

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON RULES

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 11, 2011
10:30 a.m.

PRESENT:

COUNCILMAN JAMES KENNEY, CHAIR
COUNCILMAN FRANK DiCICCO
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN CURTIS JONES, JR.
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN FRANK RIZZO, JR.

BILL 110181 - An ordinance amending Chapter
19-1200 of The Philadelphia Code, entitled
"Parking Tax," by providing for scheduled
reductions in the rate of the tax beginning in
Fiscal Year 2012, and by making certain
technical amendments, all under certain terms
and conditions.

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2 COUNCILMAN KENNEY: Good
3 morning, ladies and gentlemen. The
4 Committee on Rules has a quorum in the
5 presence of Councilmembers DiCicco,
6 Miller, Greenlee, Rizzo and Councilman
7 Kenney chairing the hearing today.

8 This is a public hearing on
9 Bill No. 110181, an ordinance amending
10 Chapter 19-1200 of The Philadelphia Code,
11 entitled "Parking Tax," by providing for
12 scheduled reductions in the rate of the
13 tax beginning in Fiscal Year 2012, and by
14 making certain technical amendments, all
15 under certain terms and conditions.

16 Mr. Dubow or anyone from the
17 Administration, please.

18 (Witnesses approached witness
19 table.)

20 COUNCILMAN KENNEY: Does the
21 Administration have any written
22 testimony?

23 MR. DUBOW: No. I think we
24 presented testimony at the first hearing,
25 and we're happy to answer any questions

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2 that you have today.

3 COUNCILMAN KENNEY: Okay.

4 Basically the bill says for the tax
5 reduction to begin in 2012. However,
6 through discussions with the
7 Administration and Councilmembers, 2012
8 seems it's going to be a difficult year
9 for the City relative to the School
10 District. So we want to confine
11 ourselves today to having discussions
12 relative to potential discussions
13 starting in '13 and/or '14, and I had
14 had -- I showed you some -- I don't know
15 if you have the amendments yet, but I
16 would like you to talk about the
17 amendments.

18 The one amendment would -- as I
19 understood the Administration was okay
20 with, was scheduling a tax reduction
21 starting with the other tax reductions of
22 wage and business taxes starting in '14
23 at one percent a year within the Five
24 Year Plan, going down to 17 in the first
25 few years. And the second option that's

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2 on the table today is a reduction of a
3 half a percent starting in '13 and going
4 down to 18.

5 So could you --

6 MR. DUBOW: Yeah. I think
7 where we were is the cuts in '12 we
8 couldn't really even look at, that cuts
9 starting in '14 we could at least kind of
10 go back, look at, see what the impact is,
11 weigh it against all the other things
12 that were affecting the Plan and then
13 talk to you more about whether it would
14 work. And we know now that we have
15 specific amendments. We could figure out
16 what the cost would be and --

17 COUNCILMAN KENNEY: Could you
18 talk generally about the concept of the
19 parking tax and its equity or inequity
20 relative to the overall scheme of the tax
21 structure in the City?

22 MR. DUBOW: I'm not --

23 COUNCILMAN KENNEY: What is
24 your opinion on what's been presented
25 thus far this morning?

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2 MR. DUBOW: I mean, our opinion
3 is in general we have a tax
4 structure where taxes make us
5 uncompetitive. They're higher than they
6 should be. What we would like to do
7 through the Five Year Plan is do more
8 general tax reductions rather than
9 targeting specific industries. So for
10 us, what we're looking at is business tax
11 reductions and wage tax reductions. Now,
12 that's still what we think makes the most
13 sense in terms of where to put our tax
14 structure dollars.

15 COUNCILMAN KENNEY: What was
16 the year that the parking tax was raised
17 from 15 to 20?

18 MR. DUBOW: 2008.

19 COUNCILMAN KENNEY: So for that
20 period of time, that particular industry
21 has been bearing a little more of a
22 burden than, say, some other industries
23 relative to the rate of their tax?

24 MR. DUBOW: Right. They pay
25 this in addition to other taxes.

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2 COUNCILMAN KENNEY: Correct.

3 So, I mean, having a discussion about the
4 specific industry reduction isn't as
5 far-fetched, considering the fact that
6 since 2008 they've been paying five
7 percent more than any other business on
8 top of what our tax structure is already.

9 MR. DUBOW: Right. I wasn't
10 trying to say it was far-fetched. I was
11 just trying to say I still think the
12 other approach makes more sense.

13 COUNCILMAN KENNEY: Okay. Are
14 you here today to listen to the testimony
15 or you're here -- I usually let the
16 Administration come on first if there's
17 something they need to say, but if not,
18 we can move forward.

19 MR. DUBOW: Right. We were
20 asked, I think, to come and be here in
21 case there are questions.

22 COUNCILMAN KENNEY: Then you
23 want to take some seats here or --

24 COUNCILMAN GREENLEE: Can I
25 have --

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2 COUNCILMAN KENNEY: Yes.

3 Councilman Greenlee.

4 COUNCILMAN GREENLEE: Before we
5 go on, and I know this was raised in the
6 last hearing, but I thought it was an
7 important issue. Maybe Mr. Richardson,
8 Commissioner Richardson, maybe have the
9 better answer on this.

10 This whole thing that was
11 brought up about all these illegal lots,
12 I mean, clearly there's a lot of money
13 there. Has there been calculation by the
14 Administration? I think the Parking
15 Association has. Because obviously one
16 of the things in decreasing taxes, okay,
17 how do you make it up? Well, it seemed
18 like there was a reasonable argument it
19 could be made up by going after these
20 illegal lots, and I was wondering, has
21 any study been done on that, any numbers
22 crunched, that kind of thing?

