

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON RULES

- - -

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, May 26, 2009
10:40 a.m.

- - -

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN FRANK DiCICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM GREENLEE
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN JOAN L. KRAJEWSKI

BILL 090354 - An ordinance amending Chapter
14-400 of The Philadelphia Code, entitled
"Commercial Entertainment District"...

BILL 090359 - An ordinance authorizing the
revision of lines and grades on a portion of
City Plan Nos. 146 and 271...

BILL 090381 - An ordinance to amend the
Philadelphia Zoning Maps by changing the
zoning designations of certain areas of land
located within an area bounded by Broad
Street, the Delaware Expressway...

- - -

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1
2 COUNCIL PRESIDENT Verna: Good
3 morning, everyone. This is a public
4 hearing of the Rules Committee.

5 I would ask Mr. McPherson to
6 please read the title of Bill No. 090381.

7 MR. McPHERSON: An ordinance to
8 amend the Philadelphia Zoning Maps by
9 changing the zoning designations of
10 certain areas of land located within an
11 area bounded by Broad Street, the
12 Delaware Expressway, Pattison Avenue,
13 Packer Avenue, Delaware Avenue and League
14 Island Boulevard Extended.

15 (Witness approached witness
16 table.)

17 COUNCIL PRESIDENT Verna: Good
18 morning. Please identify yourself for
19 the record and proceed with your
20 testimony.

21 MR. KRAMER: Good morning,
22 Council President Verna and members of
23 the Rules Committee. I am William
24 Kramer, Division Director of the
25 Development Planning Division of the

1 5/26/09 - RULES - BILL 090354, etc.
2 Philadelphia City Planning Commission. I
3 am here today to testify on Bill No.
4 090381, which was introduced by
5 Councilmember Tasco for Council President
6 Verna May 7th of this year.

7 This bill rezones a large
8 section of land along the South Delaware
9 riverfront in order to allow for the
10 creation of a modern port. To accomplish
11 this goal, a portion of the Navy base
12 with a zoning designation of "G-2"
13 General Industrial and land associated
14 with Piers 122 and 124 with a zoning
15 designation of "PI" Port Industrial will
16 be rezoned to a zoning designation of
17 "LR" Least Restricted. The properties
18 are owned in conjunction by the
19 Philadelphia Industrial Development
20 Corporation and the State of
21 Pennsylvania. These parcels are the
22 subject of a state-sponsored proposal to
23 develop Southport. The reason for the
24 zoning change is to allow for multi-modal
25 transfers of goods and not be limited to

1 5/26/09 - RULES - BILL 090354, etc.
2 transfers to and from ships as a
3 requirement of the district.

4 The Philadelphia City Planning
5 Commission at its meeting of May 19th,
6 2009 considered Bill No. 090381 and
7 recommended that it be approved.

8 This concludes my testimony. I
9 appreciate the opportunity to appear
10 before you today and would be pleased to
11 answer any questions you may have.

12 COUNCIL PRESIDENT Verna: Thank
13 you very much.

14 Do we have any questions from
15 members of the Committee?

16 (No response.)

17 COUNCIL PRESIDENT Verna: I
18 would like you to make the record very,
19 very clear. This has absolutely nothing
20 to do with a car crusher?

21 MR. Kramer: That is correct.

22 COUNCIL PRESIDENT Verna: Say
23 it for the record, please.

24 MR. Kramer: This
25 application --

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCIL PRESIDENT Verna: This
3 has nothing to do --

4 MR. KRAMER: This has nothing
5 to do with the creation of a car crusher.

6 COUNCIL PRESIDENT Verna: Thank
7 you very much.

8 Do we have any questions from
9 members of the Committee?

10 (No response.)

11 COUNCIL PRESIDENT Verna: Thank
12 you.

13 Our next witness?

14 (Witness approached witness
15 table.)

16 MR. GRADY: Good morning,
17 Council President Verna and members of
18 the Committee. My name is John Grady and
19 I represent the Philadelphia Industrial
20 Development Corporation. I'm here to
21 testify in support of Bill No. 090381.

22 This Bill rezones a large area
23 of land along the South Delaware
24 waterfront, a portion of which was
25 acquired by the Philadelphia Authority

1 5/26/09 - RULES - BILL 090354, etc.
2 for Industrial Development from the
3 United States Navy in the year 2000.
4 This land is located at the far eastern
5 end of the Navy Yard and is surrounded by
6 existing rail and port infrastructure and
7 is part of the proposed Southport
8 expansion project.

9 Southport is proposed to be a
10 major expansion of the port facilities
11 south of the existing Packer Avenue
12 Marine Terminal where the Commonwealth is
13 projecting substantial new investment in
14 the port and job growth as a result of
15 this port expansion.

16 The Philadelphia Authority for
17 Industrial Development has executed a
18 sales and development agreement with the
19 Commonwealth's Department of General
20 Services to provide approximately 110
21 acres of land at the Navy Yard in support
22 of this project.

23 This rezoning and the proposed
24 port and logistics facility are
25 consistent with the Navy Yard master plan

1 5/26/09 - RULES - BILL 090354, etc.
2 and, accordingly, PIDC and PAID recommend
3 approval of Bill No. 090381.

4 Thank you for the opportunity
5 to testify, and I'd be happy to answer
6 any questions that you may have.

7 COUNCIL PRESIDENT Verna: Can
8 you briefly describe what is the purpose
9 of the Southport expansion project?

10 MR. GRADY: As I understand it,
11 the Commonwealth is pursuing the
12 Southport expansion project to create an
13 opportunity for the development of a
14 large-scale intermodal terminal that
15 would allow for greater access to the
16 port community for jobs and investment.

17 COUNCIL PRESIDENT Verna: And
18 can you tell us for the record how many
19 acres are involved?

20 MR. GRADY: The overall
21 Southport project covers approximately
22 175 acres. A portion of those acres are
23 located at the former Navy Yard property.

24 COUNCIL PRESIDENT Verna: Okay.
25 Any questions from members of the

1 5/26/09 - RULES - BILL 090354, etc.

2 Committee?

3 The Chair recognizes Councilman
4 Kenney.

5 COUNCILMAN KENNEY: Thank you,
6 Madam President.

7 Mr. Grady, could you tell us
8 why you're supporting the zoning changes
9 and what the zoning changes would or
10 would not do?

11 MR. GRADY: We're supporting
12 these zoning changes essentially in
13 support of our activity with the
14 Commonwealth to advance the development
15 of the Southport container terminal. As
16 I understand it from the Commonwealth and
17 their zoning attorneys, they believe that
18 the Least Restricted industrial zoning
19 gives them the maximum flexibility to
20 develop the kind of port terminal that
21 they think will be most successful in the
22 current and future economy.

23 COUNCILMAN KENNEY: Does Port
24 Industrial zoning constrain or restrict
25 any activity?

1 5/26/09 - RULES - BILL 090354, etc.

2 MR. GRADY: Port Industrial
3 zoning does, as I understand it, limit
4 certain container movements, particularly
5 movements from the terminal to truck or
6 from the terminal to rail. Port
7 Industrial zoning typically focuses on
8 activity from ship to land, and the Least
9 Restricted industrial zoning would allow
10 the movement of the goods from the land
11 then out to their ultimate destination.

12 COUNCILMAN KENNEY: Thank you.

13 COUNCIL PRESIDENT Verna: Any
14 other questions from members of the
15 Committee?

16 (No response.)

17 COUNCIL PRESIDENT Verna: Thank
18 you very much, Mr. Grady.

19 MR. GRADY: Thank you.

20 COUNCIL PRESIDENT Verna: Our
21 next witness?

22 (Witness approached witness
23 table.)

24 COUNCIL PRESIDENT Verna: Good
25 morning. Please identify yourself for

1 5/26/09 - RULES - BILL 090354, etc.
2 the record.

3 MS. McNAMARA: Good morning.
4 My name is Kate McNamara and I represent
5 the Governor's Office and the
6 Commonwealth of Pennsylvania. I am here
7 to testify this morning in support of
8 Bill 090381.

9 This Bill rezones approximately
10 110 acres of land to facilitate the
11 development of Southport, which has been
12 previously explained by Mr. Grady from
13 PIDC. Essentially, it's an intermodal
14 marine terminal that will be located
15 immediately south of the existing Packer
16 Avenue Terminal and continuing into the
17 east end of the Navy Yard. The rezoning
18 will provide a consistent LR zoning
19 designation across the entire site, which
20 will enable us to have a modern
21 intermodal container terminal that
22 competes with the other ports that
23 currently exist on the East Coast. The
24 Southport terminal will have the capacity
25 to handle more than a million TEUs at

1 5/26/09 - RULES - BILL 090354, etc.
2 full build-out, which will bring
3 tremendous economic opportunity, jobs and
4 new local and state business revenue as
5 well as tax revenue.

6 Due to the impact of the global
7 economic recession on the shipping
8 industry and the capital markets, the
9 recent bid process for Southport was
10 suspended on Friday. The Commonwealth
11 has elected to move forward with the
12 project, however. We've dedicated \$25
13 million in capital funds to move the
14 project forward to complete the
15 pre-construction activity that's
16 required, and we fully intend to go back
17 out and bid this project within the near
18 future when the markets are sufficiently
19 recovered.

20 Rezoning of the Southport site
21 for the proposed port and intermodal use
22 is consistent with the Commonwealth and
23 the City's dedication to job creation and
24 economic growth. Therefore, we support
25 and recommend approval of this bill.

1 5/26/09 - RULES - BILL 090354, etc.

2 Thank you very much for the
3 opportunity to testify today, and we're
4 happy to answer any questions that you
5 may have.

6 COUNCIL PRESIDENT Verna: Thank
7 you.

8 Are there any questions from
9 members of the Committee?

10 (No response.)

11 COUNCIL PRESIDENT Verna: Thank
12 you. But you will remain until the end.

13 MS. McNamara: Thank you.

14 COUNCIL PRESIDENT Verna: Thank
15 you.

16 MR. McPherson: Our next
17 witness is Henry Lewandowski.

18 (Witness approached witness
19 table.)

20 COUNCIL PRESIDENT Verna: Good
21 morning.

22 MR. LEWANDOWSKI: Good morning,
23 Councilwoman Verna and fellow members of
24 the Committee. My name is Henry
25 Lewandowski and I'm a member of the

1 5/26/09 - RULES - BILL 090354, etc.

2 Whitman Council.

3 Councilwoman Verna, as you
4 know, we have asked a few times for your
5 office to introduce certain legislation
6 that would change the zoning in the area
7 surrounding our neighborhood and in your
8 district from Least Restricted to Port
9 Industrial. It was our hope that we
10 could avoid some of the types of
11 activities that we've received recently;
12 for instance, the car crusher being one
13 of them, and, of course, I think you've
14 addressed that satisfactorily in your
15 questioning today.

16 Number two is our facilities
17 like the strip club that we have there
18 smack in the middle of the Port
19 Industrial community. When we tried to
20 fight that several years ago, we were
21 told, Sorry, there's nothing you can do
22 about it, it's Least Restricted. We
23 believe, "we" being the community members
24 and certainly all of the folks who
25 attended our last community meeting last

1 5/26/09 - RULES - BILL 090354, etc.

2 Wednesday evening, that Port Industrial
3 would be the best use of that land that
4 borders our neighborhood to the south and
5 to the east along the river, and we have
6 consistently asked that you help us in
7 getting rid of the Least Restricted
8 designation there and in helping us with
9 Port Industrial.

10 We knew nothing about this
11 hearing today, learned about it, I would
12 say, by accident on Wednesday evening.
13 On Thursday and Friday, we did the best
14 we could to learn about it, and, of
15 course, many of our members could not be
16 here today. Fortunately, I was able to
17 rearrange my schedule to be here.

18 What we heard from the
19 Governor's Office, what we heard from
20 PIDC is the first that we've heard about
21 this, and if it helps to facilitate the
22 full-blown Southport project, I think our
23 community would be in full support of it.
24 It's just that we have very little
25 information and don't know anything about

1 5/26/09 - RULES - BILL 090354, etc.

2 it, and we are, frankly, confused -- and
3 when I say "we," me chief among them --
4 with the idea that Port Industrial would
5 somehow not support Southport.

6 So we -- I come here today and
7 I came here today asking for more time so
8 that we could gather enough information
9 so that we could make an educated
10 decision about whether or not we support
11 or oppose the project. I know there are
12 other witnesses here that represent the
13 International Longshoremen Association,
14 and in many instances, our interests fit
15 squarely within theirs.

16 COUNCIL PRESIDENT VERNA: Can
17 we have someone here from PIDC approach
18 the witness table, please.

19 (Witness approached witness
20 table.)

21 COUNCILMAN DiCICCO: Thank you.
22 Good morning. Could you talk a little
23 bit about some of the deed restrictions
24 that are in this? That may address some
25 of the concerns that Mr. Lewandowski has

1 5/26/09 - RULES - BILL 090354, etc.
2 brought to mind. I understand some of
3 the issues that he raised about some of
4 the uses that have been there as it
5 relates to Least Restricted for certain
6 portions of Whitman. So can you talk
7 about that a little bit?

8 MR. GRADY: Sure. The
9 Southport project is comprised of land
10 essentially from two entities, the
11 Commonwealth and the Philadelphia
12 Authority for Industrial Development, and
13 both conveyances, the Commonwealth's
14 conveyance to the Department of General
15 Services and PAID's contractual agreement
16 with the Department of General Services,
17 both have significant deed restrictions
18 that limit the use of the land for
19 maritime purposes only, and if those
20 purposes are not -- if those deed
21 restrictions are not complied with, the
22 land reverts back to the original owner.
23 So in each case, the land would revert
24 back to the Commonwealth or back to PAID,
25 depending upon which property was in

1 5/26/09 - RULES - BILL 090354, etc.
2 question.

3 COUNCILMAN DiCICCO: So, in
4 essence, what you're suggesting, what
5 you're testifying to is that a strip
6 club, those types of businesses, would
7 not be permitted under the deed
8 restrictions?

9 MR. GRADY: That's correct.
10 Regardless of the underlying zoning, the
11 deed restriction would take precedence
12 and limit the use only to the maritime
13 uses that are prescribed in the
14 restrictions.

15 COUNCILMAN DiCICCO:
16 Mr. Lewandowski, have you seen the deed?

17 MR. LEWANDOWSKI: We haven't.
18 And, Councilman, that is -- again, we're
19 not here to oppose or to be
20 obstructionists or anything else. We're
21 here simply because of Wednesday evening
22 we learned about this and knew nothing
23 about it.

24 MR. GRADY: We'd be happy to
25 submit the agreement to Council.

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCILMAN DiCICCO: If you
3 could submit it to the Chair, and then
4 the Chair will make it available to
5 everyone.

6 And you will see the list of
7 what the restrictions are, and I think it
8 will address some of your concerns.

9 MR. LEWANDOWSKI: I would
10 appreciate that. Thank you.

11 COUNCILMAN DiCICCO: Thank you,
12 Madam Chair.

13 COUNCIL PRESIDENT Verna:
14 Mr. Lewandowski, I certainly would hope
15 that when something regarding zoning or
16 change of zoning is in your immediate
17 community, that you receive notices of
18 the hearing. You do; do you not?

19 MR. LEWANDOWSKI: If we do --
20 and, again, I don't work in our community
21 office. I serve there in the evenings
22 and as a volunteer. I did not receive
23 any for this particular hearing.

24 COUNCIL PRESIDENT Verna: Well,
25 I guess you wouldn't because I would

1 5/26/09 - RULES - BILL 090354, etc.

2 assume that people would think that this
3 is at the Navy Yard, and it's such a
4 distance away that it certainly wouldn't
5 encompass your association's boundaries.

6 MR. LEWANDOWSKI: I would agree
7 with that from a geographical
8 perspective, but certainly from an actual
9 economic impact, our community is made up
10 largely of longshoremen and port workers.
11 The idea --

12 COUNCIL PRESIDENT VERNA: I'm
13 not addressing that. I'm not addressing
14 that. I'm addressing the notice issue.
15 I'm sure that a clerk looking at the
16 geographic area, this is not Whitman's
17 area, so they wouldn't be notified.
18 That's all I'm trying to bring out.

19 MR. LEWANDOWSKI: Okay. I
20 understand that, and I would agree with
21 that. But it does affect us.

22 COUNCIL PRESIDENT VERNA:
23 That's why you probably were not aware of
24 it.

25 MR. LEWANDOWSKI: Okay.

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCIL PRESIDENT VERNA: Very

3 well.

4 Any questions?

5 (No response.)

6 COUNCIL PRESIDENT VERNA: Thank

7 you, Mr. Lewandowski.

8 MR. LEWANDOWSKI: Thank you.

9 MR. McPHERSON: Our next

10 witness is Jim Paylor.

11 (Witness approached witness

12 table.)

13 MR. PAYLOR: Good morning.

14 COUNCIL PRESIDENT VERNA: Good

15 morning. Please identify yourself for

16 the record and proceed with your

17 testimony.

18 MR. PAYLOR: Madam Chair, my

19 name is James Paylor. That's P, as in

20 Paul, A-Y-L-O-R. I am Vice-President of

21 the International Longshoremen's

22 Association.

23 COUNCIL PRESIDENT VERNA:

24 Welcome.

25 MR. PAYLOR: Thank you.

1 5/26/09 - RULES - BILL 090354, etc.

2 Madam Chairman, I wish I could
3 be as brief as the last three speakers,
4 but I don't think I can do that, so I
5 apologize in advance.

