

1
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 PUBLIC HEARING AND PUBLIC MEETING
4 BEFORE COMMITTEE ON PUBLIC PROPERTY, PUBLIC WORKS

5 - - -
6 Room 400, City Hall
7 Philadelphia, Pennsylvania
8 Thursday, May 18, 2000
9 9:25 a.m.
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11 BILL 000214 - Authorizing PAID to purchase a
12 certain 18.41-acre tract of land situate at 3101
13 East Orthodox Street for a consideration not to
14 exceed \$874,500, under and subject to the terms
15 and conditions of the Philadelphia Industrial and
16 Commercial Development agreement between the City,
17 PAID, and PIDC.

18 BILL 000215 - Authorizing PAID to purchase a
19 certain 66.4-acre tract of land situate at 4501
20 Richmond Street for a consideration not to exceed
21 \$3,320,000, under and subject to the terms and
22 conditions of the Philadelphia Industrial and
23 Commercial development agreement between the City,
24 PAID, and PIDC.

25 PRESENT: COUNCILMAN JAMES F. KENNEY, Chair
COUNCILWOMAN JANNIE BLACKWELL, V. Chair
COUNCILMAN MICHAEL A. NUTTER
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN FRANK RIZZO

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1 5/18/00 PUB. PROPERTY, PUB. WORKS COMMITTEE

2 I N D E X

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4 Page

5 Edward Duffy, PIDC 6

6 Dennis Dribin. 10
7 Dependable Distribution Services, Inc.

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1 5/18/00 PUB. PROPERTY - BILLS 000214, 215

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

3 COUNCILMAN KENNEY: Good morning,
4 ladies and gentlemen. We just need your attention
5 for a moment.

6 This is not Council session; this is
7 the committee hearing of the Committee on Public
8 Property. There are about 14 standing committees
9 in City Council; Public Property is one of them.
10 And this committee deals with property that is
11 either owned by the City or property that the City
12 wants to purchase, plus all the other property,
13 the physical property, that's owned by the City.

14 Today we are dealing with two pieces of
15 legislation, which are called "proposed bills,"
16 which will, hopefully, become ordinances that will
17 and authorize the City's economic development
18 agency, which is known as the Philadelphia
19 Industrial Development Corporation, to purchase
20 two parcels of land along the river, in
21 Bridesburg, if anybody's familiar with
22 Bridesburg. One parcel is almost 19 acres and the
23 other is a little over 66 acres.

24 And the purpose of the purchase of the
25 land is to allow a company, which is predominantly

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 doing business in Europe, to establish a cocoa
3 bean import facility, so that the ships will come
4 up the river, unload their cocoa product onto the
5 pier, and then they would create a processing
6 facility right there, so that they would be able
7 to process the cocoa beans into raw material,
8 which would then be shipped to places like Hershey
9 and other types of candy-making companies. They
10 make liqueur, some of the by-product is used to
11 make liqueurs. And it would create, hopefully,
12 about 350 jobs.

13 So what we're going to do is hear
14 testimony, when we open the committee, from
15 representatives from PIDC, and they will tell us
16 why they think we should buy the land. We'll
17 deliberate and give hopefully -- I'm sure we will
18 -- give them approval to go ahead and do the
19 purchase.

20 The reason that we have to do the
21 hearing at this time of the day on a Council
22 session day is that all bills that pass Council
23 are required to be read on two separate occasions.
24 So if we have the hearing in the morning before
25 Council session, we can get the first reading

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 today, the second reading and final passage next
3 Thursday, and then the people who work for PIDC
4 can move forward to purchase the properties and
5 get this company in the City, get them
6 constructed, and get the people to work.

7 The other interesting thing about this
8 particular bill is that both parcels of land are
9 located in what's called "a Keystone Opportunity
10 Zone," which is a zone established by the
11 Commonwealth of Pennsylvania to really reduce the
12 level of taxes that companies would pay -- state
13 income tax, wage taxes, and other types of
14 business taxes, which makes it more attractive for
15 a company to move into the City and move into
16 these zones so that we can become more competitive
17 with our suburban region and with the rest of the
18 East Coast.

19 So that's the purpose of the hearing
20 today, and you'll hear testimony from Mr. Duffy,
21 who's going to come up right now. This is a
22 committee hearing on Public Property to hear
23 testimony on two bills. One is Bill No. 214 and
24 the second is Bill No. 215.

25 Bill 214 is an ordinance authorizing

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 the Philadelphia Authority for Industrial
3 Development ("PAID") to purchase a certain
4 18.41-acre tract of land situate at 3101 East
5 Orthodox Street for a consideration not to exceed
6 \$874,500, under and subject to the terms and
7 conditions of the Philadelphia Industrial and
8 Commercial Development agreement between the City,
9 PAID, and Philadelphia Industrial Development
10 Corporation (PIDC).

11 The second bill is Bill No. 215, which
12 is an ordinance authorizing the Philadelphia
13 Authority for Industrial Development ("PAID") to
14 purchase a certain 66.4-acre tract of land situate
15 at 4501 Richmond Street for a consideration not to
16 exceed \$3,320,000, under and subject to the terms
17 and conditions of the Philadelphia Industrial and
18 Commercial development agreement between the City,
19 PAID, and the Philadelphia Industrial Development
20 Corporation (PIDC).

21 (Witnesses come forward.)

22 COUNCILMAN KENNEY: Would you please
23 identify yourself for the record and proceed with
24 your testimony.

25 MR. DUFFY: Good morning, Mr. Chairman

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 and members of the committee. My name is Edward
3 Duffy, and I am Vice President of Special Projects
4 for the Philadelphia Industrial Development
5 Corporation. I am joined here today by Mr. Dennis
6 Dribin, who is with the Dependable Distribution
7 Company, our client. And I am here to testify in
8 support of Bills 214 and 215.

9 These ordinances authorize us to
10 purchase two adjacent available industrial
11 properties in Bridesburg. These properties will
12 be added to our land bank and marketed for
13 industrial development. The total acreage being
14 acquired is approximately 85 acres. Both
15 properties are zoned G-2, General Industrial, and
16 there's a small sliver of lease restricted land,
17 also. We have a client who has provided us with
18 his plans for development, and he will develop
19 both of these properties together.

20 Dependable Distribution Company is our
21 client. They are a Philadelphia-based firm, which
22 stevedores Pier 84 in South Philadelphia. They
23 are one of the largest importers and distributors
24 of cocoa beans in the United States and I think,
25 in fact, in the entire world.

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215

2 MR. DRIBIN: Correct.

3 MR. DUFFY: Dependable Distribution

4 proposes to create on these properties a

5 state-of-the-art cocoa bean importation

6 warehousing and distribution terminal following

7 procedures that have recently been adopted in

8 Europe but are untried in the United States.

9 Dependable Distribution has interested one of its

10 own customers, Chadler USA, currently located in

11 Swedesboro, New Jersey, to develop a cocoa bean

12 processing facility on the site, which would take

13 the cocoa beans and produce cocoa paste, powder,

14 and liqueurs, which are the basis for the candy

15 industry.

16 We expect that total employment that

17 will be generated on the site by both Dependable

18 Distribution Company and Chadler USA to exceed 350

19 when full production is achieved.

20 As you have noted, Mr. Chairman, these

21 properties are designated as part of

22 Philadelphia's Keystone Opportunity Zone and they

23 are also within the Port of Philadelphia

24 Enterprise Zone. Access to these properties to

25 and from Interstate 95 will be greatly improved

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 next year, when the first phase of North Delaware
3 Avenue's extension northward from Lewis Street to
4 Orthodox Street is scheduled to be completed.

5 The proposed purchase prices are
6 consistent with two independent real estate
7 appraisals that have been obtained by PIDC, and
8 the source of funds will be the Industrial and
9 Commercial Development Revolving Fund.

10 I will add that we've had both of these
11 properties go through the environmental review
12 process, and they are both relatively clean, and
13 we will then pursue Act 2.

14 I ask that the committee consider these
15 bills favorably and that the rules of Council be
16 suspended so as permit a first reading at the next
17 scheduled meeting of Council.

18 Thank you again for this opportunity to
19 testify, and I would be very happy to answer any
20 questions you may have regarding these ordinances.

21 COUNCILMAN KENNEY: Thank you very
22 much.

23 Is there any other testimony from --

24 MR. DRIBIN: Yes.

25 COUNCILMAN KENNEY: Please identify

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 yourself for the record.

3 MR. DRIBIN: My name is Dennis Dribin.
4 Good morning, Mr. Chairman --

5 COUNCILMAN KENNEY: Good morning.

6 MR. DRIBIN: -- and members of the
7 committee.

8 I represent Dependable Distribution
9 Services.

10 COUNCILMAN KENNEY: Dennis, could you
11 do me a favor. Just pull that microphone right up
12 to your mouth there.

13 MR. DRIBIN: I represent Dependable
14 Distribution Services, and I'm here to support
15 Bills 000214 and 215.

16 As stated in Mr. Duffy's testimony, we,
17 along with Chadler USA, which is a company owned
18 by Barry Callebaut, Incorporated, plan to
19 construct processing and support facilities on the
20 site. The combination of stevedoring,
21 warehousing, and processing on one site will
22 generate significant cost savings as compared to
23 the current operation located in South Jersey.

