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

- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, 6/6/01
1:40 p.m.
- - -

BILL 010191 - (Held) - Authorizing the Director of
Commerce and the Commissioner of Public Property to
acquire by amicable negotiation or by condemnation
fee simple title to a certain parcel of property
owned by the Redevelopment Authority of the City of
Philadelphia and the New Eastwick Corporation.

BILL 010378 - Authorizing Commissioner of Public
Property to enter into lease agreement with the
Philadelphia Authority for Industrial Development
for further sublease to Urban Cable Works of
Philadelphia L.P., to lease certain parcel of land
located at 5201 Umbria Street, Philadelphia,
Pennsylvania, under certain terms and conditions.

PRESENT: COUNCILMAN JAMES F. KENNEY, Chair
COUNCILWOMAN JANNIE BLACKWELL, V. Chair
COUNCILMAN DARRELL L. CLARKE
COUNCILWOMAN JOAN KRAJEWSKI
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN FRANK RIZZO

- - -

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

8 The first is Bill No. 010191, which is
9 an ordinance authorizing the Director of Commerce
10 and the Commissioner of Public Property to acquire
11 by amicable negotiation or by condemnation fee
12 simple title to a certain parcel of property owned
13 by the Redevelopment Authority of the City of
14 Philadelphia and the New Eastwick Corporation and
15 their successors and assigns located on the south
16 side of Bartram Avenue within the limits of
17 Philadelphia, Pennsylvania, and containing an area
18 of 708,402 square feet, or 16.2626 acres, and any
19 and all other real property interest in such parcel.

22 MR. SIPOS: My name is Ken Sipos,
23 Department of Public Property, testifying on behalf
24 of Commissioner Perez.

1 6/6/01 PUB. PROP. PUB. WORKS - BILL 010191
2 Aviation, from Philadelphia International Airport.

3 MR. KRAMER: And I am Bill Kramer from
4 the Philadelphia City Planning Commission.

5 COUNCILMAN KENNEY: Will you be giving
6 the main testimony, Mr. Isdell?

7 MR. ISDELL: Yes.

8 COUNCILMAN KENNEY: Please proceed.

9 MR. ISDELL: Good afternoon.

10 COUNCILMAN KENNEY: Good afternoon.

11 MR. ISDELL: Chairman Kenney and members
12 of the Committee on Public Property and Public
13 Works. My name is Charlie Isdell, Director of
14 Aviation for the City of Philadelphia. I am pleased
15 to appear before you today to testify in support of
16 Bill No. 010191.

17 This bill will authorize the City of
18 Philadelphia, through the Department of Commerce,
19 Division of Aviation, and Department of Public
20 Property to acquire approximately 16.26 acres of
21 real property located on the south side of Bartram
22 Avenue within the limits of Philadelphia,
23 Pennsylvania, for use by the Philadelphia
24 International Airport. The property will be
25 acquired by negotiated purchase or by condemnation.

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2 The purchase price or condemnation award, when
3 determined, will be paid with monies from the
4 Aviation Fund, with no General Fund impact.

5 The property is surrounded by PNC Bank
6 to the west, I-95 to the south, the south side of
7 Bartram Avenue to the north, and on the east by the
8 Airport's existing employee parking lot.

9 Currently, the Airport is severely
10 constrained in employee parking. The Airport
11 currently has 2400 parking spaces for employees.
12 Although the Airport has grown significantly since
13 the existing lot opened in 1996 and now employs more
14 than 20,000 people, which is a 33 percent increase
15 since that time, servicing nearly 25 million
16 passengers a year, which is also a 33 percent
17 increase since that time, the employee parking
18 capacity has remained unchanged.

19 Currently, during peak hours when major
20 shift changes occur, there's a dearth of available
21 parking spaces. This results in employee lateness
22 and occasionally insufficient staffing to provide
23 maximum customer service. In addition, the
24 Airport's workforce will increase dramatically with
25 the opening of Terminal F in June of this year and

1 6/6/01 PUB. PROP. PUB. WORKS - BILL 010191
2 the new international terminal a year later for the
3 reasons specified, the Airport has an urgent and
4 immediate need for additional space for employee
5 parking.

6 The location of the property and its
7 proximity to the existing lot allows the Airport to
8 use the property for this purpose almost immediately
9 upon acquisition. The property is currently owned
10 by the Redevelopment Authority of the City of
11 Philadelphia, and the New Eastwick Corporation holds
12 certain development rights with respect to this
13 property.

14 The Division of Aviation has had
15 discussions with the RDA and New Eastwick
16 Corporation regarding the proposed purchase of the
17 property. No agreement has yet been reached.
18 Irrespective of the outcome of these discussions, we
19 need, and therefore request, Council approval to
20 acquire the property.

21 We greatly appreciate the opportunity to
22 speak to you today in support of Bill No. 010191 and
23 we'll be happy to answer questions you may have.

24 We have a letter of support also from
25 Maggie Powell, the Executive Director of the

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2 Eastwick Project Area Committee, and we have met
3 several times with them earlier this year and they
4 are supportive of the City's acquisition. We've
5 also brought with us an aerial photo to illustrate
6 the exact location, and we also have with us, if
7 necessary, a representative of the Airline Station
8 Managers Council at Philadelphia International
9 Airport whose employees are very anxious to get the
10 additional parking availability.

11 COUNCILMAN KENNEY: Thank you very much.
12 Does the Planning Commission want to
13 give testimony?

14 MR. KRAMER: We can do that, yes, sir.

15 COUNCILMAN KENNEY: Thank you.

16 MR. KRAMER: Good afternoon, Mr.
17 Chairman and members of the committee. For the City
18 Planning Commission, my name is Bill Kramer.

19 The City Planning Commission has
20 reviewed Bill 010191, which was introduced into
21 Council on March 29, 2001 by Councilmember Blackwell
22 for Council President Verna.

23 This parcel is located on the south side
24 of Bartram Avenue, west of 84th Street, and is zoned
25 C-3 commercial. The property contains approximately

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2 16.3 acres. This is a vacant property that is owned
3 by the Redevelopment Authority of the New Eastwick
4 Corporation, and once conveyed, will be used by the
5 Philadelphia International Airport for employee
6 parking for its airline support businesses,
7 concessionaires, and government agency tenants.

8 The Airport needs to create additional
9 employee parking facilities for its airline support
10 businesses, concessionaires, and government agency
11 tenants. The existing employee parking lot, which
12 is adjacent to this lot, is no longer adequate due
13 to the rapid growth in Airport employment since the
14 opening of the lot in 1996.

15 The Planning Commission, at its meeting
16 of April 19, 2001, recommended that Bill No. 010191
17 be approved.

18 COUNCILMAN KENNEY: Thank you very much.
19 Please.

20 MR. SIPOS: Good afternoon.

21 COUNCILMAN KENNEY: Good afternoon.

22 MR. SIPOS: Chairperson Kenney and
23 members of the committee. I'm testifying for
24 Commissioner Perez. I'm here today testifying in
25 support of Bill 010191. The bill will permit the

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2 City to acquire certain properties located adjacent
3 to the Philadelphia International Airport for
4 ancillary purposes.

5 The Department of Public Property
6 supports the measure. Accordingly, I respectfully
7 ask that THE City Council committee approve the
8 bill. I also ask that the rules be suspended so
9 that the ordinance may BE passed upon the second
10 reading of Council.

