources for that investment fund, and the
13 kinds of things you're talking about will
14 certainly be in our thinking.

15 COUNCILMAN CLARKE: At the end of
16 the day, how will these decisions be made to
17 actually implement these resources? Will you
18 simply take input from Councilmembers and
19 community groups and go somewhere and huddle
20 in a room and figure out how you're going to
21 spend this money and dole it out to various
22 areas and we basically get what we get? Or is
23 there some sort of a check-off with the
24 elected officials in the City of Philadelphia
25 beyond the Mayor's office, i.e., City Council?

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2 MS. NAIDOFF: I certainly can't
3 imagine the kind of process you just described
4 ever taking place, at least not in my lifetime
5 have I seen things like that happened. But I
6 know that it is the goal of this
7 Administration to develop its Blueprint, make
8 its recommendations, and then as the
9 implementation of it goes forward, obviously
10 we want to work collaboratively with the City
11 Council, as I said in my testimony, to figure
12 out what the results should be, what the
13 implementation strategy should be. Piece by
14 piece, we will be discussing with City Council
15 every piece of the implementation of those
16 recommendations as they occur. They are not
17 going to be done in a back room somewhere.

18 COUNCILMAN CLARKE: Thank you, Mr.
19 Chairman.

20 COUNCILMAN GOODE: The Chair
21 recognizes Councilman Nutter.

22 COUNCILMAN NUTTER: Thank you, Mr.
23 Chairman.

24 Madam Commerce Director, I just want
25 to get a little clarification of what I

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2 thought I heard you say. I may have clearly
3 misunderstood it. It was in response to
4 Councilman Clarke's question. You said that
5 you could not imagine the kind of process that
6 the Councilman laid out taking place in your
7 lifetime. I didn't really understand that.
8 What did that mean?

9 MS. NAIDOFF: I think he was
10 describing something that sounded like it was
11 taking place in some dark room somewhere. I
12 think he used that phrase.

13 COUNCILMAN CLARKE: Did I say dark
14 room?

15 MS. NAIDOFF: Maybe now. I'm sorry.
16 But anyway, that his was the image that I had
17 my mind as he was talking about it, and I
18 can't any kind of public policy would be
19 arrived at in that way.

20 COUNCILMAN NUTTER: You said you
21 can't imagine it happening like that?

22 MS. NAIDOFF: No, I can't.

23 COUNCILMAN NUTTER: Let me encourage
24 you to expand your imagination.

25 So how would you envision it

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2 happening?

3 MS. NAIDOFF: I think exactly the
4 way I tried to describe, which is that we will
5 develop the Blueprint and then the
6 implementation of the strategies, the
7 recommendations of that Blueprint will be
8 developed in collaboration with City Council.

9 COUNCILMAN NUTTER: Just one last
10 question. And what process would you envision
11 would take place to do what you just said? I
12 mean, can you give me a little more detail?
13 Step-by-step, what would actually happen?

14 MS. NAIDOFF: I can't give you the
15 details of what it would look like --

16 COUNCILMAN NUTTER: I'm just trying
17 to figure out how do we engage, how will
18 Council be involved? Is it in a more formal
19 process through a bill and public hearing? Is
20 it a series of informal meetings and
21 discussions for input?

22 MS. NAIDOFF: I would imagine both.
23 I think that there would have to be a number
24 of bills that would be proposed by the
25 Administration to carry out each step of the

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2 recommendations, each set of the
3 implementation strategies. And we would
4 certainly expect that there will be hearings
5 on each of those. But at the same time, I
6 hope that there will be the kind of informal
7 collaboration you're talking about so that we
8 can have some informal discussions before we
9 shape those bills and we know that we're
10 working together on that.

11 COUNCILMAN NUTTER: Great. Thank
12 you.

13 COUNCILMAN GOODE: The Chair
14 recognizes Councilman Ramos.

15 COUNCILMAN RAMOS: Thank you, Mr.
16 Chairman.

17 Thank you, Ms. Naidoff for coming
18 and testifying before us.

19 In your statement, you mention that
20 the second document would be produced probably
21 on time by the end of the year. Can we -- I
22 would want to either in this document or in
23 some kind of other means to have an idea what
24 project or projects you see this
25 Administration prioritizing before the end of

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2 the tenure of this Administration. As still a
3 freshman on this City Council, I have been
4 around this City Council and the civic and
5 political life of the City for many, many
6 years. I always see some very nice plans and
7 strategic documents and then they end up in a
8 file or nowadays they land in some folder in
9 your PC that no one gets to see.

10 So I'm interested to see that this
11 Administration will have a project or a number
12 of projects that before the year -- before
13 December 2007 or underway, can we expect the
14 type of definitive indication in any of the
15 upcoming documents that came out of the
16 summit?

17 MS. NAIDOFF: I can't predict now
18 whether there will be specific projects in the
19 blueprint. I expect there will be, but I have
20 to go back to what I said before, which is it
21 is in our view a strategic planning document.
22 And a strategic planning document is intended
23 to provide overall guidance for objectives.
24 And that's what we're looking to see this
25 document, this Blueprint, create.

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2 COUNCILMAN RAMOS: And I appreciate
3 you elaborating on the definition of a
4 strategic plan for me. But can we count on
5 before December 31st of 2007 of something
6 actually going on?

7 And I bring this up because I think
8 it's important for the people of Philadelphia
9 to see that this Administration before its
10 term is up will have a project or number of
11 other projects. Not to say that this
12 Administration has not produced some good
13 projects, in this view. But if this summit
14 was so important to the City of Philadelphia
15 as well have indicated and as I well observed
16 as a participant, that we should have
17 something come out, something that the public
18 can see that in fact is indicative of this
19 strategic plan.

20 Lately, I pick up the paper or turn
21 on to KYW and I hear that our Penns Landing
22 project is dead. I heard on Sunday that
23 something was happening with the Byberry
24 Hospital project. I had someone call PIDC who
25 have been very forthcoming, very cooperative

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2 with my office, and they didn't know if there
3 his was any new development in the Byberry
4 Hospital site. But yet I heard it on KYW.
5 There was something on Sudan about -- and the
6 report was that there was something happening
7 there. So I, of course, as a person that is
8 interested, like all my colleagues on this
9 Council, in job creation and economic
10 development, I said, "Wow, something happened
11 in the last few days I wasn't aware of." But
12 PIDC couldn't tell me anything new. So
13 because of those things, I'm concerned that we
14 will do a nice strategy document and maybe --
15 2007 comes up very, very quick, and the next
16 person to hold office on the second floor
17 might convene his own or her own summit and
18 there goes your strategy and your work down
19 the drain. I know that happens a lot. I sure
20 would like you guys to have something that you
21 prioritize and say, "When this process is over
22 with, this is our priority or these are our
23 projects and they're going to get started
24 before 2007."

25 MS. NAIDOFF: Let me address the

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2 specific first and then the more general. The
3 specific you raised about the Byberry project,
4 and I'll be happy to provide you with the
5 information. I don't know what was on KYW. I
6 didn't hear it myself, but that RFP
7 announcement was made several weeks ago. And
8 it was in the newspapers. I can send up the
9 clippings as well. I can't imagine why the
10 person PIDC said there was no news on it other
11 than the fact that maybe since the
12 announcement of several weeks ago there has
13 been no new developments, but we'll provide
14 you with information about that.

15 On the more general question, I
16 think we're in absolute accord because I
17 believe that our goal as well is to present
18 and actionable Blueprint. We've been saying
19 that all along. And we want very much to make
20 sure that we create, as I said in my
21 testimony, the kind of confidence and momentum
22 that we believe the City is capable of and
23 that you only do that with specific projects
24 and we intend to have specifics that we will
25 work with you on developing and implementing,

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2 and that's exactly what the Administration is
3 intending to do.

4 COUNCILMAN RAMOS: Do you think that
5 will be included in the end-of-year report?

6 MS. NAIDOFF: I think there will
7 some guidance on specific projects, but I
8 think, as I said, it will be a strategic
9 planning document and there will probably be
10 the kind of collaboration that I was talking
11 about with Councilman Nutter and Councilman
12 Clarke before that will allow us to develop
13 more specific plans and objectives in
14 collaboration with City Council.

15 COUNCILMAN RAMOS: Do you think that
16 would timeline that we would want to do this
17 or start this by 2006, 2007?

18 MS. NAIDOFF: I can't imagine that
19 we won't have some projects that we expect to
20 get underway within the next two years, as
21 you're suggesting.

22 COUNCILMAN RAMOS: Thank you, ma'am.

23 COUNCILMAN GOODE: Questions from
24 other Members of the Committee?

25 Councilman Clarke.

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2 COUNCILMAN CLARKE: Thank you, Mr.
3 Chairman.

4 Just one follow-up question on the
5 neighborhood issue. Do you anticipate having
6 smaller summits, neighborhood-type summits
7 participation by business people, community
8 leaders?

9 MS. NAIDOFF: We had a number of
10 neighborhood people, neighborhood community
11 leaders involved in the summit. We hadn't
12 thought about having additional summits. We
13 had been asked at the summit to have some sort
14 of a follow-up session once the Blueprint is
15 ready, and we will try to do that. But this
16 is an idea we hadn't thought about and will be
17 happy to consider it.

18 COUNCILMAN CLARKE: All right.
19 Because in anticipation of trying to do
20 something like that, I'd actually gotten a
21 list of all of the -- the list that was
22 available of the business people in my
23 councilmanic district in the hopes that we
24 would have some sort of neighborhood summit
25 maybe at Temple University or somewhere,

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2 somewhere that's central to the business
3 people in North Philadelphia, and have similar
4 type of dialog and resources from the
5 government available to have that interaction
6 with business people. I'm hearing that you
7 more than likely would be willing to
8 participate in that.

9 MS. NAIDOFF: I'll be happy to talk
10 to you about doing something like that.

11 COUNCILMAN CLARKE: Thank you.

12 Thank you, Mr. Chairman.

13 COUNCILMAN GOODE: Are there any
14 other questions for Ms. Naidoff.

15 (No response.)

16 COUNCILMAN GOODE: Thank you, Ms.
17 Naidoff.

18 Our next witness is Marisa Waxman
19 from the City Controller's Office.

20 Good morning, Ms. Waxman. Please
21 state your name for the record.

22 MS. WAXMAN: Good morning. I'm
23 Marisa Waxman, Director of Finance and Policy
24 Analysis in the Office of the City Controller.

25 Good morning, Chairman Goode and

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2 Honorable Members of the Committee on Commerce
3 and Economic Development. Controller Saidel
4 requested that I participate in the Mayor's
5 Economic Development Summit on his behalf and
6 that I come before you today. The Controller
7 is hopeful that the summit and other efforts
8 will lead to a clear, economic development
9 strategy that can expand the City's tax base
10 while improving the quality of life and
11 financial condition of Philadelphia's firms
12 and families.

13 The Economic Development Summit was
14 superbly organized, and I was impressed by the
15 interactive aspects and valued the
16 enlightening exchanges with people with
17 diverse background and experiences. As a
18 member of the "busting barriers group" which
19 sought to address the high cost of doing
20 business in Philadelphia, I find it
21 disheartening that most of the group's work
22 product was not included in the interim report
23 distributed by the Commerce Department. I
24 would like to take this opportunity to provide
25 feedback on the interim report and my

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2 experiences at the summit.

3 Many of the themes that emerged out
4 of the summit are ideas that have long been
5 championed by the City's Controller Office.
6 For example, improved governmental
7 transparency in the areas such as economic
8 incentives and the budget process were often
9 discussed as essential to providing top-notch
10 government to the citizens and taxpayers of
11 Philadelphia.

12 While I agree with many of the
13 findings included in the interim report
14 accurately reflect my experiences at the
15 summit, I must address the characterization of
16 tax reform as being a sort of afterthought in
17 the discussion of Philadelphia's future
18 economic vitality. Five of the eight groups
19 placed tax reform or lowering the cost doing
20 the cost of business as the first item on
21 their time line. And two other groups made it
22 their second action item during the action
23 headline exercise.

24 From this, I gather that the groups
25 viewed tax reform as a precursor to other

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2 strategic actions a clear priority and an
3 intervention that can and must be implemented
4 in the near future. While the interim report
5 states that the participants were reticent
6 when Mayor Street asked for specifics about
7 tax reform, it is unfair to imply that no
8 specific recommendations were mentioned.