23 COMMISSIONER RICHARDSON:

24 Again, we have looked at the books that
25 they provided us. Of the booklets, 23

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2 were unfounded of any amounts owed or
3 anything to the City. Again, as I said
4 before in testimony in March, a lot of
5 the lots are paying the tax. They may
6 have not done the registration through
7 License and Inspection, but they're
8 paying the parking tax to us. So we have
9 found that. Again, we continue to do
10 parking audits that we've been doing
11 since the Administration started back in
12 2008.

13 MR. DUBOW: And I think really
14 we've expanded that activity. We do a
15 lot more than we used to and we looked --
16 I mean, the suggestions that we've gotten
17 from the Parking Association are very
18 helpful and we found a lot of lots that
19 weren't compliant and we've gone after
20 them.

21 COMMISSIONER RICHARDSON: We've
22 gone after them, and we've known about
23 them prior to this. And, again, we're
24 willing to work with the gentleman from
25 Miami, Florida. We haven't met with him

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2 yet, who said he could help us out with
3 basically looking at more audits and
4 generating revenue for the City.

5 COUNCILMAN GREENLEE: Has there
6 been any -- because I know when the
7 Parking Association gave us the
8 information, it was a lot of information.
9 Has there been anything the
10 Administration has been able to put
11 together in writing kind of saying, like
12 you said, about 23 unfounded? I'm just
13 trying to -- you know where I'm going
14 with this? I'm trying to see something
15 in one place where it shows how you've
16 responded and what the cost --

17 MR. DUBOW: We can provide
18 that.

19 COUNCILMAN GREENLEE: If you
20 could, yeah. If you could provide that
21 through the Chair, because I'd like to
22 see real figures on what we're talking
23 about here and maybe potentially what we
24 could get, that kind of thing.

25 MR. DUBOW: Yeah. We can do

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2 that.

3 I just want to go back to one
4 of the questions Councilman Kenney asked
5 before about the equity of having a
6 specific tax on parking. It is something
7 that a number of cities do, some at rates
8 lower than ours and some at higher. So,
9 I mean, it ranges. Pittsburgh is at 37
10 and a half. Other cities are -- Seattle
11 is 12 and a half. So there's a big range
12 of where they are, but there are places
13 higher, places lower.

14 COUNCILMAN KENNEY: Do you have
15 a list of those?

16 MR. DUBOW: We do. We have
17 that here.

18 COUNCILMAN KENNEY: If you
19 could pass it on up, that would be
20 helpful.

21 Councilman DiCicco.

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

24 I don't know if this question
25 is for the panel, but maybe someone can

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2 answer this going forward. Are there any
3 restrictions on surface parking lots,
4 privately owned surface parking lots,
5 being permitted to do advertising?

6 The reason I ask that, the
7 Parking Authority has lots throughout the
8 City. Over the last couple of years
9 they've installed advertisement or small
10 billboards, for lack of a better
11 description. I'm just looking for
12 revenue enhancements in addition to
13 possible reductions in the rates, and I
14 know there are a number of surface
15 parking lots out there. I'm not sure if
16 they have any advertising attached to
17 them or not. So when the parking lot
18 folks come up, they maybe can answer that
19 as well.

20 I mean, if the Parking
21 Authority is allowed to do it, this might
22 be a way of helping the industry generate
23 some revenue. I know it always raises
24 the issue of advertising, which some
25 people are inherently opposed to no

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2 matter what we do in advertising, but
3 putting that aside, I'm just putting that
4 on the table as part of this discussion.

5 MR. DUBOW: We can look into
6 that.

7 COUNCILMAN KENNEY: And
8 Councilman Greenlee's line of
9 questioning, too. I mean, we leave a lot
10 of money on the table out there and we've
11 recommended a number of different
12 opportunities. One of them that I raised
13 at another hearing was illegal
14 contractors or contractors who are not
15 licensed, who set up their truck or their
16 ladder on any particular house or
17 commercial property in the City. And you
18 do that in the suburbs and you don't have
19 a contractor's license. They come out,
20 take your truck and take your tools.

21 So we have folks that are
22 coming in, doing work without pulling
23 permits, not paying taxes, in competition
24 with people who do pay taxes and do pull
25 their permits and do have a contractor's

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2 license, and we don't -- I don't know
3 what we do to enforce that. You go to
4 Home Depot's parking lot in the morning
5 and you can round them all up at once.

6 My point is that when we're
7 talking about tax reduction for specific
8 industries, in effect, specific
9 industries don't get taxed at all. I
10 mean, that's an overall problem.

11 COMMISSIONER RICHARDSON: We've
12 heard your advice on that and we've been
13 working with License and Inspection and
14 going to the Home Depots and Lowe's and
15 sitting in those various lots.

16 COUNCILMAN KENNEY: How about
17 the recommendation that the Parking
18 Authority be utilized to help along
19 commercial strips and in permit parking
20 zones by taking license numbers of folks
21 who can't produce a contractor's license
22 and providing that name and address to
23 you and L&I so you can go after them?

24 COMMISSIONER RICHARDSON: We
25 can work with the Parking Authority on

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2 that.

3 COUNCILMAN KENNEY: I've
4 suggested that before. I'm still waiting
5 for L&I to get back to me on that
6 particular item.

7 I don't mind taxing people, but
8 if we're not taxing other people, it
9 makes the burden on all of us that much
10 more.