6 Hedsy just --

7 COUNCIL PRESIDENT VERNA: Would
8 you pull the microphone closer, please.
9 Thank you.

10 MR. PAYLOR: I just referred to
11 Hedsy, because that's how I know
12 Mr. Lewandowski. He just, I think,
13 summed up what the importance of us being
14 here is, is that we're concerned based on
15 what is a golden opportunity if it's not
16 handled properly could be at risk. And
17 the golden opportunity is, the core
18 development is the port development. And
19 there's some differences of opinion on
20 how that port development should move
21 forward, and they're serious in nature,
22 but there are things that I would
23 believe, if they were looked at and
24 clearly understood by the City Council
25 representatives and the State

1 5/26/09 - RULES - BILL 090354, etc.
2 Representatives, that there would be a
3 willingness on both parts to come
4 together to coordinate what could be that
5 golden opportunity.

6 The problem that I'm having
7 trying to understand what I learned only
8 as of Thursday and Friday is, what does
9 the zoning really mean. And I did hear
10 the explanation today, and on the surface
11 and the limitations of what they
12 explained it, it doesn't sound like a bad
13 thing. However, without understanding
14 the full magnitude of what it could do, I
15 think it could be an obstacle that could
16 interfere or destroy the golden
17 opportunity. And I would like to explain
18 to you and summarize what that golden
19 opportunity consists of and why we
20 stressed the urgency of having other
21 local officials from the ILA be present
22 the day after a holiday, because they've
23 been following this pretty regularly.

24 At the meeting concerning the
25 casinos, we were concerned, if you

1 5/26/09 - RULES - BILL 090354, etc.
2 recall, with two issues. One was the
3 casinos, which I'm not here to speak on
4 today, and the other one was the food
5 center which was going to be developed
6 just adjacent to the original projected
7 food -- I'm sorry; Southport project.
8 That has now been put in abeyance or
9 rethought for a different plan based on
10 the golden opportunity that I referred to
11 being understood even by Governor Rendell
12 and some of the people who work beneath
13 him or, I should say, assist him.

14 We were given a challenge at
15 that time when we were disputing whether
16 the food center should be placed there.
17 We were disputing the importance of that
18 based on what we knew was coming in our
19 longshore industry or in our shipping
20 industry, and at that time, we met with
21 Roy Kienitz, who was the Project Manager
22 for Governor Rendell. And since the food
23 center design was already in place and
24 basically getting ready to move, he told
25 us that it was going to be impossible to

1 5/26/09 - RULES - BILL 090354, etc.

2 change that process, but he gave us a
3 challenge, and his challenge was to find
4 an investor that would get \$100 million
5 of private money invested into the port
6 project for the purpose of developing a
7 shipping facility that the industry
8 desperately needs. And we looked at
9 that, and we met that challenge. We
10 found 11 different investors that were
11 all willing to spend significant amounts
12 of money for the purpose of developing a
13 large footprint to make it a
14 shipping/stevedoring facility.

15 There was an RFP that was sent
16 out. To my surprise, the RFP was
17 basically limited to the hundred acres
18 that was talked about, maybe 110 acres.
19 And it's changed or it was redefined a
20 number of times to this point. We're
21 sitting here today. I'm still confused
22 on what is available for the port
23 developed land. We were just told, or as
24 I understood the woman that spoke before
25 me, is that there is 175 acres, as I was

1 5/26/09 - RULES - BILL 090354, etc.

2 told.

3 I sit in the position where I
4 meet with the major shipping lines. It's
5 called the Industrial Appellate
6 Committee. And I sit as a person who
7 solves problems up and down the coast, on
8 the whole East Coast, including the Great
9 Lakes, Canada and Puerto Rico, and I have
10 the ability or the opportunity to meet
11 with those people and discuss where we're
12 headed as an industry.

13 Those people are now looking at
14 Philadelphia in a way they never looked
15 at Philadelphia before. If the right
16 facility is developed there, we have the
17 opportunity or had the opportunity to
18 develop 130,000 new jobs.

19 Let me hand this -- can I
20 approach?

21 (Sergeant-At-Arms gets
22 paperwork from Mr. Paylor.)

23 MR. PAYLOR: If you open up
24 your packet, the first presentation -- I
25 won't go through it all, but you'll see a

1 5/26/09 - RULES - BILL 090354, etc.
2 number of things that were being
3 proposed, and this was presented to the
4 PIDC approximately one year ago today.
5 And if you turn from the back and you
6 thumb through about three or four pages,
7 you'll see a few different designs that
8 were developed based on the optimism that
9 was in our industry over a year ago, and
10 even during the time of a global downward
11 trend still exists, and I'll explain that
12 in a minute. But this is a presentation
13 that I did make to -- it was an informal
14 presentation that I did make to
15 Councilman DiCicco and Councilman Kenney
16 and yourself, Madam Chairman, with the
17 hope -- and I understand everyone is
18 busy, including myself -- that at some
19 point in time, we would be able to make
20 the formal presentation to the entire
21 City Council. And when we look at those
22 artist renditions, it seems like it takes
23 up the whole entire Navy Yard.

24 Now, we know that we can't
25 always get what we want, but we needed to

1 5/26/09 - RULES - BILL 090354, etc.

2 come up with something that was more
3 qualified for people to invest private
4 money than the 100 acres, and those of us
5 in the port community have always been --
6 have all been united on: In this case,
7 the bigger is better.

8 The four people who were left
9 on the short list with the RFP from the
10 state which was being assessed by the
11 Department of General Services, I've
12 communicated with all four of them at
13 different times, and in all cases, all
14 four said the larger facility is what is
15 needed.

16 I've communicated with two of
17 the bidders just recently, and they also
18 said that they were sending basically in
19 a non-response to the May 15th deadline
20 to the Department of General Services
21 based on the lack of clarity on what land
22 is available, because in the RFP they
23 were able to bid on the 110 acres, as I
24 understood it at that time, but with the
25 ability to expand and do a prospectus on

1 5/26/09 - RULES - BILL 090354, etc.
2 if other lands were available, what type
3 of development and what type of concept
4 and what type of job generation would
5 come. My understanding in the
6 response -- and I haven't seen any of the
7 responses -- that was due last week, that
8 all four responded that two things. One
9 is, based on the financial global
10 problem, financing 110 acres and with the
11 return that may come on only 110 acres
12 may not be doable, number one. And the
13 main emphasis based on the communication
14 with two of the bidders is that they
15 didn't want to bid on a 110-acre
16 facility. They wanted to bid on a larger
17 facility. And the fact that that has not
18 been made clear to them on what land may
19 be available, there's some concern about
20 where we as a state or a city are heading
21 as far as the port development is
22 concerned.

23 I got a copy of the letter -- I
24 don't mind telling you -- from my
25 ex-wife, who sits on Whitman Council, and

1 5/26/09 - RULES - BILL 090354, etc.
2 it's a letter that's addressed to you,
3 Mrs. Verna, and it's from the
4 Philadelphia Industrial Development
5 Corporation, and in this letter in the
6 first paragraph -- and that's the second
7 document after the presentation. It's in
8 your packet. It says, "This is in
9 addition to my letter of March 11, 2009
10 requesting the withdrawal of Bill No.
11 090166. As you recall, that bill rezoned
12 a number of properties targeted by the
13 state and PIDC for inclusion in the
14 Southport project, a major expansion of
15 the Packer Avenue Marine Terminal."

16 That is disturbing to me,
17 because it was my understanding from the
18 beginning and the people that we were
19 asked to solicit to this facility,
20 meaning the Southport project, is that
21 the RFP went out with a separate and
22 distinct parcel of land in the Navy Yard
23 that was not to be recognized as an
24 extension of the Packer Avenue Marine
25 Terminal. From the very beginning of the

1 5/26/09 - RULES - BILL 090354, etc.

2 RFP, I had that concern.

3 I have sent a letter to John
4 Esty, Chairman of the PRPA, and he has
5 sent a response, and it was a generic,
6 very predictable response, and I know you
7 all have it. If you haven't had the
8 chance to read it, I will make sure that
9 you do get that letter.

10 But this letter clearly states
11 two things. One is, there's confusion.
12 And then the other thing is, it says that
13 the state has asked that the bill be
14 withdrawn.

15 This brings me to another
16 understanding. My understanding, that
17 State Representative Bill Keller has
18 submitted a bill, and I'm probably going
19 to get the numbers mixed up, but it's
20 either 666, which was the first bill, or
21 676, and that's a land transfer bill that
22 would offer 250 more acres to this
23 project.

24 Now, as I understand it and
25 with all due respect to all the parties,

1 5/26/09 - RULES - BILL 090354, etc.

2 it seems like there's a tug of war on who
3 owns that land, and it's one that's not
4 really clear. And I heard what John
5 Grady said. I agree with him. I just
6 don't know who really owns and what land
7 could be made available.

8 But this is the first sign
9 there's been some confusion or some
10 misrepresentation of the facts, whether
11 intentional or unintentional. And I do
12 think they're unintentional for this
13 reason: They're not the only ones who
14 are confused. There's people in the
15 industry that are confused on what we're
16 doing.

17 The next letter that you have
18 in your packet is a letter from Hamburg
19 Sud. Hamburg Sud we always refer to as
20 Columbus line. They're a major shipping
21 line that does go out the Packer Avenue
22 Marine Terminal, and I consider them
23 friends of the port. They've been there
24 for many, many years and they bring a lot
25 of cargo through our port.

1 5/26/09 - RULES - BILL 090354, etc.

2 But if you read the second or I
3 guess it's the third -- no; second
4 paragraph, it says, "HSDG/Holt recently
5 became aware of Pennsylvania legislative
6 proposal in the Pennsylvania House of
7 Representatives, House Bill 666, which,
8 if enacted, would convey approximately
9 250 acres of land to the PRPA for
10 maritime purposes only. The proposed
11 conveyance captures significant property
12 south of Parcel 9.

13 "A maritime conveyance of this
14 size would represent a significant
15 departure from the project as described
16 in the SFP. Does the Commonwealth intend
17 to expand the size of the project to
18 include the additional 250 acres
19 referenced in the legislative proposal?
20 If not, can the Commonwealth define what
21 additional maritime purpose is
22 contemplated if the conveyance is
23 approved?" And it's signed by Rainer
24 Dehe. He's one of the gentlemen that I
25 meet with on a pretty regular basis by

1 5/26/09 - RULES - BILL 090354, etc.
2 virtue of being an IEC committee member.
3 The date of that letter is March 22nd.

4 So here's one of the bidders on
5 the shipping line also unclear on what
6 land is still available, which, once
7 again, shows -- it's another
8 demonstration of some of the confusion
9 that exists.

10 I sent a letter dated April
11 15th to Mr. Dehe once again -- I do know
12 him -- asking what his concerns would be
13 and why would he raise objections,
14 because it was always my understanding
15 that in the industry, bigger is better.
16 More opportunities for them to have as
17 options available to them would make
18 Philadelphia a port that's recognized not
19 just locally but globally in the shipping
20 community. And as of this date, that
21 letter has not been responded to.

22 The next letter that's in your
23 package is dated May 11th, 2009, and I
24 think this adds or at least lends
25 credence to why I would ask City Council

1 5/26/09 - RULES - BILL 090354, etc.
2 and State Representatives to look at this
3 for what it really is. This letter is
4 from a gentleman named James A. Capo.
5 Mr. Capo represents all the major
6 shipping lines that carry 95 percent of
7 all cargo around the world. He also
8 represents Mr. Rainer Dehe. And I met
9 with Mr. Capo after I received Mr. Dehe's
10 letter and I asked him, What is the
11 industry looking at and why would
12 Mr. Dehe write a letter the way he wrote
13 the letter. And I understand why,
14 because he's a potential bidder. But
15 does that letter reflect what the
16 industry's needs are?

17 If you look at the bottom
18 paragraph, it says -- he's asking
19 Governor Rendell, "I ask for your support
20 in developing both the Southport and Navy
21 Yard into maritime-related projects. I
22 appreciate your consideration."

23 Now, once again, here's the
24 representative of the major shipping
25 lines studying what we're doing in

1 5/26/09 - RULES - BILL 090354, etc.
2 Philadelphia, looking at what the issues
3 are, monitoring very carefully and
4 saying, I not only would like to have the
5 Southport project for the industry but
6 also the Navy Yard.

7 Here's what they know: Before
8 the downward spiral, it was predicted
9 that the cargo coming into the country
10 was going to double in the next 10 to 15
11 years. Real estate along the coast to
12 handle maritime cargo is at a premium.
13 Even during the time of this downward
14 spiral, there's at least six RFPs out for
15 major container facilities down the
16 coast, and that's because they still see
17 the value in that land for the purpose in
18 which it was designated. There's also
19 major capital improvements being done in
20 a lot of those facilities for the purpose
21 of enhancing the value. There's ports
22 just close to us that are doing the same
23 thing.

24 They are concerned that just on
25 the projections alone of the increased

1 5/26/09 - RULES - BILL 090354, etc.

2 cargo, that Philadelphia is going to
3 become a strategic part of the logistical
4 movement of cargo and desperately needed.

5 There's problems on the West
6 Coast that I won't get into the nature of
7 them, but it's recognized that a lot of
8 the West Coast cargo is already being
9 diverted to the East Coast. It's one key
10 factor that's not even taken into
11 consideration when the cargo projections
12 that were being made for the East Coast
13 were in place, which was part of the
14 presentation that I gave to you.

15 There's also in that
16 presentation, if you look through it,
17 you'll see a logistical movement map that
18 shows that the trends in the shipping
19 industry are changing from where the Far
20 East cargo used to come to the West Coast
21 and then there would be a mini bridge
22 across the United States via truck or
23 rail to come to the East Coast. That's
24 all changing now. One is, they're
25 finding that the cheapest conveyance for

1 5/26/09 - RULES - BILL 090354, etc.

2 cargo is to keep it on the water as long
3 as possible. So they're taking cargo
4 from the Far East and they're bringing it
5 through the Suez Canal. When the Suez
6 Canal -- and if you draw a straight line
7 from the Suez Canal for navigational
8 purposes, it lines perfectly with the
9 Delaware Bay. So logistically we're
10 sitting in a better situation after
11 things have been studied.

12 In addition to that, the Middle
13 East is becoming the new Far East. The
14 Middle East is where all the stuff that
15 we as consumers buy is shifting -- the
16 manufacturing is shifting to the Middle
17 East. The Middle East is even closer to
18 the Suez Canal; therefore, closer to the
19 Delaware Bay. Those issues were not even
20 taken into consideration years ago when
21 we were looking at ourselves as a port.

22 The other thing that's now
23 being recognized, that there's congestion
24 in other ports that are in more local
25 proximity, I guess. They can't handle

1 5/26/09 - RULES - BILL 090354, etc.

2 the cargo that they're expected to
3 handle. They have problems with
4 congestion. They have problems with
5 facilities. They have problems getting
6 their cargo to those facilities. These
7 are all additional features that
8 developed -- that's an additional feature
9 that developed after we put that
10 presentation together.

11 After my meeting with James
12 Capo, which was approximately a month
13 ago, Mr. Capo looked at the Southport
14 project with its full potential. He also
15 looked at something that nobody else has
16 looked at, but since they are the ones
17 who fund our programs, he looked at the
18 population in Philadelphia. He also
19 looked at our local collective bargaining
20 agreements and how we're structured, and
21 they recognized something, that we had
22 the lowest throughput cost in the East
23 Coast, and what that means is, our men do
24 a great job - highest rates of
25 productivity, lowest expense based on

1 5/26/09 - RULES - BILL 090354, etc.

2 manning levels that are much better than
3 any other competing port.

4 Now, here's what's startling in
5 recent. It's proprietary, but I think
6 for the importance of stressing what's
7 involved here, I think that it's
8 necessary to allow everyone to know.

9 They're looking at that if you
10 look at the larger facility, 350 acres,
11 and you have the ability to distribute
12 with the three Class A railroads that no
13 other port in this country has and you
14 look at the cargo that's going to grow
15 once this downward spiral is easing --
16 and it's already doing that -- and then
17 you look at the collective bargaining
18 agreement in the Philadelphia area, that
19 it's a win-win situation, and they are
20 predicting that the Port of Philadelphia
21 could become the number one or one of the
22 top container ports along the East Coast.

23 Right now, if you sit in front
24 of it, the consultants that I've sat in
25 front of -- and they do an analysis of

1 5/26/09 - RULES - BILL 090354, etc.

2 what the cargo consists of and the trends
3 in each port -- Philadelphia is not on
4 the map, because they don't refer to
5 Philadelphia as a container port. But
6 based on the opportunity that exists
7 right now, it's being looked at as the
8 possibility of being one of the top or
9 the top container port.

10 Now, when you're in a city
11 that's got nine and a half percent
12 unemployment, which is higher than the
13 state level and higher than the national
14 level, I would think that something along
15 these lines would be considered what I
16 consider as a golden opportunity, and we
17 would then be able to do what it's time
18 that this area does: Look at this for
19 what it really is. Develop a committee,
20 and the committee should consist of State
21 Representatives, City Council people,
22 PIDC people, City Planning people and the
23 Philadelphia Regional Port Authority.
24 And we should have that committee analyze
25 what the real needs are of this, because

1 5/26/09 - RULES - BILL 090354, etc.

2 I think the opportunity that's there
3 based on some changes -- and it goes
4 along with the amendment of Bill Keller's
5 bill -- is that other things that were
6 already on the -- I guess up for
7 consideration for development in the Navy
8 Yard could be carved out, and there is
9 room for both. And now I'm going to
10 shock the world. I do believe that if
11 there's a space where a casino can go, I
12 think the healthiest place for a casino
13 to go is in the southern part of the Navy
14 Yard that could butt up against the
15 larger port facility, and one will
16 enhance the attractiveness of the other.
17 And if you look at Port Everglades in
18 Fort Lauderdale, their port is right next
19 to their tourist area. And if you go
20 into any of the islands on the Caribbean,
21 their port is right next to their tourist
22 area. Because it would not only generate
23 100,000 jobs, but it would develop all
24 those other entry-level jobs that we
25 talked about in other hearings. So you

1 5/26/09 - RULES - BILL 090354, etc.

2 could have the best of both worlds.

3 All it takes is good
4 communication and the ability to look at
5 what's really in front of us and put the
6 right group in place. Because of the
7 things that I just said, I ask that the
8 issue be tabled so there's clarity for
9 all segments of the City, the State and
10 the industry.

11 Thank you.

12 COUNCIL PRESIDENT VERNA: Thank
13 you very much.

14 The Chair recognizes Councilman
15 Kenney.

16 COUNCILMAN KENNEY: Thank you,
17 Madam President.

18 Thank you for your
19 presentation, Mr. Paylor. As always,
20 you're prepared and knowledgeable about
21 your industry.

22 What I'd like to do, if it's
23 okay with the President, to ask either
24 Ms. McNamara or Mr. Grady to come up and
25 address some of the issues that were

1 5/26/09 - RULES - BILL 090354, etc.

2 raised by Mr. Paylor so that we could
3 have a clear record, because I don't
4 think we're all that far apart, frankly.

5 I also would like you to please
6 confirm or clarify the ownership of the
7 land and the exact amount of acreage that
8 maybe not 350 that Mr. Paylor is talking
9 about, but apparently we've been talking
10 about 175. So if you could just kind of
11 clear up some of the issues that he's
12 raised, if you recall.

13 MS. McNAMARA: Well, there were
14 a lot of them. I'm not sure where to
15 start, but I wanted to thank Mr. Paylor.
16 His group has been great throughout this
17 process. They've really helped us at the
18 start of the Southport process with
19 planning and trying to get a sense of
20 where this project could go in
21 Philadelphia and the economic benefit
22 that it could bring.

23 So I think his point is well
24 taken, that we should all be working
25 together on this, because it's a good

1 5/26/09 - RULES - BILL 090354, etc.
2 project and it has a benefit for the City
3 and the longshoremen and the State of
4 Pennsylvania.

5 There's a couple things that I
6 think are important to be a little bit
7 more precise about. The acreage was
8 clearly set forth in the RFP. There were
9 descriptions, legal descriptions,
10 available to the bidders, maps, specific
11 acreage. They were given a number of
12 alternative sites that they could use if
13 they wanted to use them for distribution,
14 truck facilities, whatever they thought
15 was appropriate.

16 In addition to that, we said
17 that if you need additional land, give us
18 a proposal, tell us what you're going to
19 use it for, and if we think that it's
20 feasible and it's going to benefit this
21 project, we will come to some sort of
22 agreement on how we're going to get the
23 additional land.

24 The two responses that we did
25 get, one of them mentioned additional

1 5/26/09 - RULES - BILL 090354, etc.

2 land, but gave no explanation of what
3 they would use it for. So without any
4 justification, it's difficult for the
5 Commonwealth to move forward with that
6 proposal.

7 The other thing is, the whole
8 project for Southport, when you combine
9 the acreage, is about 175 acres. Some of
10 that is currently submerged land that's
11 going to be filled to make a continuous
12 marginal wharf. So that's the acreage
13 that we're looking for. We continue to
14 be open to making the site larger if
15 there's a demonstrated need for it, but
16 right now we haven't seen that. We've
17 engaged professional engineers who have
18 given us an opinion that this terminal
19 can be accommodated on the existing site.
20 And so we believe that this site works,
21 although we recognize that there are
22 certainly differences of opinion on it.

23 The idea that the bidders were
24 confused, I would have to take issue with
25 that, because we gave them a clear

1 5/26/09 - RULES - BILL 090354, etc.
2 explanation in the SFP. We also have a
3 data room that's set up just for the
4 bidders that gives them all of the maps,
5 all of the legal descriptions, the
6 acreage, and we also gave them an
7 opportunity to submit questions during
8 the whole process, which lasted a couple
9 of months. And we did receive the
10 question that Mr. Paylor submitted to you
11 in your packet, but that question was
12 responded to promptly and they were given
13 an answer that was consistent with the
14 land offered in the SFP.

15 Now, if additional land became
16 available, clearly we would be very
17 excited to talk about adding that to the
18 project, but we think that the project
19 works the way that it's described right
20 now.

21 Were there any other
22 specific --

23 COUNCILMAN KENNEY: I just have
24 a specific question as to why the
25 Governor's Office and PIDC feel that

1 5/26/09 - RULES - BILL 090354, etc.

2 there's a need to change the zoning
3 sooner than later.

4 MS. McNAMARA: In light of the
5 recent developments with the suspension
6 of the RFP, we want to get this project
7 as close to being "shovel ready" as is
8 possible before we bid it the next time.
9 And so what we want to do, what the
10 bidders have asked us to do is to
11 finalize all the land acquisition, to get
12 the zoning taken care of, to have the
13 property consolidated into a single
14 development lot, to do the environmental
15 permitting, to do the environmental
16 mitigation and to do the site preparation
17 activities that are required, the
18 demolition of the existing abandoned
19 housing and some other site preparation
20 issues that have to be dealt with. And
21 what they've told us is, that makes the
22 site much more appealing, not only to the
23 four bidders who were qualified but to a
24 series of other shipping companies,
25 terminal operators and infrastructure

1 5/26/09 - RULES - BILL 090354, etc.
2 investors that Mr. Paylor has been
3 talking to over the years.

4 MR. PAYLOR: May I respond to
5 that?

6 COUNCIL PRESIDENT VERNA:
7 Certainly.

8 MR. PAYLOR: There's not a
9 whole lot of difference of opinion on
10 what she said.

11 COUNCIL PRESIDENT VERNA: I'm
12 sorry. We can't hear you.

13 MR. PAYLOR: There's not a lot
14 of difference based on what she said, but
15 based on direct communication, the design
16 of the RFP was done differently than most
17 other RFPs concerning port industry
18 developments or maritime-oriented
19 facilities. And even though the bidders
20 did have the opportunity to expand on the
21 land that was defined in the RFP, it
22 would require a lot of money to do the
23 engineering design for something that may
24 not be made available, and that's where
25 they backed away from.

1 5/26/09 - RULES - BILL 090354, etc.

2 As far as people analyzing or
3 assessing the way the RFP went out, based
4 on an emphasis of engineering on the
5 larger facility, if you wanted to include
6 it, two stevedores that are known
7 worldwide backed out of being part of a
8 partnership with an investor for the
9 facility, questioning the sincerity,
10 since the RFP was done differently than
11 most other RFPs. I'm not opposed to
12 doing things differently, but when the
13 emphasis is put on the engineering study
14 to be done up front different than the
15 financial wherewithal to design,
16 construct and then operate, it raises
17 some concern.

18 The problem that I have as a
19 person who grew up in South Philadelphia
20 and spend 90 percent of my time there,
21 that when you look at the development
22 that's coming -- I'm also a realist --
23 that the green necklace, as it's referred
24 to, the middle Delaware Avenue
25 development is going to eventually

1 5/26/09 - RULES - BILL 090354, etc.
2 eliminate industrial land, because you
3 have residential, commercial development
4 there. Those jobs will be lost. We may
5 only be trading off acreage when we're
6 looking at eliminating industrial jobs
7 that go at Pier 80, Pier 82, Pier 84,
8 Pier 78, Pier 78 Annex, Pier 38, Pier 39
9 and Pier 40. They're right in the heart
10 of that Emerald Necklace. So if you
11 don't have space for them to work, you're
12 going to lose that cargo and lose those
13 jobs. So if we're only trading off
14 acreage for other segments, I don't
15 consider it progress.

16 There's still an industrial
17 base in the City. There's still a need
18 for industrial-type jobs. Not everyone
19 is going to school. They can be trained
20 to handle these jobs, and these are
21 family-sustaining jobs. All I'm asking
22 is that this thing be delayed for the
23 right reasons. And I do believe if there
24 was a committee set up, just like there
25 was to develop the middle of the Delaware

1 5/26/09 - RULES - BILL 090354, etc.

2 section, with the proper people, what
3 we're looking to do can be accomplished.

4 COUNCIL PRESIDENT Verna: Thank
5 you.

6 Ms. McNamara: May I respond to
7 Mr. Paylor's points?

8 The Commonwealth understands
9 the concerns that have been raised, but I
10 think delaying the process only harms the
11 project overall. There is a great
12 opportunity here, as Mr. Paylor has
13 indicated, but we have got to move this
14 project forward. And the state has
15 committed \$25 million in capital dollars
16 to move this forward now, and if we delay
17 the project, I just think that it really
18 threatens the viability of this
19 development actually being realized.
20 We're prepared to do it. We're ready to
21 do it. We want to do it.

22 COUNCIL PRESIDENT Verna: Thank
23 you.

24 The Chair recognizes Councilman
25 Kenney.

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCILMAN KENNEY: Thank you,
3 Madam President.

4 Mr. Grady, is there any reason
5 why PAID would be precluded from offering
6 additional land in the event that it was
7 requested by a person or respondent to
8 the RFP? And will there be a new RFP?
9 That's the other question I have. Will
10 there be a different RFP than the one
11 that Mr. Paylor described, more specific
12 and more, I guess, open to additional
13 land being utilized?

14 MR. GRADY: As to the RFP, the
15 Commonwealth issues the RFP, so that
16 would be a question for Kate.

17 COUNCILMAN KENNEY: Right.

18 MR. GRADY: As to the land at
19 the Navy Yard that would be available to
20 support this project, I think a little
21 context might be useful in that several
22 years ago when we started discussions
23 with the Commonwealth and the
24 Philadelphia Regional Port Authority, the
25 focus was really on acquiring a piece of

1 5/26/09 - RULES - BILL 090354, etc.
2 ground at the Navy Yard known as Parcel
3 9A, which off the top of my head is
4 probably about 40 acres of land. We've
5 agreed to convey our interest in that
6 parcel as part of this larger conveyance.
7 Then the effort was to get another 40
8 acres of land, without really
9 understanding exactly how that might
10 work.

11 The Commonwealth then hired an
12 engineering firm, designed a port that
13 could meet the needs of modern industry,
14 and based upon that design, we've
15 actually made 63 acres of land available,
16 and an additional 10 acres is going to be
17 acquired from the Norfolk Southern
18 Railroad Yard at the Navy Yard as well.

19 So we've provided a significant
20 amount of land to support this project,
21 well in excess of what was originally
22 requested of us, and we'll continue to
23 support that. We've told the state from
24 day one that as the bids come in, if
25 there's an opportunity to expand the

1 5/26/09 - RULES - BILL 090354, etc.
2 amount of ground that we can contribute,
3 we would. Obviously we're limited by a
4 couple factors. The first factor is,
5 obviously it has to be land that we own.
6 I haven't seen the images that are in
7 front of you, but if they're the same
8 ones I saw two years ago, we don't own
9 all that land. The Navy owns a lot of
10 that land. Norfolk Southern Railroad
11 owns that land. A lot of that land has
12 been developed. So we have to understand
13 exactly what's in our control.

14 I think, secondly, obviously we
15 would want the port development to be
16 entirely consistent with the development
17 that surrounds it. So at some point, we
18 would need to understand what types of
19 uses would occur on the land and what's
20 occurring on the adjacent land and make
21 the appropriate decisions about making
22 land available.

23 But we've never hesitated that
24 if a bidder comes in and is willing to
25 invest money and it helps advance the

1 5/26/09 - RULES - BILL 090354, etc.
2 project, we're more than happy to discuss
3 the amount of land that will be necessary
4 to achieve that.

5 COUNCILMAN KENNEY: How much
6 additional land that PAID has control
7 over is available and suitable for an
8 expanded footprint as described by
9 Mr. Paylor?

10 MR. GRADY: At this point, I
11 don't think that there's any that's
12 suitable. Again, I think the images that
13 you have in front of you show marginal
14 piers extending out into the Delaware
15 River. That's not feasible from all the
16 engineering that we've seen, and we
17 discussed this several years ago when it
18 first came to our attention. So I don't
19 think that there's suitable land to
20 continue to expand that type of port
21 activity.

22 COUNCILMAN KENNEY: That's
23 controlled by PAID?

24 MR. GRADY: That's controlled
25 by PAID, correct.

1 5/26/09 - RULES - BILL 090354, etc.

2 We've made significant land at
3 the Navy Yard available to support the
4 expansion of the port. In addition to
5 the land for Southport, we've made over
6 150 acres available to Norfolk Southern
7 to build out that three Class A railroad
8 system that Mr. Paylor mentioned as a key
9 asset for the port.

10 So we continue to do everything
11 we can to support the growth of the port,
12 and we share Mr. Paylor's concern that
13 industrial land continues to be shrinking
14 and shrinking in the City and we need
15 that land to create jobs that can help
16 sustain families in the City.

17 COUNCILMAN KENNEY: Thank you.

18 MR. GRADY: Could I make one
19 other point, just one other comment?
20 Mr. Paylor mentioned a letter I think
21 that we had written -- PIDC had
22 written -- in regard to the earlier
23 zoning bill where there was some
24 confusion about the zoning. If we
25 misstated something in that letter, it

1 5/26/09 - RULES - BILL 090354, etc.

2 was out of our own mistake or our own
3 lack of understanding. I think when we
4 talked about rezoning for Southport, what
5 we were talking about was that Southport
6 would be an expansion of the port
7 activities south of Packer Avenue Marine
8 Terminal. We didn't intend to imply that
9 it was an actual physical expansion of
10 the marine terminal. We've said all
11 along that that's really a process being
12 run by the state. And if it helps to
13 clarify, we'd be happy to clarify that in
14 a letter and send it back to the Council
15 President.

16 COUNCIL PRESIDENT VERNA: Thank
17 you.

18 The Chair recognizes Councilman
19 DiCicco.

20 COUNCILMAN DiCICCO: Thank you,
21 Madam Chair.

22 Good morning again. Following
23 up on Councilman Kenney's questions, I
24 think there's a little bit of a
25 communication issue here on the details.

1 5/26/09 - RULES - BILL 090354, etc.

2 It sounds that way. I mean, I think
3 everybody agrees we all want to see the
4 port expand, and there's some great
5 ideas, and Mr. Paylor and I worked
6 together on the casino issue, so I'm
7 pretty well versed on what the potential
8 for the port is.

9 It might be helpful if you can
10 at least sit down with Mr. Paylor and
11 identify exactly how much land would be
12 suitable that you control. It may be
13 another 10 acres. It may be another 20.
14 I don't know. And looking at his map,
15 take out what you don't own, what's left
16 that may be in your control that might be
17 suitable, and maybe we can make those
18 adjustments.

19 MR. PAYLOR: Councilman, I
20 think it's a great opportunity. I'm not
21 sure what the obstacles are or maybe the
22 land that John just referred to as land
23 that may not be suitable, but at one time
24 there was a shale problem in the river
25 that some of more modern engineers are

1 5/26/09 - RULES - BILL 090354, etc.
2 saying now that's not an issue to contend
3 with. Of course, it costs money, but
4 based on the need for the land and based
5 on the cargo growth that's there, there's
6 people who are willing to invest in
7 things that they weren't willing to
8 invest a few years ago, because the
9 desperate need to maintain this land.

10 MR. GRADY: I think it's also
11 important -- we'd be happy to have that
12 conversation, to continue to have it, and
13 with the state as well.

14 I think what's important from
15 our perspective is, we want to hear from
16 investors who are going to be on the
17 line, who are going to make a commitment.
18 And the state structured an initial
19 process. Obviously no one really
20 anticipated the direction the economy
21 would turn. So we think it's important
22 that the state continue along the road
23 that they've chosen, which is put all the
24 entitlements in place, put the zoning in
25 place, put the environmental permits in

1 5/26/09 - RULES - BILL 090354, etc.

2 place and reduce the amount of
3 contingencies that are available to
4 bidders in this process, so that when you
5 come back out, you have a better
6 opportunity for bidders to respond to.
7 And I think that's what the Commonwealth
8 intends to do, and we'll be happy to
9 continue to support that.

10 But there are significant
11 contingencies to developing the project
12 that Kate McNamara mentioned. The river
13 has to be filled in to create additional
14 pier area. There's nesting bald eagles
15 in the middle of the site. There's
16 wetland mitigation that has to occur.
17 There's zoning approvals that have to be
18 in place. And the more of those
19 contingencies that can be removed and
20 removed more quickly, the sooner you can
21 get back out to the market. And the
22 shipping operators, when they consider
23 the money they're willing to put on the
24 line, they will tell us how much land
25 they need, and then we'll be able to

1 5/26/09 - RULES - BILL 090354, etc.

2 respond in a meaningful way.

3 COUNCIL PRESIDENT Verna: So --

4 I'm sorry. I didn't mean to interrupt
5 you.

6 So what do you see as the
7 benefit of holding this bill today, Mr.
8 Grady? I know --

9 MR. GRADY: I'm not in favor of
10 holding the bill.

11 COUNCIL PRESIDENT Verna: I
12 know it wasn't your suggestion, but I
13 just don't see what the real value would
14 be in holding this bill up in view of
15 what you just testified to.

16 MR. GRADY: I would agree.

17 COUNCIL PRESIDENT Verna:

18 Mr. Paylor, do you see --

19 MR. GRADY: Unless it reopens
20 the casino discussion, which I don't --

21 COUNCIL PRESIDENT Verna: No.
22 In view of your statement as to the
23 ownership of the parcels, I mean, why are
24 we holding this up until we find out who
25 owns the property, what ramifications

1 5/26/09 - RULES - BILL 090354, etc.
2 have to be made? I mean, that could take
3 quite a while. So why are we even
4 suggesting that this be held when we
5 could be moving forward on something
6 positive?