11 Thank you very much.

12 COUNCILMAN KENNEY: Thank you very much.

13 Mr. Isdell, could you tell me how many
14 spaces will from the construction of this parking
15 lot?

16 MR. ISDELL: We estimate a minimum of
17 1200 of, a maximum of 1700. There is an
18 illustration that was included with our testimony
19 submittal.

20 COUNCILMAN KENNEY: And these spaces
21 will be used only by employees in some form of the
22 Airport?

23 MR. ISDELL: Yes. In order to access
24 the lot, you need to have an employee I.D. badge
25 with a swipe -- that you can swipe.

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2 COUNCILMAN KENNEY: And just out of
3 curiosity sake, how do the employees get to the
4 terminals to their place of work from this lot or
5 from the existing employee parking lot?

6 MR. ISDELL: They are transported by
7 shuttle bus.

8 COUNCILMAN KENNEY: The proceeds from
9 the sale would be going to the Redevelopment
10 Authority or to Eastwick Corporation?

11 MR. ISDELL: I'm not sure.

12 (Mr. Isdell confers with colleague off
13 the record.)

14 MR. ISDELL: The answer would be
15 determined during the negotiations, which we have
16 not completed yet. How much would go to the New
17 Eastwick Corporation would also depend on whether or
18 not it's a purchase versus a condemnation
19 acquisition.

20 COUNCILMAN KENNEY: The New Eastwick
21 Corporation is a nonprofit community development
22 corporation, or what is it?

23 (Mr. Isdell confers with colleague off
24 record.)

25 MR. ISDELL: It's actually a development

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2 arm, I believe, of the Korman Corporation.

3 COUNCILMAN KENNEY: Okay, but the
4 property's owned jointly by the RDA and Korman?

5 MR. ISDELL: I believe that the
6 Redevelopment Authority owns the property and that
7 New Eastwick Development Corporation has options to
8 develop the property, which have not been exercised
9 up till the present time.

10 COUNCILMAN KENNEY: So that we would
11 actually be providing -- the Airport Fund -- sorry,
12 what you testified --

13 MR. ISDELL: The Aviation Fund.

14 COUNCILMAN KENNEY: The Aviation Fund
15 would be providing money to the RDA to then either
16 buy off the options to the New Eastwick
17 Corporation?

18 MR. ISDELL: Yes.

19 COUNCILMAN KENNEY: Okay. And who would
20 be making the decision on the purchase price; would
21 it be made by the Airport?

22 MR. ISDELL: Yes. It's our intention to
23 negotiate a purchase -- an acquisition by purchase
24 with the RDA that would include consideration for
25 the option that exists currently. And we don't, at

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2 least at the present time, although we have an
3 estimated cost, we would prefer possibly to share
4 that with you privately rather than publicly.

5 COUNCILMAN KENNEY: Yeah, I understand.

6 The only thing that confuses me, and I
7 guess the confusion comes about as a result of the
8 fact that I had assumed that New Eastwick
9 Corporation was a community CDC or some other
10 nonprofit.

11 MR. ISDELL: No.

12 COUNCILMAN KENNEY: How many year
13 options did Korman Corporation have to purchase this
14 property?

15 (Mr. Isdell confers off the record with
16 colleague.)

17 COUNCILMAN KENNEY: I guess the
18 confusion is that -- and I don't understand -- I
19 mean, I have a general knowledge of real estate, but
20 I guess the question is that if the Korman
21 Corporation, through its arm New Eastwick
22 Corporation has not exercise their options to date,
23 why are they even in the mix right now? Wouldn't we
24 just be taking this from the RDA?

25 MR. ISDELL: The contract was signed in

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2 1961.

3 COUNCILMAN KENNEY: With Korman?

4 MR. ISDELL: And the option -- yes.

5 COUNCILMAN KENNEY: Okay.

6 MR. ISDELL: And the option expires in
7 2004.

8 COUNCILMAN KENNEY: Okay. And does the
9 Korman Corporation or New Eastwick pay the RDA an
10 annual fee or do they lease that property from the
11 RDA?

12 (Mr. Isdell confers off the record with
13 colleague.)

14 MR. ISDELL: Excuse me, Councilman
15 Kenney.

16 COUNCILMAN KENNEY: If you want to bring
17 anyone to testify on the specific legal issues of
18 this, it's fine.

19 I guess the question is, what equity
20 does New Eastwick Corporation have in this land
21 other than the right of options that have not yet
22 been exercised, apparently?

23 (Witness comes forward.)

24 COUNCILMAN KENNEY: Please identify
25 yourself for the record. You could pull that

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2 microphone closer to you.

3 MR. CARROLL: Mr. Chairman, good
4 afternoon.

5 COUNCILMAN KENNEY: Good afternoon.

6 MR. CARROLL: My name is Richard
7 Carroll, and I'm an attorney under contract with the
8 City concerning the acquisition of Parcel C out at
9 the Airport.

10 COUNCILMAN KENNEY: If you could move
11 over to the other chair and then just speak more
12 directly into the microphone.

13 MR. CARROLL: Hello again. Is this
14 okay?

15 COUNCILMAN KENNEY: Yes, sir. Thank
16 you.

17 MR. CARROLL: My name is Richard
18 Carroll, and the law firm that I work for, Ronald A.
19 White, PC, has been under contract with the City to
20 provide legal services connected with the
21 acquisition of the real estate that we're talking
22 about.

23 COUNCILMAN KENNEY: Just this piece
24 or --

25 MR. CARROLL: No, it began as a much

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2 larger piece, but it has come down to the 16.2 acres
3 that we're discussing right now.

4 COUNCILMAN COHEN: Okay.

5 MR. CARROLL: Was there a question?

6 COUNCILMAN KENNEY: Yeah. The question
7 is, why is the New Eastwick/Korman Corporation
8 involved in this transaction at all? I need an
9 explanation as to, if the RDA owns the property and
10 the Airport needs the property and this corporation
11 is in the middle with some option rights that have
12 or have not been exercised since they've had the
13 ability to do it, what equity, what investment do
14 they have?

15 MR. CARROLL: Yes, sir, I understand the
16 question.

17 COUNCILMAN KENNEY: Yes.

18 MR. CARROLL: It is our position that
19 the Redevelopment Authority of Philadelphia retains
20 legal title to the property in trust for the Korman
21 Group, the Korman Group having acquired equitable
22 title to the entire 400-some acres 40-some years ago
23 -- well 40 years ago, when the original
24 redevelopment plan was promulgated and signed.
25 There was actually an agreement of sale for the

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2 entire 4 to 500 acres under consideration, which
3 exists to this day. That is why the Korman Group
4 and its assignees and designees and the RDA are
5 still mentioned.

6 In the event of a negotiated purchase,
7 as Mr. Isdell has pointed out, the distribution of
8 the compensation would be left to the parties. I am
9 not a part of that. In the event of condemnation,
10 it's our position that the compensation would be
11 awarded to the holder of the equitable title, which
12 is the Korman Corporation.

13 COUNCILMAN KENNEY: This is an
14 undeveloped parcel, correct?

15 MR. CARROLL: Completely it's raw
16 land.

17 COUNCILMAN KENNEY: And has the Korman
18 Corporation/New Eastwick Corporation exercised its
19 option rights to develop that land? Obviously they
20 haven't 'cause it's not developed.

21 MR. CARROLL: No, sir, they've developed
22 all around it.

23 COUNCILMAN KENNEY: Right.

24 MR. CARROLL: But this parcel is lying
25 fallow.

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2 COUNCILMAN KENNEY: Do they pay taxes on
3 that land?

