

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON PUBLIC PROPERTY AND
PUBLIC WORKS

- - -

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, October 22, 2008
1:10 p.m.

- - -

PRESENT:

COUNCILMAN DARRELL L. CLARKE, CHAIR
COUNCILMAN FRANK DiCICCO
COUNCILMAN WILLIAM GREENLEE
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILMAN FRANK RIZZO

BILL 080585 - An ordinance authorizing the
Commerce Director and the Commissioner of
Public Property to acquire an approximately 17
acre property in the vicinity of Island
Avenue...

BILL 080636 - An ordinance authorizing the
Philadelphia Authority for Industrial
Development, notwithstanding any contrary
requirements of the Philadelphia Industrial
and Commercial Development Agreement between
the City...

- - -

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1
2 COUNCILMAN CLARKE: Good
3 afternoon. This is the Committee on
4 Public Property and Public Works.

5 We have a quorum established:
6 Councilman Rizzo, Councilman Greenlee,
7 Councilman DiCicco and the Vice-Chair,
8 Councilman Kenney.

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

11 THE CLERK: Bill No. 080585, an
12 ordinance authorizing the Commerce
13 Director and the Commissioner of Public
14 Property to acquire an approximately 17
15 acre property in the vicinity of Island
16 Avenue, Penrose Avenue and Escort Street
17 and to extinguish a deed restriction on
18 the property, all under certain terms and
19 conditions.

20 COUNCILMAN CLARKE: Thank you.
21 The first witness, please.
22 (Witnesses approached witness
23 table.)

24 MR. ISDELL: Good afternoon,
25 Mr. Chairman and members of the Committee

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 on Public Property and Public Works. I'm
3 Charles Isdell, Director of Aviation for
4 the City of Philadelphia, and pleased to
5 appear before you today to testify in
6 support of Bill No. 080585.

7 This bill will authorize the
8 City of Philadelphia, through its
9 Department of Commerce, Division of
10 Aviation, and Department of Public
11 Property to acquire approximately 17
12 acres of real property located in the
13 vicinity of Island Avenue, Penrose Avenue
14 and Escort Street within the limits of
15 Philadelphia, Pennsylvania. The property
16 is currently owned by Jerome and Flora
17 Heilweil, husband and wife, and is
18 subject to a Lease Purchase Agreement
19 pursuant to which the property is
20 currently leased to the City of
21 Philadelphia, Division of Aviation.

22 The bill will also authorize
23 removal of a historic and now burdensome
24 deed restriction which limits the use of
25 the property to industrial use. Subject

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 to City Council approval, the property
3 will be acquired for use by the
4 Philadelphia International Airport for
5 Airport purposes as detailed below. The
6 purchase price is \$11 million and will be
7 paid with monies from the Aviation Fund.
8 The property has been appraised and the
9 appraisal supports the purchase price.

10 Initially, the Division of
11 Aviation anticipates leasing the property
12 to the Philadelphia Parking Authority,
13 which will develop and operate an economy
14 parking facility on the property. The
15 Airport has a need for additional economy
16 parking spaces because passenger traffic
17 continues to increase, with approximately
18 32.2 million passengers traveling through
19 the Airport in 2007, a 38.4 percent
20 increase in passengers originating travel
21 at our Airport over the past five years.
22 The existing economy parking lot is at
23 full capacity and closed to potential
24 users at least three times per week.
25 Development of the property as an economy

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 parking lot will provide an additional
3 1,900 economy parking spaces to the
4 traveling public.

5 Under an existing
6 revenue-sharing agreement between the
7 City of Philadelphia and the Philadelphia
8 Parking Authority, the City stands to
9 receive increased revenue totalling
10 approximately \$1,900,000 per year for the
11 Aviation Fund from the Philadelphia
12 Parking Authority once the proposed
13 economy parking lot is up and running.
14 In addition, it is anticipated that the
15 Parking Authority will remit
16 approximately \$627,000 per year in
17 parking taxes to the City of
18 Philadelphia's General Fund.

19 Therefore, the City is
20 requesting authorization to acquire the
21 property and that Council extinguish the
22 deed restriction on the use of the
23 property so that the property can be used
24 for any Airport purpose.

25 I greatly appreciate the

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 opportunity to speak to you today in
3 support of Bill No. 080585 and will be
4 happy to answer any questions you may
5 have.

6 I'm also joined today by Deputy
7 Public Property Commissioner John
8 Herzins, who will speak for the
9 Department of Public Property.

10 COUNCILMAN CLARKE: Thank you.

11 DEPUTY COMMISSIONER HERZINS:

12 Good afternoon, Chairman Clarke and
13 members of the Committee on Public
14 Property and Public Works. My name is
15 John Herzins, Deputy Commissioner at the
16 Department of Public Property here on
17 behalf of the Commissioner today here to
18 testify in support of Bill No. 080585,
19 which will authorize the Commerce
20 Department and the Department of Public
21 Property to acquire approximately 17
22 acres of land located in the vicinity of
23 Island Avenue, Penrose Avenue and Escort
24 Street and the extinguishing of a deed
25 restriction limiting the use of the

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 property.

3 The property lies east of the
4 current economy parking lot at the
5 Philadelphia International Airport and
6 will be used for the expansion of this
7 parking lot. The removal of the deed
8 restriction will permit the City of
9 Philadelphia to utilize the property for
10 this and any other Airport use.

11 The Department of Public
12 Property supports this measure, and,
13 accordingly, we respectfully ask that
14 City Council approve Bill No. 080585.

15 I respectfully request that
16 this Committee vote this bill out of
17 Committee with a favorable recommendation
18 and that the rules be suspended to permit
19 first reading at the next Council
20 session.

21 Thank you.

22 COUNCILMAN CLARKE: Thank you.

23 MR. ISDELL: Mr. Chair, we also
24 have Leonard Shatz representing First
25 American Title Insurance Company, who has

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 testimony relative to the deed
3 restriction.

4 MR. SHATZ: Good afternoon,
5 Mr. Chairman and members of the Committee
6 on Public Property and Public Works. My
7 name is Leonard A. Shatz. I'm Senior
8 Underwriting Counsel for the National
9 Commercial Services Division of First
10 American Title, which is located across
11 the street at Two Penn Center. I am
12 pleased to appear before you today also
13 in support of Bill No. 080585.

14 First American was requested to
15 insure title and has been requested to
16 insure title which the City has indicated
17 here desires to purchase from the current
18 owners, Jerome P. Heilweil and his
19 spouse, Flora P. Heilweil.

20 A land record search was
21 conducted in the Department of Records
22 for the City of Philadelphia
23 preliminarily to insuring title. The
24 land records revealed that the Heilweils
25 acquired the property from the

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 Philadelphia Authority for Industrial
3 Development by a deed dated May 23, 1997
4 and recorded in Deed Book JTD 387, Page
5 210. This deed imposed certain
6 restrictions, including an industrial use
7 restriction, which can be waived, altered
8 or amended only by action of the Council
9 of the City of Philadelphia.

10 The restriction provides that
11 the premises hereinabove described shall
12 not at any time hereafter forever be used
13 for any purpose other than industrial
14 development or redevelopment, including
15 uses related to or accessory to
16 industrial uses which do not change the
17 essential industrial character of the
18 tract and are appropriate and useful in
19 its industrial development or
20 redevelopment, unless and until the
21 Council of the City of Philadelphia shall
22 by ordinance waive or alter or amend this
23 restriction in whole or in part.

24 Accordingly, any entity which
25 acquires the property from the Heilweils

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.

2 is subject to this industrial use
3 restriction unless the Council for the
4 City of Philadelphia waives the
5 restriction. The City is requesting,
6 therefore, that the City Council waive
7 the above restriction in its entirety so
8 that the City can use the property for
9 any Airport use and purpose, including
10 the current -- the Airport's current
11 planned use as a parking lot. The
12 industrial use restriction would tend to
13 exclude this use.

14 I greatly appreciate this
15 opportunity to speak with you today in
16 support of the bill, and I'd be happy to
17 answer questions, of course.

18 Thank you.

19 COUNCILMAN CLARKE: Thank you.

20 Mr. Isdell, you said the annual
21 revenue on the parking operation will be
22 what? You said the City's take was
23 one-nine, that goes to the Aviation Fund?