24 As a result of these savings and an
25 ever-increasing demand for chocolate, we project a

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 major expansion to around-the-clock operations
3 seven days per week. Eventually, we expect to
4 have 300 people working at the site in addition to
5 the ripple effect throughout the region.

6 We believe this project will help to
7 solidify Philadelphia as the port of choice for
8 cocoa beans. Accordingly, we ask the bill to rule
9 favorably on these bills.

10 We would especially like to thank
11 Councilwoman Krajewski and her staff for the
12 expeditious handling of this matter. We also
13 thank the committee for your time and for your
14 consideration, and I too am available to answer
15 any questions.

16 Thank you.

17 COUNCILMAN KENNEY: Thank you very
18 much.

19 Did you state in your testimony that
20 this operation is currently being run in South
21 Jersey or South Philly?

22 MR. DRIBIN: South Jersey -- well, the
23 processing plant, run by Chadler, is in South
24 Jersey.

25 COUNCILMAN KENNEY: So that represents

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215

2 actually a stealing of -- not stealing, a

3 relocation.

4 MR. DRIBIN: Relocation.

5 COUNCILMAN KENNEY: A relocation of

6 positions from New Jersey to Pennsylvania?

7 MR. DRIBIN: Correct.

8 COUNCILMAN KENNEY: Also, Mr. Duffy,

9 could you expound a little bit on the importance

10 of the development of these kinds of industrial

11 uses for the port. We don't really have a lot of

12 opportunities too often to improve our industrial

13 capacity of the port in this fashion, and maybe

14 you could, just for the record, kind of beef it up

15 a little bit, as far as how important this is to

16 do.

17 MR. DUFFY: Yes, I will.

18 It turns out that in the United States,

19 most of the candy production is in the State of

20 Pennsylvania, so it is logical to expect that

21 cocoa bean cargos would move through the port of

22 Philadelphia. However, other states -- notably

23 Georgia -- have spent many millions of dollars on

24 the port of Savannah putting in cocoa bean

25 importation and distribution facilities. The port

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 of New York overhauled a pier right there by the
3 Brooklyn Bridge in Brooklyn specifically for this
4 cocoa bean trade.

5 So I would say in the 1980s,
6 Philadelphia was doing about 60 percent of the
7 United States cocoa bean trade, and I think that
8 dropped down to about 30 percent.

9 MR. DRIBIN: Yes.

10 MR. DUFFY: And I have to tell you,
11 Dependable Distribution came into Philadelphia,
12 they took over Pier 84, and they brought the
13 business back to Philadelphia. And this is very
14 labor-intensive stevedoring work, and it's got
15 quite number of ships that will come in and make
16 use of the pilots and the longshoremen, so it is a
17 very useful trade for Philadelphia, a trade we
18 almost lost. And thanks to Dependable
19 Distribution, we're bringing it back. I think
20 we're now up to around 80 percent?

21 MR. DRIBIN: It's in the sixties.

22 MR. DUFFY: In the sixties, okay, we're
23 in the 60 percent range of the United States cocoa
24 bean trade.

25 COUNCILMAN KENNEY: And could you talk

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 a little bit about the type of hourly wages.
3 These are not only labor-intensive but generally
4 better-paying positions than some of the jobs
5 we've been creating in Philadelphia lately. This
6 is a higher paid industry.

7 MR. DRIBIN: That's correct. Wages
8 will obviously vary with the task, but wages will
9 probably range from \$8 to \$20 an hour, with a
10 median wage probably in the vicinity of \$13 to \$14
11 on average.

12 COUNCILMAN KENNEY: Great, okay.
13 Are there any questions from any
14 members of the committee?

15 First of all, for the record, I'd like
16 to indicate that the committee today consists of
17 Councilmembers Rizzo, Nutter, Blackwell, and
18 Councilmember Brown.

19 And the Chair recognizes Councilman
20 Rizzo.

21 COUNCILMAN RIZZO: Do you assure a nice
22 chocolate aroma in the neighborhood? Is that
23 going to be a part of the deal?

24 MR. DRIBIN: Often you do have the
25 sweet smell of chocolate. Sometimes it's not so

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215

2 sweet, though.

