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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON COMMERCE AND ECONOMIC

4

DEVELOPMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, September 24, 2008
10:20 a.m.

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PRESENT:

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COUNCILMAN W. WILSON GOODE, JR., CHAIR

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COUNCILMAN DARRELL L. CLARKE

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COUNCILMAN FRANK DiCICCO

13

COUNCILMAN CURTIS JONES, JR.

COUNCILWOMAN MARIA QUINONES-SANCHEZ

COUNCILWOMAN BLONDELL REYNOLDS BROWN

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BILL 080573 - An ordinance amending Chapter
19-2600 of The Philadelphia Code, entitled
"Business Privilege Taxes," by expanding the
program under which a credit against business
privilege taxes is given to certain
businesses...

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RESOLUTION 080103 - Resolution authorizing
City Council's Committee on Commerce and
Economic Development to investigate, and to
hold hearings on, the issue of diversity
within Philadelphia's Building and
Construction Trades...

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V A R A L L O Incorporated

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Litigation Support Services

Eleven Penn Center

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1835 Market Street, Suite 600

Philadelphia, Pennsylvania 19103

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215.561.2220 215.567.2670

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COUNCILMAN GOODE: Good

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morning. Could everyone please take your

4

seats.

5

Before we start, could we

6

please have a moment of silence for

7

Officer Patrick McDonald.

8

(Moment of silence.)

9

COUNCILMAN GOODE: Thank you.

10

Good morning. This hearing is

11

called to order. This is a public

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hearing of the Commerce and Economic

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Development Committee on Bill No. 080573

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and Resolution No. 080103. My name is W.

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Wilson Goode, Jr., Chair of this

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committee.

17

I note that a quorum is

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present. To my far left is Councilwoman

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Maria Quinones-Sanchez. To my immediate

20

left is Councilwoman Blondell Reynolds

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Brown. To my right is Councilman Curtis

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Jones.

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The title of the Bill No.

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080573, amending Chapter 91-2600 of The

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Philadelphia Code, entitled "Business

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2 Privilege Taxes," by expanding the
3 program under which a credit against
4 business privilege taxes is given to
5 certain businesses that contribute monies
6 to community development corporations
7 undertaking economic development
8 activities within the City of
9 Philadelphia, all under certain terms and
10 conditions.

11 The title of the Resolution No.
12 080103, authorizing City Council's
13 Committee on Commerce and Economic
14 Development to investigate, and to hold
15 hearings on, the issue of diversity
16 within Philadelphia's Building and
17 Construction Trades, and further
18 authorizing the Committee to issue
19 subpoenas to compel the attendance of
20 witnesses and the production of documents
21 and other evidence.

22 We will take testimony on the
23 resolution first related to construction
24 industry diversity. Our only witness
25 today is Mr. A. Bruce Crawley. If he

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2 will approach the witness table.

3 (Witness approached witness
4 table.)

5 COUNCILMAN GOODE: Good
6 morning, Mr. Crawley.

7 MR. CRAWLEY: Good morning,
8 Mr. Chairman, Councilmembers.

9 COUNCILMAN GOODE: Please state
10 your name for the record and proceed with
11 your testimony.

12 MR. CRAWLEY: Good morning. My
13 name is A. Bruce Crawley. I'm a
14 life-long Philadelphia resident and a
15 business owner here in the City. I was
16 also a founder and first chairman of the
17 Board of the City's African American
18 Chamber of Commerce and I currently serve
19 as a Board member of the Technical
20 Assistance Center for Emerging
21 Contractors, an organization that
22 provides training, financing, management
23 and technical assistance and business
24 development support to black and minority
25 contractors.

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2 I also currently serve as a
3 member of the Mayor's Commission on
4 Diversity in the Construction Industry
5 and as a member of the Diversity
6 Inclusion Oversight Committee for the
7 Pennsylvania Convention Center Expansion.

8 I present that background to
9 establish for you that I have been
10 concerned about, and involved in, the
11 issues related to the ongoing lack of
12 diversity in Philadelphia's construction
13 industry for a very long time. I also
14 want to quickly add, at the very outset,
15 that I believe this city has, for far too
16 many years, squandered a long series of
17 opportunities related to billions of
18 dollars of construction projects wherein
19 there could have been, and should have
20 been, greater inclusion of blacks,
21 minorities and white females, both as
22 workers and contractors.

23 For those who may wonder why
24 this issue is still so vitally important
25 in a city like Philadelphia in 2008, I

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2 plan to offer excerpts from a report
3 called "The Road to Jobs: Patterns of
4 Employment in the Construction Industry
5 in Eighteen Metropolitan Areas." The
6 report was produced on August 30, 2007 by
7 Todd Swanstrom of St. Louis University.
8 As I introduce those excerpts, I want to
9 remind you that our city is one in which
10 African Americans, Hispanics and Asians
11 comprise 61 percent of the total
12 population, where white women constitute
13 an additional 19 percent of the
14 population, where only 17.9 percent of
15 the population are college graduates as
16 compared to 22.4 percent across the
17 Commonwealth and 24.4 percent for the
18 nation as a whole, and where the U.S.
19 Census Bureau reports that one in every
20 four persons in Philadelphia is living in
21 poverty.

22 According to that report, "The
23 Road to Jobs" -- and these are just a few
24 of the highlights -- construction is one
25 sector where you can earn a decent wage

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2 without a college degree. The evidence
3 for this is that less than ten percent of
4 construction workers are college
5 graduates. African Americans have
6 systematically been excluded from
7 better-paying skilled trades, including
8 in the construction industry, since
9 slavery was abolished.

10 In 2003, the national median
11 wage for black men was only 73 percent of
12 the white male median wage, and Hispanic
13 men only made 63 percent of whites. The
14 unemployment rate for blacks in that same
15 year was twice that of whites. The
16 unemployment rate for Hispanics, both
17 black and white Hispanics, was almost 50
18 percent higher than for whites.

19 High rates of unemployment and
20 low wages have reduced the number of men
21 who marry, leaving many women to raise
22 children on their own. Female heads of
23 household suffer disproportionately from
24 poverty, and the children who grow up in
25 those households generally do not do as

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2 well in school. Communities with high
3 levels of poverty and unemployment suffer
4 from social problems, including high
5 rates of crime, teen pregnancy, high
6 school dropouts and welfare dependency.
7 That pretty much describes, in a
8 nutshell, the conditions in many large
9 U.S. cities, including our own right here
10 in Philadelphia.

11 The report goes on to say that
12 in every metropolitan area in which the
13 study was done -- and this was done in 18
14 metro areas across the country -- the
15 researchers found that African Americans
16 were underrepresented in the construction
17 workforce. In every metropolitan area,
18 women held six percent or less of
19 construction jobs.

20 If blacks were employed in
21 construction at the same rate that they
22 are employed in the overall workforce,
23 the researchers estimate 42,700 more
24 blacks would be employed in construction
25 in the 18 participating metro areas.

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2 Based on the size of
3 Philadelphia compared to those other
4 metro areas, that would project an
5 increase for black construction workers
6 alone of about 6,960 new jobs. Today in
7 the Philadelphia metro area, there are
8 174 black construction companies,
9 quote/unquote, with employees, carrying a
10 payroll of 1,138 persons. That number
11 should be added, of course, to the modest
12 numbers of African Americans who are
13 employed in non-minority-owned
14 construction firms or who are union
15 journeymen.

16 For those who wonder whether
17 there is sufficient construction work in
18 Philadelphia to accommodate new minority
19 and female workers, I want to point out
20 that currently our city's construction
21 workforce is significantly augmented from
22 project to project by the addition of
23 workers who not only live outside the
24 City, but who also live outside this
25 region.

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2 In addition, I want to remind
3 you that the Census Bureau informs us
4 that the \$1.3 trillion national
5 construction industry is the fifth
6 largest industry in the country on the
7 basis of gross receipts, larger than
8 motor vehicles and parts dealers, larger
9 than food and beverage stores, larger
10 than chemical manufacturing, larger than
11 the nation's general merchandise stores.
12 According to the Philadelphia Business
13 Journal's Book of Lists, the 25 largest
14 Philadelphia area contractors alone in
15 2006 generated more than \$3.4 billion in
16 local project revenues, won an average of
17 56 contracts each during that year and
18 created work for 3,931 full-time workers,
19 among others.

20 And when we look out on the
21 business horizon, despite the highly
22 publicized deterioration of the
23 residential construction market, there
24 will still be a significant amount of
25 public and commercial construction work

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2 done here over the next several years.

3 For example, the combination of the
4 planned Convention Center Expansion and
5 two beleaguered casinos represent an
6 economic impact of more than \$2 billion
7 in construction-related contracts and the
8 prospect of 4,900 construction jobs
9 alone.

10 There is certainly work to be
11 done. There is an obvious opportunity,
12 even in a depressed business environment,
13 to grow our local economy and to increase
14 our inclusion of more good, diverse
15 workers and contractors, minorities and
16 females.

17 As I understand your
18 Committee's Resolution No. 080103, you
19 intend to investigate, and hold hearings
20 on, the issue of diversity within
21 Philadelphia's building and construction
22 trades. As I have mentioned in previous
23 testimony, I believe that while the focus
24 of the building trades may be
25 appropriate, it is only one part of the

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2 larger issue of achieving appropriate
3 levels of black, minority and female
4 inclusion in the local construction
5 industry. In my opinion, there are other
6 significant players that comprise the
7 construction industry whose cooperation
8 will be just as important, if not more
9 important, than that of the unions.

10 At any construction project, as
11 an example, the single most influential
12 player is, of course, the project owner.
13 In some cases, it is a hospital; in
14 others, it is a church, mosque or
15 synagogue. Universities are project
16 owners, as are non-profit and community
17 development organizations. In the case
18 of the Youth Study Center, which is
19 currently going out to bid, the owner is
20 the City of Philadelphia. In the case of
21 the Convention Center Expansion, the
22 owner is the Convention Center Authority.
23 Eventually there will be a construction
24 project owner named Foxwoods and another
25 project owner named SugarHouse. These

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2 owners are the originator of the
3 projects. They have ultimate
4 responsibility and authority. It is
5 their money that goes into the project,
6 either invested or financed, and they
7 absolutely have the authority to
8 determine not only the design, size and
9 scope of the project, but also the
10 composition and quality of the workforce
11 on their sites.

12 There is a growing belief that
13 in Philadelphia, construction project
14 owners of both mainstream and
15 minority-owned projects have been
16 derelict in their responsibility to
17 emphasize a need for workforce and
18 contract diversity and, as a consequence,
19 the subject is not a critical issue on
20 their work sites.

21 Other key players and potential
22 allies in achieving diversity-related
23 enhancement in this industry are, of
24 course, the City's largest construction
25 companies.

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2 These are the people at the
3 construction management level and at the
4 general prime contractor level who have
5 signatory relationships with the building
6 trades, who are partners in the project
7 labor agreements, who actually employ the
8 workers who are sent to the construction
9 sites by the unions and who can certainly
10 do a much better job of communicating
11 their interest in having a diverse work
12 site and contractual composition.

13 There is a lingering belief
14 also that in Philadelphia, construction
15 management firms and other large prime
16 general contractors could do more to
17 create a diverse work and business
18 environment at local construction sites.
19 Today, no one is really engaging them in
20 such a program or creating accountability
21 in that area. The commitment is simply
22 not flowing down from the top.

23 Does anyone really believe that
24 if Gilbane, Driscoll, Turner, Intech or
25 J.J. White began to stress such

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2 involvement in a more focused and
3 proactive way, that the unions whom they
4 pay could continue to be non-compliant?

5 Add to the list of key
6 construction industry players the banks
7 and surety companies that should be
8 working diligently to develop successful
9 working capital financing vehicles and
10 bonding opportunities for minority and
11 female contractors. It is virtually
12 impossible for a small minority or
13 female-owned construction company to be
14 successful without such accommodations.

15 Whose job has it been to
16 monitor that activity?

17 Finally, in addition to the
18 ongoing monitoring that you intend to do
19 among the member building trades unions,
20 it would certainly be appropriate for
21 City Council to obtain regularly
22 scheduled reports from the City of
23 Philadelphia itself as the owner of its
24 own projects and as a facilitator for so
25 many more projects wherein there has been

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2 far less than satisfactory levels of
3 participation for far too many years.

4 As I'm sure you intend, none of
5 these efforts need be seen as anti-union,
6 anti-construction industry or generally
7 antagonistic, but without a new spirit of
8 cooperation and focus in this and other
9 local industries for our common, citywide
10 economic benefit, we will, most
11 assuredly, continue to operate in
12 separate racial, gender and neighborhood
13 camps to the detriment of our entire
14 local economy.

15 As I mentioned at the outset of
16 my remarks, I currently serve as a member
17 of the Mayor's Advisory Commission for
18 Construction Industry Diversity. I have
19 been very pleased to date with the
20 quality of the work being done there, but
21 I do believe that there absolutely has to
22 be an unwavering legislative commitment
23 to ongoing compliance monitoring in this
24 important area if we expect any of these
25 historically unsatisfactory conditions to

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2 change.

3 In summary, I encourage you to
4 expand the scope of your resolution to
5 include all of these vital components of
6 the local construction industry, and I
7 commend the members of the Committee on
8 their groundbreaking efforts to date to
9 have this done.

10 COUNCILMAN GOODE: Thank you
11 for your testimony, Mr. Crawley. It's a
12 good start to the hearing on this
13 resolution. As I have mentioned to you
14 privately, it is my intention to probably
15 list this resolution at every hearing
16 that we hold of this committee. I think
17 it's that important. I think if we don't
18 keep the emphasis there until we
19 accomplish what is needed, that we'll be
20 derelict in our duty.

21 I'm glad that the Mayor's
22 Commission is actually having some
23 success in its work and has continued to
24 be diligent, but I do believe that, as I
25 said before, that is not a replacement

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2 for the work we need to do as
3 legislators.

4 So thank you for laying out the
5 issue as you have, and at this time if
6 any members of the Committee have
7 questions.

8 Councilwoman Blondell Reynolds
9 Brown.

10 COUNCILWOMAN BROWN: Thank you,
11 Mr. Chairman.

12 Good morning, Mr. Crawley.

13 MR. CRAWLEY: Good morning.

14 COUNCILWOMAN BROWN: Thank you,
15 too, for your testimony.

16 You mention on the last page of
17 your testimony in the last paragraph that
18 you're pleased to date with the quality
19 of work being done by the Mayor's
20 Advisory Commission for Construction
21 Industry Diversity. Speak on that, if
22 you will. What types of things have you
23 seen that suggest that sentiment?

24 MR. CRAWLEY: I don't want to
25 preempt the people who have to give the

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2 report in a formal way from the
3 Administration. They have their
4 information.

5 There is an interim report that
6 will be released sometime over the next
7 few days within the coming week, so I
8 don't want to get into that, but what I
9 will say is that I was pleased when I was
10 added to the Committee that they were
11 primarily focusing just on workforce
12 issues, and workforce issues are
13 important, but they seem only to be
14 focusing on workforce. There was a
15 Workforce Committee and a Research
16 Committee, and now fully empowered also
17 there is a Contracting Committee. We
18 serve on that. And a part of the issue
19 is that people understand that if you
20 really want to impact the workforce, you
21 have to have African American, Hispanic,
22 Asian, female-owned businesses that will
23 employ people from their respective
24 communities. That is not to say that you
25 don't expect the mainstream companies to

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2 also do their part, but the best place,
3 the most logical place, to have that
4 employment done is by people in the
5 respective community.

6 And so I think that is now a
7 part of it and I think good work is being
8 done and I'm, quite frankly, surprised.
9 I didn't expect it to be --

10 COUNCILWOMAN BROWN: Pleasantly
11 surprised.

12 MR. CRAWLEY: -- such a
13 meaningful exercise.

14 COUNCILWOMAN BROWN: Now, for
15 sure you have a strong and rich track
16 record in a number of different
17 organizations on this issue. So how does
18 what you see there differ from what
19 you've seen in the past and thus give you
20 the hope that things will be different
21 going forward?

22 MR. CRAWLEY: I think the good
23 thing is that often times we find ourself
24 in separate parts of the City across the
25 tables at each other, across picket lines

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2 from each other, but in this operation,
3 this Commission, we have everybody at the
4 same table. We have union
5 representation, we have business
6 representation, we have the head of the
7 General Builders and Contractors
8 Association, people from staff in the
9 municipality. So all of these people are
10 there. Donna Reed Miller is a member of
11 the Committee.

12 So I think everybody there
13 together speaking has allowed us to
14 initially get some stuff off our chest
15 and then buckle down and do work that
16 needs to be done. And I think there's a
17 recognition that there is significant
18 economic benefit in having this all work
19 out. This is not just the Hatfields and
20 the McCoys or, you know, some other silly
21 game.

22 COUNCILWOMAN BROWN: And you've
23 aptly laid that out in your testimony
24 when you speak to who all the primary
25 actors are, like building owners. So are

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2 any of these, the construction building,
3 Gilbane, Driscoll, Turner, Intech or even
4 the awardees of the Convention Center,
5 those owners, are they at this table?

6 MR. CRAWLEY: Well, the person
7 who best represents the interests of the
8 larger contractor community is Walter
9 Palmer.

10 COUNCILWOMAN BROWN: Is who?

11 MR. CRAWLEY: Walter Palmer,
12 III, I think he is, Walter Palmer, III,
13 who is the head of the General Builders
14 and Contractors Association, and most of
15 the large construction companies,
16 construction management firms are
17 affiliated with his organization.

18 COUNCILWOMAN BROWN: I see.

19 MR. CRAWLEY: They do their
20 representation. They negotiate with
21 unions through his office.

22 COUNCILWOMAN BROWN: I see.

23 MR. CRAWLEY: So I think it's
24 critical that he's a member of that
25 committee, and they understand that this

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2 can't be resolved without them making the
3 similar kind of commitment that people
4 are expecting the unions to make.

5 COUNCILWOMAN BROWN: Okay.

6 Well, thank you for your testimony.

7 MR. CRAWLEY: Sure.

8 COUNCILMAN GOODE: Thank you,
9 Councilwoman.

10 Let me mention for the record
11 that Councilman DiCicco is also present
12 as a member of the Committee.

13 Councilman Jones.

14 COUNCILMAN JONES: Thank you,
15 Mr. Chairman. Mr. Chairman, as a point
16 of protocol, am I allowed to call him
17 Bruce since I know him 20 years now? Is
18 that all right, Mr. Crawley?

19 (Laughter.)

20 COUNCILMAN JONES: A couple of
21 things. One, I appreciate the testimony
22 and the way it was framed. One of the
23 things that was important to note in that
24 testimony is that the problem has a
25 rippling effect in different areas,

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2 whether we talk about poverty in general
3 or crime in particular and other aspects
4 that aren't immediately seen by the lack
5 of employment or lack of participation.
6 It has rippling effects throughout our
7 city. But likewise the solutions have to
8 have a multi-faceted approach as well.
9 What we do in the public sector versus
10 what we do in the private sector versus
11 what we do to incentivize, both
12 positively and sometimes negatively, the
13 adequate inclusion that we're going after
14 I think is equally important.

15 So with that, I'm going to ask
16 a couple of questions kind of just to get
17 them on the record, not so much out of
18 curiosity, because I kind of know some of
19 the answers. But by way of what the
20 excuses generally are, that there are
21 none, we can't find them, they're not
22 interested, how are we going to quantify
23 through any studies that are out there
24 that there is, first of all, an available
25 and ready and willing workforce?

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2 MR. CRAWLEY: Well, that has
3 been a major issue within that Commission
4 on Diversity in the Construction
5 Industry, and you probably know that the
6 research component of that Commission
7 includes Bernard Anderson, that's not a
8 secret, at the University of
9 Pennsylvania, but also there is, as a
10 facilitator together with Anderson, who
11 is the Chairman of that Committee, David
12 Crawford from Econsult also at the
13 Wharton School, and he's doing all the
14 numbers crunching to determine what the
15 availability in different crafts are,
16 what are the availabilities in those
17 crafts, and what is the true utilization.
18 So at the end of the day, we'll come out
19 of this being able to answer the question
20 if people say, Well, we don't think there
21 are people out here or we don't -- there
22 aren't people out here.

23 One of the problems of the "no
24 people out here" argument has been
25 brought about by the existence of the way

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2 MBEC has been put together and if you
3 look at the fact that MBEC claims and
4 probably has about 880, 890 certified
5 MBEC business owners, black, white,
6 female, Hispanic, Asian, disabled, all
7 together about 880, and about 550 of them
8 are from Philadelphia. So if you look at
9 those numbers, you are liable -- and this
10 is after 24 years. And there are in
11 excess of 10,000 black-owned businesses
12 in Philadelphia alone. White females,
13 black-owned businesses, Hispanic and
14 Asian businesses together constitute
15 about 57 percent of all businesses in the
16 City, and MBEC has, you know, 880 and 550
17 from Philadelphia.

18 So the chances of a large prime
19 contractor who has been told that they've
20 got to do business with a certified MBEC
21 contractor or business owner, the chances
22 of them finding that particular business
23 owner in that certification file is slim,
24 and so they get waivers. So it's easy
25 for them to say, Well, you know, I tried,

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2 but I looked at the list and there were
3 no left-handed paper hangers. So you
4 don't have them in there.

5 And I think that that is going
6 to be addressed going forward, but that's
7 been a major problem and it's been an
8 easy excuse for people to get waivers and
9 the reason why people are not getting the
10 kind of business they ought to be
11 getting.

12 COUNCILMAN JONES: Equally
13 documentable by way of the contractors
14 availability pool, which I understand,
15 how do we then also take away the excuse
16 of by way of personnel and over the long
17 haul? Arguably, we have less skilled
18 workers. I mean, I've seen studies that
19 say that by way of major cities, and it
20 has been put out there in the universe,
21 if you would, that that is true. And
22 let's concede that. Even though I don't
23 agree, let's concede that point for the
24 moment. How do we, over the long haul,
25 correct if in fact it is true? Is there

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2 going to be a kind of concerted effort to
3 reassert trades within the public
4 schools, shop within the public schools,
5 young people who may not be college
6 bound, but are definitely ready and
7 available to learn trades and participate
8 in this economy?

9 So my point is that, as we said
10 before, it has to be a multi-faceted
11 solution and I'm questioning whether or
12 not we are moving in that parallel track.

13 MR. CRAWLEY: Yeah, I hope so,
14 and I think that the apprenticeship
15 program that the School District
16 announced enthusiastically a couple years
17 ago with the building trades, which
18 hasn't been a rousing success, but I hope
19 that's a first step in the direction of
20 putting those kinds of training programs
21 back into the classroom.

22 With the program that they have
23 in place now, the one they announced a
24 couple years ago, you had to be 18 before
25 you got into the program and you had to

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2 be a graduate of the school before you
3 got into the program. So the schools
4 were really out of the equation, and so
5 you wound up having people who, on
6 average, were 31 years old who got
7 accepted into the apprentice program, and
8 they claim that those people had to do
9 with that School District-related
10 initiative. That's not true.

11 So I think that everybody
12 understands that we need to have that
13 back in the classroom as it used to be
14 years ago, and I think that there's a
15 great feeling inside the School District.
16 There are people who believe that.

17 We've even seen information,
18 though, that -- I think U.S. News and
19 World Report did a study, put out a
20 report about six, eight months ago that
21 said that what they're saying to kids
22 coming out of school with Bachelor's
23 degrees and -- they are doing a study of
24 people who graduate from Bachelor's
25 degree programs. They said they're

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2 recommending for the first time that some
3 of these students go into blue-collar
4 trades because those trades are not
5 exportable, some of them, and they
6 mention specifically the construction
7 industry, the fire department. They're
8 recommending this to college students,
9 because some of the degree programs are
10 leading to career choices that are
11 overseas by the time the kid gets their
12 diploma or their degree. So for the
13 first time in its history, U.S. News and
14 World Report recommended that this thing
15 start to happen.

16 So I think that the School
17 District and other school districts
18 around the country are starting to
19 realize the great value of having careers
20 that are not as exportable and the great
21 value of having careers where you don't
22 necessarily need a college degree, but
23 you can move to the suburbs if you want
24 to, get a nice car, have a nice pension.
25 Some other ethnic groups have done that

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2 for years. The new ethnic groups, the
3 African Americans, Hispanics and Asians,
4 ought to have that same opportunity.

5 Those programs have also been,
6 as you well know, Councilman, great
7 reentry programs. They didn't have a
8 name over the door that said it was a
9 reentry program, but you had people who
10 might have had run-ins with the criminal
11 justice system who wound up with a job in
12 some of the skilled trades and other
13 unions and who remade their lives, sent
14 their kids to college and became very
15 successful.