24 MR. ISDELL: It's 1.9 million
25 revenue to the Aviation Fund, 627,000 in

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 parking tax revenue to the General Fund.

3 COUNCILMAN CLARKE: What's the
4 total annual revenue?

5 MR. ISDELL: The total would be
6 the 1.9 million.

7 COUNCILMAN CLARKE: Is that
8 total? So all of the money goes to the
9 Aviation Fund, none to the Parking
10 Authority? Is there a fee?

11 MR. ISDELL: Let me get
12 clarification on that, Mr. Chairman.
13 Excuse me.

14 Assistant Director for Budget
15 and Administration, Thomas Becker, I
16 think can answer your question in more
17 detail, Mr. Chairman.

18 COUNCILMAN CLARKE: Sure.

19 MR. BECKER: Councilman, the
20 payment to the City's Aviation Fund last
21 year was approximately \$33.6 million on
22 total gross revenue of about \$80 million.

23 COUNCILMAN CLARKE: Say that
24 again. I'm sorry.

25 MR. BECKER: The 1.9 million

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 will increase the 33.6 million up to 35.5
3 million.

4 COUNCILMAN CLARKE: Okay. I'm
5 not sure I understand your response.
6 You're giving me the total annual revenue
7 for all parking operations at the
8 Airport; is that my understanding?

9 MR. BECKER: It's the total for
10 the 18,000 spaces that the Parking
11 Authority manages at the Airport. The
12 total revenue is about 80,000 -- 80
13 million. Excuse me. The profit, the net
14 revenue that comes to the City's Aviation
15 Fund, is approximately 33.6 million.

16 COUNCILMAN CLARKE: Let me ask
17 the question in a different way. Is
18 there a formula for the split between the
19 operator and the City in terms of shared
20 revenue? Is there a percentage of the
21 revenue that goes to the Aviation
22 Fund/City and percentage goes to the
23 operator?

24 MR. BECKER: No. Any net
25 operating revenue comes to the Aviation

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
 2 Fund. The benefit to the General Fund
 3 would be from the 20 percent parking tax.

4 COUNCILMAN CLARKE: So you say
 5 net. The gross take, my assumption is
 6 that the operation expenses are paid out
 7 of that?

8 MR. ISDELL: Yes. I'm going to
 9 take another stab at it.

10 COUNCILMAN CLARKE: All right.
 11 Let me reduce it to its lowest
 12 denominator. Are we paying the Parking
 13 Authority to operate the additional
 14 spaces as a result of the new --

15 MR. ISDELL: It's not really a
 16 formula, but the agreement between the
 17 City and the Parking Authority describes
 18 that the Parking Authority collects the
 19 gross revenue.

20 COUNCILMAN CLARKE: Right.

21 MR. ISDELL: Which last year
 22 was about 80 million, and out of that 80
 23 million, the Parking Authority is
 24 permitted to take its expenses to run the
 25 Airport's parking facilities out of the

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 gross, and the Airport gets the remainder
3 as net income, and last year that was
4 about 33 million. So it's about 33 out
5 of 80 million. It's not a formula, but
6 that's --

7 COUNCILMAN CLARKE: So the
8 additional parking operation will then
9 increase the gross by what?

10 There we go. Mr. Fenerty can
11 probably respond.

12 MR. FENERTY: Good afternoon,
13 Councilman and members.

14 Based on the formula that the
15 Airport did, it would increase the profit
16 that goes to the Aviation Fund by
17 approximately \$1.9 million, and that
18 would bring it up to roughly \$35 million
19 that would go to the Aviation Fund. We
20 estimate that we would --

21 COUNCILMAN CLARKE: Thirty-five
22 from the 33?

23 MR. FENERTY: Thirty-five on
24 top of that -- and I don't have the exact
25 figure with me -- we turn about \$12

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 million in currently from parking
3 privilege tax at the Airport. That would
4 increase that by about \$600,000,
5 \$627,000. So that would bring that up
6 into the area of \$13 million.

7 All we take out is our
8 expenses. And since this is an
9 additional lot, there are already
10 cashiers there, there's toll plazas
11 there, there would be no replication of
12 services.

13 COUNCILMAN CLARKE: So there's
14 no additional expenses incurred by the
15 Parking Authority?

16 MR. FENERTY: No replication of
17 services, management or anything like
18 that.

19 COUNCILMAN CLARKE: So any
20 additional revenue goes to the Aviation
21 Fund?

22 MR. FENERTY: The Aviation Fund
23 and the parking tax directly to the City
24 Fund.

25 COUNCILMAN CLARKE: Okay.

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 Councilman Rizzo.

3 COUNCILMAN RIZZO: Mr. Isdell,
4 what's the relationship with the Aviation
5 Fund, the Airport, on the expenses that
6 the Parking Authority claims they have in
7 operating the facilities? What audit or
8 what oversight or what is the
9 relationship? Do you just rubber stamp
10 the expenses that the Parking Authority
11 suggests that they have in doing that
12 operation?

13 MR. ISDELL: No, it's certainly
14 not a rubber stamp. We review the annual
15 budget that the Parking Authority
16 presents to us. That's also subject to
17 review, I think, by the City Controller
18 on an annual basis. And from a federal
19 level, there are periodic audits done by
20 the U.S. Department of Transportation,
21 Inspector General.

22 We are comfortable that the
23 Authority's expenses are properly
24 reported to us, and there is in fact --
25 there's also a cap on the amount of

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 administrative costs that can be charged
3 against the Aviation Fund for the
4 management of the Airport's parking
5 facilities. And I think that our
6 relationship is quite businesslike, and
7 we're comfortable that the charges the
8 Authority makes from the gross revenue
9 are appropriate.

10 COUNCILMAN CLARKE: Thank you,
11 Councilman.

12 Councilman Greenlee.

13 COUNCILMAN GREENLEE: Thank
14 you, Mr. Chairman.

15 Quick question. I'm sorry.
16 You may have said this already. This
17 land presently, what is it? Is it used
18 at all?

19 MR. ISDELL: What is it
20 currently?

21 COUNCILMAN GREENLEE: Yes.
22 What is it currently?

23 MR. ISDELL: This particular
24 piece, I think, is unused. That's right,
25 it's vacant ground.

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.

2 COUNCILMAN GREENLEE: All
3 right. Thank you.

4 Thank you, Mr. Chairman.

5 COUNCILMAN CLARKE: Thank you,
6 Councilman.

7 Any other --

8 COUNCILMAN RIZZO: One more.

9 COUNCILMAN CLARKE: Councilman
10 Rizzo.

11 COUNCILMAN RIZZO: You always
12 have these curiosity questions, that in
13 1997 we let a very valuable piece of land
14 get away from us. Apparently a piece
15 that if somebody had a crystal ball back
16 then would have probably not allowed the
17 PIDC to sell this off to someone else.

18 Do we have any other land
19 similar to this down there that really
20 should be in your custody that's not? In
21 1997, somebody really should have not
22 allowed Mr. -- whoever his name is here.

23 MR. ISDELL: Heilweil.

24 COUNCILMAN RIZZO: To buy 17
25 acres of land near an airport.

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.

2 MR. ISDELL: My
3 understanding -- and I think I may need
4 one of the lawyers to verify this -- is
5 that the 1997 date was the culmination of
6 a long-term purchase agreement that
7 actually started like back in the 1970s.
8 And that's just the official date of the
9 transfer, but I think someone with a
10 better history can confirm that.

11 COUNCILMAN RIZZO: But my point
12 is, is there any other land down there
13 that you have an opportunity to purchase?
14 I remember we had that opportunity to buy
15 that building right next to the Airport,
16 that we wound up losing millions of
17 dollars because we didn't act on it.

18 MR. ISDELL: Well, we are
19 actively looking at every parcel on our
20 perimeter and beyond currently, and in
21 particular, our Deputy Mayor, Rina
22 Cutler, Deputy Mayor for Transportation,
23 has tasked me with providing her with
24 information on all of the land on the
25 Airport's perimeter to see what might be

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 available and what we might want to be
3 acquiring for the future, because I think
4 your point is, we are a land-constrained
5 airport. It's part of the reason we're
6 congested and experience delays.

7 We are certainly being as
8 aggressive as we can be, Councilman, in
9 identifying and acquiring parcels, and
10 hopefully we'll be in front of the
11 Council in the near future with some
12 additional requests such as this one.
13 I'm not aware of anything right now
14 that's out there that is the result of
15 any sort of negligence or inaction on the
16 part of the City, but every one of these
17 parcels, I think, has its own story and
18 its own history.

19 COUNCILMAN RIZZO: Did we ever
20 get custody of that building? What was
21 the company that owned it that shut it
22 down?

23 MR. ISDELL: I'm not sure if
24 you're --

25 COUNCILMAN RIZZO: Paper

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 company.

3 MR. ISDELL: The Scott Paper.

4 COUNCILMAN RIZZO: Scott Paper.

5 MR. ISDELL: No, we did not
6 acquire that property, and I think with
7 good reason. There were a number of
8 reasons why we withdrew. There are times
9 today when we wish we had acquired it,
10 but at the time, considering the purchase
11 price that was being negotiated and the
12 fact that we were just embarking on a
13 long-term master plan to determine where,
14 if any place, we could build additional
15 runways and other facilities, we did not
16 have a clear picture of what, if any,
17 need we would have for that parcel, and I
18 think we were on the verge of spending
19 over \$90 million for a piece of property
20 we weren't sure if we needed it or not,
21 and as a result, some months after our
22 decision to withdraw from the sale, it
23 was sold for a much lower price on the
24 open market. So I think that we made a
25 good decision not to pay the price that

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 had been negotiated.

3 If I had all my dreams, I would
4 like to own that property today, just
5 without even knowing what we might do
6 with it, just to have it land-banked for
7 possible relocation of existing Airport
8 facilities, and I know that Deputy Mayor
9 Cutler agrees with me on that, that we in
10 the future will try to be more aggressive
11 and try to acquire as much property as we
12 can for the long-term view that the
13 Airport needs to grow.

14 COUNCILMAN RIZZO: Thank you,
15 Mr. Isdell.

16 MR. ISDELL: Okay.

17 COUNCILMAN CLARKE: Thank you,
18 Councilman.

19 One last question from me. I
20 don't know if there any other questions.
21 The development of the parking lot, is
22 this going to be a surface parking lot,
23 economy lot?

24 MR. ISDELL: Surface parking,
25 yes.

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.

2 COUNCILMAN CLARKE: Is there a
3 possibility in the future being a
4 multi-level parking garage as capacity
5 grows?

6 COUNCILMAN RIZZO: I don't
7 really think that is a potential future
8 use. Most of our garage facilities are
9 kept in proximity to the terminal
10 complex. This is really across the
11 street from the existing economy lot, so
12 I don't think that it would become
13 multi-tier parking at least in the
14 foreseeable future.

15 COUNCILMAN CLARKE: Who is
16 going to construct? It's not much
17 construction, I'm assuming, but who is
18 the contractor that's going to develop
19 the parking lot?

20 MR. FENERTY: Councilman, once
21 the Council approves this and the
22 Mayor -- if the Mayor signs the bill and
23 the proper documentation is done between
24 the Parking Authority's counsel and the
25 Airport counsel and the leases are

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 signed, the addendums are signed, a
3 development plan for it would be done,
4 and then all the work would be publicly
5 bidded. So there's been no contractor
6 selected or anything at this point. The
7 land needs to be cleared. You need storm
8 water drainage. We need lighting. All
9 that will be publicly bid.

10 COUNCILMAN CLARKE: Is that by
11 the Parking Authority or by --

12 MR. FENERTY: It will be by the
13 Parking Authority following the same
14 rules of procurement which the City uses.

15 COUNCILMAN CLARKE: And they're
16 all the applied WBE, MBE applications?

17 MR. FENERTY: Yes. It's all
18 publicly advertised, sealed bids, et
19 cetera, with all the minority
20 participation in it.

21 COUNCILMAN CLARKE: And that's
22 using our guidelines, the City's
23 guidelines? The only reason I'm --

24 MR. FENERTY: The guidelines we
25 use are promulgated by the state, but

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 anything with a new contract with the
3 City under the ordinances that were
4 passed by this Council last year, we have
5 to file the same procurement code, which
6 the Airport did, which we have done most
7 recently in our last interaction with the
8 Airport on the bond refinancing. The
9 City Law Department worked with our Law
10 Department and we filed the exact same
11 criteria, and we intend to do the same
12 thing.

13 COUNCILMAN CLARKE: Okay.

14 Thank you.

15 MR. FENERTY: Thank you.

16 COUNCILMAN CLARKE: Any other
17 questions of these witnesses by members
18 of the Committee?

19 (No response.)

20 COUNCILMAN CLARKE: Thank you,
21 gentlemen.

22 Anyone else to testify on this
23 bill?

24 (No response.)

25 COUNCILMAN CLARKE: There being

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 none...

3 THE CLERK: Bill No. 080636, an
4 ordinance authorizing the Philadelphia
5 Authority for Industrial Development,
6 notwithstanding any contrary requirements
7 of the Philadelphia Industrial and
8 Commercial Development Agreement between
9 the City, the Philadelphia Industrial
10 Development Corporation and PAID, to
11 convey fee simple title to a certain
12 property located in the vicinity of 61st
13 Street and Eastwick Avenue to the
14 Philadelphia Regional Port Authority, for
15 a total consideration of \$150,000, under
16 certain terms and conditions.

17 (Witnesses approached witness
18 table.)

19 COUNCILMAN CLARKE: Thank you.
20 Good afternoon, gentlemen.

21 MR. BUMB: Good afternoon,
22 Chairman Clarke and members of the
23 Committee. My name is Duane Bumb, Senior
24 Deputy Director of Commerce. I am here
25 today to testify on Bill 080636, which

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 authorizes the Philadelphia Authority for
3 Industrial Development, or PAID, to
4 convey a 15-acre industrial parcel
5 located at 3062 South 61st Street to the
6 Philadelphia Regional Port Authority for
7 \$150,000. This property will be used as
8 a truck parking lot by the merchants that
9 will occupy the new Produce Market
10 currently under construction on Essington
11 Avenue.

12 The 61st Street property was
13 originally owned by the Redevelopment
14 Authority and transferred to PAID in the
15 early 1980s. The Redevelopment Authority
16 Board is scheduled to consider the
17 assignment of the Redevelopers Agreement
18 for this site at its upcoming November
19 13th Board meeting. In August, the PAID
20 Board approved the transaction, subject
21 to City Council approval, and the project
22 was also reviewed and recommended for
23 approval by the City Planning Commission
24 this past month.

25 The sale and redevelopment of

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 the 61st Street site is a critical
3 component within the new Produce Market
4 development. When the new facility is
5 completed, the Produce Market will
6 support over 1,800 jobs, representing an
7 increase of 375 jobs over the current
8 employment levels at the existing Produce
9 Terminal in the Food Distribution Center.

10 The 61st Street site has poor
11 soil and environmental conditions that
12 have resulted in the developer incurring
13 an additional \$850,000 in corrective
14 actions. This site penalty, when added
15 to the other cost escalations experienced
16 by the developer, has resulted in the
17 Commerce Department negotiating a
18 reduction in the sale price of the 61st
19 Street property to \$150,000, subject to
20 approval of Council, as required under
21 the terms and conditions of the
22 Commercial and Industrial Revolving Fund,
23 also known as the Land Bank. While this
24 reduction in the land price from the
25 \$1.725 million appraisal is significant,

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.

2 it allows the City to leverage a
3 substantially larger investment in the
4 project by the Commonwealth of
5 Pennsylvania, which is providing more
6 than \$150 million in support of the
7 project. Further, the increased activity
8 and employment at the Produce Market will
9 yield additional wage and business tax
10 revenue to the City to more than offset
11 the reduced sale price for the land.

12 I ask that the Committee
13 consider this bill favorably and that the
14 rules of Council be suspended to permit
15 first reading at the next regularly
16 scheduled meeting of Council.

17 Thank you for the opportunity
18 to testify. I am joined today by Tom
19 Dalfo from Philadelphia Industrial
20 Development Corporation, who has been
21 directly involved in this transaction,
22 and we'd be happy to answer any questions
23 that you may have.

24 Thank you.

25 MR. DALFO: I don't have any

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 testimony.

3 COUNCILMAN CLARKE: Thank you.
4 Any questions?
5 Councilman Greenlee.

6 COUNCILMAN GREENLEE: Thank
7 you. Just quickly, Mr. Chairman.
8 Kind of a similar question.
9 This land right now, is it just vacant
10 land?

11 MR. BUMB: This land has
12 been --

13 COUNCILMAN GREENLEE: Given by
14 what you described as the problems with
15 it.

16 MR. BUMB: It's been sitting in
17 a redevelopment area for decades, for
18 probably 30 years, undeveloped. Yes.

19 COUNCILMAN GREENLEE: That's
20 what I figured from the description of
21 it.

22 Thank you.

23 Thank you, Mr. Chairman.

24 COUNCILMAN CLARKE: Thank you,
25 Councilman.

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.

2 Mr. Bumb, I'm assuming because
3 the Redevelopment Authority is involved
4 in this transaction, the same standards
5 apply in the ultimate development of the
6 parking operations, the lot and all, as
7 it relates to the City's requirements on
8 MBE, WBE?

9 MR. BUMB: This is a property
10 that is being transferred from PAID, so
11 in fact all the City requirements do pass
12 through as a matter of course, yes.

13 COUNCILMAN CLARKE: Through
14 PAID?

15 MR. BUMB: Yes.

16 COUNCILMAN CLARKE: All right.
17 Well, you referenced RDA.

18 MR. BUMB: There was a
19 redevelopment agreement because this was
20 an urban renewal area, so we require
21 their sign-off for the assignment of the
22 property right from PAID to --

23 COUNCILMAN CLARKE: So PAID has
24 the same standards applied to the
25 transfer --

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.

2 MR. BUMB: Yes.

3 COUNCILMAN CLARKE: -- as the
4 City of Philadelphia?

5 Okay. Thank you.

6 Any other questions by members
7 of the Committee?

8 (No response.)

9 COUNCILMAN CLARKE: Thank you
10 very much, gentlemen.

11 This concludes the public
12 hearing on the Committee of Public
13 Property and Public Works. We will now
14 go into the public meeting.

15 Councilman Kenney, can I please
16 get a motion on Bill No. 080585.

17 COUNCILMAN KENNEY: Thank you,
18 Mr. Chairman. I move that Bill No.
19 080585 be reported out of this committee
20 favorably and a request made for rules
21 suspension to allow for first reading at
22 our next Council session.

23 (Duly seconded.)

24 COUNCILMAN CLARKE: It has been
25 moved and seconded.

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.

2 Those approved?

3 (Aye.)

4 COUNCILMAN CLARKE: Those
5 opposed?

6 (No response.)

7 COUNCILMAN CLARKE: The ayes
8 have it. Bill No. 080585 is reported out
9 of Committee with a favorable
10 recommendation, with a rules suspension
11 as to allow reading at the next session
12 of Council.

13 Councilman Kenney.

14 COUNCILMAN KENNEY:

15 Mr. Chairman, I move that Bill No. 080636
16 be reported out of this committee
17 favorably and a request made for rules
18 suspension to allow for first reading at
19 our next Council session.

20 (Duly seconded.)

21 COUNCILMAN CLARKE: It has been
22 moved and seconded.

23 Those in favor?

24 (Aye.)

25 COUNCILMAN CLARKE: Those

1 10/22/08 - PUBLIC PROPERTY - BILL 080585, etc.
2 opposed?

3 (No response.)

4 COUNCILMAN CLARKE: The ayes
5 have it. Bill 080636 is reported out of
6 Committee with a favorable
7 recommendation, with a rules suspension
8 as to allow reading at the next session
9 of Council.

10 Thank you all very much. This
11 concludes the public meeting on Public
12 Property and Public Works.

13 Thank you.

14 (Committee on Public Property
15 and Public Works adjourned at 1:35 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on October 22, 2008, and that this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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