3 COUNCILMAN RIZZO: That's good. We'll
4 go for the sweet part.

5 MR. DRIBIN: Okay.

6 COUNCILMAN KENNEY: Any other
7 questions?

8 (No further questions.)

9 COUNCILMAN KENNEY: Anything else to
10 add?

11 MR. DRIBIN: No. I have copies of my
12 testimony here.

13 COUNCILMAN KENNEY: Thank you. We will
14 submit it and make sure that the stenographer gets
15 it.

16 Is there anyone else in the room to
17 testify on these bills?

18 (Witness comes forward.)

19 COUNCILMAN KENNEY: Please identify
20 yourself for the record.

21 MR. CHAPMAN: Good morning, Mr.
22 Chairman and members of the committee.

23 COUNCILMAN KENNEY: Good morning.

24 MR. CHAPMAN: For the City Planning
25 Commission, my name is Thomas Chapman.

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215

2 I'm here today without an official
3 position from the Planning Commission, since the
4 Commission has not yet considered these bills.
5 They will be considered by the Commission at its
6 meeting later this afternoon.

7 I can tell you that the staff will
8 recommend that the Commission endorse these two
9 bills. We believe that it's an excellent
10 opportunity for the City to propose industrial
11 development in an area of the City that sorely
12 needs it, and we wholeheartedly endorse the
13 approval of these bills.

14 COUNCILMAN KENNEY: Thank you very
15 much.

16 Are there any questions for Mr.
17 Chapman?

18 (No questions.)

19 COUNCILMAN KENNEY: Seeing none, is
20 there anyone else to tell on these bills?

21 (No response.)

22 COUNCILMAN KENNEY: Thank you very much
23 now.

24 MR. CHAPMAN: Thank you.

25 COUNCILMAN KENNEY: Now, for the

1 5/18/00 PUB. PROPERTY - BILLS 000214, 215
2 audience's purposes, there's always two parts to a
3 public hearing for any committee in Council. The
4 first part is the public hearing where, actually,
5 testimony is taken and a record's developed so
6 that anyone in the future who wants to read about
7 what we did today can get from the Chief Clerk's
8 Office a copy of the notes of testimony, and that
9 really kind of sets forth the case for why we're
10 taking action.

11 The second part, which we're going to
12 enter into now, is called the public meeting,
13 where we actually officially vote the bill out.
14 So what I would like to do is if I can get
15 Councilman Rizzo, Councilman? Councilman Rizzo,
16 could you just hang in there one second. I need
17 your help on voting. And, Councilwoman Brown, you
18 can stay, you can do it from there, that's fine.

19 This will conclude our public hearing.

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1 5/18/00 PUB. PROPERTY - PUBLIC MEETING

2 COUNCILMAN KENNEY: And we will now
3 convene our public meeting.

4 The Chair recognizes Councilmember
5 Blackwell for a motion on Bills No. 214 and 215.

6 COUNCILWOMAN BLACKWELL: Mr. Chairman,
7 I move that Bills No. 214 and 215 be reported out
8 of committee with a favorable recommendation and
9 also a recommendation that the rules be suspended
10 so as to permit first consideration at our City
11 Council session this morning.

12 (Duly seconded.)

13 COUNCILMAN KENNEY: It's been moved and
14 seconded.

15 All in favor there, aye?

16 There are no votes opposed.

17 Bill No. 214 and 215 will be reported
18 out of this committee today with a favorable
19 recommendation. A request will be made for a
20 rules suspension to allow for first reading of
21 Bills No. 214 and 215 today, and that will
22 conclude the business of the Public Property
23 Committee.

24 We thank you for your attendance.

25 We're going into our caucus now, which

1 5/18/00 PUB. PROPERTY - PUBLIC MEETING
2 starts at 9:30. We hopefully will be in here
3 between 10 and 10:15. If you're staying for the
4 entire session or not, but you will hear, during a
5 period of time that we have our session, reports
6 from committee, and you will hear me read these
7 reports to the Chief Clerk about these bills that
8 we heard today. She will then read them and give
9 it as its formal first reading, which would allow
10 it to be heard again -- read again next week and
11 finally voted on.

12 So that's democracy in action, and it's
13 not always extremely thrilling, but it does work.

14 So thank you for being here.

15 (Adjourned at 9:35 a.m.)

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RE: COMMITTEE ON PUBLIC PROPERTY AND PUBLIC WORKS

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BILL NO.'S 000214, 000215

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JOSEPHINE CARDILLO,

Registered Professional Reporter