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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, June 6, 2007
1:30 p.m.

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PRESENT:

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COUNCILWOMAN JANNIE BLACKWELL, CHAIR

11

COUNCILMAN DARRELL L. CLARKE

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COUNCILMAN FRANK DiCICCO

13

COUNCILMAN W. WILSON GOODE, JR.

14

COUNCILMAN WILLIAM GREENLEE

15

COUNCILMAN JUAN RAMOS

16

COUNCILWOMAN BLONDELL REYNOLDS BROWN

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COUNCILWOMAN MARIAN B. TASCO

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COUNCILMAN BRIAN O'NEILL

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BILLS 070431, 070435, 070436 and 070440

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COUNCILWOMAN BLACKWELL: Thank you. Good afternoon. Thank you all for your patience. We will now consider bills before the Committee on Finance.

This hearing being called into order, we have a quorum. To my left, Councilman W. Wilson Goode. To his left, Councilwoman Marian Tasco. To my right, Councilman William Greenlee. To his right, Councilman Frank DiCicco, and to his right, Councilman Juan Ramos. A quorum being present, we are happy to begin.

We will ask the Clerk to read the title of the RCAP bills, Bill Nos. 070436 and 070440.

THE CLERK: Bill 070436, an ordinance authorizing the Philadelphia Authority for Industrial Development to file an application with the Office of the Budget, Commonwealth of Pennsylvania, under the Redevelopment Assistant Capital Program, in an aggregate amount not to exceed \$500,000 to assist in the

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2 development of the Metropolitan Area
3 Neighborhood Nutrition Alliance, MANNA,
4 office and kitchen facilities; and
5 authorizing the City to enter into an
6 agreement with PAID in furtherance of
7 grant requirements; all under certain
8 terms and conditions; and

9 Bill 070440, an ordinance
10 authorizing the Philadelphia Authority
11 for Industrial Development to file an
12 application with the Office of the
13 Budget, Commonwealth of Pennsylvania,
14 under the Redevelopment Assistance
15 Capital Program, in an aggregate amount
16 not to exceed \$500,000, to assist in the
17 development of Pleasant Playground; and
18 authorizing the City to enter into an
19 agreement with PAID in furtherance of
20 grant requirements; all under certain
21 terms and conditions.

22 COUNCILWOMAN BLACKWELL: Thank
23 you very much.

24 Thank you, Mr. Deegan, for
25 being here and we call on you to make

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2 your testimony.

3 MR. DEEGAN: Paul Deegan,
4 D-E-E-G-A-N. I represent PIDC and PAID.
5 Thank you, Madam Chair and members of the
6 Committee.

7 These are two grants funded
8 through the state's capital program, and
9 these grants are sponsored by the local
10 state legislators and typically go to
11 non-profit organizations. The state
12 provides the funding through each
13 county's industrial development
14 authority. In this case, PAID. The
15 recipient of the grant must at least
16 match the amount being provided by the
17 state. So it's a 50/50 matching grant
18 program.

19 After the Legislature approves
20 the budget, the Governor authorizes the
21 project and PAID makes application to the
22 state and also seeks approval of City
23 Council.

24 Bill No. 070436 authorizes us
25 to apply for a \$500,000 grant for MANNA,

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2 the Metropolitan Area Neighborhood
3 Nutrition Alliance. MANNA is a
4 non-profit, non-sectarian organization
5 providing essential services to men,
6 women and children living with HIV/AIDS,
7 cancer and other life-threatening
8 illnesses in the Philadelphia region.

9 MANNA will use this grant to
10 renovate and expand its existing office
11 and kitchen facilities at 12 South 23rd
12 Street in Center City. This will
13 increase the capacity of the facility
14 from its current production of 2,000
15 meals per day to 5,000 meals per day.
16 MANNA also plans to add ten new permanent
17 jobs as a result of this grant. The
18 total project cost is \$1.7 million.

19 Bill No. 070440 authorizes PAID
20 to apply for a grant of \$500,000 for the
21 City-owned Pleasant Playground. This
22 grant will help fund the construction of
23 a new 6,000 square foot multi-purpose
24 building at the existing Pleasant
25 Playground in East Mount Airy at 6750

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2 Boyer Street. The \$500,000 grant is in
3 addition to a previous authorization of a
4 million dollars, and I think this
5 Committee approved that grant probably
6 three or four months ago, but the
7 Governor provided more money for the
8 project. The total project cost -- I'm
9 sorry. This brings the total grant
10 authorization to \$1.5 million.

11 This concludes my testimony. I
12 request the Finance Committee's favorable
13 consideration of these bills and ask that
14 the rules of Council be suspended to
15 permit first reading at the next
16 regularly scheduled session of City
17 Council.

18 Thank you for the opportunity
19 to testify, and I'll be happy to answer
20 any questions you may have concerning
21 these bills.

22 COUNCILWOMAN BLACKWELL: Thank
23 you, Mr. Deegan.

24 Are there questions for
25 Mr. Deegan?

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 Councilman DiCicco.

3 COUNCILMAN DiCICCO: Thank you,

4 Madam Chair.

5 Good afternoon, Mr. Deegan.

6 MR. DEEGAN: Good afternoon.

7 COUNCILMAN DiCICCO: The MANNA
8 facility at 12 South 23rd Street, they
9 own that building?

10 MR. DEEGAN: Yes, I believe
11 they do. I'm not sure if that was the
12 former Red Cross building next to the
13 armory. I think it was. But generally
14 the grants are provided to the owners of
15 facilities. I don't think the state will
16 provide the money for leasehold
17 improvements, although in some cases I
18 guess they do, but generally the
19 non-profit, such as Please Touch Museum
20 or Jefferson, City-owned playgrounds.
21 The grant recipient will be the owner of
22 the real estate.

23 COUNCILMAN DiCICCO: The
24 building is used primarily, correct me if
25 I'm wrong, primarily for administrative

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2 purposes?

3 MR. DEEGAN: Well, they have a
4 kitchen facility also.

5 COUNCILMAN DiCICCO: And they
6 what?

7 MR. DEEGAN: They have a
8 kitchen facility.

9 COUNCILMAN DiCICCO: Oh, they
10 actually do services out of there as
11 well?

12 MR. DEEGAN: Right. So they're
13 going to be expanding both the offices
14 and the kitchen facility.

15 COUNCILMAN DiCICCO: It's a
16 fantastic organization. I support it.
17 With the price of real estate in Center
18 City, I was just wondering if the value
19 of that being sold would add to their
20 financial inventory if they relocated to
21 another location. I'm looking at it from
22 a business aspect.

23 MR. DEEGAN: Well, that could
24 be, Councilman. When they sell the
25 building, they'll have a lot more money

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2 to provide meals for people living with
3 life-threatening illnesses. But it's a
4 good location. It's very centrally
5 located.

6 COUNCILMAN DiCICCO: Okay.

7 Thank you.

8 Thank you, Madam Chair.

9 COUNCILWOMAN BLACKWELL: Thank
10 you very much.

11 The Chair notes that Councilman
12 O'Neill is here, as is Councilwoman
13 Blondell Reynolds Brown. That means that
14 all members of the Committee are present.

15 Are there any further questions
16 for Mr. Deegan?

17 (No response.)

18 COUNCILWOMAN BLACKWELL: Thank
19 you very much. You requested a bill
20 suspension; did you not?

21 MR. DEEGAN: Yes, Madam Chair,
22 if that's possible.

23 COUNCILWOMAN BLACKWELL: Thank
24 you.

25 MR. DEEGAN: Thank you very

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2 much and thank you for scheduling these
3 bills.

4 COUNCILWOMAN BLACKWELL: You're
5 welcome.

6 The next will be the Airport
7 Revenue Bond bill, Bill No. 070435. And
8 while the Clerk prepares to read the
9 title, we will ask the Finance Director
10 and Deputy Director of Aviation to come
11 forward. Thank you very much.

12 Clerk?

13 THE CLERK: Bill 070435, an
14 ordinance constituting the Eighth
15 Supplemental Ordinance to the Amended and
16 Restated General Airport Revenue Bond
17 Ordinance; authorizing the Mayor, the
18 City Controller and the City Solicitor,
19 or a majority of them, to issue and sell
20 one or more series of Airport Revenue
21 Bonds of the City of Philadelphia;
22 designating the obligations to be
23 refunded from certain proceeds of such
24 Airport Revenue Bonds; setting forth the
25 use of proceeds; determining the

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2 sufficiency of pledged Amounts Available
3 for Debt Service; covenanting for the
4 payment of interest and principal;
5 authorizing the Bond Committee to take
6 certain action with regard to the terms
7 and conditions of the Airport Revenue
8 Bonds and related agreements and the
9 elections under the Amended and Restated
10 General Airport Revenue Bond Ordinance;
11 authorizing the Director of Finance to
12 take certain actions with regard to the
13 sale of such Airport Revenue Bonds, the
14 investment of the proceeds thereof and
15 the City's continuing disclosure
16 obligation; and specifying applicability
17 of sections of The First Class City
18 Revenue Bond Act and the Amended and
19 Restated General Airport Revenue Bond
20 Ordinance.

21 COUNCILWOMAN BLACKWELL: Thank
22 you very much.

23 Thank you for being here.
24 Please identify yourself to the record
25 and begin your testimony.

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2 MR. JANNETTI: Good afternoon,
3 Councilwoman Blackwell and members of the
4 Committee on Finance. I'm Vince
5 Jannetti, Acting Director of Finance for
6 the City. With me is Edward Anastasi,
7 Deputy Director of Aviation for Finance
8 and Administration for the Airport. We
9 are here to testify on behalf of Bill No.
10 070435.

11 Bill No. 070435 authorizes the
12 City to sell Airport Revenue Bonds up to
13 an amount of \$305 million. Proceeds from
14 the sale of the bonds will be used to
15 fund certain capital improvements to the
16 airport system and to refinance
17 outstanding Airport Revenue Bonds,
18 including the Series 1997A and 1997B
19 bonds. The City will not execute a
20 refunding transaction unless we achieve a
21 net present value savings of three
22 percent of the principal amount of the
23 bonds to be refunded.

24 All revenues pledged to secure
25 the payment of the bonds will be derived

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2 from the revenues, rents, rates, tolls
3 and other charges imposed upon all
4 lessees, occupants and users of the
5 airport system and all revenues derived
6 from the airport system constituting
7 pledged "Amounts Available for Debt
8 Service" as defined in the General
9 Ordinance. The bonds that will be issued
10 under this bill will not be general
11 obligations of the City. They will be
12 payable solely from the project revenues
13 pledged under the General Ordinance.

14 As required by Section 8 of The
15 First Class City Revenue Bond Act, as the
16 Acting Director of Finance of the City, I
17 have transmitted my financial report
18 demonstrating that the Airport revenues
19 are projected to be sufficient to meet
20 the debt service coverage tests for the
21 proposed bonds and other Airport Revenue
22 Bonds outstanding, and also sufficient to
23 pay all costs and expenses of the airport
24 system under the General Ordinance. The
25 required opinion of the City Solicitor

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2 has also been transmitted to Council.

