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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING - COMMITTEE ON PUBLIC PROPERTY

4

AND PUBLIC WORKS

5

- - -

6

Room 400, City Hall

7

Philadelphia, Pennsylvania

8

Wednesday, June 15, 2005, 11:35 a.m.

9

10 Bill 050575 - An Ordinance authorizing the
11 Commissioner of Public Property, on behalf of
12 The City of Philadelphia, to enter into an
13 agreement to sublease from the Philadelphia
14 Municipal Authority a building located at 4508
15 Chestnut Street, under certain terms and
16 conditions.

17 BILL 050576 - An Ordinance authorizing the
18 Commissioner of Public Property, on behalf of
19 The City of Philadelphia, to enter into an
20 agreement to sublease from the Philadelphia
21 Municipal Authority a building located at 6901
22 Woodland Avenue, under certain terms and
23 conditions.

17

PRESENT:

18

COUNCILMAN DARRELL L. CLARKE

19

COUNCILMAN JUAN F. RAMOS

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COUNCILMAN FRANK RIZZO

21

COUNCILWOMAN DONNA REED MILLER

22

COUNCILWOMAN MARIAN B. TASCO

23

COUNCILWOMAN JANNIE L. BLACKWELL

24

25

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1 6/15/05 - Bills 050575 & 76 - Public Property

2 COUNCILMAN CLARKE: Good

3 morning.

4 COMMISSIONER SCHLOTTERBECK:

5 Good morning.

6 COUNCILMAN CLARKE: We are

7 convening the Committee on Public Property and

8 Public Works public hearing.

9 Will the clerk please read the title
10 of the first bill.

11 THE CLERK: Bill No. 050575, an
12 ordinance authorizing the Commissioner of
13 Public Property, on behalf of the City of
14 Philadelphia, to enter into an agreement to
15 sublease from the Philadelphia Municipal
16 Authority a building located at 4508 Chestnut
17 Street, under certain terms and conditions.

18 COUNCILMAN CLARKE: Let the
19 record reflect we have a quorum. We have
20 Councilwoman Tasco, Councilwoman Miller,
21 Councilman Ramos and Councilwoman Blackwell.

22 Please proceed.

23 COMMISSIONER SCHLOTTERBECK:

24 Yes. Good morning. Before we begin, I'd like
25 to introduce as an amendment to the original

1 6/15/05 - Bills 050575 & 76 - Public Property
2 bill the proposed lease. You have that
3 document in front of you, I believe.

4 COUNCILMAN CLARKE: Yes.

5 COMMISSIONER SCHLOTTERBECK:
6 Proposed lease/terms and conditions.

7 Good morning, Chairman Clarke and
8 other members of the Committee on Public
9 Property and Public Works. My name is Joan
10 Schlotterbeck. I am the Commissioner of the
11 Department of Public Property. I am here
12 today representing the Department to testify
13 in support of Bill No. 050575 --

14 COUNCILMAN CLARKE: Excuse me,
15 Commissioner. We have the letter, but I don't
16 think we have the lease. We have the letter
17 referencing the lease.

18 COMMISSIONER SCHLOTTERBECK:
19 It's a letter of intent for the lease, the
20 terms and conditions, yes.

21 COUNCILMAN CLARKE: Letter of
22 intent, okay.

23 COMMISSIONER SCHLOTTERBECK: My
24 apologies. I called it a proposed lease
25 because that's the subject in the line.

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2 COUNCILMAN CLARKE: Fine.

3 COMMISSIONER SCHLOTTERBECK: An

4 ordinance authorizing me as Public Property

5 Commissioner, on behalf of the City of

6 Philadelphia, to enter into an agreement to

7 sublease from the Philadelphia Municipal

8 Authority a building located at 4508 Chestnut

9 Street, under certain terms and conditions.

10 This bill will permit the City to

11 lease space located at 4508 Chestnut for use

12 by the City's Office of Emergency Shelter

13 Services.

14 The Department supports this

15 measure, and, accordingly, I respectfully

16 request that City Council approve Bill No.

17 050575.

18 Thank you. I'm here for any

19 questions you may have, and joining me is

20 Deputy Managing Director Robert Hess.

21 COUNCILMAN CLARKE: Thank you.

22 Mr. Hess, do you have any testimony?

23 DEPUTY DIRECTOR HESS:

24 Mr. Chairman, thank you for the opportunity to

25 appear before you on this bill today. I would

1 6/15/05 - Bills 050575 & 76 - Public Property
2 just say that this is the culmination of a
3 year-long effort to find a replacement
4 facility for the Luther Settlement House that
5 you may recall had the steeple collapse
6 tragically last August, and so we're very
7 pleased to support and present this to you
8 today.

9 COUNCILMAN CLARKE: Thank you.

10 Any questions of these witnesses by
11 members of the committee?

12 (No response.)

13 COUNCILMAN CLARKE: Anyone else
14 to testify on this bill?

15 DEPUTY DIRECTOR HESS: I think
16 there are a couple folks that want to testify.

17 COUNCILMAN CLARKE: Yes.
18 Please come forward.

19 MR. MCGILL: Hi. My name is
20 Bill McGill, resident of 4428 Chestnut. I'm
21 Block Captain of the 4400 block of Chestnut,
22 which is the block adjoining it. I've also
23 been active in the Sansom Street Coalition,
24 which represents the 4400 and 4500 blocks of
25 Sansom Street. The 4500 block of Sansom

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2 Street is immediately behind this structure.
3 The 4500 block of Sansom Street is currently
4 under renovation by the Partnership CDC for
5 market-rate properties, which they expect to
6 sell in the \$400,000 range.

7 COUNCILMAN CLARKE: Is that the
8 group headed by Blane Stoddard?

9 MR. MCGILL: Yes. There are
10 two groups active. Blane's is one of the
11 groups and I don't recall the other group's
12 name offhand.