16 So all of that is very
17 important, and especially important in a
18 city like ours with a 17.9 percent
19 Bachelor's degree rate, lower than
20 virtually anywhere else in Pennsylvania,
21 lower than the Pennsylvania average and
22 certainly lower than the national
23 average. So we've got to start from
24 where we are, and the construction
25 industry has to be a vital component in

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2 reclaiming our economy.

3 COUNCILMAN JONES: I'm going to
4 ask one question and I'm going to yield
5 to my colleagues who probably want to
6 weigh in on this matter, and hopefully,
7 Mr. Chairman, we have enough time to be
8 able to come back around, but my final
9 point and question is that you can,
10 throughout the history of this town,
11 point to projects that have failed by way
12 of participation inclusion, both in the
13 realm of subcontracting and prime
14 contracting opportunities, as well as job
15 placement. But there is an example that
16 comes to mind where it was done right,
17 and that's the Lowe's project out in West
18 Philadelphia where we invested somewhere
19 in the neighborhood of \$80 million and
20 got record levels of inclusion. And I
21 couldn't help but draw the relationship
22 to your testimony that said it is by the
23 will of government, but it's also by the
24 will of the owner to want to do the right
25 thing by way of that, and I want to have

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2 you expound upon that, if you would.

3 MR. CRAWLEY: No. I mean, it
4 is a very good example of that. I mean,
5 it flows down from the top, and we've
6 mentioned in some of the public hearings
7 that this is not peculiar to white
8 owners. Black churches are owners of
9 projects, and they really do need to have
10 some introspective moments about why they
11 don't have inclusion, representative
12 levels of inclusion, on their own church
13 construction projects.

14 So owners, wherever you might
15 find -- I've seen community development
16 organizations in predominantly black
17 communities not use black contractors to
18 do their construction projects.

19 So anybody who is an owner
20 ought to understand that they have a
21 responsibility. Then it flows down to
22 the construction company, construction
23 management company, and certainly the
24 unions are a part of it. But I just
25 think that we've been missing the most

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2 important part of the ball, the guy with
3 the money, the people who can make the
4 decision, the people who can hold the
5 workforce accountable.

6 If the owner of a major project
7 says, I want 70 percent of the people on
8 this project to be Philadelphia
9 residents, they'd better do that or they
10 have a problem with the project labor
11 agreement and maybe the guy goes
12 somewhere else.

13 One of the issues -- and I know
14 this is an issue for the unions
15 themselves, the building trades -- is
16 that when you look at data across the
17 country, there are about 8.4 million
18 people who are employed as workers in the
19 construction industry, and only about 15
20 percent of them are members of the
21 building trades union. So the vast and
22 overwhelming majority of people who work
23 in construction are not union members.
24 So, I mean, people are starting to look
25 at whether they ought to continue to have

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2 that option. People are supporting the
3 unions here in the City of Philadelphia,
4 but if the contractor, if the
5 construction management company, if the
6 owner says, This is the way I want this
7 to work -- you can see that in other
8 jurisdictions. People have exercised
9 their options as owners to do what they
10 need to do to get the kind of workforce
11 they want.

12 COUNCILMAN JONES: Thank you,
13 Mr. Chairman.

14 COUNCILMAN GOODE: Let me just
15 mention for the record that on the Lowe's
16 project in West Philly, it was definitely
17 a matter related to the ownership, and
18 part of the ownership was the West
19 Philadelphia Financial Services
20 Institution. It actually was owned by a
21 community development financial
22 institution created by the Empowerment
23 Zone. That's part of what made the
24 difference.

25 Councilwoman Sanchez.

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2 COUNCILWOMAN BROWN: I'd be
3 remiss not to do an adequate follow-up.
4 And that happened because the
5 community -- the leadership with that
6 community organization there made it
7 clear, these are the conditions upon
8 which this will be built, and if you
9 can't comply with these conditions, then
10 nothing happens. And so the community,
11 coupled with both the elected and
12 unelected leadership, worked closely, but
13 put the pressure on that if you want to
14 build, these are the conditions.

15 MR. CRAWLEY: I think that in
16 some cases, the owners, community-based
17 projects, small churches, I don't think
18 they understand that they have the option
19 or the right to do that. I think they
20 believe they are compelled to listen to
21 what they've been told by the people who
22 are doing the construction. I don't know
23 that they -- and so a part of all this is
24 not just bringing them in and holding
25 them accountable. I think a part of this

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2 is just orientation. When you're going
3 to start to do a project, let them
4 understand how much of this is your right
5 and what you can insist upon, because a
6 part of what you're doing should be to
7 enhance the quality of the economy in
8 your community. To have other people
9 come in exclusively and get the jobs and
10 leave is self-defeating.

11 COUNCILWOMAN BROWN: And
12 consequently, the beauty of that -- I'm
13 sure someone here from that project can
14 provide the hard, factual number, but the
15 overwhelming majority of the employees in
16 that complex out there walk to work. So
17 there are folks right there in that
18 community unemployed, hungry for work,
19 and because of the conditions laid down
20 by all the parties at the table, the
21 overwhelming number of the majority walk
22 to work.

23 MR. CRAWLEY: That's great.

24 COUNCILMAN GOODE: Councilwoman
25 Sanchez.

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2 COUNCILWOMAN SANCHEZ: Yes.

3 Thank you, Mr. Crawley. I was happy to
4 be a member of this Council when we took
5 the leap that we did in the beginning of
6 the year as it relates to this. As
7 someone who has worked on this issue for
8 a long time and for all of the acclaim
9 that this was kind of a historic
10 agreement, I had the opportunity to
11 listen to some of the testimony that the
12 construction industry, the Committee has
13 been having and really was moved by some
14 of the testimony about how deep this is
15 rooted, people who are currently union
16 members and how they're treated on the
17 work at the site and so forth.

18 Have you seen -- and this is
19 kind of a personal question as someone
20 who has worked on this for a long time.
21 Have you seen an attitude shift in the
22 unions?

23 MR. CRAWLEY: Well, you know,
24 I'm going by -- I think that the unions
25 start to understand that when they don't

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2 have carte blanche, then they are
3 cooperative. All they want to do is
4 continue to operate their organizations,
5 pay people -- and have their people get
6 paid and continue to get reelected into
7 their leadership positions. They're not
8 really trying to start trouble. I think
9 they get away with -- and that's true of
10 anybody. I think they do what they can
11 get away with, and if nobody is holding
12 them accountable, if nobody explains to
13 them that this is the way business is
14 done in the City of Philadelphia, then
15 they will do it the way they have always
16 done it. And I think that it took
17 Council having the good judgment to stand
18 up and say, Business as usual is not
19 enough anymore. I think when that
20 statement was made, it started to shift
21 everything, and I see a more cooperative
22 attitude among some of them. It's not
23 universal. I mean, all of them have not
24 submitted their data yet. So I think
25 there's a way to come, but I think if the

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2 new culture becomes the dominant culture,
3 everybody will be cooperative.

4 I think if you let the unions
5 off the hook, if you let the contractors
6 off the hook, if you let the owners off
7 the hook, we'll be right back where we
8 started. But they look to you and they
9 look to the Administration and they look
10 to Ed Rendell in Harrisburg for guidance.
11 And it's going to be interesting to see
12 what happens with the Convention Center
13 and with these two casinos. If they ever
14 get them built, we need to make sure that
15 there's inclusion there.

16 COUNCILWOMAN SANCHEZ: In light
17 of the expectations of the report that's
18 coming out, one of the things that I ask
19 you as a member of this Council and the
20 Committee is that in the spirit of
21 cooperation with the Mayor -- obviously
22 this was a legislative initiative. The
23 Mayor really took ownership to this, and
24 we're doing this in collaboration -- that
25 part of the report really include the

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2 role of Council, because you mention this
3 in your testimony. I mean, we've had to
4 legislate this. So that we're clear
5 around the expectations of the executive,
6 but that we're also clear around
7 Council's role in this.

8 So I ask that as a member of
9 this Commission, because that's what I'm
10 going to be looking for. There's an
11 executive part of this and there's a
12 legislative part of this and what's going
13 to be our role in making sure that we
14 change this dominant culture that's
15 existed for so long.

16 MR. CRAWLEY: I agree, and I
17 don't want to talk out of class because,
18 again, the full report is coming, but
19 there's been a lot of good work by a lot
20 of people on that Commission. They've
21 put in a lot of time, gone to a lot of
22 meetings, and I think one of their
23 concerns is that this will be one more
24 report that gets put on the shelf and
25 nobody pays any attention to, that the

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2 Administration may get distracted and go
3 off in four or five other directions, by
4 need or by choice. And I think there is
5 an appreciation by individuals -- I mean,
6 there hasn't been a vote, but I think
7 there's an appreciation by individuals
8 who have done a lot of good work of the
9 fact that there ought to be some
10 mechanism to ensure that this thing is
11 handled, managed, monitored on an ongoing
12 basis by a legislative body. I think
13 that is very, very welcome.

14 COUNCILWOMAN SANCHEZ: Thank
15 you.

16 COUNCILMAN GOODE: Are there
17 any other questions for this witness?

18 (No response.)

19 COUNCILMAN GOODE: Thank you
20 very much.

21 MR. CRAWLEY: Thank you very
22 much.

23 COUNCILMAN GOODE: We will now
24 take testimony on the bill, and our first
25 witness will be the Revenue Commissioner,

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2 Keith Richardson.

3 (Witness approached witness
4 table.)

5 COUNCILMAN GOODE: Good
6 morning, Commissioner.

7 COMMISSIONER RICHARDSON: Good
8 morning.

9 COUNCILMAN GOODE: Please state
10 your name for the record and proceed with
11 your testimony.

12 COMMISSIONER RICHARDSON: Keith
13 J. Richardson.

14 Good morning, Chairman Goode
15 and members of the City Council Committee
16 on Commerce and Economic Development.
17 I'm Revenue Commissioner Keith J.
18 Richardson. I am here to testify on Bill
19 No. 080573, which proposes an expansion
20 of the business privilege tax credit to
21 corporations for donations to community
22 development corporations.

23 As you know, the Department of
24 Revenue administers this program, which
25 provides an annual \$100,000 business

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2 privilege tax credit for ten years to
3 firms that donate \$100,000 per year for
4 ten years to community development
5 corporations. This program was
6 originally approved in 2001 and provided
7 for participation of ten corporations.
8 The program was expanded in 2002 to 15
9 participants and expanded again to allow
10 for 25 participants beginning in tax year
11 2004, resulting in an annual cost to the
12 City of Philadelphia of \$2.5 million.
13 Bill No. 080573 seeks to once again
14 expand the program, raising the number of
15 participants to 30 and the annual cost to
16 \$3 million.

17 The program provides an
18 opportunity for Philadelphia corporations
19 to partner with non-profit community
20 development corporations in order to
21 provide resources for community economic
22 development activities. Mayor Nutter,
23 who supported the creation of this
24 program while serving as a member of City
25 Council, clearly understands the value

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2 and positive impact this program has had
3 for many neighborhoods and CDCs.

4 However, due to the deteriorating
5 financial position of the City, the
6 Administration is concerned about the
7 expansion of this program with an
8 additional annual cost of \$500,000.

9 As Mayor Nutter has shared with
10 you and the citizens of Philadelphia,
11 declining national and global economic
12 conditions have negatively affected the
13 City's finances, leading to a decline in
14 tax collection and poor performance of
15 the City's Pension Fund. Business
16 privilege tax revenue in Fiscal Year 2008
17 fell \$34 million below projections and
18 was 7.4 percent, or 32 million, lower
19 than the Fiscal Year 2007 collections.
20 The struggling real estate market has led
21 to the second consecutive year of
22 diminished real estate transfer tax
23 collections. Real estate transfer taxes
24 generated 15 percent less revenue in
25 Fiscal Year 2008 than in Fiscal Year 2007

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2 and were 51.4 million less than in Fiscal
3 Year 2006.

4 These declines in tax revenue,
5 combined with a struggling economy that
6 has undermined the Pension Fund, are
7 projected to lead to a shortfall of at
8 least 450 million for the City over the
9 next five years. The recent disruptions
10 in financial markets, along with the
11 increasing likelihood of a slowdown in
12 economic activity, threaten to make this
13 number substantially larger in coming
14 months. In this challenging environment,
15 Mayor Nutter wants to have the
16 opportunity to further discuss this
17 program in the full context of our
18 financial climate before any action is
19 taken to expand it.