9 The summary goes on to state that a
10 better understanding of tax reform is
11 necessary. This representation is not
12 compatible with my experience at the summit.
13 During the busting barriers session, the final
14 fishbowl activity and throughout the two-day
15 summit, participants were already well
16 informed about the specifics of tax reform,
17 and rather than seeking continued debate,
18 people wanted action. The time for debate has
19 passed, and I hope that the final Blueprint
20 reflects actions rather than continued calls
21 for discussion and education about tax reform.

22 The City of Philadelphia needs a
23 rational, equitable and transparent strategy
24 for an economic development to achieve its
25 potential as a preferred to live, work and

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2 visit.

3 Thank you.

4 COUNCILMAN GOODE: Thank you for
5 your testimony, Ms. Waxman. I agree with your
6 analysis of what happened in the summit in
7 terms of tax reform being a dominant issue.
8 But today we're actually discussing a lot of
9 other issues, including access to capital for
10 small businesses.

11 The Controller recently released a
12 study, I believe, you may have actually
13 prepared for the Controller's Office. Could
14 you enlighten us on the findings of that
15 study?

16 MS. WAXMAN: That study actually
17 talks about two specific things: Small
18 business lending and lending with small
19 businesses. And these two different things do
20 cause a lot of confusion. Lending to small
21 business is lending businesses who have
22 revenues under \$1 million, I believe. Whereas
23 small business lending means the loans
24 themselves in amount were small.

25 One of the main findings of this

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2 year's report was that we've been tracking the
3 geographic distribution of small business
4 lending and loans to small businesses, and we
5 found that this year for the first time since
6 we began tracking in, I believe, 1996, that
7 low to moderate income communities received
8 the majority of those loans. There are also
9 some other trends about the actual size of the
10 loan. The average loan amount was declining.
11 The full report is available on our Web site
12 at www.philadelphiacontroller.org.

13 COUNCILMAN GOODE: And while the
14 trend shows that a majority of small business
15 loans are happening as of 2003 in low and
16 moderate income neighborhoods -- I think that
17 number was 52 percent -- do you believe that
18 number is high enough, given demographics of
19 Philadelphia?

20 MS. WAXMAN: That, I'm really not
21 prepared to comment on. If you'd like me to
22 go back and take another look at all of the
23 data, I'd be happy to.

24 COUNCILMAN GOODE: I also forwarded
25 to you an analysis by the National Community

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2 Reinvestment Coalition that said that
3 Philadelphia, despite making some improvements
4 in terms of small business lending to lower
5 income areas and to minority census tracks,
6 still ranked 99th and 100th out of the 100 top
7 metropolitan areas. So we're still at the
8 bottom of the heap in terms of small business
9 lending. Can you sort of reconcile the
10 findings of your analysis with that analysis?

11 MS. WAXMAN: Well, I don't have
12 specific details, but basically I can agree
13 that even while we're improving, we may not be
14 where we need to be in order to ensure
15 economic vitality throughout the City in low
16 to moderate income neighborhoods, high income
17 neighborhoods everywhere.

18 COUNCILMAN GOODE: But you did
19 receive the analysis I forwarded to you?

20 MS. WAXMAN: Yes.

21 COUNCILMAN GOODE: You did review
22 it?

23 MS. WAXMAN: Yes.

24 COUNCILMAN GOODE: Did you find the
25 analysis to be legitimate that Philadelphia in

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2 fact does rank 99th and 100th in terms of
3 lending to lower income areas and minority
4 census tracks?

5 MS. WAXMAN: I don't recall
6 specially where rankings were, but that jobs
7 with my memory of having read the report you
8 sent.

9 COUNCILMAN GOODE: Thank you.
10 Are there questions from other
11 Members of the Committee for Ms. Waxman?

12 (No response.)

13 COUNCILMAN GOODE: Thank you, Ms.
14 Waxman.

15 We actually will bring our first
16 panel which is the Greater Philadelphia Urban
17 Affairs Coalition, Small Business Lending Task
18 Force, Leslie Benoliel, Don Kelly, William
19 Smith.

20 Please state your name for the
21 record.

22 MS. BENOLIEL: Good morning. My
23 name is Leslie Benoliel. I'm the Chairperson
24 of the Small Business Lending Task Force of
25 Greater Philadelphia Urban Affairs Coalition

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2 and Executive Director of the Philadelphia
3 Development Partnership.

4 Good morning Councilman and chairman
5 Wilson Goode, Jr., and distinguished Members
6 of the Committee. Thank you for this
7 opportunity to testify today on the Economic
8 Development Summit, the Blueprint, and Mayor's
9 Investment Fund. To other members of the
10 Small Business Lending Task Force of the
11 Greater Philadelphia Urban Affairs Coalition,
12 and I'll be referring to that as GPUAC.
13 Joining me today in offering our testimonies,
14 to my left is Donald Kelly of GPUAC and staff
15 member of the task force, and William Smith of
16 Citizens Bank, spokesperson for the bank
17 members of the task force.

18 We're here today to support the
19 recommendations of the Economic Development
20 Summit and strongly urge that those
21 recommendations relating to facilitating more
22 and equal access to capital for small
23 neighborhood businesses be made a priority.
24 Stable healthy small businesses are essential
25 to the quality of life and the economic

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2 well-being of our neighborhoods. They're the
3 life blood of our neighborhood economies,
4 especially in our low income and minority
5 communities.

6 Small businesses provide accessible,
7 affordable goods and services. They circulate
8 dollars in the community. They create jobs
9 for local residents. They generate income for
10 their owners, households, and families.
11 Access to capital is essential for small
12 businesses to start up, grow, and sustain
13 themselves.

14 The task force was established in
15 early 2003 to examine and respond to the
16 disparities in the distribution of small
17 business loans to low and moderate income and
18 minorities areas of the City. The task force
19 produced a report with analysis and
20 recommendations in March of 2004 that focused
21 on increasing both borrow readiness, qualify
22 for loans and bank willingness to make loans.

23 The task force representatives
24 presented testimony to this very Committee in
25 March of 2004, summarized its findings and

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2 recommendations, and we made a bold proposal.
3 The task force proposed that the City of
4 Philadelphia make an investment of \$47 million
5 in a set of initiatives that would serve the
6 leverage the amount of private sector lending
7 in those target areas from approximately 100
8 million per year to 200 million in private
9 sector loans over a three-year period.

10 The proposed initiatives include 25
11 million for a loan guarantee fund, 10 million
12 in capital for community development financial
13 institutions, \$5 million for business training
14 credit counseling and technical assistance for
15 businesses, 5 million for capacity building
16 and new product development, and 2 million to
17 develop a coordinated information referral
18 system and to do marketing and public
19 outreach.

20 These recommendations reflect the
21 multi-prong approach designed to close the gap
22 between borrow readiness and lender
23 willingness, thus increasing the flow of
24 capital to small businesses in our
25 neighborhoods. And we propose that this

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2 funding be considered to come out of the
3 proposed Investment Fund.

4 The task force and its participating
5 institutions were encouraged by the positive
6 respond in City Council that was expressed
7 through Resolution No. 040349, which
8 unanimously endorsed the task force
9 recommendations if April 2004. We're pleased
10 to note that the participants in the recent
11 economic development summit included this very
12 same set of initiatives in one of its priority
13 recommendations. These expressions of support
14 affirm the shared concern among private and
15 public sectors about this issue of access to
16 capital and the importance of public/private
17 partnerships to address this very issue in a
18 meaningful way.

19 We commend the work of the summit
20 participants and the Commerce Department staff
21 and endorse its recommendations.

22 Thank you.

23 COUNCILMAN GOODE: Thank you, Ms.
24 Benoliel.

25 Mr. Kelly.

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2 MR. KELLY: Good morning, Chairman
3 Goode and Members of Council. My contribution
4 to the testimony today of the Small Business
5 Task Force of GPUAC is to emphasis the
6 increasing significance of small businesses to
7 local economies, such as those in the lower
8 income and minority areas of the City.

9 Its lawmen recognize that small
10 businesses account for the majority of jobs in
11 this country, however, recently two changes in
12 the general environment make this even more
13 significant. The first is that our economic
14 recovery is turning out to be a relatively
15 jobless one. The second is that the
16 reelection of a conservative Administration in
17 Washington and in Congress offers little hope
18 that unemployed and underemployed people will
19 have the comfort of any significant safety
20 net. What recourse will people have and their
21 communities have other than to expand existing
22 small businesses and to create opportunities
23 for people to start new businesses of their
24 own?

25 As economic development experts will

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2 say, the keys to the growth of a small
3 business sector are technical assistance,
4 access to capital and marketing. That is
5 precisely what the package of \$47 million
6 package of initiatives proposes to do that we
7 are urging Council to support as part of the
8 larger \$500 million economic development
9 initiative.

10 COUNCILMAN GOODE: Thank, Mr. Kelly.

11 Mr. Smith.

12 MR. SMITH: Good morning, Councilman
13 Goode and to the Committee. On behalf of my
14 colleagues banking industry, we would say that
15 we see our work with the Small Business
16 Lending Task Force as an opportunity and
17 working with the same fervor and commitment
18 and spirit that we as a collective worked in
19 1975 to produce the Delaware Mortgage Plan.
20 We see this as an opportunity to get more
21 business access to capital. So we embrace
22 wholeheartedly the work of the task force, and
23 it is our goal and objective to bring all of
24 banks online and embrace the work of the task
25 force.

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2 COUNCILMAN GOODE: Does that
3 conclude your testimony?

4 MR. SMITH: That concludes my
5 testimony.

6 COUNCILMAN GOODE: Can you reconcile
7 the finding that we are improving in that a
8 majority of loans, 52 percent, were made in
9 low and moderate income neighborhoods in 2003
10 but at the same time analysis showed that we
11 still ranked 99th and 100th in terms of
12 lending to lower income areas and to minority
13 census tracks?

14 COUNCILMAN KELLY: I'm not sure how
15 to reconcile that except that it isn't right
16 that we're 99th or 100th, that we've got to
17 make a lot of progress in this area. I think
18 the partners that we've brought together in
19 the Small Business Lending Task Force
20 recognize that and are working at what we've
21 identified as the gap between borrower,
22 readiness, and lender willingness. And we
23 have to close that gap. The more we close
24 that gap, the more capital will flow in forms
25 of credit to small businesses in these target

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2 areas.

3 Even though at this point we don't
4 have the City's response to our proposals,
5 we're still moving ahead and our Committee has
6 endorsed the idea of a pilot project to
7 establish a more liberal set of lending
8 guidelines and then to organize a training and
9 counseling system to help businesses apply to
10 banks under this pilot program. So we're
11 going to proceed with that whether or not we
12 get City support. City support will greatly
13 enhance that whole initiative and enable us to
14 apply it city-wide. But we do note that the
15 Controller's analysis does recognize progress
16 being made starting in 2003. And I think in
17 large measure because of the priority Council
18 has made of this whole issue and that now the
19 more aggressive response that banks are
20 taking --

21 COUNCILMAN GOODE: Excuse me for
22 interrupting. I might add, that is actually
23 the first year that we required our City's
24 depositories to give us small business lending
25 goals for low and moderate income areas.

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2 COUNCILMAN KELLY: Well, that's
3 obviously a contributing factor.

4 We did note that the total number of
5 loans to small businesses increased from 5,574
6 in 2002 to 7,087 in 2003. And of the loans
7 going to small businesses, the number and
8 percentage low and moderate income areas
9 increased from 2200 in 2000, which then
10 represented 42 percent of all those loans, to
11 3,713 in 2003 which now represents 52.3
12 percent. So for the first time, as was noted
13 earlier, this is now a majority of the loans
14 going to these areas. And the dollar value of
15 loans to small business in low and moderate
16 income areas increased for the fourth year in
17 a row from 80.6 million in 2000 to 138.5
18 million in 2003. Our goal is to get that up
19 to 200 million in a three-year period, but we
20 need the City's support to reach that goal to
21 buildup the support system to small businesses
22 so that they're more bank ready and to provide
23 some kind of recourse to banks to encourage
24 them to make loans make loans that they would
25 consider too risky in the normal course of

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2 business.

3 COUNCILMAN GOODE: Thank you.

4 Are there questions from members of
5 the panel?

6 Councilman Clarke.

7 COUNCILMAN CLARKE: Thank you, Mr.
8 Chairman.

9 Good morning. You referenced ed the
10 jobless economic recovery. And I agree with
11 you. Unfortunately, too often it hits dead
12 center in the lower income communities and
13 minority communities. I happen to represent a
14 substantial amount of the community that has
15 an extremely high level of employment
16 officially, but in those areas we actually
17 have this, quote/unquote, underground economy
18 where people figure out a way to make a
19 living, folks cutting hair in their basements.
20 People selling dinners. I mean, people are
21 going to figure out a way to make do. And my
22 question is, those type of individuals will
23 not be in a position more often than not to
24 get the loans, the investment from capital
25 from lending institutions that we

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2 traditionally speak of. Have you all given
3 any thought to any nontraditional ways that we
4 could make capital available to people to kind
5 of formalize their businesses and become
6 taxpaying members of the society and enhance
7 their business acumen? I mean, it's quite
8 prevalent out in the neighborhoods. You'd be
9 quite amazed when you walk around the
10 neighborhoods in the daytime. You see people
11 that's kind of out there and you say, "Well,
12 how are people surviving?" And they have this
13 informal job.

14 COUNCILMAN KELLY: And if they go to
15 a bank for a loan, the bank is going to say,
16 "Well, can I you see your tax statements over
17 the last three years and financial reports."
18 And it doesn't show up there.

19 This is really an issue, and this
20 has come up repeatedly, and Leslie with the
21 Philadelphia Development Partnership works
22 with micro-entrepreneurs and maybe can address
23 that.

24 MS. BENOLIEL: Clearly, with our
25 work we do work with precisely the population

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2 that you're talking about, and there are
3 thousands of these people like that in all the
4 neighborhoods. We run a small program but a
5 significant problem helping probably 400
6 entrepreneurs a year in the general
7 Philadelphia area. Clearly, there's much more
8 work that we need to do, and there are other
9 agencies out there that work with these
10 populations as well to help give them literacy
11 training and help with some of the credit
12 issues.

13 What we propose in our set of
14 initiatives is that there be funding set aside
15 to provide the technical assistance and
16 training and credit counseling a lot of these
17 people need in order to take their businesses
18 to the next level to help them formalize their
19 businesses. And we also propose that
20 additional capital be made available to
21 placing these alternative lending pools the
22 community development financial institutions,
23 of which there are several in Philadelphia,
24 and few of us do actually provide loans to
25 this segment of the population.

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2 COUNCILMAN CLARKE: I'd ask Ms.
3 Naidoff earlier if you would be willing to
4 participate in a, quote/unquote, for lack of a
5 better term, North Philadelphia Economic
6 Summit. Would you and your various agencies
7 be willing to participate in something similar
8 to that?

9 COUNCILMAN KELLY: Absolutely.

10 MS. BENOLIEL: Clearly. We'd love
11 to.

12 I participated in the Economic
13 Development Summit, but clearly if we can
14 expand --

15 COUNCILMAN CLARKE: See, I want to
16 kind of give a little bit more of a
17 neighborhood flavor. I mean, I don't have
18 anything against the navy yard, but I think
19 the participation level could be enhanced if
20 we actually have some of the dialog in the
21 neighborhoods, give people an opportunity to
22 come and discuss their issues and give what I
23 think may be some good information to all of
24 us whose responsibility it is to put some of
25 this together.

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2 So thank you. We'll be in touch.

3 Thank you, Mr. Chairman.

4 COUNCILMAN GOODE: Are there other
5 questions for this panel?

6 (No response.)

7 COUNCILMAN GOODE: Thank you very
8 much for your testimony.

9 Our next panel is a very large
10 panel. I will call the first two witnesses,
11 Rick Sauer of the Philadelphia Association of
12 Community Development Corporation and John
13 McDonald.

14 Good morning. Please state your
15 name for the record.

16 MR. SAUER: Good morning, Chairman
17 Goode and Members of the Committee. My name
18 is Rick Sauer and I'm the Executive Director
19 of the Philadelphia Association of Community
20 Development Corporations. And I have copies
21 of my testimony here for Members of the
22 Committee.

23 In the capacity as Executive
24 Director of PACDC, I also participated in the
25 Mayor's Economic Development Summit held last

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2 September. PACDC represents 80 members,
3 including 50 community development
4 corporations working to revitalize
5 neighborhoods throughout the City and address
6 resident needs, and more than 30 of these CDCs
7 are directly engaged in economic development
8 activities, working to grow neighborhood
9 economies and several of them are here today
10 to testify. But clearly they have a lot of
11 experience and knowledge to bring to this
12 larger issue of an economic development
13 strategy the City.

14 I think as members of the previous
15 panel well noted, businesses located in our
16 neighborhood are the backbone of Philadelphia
17 economy, providing jobs as well as local
18 access to goods and services. CDCs play an
19 intricate role in supporting these
20 neighborhood economies. They assist local
21 business growth. They attract new industry
22 and retail to neighborhoods. They improve the
23 physical appearance of neighborhood commercial
24 corridors. They partner with local business
25 associations. And they undertake commercial

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2 and residential real estate development.

3 As a follow-up to the discussion
4 earlier during Ms. Naidoff's testimony, we
5 strongly believe that the City's Economic
6 Development Blueprint should directly
7 recognize and support the importance of
8 neighborhood economic development and the role
9 that CDCs play in the process. I think it's
10 also important that the proposed Economic
11 Development Investment Fund have a balance
12 distribution of funds between larger scale
13 waterfront projects as well as supporting
14 economic development activities in existing
15 neighborhoods.

16 The summit underscored the
17 importance of energizing communities and
18 strengthening neighborhood commercial
19 corridors. That was actually one of the focus
20 areas of the break-out groups in the first
21 day. And as mentioned, on behalf of CDCs who
22 had significant experience and expertise
23 working with many of Philadelphia's commercial
24 corridors, we urged that the City's Economic
25 Development Blueprint Investment Fund make

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2 strengthening these corridors a central
3 component of the strategy and a priority for
4 work.

5 To build on the work of the City's
6 Neighborhood Transformation Initiative, we
7 strongly urge that the fund focus on improving
8 the physical appearance and curb appeal of
9 neighborhood commercial corridors. This could
10 include things such as providing funding for
11 CDCs to work with small businesses to do
12 facade improvements, to redevelopment vacant
13 commercial and mixed used properties on
14 commercial corridors, to create more
15 attractive streetscapes, whether that's
16 banners or improve lighting, greening and
17 other physical improvements that I think
18 Councilmembers were alluding to earlier, and
19 working with other City departments like the
20 Streets Department to ensure that they're also
21 making improving the attractiveness in
22 neighborhood main streets a priority.

23 Several programs that are critical
24 to sustaining the economic vitality of
25 Philadelphia's neighborhood main streets are

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2 currently in jeopardy. There has been
3 reductions the past couple years in the City's
4 CDBG allocation and it's very likely that
5 trend could continue, so the resources that
6 the City has had at its disposal to support
7 neighborhood economic development are
8 dwindling. The City should -- the need to
9 support additional funding for the
10 neighborhood development grant program special
11 service districts, things such as a facade
12 security grant program and grants for
13 predevelopment, planning, marketing and
14 promoting those neighborhood commercial
15 corridors.

16 At the summit, leaders also gave due
17 recognition to the important role the City can
18 play in marketing, the role that marketing
19 plays in strengthening economic development.
20 I want to encourage the City to tap into the
21 capacity knowledge that CDCs have about their
22 neighborhoods and use them as a resource in
23 this effort. We think the City could work
24 with CDCs to survey neighborhood commercial
25 corridors, conduct retail market analysis, and

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2 identify opportunities to attract new
3 businesses and strengthen the mix of existing
4 businesses on these corridors. And we'd be
5 happy to work with the City around such an
6 effort.

7 Also, as a member GPUAC's Small
8 Business Lending Task Force, PACC also
9 supports the recommendations formulated by the
10 task force to use 47 million over three years
11 to support initiative that provide both
12 technical assistance to small businesses as
13 well as increase their access to capital as
14 part of a larger strategy to support small
15 business development in the strengthening of
16 neighborhood economies.

17 Finally, the construction
18 rehabilitation of housing has an important
19 economic development component. So in
20 addition to supporting increased funding
21 directly for neighborhood economic
22 development, we support the possibility that's
23 been raised by the Administration to use a
24 portion of the economic development investment
25 fund to support the Philadelphia Housing Trust

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2 Fund that we've been advocating for as well.

3 In closing, I'd like to highlight
4 that the Economic Development Investment Fund
5 holds great promise for the City. And to
6 sustain that promise, it must support economic
7 development in all of Philadelphia
8 neighborhoods. It certainly may be
9 appropriate to focus on some marquis
10 large-scale projects such as the proposed
11 redevelopment of the Navy Yard or creating a
12 new community along the north Delaware
13 Riverfront, however, we urge City Council to
14 make good on the promise of this fund by
15 committing a significant amount of the
16 resources, potential up to half, the citizens
17 and communities who need it most.

18 Thank you.

19 COUNCILMAN GOODE: Thank you, Mr.
20 Sauer.

21 Mr. McDonald.

22 MR. MCDONALD: Good morning, Mr.
23 Chairman and balance of the Council. I'm John
24 McDonald. I am the President of Impact
25 Services Corporation CDC in the Kensington and

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2 Allegheny area of the City. And I'm also
3 President of PACDC. The nice part about
4 following Rick is that I can cut my testimony
5 and just highlight a couple items here.

6 In the interest of time I would like
7 to, again, support the notion that commercial
8 corridors are extremely important and that the
9 economic development dollars be at least
10 focused on those areas in part. It's keenly
11 important to communities throughout this City.
12 I also believe that we should support the
13 Economic Development Fund, GPUAC on its
14 proposal to invest \$47 million over the
15 three-year period on initiatives to provide
16 technical assistance to small business and
17 increase their access to capital. And then I
18 would also like to support the notion and
19 again reiterate the importance of dollars to
20 go into the community development financial
21 institutions. There are many small CDFIs.
22 Not everyone is big as Jeremy Noak (ph), the
23 loan fund. It does a fantastic job, but there
24 are a lot of smaller ones in the neighborhoods
25 that are focussing on very small business and,

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2 again, have difficulty in capitalization.

3 It's hard to compete at the federal level for
4 these dollars when you're small, so we have to
5 rely on the City. And I think that would be a
6 wise investment on the part of some of these
7 economic dollars. And that would be it.

8 COUNCILMAN GOODE: Thank you, Mr.
9 McDonald.

10 Are there questions for this panel?

11 (No response.)

12 COUNCILMAN GOODE: Thank you.

13 Our next two witnesses are Farah
14 Jimenez and Gina Snyder.

15 Please state your name for the
16 record.

17 MS. JIMENEZ: My name is Farah
18 Jimenez, and I am Executive Director of Mt.
19 Airy USA, which is a community development
20 corporation in Northwest Philadelphia. And
21 before I begin my testimony, if the Councilman
22 will let me indulge with a few words of
23 appreciation, I want to thank you for
24 convening this hearing and for being committed
25 to economic development concerns in

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2 Philadelphia. Also, I more personally want to
3 thank you for being the first to recognize the
4 worthwhile investment neighborhood commercial
5 corridors and particularly in our commercial
6 corridor with our first grant from the City
7 when you were at the Commerce Department, and
8 then clearly more recent the impact of your
9 work with economic tax credit and stating CDBG
10 minimum spending goals for economic
11 development has had amazing impact in our
12 work. And I also just for fun want to let the
13 record show that I still love you even though
14 you stole Iola Carter from us when she was a
15 former director of the Avenue Project. But I
16 thank you for having her be part of the effort
17 that you have for neighborhoods.

18 The subject matter before us today
19 is of particular interest to me and Mt. Airy
20 USA. For the past 25 years, we've engaged in
21 commercial development work and commercial
22 corridor revitalization work and, in fact, we
23 were founded by residents strictly for that
24 purpose of improving the neighborhood's
25 commercial and retail environment. Our

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2 founders believed that if we improve the
3 conditions along Germantown Avenue, which is
4 our neighborhood main street, that we would
5 begin attracting jobs, creating private
6 investment, much needed goods and services to
7 our community and increased equity to the
8 homeowners, many of whom live on blighted
9 residential blocks just off of Germantown
10 Avenue. So the question is, were they right
11 in their thinking? And while we're in the
12 midst of this continued struggle to improve
13 our commercial corridor, the early indicators
14 show that the trends are encouraging and if
15 not exhilarating.

16 In my testimony today, I want to us
17 Mt. Airy as a backdrop and speak to the
18 lessons learned and some of the truths of
19 community economic development we've
20 discovered. First, I want to say that
21 economic development in Philadelphia just
22 generally and historically has gotten short
23 shrift. You look the at the amount of funding
24 and the amount of employees dedicated to
25 housing development in comparison to those

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2 dedicated to economic and commercial
3 development, and clearly it's not at the top
4 of the feeding frenzy. As a result, when
5 there's less money that's available for
6 economic development overall in the City, less
7 of it seems to trickle down to neighborhoods.
8 In contrast, when the City Commerce Department
9 had an average of \$25 million a year that it
10 could allocate in economic stimulus funding
11 for City-wide economic investment, a good
12 number of that came to CDCs and neighborhoods.
13 Less is available now, less than \$5 million on
14 average per year, and as a result, less of
15 that money becomes available for our projects.

16 So I would recommend that we stay
17 true to this fund that might become available
18 that stays true to economic development and
19 economic development remain defined as the
20 creation of long-term, permanent jobs rather
21 than it be redefined some other kind of
22 activity.

23 Second, the Neighborhood
24 Transformation Initiative, which we're all
25 familiar with, evidences the importance of

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2 neighborhood commercial investment. Neil
3 Mayor, who is with the University of
4 California at Berkley, did an analysis for the
5 Philadelphia Neighborhood Development
6 Corporation of the different categories in
7 NTI, including regional choice down to
8 reclamation, and one of the trends that was
9 interesting that they saw that the regional
10 choice neighborhoods of their building stock
11 had 12 percent allocated to commercial
12 businesses and retail rather than the
13 reclamation neighborhoods had 0. So as you
14 went from communities of choice, like Chestnut
15 Hill, Center City, you had increased
16 commercial investment. And if you went to the
17 reclamation neighborhoods, you had an absence
18 of commercial investment. So there is a need
19 for the City, in terms of recommendation, to
20 stay firm to economic development as a
21 priority agenda, particularly on neighborhood
22 commercial corridors.

23 The third truth is that broken
24 windshields need to be fixed first. We see
25 that example in New York City where when they

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2 focussed on the small details, they started to
3 see a resurgence in their economic environment
4 and people's confidence in that city and its
5 potential to grow and get stronger.

6 In the Center City District and
7 University City District implemented a special
8 services district cleaning initiatives because
9 they recognized that if it's dirty and soiled,
10 it creates a sense of fear and lack of
11 investment. In Mt Airy, what we've done is
12 we've created the Ambassadors Program, which
13 is an avenue cleaning initiative that employes
14 three full-time staff to clean Germantown
15 Avenue. It's a program that hour businesses
16 strongly asked us to implement and the test of
17 that commitment from the businesses is that
18 they voluntarily contribute about \$60,000 a
19 year to this program. While we do receive
20 some City funding through the Commerce
21 Department for that initiative, it's staged as
22 decreasing each year such that in two years'
23 time -- we just started getting funding last
24 year. In two years time from then we will
25 receive no funding for this initiative from

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2 the City. And the funding that we receive
3 currently is \$30,000 a year, while it's a
4 \$100,000 a year program on average.

5 I would recommend that the Commerce
6 Department and the City continue to support
7 these kinds of neighborhood cleaning
8 initiatives because it is about the broken
9 windshields.

10 Fourth, it's easier to grow local
11 businesses than it is to attract new ones. We
12 can look at examples in Philadelphia on grand
13 scale like Comcast, which is a home-grown
14 business, Mothers Work which is a home-grown
15 international business. And if you were to
16 asked them why they opened in Philadelphia,
17 they would say, "Because that's where my home
18 is." Meanwhile, we know the story of the
19 Kaevernas of the world where we spent a lot of
20 money trying to attract those kinds of
21 businesses.

22 Mt. Airy's story is very similar.
23 In fact, 90 percent of the 31 new businesses
24 we've attracted over the last two and a half
25 years are all resident-owned, and most are

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2 small businesses; they're not outside
3 corporations. So we need to figure out ways
4 that we can support home-grown businesses and
5 small business development.

6 We at Mt. Airy partner with the
7 Business Center, which is an incubator
8 program, where we provide a business plan
9 competition. And over the last couple years
10 we've had four new businesses come to us as a
11 result of that. So if you were to average the
12 cost of this program and the return on in
13 terms of new businesses, not even job
14 creation, you're looking at 10 to \$15,000 per
15 new business being created.

16 I'd also suggest that when we talk
17 about investing in small business that we
18 remember that while we're very interested in
19 growing small business, we're particularly
20 interested that they grow and build in
21 Philadelphia. So we want to maintain that
22 connection, and they way that we've done that
23 in Mr. Airy is that our business plan
24 competition provides additional incentive to
25 businesses that locate in our neighborhood

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2 rather than take the resources we provided
3 them and move over the border to Montgomery
4 County.

5 The final two truths is that it's
6 important for us to sell the sizzle. There's
7 a reality that we don't have enough money to
8 do absolutely everything that we have in our
9 agenda, but we do need to find opportunities
10 to invest in big, sexy, exciting projects.
11 What we did in Mt Airy -- well, the example in
12 Center City would be, of course, Liberty Place
13 and the Liberty projects and what that meant
14 in terms of people seeing it as new investment
15 in downtown. In Mt. Airy we built Phoebe
16 Commons, an 18,000 square foot office and
17 retail complex that houses the post office,
18 the Philadelphia Federal Credit Union
19 Nationwide Insurance, and through our shared
20 office leasing program we have seven new small
21 businesses that have opened up, including law
22 firms, consulting businesses, and other
23 non-profits. By creating that building, we've
24 had three new businesses open up. And they
25 decided to open there because -- nearby, I

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2 should say, decided to open there because of
3 the proximity to Phoebe Commons. As a result
4 of that project, we decided to do another
5 15,000 square foot complex just catercorner
6 from that development initiative to continue
7 the renaissance. And once we started to
8 announce that project, we have a local
9 merchant who decided to take their auto repair
10 shop and is now looking to convert that into
11 an 18,000 square foot mixed use project. So A
12 business that was succeeding just as a service
13 provider now has the potential to be a huge
14 job engine.

15 So with respect to that, my
16 recommendation is that the Commerce Department
17 continue to fund the Neighborhood Economic
18 Development Fund which is a source monies that
19 can fund neighborhood commercial development
20 projects like Phoebe Commons. The \$250,000
21 that was invested in Phoebe Commons was
22 leveraged 10 times over, and the \$250,000
23 that's going to be invested in the Pelham
24 Professional Building which is the next
25 project is being leveraged 10 times over. I

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2 would argue that there should be not only
3 continued funding in that but increased
4 funding because the program's been capped at
5 \$250,000 for the last 8 years.

6 Finally, I would say that whatever
7 funding is made available, like this \$500
8 million pot, that it is important that monies
9 be flexible. One of the challenges is that
10 many CDC projects, neighborhood economic
11 development projects are expected to be funded
12 through CDBG dollars. The Community
13 Development Block Grant, while a wonderful
14 source, attaches a lot of unfunded mandates.
15 One specific example is when we did the Phoebe
16 Commons project when initially there was the
17 thought that we would have CDBG funding in the
18 project, we were required to do an
19 archeological dig. If we had not had CDBG
20 funding in the project, we would have saved
21 that \$30,000 and invested it in the project.

22 Similarly with facade grant programs
23 that the Commerce Department has, it now has
24 been -- those economic stimulus dollars have
25 been commingled with CDBG dollars such that

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2 there are projects that as little as 5,000 may
3 trigger Davis Bacon requirements, which I
4 think is frankly ridiculous for signage and
5 small facade improvement jobs.

6 So I would recommend that the
7 Economic Stimulus Fund be retained as flexible
8 funding and not be commingled with other
9 sources that may trigger unfunded mandates.

10 Thank you for the opportunity to
11 testify.

12 COUNCILMAN GOODE: Thank you, Farah.
13 Ms. Snyder.

14 MS. SNYDER: Thank you very much.

15 My name is Gina Snyder. I'm the Director of
16 the East Falls Development Corporation, and I
17 want to thank you, Councilman Goode, for
18 holding this hearing and taking testimony from
19 community development corporations in
20 particular. And I am here today to support
21 neighborhood commercial corridors as part of
22 the City's economic development strategy.

23 The East Falls Development
24 Corporation works entirely in the area of
25 economic revitalization. We actively work to

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2 attract businesses into our commercial
3 corridor, bring in new investors, and support
4 existing businesses.

5 There are very exciting things
6 happening in East Falls right now. There's
7 over a hundred million dollars of new
8 investment with new mixed income rental
9 housing with subsidized and market rate
10 housing coming in and retail coming in the
11 pipeline.

12 We've also recently completed a
13 designed program for the area called East
14 Falls Reconnects to the River that are
15 focussed on improvements to the riverfront
16 business district. We are going to be part of
17 in this new River City, we think. We have a
18 \$10 million plan that is already partially
19 funded. And the reason for this program is
20 basically to bring the public infrastructure
21 up to meet the private investment that's
22 happening. We have worked very closely and
23 have been very strongly supported by
24 Councilman Nutter and the Commerce Department,
25 Streets Department, Capital Programs, PIDC,

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2 Fairmount Park. A lot of agencies have worked
3 together to try to move us forward.

4 At the same time, though, the
5 picture is not entirely rosy in East Falls
6 despite the bursting housing markets. On our
7 main street riverfront business corridor,
8 Ridge Avenue, the sidewalks are not clean.
9 Pavement is broken. There is no welcoming
10 signage. There's no signage that says you're
11 in East Falls. There's no directional
12 signage. We have very limited parking. We
13 have vacant and boarded up buildings in the
14 commercial corridor. And we have businesses
15 closing.

16 I speak to dozens of businesses
17 interested in coming into East Falls every
18 year. And some of the reasons that they don't
19 come are the problems that I've just described
20 to you. That is keeping them from coming in.

21 We also do not have enough
22 businesses right now to support a neighborhood
23 improvement business district. We're really
24 strong believers in bringing the private
25 market into play in economic development, and

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2 we do not think that our program should be
3 driven by a government engine but that it
4 should be a partnership and there are real
5 opportunities for using some of the government
6 resources to jump start us into a position
7 where the private market can step up to the
8 plate. I think East Falls is on the verge of
9 something very exciting, but it's going to
10 take a concerted effort to make that happen.

11 In the first area -- I want to go
12 through some details that I think are
13 instructive. If there is a large economic
14 development fund, I think it ought to be
15 partnered with coordination among City
16 departments to support the priority of
17 resources into commercial corridors. And I'd
18 like to give you some examples of how the
19 limitations in other City departments can
20 conflict with the priority on economic
21 development. We have half a million dollars
22 in capital funds through the Commerce
23 Department to build a parking lot and an
24 original commitment from Public Property to
25 fund the operations of this parking lot in the

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2 first few years. That commitment was
3 withdrawn, and we are now being required to
4 come up with a plan to fund the operations of
5 the parking lot, which is the most difficult
6 time to fund the parking lot in the first two
7 years. We know we're going to be able to
8 cover costs in the long run, but it would be
9 helpful to have some kind of partnership with
10 the City to get over this initial hump. The
11 estimated expense for a project like that is
12 about \$20,000 a year. It's not a lot, but
13 it's the kind of thing that we need to move
14 forward.

15 There's also other kinds of
16 limitations. There's severe limitations in
17 the Streets Department. They do not have the
18 resources to put in attractive lighting in the
19 business districts, and I think that
20 individually you would hear a number of
21 business districts with the same kind of
22 concern. The funds are so limited in the
23 Streets Departments that they're requiring us
24 to use a different color light bulb in our
25 parking lots as opposed to our on-street

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2 lighting because they do not want to
3 accidentally change a light bulb that is not
4 their responsibility. The problem with this
5 from a commercial corridor perspective is that
6 the public sees all the lighting together as
7 one complete welcome mat. The result of the
8 lack of resources in the Streets Department
9 means that we're going to have our welcome mat
10 looking a little strange. And it's for these
11 reasons that I think that if it's a large pot
12 for economic development, some of those issues
13 needs to be addressed.

14 In the area of -- also in the
15 Streets Department, because of limited
16 resources, they do not have staffing to have
17 someone to perform a historical review which
18 is a necessary precursor to the expenditure of
19 federal funds. Although this is not limiting
20 a project that we have right now, we are
21 continually applying for federal funds and
22 other main streets corridors will be applying
23 for federal funds, and without someone to do
24 historical review, the project cannot move
25 forward.

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2 The final area where this idea of
3 coordination is very important is what's been
4 termed concierge government. This is a
5 terrific model that the City would be wise to
6 follow, which is when someone is trying to
7 open a small business, which is what we are
8 all supporting, the government isn't -- what
9 they need is concierge government particularly
10 if you're opening restaurants. And what that
11 means is that when they come to put in
12 application, they are not sent into a maze
13 where they have to stand in this the line in
14 L&I and this line in the Health Department and
15 this line, and there's no clear order about
16 where they're supposed to go, what needs to
17 happen first, last. Things start happening
18 that pull them out of order with inspections,
19 with the gas company and so on. And the
20 result is that they incur high start-up costs
21 in bringing in new businesses because the cost
22 of starting up business is so extreme and the
23 length of time can sometimes go on for an
24 additional six months simply because of the
25 problems of getting the approvals that are

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2 necessary. And they're usually -- we're
3 talking about, as Farah mentioned, people who
4 live in the neighborhood who are starting
5 small businesses. This is not their --
6 they're not McDonalds and Starbucks, they
7 don't have a whole team of people who know how
8 to do this and they're trying to do it by
9 themselves, and it's hard. While we support
10 them, they're running into these kinds of
11 obstacles.

