

PENNSYLVANIA HOUSE OF REPRESENTATIVES
URBAN AFFAIRS COMMITTEE

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IN RE: HB1620-Casino Neighborhood Improvement Districts

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WEDNESDAY, MAY 2, 2008

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BEFORE: HON. THOMAS C. PETRONE, CHAIRMAN
HON. JOHN TAYLOR, CHAIR
HON. PAUL COSTA, MEMBER
HON. BRYAN LENTZ, MEMBER
HON. KATHY MANDERINO, MEMBER
HON. MICHAEL O'BRIEN, MEMBER
HON. KAREN D. BEYER, MEMBER
HON. GARTH EVERETT, MEMBER
HON. SCOTT PETRI, MEMBER
HON. MARGUERITE QUINN, MEMBER

ALSO PRESENT: JON R. CASTELLI, Executive Director(D)
CHRISTINE GOLDBECK, Executive Director(R)

Held at Independence Seaport Museum, 4th
Floor, Philadelphia, Pennsylvania, commencing at 10:10
a.m., on the above date, before Virginia Mack,
Professional Court Reporter and Notary Public.

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

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3 THE CHAIRMAN: Good morning, ladies and
4 gentlemen. Welcome to the public hearing on House Bill
5 1620 Casino Neighborhood Improvement Districts.

6 I'm Representative Thomas Patrone,
7 Chairman of the House of Urban Affairs Committee and we
8 welcome you today to this hearing. On my right is
9 Chairman John Taylor. I would like the Committee
10 Members to introduce themselves and where they are from;
11 from my left to my right, please.

12 MEMBER PETRI: Thank you, Mr. Chairman.
13 Scott Petri, 178th District, which is
14 located in Bucks County, Pennsylvania.

15 MEMBER COSTA: Good morning.
16 Representative Paul Costa, 34th District, which is
17 essentially the suburbs of Allegheny County.

18 MEMBER O'BRIEN: Good morning.
19 Representative Mike O'Brien, 175th Legislative District,
20 Philadelphia. As a matter of fact I welcome you here.

21 MEMBER EVERETT: Representative Garth
22 Everett from Lycoming County.

23 THE CHAIRMAN: At this time, I would
24 like to introduce our staff Majority Executive Director

1 Jon Castelli, on my left; our Research Analyst Heather
2 Saxelby and Committee Secretary, Mary Gingrich; on my
3 right is Executive Director Christine Goldbeck. They
4 are the ones who make all this go.

5 At this time we will have remarks of
6 Chairman Taylor.

7 MEMBER TAYLOR: Thank you, Mr. Chairman.
8 Good morning everyone and welcome to Philadelphia, to
9 those of you who are from out of town. Thank you for
10 being here to discuss, what we think is, a very
11 important topic. We are very thankful to Chairman
12 Patrone for bringing the Committee here to help devise
13 a plan, it is very important, and thank Representative
14 Mike O'Brien for introducing this bill.

15 Neighborhood Improvement Districts or
16 Business Improvement Districts have worked well in the
17 City of Philadelphia, when in the initial stages, that
18 have been somewhat controversial, somewhat confusing to
19 those folks who are affected by it. It is important
20 that we have these hearings and deliberations on this
21 version of an Improvement District that will deal with
22 neighbors in the event of casino locations on the
23 riverview. I think this is an important topic.

24 Thank you, Mr. Chairman.

1 THE CHAIRMAN: Chairman Taylor.

2 We have been joined by Representative
3 Kathy Manderino on my right. Welcome Representative
4 Manderino.

5 Again welcome to today's House Urban
6 Affairs Committee Public Hearing on proposed amendments
7 on House Bill 1620 further providing for the
8 establishment of Neighborhood Improvement Districts and
9 municipalities that host a licensed gaming facility.

10 This is a follow-up to the previous
11 Committee hearing on House Bill 1620. House Bill 1620
12 was introduced in an effort to address concerns in the
13 case when a casino is located in a particular
14 neighborhood. The ideal is that adding a casino to a
15 neighborhood could benefit residents and businesses in
16 some way instead of just providing revenue to the state
17 government.

18 The casinos have certain unintended
19 concerns to the surrounding area, which in some cases is
20 not favorable. From time to time crime rates increase
21 and local businesses suffer. By providing additional
22 funds for security improvements, vandalism and other
23 crimes may be mitigated. Additionally, funds could be
24 made available for economic development, which is key in

1 sustaining neighborhood businesses where casinos are
2 located.

3 Some changes were proposed, at the last
4 hearing, and as a result an amendment has been drafted
5 to deal with those recommendations. We are taking this
6 opportunity today to obtain feedback on proposed
7 Amendment 806748 to House Bill 1620. House Bill 1620
8 currently stipulates that the situation where
9 Neighborhood Improvement Districts has a casino located
10 within the boundaries, the State Senator and State
11 representative of the district must be appointed to the
12 governing board of the District.

13 The proposed amendment to the bill
14 provide for the establishment of Casino Neighborhood
15 Improvement Districts by municipalities where a casino
16 is located instead of just Neighborhood Improvement
17 Districts. A special assessments will be levied on
18 casino profits as well. The amendment will give each
19 municipality the flexibility to make improvements and
20 provide services so that each neighborhood with a casino
21 in its boundaries can make improvements and provide
22 services which are more needed.

23 I look forward to hearing about any
24 further thoughts our testifiers may have which would

1 improve this legislation.

2 I would like to thank all of our
3 districts for joining us today.

4 And for the benefit of the court
5 reporter, will all the testifiers please introduce
6 themselves? Thank you.

7 First we have testifying Representative
8 Mike O'Brien, who is the prime sponsor of House Bill
9 1620. Representative O'Brien.

10 MEMBER O'BRIEN: Thank you, Mr.
11 Chairman.

12 Let me begin by welcoming everyone to my
13 district. It's the 175th legislative district. I
14 normally extend greetings by saying welcome to the seat
15 of Speaker Benjamin Franklin, who I happen to be the
16 caretaker of for a brief while, but today I would like
17 to extend greetings to where the Commonwealth literally
18 began because where this building is situated was known,
19 in 1683, as Dock Creek, where the ships welcomed William
20 Penn in this Commonwealth for the first time.

21 And how fitting that we should continue
22 our deliberations on the Casino Neighborhood Improvement
23 District in this area of the Commonwealth in the spirit
24 of common good because, in essence, when Special Service

1 Districts, Neighborhood Improvement Districts, Business
2 Improvement Districts are formed, it is a collaborative
3 effort of businesses coming together for the common good
4 for the Commonwealth.

5 Certainly, with the dawn of a new
6 industry in Pennsylvania, there are many pitfalls and
7 promises before us. A number of licenses that are up
8 and operating around the Commonwealth have had impact on
9 their surrounding communities; be it Penn National,
10 which is split between two counties, who has placed
11 strain on infrastructure and police and fire; be it
12 Meadows, Washington County, who has also placed strain
13 on sewage and infrastructure, pitfalls and promises.

14 Also these licenses, these casinos do
15 not exist in a bubble. If we are to look in Allegheny
16 County at proposing casinos, we see PNC Park, we see
17 Heinz Field, we see Carnegie Mellon Museum and we see
18 the site of the proposed casino.

19 If we look to Washington County, we see
20 a proposed retail outlet mall across the road from the
21 Urban Redevelopment Stadium. It's right and proper that
22 these business entities should join together to create a
23 wholesome environment to everyone's betterment.

24 Today we return to a process that we

1 began over a year ago and that we have been working on
2 since then, and we have come back to introduce this
3 amendment, which is a hybrid, of sorts. A hybrid that
4 deals not only with existing traditional businesses, but
5 with the gaming entities that will be established within
6 it.

7 In essence, House Bill 1620 serves as an
8 enabling legislation. It is the first step in a
9 three-step dance. It sets the ground rules that the
10 municipalities can enact ordinances to allow for the
11 creation of Casino Neighborhood Improvement Districts.
12 The actions can be initiated by the municipalities but
13 the residents of the municipalities are a combination of
14 the three. The preliminary plan, the layout for the
15 boundaries, name of the casinos being assessed, a list
16 of the proposed improvements, a list of the property to
17 be assessed, in addition to the casino, the method of
18 determining the amount of the assessment to be levied on
19 the property owners and then it will be put to a vote by
20 the affected businesses.

21 It could be approved or it could be
22 denied by a vote of 51 percent. Once a Casino
23 Neighborhood Improvement District is authorized, it
24 would begin preparing and determining which capital

1 improvements are needed. These improvements could
2 include the hiring of additional police and security
3 officers, the construction of sidewalks, retaining
4 walls, street paving, parks, purchasing recreational
5 equipment, creating open space, enhancing parking,
6 enhancing and maintaining trees and shrubberies,
7 creating bike paths and pedestrian walkways, upgrading
8 water and sewer systems and the acquisition of blighted
9 and abandoned properties.

10 The revenue, the funding stream would
11 come from the assessment to the License Gaming Facility
12 of 3.25 percent gross terminal revenues plus an
13 assessment, which is normal procedure in special service
14 districts, a percentage of the property tax of the
15 existing businesses. It has worked in its original form
16 successfully around the Commonwealth it has revitalized
17 many business districts.

18 And in conclusion, it seems that coming
19 together for the common good, coming together for the
20 Commonwealth, that taking this funding source of 3.25
21 percent plus a percentage of business property tax
22 equals a clean, green and safe environment that the
23 residents of the affected municipalities can be proud
24 of.

1 Thank you, Mr. Chairman.

2 THE CHAIRMAN: Thank you, Representative
3 O'Brien.

4 And next we have Terry Gillen, who is
5 the Special Advisor for Economic Development Office of
6 the Mayor from the City of Philadelphia. Welcome.