20 I am joined today by
21 representatives from the Commerce
22 Department who work closely with Revenue
23 in administering the CDC Tax Credit
24 Program. We would be happy to answer any
25 questions you may have about this

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2 program.

3 Thank you.

4 COUNCILMAN GOODE: Thank you,
5 Mr. Richardson.

6 Commissioner, I have to ask
7 this question for the record. This bill
8 was introduced on June 12th. At the
9 point at which it was introduced on June
10 12th, is it your position that the City
11 could have afforded the \$500,000
12 expansion?

13 COMMISSIONER RICHARDSON: In
14 June 12th you're talking compared to now?

15 COUNCILMAN GOODE: Yes.

16 COMMISSIONER RICHARDSON: I
17 would say probably so, yes.

18 COUNCILMAN GOODE: Thank you.
19 Councilman Jones.

20 COUNCILMAN JONES: As I look
21 through the -- good morning. I'm sorry.

22 COMMISSIONER RICHARDSON: Good
23 morning.

24 COUNCILMAN JONES: As I look
25 through the list, Commissioner, of the

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2 participating CDCs and companies that
3 were willing to embark upon this program,
4 is there a correlation between community
5 health viability, economic wherewithal,
6 upward mobile communities and this tax
7 credit? Is there, in your mind, a
8 quantitative correlation between the two?

9 COMMISSIONER RICHARDSON: I
10 would ask if someone from Commerce could
11 help answer that question for you that
12 you have.

13 (Witnesses approached witness
14 table.)

15 MR. BUMB: Good morning. My
16 name is Duane Bumb, Senior Deputy
17 Commerce Director, and I'm joined by Andy
18 Frishkoff from Commerce.

19 Councilman Jones, in response
20 to your question, I would sort of say
21 that, yes, there is some correlation,
22 because the sort of pairing of -- a CDC
23 that can actually identify a company and
24 sort of work through this sort of
25 application process actually demonstrates

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2 some capacity to find other funding
3 sources to implement programs. So at the
4 most sort of basic level, the fact that
5 these 25 CDCs that are currently within
6 the program because they've paired
7 themselves with participating companies
8 means that they've got a certain level of
9 sophistication in order to be able to do
10 just that.

11 COUNCILMAN JONES: And may I
12 then ask the follow-up question, as these
13 CDCs rise based on revenue they find, is
14 there a quantitative analysis done to say
15 that for every dollar that we put in,
16 there is this amount of matching dollars
17 found and also economic development or
18 community development that comes with
19 that? We haven't done any of that
20 analysis yet?

21 MR. BUMB: We haven't done it
22 sort of for the entire group of 25. We
23 certainly have sort of seen that on a
24 case-by-case basis. There are a lot of
25 good examples of that, and I'm sure

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2 you're going to hear some testimony today
3 from some of the participating CDCs on
4 just that issue, but we still need to
5 sort of do more analysis ourselves on
6 that front.

7 COUNCILMAN GOODE: And

8 Mr. Bumb, that is part of the question.
9 The question is, what analysis has the
10 Commerce Department done? In preparation
11 for this hearing, I asked the
12 Philadelphia Association of Community
13 Development Corporations to do an
14 analysis of the program. But this
15 program has been in effect for five or
16 six years. There are 25 partnerships
17 there. I'll ask the question related to
18 these 25 participants and related to
19 other CDCs that receive Commerce
20 Department funding, and the simple
21 question is, do you know what bang you're
22 getting for each buck? In other words,
23 if I were to claim that each dollar was
24 being leveraged in terms of two to three
25 dollars in terms of private investment,

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2 is that part of the decision-making that
3 will take place as we look to determine
4 fiscal priorities over the next month or
5 so?

6 MR. BUMB: I'm going to ask
7 Mr. Frishkoff to sort of respond in some
8 detail to that, but, yes. The premise
9 that you're sort of raising is one that
10 we would agree, which is that the
11 analysis does need to -- we believe that
12 the analysis will show us the level of
13 leverage and sort of help to sort of
14 indicate any sort of adjustments we'd
15 want to make in our own reporting, the
16 reporting requirements, to help us sort
17 of fine tune that analysis.

18 MR. FRISHKOFF: Yes. Thank
19 you, Mr. Chairman. Andy Frishkoff,
20 Neighborhood Economic Development
21 Director for the Commerce Department.

22 We have been working with the
23 Association of CDCs in looking at the
24 information that they've used as part of
25 their report that I believe they're

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2 sharing with you and we found that we
3 still need to do some more detailed
4 information to answer the specific
5 questions that you're addressing today
6 around the specific leverage questions.
7 They're not questions that were asked
8 previously as part of the annual
9 reporting and renewal process. So we
10 have the information that's given to
11 us --

12 COUNCILMAN GOODE:

13 Mr. Frishkoff, my question is not just
14 related to the City's Tax Credit Program,
15 but related to the CDCs that are also
16 funded by the Commerce Department.

17 As we look to make decisions in
18 this financially stressful environment
19 and particularly look at what type of
20 economic development investments we're
21 going to make and as we're setting public
22 policy priorities, not only do I want to
23 see the expansion of this program happen,
24 but not only do I want to make sure that
25 we continue to invest in CDC economic

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2 development, which is partially already
3 legally mandated by my CDBG ordinance,
4 but I want to know whether the decision
5 that's going to be made as we discuss
6 this in the future -- and I've agreed to
7 discuss this over the next month or so --
8 whether the decision is actually being
9 made in a data-driven way and whether
10 there is a fair analysis being done in
11 terms of the type of investment and
12 return on investment we're getting from
13 this work.

14 MR. FRISHKOFF: And the answer
15 is yes. In the neighborhood economic
16 development side, we are actively engaged
17 on this. Again, we have not focused so
18 much on this particular piece of it, but
19 the larger question, we are absolutely
20 looking at that. We're trying to measure
21 what else is happening in a particular
22 neighborhood marketplace, trying to look
23 at whether there are new businesses
24 coming there, whether there are
25 businesses closing. So we've been

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2 looking even at it more globally, not
3 just the work that the CDCs are doing,
4 but what's happening in their
5 neighborhoods, as much as we can track
6 that on a data basis. Absolutely.

7 COUNCILMAN GOODE: Councilman
8 Jones.

9 COUNCILMAN JONES: I think the
10 Chairman is on point with my line of
11 questioning, and, again, with broken
12 English, I say if it ain't measured, it
13 ain't managed, meaning that we're going
14 to see a lot of choices over the next
15 couple of months in making decisions
16 about priorities and where we spend our
17 limited resources at. But I don't want
18 us to be penny wise and to be pound
19 foolish.

20 If in fact we are generating
21 economic development, community
22 development based on small initiatives
23 that create a wealth that based on that
24 initial priming of the pump, I don't want
25 us to turn it off.

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2 Recently, one of these
3 neighborhoods was named Town and
4 Country's most livable communities. So
5 I'm beginning to think that some of the
6 things we do in government are actually
7 helping the public, and if in fact that
8 is, we should continue that.

9 But where I think we have a
10 challenge -- and this is not you on that
11 side of the table versus us. It's us
12 together, believe me when I tell you,
13 because the budget deficit affects us as
14 it affects you. We need to analyze where
15 we're getting mileage out of investments
16 and where we're not. PICA is going to
17 demand that of us. The taxpayers are
18 going to demand that of us. So when you
19 say a thing, that we should cut a thing,
20 there should be something quantitative
21 next to it that says why.

22 There were some arguments that
23 I've heard in my limited time at Council
24 that were compelling about things we
25 needed to close because they could to a

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2 person say, Well, if you're willing to
3 spend \$53,000 per person on this, then we
4 should continue on, and then it forces us
5 as a Council to make tough decisions with
6 you. But in fact when that does not
7 happen, in fact when we see good things
8 happening and we don't know if there's a
9 direct correlation, we have to prove it
10 one way or another.

11 And that's my only point,
12 Mr. Chairman.

13 COUNCILMAN GOODE: Thank you,
14 Councilman.

15 Councilwoman Sanchez.

16 COUNCILWOMAN SANCHEZ: Yes. I
17 guess I want to echo that and get some
18 clarifications for myself. The
19 Administration's position is against
20 this, and I guess my concern over this is
21 going back to the fact that some of the
22 stuff is not measured, and as a
23 Councilperson, I'm willing to say, Okay,
24 we're going to put this as part of a
25 holistic perspective, but this Council

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2 has been consistent both in our CDBG
3 hearings as it has been in our budget
4 hearings, is that because the economy is
5 so bad and housing is so bad, this is why
6 this becomes even more important, not
7 less important at this particular time.

8 So I guess I just want to say
9 that this -- I believe that this Council
10 and my Council colleagues, both on this
11 committee and in Council, are going to be
12 looking to do more of this. I mean, and
13 we sent that message when we added money
14 to the Housing Trust Fund and other
15 initiatives that initially the Mayor was
16 against. So that for you to come to us
17 with just the testimony that says, well,
18 because of the budget, this is not
19 important, when I think we agreed in our
20 budget negotiations that this was in fact
21 more important at this time, concerns me.

22 So that obviously this is to
23 the call of the Chair, but as we move
24 forward and if he so chooses to hold it,
25 I just want it to be clear to the

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2 Administration that this is what we need
3 to be more strategic on, not less
4 strategic on, and that when you come back
5 to us, it is data driven and that you are
6 mindful that this is areas that there's
7 very little negotiation on as it relates
8 to us in Council at this time, given the
9 housing slump.

10 COUNCILMAN GOODE: Thank you,
11 Councilwoman.

12 Clearly, it's obvious I have
13 the votes to move this out of Committee,
14 but I made an agreement to at least
15 recess until next week, but we're going
16 to continue to take testimony actually
17 from the CDCs to continue to prove our
18 point today, but thank you for your
19 testimony, Commissioner.

20 I would ask the Commerce
21 Department to stay, because I'm sure we
22 will have a lot more questions for you
23 after we hear from the CDC Association
24 and the actual community development
25 corporations doing the front-line work in

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2 these communities.

3 Thank you.

4 MR. BUMB: Thank you.

5 COUNCILMAN GOODE: We will now
6 hear from the PACDC panel. They can come
7 up as a group.

8 (Witnesses approached witness
9 table.)

10 COUNCILMAN GOODE: Good
11 morning. I believe our first witness is
12 James White from the Philadelphia
13 Association of Community Development
14 Corporations.

15 Mr. White, please state your
16 name for the record and proceed with your
17 testimony.

18 MR. WHITE: Okay. My name is
19 James White and I'm the Policy
20 Coordinator of the Philadelphia
21 Association of CDCs, and I am here to
22 express PACDC's strong support for Bill
23 080573.

24 First of all, thank you,
25 Chairman Goode and members of the

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2 Committee, for the opportunity to testify
3 today.

4 I know I gave you a list of
5 folks, but a number of our members were
6 compelled to come and speak, so we have
7 kind of set ourselves up in an order, and
8 they'll come and testify and all present
9 their names to you.

10 In 2001, under the leadership
11 of Councilman Goode, the City Council
12 unanimously approved the creation of an
13 innovative pilot program encouraging new
14 partnerships between community
15 development corporations, CDCs, and
16 businesses. In return for providing a
17 predictable revenue stream to a CDC to
18 plan and implement neighborhood economic
19 development activities, a business
20 receives tax relief from the City. In
21 2003, the program was made permanent and
22 expanded to allow for up to 25
23 partnerships.

24 PACDC has just completed a
25 report, "Expanding Economic Opportunities

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2 and Revitalizing Neighborhoods," a copy
3 of which was distributed to the Committee
4 prior to my testimony. The report
5 highlights neighborhood economic
6 development accomplishments supported by
7 the CDC Tax Credit Program and lays out a
8 series of recommendations for making it
9 an even more effective tool in increasing
10 economic vitality and livability in our
11 neighborhoods.

12 Based on our review of the 25
13 partnerships currently in existence, the
14 program has leveraged tens of millions of
15 dollars in private and public investment
16 to bolster neighborhood economies,
17 expanding local access to goods, services
18 and jobs while growing the City's tax
19 base. CDCs are using tax credit funds to
20 strengthen neighborhood commercial
21 corridors and to develop commercial real
22 estate, to help new businesses get
23 started, to provide services to existing
24 businesses, to market their neighborhoods
25 and help residents obtain jobs, resulting

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2 in significant positive economic impact
3 on the communities that are participating
4 in the program.

5 In addition to the fact that
6 this program has encouraged many
7 businesses to develop partnerships with
8 CDCs for the first time, one of the most
9 encouraging findings of our research is
10 the strength of the partnerships being
11 formed between businesses and CDCs. Most
12 of the businesses involved in the tax
13 credit programs are supporting their
14 partner's work through far more than
15 financial contribution.

16 Several CDCs are here today to
17 testify about their economic development
18 work and can better report on their
19 efforts than I can. I would like to use
20 the remainder of my time to highlight a
21 few of our recommendations to boost the
22 impact of this program overall.

23 PACDC recommends the following
24 three legislative changes to strengthen
25 the City's CDC Tax Credit Program:

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2 Expand the program by raising the cap of
3 the number of partnerships that can
4 participate; open up the program to boost
5 a broader range of businesses and address
6 the potential impact of declining
7 business privilege rates by allowing a
8 CDC to partner with up to two businesses
9 that would share the credit for the
10 hundred thousand dollar annual
11 contribution; allow a limited number of
12 CDC intermediaries to participate in the
13 program to provide capacity building
14 support to CDCs.

15 We also recommend that the
16 following regulatory or administrative
17 changes be implemented: Strengthen the
18 program's accountability and reporting
19 requirements to facilitate better
20 information and data collection that can
21 be used to measure impact and share
22 success; reward high-performing CDC
23 partners with access to additional
24 resources to support their neighborhood
25 economic development work; develop

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2 program guidelines that clearly spell out
3 the requirements and expectations of the
4 program participants and undertake a
5 concerted effort to market the program to
6 potential business partners; convene
7 participating partners on a periodic
8 basis to share knowledge and best
9 practices and utilize electronic
10 communication to foster communication
11 with partners.

12 The legislation before you
13 today as proposed would help accomplish
14 our first goal, expansion of the CDC Tax
15 Credit Program to enable an additional
16 five partnerships to participate.
17 Numerous other CDCs undertaking
18 significant economic development work are
19 waiting in the wings for these
20 partnerships. Expanding the program will
21 provide critical long-term resources to
22 enable more communities, as well as the
23 City overall to benefit.

24 While we understand the concern
25 over the City's current budget situation,

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2 we also believe investments to strengthen
3 our neighborhood economies and businesses
4 will produce long-term benefits to the
5 City, including a stronger tax base. In
6 fact, now is a critical time to invest in
7 the CDC Tax Credit Program, as strong
8 neighborhood economies and commercial
9 corridors are critical to building strong
10 communities that attract new residents
11 that have choice.

12 Without such investments, we
13 will not be creating the conditions for
14 long-term revenue growth. As Senior
15 Advisor to the Mayor, Terry Gillen is
16 quoted in last Friday's Philadelphia
17 Business Journal regarding the City's
18 budget shortfall. She's quoted, "It's
19 very important, the only way we are going
20 to get out of this is to grow our way out
21 of this," Gillen said of the financial
22 problems. "We've got to expand the
23 economy or the budget is not going to
24 balance."

25 CDCs have a long-term

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2 commitment to their neighborhoods. The
3 CDC Tax Credit Program provides long-term
4 flexible funding to support this
5 commitment. There are CDCs here to
6 testify about the program's strong impact
7 on our city, as well as prospective
8 program participants who are presently
9 engaged in economic development
10 activities in their neighborhoods that
11 will speak to how to expand the Tax
12 Credit Program and how it could do even
13 more to help us and help our communities.

14 We believe this program should
15 be a strong integral part of the City's
16 overall economic development strategy and
17 we urge the Committee to support Bill
18 080573.

19 Thank you.

20 COUNCILMAN GOODE: Thank you.

21 I'm going to take testimony
22 from all of the witnesses and then open
23 it up for questions.

24 The next witness can state your
25 name for the record and then proceed with

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2 your testimony.

3 MS. RUIZ: Thank you. Good
4 morning, City Council members. I'm Nilda
5 Ruiz. I'm President and CEO of
6 Asociacion Puertorriquenos En Marcha,
7 commonly known as APM, and I'm here today
8 to express my support for Bill No.
9 080573.

10 The partnership between APM and
11 Blank Rome has been extremely fruitful.
12 In the past three years, we have been
13 able to leverage their pledge of 100,000
14 per year many times over. With these
15 funds, APM has embarked on a feasibility
16 study of their Germantown Avenue
17 commercial corridor from York Street to
18 Berks Street. We have started the
19 development of a 2,500 square foot
20 TruMark credit union which is under
21 construction and will provide the
22 much-needed services to the unbanked in
23 our area and the first of its kind in
24 decades. We've began the pre-development
25 activities of a \$40 million

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2 transit-oriented development project at
3 the Temple Rail Station corridor that
4 will create much-needed jobs and bring an
5 infusion of investments from outside the
6 City. We completed an infrastructure
7 study along Germantown Avenue from Berks
8 Street to -- Germantown, Berks Street and
9 between the Temple Rail Station and the
10 Elevated Station which resulted in a
11 commitment of \$1 million from Home Depot
12 for greening -- from the Home Depot
13 Foundation for the streetscape
14 infrastructure of improvements.

15 So some of the answers about
16 how this can be leveraged, we're living
17 proof of that.

18 These funds are allowing us to
19 bring our vision to fruition for a
20 healthy and sustainable community and a
21 city. We're all cognizant that the
22 City's budget is tight and that the
23 business privilege tax has decreased by
24 eight percent this year. However, the
25 commitment of \$500,000 per year from this

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2 budget will allow others like APM to
3 leverage this funding and provide
4 economic engines that will provide
5 substantial returns to the City.

6 So I respectfully request your
7 support for this bill and deeply thank
8 Councilman Wilson Goode for introducing
9 it. So mil gracias.

10 COUNCILMAN GOODE: Thank you.

11 Please state your name for the
12 record and proceed with your testimony.

13 MS. STRONG: Thank you. Good
14 morning. My name is Kira Strong and I'm
15 here on behalf of People's Emergency
16 Center Community Development Corporation
17 in support of the bill introduced by
18 Councilman Goode to expand the City's Tax
19 Credit Program.

20 PECCDC provides an array of
21 housing, economic development and
22 quality-of-life activities to transform
23 our West Philadelphia neighborhood into a
24 community of choice. PECCDC has been
25 fortunate enough to be in the sixth year

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2 of a very productive partnership with
3 Duane Morris through the City's Tax
4 Credit Program. This partnership has
5 enabled us to undertake a comprehensive
6 effort to revitalize the Lancaster Avenue
7 commercial corridor from 38th to 44th
8 Streets. We have improved the
9 streetscape with 16 new trees, eight
10 mosaic tree pits, four murals and 26 new
11 trash cans, helped eight businesses
12 renovate their facades, with five more in
13 the pipeline, and we also fund daily
14 street cleaning services. Additional
15 streetscape improvements are on their
16 way, as well as the completion of the
17 historic West Philadelphia Title and
18 Trust building facade improvement,
19 otherwise known as Hoagie City, at 40th
20 and Lancaster Avenue.

21 This funding has also supported
22 business recruitment and promotion that
23 allowed us to publish a comprehensive
24 business directory, attract 20 new
25 businesses to Lancaster Avenue and

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2 provide existing businesses with
3 technical support to allow them to grow
4 and expand.

5 This funding has also supported
6 our core operations and, importantly,
7 allowed us to leverage city, state and
8 private funding to create true impact on
9 Lancaster Avenue, which has attracted
10 over \$3 million of investment on the
11 corridor and over \$40 million of
12 investment in the community, with more,
13 we hope, in the pipeline. This program
14 creates jobs and a thriving community for
15 business owners and our residents.

16 Over the duration of our
17 partnership with Duane Morris, we have
18 also attracted individual private
19 investment and are receiving frequent
20 positive feedback from both our business
21 owners and our community members
22 regarding the look and the feel of
23 Lancaster Avenue. Thank you to PACDC,
24 Councilmembers and Councilman Goode for
25 your support to expand this vital

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2 program.

3 COUNCILMAN GOODE: Thank you.

4 Our next witness, please state
5 your name for the record and proceed with
6 your testimony.

7 MS. MINTZ: Good morning. My
8 name is Ann Mintz and I'm here on behalf
9 of University City District. UCD is a
10 special services district that works in a
11 2.2 square mile area of West
12 Philadelphia. I'm proud to be here to
13 support Bill No. 080573 and I'd like to
14 thank Councilman Goode for introducing
15 that bill.

16 UCD supports the economic
17 development of University City. We
18 provide services that improve the
19 competitive environment for hundreds of
20 small, independently owned businesses and
21 enhance their ability to compete in the
22 marketplace. Tax credit funds provided
23 by the Intech Corporation make these
24 activities possible.

25 We're in the third year of our

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2 partnership with Intech. These tax
3 credit funds support all our core
4 activities: neighborhood initiatives,
5 Clean and Safe programs and marketing.
6 This is particularly important to UCD,
7 because all of our funding comes from
8 voluntary contributions, grants and
9 fee-for-service.

10 We make a substantial
11 investment in the cleaning and safety of
12 our neighborhood. Tax credit funds
13 support the 27 men and women of our
14 Public Space Maintenance team, who clean
15 160 blocks in University City, removing
16 150,000 bags of trash every year, and
17 supporting four community-wide clean-ups
18 every year. They also work with
19 corporate volunteers on corporate work
20 days, allowing employees of corporations
21 like Citibank and Comcast to get more
22 involved with the neighborhood quite
23 literally on the ground.

24 Tax credit funds support UCD's
25 Summer Jobs Program. We created this

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2 program in the first year of our tax
3 credit funding with ten high school
4 students. It grew to 20 in the second
5 year and 30 in 2008. All these kids are
6 juniors and seniors in high school.
7 They're all residents of West
8 Philadelphia. Most of these kids have
9 never had a job before. Most of them
10 told us they didn't know anybody who had
11 ever had a summer job. They receive
12 real-world job experience and workforce
13 readiness training and are paid for the
14 workforce readiness training.

15 Tax credit funds support our 42
16 Safety Ambassadors, highly visible
17 deterrents to crime on the street seven
18 days a week. Serious crime in the
19 district has dropped by 20 percent since
20 UCD was founded in 1997, and that program
21 is the recipient of a national Crime
22 Prevention Award.

23 Tax credit funds support the
24 Neighborhood Initiatives Department,
25 which includes the commercial corridor

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2 program, which directly serves small
3 businesses on the two corridors we
4 manage, Baltimore Avenue between 45th and
5 50th Street, Lancaster Avenue between
6 34th and 38th.

7 We can document that 16 new
8 businesses opened in our district in 2007
9 alone, six of them on the corridors we
10 manage, a net 85 new businesses since our
11 corridor program was started. We've made
12 over \$173,000 in facade improvement
13 grants to small, locally owned
14 businesses, leveraging \$825,000 in
15 private investment in corridor businesses
16 and over \$4 million in private funds on
17 the Baltimore and Lancaster Avenue
18 corridors, not counting the \$5 million in
19 streetscape improvements that are going
20 on on Market Street right now since
21 there's no tax credit funds in that
22 project.

23 We invest tax credit funds in
24 capital improvements, which have made a
25 dramatic difference on the commercial

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2 corridors. The tax credit investment
3 there has leveraged over \$1,250,000,
4 again, on the corridor alone.

5 Tax credit funds support our
6 marketing program. For instance, we
7 operate a promotion called Dining Days.
8 Ten thousand dollars a year in tax credit
9 funds leverages over \$100,000 a year in
10 donated promotional services on behalf of
11 21 participating restaurants. Businesses
12 at these restaurants increases by 400 or
13 500 percent during Dining Days.

14 Partnerships such as Dining
15 Days are crucial in these challenging
16 times. A small independent Ethiopian
17 restaurant on Baltimore Avenue cannot get
18 promotion donated by Philadelphia
19 Magazine, but we can, working on behalf
20 of all 21 of those restaurants.

21 We leverage our tax credit
22 support many times over. It's a very
23 good investment in the future of our
24 neighborhood and the future of our city.

25 Thank you so much for the

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2 opportunity to come this morning and
3 speak on behalf of this program.

4 COUNCILMAN GOODE: Thank you.

5 Our next witness, please state
6 your name for the record and proceed with
7 your testimony.

8 MS. CORLETT: Good morning.

9 COUNCILMAN GOODE: Good
10 morning.

11 MS. CORLETT: I'm Sara Corlett.
12 I'm the Director of Economic Development
13 for New Kensington Community Development
14 Corporation and I'm here in support of
15 Bill No. 080573.

16 Our CDC has used these tax
17 credits to service primarily the areas of
18 Fishtown, lower Port Richmond and East
19 Kensington. This funding has allowed New
20 Kensington's Economic Development Program
21 to flourish, and NKCDC can offer
22 assistance to local businesses in the
23 form of licensing and permitting
24 navigation, zoning guidance, marketing
25 and promotions, and access to financing.

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2 And as a direct result of this tax credit
3 program, NKCDC has been able to build an
4 economic development staff of four,
5 working to help entrepreneurs and
6 strengthen our local business community.

7 I'm going to list here some of
8 our accomplishments since we became a tax
9 credit partner in 2002.

10 The Frankford Avenue Arts
11 Corridor Plan was completed with the
12 community in 2004. Since then, NKCDC has
13 leveraged three and a half million
14 dollars in pre-development and
15 implementation funding from the City and
16 the State and foundation.

17 The William Penn Foundation,
18 because of our tax credit partnership,
19 has given us several hundred thousand
20 dollars to do early action plans to move
21 this project forward, our arts-related
22 development strategy, including eight art
23 racks, which are bike racks that serve as
24 art sculptures; a corridor marketing
25 brochure in tandem with a

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2 corridor-specific website;
3 pedestrian-level lighting for businesses;
4 partnerships with Mural Arts; a facade
5 design assistance program, are all just
6 some of our accomplishments.

7 Six businesses completed our
8 Design Assistance Program on Frankford
9 Avenue and implemented the
10 recommendations. Just in 2007 alone,
11 seven new businesses opened up on
12 Frankford Avenue, and since January 2007,
13 the entire service area has seen 45 new
14 businesses opening as a result of our
15 work in this program.

16 The City of Philadelphia has
17 invested over a hundred thousand dollars
18 in the 19125 zip code through the Facade
19 Improvement Program.

20 We have started First Fridays
21 on Frankford Avenue just about a year ago
22 with three participants, and today we
23 have almost a dozen merchants
24 participating in the special event.

25 For two years now, we have put

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2 on the Kensington Kinetic Sculpture
3 Derby, which is a celebration of
4 human-powered transit and an opportunity
5 for us to promote our local businesses
6 and alternative means of transportation.

7 In addition, I'd like to
8 mention other sources of funding that
9 we've been able to leverage as a result
10 of our tax credit partnership: A hundred
11 thousand dollars from the Department of
12 Commerce annually for corridor
13 management; \$30,000 from the Local
14 Initiative Support Corporation; \$305,000
15 from the William Penn Foundation from
16 2005 to 2007 to help implement our
17 arts-related economic development
18 strategy; \$20,000 from the Fels
19 Foundation for a feasibility analysis and
20 exploration of an arts center on
21 Frankford Avenue. We've also received
22 \$160,000 from the Department of Commerce
23 to explore this project. Recently, we
24 received half a million dollars from the
25 William Penn Foundation to explore our

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2 approach to sustainable neighborhoods,
3 which will involve business energy
4 audits, it will also involve additional
5 lighting and improvements and
6 enhancements to our corridor.

7 Thank you for this opportunity.

8 COUNCILMAN GOODE: Thank you
9 for your testimony.

10 Our next witness?

11 MR. HOLLAND: Yes. My name is
12 Tyrone Holland.

13 Members of the Committee on
14 Commerce and Economic Development, good
15 morning.

16 (Good morning.)

17 MR. HOLLAND: My name is Tyrone
18 Holland and I'm the Director of Economic
19 Development at the Ogontz Avenue
20 Revitalization Corporation. OARC is a
21 non-profit community development
22 corporation whose mission is to create
23 and stimulate economic development and
24 improve the quality of life for the
25 residents of West Oak Lane and other

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2 neighborhoods in Northwest Philadelphia.

3 Our approach to community development is

4 based on what we term our five pillars:

5 housing and economic development,

6 business development, education and

7 community relations, cleaning and

8 greening, and arts and culture.

9 OARC is currently in the

10 process of identifying a potential

11 partner for the CDC Tax Credit Program.

12 Like all the organizations represented

13 here today, we too are looking to use

14 this program to increase our capacity and

15 continue our work, supporting existing

16 businesses on the Ogontz Avenue

17 commercial corridor and attracting new

18 businesses as well.

19 Changes in the economy must

20 always be anticipated. As the needs of

21 the market change, so will the businesses

22 who supply those needs. Over the years,

23 we have used financial incentives such as

24 establishing rents based on projected

25 revenues and bringing select tenants to

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2 Ogontz Avenue. Another one of our
3 strategies has been to acquire vacant
4 commercial properties, renovate them and
5 showcase these properties to prospective
6 tenants. Tax credit funding under this
7 program can be used for these
8 acquisitions and renovations. Keeping
9 the corridor vibrant and a magnet for
10 commerce is a priority for us.

11 OARC is celebrating its 25th
12 anniversary this year. Since 1983, we
13 have worked diligently to create an
14 economic engine in Northwest
15 Philadelphia. The Ogontz Plaza Shopping
16 Center, the cornerstone of our economic
17 development philosophy, has been the
18 birth place of many small businesses in
19 West Oak Lane. Keeping the CDC Tax
20 Credit Program alive and well will set
21 the stage for future entrepreneurs to
22 flourish, not only in West Oak Lane but
23 the entire city as a whole. Expanding
24 this program is an important component of
25 PACDC's Campaign for Vibrant and Safe

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2 Neighborhoods. OARC strongly encourages
3 City Council to exercise its authority to
4 make this expansion a reality.

5 Thank you.

6 COUNCILMAN GOODE: Thank you
7 for your testimony.

8 Our next witness? Good
9 morning.

10 MS. MARTINO: Good morning.

11 I'm Phyllis Martino. I'm the Director of
12 Community Development at Impact Services
13 Corporation, which is a multi-service
14 non-profit that's been serving the lower
15 Northeast of Philadelphia since 1974.

16 My understanding is that our
17 presentation here was to talk about our
18 accomplishments in calendar year 2007,
19 and that is what I came prepared to do.

20 So we have rather broad
21 experiences. We've been partnered with
22 Philadelphia Coca Cola Bottling Company
23 for the last six years in this program.
24 We do not have summary accomplishments to
25 present here. We're also part of the

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2 State's Neighborhood Partnership Program.

3 So, again, we have a comprehensive
4 development plan that is in operation for
5 the area surrounding Kensington and
6 Allegheny, which is the commercial
7 corridor, which is the primary focus of
8 our current tax credit program.

9 In the last year or completed
10 year 2007, we had 926 job placements in
11 four different employment programs. So
12 when we are looking at the need to have
13 demand in the neighborhood and employ the
14 families and the residents, this has been
15 a primary focus of Impact's work.

16 We have estimated that \$5.8
17 million of wages were generated by these
18 job placements and that \$248,000 in City
19 wage tax were generated by this. In the
20 testimony that we presented, there is a
21 spreadsheet with the detail.

22 We also garnered \$692,000 in
23 state RACP funding for conversion and
24 improvement of former industrial sites in
25 the target area, which we were involved

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2 in developing.

3 On the wealth-building side, we
4 brought over \$1 million into the
5 community by running the Volunteers in
6 Tax Assistance Center, the VITA Center,
7 that brought \$1,025,000 in both returns
8 and earned income tax credits. So,
9 again, that's a very important way to
10 bring a lot of buying power into the
11 neighborhood, and that is what supports
12 businesses.

13 So our work with three business
14 associations included the American Street
15 Erie Avenue Business Association, the
16 Kensington and Allegheny Business
17 Association and the Aramingo Business
18 Association. On Kensington, we bought --
19 11 new businesses were established in
20 calendar year 2007. We lost five, net
21 gain of six, for a net gain of 119 jobs.
22 Not necessarily all new to the City. We
23 did not do that analysis. So they might
24 have -- some of them, we know, shifted
25 from outside the area to inside the area.

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2 So the economic impact on the City we
3 can't really attest to there, but...

4 There was over \$5 million in
5 private investment associated with the
6 establishment of those new businesses.
7 We also worked to establish or initiate
8 the establishment of a BID on the
9 Aramingo commercial corridor. That's not
10 finalized yet, but, again, part of the
11 funding last year was used to hire the
12 consultant to do that.

13 And I think that about
14 summarizes the economic impact that we
15 could identify. It came to over \$12
16 million between private investments,
17 state investments, federal money brought
18 into the neighborhood, and we think it's
19 very important that the City continue to
20 make investments in CDCs to do this sort
21 of work, because we can access and
22 mobilize very different sorts of
23 resources than the City, and we think
24 we've done it very effectively.

25 Thanks.

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2 COUNCILMAN GOODE: Thank you
3 for your testimony.

4 Our next witness?

5 MS. SNYDER: Good morning. My
6 name is Gina Snyder. I'm the Director of
7 the East Falls Development Corporation,
8 and I thank you for the opportunity to
9 testify today in support of Bill No.
10 080573.

11 The EFDC has been in this
12 program since its inception and we are
13 partnered with the Pep Boys. This
14 program has supported our economic
15 development work.

16 In East Falls what it has done
17 is allowed us to help create
18 opportunities for economic development.
19 East Falls can be characterized as having
20 a very strong housing market, but the
21 commercial corridor has suffered
22 disinvestment over decades, and there are
23 a number of investors who are in there
24 who have spent money but who have been
25 very skittish and apprehensive about

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2 economics generally and about the
3 condition of the commercial corridor, and
4 they have supported our work, as well as
5 local businesses have supported our work,
6 because we have the capacity to leverage
7 resources for the district that they
8 themselves cannot bring to the table. So
9 we have hundreds of millions of dollars
10 coming in in housing development and
11 other pieces, but there is still the
12 necessity to do the commercial corridor
13 work.

14 These are sort of a list, not
15 complete, of some of the things that we
16 have done since our partnership with the
17 Pep Boys. We have leveraged capital
18 funds for capital projects in excess of
19 \$2 million, which included lighting the
20 Falls Bridge, creating a historic
21 nighttime landmark. We operate a parking
22 lot which serves the corridor, as well as
23 the Schuylkill River Trail as a trail
24 head. We hold events in the
25 neighborhood, two major events, one

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2 coming up on October 4th called Arts By
3 the River, which draw thousands of people
4 into the neighborhood to create the
5 neighborhood as a destination, a
6 riverfront business district.

7 We are doing marketing for the
8 neighborhoods. We have a Mural Arts
9 program partnership. We are undertaking
10 a feasibility of a business improvement
11 district, which would allow the
12 businesses and investors in the district
13 to support themselves and to generate
14 their own income off the assessments to
15 get this marketing work done.

16 We also work with local
17 businesses to connect with City agencies
18 and services to support them, because a
19 lot of times local businesses are not
20 aware of what's available with the City
21 and can run into some frustrations.

22 Another piece of our work is to
23 reposition real estate to its highest and
24 best use. We have been working with the
25 Redevelopment Authority to reposition a

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2 piece of real estate in the district and
3 also with the Fairmount Park Historic
4 Preservation Trust.

5 One of the things that is
6 critical to this work is that the work be
7 community based. If it is not --
8 "highest and best use" might mean
9 something else to someone who is into
10 pure commercial development, but from the
11 perspective of community-based economic
12 development, we are there to make sure
13 that the community meetings get held,
14 that people in the neighborhood know
15 what's going on, that they read articles,
16 they get e-mails, they come to community
17 meetings and they understand what's going
18 on in terms of commercial real estate in
19 their neighborhoods.

20 One specific thing I wanted to
21 add about the Pep Boys as a partner, the
22 Pep Boys is a national corporation which
23 happens to be located in the area. They
24 have added a member to our Board of
25 Directors. They have been active and

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2 engaged with us. They have allowed us to
3 come in and use their facilities. We
4 think that this is a terrific example of
5 a local partnership with a national
6 organization.

7 In sum, the program has created
8 a successful partnership with a national
9 business, and, in addition, the ongoing
10 flexible funding has allowed the EFDC
11 essentially to exist and to perform its
12 work. It is critical to supporting local
13 businesses and investors and making sure
14 that economic revitalization is community
15 based.

16 We certainly support the
17 expansion of the program to allow other
18 neighborhoods to have the same kind of
19 resources brought to bear for their
20 communities.

21 Thank you very much.

22 COUNCILMAN GOODE: Thank you
23 for your testimony.

24 Our next witness?

25 MR. MANDUJANO: Good morning.

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2 My name is Gabriel Mandujano. I'm
3 Executive Director of the Enterprise
4 Center Community Development Corporation,
5 which is affiliated with the Enterprise
6 Center at 46th and Market. We work in a
7 neighborhood called Walnut Hill in West
8 Philadelphia.

9 One of the things that I often
10 discuss with my colleagues at the
11 Enterprise Center CDC is how
12 neighborhoods are like ecosystems.
13 Instead of things like housing and
14 jobs --

15 COUNCILMAN GOODE: Pull the
16 microphone closer.

17 MR. MANDUJANO: -- and a
18 regional climate, we have -- sorry.
19 Instead of things like animals and plants
20 and a regional climate, we have things
21 like housing and jobs and a regional
22 economy. And like ecosystems where ice
23 melting in the Arctic can have disastrous
24 consequences for places halfway across
25 the world, things that happen on Wall

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2 Street can have pretty disastrous
3 consequences with the sort of things that
4 happen in our neighborhoods.

5 So I'm here to testify that the
6 CDC Tax Credit Program is very important
7 for the health and stability of our
8 neighborhood ecosystems in Philadelphia,
9 and there's two reasons that I'd really
10 like to emphasize. The first is that
11 restoring a neighborhood's economy into
12 balance requires more people around the
13 table than just the government, resident
14 groups and CDCs. We need corporations at
15 the table, too, because, of course, we
16 want their money. Everybody wants their
17 money, but we also need them for the
18 signals that they send to the market, the
19 investments they attract and the specific
20 expertise they bring. When one of
21 Philadelphia's major corporations makes a
22 specific and ten-year commitment to a
23 neighborhood, the market listens.

24 The CDC Tax Credit Program
25 gives us CDCs the tools that we need to

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2 engage these companies in really concrete
3 ways. Cash is only the most obvious way
4 that they get involved, but beyond that,
5 they bring the expertise, their
6 connections and a different perspective
7 that maximizes the impact of the monetary
8 contribution.

9 Second, the program provides
10 CDCs with the long-term predictability
11 and flexibility of cash flows needed to
12 help move a neighborhood economy and the
13 economic ecosystem back into equilibrium.
14 Any good economic development plan will
15 have short-term goals and milestones and
16 results that you can see only after a few
17 years, but fundamentally changing the way
18 that a neighborhood's sort of economic
19 ecosystem works takes more than that, and
20 often times the missing ingredients are
21 time, perseverance and the ability to
22 react to changes when they come. The
23 CDCs Tax Credit Program because of its
24 flexibility, because of its long-term
25 duration, because it lasts for ten years

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2 is really critical and pretty unique in a
3 lot of funding instruments. I don't know
4 anybody who makes ten grand commitments
5 anymore.

6 So speaking a little bit
7 specifically about the Enterprise Center
8 CDC, in 2005, we had actually secured a
9 corporation who was willing to contribute
10 to us under the partnership program.
11 Unfortunately, our application was
12 received after 25, all the spots were
13 filled, so we weren't able to get a spot.
14 If more spots were made available, then
15 we think that these spots could have --
16 and we were successful in receiving one,
17 then we think that there are two really
18 big projects that we could move forward.

19 One is something called the
20 Center for Culinary Enterprises, which is
21 a kitchen incubator that license
22 commercial kitchen space to emerging
23 entrepreneurs on an as-needed basis.
24 These incubators in other cities across
25 the country help small food

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2 entrepreneurs -- bakers, caterers and the
3 like -- grow their businesses and create
4 jobs. And this is really critical,
5 because if the typical entrepreneur on a
6 nationwide level is white, college
7 educated, native born and male, then the
8 typical food entrepreneur and the typical
9 tenant of a kitchen incubator differs
10 from that typical entrepreneur in at
11 least a few really important criteria.

12 Philadelphia is one of the
13 largest cities in the United States not
14 to have a kitchen incubator. And we just
15 acquired a building at 40th and Spruce to
16 house one.

17 So we estimate that this
18 facility could create 40 jobs in the
19 first three years of its operation.
20 We're still doing the full economic
21 impact study. But this program would be
22 critical in helping us move that project
23 forward.

24 There's also the Plaza
25 Enterprise Heights, which will be a

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2 mixed-use, transit-oriented commercial
3 development located across the street
4 from the 46th Street El Station in West
5 Philadelphia. Building on one of West
6 Philadelphia's biggest assets, which is
7 the Market-Frankford El, this development
8 will bring community-serving retail, jobs
9 and economic dynamism to what has been a
10 vacant lot and a check-cashing store.

11 So this program will be
12 critical in helping us move forward if
13 we're successful, so I thank you for your
14 time and the ability to testify.

15 COUNCILMAN GOODE: Thank you
16 for your testimony.

17 Our next witness? Good
18 morning. Please state your name for the
19 record and proceed with your testimony.

20 MS. RASHID: Good morning. My
21 name is Majeedah Rashid and I'm the Chief
22 Operating Officer of the Nicetown CDC,
23 and I want to first thank Council and
24 this committee for allowing my colleagues
25 and I to address you here today in

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2 support of Bill No. 080573.

3 The Nicetown CDC is a member of
4 the Philadelphia Association of CDCs, as
5 well as the Nicetown Business Association
6 and the Northwest Philadelphia Business
7 Coalition, which is more than 400
8 businesses throughout Northwest
9 Philadelphia.

10 The Nicetown CDC was founded in
11 1999 with the mission to establish
12 productive and sustainable community
13 economic development initiatives in
14 Nicetown and its surrounding
15 neighborhoods. We have fulfilled our
16 mission with the holistic citizen-driven
17 approach, which includes re-establishing
18 the Nicetown Neighborhood Advisory
19 Committee in 2002.

20 The Nicetown CDC has been
21 relatively successful with planning and
22 economic development projects that have
23 focused on Nicetown's commercial
24 corridor. We began with the
25 redevelopment of an abandoned building

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2 that is centrally located on Nicetown's
3 commercial corridor. Known today as the
4 Nicetown CDC Community Center, this
5 facility is the headquarters for the
6 Nicetown CDC/NAC and houses a computer
7 technology lab that supports the needs of
8 Nicetown's businesses, as well as
9 students and job seekers. Other
10 activities there include a Mural Arts
11 after-school program, block captains
12 headquarters and meeting space for
13 diverse needs.

14 The Nicetown CDC has developed
15 three commercial corridor revitalization
16 plans that focus on stabilizing existing
17 businesses and attracting new ones that
18 will give our corridor more connectivity
19 and create economic growth. From those
20 plans, we have implemented a Clean and
21 Safe initiative that encourages
22 businesses and residents to be
23 responsible for cleaning and maintaining
24 the environment in front of and around
25 their businesses and homes. This project

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2 also included facade improvements, new
3 trash receptacles and planters and
4 banners along Nicetown's corridor. We
5 later completed a series of projects that
6 improved the conditions of Nicetown Park
7 and established new signage to go along
8 with the two new murals at its entrance.
9 The Nicetown CDC holds its annual "Give
10 Back to the Community" festival and
11 concerts in this neighborhood park, which
12 attracts thousands with its diverse
13 vendors, arts and culture, and
14 entertainment. The event has invested
15 public and private sponsorship in the
16 Nicetown community for more than six
17 years.

18 Our latest development plan,
19 "Gateways and Bridges," is the second in
20 a partnership with the Community Design
21 Collaborative and highlights the north
22 and south gateways of Nicetown's
23 corridor. The north gateway includes the
24 Nicetown CDC's proposed Nicetown Court
25 low-income housing tax credit project,

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2 which will yield 37 affordable rental
3 units and 4,500 square feet of commercial
4 space on the street level. With our
5 first submission to PHFA, our Nicetown
6 Court project was fully supported by the
7 City of Philadelphia and was awarded
8 nearly a million dollars from the Housing
9 Trust Fund and a match of PennHOME funds.
10 Nicetown Court will be resubmitted to
11 PHFA in October 2008 and, when awarded,
12 not if, will represent an investment that
13 will catalyze additional neighborhood
14 development, including new businesses and
15 job creation.

16 Nicetown Court and other
17 economic development projects initiated
18 by the Nicetown CDC are designed to
19 establish short-term and permanent
20 benefits for Nicetown in the City of
21 Philadelphia. These projects will
22 increase access to goods, services and
23 employment in a neighborhood that suffers
24 from the flight of industry -- or has
25 suffered from the flight of industry for

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2 decades. The success of this strategic
3 economic development planning is very
4 important to Nicetown and the City,
5 especially considering the current state
6 of the local and national economy.

7 In order to maintain our
8 capacity to get this work done, the
9 Nicetown CDC has relied heavily on
10 collaborations and partnerships with City
11 agencies, private corporations and other
12 local CDCs who have already benefited
13 from the CDC Tax Credit Program. The
14 Nicetown CDC is extremely grateful for
15 these valuable relationships. However,
16 we need to identify and hire key staff
17 that will allow our organization to stand
18 on its own while continuing to achieve
19 its economic development goals. The
20 aforementioned Nicetown CDC activities
21 have been successfully developed and
22 implemented in spite of our constant
23 challenges related to a lack of
24 consistent operating capital.

25 In the PACDC 2003 report on the

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2 first year of the implementation of the
3 CDC Tax Credit Program, the Nicetown CDC
4 was listed as one of the CDCs that would
5 benefit from participating with the
6 program. As you can see in this year's
7 updated report, more than five years
8 later, that fact still remains true, and
9 the Nicetown CDC is requesting that
10 Council will consider another extension
11 of the City's Tax Credit Program. This
12 will allow an emerging organization like
13 ours to continue improving the quality of
14 life in Nicetown, establishing
15 destination points that foster economic
16 sustainability and a more attractive
17 place to live and work.

18 COUNCILMAN GOODE: Thank you
19 for your testimony.

20 Is there anyone else to testify
21 from this panel?

22 (No response.)

23 COUNCILMAN GOODE: Thank you.

24 I guess we'll open it up for questions.

25 Councilman Jones.

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2 COUNCILMAN JONES: Thank you,
3 Mr. Chairman.

4 Just one bit of housekeeping.
5 In East Falls, what councilmanic district
6 is that? I'm sorry.

7 MS. SNYDER: Good morning,
8 Councilman Jones. It's the best
9 councilman district in the City, the 4th.

10 COUNCILMAN JONES: Thank you.
11 There you go. I just wanted to put that
12 on the record.

13 But on two more substantive
14 things, the bike festival that annually
15 happens there or the regattas or things
16 that happen, give me a general sense of
17 what that does for the community by way
18 of economic development.

19 MS. SNYDER: The bike race
20 block party was essentially organized by
21 local businesses because they wanted to
22 have an event that would create East
23 Falls as a destination as a national bike
24 race that was happening, and until we
25 started doing that event, nothing was

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2 going on in East Falls. The bikers would
3 just whiz by 20 times.

4 Since we've started doing that,
5 we've had thousands of people coming into
6 the area, and we do a zip code survey,
7 and the folks who are coming, we ask them
8 what zip code they're from, they are from
9 the region. So it's not just coming from
10 our local zip code, they're coming from
11 the area, from out of state, from New
12 Jersey and they're finding it as a
13 neighborhood, and the businesses are
14 supporting it because those folks are
15 going to come back and say, Okay, I was
16 here for the bike race, now I can go out
17 for dinner at this restaurant, I saw that
18 big chili pepper. Those are the --

19 COUNCILMAN JONES: Johnny
20 Mananas.

21 MS. SNYDER: Johnny Mananas,
22 Franco's. Maybe I'll buy a house in the
23 neighborhood, looks really nice. Those
24 are the kinds of things that are
25 happening, and that's why the local

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2 businesses support it.

3 COUNCILMAN JONES: And they're
4 spending money when they come and
5 creating tax revenues for the City of
6 Philadelphia?

7 MS. SNYDER: Yes.

8 COUNCILMAN JONES: Question on
9 Ogontz Avenue Revitalization Corporation,
10 if they're still here.

11 (No response.)

12 COUNCILMAN JONES: I would ask
13 them if they were here, that three-day
14 festival they do up there that is
15 probably arguably one of the best in the
16 City of Philadelphia, which is not in my
17 district, for the record, but creates the
18 buzz about Philadelphia. Thousands of
19 dollars are spent each day in the local
20 businesses. And I could go -- my point
21 is, I could go all around this table as
22 to whether it's an art festival, jazz
23 festival, economic development activity,
24 stimulation of thought and discovery of
25 our neighborhoods to say why this is

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2 synergistic to that, but I won't do that.

3 The other thing that I would
4 ask, are all of you recipients of CDBG
5 dollars?

6 (Most shaking head in the
7 affirmative.)

8 COUNCILMAN JONES: Is that a
9 general yes?

10 MS. SNYDER: No. We're not
11 eligible for CDBG.

12 COUNCILMAN JONES: Okay. For
13 those of you who have received CDBG
14 dollars, have they been reduced over
15 time? Have they been cut back? Does
16 anybody have a sense of that?

17 MS. RUIZ: Ours is project
18 based. No, it has not been reduced.

19 COUNCILMAN JONES: Well, I can
20 pretty much assure you that the City has
21 been cut back. So there's probably going
22 to be a reduction in CDBG dollars. So
23 when we have tax incentives like this for
24 the private sector to step in, I don't
25 know if it's a wise move if we're having

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2 less government dollars to then create a
3 disincentive for the private sector to
4 step up to the plate and participate.
5 That's my general assertion.

6 Also, if you don't do the work
7 you do in the communities, whether it's
8 housing development, whether it's
9 economic development, whether it's
10 marketing of a historical corridor like
11 Lancaster Avenue or Frankford Avenue or
12 Roxborough or any of those dozen places
13 in between, who does it? Who but you
14 will do this?

15 (Nobody.)

16 COUNCILMAN JONES: Nobody. So
17 you're filling an important role in
18 keeping neighborhood interest alive and
19 well.

20 So, Mr. Chairman, I rest my
21 case on this.

22 COUNCILMAN GOODE: Councilwoman
23 Brown.

24 COUNCILWOMAN BROWN: Thank you.
25 Good morning. I underscore

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2 that you are indeed serving an enormously
3 important role and filling a vacuum for
4 the communities where you serve, and so
5 in an interest to raise the bar -- let me
6 ask first, how many of you were privy to
7 A. Bruce Crawley's testimony at the
8 opening of this hearing?

9 (Most raising hands.)

10 COUNCILWOMAN BROWN: How many
11 of you currently have major development
12 projects going on of any type?

13 (Couple raising their hands.)

14 COUNCILMAN JONES: Can I see by
15 show of hands to the Councilwoman's
16 question?

17 (Couple raising their hands.)

18 COUNCILWOMAN BROWN: And what
19 type of procedures, provisions do you put
20 in place to ensure that those who are
21 working on those projects look like the
22 community where they sit? In other
23 words, how many of you have ever hired an
24 African American, Latina American-owned
25 construction company?

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2 (Couple raising their hands.)

3 COUNCILWOMAN BROWN: So out of
4 a total of --

5 MS. SNYDER: Don't know.

6 COUNCILWOMAN BROWN: Forgive
7 me?

8 MS. SNYDER: I'm not in a
9 position to answer that question.

10 COUNCILWOMAN BROWN: The point
11 being, that A. Bruce Crawley -- you're
12 certainly welcome to comment, but the
13 point being that A. Bruce Crawley indeed
14 raised my just overall awareness that
15 wherever there are owners who are
16 involved in construction projects, then
17 the owners should be obligated,
18 responsible, feel committed to the notion
19 that those in the community should have
20 an opportunity, and to the extent that
21 that's not happening, then on this
22 particular issue we're all as guilty as
23 the major construction owners in town who
24 we know violate this all the time.

25 Please, sir.

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2 MR. WHITE: If I may, Madam
3 Councilwoman, I believe that most of our
4 members do a lot of work in their
5 communities working with the residents
6 and always have done -- well, it may not
7 be construction or housing development.
8 Some of the economic development I think
9 that UCD does, some of the work that APM,
10 PECCDC and all of them do do involve --

11 COUNCILWOMAN BROWN: My
12 question is very narrow.

13 MR. WHITE: I understand.

14 COUNCILWOMAN BROWN: My
15 question is very, very narrow on the
16 issue --

17 MR. WHITE: If I may. I do
18 believe that they do --

19 COUNCILWOMAN BROWN: Sir, we'll
20 get to your comment. I need to be clear
21 that this is in no way intended to
22 diminish the enormous work that CDCs do.
23 Let me repeat that. My question is in
24 intended to in no way diminish the
25 enormous work that CDCs do. My question

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2 comes from the important testimony that
3 was provided by A. Bruce Crawley on a
4 very narrowly focused issue, and, that
5 is, to what degree do all of us who are
6 owners of any construction-related
7 opportunities in our communities, to what
8 extent do we go to to ensure that
9 residents from the community are also a
10 part of that economic development
11 opportunity.

12 So, again, my question is very
13 narrowly focused and in no way suggests
14 that there are other varying means by
15 which CDCs ensure that residents from
16 those communities are intimately
17 involved.

18 MR. WHITE: To your point,
19 Madam Councilwoman, all of the CDCs here
20 have Boards that are resident driven.
21 They reflect their communities. Most of
22 the communities are predominately
23 minority-based communities in
24 neighborhoods.

25 COUNCILWOMAN BROWN: You say

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2 are or are not?

3 MR. WHITE: Are. Are.

4 Clearly.

5 MS. RUIZ: I know that our jobs
6 have 51 percent participation from the
7 community.

8 COUNCILMAN GOODE: Mr. White,
9 first, please just identify yourself for
10 the record again.

11 MR. WHITE: James White. I'm
12 the Policy Coordinator of PACDC.

13 COUNCILMAN GOODE: Mr. White,
14 just getting back to Mr. Crawley's
15 testimony, Mr. Crawley even within that
16 testimony not only talked about community
17 development organizations, but beyond
18 this, he even singled out black churches,
19 which in some cases are 100 percent
20 African American. They raise money
21 through ties and offering. They decide
22 to expand their buildings and then
23 sometimes they don't think about it.

24 So I think the Councilwoman's
25 question is, to what extent are the CDCs

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2 thinking about it when they're spending
3 their money as owners to build something?
4 Are they making sure that they're
5 creating the type of economic
6 opportunities that should exist and is
7 that diversity there or not?

8 MR. WHITE: I believe that
9 diversity is there. I believe that a
10 number of them could answer that
11 individually if we allowed the time and
12 with the Committee's permission. We'd be
13 willing to even provide research to the
14 extent of that answer. I think that
15 you'll find that most of our members
16 wholeheartedly are totally entrenched and
17 involved in representing improving the
18 lives of their residents. Most of the
19 communities they work in are distressed
20 communities or formerly distressed
21 communities when they got in there. I'm
22 going to let Ms. Ruiz from APM as well.
23 I just, you know --

24 COUNCILMAN GOODE: Actually,
25 there's not a need to necessarily go that

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2 much further today. That's actually the
3 purpose for why I said at the beginning
4 of the hearing on the other resolution,
5 we're actually probably going to hear
6 that resolution every time we convene a
7 hearing of this committee for that
8 purpose, and we will definitely invite
9 PACDC to come back and talk about those
10 experiences. And that --

11 MR. WHITE: We'd be glad to.

12 COUNCILMAN GOODE: --
13 particular resolution on construction
14 industry diversity is valid until
15 December 2011 and there's not going to be
16 one hearing on it. There are going to be
17 many hearings on it, and that's probably
18 going to be the one issue that will
19 always be in this committee.

20 COUNCILWOMAN BROWN: And so I
21 will make the formal request, follow up
22 on your offer that, yes, we will ask --
23 and I will put this in writing -- ask for
24 a complete report on the CDCs that do
25 business with PHDC and a breakdown and

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2 breakout of how the residents of that
3 community are indeed connected to any of
4 the building trades associated with that
5 project.

6 Thank you.

7 MR. WHITE: Thank you, Madam
8 Chair.

9 COUNCILMAN GOODE: Councilman
10 Jones.

11 COUNCILMAN JONES: Just one
12 other point. While we're measuring
13 things, again, it's helpful -- and I did
14 note that in much of your testimony how
15 you quantified what the original
16 investment through the partnership was
17 and how it served as a catalyst for other
18 development. If we've challenged the
19 Administration to say why it shouldn't
20 be, I want to further encourage you to
21 document in ways that you have, but in a
22 way that we can then also compare what
23 the cost-benefit analysis will be to one
24 way or another support this going
25 forward. Yes, there is a support from

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2 this Committee, but it always helps, it
3 always helps when we can point to new
4 housing starts or new business starts or
5 tax revenues from a festival that is
6 generating new business for people.

7 So I do believe there is a
8 correlation between your activities in
9 neighborhoods and the upward nature of
10 the viability of those neighborhoods.
11 And as important, where there are not
12 these types of partnerships, where these
13 kinds of connections are absent, I think
14 we can also point to if there's no
15 teammate at the ground level from a CDC
16 to be able to do the good works that you
17 do, what does it cost us by way of a city
18 when you're not there.

19 COUNCILMAN GOODE: Thank you,
20 Councilman.

21 COUNCILMAN JONES: Thank you.

22 COUNCILMAN GOODE: Are there
23 any other questions for this panel?

24 (No response.)

25 COUNCILMAN GOODE: Thank you

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2 very much.

3 MR. WHITE: Thank you.

4 MS. RUIZ: I just would like to
5 thank our Councilwoman for already
6 expressing her support, Councilwoman
7 Quinones-Sanchez.

8 COUNCILMAN GOODE: Thank you
9 very much.

10 MR. WHITE: Thank you again.

11 COUNCILMAN GOODE:
12 Mr. Frishkoff?

13 (Witness approached witness
14 table.)

15 COUNCILMAN GOODE: Mr.
16 Frishkoff, one question for the record.
17 First, can you identify yourself again
18 for the record.

19 MR. FRISHKOFF: Yes. Andrew
20 Frishkoff, Director of Neighborhood
21 Economic Development for the Commerce
22 Department.

23 COUNCILMAN GOODE: One simple
24 question for the record. The type of
25 information that we're requesting

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2 regarding what type of bang for the buck
3 you're getting from this particular
4 program and from CDC economic development
5 in general, do you believe now that
6 enough information has been supplied to
7 you that you have a better understanding
8 before you came to this hearing?

9 MR. FRISHKOFF: I think that we
10 actually had an emerging good
11 understanding even prior to the hearing
12 and better now. I think there's still
13 some questions we need to ask of the
14 recipients, and we have already pledged
15 to collect the information better. But,
16 yes, we have better information than
17 before.

18 COUNCILMAN GOODE: My question
19 is, do you have a better understanding.
20 And do you have copies of all the
21 testimony?

22 MR. FRISHKOFF: We don't yet,
23 but we will collect that.

24 COUNCILMAN GOODE: And last
25 question is, as we evaluate priorities

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2 within economic development funding, are
3 you going to hold all economic
4 development programs to the same
5 standard?

6 MR. FRISHKOFF: On the
7 neighborhood economic development side --

8 COUNCILMAN GOODE: No; in terms
9 of neighborhood economic development
10 beyond that, as a representative here
11 from the Administration. As we evaluate
12 how we're going to invest in economic
13 development and as stated in one
14 testimony, it said that the Mayor's
15 advisor on economic development says
16 something I agree with, part of the only
17 way we're going to get of this fiscal
18 distress is to grow our way out of it,
19 and so it's going to mean an investment
20 in some ways in economic development.
21 I'm just simply asking a question. As we
22 begin this real discussion of setting
23 public policy priorities in a financially
24 difficult time, are you going to hold all
25 economic development programs to the same

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2 standard? Because as a former
3 administrator, I've watched money dumped
4 in certain places without any
5 accountability whatsoever, and then when
6 the question was asked about a
7 neighborhood economic development
8 project, those questions were a lot more
9 stringent and there was a lot more
10 accountability required as if those
11 projects did not measure up, when in fact
12 I know for a fact there were investment
13 made in other type of economic
14 development projects that were not held
15 by the same standard.

16 MR. FRISHKOFF: I will say that
17 the message that we've received from the
18 Mayor and from Deputy Mayor Altman has
19 been clear in lines with what you just
20 said, that we all are being asked to
21 justify and analyze our economic
22 development investments along these
23 lines. So I believe it is underway and
24 that it is being done.

25 COUNCILMAN GOODE: Not just

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2 there be an analysis, but that everyone
3 is held by the same standard.

4 MR. FRISHKOFF: I believe that
5 is underway and being done fully by the
6 Administration.

7 COUNCILMAN GOODE: Thank you.

8 Is there anyone else to testify
9 on this bill?

10 (No response.)

11 COUNCILMAN GOODE: Seeing none,
12 this hearing is recessed to Wednesday,
13 October 1st at 10:00 a.m.

14 Thank you.

15 Let me note for the record that
16 Councilman Clarke is in attendance.

17 (Committee on Commerce and
18 Economic Development adjourned at 12:10
19 p.m.)

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