7 MR. PAYLOR: Madam Chairman, I
8 got to explain it the best way that I
9 can. Both people on both sides of me
10 said --

11 COUNCIL PRESIDENT Verna: I'm
12 sorry. I can't hear you.

13 MR. PAYLOR: Both people on
14 both sides said they would like to hear
15 from the respondents or the people who
16 would be willing to invest. And they
17 have done that. They made that clear,
18 sometimes with direct communication to
19 myself. But you know as well as I do
20 that when you're bidding on a project and
21 you're concerned about the process that's
22 in place, the last thing you want to do
23 is offend the people who are assessing
24 who would be the one that would be
25 operating or developing or investing in

1 5/26/09 - RULES - BILL 090354, etc.

2 that facility, because you may not become
3 one of the bidders. So they live within
4 the process, but they make their concerns
5 known to people who are working and live
6 within the industry.

7 If the communication that's
8 being talked about now has existed all
9 along, we probably would have been
10 sitting here a long time ago getting the
11 proper zoning done. I'm not an expert on
12 the zoning. I'm just concerned for this
13 reason: My definition or my
14 understanding of Least Restricted only
15 came throughout this past weekend of
16 reading about Least Restricted, and the
17 way I understand it, it means that the
18 user or owner of the facility can do
19 whatever they want. And the document
20 that was sent to me -- and I don't know
21 if it's got any official standing or
22 not -- but it listed everything,
23 including the kitchen sink, as
24 possibilities with a Least Restricted
25 piece of zoning. If the zoning law is to

1 5/26/09 - RULES - BILL 090354, etc.
2 include what was talked about here and
3 only that, I wouldn't see any problem
4 with it, but if it's used to then
5 surround the port land that has already
6 been designated but with other land that
7 could be used by a potential investor
8 that's willing to spend money and that
9 land is then, I guess, assigned under
10 Least Restrictive to develop something
11 quicker that's not compatible with the
12 port development, it could throw a monkey
13 wrench in the whole opportunity. So I'm
14 more concerned based on my ignorance.

15 COUNCILMAN KENNEY: Madam
16 President?

17 COUNCIL PRESIDENT VERNA: Yes.

18 COUNCILMAN KENNEY: Could you
19 describe whether or not there are deed
20 restrictions on this parcel that would
21 preclude the bad list of things that are
22 in -- obviously when you read the Least
23 Restricted uses, slaughter houses and so
24 on, it would cause anyone cause for
25 concern. But you had described to us

1 5/26/09 - RULES - BILL 090354, etc.
2 that there were deed restrictions in this
3 arrangement that would preclude any of
4 that activity.

5 MR. GRADY: There are two main
6 parcels that comprise the Southport lands
7 that are in question. One parcel, the
8 ownership interest was conveyed from the
9 Commonwealth. The second would be
10 conveyed from the Philadelphia Authority
11 for Industrial Development. And both of
12 those conveyances have deed restrictions
13 that limit the use of the property to
14 maritime-related activity. So they're
15 very strong restrictions, that anything
16 that occurs on that site has to be
17 related to maritime trade occurring on
18 the adjacent parcels.

19 COUNCIL PRESIDENT VERA: Any
20 other questions from members of the
21 Committee?

22 (No response.)

23 COUNCIL PRESIDENT VERA: Thank
24 you very much.

25 Our next witness?

1 5/26/09 - RULES - BILL 090354, etc.

2 MR. McPHERSON: State
3 Representative William Keller.

4 (Witness approached witness
5 table.)

6 COUNCIL PRESIDENT VERNA: Good
7 morning. Welcome.

8 REPRESENTATIVE KELLER: Good
9 morning, Madam President and members of
10 Council.

11 I'll try to get right to the
12 point, because in days gone by, I used to
13 follow another guy named Jim and I never
14 got a chance to speak. Everything was
15 covered. So now I'm following Paylor and
16 I don't get a chance to -- most of the
17 stuff has already been gone over. But I
18 don't believe we're here asking for a
19 delay or trying to stop the zoning
20 overlay. What we're really asking for is
21 why are we doing this. Why are we
22 changing important industrial land, which
23 is what we're here for, our concern, to
24 Least Restrictive? And my friends from
25 the Governor's Office and my friends from

1 5/26/09 - RULES - BILL 090354, etc.

2 PIDC know I've been involved in this from
3 the beginning, for years. Since the day
4 I got into Harrisburg, it's been my
5 focus, is on the port. And as Mr. Paylor
6 said, there's a great opportunity out
7 there. We have the chance now to bring
8 into the Port of Philadelphia what nobody
9 ever thought.

10 When they did the design for
11 the Navy Yard, they never thought we
12 would have this opportunity. That's why
13 when Mr. Grady says it's consistent with
14 our plan. But the plan has changed over
15 the years. The shipping industry has
16 changed. There's no place else to put
17 cargo that comes into New York or
18 Norfolk. They're running out of room.
19 Philadelphia has the only, only area
20 where you could expand.

21 Now, the Governor has done a
22 job that nobody else could do. I mean,
23 he took stances that were heroic when he
24 stood up for dredging, because dredging
25 was done, and if that was finished, we

1 5/26/09 - RULES - BILL 090354, etc.

2 wouldn't even be here. So the Governor
3 went out, took on fights that he didn't
4 have to take on, but we've moved 90
5 percent of the way to dredging. So
6 that's great.

7 But we're doing the dredging --
8 in order to take the best opportunity is
9 to build new modern facilities. We have
10 world-class people willing to come in and
11 put up money. And they're not used to
12 Philadelphia. We told them when they
13 came in, This is going to be different.
14 Philadelphia, Pennsylvania is a different
15 thing. They don't understand. We always
16 have go-arounds and go-arounds until we
17 get it right.

18 But I think all we need is some
19 time. And if we could sit down with the
20 Governor's Office -- and I've been
21 involved in it. The first I heard of it
22 was this weekend -- or from PIDC, that's
23 all we're asking for, is a little bit of
24 time. Somebody come and explain this.
25 This may be a good thing, but I don't

1 5/26/09 - RULES - BILL 090354, etc.

2 understand -- I don't understand why
3 we're taking Port Industrial land and
4 turning it to Least Restrictive. And
5 they're saying it's because it will help
6 the project, but Packer Avenue that is
7 our terminal facility now, that's under
8 PI. They're working today under that
9 same zoning. It's my understanding. And
10 when Mr. Grady says they're there to
11 create jobs, absolutely. We're there to
12 create jobs too. And I'll do anything.
13 My reputation in Harrisburg is I'll doing
14 anything to create jobs.

15 There's one distinction in this
16 situation. We could create jobs
17 throughout the City. We could create
18 technical jobs, bio-research. They could
19 go anywhere. We ought to limit it. In
20 Port Industrial, we have to be on the
21 river.

22 So I think that's it, as far as
23 I could see it. I would love to sit down
24 with the parties involved, explain this
25 to me, explain why it's good for us,

1 5/26/09 - RULES - BILL 090354, etc.

2 because I just have doubts. I have
3 doubts. And to get on, some day I would
4 like you to take up Mr. Paylor's
5 invitation. We have -- I know a couple
6 Councilmembers have seen it. It's a
7 great opportunity for us. The Governor
8 gets mad when I say it, but it's true.
9 There's studies out there that say we
10 could create 25,000 new jobs. There's
11 nobody in the world that has three class
12 railroads that pull into their port. We
13 have it. We have the highway
14 connections. We have opportunity now,
15 because New York can't handle the cargo
16 that's coming. We should be here, we
17 should be working together to make this
18 the largest facility we have. And I know
19 Mr. Grady says that he's working with us,
20 giving the 60 acres of land, but my
21 contention is, I already put a bill in
22 that took that land. That was riparian
23 land. It upsets me a little bit when I
24 hear Ms. McNamara saying we're doing
25 Submerged Land Act through zoning. You

1 5/26/09 - RULES - BILL 090354, etc.
2 can only do Submerged Lands, as far as I
3 know, from the Commonwealth.

4 So I think there's enough
5 misunderstanding which probably could get
6 straightened out if we could just sit
7 down, take our time. We have time to
8 come back. Council is not going out for
9 a while. Is that correct?

10 COUNCILMAN DiCICCO: June 18th.

11 REPRESENTATIVE KELLER: So we
12 have time. If we could just table this
13 bill or go over it, I'm not sure of the
14 terminology Council uses, but if we could
15 just table this for a week so we could
16 sit down, get us all in a room so we
17 understand this.

18 COUNCIL PRESIDENT VERNA:

19 Ms. McNamara, can you approach the table,
20 please.

21 (Witness approached witness
22 table.)

23 COUNCIL PRESIDENT VERNA:

24 Ms. McNamara, I think you heard State
25 Representative Keller's testimony. Is

1 5/26/09 - RULES - BILL 090354, etc.
2 there anything that you would like to add
3 to what was said?

4 MS. McNAMARA: Yes, I would.
5 Representative Keller has been a great
6 asset to us during this whole process.
7 He's been a tireless advocate of the
8 maritime community. But there are a
9 couple of things that I think we should
10 have some clarity on.

11 The most important thing that
12 he mentioned was the zoning for Packer
13 Avenue being Port Industrial, and they do
14 have a very similar type of operation to
15 what we're hoping will happen at
16 Southport. But the Packer Avenue Marine
17 Terminal is owned by the Philadelphia
18 Regional Port Authority, which is not
19 subject to the City's zoning
20 jurisdiction. So even though it's listed
21 on the City zoning overlay as PI, they're
22 not subject to it and their operator is
23 not subject to it. So effectively there
24 is no zoning that limits the activities,
25 the intermodal activities, on that

1 5/26/09 - RULES - BILL 090354, etc.
2 parcel.

3 The reason that we need to get
4 the zoning in place for Southport is that
5 based on the structure of the sale
6 agreement with PAID, the property will
7 transfer to the Commonwealth and then to
8 the PRPA, and the timing lag means that
9 they will be applying for all of their
10 permits and doing their pre-construction
11 activities during a time when the PRPA
12 doesn't own the property. So the zoning
13 immunity will not apply to the developer
14 of Southport until they actually start
15 the construction.

16 And so it's a little bit
17 technical, but that's the reason why we
18 need to have the zoning in place, because
19 they're going to have to go through the
20 permitting process. They're going to
21 have to work with the City agencies and
22 work within the restrictions of the
23 Zoning Code.

24 COUNCIL PRESIDENT Verna: Yes.

25 REPRESENTATIVE KELLER: One

1 5/26/09 - RULES - BILL 090354, etc.

2 question. I'm not sure, because this is
3 so nebulous. What parcel of land are we
4 talking about? We're talking about Piers
5 122 and 124?

6 MS. McNAMARA: No.

7 REPRESENTATIVE KELLER: Where's
8 the parcel?

9 MS. McNAMARA: This would be
10 the land that is owned by PAID.

11 COUNCIL PRESIDENT VERNA: I
12 think he's asking for the location.

13 MS. McNAMARA: Oh, Parcel 9.

14 COUNCILMAN DiCICCO: I'm sorry.
15 I didn't hear it.

16 MS. McNAMARA: Parcel 9.

17 REPRESENTATIVE KELLER: All in
18 Parcel 9?

19 MS. McNAMARA: The sections of
20 Parcel 9 that will be conveyed to the
21 Commonwealth.

22 REPRESENTATIVE KELLER: Which
23 parts of Parcel 9?

24 MS. McNAMARA: Well, I can show
25 you a map.

1 5/26/09 - RULES - BILL 090354, etc.

2 I don't have the map with me,
3 but we can supply that to Representative
4 Keller. And I would note for the record
5 too that we've worked closely with
6 Representative Keller, the members of the
7 ILA, members of the Maritime Exchange for
8 the Delaware River and Bay, and members
9 of the Maritime Stakeholders Group on
10 this process. We've met with them
11 numerous times. We've heard their
12 concerns and tried to incorporate those
13 into the process, and we'll continue to
14 do that, and I will get the maps to
15 Representative Keller.

16 REPRESENTATIVE KELLER: I agree
17 that you had some conversation with us,
18 but I've never felt just like this.
19 Kate, you got to admit, I've been
20 involved with this from day one, and I
21 have no clarity to it. How do we expect
22 the neighbors to have clarity to it?
23 Which the neighbors have been asking for
24 years to change it to PI, Port
25 Industrial. Now in this bill we're

1 5/26/09 - RULES - BILL 090354, etc.
2 changing it to LR. You're doing the
3 opposite of what the community wants and
4 we haven't even been able to go to a
5 meeting and give them an understanding of
6 what's going on.

7 We're just asking for a little
8 time just to understand this better. I
9 don't -- you don't need this done today.
10 I mean, we have no bidders as we stand
11 now.

12 MS. McNAMARA: Well, with all
13 due respect, there are no residential
14 neighbors to this property.

15 REPRESENTATIVE KELLER: Well,
16 you could talk to the people from
17 Whitman. They believe that's theirs,
18 because they are the ones that were
19 asking for that. They are the ones that
20 put up with everybody having to put strip
21 bars and anything that was not good for
22 the neighborhood in that land. And they
23 not only live close to it, they work
24 there. So I think you have to give them
25 some due.

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCIL PRESIDENT VERNA:

3 Excuse me. Mr. Grady, would you be able
4 to identify the exact parcels that we're
5 talking about? Just show it to State
6 Representative Keller.

7 COUNCILMAN KENNEY: Madam
8 President, while they're -- Ms. McNamara,
9 is it my understanding your testimony is
10 that Packer Avenue Marine Terminal can
11 operate various intermodal facilities,
12 rail and truck, because they are exempt
13 from the City Zoning Code?

14 MS. McNAMARA: Yes.

15 COUNCILMAN KENNEY: And that
16 you won't be able to operate rail or
17 truck intermodally unless we change the
18 zoning?

19 MS. McNAMARA: Yes.

20 COUNCILMAN DiCICCO: I don't
21 know if the Representative and Jim heard
22 that.

23 REPRESENTATIVE KELLER: No, I
24 did not hear that.

25 COUNCILMAN KENNEY: I said it's

1 5/26/09 - RULES - BILL 090354, etc.

2 your testimony that the operation of
3 Packer Avenue Marine Terminal as a
4 multiple intermodal facility, ship, truck
5 and rail, only exists because the parcel
6 is owned by the PRPA and exempt from City
7 zoning?

8 MS. McNAMARA: Yes.

9 COUNCILMAN KENNEY: And that
10 unless we change the zoning in these two
11 parcels that you're asking for, there
12 won't be able to be operated intermodal
13 facilities on truck and rail?

14 MS. McNAMARA: Yes.

15 COUNCILMAN KENNEY: That's your
16 testimony?

17 MS. McNAMARA: Yes. And the
18 reason is that there is a period of time
19 where this parcel is not going to be
20 owned by the PRPA, so the zoning immunity
21 is not going to apply. So to get the
22 proper permitting in place and to
23 construct the facility, it simply can't
24 be done under that zoning designation.

25 COUNCILMAN KENNEY: Thank you.

1 5/26/09 - RULES - BILL 090354, etc.

2 REPRESENTATIVE KELLER: And,
3 again, because I don't know a lot of
4 things, I was under the understanding
5 that as soon as it went to the
6 Philadelphia Regional Port Authority, as
7 soon as it went to the Commonwealth, it
8 could be zoned with their purpose in
9 mind, that the Commonwealth would have
10 the ability to do it then. Now, I'm not
11 a zoning lawyer, but I think that's what
12 happened to Packer Avenue.

13 MS. McNAMARA: But title is not
14 going to transfer immediately to this
15 property. It only transfers after the
16 financial closing, which will not
17 occur --

18 REPRESENTATIVE KELLER: But
19 then, again, when it gets to the
20 Philadelphia Regional Port Authority,
21 zoning is no longer an issue.

22 MS. McNAMARA: Right, but they
23 won't be able to get their permits and
24 construction authorization in place
25 without complying with the City

1 5/26/09 - RULES - BILL 090354, etc.
2 requirements, because title is not going
3 to be in the PRPA.

4 REPRESENTATIVE KELLER: Title
5 for this parcel will not be in the PRPA?

6 MS. McNAMARA: When they're
7 applying for the permit.

8 REPRESENTATIVE KELLER: When
9 they are applying for permits? To do
10 what?

11 MS. McNAMARA: To construct the
12 facility.

13 COUNCILMAN KENNEY: I'm sorry.
14 Is that the 25 million in capital from
15 the state? Is that the state capital
16 dollars?

17 MS. McNAMARA: That's going to
18 be the environmental permitting, but they
19 also have to go through a building
20 construction permitting process. That's
21 going to be the developer who goes
22 through that, and they're going to be
23 going through that permitting process
24 while they're putting together their
25 financing. And so there's a couple of

1 5/26/09 - RULES - BILL 090354, etc.
2 things that are happening at the same
3 time, but during that period, the
4 property is not going to be owned by the
5 PRPA.

6 COUNCILMAN KENNEY: Okay.

7 COUNCIL PRESIDENT VERNA:
8 Councilman DiCicco.

9 COUNCILMAN DiCICCO: Thank you,
10 Madam Chair.

11 My question goes to the timing
12 of all of this. If this Council were to
13 vote this out favorably and we did a
14 suspension, my count is we have 23 days,
15 including today, to the end of the
16 session on June 18th, which would give
17 you 23 days or 22 days for all of you to
18 kind of sit down and -- I mean, it's good
19 to get a lot of this stuff on the record,
20 but I think there's a lot of stuff that
21 just is misunderstanding or not an
22 understanding of that. I think
23 collectively you can all sit down.
24 Because I think everything is coming to
25 the right place and it may not take all

1 5/26/09 - RULES - BILL 090354, etc.

2 that much time for all of you to sit in a
3 room and figure all this other stuff out,
4 which means we can hold the final passage
5 of this as late as June 18th.

6 But if we don't get it out
7 today and you come to an agreement, we
8 may lose that window of opportunity,
9 which then would push this thing all the
10 way back to sometime in September, and we
11 can lose a valuable three-month period,
12 approximately three-month period.

13 So I guess my question is for
14 all of you, but more particularly for
15 you, Ms. McNamara, as long as it gets out
16 by the 18th of June, would that be
17 satisfactory to your side?

18 MS. McNAMARA: That works for
19 us.

20 COUNCILMAN DiCICCO: And
21 Mr. Representative and Jim, does it give
22 you guys -- I don't know what the end
23 result would be, but you're going to have
24 three weeks to have this conversation.

25 REPRESENTATIVE KELLER: And the

1 5/26/09 - RULES - BILL 090354, etc.

2 only thing -- Councilman, you know, you
3 represent the area, so does Councilwoman
4 Verna. The communities are going to be
5 out there now with more LR, which makes
6 them nervous. They don't like it. And
7 there's nothing here that can say, This
8 will go to Port Industrial. It says it
9 could go anywhere.

10 COUNCILMAN DiCICCO: But I
11 think --

12 COUNCIL PRESIDENT VERNA: It's
13 deed restricted.

14 COUNCILMAN DiCICCO: Once I
15 think you see the deed and the
16 restrictions -- we said that earlier when
17 Mr. Lewandowski was up -- that may
18 address those concerns for you and the
19 community.

20 COUNCIL PRESIDENT VERNA: It's
21 like the food distribution center. It
22 was deed restricted, and I remember years
23 ago people wanted to put other types of
24 business there, and they were never,
25 never allowed to because of the deed

1 5/26/09 - RULES - BILL 090354, etc.
2 restriction.

3 So I think this is something
4 that you're all going to have to sit down
5 and work out and maybe come to some
6 conclusion, and I do believe that by the
7 18th there should be some resolution to
8 many of the concerns. Okay?

9 REPRESENTATIVE KELLER: I think
10 that would be the Governor's Office would
11 have to make that --

12 COUNCIL PRESIDENT VERNA: I beg
13 your pardon?

14 REPRESENTATIVE KELLER: I
15 believe the Governor's Office would have
16 to make that commitment. We're willing
17 to meet with anyone any time. Like I
18 said, there's a lot of this we don't
19 understand, and I've been involved in
20 this from the beginning.

21 COUNCIL PRESIDENT VERNA: Well,
22 since you don't understand what is being
23 presented to us today, I think it's
24 imperative that you have the meeting and
25 come to some conclusion by the 18th,

1 5/26/09 - RULES - BILL 090354, etc.
2 whether it's a good project, bad project,
3 whatever.

4 REPRESENTATIVE KELLER: We're
5 saying the same thing, Madam President,
6 but we can't call the meeting. The
7 Governor's Office has to call the
8 meeting.

9 MS. McNAMARA: We're happy to
10 call the meeting.

11 COUNCIL PRESIDENT Verna: I
12 think it was stated they'd love to have a
13 meeting with you. So I think you ought
14 to have it as soon as possible and get
15 back to us as soon as you can. Thank
16 you. I think PIDC said they would be
17 willing to meet with you. The Governor's
18 Office said they're more than willing to
19 meet with you. So you're on the road to
20 success here.

21 REPRESENTATIVE KELLER: Okay.
22 Thank you, Madam President.

23 COUNCIL PRESIDENT Verna: Thank
24 you.

25 MS. McNAMARA: Thank you.

1 5/26/09 - RULES - BILL 090354, etc.

2 MR. PAYLOR: Thank you.

3 MR. McPHERSON: Our next

4 witness is Tom Otto.

5 (Witness approached witness

6 table.)

7 MR. OTTO: Good morning, Madam

8 President --

9 COUNCIL PRESIDENT VERNA:

10 Welcome.

11 MR. OTTO: -- and members of
12 City Council. I'm here -- my name is Tom
13 Otto and I'm President of Pennsport Civic
14 Association, and that's who I'm
15 representing right now. Now, Pennsport
16 doesn't include the geographic area of
17 the Navy Yard, but whatever happens down
18 at the Navy Yard has a big impact on
19 Pennsport and, more than likely, its
20 people. Not too much the geographic of
21 Pennsport, but the people of Pennsport.
22 We need jobs today. That's the bottom
23 line. Our city, our state, the federal
24 government, the whole country is in a
25 flux over jobs, and I think that we could

1 5/26/09 - RULES - BILL 090354, etc.
2 create right here right at that Navy
3 Yard, the facility, a stimulus package
4 that is beyond belief and that would be
5 recognized by the whole country,
6 including President Obama.

7 I'm here to submit a letter to
8 you, Madam President and members of
9 Council, and basically what it is is a
10 table to motion to change -- to table the
11 motion to change the zoning on the parcel
12 of land down there at the Navy Yard. And
13 a plan has been developed, from what I
14 understand from maritime experts, to use
15 the land for maritime terminals that
16 would be the largest on the East Coast,
17 at no cost to the City. So I think that
18 could make everybody kind of happy.

19 So, please, what I'm here today
20 is, let the experts explain what's going
21 on, because I certainly am not the expert
22 of the PIDC or the Governor's Office or
23 even the International Longshoremen, Jim.
24 I don't have the numbers or the maps that
25 these people have, but what I'm asking

1 5/26/09 - RULES - BILL 090354, etc.

2 you today is to table this to the 18th or
3 whatever, whatever date, and to get
4 everybody to sit down and talk about what
5 their particular plans are.

6 It's a great opportunity, and
7 from what I do understand, that the
8 people that are willing to invest
9 millions and millions and millions of
10 dollars into the facility don't need a
11 little parcel of land. They need a whole
12 big parcel of land. Now, that's up to
13 you's to work out. Hopefully that the
14 Council will be involved with the
15 Governor's Office and the PIDC. You
16 can't exclude yourselves. You's got to
17 be in the middle of this, because it's
18 going to affect the City, the State and
19 the federal level tremendously.

20 So I'd like to submit this
21 letter to Madam President and to members
22 of this Committee to table this. I don't
23 know who could take this, but I
24 appreciate your effort letting me --
25 giving me the opportunity to speak to you

1 5/26/09 - RULES - BILL 090354, etc.
2 today.

3 COUNCIL PRESIDENT VERNA: Thank
4 you very much, Mr. Otto. We appreciate
5 your coming in. Just a moment, Mr. Otto.

6 The Chair recognizes Councilman
7 DiCicco.

8 COUNCILMAN DiCICCO: First of
9 all, congratulations on your recent
10 election. Was it yesterday?

11 MR. OTTO: Primary day.

12 COUNCILMAN DiCICCO: Oh, I saw
13 something in the paper there was an
14 election yesterday.

15 MR. OTTO: I'll tell you what,
16 don't believe everything you read in the
17 paper.

18 COUNCILMAN DiCICCO: I don't.
19 That's why I'm asking you.

20 But I think you heard our
21 comments to Representative Keller,
22 Mr. Paylor and Ms. McNamara and Mr.
23 Grady, that they will begin to have these
24 discussions. So, again, it's not my
25 bill, it's the Council President's bill,

1 5/26/09 - RULES - BILL 090354, etc.

2 but if it gets voted out, that doesn't
3 mean it's over. We still have at least
4 three weeks to hopefully resolve any of
5 those outstanding issues before the 18th
6 when the final vote could possibly
7 happen. So I just wanted to explain that
8 to you, that by voting it out today
9 doesn't make it a done deal. It still
10 has some opportunities to be discussed.

11 MR. OTTO: I'm not the expect.

12 Thank you.

13 COUNCILMAN DiCICCO: Thank you.

14 COUNCIL PRESIDENT VERNA: Thank
15 you very much, sir.

16 Do we have anyone else to
17 testify on this bill?

18 Please approach the witness
19 table.

20 (Witness approached witness
21 table.)

22 COUNCIL PRESIDENT VERNA: Good
23 morning. Please identify yourself for
24 the record.

25 MS. CULLEN: My name is Janet

1 5/26/09 - RULES - BILL 090354, etc.

2 Cullen, C-U-L-L-E-N. First of all, I'd
3 like to thank Council for working so hard
4 with all the taxes and everything, and
5 I'm sure you'll follow through with all
6 the waste and everything.

7 This is going to be unusual.
8 Usually you hear "not in my backyard,"
9 but you're not going to hear from our
10 neighborhood or Pennsport. We want port
11 in our neighborhood and past that to the
12 west. We'd like industry, manufacturing
13 industry. And I think there's a lot of
14 misconceptions that was put in front of
15 the Planning Commission. There were
16 statements saying -- I know there were
17 four bidders and they said they had to
18 change the zoning to market the idea
19 better. Now, how could you have four
20 bidders and then a month or so later
21 saying you have to market it better?

22 And also what was explained,
23 they said why change from port to LR, and
24 the statement was given, Well, if it's
25 from a ship to a truck, from a ship to a

1 5/26/09 - RULES - BILL 090354, etc.

2 train, from a ship to a bus, that's port.

3 But you can't do train to truck or truck
4 to train. Well, that's the whole idea of
5 the waterfront. If you're going truck to
6 train, go west. There's railroads there.
7 There's land there and not the river.

8 And another thing too. In
9 front of the Planning Commission -- I
10 don't blame them. Since I seen this
11 announced on the March 17th bill, it was
12 for information only, I think I called
13 everybody in here, and I'm sure you all
14 know it. It upset me pretty much. And
15 then the last Planning Commission when
16 this was discussed, they were talking
17 about awnings, advertisement on awnings
18 in Kensington or Mayfair, and that took
19 ten minutes. For this bill it took five.
20 So I think that gives you -- tells you
21 something right there.

22 So any land left on the river,
23 I don't care we're talking crazy, no pier
24 there, should go to the port, period, end
25 of report. They already lost too much

1 5/26/09 - RULES - BILL 090354, etc.

2 and we shouldn't let them lose any more.

3 And you mentioned about having
4 a meeting. I thought to find people that
5 are interested in -- maybe the University
6 of Pennsylvania. They get involved in a
7 lot of this, and union members and the
8 residents, please. Could you please add
9 the residents to it.

10 Let's see what else.

11 Another thing that has me
12 concerned, if a benefactor dictates a
13 bill, then the benefactor becomes a
14 dictator. So I'd like you to keep that
15 in mind and remember democracy, if you
16 don't mind. Okay?

17 Thank you very much.

18 COUNCIL PRESIDENT VERNA: Thank
19 you. You've been extremely patient and
20 we appreciate your coming in to testify.
21 Thank you very much.

22 Do we have anyone else to
23 testify?

24 (No response.)

25 COUNCIL PRESIDENT VERNA:

1 5/26/09 - RULES - BILL 090354, etc.

2 Seeing no one, I would suggest that
3 Mr. McPherson please read the title of
4 Bill No. 090354.

5 MR. MCPHERSON: An ordinance
6 amending Chapter 14-400 of The
7 Philadelphia Code, entitled "Commercial
8 Entertainment District," by revising and
9 clarifying requirements relating to
10 parking, height regulations, gross floor
11 area and permitted uses, all under
12 certain terms and conditions.

13 COUNCIL PRESIDENT VERNA: Thank
14 you.

15 MR. MCPHERSON: Bill No.
16 090359, an ordinance authorizing the
17 revision of lines and grades on a portion
18 of City Plan Nos. 146 and 271 by striking
19 from the City Plan and vacating
20 Shackamaxon Street from Delaware Avenue
21 southeastwardly to a dead end and
22 reserving and placing on the City Plan a
23 right-of-way for various utility purposes
24 within the lines of Shackamaxon Street
25 being stricken and by relocating portions

1 5/26/09 - RULES - BILL 090354, etc.
2 of the southeastern curbline of Delaware
3 Avenue from Ellen Street to Shackamaxon
4 Street, all under certain terms and
5 conditions.

6 COUNCIL PRESIDENT VERNA: Good
7 morning. You've been very patient.
8 Thank you.

9 MR. GREENBERGER: My original
10 text mistakenly said good afternoon, and
11 I have about ten seconds to say good
12 morning, Council President Verna and
13 members of City Council. I'm Alan
14 Greenberger, the Executive Director of
15 the City Planning Commission. I am here
16 to testify in support of two proposed
17 zoning ordinances related to the
18 development of the proposed SugarHouse
19 casino.

20 The first one, Bill 090354,
21 amends the existing Commercial
22 Entertainment District legislation to
23 accommodate some important operational
24 issues associated with the construction
25 sequencing of the casino. Bill 090359

1 5/26/09 - RULES - BILL 090354, etc.
2 strikes a small extension of Shackamaxon
3 Street that is no longer necessary for
4 vehicular access.

5 With regard to Bill 090354, the
6 substance of the ordinance accounts for
7 how parking will be accommodated from the
8 period of the so-called interim gaming
9 facility of 1,700 slot machines through
10 the end of the so-called Phase I, when
11 the casino will have expanded to its
12 state-mandated requirement of 3,000 slot
13 machines.

14 In this revised proposal -- and
15 when I say "revised," I mean relative to
16 the original plan of development from, I
17 guess, at least a year back or more --
18 the interim facility will actually be the
19 first piece of the permanent casino to be
20 built. It will rely on fulfilling its
21 zoning requirement of four parking spaces
22 for every five slot machines by using
23 substantial surface parking on its own
24 property. And you can see that in the
25 picture on the right side board, that

1 5/26/09 - RULES - BILL 090354, etc.

2 large gray area.

3 That property is insufficient
4 in size to accommodate all of the
5 required parking on surface lots.
6 Therefore, the developer has proposed to
7 use a property immediately to the north,
8 generally referred to as the -- by the
9 name of the owner, the Bogatin site, for
10 additional parking. That site contains a
11 currently vacant warehouse building that
12 is sufficiently large to house several
13 hundred vehicles. The amendment to the
14 CED establishes the ability of the
15 developer to do this while allowing
16 parking on immediately adjacent sites
17 regardless of their underlying zoning.
18 It also exempts the developer from the
19 limit that previously existed that
20 established a maximum of ten percent of
21 the parking in open-air lots, but this
22 exemption is only for the duration of the
23 interim facility.

24 When the casino expands to
25 3,000 slot machines, the developer will

5/26/09 - RULES - BILL 090354, etc.

be building a garage structure that's intended to accommodate the vast majority of the parking demand for the entire site. The ground floor of the garage structure is also intended to accommodate the expanded gaming floor and new loading facilities for the complex. The construction period for the garage is approximately one year. During that construction period, the surface lot that occupies the ground that is intended for the garage will, therefore, be unavailable for parking. In order to ensure that the developer meets their zoning-required parking during this period of garage construction and ensure that parking does not migrate into the Fishtown and Northern Liberties neighborhoods, this amendment to this CED allows for temporary off-site parking only along Delaware Avenue for a mile in either direction. For reference, that's roughly the stretch of Delaware Avenue from Market Street to the Girard Avenue

1 5/26/09 - RULES - BILL 090354, etc.

2 interchange of I-95.

3 Council should note that the
4 very same issues existed in the original
5 Plan of Development proposal for the
6 SugarHouse casino; that is to say, if I
7 could explain that a moment, there was an
8 interim facility proposed then. It would
9 have required surface parking then, and
10 then a garage would be built. But that
11 issue was not addressed at that time
12 because there were larger issues that
13 were being discussed. Now this issue has
14 to be dealt with, and this is what this
15 amendment is doing.

16 With regard to the other bill,
17 090359, the ordinance authorizes a
18 revision to the City Plan by striking and
19 vacating Shackamaxon Street from Delaware
20 Avenue towards the river and to a dead
21 end approximately 120 feet away. The
22 amendment requires that there will be a
23 right-of-way maintained for utilities as
24 a combined sewer outflow exists
25 underneath.

1 5/26/09 - RULES - BILL 090354, etc.

2 Vacating the street will allow
3 the SugarHouse development to clean up
4 what is right now a very unattractive and
5 decayed area. The development of this
6 area will include public access for
7 pedestrians and bicyclists to the
8 waterfront and will be part of a
9 continuous loop of public access around
10 the SugarHouse casino itself.

11 I would like to add that we
12 anticipate the formal submittal of the
13 SugarHouse's revised Plan of Development
14 to the Planning Commission by the end of
15 May or perhaps Monday, which I guess
16 would be June 1st. The Plan of
17 Development will be made available to the
18 public, both on the Commission website
19 and on our offices, for a week-long
20 duration. Following that, the Planning
21 Commission will meet to consider the Plan
22 of Development for approval.

23 I'd also like to add that both
24 of these ordinances were recommended by
25 the Planning Commission at its meeting

1 5/26/09 - RULES - BILL 090354, etc.
2 last week on May 19th.

3 That concludes my testimony.
4 Thank you for your time, and I'll be
5 pleased to answer any questions.

6 COUNCIL PRESIDENT Verna: Thank
7 you very much.

8 The Chair recognizes Councilman
9 DiCicco. I'm sorry. All I saw was the
10 light. The Chair recognizes Councilman
11 Goode.

12 COUNCILMAN GOODE: Thank you,
13 Madam President.

14 Good afternoon.

15 MR. GREENBERGER: Good
16 afternoon.

17 COUNCILMAN GOODE: Are you the
18 only witness on behalf of the
19 Administration?

20 MR. GREENBERGER: I believe
21 that is correct, yes.

22 COUNCILMAN GOODE: I believe
23 there was an Economic Opportunity Plan
24 prepared for this project. Can someone
25 please submit it to the Committee at this

1 5/26/09 - RULES - BILL 090354, etc.

2 time?

3 MR. GREENBERGER: I will look
4 after that. I don't know the answer, but
5 I will look after that.

6 COUNCILMAN GOODE: I believe
7 someone has it here. I just wanted to
8 know if we could see it at this time
9 since this is an appropriate time.

10 MR. GREENBERGER: Okay.

11 COUNCILMAN GOODE: Thank you.

12 COUNCIL PRESIDENT VERNA:

13 You're welcome.

14 The Chair recognizes Councilman
15 Clarke.

16 COUNCILMAN CLARKE: Thank you,
17 Madam President.

18 Good afternoon.

19 MR. GREENBERGER: Good
20 afternoon.

21 COUNCILMAN CLARKE: I just had
22 a quick question unrelated to the bills
23 before us, but related to the project.
24 Off the top of your head, can you tell me
25 where we are with the I-95 ramps, the

1 5/26/09 - RULES - BILL 090354, etc.

2 status of those ramps?

3 MR. GREENBERGER: My
4 understanding from Deputy Mayor Cutler --
5 and, unfortunately, I don't remember the
6 exact timing she said, but these sound
7 like they are ready to go this year.

8 COUNCILMAN CLARKE: Meaning?
9 When you say "ready to go," ready to
10 start construction?

11 MR. GREENBERGER: My
12 recollection is that there's a temporary
13 ramp that has to be built to enable the
14 larger piece of construction to happen,
15 and I believe she said that that
16 temporary ramp will start construction
17 sometime this year.

18 COUNCILMAN CLARKE: So will the
19 completion coincide with the completion
20 of this proposed development?

21 MR. GREENBERGER: I don't know.
22 I'd want to check with her on the exact
23 timing. They're obviously going on in
24 parallel, but I just don't remember when
25 the end dates were.

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCILMAN CLARKE: That's kind
3 of important in terms of alleviating the
4 potential traffic issue.

5 Okay. Thank you, Madam
6 President.

7 COUNCIL PRESIDENT Verna: Thank
8 you.

9 Any other questions?

10 (No response.)

11 COUNCIL PRESIDENT Verna: Thank
12 you again.

13 MR. GREENBERGER: You're
14 welcome.

15 MR. McPHERSON: Our next
16 witnesses are representatives from
17 SugarHouse. Bob Sheldon, Ian Cope, Leigh
18 Whitaker and Terry McKenna.

19 (Witnesses approached witness
20 table.)

21 COUNCIL PRESIDENT Verna: Good
22 afternoon. Please identify yourself for
23 the record.

24 MR. CARLIN: Good morning,
25 Madam President and members of Council.

1 5/26/09 - RULES - BILL 090354, etc.

2 My name is Greg Carlin. I am the CEO of
3 SugarHouse casino, and I have with me
4 here today Ian Cope, our architect; Terry
5 McKenna, our Development Manager; Bob
6 Sheldon, who is our President and COO;
7 and Leigh Whitaker, our Director of
8 Communications.

9 COUNCIL PRESIDENT Verna:

10 Hello.

11 MR. CARLIN: Before I begin, I
12 want to take a moment to thank Councilman
13 DiCicco, Brian Abernathy, the Mayor and
14 the Mayor's staff for working
15 collaboratively with us over the past few
16 months to develop a plan that we can move
17 forward with quickly and get a casino
18 open quickly and start generating revenue
19 for the Commonwealth and for the City and
20 also creating lots of jobs in the City.

21 We are here today to testify in
22 support of Bill Nos. 090354 and 090359.
23 Bill 090354 seeks to amend the Commercial
24 Entertainment District designation to
25 allow parking on immediately adjacent

1 5/26/09 - RULES - BILL 090354, etc.
2 parcels and to allow for more than ten
3 percent of surface parking spaces until
4 our garage structure is complete. Bill
5 030954 (sic) seeks to authorize striking
6 and vacating Shackamaxon Street to
7 accommodate the construction of a public
8 right-of-way and public entrance to the
9 casino site. Both of these bills support
10 the timely development and construction
11 of our interim facility pursuant to our
12 recently modified plan.

13 At this time, I would like to
14 turn it over to Ian Cope, our architect,
15 who will give you a brief overview of the
16 modifications to the Plan of Development.

17 MR. COPE: Thank you, Greg.

18 Good morning, Council President
19 Verna --

20 COUNCIL PRESIDENT VERNA: Good
21 morning.

22 MR. COPE: -- Councilman
23 DiCicco and members of the Committee on
24 Rules. My name is Ian Cope. I'm with
25 Cope Linder Architects and we're the

1 5/26/09 - RULES - BILL 090354, etc.
2 architects for the SugarHouse casino
3 project. I'm here today to ask this
4 Committee to approve Bill No. 090354 and
5 090359, which will facilitate the quick
6 construction and opening of the
7 SugarHouse casino on North Delaware
8 Avenue.

9 Thank you for this opportunity
10 to walk you through the design
11 modifications we plan to make to our
12 original development proposal. We are
13 confident that these changes will result
14 in an improved casino design that can be
15 constructed and opened very quickly.

16 We are proposing a modified
17 site and building design, which includes
18 an element that we have consistently
19 referred to as the interim casino. Just
20 as we had contemplated in the original
21 2006 design and the 2007 approved Plan of
22 Development, this interim facility is to
23 be the initial phase of the permanent and
24 much larger casino development. That is
25 to say, that although we are now

1 5/26/09 - RULES - BILL 090354, etc.
2 proposing to situate our building on a
3 different location within our site, this
4 is to be a permanent building right from
5 the outset. This interim casino will be
6 the cornerstone, if you will, for the
7 rest of our project.

8 I would like to get my
9 colleague, Mr. Shomper, to flip through
10 some of the boards as I go through them.
11 So you may want to refer to there. And I
12 believe you have some handouts which have
13 the same graphics.

14 I would like to take a moment
15 to orient you to these drawings and then
16 guide you through the various phases of
17 the planned development.

18 The easel on the left is
19 comprised of illustrative site plans.
20 The streets you see bordering the site to
21 the west as seen at the top of the board
22 is North Delaware Avenue. The blue area
23 towards the bottom of the board is, of
24 course, the Delaware River, and our
25 property extends from Ellen Street at the

1 5/26/09 - RULES - BILL 090354, etc.

2 southern end to Shackamaxon Street at the
3 north, or to the right of the board.

4 Traffic signals will be at both the foot
5 of Frankford Avenue leading into Laurel
6 Street and the main porte cochere and
7 valet entrance, and another intersection
8 just south of Shackamaxon Street leading
9 into our self-park lots and later the
10 main parking structure.

11 The easel on the right will
12 typically show a three-dimensional aerial
13 view of each of the corresponding phases.
14 This will give you an idea of the general
15 massing and help you to see how the
16 project will evolve. In each of these
17 views, we were looking from high above
18 North Delaware Avenue with the river in
19 the background.

20 In order to bring this facility
21 to fruition and start generating revenue
22 as soon as humanly possible and subject
23 to your approval of these bills, we
24 propose to build an at-grade structure of
25 approximately 100,000 square feet to

1 5/26/09 - RULES - BILL 090354, etc.
2 accommodate approximately 1,700 slot
3 machines. This permanent facility is to
4 be supported on a temporary basis by
5 surface parking lots surrounding our
6 initial building and using other nearby
7 and adjacent parcels until such time as
8 the permanent garage is completed and
9 available for public use.

10 In addition to the surface
11 parking that will accompany this interim
12 casino, the new building is proposed to
13 be a single-story structure, with the
14 whole gaming floor at the grade or street
15 level, along with a modest mezzanine
16 above, whereas our previous design in a
17 previously approved Plan of Development
18 was principally a two-story structure,
19 with the main casino elevated above our
20 valet parking and what might be
21 characterized as a concealed basement.
22 We now propose to accommodate our valet
23 parking on adjacent surface lots at the
24 southern end of the site during this
25 interim phase, and then within portions

1 5/26/09 - RULES - BILL 090354, etc.
2 of our parking structure once that has
3 been completed.

4 This change in the number of
5 stories of the building will not
6 materially alter the appearance of the
7 casino and will be virtually
8 imperceptible to the customer and the
9 public. Also, this design, by putting
10 the casino and the public entrances to
11 the casino at the street level is viewed
12 by many as more pedestrian friendly and
13 less suburban from a planning and urban
14 design perspective.

15 It's fair to say that all of
16 the proposed modifications to our new
17 plan reflect a substantially similar
18 overall development program as our
19 original Plan of Development did. While
20 we are planning some shifts in the
21 location of the various project
22 components and some necessary changes in
23 the chronology of what we are bringing
24 online, the new plan is similar in most
25 respects to what we had previously

1 5/26/09 - RULES - BILL 090354, etc.
2 proposed, along with some new
3 enhancements that have come at the urging
4 of the City's planners, which I'll
5 elaborate on in a minute.

6 As I mentioned, the interim
7 casino will house the first 1,700 slot
8 machines and incorporate our permanent
9 front door, or porte cochere, a new
10 restaurant, feature bar or lounge, a
11 snack bar for lighter fare. We've taken
12 great care to plan safe and convenient
13 pedestrian paths from all of our parking
14 fields to the front door to minimize
15 conflicts with vehicular movements.
16 Importantly, once this interim facility
17 has been completed, we will have both
18 outdoor public promenades leading to the
19 river's edge as well as outdoor dining
20 terraces and secondary entrances along
21 the actual riverfront.

22 The very next phase of our
23 development will involve the construction
24 of our main self-parking garage just to
25 the right or immediate north of this

1 5/26/09 - RULES - BILL 090354, etc.
2 interim casino building. This garage
3 will precede any expansion of the casino,
4 currently planned to grow from an initial
5 1,700 to 3,000 slots. The structure as
6 currently planned is in the very same
7 location as we had originally proposed
8 and will accommodate 3,260 or more
9 spaces.

10 Once this garage structure has
11 been completed and we are no longer
12 reliant on the full extent of surface
13 parking lots, we are free to expand the
14 interim building and complete Phase I
15 with a total of approximately 3,000
16 machines. This horizontal expansion will
17 occur in the areas between the interim
18 building and the contemplated garage, and
19 portions of the casino and back-of-house
20 areas will actually extend into the lower
21 levels of the garage. At this point in
22 the project, patrons arriving and parking
23 on the various garage levels can descend
24 by elevator right down onto the main
25 gaming floor, just as we had contemplated

1 5/26/09 - RULES - BILL 090354, etc.

2 in the original plan. You'll note that
3 at the conclusion of Phase I, we will be
4 able to accommodate over 90 percent of
5 our required parking in our parking
6 structure, and we can remove unneeded
7 portions of surface parking areas
8 directly in front of the casino in favor
9 of a landscaped forecourt and additional
10 pedestrian pathways.

11 We want to project an exciting,
12 dynamic and contemporary architectural
13 image for the project. In this image you
14 see the porte cochere as seen from the
15 Delaware Avenue approach. Although we're
16 still making refinements to the actual
17 facades and materials and lighting, this
18 is essentially what you will see at the
19 conclusion of the -- at the completion of
20 the interim casino building, and you can
21 also see the garage in the background
22 there that will precede the Phase I
23 expansion of the gaming floor.

24 By investing in a permanent
25 structure and a permanent entrance, or

1 5/26/09 - RULES - BILL 090354, etc.

2 front door, rather than a temporary
3 facility, we can better familiarize our
4 customers and the public with the layout
5 of this facility and, more important, we
6 can create a compelling and first
7 impression and sense of arrival in a way
8 that no type of temporary structure
9 could.

10 Here to the far right on the
11 image of the interim building, you can
12 see the gracious pedestrian promenade
13 which is aligned with Frankford Avenue
14 and Laurel Street leading right to the
15 waterfront.

16 It was important in this
17 modified plan to similarly demonstrate to
18 both the City and to the Gaming Control
19 Board that our site could readily
20 accommodate additional expansion phases.
21 When market conditions allow, the
22 facility can be further expanded to the
23 south to house some 5,000 total gaming
24 machines, gaming positions, on a single
25 level, in this case at street level, as

1 5/26/09 - RULES - BILL 090354, etc.
2 well as additional amenities,
3 street-level retail, an expanded food and
4 beverage program, and potential two hotel
5 towers, a mid-rise suites product and a
6 large-scale event or performance center.
7 All of this expansion, most of which
8 would be built to the south of our
9 Frankford Avenue entrance, can occur with
10 little or no inconvenience to our
11 customers or congestion or interruption
12 to ongoing gaming operations.

13 I would like to touch on a few
14 of the changes we have made to our plan
15 that incorporate a number of the
16 principles of the City's recent
17 waterfront planning initiative. Just by
18 way of comparison, the original approved
19 Plan of Development is the board on the
20 right. The comparison to the new plan
21 should be helpful.

22 One of the planning concepts
23 that the City requested that we consider
24 was to provide some form of public access
25 to the waterfront at more frequent

1 5/26/09 - RULES - BILL 090354, etc.
2 intervals than simply at either end of
3 our site. The notion was essentially to
4 extend the streets or the street grid
5 through the midst of our property. One
6 of our concerns, of course, was
7 maintaining a cohesive and connected
8 development and the ability to maintain a
9 contiguous single-level gaming floor.
10 What we are now proposing for the Phase
11 II/future expansion phase in fact
12 accomplishes both of these aims as we
13 provide an elevated public concourse or
14 Galleria, if you will -- Jim is pointing
15 that out in blue -- that will align with
16 what used to be Laurel Street at the foot
17 of Frankford Avenue and extend right over
18 the gaming floor and leading directly to
19 the waterfront, where the public and our
20 customers alike can descend through a
21 public amphitheater down to the water's
22 edge. In this fashion, we now provide
23 two wide, landscaped, open-air public
24 paths at either end of the property and
25 one enclosed and conditioned,

1 5/26/09 - RULES - BILL 090354, etc.
2 weather-proofed path leading right from
3 Delaware Avenue to the newly improved
4 waterfront promenade. This promenade
5 will be suitable for bikers, pedestrians,
6 joggers and the like. We've also opened
7 up, or unearthed, if you will, Penn
8 Street where previously we had extended
9 the casino over the former Penn Street
10 creating a sort of tunnel. It's now an
11 open-air restored to a street.

12 I can think of no other
13 completed or contemplated development,
14 private or public, that will provide so
15 much public access to the water's edge.

16 In addition to enhanced access
17 to the waterfront, recent City planning
18 efforts expressed a preference for a more
19 naturalistic treatment of the river's
20 edge, providing a closer relationship to
21 the tidal changes and indigenous
22 vegetation. This is viewed by many as
23 more environmentally friendly and
24 requires a lower threshold of permitting
25 than the extent of elevated and

1 5/26/09 - RULES - BILL 090354, etc.

2 pile-supported concrete pier structures
3 extending out into the water that we had
4 proposed previously. You can see that
5 straight edge on the right.

6 Another one of the principles
7 that the waterfront plan espoused was
8 using buildings to define the street edge
9 by bringing the building face or facades
10 right out to the street edge, in this
11 case along North Delaware Avenue. We've
12 incorporated this in the new plan in the
13 future phases of development.

14 As you can see, we proposed
15 additional blocks of development, housing
16 street-level retail right out along
17 Delaware Avenue, with the potential for
18 structured parking and more hotel rooms
19 above. As we hope you will recognize, we
20 have worked very hard to incorporate a
21 number of the City's more important
22 planning tenets, and over time we are
23 certain that the SugarHouse will evolve
24 into a vibrant and truly mixed-use
25 facility and a beacon along our

1 5/26/09 - RULES - BILL 090354, etc.
2 waterfront.

3 In closing, we are very
4 confident that we can quickly deliver a
5 wonderfully attractive, compelling and
6 enduring facility, both inside and out,
7 and we can do so without compromise to
8 the customer's experience and
9 convenience, without compromise to the
10 public's access to their waterfront and
11 without compromise to the operational
12 efficiencies that must accompany a good
13 plan.

14 With your approval, the
15 SugarHouse team is ready to move forward,
16 get people back to work and get started
17 with an exciting and dynamic casino for
18 which we could all be proud.

19 Thank you for affording me the
20 opportunity to testify today. I'd like
21 to turn it over to my colleague, Terry
22 McKenna of Keating Consulting, to give
23 you a brief update on the permitting and
24 approval process.

25 Thank you.

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCIL PRESIDENT VERNA: Thank
3 you.

4 MR. McKENNA: Good morning,
5 Council President Verna, Councilman
6 DiCicco and members of the City Council
7 Committee on Rules. My name is Terrence
8 McKenna and I am the Development Manager
9 for the SugarHouse casino. I am here
10 seeking this Committee's approval for
11 Bill Nos. 090354 and 090359, which are
12 necessary for the development and
13 construction of the SugarHouse casino.
14 My colleague, Ian Cope, just walked you
15 through our modified Plan of Development.
16 I will now provide you with a brief
17 explanation as to how Bill 090354 and
18 090359 will facilitate the development of
19 the SugarHouse casino.

20 As Ian Cope explained, it is
21 HSP Gaming's intention to open the
22 interim casino portion of our development
23 as soon as possible. In fact, from the
24 point of breaking ground, it is
25 anticipated that the interim casino will

1 5/26/09 - RULES - BILL 090354, etc.
2 be open in approximately ten months.
3 Assuming all necessary approvals and
4 financing are in place, the
5 groundbreaking is tentatively targeted
6 for August 1, 2009, which would result in
7 a second quarter 2010 opening of the
8 interim casino.

9 In order to open the interim
10 casino in such an expedited manner,
11 certain adjustments to our development
12 plan must be made. The largest of these
13 adjustments is to operate solely with
14 surface parking instead of structured
15 parking within a parking garage. The
16 reason only surface parking can be
17 utilized during the interim phase is
18 timing. In order to design, manufacture
19 and construct a parking garage of the
20 size needed for the SugarHouse casino, a
21 period of approximately 24 months is
22 required. As such, if HSP Gaming was to
23 be required to construct a parking garage
24 for this interim phase, the interim
25 casino would not open until approximately

1 5/26/09 - RULES - BILL 090354, etc.
2 the third quarter of 2011, not the second
3 quarter of 2010, which results in an
4 extended period of approximately 15
5 months where revenue would not be
6 generated for the City or the
7 Commonwealth and jobs would not be
8 created, both for construction and
9 operations.

10 Relative to the bills which are
11 the subject of this hearing, Bill No.
12 090354 will allow HSP Gaming to open
13 their interim facility in the second
14 quarter of 2010 with sufficient surface
15 parking to meet the City of Philadelphia
16 zoning requirements and the casino's
17 operational needs.

18 Specifically, Bill 090354
19 permits the City Planning Commission,
20 after consultation with the Department of
21 Streets, to permit casino surface parking
22 on immediately adjacent parcels in order
23 to meet the City's requirement of four
24 parking spaces for every five slot
25 machines. Furthermore, the bill

1 5/26/09 - RULES - BILL 090354, etc.
2 eliminates the maximum ten percent
3 surface parking requirement while the
4 interim phase is in operation.

5 For the interim casino, HSP
6 Gaming is planning a total of
7 approximately 1,700 slot machines.
8 Therefore, per the City zoning
9 requirement of four parking spaces for
10 every five slot machines, HSP Gaming must
11 provide a minimum of 1,360 parking
12 spaces.

13 While HSP Gaming's parcel is
14 fairly large, it does not have sufficient
15 area to operate the interim casino and
16 provide 1,360 parking spaces. In fact,
17 it is estimated that the property can
18 only facilitate approximately 1,070
19 parking spaces, falling short by
20 approximately 290 spaces.

21 Under Bill No. 090354, HSP
22 Gaming will be able to provide an
23 additional 375 parking spaces on Piers 49
24 and 50 immediately north of their
25 property, thus providing a total of 1,465

1 5/26/09 - RULES - BILL 090354, etc.
2 spaces for the interim casino, or in
3 excess of approximately 105 spaces over
4 the four-per-five zoning requirement.
5 Piers 49 and 50 is the desired location
6 for off-site surface parking since it is
7 immediately adjacent to the SugarHouse
8 casino parcel, which will permit all
9 vehicular movements between the two
10 parcels to occur within the property
11 boundaries and not on public streets.

12 Bill No. 090354 will also
13 permit HSP Gaming to utilize additional
14 off-site parking for the SugarHouse
15 casino during the period of time that the
16 parking garage is under construction.
17 During construction of the garage, it is
18 estimated that approximately 350 on-site
19 surface parking spaces will be lost,
20 resulting in a shortage of approximately
21 245 parking spaces to meet the
22 four-per-five zoning requirement. Bill
23 No. 090354 permits HSP Gaming to utilize
24 properties for off-site parking within
25 one mile of the site, provided that the

1 5/26/09 - RULES - BILL 090354, etc.

2 properties are located immediately
3 adjacent to and accessible from Delaware
4 Avenue. In the absence of this
5 provision, HSP Gaming will need to
6 suspend the operation of the interim
7 casino during construction of the parking
8 garage, which would result in the loss of
9 revenue to both the City and the
10 Commonwealth, as well as the loss of
11 casino-related jobs.

12 Finally, Bill No. 090359
13 authorizes the striking and vacating of
14 the remaining portion of Shackamaxon
15 Street to the east of North Delaware
16 Avenue and the relocation of the easterly
17 curb line of North Delaware Avenue. Both
18 of these changes to the City Plan are
19 required in order for HSP Gaming to
20 implement the off-site roadway
21 improvements that are required by both
22 the Department of Streets and the
23 Pennsylvania Department of Transportation
24 as part of the Highway Occupancy Permit
25 for the SugarHouse casino. Without this

1 5/26/09 - RULES - BILL 090354, etc.
2 bill, no off-site roadway improvements
3 could be undertaken on North Delaware
4 Avenue.

5 Thank you for allowing me the
6 time to testify before you today. I urge
7 you to support Bill Nos. 090354 and
8 090359 so that HSP Gaming can start the
9 construction on a world-class gaming and
10 entertainment facility at their property,
11 put hundreds of people to work and begin
12 generating millions of dollars in revenue
13 for both the City and the Commonwealth.

14 We'd be happy to answer any
15 questions you may have.

16 COUNCIL PRESIDENT VERNA: Thank
17 you very much.

18 Are there any questions from
19 members of the Committee, any comments?

20 The Chair recognizes Councilman
21 Clarke.

22 COUNCILMAN CLARKE: Thanks,
23 Madam President.

24 Good afternoon. A couple of
25 quick questions related, but not

1 5/26/09 - RULES - BILL 090354, etc.
2 necessarily to these particular bills.
3 As you know, Councilman DiCicco and
4 myself represent portions of the adjacent
5 community, and during the course of the
6 last couple of years, there have been
7 varying views about whether or not this
8 should be built. It's changed over a
9 period of time, and a lot of it based on
10 you all's willingness to meet with
11 community people on a consistent basis
12 and solicit significant input, and I
13 think you have a much better project as a
14 result of that.

15 There are a couple of things,
16 and one I may have to actually ask
17 Mr. Frank, but since you guys are here,
18 during the last several months, the
19 community groups have put together a
20 community benefits agreement based on the
21 interaction with yourselves and also the
22 City of Philadelphia, and I know there
23 was a commitment by SugarHouse to those
24 community groups and subsequently to the
25 community benefits agreement. There is

1 5/26/09 - RULES - BILL 090354, etc.
2 also a special services district that
3 reflects the most affected areas of those
4 perimeters in both of our Council
5 districts. As recent as a month ago, I
6 had an opportunity to meet with some of
7 the representatives of the -- and I think
8 they now call it the Penn Treaty Special
9 Services District, and one of the things
10 they had asked -- I had actually talked
11 to Councilman DiCicco about this -- is
12 that they would like to see both the
13 community benefits agreement and the
14 special services district as a part of
15 the legislation simply as an exhibit to
16 reflect the formalization of those
17 commitments by both the City, the elected
18 officials and SugarHouse as a part of the
19 legislation. Is that something that you
20 guys would be comfortable with?

21 MR. CARLIN: I'd have to check
22 with counsel, but it doesn't sound like a
23 problem. I'd like to check with counsel
24 just to make sure.

25 COUNCILMAN CLARKE: I know that

1 5/26/09 - RULES - BILL 090354, etc.
2 you all have been interacting with, but
3 they've done a lot of work and they would
4 like --

5 MR. CARLIN: The community
6 benefits agreement is referenced in our
7 development agreement with the City, so
8 it is covered in an agreement with the
9 City.

10 COUNCILMAN CLARKE: Right. So
11 it's the actual document. They just want
12 it as an exhibit. People think that if
13 it's in the legislation, it's real.

14 MR. CARLIN: Right.

15 COUNCILMAN CLARKE: And then
16 the other issue relating -- I guess
17 Mr. Frank might have to answer -- I'm
18 sorry; Mr. Greenfield. I don't know why
19 I call you Mr. Frank. Greenberger. I'm
20 sorry. I was just talking about Motorola
21 in the hallway and I got it confused.
22 Alan.

23 A part of the conversations
24 over the last couple of years related to
25 the adjacent communities as it related to

1 5/26/09 - RULES - BILL 090354, etc.
2 traffic flow, the potential changing of
3 certain streets to reflect the
4 elimination of significant vehicular
5 traffic up into the smaller adjacent
6 blocks, and also there was this issue
7 about zoning as it related to some of the
8 perimeter of the community to prohibit
9 certain uses that may have a negative
10 impact on both the community and the
11 operation of the casino. I know there's
12 some discussions about check cashing
13 places, because they didn't want people
14 getting off work, going to cash the check
15 and running to the casino. I use this
16 term only because it's the term that's
17 always used by a particular person in the
18 Fishtown community that didn't want any
19 "nudie" bars. And I don't know what that
20 is, but that's the way she always
21 referred to -- I know you all know who
22 I'm talking about. They wanted to make
23 sure that none of us --

24 COUNCILMAN KENNEY: You don't
25 know what it is? Okay.

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCILMAN CLARKE: I had a
3 protected childhood. Sorry.

4 And I wanted to make sure that
5 the City was aggressively working on both
6 the vehicular strategy and actually
7 pedestrian, because there'll probably be
8 a lot of people walking to it, and to
9 make sure that it coincides with the
10 ten-month window of construction and also
11 the zoning relating to the perimeter
12 neighborhoods.

13 MR. GREENBERGER: On the
14 traffic, on the question you asked
15 earlier, I just sent an e-mail to John
16 Elfrey to get an answer to that, but I
17 don't have the answer yet, but I'll get
18 back to you on it.

19 On the zoning, I think that the
20 things that are primarily concerning
21 those kind of uses, check cashing and
22 whatever else, is all regulated uses in
23 both commercial and residential areas.
24 So basically -- and, Bill, you'll correct
25 me if I'm wrong here -- you can't do it

1 5/26/09 - RULES - BILL 090354, etc.
2 without special permission basically.

3 COUNCILMAN CLARKE: All of
4 them?

5 MR. GREENBERGER: All of the
6 uses?

7 COUNCILMAN CLARKE: Yeah. I
8 only referenced that one because that was
9 one that came to mind.

10 MR. GREENBERGER: I don't know
11 them off the top of my head.

12 COUNCILMAN CLARKE: There were
13 concerns about operations of certain
14 types of clubs, and people think that
15 this will stimulate the community, and
16 then they want to make sure that there's
17 no speculators that purchase the
18 properties to create certain types of
19 uses in the neighborhood that would be
20 not conducive.

21 MR. GREENBERGER: I think
22 there's a couple levels of your question.
23 One is about some of the secondary
24 regulated uses that people are concerned
25 about, check cashing being an example of

1 5/26/09 - RULES - BILL 090354, etc.

2 one of them. Those are regulated as you
3 get into commercial and residential areas
4 of any community in the City.

5 The other ones, I still believe
6 there's something called the North
7 Delaware Overlay District that --

8 COUNCILMAN CLARKE: That
9 Councilman DiCicco did, right?

10 MR. GREENBERGER: Yeah. And
11 that was set up, I think, in response to
12 a lot of the clubs that started to appear
13 probably back in the '90s. So that still
14 applies. This project is exempted --

15 COUNCILMAN CLARKE: How far up?

16 MR. GREENBERGER: Can you help
17 me with that, Councilman? Do you know
18 how far?

19 COUNCILMAN DiCICCO: Spring
20 Garden north to --

21 MR. GREENBERGER: Bill is
22 saying to Allegheny.

23 COUNCILMAN DiCICCO: Allegheny,
24 yeah. I did that when Marie Lederer was
25 our State Rep.

1 5/26/09 - RULES - BILL 090354, etc.

2 MR. GREENBERGER: Spring Garden
3 to Lehigh.

4 COUNCILMAN DiCICCO: Lehigh.

5 COUNCILMAN CLARKE: So going
6 all the way up?

7 MR. GREENBERGER: Right.

8 COUNCILMAN CLARKE: All right.

9 MR. GREENBERGER: So those also
10 need variances, that's right. Does that
11 answer the question? Was there another
12 one in there?

13 COUNCILMAN CLARKE: I asked you
14 about the traffic issue.

15 MR. GREENBERGER: Well, the one
16 thing I do know that they're doing --
17 and, Ian, you may be in a better position
18 to describe this. I know there was
19 concern about flow of traffic from
20 Shackamaxon in particular down through
21 the neighborhood into Delaware Avenue,
22 and I believe that in their plan they are
23 changing the median strip. It's a
24 detail, but I think it's an important
25 one. They are changing the median strip

1 5/26/09 - RULES - BILL 090354, etc.
2 in Delaware Avenue so that you can't just
3 come through Shackamaxon and directly
4 into this site. You actually have to
5 make several turns, and the point to that
6 is to discourage any traffic coming
7 through the neighborhood and trying to
8 get to the site. And I think the fellow
9 is pointing to it right there.

10 On the bigger question about
11 Girard Avenue ramp, I will get back to
12 you on that, because I don't have the
13 answer at the moment.

14 COUNCILMAN CLARKE: All right.
15 And one last question relating to the
16 pedestrian flow. The street
17 realistically is going to be much busier
18 than it currently is and there are going
19 to be people that are going to walk from
20 the adjacent community. That street --
21 Frankford Avenue kind of comes in
22 there -- is a challenging street for
23 vehicular traffic, frankly speaking,
24 because you got the smaller street. I
25 can't think of the name of it now.

1 5/26/09 - RULES - BILL 090354, etc.

2 MR. GREENBERGER: Right.

3 There's a number of things that come
4 together.

5 COUNCILMAN CLARKE: Yeah. In
6 terms of pedestrian traffic, do you think
7 after the full-blown development, years
8 down the line, that there may be the need
9 for pedestrian bridges or some other
10 means of entrance beyond just simply a
11 traffic light on those corners?

12 MR. GREENBERGER: Fair
13 question.

14 COUNCILMAN CLARKE: I'd love to
15 see a monorail, but that may be a little
16 far down the line for us, but...

17 MR. GREENBERGER: Or maybe
18 water taxis at some point. But I think
19 in general my preference would be that we
20 spend more time worrying about how to get
21 people across the street safely, and I'd
22 prefer not to do that with bridges.

23 That's kind of you see that in
24 super-congested areas, like Las Vegas
25 actually has a lot of bridges over the

1 5/26/09 - RULES - BILL 090354, etc.

2 streets as well as some of the more sort
3 of these huge boulevards. I was just in
4 San Francisco where there's a similar
5 condition of people walking down their
6 Market Street and crossing what used to
7 be the Embarcadero Freeway, and now it's
8 a boulevard that is similar in scale to
9 this, on grade, with a lot of really
10 excellent pedestrian safeways to cross
11 and extended period of light timing to
12 allow the crossing so that people can get
13 from the downtown to the ferry terminal,
14 which is kind of like their Reading
15 Terminal Market. It worked really
16 effectively.

17 So my first preference would be
18 to say let's do it on grade, let's look
19 at the timing of traffic lights and
20 pedestrian intervals to make sure people
21 can do this, including the possibility
22 ultimately of, if we needed, of safe
23 zones so that -- in Philadelphia, like
24 the Parkway is being proposed, as you
25 know, to have expanded pedestrian safety

1 5/26/09 - RULES - BILL 090354, etc.

2 islands in the middle so that people who
3 can only get halfway can do it safely,
4 stand there safely and then get the rest
5 of the way if they can't move fast
6 enough. I think that would be the first
7 preference. Because the flip side of the
8 bridge question is if you encourage --
9 it's one thing to encourage the
10 pedestrian traffic from the neighborhood,
11 people who are living there anyway. It's
12 another thing to encourage it because now
13 you're encouraging people to park there
14 as well and then cross the bridge. So we
15 just got to balance the two of them. But
16 it is downstream, I think. We're not
17 quite there yet. Do you think?

18 COUNCILMAN CLARKE: I only say
19 that in that people -- say, for instance,
20 Penn Treaty Park, which is right down the
21 street. This weekend there were a number
22 of people that live in the adjacent
23 communities walk to the park. They don't
24 drive down there, because it's close
25 proximity. If we think somehow if this

1 5/26/09 - RULES - BILL 090354, etc.

2 happens this is only going to be the only
3 development down there, I think we're
4 kidding ourselves. This is probably
5 going to stimulate other opportunities.
6 So there's going to be traffic. I mean,
7 and I support it, don't get me wrong, but
8 I just want to make sure that we have
9 enough foresight to understand that we
10 need to manage both the vehicular and the
11 pedestrian traffic. This whole issue
12 about having lengthened intersections
13 related to pedestrian traffic, frankly
14 speaking, that's why if you go to Vegas,
15 you see the cars stacked up down there,
16 because you have people -- they want to
17 move people across the street. So what
18 we don't want over here is to have
19 traffic stacked up on Delaware Avenue to
20 the point where it's not conducive to
21 people coming to work or doing whatever
22 else they want to do, because right now
23 as it related to Foxwoods was totally
24 different in terms of just everyday
25 traffic. So I want -- there's going to

1 5/26/09 - RULES - BILL 090354, etc.

2 be an issue.

3 MR. GREENBERGER: I think your
4 point is that everything needs to be on
5 the table as we see how this develops.
6 My first priority would be to get people
7 to safely cross on grade, but if there
8 came a moment when that didn't make sense
9 or there came a spot in the river, like
10 Penn Treaty Park, where it made more
11 sense to really look at a bridge, then
12 that's what we ought to be looking at.

13 COUNCILMAN CLARKE: One last
14 thing as it relates to this, is public
15 transportation. Who is working on that?

16 MR. GREENBERGER: There are
17 several studies that are going on that
18 are coordinated between PATCO and SEPTA,
19 who are together -- it's happening under
20 PATCO's aegis, because they have an
21 obligation to study things on this side
22 of the river as well as some work they're
23 trying to do on the other side.

24 But the two organizations are
25 coordinating on looking at transit

1 5/26/09 - RULES - BILL 090354, etc.

2 options, both -- it's not so hard about
3 up and down Delaware Avenue. It's more
4 the question of where does it connect to
5 something else. So they're looking at
6 several options that include, in effect,
7 an extension of the No. 15 trolley.