4 MR. CARROLL: I don't believe that
5 anyone is obligated to pay taxes at this time on the
6 land.

7 COUNCILMAN KENNEY: Than, again, I'll
8 defer to the legal expertise, but I still don't
9 understand the need for Korman to gain any benefit
10 from the sale of this property from one City agency
11 to another. Where is Korman's investment? where is
12 Korman's -- I mean, if Korman had maintained the
13 land and paid taxes on the land, had development on
14 the land that had some equitable value and the RDA
15 owned the land rights and Korman owned everything
16 above it, and the Airport needs the parcel, which it
17 does --

18 MR. CARROLL: Yes.

19 COUNCILMAN KENNEY: -- then I would see
20 Korman's need to be compensated. At this point, I
21 don't understand why Korman would receive any
22 proceeds from a sale between the RDA and the
23 Airport. It seems to me to be a transaction between
24 the RDA and the Airport.

25 MR. CARROLL: I understand. Sir, I

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2 believe that Korman would lose the benefit of its
3 bargain. In the original redevelopment contract,
4 Korman stood to make a profit, of course, it's a
5 profitable organization, and it's authorized under
6 the terms of the original agreement to develop and
7 sell off portions.

8 COUNCILMAN KENNEY: But they never
9 developed it.

10 MR. CARROLL: Well, they've --

11 COUNCILMAN KENNEY: I mean, basically,
12 it's 40 years, this deal?

13 MR. CARROLL: It's been going on for 40
14 years, and there's been extensive --

15 COUNCILMAN KENNEY: So I can sit on a
16 piece of property for 40 years, I don't develop it,
17 I don't improve it, I don't pay taxes on it, and
18 then the Airport needs it so now I make a profit
19 from it?

20 MR. CARROLL: Well, I'm not here to
21 argue for Korman but --

22 COUNCILMAN KENNEY: I'm sorry, but don't
23 understand why Korman's in it. If Korman had
24 exercised over a 40-year period, as is done with
25 other parcels around it, to invest money, to develop

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2 it, and pay taxes, and we need it by condemnation or
3 by negotiated sale, I say, of course, we got to
4 compensate Korman for what it is they've done on
5 that property over the years. But if they've done
6 nothing and they haven't developed it and they
7 haven't paid taxes on it, why are they in it?

8 I mean, I know they have a right to be
9 because they have this 40-year -- and how many years
10 was the option; was it a 40-year option?

11 MR. CARROLL: They're renewable, sir.
12 And my understanding is that certain covenants that
13 run with the land will expire permanently in
14 2004.

15 COUNCILMAN KENNEY: Right, in 2004.

16 MR. CARROLL: However, there is an
17 attorney here who represents the Korman Group who
18 has advised us that there may be a few more years.
19 That's immaterial, as far as I'm concerned.
20 Korman's interest will be extinguished one way or
21 another, either by sale or by condemnation. So
22 whether it runs to 2025 or 2004 is immaterial.

23 COUNCILMAN KENNEY: But is it material
24 that the land over a 40-year period -- arguably 40
25 years -- has not been developed and has not paid any

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2 taxes on it? Where is the need for compensation?

3 MR. CARROLL: I think I can answer that
4 very shortly. Out of some 1100 acres, about 450
5 remain for active residential and commercial
6 development. There has been considerable activity
7 in the 40 years in Eastwick complicated by
8 environmental problems and other problems. Korman
9 still has the active right, and for all we know, the
10 intention of building on the 16.2 acres that we have
11 just --

12 COUNCILMAN KENNEY: But after 40 years
13 now, I guess the question is, any day now --

14 MR. CARROLL: Well, I know we kept out
15 some motels on the parcel next door within the past
16 ten years. I think the PNC Operational Center is no
17 more than six or seven years old, and that was
18 developed on the parcel next door.

19 COUNCILMAN KENNEY: I mean, I'd be happy
20 to hear an explanation from Korman or the
21 representative of Korman or New Eastwick.
22 Understand.

23 I mean, understand, I mean, when we
24 first sat down for this hearing, I had expected to
25 run this thing through. I assumed we were buying

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2 this from some community development corporation or
3 some private owner. I still can't understand the
4 relationship between RDA and New Eastwick/Korman and
5 where the loss to the Korman Corporation is on a
6 parcel that's undeveloped and untaxed for 40 years,
7 other than the potential rights, which, apparently
8 weren't too strong over a 40-year period, but now,
9 all of a sudden, it's kind of strong today.

10 (Witness comes forward.)

11 COUNCILMAN KENNEY: Please identify
12 yourself for the record.

13 MR. KORB: Chairman Kenney, my name is
14 Philip Korb, K-O-R-B. I'm an attorney for New
15 Eastwick Corporation. With me is Mr. Jerry Segal,
16 who's senior vice president of the Korman Company.

17 I think the most important picture to
18 understand is that this is not a case where there's
19 this vacant piece of ground which the Korman Company
20 has ignored, which it's now trying to make a killing
21 on. The Airport development is a development for
22 which the Korman Company -- the New Eastwick
23 Corporation, which is really a joint venture of
24 Reynolds and the Korman Company, have been the named
25 redeveloper on a redevelopment agreement with the

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2 Redevelopment Authority for many years, and they
3 have been developing at tremendous investment on
4 their part hundreds of acres.

5 This parcel is not some parcel sitting
6 there that they're going to suddenly going to get
7 rich on. The Airport interplex, and you can see it
8 as you drive on Route 95, is a hotel park. There
9 are a series of hotels that have been constructed
10 and PNC. This is a development by the Korman
11 Company, which has moved down the road as they
12 build, they continue to move.

13 This parcel, Parcel C, is simply the
14 next step. It didn't get developed till the land in
15 front of it got developed. It's now ready to be
16 developed. The Korman Company is moving along, it's
17 doing all of the development that Mayor Rendell
18 asked to be done, which was the construction of
19 hotels. This is the next in a series of
20 developments, which we are in the middle of working
21 on and are proceeding with and now have to stop
22 because of this project.

23 COUNCILMAN KENNEY: I'm sorry, had to
24 stop because of what?

25 MR. KORB: Because of the imminent

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2 condemnation. This is not something which we're
3 going to sit on for years. We're not simply an
4 option holder.

5 COUNCILMAN KENNEY: But 40 years is a
6 long time.

7 MR. KORB: And there's been a huge
8 amount of development, hundreds of acres of
9 development, and this is the very next piece to be
10 developed in the normal course.

11 New Eastwick is not simply an option
12 holder; it's the named redeveloper with an absolute
13 right to buy property, and we do it all the time.
14 We just closed a week ago on acreage right there for
15 a restaurant that will serve these hotels, and this
16 is the next order of business.

17 COUNCILMAN KENNEY: Well, why wasn't
18 this property purchased from the RDA by New
19 Eastwick? Why wasn't the option exercised in 40
20 years?

21 MR. KORB: It's not an option; it's
22 really an equitable ownership interest. We have an
23 agreement of sale. The redevelopment agreement we
24 have recorded allows us, whenever we're ready, to
25 buy pieces of ground. And we've had a simple

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2 procedure with the Redevelopment Authority for
3 years, which is, as we move along development, we're
4 ready to build our next hotel, we buy that piece of
5 ground and develop it. And we'll do it as we go,
6 and this is simply the next piece to be done.

7 COUNCILMAN KENNEY: But isn't this
8 different in that when you acquired the prior
9 pieces, you had your equity invested in the
10 development of the hotel, in the development of
11 whatever's being developed. The question here is
12 that you're not -- you weren't building a hotel on
13 this, you weren't building a restaurant on this, you
14 weren't building -- nothing was being built on this
15 and nothing's been built on it for 40 years.

16 I mean --

17 MR. KORB: There are two reasons why
18 this hasn't been built yet. The first reason is
19 that you build the next piece of ground and then you
20 move along. This is now ready to be built.

21 We actually have been delayed in doing
22 it, and I didn't show up today to complain to the
23 City about this, but I will tell you one thing that
24 has delayed our ability to complete hotel
25 development on this site as of this moment is the

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2 City's failure to fulfill its legal obligation to us
3 to construct roads and infrastructure to complete
4 the road to serve that particular parcel, which it's
5 contractually bound to do. I'm not here to complain
6 about that, but we would have been thrilled --

7 COUNCILMAN KENNEY: But I guess going
8 back to the original question, who owns the parcel?

9 MR. KORB: Legal title is held by the
10 Redevelopment Authority. Equitable title, the real
11 ownership interest by equitable title is held by New
12 Eastwick. We have an agreement to buy that land as
13 we're ready to develop it, and it's the same with
14 that entire parcel, and we do that.

15 COUNCILMAN KENNEY: Well, I guess the
16 question then to the Airport or the to the Public
17 Property Department is, why wasn't a deal structured
18 to buy the parcel, the equitable interest of the
19 parcel from New Brunswick, come to us and say, This
20 is what we've negotiated, this is what we'd like you
21 to approve, as opposed to doing an open-ended
22 ordinance, which we'll never see again, and a place
23 will be negotiated through the Aviation Fund, and we
24 won't even know what it was sold for, what the RDA
25 gets, and what New Eastwick gets, although we're

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2 being asked to approve this today.

3 I'm not arguing the lack of the need for
4 parking spaces, and I'm not necessarily arguing a
5 lack of the need for developing this parcel in this
6 way. What I'm saying, as the committee chairman and
7 as a member of Council, as I'm being asked to vote
8 on the imminent sale, negotiated sale of this
9 parcel, and I won't know what the price is and I
10 don't know what the distribution of the proceeds are
11 going to be between the RDA and a private, for-
12 profit corporation.

13 MR. KORB: Chairman, let me make clear
14 that I can't answer that because have nothing to do
15 with the ordinance. And I will tell that you far
16 from this being an opportunity for the Korman
17 Company to make a buck off of this deal, we --

18 COUNCILMAN KENNEY: There's nothing
19 wrong with making a buck.

20 (Unintelligible, parties talking over
21 each other.)

22 MR. KORB: We had nothing to do with
23 this ordinance being introduced, we weren't even
24 aware of it. Our first goal and our preference
25 would be don't take our land, we're ready to -- we

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2 want to develop the land, we've been developing
3 everything around it, and this is the next thing
4 we'll develop-- we're going to make -- and we will
5 be developing it for purposes that we think are good
6 for the City and profitable for us.

7 We're not -- we have nothing to do with
8 the decision to proceed in this manner.

9 COUNCILMAN KENNEY: I have no quarrel
10 with your desire to develop or your desire to sell
11 or your desire to make a profit; I think that that's
12 what your job is. My job, however, is to try to
13 determine in an open-ended request that there is
14 negotiation going on, that this property is going to
15 be -- the equitable rights to this property are
16 going to be exchanged for a fee or at a cost, and I
17 don't know what the cost is and I don't know what
18 the distribution is going to be.

19 I mean, I don't argue with the project,
20 I don't argue with the use, I don't even argue with
21 you guys wanting to building another hotel on it.
22 All I'm saying is that I would at least, from the
23 committee's point of view, would like to know -- and
24 I know you can't tell me because the information is
25 proprietary, but at some point in time, you're

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2 asking us to agree to an open-ended deal which we
3 won't know the answer to ever on what it costs and
4 who gets what.

5 MR. ISDELL: Mr. Chairman, if I could
6 have our deputy director for properties, Jim Tyrell,
7 respond.

8 COUNCILMAN KENNEY: I mean, again,
9 understand, if you came in here today and said,
10 Look, this is what we negotiated, this is the price,
11 this is what the RDA's getting and this is what New
12 Eastwick's getting, then we could make a value
13 judgment as to whether or not it's worth it and
14 approve it or disapprove it.

15 But to say we don't know how much it's
16 going to be yet and we don't know who's getting what
17 yes, I don't know what I'm supposed to do. I mean,
18 I do have some fiduciary responsibility for the
19 expenditure of public dollar, whether it's Aviation
20 Fund dollars or not.

21 I mean, if this were a simple Aviation
22 Fund outside the purview of our responsibilities
23 here, you could have made the deal on your own, you
24 wouldn't need us. But if you have to come in here
25 for us to approve this, I'd at least like to know

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2 the details of the sale. It seems like a reasonable
3 question.

4 MR. ISDELL: Well, I think we can
5 certainly share with you; we prefer not to do it in
6 a public hearing. Our estimated --

7 COUNCILMAN KENNEY: I understand, but
8 I've done other Public Property transfers and sales
9 like this where the Public Property Department's
10 come in and Mr. Sipos has told me exactly what
11 they're paying for it. I mean, why can't we know
12 what it's going to cost? Or why don't you come here
13 after you've already consummated the deal and had an
14 agreement of sale?

15 MR. TYRELL: Mr. Chairman, it's actually
16 -- the probable method of acquisition is going to
17 be through an act of condemnation. Therefore, we
18 will not set the amount of compensation; it will be
19 set by fair market value appraisals and decided
20 ultimately by the Board of View.

21 COUNCILMAN KENNEY: Well, what's the
22 fair market value appraisal?

23 MR. TYRELL: Given the hotel --

24 COUNCILMAN KENNEY: Do we have an
25 appraisal?

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2 MR. TYRELL: Yeah. I mean, I can tell
3 you what other --

4 COUNCILMAN KENNEY: No, do we have an
5 appraisal on this property?

6 MR. TYRELL: We have not completed the
7 appraisal process.

8 COUNCILMAN KENNEY: Well, then why are
9 you here? I know you're here because you need the
10 parking spaces, but if you don't have an appraisal,
11 how do we even know what the far end of this
12 parameter of possibility is? I mean, is it -- I
13 don't even know what the numbers -- I mean, at least
14 if I had an appraisal, I could say, Well, I know
15 what it's going to be generally.

16 MR. TYRELL: We have appraisals that are
17 somewhat dated, about 18 months, and I can tell you
18 exactly what the appraisals provide for in terms of
19 fair market value for this parcel.

20 COUNCILMAN KENNEY: I just think we're
21 being asked -- and no offense to the Korman people,
22 no offense to you guys. I just think that we're
23 being asked as a committee to authorize the movement
24 forward of the sale of this parcel when I don't have
25 an up-to-date appraisal, I don't know what it's

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2 going to cost, and I don't know who's getting what
3 money, and it's a private, for-profit company
4 involved in the deal. I don't know how we do that.

5 MR. TYRELL: The Airport actually agrees
6 with you in a sense that our preference would be to
7 deal with the Redevelopment Authority, and we have
8 had those conversations. The distribution of
9 proceeds ultimately lies with the Redevelopment
10 Authority and New Eastwick Corporation since they
11 are the parties of the agreement that rest with the
12 ownership of that parcel.

13 COUNCILMAN KENNEY: The Aviation Fund is
14 comprised of what dollars? What's the Aviation Fund
15 -- who fills up the Aviation Fund?

16 MR. ISDELL: The tenants and users of
17 the Airport through rates and charges that they pay
18 us.

19 COUNCILMAN KENNEY: There's no other
20 money in there?

21 MR. ISDELL: No.

22 COUNCILMAN KENNEY: Okay. Again --

23 MR. ISDELL: I can certainly assure you
24 that it is our intention to negotiate a purchase
25 that is within all parameters of federal and, you

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2 know, legal mandates that require us not to divert
3 revenue, to make purchases at fair market value.
4 And there really is no way that we could not --

5 COUNCILMAN KENNEY: I don't necessarily
6 want you to be here. I wouldn't care if you had the
7 legal authority to go do these deals on your own.
8 But the fact that you're sitting here, I have to ask
9 these questions. I can't just say, yeah, go ahead
10 and do it and we don't care what it costs, and then
11 we don't even know what the proceeds distribution is
12 going to be.

13 I mean, it's not even like one City
14 agency selling to another; it's not even like one
15 City agency buying it from a nonprofit. It's a
16 for-profit company, which is a terrific for-profit
17 company. However -- I mean, I got to question --
18 again, I go back to my initial concern about a
19 40-year period of time when this parcel wasn't
20 developed. And now what is its value? I mean,
21 don't know the answer to these questions.

22 Councilman Nutter.

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

25 I do share many of the chairman's

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2 concerns. How long has this discussion been going
3 on?

4 MR. ISDELL: The discussion to buy this
5 particular parcel?

6 COUNCILMAN NUTTER: Yeah.

7 MR. ISDELL: Actually, it started in
8 late 1999. There was actually an ordinance
9 introduced, which was later withdrawn, to buy this
10 parcel as part of a much larger acquisition, and due
11 to community opposition in Eastwick related to the
12 -- more than anything else related to the size of
13 the projected acquisition, that ordinance was
14 withdrawn.

15 COUNCILMAN NUTTER: Mm-hmm.

16 MR. ISDELL: And in the intervening
17 period, we were asked, and as I mentioned earlier,
18 we met with the Eastwick Project Area Committee on
19 several occasions in the last six months. We're
20 basically asked to scale back the original
21 request.

22 COUNCILMAN NUTTER: I understand that,
23 that's fine. I don't need that level of detail for
24 the answer to that question. But thank you for
25 offering.

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2 You've done other property acquisitions
3 on behalf of the Airport?

4 MR. ISDELL: Me personally?

5 COUNCILMAN NUTTER: Whether in your
6 current capacity, previous capacity. How much
7 property has the Airport bought recently?

8 MR. ISDELL: The most recent acquisition
9 was in 1999. I think it was -- I don't know how
10 many acres of parcel on Island Avenue. My deputy,
11 Mr. Tyrell, probably has better specificity.

12 COUNCILMAN NUTTER: Are you Mr. Tyrell?

13 MR. TYRELL: Yes.

14 COUNCILMAN NUTTER: Okay.

15 MR. TYRELL: Yeah, Mr. Councilman, we
16 have acquired several different parcels. One was a
17 49-acre acquisition from the Redevelopment Authority
18 in 1989. We acquired a little over 125 acres as a
19 part of the new runway construction project.

20 COUNCILMAN NUTTER: Were you involved in
21 those transactions?

22 MR. TYRELL: Yes.

23 COUNCILMAN NUTTER: Did you come to
24 City Council for approval?

25 MR. TYRELL: Yes.

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2 COUNCILMAN NUTTER: Who were you buying
3 them from?

4 MR. TYRELL: The 49-acre parcel was from
5 the Redevelopment Authority and the 125-acre-plus
6 parcel was from several individual land owners.

7 COUNCILMAN NUTTER: Okay. Had you
8 negotiated the transactions prior to your coming to
9 City Council?

10 MR. TYRELL: The Redevelopment Authority
11 was negotiated. The other 125 acres was not.

12 COUNCILMAN NUTTER: And what did you end
13 up doing in that situation?

14 MR. TYRELL: We acquired through
15 condemnation.

16 COUNCILMAN NUTTER: Okay. And you
17 sought our approval at that time?

18 MR. TYRELL: Yes, we did.

19 COUNCILMAN NUTTER: Okay. I think it
20 does appear to be somewhat unusual and I think the
21 chairman is correct that more oftentimes than not,
22 when Public Property does come -- I'm not
23 necessarily saying just on behalf of the Airport,
24 but when Public Property comes to a hearing like
25 this, seeking our approval to purchase, maybe

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2 sometimes sell a piece of property, we usually do
3 have much more of the financial information
4 available so that it makes the record clear as to
5 what went on. And, you know, there will always be
6 heightened scrutiny about transactions between the
7 government and third parties. When third parties do
8 transactions between and amongst themselves, I mean,
9 that's kind of their business.

10 It sounds like we're potentially going
11 to be in a situation where you want our approval to
12 be able to do something but we can't know the
13 details of ultimately what you do until after the
14 fact. Is that the case?

15 MR. TYRELL: No, I don't believe that's
16 the case, Mr. Councilman. I think the detail that
17 you're looking for in terms of the purchase price
18 cannot be determined until the process of
19 condemnation has been thoroughly exhausted.

20 COUNCILMAN NUTTER: Well, what does this
21 bill do for you?

22 MR. TYRELL: This bill gives us the
23 authorization to proceed with the acquisition. And
24 that means enter into negotiations with New Korman
25 Corporation and/or acquire it through

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2 condemnation.

3 COUNCILMAN NUTTER: Why wouldn't you
4 come to an agreement on a price before you came
5 here? Is something going to change?

6 MR. TYRELL: We did not have your
7 authorization.

8 COUNCILMAN NUTTER: Well, you have the
9 authorization to have a conversation with anyone you
10 want to have a conversation with, and you don't need
11 that from City Council, right?

12 MR. TYRELL: That's correct.

13 COUNCILMAN NUTTER: Okay.

14 COUNCILMAN KENNEY: I mean, basically
15 what this bill is asking for is a settlement prior
16 to the details of the settlement sheet.

17 MR. TYRELL: If we were to -- we could
18 have gone through negotiations with the Korman
19 Corporation, but we're, again, proceeding through a
20 condemnation process, which we can't even begin to
21 initiate unless we have Council authorization.

22 COUNCILMAN NUTTER: I understand that.
23 I mean, we've not -- I don't think we've really had
24 much of the pleasure of each other's company in the
25 past, right?

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2 MR. TYRELL: No.

3 COUNCILMAN NUTTER: Okay, all right.

4 Why don't I make this suggestion to you. On any
5 other day, I'd love to engage in this kind of
6 discussion with you and the semantics of words and
7 the meanings and separating participles and the
8 like. Today is not that day.

9 So what I'm saying is, whether or not
10 you have authorization for condemnation or not, you
11 do have the ability to begin to engage in a
12 discussion about a possible purchase price without
13 authorization from City Council, correct?

14 MR. TYRELL: Yes.

15 COUNCILMAN NUTTER: And so why didn't
16 you do that?

17 MR. TYRELL: We did actually have a
18 couple of meetings with the New Eastwick
19 Corporation. We did not walk away with consensus on
20 a purchase price.

21 COUNCILMAN NUTTER: Okay. And my
22 question is why?

23 MR. TYRELL: There was disagreement on
24 the value. We actually could not even come to terms
25 with negotiating a process by how we would each go

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2 about determining fair market value to set the
3 purchase price.