12 There are also opportunities for a
13 neighborhood economic development investment
14 fund to focus on our commercial corridors to
15 improve the physical appearance and curb
16 appeal such as banners, improving sidewalks,
17 lighting and such. In our case, we have the
18 necessary funds federal funds to build a
19 traffic island in East Falls. However, that
20 island cannot be maintained by the Streets
21 Department. We have to come up with the funds
22 to do that. So there's another minor item
23 where some small amount of funds could really
24 help us with the curb appeal.

25 In the area of a neighborhood

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2 improvement district which is commonly
3 considered special services district, it would
4 be helpful to have funds for start up of a
5 neighborhood improvement district. Once they
6 get started, it should be able to operate on
7 its own. But often times it takes consulting
8 resources, feasibility analysis. And I think
9 we should be able to bring some private
10 resources to the table and have them match
11 with some economic development funds to be
12 able to put that kind of project forward.

13 Finally, a reserve for capital
14 improvements and capital programs is
15 absolutely critical. We are applying for most
16 of our improvements' major funding from state
17 and federal dollars, transportation dollars as
18 well as state programs through DCED, DCNR and
19 the Redevelopment Assistance. These programs
20 all require local match, for example, is an
21 80/20; they're looking for 20 percent local
22 match. My understanding is capital dollars
23 are extremely limited in the City in the
24 future. And what that means is that it
25 severely limits our opportunity to grab that

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2 80 percent because we can't get the 20 percent
3 here to bring in that 80 percent of federal
4 dollars. It seems like an economic
5 development fund would prioritize that kind of
6 investment that would be a highly leveraged
7 investment spent to improve the commercial
8 corridor. There are items both large and
9 small where neighborhood commercial corridor
10 could make great leaps in its development with
11 a partnership with the City to support
12 economic development.

13 We're bringing in new residents and
14 new businesses and do have the capacity to do
15 even more if economic development resources
16 were directed onto commercial corridors.

17 Thank you very much.

18 COUNCILMAN GOODE: Thank you.

19 Questions from the Committee?

20 (No response.)

21 COUNCILMAN GOODE: Thank you.

22 Our next two witnesses are Ajamu
23 Johnson and Rob Kettell.

24 Please state your name for the
25 record.

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2 MR. JOHNSON: Ajamu Johnson,
3 Commercial Corridor Manager for People's
4 Emergency Center Community Development
5 Corporation working on Lancaster Avenue.

6 Good afternoon. As I just
7 mentioned, I'm Ajamu Johnson. I'm testifying
8 on behalf of Gloria Guard and the People's
9 Emergency Center Community Development
10 Corporation.

11 Over the past 12 years, PEC CDC has
12 provided a wide range of neighborhood
13 preservation, community building and
14 commercial development programs to help
15 transform neighborhoods in West Philadelphia
16 to communities of choice. During that time,
17 we've converted over 80 properties into 106
18 units of affordable transitional housing and
19 permanent house for social service facilities
20 and a community playground.

21 I'd like to take this opportunity to
22 thank the Council for allowing me to testify
23 today, and especially to Councilman Goode for
24 your ongoing and significant work in the
25 economic development. The CDC Tax Credit

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2 Program has allowed PEC and other CDCs to
3 dramatically increase the amount of programs
4 and initiatives that we can do in economic
5 development. Duane Morris, our CDC tax credit
6 partner, has allowed us to begin to address
7 several quality of life issues in and around
8 the Lancaster Avenue corridor. Some of those
9 issues include cleaning and safety to which
10 we've been able to contract with the
11 University City District for cleaning and
12 security services on and around Lancaster
13 Avenue.

14 For beautification, we've done
15 several lot greening programs, partnering with
16 PHS and we were able to assist several
17 businesses in commercial facade programs with
18 the assistance of the Commerce Department
19 Small Business Commercial Improvement Program.

20 For marketing, we designed and
21 distributed the Lancaster Avenue Business
22 directory with the assistance of the
23 University City District. And last June, we
24 held our first annual Taking It to the Streets
25 Festival which is a street festival which was

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2 held on the 3900 block of Lancaster Avenue and
3 attracted between 800 and a thousand
4 neighborhood residents and merchants. This
5 assistance from Duane Morris has also allowed
6 us to leverage additional funding from the
7 local initiative support corporation, the
8 William Penn Foundation and Wachovia Regional
9 Foundation.

10 The City's Economic development
11 strategy should directly support neighborhood
12 economic development and recognize the
13 important role that CDCs play in this process.
14 PEC is excited about our accomplishments to
15 date and are consistently looking for
16 innovative ways to expand our commercial
17 revitalization activities. Therefore, we
18 believe that the Economic Development Fund
19 should include a significant focus on
20 strengthening neighborhood commercial
21 corridors. It should explicitly support
22 improving the physical appearance and curb
23 appeal of these corridors, including providing
24 funds for CDCs to work with businesses to
25 upgrade facades and create more attractive

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2 streetscapes. A portion of the Economic
3 Investment Fund should support critical
4 investment economic development programs
5 assessed by CDCs in which CDBG funds have been
6 declining over the past several years.
7 Finally it should support GPUAC's proposal to
8 invest 47 million over three years in
9 initiatives to provide technical assistance to
10 small businesses in their access to capital.

11 I'd like to thank you. And I have
12 additional copies of my testimony should the
13 Committee need them.

14 COUNCILMAN GOODE: Mr. Kettell.

15 MR. KETTELL: Good morning. Thanks
16 for the opportunity to testify. I'm Rob
17 Kettell with the Roxborough Development
18 Corporation, speaking more on my behalf than
19 the corporation.

20 Roxborough is a fairly stable
21 community, but it's commercial corridors are
22 really in need of assistance. It's not CDBG
23 eligible. And I think it's important that any
24 new economic development incentives sort of
25 incorporate what I consider sort of the two

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2 things you want evaluate public policy on the
3 equity and efficiency, the fairness and the
4 impact. And I would think that if it's going
5 to be the Philadelphia businesses and
6 residents that are eventually contributing to
7 either the bond issue or whatever tax form its
8 being funded out of, that you'd want to be
9 fair to, I guess, all of the contributors as
10 to where the money is spent and it shouldn't
11 be targeted to any one geographic area or for
12 any one industry.

13 And on the efficient or getting the
14 bang for your buck, I think it's important to
15 look at some of the communities like
16 Roxborough where a relatively small amount of
17 money can have a large impact.

18 And that's essentially my testimony.
19 Thanks.

20 COUNCILMAN GOODE: Thank you. Thank
21 you very much.

22 Is Donna Henry here? Carolyn
23 Placke, Sarah Thompson?

24 Please state your name for the
25 record.

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2 MS. PLACKE: Good afternoon. My
3 name is Carolyn Placke. I'm Director of
4 Housing and Community Development for Project
5 HOME. Project HOME is a multi-service agency
6 providing street outreach, supportive housing,
7 comprehensive services and community economic
8 development. We're energized by the
9 commitment demonstrated by the City of
10 Philadelphia under the leadership of Mayor
11 Street and Councilman Wilson Goode in securing
12 Philadelphia's economic future.

13 I'd like echo PACDC's and other
14 members testimony on the vital role that CDCs
15 play in Philadelphia's economy. We also
16 encourage the City to support COMMUNITY
17 economic development corporations as we work
18 together to rebuild our neighborhoods and
19 commercial corridors.

20 Since 2000, Project HOME has been
21 working with the Neighborhood Transformation
22 Initiative, public and private foundations,
23 the City's Economic Development Tax Credit
24 Program, and the Cecil B. Moore Ridge Avenue
25 Business Association to implement strategies

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2 for improving the physical environment of the
3 Ridge Avenue Business District. I'd also like
4 to thank Councilman Clarke for highlighting
5 the work that has gone on along the Ridge
6 Avenue/Cecil B. Moore corridor where Project
7 HOME and the business association has been
8 focussing substantial economic development
9 initiatives since 2000.

10 Our plans call for strengthening and
11 retaining existing businesses, attracting new
12 businesses, and creating a safe place to work,
13 shop and socialize. As a result of our
14 collective efforts to date, business occupancy
15 has increased from approximately 47 to 52
16 percent, and open space development has
17 increased from 5 percent to 100 percent.

18 Our commercial corridor has also
19 within three blocks of the recently completed
20 Learning Center and Comcast technology labs.
21 The Center's mission is to stem the digital
22 divide through technology, education and
23 workforce development. This fall, we launched
24 small business development seminars which are
25 open to all community residents as well as

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2 businesses. Approximately 15 small businesses
3 attended these trainings and they received
4 training on marketing small businesses,
5 promoting your business, and graphic design.

6 As you can see, the Ridge Avenue
7 commercial corridor is experiencing a rebirth
8 and we're achieving our goals for promoting
9 economic development in our neighborhood.
10 Although there is measurable increase in the
11 overall stability of our neighborhood,
12 economic development remains a high priority.

13 The proposed Economic Development
14 Fund should encourage balanced funding between
15 large-scale waterfront development and CDC's
16 supporting neighborhood economic development
17 activities. Project HOME encourages the City
18 to maintain its focus on neighborhoods by
19 dedicating significant funding to each of the
20 following: Strengthening our commercial
21 corridors through streetscape facade
22 improvement programs, including greening,
23 sidewalk repair, district signage, street
24 lighting, and trash receptacles, encouraging
25 the marketability of commercial corridors with

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2 community safety and crime prevention funding,
3 increasing business occupancy by increasing
4 resources to renovate vacant and develop new
5 commercial properties, supplementing decreased
6 CDBG funds for pre-development planning and
7 marketing and support for neighborhood special
8 services districts, and finally, strengthening
9 small businesses and increasing access to
10 capital by supporting GPUAC'S proposal to
11 invest 47 million in technical assistance to
12 low interest loans.

13 Thank you.

14 COUNCILMAN GOODE: Thank you.

15 Any questions from members of the
16 Committee?

17 (No response.)

18 COUNCILMAN GOODE: Our next witness
19 is Sally Glickman from Philadelphia Workforce
20 Investment Board.

21 Good afternoon, Ms. Glickman, and
22 thank you for being patient.

23 MS. GLICKMAN: Good morning. My
24 name is Sally Glickman and I'm the Executive
25 Director of the Philadelphia Workforce

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2 Investment Board. I bring greetings from my
3 chairman Georg Davis, Senior Vice President of
4 Lincoln Financial Group, who sends his regrets
5 that he is unable to join you today. I want
6 to thank Council and you, Councilman Goode,
7 for this opportunity to speak about the work
8 of the Philadelphia Workforce Investment
9 Board. I also want to thank the City and the
10 Commerce Department for inviting Mr. Davis and
11 me, along with several other members of our
12 Board, to participate in the recent Economic
13 Development Summit. We worked very closely
14 with the Commerce Department. And from our
15 perspective, the information sharing that came
16 out of the summit discussion was extremely
17 valuable and will be instrumental in further
18 framing our efforts in the broader context of
19 economic issues and challenges.

20 For those on Council who may not be
21 completely familiar with the Philadelphia
22 Workforce Investment Board, we are a private
23 sector led commission appointed by Mayor
24 Street under the provisions of the Workforce
25 Investment Act of 1998. At the Mayor's

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2 behest, we act as the policy body, the
3 research and development arm, if you will, for
4 the City's public workforce system which is
5 supported by approximately \$300 million in
6 annual funds that flow into Philadelphia from
7 a variety of federal and state sources.

8 Under federal law, we are the
9 governance body for the local corralling
10 system and directly secure and oversee the
11 distribution of over \$16 million in federal
12 funding annually. We are 1 of 21 workforce
13 boards in the Commonwealth and 595 across the
14 nation. Our fundamental mission is to build a
15 world class workforce investment system in
16 Philadelphia. We do this by coordinating
17 programs and fostering initiatives that
18 support the productivity and growth of
19 business and which promote the
20 self-sufficiency of all Philadelphians.

21 Our vision for Philadelphia is a
22 thriving employer community supported by a
23 dynamic and easily accessible workforce with
24 the skills and flexibility necessary to be a
25 driving force in the City's economic vitality.

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2 As Council is well aware, there are
3 many issues that challenge region's economic
4 growth. One of the most pressing of these is
5 an increasing gap between the jobs that are
6 available in the region and the skills and
7 qualifications of our workforce. This
8 situation is further exacerbated by the fact
9 that two-thirds of all Philadelphians have
10 serious literacy issues hindering their
11 ability to successfully complete a
12 post-secondary degree, increasingly the key to
13 earning a family-sustaining wage.

14 There are a variety of other
15 statistics I could share with you today to
16 further illustrate our challenge, a challenge
17 shared, by the way, by many older industrial
18 cities, but we are all acutely aware of the
19 impact. Our poor are getting poorer. Our
20 employers are struggling to find and retain
21 entry level workers and our City's tax base is
22 continuing to shrink even as the demand for
23 services increase.

24 I mentioned before that we are
25 charged to directly oversee federal funds

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2 appropriate under the Workforce Investment Act
3 totaling about \$16 million per year here in
4 Philadelphia. These funds are mandated for
5 investment in the system and to provide
6 training and other workforce services for
7 adults, dislocated workers and youth. While
8 you may not be familiar with these funds, you
9 may remember them in a former incarnation,
10 CETA, which in 1979 became the Job Training
11 Partnership Act, and then in 1998 the
12 Workforce Investment Act. Twenty-five years
13 ago, the total federal appropriation in 2003
14 dollars under CETA was over \$21 billion
15 nationwide. Today, that investment is under 5
16 billion. You heard correctly. During a
17 period when our workforce grew by over 40
18 percent, the federal investment in the
19 development of that workforce has been reduced
20 by over 75 percent. And that does not account
21 for all the federally funded programs that
22 have been eliminated during that time period.
23 So even as the imperative to improve
24 the skills of our workforce becomes more and
25 more urgent to our productivity as a nation,

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2 not to mention our tax base, the federal
3 investment that traditionally supported these
4 efforts is diminishing rapidly. And I can
5 guarantee that if Congress struggles to cover
6 increasing costs for national security,
7 Medicare, Medicaid, Social Security and
8 interest on the deficit, the situation will
9 only become more challenging.

10 Although this information is not
11 exactly encouraging, I did not come here today
12 to depress you. Clearly, we must face the
13 reality that solutions to these challenges
14 must become increasingly local in nature, and
15 we are devoting considerable effort in this
16 regard. That is why the Philadelphia
17 Workforce Investment Board and its operational
18 partners have leveraged over \$20 million in
19 new federal, state, foundation and employer
20 investments against our core workforce
21 investment act allocation over the last two
22 years. That is also why early this year we
23 kicked off a literacy initiative with the goal
24 encouraging employers to make more investments
25 in the foundation skills of their entry level

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2 workers. And most importantly, that is why we
3 continue to seek new opportunity to eliminate
4 duplication, to maximize resources, to
5 innovate to partner and to advocate.

6 And we are not alone. Council has
7 played a critical role in advancing the City's
8 workforce development efforts as well. In
9 partnership with the Mayor, you have
10 maintained your commitment to Community
11 College of Philadelphia. Arguably, our most
12 important vehicle for the delivery of
13 education and training and, hence, economic
14 development in the region. You have passed
15 legislation to encourage employers to hire
16 individuals coming out of incarceration,
17 effectively removing barriers to work for
18 thousands of people who simply need an
19 opportunity to become productive members of
20 our workforce. These are just two of the many
21 examples of how Council and the Administration
22 has been key partners in addressing
23 Philadelphia's workforce challenges.

24 Today, I have one more suggestion
25 for a way Council can support workforce

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2 development efforts in Philadelphia. Did you
3 know that someone who works in high school is
4 more likely to graduate and to complete a post
5 secondary degree, they will out-earn their
6 non-working counterparts over their lifetime
7 irrespective of race or background. However,
8 only about 10 percent of youth living in
9 poverty work as teenagers compared to 60
10 percent of youth whose family incomes are
11 considered middle class. That is why the
12 Philadelphia Workforce Investment Board and
13 its youth council under the leadership of
14 Pamela Crawley initiated the Work Ready
15 Philadelphia Private Sector Internship Program
16 in 2003. Co-Chaired for the last two years by
17 Mayor Street, Lincoln Financial Group CEO, Jon
18 Boscia, Philadelphia School District
19 Superintendent Paul Vallas.

20 So far, we have provided over 400
21 youth with summer internship opportunities
22 using funds exclusively raised from employers
23 and foundations. Many large companies are
24 partners in this effort, as are many small
25 employers. They pledge a thousand dollars to

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2 support a youth in their workplace for six
3 weeks and suppose them to the possibilities
4 open to them for hard work and education.
5 This past summer Councilman Ramos supported
6 Work Ready Philadelphia by sending targeted
7 letters to his key constituents. I encourage
8 you all to promote this campaign in 2005 and
9 consider ways you can help us recruit the man
10 employers with whom you work to support this
11 critical effort.

12 In closing, I want to thank you for
13 your time today. We share your goals and look
14 forward to working with you to shape and
15 advance the City's workforce and economic
16 development agendas.

17 COUNCILMAN GOODE: Thank you, Ms.
18 Glickman.

19 Councilwoman Reynolds Brown.

20 COUNCILWOMAN BROWN: Good morning.

21 MS. GLICKMAN: Good morning.

22 COUNCILWOMAN BROWN: Please discuss
23 with me the difference between a career link
24 center and a career link access point.

25 MS. GLICKMAN: Sure. A career link

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2 center, it's primary focus would be the
3 delivery of career link services. A career
4 link access point provides access to the
5 career link system at a place where the
6 primary mission would not necessarily be the
7 delivery of workforce serves, so, for example,
8 a library, anyplace that has internet access.
9 So what we try to do was use -- it's a way to
10 connect into community-based organizations and
11 others and connect the individuals who are
12 receiving services to workforce services. And
13 a lot of people just need those kind of basic
14 services and people can be easily
15 cross-trained. The staff at the access points
16 can be easily cross-trained to help
17 individuals navigate them. The career link
18 centers themselves offer a much higher level
19 of service around resume development and a lot
20 of referrals we're beginning to track so I
21 don't have numbers for you today, but a number
22 of individuals that end up in the career link
23 centers are actually referred from the access
24 point. So it's a great way to connect the
25 community into these services and make them

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2 aware of the services.

3 COUNCILWOMAN BROWN: So one shows up
4 at the Redeemer Christian Life and Education
5 Center, go to a computer and then link up to
6 the career link center?

7 MS. GLICKMAN: Yes. Staff at every
8 access point is trained and connected to the
9 staff at a standalone center in that
10 community, in that geographic area. So what
11 will happen is somebody would go in. The
12 person would say to somebody, "You know, I'm
13 really unhappy with my job or I'm unemployed,"
14 whatever it is, and the staff there would have
15 enough knowledge to help them navigate the
16 electronic career link system which is
17 operated by the state. If they were in need
18 of more assistance in order to get a job, that
19 staff person would have the information to
20 refer to them or to suggest to them that they
21 might want to go visit the center that's
22 specifically set up for that. But it's a
23 no-cost way to link career link services into
24 the community. And we think it's been very
25 effective. But, again, I don't have the

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2 referral numbers with me today.

3 COUNCILWOMAN BROWN: You mentioned
4 this early in your testimony. What's the
5 budget for Workforce Investment Board?

6 MS. GLICKMAN: There's \$16 million
7 that comes into the City for the workforce
8 services. The workforce investment budget
9 which includes a variety of other sources is
10 about 1.5 million.

11 COUNCILWOMAN BROWN: Okay. Sixteen
12 million is for Workforce Development
13 Corporation?

14 MS. GLICKMAN: Not all of it goes to
15 the corporation. It's a little bit confusing.

16 COUNCILWOMAN BROWN: It is
17 confusing.

18 MS. GLICKMAN: The Philadelphia
19 Workforce Corporation is the fiscal agent for
20 the Workforce Investment Act Title 1 funds.
21 So all of the money that comes in comes in
22 through their door. As a result of them being
23 designated the fiscal agent for Title 1, they
24 also handle about 110 million. The numbers
25 move. I think last year the total budget was

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2 about 130 million. So it's about 110. Much
3 of that TANA. There's a lot of other money
4 that comes down from the state, and they
5 manage that all and cost allocate all kinds of
6 budgets. About 6 million of that then goes
7 out the door directly to the organization that
8 manages the whole Youth and Work Ready
9 programming on behalf of the Board and its
10 Youth Council, and that's the Philadelphia
11 Youth Network. So the contract for all of the
12 youth services are kind of connected and
13 happen through the Philadelphia Youth Network.

14 And I apologize for the complexity
15 of this. The federal law and the way to
16 manage these are not always the simplest. And
17 I'm more than happy to get you more
18 information. What I've included in the
19 package is a brochure about Work Ready and
20 information about career link. And then on
21 the other side behind my testimony is
22 information about the Board, what we do,
23 including our current list of our board
24 members.

25 COUNCILWOMAN BROWN: There is

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2 certainly an awful lot of information here.

3 What I don't see, and maybe very well

4 overlooking it, is some connect with the

5 Philadelphia school system, the School

6 District.

7 MS. GLICKMAN: Well, actually, the

8 connect with the School District -- and that

9 would really be through the Youth Council and

10 Work Ready Philadelphia which is more than

11 just a private sector campaign. The School

12 District of Philadelphia has always played an

13 active role on our Youth Council. In fact,

14 the first Chair -- one of the Co-Chairs of our

15 Youth Council in 1999 was David Hornbeck. And

16 even through all of the transitions with the

17 School District, we've maintained a close

18 working relationship with the school system.

19 And Craig Williams who's the Deputy Chief

20 Academic Officer is actually Co-Chair of the

21 Workforce Investment Board Youth Council.

22 COUNCILWOMAN BROWN: What does that

23 mean, close working relationship?

24 MS. GLICKMAN: We just worked with

25 them to secure funding and a planning grant

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2 for a transition funding for out-of-school
3 youth through a series of foundations. The
4 School District -- besides Paul Vallas, of
5 course, chairing Work Ready Philadelphia in
6 the private sector campaign, the School
7 District of Philadelphia, starting two years
8 ago, became an investor in Work Ready
9 Philadelphia. It used to be the kids who had
10 to go to summer school had to make a choice.
11 I mean, they had to go to summer school, they
12 couldn't have jobs. And there was a
13 recognition on the part of the School District
14 that frankly kids who have to go to summer
15 school are exactly the ones who probably need
16 to go and also get exposed to the workforce.
17 The School District funded a thousand slots
18 this past summer for summer school youth and
19 worked with us to put those kids in half-day
20 programs so that they were able to work as
21 well and tie summer school to employment. So
22 there's a lot of connection on the ground, I
23 think, where it's important to make this
24 happen.
25 COUNCILWOMAN BROWN: So you say,

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2 however, that the School District picked up
3 the tab for those young people?

4 MS. GLICKMAN: Yes.

5 COUNCILWOMAN BROWN: So where is
6 there some level of commitment with this 130
7 million you talked about for --

8 MS. GLICKMAN: About 7,000 youth get
9 served with the public money that's coming in
10 every year. The School District made a
11 thousand more slots available.

12 I also want to give credit to the
13 foundation collaborative. One of the other
14 things that we've been able to do under Work
15 Ready -- I talked a little bit about
16 eliminating duplication. One of the things
17 that was happening, and still happens to some
18 degree but much less now with youth, is there
19 were multiple points of entry and multiple
20 referral mechanisms, so we weren't maximizing
21 the interest of employers and other partners.
22 The foundation collaborative that always did
23 the foundation summer employment program for
24 years and years and the School District came
25 together with Work Ready Philadelphia, which

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2 is the core WIA funded and TANA funded
3 program, and we now have a single registration
4 system, a single mechanism for securing
5 providers, a single contracting payment
6 mechanism. So what we've been able to do is
7 lower administrative costs for all of those
8 programs by creating a single point of
9 contact. And frankly, a unified front for
10 Philadelphia's youth workforce development
11 efforts, and the School District has been an
12 incredible partner in helping us to achieve
13 that.

14 COUNCILWOMAN BROWN: When I consider
15 that process, the bureaucracy around that
16 many, many years ago and to hear what you just
17 explained, there's been substantial progress,
18 so I commend you for that.

19 Thank you for your testimony.

20 MS. GLICKMAN: Thank you.

21 COUNCILMAN GOODE: Councilman Ramos.

22 COUNCILMAN RAMOS: Thank you, Mr.
23 Chairman.

24 Thank you, Ms. Glickman, for coming
25 in and testifying this morning. I've always

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2 been very pleased with the work that the WIB
3 does and all the other offshoots from this
4 organization.

5 If line with the education questions
6 of my colleague, if I'm a high school senior,
7 will someone at my high school, the counselor
8 or someone, talk to me? I'm undecided whether
9 I want to go to college or maybe I have
10 decided I cannot go to college and I'm looking
11 for a J-O-B. Is someone there at the school
12 going to tell me, "Look this is career link.
13 Go into career link." Is that going on in our
14 high schools?

15 MS. GLICKMAN: Well, I'd like to say
16 I hope so. But I do want to be honest about
17 where we found some gaps. We are very
18 concerned about particularly 19 through
19 24-year-olds. We see -- we're looking at
20 measures and, in fact, earlier this year.
21 We're concerned about this transition of
22 individuals who are coming out of a relatively
23 supportive youth system into an adult system
24 and whether they're getting the support
25 needed. And we initiated a pilot at one the

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2 sites to look specifically at this population.
3 We are concerned that they're falling through
4 the cracks. So I don't know that youth are
5 being referred or getting the one-on-one
6 attention that they need in the schools. We
7 can try to encourage and do a lot more with
8 publicity and career days and all of these
9 things that's been ongoing. But I do want to
10 be clear that we are concerned about what
11 happens to youth when they make that
12 transition into the adult system.

13 COUNCILMAN RAMOS: What I'm
14 referring to is that we should consider -- and
15 if my office can be of any help, we'd be glad
16 to help you -- that in every senior in our
17 public school system, and you can extend it to
18 our parochial and other school systems around,
19 that every senior should be aware, first day
20 of school in September of your senior year
21 that career link is out there. Start looking
22 and using career link.

23 Just this past a few weeks ago,
24 Senator Kerry's wife Teresa Heinz was in town
25 and I took her to a career link up at

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2 Congresso De Latino Unidos. She was very
3 impressed with the system and the way it was
4 working at that community center.

5 Having said that, there's still a
6 lot of people out there that do not know that
7 this career link system exists. And I like
8 the system. My office uses it. It's been
9 helpful to many people that come to my office
10 looking for employment. But I would sure like
11 to see that every senior is aware from the day
12 he becomes a senior, goes to school in
13 September, that career link is out there.
14 Access it. They should be shown how to access
15 it and have that counselor. So I would like
16 us to work on making this emphasis with the
17 School District to make this good program
18 available, particularly to those seniors.

19 MS. GLICKMAN: Absolutely. I'll
20 work with the school district on something in
21 a protocol and I'll follow up with Council
22 when that's completed. Thank you very much.

23 COUNCILWOMAN BROWN: Councilman Juan
24 Ramos recommendation really needs to be
25 underscored, particularly for seniors. And as

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2 you seek to deepen the outreach for 19 to
3 21-year-olds the Philadelphia Department of
4 Recreation has taken an active look at this
5 particular population and has opened teen
6 centers across the City designed to bring or
7 have tangible relevance activities for young
8 people, including this particular age group.
9 So I'd like to suggest for the record that you
10 have a conversation with Commissioner Victor
11 Richard to see about bringing career link
12 centers in some of the rec centers where you
13 have these teen centers already in place up
14 and running. That's another way of addressing
15 the concern you have and to a population that
16 is deserving of the awareness of career link
17 centers. So please have a conversation and
18 reach out to Commissioner Victor Richard.

19 MS. GLICKMAN: Certainly. And I'll
20 follow up with you as well on the outcome of
21 that conversation.

22 COUNCILWOMAN BROWN: Thank you very
23 much.

24 COUNCILMAN GOODE: Thank you, Ms.
25 Glickman.

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2 Our next witness is Gail Kass.

3 MS. KASS: Good afternoon.

4 COUNCILMAN GOODE: Please state your
5 name for the record.

6 MS. KASS: My name is Gail Kass, and
7 I am the President of the Presbyterian
8 Foundation for Philadelphia and NewCourtland
9 Elder Services.

10 COUNCILMAN GOODE: Please proceed
11 with your testimony.

12 MS. KASS: I'm pleased to be asked
13 to speak to you this afternoon regarding the
14 issue of workforce development in
15 Philadelphia. While I was an attendee at the
16 Economic Summit, I reserve my remarks today
17 just about workforce development and what
18 we've been able to accomplish.

19 As I said before, I am the President
20 and the Chief Executive Officer of the
21 Presbyterian Foundation for Philadelphia and
22 NewCourtland Elder Services. I've been a
23 resident of the City of Philadelphia since
24 1965 and each of my four grown children live
25 in the City of Philadelphia and raise their

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2 children here. I know I don't look old
3 enough, but I am a grandmother.

4 My employer is the succeeding
5 organization to the Presbyterian Hospital.
6 And when we sold the hospital to the
7 University of Pennsylvania, we made the
8 important decision to commit our energies and
9 our money to improving the lives of frail
10 elders in the City. We do this through
11 nursing homes, elder apartments and programs,
12 and we have over 1400 nursing home beds in the
13 City and employ over 2,000 Philadelphia
14 citizens.

15 Soon after we embarked on this
16 complex and challenging business, we came to
17 recognize that we could not bring a higher
18 standard of living to our residents without
19 forging a partnership with our staff. And I
20 point out to you that many of our staff are
21 people who have life challenges which make
22 them as frail as some of our elders. We
23 further recognized that a meaningful
24 partnership had to include training,
25 education, and the promise of career

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2 advancement and increased income. Before we
3 began, our turnover rate for employees across
4 the network was over 150 percent per year,
5 while the national average in the field of
6 long-term care was a hundred percent.

7 In the past few years since
8 launching our Employee Pride Program, our
9 turnover rate is below 30 percent, and the
10 national average has crept up considerably
11 over 100 percent. These are extraordinary
12 results. A most essential element of
13 NewCourtland Pride Program is an extensive,
14 nationally-recognized and award-winning career
15 advancement system which we call the Ladder of
16 Opportunity. The ladder provides in-house
17 training and education coupled with
18 scholarships and tuition reimbursement for
19 pre-nursing classes and schools for licensed
20 practical nurses and registered nurses and
21 bachelors and masters degrees in nursing. The
22 in-house training and education is carried out
23 in the nursing homes when appropriate but most
24 recently is conducted in NewCourtland's own
25 newly renovated 41,000 square feet

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2 state-of-the-art education center on
3 NewCourtland's Germantown home campus.
4 Classes are conducted here to train interested
5 non-nursing personnel to become nursing
6 assistants to offer a six-week advanced
7 training course for already certified nurses,
8 to offer an eight-week post-graduate training
9 course for recently graduated LPNs and to
10 provide educational opportunities for nursing
11 and non-nursing personnel from across the
12 network.

13 The six-week course I referred to
14 for nursing assistants is perhaps our best
15 known and most widely availed of with our
16 graduates, numbering over 150. At the end of
17 this course's study, these nursing assistants
18 are designated as specialists and they have
19 expanded leadership responsibilities and they
20 receive more money per hour. This first and
21 important step on the ladder sets the stage
22 for this population to seriously consider
23 undertaking educational opportunities which
24 take them outside of the nursing home campuses
25 to LPN schools or colleges where they study to

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2 become registered nurses.

3 Since launching the Ladder Program,
4 hundreds of NewCourtland personnel have taken
5 advantage of its programs and have advanced
6 their careers and increased their incomes.
7 Our employee turnover is greatly reduced and
8 we have become the employer of choice in
9 long-term care services in the region boasting
10 very few job openings at the current time.

11 The rest of the health care industry
12 consistently talks about working with short
13 staff or large us of agency personnel. When a
14 NewCourtland Nursing assistant completes the
15 course work in LPN school, she accepts a job
16 in the NewCourtland network and her salary
17 essentially doubles. Most often her education
18 has been completely paid for through federal
19 grants and NewCourtland scholarships and
20 stipend money. If she is able and interested,
21 she can then take courses and become a
22 registered or bachelor's prepared nurse, again
23 through tuition reimbursement and scholarship
24 dollars, her tuition and books have been
25 completely paid for. And when she takes her

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2 new job in the network, her salary increases
3 dramatically again to double. Think of the
4 difference that that makes in her life and in
5 the lives and the vision that her kids hold.

6 NewCourtland recognizes that one of
7 Philadelphia's greatest resources is the
8 number of its citizens who are available and
9 wanting to work. Sometimes they need
10 encouragement and to be offered the
11 wherewithal to stretch beyond their place of
12 comfort or fear. NewCourtland has found there
13 are no more talented, loyal, and devoted
14 employees than those who have been given these
15 advancement opportunity. And the dollar saved
16 on turnover and reduced patient resident error
17 largely pays for the program in total.

18 Philadelphia must take a leadership
19 position in disseminating information
20 regarding existing successful workforce
21 development programs and should provide
22 start-up incentives for those employees who
23 wish to launch programs of their own.
24 Everybody in every community benefits when one
25 of these problems programs works. Thank you.

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2 COUNCILMAN GOODE: Thank you.

3 Our next witness is Raymond Wood.

4 Please state your name for the
5 record.

6 MR. WOOD: Yes, I will. My name is
7 Raymond Wood. I'm an entrepreneur, urban
8 developer with over 25 years experience in the
9 City of Philadelphia. And I appreciate your
10 having these hearings to give me an
11 opportunity to express some things that have
12 been on my mind and in my work experience, and
13 so I wanted to thank you. Beside me is
14 Rosalind Plummer. She is in-house counsel and
15 she rides shotgun.

16 I have two companies at this time.
17 One is Plumb Wood Developers which is the
18 company that has spent a lot of time, money,
19 and energy working on development initiatives
20 in this City. I also am the Chairman of the
21 Board of the TraneStop Resource Institute
22 which is an advocacy, archival, and
23 educational organization. In fact, we were
24 here in City Council to receive a Council
25 resolution on the 23rd of September, John

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2 Coltrane's birthday, but there was a couple
3 other parties going on.

4 COUNCILMAN GOODE: It was a busy
5 day.

6 MR. WOOD: Over the past 25 years,
7 I've involved myself in neighborhood economic
8 and cultural stimulus using a combination of
9 private resources and sweat equity. I've also
10 been active as a small business advocate and
11 was elected a delegate to the first White
12 House conference on small business under
13 President Jimmy Carter. I was a member of the
14 first Philadelphia Mayor's Small Business
15 Advisory Council under former Mayor Bill Green
16 and the Delaware Valley Family Business
17 Council, as well as a member of the
18 Pennsylvania Food and Agricultural Task Focus
19 focussing on bringing fresh food to the
20 inner-cities.

21 The thrust of my projects has always
22 been to bring job stimulation, community pride
23 and self-help, economic and cultural
24 development to existing long-term residents of
25 our City's depressed African-American

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2 communities, what used to be quality
3 working-class neighborhoods.

4 My purpose in speaking here today is
5 to raise the issue of economic racism and
6 political corruption in the context of four
7 areas of concern which have arose from my own
8 experiences finding to conduct business on an
9 equal footing in the City in a way that
10 benefits the sizable African-American
11 community.

12 Those four areas of concern are
13 promoting community redevelopment community
14 and economic stimulation versus neighborhood
15 gentrification. The role of government in
16 supporting private, neighborhood-based
17 economic development activities by
18 African-American developers, businesses and
19 entrepreneurs. The historic role of the
20 City's minority business development programs
21 and agencies and disqualifying
22 African-American businesses and entrepreneurs
23 in favor of brokers. The need to advance
24 participation by City Section 3 and City-based
25 and African-American entrepreneurs and major

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2 public-supported, taxpayer-subsidized
3 development activities.

4 As an African-American I've always
5 been concerned that our communities not only
6 have little economic advancement, but since a
7 rise of the '60s and '70s, they've actually
8 gotten work. Politicians, black and white,
9 speak patiently and eloquently and conducted
10 expensive studies about the needs for these
11 economically depressed communities. However,
12 when I set out in good faith and with my own
13 resources to help restore the stability of
14 these communities to which I felt culturally
15 attached, I learned some hard lessons about
16 the insincerity of government officials and
17 how corruption was driving local government
18 policies and behavior, cutting off black
19 communities from the tools necessary to
20 elevate them. And I give you two examples,
21 one is residential and one is commercial. I
22 could have given you 10 of the development
23 initiatives, but these two will suffice to
24 point out what I'm talking about.