11 MR. DUBOW: We hear you.

12 COUNCILMAN KENNEY: Councilman
13 Greenlee.

14 COUNCILMAN GREENLEE: Just one
15 quick follow-up on kind of the same line.
16 Do you have examples or listing, I should
17 say, of the violations that have been
18 given to some of the circumstances
19 Councilman Kenney was talking about?

20 COMMISSIONER RICHARDSON: We
21 don't do the violations part. That's
22 License and Inspection.

23 COUNCILMAN GREENLEE: I wonder
24 if somehow we can get that just so we can
25 see exactly in real numbers what we've

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2 saved or what we could save if we were
3 doing these kind of things. That's the
4 kind of thing -- that way, I guess it
5 helps the Administration and us when
6 people are critical. We say, Well, look,
7 this is the kind of things we've done
8 already, you know?

9 Okay. Thank you, Mr. Chair.

10 COUNCILMAN KENNEY: Councilman
11 DiCicco.

12 COUNCILMAN DiCICCO: Thank you,
13 Mr. Chairman.

14 Just for the panel again, they
15 provided us with a chart of other cities
16 and what their tax rates are as it
17 relates to parking. I was just curious
18 if we can compare the other taxes that we
19 impose on business and how they would
20 reflect against these other cities that
21 may have higher parking taxes, but do
22 they have some of the other taxes as high
23 as Philadelphia's taxes?

24 MR. DUBOW: In general, our
25 taxes are higher. In general, our wage

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2 tax rate is higher than most other places
3 and our business taxes are higher.

4 COUNCILMAN DiCICCO: So we're
5 not really -- I mean, we may not really
6 be comparing apples to apples here.

7 MR. DUBOW: No, but I think
8 there were specific questions about
9 parking taxes.

10 COUNCILMAN DiCICCO: I'm not
11 being critical. I'm just trying to get
12 some balance here. Thanks.

13 COUNCILMAN KENNEY:
14 Councilwoman Miller, do you have any
15 questions for these witnesses?

16 MR. DUBOW: And, Councilman,
17 that's kind of why we want to try to
18 lower the other taxes.

19 COUNCILMAN DiCICCO:
20 Understood.

21 COUNCILWOMAN MILLER: I
22 actually raised the issue of the
23 non-profit organizations that operate
24 parking lots. I certainly have a few in
25 my district, operate parking lots on

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2 commercial strips and the ability for
3 them to be exempt from this tax. And I
4 understand there's a Uniformity Code that
5 does not exempt them. Can you explain
6 that?

7 COMMISSIONER RICHARDSON: They
8 can't be exempt, again, because the
9 Uniformity Clause in the Commonwealth of
10 Pennsylvania does not exempt them from a
11 tax that is being collected as a trust
12 fund on behalf of the patrons. So you
13 have to go to Pennsylvania, through the
14 Commonwealth, for that --

15 COUNCILWOMAN MILLER: You have
16 to go to the state?

17 COMMISSIONER RICHARDSON:
18 Right.

19 COUNCILWOMAN MILLER: Okay.
20 One other question. How many parking
21 lots do we have in the City?
22 Commissioner Richardson, when you were
23 testifying, I couldn't hear you for a
24 portion of your testimony because I don't
25 know whether your mike was close enough

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2 or not, and I know that you did say
3 something about some of the lots that we
4 assume were illegally operated, you said
5 they're actually paying taxes, but
6 they're just not registered as a parking
7 lot, correct?

8 COMMISSIONER RICHARDSON: Yes.

9 COUNCILWOMAN MILLER: So how
10 many lots do we have that are registered
11 as a parking lot and how many that are
12 not registered?

13 COMMISSIONER RICHARDSON: I'll
14 get that back to the Chair. I don't have
15 that number with me right now.

16 COUNCILWOMAN MILLER: Okay.
17 But yearly how much do we bring in
18 currently?

19 COMMISSIONER RICHARDSON: We're
20 bringing in about 68 million or so right
21 now a year.

22 COUNCILWOMAN MILLER:
23 Sixty-eight million?

24 COMMISSIONER RICHARDSON: About
25 that, yes.

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2 COUNCILWOMAN MILLER: All

3 right. Thank you.

4 Thank you, Mr. Chair.

5 COUNCILMAN KENNEY: Thank you

6 very much.

7 If you folks could just kind of
8 step back.

9 Who for the parking industry is
10 going to testify?

11 (Witness approached witness
12 table.)

13 COUNCILMAN KENNEY: Can I just
14 see a show of hands of anyone else in the
15 room that's going to testify?

16 (Audience members raising their
17 hands.)

18 COUNCILMAN KENNEY: Councilman
19 Jones.

20 COUNCILMAN JONES: Thank you,
21 Mr. Chair. I just want to reserve time
22 to comment on the non-profit parking
23 lots. I have, like Councilwoman Miller,
24 a few in my district and I need a further
25 explanation as to why a non-profit has to

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2 follow that Uniform Code and a little
3 better explanation on that.

4 COUNCILMAN KENNEY: Will do.
5 Thank you.

6 COUNCILMAN JONES: So I'll
7 wait.

8 COUNCILMAN KENNEY: Please
9 identify yourself for the record.

10 MR. ZURITSKY: Good morning.
11 Robert Zuritsky.

12 COUNCILMAN KENNEY: Could you
13 pull that microphone closer.

14 MR. ZURITSKY: My name is
15 Robert Zuritsky. I'm President of
16 Parkway Corporation and here today
17 representing the 17 companies that
18 comprise the Philadelphia Parking
19 Association.