4 COUNCILMAN NUTTER: So do you think
5 ultimately, you're just going to end up in court?

6 MR. TYRELL: My guess is the only way we
7 will be successful in acquiring the parcel is to go
8 through a condemnation process.

9 COUNCILMAN NUTTER: Sir, you look like
10 you want to say something.

11 MR. KORB: We had some preliminary
12 conversations in 1999 when the first ordinance was
13 introduced. Those conversations didn't get very far
14 at all because the ordinance was withdrawn for
15 reasons unrelated to any conversations we were
16 having, and those conversations did not get to the
17 point of talking about dollars.

18 I just want to clarify the timing that
19 there were those preliminary conversations in 1999,
20 when the first ordinance was introduced, but we have
21 not had any conversations at all in connection with
22 this ordinance -- a negotiation or even knowing that
23 there was an ordinance until two months after it was
24 introduced. We had been moving along, preparing for
25 our next development on this parcel when we learned

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2 of the ordinance.

3 And I also would want to make a comment
4 that once this ordinance became known to us, we've
5 had to stop our development. And our biggest
6 concern is that we're sort of -- we're hamstrung by
7 what we can do --

8 COUNCILMAN NUTTER: What do you mean,
9 once it became known to you?

10 MR. KORB: This ordinance was introduced
11 on March 29th. We only discovered that there had
12 been an ordinance introduced about two weeks ago.
13 We were not engaged in any conversations during this
14 period with the Department of Public Property.

15 And I only want to make the comment
16 that --

17 COUNCILMAN NUTTER: It sounds like you
18 guys have a great relationship.

19 You don't have to respond to that.

20 Who pays the taxes on this property?

21 MR. KORB: There are no taxes on the
22 property.

23 COUNCILMAN NUTTER: What do you mean
24 there are no taxes on the property?

25 MR. KORB: Title is held by the

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2 Redevelopment Authority, and so it's exempt from
3 taxes.

4 COUNCILMAN NUTTER: I thought you said
5 you somehow owned the property. You have equitable
6 interest?

7 MR. KORB: We have equitable
8 ownership.

9 COUNCILMAN NUTTER: And when you get
10 your ownership, then --

11 MR. KORB: When we get fee title -- and
12 the way we've done development here for decades is,
13 as we're ready with each project, we take legal
14 title to those several acres, the project is done,
15 and then we move on to the next one. And we sort of
16 take a bite of the property as we move along, and
17 this is the next area to be moved along.

18 My comment about timing is that we need
19 some direction as to whether there's going to be a
20 taking or not. Can we continue with our development
21 or must we stop? Right now, we can't say to a
22 potential user, Oh, we have this next property ready
23 to go. In this case, we had to withdraw agreement
24 documents because we had to stop because no one is
25 going to proceed with this uncertainty. We just

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2 would just like some certainty as to is the property
3 going to be taken or is it not.

4 COUNCILMAN NUTTER: I understand.

5 COUNCILMAN KENNEY: Is there anyone here
6 from the Redevelopment Authority? Would you come
7 forward, please.

8 (Witness comes forward.)

9 COUNCILMAN KENNEY: I have a request.

10 MR. SCAFIDI: Yes, sir.

11 COUNCILMAN KENNEY: I would like
12 information relative to any -- is this the last
13 parcel that's owned title of the -- the title's held
14 by the RDA but there are equitable interests, or
15 equitable interest, in these development parcels?
16 Is the last parcels or are there other parcels?

17 MR. SCAFIDI: Mr. Kenney, my name is
18 Nicholas Scafidi, S-C-A-F-I-D-I.

19 I believe that there are other parcels
20 that are still held by the Redevelopment Authority
21 and in which the Korman Corporation has some rights
22 to eventually purchase and develop.

23 COUNCILMAN KENNEY: Well, what I would
24 like is a list of those properties, the size of
25 those properties, how long this arrangement has been

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2 in effect, and if you could give me some history of
3 how this 40-year-old deal was structured. Because
4 from my perspective, despite the good works of the
5 Korman Corporation in developing this area, it seems
6 to me to be a pretty good deal to be able to hold on
7 to a piece of property for 40 years, pay no taxes,
8 and then decide at your leisure when you want to
9 take title and develop it.

10 I mean, that's not how many developers
11 in this city, you know, do things. You go buy a
12 property or you own a property and you decide to
13 develop it. I mean, if I can sit there with in
14 perpetuity rights of development and not pay any
15 taxes on a property, and then at some point in time,
16 even if I'm not going to develop it, potentially
17 gain a profit from its exchange to another City
18 agency, when a different City agency owns title to
19 it in the first place. I don't know who structured
20 that deal 40 years ago, but maybe it should be
21 revisited.

22 So I need to know in the Airport area
23 what is owned by the RDA, what is under options to
24 other people, including Korman or New Eastwick, and
25 I need to know just what was all going on down

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2 there, because that seems to be -- maybe at the time
3 it was how things were done. It doesn't seem to be
4 in the public interest today, that situation.

5 MR. SCAFIDI: Mr. Kenney, I will provide
6 the information you requested.

7 Just by way of information, the deal was
8 originally struck, I believe, in 1961. It was not a
9 40-year deal as such at that point. It's been
10 extended a number of times.

11 COUNCILMAN KENNEY: By whom?

12 MR. SCAFIDI: By the parties -- RDA
13 and New Eastwick Corporation. The last time I
14 believe it was extended was in 1995 or 1996, when
15 the PNC headquarters property was developed.

16 COUNCILMAN KENNEY: That was done by the
17 RDA without any approval from this Council?

18 MR. SCAFIDI: I believe it did come back
19 to Council.

20 COUNCILMAN KENNEY: It did or didn't?

21 MR. SCAFIDI: I believe it did.

22 COUNCILMAN KENNEY: Could we also find
23 that out?

24 MR. SCAFIDI: Yes, sir.

25 COUNCILMAN KENNEY: 'Cause we were there

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2 in '95. I do remember the PNC deal and the PNC TIF,
3 but I don't remember the discussion of any extension
4 of additional development rights of parcels from
5 1961. I don't remember that being part of the
6 record.

7 MR. SCAFIDI: I will provide that
8 information to you.

9 COUNCILMAN KENNEY: Councilman Rizzo.

10 COUNCILMAN RIZZO: Thank you,
11 Mr. Chairman.

12 Mr. Scafidi, if my recollection is
13 correct, there's another situation like this that
14 involves SEPTA with the development of a railroad
15 station, where the same situation exists and has to
16 be dealt with?

17 MR. SCAFIDI: There is a similar
18 situation in the same vicinity. There's a piece of
19 ground owned by the Redevelopment Authority on which
20 SEPTA is operating a station and transportation
21 center on that site.

22 COUNCILMAN RIZZO: And the same
23 relationship exists there?

24 MR. SCAFIDI: It does, sir.

25 COUNCILMAN KENNEY: And I understand the

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2 question, but from a perspective of SEPTA, at least
3 it's a public agency supported by the public. And,
4 again, no offense to the private, not-for-profit,
5 but that is a different situation I believe than --

6 COUNCILMAN RIZZO: But my point is,
7 Mr. Chairman, that the similar constraints are
8 occurring to SEPTA as are occurring to the
9 Airport.

10 COUNCILMAN KENNEY: Okay.

11 COUNCILMAN RIZZO: And my next question
12 is directly to the Airport management. I recollect
13 during the budget, we discussed the fact that the
14 Airport wanted to purchase the Scott Paperer site.

15 MR. ISDELL: Yes.

16 COUNCILMAN RIZZO: And there were
17 negotiations and a significant deposit -- was it a
18 million dollars?

19 MR. ISDELL: It was \$2 million.

20 COUNCILMAN RIZZO: And \$2 million was
21 forfeited because the deal never got done. Did that
22 \$2 million deposit come out of the Aviation Fund?

23 MR. ISDELL: Yes.

24 COUNCILMAN RIZZO: So the airlines spent
25 \$2 million --

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2 COUNCILMAN KENNEY: No, the flying
3 public.

4 COUNCILMAN RIZZO: Oh, the flying public
5 had to forfeit that.

6 MR. ISDELL: Yes.

7 COUNCILMAN RIZZO: Now, are we in a
8 similar situation? Are we going to have to engage
9 in a deposit for this particular transaction that
10 could be forfeited? That's \$2 million. Could you
11 tell us where we are with that deal, with the
12 \$2 million forfeit?

13 MR. ISDELL: Well, the International
14 Plaza acquisition is still an active issue with the
15 Airport. In fact, we met -- we cannot acquire the
16 property in -- any property in Tinicum Township
17 without the approval of the Tinicum Township
18 commissioners. We have met with them as recently as
19 last week regarding the possibility of still getting
20 their approval. We have an understanding that we
21 will, within the next month or so, get some final
22 sense from them whether such approval is
23 forthcoming.

24 We believe there is a possibility that
25 if we can achieve that approval, that the \$2 million

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2 deposit will still be deducted from the purchase
3 price. We've had conversations with the property
4 owner to that effect -- nothing formal, nothing in
5 writing. But the property, because of its location
6 and potential value for future development at the
7 Airport, is still a very interesting target for us,
8 and we're -- we're not going to let it die, but
9 there isn't really a lot to report since the
10 conversation you mentioned in the budget hearings,
11 Councilman.

12 COUNCILMAN RIZZO: Could tell me this:
13 Since we don't know the numbers of this deal, are we
14 committed to any type of a situation where a deposit
15 could be forfeited in this transaction?

16 MR. ISDELL: We are not at this time,
17 but I'd prefer if I could let Jim Tyrell, the
18 Properties Deputy, clarify the answer.

19 MR. TYRELL: Councilman, if we are going
20 to pursue the acquisition through an amicable
21 process by negotiated agreement, my guess is we
22 would have to put a deposit, in which case we would
23 forfeit if we did not consummate the transaction.
24 Through a condemnation process, there would be no
25 deposit required.

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2 COUNCILMAN RIZZO: Thank you,

3 Mr. Chairman.

4 COUNCILMAN KENNEY: Thank you very much.

5 Relative to the line of discussion and
6 conversation we've had relative to this bill, it is
7 the Chair's determination that Bill 010191 will be
8 held to the call of the Chair until additional
9 information could be provided to enlighten this
10 committee on what exactly is intended and what the
11 terms of the deal will be or could be. And I
12 apologize for the delay, but I can't in good
13 conscience ask this committee to vote on something
14 that's as open-ended as this.

15 MR. ISDELL: Mr. Chairman, if I may just
16 say, we have offended either you the or the
17 committee by not bringing sufficient information, we
18 apologize for that.

19 COUNCILMAN KENNEY: Oh, not offended,
20 I'm enlightened as to this particular arrangement
21 that the RDA has made since 1961 on parcels that are
22 as valuable to the Airport as this is, that many
23 have gone undeveloped, and I'd like to investigate
24 it further before we proceed.

25 Councilmember Rizzo.

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2 COUNCILMAN RIZZO: And as a -- for the
3 record, as a member of this committee, I want to be
4 supportive of the chairman's decision to take that
5 action.

6 Thank you.

7 COUNCILMAN KENNEY: Thank you very much.

8 Thank you for your testimony.

9 MR. KORB: Mr. Chairman, I would like to
10 make a comment. I want one thing to be really made
11 clear on behalf of the Korman Company. This is not
12 a case of land lying fallow. The Korman Company has
13 during all of these years developed probably a
14 thousand acres or more there -- apartments and
15 apartments, two shopping centers, hotel after hotel,
16 which the City wanted us to build, and has invested
17 enormous resources to do so.

18 COUNCILMAN KENNEY: No, I think it's a
19 tremendous company. I just -- I have a
20 responsibility when I swear an oath to uphold to do
21 this job, that I have to have the information I need
22 in order to vote and make a reasonable vote. I
23 can't be expecting to either chair a committee or to
24 ask members of this committee to vote on a process
25 or a bill that is as open-ended as this. And I'd

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2 like more information on this entire -- what's
3 apparently a 40-year arrangement that has been made.

4 And, look, I mean, I would love to have
5 -- I mean, despite Korman's contribution to this
6 community, I still would like to have -- I'm sure
7 any company would like to have a deal where you have
8 basically ownership rights to a property that you
9 don't pay taxes on, that you don't necessarily have
10 any deadline to develop, and that you can sell off
11 at some point in time to make a profit. It's a
12 pretty good arrangement, actually, and I'd just like
13 to get more details on that arrangement.

14 MR. KORB: Also, I'd like to make it
15 clear that we did not -- the Korman Company is not
16 here today to ask for permission to enter into an
17 agreement. What we would like is some guidance as
18 to whether this will proceed or whether we can go
19 back to developing the property.

20 COUNCILMAN KENNEY: We're going to need
21 more information before we can make a determination,
22 and that shouldn't hamper your decision or your
23 company's strategies in moving forward and doing
24 whatever they can legally do on a property that they
25 have this equitable-interest ownership in. It's

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2 just that I can't at this point, without the
3 information necessary, make a decision that's a
4 reasonable and intelligent one.

5 Thank you.

6 MR. ISDELL: Mr. Chairman, if I might
7 just close by saying, we will do anything that we
8 can to get you the information you've requested, and
9 if you wish, immediately after the public hearing,
10 we can share with you what we think is an estimated
11 purchase price.

12 And, again, without being a real estate
13 attorney, I just wanted to add that the main issue
14 for us right now is the fact that we do literally
15 have altercations on a pretty regular basis over
16 parking spaces in a lot, and it just being, you
17 know, and an average guy and you see an empty,
18 undeveloped piece of property right next to the lot,
19 it seems like the appropriate place the try to
20 expand the parking lots.

21 COUNCILMAN KENNEY: I have no problem
22 with the concept of the project, I have no problem
23 with Korman either developing it or negotiating it,
24 the sale, or having it condemned. My problem is
25 that this is also public land. I mean, this is --

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2 RDA is a public entity that owns the land. It's not
3 only just the information for me on the financial
4 part of it, it's the public's right to know what
5 this publicly owned land is going to be soled or
6 condemned for.

7 And while I understand the concerns you
8 have, I just at this point, because of the
9 information that developed at this hearing today, I
10 can't ask the committee members to vote on something
11 as open-ended as this.

12 MR. ISDELL: Is there a timeframe within
13 which we can get back to you?

14 COUNCILMAN KENNEY: I'll be happy to
15 talk to you but today we have schools and stadiums,
16 and we can talk, but it's being held at this point.

17 MR. ISDELL: Thank you very much.

18 COUNCILMAN KENNEY: Thank you very much.

19 The next bill is Bill No. 010378, which
20 is an ordinance authorizing the Commissioner of
21 Public Property, on behalf of the City of
22 Philadelphia, to enter into a lease agreement with
23 the Philadelphia Authority for Industrial
24 Development for further sublease to Urban Cable
25 Works of Philadelphia L.P., a Delaware limited

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2 partnership, to lease a certain parcel of land
3 located at 5201 Umbria Street, Philadelphia,
4 Pennsylvania, under certain terms and conditions.

5 (Witness comes forward.)

6 COUNCILMAN KENNEY: Please identify
7 yourself for the record and proceed with your
8 testimony.

9 MR. JAMES: Good afternoon, Chair.

10 COUNCILMAN KENNEY: Good afternoon.

11 MR. JAMES: I do wish to offer two
12 amendments.

13 COUNCILMAN KENNEY: Yes, sir.

14 MR. JAMES: In addition to my
15 testimony.

16 COUNCILMAN KENNEY: Are they prepared
17 for distribution?

18 MR. JAMES: Yes, they are.

19 COUNCILMAN KENNEY: Thank you very much.

20 Will the Sergeant-at-Arms please. . .

21 (Amendments are distributed.)

22 MR. JAMES: The amendments are actually
23 the exhibits that I believe did not come over with
24 the actual ordinance.

25 COUNCILMAN KENNEY: Fine. So is there a

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2 need to amend the bill?

3 MR. JAMES: Yes. There is a need to
4 amend the bill for Exhibit A, which is the prime
5 lease, and Exhibit B, which is the sublease with
6 Urban Cable Works.

7 COUNCILMAN KENNEY: Thank you.

8 Please proceed with your testimony.

9 MR. JAMES: Thank you.

10 Once again, good afternoon. My name is
11 Joseph James, Deputy Commissioner for the Department
12 of Public Property, and I'm here on behalf of
13 Commissioner Andres Perez. It's a pleasure to be
14 here before the committee to briefly review the
15 substantive provisions of a sublease agreement by
16 the City to Urban Cable Works of Philadelphia L.P.,
17 better known as "Urban Cable Works." Based upon
18 negotiations pursuant to this sublease, it is my
19 recommendation that City Council give its approval
20 for this transaction.

21 Bill No. 010378 was introduced May 24th
22 of 2001. Representatives from the Department have
23 engaged in negotiations with representatives from
24 Urban Cable Works concerning leasing of City
25 property as presented by the bill. Through the

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2 lease negotiation process, we have sought terms for
3 a lease that will enable Urban Cable Works to
4 complete the upgrade of their cable network to
5 better serve the needs of their subscribers and
6 provide additional capability for the City's new
7 800-megahertz digital radio network.

8 Specifically, these terms include
9 compensation in the form of rent, with escalators,
10 maintenance and repair obligations for the property,
11 dedicated strands of fiber optic cable for exclusive
12 City use for governmental purposes, and
13 interconnection of points within the cable franchise
14 area to implement provisions of an institutional
15 network.

16 In conclusion, the terms of which Urban
17 Cable Works is committed or acceptable to the
18 Department, I respectfully ask the committee that
19 the rules of Council be waived to allow this bill to
20 be reported out of committee and have its first
21 reading at the next Council session.

22 Specifically since you may not have had
23 a chance to look at the two exhibits, the rent is in
24 the amount of \$11,400, which was the appraisal done
25 for the parcel of land in question, and it is for an

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2 initial term of five years with an extended term of
3 two additional five-year terms.

4 COUNCILMAN KENNEY: Thank you very much.
5 Is there any questions?

6 Councilmember Rizzo.

7 COUNCILMAN RIZZO: This particular
8 facility, I know that other organizations have had
9 to go before Zoning to get various adjustments to
10 the zoning. Could you describe whether there's any
11 zoning-related issues associated with this?

12 MR. JAMES: Not that I'm, you know, that
13 familiar with, except all of the provisions of the
14 zoning ordinance, but I would think that they will
15 need to go before Zoning to get a variance for this
16 parcel for them to build this hub site. It is a
17 parcel of land that sits outside of the northwest
18 transfer site. It is mainly right now just grass
19 and woods, so they would have to clear the site and
20 probably get a variance to build a hub site on that
21 location.

22 COUNCILMAN RIZZO: Don't you think that
23 should occur first, that the zoning issue be
24 addressed with the community before we start
25 clearing a site? I know we've gone through this

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2 before where sites have been cleared, zoning
3 rejected, and then you have devastation to a wooded
4 area.

5 MR. JAMES: To my understanding, the
6 members of Urban Cable Works have met with the
7 community neighbors before the bill was introduced
8 and before they got support of Councilman Nutter to
9 introduce the bill.

10 The zoning -- they won't be able to
11 clear the land without getting their permits. And
12 later on today, we plan to, based upon our
13 understanding today, is meet with members of
14 Licenses and Inspections to help Urban Cable start
15 the permitting process, which from the permit, they
16 will be then sent over to Zoning before they do any
17 work.

18 COUNCILMAN RIZZO: So no shovels or
19 chain saws will --

20 MR. JAMES: Nothing goes into the ground
21 without a permit and certainly not without this bill
22 being approved.

23 COUNCILMAN KENNEY: Thank you very much.

24 I've been authorized by the District
25 Councilperson, Councilman Nutter, to state for the

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2 record that he has met numerous times with community
3 organizations in the area and they are
4 wholeheartedly in support of this project as he is.

5 MR. JAMES: Thank you.

6 COUNCILMAN COHEN: Thank you.

7 Any other questions for Mr. James?

8 (No further questions.)

9 COUNCILMAN KENNEY: Thank you very much.

10 Anyone else to testify on this bill?

11 (No response.)

12 COUNCILMAN KENNEY: That will conclude
13 the hearing of the Public Property and Public Works
14 Committee.

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1 6/6/01 PUB. PROP. PUB. WORKS - PUBLIC MEETING

2 COUNCILMAN KENNEY: We will now convene
3 a public meeting, and the Chair recognizes
4 Councilwoman Krajewski for a motion to approve the
5 amendments to Bill No. 010378, as proposed by Deputy
6 Commissioner James.

7 COUNCILWOMAN KRAJEWSKI: Mr. Chairman, I
8 move that the amendments to Bill 010378 be
9 approved.

10 COUNCILMAN KENNEY: A second?

11 (Duly seconded.)

12 COUNCILMAN KENNEY: It's moved and
13 second.

14 All in favor, aye?

15 Opposed?

16 There are none opposed. The amendment
17 to Bill No. 010378 is approved.

18 The Chair recognizes Councilwoman
19 Krajewski for a motion on the amended Bill 010378
20 with a request for a rules suspension of.

21 COUNCILWOMAN KRAJEWSKI: Mr. Chairman, I
22 move that Bill 010378, as amended, be approved as to
23 permit first reading at our next session of
24 Council.

25 (Duly seconded.)

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2 COUNCILMAN KENNEY: Moved and seconded.

3 All in favor?

4 Opposed?

5 There are none opposed. Bill 010378, as
6 amended, will be reported out of committee with a
7 favorable recommendation and a request will be made
8 to allow for rules suspension to allow for first
9 reading at our next Council session.

10 That will conclude the business of the
11 Public Property and Public Works Committee meeting,
12 and we shall, I assume, convene relative soon the
13 Committee of the Whole.

14 Thank you.

15 (Adjourned 2:36 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Wednesday, June 6, 2001, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COUNCIL COMMITTEE ON PUBLIC PROPERTY
AND PUBLIC WORKS

BILL NO.'S, 010191, 010378

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter