COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON TRANSPORTATION AND

PUBLIC UTILITIES

- - -

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, November 15, 2005
1:40 p.m.

- - -

PRESENT:
COUNCILMAN MICHAEL A. NUTTER, CHAIRMAN
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JACK KELLY
COUNCILWOMAN DONNA REED MILLER

RESOLUTION 041058 - Resolution authorizing the Committee on Transportation and Public Utilities to hold hearings regarding the Philadelphia Transit System Lease between the City of Philadelphia and the Southeastern Pennsylvania Transportation Authority...

- - -

V A R A L L O Incorporated
Litigation Support Services
Eleven Penn Center
1835 Market Street, Suite 600
Philadelphia, Pennsylvania 19103
215.561.2220 215.567.2670

COUNCILMAN NUTTER: This is the Committee on Transportation and Public Utilities. We are here regarding Resolution No. 041058. This is authorizing the Committee on Transportation and Public Utilities to hold hearings regarding the Philadelphia Transit System Lease between the City of Philadelphia and the Southeastern Pennsylvania Transportation Authority, and authorizing the Committee to issue subpoenas to compel the attendance of witnesses and the production of documents and other evidence.

I'm Councilman Michael Nutter, Chair of the Committee.

We're going to have the City Solicitor come up, who has testimony. Are there other witnesses and --

So, Solicitor, why don't you come up.

Councilman Goode has some opening comments. So we're going to hear from the Councilman first, and then I'll

11/15/05 - TRANSPORTATION - RES. 041058

ask you to proceed with your testimony.

Councilman Goode.

COUNCILMAN GOODE: Thank you, Mr. Chairman.

Less than a year ago, the City's two representatives on the SEPTA Board had the veto decision to raise the base fare to $3 per ride. Fortunately, SEPTA Board rules give its two representatives veto power even though they only have two of 15 seats on the Board. Unfortunately, the same Board rules allow that veto to be overridden by the rest of the suburban-dominated Board at the next meeting. Therefore, the veto power is only symbolic.

The veto power is symbolic of the fact that those two Board members are there to represent the City of Philadelphia, which contributes the highest subsidy of the five counties served by the Authority and the highest portion of the Authority's fare box revenue.

11/15/05 - TRANSPORTATION - RES. 041058

It does not represent real power, so Philadelphia does not have real equity in the governance of public transportation in the region. The City has been bound by a 37-year-old lease agreement that should expire December 31st.

December of last year, City Council unanimously passed this resolution to review the City's lease agreement with SEPTA. It's imperative that the City of Philadelphia, in the interest of local SEPTA riders and the City as a whole, examine the City's stake in the expiration of the lease agreement.

The City should control a significant amount of mass transit infrastructure and all franchise rights within weeks from now. While our first mission must be to seek a dedicated source of state funding for mass transit in Philadelphia, nonetheless, I call on the Mayor and my colleagues on Council to immediately consider our options as our

11/15/05 - TRANSPORTATION - RES. 041058

lease agreements with SEPTA comes to an end. I also urge the state to remedy the inequity that exists with regard to Philadelphia's role in the regional governance of mass transit, considering that the City contributes both the highest subsidy of the five counties and, as I mentioned, the highest portion of fare box revenue.

As the lease agreement comes to an end, the City should, one, claim and seize all franchise rights, rights to use City streets, and rights related to concourse and access ways; sell or lease any and all City rail line-related infrastructure to SEPTA under a new agreement; and, three, contract some or all bus services on a competitive basis.

Naturally, we need mass transit in the City, but not at any cost under the terms of an old agreement. It's time to use all the leverage at our disposal for more efficient, more affordable and more equitable City and regional mass

transit systems.

Thank you.

COUNCILMAN NUTTER: Thank you, Councilman Goode.

Solicitor Diaz, please identify yourself for the record.

SOLICITOR DIAZ: I'm Romulo L. Diaz, Jr., City Solicitor.

COUNCILMAN NUTTER: Please proceed.

SOLICITOR DIAZ: Thank you, Mr. Chairman and members of the Committee. I am pleased to testify at the Committee's request regarding the transit system leases between the City of Philadelphia and the Southeastern Pennsylvania Transportation Authority, commonly known as the lease-leaseback agreement dated September 27, 1968.

In particular, the Committee has asked me to address the recent standstill agreement between the City and SEPTA concerning litigation on the lease-leaseback agreement. The 1968

11/15/05 - TRANSPORTATION - RES. 041058

agreement provided generally that the City would lease what is now known as the City Transit Division to SEPTA, together with any additions and improvements, for a period expiring December 31, 2005.

Earlier this year, the City invited SEPTA to engage in discussions related to an extension of the agreement. SEPTA disputed the City's interpretation as to the expiration date and filed a lawsuit on July 29, 2005 seeking a declaratory judgment that the lease-leaseback agreement was not expiring.

In the lawsuit, SEPTA took the position that the agreement does not expire until all bonds related to the leased properties that SEPTA has issued or may issue in the future are defeased, which would be no sooner than 2029 or later if SEPTA chooses to issue new bonds. The City strongly opposes such an interpretation.

When approached by SEPTA

11/15/05 - TRANSPORTATION - RES. 041058

counsel in August of this year, the City held a number of informal discussions with SEPTA, counsel and staff that led to a settlement of the litigation on October 7, 2005.

This so-called standstill agreement continues the current lease until December 31, 2007, and either party has the option to extend it for an additional year to December 31, 2008. Pursuant to the standstill agreement, SEPTA has now withdrawn its lawsuit.

In negotiating the standstill agreement, it was important to the City to ensure that the parties use the standstill period to address operational and financial issues of concern to the City. Accordingly, the agreement provides that the City and SEPTA will meet to discuss operational and financial issues, and we have scheduled such a meeting for later this month.

While the standstill agreement can be terminated if either side

11/15/05 - TRANSPORTATION - RES. 041058

concludes that there has been a lack of good-faith negotiation, I am hopeful that we can move forward with a meaningful dialogue on these issues.

Finally, we also approach this lease-leaseback discussion in a larger context of the current work by the state Transportation Funding and Reform Commission, which is reviewing mass transit funding and services. That Commission's recommendations are due to the Governor by no later than November 15, 2006. Therefore, the standstill agreement gives the City and SEPTA the opportunity to frame the operational and financial basis for a long-term contractual relationship, taking into account actions the Commonwealth may take to provide permanent funding for SEPTA going forward.

This concludes my prepared testimony, and I pleased to answer any questions you may have at this time.

COUNCILMAN NUTTER: Thank you

11/15/05 - TRANSPORTATION - RES. 041058

very much. Thank you, Mr. Solicitor.

First, let me ask, can you provide to this Committee a copy of the agreement?

SOLICITOR DIAZ: I would be pleased to do so, sir.

COUNCILMAN NUTTER: And, second, can you lay out in relatively brief terms -- I'll ask you a longer question later -- what are the general terms and conditions, various important provisions, of this particular agreement?

SOLICITOR DIAZ: I think the most important provisions of the agreement, if I may summarize, relate to the continuation of the current lease-leaseback arrangement during the pendency of the standstill agreement and as an offsetting responsibility of SEPTA to withdraw its pending litigation.

COUNCILMAN NUTTER: I'm sorry. I'm not actually interested in that component at the moment. What I'm much more interested in is, what is the nature

of the lease-leaseback agreement? Who owns what, who is leasing what to whom, and what are the basic provisions, terms and conditions, benefits, et cetera, et cetera?

SOLICITOR DIAZ: The lease-leaseback arrangement was an opportunity for the City essentially to receive from SEPTA the properties that it owned and had responsibility for operating. Those were leased to the City. Essentially they were bundled with the properties owned by the City, primarily the City Transit Division and other --

COUNCILMAN NUTTER: So let's stop right there. What exactly did the City own at that time?

SOLICITOR DIAZ: The City owned and continues to own the City Transit Division and --

COUNCILMAN NUTTER: Well, when you say that, what does that mean?

SOLICITOR DIAZ: For example,

11/15/05 - TRANSPORTATION - RES. 041058

the thing that comes to mind in particular is the Broad Street line, the subway line, the cars associated with the operation of that.

COUNCILMAN NUTTER: So the City owns the subway?

SOLICITOR DIAZ: That's correct. But let me, if I may, just summarize the properties that we own as part of that arrangement, if I may, if you give me just one moment, sir.

With regard to the City Transit Division, we own the Broad Street subway, including the rolling stock, the trains themselves. With regard to the Frankford Elevated line from Arch to Bridge Street, there is an issue -- we own that. There is an issue related to the ownership of some 220 of the cars acquired by SEPTA in 1998 and '99.

We own the Route 59 Castor Avenue trackless trolley line. The Woodland Avenue trolley subway is owned by the City from 36th Street to Ludlow --

I'm sorry; 36th and Ludlow to 40th and Woodland.

We own the West Philadelphia subway extension, the land at 33rd and Market --

COUNCILMAN NUTTER: When you say the "subway extension," what do you mean?

SOLICITOR DIAZ: This is the land at 33rd and Market and 36th and Ludlow and 44th and Market which were acquired as part of the replacement of the elevated structure with a subway between 21st and 46th Street.

The City has a leasehold interest in the remaining City Transit Division assets that I have not already mentioned.

With regard to the Regional Rail division, we own the Center City commuter connection from 8th and Brown to 16th and Kennedy, including the Market East Station; the Airport High Speed Rail line from Brill interlocking near 60th

and Paschall to the Airport. We own the University City Rail Station, Ivy Ridge and Forest Hill Stations, the Fox Chase line electrification from the Newtown Junction to Fox Chase, 133 cars of the 349-car commuter rail fleet, the Center City Pedestrian Concourse System and then some miscellaneous properties as well.

Those were bundled with the properties leased by SEPTA to the City and then leased back in their entirety as part of that lease-leaseback agreement of 1968.

COUNCILMAN GOODE: Point of information.

COUNCILMAN NUTTER: Councilman Goode.

COUNCILMAN GOODE: The Solicitor mentioned the Frankford part of the El.

SOLICITOR DIAZ: Yes, sir.

COUNCILMAN NUTTER: Does SEPTA own the rest?

SOLICITOR DIAZ: That is my

understanding. And whether they own it or have a leasehold interest in the remaining properties, those were all leased to the City as part of the lease-leaseback arrangement.

COUNCILMAN NUTTER: So from a pure ownership standpoint -- and I appreciate you laying that out on the record. I'll ask you more about that in a few minutes -- we seem to own a fair amount of the SEPTA system.

SOLICITOR DIAZ: That's correct, Chairman.

COUNCILMAN NUTTER: Infrastructure and rolling stock.

SOLICITOR DIAZ: That is correct.

COUNCILMAN NUTTER: Why is it that we always seem to be in a lesser position when it comes to some of the issues dealing with SEPTA?

SOLICITOR DIAZ: I don't know that I would want to conjecture what a "lesser position" is, but I think one of

the issues that certainly has been raised in the past is the issue related to governance, where the City has two representatives of a Board of 15. That is the way the state-enabling legislation established the Board and the SEPTA Authority and -- I will stop there and see where you want to go.

COUNCILMAN NUTTER: Okay. Has anyone ever placed a value on all of this inventory and asset and ownership? Do we know what it's worth?

SOLICITOR DIAZ: I do not know, but I could provide that for the record. Clearly, we're talking in significant dollar amounts, perhaps certainly well into the hundreds of millions of dollars.

COUNCILMAN NUTTER: I would think.

Okay. What I'd like to ask you for now is if you could provide, and maybe you already have it in that large binder you have there, it would be helpful as a part of sending us for

11/15/05 - TRANSPORTATION - RES. 041058

distribution to all the members a copy of the agreement. If you could, in the clearest of English, send us a detailed and comprehensive analysis of the lease-leaseback agreement, its various terms and conditions, highlights, lower lights and the meaning of any of those various provisions as it relates to the City of Philadelphia and our ownership interest, who is responsible for what. Councilman Goode raised issues about, I guess, possible revenue opportunities and whether those are concessions or other types of agreements, whether they're all subject to this larger lease-leaseback agreement. It would be helpful, I think, to know notwithstanding this --

SOLICITOR DIAZ: Standstill agreement, sir?

COUNCILMAN NUTTER: What are you calling this?

SOLICITOR DIAZ: Standstill agreement. It's essentially a settlement agreement, and standstill agreement is

what we've been calling it.

COUNCILMAN NUTTER: Well, in the context of SEPTA, maybe we don't ever really want to talk about anything in a standstill capacity. We had that experience about a week or so ago.

But if you could give us a very broad and detailed analysis of this agreement, it might put us all in a much better position to understand what our position is.

SOLICITOR DIAZ: I'd be happy to do that.

COUNCILMAN NUTTER: Thank you.

Now, why did you agree and what's the significance of two years and why would you kind of move this to a point which is, at least by the calendar, literally right at the end of a particular term or administration and then going into another one? Why did you end up with two years?

SOLICITOR DIAZ: The principal issue, I think, for those of us who were

11/15/05 - TRANSPORTATION - RES. 041058

negotiating the agreement, Chairman, related to the fact that many of the questions that were outstanding and indeed many of the sensitivities were associated with efforts underway hoping to secure permanent funding for the SEPTA system, and in the context of issues related to financial obligations of the City, I think it was fair to say that a realistic assessment would indicate that until a permanent financing solution was either found or we had a sense as to whether one was to be found, that some of those questions would be difficult, if not impossible, to address.

So in the context of the Commission established by Governor Rendell, which has a reporting deadline to the Governor of November 15 of 2006, we wanted to provide sufficient opportunity for the recommendations of that Commission to be received by the Governor and for the General Assembly to have an opportunity to act, and that was

11/15/05 - TRANSPORTATION - RES. 041058

essentially the thinking with regard to the two-year period.

COUNCILMAN NUTTER: Well, I understand that, but what does that have to do with a contract that was entered into 37 years ago that had a date specific of December 31, 2005 and what does any of that have to do with whether or not the contract expires?

SOLICITOR DIAZ: Well, we don't dispute or have a difference of opinion with you, Chairman, in connection with the fact that the contract entered into or the lease entered into in 1968 had a defined term. That is the City's position now and it was the City's position then when the settlement negotiations were initiated.

But we initiated those discussions in the context of litigation that had been initiated by SEPTA, not the City, to prevent us from moving forward to negotiate a new long-term agreement.

COUNCILMAN NUTTER: Is there a

11/15/05 - TRANSPORTATION - RES. 041058

provision in the lease-leaseback agreement that allows for extension unilaterally by either of the parties?

SOLICITOR DIAZ: It does not. The provision that we were really grappling with, I think, is one that has either a date certain -- the later of a date certain or the completion of financial obligations by the parties. And there was certainly a question about whether some of those financial obligations related to the so-called payment of cumulative additional rent would have been completed by SEPTA by the end of this calendar year, which was the other date included in the agreement.

The City's position all along has been that it was a date certain and that we had the flexibility either to demand completion of the financial obligation or to even undertake the possibility of a forgiveness to bring closure to the lease.

That interpretation was

11/15/05 - TRANSPORTATION - RES. 041058

disputed by SEPTA, and given the fact that we were in litigation, nothing is certain in litigation, it seemed like the wiser course to settle the litigation and give us an opportunity to forge ahead on a long-term contractual relationship.

COUNCILMAN NUTTER: Just a couple last questions. So SEPTA decides to issue new bonds. Was there a provision in the bond deal that authorized or made specific that it, in essence, continue the lease agreement that had a date certain for expiration?

SOLICITOR DIAZ: We do not believe so, and to the best of my knowledge, and I've checked into this, I'm not aware that the City was a party to or had knowledge of those bond issuances.

COUNCILMAN NUTTER: My next question was, was the City a party to this bond issue?

SOLICITOR DIAZ: Not to the best of my knowledge, sir.

11/15/05 - TRANSPORTATION - RES. 041058

COUNCILMAN NUTTER: Okay. So now you're in the standstill and waiting for the Governor's Commission report on funding?

SOLICITOR DIAZ: We're waiting in terms of hopefully a permanent solution to the funding issue, but in the meantime, we've scheduled our first meeting, which the standstill agreement required be scheduled within 45 days of the standstill agreement, and our first meeting is to take place next Monday, and we will continue to work through the issues that I have summarized with regard to operational and financial and potentially others.

COUNCILMAN NUTTER: Okay. Two Committee members have joined. Councilwoman Donna Reed Miller and Councilman Kelly are both present at the hearing.

Councilman Goode.

COUNCILMAN GOODE: Thank you, Mr. Chairman.

11/15/05 - TRANSPORTATION - RES. 041058

As I mentioned to you, I have to leave in a few minutes, and I will be asking for this hearing to be continued at a later date when we can get more into the subject.

The one thing I wanted to actually get done today was mention of the standstill agreement on the record, which I share with the Solicitor, but I have a few quick questions before I leave.

The standstill agreement obviously does not have to be approved by Council; is that correct?

SOLICITOR DIAZ: That's correct, sir.

COUNCILMAN GOODE: And any new lease agreement would have to be approved by Council; is that correct?

SOLICITOR DIAZ: That is correct, on the assumption, if I may, Councilman, on the assumption that it would be a long-term agreement and would be subject under the Charter provisions

to Council approval.

COUNCILMAN GOODE: You mean more than one year?

SOLICITOR DIAZ: That's correct, sir.

COUNCILMAN GOODE: You almost made me forget my next question.

Essentially, can we really expect that a new lease agreement will be done under this Administration?

SOLICITOR DIAZ: Well, it is fully my intention and to the extent that I've had face-to-face conversations with the SEPTA negotiators, it is our intention to use this time to get the substantive work done for a long-term agreement.

It was never my intention -- I don't believe that was the intention of the SEPTA negotiators -- to frankly put off dealing with what had to be dealt with in order to have a long-term agreement.

So we intend to use this time

productively. We've already started talking about the issues to be considered and have already exchanged ideas, and we are proceeding on that basis.

COUNCILMAN GOODE: Considering that it is the City's position that the lease agreement expires on December 31st, as of January 1st, 2006, is it your position that the City has all franchise rights?

SOLICITOR DIAZ: It is not my position, and that is because, first, as I indicated earlier, although generally we have interpreted the lease-leaseback agreement as terminating December 31, 2005, the operative provision related to termination talks about the later of, the December 31 date or completion of the financial obligations by SEPTA with regard to cumulative fixed rent.

On the other hand, the standstill agreement essentially postpones that by an additional two years and potentially a third year. So I would

11/15/05 - TRANSPORTATION - RES. 041058

say I would not agree that January 1 is the close date.

COUNCILMAN GOODE: Let me ask the question a bit differently, then. When this lease agreement actually ends, whenever it is, between now and December 31, 2007 or later, at that point, is it your position that per the existing agreement, the City then at that point, if there was no new agreement reached, would then have all franchise rights?

SOLICITOR DIAZ: With regard to the properties that we own, yes, that would be my position.

COUNCILMAN GOODE: Is it your position that there is no new agreement and if this agreement ends, at that point, the City takes back all rights to the use of City streets?

SOLICITOR DIAZ: I'm sorry, sir. Could you repeat that question?

COUNCILMAN GOODE: Is it your position that if there is no new agreement reached and this agreement were

11/15/05 - TRANSPORTATION - RES. 041058

to end, at that point, the City takes back all rights to the use of City streets by SEPTA?

SOLICITOR DIAZ: I think that is a correct interpretation, sir.

COUNCILMAN GOODE: And as well, it would take back all rights related to concourse and access ways.

SOLICITOR DIAZ: I would agree with that, again, subject to the understanding that to the extent that any of these rights would have been granted pursuant to the lease-leaseback agreement of 1968 originally. Other rights have been conferred through separate pieces of ordinance and other kinds of arrangements with the City, but with regard to the lease-leaseback agreement privileges, that is correct.

COUNCILMAN GOODE: And non-related to rail line infrastructure, is it your position that if this agreement were to expire and a new agreement was not reached, the City

essentially could contract some or all bus services on a competitive basis?

SOLICITOR DIAZ: We would certainly have that right.

COUNCILMAN GOODE: Thank you.

Thank you, Mr. Chairman.

COUNCILMAN NUTTER: Thank you, Councilman.

Councilwoman Miller.

COUNCILWOMAN MILLER: Good afternoon.

SOLICITOR DIAZ: Good afternoon, Councilwoman.

COUNCILWOMAN MILLER: On the second page of your testimony where you state in the second paragraph that it was important to the City to ensure that parties use this standstill period to address operational and financial issues of concern to the City, are you able to discuss or divulge what those operational issues are or is this private discussion while you're still negotiating?

SOLICITOR DIAZ: I think we

11/15/05 - TRANSPORTATION - RES. 041058

have been pretty direct. I think there was earlier allusion to the fact that the City had previously sued SEPTA in connection with the proposed service cuts and rate hikes of last year and earlier this year, and so, therefore, I think the record is quite public that we have concerns on the City's part about service issues related to changes in service, reductions in service, notice to be given, the need to reinvigorate the Service Standards Committee.

One of the issues that the City had previously litigated in connection with the service cut and rate hike proposals was related to the level at which the reduction would have to occur before public notice was given. I think SEPTA's position, if I recall correctly, was that there could be as much as a 25 percent reduction in service, and no notice to the public would have to be given. We think that that is an overly generous interpretation of SEPTA

obligations. We've not made any secret of that at our conversations with SEPTA.

But those are the kinds of operational issues that we would want to consider, because I think the Mayor has been very forthcoming in his view that customer service, service standards, reliability, all the kinds of hallmarks that one would look for in terms of a reliable and efficient public transportation system -- and I'm sure that SEPTA shares these views -- that those all require that there be very clear service standards that are met, and the riding public has an opportunity to be heard about them and have their views taken into account as they are established.

COUNCILWOMAN MILLER: So there is a committee called the Service Standards Committee?

SOLICITOR DIAZ: That is correct, Councilwoman.

COUNCILWOMAN MILLER: And is

11/15/05 - TRANSPORTATION - RES. 041058

the riding public or does the City or has the City -- and maybe SEPTA does this -- do you get surveys for customer satisfaction, or what type of feedback do you get from the general public, the ridership?

SOLICITOR DIAZ: I don't know what SEPTA may be doing, but I can tell you as part -- and I don't think this is any secret either -- as part of our litigation with regard to the service cuts and rate hikes that were proposed, we did our own informal survey. I'm not saying that they were scientific surveys, but we tried to get a sense of what the riding public interests were. And clearly, a sense of known schedules, reliability as to those schedules, cleanliness, courteousness, et cetera, were all values that the riding public expressed to the City as we were engaged in the previous litigation.

We would like to take forward those points of view and make sure that

as service standards issues were being considered as part of this operational discussion, as we start framing a new successor agreement to the lease-leaseback arrangement, that we make sure we take those into account. We think we have a basis for making improvements, and we certainly are looking for all opportunities to increase our understanding of that.

COUNCILWOMAN MILLER: Does the Service Standards Committee have a list of their concerns or areas that they'd like to see improved, changed, whatever? Only because I want to make sure that the train service, the Regional Rail in my district, stops getting on the hit list. Each time they say they're going to cut back SEPTA --

SOLICITOR DIAZ: The reason I queried one of my colleagues in response to your question, Councilwoman, is because to the best of my knowledge, the Service Standards Committee, which was

11/15/05 - TRANSPORTATION - RES. 041058

established or at least contemplated under the 1968 agreement, but to the best of my knowledge, that Service Standards Committee has basically not existed and functioned in recent years. There is an Advisory Committee to SEPTA with regard to consumer and riding public interest, and the Mayor has appointments. Others in local and regional government have appointments as well.

I'd be happy to see if I could get from SEPTA some greater clarity as to what expressions of interest those members might have made. But the Service Standards Committee, to the best of my knowledge, has not met in recent years, and that's an issue that we'd like to discuss with SEPTA going forward.

COUNCILWOMAN MILLER: Thank you.

SOLICITOR DIAZ: Thank you.

COUNCILMAN NUTTER: Thank you, Councilwoman.

Councilwoman Blackwell.

11/15/05 - TRANSPORTATION - RES. 041058

COUNCILWOMAN BLACKWELL: Mr. Diaz, are you involved in any of the ongoing negotiations with SEPTA or leases or sale in conjunction with public property of lots dealing with the Market Street Elevated Redevelopment Project?

SOLICITOR DIAZ: I am generally aware of it. I've not been directly involved, but I do have one of my colleagues who has been assisting Public Property in that regard if you have additional questions.

COUNCILWOMAN BLACKWELL: Yes. I just wanted to be in touch with you to just make sure that our negotiations -- we met with the Public Property Commissioner several months ago. We've met a few times, and the general agreement was on lots that go up to 60th Street and that 52nd -- I guess 46th, 52nd and 56th Streets or maybe 52nd, 56th and 60th Streets, we wanted an agreement with SEPTA where when the projects are completed, we get to maintain the lots.

11/15/05 - TRANSPORTATION - RES. 041058

We don't want to sell them to them, because it is our goal to -- it has been from the beginning when we talked before this SEPTA street project began to talk about an agreement with the community so that we have a maybe Market Street CDC, or we've been working on the name, so that we have a lot for people to park along the new corridor.

So I just wanted to mention that to you, so when the issue hits you, that we are able to collaborate, yourself, Councilman Nutter and myself, so that -- because I sure wouldn't leave anything to SEPTA to let you know about, because I'm sure something would come back different than it started.

So I just wanted you to know that we do have plans for that and we do not want any agreements where SEPTA maintains lots in the district at the end of the project.

SOLICITOR DIAZ: Councilwoman, I am aware that there has been a lot of

11/15/05 - TRANSPORTATION - RES. 041058

discussion. My Department has been involved in trying to work with your office and the office of Councilman Nutter and others to try to address this issue, and we stand ready to be supportive as you go forward in that regard.

COUNCILWOMAN BLACKWELL: Thank you very much.

Thank you, Councilman Nutter.

COUNCILMAN NUTTER: Solicitor, I believe we've received at the moment enough information from you on this particular matter.

When do you think we'll be able to get the analysis?

SOLICITOR DIAZ: We have any number of analyses. I think what I'd like to do is to go back and take a look at it. I would be hopeful to get something to the Committee, to you and the Committee, within two weeks, sir.

COUNCILMAN NUTTER: That will be great. Thank you.

11/15/05 - TRANSPORTATION - RES. 041058

SOLICITOR DIAZ: Thank you.

COUNCILMAN NUTTER: Now, I notice that there are representatives from SEPTA in the audience. Is SEPTA planning to testify?

SPEAKER 1: No.

COUNCILMAN NUTTER: All right. Thank you very much.

SOLICITOR DIAZ: Thank you.

COUNCILMAN NUTTER: This portion of the Committee on Transportation and Public Utilities regarding Resolution No. 041058 will stand in recess to the call of the Chair.

We will be starting the second hearing of the day, the 2 o'clock scheduled hearing for matters related to CSX, in a couple minutes.

(Committee on Transportation and Public Utilities adjourned at 2:15 p.m.)

- - -

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

_____

MICHELE L. MURPHY

RPR-Notary Public

(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)