13 But at any rate, the \$400,000 price
14 tag that they expect to receive for those
15 properties is going to be directly impacted by
16 backing up on a homeless shelter. The
17 neighborhood already is inundated with
18 homeless shelters. We have -- I don't recall
19 the number, but there are quite a few in the
20 form of Travelers Aid Society and a variety of
21 others in the neighborhood that have been
22 subject of comments, questions and concerns
23 from the Spruce Hill organization through the
24 Sansom Street Coalition and others.

25 So we are not in favor of this

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2 facility being used as a homeless shelter.

3 COUNCILMAN CLARKE: I'm
4 assuming there's been some sort of public
5 discussion in the community?

6 MR. MCGILL: As much public
7 discussion as there has been here. The only
8 notice that anyone in the community has
9 received was the fact that one of the
10 neighbors happened to have read this bill in
11 Wednesday's Inquirer last week and mentioned
12 it to people. To date, nobody knows anything
13 about it. The Partnership does not know
14 anything about it. The real estate agents in
15 the neighborhood do not know anything about
16 it. The Spruce Hill Community Association
17 does not know anything about it. Calls to
18 Councilwoman Blackwell's office have not been
19 returned. The people who supposedly know
20 about it have all been on vacation or out.

21 There has been no public discussion
22 by anyone about this operation. It was
23 vehemently opposed when the idea was first
24 proposed over a year ago, and right at the
25 moment, West Catholic, which is directly

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2 across the street from this facility, is
3 undergoing a change of presidents. The
4 current president has left literally as of
5 today. The new president will take over on
6 July 1st.

7 So to us in the community, this
8 looks very much like the City is trying to
9 pull a fast one again.

10 COUNCILMAN CLARKE: Okay. Let
11 the record reflect that Councilman Rizzo has
12 joined the committee meeting.

13 Councilwoman Blackwell.

14 COUNCILWOMAN BLACKWELL: Thank
15 you, Mr. Chairman.

16 I do not know about this gentleman
17 or anybody calling me. I'm in the 4400 block
18 of Chestnut Street every morning at quarter to
19 6:00. Every morning I'm there.

20 Certainly it is not our practice and
21 given our commitment to the community, we
22 would never be in partnership with anyone
23 trying to, quote/unquote, pull a fast one on
24 our neighbors or the residents in that
25 community.

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2 All those who want to know know.

3 I've heard the inside discussion about people
4 in the community who want to know. We've had
5 discussions in general about it. I don't know
6 that -- my understanding -- in fact, I know
7 that all of this has been in negotiation for
8 quite some time and it didn't come together
9 until just now. But we would never be in any
10 collusion to certainly hide any project from
11 the community.

12 Blane Stoddard keeps up with
13 everything in the area, and certainly the
14 whole area of the Lutheran Church that all of
15 you saw on TV that was crumbling when the
16 steeple fell down, they've been looking at
17 this since it happened, and I've not heard
18 any -- maybe you called today or yesterday or
19 something since we're in hearings all day, but
20 I regret if somebody called, I didn't get the
21 message, because I've heard of no complaints
22 about it.

23 Everybody knew it was a Lutheran
24 Church and the Lutherans who were coming
25 there, nobody complained. And most of the

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2 other programs that you reference are behind
3 the walls at 48th and Market at the Kirkbride
4 Center. So that is where many programs exist,
5 and that's always been used kind of that way
6 from the old days, many, many years ago,
7 before all of us were born, when it was used
8 by movie stars for mental health reasons.

9 So the many programs that exist at
10 the Kirkbride Center have been there. We
11 haven't heard any community complaint about
12 it. I regret that the gentleman feels that
13 way, but Blane Stoddard and everybody in that
14 area keeps up with everything in that area,
15 and certainly we have nothing but respect for
16 them, happy to work with them. We believe in
17 working, trying to get more done on areas
18 adjacent to the Partnership, the Partnership
19 CDC, and their housing agenda, and feel that
20 we've done all that we should do to try to
21 support the project, and all those who wanted
22 to know knew.

23 I regret the gentleman's feelings.
24 We would never undermine or disrespect them,
25 but certainly hope that the committee will

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2 consider reporting this out today so that we
3 may move forward. Thank you.

4 COUNCILMAN CLARKE: Thank you.

5 Any questions from members of the
6 committee for this witness?

7 (No response.)

8 COUNCILMAN CLARKE: Sir, as it
9 relates to the schedule of this particular
10 bill in this Council, this bill at its
11 earliest can have its first reading in the
12 Council session tomorrow, if it passes
13 committee. It cannot have a final vote until
14 we come back in September. So between now and
15 September, it's my hope that members of your
16 organization meet with any interested parties,
17 particularly members from the City and the
18 Councilwoman's office, so we have
19 approximately two and a half months to give
20 you some opportunity to get more involved in
21 this process.

22 MR. MCGILL: Okay. Question,
23 my understanding from the reading of the
24 notice is the City already either owns or
25 leases this property since it's to execute a

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2 sublease?

3 COUNCILMAN CLARKE: Mr. Hess,
4 do you want to respond to that?

5 DEPUTY DIRECTOR HESS: No,
6 that's not correct. There is no lease in
7 effect on this property at this time,
8 Mr. Chairman.

9 MR. MCGILL: Then why would it
10 be being subleased?

11 DEPUTY DIRECTOR HESS: I think
12 that's a technical question the Commissioner
13 can probably answer, but all of the leases the
14 City holds are technically subleased to a --
15 I'll stop there.

16 COMMISSIONER SCHLOTTERBECK:
17 It's a legal process. We're going to be
18 leasing it from PMA and they're going to
19 sublease it back to us, but at this point in
20 time, we have no legal ownership of that
21 building.

22 MR. MCGILL: Okay. PMA, at
23 least as of the last time I checked the Bureau
24 of Revision of Taxes records, also does not
25 own or lease that property apparently.

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2 COMMISSIONER SCHLOTTERBECK:

3 That's correct.

4 MR. MCGILL: So where does PMA
5 come into this? I'm trying to line up who the
6 ducks are that are in this thing, because as
7 of 10 o'clock this morning, neither Blane
8 Stoddard, Guy Orens, nor the University City
9 District had any clue what this was all about.

10 COMMISSIONER SCHLOTTERBECK:

11 Rather than me -- I'm going to have my
12 attorney sit here and articulate it for you
13 better than I have.

14 MR. SILVERMAN: Thank you, Mr.
15 Chairman. Ryan Silverman, Assistant City
16 Solicitor.

17 The owner of the building is 4508
18 Chestnut Street Associates, and then PMA, if
19 Council so authorizes, will be leasing the
20 property from 4508 after Council gives their
21 approval. Then the City will sublease it from
22 PMA.

23 So right now, there is no
24 relationship between 4508 Chestnut Associates
25 and the City or PMA in any respect. That's

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2 why we're here today.

3 MR. MCGILL: Okay. I guess
4 it's kind of confusing why the City doesn't
5 just lease it directly.

6 MR. SILVERMAN: Well, that's a
7 technical legal matter with regard to what's
8 called the "four-year out," a provision that
9 allows the City to get out of any deals longer
10 than four years.

11 COUNCILMAN CLARKE: Sir, we do
12 many confusing things in the City of
13 Philadelphia, so you shouldn't be surprised.

14 Councilwoman Tasco.

15 COUNCILWOMAN TASCO: Yeah. I
16 just wanted you to explain that again. We own
17 the building?

18 MR. SILVERMAN: No, we do not
19 own the building.

20 COUNCILWOMAN TASCO: The City
21 does not --

22 MR. SILVERMAN: The City
23 doesn't have any interest in the building.

24 COUNCILWOMAN TASCO: Who owns
25 the building?

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2 MR. SILVERMAN: A partnership
3 called 4508 Chestnut Street Associates. And
4 they will be leasing it to the Philadelphia
5 Municipal Authority, who will then sublease it
6 to the City, provided Council gives us
7 authority.

8 MR. MCGILL: Did 4508 just
9 acquire the property? Because that's not who
10 owned it six months ago.

11 DEPUTY DIRECTOR HESS: Mr.
12 Chairman, I think the Managing Partner of that
13 entity is here and I think is prepared to
14 testify, if that's helpful.

15 COUNCILWOMAN TASC0: So what
16 are we approving today? We're approving the
17 right of the City to sublease to PMA?

18 MR. SILVERMAN: Sublease from
19 PMA.

20 COUNCILWOMAN TASC0: Sublease
21 from PMA.

22 MR. SILVERMAN: Correct.

23 COUNCILWOMAN TASC0: And then
24 the City would enter into a lease with the --

25 MR. SILVERMAN: The structure

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2 would be, the owner of the building would
3 lease the property to PMA and PMA would then
4 sublease it to the City for use as a shelter.

5 COUNCILWOMAN TASC0: Okay.

6 COUNCILMAN CLARKE: I think the
7 question is, if I'm hearing everyone, the
8 question is, does PMA already have a
9 relationship with 4508?

10 MR. SILVERMAN: No, they do
11 not.

12 COUNCILMAN CLARKE: So we are
13 authorizing both the PMA arrangement and the
14 sublease to --

15 MR. SILVERMAN: At the same
16 time, correct. Almost like a PAID
17 transaction, same realm.

18 COUNCILMAN CLARKE:
19 Councilwoman Miller.

20 COUNCILWOMAN MILLER: Yes. Who
21 is PMA? I mean, it's an entity evidently.

22 MR. SILVERMAN: Yes.

23 COUNCILWOMAN MILLER: Do you
24 use PMA in order to sublease --

25 MR. SILVERMAN: To lease

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2 properties, City space and that kind of thing.
3 That's what they're normally used for.
4 They're municipal authority, state authority
5 that we use just like the Philadelphia
6 Authority for Industrial Development, but PAID
7 is used for more economic development and PMA
8 is used for leasing of space.

9 COUNCILWOMAN MILLER: Okay.
10 Thank you.

11 MR. SILVERMAN: You're welcome.

12 COUNCILMAN CLARKE: Does any
13 City agency have a direct lease or do all
14 leases go through PMA?

15 MR. SILVERMAN: Does any City
16 agency -- I'd have to check into that for you
17 and get back to you. I'm not positive, but I
18 think we do enter into direct leases,
19 sometimes with long-term arrangements that are
20 longer than four years.

21 COUNCILMAN CLARKE: With a
22 department?

23 MR. SILVERMAN: Right, with a
24 department.

25 COUNCILMAN CLARKE: Directly

1 6/15/05 - Bills 050575 & 76 - Public Property
2 with a department?

3 MR. SILVERMAN: Yes.

4 COUNCILMAN CLARKE: Is it
5 advantageous to be in this arrangement with
6 PMA? Does the master lease -- what's the
7 advantage of doing it as opposed to having a
8 direct lease with a department?

9 MR. SILVERMAN: Through the
10 City Charter, it provides that any contract
11 entered in for longer than four years must
12 have an out for the City at any time to be
13 able to get out of the contract. When a
14 landlord comes to us and they want a long-term
15 commitment, they cannot get the financing to
16 do the proper fit-out and improvements unless
17 they have a longer commitment than the four
18 years.

19 The provision would allow the City
20 to, at any time after that four years, to get
21 out of the deal with no consequences, which
22 landlords do not like. However, if we do a
23 deal with an authority, that provision may be
24 waived as put forth in the Charter.

25 COUNCILMAN CLARKE: The

1 6/15/05 - Bills 050575 & 76 - Public Property
2 provision is waived between the authority and
3 the department?

4 MR. SILVERMAN: And the
5 department, yes.

6 COUNCILMAN CLARKE: So the
7 question is, PMA must continue that lease
8 arrangement that's longer than four years?

9 MR. SILVERMAN: Well, the
10 City's sublease with PMA will not have that
11 four-year provision because we're doing a deal
12 with an authority.