20 I want to start off by thanking
21 the Rules Committee. I'm here
22 representing a lot of people from our
23 Association. We represent about 2,800
24 members.

25 I'd like to ask everybody

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2 that's involved with the parking industry
3 to stand now just to also say thank you.

4 (Audience members standing.)

5 COUNCILMAN KENNEY: Thank you
6 very much.

7 MR. ZURITSKY: Thanks.

8 So we are here to ask for your
9 support for lowering the parking tax from
10 its current 20 percent level to 15
11 percent gradually over the next five
12 years, and to do so in a manner that is
13 revenue neutral to the City.

14 We are here to ask for tax
15 fairness. At 20 percent, parking is the
16 highest taxed industry in the City. When
17 a patron pays \$24 to park, \$4 of that
18 total is the parking tax, is just the
19 parking tax.

20 As I stated the last time I
21 testified before you, many people dislike
22 paying for parking, but they also
23 recognize parking lots and garages are
24 necessary components of the
25 transportation system of a major

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2 metropolitan city like ours.

3 But in Philadelphia, we have a
4 two-tiered system. One tier includes the
5 legitimate licensed, insured parking
6 facilities that collect and pay the 20
7 percent parking tax. The other tier
8 includes the lots that are not licensed,
9 are probably not insured and do not pay
10 the parking tax.

11 The intention of the proposal
12 before you is to ensure that every
13 parking operator in the City pays its
14 fair share of the tax and the tax rate be
15 lowered for all of us and our customers.
16 If you were to hire either an outside
17 firm that specializes in cracking down on
18 rogue lots or hired two City auditors to
19 audit parking facilities, our research
20 shows you would collect millions more
21 dollars, enough to balance out the amount
22 the City would lose in lowering the tax.

23 In this legislation's first
24 year, the tax would be lowered one
25 percentage point. That would equal three

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2 and a half million dollars. But you
3 would collect far more than that amount
4 if you applied the tax to all parking
5 locations and you audited all operators
6 to ensure that all play by the rules and
7 that all taxes are collected.

8 We are proud to do business in
9 a world-class city like Philadelphia, but
10 the message that the City is sending is
11 that a parking operator is better off to
12 be unlicensed and pay no tax than to
13 obtain a license and pay a 20 percent
14 tax.

15 We have made the point before,
16 but our parking tax is almost two
17 percentage points higher than Manhattan's
18 parking tax. When you compare the
19 premium on parking in New York City to
20 Philadelphia, it just doesn't make sense
21 for us to have a higher parking tax than
22 they do.

23 The Revenue Commissioner
24 testified that he wonders why we are
25 complaining when it is the consumer who

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2 pays the tax and not parking operators.
3 First of all, that is not a very friendly
4 view of the consumer, many of whom are
5 Philadelphia citizens. It's also
6 inaccurate. When the City increased the
7 parking tax from 15 to 20 percent in
8 2008, we absorbed the increase and did
9 not raise rates. We were in the midst of
10 a recession in 2008. Business was off
11 eight percent. And even now, we still
12 haven't returned to pre-recession
13 business levels. At the same time, we
14 have not raised rates, because our
15 customers are also living through the
16 recession and they cannot afford for us
17 to raise rates. Also, gas prices are
18 going through the roof again, really
19 affecting our business.

20 Instead, we had to reduce our
21 workforce. Members of the Parking
22 Association have reduced their employees'
23 roles by 20 to 30 percent since the tax
24 was increased. In addition, we have not
25 had the resources to add new parking

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2 spaces to prepare for the increased
3 business expected from the expansion of
4 the Convention Center.

5 Unfortunately, the way the
6 playing field has been set, only
7 unlicensed parking facilities will spring
8 up to meet that demand.

9 We are respectfully asking this
10 Committee to send a strong message, that
11 licensed, tax-paying parking businesses
12 will be treated fairly, and unlicensed,
13 uninsured operators will be unwelcomed in
14 this city.

15 Just to repeat for the record,
16 55 percent of our operating expenses go
17 to City taxes. A reduction in the
18 parking tax would go a long way toward
19 helping us provide quality parking at the
20 lowest possible rates.

21 We want to have the resources
22 to make environmental and high-tech
23 improvements to make the parking
24 experience more pleasurable, especially
25 for visitors for whom we want to help

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2 create the impression of Philadelphia as
3 a first-class city.

4 We also want to be able to
5 ensure that we continue to be a good
6 employer to the 2,800 men and women who
7 depend on us.

8 We certainly are aware of the
9 City's delicate financial situation. We
10 do not want to be the cause of weakening
11 that position. That is why we honestly
12 and dutifully pay every dime of tax we
13 owe. The first year of this reduction is
14 one percentage point. If that reduction
15 were not offset by increased collections,
16 you have the power to come back next year
17 and discontinue the remainder of the
18 annual reductions. We are that certain
19 of our position.

20 But if the enforcement against
21 rogue lots goes into effect and this bill
22 that is proposed is passed, the proposal
23 before you won't cost the City any
24 revenue. We greatly appreciate you
25 working with us in bringing tax fairness

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2 to our industry and to our customers and
3 employees.

4 Thank you.

5 COUNCILMAN KENNEY: Thank you.

6 (Applause.)

7 COUNCILMAN KENNEY: You had
8 said in your testimony that the initial
9 increase in 2008 was not reflected in a
10 rate increase. Has there been a rate
11 increase since 2008?

12 MR. ZURITSKY: Not to my
13 knowledge. Our rack rates have either
14 held or gone down. We're in a very
15 competitive business. We compete against
16 each other for monthly customers,
17 early-bird customers very fiercely, and
18 if our rack rates stay the same for the
19 last three years when they typically
20 would go up with inflation, that's an
21 indication that our rates are actually
22 going down, because we have to compete
23 for those monthly customers, which is
24 very, very competitively fought after.
25 And some of our early birds have come

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2 down also.

3 So I would say our rates have
4 either been flat or been reduced over the
5 last three years.

6 COUNCILMAN KENNEY:

7 Councilwoman Miller.

8 COUNCILWOMAN MILLER: Are those
9 rates the same citywide? For example, if
10 I park in a garage in the University area
11 out in West Philadelphia, it's the same
12 as pretty much Center City?

13 MR. ZURITSKY: No. The rates
14 vary dramatically by market. Manayunk is
15 one rate, University City, the stadiums,
16 the airports. I mean, they're all kind
17 of different markets, and the
18 universities and the hospitals certainly
19 have different rates than we do in Center
20 City. Center City is a great place, and
21 that's the reason that we're able to
22 charge the rates that we can. I mean,
23 there's plenty of cities in the state,
24 like Allentown, where you can park all
25 day for 75 cents, and it's been 75 cents

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2 for the last 30 years. Some of the
3 operators will tell you that here.

4 So the rates vary. It's all
5 driven by demand. If there's strong
6 demand in one area, the rates go up, and
7 if it's less, then they're coming down.
8 So it depends on the market.

9 COUNCILWOMAN MILLER: We
10 understand. I don't really -- personally
11 I don't really park that often in parking
12 lots. I'm kind of in this building all
13 day.

14 MR. ZURITSKY: I'm sorry to
15 hear that.

16 COUNCILWOMAN MILLER: So I
17 don't go out too much. And the same with
18 the parking meters. I mean, in Center
19 City they are what they are, which I
20 think is expensive, because when I
21 usually park, I park in my district and
22 it's still a quarter for 30 minutes
23 versus down here it's not a quarter. I
24 don't know what it is, but it's not a
25 quarter.

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2 But anyway, I was just
3 wondering, because people just always
4 talk about the cost of parking, garage
5 parking or parking lot parking, and, of
6 course, now everybody is talking about
7 the cost of a gallon of gas. So when you
8 put them two together -- and you did
9 mention that in your testimony -- it
10 becomes very expensive, and lots of
11 people I know are taking public
12 transportation.

13 MR. ZURITSKY: We are very --
14 the people in this room know more about
15 handling questions about parking rates
16 better than anybody, and we are sensitive
17 to our rates and to our customers. I
18 mean, if you charge too much, people are
19 not going to park with you.

20 What we're talking about here,
21 since the recession started, I mentioned
22 the statistic we're paying 55 percent of
23 our operating expenses to the City in
24 some form of the 11 taxes or fees.
25 Before the recession started and the

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2 parking tax went up 33 percent, the real
3 estate taxes went up ten percent, water
4 and sewer bills went up 100 percent, it
5 was probably in the 48 to 45 percent
6 range that went to the City. So the City
7 has made it much more difficult for us
8 to, you know, to pay all the bills that
9 we have to pay, to pay good wages, to
10 maintain our facilities and to keep rates
11 reasonable, especially during a
12 recession. So that's really why we're
13 here, is to ask for a gradual relief over
14 a five-year period. And not to not pay
15 any tax. I mean, we're still going to be
16 the highest taxed industry in the City at
17 15 percent.

18 COUNCILWOMAN MILLER: Thank
19 you.

20 COUNCILMAN KENNEY: Councilman
21 DiCicco.

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

24 Good morning, Mr. Zuritsky. I
25 want to go to the second page of your

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2 testimony, the first paragraph where you
3 said we want to have the resources to
4 make environmental and high-tech
5 improvements. Could you explain what you
6 mean by "environmental improvements"?

7 MR. ZURITSKY: Yeah, I'm glad
8 to. My company has been -- and I know
9 some of the other companies have been
10 doing this, too. We have been changing
11 out our lighting systems to reduce the
12 energy that it costs to light our
13 facilities. We are actually working with
14 the City, with CarShare, with the federal
15 government also that is giving a grant.
16 We're going to be installing electric
17 cars into six of Parkway's facilities in
18 June, I believe. That will be the first
19 electric cars in the City.

20 Another thing that my company
21 has done is, we put the first fully
22 automated garage in the City, which uses
23 less -- you're using less gas to find a
24 space because you don't have to find a
25 space underneath an apartment building

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2 that we built off Rittenhouse Square.

3 We are also looking at a really
4 interesting new technology. The Parking
5 Authority has a similar thing at the
6 Airport now. Maybe you've used it. When
7 you pull into their garage, it kind of
8 gives you a count as to how many spaces
9 are available in different levels of the
10 garage. The technology that we are
11 looking into will actually tell you
12 exactly where there are spaces available
13 in the garage and it will be able to talk
14 to your GPS or to your phone. So if
15 you're driving down the street, it can
16 tell you that there's 32 spaces and
17 exactly where they are in a parking
18 facility. And then when you park and you
19 can't find your car, it can find your car
20 for you. It is really, really cool
21 stuff, and it's going to revolutionize --
22 again, it's very environmentally
23 friendly, because you can find a space
24 faster. It's kind of a fun thing to do,
25 which maybe is a little bit of an

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2 attraction for the City. It's a good
3 kind of feeling for the City.

4 But these things cost a ton of
5 money. They cost like to input one of
6 these systems, it could be \$300,000, and
7 just like it costs -- we just spent \$3
8 million repairing our garage at 12th and
9 Walnut. It took six years just to repair
10 the concrete, the elevators and the
11 lighting and everything. It's very
12 expensive to do things in the City. And
13 we want to do those things and really
14 keep the cutting edge of the technology
15 in our industry, but we can't do it if
16 we're cut too slim on our -- on what the
17 business is. And this is our only
18 business, is the parking business. So
19 that's what we'd like to do.

20 COUNCILMAN DiCICCO: Thank you.

21 I was going to ask about the costs
22 involved. You already volunteered that.
23 I kind of like the GPS thing, especially
24 after a night out on the town. That
25 could be helpful. Then again, you

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2 shouldn't be driving, right?

3 MR. ZURITSKY: They could find
4 you hotel rooms, too.

5 COUNCILMAN DiCICCO: The cost
6 has me -- I have an interest with that,
7 and especially with the environmental.
8 Again, I'm looking for other ways maybe
9 to skin this cat as far as if we can't
10 get the reductions down to where you
11 would want them, revenue enhancements
12 either from advertising, if you have
13 surface lots, or maybe some other types
14 of things we can do, similar to what we
15 did with the newsstand industry by
16 providing additional space, because their
17 industry was hurting, because less people
18 are buying newspapers. That's not a bad
19 thing.

20 So, Mr. Chairman, I was just
21 thinking that maybe we can look at
22 working with the Revenue Department to
23 see if there are some incentives, tax
24 incentives, that we may be able to offer
25 for those environmental enhancements that

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2 you guys are going to be putting forth.
3 Again, just looking at numbers, moving
4 them around a little bit from some of
5 that cost, some sort of a tax incentive.
6 You have been a proponent of the LEEDs
7 lighting and other things. Just some
8 thoughts I'm putting out on the table for
9 discussion.

10 COUNCILMAN KENNEY: Thank you.

11 MR. ZURITSKY: That would be
12 great. The state does offer some
13 incentives for lighting. They give you
14 some things, and it would be great if the
15 City were involved.

16 COUNCILMAN DiCICCO: We can
17 maybe offer some incentives as well.

18 COUNCILMAN KENNEY: Anyone else
19 for Mr. Zuritsky?

20 (No response.)

21 COUNCILMAN KENNEY: Thank you
22 very much for your testimony.

23 MR. ZURITSKY: Thank you.

24 (Applause.)

25 COUNCILMAN KENNEY: Please

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2 identify yourself.

3 MR. SPEAR: Hello. I'm Harvey
4 Spear. I'm President of E-Z Park and
5 also a member of the Parking Association.

6 I just wanted to answer some of
7 the things that were said by the
8 Administration and the Revenue
9 Department. First of all, we gave a
10 book, the Parking Association, gave a
11 book of 150 illegal parking lots. I find
12 it hard to believe that 23 were
13 unfounded, but if there were, what
14 happened to the other 125? I'd like
15 answers for that. We spent a lot of time
16 and money doing this exercise.

17 The other thing is, as far as
18 the 20 percent tax, you have to
19 understand, it's not just the 20 percent
20 tax. We pay real estate tax, use and
21 occupancy tax, and comparing us to other
22 cities that may not have these type of
23 taxes, in addition there's a new storm
24 water tax that came out that's going to
25 escalate that's going to affect the

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2 parking business.

3 And the other thing I wanted to
4 say, as far as the unlicensed parking
5 lots, I know as a fact that the City
6 collected substantial amount of money to
7 date from our report, and I would like
8 them to give you the numbers. I don't
9 have the numbers, but I'm sure it's close
10 to a million dollars already, and they
11 didn't even go -- I can tell you as a
12 fact that there is very little
13 enforcement to date. We've been meeting.
14 We don't get return phone calls. I will
15 tell you there's a very big --

16 COUNCILMAN KENNEY: I don't get
17 return phone calls either, so join the
18 club.

19 MR. SPEAR: But the valet
20 operation should be paying tax just like
21 we do.

22 COUNCILMAN KENNEY: And they
23 should be parking their cars in a
24 licensed lot, not on the sidewalk or on
25 the street by the curb.

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2 MR. SPEAR: Exactly. They
3 don't even have to pay for a parking
4 location. Wait until somebody gets a
5 disaster happen -- wait until a disaster
6 happens to somebody's car that's left in
7 the street or something like that. Right
8 now people get parking tickets, they
9 don't know where they came from.

10 COUNCILMAN KENNEY: So you
11 know, we did pass legislation, I think,
12 giving it to the Parking Authority?

13 I think the Parking Authority
14 has the authority to enforce the valet
15 parking zones, and also we've increased
16 the fees for the valet parking zones and
17 a requirement for a receipt so we can
18 track whether or not they're just taking
19 the cash and not paying.

20 MR. SPEAR: Well, that would be
21 great.

22 The other thing is, I know
23 there was some confusion. A valet
24 company went to renew his license and he
25 went to L&I. They said they don't do it

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2 and the Parking Authority said they don't
3 do it. So right now you may have some
4 unlicensed valet parking companies and
5 could just put a sign up anywhere.

6 That's basically what I had to
7 say. I just wish that we can get more
8 enforcement. We're asking to be audited,
9 and we can't accept the fact that there
10 are other illegal parking facilities and
11 valet facilities that are out there
12 collecting parking money and not paying
13 any taxes.

14 COUNCILMAN KENNEY: Councilman
15 Greenlee did ask that question to the
16 Revenue Commissioner, and they're going
17 to provide some data on the number of
18 lots that they've found that were
19 unlicensed and what actions were taken.

20 MR. SPEAR: I'd like to hear
21 that. Thank you.

22 COUNCILMAN KENNEY: Thank you.

23 Any questions?

24 (No response.)

25 COUNCILMAN KENNEY: Thank you

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2 very much.

3 (Applause.)

4 COUNCILMAN KENNEY: There was
5 one other individual over here who wanted
6 to testify on this bill.

7 And, Councilman Jones, I think
8 this might be the issue relative to the
9 non-profits.

10 (Witness approached witness
11 table.)

12 COUNCILMAN KENNEY: Hi. Good
13 morning. Please identify yourself for
14 the record and if you could pull that
15 microphone very close.

16 MS. SNYDER: Good morning. My
17 name is Gina Snyder. I'm the Director of
18 the East Falls Development Corporation.
19 The East Falls Development Corporation is
20 in Councilman Jones' district.

21 COUNCILMAN KENNEY: The best
22 district.

23 MS. SNYDER: The best district
24 in the City.

25 Thank you for accepting my

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2 testimony this morning regarding Bill
3 110181. We were here to respectfully
4 request that the bill be amended to
5 exempt community development corporations
6 providing parking on a not-for-profit
7 basis from having to pay the parking tax.

8 I have -- I am not schooled in
9 this uniformity issue and so I don't have
10 an understanding of the significance of
11 that, but I do want to give you some
12 background about our situation.

13 We operate a parking lot under
14 the twin bridges in East Falls that's for
15 the benefit of local businesses and is a
16 trailhead for the Schuylkill River Trail.
17 It is between Kelly Drive and Ridge
18 Avenue on the Schuylkill River in the
19 riverfront business district. We do not
20 make money off of our lot. Instead, our
21 operating expenses are about \$16,000 a
22 year and our income is about \$9,000 or
23 \$10,000 a year. This is our third year
24 of operating expenses for the lot.

25 One of our expenses is the

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2 parking tax. We pay approximately \$1,000
3 to \$2,000 a year in parking taxes. The
4 City tax obligation is obviously
5 contributing to the deficit on the lot.

6 Under our agreement with the
7 City, which includes PennDOT
8 requirements, we do not make income on
9 the lot. All funds are used to go to the
10 operating of the lot and for needed
11 improvements. If in fact we were to
12 operate the lot for profits, our lease
13 terms would be modified by PennDOT. So,
14 in other words, right now we're not
15 permitted to make a profit under the
16 current lease terms.

17 We're also required to maintain
18 the lot at the highest standards of
19 maintenance, and, of course, we want to
20 do that because of its prime location.
21 It is important for the lot to look good
22 to bring in more customers.

23 We are driving down our
24 expenses in operating in order to try to
25 minimize the deficits. To give you an

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2 idea of the constraints we are under, we
3 charge 50 cents an hour. That's because
4 of the market that Councilwoman Miller
5 was talking about, the market rates. We
6 can't do more than that. We really can't
7 pass our costs on.

8 I calculated that we are paying
9 probably -- if we get 50 cents an hour,
10 that means we're getting 42 cents an
11 hour, and our parking lot is not full.
12 We probably make about \$4 an hour on our
13 parking lot.

14 We are -- to respond to
15 Councilman DiCicco's issues about other
16 revenue, we are prohibited from
17 advertising on our lot or any other
18 things that would generate other income.
19 That is because our lot is in Fairmount
20 Park. So the constraints around us are
21 significant.

22 We would like to continue.
23 We're a non-profit. We want to continue
24 to operate the lot. It's really
25 important to the riverfront, to the trail

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2 and to the business district. And we
3 would ask, I guess, under this issue of
4 uniformity that Council work with us in
5 some way to reduce these expenses so that
6 we're able to operate the lot for the
7 benefit of the neighborhood.

8 COUNCILMAN KENNEY: Thank you
9 for your testimony. I honestly don't
10 believe we'll be able to amend this bill.
11 We may have to get some guidance from
12 Harrisburg and do another piece of
13 legislation in order to do that.

14 Let me ask you a question about
15 Fairmount Park status. It's a parking
16 lot; it's not a park, right? You're a
17 parking lot?

18 MS. SNYDER: Parking lot.

19 COUNCILMAN KENNEY: Underneath
20 the highway?

21 MS. SNYDER: That's right.

22 COUNCILMAN KENNEY: But it's
23 owned by the Fairmount Park?

24 MS. SNYDER: It's a little
25 complicated. Part of the lot is

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2 Fairmount Park and part of it is the City
3 of Philadelphia.

4 COUNCILMAN KENNEY: But when
5 you say "Fairmount Park," we get the
6 vision that there's trees and grass and
7 trails.

8 MS. SNYDER: No. There is no
9 park at all. It is a 50-space parking
10 lot that happens to have recreational
11 zoning.

12 COUNCILMAN KENNEY: Councilman
13 DiCicco and I and a number of us lament
14 all the time about this total poisoned
15 atmosphere about advertising, which is to
16 me insane. I mean, the Councilman has
17 given many, many talks on the floor here
18 about advertising in Europe and in Rome
19 and in London and in Times Square. I
20 mean, we have this fear somehow of
21 advertising, where it's a legitimate way
22 to raise money and you can do it in a
23 tasteful way. I mean, we have an Art
24 Commission. We could do something that's
25 tasteful and that's valuable and that

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2 generates revenue, but we can't even talk
3 about it.

4 We don't have public toilets on
5 our streets, which were beautifully
6 designed, over this continuing stupidity
7 of arguing over advertising that would
8 pay for the maintenance and the care of
9 toilets. I mean, it's just --

10 MS. SNYDER: We would certainly
11 be open to discussion of very tasteful
12 advertising in our lot. Obviously we
13 don't want to put a billboard on Kelly
14 Drive over the river, but there is other
15 opportunities. We have a pay machine
16 where there could be advertising.

17 COUNCILMAN KENNEY: God forbid.

18 Councilman Jones.

19 COUNCILMAN JONES: I just want
20 to add to the testimony to say that this
21 lot is pretty unique. It serves the
22 business corridor in respect to the high
23 number of joggers, bikers, recreational
24 users that actually use the Drive, and
25 what it helps to do is alleviate the

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2 parking for the business corridor. So
3 people don't park on the main drag. They
4 park under this particular area.

5 The second benefit of this
6 community parking lot is that if it was
7 not lit, if it was not covered, if it was
8 not maintained, it would be not only an
9 eyesore but a potential dark area for
10 crime. So it serves as a public service
11 to the community more than a revenue
12 generator to the commercial corporation.

13 So we need to look at this to
14 see if they can be made exempt. And the
15 overall taxation of the whole industry is
16 important to me as well as a co-sponsor
17 of this bill.

18 COUNCILMAN KENNEY: Just make
19 it an illegal unlicensed lot and it won't
20 get taxed at all.

21 COUNCILMAN JONES: Yeah, that
22 will solve everything.

23 COUNCILMAN KENNEY: Councilman
24 DiCicco.

25 COUNCILMAN DiCICCO: Yeah.

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2 Thank you.

3 Ma'am, you mentioned that half
4 of it is City owned and the other half is
5 under the Fairmount Park?

6 MS. SNYDER: Roughly.

7 COUNCILMAN DiCICCO: To the
8 great Councilman from the Fourth
9 District, you may want to look at making
10 it one uniform City lot, because I
11 suspect that the Fairmount Park would
12 rather not have it anyway since they're
13 not using it, and that may open up the
14 opportunity for some advertising/revenue
15 enhancements.

16 COUNCILMAN KENNEY: Any other
17 questions for this witness?

18 (No response.)

19 COUNCILMAN KENNEY: Seeing
20 none, thank you.

21 Anyone else to testify on this
22 bill?

23 MS. SNYDER: Thank you very
24 much.

25 (No response.)

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2 COUNCILMAN KENNEY: Just so the
3 record is clear, regarding discussions
4 with the Administration over a tax
5 reduction starting in '12 and also with
6 many of my colleagues considering, as I
7 said earlier, the School District's dire
8 financial condition, there was not an
9 appetite for a reduction in '12. What
10 I'm going to offer today are two
11 amendments. One would start a half a
12 percent reduction in '13, and that will
13 be option one. And the other option two
14 would be starting a full one percent
15 reduction in '14.

16 Now, we intend hopefully to
17 approve these amendments to get the bill
18 out of Committee without a recommendation
19 and without a rules suspension. But so
20 the record is clear, if this bill passes
21 at all, one of these two options must be
22 amended out. We can't pass a bill with
23 both options in there.

24 So to keep the discussion alive
25 during the course of the final

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2 discussions on our overall tax and
3 overall budget and Five Year Plan, we
4 felt that these were the most doable
5 options at this point, and we'll continue
6 with the bill on the Calendar proceeding
7 to have a discussion about it.

8 So I wanted to close our public
9 hearing, open a public meeting and
10 recognize Councilman Greenlee for a
11 motion to approve the amendments as have
12 been distributed.

13 COUNCILMAN GREENLEE: Thank
14 you, Mr. Chairman. I move the approval
15 of the amendments to Bill No. 110181.

16 (Duly seconded.)

17 COUNCILMAN KENNEY: Moved and
18 seconded.

19 All in favor?

20 (Aye.)

21 COUNCILMAN KENNEY: There are
22 none opposed. The bill will be amended
23 accordingly.

24 The Chair recognizes
25 Councilmember Greenlee on the amended

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2 bill without a rules suspension or a
3 recommendation.

4 COUNCILMAN GREENLEE: Thank
5 you, Mr. Chairman. I move that Bill No.
6 110181, as amended, be reported out of
7 this Committee with no recommendation.

8 (Duly seconded.)

9 COUNCILMAN KENNEY: Moved and
10 seconded.

11 All in favor?

12 (Aye.)

13 COUNCILMAN KENNEY: There are
14 none opposed. Bill No. 110181, as
15 amended, will be reported out of this
16 Committee, placed on our First Reading
17 Calendar for next week, I believe.

18 Thank you.

19 (Applause.)

20 COUNCILMAN KENNEY: That
21 concludes the Rules Committee. Thank
22 you.

23 (Committee on Rules concluded
24 at 11:10 a.m.)

25 - - -

1
2 CERTIFICATE

3 I HEREBY CERTIFY that the
4 proceedings, evidence and objections are
5 contained fully and accurately in the
6 stenographic notes taken by me upon the
7 foregoing matter on May 11, 2011, and that
8 this is a true and correct transcript of same.

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12
13 -----
14 MICHELE L. MURPHY
15 RPR-Notary Public
16
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18

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