3 I would like to request a
4 suspension of the rules for Bill No.
5 070435 to allow for first reading at the
6 next meeting of City Council.

7 Mr. Anastasi has additional
8 detailed testimony on this transaction,
9 and we'd be happy to answer any
10 questions.

11 COUNCILWOMAN BLACKWELL: Thank
12 you very much.

13 Mr. Anastasi?

14 MR. ANASTASI: Good afternoon,
15 Madam Chair.

16 COUNCILWOMAN BLACKWELL: Good
17 afternoon.

18 MR. ANASTASI: And members of
19 the Committee on Finance. My name is Ed
20 Anastasi. I'm Deputy Director of
21 Aviation for Finance and Administration.

22 First of all, thank you for
23 this opportunity to testify in support of
24 Bill No. 040435, the Eighth Supplemental
25 Bond Ordinance to our General Ordinance

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2 of 1995. This bill will provide for the
3 City of Philadelphia with the authority
4 to issue up to \$175 million in new money
5 bonds and also to issue up to \$130
6 million in refunding Airport Revenue
7 Bonds, those being the 2007B and C Bonds.

8 The Airport has set new
9 activity records in each of the last
10 three calendar years. A total of 31.8
11 million passengers utilized the Airport
12 in 2006. This rapid growth can be
13 attributed primarily to low-fare carrier
14 Southwest Airlines' continued expansion
15 at the Airport and U.S. Airways'
16 continued development of its primary
17 connecting hub at the Airport, including
18 new non-stop international destinations.

19 While competitive air service
20 has stimulated travel and economic
21 vitality within the region, the
22 additional activity places great demands
23 on Airport facilities. Consequently,
24 airline approval of an extensive terminal
25 and airfield infrastructure program

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2 became an important City goal in the new
3 airline use and lease agreement
4 negotiations. As a result, the 2007A
5 Bonds, together with other available
6 funding sources, will finance over 130
7 million in airline-approved
8 infrastructure projects. In addition,
9 the 2007A Bonds will finance over 40
10 million in design and construction
11 projects to increase capacity and
12 efficiency at terminals from which U.S.
13 Airways operates.

14 Airline approval of these
15 terminal projects was obtained in May of
16 2005. We also intend to fund a portion
17 of our infrastructure program by the
18 release of between \$15 million to \$20
19 million of Sinking Fund reserves, to be
20 replaced with a surety bond, as is
21 permissible under the General Ordinance.

22 The 2007B and C refunding bonds
23 will be issued subject to favorable
24 market conditions to refund Series 1997A
25 and B Airport Revenue Bonds, which are

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2 callable on June 15th. The debt service
3 savings from refunding the '97 bonds
4 would be factored into the annual
5 calculation of airline rates and charges,
6 along with all other Aviation Fund
7 revenues, expenses and debt service
8 payments.

9 Finally, I would like to take
10 this opportunity to thank the members of
11 City Council for their consideration of
12 this bill. Over the years, through the
13 passage of similar bills, Council has
14 supported capital initiatives to improve
15 the City's airports. In recent years,
16 Council's support has led to the opening
17 of a major international terminal in
18 2003, a first-class regional terminal in
19 2001 and the expansion of Terminals D and
20 E, a capacity enhancement project that is
21 presently under construction. We ask
22 that Council give us the opportunity
23 today to continue this progress.

24 Thank you.

25 COUNCILWOMAN BLACKWELL: Thank

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2 you very much.

3 Are there questions?

4 Councilman Greenlee.

5 COUNCILMAN GREENLEE: Thank
6 you, Madam Chair.

7 Mr. Anastasi, on the expansion
8 of Terminals D and E that you mention at
9 the end of your testimony, what's the
10 time frame on that? When would that be
11 completed and how much more would that
12 bring in as far as capacity, ability?

13 MR. ANASTASI: The expansion of
14 Terminal D/E are funded by our 2005 Bonds
15 and the project is presently under
16 construction, and I believe that the
17 completion date of all the various
18 components of the D/E project is in the
19 year 2009. And the project will provide
20 for, I believe, three additional aircraft
21 gates onto the end of Terminal E, which
22 will provide for additional capacity for
23 the airlines that operate in Terminal E.

24 COUNCILMAN GREENLEE: Thank
25 you, sir.

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2 COUNCILWOMAN BLACKWELL: Are
3 there further questions?

4 (No response.)

5 COUNCILWOMAN BLACKWELL: Thank
6 you very much.

7 The next bill will be our
8 commercial corridor Fiscal '08 budget
9 bill, Bill No. 070431. As the Commerce
10 Director comes forward, we will ask the
11 Clerk to read the title of the bill.

12 THE CLERK: Bill 070431, an
13 ordinance approving the budget for Fiscal
14 Year 2008 for the expenditure of proceeds
15 of certain bonds issued by the
16 Philadelphia Authority for Industrial
17 Development for the purpose of financing
18 or refinancing the costs of a
19 comprehensive program to improve and
20 enhance the City's cultural and
21 commercial corridors.

22 COUNCILWOMAN BLACKWELL: Thank
23 you.

24 Good afternoon.

25 MS. NAIDOFF: Good afternoon.

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2 COUNCILWOMAN BLACKWELL: Please
3 identify yourself for our record and
4 begin your testimony.

5 MS. NAIDOFF: I'd be happy to
6 do that. Good afternoon, Committee
7 Chairwoman Blackwell and members of City
8 Council's Committee on Finance. My name
9 is Stephanie Naidoff and I am the
10 Director of Commerce and City
11 Representative for the City of
12 Philadelphia. I'm accompanied today by
13 Duane Bumb, who is the Deputy Director of
14 Commerce.

