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

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- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, December 9, 1999
10:55 a.m.

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BILL 990818 - Authorizing the Commissioner of
Public Property, on behalf of the City of
Philadelphia, to enter into a lease agreement with
the Philadelphia Parking Authority for certain
underground public garage facilities located at
the southwest corner of 15th and Arch Streets (JFK
Plaza), all under certain terms and conditions.

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PRESENT: COUNCILWOMAN AUGUSTA A. CLARK, Chair
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DAVID COHEN
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILWOMAN MARIAN TASCO
COUNCILMAN FRANK DICICCO
COUNCILMAN FRANK RIZZO

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

3 COUNCILWOMAN CLARK: Good morning,
4 ladies and gentlemen. The Committee on Public
5 Property and Public Works is now convened.

6 The clerk will please read the one bill
7 that is before this committee.

8 THE CLERK: Bill No. 990818, an
9 ordinance authorizing the Commissioner of Public
10 Property, on behalf of the City of Philadelphia,
11 to enter into a lease agreement with the
12 Philadelphia Parking Authority for certain
13 underground public garage facilities located at
14 the southwest corner of 15th and Arch Streets, JFK
15 Plaza, all under certain terms and conditions.

16 COUNCILWOMAN CLARK: Thank you.

17 Before we take testimony, I need to
18 establish a quorum for the record. Present at the
19 table today is Councilman Frank Rizzo,
20 Councilwoman Augusta Clark - the Chair,
21 Councilwoman Donna Miller, Councilman Michael
22 Nutter, and Councilman Frank DiCicco. And present
23 in the room is Councilman David Cohen.

24 Thank you.

25 (Commissioner Andres Perez comes

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2 forward.)

3 COUNCILWOMAN CLARK: Good morning,
4 Commissioner. How are you?

5 COMMISSIONER PEREZ: Good morning,
6 Councilwoman.

7 COUNCILWOMAN CLARK: Good morning,
8 ma'am, how are you?

9 MS. CUTLER: I'm fine, thank you. And
10 you?

11 COUNCILWOMAN CLARK: I'm good, thank
12 you.

13 Please introduce yourself to the
14 record, spell your name for benefit of the
15 stenographer, and proceed with your testimony as
16 you see fit.

17 COMMISSIONER PEREZ: My name is Andres
18 Perez, A-N-D-R-E-S, P-E-R-E-Z, Jr., and I'm
19 Commissioner of the Department of Public Property.
20 And I'm here today to testify in support of Bill
21 No. 990810.

22 This is an ordinance authorizing the
23 Commissioner of Public Property, on behalf of the
24 City of Philadelphia, to enter into a lease
25 agreement with the Philadelphia Parking Authority

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2 for certain underground public garage facilities
3 located at the southwest corner of 15th and Arch
4 Streets, also known as JFK Plaza, all under
5 certain terms and conditions.

6 This bill will permit the City to lease
7 that certain property to the Philadelphia Parking
8 Authority for a term of 29 years. The garage
9 facility is located below the JFK Plaza and
10 fountain, and will be used by City agencies and
11 for general public parking.

12 The Philadelphia Parking Authority is
13 authorized to make improvements to the premises
14 with prior written scent from the Commissioner of
15 Public Property. All costs of improvements and
16 repairs will be borne by the Philadelphia Parking
17 Authority. Annually, the Authority shall pay to
18 the City as rent 75 percent of the net revenue
19 received by the Authority from the use of the
20 premises.

21 The Department of Public Property
22 supports the measure and accordingly, I
23 respectfully ask that City Council approve Bill
24 No. 990818, and I also ask that the rules be
25 suspended so that the ordinance may be passed upon

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2 the second reading of Council.

3 Thank you, and I'm ready for
4 questions.

5 Also present is the Parking Authority's
6 Director, Miss Rina Cutler.

7 COUNCILWOMAN CLARK: Good morning, Ms.
8 Cutler.

9 MS. CUTLER: Good morning,
10 Councilwoman.

11 COUNCILWOMAN CLARK: Do you have
12 testimony that you wish to give?

13 MS. CUTLER: I do not, but I am here in
14 support of bill and to answer any questions that
15 you may have.

16 COUNCILWOMAN CLARK: Okay. Mr. Rizzo?

17 Mr. Rizzo, excuse me. Before you
18 speak, may I introduce some guests who are present
19 in the room. Forgive us. I do need to do it.

20 We're pleased to welcome today three
21 members of the City Council in the Ukraine and an
22 adviser to the Mayor of their city. They're in
23 Philadelphia for the next two weeks examining
24 tourism for their city's economic development, and
25 they are also seeing how we have citizen

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2 participation in the government process.

3 Please join me in welcoming these

4 honorable guests from the Ukraine.

5 (Applause.)

6 COUNCILWOMAN CLARK: I had the extreme
7 pleasure of visiting the Ukraine about five years
8 ago, and it was a perfectly lovely city. You were
9 very kind to me, and I'm very happy to have the
10 opportunity to reciprocate.

11 Thank you. Come back soon, come back
12 often.

13 Now, thank you. Please proceed, please
14 proceed.

15 COUNCILMAN RIZZO: Commissioner, you
16 indicated that the JFK parking facility will
17 accommodate both private and City use. I've had
18 an interest in this issue, and I'd appreciate you
19 providing the Chair information pertaining to the
20 number of parking lots that we have contracts with
21 to park City-owned vehicles in the Center City
22 area.

23 From what I understand, the JFK Plaza
24 parking lot is not well-utilized in parking City
25 vehicles, and you know the problems we have with

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2 City vehicles parked around MSB, around City
3 Hall. And I'd like to know, has there been an
4 analysis done to determine the ratio of City
5 versus private before we enter into this agreement
6 to try to relieve some of the monies that were
7 being spent with private parking lots and better
8 utilize the JFK facility?

9 COMMISSIONER PEREZ: In very general
10 terms -- of course, there's a long history
11 associated with this garage -- the Department, and
12 primarily during my tenure as commissioner, has
13 had minimal use of that facility despite the fact
14 that even the existing agreement guarantees us a
15 number of parking slots, which I believe is 150.
16 The new agreement with the Authority will
17 guarantee us up to 200 slots.

18 The reason for the lack of utilization
19 following the initial litigation surrounding the
20 conditions of the garage are economic. The
21 operator and my Real Estate Unit were never able
22 to come to terms that were competitive with
23 surrounding parking lots. And although the lot
24 itself, for obvious reasons, its proximity now to
25 the Municipal Services Building, to City Hall,

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2 it's actually flanked by the Municipal Services
3 Building and our new One Parkway Center. It
4 certainly would have improved the logistics of
5 getting a number of City vehicles in and out,
6 particularly those City workers who have to go in
7 and out of a lot a number of times during the day
8 to perform their field functions.

9 Taking that into consideration, the
10 Authority in its proposed agreement will guarantee
11 us the 200 slots and we will have a discount
12 rate. The terms haven't been finalized.

13 But, again, in summary, most of the
14 surrounding lots have cheaper rates than the
15 current operator, who is not the Authority and
16 tried to negotiate with us. And, secondly, a
17 number of our vehicles can't meet the clearance
18 requirement at the entrance of this garage, so
19 those departments that have slightly larger than
20 minivan type vehicles can't use that garage
21 anyway. We've got to keep them on open-surface
22 lots. And certain other lots will give us 24-hour
23 availability access and use.

24 And those are the principal reasons why
25 we're in other places rather than in this garage.

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2 Some of those conditions, obviously, will remain
3 the same except for the economic issue of --

4 COUNCILMAN RIZZO: Commissioner, could
5 you provide the information that I requested to
6 the Chair?

7 COMMISSIONER PEREZ: Yes, certainly.

8 COUNCILWOMAN CLARK: Are there other
9 questions of this witness?

10 COUNCILMAN NUTTER: Yes, Madam Chair.

11 Commissioner, who is the current either
12 owner or operator of this particular lot? And is
13 this a lot that you access primarily from driving
14 north on 16th Street and then turning east on Arch
15 Street and accessing to go underground? Is that
16 the lot we're talking about?

17 COMMISSIONER PEREZ: That's correct.
18 That's the main public entrance. It's operated by
19 Parkway Corporation.

20 COUNCILMAN NUTTER: Who owns it?

21 COMMISSIONER PEREZ: The City of
22 Philadelphia.

23 COUNCILMAN NUTTER: We own the lot.

24 COMMISSIONER PEREZ: The City of
25 Philadelphia owns it. There's an agreement with

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2 the Authority, and there's an operating agreement
3 between the Authority and the Parkway
4 Corporation.

5 And for any other details, of course,
6 Miss Cutler would be in a better position to
7 provide.

8 COUNCILMAN NUTTER: All right. So by
9 way of this bill, the lot is now going to be
10 operated by the Parking Authority?

11 MS. CUTLER: Councilman Nutter, if I
12 may, there is under an agreement that currently
13 exists, which has existed since 1963, the current
14 agreement with Parkway expires in 2000. We are on
15 the street at the moment with a request for
16 qualifications for all of our Center City garages,
17 including Love Plaza. We expect within the next
18 several weeks to award management contracts for
19 all of those facilities, including this, one at
20 the expiration of the current agreement.

21 So there has been a long-standing,
22 since 1962, lease that's been in place, and we
23 have changed the format for the future from a
24 lease to a management agreement at much more
25 favorable economic terms to the City than in the

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2 previous lease, and we expect to award a bid to
3 operate it at the expiration of the current
4 agreement.

5 COUNCILMAN NUTTER: Well, having
6 nothing to do with this particular company or any
7 other company, but, I mean, can you just briefly
8 explain, I guess, the mechanics of -- we, the
9 City, own parking facilities.

10 MS. CUTLER: Sublease it to the Parking
11 Authority.

12 COUNCILMAN NUTTER: Sublease it to the
13 Parking Authority and then you sub-sublease to
14 private entity to manage and operate it?

15 MS. CUTLER: That's correct, under a
16 lease.

17 COUNCILMAN NUTTER: I mean, you are the
18 Parking Authority; why do we do this?

19 MS. CUTLER: I have no idea why this
20 happened in 1962, and it is certainly not a system
21 that we would do in the future.

22 All of our garages are currently
23 operated private operators, but they're done under
24 management agreements, which essentially pay a
25 flat fee to a parking company to operate them on

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2 our behalf. The current agreement that --

3 COUNCILMAN NUTTER: Well, I guess
4 that's the part that I'm trying to understand. I
5 know we have a time issue.

6 Why does the Parking Authority contract
7 out parking management services when you are the
8 Parking Authority and you're in the parking
9 business? I mean, that's what you do.

10 MS. CUTLER: In 1994, the Parking
11 Authority, based on an analysis, put all of its
12 garages that it had previously operated itself out
13 to contract. And, in fact, what we found after
14 the first year was between a reduction in expenses
15 and additional income of a million dollars
16 increase.

17 And so at this point, I do not believe
18 that the Authority will revert back to operating
19 them on their own. It appears to work better,
20 frankly, when they're operated privately.

21 COUNCILMAN NUTTER: All right.

22 COUNCILWOMAN CLARK: Because Parking
23 Authority people are civil servants, and you need
24 people who are laypeople in parking and who you
25 contract with --

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2 MS. CUTLER: The Parking Authority
3 employees are not civil-service employees.

4 COUNCILWOMAN CLARK: Okay, but they are
5 not necessarily parking experts.

6 MS. CUTLER: The Authority does better
7 managing the facilities, the capital construction
8 and repairs of the facilities and the management
9 of the contracts.

10 COUNCILWOMAN CLARK: Okay.

11 COUNCILMAN NUTTER: Miss Cutler,
12 lastly, through this process that you're going
13 through with regard to the RFPs, there have been
14 various newspaper stories and just personal
15 accounts regarding parking rates and parking fees
16 at the various garages.

17 Now, does the Parking Authority,
18 through these contracts with the private
19 operators, do you determine or control what the
20 rates are at the City-owned, although privately-
21 managed, garages?

22 MS. CUTLER: All of these in the City
23 are the Parking Authority.

24 COUNCILMAN NUTTER: I'm sorry?

25 MS. CUTLER: It is, in fact, a

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2 requirement in the bond indentures that the
3 Authority retain control of the rates, yes.

4 COUNCILMAN NUTTER: And do you have an
5 estimate on the number of parking spaces,
6 off-street parking spaces, garage spaces there are
7 in what's generally referred to as "Center City"?

8 MS. CUTLER: I will give you an exact
9 number. It's thousands, several thousand,
10 probably somewhere around 3500.

11 COUNCILMAN NUTTER: I'm sorry, did say
12 6,000?

13 MS. CUTLER: 3500.

14 COUNCILMAN NUTTER: Of the 3500, how
15 many are controlled by the City?

16 MS. CUTLER: Those are the ones
17 controlled by the City. I'm sorry, that's what I
18 thought your questions was.

19 COUNCILMAN NUTTER: No, I was asking
20 for the universe, if you know it, of off-street
21 parking.

22 MS. CUTLER: Oh, I have no idea what
23 the universe is, but the City and/or the Parking
24 Authority control a very small share of the
25 off-street parking in downtown Philadelphia.

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2 COUNCILMAN NUTTER: If you get any
3 estimates on what the universe of parking is
4 downtown, I'd like to see that in comparison to
5 what the City owns, and I'd like to see a
6 comparison between our rates and the private
7 public rates.

8 MS. CUTLER: I'll be happy to provide
9 it. In fact, we're very conscious of the fact
10 that we -- and tend to set our rates slightly
11 below market, you know, surveying all of the
12 surrounding lots as we go through each year. So
13 I'll be happy to provide it.

14 COUNCILMAN NUTTER: Thank you.

15 Thank you Madam Chair.

16 COUNCILWOMAN CLARK: Thank you very
17 much.

18 Mr. DiCicco?

19 COUNCILMAN DICICCO: Thank you, Madam
20 Chair.

21 Good morning, Miss Cutler.

22 MS. CUTLER: Good morning.

23 COUNCILMAN DICICCO: What is the
24 current level of employees at the Parking
25 Authority?

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2 MS. CUTLER: I believe it's around 530.

3 COUNCILMAN DICICCO: Realizing they're
4 not civil-service employees, is there a residency
5 requirement?

6 MS. CUTLER: There is not because, as
7 you are aware, the Parking Authority was
8 established under State-enabling legislation, and
9 we do not fall within the residency requirement.

10 COUNCILMAN DICICCO: Do you happen to
11 know the number of employees who are not
12 Philadelphia residents?

13 MS. CUTLER: It's less than half of
14 1 percent.

15 COUNCILWOMAN CLARK: So then more than
16 99 percent do reside in Philadelphia?

17 MS. CUTLER: That's correct.

18 COUNCILMAN DICICCO: But my colleague
19 Councilman Nutter is suggesting that the question
20 is, you could establish a residency requirement.
21 "You," meaning the authority.

22 MS. CUTLER: I am not sure that that is
23 correct because the agency is considered a State
24 agency, and I am not sure that that is correct.

25 COUNCILMAN DICICCO: Do they have to be

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2 at least State residents, residents of the State?
3 'Cause I know there are some authorities that
4 have been established by the State, and I'm
5 thinking of the Convention Center Authority, where
6 there are employees who are not even State
7 residents.

8 MS. CUTLER: And I will have to check
9 it and get back to you on it. I actually am not
10 even sure that there is a State requirement
11 language in the original legislation which created
12 it.

13 COUNCILMAN DICICCO: If you can get
14 that information to the Chair, I would appreciate
15 it.

16 Thank you, Madam Chair.

17 COUNCILWOMAN CLARK: Although I would
18 just volunteer that any performance that reaches
19 99.something is pretty good.

20 The next person on my list to speak is
21 Councilwoman Marian Tasco. Did you mean to
22 speak? Your light is flashing?

23 COUNCILWOMAN TASCO: No.

24 COUNCILWOMAN CLARK: Okay. The next is
25 Mr. Rizzo, but hold on one minute please, Mr.

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2 Rizzo.

3 I would like the record to reflect that
4 Councilwoman Jannie Blackwell has joined us and is
5 at the table.

6 And after Mr. Rizzo's brief comment,
7 then you, Mr. Cohen, recognizing that the
8 President is circling because she is telling us
9 that we're running very, very, very, very late,
10 and we do need to get to caucus.

11 COUNCILMAN RIZZO: Then I'll get right
12 to the point.

13 Commissioner, this is the information
14 I'd like provided to the Chair. In this new deal,
15 we're going to get 200 parking spots. I'd like to
16 know who we plan to park, what departments we plan
17 to utilize those 200 spots for.

18 I'd like to know the dollar amount that
19 we spend and the location of the parking lots that
20 we park and pay to park City vehicles.

21 And I'd like to know the number of
22 vehicles that we're parking in these pay lots
23 rather than utilizing a facility that we already
24 own.

25 COMMISSIONER PEREZ: Certainly.

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2 COUNCILMAN RIZZO: Thank you.

3 COUNCILWOMAN CLARK: Okay. Mr. Cohen?

4 COUNCILMAN COHEN: Miss Cutler --

5 COUNCILWOMAN CLARK: Mr. Cohen, put
6 your mike on, please.

7 COUNCILMAN COHEN: With reference to
8 your comment that you're a State agency, that
9 distresses me. It happens that the Parking
10 Authority is organized under State law, but does
11 sole business for the City of Philadelphia.

12 MS. CUTLER: The City is the Parking
13 Authority's only client, Councilman.

14 COUNCILMAN COHEN: Right, right. And,
15 therefore, I just want it clear that we get very
16 distressed when we hear somebody -- at least I get
17 very distressed -- when I hear somebody, in answer
18 to a question about a City policy, saying, Well, I
19 don't know whether we have to follow it 'cause
20 we're a State agency.

21 For all purposes, you're a City
22 agency. And if you seek to get away from the City
23 requirement like the City residency, I think you
24 ought to have some legal opinion through the City
25 Solicitor. We take very seriously that since

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2 we're the only client and we set up the Parking
3 Authority that you're a City agency. But I don't
4 want to get into an extended discussion on that; I
5 just want to make it clear that --

6 COUNCILWOMAN CLARK: Okay, Mr. Cohen.

7 COUNCILMAN COHEN: (unintelligible)
8 separate State agency.

9 Now, secondly, is there any set
10 requirements that you follow in determining
11 whether a garage ought to be leased out to a
12 private operation instead of being run by Parking
13 Authority employees? What makes you decide that
14 one garage should be the subject of a lease
15 arrangement and another garage should be operated
16 by City employees?

17 MS. CUTLER: All of the Parking
18 Authority garages at this point are done under
19 private contract.

20 COUNCILMAN COHEN: All of them are?

21 MS. CUTLER: That's correct. All of
22 the Parking Authority's surface parking lots are
23 still operated by the Parking Authority.

24 COUNCILWOMAN CLARK: So the split is
25 surface versus covered. If it's a surface lot,

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2 PPA; otherwise, it's under management agreement.

3 MS. CUTLER: That's correct.

4 COUNCILMAN COHEN: Could you give us
5 the reason for that? I can't imagine the
6 distinction but I'm sure there must be one.

7 MS. CUTLER: There is, and it's
8 predominantly financial. The Parking Authority
9 operates 43 neighborhood parking lots. Many of
10 them bring in little or no revenue. If we were to
11 hire private operators to run them, we would
12 operate at a loss; no one would bid on them.

13 COUNCILMAN COHEN: All right. There
14 was a lawsuit at one point several years ago with
15 respect to the garage at 15th and Arch. What was
16 the outcome?

17 MS. CUTLER: When I got here in 1994,
18 we settled it. It had been going on for eight
19 years at that point.

20 COUNCILMAN COHEN: That lawsuit. And
21 wasn't the operator the same operator?

22 MS. CUTLER: That is correct, who
23 currently has it, yes -- and will have it until
24 the year 2000.

25 COUNCILMAN COHEN: And were all the

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2 problems worked out?

3 MS. CUTLER: We resolved it, yes.

4 COUNCILMAN COHEN: Thank you.

5 Thank you Madam Chair.

6 COUNCILWOMAN CLARK: Thank you very
7 much.

8 There being no further -- are there any
9 other questions by members of the committee?

10 (No questions.)

11 COUNCILWOMAN CLARK: Seeing none, I'll
12 entertain a motion.

13 COUNCILMAN NUTTER: Madam Chair, I move
14 that we adjourn the public hearing and move into
15 the public meeting.

16 COUNCILWOMAN CLARK: Thank you.

17 (Duly seconded.)

18 - - -

19 COUNCILWOMAN CLARK: Mrs. Miller, would
20 you do motion on Bill No. 990818?

21 COUNCILWOMAN MILLER: Thank you, Madam
22 Chair. I move that Bill No. 990818 be reported
23 out of this committee with a favorable
24 recommendation and that the rules of Council be
25 suspended so as to permit first reading at the

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2 next meeting of Council.

3 (Duly seconded.)

4 COUNCILWOMAN CLARK: All in favor say
5 aye?

6 There are none opposed.

7 Then Bill No. 990818 has been reported
8 out of this committee with a favorable
9 recommendation and with the recommendation that
10 the rules of Council be suspended so as to permit
11 first reading this day.

12 I thank the committee very much and I
13 thank the members of Council who helped us with
14 this record.

15 MS. CUTLER: Thank you.

16 COMMISSIONER PEREZ: Thank you.

17 COUNCILWOMAN CLARK: All members of
18 City Council shall report immediately to the
19 caucus room. It's been a very long day and we're
20 getting a late start on it.

21 (Adjourned at 11:16 a.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Thursday, December 9, 1999, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COMMITTEE ON PUBLIC PROPERTY & PUBLIC WORKS
BILL NO. 990818

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter