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COUNCIL OF THE CITY OF PHILADELPHIA

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COMMITTEE ON RULES

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Room 400, City Hall

Philadelphia, Pennsylvania

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Wednesday, December 3, 2008

9:15 a.m.

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PRESENT:

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COUNCIL PRESIDENT ANNA C. VERNA, CHAIR

COUNCILMAN DARRELL L. CLARKE

11

COUNCILMAN FRANK DiCICCO

COUNCILMAN W. WILSON GOODE, JR.

12

COUNCILMAN WILLIAM GREENLEE

COUNCILMAN JACK KELLY

13

COUNCILMAN JAMES F. KENNEY

COUNCILWOMAN DONNA REED MILLER

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COUNCILWOMAN BLONDELL REYNOLDS BROWN

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BILL 080588 - An ordinance to amend the
Philadelphia Zoning Maps by changing the
zoning designations of certain areas of land
located within an area bounded by Arch Street,
18th Street, Cuthbert Street, and 19th
Street...

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2 COUNCIL PRESIDENT VERNA: Good
3 morning, everyone. This is a public
4 hearing of the Rules Committee.

5 I would ask Mr. McPherson to
6 please read the title of Bill No. 080588.

7 MR. MCPHERSON: An ordinance to
8 amend the Philadelphia Zoning Maps by
9 changing the zoning designations of
10 certain areas of land located within an
11 area bounded by Arch Street, 18th Street,
12 Cuthbert Street and 19th Street by
13 amending Section 14-305 of the Zoning
14 Code, entitled "C-4" Commercial and "C-5"
15 Commercial District and by amending
16 Section 14-1611 of the Zoning Code,
17 entitled "Benjamin Franklin Parkway
18 Controls," under certain terms and
19 conditions.

20 COUNCIL PRESIDENT VERNA: The
21 Chair recognizes Councilman Clarke.

22 COUNCILMAN CLARKE: Thank you,
23 Madam President.

24 Good morning. Madam President,
25 thank you for giving me an opportunity to

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2 make a brief statement prior to us
3 proceeding on this particular
4 legislation.

5 Madam President, just to give
6 you a real quick history of this
7 particular issue, it actually relates to
8 an earlier version of an overlay that
9 actually started with the Parkway when
10 there was a proposal to build a
11 high-rise, I think, at 22nd and the
12 Parkway, Pennsylvania Avenue, and the
13 thought was at that time there were
14 significant developments -- and
15 unfortunately, it was in the time when
16 development in the City of Philadelphia
17 was quite hefty. As a result of that,
18 there was concern that a number of
19 significantly sized buildings were being
20 proposed for the Parkway in the area
21 adjacent to the Parkway. So as a result
22 of that, working with the community and
23 members of this Committee and members of
24 this Council, we put in place a zoning
25 overlay that essentially established a

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2 height overlay around the Parkway and
3 around those adjacent communities.

4 At the time, we had some voices
5 of concerns from developers and actually
6 from the Administration at the time,
7 because it was believed that that could
8 possibly stymie development
9 opportunities, but we made sure that
10 everyone knew that there was a temporary
11 measure, and essentially what we wanted
12 to do was to get a handle on the
13 development process, because things were
14 popping up in various proposals because
15 of the antiquated zoning mapping of those
16 particular areas.

17 The Logan Square Community
18 Association had actually concurrent to
19 that process started a planning
20 initiative, essentially working with the
21 Planning Commission to do a remapping of
22 the entire area south of the Parkway. I
23 understand that that particular process
24 is still taking place.

25 At the time when I talked to

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2 residents and developers and the
3 Administration, I made it clear this was
4 a temporary measure. It gave us an
5 opportunity to review various proposals
6 in a very detailed manner.

7 Today, we obviously have a
8 proposal, and I must admit, I did not
9 think it would be this significant a
10 proposal at the time when we implemented
11 the 125 height limit, but I made it clear
12 that we would be able to look at these in
13 a case-by-case basis as a result of the
14 height overlay.

15 I understand and understood
16 early on when this particular development
17 came to us actually early this year and
18 we shared it with the Administration and
19 introduced an ordinance in late spring,
20 hopefully giving people enough time to
21 review the process, review the proposal
22 and get some consensus on what ultimately
23 will be built.

24 I want to say publicly I
25 understand that those discussions are

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2 ongoing. There are a number of concerns
3 that still are outstanding as it relates
4 to some of the adjacent residents. As a
5 District Councilperson, I will deal with
6 that particular aspect of those concerns
7 by those residents primarily, and
8 hopefully have the support of this
9 Committee as we move ahead.

10 While I will be asking for
11 support for this particular bill in this
12 public hearing, I want to acknowledge
13 that there are still some outstanding
14 issues that we hope will be resolved at
15 the conclusion of this process as it
16 relates to both the final passage of the
17 bill and the Plan of Development as
18 established by the Planning Commission.

19 So I'm going to ask for the
20 support, but I do want to make sure that
21 people understand that there still needs
22 to be some work done as it relates to the
23 operations of the building and some of
24 the adjacent issues relating to the
25 immediately impacted residents in the

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2 perimeter of this particular development.

3 So with that, I'll finish up
4 that conclusion, and I'm sure we'll have
5 more to say during the course of the
6 proceedings.

7 COUNCIL PRESIDENT Verna: Thank
8 you very much.

9 COUNCILMAN CLARKE: You're
10 welcome.

11 COUNCIL PRESIDENT Verna: Our
12 first witness?

13 MR. McPHERSON: Alan
14 Greenberger, Philadelphia City Planning
15 Commission.

16 (Witness approached witness
17 table.)

18 COUNCIL PRESIDENT Verna: Good
19 morning. Kindly identify yourself for
20 the record and proceed your testimony.

21 MR. GREENBERGER: Good morning,
22 Council President Verna and members of
23 the Rules Committee. I'm Alan
24 Greenberger, the Executive Director of
25 the Philadelphia City Planning

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2 Commission. I'm here to testify on Bill
3 No. 080588, which was introduced in City
4 Council on June 19, 2008.

5 Let me give you a summary of
6 the provisions of this bill and then I'll
7 give you the Planning Commission's
8 analysis.

9 The purpose of this bill is to
10 permit a matter-of-right zoning for the
11 development known as the American
12 Commerce Center, located in the block
13 bounded by Arch Street, 18th Street,
14 Cuthbert Street and 19th Street. To
15 accomplish this, a number of changes in
16 both the Zoning Code and Zoning Maps are
17 required and are the subject of Bill
18 080588.

19 These changes include: The
20 area bounded by Arch Street, 19th Street,
21 Cuthbert Street and 18th Street will be
22 rezoned from a zoning designation
23 currently of "C-4" Commercial to a new
24 designation of "C-5" Commercial, which,
25 by the way, is our densest commercial

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2 development under the current Zoning
3 Code.

4 The height control of 125 feet,
5 established by a section of the Code
6 known as the "Benjamin Franklin Parkway
7 Controls" -- and Councilman Clarke was
8 just referring to that -- shall be lifted
9 for this site only.

10 This bill amends the "C-4" and
11 "C-5" Commercial Districts by increasing,
12 for this site only, the area permitted to
13 be occupied above 65 feet from a maximum
14 average lot coverage of 40 percent to a
15 new maximum of 48.5 percent for buildings
16 over 700 feet in height, which this one
17 is.

18 This bill includes the area on
19 the south side of Arch Street between
20 18th and 19th Street to the areas that
21 are permitted to receive incentive floor
22 area bonuses.

23 I apologize that this is where
24 we get into the more technical part of
25 the Zoning Code, but just bear with me.

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2 Additionally, it increases, for
3 this block only, the amount of incentive
4 gross floor area possible from 400
5 percent, four times the site area of the
6 lot, to 750 percent of the lot area by
7 establishing new, what are called,
8 exceptional public benefits, and they're
9 enumerated in the next paragraph.

10 This bill adds a number of
11 items to the list of exceptional public
12 benefits which would permit a development
13 to gain the incentive floor area that's
14 noted above, and these include the
15 following two that are in this proposal:
16 Construction of a new extension to the
17 Public Transit Concourse. This would
18 permit a developer to gain an incentive
19 gross floor area of 380 percent of the
20 lot area.

21 And, number two, sustainable
22 development features would also be added
23 to the list of exceptional public
24 benefits. This would enable a
25 development, if it incorporated all of

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2 the sustainable items on the list, to
3 receive an extra 200 percent FAR
4 incentive gross floor area. The features
5 which would be included are specifically
6 listed in the bill. Additionally, in
7 order to receive the bonuses, language
8 included in the Plan of Development, as
9 approved by the Planning Commission, must
10 indicate that the development will earn
11 at least a LEED Gold rating or
12 equivalent.

13 I can answer questions about
14 LEED if you need them at the end of the
15 testimony.

16 Bill No. 080588 requires that
17 the applicant have an approved Plan of
18 Development from the City Planning
19 Commission, as well as an Economic
20 Opportunity Plan in conformance with
21 Chapter 17-1600 of The Philadelphia Code.
22 The ordinance will not take effect until
23 this Plan of Development is approved by
24 the City Planning Commission. This
25 certification will go to the Department

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2 of Licenses and Inspections and the Chief
3 Clerk of City Council.

4 Finally, the provisions of this
5 ordinance shall lapse on January 1, 2011,
6 under certain terms and conditions. City
7 Planning Commission may grant an
8 extension of one year upon a
9 determination that the applicant is
10 making substantial progress toward
11 completion of the approved Plan of
12 Development.

13 That's what's in the bill. Now
14 let me talk about our recommendations.

15 The City Planning Commission
16 recommends changes to the Philadelphia
17 Zoning Maps and text changes to the "C-5"
18 Commercial District for this block in an
19 effort to permit the majority of the
20 density and mixed uses proposed for the
21 American Commerce Center. Contrary to
22 plans and zoning established over 20
23 years ago, we see clearly that the
24 established pattern of growth for dense,
25 downtown development as defined by "C-5"

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2 zoning is not following the West Market
3 Street and JFK Boulevard corridors, but
4 rather is following the connection to the
5 Public Transit Concourse that links
6 development with a single node that
7 includes regional rail, city subways and
8 subsurface lines; in other words, the
9 Suburban Station area. Development
10 patterns are also consistent with
11 establishing a presence at or near the
12 Benjamin Franklin Parkway. This can be
13 seen in projects such as the Comcast
14 Center, the Bell Atlantic Tower and One
15 and Two Logan Circle. In short, we
16 believe that our most dense Central
17 Business District now includes this site.

18 Having established that,
19 however, we also recognize that the next
20 block immediately to the west, the 1900
21 block of Arch Street, is the natural
22 transition zone between the density of
23 the Central Business District and the
24 Logan Square neighborhood, which west of
25 20th street is characterized by

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2 smaller-scale residential and commercial
3 structures. In order to protect this
4 area, we have stated that the "C-4"
5 zoning that currently exists on those
6 transitional blocks should be maintained
7 and further examined in detail with the
8 community. We have also suggested that
9 parts of the Logan Square neighborhood
10 may want to be organized as a
11 Neighborhood Conservation District to
12 afford greater protections, and that's
13 something that the Commission staff will
14 make itself available to do if that's of
15 interest to the community.

16 The City Planning Commission
17 does have concerns regarding the text
18 changes in the proposed bill regarding
19 new exceptional public benefits that are
20 offered as incentive gross floor area.

21 While recognizing a need to
22 update this section of the Zoning Code,
23 as evidenced by the fact that since its
24 adoption these provisions, the incentive
25 gross floor area based on exceptional

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2 bonuses, these provisions have not been
3 used in any development. The Planning
4 Commission believes that such updating of
5 the Code should be done comprehensively
6 rather than incrementally. We believe
7 that such changes to this section of the
8 Code should benefit many properties
9 located in the "C-4" and "C-5" Commercial
10 Districts, not just this development.

11 We do believe that the proposed
12 incentives are worthy of consideration
13 and represent true exceptional public
14 benefits. For example, we believe that
15 it is appropriate to provide an
16 additional bonus to a development that
17 would extend the City's underground
18 concourse, just as it may be beneficial
19 to provide an additional bonus for
20 creating a new transit stop along Market
21 Street. Similarly, we believe that the
22 achievement of exceptionally high LEED
23 sustainability ratings is in the interest
24 of the City.

25 It is for these reasons that

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2 the Planning Commission recommends that
3 the portion of the bill dealing with new
4 exceptional benefits be stricken and that
5 an alternative, more comprehensive
6 approach be undertaken by the Planning
7 Commission in coordination with
8 Councilmembers.

9 Therefore, at its meeting on
10 November 18, 2008, the Planning
11 Commission considered Bill 080588 and
12 recommended that the bill be approved,
13 with the striking of the provisions for
14 new exceptional public benefits. A copy
15 of the proposed amendments have been
16 discussed with Councilman Clarke, the
17 sponsor of this bill, and are attached to
18 this testimony for your consideration.

19 That is the conclusion of my
20 testimony. I'll be happy to take any
21 questions you may have.

22 COUNCIL PRESIDENT VERNA: Thank
23 you very much.

24 In your testimony you state
25 that the ordinance will lapse on January

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2 1, 2011 unless certain terms and
3 conditions are met. However, the bill
4 before us states it shall lapse in June
5 2010 unless these conditions are
6 satisfied. What is the correct date?

7 MR. GREENBERGER: As stated in
8 the bill, you are correct and I'm wrong
9 in my testimony. There's a suggestion to
10 extend that additional six months and I
11 was sort of recognizing it before the
12 bill had been changed. So I apologize
13 for that. The correct date in the bill
14 is the June date. We are suggesting that
15 the date be changed to January, simply
16 because these are tough times and people
17 need a little more time.

18 COUNCIL PRESIDENT VERNA: So
19 the bill would have to be amended; would
20 it not?

21 MR. GREENBERGER: The bill
22 would have to be amended.

23 COUNCIL PRESIDENT VERNA: Is
24 that in your amendments?

25 MR. GREENBERGER: Yes. That is

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2 a suggested amendment.

3 COUNCIL PRESIDENT VERNA:

4 Great.

5 MR. GREENBERGER: My apologies.

6 COUNCIL PRESIDENT VERNA: The
7 bill provides that the ordinances shall
8 not take effect until the Commission
9 certifies that it has approved a Plan of
10 Development for the parcel. Does City
11 Council need to approve that plan?

12 MR. GREENBERGER: Yes, I
13 believe so.

14 COUNCIL PRESIDENT VERNA: The
15 bill also provides that the ordinance
16 will sunset on June 16, 2010. Is that a
17 correct date?

18 MR. GREENBERGER: That's the
19 correct date as provided in the original
20 bill, and we're suggesting that date be
21 moved.

22 COUNCIL PRESIDENT VERNA: And
23 that is also in the amendment?

24 MR. GREENBERGER: That's also
25 in the recommendations, that's right.

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2 COUNCIL PRESIDENT VERNA: And
3 it does state also "this date may be
4 corrected," as it apparently is, "unless
5 a building permit has been issued and has
6 not expired due to failure to construct
7 or the Planning Commission grants an
8 extension of up to one year if it
9 determines that the applicant is making
10 substantial progress toward completion."

11 Can you tell us what would you
12 consider to be substantial progress?

13 MR. GREENBERGER: I think there
14 will probably be many indications of
15 that. The primary one is that they're
16 having success in finding tenants and
17 that they are having success in finding
18 financing; in other words, that the
19 project looks like it's for real and they
20 simply need more time to work through the
21 process to get it to that point. That
22 would probably be the major determinant.

23 COUNCIL PRESIDENT VERNA: Can
24 you tell us in your opinion what does the
25 term "failure to construct" mean?

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2 MR. GREENBERGER: Well, it

3 literally means failure to get the

4 financing, the tenancy and ultimately the

5 permits necessary to do the job.

6 Certainly our assumption is that once all

7 those three things are in line, they're

8 in construction and construction

9 sometimes runs on schedule and sometimes

10 runs behind, but we're not as concerned

11 about that as we are that the basic

12 underlying fundamentals of the job are

13 set up and permits have been achieved.

14 COUNCIL PRESIDENT Verna: Can

15 you tell us what the projected cost of

16 this project is?

17 MR. GREENBERGER: No, but if I

18 can turn to the developer, who is behind

19 me, he probably can.

20 I'm told it's 1.1 billion.

21 COUNCIL PRESIDENT Verna:

22 Billion like in B?

23 MR. GREENBERGER: Yeah, with a

24 B, right, not an M.

25 COUNCIL PRESIDENT Verna: Thank

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2 you.

3 Are there any questions from
4 members of the Committee?

5 The Chair recognizes Councilman
6 Clarke.

7 COUNCILMAN CLARKE: Thank you,
8 Madam President.

9 Mr. Greenberger, I just wanted
10 to clarify the question with respect to
11 the Council approval of the Plan of
12 Development. That's not my
13 understanding.

14 MR. GREENBERGER: Well --

15 COUNCILMAN CLARKE: Unless you
16 want that to happen. I mean, I'm sure
17 we'll be happy to do that.

18 MR. GREENBERGER: That's fine
19 with me. We have set this up with Plan
20 of Developments in other projects,
21 Stamper's Square. The ordinance that
22 deals with the proposed casino also has
23 that in it. It does require Council
24 approval. We're quite happy to have that
25 happen. We have no objections to it

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2 whatsoever.

3 If the bill doesn't do that,
4 that's really -- as far as I'm concerned,
5 that's your call to either make it happen
6 or not. But we certainly are happy to
7 have that happen.

8 COUNCILMAN CLARKE: Okay.

9 MR. GREENBERGER: And I think
10 given that this is --

11 COUNCILMAN CLARKE: Well, I
12 guess the question is, the Planning
13 Commission is obviously independent of
14 the City Council of Philadelphia, so if
15 the Planning Commission approves a Plan
16 of Development, from my perspective,
17 they've done their job and they don't,
18 frankly speaking, need the approval of
19 City Council for the Plan of Development.

20 MR. GREENBERGER: If you're
21 happy with that --

22 COUNCILMAN CLARKE: So that
23 would have to be something that the
24 Planning Commission would request in
25 their process, that this Plan of

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2 Development will be effective upon the
3 approval of Council.

4 MR. GREENBERGER: I think
5 that's fine. I think that's entirely
6 your call, and we're happy with it either
7 way.

8 COUNCILMAN CLARKE: We were
9 actually working on an amendment that
10 would kind of go a different direction
11 but have the ultimate --

12 MR. GREENBERGER: I didn't have
13 my legalistics right then. I'm sorry.

14 COUNCILMAN CLARKE: That's
15 okay. We'll talk about that.

16 MR. GREENBERGER: Yeah.
17 Because it's going to come up again and
18 again. I think in the interim period
19 during which the Zoning Code is being
20 rewritten, it's likely that other
21 proposals will come up that will want to
22 come this route with a Plan of
23 Development. So we actually should have
24 a conversation about that and sort of
25 decide whether there are circumstances

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2 where we do want it, where we don't want
3 it or whether we just want to create a
4 blanket policy about that. I'll be happy
5 to talk to you about that.

6 COUNCILMAN CLARKE: Okay.

7 Good. I'm glad to hear that.

8 Thank you, Madam President.

9 COUNCIL PRESIDENT VERNA: Thank
10 you.

11 Any other questions?

12 The Chair recognizes
13 Councilwoman Miller.

14 COUNCILWOMAN MILLER: Yes.

15 Thank you, Madam Chair.

16 I represent a district where we
17 don't build buildings like this.

18 MR. GREENBERGER: I'm in that
19 district. I live in that district.

20 COUNCILWOMAN MILLER: So this
21 is a learning process for me sometimes.

22 But anyway, can you explain
23 what is the incentive gross floor area?
24 What exactly does that mean and what does
25 it do?

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2 MR. GREENBERGER: There's a lot
3 of words flying around, and the confusion
4 is quite understandable.

5 In our Code right now, in the
6 Center City -- what is generally the
7 Center City portion, the two densest
8 parts of the Code, "C-4" and "C-5," we
9 offer -- our Code offers bonuses to get
10 certain public amenities and then in
11 return gives more density. The first set
12 of bonuses are based on -- and that would
13 apply in this project as well and has
14 applied in many projects throughout the
15 City -- are generally offering of public
16 space.

17 So to use an example, the
18 Comcast Center has a very public lobby.
19 It has a public plaza, and if it -- and
20 it did -- if it achieves a certain
21 percentage of the lot in offering that
22 public space, it gets a bonus of eight
23 times, or 800 percent, of the lot area.
24 That's available to every project in
25 "C-4" and "C-5."

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2 Then on a much narrower group
3 of projects that had historically been
4 defined as Market Street, JFK and I
5 believe parts of Broad Street, we offered
6 additional incentives for special public
7 benefits, and they include things like
8 underground parking, connection to
9 concourse. There's a third one. Public
10 restrooms. And they offer a certain
11 increment on top of the bonuses that are
12 available to every project in "C-4" and
13 "C-5."

14 That's what's being discussed
15 here. They're already achieving the
16 first set of bonuses through the
17 provision of public space.

18 The second set, they're
19 suggesting ideas that are other
20 exceptional public benefits that might be
21 more consistent with the character of the
22 times having to do with sustainability.
23 In this case, having to do not simply
24 with connecting to the concourse, but
25 actually building a pretty extensive

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2 network of additional concourse. And we
3 think all good things to think about.

4 Those extra special incentive
5 bonuses have never been used in this
6 city, and we need to look at it more
7 comprehensively and decide whether
8 they're not being used because they're
9 unrealistic or they're not relevant, the
10 people are able to achieve what they want
11 to achieve without them. It's probably a
12 combination of factors, and I think it's
13 in the City's interest to look at the
14 thing comprehensively, consider new
15 possible public benefits that might be
16 included and see if there's a way to make
17 that section of the Code more workable.

18 COUNCILWOMAN MILLER: So the
19 use of a bonus is an actual -- it's not a
20 tax incentive?

21 MR. GREENBERGER: No.

22 COUNCILWOMAN MILLER: It's
23 just --

24 MR. GREENBERGER: It's the
25 opportunity to build more of the kinds of

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2 spaces that generate the revenues in a
3 project to help underwrite the cost of
4 the exceptional public benefit, which may
5 or may not have a direct relationship to
6 revenue. So, for instance, building
7 underground parking is a great example,
8 because we don't get it that often in the
9 City. Underground parking is very
10 expensive. It costs, by last reading of
11 it, probably \$20,000 more per parking
12 space to build underground. So there's
13 not a lot of incentive to do it if the
14 land values are not sufficiently high, as
15 they have historically not been high
16 enough in Philadelphia. Other cities,
17 Washington is a great example, which land
18 values are spectacularly high in
19 downtown. Everybody builds underground
20 parking, because there's a limit to how
21 much you can build above ground and it's
22 silly to build parking above ground. So
23 they just do it.

24 In Philadelphia, we need to
25 incentivize that. It's very expensive.

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2 Either building more office, more
3 commercial, retail, more residential.
4 Whatever drives the revenue base of the
5 project, basically we're offering the
6 developers those opportunities to get
7 that revenue, and in exchange, this is
8 how these benefits are paid for.

9 COUNCILWOMAN MILLER: Okay.
10 All right. Thank you.

11 MR. GREENBERGER: Does that
12 help?

13 COUNCILWOMAN MILLER: Thank
14 you, Madam President.

15 COUNCIL PRESIDENT VERNA: Are
16 there any other questions from members of
17 the Committee?

18 The Chair recognizes Councilman
19 Clarke.

20 COUNCILMAN CLARKE: Thank you,
21 Madam President.

22 Mr. Greenberger, I had one
23 other question. You touched on it
24 briefly in your statement. As I
25 mentioned earlier, there's been

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2 significant work done by the Logan Square
3 community in actually working with the
4 Planning Commission, and I understand the
5 plan is probably coming down the pike
6 towards the finish line.

7 MR. GREENBERGER: Pretty much.

8 COUNCILMAN CLARKE: I just
9 wanted to get some clarity. I heard you
10 reference the possibility of having a
11 conservation district established. Would
12 that be in lieu of supporting the Logan
13 Square plan or would that be in addition
14 to supporting the Logan Square plan?
15 Because I think that there -- and I've
16 heard it from a couple of sources --
17 there were some concerns that the
18 Planning Commission didn't necessarily
19 agree with the entire version of the
20 Logan Square community plan. Can you
21 kind of tell me about that, where we're
22 going on that?

23 MR. GREENBERGER: Sure.

24 COUNCILMAN CLARKE: And the
25 reason I ask that, related to this

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2 particular development, but obviously
3 there are other development sites within
4 the perimeter and further out going
5 towards the western end, and I know that
6 the Logan Square community wanted to have
7 some sense of a buffer, so to speak, as
8 you move towards the river. Can you kind
9 of give me a sense of where you guys are
10 with that?

11 MR. GREENBERGER: Sure. Thank
12 you for asking. I'm glad you did.

13 Our community planners have
14 been working with the Logan Square
15 neighborhood since the inception of that
16 plan, and there's a lot of agreement on
17 the fundamental principles as developed
18 by the community and with our
19 concurrence. There are some diversions,
20 however, and they involve some sites
21 within the Logan Square neighborhood. My
22 understanding is, they involve some of
23 the sites on Arch Street further west of
24 this site, as well as, I think, some
25 sites north of Vine where the community

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2 plan is looking to down zone some of the
3 sites by removing some of the bonuses
4 that might be available.

5 We're not persuaded yet that
6 that's a good idea. We think that
7 probably the options ought to be kept
8 open based on the zoning that's there
9 now. So there is some diversions of a
10 point of view.

11 My last understanding of what
12 they're about to publish is that they'll
13 just acknowledge those, or at least my
14 suggestion has been acknowledge that
15 there are differences and get on with the
16 vast majority of things that are in
17 agreement.

18 One of those sites, I think, is
19 the 1900 block of Arch Street, which is
20 currently zoned "C-4" and has the first
21 round of bonuses available to it, which
22 could increase its floor area ratio from
23 five to 13. That can be a substantial
24 development depending on the way it's
25 done.

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2 Where I think we totally agree
3 with the community is that we believe
4 that that block, to use it as an example,
5 that block is the right transitional
6 block. We do not envision a moment when
7 we would be interested in more dense
8 development on that block, because we
9 think it has to start transitioning in
10 size and density back towards 20th Street
11 and eventually to this much smaller-scale
12 neighborhood. We'd like to keep our
13 options open on how to do that and would
14 wait some proposals from developers.
15 Right now that particular block is not
16 controlled by one developer and probably
17 doesn't have much promise of being
18 controlled by one developer in the
19 foreseeable future. So there are limits
20 to what can be proposed in any case.

21 If that developer who does, I
22 think, control the property from the
23 corner of 19th and, I think, in maybe
24 half of the block or something like that,
25 he doesn't have a proposal, that's a

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2 serious one on the table at the moment.
3 He has some ideas, but it's not at kind
4 of market where that kind of stuff can be
5 taken too seriously. If he comes with a
6 serious proposal, we want to take it
7 seriously. We want to work with the
8 community and show it to them and talk
9 about it, but I think we would just like
10 to sort of keep options open.

11 COUNCILMAN CLARKE: And all of
12 the aforementioned sites both on Arch and
13 in Vine are currently under -- they're
14 within the 125 height limit?

15 MR. GREENBERGER: Yes, and they
16 all live within the 125 height limit. So
17 because of that, unless the proposal is
18 under 125 feet, they're going to have to
19 come before something. They're going to
20 have to either come before Council or ZBA
21 or something. So they'll be subjected to
22 the discussion that they need to be.
23 Meanwhile, I think over the next period
24 of time, I would like to see the Planning
25 Commission sort of look at this with the

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2 community in more detail, but I would
3 like them to sort of wrap up the plan and
4 publish it and sort of get on to the next
5 phase of the discussions.

6 COUNCILMAN CLARKE: Okay.

7 Thank you.

8 MR. GREENBERGER: Does that
9 answer the question?

10 COUNCILMAN CLARKE: Yes. Thank
11 you.

12 COUNCIL PRESIDENT VERNA: Thank
13 you.

14 Are there any further questions
15 from members of the Committee?

16 (No response.)

17 COUNCIL PRESIDENT VERNA: Thank
18 you very much.

19 MR. GREENBERGER: Thank you,
20 Council President. Pleasure.

21 COUNCIL PRESIDENT VERNA: Our
22 next witness?

23 MR. McPHERSON: Is Peter
24 Kelsen, Gene Kohn and Steve Mullin.

25 (Witnesses approached witness

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2 table.)

3 MR. KELSEN: Good morning,
4 Council President, members of the Rules
5 Committee.

6 COUNCIL PRESIDENT VERNA: Good
7 morning.

8 MR. KELSEN: Peter Kelsen.

9 We thank you for your time and
10 consideration.

11 I wanted to make a brief
12 introduction and then allow the Committee
13 and the public the benefit of a
14 presentation by our architectural firm,
15 Kohn Pedersen Fox -- with me is Gene
16 Kohn -- to illustrate the proposal that
17 is before you in terms of its
18 architecture and public benefits.

19 I will state to the members of
20 the Committee that the plan is historic.
21 It is iconic, and we're extremely proud
22 to bring it to the City of Philadelphia.

23 What I mean by that is that
24 this is a Plan of Development that is
25 unique in the sense that it includes

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2 public amenities that you've heard about
3 a few moments ago from Mr. Greenberger,
4 and it also includes architecture and
5 uses that are intended to enliven this
6 area, solidify the area and also to
7 perhaps set a bar for which future
8 development can begin to match.

9 And what I mean by that is
10 simple. The plan includes a tremendous
11 number of public benefits that, if
12 constructed, will allow for tremendous
13 use by the public and benefit to the
14 public. And let me give you a brief
15 illustration of what they are, and you
16 will see it in more detail when we make
17 our presentation of the architecture.

18 This plan includes over 300,000
19 square feet of active commercial space,
20 not only at grade, but below grade and up
21 five levels above grade. And that space
22 is intended to create activity along the
23 streets during the times when these
24 streets may not be occupied because the
25 office occupancies are dropping.

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2 We are establishing, as
3 Mr. Greenberger said, not only a
4 concourse connection like other buildings
5 have done, we are not located on the
6 concourse and, therefore, we are
7 extending the concourse over two blocks
8 to connect it to the Suburban Station.
9 We are beginning the concourse at 19th
10 Street and Arch and having it run all the
11 way through to the connection, as I said,
12 at Suburban. Extensive amount of
13 infrastructure.

14 But it won't just be a tunnel.
15 It will be a concourse that would be
16 lined with retail uses to encourage
17 people to use that, and it is going to --
18 it's intended to encourage not only the
19 users of our building, but rather the
20 surrounding area to make their way into
21 that concourse and enhance their ability
22 to use the public transit system.

23 Thirty percent of our lot, 30
24 percent, will be devoted to open space or
25 public space, and that's the requirement

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2 that's in the current Zoning Code and
3 that's one of the reasons we get some of
4 the bonuses we do.

5 But that space, as you'll see
6 in a few moments, includes public plazas,
7 public lobbies and amenities so that the
8 public will be encouraged to come into
9 the building and use that building.

10 We are creating upper floor
11 public spaces for which we've taken no
12 bonus and provided that public amenity.
13 These spaces will be used as civic space,
14 green space, public museum space, all
15 located above grade and connected
16 directly to the street level and the
17 concourse, encouraging people to use the
18 building and to occupy it for civic
19 purposes.

20 We're providing public
21 restrooms in the concourse, enclosed
22 off-street loading. All loading will be
23 centralized within the building and will
24 be sealed off from the street way so it
25 doesn't negatively interfere with the

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2 community or immediate residents. The
3 loading will be accommodated through a
4 service street, which is Cuthbert Street,
5 and we have worked with our traffic
6 engineers, City Planning and Streets
7 Department to make sure that those
8 loading operations are seamless.

9 All the parking is below grade.
10 There will be no visible parking on site.
11 And that parking will be centralized in
12 three levels located directly below the
13 building and accessed off of 19th Street.

14 And, finally, and perhaps most
15 importantly, we are proposing that this
16 building be developed consistent with a
17 LEED environmental certification of Gold.
18 And I believe it's fair to say that this
19 would be the only major office building,
20 mixed-use development, in the City of
21 Philadelphia that has achieved or will
22 achieve a LEED Gold rating. We make that
23 commitment, and that commitment would be
24 established not only in the legislative
25 process, but as part of the plan of

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2 design that goes before City Council.

3 And we have a LEED consultant here who
4 will brief the Council if there are any
5 questions about what that means. We
6 think it's extremely meaningful, because,
7 again, it sets the bar to one of the
8 highest levels of LEED and environmental
9 sustainability that you can achieve in
10 this environment.

11 Members of Council, I will ask
12 Steve Mullin to go into detail about the
13 economic benefits. We provided you with
14 a copy of the Econsult report.

15 Let me just give you some
16 numbers, if I can.

17 This project will generate tax
18 revenues during construction of
19 minimum -- and we're using conservative
20 figures -- of \$15 million to the City of
21 Philadelphia. The project will take
22 about three years to construct. We'll
23 employ literally thousands of
24 construction and permanent jobs over the
25 course of its use, and those \$15 million

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2 of revenue, as I said, are directly going
3 into the City of Philadelphia's coffers.

4 After construction, the project
5 is anticipated conservatively to generate
6 over \$9 million annually in City of
7 Philadelphia taxes. The project will
8 generate literally hundreds of millions
9 of dollars of direct and indirect revenue
10 to the City of Philadelphia over the
11 course of its life.

12 Those numbers clearly in
13 today's environment are meaningful and
14 they're essential, and they go a long way
15 to funding necessary community projects
16 such as libraries, firehouses and
17 recreation centers. And it is in an
18 environment like this that you don't
19 really have the opportunity as a city,
20 whether a national city or a local
21 municipality like Philadelphia, to be
22 able to bring to you a \$1.1 billion
23 opportunity to change the skyline and to
24 change the nature and texture of
25 Philadelphia.

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2 Members of Council, I will also
3 indicate that the process that we are
4 bringing to you today or the plan that
5 we're bringing you today reflects a
6 tremendous amount of input from City
7 Planning Commission, from the community,
8 from the Streets Department, from
9 Councilman Clarke. We are committed, as
10 the Councilman said, to continuing to
11 work with immediate residents to allay
12 issues of concern. We've made meaningful
13 progress, and we hope that progress will
14 result in an agreement that we would
15 submit as part of the Plan of
16 Development.

17 We are committed to good
18 community outreach. We began the process
19 in March with community meetings, and as
20 I said, we'll continue that.

21 I also want to point out that
22 the legislation, as well as the amendment
23 that is before you, includes an Equal
24 Opportunity Plan as a requirement. This
25 is a voluntary plan. It is part of the

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2 legislation. It will be a condition of
3 the Plan of Development. And I'm pleased
4 to say that the plan is already in a
5 substantial draft stage and will include
6 ratios for construction and post
7 construction participation, and we're
8 proud to do that and we're delighted to
9 be able to bring that back to you and
10 Councilman Clarke and the City of
11 Philadelphia when it is complete.

12 With that, members of Council,
13 if I could, I would like to introduce
14 Gene Kohn, principal of the architectural
15 firm Kohn Pedersen Fox, to show you what
16 we've proposed to do.

17 MR. KOHN: Thank you, Peter.

18 Madam President and members of
19 the Rules Committee of the City Council
20 of Philadelphia, it's a pleasure to be
21 here. It's a pleasure because I'm very
22 excited today about discussing a project
23 that I think will have enormous impact in
24 a very positive way of not only the
25 skyline, but the quality of life in

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2 Philadelphia, particularly at the street.

3 Now, I was born and raised in
4 Philadelphia, although my office is now
5 in New York. I went to Central High, the
6 University of Pennsylvania, and over a
7 number of years as an architect, have had
8 the pleasure of working in Philadelphia
9 on the -- by the way, I will take a
10 second. Can everybody see that screen?
11 Because, unfortunately, it may be
12 difficult for you, but if you can't,
13 we'll move it further out.

14 But those projects are ones
15 that we have done and several others in
16 Philly, including Children's Hospital,
17 One Logan Square, Two Logan Square, the
18 Mellon Tower, a big building at Wharton,
19 building at 17th and JFK and the
20 Philadelphia Airport, the International
21 Terminal most recently.

22 So I enjoy working in
23 Philadelphia, but I must say, the
24 opportunity to do the American Commerce
25 Center is one that I'm most excited

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2 about.

3 Now, we're in a fabulous
4 building, the City Hall. It was designed
5 in 1871 and started construction then.
6 It was finished in 1901. It was a truly
7 bold move, because this was the tallest
8 building in the world, and today is still
9 the tallest masonry-bearing building in
10 the world. So it is a distinguished
11 building and we're in a very great space.
12 But Philadelphia was bold when they built
13 this building, and when you realize the
14 context around it was rather small and
15 low, low-scale buildings, but when it was
16 built, other buildings started to follow.
17 The hotel that just disappeared was built
18 in 1904 right there next to City Hall,
19 and many other great buildings started to
20 get built of a different scale.

21 Cities change. This city was
22 designed by William Penn. It didn't
23 remain the way William Penn designed it,
24 because we all wouldn't be here today if
25 it did. Over years, cities grow and

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2 change, and Philadelphia was very bold.

3 There are two aspects of the
4 slide on the screen now. One is the
5 Benjamin Franklin Parkway back in about
6 1945 in that film and the Great Chinese
7 Wall that separated the City, bifurcated
8 it from north to south. The City was
9 bold enough to do both of these things.

10 When the proposal for the
11 Parkway was made, many people objected
12 because their houses were in the way or
13 their buildings, and obviously they would
14 be concerned. But just imagine if
15 Philadelphia had not built the Benjamin
16 Franklin Parkway. Think that it's not
17 there. Philadelphia would lose one of
18 the great qualities. The Champs-Elysees
19 of America is that boulevard, and the
20 great cultural institutions of this city
21 are along that. So a major step.

22 The Great Chinese Wall, the
23 railroad coming into the center of the
24 City from 30th Street, in 1950 was taken
25 down. It was a very bold move, and

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2 people near it had to suffer through that
3 demolition and construction, but out of
4 it with Mayor Clark and I think at the
5 time Bon Mulky (ph) and Ed Bacon and City
6 Planning, they created the new Penn
7 Center. And that Penn Center stood as a
8 major development for many years, until
9 about the 1980s, '86 to be exact, when
10 City Planning lifted the height limit and
11 allowed Philadelphia to breathe, to get
12 greater density and to change the skyline
13 from a tabletop to the skyline that now
14 makes it one of the more exciting cities
15 in America. And that skyline has been
16 changing over years and most recently
17 with Comcast reaching 950 feet. It's
18 amazing cityscape now, working in great
19 conjunction with its context and with
20 City Hall, if you see the difference now
21 between those two.

22 This chart very quickly shows
23 the change in the City in terms of
24 buildings getting taller. But
25 Philadelphia is no different than New

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2 York, Chicago, Hong Kong, Shanghai. As
3 cities grow and add population and become
4 more dense, they get taller, because the
5 worst thing for cities is to spread and
6 to use up all the green space. So this
7 is the right way to design a city, is to
8 go taller and more dense and tie it to
9 transportation.

10 Our site happens to be at 18th
11 and Arch in a marvelous location. It is
12 the true new center of the City of
13 Philadelphia, the urban core, the office
14 core.

15 And you can see it in plan, the
16 great squares that William Penn laid out
17 in 1683. He was a genius and did a great
18 job, and that made the City very special
19 as it stretched from the Schuylkill and
20 Delaware. But our site, if you can see
21 it, is in red and it's in the area of the
22 most dense tall buildings now being built
23 and the area that's most served by mass
24 transit. Rather key.

25 And that is shown here. I

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2 apologize, but in your book, you have
3 this. But Philadelphia is blessed with a
4 wonderful below-grade concourse that ties
5 many of the transportation routes
6 together, going under Walnut, under
7 Market, under Broad Street, et cetera.
8 And our site will be extended and
9 attached to that, as Peter said, through
10 a beautiful concourse with retail and, et
11 cetera, that will make it very enjoyable
12 to go from Suburban Station to our site
13 underground in this wonderful new link.

14 But what's important, most
15 important, is that many people now at
16 Comcast arrive by mass transit, and many
17 on this building, we're proposing, the
18 American Commerce Center, will as well.

19 The future of cities is in mass
20 transit. It is not in more cars. We
21 have got to stop with the cars and use
22 transit, use bikes, use walking for
23 energy conservation and to keep the
24 cities really livable. So this building
25 does that and does it well, much as

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2 buildings in Hong Kong and Shanghai and
3 others are doing and obviously New York,
4 which is tied to mass transit in a very
5 strong way.

6 If you look at the slide, the
7 skyline -- again, this is in your book --
8 it shows the change in growth of
9 Philadelphia over many years, and the
10 most recent, up until the Comcast, was in
11 the late '80s. But '86 that height limit
12 had changed, and you see Mellon, which we
13 designed, and many other wonderful
14 buildings on that skyline, and now
15 Comcast, which has taken its spot.

16 But most every one of those
17 buildings is single-use building, either
18 office or residential or it's a hotel.
19 What makes the building we're talking
20 about special, it's mixed use. And as it
21 takes its place on the skyline, it
22 indicates that it's a very special place
23 in Philadelphia where not only office and
24 hotel, but entertainment, retail, food,
25 restaurants all will work together to

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2 enliven the streets.

3 People have talked about open
4 space, and we'll get to that in a moment,
5 but open space only succeeds when it's
6 next to uses that generate people. If
7 you look at Rockefeller Center in New
8 York, it's tiny. It's minuscule. Yet,
9 it's the most powerful space because of
10 what takes place in it and around it.

11 There are a lot of places in
12 Philadelphia -- and I won't mention the
13 buildings, but many people have -- that
14 are just surrounded by streets with no
15 activity and the buildings just have a
16 lobby. To make public space work, you
17 need activity, and that's what we're
18 trying to generate in this building.

19 The building is really two
20 buildings. They're joined. One is a
21 hotel, one is an office tower, and
22 they're joined by a great bridge and
23 gardens at an upper level and joined at
24 the base through its podium of retail,
25 restaurants, movies with food service,

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2 gymnasium, spa and below grade a food
3 market.

4 And what's important here --

5 and I'm very sensitive, you know.

6 Anybody -- the people in the Sterling
7 obviously are going to be concerned,
8 because their view of the parking lot and
9 beyond to the north is going to be
10 changed, and one understands that. But
11 in any city, wherever you live -- in New
12 York I live in, the next day a building
13 can be built across the street from me,
14 and that's part of being in a city, but
15 if the building contributes to the
16 environment, that's very positive, and
17 this will.

18 But we did something quite
19 special. You'll notice that those two
20 buildings are separated by a big space
21 that's like a great window and that
22 people will be able to see into that
23 space and through that space or by the
24 hotel. So it's not a big block. If we
25 built a building 300 feet high, the full

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2 length, just as the Sterling is designed,
3 we'd block every window, change their
4 view and we wouldn't have to be very
5 tall. What we're trying to do is to
6 provide wonderful activity, open up the
7 view and give great sense of light and
8 air.

9 Now, this building is to the
10 north of the Sterling. It does not throw
11 any shadows on the Sterling, because
12 there's no sun in the north, and the open
13 space allows air and light to come
14 through as well.

15 This building, we think, will
16 be exciting in day and night, but I'm
17 going to go on and show you. Day and
18 night it will be a very exciting place.
19 And the night is important. If you walk
20 by 18th and Arch today, it's a parking
21 lot. It is dead at night, that whole
22 block from 18th to 19th. That area is
23 quite quiet. With this project, we're
24 going to enliven the streets with retail
25 and restaurants. It will be lit. It

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2 will be safe. There'll be taxis 24 hours
3 a day serving the hotel, and the hotel is
4 open 24 hours, so there's always
5 concierge service. It's an asset to the
6 neighborhood.

7 I can't read those points from
8 here, but basically it's in your book.
9 We are dealing with -- the retail is
10 rather key at the grade. I think each
11 one of these will tell.

12 First of all, open space.
13 We're designing the open space to relate
14 in scale. This is along 18th. The
15 Sterling is to the far left. Our
16 project, with its great windows, its
17 openings there, you see the open space at
18 grade relates to the scale of the church.
19 We've set it back so it doesn't overpower
20 the church, and there's a transition of
21 spaces that are green all the way through
22 the building, from grade to the third to
23 the sixth level that you see in there.

24 At night it will be alighted
25 and exciting because the hotel lobby, the

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2 restaurants and other spaces of retail
3 will be active. But not late. Normal
4 retail hours.

5 There's the grade view of the
6 plaza, the entry plaza to this project,
7 and you can see, you see the sky as you
8 see this building, because you look
9 through that big opening, and at that
10 upper level, which is the sixth level, is
11 a 19,000 square foot garden like the MOMA
12 garden, the Museum of Modern Art in New
13 York.

14 And there you see the two great
15 windows that I described, the hotel
16 separated from the office. This is very
17 important. It's not just one monolithic
18 block. It is open to allow light and air
19 and view.

20 And key to this is the retail
21 that will take place along Arch. If you
22 walk along there now is the parking lot.
23 Tomorrow you will have restaurants, food
24 market, retail shops, movie theatres and
25 all of the other amenities and health

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2 club that I've described. The movie
3 theatres, by the way, are sit-down where
4 you can have dinner, watch a movie in
5 very elegant small theatres, and there
6 are a series of them.

7 We're going to improve the
8 quality of life here dramatically.

9 You're looking up 18th now, and
10 you can see the Sterling and you see that
11 most of that whole chunk of Sterling sees
12 by our building. So its view is not
13 interrupted as it looks down 18th.

14 There's looking down Arch and
15 as the sun is setting in the west, with
16 its retail and et cetera.

17 This is a difficult drawing to
18 explain, so I'm not going to take time,
19 but what it's trying to show are all the
20 public spaces, those we are counting for
21 our area of 30 percent and the rest,
22 which is basically available space to the
23 public that's not being counted to earn
24 FAR.

25 One of the great enclosed

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2 spaces to celebrate the Philadelphia
3 Phillies' victory -- I was at the last
4 World Series when they won and it's great
5 to see them win this year. Big fan.
6 This is great public space that takes
7 place at the base of the tower and joins
8 with the concourse below. So you come to
9 that concourse and up those stairs. And
10 you'll see that again in a moment.

11 The concourse that we are
12 extending is critical, and it goes from
13 Comcast across 18th underground around
14 our site. You can enter from the
15 concourse into the building at three
16 different locations. Also we'll see
17 later that public toilets are provided at
18 that lower level.

19 What makes this important is
20 that the restaurants and the retail of
21 Comcast will be energized even more by
22 the traffic that will come to our
23 building -- or from our building when
24 they return to the station.

25 This is the kind of environment

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2 you walk in. There will be restaurants
3 and retail, good lighting, art, all
4 making this very activated and exciting
5 as one goes through this concourse. Very
6 important that we're using mass transit.

7 The green represents public
8 either open or enclosed space that meets
9 the 30 percent requirement of the area of
10 the site. And part of it is open on
11 18th. The rest is enclosed.

12 Again, that same view from
13 18th.

14 When I talked about public
15 space, this is activated public space
16 because of the activities around it to
17 interact with the public.

18 And this is a view from along
19 Arch from 19th looking down to the east.
20 You know, this site sits on the site of
21 two great institutions, the Constitution
22 Building and the Convention Center. So
23 the hotel and all these functions will be
24 helpful to attracting conventions to
25 Philadelphia.

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2 It's a section that that shows
3 very quickly the parking below grade and
4 the concourse tying one level below, and
5 then it shows the various uses of retail.
6 And then above, it's hard to see, so it's
7 in your book, but you'll see the open
8 space and terraces. The theatres are at
9 that upper level that we described, and
10 above that is the wonderful garden that
11 we're going to see in just a moment.

12 Okay. I think this space, I
13 can promise you, will be one of the great
14 spaces in the world. This is 19,000
15 square feet at the sixth level of the
16 project. It is where people will gather
17 to view art, to have possibly cocktails
18 or drinks, to have a lunch. And it, by
19 the way, is seen -- if you look through
20 there, you can see the Sterling. The
21 Sterling will look out onto that
22 wonderful space between the two
23 buildings.

24 Look at this. This is the way
25 it will feel. If you've been to MOMA,

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2 the Museum of Modern Art in New York,
3 this is their garden with reflecting
4 pool, sculpture, landscape. It is
5 crowded like this every day, and it is a
6 wonderful space. We actually developed
7 this ourselves. But it's a great space,
8 and we know it will work beautifully in
9 Philadelphia.

10 And then there are going to be
11 opportunities for weddings, for other
12 events of family, just enjoying the open
13 space at these garden levels.

14 The concourse provides, when we
15 come into our building, public toilets,
16 which we think are very important in this
17 area.

18 And then we have the enclosed
19 service that Peter mentioned. We have
20 six loading docks. We could take the
21 18-wheelers. And we know it works.
22 We've tested the street for the trucks.
23 And there you can see it.

24 LEED was referred to. We won't
25 go through this, but we have a whole menu

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2 of things that we can do, but let me say
3 that one of the most important things in
4 achieving LEED Gold is the connection to
5 mass transit.

6 And we will not go into the
7 detail, but exterior wall will be of high
8 quality, high performance.

9 Green spaces, gathering of
10 water for conservation and the use of
11 bikes that we believe is important.
12 Finally, the connection to SEPTA and
13 other forms of transportation.

14 So just in summary, this
15 building is going to contribute greatly
16 to the City of Philadelphia, both in the
17 quality of life and economically, and we
18 believe in attracting major tenants to
19 the City. Day or night it will be an
20 important skyline, important image to the
21 City.

22 Thank you.

23 MR. KELSEN: If the Committee
24 has any questions of Mr. Kohn, we'd be
25 happy to answer them.

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2 COUNCIL PRESIDENT VERNA: Thank
3 you.

4 Any questions from members of
5 the Committee?

6 The Chair recognizes Councilman
7 Kenney.

8 COUNCILMAN KENNEY: Thank you,
9 Madam President.

10 Mr. Kelsen or maybe Mr. Mullin
11 could answer this question. I recognize
12 this is a significant investment in
13 construction and employment and
14 potential. Could you talk a little bit
15 about how more significant it is in this
16 environment.

17 MR. KELSEN: Absolutely.

18 COUNCILMAN KENNEY: Because I'm
19 just wondering, this is kind of a very
20 interesting and exciting project in this
21 economy and I'm wondering how much more
22 significant it is as a result of what's
23 going on in the world.

24 MR. KELSEN: Absolutely. Let
25 me introduce Steve Mullin, and I'm going

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2 to ask Steve to go through that analysis,
3 Councilman.

4 I will say one thing. It's a
5 very exciting project, and we're
6 committed to doing it even in these very
7 exciting -- I'm not sure pleasant, but
8 very exciting -- times.

9 Go ahead, Steve.

10 MR. MULLIN: Yes. Good
11 morning. My name is Steve Mullin. I'm a
12 principal with Econsult Corporation.

13 And to address your question,
14 Councilman Kenney, first, we think the
15 timing of this is the most important with
16 regard to the current economy. There is
17 a development time associated with this
18 that will essentially allow Philadelphia
19 for something that hasn't had an
20 opportunity to do before with downturns
21 and upturns, and, that is, to start early
22 on the upturn, on the next business cycle
23 upturn, and accommodate growth and there
24 as opposed to being -- Philadelphia has
25 had a tradition of sort of going down --

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2 and not unique to Philadelphia, but older
3 American cities -- go down first and
4 recover later, and this gives an
5 opportunity to do exactly the opposite,
6 combined with the advantages and
7 efficiencies and attractiveness of Center
8 City that's been the result of City
9 policies and the recent, say, the last
10 ten years plus of economic growth and
11 policies for the City.

12 So on that, I'll come back to
13 that in a couple of minutes, if I may go
14 ahead and --

15 MR. KELSEN: Yes. I think if
16 the Committee would like, we could go
17 right into Mr. Mullin's testimony.

18 COUNCIL PRESIDENT VERNA: That
19 will be fine.

20 I'm sorry. The Chair --

21 COUNCILMAN GREENLEE: Thank
22 you, Madam President.

23 Just a question on something
24 you said, Mr. Kelsen, not to interrupt
25 Mr. Mullin there, but you had referenced

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2 over these last few months conversations
3 with the community and I'm sure
4 Councilman Clarke. Could you just
5 briefly kind of highlight what changes
6 you made, accommodations, whatever word
7 you want to use --

8 MR. KELSEN: Absolutely.

9 COUNCILMAN GREENLEE: -- to
10 address some of those concerns.

11 MR. KELSEN: Absolutely.

12 Councilman Greenlee, what we have done by
13 way of example, the plan that is before
14 you today includes changes to the
15 building design. We champered, we cut
16 back corners to ensure and enhance views
17 from the Kennedy House.

18 Now, the Kennedy House, as you
19 remember, is a block away. They're
20 across 19th Street. Sterling is directly
21 behind us. So what we have done is in an
22 attempt to allay any potential concerns,
23 we've actually designed the building so
24 as not to intrude into that visual space.

25 We've ensured that the

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2 truck-loading operations, not only in
3 terms of getting them into the property
4 work well, but also in terms of
5 operations, we've closed the loading
6 docks, sealed them after deliveries. We
7 had committed to the community that we
8 would enter into an operational agreement
9 that would set forth the hours of
10 operation for deliveries, set standards
11 for noise for mechanical equipment. We
12 would set forth a development agreement
13 that during the construction period would
14 give a level of comfort that construction
15 activities would not be intrusive to the
16 immediate residents, and we were fully --
17 we are fully committed to that.

18 Other examples are extending
19 the concourse. By extending it to 19th
20 Street, while that was not requested by
21 Kennedy House, we are doing it, because
22 we believe that by extending it and
23 making access points along the street way
24 along Arch Street, 19th and 18th, the
25 residents of the area and the occupants

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2 of the buildings in the area will be
3 encouraged to use the public transit
4 system and the concourse and keep people
5 off the sidewalk and keep levels of
6 service at an acceptable level.

7 Other accommodations we've made
8 include rerunning our traffic studies and
9 having Dick Orth -- and you have a
10 benefit of the report in front of you --
11 having Dick Orth rerun them, making sure
12 that our parking counts are appropriate,
13 that there's adequate capacity for
14 parking in the area, making sure that the
15 truck-loading operations and levels of
16 service for pedestrians on the sidewalk
17 are not only acceptable but well within
18 tolerance, and we've done that. In fact,
19 the traffic studies have been vetted not
20 only by Dick Orth but also by Planning
21 Commission and, most significantly,
22 Streets Department, and they're satisfied
23 with it and they think that these studies
24 are valid.

25 So those are just some examples

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2 of things that we've talked about.

3 We've done sun and shadow
4 studies for the community to ensure, as
5 Gene said a few moments ago, that not
6 only would shadow not be thrown on the
7 Sterling or the immediate buildings, but
8 it would not extend across the street to
9 Kennedy House, and we are confident that
10 that will not occur. So there will not
11 be any shadow thrown by this very
12 monumental building.

13 COUNCILMAN GREENLEE: All
14 right. Thank you.

15 Thank you, Mr. Chairman.

16 COUNCILMAN KENNEY: Thank you
17 very much.

18 Mr. Mullin.

19 MR. MULLIN: Thank you,
20 Councilman Kenney and members of the
21 Committee. I appreciate the opportunity
22 to provide some testimony on behalf of
23 the proposed project this morning.

24 We have conducted on behalf of
25 the developer, we've conducted two

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2 studies. I believe you have both of
3 them. The first was a study taking a
4 look at what's the potential real estate
5 impact around a new investment like this,
6 is there a possibility of increasing
7 property values, decreasing property
8 values. The peculiar and the interesting
9 thing about this is, we have a perfect
10 case study right a block to the east, and
11 that was, we were able to take a look at
12 the impact and isolate the impacts of the
13 Comcast Center on property values in the
14 immediately surrounding and as you go
15 further away from the project itself.
16 And we found those to be not only
17 positive, but positive in extending for
18 many blocks. Now, those positive impacts
19 do dissipate as you move away obviously
20 on that, but a strong net positive there.

21 The second impact is what we
22 were referring -- the second study, we
23 looked at the potential economic and
24 fiscal benefits of the project, first in
25 terms of the construction of the project

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2 and the investment, the sizable
3 investment, and second in terms of the
4 ongoing operations, businesses moving in
5 there, their activities, the retail
6 activities, the hotel activities there
7 and businesses there. And as Peter
8 mentioned earlier, we found that -- we
9 forecast that -- under-utilizing what we
10 consider to be both reasonable and
11 conservative assumptions, we forecasted
12 fairly significantly increases in
13 economic activity spending, economic
14 earnings of people and the employment
15 associated with that.

16 In addition to that, we find
17 that the real property investment, which
18 would be approximately three percent of
19 Center City's leasable office space now,
20 would be very much in line with sort of
21 very strong and good growth of Center
22 City's office market.

23 In addition, as Peter mentioned
24 too, those additional economic
25 activities, that additional employment

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2 and earnings also generate fiscal
3 benefits for the City, for the School
4 District and for other funds, including
5 the hotel funds, and in those particular
6 cases, we found those to be significant,
7 too.

8 What I'd like to do is to
9 turn -- I've been saying "significant,"
10 and Peter mentioned numbers here. What
11 I'd like to do is sort of explain the
12 conditions that we took a look at and how
13 we were looking at conservative
14 assumptions and how we factored in to our
15 forecasts all of the things that you've
16 heard from both of the previous
17 testifiers here to tell you how we came
18 up with our numbers.

19 The first thing that we took a
20 look at was, we recognized that with a
21 new building or with any kind of new
22 space, you can have -- the real question
23 is, what's the net new growth of office
24 space, not transferring from one location
25 to another. And the net new office space

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2 could be sourced from three different
3 areas. One is -- or three different
4 components. First, companies moving in
5 or new businesses moving in from outside;
6 second, existing companies expanding
7 beyond what they would have otherwise had
8 they been restricted by space; and the
9 third -- and this is a very important one
10 for cities like Philadelphia -- and that
11 is what sort of generically falls under
12 the import substitution world and, that
13 is, that we have opportunities for
14 businesses that otherwise would have
15 moved out of Philadelphia to have office
16 space inside Philadelphia and having the
17 office market system or office market
18 essentially work. As firms can move into
19 higher-quality space, other firms can
20 move into higher-quality space and so and
21 so on. And we've had -- we're fairly
22 comfortable as we take a look at the
23 last, say, 20 years. There's been
24 30-plus million square feet of office
25 space in the metropolitan area, two

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2 million of it in Center City
3 Philadelphia, and we know the two
4 buildings, basically Cira and Comcast.
5 And both of those have generated -- if
6 you think about that import substitution,
7 all the new office space in this
8 metropolitan area for a decade and a half
9 was built outside of Philadelphia, and
10 now we have the two buildings here. And
11 take a look, they sound big, and so does
12 this one sound big, because it is, but
13 we're still talking about something in
14 the single digits in the aggregate, five,
15 six percent, of the commercial office
16 space.

17 So this, we think, will be a
18 very, very strong player and very, very
19 strong impact on the market by allowing
20 the upward growth.

21 I want to know too what we
22 looked at -- we have an experience in
23 recent years of taking a look at what
24 that net new might be, and what we did
25 was, we basically took a look at the Cira

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2 Centre and looked at what the net new
3 space there was and applied conservative
4 assumptions associated with the Cira
5 Centre experience to this to say that,
6 yes, there will be some movement of
7 existing office space.

8 We didn't talk about and we
9 didn't look at the next round where there
10 are possibilities of new firms moving
11 into the office space that others have
12 been moved into.

13 COUNCILMAN KENNEY: Mr. Mullin,
14 in that regard, when we were debating the
15 Cira Centre financing and approval, there
16 was a lot of concern about the effect it
17 would have on existing office space, and
18 I believe -- and maybe you can confirm
19 it -- that that was in fact untrue, that
20 the opposite was in fact true, that the
21 office rates and the space was actually
22 improved as opposed to degraded.

23 MR. MULLIN: The overall market
24 absorption turned out to be ten times
25 over the several years in the mid 2000's

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2 here, but ten times what people were
3 anticipating back in the early 2000's.

4 COUNCILMAN KENNEY: Ten times
5 the positive?

6 MR. MULLIN: Yes, ten times the
7 positive.

8 COUNCILMAN KENNEY: Because
9 there was a lot of consternation in the
10 room at the time on Cira, not on Comcast
11 but on Cira, about this movement or the
12 emptying out of lesser-quality space.
13 That did not happen.

14 MR. MULLIN: Yeah. That sort
15 of zero sum picture, if there's something
16 here, it has to come from someplace else,
17 is something that we think has been --
18 the evidence shows that that has not
19 happened, and, furthermore, we think that
20 this building primarily because of its
21 international market demand that we'll
22 show, internationally iconic and national
23 and international presence, the location
24 and density, the location on the transit
25 system here, for example -- I watch for

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2 transit-oriented developments all around
3 the world. People are talking about them
4 and looking. It's hard to picture
5 something that would be more of a case
6 study, a positive case study, for
7 transit-oriented development. As I
8 mentioned before, 30 million square feet
9 of office space built in the metropolitan
10 area, all out and around. Here we're
11 talking about a million and a half plus
12 right smack dab on the center of -- the
13 nerve center in the most used hub of the
14 regional transit.

15 And one thing that we have
16 found in newer buildings and rehabbed
17 buildings along here is that the initial
18 anticipation of how many of the tenants
19 and workers in the tenants will use
20 public transit have always been too
21 conservative. We've sort of understated
22 that there, and I think that's -- there's
23 two things going on there. One, there's
24 a macro story with gas prices and energy,
25 but the other thing is that people sort

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2 of discount people's adaptability, and
3 when they see the convenience of transit
4 and alternative methods to getting to
5 work, they really do switch.

6 So that's one of -- when I talk
7 about the positives on this when we made
8 our estimates, that location and the
9 transit orientation here is a very, very
10 strong note.

11 I also wanted to note too that
12 this space -- or remark, I guess, as
13 opposed to note -- this amount of space
14 will be built in the metropolitan area in
15 the next three to four years, one and a
16 half million square feet in the next
17 three to four years, some place. And two
18 fronts. One is, on the sustainability
19 and the green and the right location,
20 this is the right location relative to
21 any other place. And, number two, the
22 second question is, why not in Center
23 City Philadelphia as opposed to someplace
24 else. And I'm not trying to crumb on
25 other places there, but I think this

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2 space will be built, and this could be
3 very, very advantageous to Philadelphia.

4 I mentioned too the highest
5 quality international marketing
6 opportunities for -- national and
7 international marketing expands the
8 market. I think that expansion of the
9 market is key for Philadelphia's growth
10 here. And I think, as I mentioned before
11 in response to Councilman Kenney's
12 question, the building on the
13 improvements made to Philadelphia as an
14 attractive place to locate and Center
15 City Philadelphia as an attractive place
16 for more than just regional companies is
17 something that would be very, very
18 positive.

19 Another key point, as
20 Councilman Kenney pointed out, the
21 timing. In a downturn now, being
22 prepared for the upturn to be in the
23 ground and have opportunities as opposed
24 to having to wait until the next upturn
25 and have other places in the world take

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2 advantage of that.

3 By the way, that's the
4 operations. Certainly the infrastructure
5 of the building of the building generates
6 employment. And I know that we had
7 governors six or seven blocks to the east
8 of here and the President-Elect talking
9 about infrastructure. This is part of
10 the City's infrastructure. As has been
11 pointed out, we tend to think of roads or
12 bridges and things. Commercial office
13 space is part of the infrastructure of a
14 central city, and it's an incredibly
15 important component of that there.

16 So I think on those, when we
17 take those into account and take the
18 conservative assumptions about potential
19 movement within the existing tenants
20 there, we still believe that there are
21 substantial -- that there will be
22 substantial economic impacts, substantial
23 employment gains long term and
24 substantial increases in taxes for the
25 City, the School District and other

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2 taxing jurisdictions.

3 MR. KELSEN: Members of the
4 Committee, if I could put two statistics
5 out to you, I think they're compelling.
6 But for Comcast and Cira, the next round
7 of office buildings that were constructed
8 were constructed 20 years ago, 20 years
9 ago. So you have two buildings, which
10 represent less than five percent of our
11 office supply in Philadelphia, that were
12 built within the last three years. The
13 rest are 20-plus years old.

14 In order for Center City and
15 the City of Philadelphia to remain
16 competitive, just to remain competitive
17 in this office market and environment,
18 and to do as Steve said, to discourage
19 movement outside of Philadelphia into the
20 suburbs and other jurisdictions and keep
21 them local, keep them here, we need to
22 build the equivalent of an American
23 Commerce Center in terms of the square
24 footage of 1.3 million square feet every
25 18 months. We haven't done that. Now is

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2 an opportunity to do that.

3 The amount of job creation from
4 construction to permanent, the amount of
5 investment that this developer is willing
6 to place into the City of Philadelphia at
7 this time and the amount of tax ratables
8 that will be generated, construction and
9 post construction, in the literally
10 hundreds of millions of dollars compels
11 us to take action to make this an
12 opportunity that we can grasp.

13 We thank you for that
14 consideration. If there are further
15 questions of Mr. Mullin, be happy to
16 answer them.

17 COUNCIL PRESIDENT VERNA: Are
18 there any other questions from members of
19 the Committee?

20 Councilwoman Brown.

21 COUNCILWOMAN BROWN: Thank you,
22 Madam President.

23 Good morning, gentlemen.

24 MR. KELSEN: Good morning.

25 COUNCILWOMAN BROWN: Thank you

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2 for this extraordinary presentation.

3 What I know is that no

4 businessman looks into a crystal ball and

5 says this is something we want to do

6 without doing some very strategic,

7 analytical, insightful, thoughtful,

8 look-see into how you could ultimately

9 make this a business deal that works.

10 And don't violate a confidence if you

11 simply don't do that. I'm curious to

12 know, in view of the statistics you just

13 provided us where in the last 20 years

14 there have only been two, do you have

15 prospective tenants that will ensure that

16 you ultimately make the deal work?

17 MR. KELSEN: Councilwoman, let

18 me answer it this way, and, again,

19 without --

20 COUNCILWOMAN BROWN: Violating

21 any confidence, or if it's premature.

22 MR. KELSEN: While we cannot

23 say to you that we have leases signed

24 because the project has not been approved

25 and, therefore, it's a chicken and egg

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2 situation, I can tell you that there are
3 a number of significant opportunities in
4 the office component of the building with
5 headquarter-type users that have
6 expressed an interest, not only in this
7 building, but in this location. And this
8 is an opportunity for the City to make
9 available to those type users the
10 location and a project that they can
11 potentially lease and occupy.

12 We have also had expressions of
13 interest from entities that are outside
14 of Philadelphia that have indicated that
15 they would be interested in relocating
16 from Blue Bell, from New Jersey into
17 Philadelphia. And we're talking several
18 hundred thousand square feet of office
19 space.

20 In terms of the retail, we feel
21 very comfortable that these retailers
22 that we've identified would be
23 interested, as well as the hotel
24 operator.

25 So the brief answer is, we went

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2 in there with our eyes wide open,
3 especially in this economic situation
4 that we're facing, and we feel very
5 comfortable that if there is an approval
6 out there, that there is a very good
7 possibility of attracting the tenancies
8 necessary to begin construction of this
9 project.

10 COUNCILWOMAN BROWN: Thank you
11 for your testimony.

12 MR. KELSEN: Thank you.

13 COUNCIL PRESIDENT VERNA: Are
14 there any other questions from members of
15 the Committee?

16 (No response.)

17 COUNCIL PRESIDENT VERNA:
18 Seeing none, thank you.

19 MR. KELSEN: Madam Chair, I
20 would say that we have available Mr. Orth
21 from Dick Orth's firm of Orth-Rogers.
22 However, you have the written report, and
23 I can tell you in summary that we have
24 analyzed the traffic, as I mentioned a
25 little earlier in my testimony. There

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2 would not be a negative impact on
3 traffic, whether it's parking, truck
4 loading, car traffic or pedestrian
5 traffic, as a result of this. And,
6 again, that report has been reviewed and
7 approved by the Streets Department.

8 COUNCIL PRESIDENT VERNA: Thank
9 you very much.

10 MR. KELSEN: Thank you.

11 COUNCIL PRESIDENT VERNA: Our
12 next witness?

13 MR. MCPHERSON: Joe Beller.

14 (Witnesses approached witness
15 table.)

16 MR. BELLER: Sorry for the
17 delay. Butterfingers.

18 I have with me Gray Smith, who
19 also represents Kennedy House. I'm
20 Joseph Beller.

21 I guess I'll take a book out of
22 Mr. Kohn's discussion of his past.

23 I was born in Philadelphia. I
24 went to George Wood (ph) School at 81st
25 and Lyons, graduated from Overbrook High

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2 School, Temple University, University of
3 Pennsylvania, and my office is here in
4 Philadelphia. And I had the distinct
5 pleasure of having actually worked in
6 this Chambers for several years while
7 some of you were not yet around. I don't
8 even know if you were voting in those
9 days, but it was in the early '60s. And
10 I, therefore, understand the daunting
11 task before you, because we all want
12 development and we all want it to be done
13 properly.

14 So let me make it first clear.
15 Number one, we are not here on behalf of
16 Kennedy House to ask you not to ever
17 approve construction at this site. We do
18 want construction at this site. Our
19 suggestion to you, however, is that you
20 already have "C-4." It would allow
21 construction. It would allow the type of
22 construction, but without the density.

23 You've heard a lot today about
24 incentives, and you know that although
25 "C-4" starts out at 500, in this case

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2 with the incentives that have been
3 discussed, it would go to 17. Our last
4 discussion with the developer, they were
5 up to 27.

6 Our concern is that this is
7 just too much density for this area.
8 There is no question that it's a
9 wonderful location, but this is not a
10 very large plot and it is not large
11 enough to accommodate this kind of
12 construction without in fact hurting the
13 surrounding areas.

14 Now, let me give you the good
15 news. Mr. Kelsen is quite right. With
16 the help of Logan Square Neighborhood
17 Association as facilitators, the
18 encouragement of Councilman Clarke, we
19 have met on more than one occasion.
20 Mr. Kelsen has been quite gracious. We
21 have talked about a number of
22 accommodations. We have not yet arrived
23 at that, and I think there's been good
24 faith on both sides. Because we keep
25 coming back to the brick wall of too much

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2 in a small space.

3 And with all due respect to the
4 comments about traffic, I don't -- I
5 reviewed the traffic studies, and I don't
6 consider myself an expert. I've been
7 doing it for a long time, but I can tell
8 you this, that the 19th Street that they
9 looked at is not the 19th Street that I
10 know, and I recommend that every member
11 of Council, before they even think about
12 passing this bill, at sometime between
13 8:15 and quarter to 9:00, try to go from
14 the Parkway to Market Street and --

15 (Applause.)

16 MR. BELLER: And if you think
17 that traffic study is right after you've
18 done that, then I'll just have to buy it.

19 I think that there are a number
20 of things -- and I'm not going to try to
21 do the technical things, because Gray
22 Smith is here. I'm grateful for this
23 opportunity, but I just have to say to
24 you that there is no reason for changing
25 this from a "C-4" to a "C-5." And make

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2 no mistake about it, as I read the bill
3 even with the revisions that I saw today
4 for the first time, you are not even
5 being asked to do "C-5." You're being
6 asked to do C-5X. You're being asked to
7 do something that has never been done
8 before.

9 We know it's going to be built
10 on. We want it to be built on. We want
11 this City to prosper. To me it is the
12 most livable city, but one of the most
13 livable things about it is that you can
14 have the intermingling of residences and
15 commercial buildings and commercial uses
16 and retail and they fit very nicely.

17 This building reminds me of the
18 first time I ever went to a toy store
19 with one of my daughters when she was
20 very little. It's one of those "I want
21 it," and no kid can resist wanting it.

22 This developer wants the
23 largest, tallest, biggest building in
24 Philadelphia. I know that we've long
25 since passed the day where Willie Penn

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2 was the top guy, but that doesn't mean
3 that this is the place to stick 1,500
4 feet up in the air. Just because we've
5 broken the height limit, the unspoken
6 height limit in the old days, this is not
7 the Champs-Elysees. This is not our
8 wonderful Ben Franklin Parkway. This is
9 a huge development which leaves almost no
10 space for the people and which blocks a
11 lot of good, livable space for the people
12 behind it and next to it. And I know
13 Mr. Kelsen didn't mean to say a block
14 away. We are right off of 19th Street
15 just as they are. So it's 19th Street
16 that divides Kennedy House from this
17 development.

18 Let me just make a couple of
19 very brief -- and I promise very brief --
20 remarks.

21 I've already mentioned that the
22 density is more than we should be able to
23 live with. One of the things -- and I
24 say it again. I think that the traffic
25 study is inadequate. I think that the

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2 traffic is horrendous there. There has
3 to be a better plan for that. And
4 although it was mentioned about loading,
5 there are questions about the loading.

6 Mr. Kohn again mentioned some
7 of the uses. He mentioned the
8 supermarket and he mentioned some others,
9 and those things bring big trailers at
10 all hours of the day and night, and
11 people live across the street diagonally
12 and directly.

13 And, again, as I say, although
14 it has been very, very cordial and I
15 appreciate that and I express it to you
16 publicly, we have not reached an
17 accommodation, and this may be the kind
18 of thing that will never reach an
19 accommodation because of how big this
20 thing is and what a danger -- and I say
21 danger -- it is.

22 I would love to see buildings
23 filled up and I would love to believe
24 that nobody will lose viability in their
25 buildings because this is the newest and

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2 prettiest and best. You can build it
3 new. You can build it pretty. You don't
4 have to build it this big, and that is
5 really our press.

6 I'm going to quote somebody,
7 because somebody said it better than I
8 did, and he's a former colleague of yours
9 and he sat right over here, and he's now
10 the Mayor of our City, and what he said,
11 that developers can test the basic tenet
12 of our Zoning Map. Examples include
13 rezoning land to allow for greater
14 density, changing the uses -- and he was
15 talking about different types of uses.
16 And he said, We must not sit back and
17 allow the whims of development to
18 determine our future. Rather than react
19 to development proposals as they are
20 made, it's better to involve the public
21 in creating local plans and stake out our
22 community goals.

23 And that is where I am also
24 frightened, because I heard the City
25 Planning people say today that that study

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2 that Logan Square, whom I do not
3 represent here, but Logan Square has been
4 working for years closely and now you're
5 going to be given a plan that's going to
6 say, this is a terrific plan, except we
7 don't agree to this one and we don't
8 agree to that one.

9 This is an invitation, if you
10 approve this one and you do it now
11 without further study, this is an
12 invitation to disaster for the people
13 that live at the Kennedy House,
14 because --

15 (Applause.)

16 MR. BELLER: Because the next
17 step, if you can do it for 18th to 19th,
18 why can't you do it for 19th to 20th.

19 You already have a "C-4."
20 Nobody is saying don't build. We're
21 saying build within the confines. You go
22 with all of the extra that you get, all
23 these incentives. There are up to 17.
24 They're not limited to 500 the way it
25 looks in the Code. They're up to 17, and

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2 that is adequate and it's sufficient.

3 We can't let each project to
4 dictate to you how you change the Code,
5 because that's what they're asking you to
6 do, change the Code and then the next
7 block. What happens to that wonderful
8 master plan?

9 I won't speak for LSNA.
10 They're here to speak for themselves, but
11 I'm terribly concerned that we're getting
12 into a situation -- and while the story
13 is a very pretty story, the question that
14 was asked about tenants, when this bill
15 was first presented to the Councilman --
16 Councilman, I complimented you and you
17 weren't even in the room.

18 But he took a very active part
19 in trying to get all the parties
20 together.

21 And, again, I just want to say
22 publicly while you're here that the
23 people at the Kennedy House appreciate
24 your concerns for the neighborhood, and I
25 want you to know that. We just think

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2 this is too much too soon.

3 We were told when this came in
4 that the reason it had to get in when it
5 got in was because there was a
6 prospective major tenant. Now, if that
7 tenant was still viable, you would be
8 hearing about it today.

9 So I'm sure that a great city
10 like Philadelphia will eventually fill up
11 the place, but it doesn't have to be that
12 high, that wide, that deep. You're going
13 to lose part of Arch Street, because
14 that's where the Fed Ex and UPS and all
15 of the others are going to come. The
16 parking that's in there, you may decide
17 it's adequate. I love public
18 transportation, but I'm not a believer
19 that we're all smart enough to use it
20 when we should, and the convenience of
21 the automobile is here and now that gas
22 is down, I notice it's a little tougher
23 to wander around Center City than it used
24 to be when it was \$4 a gallon.

25 I pause at that. I ask you to

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2 use restraint. You've already given it a
3 "C-4." Let it stay "C-4" and let it be
4 built and let it be done and let the
5 construction guys get their jobs and
6 let's get into the ground and let's fill
7 it up. But you don't have to go to the
8 extent that they're asking you to go do
9 it. Mr. Kohn can design a wonderful
10 building which is a little less dense.

11 COUNCIL PRESIDENT VERNA: Thank
12 you.

13 Mr. Smith, good morning.

14 MR. SMITH: Thank you, Madam
15 President and members of the Committee,
16 for letting us speak today.

17 As Mr. Beller said, I am the
18 technical guy, and if you've had a chance
19 to look at my report, which I handed up
20 earlier, which is a longer version than
21 what I intend to say today, you'll see
22 it's loaded with a lot of technical
23 information that has been applied to my
24 analysis of this project and, of course,
25 the zoning ordinance that's before you

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2 today.

3 My name is Gray Smith.

4 Incidentally, earlier versions of my
5 testimony have been shared with
6 Mr. Kelsen and the developer's team
7 several times, but today and as before, I
8 have been requested by the residents of
9 Kennedy House to provide comments related
10 to this Council bill.

11 Kennedy House is adjacent to
12 the subject property. It is
13 catty-cornered at Cuthbert and 19th
14 Street. It is not a block away.

15 I am an architect and I am an
16 urban planner, and I have examined the
17 bill and the numerous documents related
18 to the American Commerce Center project
19 that is the generator of this bill. In
20 fact, we haven't talked much about the
21 bill today, but we have talked a whole
22 lot about this project. So most of my
23 comments will deal with the nature of
24 this very large project, which has been
25 characterized as tremendous by the

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2 developer. And by that, the meaning of
3 "tremendous" is also big, large,
4 exceptionally big and large.

5 I have attended several
6 meetings between the developer team and
7 the community. No commentary on this
8 ordinance produced by this developer
9 could be made without commentary on the
10 building project that is proposed by the
11 developer. But let me add that
12 regardless of Mr. Kelsen's earlier
13 comment, quote, "meaningful progress,"
14 unquote, has really not been made in all
15 those meetings. This project has not
16 changed in any way in response to the
17 Kennedy House residents or the concerns
18 of the Logan Square Neighborhood
19 Association. The items that Mr. Kelsen
20 listed as changes are not changed at all.
21 They were part of the project in the
22 first place and they continue to be part
23 of the project.

24 There is no Plan B. There has
25 been no Plan B. There's always been Plan

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2 A, and you've looked at it today.

3 The wording of the ordinance
4 would allow for a substantial increase in
5 height, bulk and floor area over that
6 which is allowed in both the current
7 "C-4" zoning and "C-5" zoning as
8 currently written in the Philadelphia
9 Zoning Code. The developer is seeking
10 bonus floor increases, some of which he's
11 entitled to, some of which are excessive
12 beyond those that are in the current
13 ordinance. He also wants a reduction in
14 some public benefit components, although
15 they are adding some that are unique.
16 However, they're requesting unlimited
17 height primarily through new provisions
18 included in this proposed zoning change
19 ordinance.

20 There is currently a 125 feet
21 building height limitation on this
22 property, which was passed by City
23 Council earlier and is mandated by the
24 Zoning Code. As such, the project's
25 negative impact, since it wants to be ten

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2 times the height of that limit, the
3 negative impact on the adjacent
4 properties and on Center City is
5 potentially overwhelming.

6 The focus of my testimony is
7 threefold. First, I will describe the
8 numerous defects in the proposed zoning
9 change ordinance. Second, I will discuss
10 several characteristics of the proposed
11 American Commerce Center project that are
12 adverse to the surrounding neighborhood.
13 And, thirdly, I will point out the
14 overall failure of the project and the
15 zoning change to fit into the planning
16 and zoning scheme of Center City
17 Philadelphia.

18 The proposed ordinance has
19 several fundamental defects. I have
20 listed in my report the components of
21 this project and the enormous size of it,
22 and some of that has already been
23 presented by the developer, so I won't
24 repeat them. But a review of the
25 developer's proposed American Commerce

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2 Center reveals some defects in the
3 ordinance.

4 Number one, the proposed floor
5 area in the project is at least four to
6 five times that which is currently
7 allowed in the basic limits of the Zoning
8 Code and almost twice that which is
9 allowed with incentive floor area
10 bonuses. The proposed ordinance is
11 contradictory and confusing regarding the
12 allowable and proposed floor area ratios.

13 It's a very technical and
14 complex issue dealing with floor area
15 ratios and how you can increase the size
16 of the building on a floor area basis,
17 and I won't go into that, but there are
18 contradictions and conflicts in the
19 zoning ordinance as it's written,
20 particularly as it's compared to the
21 "C-4" and "C-5" section of the Zoning
22 Code and also with respect to the two
23 changes that Mr. Greenberger of the
24 Planning Commission has proposed, which
25 essentially eliminates their most

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2 important and major floor area
3 incentives. So this project cannot be
4 built as this ordinance is currently
5 written or as amended by the Planning
6 Commission.

7 Number two, there are only six
8 off-street trash storage and loading
9 docks indicated in the proposed project,
10 where the "C-4" and "C-5" zoning would
11 require at least ten for the building's
12 square footage proposed and the uses
13 therein.

14 We have differences of opinion
15 regarding that, but my reading of the
16 Code says you have to have at least ten.
17 They have only six. That can create
18 problems on little bitty Cuthbert Street,
19 which is only 21 feet wide, as a result
20 of this project.

21 Number three, the proposal
22 seeks an incentive floor area bonus of
23 380 percent for connections and
24 improvements to the transit concourse.
25 Nobody else in the Zoning Code is

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2 entitled to that. They're only entitled
3 to 200 percent.

4 Number four, the proposal seeks
5 additional incentive floor area bonus of
6 200 percent for sustainability and energy
7 conservation features -- that's all that
8 LEED Gold stuff they're talking about --
9 whereas the current Code allows zero
10 percent. Most of those features,
11 however, are already mandated by the
12 Philadelphia Uniform Construction Code
13 and other City, State and federal
14 regulations.

15 On this point, it is
16 questionable whether this sustainability
17 incentive is of exceptional public
18 benefit, as required by the Zoning Code.
19 It certainly will benefit the developer
20 and the owner of the building and
21 certainly the tenants of the project who
22 today would demand a sustainable building
23 with energy conservation, and no
24 developer today would build a building
25 that is not energy efficient.

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2 There are several components of
3 this project that have an adverse effect
4 on the surrounding neighborhood, and I've
5 talked extensively with the Kennedy House
6 residents on this. And this is a
7 neighborhood which incidentally has a
8 high concentration of residential and
9 educational uses. It is not the center
10 of Center City. It is on the edge of the
11 commercial business district of
12 Philadelphia, in spite of what the
13 developers have been saying. This is not
14 in the absolute center of the dynamic
15 office development of Philadelphia. It
16 is on the edge.

17 Number one, to date, the
18 preliminary parking and traffic study by
19 Orth-Rogers is inadequate and incomplete.
20 I haven't seen what the Streets
21 Department has said in terms of its,
22 quote, "approval" of it, but, frankly, it
23 has serious flaws, even in the October
24 2008 update, which was said to be done as
25 a result of some of our criticisms.

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2 The study demonstrates that 369
3 parking spaces are inadequate to meet the
4 full demand of the project. It admits
5 it. But it relies heavily on other
6 parking facilities in a neighborhood
7 within a 15-minute walk without any
8 analysis of their availability or
9 permanence. A significant number of
10 those parking spaces are dedicated to
11 monthly parking and to other users and
12 are not available to the users of this
13 building.

14 Without going into detail, my
15 review of the study, the Orth-Rogers
16 study, revealed many key areas where
17 demand for parking was underestimated or
18 simply was left out.

19 Number two with regard to
20 adverse effects, the project will
21 substantially increase the already
22 congested 19th Street southbound traffic.
23 And I got to read this, because you need
24 to know all of the problems with 19th
25 Street which have to do with traffic and

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2 those that they intend to add.

3 The only entrance and exit to
4 the proposed project's parking garage
5 would be at 19th Street, catty-cornered
6 from the only Kennedy House parking
7 garage entrance and exit right at
8 Cuthbert Street. The entrance point for
9 all truck-loading and unloading traffic
10 for the American Commerce Center and the
11 Sterling Apartments and the Sterling
12 residents' garage will be at the same
13 corner of 19th and Cuthbert Streets.

14 You're going to need a traffic
15 cop there 24 hours a day.

16 A preliminary plan for a
17 parking lot in the 1900 block of Arch
18 Street by Philadelphia Management also
19 includes a vehicular entrance on 19th
20 Street in the same block. There are two
21 SEPTA bus routes, busy, frequent bus
22 routes in this portion of 19th Street,
23 with a bus stop at JFK Boulevard. There
24 are entrances and exits for several
25 multi-block loading areas and three large

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2 parking garages on 19th Street just south
3 of JFK Boulevard.

4 Again, all you have to do is
5 drive there any time during the day and
6 see how difficult it is today without
7 this building being added.

8 Nineteenth Street is a two-lane
9 street, 25 feet wide, with one parking
10 lane. The traffic study simply has not
11 confronted these conditions, in spite of
12 what they say, in a meaningful way,
13 including an insufficient number of
14 traffic counts.

15 Number three, other than the
16 shadow study and the incomplete parking
17 and traffic study, there are no other
18 studies of the impact of this project.
19 Now, this ordinance asks for some. But
20 these kinds of impacts this project, this
21 large, very large project, would have
22 upon the neighbors are significant. And
23 those would be the impacts of wind,
24 noise, air quality, nighttime interior
25 lighting, solar reflections and glare,

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2 because this building will face south and
3 will reflect the sun onto the Sterling
4 and the Kennedy House. Transit use,
5 views and vistas, sight lines,
6 interference with telecommunications and
7 utility uses. None of those have been
8 discussed by the developer.

9 Number four, the project
10 contains no indication of the mandated
11 underground garage ventilation system or
12 where it will exhaust to the exterior.
13 Oh, yeah, that's a building code issue,
14 right? It still concerns us now and it
15 should be a zoning issue, and it should
16 be required as part of the testing of
17 this building for this ordinance.

18 Number five, in comparison, the
19 proposed American Commerce Center
20 building is at least twice the size of
21 each of the Comcast and Bell Atlantic
22 high-rise projects. In other words,
23 combine the Comcast building and the Bell
24 Atlantic building and you have this
25 building. But it's on a property that's

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2 similar in size.

3 Moreover, the proposed project
4 has fewer amenities than those two
5 projects. For example, the public plaza
6 that they proposed at this site is only
7 seven percent of the ground level of the
8 site; whereas, those other two projects,
9 which we all enjoy and appreciate in
10 Philadelphia, have 50 percent of their
11 sites dedicated to public plazas.

12 Number six, revisiting the
13 loading and unloading issue, the response
14 to this function is still inadequate.
15 Cuthbert Street will be only 21 feet
16 wide. The street behind the Super Fresh
17 on South Street where trucks take 30
18 minutes, large trucks, take 30 minutes to
19 get into the dock is 26 feet wide. This
20 is only 21 feet wide, and this is not
21 just a simple Super Fresh. This is a
22 building with almost two million square
23 feet.

24 The configuration of the
25 building inadequately addresses its

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2 neighbors, and I get into a little bit of
3 urban design issues there, but, frankly,
4 the plaza is simply not big enough to
5 give appropriate backdrop to the church
6 across the street.

7 Number four, the project
8 contains no -- I'm sorry. Next page.

9 Number eight, should this
10 project be built as designed, it will --
11 and this is, I think, important for you
12 to think about, because they start
13 talking about the 1900 block of Arch
14 Street as being the transition area.
15 Well, should this project be built and
16 designed, it will encourage every
17 landowner in this quadrant of Center City
18 to claim the same large-scale development
19 rights and privileges that they want you
20 to grant to this property, which is an
21 unacceptable precedent. Again, out of
22 context, developer driven, not planning
23 driven.

24 The proposed American Commerce
25 Center project and its companion

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2 ordinance fly in the face of the great
3 Philadelphia tradition of planning
4 principles and zoning responses to those
5 principles.

6 I was one of the many who
7 participated in the rewarding public
8 process 20 years ago that resulted in the
9 Center City Plan and the subsequent urban
10 design-driven rewrite of the "C-4," "C-5"
11 and "RC" sections of the Zoning Code.
12 Those are the highlights, the best part
13 of the Philadelphia Zoning Code even
14 today. They are urban-design driven.
15 They're extremely thoughtful. They are
16 complex, but they allow for all the
17 benefits for developers and the community
18 and Center City to achieve.

19 It is, therefore, disheartening
20 for a project so alien to those
21 principles to be presented as somehow an
22 appropriate future step in that process.
23 In fact, this project represents major
24 steps backwards, in my view.

25 The project is contrary to the

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2 goals of the Center City Plan. Moreover,
3 it occurs at a time when this very
4 portion of Center City is undergoing a
5 yet unfulfilled commendable public master
6 plan process by the Logan Square
7 Neighborhood Association. This project
8 so far cannot fit into that master plan
9 either as it's currently allowed. That
10 plan still calls for "C-4" zoning on this
11 property.

12 I would also be remiss if I did
13 not note that the proposed zoning change
14 ordinance, although purported to be a
15 modification of the "C-5" section of the
16 Zoning Code, is actually a substantial
17 departure from the "C-5" section. The
18 proposed adjustments are numerous and
19 they are contrary to the purpose of the
20 "C-5" zoning classification.

21 And I'd like to just refer to
22 Mr. Greenberger's comment from the City
23 Planning Commission. He says that he
24 would like to revise zoning in
25 Philadelphia comprehensively, quote,

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2 "comprehensively, not incrementally,"
3 unquote. This ordinance does the exact
4 opposite of that. This ordinance calls
5 for an incremental change in the zoning,
6 not a comprehensive change in the zoning.

7 It is further noted that the
8 "C-4" and "C-5" section of the Zoning
9 Code applies different requirements on
10 properties located on larger streets,
11 like Market, JFK and Broad Street, versus
12 smaller streets, Walnut, Sansom and
13 Chestnut. If you read the Code, it
14 differentiates between those areas with
15 respect to certain public benefits that
16 are required and certain other
17 opportunities that have to be included in
18 a project. This project does the
19 absolute opposite. Arch Street and
20 Cuthbert Streets are similar smaller
21 streets. They're like Walnut, Sansom and
22 Chestnut. Yet, the proposed ordinance
23 sinks even a greater floor area ratio and
24 less amenities than that that is required
25 for the largest streets in the "C-4" and

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2 "C-5" areas.

3 That's a significant
4 contradiction. It absolutely is
5 backwards.

6 And here are several examples
7 that are in the Zoning Code now that this
8 project conflicts with. Again,
9 geographically some of these things don't
10 apply to this particular site. It sort
11 of got left out of those requirements,
12 but nevertheless, the large majority of
13 "C-4" and "C-5" properties have these
14 requirements.

15 Whereas virtually all other
16 high-rise developments in other "C-4" and
17 "C-5" zoned areas are required to have
18 five foot setbacks on the numbered
19 streets, this project has no setback on
20 19th Street and it has only a
21 12-foot-wide sidewalk.

22 Whereas virtually all other
23 high-rise developments in "C-4" and "C-5"
24 cannot place their buildings within 75
25 feet of any building across the street at

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2 any point higher than 65 feet, the
3 proposed project is only 40 feet away
4 from the Sterling at the west end and 70
5 feet away from the Sterling for all the
6 rest of the building, for the full length
7 of the project. There is no setback
8 proposed on Cuthbert Street. We actually
9 asked for one, but they said absolutely
10 no.

11 With regard to building width,
12 this building is 380 feet in width. Two
13 hundred and fifty feet is the limit in
14 most areas in "C-4" and "C-5."

15 I think it's important to read
16 what I believe is -- although it's
17 repeated several times in the "C-4,"
18 "C-5" section of the Zoning Code, what I
19 feel is the portion which is the heart
20 and soul of that section of the Code, and
21 here's what it says. It's in -- it
22 says -- and it's a preamble to the
23 incentive floor area bonuses section, and
24 it says, quote, "In order to permit
25 buildings of the appropriate scale and

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2 density while recognizing that
3 high-density buildings place additional
4 burdens on public space, particularly the
5 public sidewalk, minimum performance
6 standards for such buildings are needed.
7 These standards are created as a method
8 of ensuring that the impact of
9 high-density buildings is appropriately
10 mitigated. These performance standards
11 are needed because of increased
12 pedestrian and vehicular traffic
13 generated by the occupants, customers,
14 service providers and visitors to these
15 buildings, as well as by the service,
16 loading and parking needs of such
17 buildings.

18 "High-density buildings can
19 also impact upon the light and air
20 reaching public spaces and sidewalks.
21 Performance standards are needed to
22 ensure that a significant amount of
23 available, usable, accessible and
24 inviting public space is provided to
25 ensure that such buildings properly

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2 relate to the sidewalk and public transit
3 concourse, and to mitigate any negative
4 impact upon the public's use and
5 enjoyment of Center City, which might
6 result from the construction of large,
7 high-density buildings."

8 This statement, although it's
9 repeated several times in "C-4" and
10 "C-5," is the heart and soul of "C-4" and
11 "C-5" zoning.

12 Now, when you explore the
13 proposed American Commerce Center design
14 to find any of the amenities that "C-4"
15 and "C-5" asks for or demands, it comes
16 up wanting.

17 Details as to its compliance
18 with the public art requirements of the
19 Zoning Code have really not been
20 provided. Just lip service. "I expect
21 it to happen."

22 No mention has been made of
23 cultural programming for the site. Only
24 20 to 30 percent of the proposed retail
25 space is at ground floor, second floor

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2 and concourse levels, failing the
3 incentive test, which requires 75 percent
4 of that space to be there.

5 I'm almost done, so don't
6 worry.

7 The "C-4" and "C-5" section of
8 the Zoning Code provides for even more
9 bonus floor area if the following, quote,
10 "exceptional public benefits are
11 incorporated in the project." Yet, there
12 are no through block pedestrian walkways,
13 no transfer of development rights for
14 historic preservation, no contributions
15 to the Housing Trust Fund.

16 Maybe you ought to try to
17 squeeze some of that out of them.

18 No improvements to or
19 construction of publicly owned
20 facilities, except where their subway
21 concourse connection connects to the one
22 that is already there.

23 Generally, in conclusion, the
24 prospect of an exceptionally large
25 project of the American Commerce Center

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2 type for Philadelphia is admittedly
3 enticing. As an architect, I have a lot
4 of admiration for some of the components
5 of this building. Unfortunately, the
6 1800 block of Arch and Cuthbert Street is
7 simply the wrong place for it, for all
8 the reasons stated above and some that I
9 didn't mention.

10 Projects of this size and type
11 are better suited for much larger sites,
12 such as those projected in the Penn
13 Praxis Delaware waterfront plan. On
14 North Broad Street, please, or adjacent
15 to the Penn campus and the Schuylkill
16 riverfront, such as the Cira 2 project.

17 Moreover, amenities of
18 exceptional public benefit, which are
19 minimum performance standards in the
20 Code, should not be left out of such
21 projects. In my opinion, it is incumbent
22 upon City Council to consider all of the
23 defects, inconsistencies and
24 contradictions in this ordinance
25 vis-a-vis Philadelphia's precious

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2 planning and zoning framework.

3 On a final note, as a planner
4 and an architect, it is my objective
5 opinion that any zoning classification
6 for the 1800 Arch property that is more
7 intense than "C-4" is wrong. "C-4"
8 itself, with a few updated adjustments,
9 is still somewhat overbuilding for that
10 site. However, it is a reasonable
11 transitional classification. "C-4" was
12 intended to be a transitional
13 classification from high-density business
14 area to lower-density residential
15 commercial area. "C-4" signals the
16 transition from offices to residential,
17 from Central Business District to Logan
18 Square neighborhood.

19 COUNCIL PRESIDENT VERNA:

20 Mr. Smith, excuse me. I know you said
21 you would not be much longer.

22 MR. SMITH: Thirty seconds.

23 COUNCIL PRESIDENT VERNA: Well,
24 we do have a copy of your testimony. If
25 you think you're going to be longer than

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2 you said --

3 MR. SMITH: Fifteen seconds.

4 COUNCIL PRESIDENT VERNA: Well,
5 we're going to time you, because we do
6 have --

7 (Applause.)

8 COUNCIL PRESIDENT VERNA: We
9 have a Committee of the Whole that had a
10 public hearing scheduled at 10 o'clock.
11 We will have that public hearing
12 immediately after this hearing. So,
13 Mr. Smith, please proceed, and, again, I
14 would ask you to be extremely brief.

15 MR. SMITH: Again, "C-4"
16 signals the transition -- "C-4" is what
17 that property is currently zoned. It
18 signals a transition from offices to
19 residential, from Central Business
20 District to the Logan Square
21 neighborhood, and from big to small.
22 This is the nature of that location.

23 This property is on the edge of
24 the business district, not in the middle.
25 No matter how much the developer team

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2 tries to say it's in the middle or the
3 center, it's not. It's on the edge.

4 A "C-4" development even with
5 all of the floor area bonuses but with
6 the public amenities that go with them
7 that go far to mitigate its impact is the
8 right approach for this property. I
9 would, therefore, urge the City Council
10 to reject the change to "C-5,"
11 particularly with all of the bloated
12 requests for this project, and stay with
13 "C-4" for this important transitional
14 site.

15 Thank you for the opportunity
16 to testify.

17 COUNCIL PRESIDENT VERNA: Thank
18 you.

19 The Chair recognizes Councilman
20 DiCicco.

21 (Applause.)

22 COUNCILMAN DiCICCO: Thank you,
23 Madam President.

24 Mr. Beller, are you --

25 MR. BELLER: No. I'm all

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2 right.

3 COUNCILMAN DiCICCO: I'm sorry.

4 MR. BELLER: I was just

5 waiting.

6 COUNCILMAN DiCICCO: I think,
7 Mr. Smith, you probably answered
8 partially one of my questions. If we
9 adhere to all of the conditions in the
10 Code as it relates to "C-4" -- and we
11 deal with this on a number of occasions
12 any time there's development that
13 requires an amendment to change the
14 classification to a greater level -- in
15 your estimation -- you did answer some of
16 this, because I was going to ask you
17 where could we build a building of this
18 size anywhere in the City of Philadelphia
19 but for central Delaware waterfront,
20 North Broad Street, but in the core of
21 Center City, is there any site location
22 in the core of Center City where a
23 building of this height can be built?

24 It doesn't appear that way to
25 me based on the arguments as to why it

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2 shouldn't be built. The streets aren't
3 wide enough, access to or traffic
4 congestion, which exists today, and I
5 don't think anyone would deny that.

6 My point is, we never move from
7 where we are in terms of development
8 unless we make adjustments. And if we
9 don't make adjustments and we just go by
10 what the Code says, we never build our
11 city to be a world-class city. And I
12 think when these decisions were made, I
13 mean, William Penn did a great job when
14 he laid out the grid for this City, but
15 that was 300 years ago, and I'm not
16 meaning that sarcastically, but who was
17 thinking about 15-story high-rises 300
18 years ago? A typical building was
19 three -- maybe a five-story building was
20 considered a high-rise.

21 So we're faced with this
22 position of having to make decisions on
23 what we think are the best uses not only
24 for today but also going forward. So my
25 question again is, is there a site in

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2 Center City where a building of this

3 nature would be acceptable, would work?

4 Because the streets are all basically the

5 same.

6 MR. BELLER: Well, except you

7 already did it --

8 (Applause.)

9 MR. BELLER: If you take a look

10 and it was reversed --

11 COUNCILMAN DiCICCO:

12 Mr. Beller, if you would --

13 MR. BELLER: If you take a look

14 at the Comcast building, that runs from

15 Kennedy to Arch. It's double the size.

16 So there was recently a spot where you

17 could get it.

18 You're absolutely right, we

19 need development and we need the right

20 kind of development. You can have an

21 absolutely beautiful building, and with a

22 17 number and maybe another incentive or

23 two, you could have on this spot a

24 building that would be great and modern

25 and big and take care of all of the

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2 problems. It's just a question of too
3 much in one small space. You wouldn't
4 have to limit -- I wouldn't want to limit
5 construction in this City. I want to
6 encourage it.

7 COUNCILMAN DiCICCO: I'm not
8 suggesting that you are.

9 MR. BELLER: The point is that
10 when you take a look at what Comcast
11 did -- and, by the way, what Comcast is
12 back on that first floor and that
13 attracts thousands of people to come look
14 at that beautiful two, three, four,
15 five-story thing, you had all the way
16 from Kennedy through to Arch. You've got
17 Cuthbert Street. Forget the width of 21
18 when they fix it up. Cuthbert Street is
19 12 feet wide on the City Map right now.
20 You've got Arch Street, which is not the
21 largest street.

22 So what happens is, I don't
23 know exactly where else you could put it,
24 but I can tell you this, you can't put it
25 here and not suffer the consequences.

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2 COUNCILMAN DiCICCO: But we
3 do --

4 MR. BELLER: That's the
5 problem.

6 COUNCILMAN DiCICCO: My point
7 is, we have narrow streets behind tall
8 buildings everywhere in this City, behind
9 Liberty Place.

10 MR. BELLER: Yeah, so what some
11 people do is, they set the building back
12 further. That's not being done here
13 enough to accommodate that problem. It
14 is a nightmare at 19th Street at Cuthbert
15 in the morning now. What is it going to
16 be when you do that? There's your
17 problem.

18 COUNCILMAN DiCICCO: I
19 understand that, and that is a challenge.
20 I guess for me -- I don't live at 19th
21 and JFK or Arch Street, but I drive by
22 that often. Our city is a great city,
23 but it is really a very dull city after a
24 certain time of the night. And density
25 to me, density to me offers opportunities

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2 for people to want to live in this City,
3 to offer opportunities -- my oldest son
4 moved to New York, much to my dismay. He
5 moved to Manhattan, and I've been
6 spending a lot more time in Manhattan now
7 than I've done for years, and it is a
8 very interesting city, with some small
9 streets and very tall buildings, as we
10 know. But there's a synergy, there's a
11 liveliness about New York on every street
12 for that matter, not just in certain
13 areas, because of, I think, density.
14 Density is what puts people on the
15 street.

16 So we don't live in a perfect
17 world. If we had a clean map and there
18 was no development in the City and this
19 was one big swath of vacant land, maybe
20 we could have planned better, but we have
21 to deal with current conditions, and I
22 think sometimes we have to make those
23 exceptions, where we just can't have it
24 exactly the way we all would like it to,
25 and some people may say that that

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2 building -- I guess maybe people even at
3 Kennedy House -- I'm not speaking for
4 them. There's various differences of
5 opinion as to how high the building
6 should be, because you're never going to
7 have a definitive number by 100 percent
8 of the people. And, as you know, I have
9 dealt with a number of these issues in my
10 district. You know, what is the magic
11 number in height? Is it 50 foot? Is it
12 60 foot? You get various types of
13 responses from everybody who live close
14 by.

15 So it is a challenge for us,
16 and I understand there are going to be
17 some traffic conditions and others that
18 we will have to deal with, but in the
19 interest of development and in the
20 interest of creating an environment where
21 the City and our Center City becomes a
22 more vibrant place, I think we have to
23 make those decisions and move forward
24 with large development.

25 MR. BELLER: I suggest --

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2 (Applause.)

3 MR. BELLER: I suggest to
4 you -- and I respect what you just said,
5 but I suggest to you that you can have
6 your cake and eat it too by keeping it
7 "C-4." They could start tomorrow. You
8 get 1700 -- 17 as a number, which is more
9 dense than you should have, but we back
10 off of that. You could get everything
11 you want and get a beautiful building and
12 get all of the uses and get it with the
13 17, and you could fill it up and you
14 could start tomorrow, and he would be
15 allowed to do that under the "C-4."
16 That's what you ought to have.

17 MR. SMITH: Let me ask you a
18 question about other sites.

19 Yesterday I was over at the
20 area around 13th and Vine. There's a
21 whole series of parking lots over there.
22 They're well used as parking lots, but
23 they're underdeveloped. There's a whole
24 series of one- and two-story buildings
25 there that are unused. If you combined

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2 all of those sites together, you could
3 build a building almost bigger than this
4 at that location.

5 COUNCILMAN DiCICCO: But,
6 Mr. Smith, I'm talking about Center City,
7 because you're saying --

8 MR. SMITH: 13th and Vine.

9 COUNCILMAN DiCICCO: But you're
10 saying Arch Street is the edge of the
11 commercial district. Now, if you go to
12 Vine Street, you're out of that. I'm
13 using your definition of where the edge
14 of the district is.

15 MR. SMITH: Well, I'm on the
16 other side of Broad Street.

17 COUNCILMAN DiCICCO: I wasn't
18 going east or west. I'm talking about
19 core of Center City. I'm using your
20 definition of the edge. I mean --

21 MR. SMITH: As far as this
22 property is concerned and Logan Square
23 neighborhood is concerned, this is on --
24 this property that we're talking about
25 today is on the edge.

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2 COUNCILMAN DiCICCO: I respect
3 their opinion, but if you take it to Vine
4 Street, then why don't we take it to
5 Callowhill Street or Ridge Street. I
6 mean, we just keep going further.

7 MR. SMITH: Well, you were
8 asking me for sites, and like I said,
9 yesterday there's at least four blocks of
10 parking lots surrounding 13th and Vine
11 Street, which I went to yesterday, which
12 are right near the Convention Center.
13 There is a large enough site to build a
14 building of this kind. They're zoned
15 "C-4" and "C-5."

16 COUNCILMAN DiCICCO: I
17 understand that. I also have in my
18 district at 8th and Market. I'd love for
19 this project to move to 8th and Market.

20 MR. SMITH: 21st and Market.
21 21st and Market, there's a site sitting
22 there.

23 COUNCILMAN DiCICCO: But I
24 can't talk about that.

25 Thank you.

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2 COUNCILMAN KENNEY: Madam

3 President, I understand the discussion
4 about sites, but there's no other sites
5 in play. I mean, you can say assemble
6 all the sites you want, but if the owners
7 of the properties don't want to sell or
8 don't want to develop them, how do you --
9 talk about directing development. I
10 mean, this is the site that's in play and
11 this is the discussion we're having.

12 I wasn't here in the '80s in
13 this body, but I'm wondering if you had
14 expressed an opinion over the debate to
15 build above Billy Penn's hat. Where were
16 you on that issue?

17 MR. SMITH: I was for it. I
18 was Chairman of the Urban Design
19 Committee of the American Institute of
20 Architects at the time. We had Ed Bacon
21 and Bill Rouse come in and debate in
22 front of us with about 75 people. We
23 deliberated, and we actually ended up
24 supporting it wholeheartedly that it go
25 above Billy Penn.

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2 COUNCILMAN KENNEY: So that
3 cultural change --

4 MR. SMITH: It was always my
5 opinion, yes.

6 COUNCILMAN KENNEY: So that's
7 something you helped get started.

8 MR. SMITH: Yes. I was
9 Chairman of the committee that ended up
10 determining from the American Institute
11 of Architects' point of view, and
12 actually the Foundation for Architecture
13 participated in that, too.

14 COUNCILMAN KENNEY: In
15 retrospect, I thank you for your
16 foresight. Thanks.

17 MR. SMITH: Well, it wasn't
18 just me.

19 COUNCIL PRESIDENT Verna: The
20 Chair recognizes Councilman Goode.

21 COUNCILMAN GOODE: Thank you,
22 Madam Chair.

23 Good morning, Mr. Smith.

24 MR. SMITH: Good morning.

25 COUNCILMAN GOODE: I was

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2 particularly interested in your testimony
3 where you reference a Center City Plan,
4 and I have a multi-part question related
5 to that.

6 It has already been mentioned
7 in the testimony this morning that the
8 development of commercial office space
9 has recently had new activity, but
10 activity has not been seen since the late
11 '80s. My question is, first and
12 foremost, why do you think that activity
13 has not been seen since the late '80s?

14 Two, to what extent was
15 development in the late '80s attributable
16 to the Center City Plan, and at what
17 point do you think the Center City Plan
18 could have or should have been more
19 effective in developing commercial office
20 space since then?

21 MR. SMITH: I don't see
22 anything wrong with the Center City Plan
23 with respect to promoting office space.
24 In fact, what we've talked about today,
25 the "C-4" and "C-5" sections of the

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2 Zoning Code, which are only 20 years
3 old --

4 COUNCILMAN GOODE: Mr. Smith,
5 my first question was -- and I'll repeat
6 them. My first question was, we are
7 experiencing a new period of activity in
8 terms of development of commercial office
9 space that has not been seen since the
10 late '80s. The first question is, why
11 are we just seeing that new period of
12 activity that we haven't seen since the
13 '80s, late '80s?

14 The second question is, to what
15 extent do you attribute that development
16 in the late '80s to the Center City Plan?

17 And then the third part of the
18 question is, how effective has the Center
19 City Plan been or not been since the late
20 '80s in terms of development of
21 commercial office space?

22 MR. SMITH: Well, I attribute
23 the new office space that's being
24 developed or being proposed to the fact
25 that we lost a significant amount of

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2 office space when older office buildings
3 were converted to condominiums and
4 apartments. Thousands of square feet
5 caused that to happen. And also new
6 office space that was built encouraged
7 people who were looking for "A" type
8 space as opposed to "B" type space wanted
9 to move to for prestigious reasons and
10 because they were increasing in their
11 ability to afford that kind of space.

12 I think it's more an economic
13 question, your first question, than it is
14 that, but I think from a physical point
15 of view, that's one of the things that
16 drove the interest in new office space,
17 is the conversion to condominiums.

18 COUNCILMAN GOODE: So while you
19 didn't address yet while there was a dry
20 spell, you did suggest that the reason
21 that there's new activity that there has
22 not been since the late '80s is because
23 of economic interests versus simply a
24 planning vision.

25 MR. SMITH: Well, there was a

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2 lot of office space available in the
3 '80s, particularly in "B" and "C" type
4 office buildings. Much of that office
5 space was taken up by conversions to
6 condominiums and apartments, and so the
7 vacancy rate went down and so you had to
8 build more office buildings or at least
9 initiate building more office buildings
10 in order to create the office space for
11 either the new office or expanding
12 offices.

13 Although it hasn't been
14 terrific compared to Manhattan, but it
15 has been some increase. And I'm sure the
16 Center City District can answer your
17 question a whole lot better than me.

18 With respect to your second
19 question, how did the Center City Plan
20 attribute to this change or this growth
21 or this phenomenon. Well, the Center
22 City Plan is only 20 years old. It
23 essentially was the forerunner at what
24 developed the "C-4" and "C-5" sections of
25 the Zoning Code. And the "C-4" and "C-5"

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2 sections of the Zoning Code are primarily
3 written for office building development,
4 although they do allow for residential
5 development as part of that. One of the
6 great things about "C-4," "C-5" and the
7 "RC" sections of the Code is that they
8 encouraged mixed use, and that's kind of
9 a new phenomenon in building development
10 in this country today, particularly when
11 you've got an interest, a plan like
12 Center City Plan, which said we want
13 residences and businesses to all live
14 close -- to be close together and to
15 interact like our Center City does.

16 We're very fortunate in
17 Philadelphia as opposed to Atlanta and
18 Houston where we all live and work
19 together. Atlanta and Houston,
20 everything -- although it's changing
21 slightly now, people live out of town and
22 they drive into work. There's nobody
23 lives downtown, except maybe the
24 homeless. Not in Philadelphia. We're
25 very fortunate to have a large

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2 residential population in downtown
3 Philadelphia, right next to this site
4 incidentally, the Sterling and the
5 Kennedy House and all of Logan Square
6 neighborhood.

7 MR. BELLER: Councilman Goode,
8 I think part of the answer to your
9 question is that the "C-4," "C-5"
10 designation encouraged it. Economic
11 development is what fuels it, but the
12 "C-4," "C-5" does not discourage it. In
13 its present form, it encourages it, and
14 that's what we're saying. Four is fine.
15 Five is fine wherever it's been
16 designated as such. It hasn't hurt it.
17 What hurt it or didn't hurt it was the
18 economic -- I think Councilman Kenney was
19 talking about it. Somebody owns a piece
20 of land. If he doesn't want to develop
21 it, there's nothing you can do to force
22 him to do it. But as soon as it became
23 necessary for part of the reasons of what
24 Gray Smith says, building started. And I
25 don't know, by the way, that the latest

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2 two places are filled yet, but I was told
3 that there's a lot of space in some of
4 the two newer buildings.

5 But we've seen development over
6 the years. The places right on Market
7 Street at 18th, the Mellon building went
8 up, and you've got the Bell Atlantic
9 building. You've got Comcast building.
10 And that is all in "C-4," "C-5." So
11 "C-4," "C-5" has been a driving force to
12 say we are welcoming this, but the
13 developer, the man who is spending the
14 money, has to want to invest it. But, of
15 course, in this case, that doesn't mean
16 you have to give him everything he wants.
17 Give him enough to make him happy, and
18 make the City happy.

19 MR. SMITH: Let's not forget
20 the ten-year tax abatement either,
21 because that is probably the most
22 fundamental thing that's driving
23 development in Philadelphia today. I
24 mean, as soon as that was enacted --
25 thank you, Councilman DiCicco, for

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2 thinking that up -- everything started to
3 grow at that time, but, fortunately, the
4 Center City Plan was written and the
5 zoning that followed it was written to
6 accommodate that kind of growth.

7 COUNCILMAN GOODE: Very
8 quickly, the last part of my question.

9 MR. SMITH: Ask me again,
10 please.

11 COUNCILMAN GOODE: The last
12 part of the question was, looking at the
13 impact the Center City Plan had or didn't
14 have on the development of commercial
15 office space in the late '80s, how did it
16 impact the lack of development during the
17 '90s, or was it because people were
18 following the Center City Plan, because
19 they weren't following the Center City
20 Plan, because there was no economic
21 interest?

22 At what point, in other words,
23 did the Center City Plan become obsolete,
24 or did it become obsolete at some point?

25 MR. SMITH: It's not obsolete.

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2 I don't believe it's obsolete at all. I
3 think it's a great plan. It does need
4 some tweaking, but it is a great plan.

5 COUNCILMAN GOODE: Well, the
6 reason I ask that question is because you
7 say this project is contrary to the
8 Center City Plan.

9 MR. SMITH: This project is
10 contrary to the Center City Plan. It is,
11 yes.

12 COUNCILMAN GOODE: So this type
13 of project should not happen at all in
14 Center City?

15 MR. SMITH: Not on this site.
16 This site is part of the Center City
17 Plan. The Center City Plan says it
18 should be transitional development,
19 "C-4." This is not a proposal for "C-4"
20 transitional. This is a proposal for
21 twice that size for a project that
22 doesn't fit as a transitional project.
23 And I don't agree that 19th and Arch is a
24 transitional site. I think this is the
25 transitional site. It should stop here.

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2 It should not -- and because as soon as
3 Philadelphia Management comes on with a
4 plan at 19th and Arch, which is almost as
5 big as this, although he's got a smaller
6 site, then the next block is going to end
7 up being the transitional block,
8 according to the Planning Commission and
9 the developers.

10 COUNCILMAN GOODE: Just very
11 quickly, if the Center City Plan and the
12 "C-4," "C-5" designation gave us what we
13 needed in the late '80s and subsequent
14 development, then perhaps it is time to
15 look again at what might be needed to
16 move the City to build a bit higher.

17 Thank you.

18 MR. SMITH: All right, but this
19 is being -- this is happening before
20 that.

21 (Applause.)

22 MR. SMITH: That should happen
23 first before this project. That should
24 happen first before this project occurs.
25 That's what planning is.

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2 COUNCIL PRESIDENT VERNA: Thank
3 you.

4 The Chair recognizes Councilman
5 Kelly.

6 COUNCILMAN KELLY: Yes. Thank
7 you, Madam President.

8 I just want to follow up on
9 some comments that Councilman DiCicco
10 made. I couldn't agree with him more,
11 because I have two daughters that live in
12 New York City, and I don't think density
13 is a problem at all. Because whenever I
14 travel to New York City, I feel quite
15 safe that the more people you have on a
16 block, especially at night, I think it
17 makes it much, much safer. Believe me.

18 (Applause.)

19 COUNCILMAN KELLY: I remember
20 in the '80s when we were deliberating a
21 budget and it went well into the night,
22 probably into midnight, but we took a
23 break around 9:30 or so and we went out
24 to get something to eat. There was
25 nothing, nothing in Center City open,

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2 believe it or not, at 9:30 at night, and
3 it was scary. It was really scary.
4 There is no one on the streets.

5 I think with the more people,
6 again, that you put out there, especially
7 at night, I think it's going to be better
8 not only for the people that are
9 visiting, but I think it's going to be
10 much safer for the people who live around
11 that area. That's all I have to say.

12 Thank you.

13 COUNCIL PRESIDENT VERNA: Thank
14 you.

15 (Applause.)

16 MR. SMITH: You can do that
17 with "C-4." All of that can happen with
18 "C-4." Center City is an exciting place
19 now. I mean, every restaurant is full.
20 It's not like you described it was in
21 those days. But you can do exactly what
22 the Councilman is talking about with a
23 "C-4" development there. It has all
24 those kinds of amenities. It has
25 nightlife. It has people on the streets.

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2 That's what "C-4" is all about. People
3 on the streets, preserving the public --
4 the pedestrian way so that it's
5 comfortable for people on the streets,
6 but producing uses so that people are on
7 the streets 18, 20 hours a day.

8 COUNCIL PRESIDENT VERNA: All
9 right. Thank you, Mr. Smith.

10 Any other questions or comments
11 from members of the Committee?

12 (No response.)

13 COUNCIL PRESIDENT VERNA: Thank
14 you, gentlemen.

15 MR. BELLER: Thank you for your
16 time.

17 MR. SMITH: Thank you very
18 much.

19 COUNCIL PRESIDENT VERNA: I
20 would like to remind my colleagues and
21 also the witnesses that will be coming up
22 to testify that we do have four other
23 public hearings that have been scheduled
24 for today. So we would really appreciate
25 your being as brief as possible. I don't

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2 want to cut anybody off, because I do
3 know this is a very important issue, but
4 at the same time, I think that we have
5 heard just about all of the issues
6 mentioned.

7 Yes?

8 MR. KELSEN: I just want to
9 close by asking for a suspension of the
10 rules. I don't want to forget that
11 before the end of my testimony.

12 COUNCIL PRESIDENT VERNA: Your
13 request will be considered at the
14 appropriate time.

15 Thank you.

16 MR. KELSEN: Thank you, Council
17 President. Thank you, members of the
18 Committee.

19 COUNCIL PRESIDENT VERNA: Thank
20 you.

21 The next witness?

22 MR. McPHERSON: Our next
23 witness is Marla Quintrone and then after
24 her will be Sarah Maloney.

25 COUNCIL PRESIDENT VERNA: Would

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2 they both approach the witness table,
3 please.

4 (Witnesses approached witness
5 table.)

6 COUNCIL PRESIDENT VERNA: Good
7 afternoon. Kindly identify yourself.

8 MR. YOUNG: Thank you. I'm not
9 the person. They sent me up instead. My
10 name is Erin Young and I'm the Political
11 Director for Unite Here, and thank you,
12 Madam President and members of Council.
13 It's my pleasure to be here today on
14 behalf of our business manager, Lynne
15 Fox. She apologizes. She serves on the
16 SERS Board and is unable to attend today,
17 but wanted me to read a very brief
18 statement on behalf of the Philadelphia
19 Joint Board.

20 Esteemed City Councilors, the
21 Philadelphia Joint Board of Unite Here
22 represents 9,000 hotel, gaming, food
23 service and manufacturing workers in the
24 Philadelphia region, approximately 85
25 percent of whom live in the City of

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2 Philadelphia.

3 I write today in support of the
4 American Commerce Center. We support
5 this project because it promises to
6 provide quality hospitality jobs.

7 Please feel free to contact me
8 if you have any questions.

9 Lynne Fox.

10 COUNCIL PRESIDENT VERNA: Thank
11 you very much.

12 Any questions or comments from
13 members of the Committee?

14 (No response.)

15 COUNCIL PRESIDENT VERNA: Are
16 you going to testify?

17 UNIDENTIFIED WITNESS: I can
18 just stand in support given the time.

19 COUNCIL PRESIDENT VERNA: Fine.
20 Thank you so much.

21 Mr. McPherson, please call our
22 next witnesses, please.

23 MR. MCPHERSON: Michelle
24 Smiley.

25 COUNCIL PRESIDENT VERNA: Are

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2 you testifying?

3 MR. MALONEY: I'm Sarah
4 Maloney.

5 COUNCIL PRESIDENT VERNA: All
6 right. Please approach the witness
7 table.

8 MS. MALONEY: I don't know if
9 the woman before me was here.

10 COUNCIL PRESIDENT VERNA: Good
11 afternoon.

12 MS. MALONEY: Good afternoon.
13 My name is Sarah Maloney. I'm a resident
14 of Center City and spend a lot of time in
15 Logan Square, and I'm just here to voice
16 my support for the project.

17 First off, I just want to say
18 that the Kennedy House is not the only
19 representatives of Logan Square. There
20 are lots of other people in Logan Square
21 that support this project, and I just
22 urge the Council to remember that as
23 they're deliberating today.

24 I've lived in Chicago, New
25 York, Boston, many other cities as a

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2 young professional, and this is the type
3 of development that brings me to
4 Philadelphia. I would love to live by a
5 place like this. Grocery store, work,
6 everything.

7 I think the people that are
8 going to be using this building are
9 people like me that are looking to live
10 in areas of excitement in the City. They
11 want to be able to walk to work, not to
12 get in their cars, not create traffic,
13 but walk to work, take public transit,
14 and this is a really exciting building.

15 I just left the financial
16 services industry.

17 This is my final point.

18 Financing is very difficult to
19 come by right now. We had very difficult
20 times in the last few months trying to
21 find financing for projects that I was
22 working on, and this project as it is
23 today, with all the amenities, with the
24 height, with the density, has financing,
25 and I just think that's so important,

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2 because all these jobs can be created
3 right now and will be ready for the next
4 upturn.

5 So I just really support the
6 project on so many fronts, and I can't
7 wait, and I really hope it's here for
8 people like me and the generations behind
9 me.

10 Thank you.

11 COUNCIL PRESIDENT Verna: Thank
12 you.

13 (Applause.)

14 COUNCIL PRESIDENT Verna: Mr.
15 McPherson, please call our next
16 witnesses, please.

17 Please come up to the witness
18 table.

19 MR. McPHERSON: Michelle Smiley
20 and then James McManaman.

21 COUNCIL PRESIDENT Verna: Are
22 they here?

23 MR. McPHERSON: Yes.

24 COUNCIL PRESIDENT Verna:
25 Please approach the witness table.

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2 Good afternoon. Kindly
3 identify yourself for the record.

4 MS. SMILEY: Hello. My name is
5 Michelle Smiley. I'm the Property
6 Manager at 2101 Market Street, the
7 Murano. We're a 43-story beautiful
8 high-rise building. I'm here on behalf
9 of the developers of the building and
10 their residents just to let everyone know
11 that we're looking forward to this
12 building being built, one of the most
13 beautiful, unique buildings I've ever
14 seen. I can't wait until it's on our map
15 in this City.

16 I wanted to congratulate the
17 developer, Mr. Miller, for having a
18 dream, a vision and insight to keep his
19 business and everything here. I support
20 it.

21 Thank you.

22 COUNCIL PRESIDENT VERNA: Thank
23 you.

24 (Applause.)

25 MR. McMANAMAN: Madam

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2 President, members of the Rules

3 Committee, my name is James McManaman. I

4 own a small business in Center City

5 Philadelphia and I've lived here for four

6 years. I'm also the Founding President

7 of Midtown Village Merchants Association,

8 representing 140 merchants just a few

9 blocks away.

10 It's a fantastic project. It's

11 what Philadelphia needs, particularly now

12 at this time in our economy. So I fully

13 support it and hope that you will, too.

14 COUNCIL PRESIDENT Verna: Thank

15 you so much.

16 (Applause.)

17 MR. McPHERSON: Our next

18 witnesses are Edward Panek, David

19 Harrison and Rick Slobodian.

20 COUNCIL PRESIDENT Verna: I

21 would ask the witnesses to please

22 approach the witness table.

23 (Witnesses approached witness

24 table.)

25 COUNCIL PRESIDENT Verna: Good

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2 afternoon, sir. Kindly identify yourself
3 for the record.

4 MR. HARRISON: My name is David
5 Harrison. I'm a resident of Kennedy
6 House. I'm opposed to the development of
7 the 1800 block of Arch Street as
8 presently proposed. My apartment is in
9 the northeast corner of Kennedy House, so
10 I will not be directly affected by the
11 proposed development, but I believe that
12 the present plans will be bad not only
13 for Logan Square area but for Center City
14 as well.

15 I'm afraid that both the Mayor
16 and this Council are so enamored with the
17 thought of a 1,500-foot tower that they
18 have lost sight of the forest through the
19 trees.

20 You must remember that you have
21 the developers over the barrel. They
22 have paid \$30 million for this lot. They
23 will develop it even if they cannot
24 develop it as presently proposed.

25 I understand that the tower has

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2 a great amount of sex appeal and would be
3 an iconic feature for the City, but it
4 must be moved to the 18th Street side of
5 the block. This is the commercial side
6 of the block and will have less effect on
7 the Logan Square area. It will also
8 serve as a demarcation between the
9 commercial part of Logan Square and the
10 residential part.

11 Having said this, the rest of
12 the proposal is unacceptable.

13 I only have two pages.

14 The proposal will exacerbate an
15 already terrible parking problem in the
16 area. It will result in a net loss of
17 parking spaces. They're building this on
18 a 400-lot parking lot. Since a major
19 justification for the tower depends on
20 its bringing new business to the City, it
21 must generate additional traffic to be
22 successful. The developer's contention
23 that the occupants of the tower will use
24 public transportation ala New York is
25 unrealistic. Philadelphia does not have

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2 the transportation system that New York
3 City has, and that city's traffic
4 problems are horrendous. At rush hour
5 and before and after, 19th Street and JF
6 Kennedy is gridlocked. With the loss of
7 parking, the traffic will get much worse,
8 discouraging people from coming to Center
9 City unless it's absolutely necessary.
10 And, of course, the development will
11 generate far more traffic on its own. If
12 the traffic from the proposed hotel and
13 shops is added in, the additional strain
14 on parking and traffic will be
15 unbearable.

16 This development crammed into
17 half a city block will be overcrowded.
18 It represents only an exercise of greed
19 by the developer, with no concern for
20 aesthetics.

21 The so-called public areas are
22 an illusion. They will not be used by
23 the public, situate as they are on the
24 upper floors.

25 Greed should not be rewarded.

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2 The solution is to disallow the hotel,
3 but additional shopping and the movie
4 theatre can be permitted. This will open
5 up the lot. It will bring people into
6 Center City. They will be users. It
7 will answer the questions raised by the
8 Councilpeople. But by doing that, it
9 will substantially reduce traffic,
10 because the hotel is a huge traffic
11 generator.

12 As I said, this will not stop
13 development, but it will better serve the
14 City if we can eliminate the hotel.
15 That's what jams up this lot. That's
16 what makes it so aesthetically wrong, and
17 that's what causes all the parking
18 problems.

19 Thank you.

20 (Applause.)

21 MR. PANEK: My name is Ed
22 Panek. I'm here on behalf of Logan
23 Square Neighborhood Association, both as
24 the Chairman of the Zoning Committee and
25 as a member of the Major Projects

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2 Committee, which has been charged by
3 Logan Square to negotiate with the
4 developer and obtain information
5 concerning the development, which is
6 clearly within our boundaries.

7 First, I might say that our
8 President, Rob Stewart, would have liked
9 to have been here today, but he's on jury
10 duty, and the Chair of the Major Projects
11 Committee, Jim McGrath, would have liked
12 to have been here, but he had to be in
13 Florida. And I wonder why it's always
14 somebody else that has to be in Florida
15 and not me. But in any event, I'm here.

16 This is a very important
17 project not only to the developer, not
18 only to this City, not only to the near
19 neighbors, but to the Logan Square
20 Neighborhood Association in its entirety.
21 We have had continuing discussions with
22 the developer, and we intend to continue
23 to facilitate discussions with the
24 developer.

25 A couple things that are going

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2 to happen as a result of -- if this
3 Council today decides that it is going to
4 pass this or enact this ordinance, it's
5 going to create a situation where there's
6 a lot less incentive for the developer to
7 continue to negotiate.

8 Number two, if you enact this
9 ordinance today without a consideration
10 of what other major projects might be
11 built in the area, without a
12 consideration of our neighborhood
13 development plan, which I think will be
14 issued by the end of December, the
15 beginning of January -- we put \$100,000
16 into this from Kise Straw doing the
17 development plan. We really wish that
18 you would see that final plan before you
19 make a decision on this particular piece
20 of legislation.

21 I know of no compelling reason
22 why this piece of -- this ordinance needs
23 to be enacted today. It can be enacted
24 after you've had a chance to review our
25 neighborhood development plan and after

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2 you've had an opportunity to consider the
3 fruits of the rest of our negotiations
4 with the developer.

5 What I handed up to you was the
6 last letter that we sent to the
7 developer. It's dated November the 13th.
8 It is not the position of the Logan
9 Square Neighborhood Association per se.
10 It is a list of suggested talking points.
11 The developer has responded to us on that
12 and we've also met with them recently,
13 the Monday of Thanksgiving week, and we
14 intend to continue to do that, not only
15 to try and facilitate getting information
16 concerning issues of major concern to not
17 only the near neighbors but other
18 residents on the Logan Square
19 Neighborhood Association, but also with
20 respect to whether or not there can be
21 any continuing negotiations with respect
22 to this particular project.

23 I must say that with every
24 particular matter that I've ever worked
25 on for Logan Square Neighborhood

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2 Association, our approach, my approach
3 certainly, has always been win-win, and
4 that's where we'd like to get on this
5 particular situation. We're not there
6 yet, and we need some time to finish
7 that, and I see no reason why you need to
8 enact an ordinance today, which I think
9 can inhibit us from getting where we need
10 to go.

11 I also want to thank Councilman
12 Clarke, who has facilitated us in our
13 discussions with the developer and has
14 been supportive and looking out, I think,
15 for everybody's best interest in the
16 whole process. So I thank you.

17 That is my testimony. Any
18 questions?

19 COUNCIL PRESIDENT VERNA: Thank
20 you.

21 Any questions or comments from
22 the Committee?

23 (No response.)

24 COUNCIL PRESIDENT VERNA: Thank
25 you.

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2 Good afternoon. Kindly
3 identify yourself for the record.

4 MR. SLOBODIAN: Good afternoon.
5 My name is Richard Slobodian. I'm a
6 resident of Center City and my family has
7 been here for upwards of 70 years.
8 Myself, clearly I haven't. But my
9 interest is seeing this project happen,
10 not for any financial gain, but because
11 I'm interested in bringing the newest and
12 the best technology, architecture,
13 engineering and science to the City.

14 Both of my sisters are in New
15 York, as many of your siblings and
16 daughters are, and they've bought in
17 Hoboken, in Jersey City and my father has
18 bought in burgeoning White Plains, a city
19 in its own right, and I've always
20 encouraged them to buy here. And why
21 haven't they bought here? Because
22 they're afraid that there's not enough
23 leadership and vision to get something
24 done to make an exciting, vibrant Center
25 City that is stagnated by height

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2 requirements and other historical
3 impediments.

4 I think it's critical. It has
5 to be built, and I wish I had a financial
6 interest in it being built, but I don't.
7 Just a City resident.

8 So thanks very much.

9 COUNCIL PRESIDENT Verna: Thank
10 you so much.

11 (Applause.)

12 COUNCIL PRESIDENT Verna: Thank
13 you.

14 MR. McPherson: Our next three
15 witnesses are John Partridge, Anthony
16 Dougdale, Steven Henkelman.

17 COUNCIL PRESIDENT Verna: Would
18 all three witnesses please approach the
19 witness table.

20 (Witnesses approached witness
21 table.)

22 COUNCIL PRESIDENT Verna: Who
23 is the third, Mr. McPherson?

24 MR. McPherson: John Partridge,
25 Anthony Dougdale and Steven Henkelman.

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2 MR. PARTRIDGE: Good morning,
3 President Verna and Council Rules
4 Committee. My name is John Partridge.
5 I'm an architect, and my business is
6 located in the Bell Atlantic Tower at
7 1717 Arch Street, making me a close
8 neighbor of the proposed tower and
9 mixed-use development, American Commerce
10 Center at 18th and Arch.

11 By the way, I take the train to
12 work and take full advantage of the
13 tremendous mass transit system that we
14 are lucky enough to have in Philadelphia
15 and is key to our survival in our future
16 as a leading city in the world.

17 I recall when One Logan and the
18 Four Seasons project was developed in
19 1983 and then Two Logan followed in 1987.
20 At the time, 18th Street was declared by
21 some as a new center of the Central
22 Business District. Then Mellon Bank
23 Center in 1990, Bell Atlantic Tower in
24 1992 further enhanced 18th Street's claim
25 as the main north-south access in the

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2 dense core of Philadelphia's Central
3 Business District.

4 Numerous factors contribute to
5 the location of so much of the new
6 development in this area, not the least
7 of which is the direct access to the
8 regional rail lines and its close
9 proximity to the existing office space in
10 the CBD. This site is not the edge of
11 anything. This is the center of the main
12 urban core of Philadelphia.

13 The site of American Commerce
14 Center is the heart of the urban core,
15 surrounded on three sides by dense,
16 high-rise development. It's connected to
17 our vital mass transit hub. And this is
18 the prime development site for a dense
19 building complex in Philadelphia.

20 The notion of locating a dense
21 development site anywhere but in very,
22 very close proximity to mass transit is
23 contrary to the notion of a sustainable
24 city and is something that I'm not sure
25 we're going to get a whole lot of mileage

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2 out of with any developers.

3 Sustainability is one of those
4 issues that I believe must be of the
5 highest priority as a core value for all
6 of us in the community and in the City.
7 For Philadelphia to be sustainable, we
8 must not only improve the environmental
9 quality of our buildings, our industry
10 and our transportation systems, we must
11 also continue to improve how we compete
12 in both the world economy and in our
13 regional economy. I'm talking about
14 economic sustainability, which is as
15 important to be viable.

16 One of the most exciting
17 aspects of the American Commerce Center
18 project is that it will continue the
19 development trend towards cutting-edge
20 green building technology, which was
21 initiated locally with Liberty
22 Properties' Comcast Center and their
23 projects at the Navy Yard, and it will in
24 fact take it to the next level as we push
25 the design envelope towards ever-more

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2 energy efficient and environmentally
3 friendly office projects.

4 Planning for the ACC at this
5 point includes many state-of-the-art
6 green building technologies, which were
7 alluded to by the architect.

8 For some, the height of the
9 building, the density of the building,
10 the mixed use quality of the building is
11 its most impressive feature. For others,
12 it's most imposing and even frightening.
13 For me, the height, the density are
14 non-issues. What impresses me most is
15 how well the mixed use aspect of the
16 complex fits into the existing urban
17 fabric and how the state-of-the-art
18 architecture and design technology of the
19 building will provide Philadelphia with a
20 landmark, which will serve us both as a
21 destination and as a premier building
22 address.

23 The ACC will be a great
24 addition to the neighborhood and to the
25 City of Philadelphia, and I urge you to

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2 approve the current changes necessary to
3 allow it to be built as it's planned.

4 COUNCIL PRESIDENT Verna: Thank
5 you very much.

6 (Applause.)

7 COUNCIL PRESIDENT Verna: Good
8 afternoon, sir.

9 Sir?

10 MR. HENKELMAN: Thank you,
11 President Verna and ladies and gentlemen.

12 I appreciate the opportunity to speak.

13 My name is Steven Henkelman. I'm an
14 architect in Philadelphia. Unlike

15 Mr. Kohn, I did not have the opportunity
16 to grow up in Philadelphia, but moved
17 here as a young architect. That was over

18 30 years ago. I have maintained a
19 practice in Center City Philadelphia
20 during that time.

21 I did have the opportunity over
22 those 30 years to see some of the
23 threshold events occur in Philadelphia's
24 evolution, many of which were mentioned
25 by Mr. Kohn in his brief history, two of

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2 which are pertinent to the proposed
3 development. One certainly was Bill
4 Rouse's vision for what Philadelphia
5 could be when he proposed Liberty Place.
6 The second has been mentioned previously,
7 is the gradual shift to the west of the
8 dense center business district area.

9 As it's moved west, we've seen
10 a culmination -- possibly not even that;
11 it could go further -- of development
12 occurring on the west side of Schuylkill
13 with Cira Centre and what we hopefully
14 will see spawned by that development on
15 the west side.

16 As an architect in
17 Philadelphia, we look very closely at
18 many issues when a development is
19 proposed, two of which I'd like to bring
20 to light, and they've been mentioned
21 before. One is the enhancement of the
22 image of Philadelphia that the
23 development will provide, and the second
24 one is the respect for context in which
25 that development occurs. The former is

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2 obviously the easy one to discuss.

3 The proposed development would
4 be almost impossible to argue would do
5 anything but enhance Philadelphia's
6 image, both on the national scene and
7 international scene. And as also was
8 mentioned, I think this is critical to
9 Philadelphia's sustainability and its
10 growth.

11 The second certainly is the one
12 that is the greatest controversy:
13 context. First I'd like to say that we
14 have the opportunity and we have in place
15 a body of professionals who look at that
16 very closely, have looked at it for this
17 project. That's the Philadelphia
18 Planning Commission. They have worked
19 closely with the developers and endorsed
20 this project.

21 One of the aspects of
22 context -- and there are many that were
23 mentioned during Mr. Kohn's presentation
24 and how to address some of the concerns
25 of those who are in the immediate

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2 vicinity, but one of those I'd like to
3 highlight is how the building actually
4 meets the ground. And this is not just a
5 physical plunking of the building onto
6 the streetscape, but it's actually what
7 happens at that level. We've talked a
8 lot about the activity that gets
9 generated on the street level, opening up
10 the street for activities. But in
11 Philadelphia, we've seen over the past
12 where open plazas are windswept and
13 unoccupied, really do very little. In
14 this case, I think the architects -- and
15 here I think the developers are to be
16 well commended -- have looked at the
17 activities that are important, not just
18 the physical setting, but what surrounds
19 those spaces. And I think that what you
20 have seen today and will see as this
21 develops is that you will have a very
22 active area that will extend well beyond
23 the normal office hours.

24 Context is an economic issue
25 too, and I needn't address what it means

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2 in today's economic means. This is an
3 extraordinary opportunity for
4 Philadelphia. I strongly recommend that
5 the Council endorse this proposal, and I
6 think Philadelphia deserves it and, more
7 importantly, Philadelphians deserve it.

8 Thank you.

9 COUNCIL PRESIDENT VERNA: Thank
10 you very much.

11 (Applause.)

12 COUNCIL PRESIDENT VERNA: That
13 concludes our witness list and also our
14 public hearing. We will now go into our
15 public meeting, and at this time, the
16 Chair -- I'm sorry. Councilman Clarke.

17 COUNCILMAN CLARKE: Thanks,
18 Madam President. Real brief, because I
19 know we're running way behind schedule.
20 I just wanted to clarify that the plan of
21 approval that will be done by the City of
22 Philadelphia Planning Commission, there's
23 a commitment -- and I see we still have a
24 representative from the Planning
25 Commission -- that there's a commitment

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2 that at the approval of the Planning
3 Commission, it will be subject to an
4 approval by City Council.

5 Just kind of shake your head.

6 (Mr. Kramer shaking head in the
7 affirmative.)

8 COUNCILMAN CLARKE: So the
9 ultimate plan of approval will be coming
10 back to the City Council for approval,
11 and I'm assuming it will be by
12 resolution. So we can just do it in one
13 day's shot.

14 Thank you.

15 COUNCIL PRESIDENT VERNA: Thank
16 you.

17 We are now in our public
18 meeting, and, again, the Chair recognizes
19 Councilman Clarke.

20 COUNCILMAN CLARKE: Thank you,
21 Madam President.

22 Madam President, I would like
23 to move for the amendments that have been
24 circulated and briefed on earlier in the
25 public hearing to Bill No. 080588.

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2 (Duly seconded.)

3 COUNCIL PRESIDENT VERNA: It
4 has been moved and seconded that the
5 amendments as presented to us this
6 morning be adopted.

7 All in favor will indicate by
8 saying aye.

9 (Aye.)

10 COUNCIL PRESIDENT VERNA: Those
11 opposed?

12 (No response.)

13 COUNCIL PRESIDENT VERNA: The
14 ayes have it and the amendments are
15 adopted.

16 Again, the Chair recognizes
17 Councilman Clarke.

18 COUNCILMAN CLARKE: Thank you,
19 Madam President. I move that Bill 080588
20 be reported out of Committee with a
21 favorable recommendation, as amended, and
22 request for a suspension of the rules to
23 allow reading at the next session of
24 Council.

25 (Duly seconded.)

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2 COUNCIL PRESIDENT VERNA: It
3 has been moved and properly seconded that
4 Bill No. 080588 be reported out of
5 Committee with a favorable
6 recommendation, as amended; further, that
7 the rules of Council be suspended so as
8 to permit first reading at our next
9 session of Council.

10 All in favor will indicate by
11 saying aye.

12 (Aye.)

13 COUNCIL PRESIDENT VERNA: Those
14 opposed?

15 (No response.)

16 COUNCIL PRESIDENT VERNA: The
17 ayes have it. The motion carries. And
18 this concludes our public meeting.

19 Thank you all very much.

20 (Applause.)

21 (Committee on Rules adjourned
22 at 12:00 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 December 3, 2008, and that
this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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