15 I am here today to present
16 testimony in support of Bill No. 070431.
17 This bill will approve the second-year
18 budget for Fiscal Year 2008 for
19 expenditures of proceeds of certain bonds
20 issued by the Philadelphia Authority for
21 Industrial Development, PAID, for the
22 purpose of financing and refinancing the
23 costs of a comprehensive program to
24 improve and enhance the City's cultural
25 and commercial corridors.

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2 On November 6, 2006, City
3 Council approved Bill No. 060692, which
4 authorized the \$150 million Cultural and
5 Commercial Corridors Bond issued by PAID
6 that included a first-year budget of
7 \$112.5 million, with a provision that we
8 seek City Council approval of a
9 second-year budget prior to Fiscal Year
10 2008.

11 There are three categories of
12 funding, all of which received a portion
13 of the \$112.5 million in the first year.
14 An allocation of \$62.5 million was made
15 to the Cultural Corridors, 37.5 million
16 was made to the Commercial Corridors, and
17 12.5 million was made to the Other Costs
18 category for administrative fees and
19 other cultural and commercial corridor
20 projects.

21 This second-year budget request
22 is in the total amount of \$37.5 million,
23 which represents the remaining funds for
24 this bond issue in its entirety. Each of
25 the three original categories will again

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2 receive funding in the following amounts:
3 \$2.5 million for the Cultural Corridors,
4 \$27.5 million for the Commercial
5 Corridors and \$7.5 million for the Other
6 Costs category for the cultural and
7 commercial corridors projects.

8 The purpose of this bond issue
9 was to assist with the funding of capital
10 improvement projects for the City's
11 cultural institutions and public
12 amenities and also to fund the City's
13 ReStore Philadelphia Corridors program, a
14 program designed to revitalize commercial
15 corridors throughout our City's
16 neighborhoods. Many of these
17 neighborhoods are experiencing a
18 renaissance in part as a result of
19 investments in connection with the
20 Neighborhood Transformation Initiative.
21 Every funding awardee of this program
22 will enter into a grant agreement, which
23 includes the Economic Opportunity Plan
24 approved by Council with Bill No. 060692,
25 prior to the release of any funds.

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2 Pursuant to the Bond Indenture, these
3 dollars must be expended within three
4 years of the December 14, 2006 bond
5 issuance date.

6 I would like to take this
7 opportunity to give you a brief update of
8 our progress with the Cultural and
9 Commercial Corridors program.

10 First, I will discuss the
11 Philadelphia Cultural Corridors category.
12 This category has two subcomponents, and
13 for clarity purposes, we have named these
14 two components as the Cultural Corridors
15 Fund, which is the \$60 million component
16 approved in its entirety as part of the
17 first-year budget, and the Citywide
18 Cultural Grants Fund, which is the \$5
19 million component. Today's request
20 includes the \$2.5 million balance
21 allocated to the Citywide Cultural Grants
22 Fund, of which only \$2.5 million was
23 approved in the first-year budget. These
24 two distinct subcomponents have one
25 common goal: to provide much-needed

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2 capital funding assistance to both
3 City-owned cultural institutions as well
4 as to smaller organizations citywide that
5 currently need financial help to complete
6 capital improvements, many of which have
7 challenging fundraising campaigns due to
8 the nature of their projects. We believe
9 that our investment in these types of
10 capital projects will increase both the
11 visibility and accessibility of the
12 City's diverse cultural assets, will
13 preserve and strengthen the City's arts
14 and culture organizations and will
15 leverage private and public funds to
16 support these efforts.

17 For the Cultural Corridors
18 Fund, which has \$60 million in authorized
19 funding, we've identified five corridors:
20 the Avenue of the Arts, the Benjamin
21 Franklin Parkway, the Centennial
22 District, the Historic District and El
23 Centro de Oro and other emerging
24 corridors. Funding would be targeted to
25 City-owned buildings and infrastructure

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2 and to other selected institutions in
3 these identified corridors.

4 The Commerce Department has
5 completed a preliminary evaluation of
6 over 25 projects as potential recipients
7 for funding from the Cultural Corridors
8 Fund and have forwarded those to the
9 Mayor for his consideration. Funding
10 awards should be substantially completed
11 this summer.

12 One likely funding recipient is
13 the Philadelphia Museum of Art. The
14 Museum of Art is a City-owned property
15 located in the Benjamin Franklin Parkway
16 corridor and is currently in the midst of
17 a \$500 million capital campaign for
18 projects such as the renovation of the
19 Perelman Building, which is about to
20 open, the underground garage, the
21 Sculpture Garden, roof replacement, the
22 expansion of gallery space in the
23 southeast quadrant of the Museum below
24 ground, as well as the installation of a
25 new loading dock for exclusive use to

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2 deliver art. Under current conditions,
3 the PMA has only one area for all
4 deliveries to the Museum, including
5 everything from trash to the most
6 priceless pieces of art, like the Gross
7 Clinic. Cultural Corridor Funds could be
8 targeted to fund the loading dock, a
9 typically difficult project to fundraise
10 for but a necessary one for PMA, because
11 if they do not identify a dedicated area
12 to receive art deliveries, the Museum
13 will jeopardize their status as a
14 world-class museum of art. Though bond
15 funding would only serve as a very small
16 percentage of the PMA's total campaign,
17 it is a critical project for them and for
18 the City.

19 For the Citywide Cultural
20 Grants Fund component, which has \$2.5
21 million in authorized funding, we have
22 created a competitive process by which a
23 Grants Committee will ultimately choose
24 the recipients of funding. Project
25 funding for each organization is limited

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2 to \$250,000, and the Commerce Department
3 launched a website on March 5th detailing
4 a two-part process. We also notified
5 over 250 cultural organizations by e-mail
6 to encourage them to submit an expression
7 of interest. We've held two public
8 meetings where the process was explained
9 and questions could be answered directly
10 by staff, and to date, we have received
11 over 100 expressions of interest, 60 of
12 which have already been invited to submit
13 an application for funding.

14 The Grants Committee, made up
15 of the Chairwomen of City Council's
16 Committee on Finance and on Parks,
17 Recreation and Cultural Affairs, the
18 Commerce Director, the Finance Director
19 and the Managing Director, have met to
20 discuss this process and will begin
21 reviewing applications this summer. Even
22 though we've not expended any of our
23 first-year allocation, we've determined
24 from the number of expressions already
25 received that over \$17 million could be

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2 requested for eligible projects under our
3 guidelines. It is for this reason that
4 we are requesting that the second-year
5 budget allocation of \$2.5 million be
6 approved at this time.

7 The second category I would
8 like to discuss is the ReStore
9 Philadelphia Corridors program. ReStore
10 is a comprehensive set of strategies
11 intended to help revitalize neighborhood
12 commercial corridors throughout the City
13 and re-establish their historic roles as
14 central places to shop, to work and to
15 meet neighbors. The program is managed
16 by the Neighborhood Transformation
17 Initiative, NTI, and is funded through a
18 portion of the City's Cultural and
19 Commercial Corridor Bond proceeds, as
20 well as federal, state and General Fund
21 dollars. NTI carries out the ReStore
22 program through five main strategies:
23 Focus planning and data analysis on
24 strengthening corridors; second, align
25 and leverage community economic

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2 development resources; third, make
3 corridors more welcoming places to spend
4 time and money; fourth, develop a system
5 to attract and retain businesses on
6 corridors; and, fifth, to support
7 effective corridor management
8 organizations.

9 The Cultural and Commercial
10 Corridor Bond assists with making
11 corridors more welcoming places and with
12 attracting and retaining businesses.
13 Bond proceeds fund seven ReStore
14 Philadelphia Corridors program
15 activities. Bond funding for the first
16 three program activities discussed below
17 will be directed towards corridors
18 throughout the City based upon analysis
19 of existing conditions, neighborhood
20 trends, the level of planning, available
21 resources and upon consultation with
22 District Councilmembers.

23 The largest amount of bond
24 funding, 34 million, is dedicated to
25 streetscape enhancement and capital

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2 improvements. These include items such
3 as lighting, street paving and striping,
4 public signage, sidewalks, curbs,
5 crosswalks and curb cuts, bump-outs,
6 greening and trees, pedestrian furniture,
7 public art, planning, as well as design
8 and engineering studies.

9 City Council approved \$16
10 million in streetscape expenditures in
11 the first-year budget and we're
12 requesting approval of the remaining \$18
13 million in this second-year budget.

14 Working with the above criteria
15 and in consultation with District
16 Councilmembers, NTI has identified 31
17 corridors that have begun initial
18 planning and have secured more than \$17
19 million in state and federal streetscape
20 funds, but which require an estimated \$21
21 million in bond funds to assist with
22 design or additional construction costs.
23 NTI will issue a request for expressions
24 of interest in July that will help to
25 identify additional corridors for

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2 streetscape design or construction
3 assistance.

4 The second is a \$6 million
5 acquisition pool which will enable the
6 City to acquire key blighted properties
7 on corridors for commercial, mixed-use or
8 open space development. City Council
9 allocated all \$6 million in the
10 first-year budget, and NTI has begun to
11 identify priority properties in
12 consultation with District Councilmember.
13 NTI plans on issuing a request for
14 expressions of interest later in June to
15 identify additional properties that it
16 should consider for acquisition.

17 Third, \$2 million in bond funds
18 for targeted demolition on commercial
19 corridors will allow the City to remove
20 blighted properties and help create
21 parcels for commercial, mixed-use or open
22 space development. We are requesting the
23 remaining \$1 million in the second-year
24 budget.

25 Fourth, targeted redevelopment

1 6/6/07 - FINANCE - BILL 070431, ETC.
2 funds totalling \$8.5 million will support
3 construction and renovation of
4 commercial, institutional, mixed-use and
5 cultural facilities that will draw people
6 to the neighborhood commercial corridors.
7 We are requesting the remaining \$4.5
8 million in the second-year budget. Later
9 this month, NTI will issue a notice of
10 funding availability and application
11 forms for prospective projects.

12 Fifth, the City will place \$2
13 million into an acquisition pool for
14 non-profit entities that will enable
15 non-profits to acquire properties on
16 commercial corridors for commercial or
17 mixed-use development. The City's
18 funding will leverage state, foundation
19 and corporate funds and will expand the
20 size of the pool and allow loan
21 repayments to revolve back into the pool.
22 These funds were approved in the
23 first-year budget.

24 Sixth, the \$4.5 million line
25 item for business support will fund

1 6/6/07 - FINANCE - BILL 070431, ETC.
2 facade renovations to storefronts,
3 fit-out expenses for commercial tenants
4 and energy conservation improvements to
5 commercial properties on these corridors.
6 Also, NTI will use a portion of these
7 business support funds to make grants to
8 community-based organizations and
9 business associations for equipment for
10 corridor cleaning and security programs.
11 We are requesting the remaining \$3
12 million in the second-year budget. NTI
13 will make application forms available in
14 July for business support activities.

15 And, seventh, \$2 million for
16 technology improvements which will enable
17 the City to upgrade information systems
18 to collect and manage data on commercial
19 corridor characteristics and to evaluate
20 the benefit of City investments on those
21 commercial corridors. We are requesting
22 the remaining \$1 million in the
23 second-year budget.

24 The final category for
25 discussion today is the \$20 million

1 6/6/07 - FINANCE - BILL 070431, ETC.
2 allocation for other cultural and
3 commercial corridor projects. All of the
4 administrative fees for the bond have
5 been paid out of this allocation, and we
6 are requesting the remaining or \$7.5
7 million be approved for use with both
8 cultural and commercial corridor
9 projects. The projects identified will
10 complement those activities funded in the
11 Cultural Corridors Fund and ReStore
12 Philadelphia Corridors categories.

13 I thank you for this
14 opportunity to testify on this important
15 matter. I am here with representatives
16 of the Philadelphia ReStore program as
17 well. Eva Gladstein, the head of NTI,
18 was not available today, I'm sorry to
19 say, and we would all be happy to answer
20 any questions that you may have at this
21 time. We would kindly request a
22 suspension of the rules for Bill No.
23 070431 to allow for the first reading at
24 the next meeting of Council.

25 COUNCILWOMAN BLACKWELL: Thank

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 you very much. We'll entertain questions
3 now.

4 Councilman Goode.

5 COUNCILMAN GOODE: Thank you,
6 Madam Chair.

7 Good afternoon, Ms. Naidoff. I
8 have two basic questions. Let me start
9 with the obvious question. City Council
10 approved \$112.5 million last year and
11 you're asking for approval of 37.5 this
12 year. How much of the 112.5 was spent?

13 MS. NAIDOFF: I think it's fair
14 to say that only a very small portion of
15 the money has been allocated. We've
16 spent most of the time since the bonds
17 were issued at the end of the year in
18 developing the programs and then in
19 gathering all of the facts about the
20 various projects that are eligible under
21 all these categories and I think are now
22 in a position to begin to move some of
23 those projects out. It takes quite a
24 while, though, as you might imagine, to
25 gather all that information.

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2 COUNCILMAN GOODE: My question
3 is still the same. We approved \$112
4 million last year. You're requesting \$37
5 million today. How much of the \$112
6 million has been spent?

7 MS. NAIDOFF: I'll get you a
8 specific answer, but we think it's about
9 \$7 or \$8 million.

10 COUNCILMAN GOODE: How much of
11 that is administrative fees?

12 MS. NAIDOFF: That would be on
13 top of the \$5 million in administrative
14 and bond issuance costs.

15 COUNCILMAN GOODE: So you still
16 have over a hundred million dollars or so
17 from last year's allocation?

18 MS. NAIDOFF: Yes. We have the
19 bulk of the money still --

20 COUNCILMAN GOODE: And still
21 feel you're in need of the \$37 million
22 approval this year?

23 MS. NAIDOFF: Yes, because I
24 think at this point we are really ready
25 to move forward on all of the various

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2 categories that I outlined. As I said,
3 it really took us the bulk of the last
4 six months to begin to get all of the
5 projects outlined, get all the facts in,
6 meet with all of the proposed grantees
7 and get ourselves in a position to let
8 the money start rolling.

9 COUNCILMAN GOODE: So you
10 anticipate spending what amounts to about
11 \$140 million over what period of time?

12 MS. NAIDOFF: I would say
13 between now and the end of the year.

14 COUNCILMAN GOODE: So you
15 anticipate spending \$130, \$140 million
16 over the next seven months?

17 MS. NAIDOFF: I think we'd be
18 prepared in the next six months to let
19 the bulk of the money be awarded.

20 COUNCILMAN GOODE: The second
21 question is, I did not hear you mention
22 the Small Business Loan Guarantee Fund.
23 What's the status of the Small Business
24 Loan Guarantee Fund?

25 MS. NAIDOFF: I'll turn that

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2 over to Andy Frishkoff, who is here on
3 behalf of Eva Gladstein for NTI.

4 MR. FRISHKOFF: Good afternoon,
5 Councilman. My name is Andrew Frishkoff.
6 I'm the Neighborhood Economic Development
7 Director for the Neighborhood
8 Transformation Initiative.

9 We have been having discussions
10 with lenders, commercial banks and
11 others, regarding the Small Business Loan
12 Guarantee Fund. It is not funded, I
13 think as you're aware, out of the bond
14 proceeds, but was authorized at the same
15 time as debt authorization for the City.

16 We expect that we will do two
17 things over the course of the remaining
18 part of the calendar year. One, we will
19 put out an RFP to select an administrator
20 to manage that pool and we will continue
21 to meet with lenders to determine the
22 parameters for that guarantee. We've
23 determined, for instance, that from the
24 lending perspective, it would work
25 particularly well if it was able to work

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2 in alignment with SBA programs. So we're
3 trying now to figure out exactly what the
4 agreements would need to be so that could
5 proceed.

6 COUNCILMAN GOODE: So you
7 anticipate putting out an RFP for the
8 administration of the program before the
9 end of the year?

10 MR. FRISHKOFF: Yes, before the
11 end of the calendar year.

12 COUNCILMAN GOODE: Thank you.
13 Thank you, Madam Chair.

14 COUNCILWOMAN BLACKWELL: Thank
15 you very much.

16 Councilman Greenlee.

17 COUNCILMAN GREENLEE: Thank
18 you, Madam Chair.

19 Ms. Naidoff, just a couple
20 questions on the ReStore Philadelphia
21 Corridors program, which is obviously a
22 very needed and good program for the
23 City, and I understand in the questions I
24 asked the other day from NTI that this is
25 relatively -- you're still in the early

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2 stages of this, basically.

3 MS. NAIDOFF: In the early
4 stages, yes.

5 COUNCILMAN GREENLEE: The 31
6 corridors you said have been identified
7 already by NTI. A lot of that was, you
8 say, in consultation with District
9 Councilmembers, right? Now, are they in
10 various, how would I say it, stages? I'm
11 just thinking like in an area I'm well
12 familiar with, in my home area, you got
13 Fairmount Avenue, which is in pretty good
14 shape but probably needs more like
15 streetscape, just what I would call
16 smaller things. You have Girard Avenue,
17 which is functioning, but needs a lot
18 more work, I would say. And then I'm
19 thinking of Ridge Avenue in the
20 Francisville section, which almost is not
21 functioning right now. They need a lot
22 of work.

23 Do these corridors kind of run
24 the gamut?

25 MS. NAIDOFF: They certainly

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2 do, and I think Andy can give you more
3 specific information, but they've been
4 spending a lot of time identifying the
5 corridors and identifying the needs on
6 each, because, as you say, they do vary
7 substantially.

8 MR. FRISHKOFF: And I think
9 those are three great examples to
10 illustrate the work that we're doing with
11 ReStore. In the case of Ridge Avenue
12 where it's really in the early stages of
13 rebirth, we're looking not so much to
14 make capital improvements at this point,
15 but to see what sort of planning and
16 business organizing support we can
17 provide in conjunction with some of our
18 partners such as PCDC to allow some of
19 the properties to regrow businesses in
20 their spaces.

21 In the case of Fairmount
22 Avenue, we're looking to pay for some
23 design work and some planning, because we
24 think they're a little bit farther along.

25 And in the case of Girard

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 Avenue, there are already state and city
3 capital dollars committed for streetscape
4 improvements. The bond funds will
5 enhances those planned improvements on
6 Girard Avenue.

7 COUNCILMAN GREENLEE: I mention
8 Ridge Avenue particularly because there's
9 some debate within the community and
10 others whether that will ever be a real
11 commercial corridor again. There's some
12 people who think that's more suitable
13 maybe for housing, that kind of thing.
14 So that's why I particularly mention
15 that.

16 And the last question, it says
17 you will issue a request for expression
18 of interest in July. How will that be
19 communicated? How will people know about
20 that?

21 MR. FRISHKOFF: It will be
22 posted on the City's website and NTI's
23 website and we will also distribute, in
24 addition to all members of City Council
25 directly, to any groups that you direct

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 us to send it to you.

3 COUNCILMAN GREENLEE: I'm
4 thinking community groups, that kind of
5 thing, that could spread the word.

6 MR. FRISHKOFF: Yes.

7 COUNCILMAN GREENLEE: Thank you
8 very much.

9 Thank you, Madam Chair.

10 COUNCILWOMAN BLACKWELL: Thank
11 you very much.

12 Councilwoman Reynolds Brown.

13 COUNCILWOMAN BROWN: Thank you,
14 Madam Chair.

15 Good afternoon, everyone.

16 Please tell me what are the boundaries
17 for the Centennial District.

18 MS. NAIDOFF: What are the
19 boundaries? I don't have a map with me,
20 but we can provide one to you. It's the
21 area that includes the --

22 COUNCILWOMAN BROWN: The Please
23 Touch Museum, the School of the Future.

24 MS. NAIDOFF: Right. Exactly.
25 Fairmount Park.

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 COUNCILWOMAN BROWN: So you
3 don't know how far south that boundary
4 goes?

5 MS. NAIDOFF: It goes all the
6 way to the Art Museum.

7 COUNCILWOMAN BROWN: All the
8 way to the Art Museum? So then how far
9 west does it go?

10 MS. NAIDOFF: I think the best
11 thing would be to provide you with a map,
12 which we can do.

13 COUNCILWOMAN BROWN: Okay,
14 then. I would ask that you do that.

15 The Economic Opportunity Plan
16 is applicable for this entire \$60
17 million, correct?

18 MS. NAIDOFF: It's applicable
19 to all grantees under this program. If
20 you remember, we did discuss this in
21 quite a bit of detail at the hearing on
22 the bond issue last November. A number
23 of Councilmembers had significant
24 suggestions to make. We incorporated
25 those, and the EOP as amended was

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 attached to the bond issue and then bond

3 ordinance and then will be -- is on the

4 website and is in all of our materials.

5 So everyone is on notice about that.

6 COUNCILWOMAN BROWN: And all of

7 the materials include the RFP that went

8 to the 2.5 million potential grantees,

9 correct?

10 MS. NAIDOFF: I'm sorry. You

11 mean the 250 organizations that got

12 expressions of interest?

13 COUNCILWOMAN BROWN: Yes, yes,

14 yes.

15 MS. NAIDOFF: They all have

16 been informed about it. It's on the

17 website. It's gone out to them in

18 materials. It was explained at the two

19 public meetings. Yes. There's been lots

20 of discussion about that.

21 COUNCILWOMAN BROWN: For the 60

22 million, you identified the corridors

23 where those potential recipients exist.

24 Are you at liberty to discuss -- this is

25 my concern, that the mix of those

1 6/6/07 - FINANCE - BILL 070431, ETC.
2 organizations that ultimately are the
3 recipients of the 60 million look like
4 Philadelphia. So you're not at
5 liberty -- let me not answer the question
6 for you. Are you at liberty to say what
7 those groups are?

8 MS. NAIDOFF: No. The Mayor
9 has not made his decisions yet, but I can
10 tell you that of the projects that we
11 have evaluated and provided information
12 to him, they run the gamut in terms of
13 the diversity of the Board and staff and
14 the audiences served, the diversity of
15 the functions, the cultural functions of
16 the organization, fairly wide assessment
17 of -- diversity of geographical location
18 within those corridors. So I think
19 there's a pretty broad swath of
20 characteristics that are included in
21 them.

22 COUNCILWOMAN BROWN: Okay.
23 With the Corridor program, the
24 Philadelphia Corridors program, what
25 might be or is the interface, cooperation

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 with or collaboration with PCDC?

3 MS. NAIDOFF: I think those are
4 mostly large grants to large
5 organizations. It's the \$5 million
6 smaller fund that would be more likely to
7 have some relationship to PCDC. For
8 example, in the Small Grants program, if
9 we identify a potential grantee that has
10 a good project, one that we would like to
11 fund but we see some capacity issue, it's
12 possible that PCDC could assist with some
13 business technical assistance.

14 COUNCILWOMAN BROWN: Okay.

15 I thank you, Madam Chair.

16 COUNCILWOMAN BLACKWELL: You're
17 welcome.

18 Are there further questions?

19 (No response.)

20 COUNCILWOMAN BLACKWELL: All
21 right. Thank you very much.

22 Are there further comments or
23 questions from members of the Committee?

24 COUNCILWOMAN BROWN: Madam
25 Chair?

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 COUNCILWOMAN BLACKWELL: The
3 Chair recognizes Councilman Goode -- and
4 for all bills a request has been made for
5 bill suspension -- Councilman Goode with
6 regard to Bill No. 070431.

7 COUNCILMAN GOODE: Thank you,
8 Madam Chair. I move that Bill No. 070431
9 be reported out of Committee with a
10 favorable recommendation, that the rules
11 of Council be suspended so as to permit
12 first reading at our next Council
13 session.

14 (Duly seconded.)

15 COUNCILWOMAN BLACKWELL: It has
16 moved and seconded that Bill No. 070431
17 be reported out of Committee with a
18 favorable recommendation and,
19 furthermore, that the rules of Council be
20 suspended so as to permit first reading
21 at our next session of Council.

22 All in favor will say aye.

23 (Aye.)

24 COUNCILWOMAN BLACKWELL:

25 Opposed?

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 (No response.)

3 COUNCILWOMAN BLACKWELL: The
4 ayes have it and so the bill passes.

5 The Chair recognizes Councilman
6 Greenlee with regard to Bill No. 070435.

7 COUNCILMAN GREENLEE: Thank
8 you, Madam Chair. I move that Bill
9 070435 be reported out of this Committee
10 with a favorable recommendation and that
11 the rules of Council be suspended to
12 allow for first reading at our next
13 session of Council.

14 (Duly seconded.)

15 COUNCILWOMAN BLACKWELL: It has
16 been moved and seconded that Bill No.
17 070435 be reported out of Committee with
18 a favorable recommendation and also that
19 the rules of Council be suspended so as
20 to permit first reading at our next
21 session.

22 All in favor say aye.

23 (Aye.)

24 COUNCILWOMAN BLACKWELL:

25 Opposed?

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 (No response.)

3 COUNCILWOMAN BLACKWELL: The
4 ayes have it and so the bill passes out.

5 The Chair recognizes
6 Councilwoman Reynolds Brown with regard
7 to a motion on Bill No. 070436.

8 COUNCILWOMAN BROWN: Thank you,
9 Madam Chair. I move that Bill No. 070436
10 be reported out of the Committee with a
11 favorable recommendation and further move
12 that the rules of Council be suspended so
13 as to permit first reading.

14 (Duly seconded.)

15 COUNCILWOMAN BLACKWELL: It has
16 been moved and seconded that Bill No.
17 070436 be reported out of Committee with
18 a favorable recommendation and,
19 furthermore, that the rules of Council be
20 suspended in order to permit first
21 reading at our next session.

22 All in favor say aye.

23 (Aye.)

24 COUNCILWOMAN BLACKWELL:

25 Opposed?

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 (No response.)

3 COUNCILWOMAN BLACKWELL: The
4 ayes have it and the bill passes out.

5 The Chair recognizes Councilman
6 DiCicco with regard to Bill No. 070440.

7 COUNCILMAN DiCICCO: Thank you,
8 Madam Chair. I move that Bill No. 070440
9 be reported out of this Committee with a
10 favorable recommendation and a further
11 recommendation that the rules of Council
12 be suspended.

13 (Duly seconded.)

14 COUNCILWOMAN BLACKWELL: It has
15 been moved and seconded that Bill No.
16 070440 be reported out of Committee with
17 a favorable recommendation and, further,
18 that the rules of Council be suspended in
19 order to permit first reading at our next
20 session of Council.

21 All in favor will say aye.

22 (Aye.)

23 COUNCILWOMAN BLACKWELL:

24 Opposed?

25 (No response.)

1 6/6/07 - FINANCE - BILL 070431, ETC.

2 COUNCILWOMAN BLACKWELL: The
3 ayes have it and so the bill passes out.

4 That concludes our business
5 today. I want to thank my Committee and
6 ask all Committee members on Streets and
7 Services to keep your seat, and thank all
8 who have come to participate and testify.
9 Thank you all.

10 (Committee on Finance adjourned
11 at 2:10 p.m.)

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CERTIFICATE

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I HEREBY CERTIFY that the

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proceedings, evidence and objections are

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contained fully and accurately in the

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stenographic notes taken by me upon the

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foregoing matter on June 6, 2007, and that

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this is a true and correct transcript of same.

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MICHELE L. MURPHY

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RPR-Notary Public

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