13 COUNCILMAN CLARKE: I
14 understand that, but the question is, if you
15 need to enter into an agreement beyond the
16 four-year period, therefore allowing the
17 property owner to get financing for the
18 facility, you must enter into a lease term
19 longer than four years.

20 MR. SILVERMAN: Yes.

21 COUNCILMAN CLARKE: Is PMA
22 required to maintain that lease beyond the
23 four-year period?

24 MR. SILVERMAN: Yes; for the
25 term that they sign up for with the landlord.

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2 So it would be a ten-year term between PMA
3 and --

4 COUNCILMAN CLARKE: So if the
5 City department decides to terminate its lease
6 arrangement at the end of the four-year
7 period, it's then PMA's responsibility to find
8 a new tenant?

9 MR. SILVERMAN: No, because by
10 doing it through PMA, the four-year provision
11 is waived. We are doing a deal with an
12 authority. We're --

13 COUNCILMAN CLARKE: I'm not
14 talking about the City. I'm talking about the
15 authority's arrangement with the property
16 owner.

17 MR. SILVERMAN: But you're
18 saying the four-year out. There is no
19 four-year provision in the deal between PMA
20 and the City, is what I'm telling you. So the
21 City --

22 COUNCILMAN CLARKE: I
23 understand that, but I'm talking about the
24 arrangement between PMA and the property owner
25 is longer than four years?

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2 MR. SILVERMAN: Correct.

3 COUNCILMAN CLARKE: So once the
4 City department says, We're out after four
5 years or whatever --

6 MR. SILVERMAN: But they can't,
7 because we're going to be signing a sublease
8 at the same time for ten years with PMA that
9 will not have that provision in it.

10 COUNCILMAN CLARKE: I thought
11 you said we wanted to have an out.

12 MR. SILVERMAN: We are having
13 an out.

14 COUNCILMAN CLARKE: But we
15 don't want to have an out, which is why we're
16 entering into the arrangement --

17 MR. SILVERMAN: No. We do want
18 to have an out. That's why we're entering
19 into the deal with PMA.

20 COUNCILMAN CLARKE: I'm saying
21 if the City department chooses to take the out
22 after four years, what's PMA's relationship
23 with the property owner?

24 MR. SILVERMAN: They're still
25 on the -- we can't take it out after four

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2 years. If City Council approves the deal for
3 ten years and the Commissioner signs a
4 document with PMA for ten years, we're subject
5 to that deal for ten years.

6 COUNCILMAN CLARKE: Okay.
7 You're confusing me.

8 Sir, as I said to you earlier, there
9 are many confusing things in the City of
10 Philadelphia.

11 PMA -- I hate to keep going on with
12 this, because I thought this was actually
13 going to be like a five-minute public hearing.

14 MR. SILVERMAN: By doing the
15 ten-year agreement between the landlord and
16 PMA and then a ten-year agreement between PMA
17 and the City --

18 COUNCILMAN CLARKE: Is the City
19 required to do a ten-year agreement?

20 MR. SILVERMAN: By this
21 ordinance, they are, yes.

22 COUNCILMAN CLARKE: So --

23 MR. SILVERMAN: So they will
24 not be able to get out of the deal prior to
25 the ten years.

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2 COUNCILMAN CLARKE: So you
3 can't utilize the four-year out?

4 MR. SILVERMAN: Right.

5 Correct. Sorry. Sorry for being confusing
6 there, Councilman.

7 MR. MCGILL: You earlier said,
8 though, that the City Charter required a
9 four-year out.

10 MR. SILVERMAN: With the City
11 directly dealing with a landlord, but PMA is
12 an authority that's getting involved in the
13 transaction.

14 COUNCILMAN CLARKE: So that's
15 why we do the sublease?

16 MR. SILVERMAN: Correct.

17 COUNCILMAN CLARKE: Okay. It's
18 more clear to me now.

19 Councilwoman Tasco.

20 COUNCILWOMAN TASCO: And so if
21 the City decides to get out before the ten
22 years are up, who is responsible for the
23 lease?

24 MR. SILVERMAN: The City
25 cannot. The City would be signing a ten-year

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2 document with PMA.

3 COUNCILMAN RIZZO: Can I ask a
4 question?

5 COUNCILMAN CLARKE: Certainly.
6 Councilman Rizzo.

7 COUNCILMAN RIZZO: Just
8 listening here, is this a way to circumvent
9 the City Charter? I mean, why would we do
10 this to circumvent the City Charter? I mean,
11 I know lawyers get very creative. Why can't
12 we just do it the way that --

13 MR. SILVERMAN: It's based on
14 financing, and in order to be able to do the
15 kind of -- for the kind of needs that we want
16 to use a building for, the landlord has to
17 know that it's going to be a longer deal than
18 four years.

19 COUNCILMAN RIZZO: Well, you
20 could charge us more.

21 MR. SILVERMAN: That's a
22 business --

23 COUNCILMAN RIZZO: I just don't
24 understand. I don't like being a part of --
25 this is manipulation. This is like a shell

1 6/15/05 - Bills 050575 & 76 - Public Property
2 game here, at least that's how I'm
3 interpreting it. We have a City Charter.
4 Some sharp lawyer came up with a way to
5 circumvent the City Charter to create PMA and
6 do all these things that you describe to
7 create a loophole. Bottom line?

8 MR. SILVERMAN: PMA was
9 actually created by City Council based on the
10 Municipal Authority's Act of 1945.

11 COUNCILMAN RIZZO: But to do
12 what?

13 MR. SILVERMAN: To lease
14 property for the City.

15 COUNCILMAN RIZZO: I don't
16 think it was created -- I don't think PMA was
17 created to do this.

18 MR. SILVERMAN: That's one of
19 its --

20 COUNCILMAN RIZZO: One of them,
21 but I think somebody figured out a way to do
22 what you're doing here. I don't think PMA was
23 created to do what we're trying to do here
24 today.

25 MR. SILVERMAN: City Council

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2 gave it that power, to do that.

3 COUNCILMAN RIZZO: Gave it that
4 power, but not necessarily originally was PMA
5 created to do what you described today.

6 MR. SILVERMAN: That may be
7 correct, not originally, but at some point,
8 City Council changed the bylaws of the group
9 to be able to do that.

10 COUNCILMAN RIZZO: So why
11 couldn't we live with a conventional deal that
12 goes away in four years again? Because
13 there's significant improvements required that
14 would be prohibitive to do a four-year deal?

15 MR. SILVERMAN: Well --

16 DEPUTY DIRECTOR HESS: Well,
17 that's much more expensive, Councilman. What
18 happens -- and this property is not unusual in
19 our experience. We were fortunate enough to
20 be able to locate a facility that is
21 appropriate for use as an emergency shelter.
22 That very often requires some retrofitting of
23 the building. That has expense associated
24 with it, and then you have to look at whether
25 you're going to pay for that over one or two

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2 or three or four years or you can spread that
3 expense out over a longer period of time.

4 When we run the numbers, we see it's
5 much more economically feasible for the City
6 to enter into a ten-year arrangement than a
7 two- or three- or four-year arrangement.

8 COUNCILMAN RIZZO: I
9 understand. I just want to make sure that I'm
10 understanding that what you're doing here is
11 to circumvent what originally was established
12 by Charter. And I understand. It's not this
13 project. It's just the mechanics of it that's
14 very interesting to me, that we can always
15 figure a way to get around something, and
16 that's very interesting.

17 DEPUTY DIRECTOR HESS: We try
18 in this case, Councilman, to find a way to
19 save the City a significant amount of money
20 each operating year and have a safe, quality
21 facility that will be a good neighbor.

22 COUNCILMAN RIZZO: This is not
23 about this project. This is about the way
24 we're doing the deal that's interesting to me.

25 COMMISSIONER SCHLOTTERBECK:

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2 Councilman, Joan Schlotterbeck, Public
3 Property Commissioner.

4 I think that we're all best served
5 by getting you a more formal response from the
6 Law Department specifically related to why we
7 are leasing the way we are.

8 COUNCILMAN RIZZO: I'd like
9 that.

10 COMMISSIONER SCHLOTTERBECK: We
11 can do that.

12 COUNCILMAN CLARKE: That will
13 be helpful.

14 Councilwoman Tasco.

15 COUNCILWOMAN TASCO: It's not
16 the deal, it's just the process of doing this.
17 Why are you doing ten years as opposed to
18 seven years or six years?

19 DEPUTY DIRECTOR HESS: When we
20 looked at this facility, Councilwoman, and we
21 looked at the retrofitting that is necessary
22 and we looked at our needs over time, we felt
23 that the best economic deal and operational
24 deal for the City was a ten-year arrangement,
25 and so that's what we were able to negotiate

1 6/15/05 - Bills 050575 & 76 - Public Property
2 with the Partnership.

3 COUNCILWOMAN TASC0: I haven't
4 read the improvement. You are the landlord
5 now, you will become the landlord?

6 DEPUTY DIRECTOR HESS: No,
7 Councilwoman.

8 COUNCILWOMAN TASC0: 4508 will
9 become the landlord?

10 DEPUTY DIRECTOR HESS: Yes.

11 COUNCILWOMAN TASC0: Will they
12 do all the upgrading and retrofitting and all
13 that?

14 DEPUTY DIRECTOR HESS: Yes,
15 Councilwoman. Under the terms that are before
16 you, the Partnership would do all of the
17 improvements to the building. They would also
18 for the next ten years be responsible for all
19 of the maintenance that is required in the
20 building to keep all the operating systems in
21 good operating order.

22 They are also responsible for
23 essentially anything else in the building that
24 would need to be done during that period of
25 time to keep it up to code and operational.

1 6/15/05 - Bills 050575 & 76 - Public Property
2 And so it's that kind of arrangement over a
3 longer term that makes a lot of economic sense
4 for us.

5 COUNCILWOMAN TASC0: How many
6 facilities like this do you have in the City
7 for emergency shelter?

8 DEPUTY DIRECTOR HESS: For
9 emergency shelter at the moment, Councilwoman,
10 I believe the number is 29. Yes.

11 COUNCILWOMAN TASC0: 29? How
12 many people on average?

13 DEPUTY DIRECTOR HESS: Last
14 night, Councilwoman, we had housed in the
15 emergency shelter systems of this City 2,515
16 men, women and children. And tragically now,
17 for the last two years, that number has been
18 growing at a rate of about eight percent a
19 year.

20 COUNCILWOMAN TASC0: What would
21 you say was the major cause of the shelter
22 population? What drives the population up?

23 DEPUTY DIRECTOR HESS: Poverty
24 is the primary driver. The lack of living
25 wage or family sustaining jobs tends to be the

1 6/15/05 - Bills 050575 & 76 - Public Property
2 biggest factor, and then, of course, there are
3 a variety of other social service needs that
4 many of our individuals and families have that
5 they need support with.

6 COUNCILWOMAN TASC0: Okay.

7 Thank you.

8 COUNCILMAN CLARKE: Thank you,
9 Councilwoman.

10 COUNCILWOMAN BLACKWELL:

11 Mr. Chairman?

12 COUNCILMAN CLARKE:

13 Councilwoman Blackwell.

14 COUNCILWOMAN BLACKWELL: If I
15 may, I understand that with our authorities,
16 whether it be stadiums or other issues, with
17 our authorities, we do do this routinely. I
18 mean, we don't always talk about it for
19 shelter use, but we do it. But it's kind of a
20 routine way we deal with business, and it
21 gives us a long-term tie-in for rehabilitation
22 and maintenance of facilities.

23 COUNCILMAN CLARKE: Yes. I
24 agree, because I know that particularly in the
25 case of PAID, we use them on a substantial

1 6/15/05 - Bills 050575 & 76 - Public Property
2 number of transactions. It does protect us
3 against certain Charter provisions as it
4 relates to acquisition and the ability to
5 dispose of property. So that is something
6 that we use it for quite extensively.

7 COMMISSIONER SCHLOTTERBECK:

8 That's correct. That's why I think it's wise
9 if we get a written opinion from the Law
10 Department articulating exactly why we do it,
11 for the record.

12 COUNCILMAN CLARKE: Any other
13 questions by members of the committee?

14 (No response.)

15 DEPUTY DIRECTOR HESS:

16 Mr. Chairman, I think there are a couple of
17 additional people that would like to testify.

18 COUNCILMAN CLARKE: I was going
19 to do that next.

20 Anyone else who wants to testify on
21 this bill?

22 MS. VIEIRA: Thank you. My
23 name is Beatriz Vieira. I'm the Executive
24 Director of Lutheran Settlement House, and our
25 mission at Lutheran Settlement House is to

1 6/15/05 - Bills 050575 & 76 - Public Property
2 empower individuals, families and communities
3 through education, employment and social
4 services in order to achieve and maintain
5 self-sufficiency.

6 We were founded in 1902. In the
7 year 2000, we opened Luther House at 43rd and
8 Chestnut, which is Christ's Memorial Church
9 that collapsed on August 3rd.

10 We provide intensive services for
11 families to move families into permanent
12 housing. Since the collapse, 30 families were
13 displaced, including eight newborns. We are
14 now proposing to move two blocks west to 4508
15 Chestnut Street.

16 Since the beginning, Lutheran
17 Settlement House has strived to strengthen the
18 fabric of the communities in Philadelphia in
19 which we work, and we welcome the opportunity
20 to do it again.

21 MR. SORACCA: Good afternoon.
22 I'm John Soracca. I'm Pastor at Christ
23 Dissension Lutheran Church and I just wanted
24 to speak on behalf of my colleagues who are
25 Lutheran Pastors in the City of Philadelphia

1 6/15/05 - Bills 050575 & 76 - Public Property
2 and the Southeastern Pennsylvania Senate of
3 the Evangelical Lutheran Church in America.

4 I just want to attest to the work
5 that the Settlement has done over the last 100
6 years. One of the amazing things is the way
7 in which they've been able to maintain
8 families staying together who are in need of
9 shelter and also maintaining dignity and
10 empowering people to get back on their feet.

11 To address the issues that were
12 mentioned earlier about poverty and job
13 placement, the Settlement House also works
14 with the families to get them back on their
15 feet, and I think it's a wonderful work that
16 they do in terms of not only providing the
17 shelter but also the empowerment that they do
18 to get people back on their feet.

19 COUNCILMAN CLARKE: Thank you.

20 MS. VIEIRA: Thank you.

21 COUNCILMAN CLARKE: I just
22 would like to thank you for the wonderful work
23 that you do in the new part of my district
24 over in Fishtown. Continue to do the great
25 work there.

1 6/15/05 - Bills 050575 & 76 - Public Property

2 MS. VIEIRA: Thank you very
3 much.

4 COUNCILMAN CLARKE: Any
5 questions of these witnesses by members of the
6 committee?

7 (No response.)

8 COUNCILMAN CLARKE: There being
9 none, thank you very much.

10 Anyone else to testify on this bill?

11 DEPUTY DIRECTOR HESS: No,
12 Mr. Chairman.

13 COUNCILMAN CLARKE: There being
14 none, will the clerk please read the title of
15 the next bill.

16 THE CLERK: Bill No. 050576, an
17 ordinance authorizing the Commissioner of
18 Public Property, on behalf of the City of
19 Philadelphia, to enter into an agreement to
20 sublease from the Philadelphia Municipal
21 Authority a building located at 6901 Woodland
22 Avenue, under certain terms and conditions.

23 COUNCILMAN CLARKE: Before we
24 proceed on the testimony on that bill,
25 Mr. Hess, you'll make sure that you get in

1 6/15/05 - Bills 050575 & 76 - Public Property
2 touch with that gentleman and other
3 individuals, and I know Councilwoman Blackwell
4 will continue to have interaction with the
5 community --

6 DEPUTY DIRECTOR HESS: Yes,
7 Mr. Chairman.

8 COUNCILMAN CLARKE: -- before
9 final passage so we can make sure people know
10 what it is that's being proposed.

11 DEPUTY DIRECTOR HESS:
12 Absolutely, Mr. Chairman. We will work
13 closely with the Councilwoman's office to
14 reach out to all the community associations.

15 COUNCILMAN CLARKE: Thank you.

16 DEPUTY DIRECTOR HESS: Thank
17 you.

18 COUNCILMAN CLARKE: Please
19 proceed.

20 DEPUTY COMMISSIONER HERZINS:
21 My name is John Herzins, Deputy Commissioner
22 of Public Property. I'm here on behalf of
23 Commissioner Schlotterbeck to read our
24 testimony in support of Bill No. 050576, an
25 ordinance authorizing the Commissioner of

1 6/15/05 - Bills 050575 & 76 - Public Property
2 Public Property, on behalf of the City of
3 Philadelphia, to enter into an agreement to
4 sublease from the Philadelphia Municipal
5 Authority a building located at 6901 Woodland
6 Avenue, under certain terms and conditions.

7 This bill will permit the City to
8 lease space located at 6901 Woodland for use
9 by the City of Philadelphia's Office of
10 Emergency Shelter Services.

11 The Department supports this
12 measure, and, accordingly, we respectfully ask
13 that City Council approve Bill No. 050576.
14 Thank you.

15 COUNCILMAN CLARKE: Thank you.

16 DEPUTY DIRECTOR HESS:

17 Mr. Chairman, this facility has been in use
18 for a number of years as a shelter for single
19 men. This lease will allow us to do some
20 renovations and to provide a higher quality of
21 space to the single men that are in need of
22 emergency shelter in the West Philadelphia
23 area.

24 We strongly support it and we ask
25 favorable consideration. I think there are a

1 6/15/05 - Bills 050575 & 76 - Public Property
2 couple folks here to testify.

3 COUNCILMAN CLARKE:
4 Councilwoman Blackwell.

5 COUNCILWOMAN BLACKWELL:
6 Mr. Chairman, I worked with the President over
7 the years, President Verna, with regard to
8 this shelter at this location, and I told her
9 that I would stay around and speak for
10 President Verna, in whose district it
11 technically is. She does support the project
12 and support the legislation today.

13 COUNCILMAN CLARKE: Thank you.

14 COUNCILWOMAN BLACKWELL: Thank
15 you.

16 COUNCILMAN CLARKE: Any
17 questions of these witnesses for this
18 particular bill?

19 (No response.)

20 COUNCILMAN CLARKE: There being
21 none, anyone else who wants to testify on this
22 bill?

23 Good afternoon. Would you please
24 state your name for the record and proceed
25 with your testimony.

1 6/15/05 - Bills 050575 & 76 - Public Property

2 MR. ROBINSON: My name is Nate
3 Robinson, Vice-President of Program for Self
4 Incorporated.

5 Chairman Clarke, City Council, thank
6 you for the opportunity for allowing me to
7 speak to you this afternoon. I just wanted to
8 ask for your support, your continued support,
9 for the ten-year lease for the property at
10 6901 Woodland Avenue.

11 As you know, we do a lot of great
12 things there in supporting the men to become
13 self-sufficient and independent there. We do
14 a lot of good neighbor stuff in terms of
15 working with the community. So we have strong
16 support from the community for the continuing
17 of utilizing this particular property as a
18 homeless shelter for men.

19 I have Ms. Audrey Allen here, who is
20 a long outstanding community leader within
21 their community that would like to say a
22 couple words.

23 MS. ALLEN: My name is Audrey
24 Allen. I've lived in my community for over 75
25 years, and I support Outley House 100 percent.

1 6/15/05 - Bills 050575 & 76 - Public Property
2 The fellows there are very good to the
3 neighbors in the neighborhood. They clean up
4 for the elderly people. They clean the
5 streets. They also go to the churches and do
6 things, and I'm for them getting the 75 beds
7 and also for the senior housing that's coming
8 in. I think it's great, because we need it,
9 and that will be just like a little community
10 right there in that center, and I have fought
11 many a years for them.

12 COUNCILMAN CLARKE: Thank you.

13 COUNCILWOMAN BLACKWELL:

14 Mr. Chairman, if I may.

15 COUNCILMAN CLARKE:

16 Councilwoman Blackwell.

17 COUNCILWOMAN BLACKWELL: We
18 worked with Mr. -- in fact, we've worked with
19 both of them over the years, and as was said,
20 Outley, they not only live at that location or
21 come out of that location, but they also work
22 with us across the City on many community
23 projects. They're very positive. They really
24 teach them well. They're polite. They work
25 hard. They help us to clean our communities.

1 6/15/05 - Bills 050575 & 76 - Public Property
2 They do all kinds of things to support
3 neighborhood revitalization, and it's a very,
4 very positive group. They've grown so much
5 over the years, and we are happy to support
6 this project.

7 COUNCILMAN CLARKE: Thank you.

8 I, too, would like to thank you for the work
9 you do in my councilmanic district and look to
10 continue to have a long working relationship.

11 MR. ROBINSON: With pleasure.

12 COUNCILMAN CLARKE: Any
13 questions of these witnesses?

14 (No response.)

15 COUNCILMAN CLARKE: There being
16 none, thank you very much for your testimony.

17 MR. ROBINSON: Thank you.

18 COUNCILMAN CLARKE: Anyone else
19 interested in testifying on this particular
20 bill?

21 (No response.)

22 COUNCILMAN CLARKE: There being
23 none, this concludes the public hearing on the
24 Committee of Public Property and Public Works.

25 (Public hearing of Public

1 6/15/05 - Bills 050575 & 76 - Public Property
2 Property and Public Works concluded at 12:10
3 p.m.)

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1 6/15/05 - Bills 050575 & 76 - Public Property

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 June 15, 2005, and that
8 this is a true and correct transcript of same.

9

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15 MICHELE L. MURPHY

16 RPR-Notary Public

17

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19 (The foregoing certification of this
20 transcript does not apply to any reproduction
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22 direct control and/or supervision of the
23 certifying reporter.)

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1 6/15/05 - Bills 050575 & 76 - Public Property

2 COUNCIL OF THE CITY OF PHILADELPHIA

3 PUBLIC MEETING - COMMITTEE ON PUBLIC PROPERTY

4 AND PUBLIC WORKS

5 - - -

6 Room 400, City Hall

7 Philadelphia, Pennsylvania

8 Wednesday, June 15, 2005, 12:10 p.m.

9

10 Bill 050575 - an Ordinance authorizing the
11 Commissioner of Public Property, on behalf of
12 The City of Philadelphia, to enter into an
13 agreement to sublease from the Philadelphia
14 Municipal Authority a building located at 4508
15 Chestnut Street, under certain terms and
16 conditions.

17 BILL 050576 - an Ordinance authorizing the
18 Commissioner of Public Property, on behalf of
19 The City of Philadelphia, to enter into an
20 agreement to sublease from the Philadelphia
21 Municipal Authority a building located at 6901
22 Woodland Avenue, under certain terms and
23 conditions.

24 PRESENT:

25 COUNCILMAN DARRELL L. CLARKE
 COUNCILMAN JUAN F. RAMOS
 COUNCILMAN FRANK RIZZO
 COUNCILWOMAN DONNA REED MILLER
 COUNCILWOMAN MARIAN B. TASCO
 COUNCILWOMAN JANNIE L. BLACKWELL

26

27 V A R A L L O Incorporated
28 Litigation Support Services
29 1835 Market Street, Suite 600
30 Philadelphia, PA 19103
31 215.561.2220 215.567.2670

1 6/15/05 - Bills 050575 & 76 - Public Property

2 COUNCILMAN CLARKE: We will now
3 move into the public meeting.

4 Councilwoman Miller, can I please
5 ask for a motion on Bill 050575.

6 COUNCILWOMAN MILLER: Thank
7 you, Mr. Chair. I move that Bill No. 050575
8 be reported out of this committee with a
9 favorable recommendation and further request a
10 rules suspension so as to permit first reading
11 at our next session.

12 COUNCILMAN RAMOS: Second.

13 COUNCILMAN CLARKE: It being
14 moved and seconded, all approved?

15 COUNCIL MEMBERS: Aye.

16 COUNCILMAN CLARKE: All
17 against?

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1 6/15/05 - Bills 050575 & 76 - Public Property

2 (No response.)

3 COUNCILMAN CLARKE: The ayes
4 have it. Bill 050575 will be reported out of
5 this committee with a favorable recommendation
6 with a rules suspension as to allow reading at
7 the next session of Council.

8 Councilwoman Miller.

9 COUNCILWOMAN MILLER: Thank
10 you, Mr. Chair. I move that Bill No. 050576
11 be reported out of this committee with a
12 favorable recommendation and further move that
13 the rules of Council be suspended so as to
14 permit first reading at our next session.

15 COUNCILMAN RAMOS: Second.

16 COUNCILMAN CLARKE: Thank you.

17 All approved?

18 COUNCIL MEMBERS: Aye.

19 COUNCILMAN CLARKE: Those
20 opposed?

21 (No response.)

22 COUNCILMAN CLARKE: I'm sorry.

23 Did you want the lease --

24 COMMISSIONER SCHLOTTERBECK:

25 Yes. I was going to ask --

1 6/15/05 - Bills 050575 & 76 - Public Property

2 COUNCILMAN CLARKE: --

3 incorporated as amendments?

4 COMMISSIONER SCHLOTTERBECK:

5 Yes, I do.

6 COUNCILMAN CLARKE: We have to

7 go back. It was on the first bill; is that

8 correct?

9 COMMISSIONER SCHLOTTERBECK:

10 Correct. Both have amendments and both have

11 the terms and conditions.

12 COUNCILMAN CLARKE: We have to

13 start all over again.

14 COMMISSIONER SCHLOTTERBECK: As

15 an amendment to the original bill. Correct.

16 COUNCILMAN CLARKE:

17 Councilwoman Miller, we're going to ask for a

18 motion on the amendment that was the exhibit

19 that will be attached to Bill 050575.

20 COMMISSIONER SCHLOTTERBECK:

21 Correct.

22 COUNCILWOMAN MILLER: I move

23 that the amendment to Bill 050575 be approved.

24 COUNCILMAN RAMOS: Second.

25 COUNCILMAN CLARKE: It being

1 6/15/05 - Bills 050575 & 76 - Public Property
2 moved and seconded, I ask for a vote on the
3 amendment to 050575.

4 COUNCIL MEMBERS: Aye.

5 COUNCILMAN CLARKE: Those
6 opposed?

7 (No response.)

8 COUNCILMAN CLARKE: The ayes
9 have it.

10 Councilwoman Miller, can I ask for a
11 motion on Bill 050575 as amended.

12 COUNCILWOMAN MILLER: I move
13 that Bill 050575 as amended be reported out of
14 this committee with a favorable
15 recommendation --

16 COUNCILMAN RAMOS: Second.

17 COUNCILWOMAN MILLER: -- and
18 further move that the rules of Council be
19 suspended so as to permit first reading at our
20 next session.

21 COUNCILMAN CLARKE: It being
22 moved and seconded, all approved?

23 COUNCIL MEMBERS: Aye.

24 COUNCILMAN CLARK: Those
25 opposed?

1 6/15/05 - Bills 050575 & 76 - Public Property

2 (No response.)

3 COUNCILMAN CLARKE: Bill 050575

4 will be reported out of committee with a

5 favorable recommendation and a rules

6 suspension as to allow reading at the next

7 session of Council.

8 Councilwoman Miller, can I please

9 ask for a motion on the amendment to Bill

10 050576.

11 COUNCILWOMAN MILLER: I move

12 that the amendment for Bill 050576 be

13 approved.

14 COUNCILMAN RAMOS: Second.

15 COUNCILMAN CLARKE: It being

16 moved and seconded, all approved?

17 COUNCIL MEMBERS: Aye.

18 COUNCILMAN CLARKE: Those

19 opposed?

20 (No response.)

21 COUNCILMAN CLARKE: The ayes

22 have it. The amendment to Bill 050576 has

23 been approved.

24 Councilwoman Miller, can I please

25 ask for a motion on Bill 050576 as amended.

1 6/15/05 - Bills 050575 & 76 - Public Property

2 COUNCILWOMAN MILLER: I move
3 that Bill 050576 as amended be reported out of
4 this committee with a favorable recommendation
5 and further move that the rules of Council be
6 suspended so as to permit first reading at our
7 next session.

8 COUNCILMAN RAMOS: Second.

9 COUNCILMAN CLARKE: It being
10 moved and seconded, all approved?

11 COUNCIL MEMBERS: Aye.

12 COUNCILMAN CLARKE: Those
13 opposed?

14 (No response.)

15 COUNCILMAN CLARKE: Bill 050576
16 will be reported out of committee with a
17 favorable recommendation.

18 This concludes the public meeting.

19 Thank you all very much.

20 COMMISSIONER SCHLOTTERBECK:

21 Thank you.

22 DEPUTY DIRECTOR HESS: Thank
23 you, Mr. Chairman. Thank you, committee.

24 (Public meeting of Committee on
25 Public Property and Public Works concluded at

1 6/15/05 - Bills 050575 & 76 - Public Property

2 12:15 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter on June 15, 2005, and that
this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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