25 In my residential example, in the

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2 West Parkside community I went into my pockets
3 and worked with an area community organization
4 to put together the West Parkside Cooperative
5 Housing Development of 64 homeowner apartment
6 units in two long vacant structures. The
7 development would have permitted a select
8 number of low and moderate income renters to
9 cooperatively own the apartment units as well
10 as on-site resident-owned grocery store and a
11 laundromat. Those were the businesses. I had
12 arranged for eligible tenants to be trained in
13 home-ownership by the national cooperative
14 group out of Washington, D.C. My development
15 package was so detailed that even the price
16 and brand washers and dryers for the
17 laundromat were identified and the residents
18 co-op agreement and rules were included in the
19 detail.

20 The Federal Housing Agency supported
21 the project. I had paid for control of the
22 real estate from my own private sources and
23 had secured a mortgage commitment from the
24 National Cooperative Bank. The community
25 group was excited and on board as we

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2 approached the City for their blessings to
3 smooth the way any Zoning and License and
4 Inspections issues.

5 Then an interesting and shocking
6 thing happened. City housing officials first
7 expressed concern that we were successfully
8 moving the project without them and started
9 pressuring representatives of the community
10 organization to drop me and the project. When
11 I resisted that effort, City government had a
12 City-paid lawyer forge signatures on court
13 documents to illegally take control of the
14 contractor real estate from me and then just
15 transferred the real estate to a politically
16 connected white developer under investigation
17 by the Feds. The City funded the white
18 developer and then changed the project to
19 rental housing with no economic benefits for
20 the community. This developer, the City's
21 builder of choice, went on to put many black
22 subcontractors on the project out of business
23 by not paying them for their work. I also
24 never received any compensation for my
25 investment monies.

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2 The commercial example. As bad as
3 the Parkside experience was for me, the
4 commercial example is more outrageous and
5 abusive. Having learned my lesson about the
6 City control of community organizations, I
7 took a slightly different route in developing
8 the historic 125-year-old Ridge Avenue farmers
9 market building, then located in a depressed,
10 drug-infected Francisville section of North
11 Philadelphia. Off the bat, I hired 12 men
12 right off the corner to clean out the building
13 and recycle the contents. Interestingly
14 enough, they rose to the occasion and they did
15 their job admirably. It's a 45,000 square
16 feet space, and they were able to clean that
17 building out in 30 days. I also kept a local
18 community group informed so they could
19 participate in job placement component of
20 mine, strictly private development. I secured
21 a mortgage commitment from a private bank and
22 from the Philadelphia Industrial Development
23 Corporation and was awarded a self-generated
24 seed money grant from the Pennsylvania Depart
25 of Agriculture. I also secured direct

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2 involvement from over 150 farmers, including
3 black farmers from the south, all of whom were
4 prepared to hire local workers from the
5 Francisville community. I also had the
6 beautifully 125-year-old market building
7 historically certified and entered into the
8 National Register of Historic Places. And I
9 laid out a long-term development plan to
10 improve the housing stock surrounding the
11 market for the benefit of perspective
12 employees.

13 Despite this outpouring of money,
14 sweat, equity and heart, my City government
15 found a way to undermine the development. I
16 first received a demand that the project be
17 turned over to Rouse (ph) or some other -- in
18 their words -- well-healed white developer.
19 Failing that, the City Councilman at the time
20 to whom I had taken the project for his
21 support pulled a City-owned parking lot from
22 me which had been contracted to me as part of
23 my development package and passed the lot on
24 to a politically connected white, but not
25 well-healed, former City Housing worker as a

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2 policy matter the same City Councilman
3 denounced the importance of my commercial food
4 market and job creating development in the
5 economically depressed North Philadelphia
6 community if favor of the residential housing,
7 upscale gentrification, and expansion from the
8 neighboring Spring Garden community.

9 When I continued to move forward
10 with my development without the parking lot,
11 the City committed the final blow by beginning
12 the physical leveling of the historic
13 certified building over the weekend without
14 any notice to me, and in so doing created a
15 dangerous enough structure to warrant leveling
16 the entire structure. They then went and
17 invoiced me for the privilege.

18 In conclusion, my perspective and
19 experience, and it's not the lack of
20 experience or resources or even the absence of
21 good set-aside programs that keep
22 African-American entrepreneurs out of the
23 mainstream and that keeps black communities at
24 the mercy of government, it's willful,
25 political corruption, racial economics, local

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2 government constantly asserts itself
3 negatively to African-American entrepreneurs
4 who have a job-creating or community
5 restoration agenda. Instead, the City favors
6 political brokers who simply take a few
7 dollars off the top from connected white
8 business in exchange for a black face. This
9 setup creates no new jobs or economic
10 experience for the African-American
11 businessman or the black community. If this
12 one aspect of corruption alone could be
13 addressed, the African-American business
14 community and residential community could
15 accomplish more in the way of self-help and
16 actually play a vital role in the City's
17 economic life. However, because of the
18 historical damage already done by the City's
19 long-standing policies and conduct, we need to
20 take this a step further. We need to make the
21 City go to the same place where it constantly
22 finds millions of dollars in subsidies for
23 well-healed developers and grab a few million
24 to bring economic stability to depressed urban
25 communities and African-American businesses.

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2 I want to thank you for giving me
3 the opportunity. I am still an active
4 developer. I still have some active projects
5 ongoing and certainly would like to ask that
6 my City government not prevent me from doing
7 business in the City. There's a lockout for
8 me doing business in the City, the major
9 cities and the like. And I want to thank you
10 very much.

11 I would want to say Ms. Reynolds
12 Brown that I would like to talk to her about
13 my TraneStop Resource Institute and the work
14 we're doing. We're doing some real positive
15 things with the jazz renaissance and we have a
16 program to create employment for artist, of
17 course, and certainly to get the community
18 involved again in its own cultural
19 development.

20 COUNCILMAN GOODE: Thank you for
21 your testimony, Mr. Wood. It was highly
22 appropriate as we consider a half a billion
23 dollar investment fund.

24 MR. WOOD: Thank you.

25 COUNCILMAN GOODE: Is Rashad Shabazz

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2 here?

3 Please approach the witness table.

4 Please state your name for the record.

5 MR. SHABAZZ: My name is Rashad
6 Fahem Shabazz. I'd like to say good afternoon
7 to everyone who is present. It seems as
8 though most have left. So I guess this is an
9 unimportant part of the meeting. I'm not
10 trying to be smart or anything, but I have to
11 try to be as real as possible. I appreciate
12 you have these hearings. I personally didn't
13 hear about the summit. I guess my form of
14 information is not up to date. WHHT Radio,
15 that's generally what I listen to. I missed
16 it. I would have liked to have attended.
17 This is a seriously vital aspect.

18 I'd just like to say before I read
19 what I wrote here, I think this is a good
20 opportunity if you are providing for the
21 public to be more involved and learn more and
22 understand more about the economic development
23 which is really our life. We are born, we
24 live, and we have to eat to live. So
25 economics is next. And it's very important.

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2 This hearing so far and the people
3 who were ahead of me, they laid out a lot of
4 technical information with many acronyms and
5 figures that most the public can't figure out
6 and they're not kept abreast of this language.
7 The major problem that human beings have in
8 this society is the language, which leads to
9 an understanding, knowledge and understanding.
10 If you can't understand the language, then
11 it's impossible for you to know and you'll
12 never understand. And so we need a change of
13 language to begin with, and then that will
14 give us a better, broader knowledge of each
15 other and then we could formulate, we could
16 change systems and procedures that it would
17 include everyone in the society on the same
18 level and basis. Since we are all human
19 beings, we should all be able to function and
20 live through the society equally, freely and
21 justly. And that is not what we have been
22 experiencing here in this country and
23 throughout the world. Freedom, justice, and
24 equality is life itself. So without it, there
25 are those who are dead and there are those who

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2 have it who are living somewhat because
3 they're not living totally because they're
4 living off of the dead who don't have freedom,
5 justice, and equality.

6 So I would just like to read this
7 basically. My back ground basically is I was
8 born in Williams Osteopathic Hospital between
9 20th and 21st Susquehanna Avenue, Philadelphia
10 on June 15, '42. Lived all my early life in
11 North Philadelphia, Arlington Street, 1700,
12 then Columbia Avenue, then 2400 North Revere.
13 I attended George Washington Carver School,
14 Thomas Peirce and Simon Gratz School. I
15 graduated in 1960. Entered the U.S. Army in
16 1960 and I left in '63. Post-graduation
17 education was electronic technology course and
18 waste and fresh water treatment plant
19 operator.

20 Economic history. The first product
21 of economic development for Europeans was the
22 sale of captive slaves from Africa. That's
23 the first business that was developed here in
24 this land by European immigrants. The
25 knowledge and labor of the captured slaves was

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2 used not to build economy for themselves but
3 for European economy. Now the time has come
4 to captive slave descendants must establish
5 their on economic life under their control and
6 for their benefit and future.

7 Steps possible to achieve this. In
8 all districts where African-Americans live,
9 stop City planning activities. Turn all
10 planning over to community group planners.
11 Stop all outside business investment in these
12 areas unless 50 percent or more ownership is
13 documented in the hands of African-American
14 residents of the district.

15 Some steps needed to achieve the
16 economic development of African-Americans.
17 City planning retraining means that City
18 planning is currently done outside of the
19 knowledge and the participation of the
20 residents and neighbors of the districts that
21 are populated by the working poor and the
22 poor, the destitute poor. They have no input
23 and no knowledge of any City planning
24 procedures and decisions and so forth and so
25 on. That, of course, is the foundation of all

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2 these groups that talked here before,
3 foundation of their inroads into these areas
4 and control over the economics of these areas.

5 Exempt from taxation. The taxing
6 structure is, of course, imbalanced. You
7 can't expect the working poor and the
8 destitute poor to pay any taxes comparable to
9 those who have had an undue advantage every
10 since the beginning of this land in the
11 compilation of capital, accumulation of
12 capital and amassing of capital freely, er
13 without hindrance, and without regulation,
14 fairness, justice across the board. There's
15 no way that these people can pay taxes on the
16 same par and, of course, suffer the despicable
17 inhumanity of the people amassed in capital
18 being free from paying taxes for years upon
19 years and totally getting out of paying taxes
20 altogether.

21 Finance all businesses from City
22 money the same percentage. These and other
23 efforts will level the economic playing field
24 by opening up these area so more people can
25 begin to work businesses which will increase

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2 business for the other groups in the other
3 districts. If the depressed and impoverished
4 areas of the City which house mostly
5 African-American people and other ethnic
6 groups also, if they were enabled to open up
7 businesses in their areas and control the
8 business activity in their areas for the
9 benefits of themselves, their children, their
10 grandchildren and their future, then that
11 would increase across the inner-business
12 relations among the people because that would
13 be supply and demand. It would go back and
14 forth. You'd have inner-production, you'd
15 have all kind of other economic interchange
16 that would enhance the City itself and could
17 possibly bring the City up to a higher level
18 of economic development. But this
19 one-sidedness of those who hold capital, who
20 are amassing capital, who have had the
21 advantage to do this and their continued
22 manipulation of the rules and regulations of
23 the system to operate business in this City
24 and country, that is only going to a dead end.
25 That is going to destroy the whole fabric of

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2 the economic life of this country, which it's
3 doing right now. And you're going to have the
4 capital concentrated in fewer, fewer hands and
5 the mass of the people holding nothing which
6 is going to bring a collapse eventually.

7 So I thank you very much. And
8 Councilman Clarke, he did make a suggestion
9 about having these hearings in the
10 neighborhood. I hope he follows through with
11 that. I would like to be abreast of that. I
12 would like to get your phone number. I don't
13 have it so I'd like to get your phone number,
14 Councilman.

15 COUNCILMAN GOODE: Absolutely.

16 MR. SHABAZZ: Maybe I'll be able to
17 talk to you sometime.

18 COUNCILMAN GOODE: Absolutely.
19 Thank you for your testimony. I did a few
20 things from it, but specifically what may be
21 helpful is a glossary of economic development
22 terms so that we can communicate and have a
23 shared language about it. Thank you.

24 We also have written testimony from
25 Andrew Toy, Local Initiative Support

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2 Corporation, which I will give to the
3 stenographer.

4 That concludes our witness list. Is
5 there anyone else here to testify?

6 (No response.)

7 COUNCILMAN GOODE: Thank you all for
8 coming. This hearing is recessed to the call
9 of the Chair.

10 (Council adjourned at 12:55 p.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Wednesday November 17, 2004,
were reported fully and accurately by me, and
that this is a correct transcript of the same.

RE: COMMITTEE ON COMMERCE AND ECONOMIC
DEVELOPMENT

Lisa C. Bradley, RPR