8 That's one version. There are other
9 versions that talk about -- from Girard
10 Avenue. There's other versions that --

11 COUNCILMAN CLARKE: I know. I
12 was just trying to figure out where it
13 would come. I'm very familiar with it.

14 MR. GREENBERGER: And it's
15 hard. I mean, it's hard in every option.
16 There's other options that look at
17 interconnections between anything on
18 Delaware Avenue and Market Street and/or
19 the PATCO station that's going to be
20 reopened at Franklin Square. So there's
21 a whole series of them out there. Some
22 of the options are probably more
23 logically PATCO kind of options, but I
24 think others are more logically SEPTA
25 options, which -- I'm just expressing my

1 5/26/09 - RULES - BILL 090354, etc.

2 personal preference -- I think would be
3 smarter for us. But they're looking at
4 them, and they're doing it cooperatively.
5 So I don't have an answer yet, but the
6 options are emerging and we'll able to
7 show them to you fairly soon.

8 COUNCILMAN CLARKE: All right.

9 Thank you.

10 Thanks, Madam President.

11 COUNCIL PRESIDENT Verna: Thank
12 you.

13 The Chair recognizes Councilman
14 DiCicco.

15 COUNCILMAN DiCICCO: Thank you,
16 Madam Chair.

17 Just to touch on that last
18 comment about the traffic. This past
19 weekend, I think it was Sunday, I
20 happened to be in Atlantic City at The
21 Walk area, which is the retail outlet
22 stores. I don't know if you're familiar
23 with that. There is a lot of traffic
24 there, because it's within a block of the
25 entrance and exit off of the Atlantic

1 5/26/09 - RULES - BILL 090354, etc.

2 City Expressway. So you have all that
3 traffic and you have casino traffic,
4 which is just a little bit to the east.
5 There had to be, I mean literally,
6 thousands of people, and it works, I
7 guess is my point I'm trying to make it.
8 It works. No bridges. I'm not saying
9 I'd be opposed to bridges, but it works.
10 And I think a lot of it has to do with
11 the timing. They give you about 15, 16
12 seconds to get across either of those
13 streets, which are a little bit more
14 narrow than JFK Boulevard is, and even
15 old people like myself were able to get
16 across before the light turns red.

17 So it can work. I mean, we
18 all -- I've always had an issue and when
19 we were dealing with this casino issue
20 from the beginning about the Expressway,
21 I-95 corridor, people getting on and off.
22 So I think if it works out there and they
23 have, especially in the summer months, a
24 lot more traffic than we can probably
25 hope to have coming off of that Atlantic

1 5/26/09 - RULES - BILL 090354, etc.

2 City Expressway within one block of The
3 Walk, I'm confident you'll be able to
4 figure something out.

5 I just want to go back to some
6 of the comments that have been made by my
7 colleague. He has discussed with me --
8 I'm pretty on the periphery -- about this
9 organization, Penn Treaty Special
10 Services District. I just want for the
11 record -- I'm not aware of any of those
12 folks. I don't know who is on it. I
13 think there was a community benefits
14 agreement that was in place prior when
15 the Street Administration was in, and
16 does that take precedent or is that
17 something that we're going to revise?
18 And if you don't have the answer now, I
19 appreciate you supplying it to the Chair.

20 Is it going to be a new
21 community benefits agreement or is it the
22 old one or can we adjust the original one
23 that was put in place a couple of years
24 ago under the Street Administration?

25 MR. CARLIN: Actually, the

1 5/26/09 - RULES - BILL 090354, etc.
2 community benefits agreement was signed
3 post the Street Administration. So I
4 can't remember exactly when.

5 November 2008. And that
6 agreement was negotiated over many, many
7 months and a lot of time on both our part
8 and the community's part. I think
9 maybe --

10 COUNCILMAN DiCICCO: Well, I
11 guess I misstated it myself. The
12 community benefits agreement that had
13 been agreed to as a result of
14 conversations with the -- because I
15 wasn't part of those conversations, and I
16 chose not to be part in those days. That
17 is the same agreement that was signed in
18 November 2008. Is that the agreement or
19 is there -- and I think I heard
20 Councilman Clarke saying is there a
21 possibility of adjusting it? I think
22 that's what I'm hearing.

23 COUNCILMAN CLARKE: I'm not
24 privy to the early one that you
25 referenced. The only thing I know about

1 5/26/09 - RULES - BILL 090354, etc.

2 is the one that was signed in November,
3 and my understanding, that was a result
4 of probably the year's conversation
5 between the parties involved from the
6 different neighborhoods. So I'm not
7 aware of the earlier one.

8 MR. CARLIN: No. It's the one
9 that was signed in November.

10 COUNCILMAN CLARKE: That's the
11 one? Okay.

12 MR. CARLIN: Correct.

13 COUNCILMAN DiCICCO: Same
14 agreement. I see her shaking her head.
15 Thank you.

16 And on the issue of the special
17 services district, I certainly need to be
18 included in that conversation. I don't
19 know who are the members of that
20 organization. I know the community
21 groups. I can surmise who they are, but
22 the individual Board members, I'm not
23 familiar with them.

24 MR. CARLIN: I think it's
25 modeled similarly to the stadium's

1 5/26/09 - RULES - BILL 090354, etc.
2 special services district, where there's
3 elections that will be held locally, and
4 anybody can run for those positions.

5 COUNCILMAN DiCICCO: That's, I
6 guess, my question. Was there an
7 election or were there interim
8 representatives until such time there's a
9 district created?

10 UNIDENTIFIED WITNESS: That's
11 correct.

12 COUNCILMAN DiCICCO: Do you all
13 know who the people are?

14 MS. WHITAKER: Yes.

15 COUNCILMAN DiCICCO: Could
16 someone supply the Chair with the names
17 of those representatives? I'd like to
18 see them myself.

19 (Witness approached witness
20 table.)

21 MS. WHITAKER: I did not
22 successfully avoid getting to the table.
23 However, good morning. I'm Leigh
24 Whitaker. I'm the Communications
25 Director for -- oh, it's afternoon --

1 5/26/09 - RULES - BILL 090354, etc.

2 SugarHouse casino. I apologize.

3 The CBA -- pursuant to our
4 development agreement, the City asked if
5 we'd be willing to sign a CBA as part of
6 that agreement. That agreement evolved
7 over the course of probably 12 or 14
8 months. We ended up signing last year in
9 November 2008. When I say "evolved," it
10 had a lot more things related to the
11 immediate community than the original
12 sort of standard agreement that was
13 attached to our development agreement
14 had.

15 We signed the CBA with Fishtown
16 Action and New Kensington CDC. They have
17 appointed interim Board members for now
18 in advance of some elections that they
19 will have once the SSD is formally
20 complete. I don't believe that they've
21 signed the documents yet. They have been
22 working with a lawyer probably the last
23 eight or nine months -- five or six
24 months to formalize this SSD, or special
25 services district.

1 5/26/09 - RULES - BILL 090354, etc.

2 There are two people from the
3 river side of Delaware Avenue from
4 Fishtown who are on the -- who had been
5 appointed interim. They are Delores
6 Griffith and Tim Breslin, who lives about
7 700 feet from our site. There are two
8 members from Northern Liberties, Joe
9 Rafter, who owns Liberties Tavern on
10 Second Street, and Kevin Kelly, who lives
11 on Front Street, probably about a
12 thousand feet or so from our site.

13 There is a representative from
14 East Kensington Neighbors Association.
15 I'm not aware of that person's name. I
16 apologize.

17 COUNCILMAN DiCICCO: Sandy
18 Saltzman, by any chance?

19 MS. WHITAKER: I believe
20 Sandy -- I'm not sure who represents
21 Kensington. I think it may be Sandy
22 Saltzman, though. And then there's
23 another woman, Peggy Rasipski from Olde
24 Richmond Civic Association.

25 COUNCILMAN DiCICCO: Right.

1 5/26/09 - RULES - BILL 090354, etc.

2 Who is the attorney representing the --

3 MS. WHITAKER: They are
4 represented by Scott Sigman, who used to
5 be with Bochetto and Lentz, but has since
6 left to form his own practice.

7 COUNCILMAN DiCICCO: Thank you.

8 I don't have any other
9 questions. Thank you.

10 COUNCIL PRESIDENT Verna: Thank
11 you.

12 The Chair recognizes Councilman
13 Clarke.

14 COUNCILMAN CLARKE: No.

15 COUNCIL PRESIDENT Verna: Oh,
16 your light was on.

17 Any other questions or comments
18 from members of the Committee?

19 (No response.)

20 COUNCIL PRESIDENT Verna: Thank
21 you very much.

22 MR. CARLIN: Thank you.

23 COUNCIL PRESIDENT Verna: One
24 moment, please.

25 COUNCILMAN CLARKE: Sorry. I

1 5/26/09 - RULES - BILL 090354, etc.

2 had to walk out of the room for a second.

3 I just wanted real quick about the EOP.

4 You got to come back up here.

5 MS. WHITAKER: I'll come back.

6 COUNCILMAN CLARKE: This
7 relates to a conversation that I had
8 earlier with some businesspeople who were
9 members of the minority community in the
10 City of Philadelphia and earlier
11 conversations about operations within the
12 facility as it relates to restaurants and
13 other types of concessions.

14 Can you just for the record
15 tell me where you are with that? I know
16 that there was some conversation
17 traditionally that's handled internally
18 by the operations, but --

19 MR. CARLIN: Right. At the
20 current time, our plan is to run all the
21 restaurants internally, so without any
22 external operators. If you look at the
23 other casinos in the area, Chester, the
24 current Philly Park, that's pretty much
25 standard for casinos that are regional in

1 5/26/09 - RULES - BILL 090354, etc.

2 operation.

3 If you go to Las Vegas, a lot
4 of the restaurants in Vegas are run by
5 third-party operators or management
6 agreements, but the regional markets they
7 tend to be more run by the casino.

8 COUNCILMAN CLARKE: All right.
9 Well, in Philadelphia we tend to do
10 things differently. Because of the
11 nature of this particular casino, the
12 location, the need to be all inclusive --
13 it looks like you guys may be the only
14 one for a while -- we really would like
15 to entertain providing opportunities.
16 And, no, I'm not talking about creating
17 the environment that we have at the
18 Airport. We have all these vendors. But
19 I think that we do have strong
20 entrepreneurs in some facets of the
21 minority community, and they would like
22 to be in a position to have conversations
23 about playing a role internally within
24 the casino operations as it relates to
25 restaurants or concessions. And I know

1 5/26/09 - RULES - BILL 090354, etc.

2 what's happened recently, but one of the
3 things that happened with the Phillies,
4 as an example, which is why they believe
5 to be one of the greatest new stadiums,
6 both aesthetically and from an
7 operational perspective, is that they had
8 enough foresight to understand that
9 bringing some of the local flavor to the
10 Phillies concession operations actually
11 enhance the operation. I don't know if
12 you had a chance to go back -- what's
13 that, Ashburn Alley? And, I mean, it's
14 really a great experience, and it has
15 that local flavor.

16 So it will be helpful if you
17 guys looked at maybe a model similar to
18 that in some respects to just kind of
19 have those kind of conversations, because
20 I think we have some -- Philadelphia is a
21 unique place. And I'm not saying that
22 you should be selling Tastykakes in
23 there, but I just think that there are
24 some things that could conceivably
25 happen.

1 5/26/09 - RULES - BILL 090354, etc.

2 MR. CARLIN: We'd like to sell
3 Tastykakes.

4 But in the interim facility, we
5 have a very limited food and beverage
6 program, so it would be difficult to do
7 that particular piece, but once we
8 expanded the larger facility, we can
9 certainly take a look at that.

10 COUNCILMAN CLARKE: Yeah. That
11 gives us enough time, lead time.

12 MR. CARLIN: Sure.

13 COUNCIL PRESIDENT VERNA: The
14 Chair recognizes Councilman DiCicco.

15 COUNCILMAN DiCICCO: Thank you,
16 Madam Chair.

17 Just to follow up on the
18 interim facility as it relates to food
19 and beverage. How will your facility
20 compare to Harrah's in Chester?

21 MR. CARLIN: To Harrah's
22 Chester?

23 COUNCILMAN DiCICCO: They have
24 one, I guess, more upscale restaurant. I
25 was only in there for about an hour and a

1 5/26/09 - RULES - BILL 090354, etc.

2 half a couple weeks ago. Linen dining.

3 And the other was just a small little --

4 MR. CARLIN: Right. Well, it's
5 an interesting question. Harrah's
6 Chester actually has many restaurants,
7 but the few times I've been there,
8 they're either closed or they're very
9 underutilized and the product is not very
10 good.

11 COUNCILMAN DiCICCO: They must
12 have been closed when I was there,
13 because they only had two.

14 MR. CARLIN: The restaurant
15 you're referring to, both times I've been
16 there it's been closed. Actually, one
17 time it was open. There was one table
18 dining, and the other times it was
19 closed.

20 We're going to have a smaller
21 food and beverage footprint, but we feel
22 that we're going to be very busy. We're
23 going to offer a more price-competitive
24 product, better quality. I think we're
25 going to have a lot of people coming

1 5/26/09 - RULES - BILL 090354, etc.

2 there, and it's going to be a much better
3 product than what I think is at Harrah's
4 right now.

5 COUNCILMAN DiCICCO: Thank you.

6 Thank you, Madam Chair.

7 COUNCIL PRESIDENT Verna: Thank
8 you.

9 Any other questions or comments
10 from members of the Committee?

11 (No response.)

12 COUNCIL PRESIDENT Verna: Do we
13 have anyone else that would like to
14 testify on this bill?

15 (No response.)

16 COUNCIL PRESIDENT Verna:
17 Seeing no one, this will conclude our
18 public hearing. We will now go into our
19 public meeting.

20 The Chair recognizes Councilman
21 Kenney regarding Bill No. 090354.

22 COUNCILMAN KENNEY: I believe,
23 Madam President, there's an amendment to
24 354, which I guess will be offered by the
25 sponsor.

1 5/26/09 - RULES - BILL 090354, etc.

2 COUNCIL PRESIDENT Verna: Does
3 everybody have a copy of the amendment?

4 (Yes.)

5 COUNCILMAN DiCICCO: Thank you,
6 Madam Chair. I move that the amendment
7 to Bill No. 090354 be approved.

8 (Duly seconded.)

9 COUNCIL PRESIDENT Verna: It
10 has been moved and seconded that the
11 amendment be adopted.

12 All in favor will say aye.

13 (Aye.)

14 COUNCIL PRESIDENT Verna: Those
15 opposed?

16 (No response.)

17 COUNCIL PRESIDENT Verna: The
18 ayes have it and the motion carries.

19 Again, the Chair recognizes
20 Councilman Kenney.

21 COUNCILMAN KENNEY: Thank you,
22 Madam President. I move that Bill No.
23 090354, as amended, be reported out of
24 this Committee with a favorable
25 recommendation and a request made for

1 5/26/09 - RULES - BILL 090354, etc.
2 rules suspension to allow first reading
3 at our next Council session.

4 (Duly seconded.)

5 COUNCIL PRESIDENT Verna: It
6 has been moved and seconded that Bill No.
7 090354 be reported out of Committee with
8 a favorable recommendation, as amended;
9 further, that the rules of Council be
10 suspended so as to permit first reading
11 at our next session of Council.

12 All in favor will say aye.

13 (Aye.)

14 COUNCIL PRESIDENT Verna: Those
15 opposed?

16 (No response.)

17 COUNCIL PRESIDENT Verna: The
18 ayes have it and the motion carries.

19 Again, the Chair recognizes
20 Councilman Kenney.

21 COUNCILMAN KENNEY: Thank you,
22 Madam President. I move that Bill No.
23 090359 be reported out of this Committee
24 favorably with a request for a rules
25 suspension to allow for first reading at

1 5/26/09 - RULES - BILL 090354, etc.

2 our next Council session.

3 (Duly seconded.)

4 COUNCIL PRESIDENT VERNA: It
5 has been moved and seconded that Bill No.
6 090359 be reported out of Committee with
7 a favorable recommendation; further, that
8 the rules of Council be suspended so as
9 to permit first reading at our next
10 session of Council.

11 All in favor will say aye.

12 (Aye.)

13 COUNCIL PRESIDENT VERNA: Those
14 opposed?

15 (No response.)

16 COUNCIL PRESIDENT VERNA: The
17 ayes have it and the motion carries.

18 The Chair recognizes Councilman
19 Kenney regarding Bill No. 090381.

20 COUNCILMAN KENNEY: Thank you,
21 Madam President. I move that Bill No.
22 090381 be reported out of this Committee
23 with a favorable recommendation and a
24 request made for a rules suspension to
25 allow for first reading at our next

1 5/26/09 - RULES - BILL 090354, etc.

2 Council session.

3 (Duly seconded.)

4 COUNCIL PRESIDENT VERNA: It
5 has been moved and seconded that Bill No.
6 090381 be reported out of Committee with
7 a favorable recommendation; further, that
8 the rules of Council be suspended so as
9 to permit first reading at our next
10 session of Council.

11 All in favor will say aye.

12 (Aye.)

13 COUNCIL PRESIDENT VERNA: Those
14 opposed?

15 (No response.)

16 COUNCIL PRESIDENT VERNA: The
17 ayes have it and the motion carries.

18 This concludes our public
19 meeting of the Committee on Rules. Thank
20 you all very much.

21 (Committee on Rules concluded
22 at 1:00 p.m.)

23 - - -

24

25

1
2 CERTIFICATE

3 I HEREBY CERTIFY that the
4 proceedings, evidence and objections are
5 contained fully and accurately in the
6 stenographic notes taken by me upon the
7 foregoing matter on May 26, 2009, and that
8 this is a true and correct transcript of same.

9
10
11
12
13
14 _____
15 MICHELE L. MURPHY

16 RPR-Notary Public
17
18

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20 transcript does not apply to any reproduction
21 of the same by any means, unless under the
22 direct control and/or supervision of the
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