7 Before we proceed, I would like to
8 introduce two new members that arrived, Representative
9 Bryan Lentz, on my right, welcome; and Representative
10 Karen Beyer, on my left, welcome.

11 Thank you. Proceed.

12 MS. GILLEN: Thank you, Mr. Chairman.

13 My name is Terry Gillen, I'm the Senior
14 Advisor to Mayor Nutter, and I want to welcome you on
15 the Mayor's behalf to Philadelphia it's appropriate that
16 we're here on the waterfront having these hearings
17 because that is where you all, and the Commonwealth, has
18 decided to locate our two casino facilities.

19 So let me talk for a bit about what we
20 are thinking about waterfront development because it
21 ties into what Representative O'Brien's amendment, I
22 think, tries to do, so that everybody has a little bit
23 of context. Up until today -- really up until now,
24 development on the Philadelphia's Waterfront has been

1 pretty ad hoc deal by deal. I mean literally deal by
2 deal in the sense that in the previous administration,
3 as you may know, there are people that actually went to
4 jail because of the deals they were making on the
5 waterfront. It is a sorry legacy that Mayor Nutter has
6 pledged to stop and rather than have deal by deal
7 development on the waterfront, to stop and think about
8 what the waterfront should look like.

9 Fortunately, for us, in the last two
10 years an Architectural Planning Program, Penn Practice,
11 Associated with the University of Pennsylvania, did a
12 really great first look at the waterfront, and I can get
13 anybody who wants a copy of the Penn Practice study, a
14 copy of it. It lays out a plan for future growth on the
15 waterfront, it sets up a flexible frame work for
16 development of the Philadelphia waterfront.

17 It calls for extending a really quality
18 urban environment down there with public access all
19 along from South Philadelphia up into the Northeast.
20 There will be bike trails, jogging trails, park area --
21 it addresses, in detail, the need for better
22 transportation and movement systems. It advocates the
23 creation of a boulevard on Delaware Avenue that would
24 have trees and it would be pedestrian friendly. It

1 would call for extending the grid of the City of
2 Philadelphia down to the waterfront so that rather than
3 having these large big box facilities on the waterfront,
4 the City's grid would, in many cases, come down to the
5 waterfront so that you would have friendly environments.

6 Parking would be either underground or
7 behind buildings. It wouldn't be on the street so that
8 at night it wouldn't feel scary so people would be
9 comfortable walking around. And then I think what we
10 need to do is supplement that with an economic analysis,
11 thinking about what type of development do we want down
12 there: Does it want to be more court related? Does it
13 want to be more commercial? Does it need to be
14 residential? There has been a big growth in residential
15 waterfront interest in Philadelphia.

16 So we're right now trying to figure all
17 of that out. What type of development needs to happen
18 down there. The Penn Practice Study was the result of a
19 very public process in Philadelphia and literally
20 hundreds, probably thousands of people attended
21 neighborhood meetings, community meetings and public
22 meetings to bring this study about.

23 We think it's a really good first step
24 in helping us think about that. So now that Mayor

1 Nutter has taken office, we have been in since January
2 7th, what our plans are to do is to take this study and
3 give it to our City Planning Commission and ask the City
4 Planning Commission what type of development parameters
5 do we want to set down on the waterfront.

6 We have to look into the regulatory
7 environment, zoning rules, just how all City departments
8 operate down on the waterfront. I wanted to just lay
9 that out because it would have been nice if this work
10 had been done several decades ago, we might not have
11 been faced with some of the problems we have down here,
12 but that's not the case. Now Mayor Nutter and the rest
13 of us is trying to grapple with how we make the
14 best of a not great situation on the waterfront where
15 there has been some development, but there really has
16 not been what many people would have chosen had we had a
17 really good plan in place.

18 In addition, the location of the two
19 casinos on the waterfront, one in South Philadelphia,
20 one up in the lower Northeast or Kensington, Fishtown
21 makes it even more difficult for us because we are now
22 trying to do some of this planning while having two
23 fairly long facilities imposed on us in locations that,
24 as the Mayor has said repeatedly, he certainly would not

1 have chosen if we had the ability to choose the best
2 casino location.

3 I just lay that out as a context because
4 I do want to say that we are supportive of the attempt
5 and the tools that Representative O'Brien is putting
6 forward in this legislation. We have several successful
7 bids for District Improvement Districts in Philadelphia,
8 one, sort of, a nationally known bid, which is the
9 Center City District, which works quite well in
10 Philadelphia.

11 We think it's a model that is definitely
12 worth looking at and it is something that we are working
13 with Representative O'Brien, and happy to work with the
14 rest of you, to think about what would the boundaries
15 be, what is the right level of taxation, who needs to be
16 involved. We're going to have to have the Planning
17 Commission take a closer look at the details of how we
18 implement it. We would have to think about, still, just
19 a lot of how it interacts with the Penn Practice plan
20 and how we are going to make sure all this works
21 together because we need to make sure that we are
22 anticipating the market.

23 We want to make sure the bid is drawn in
24 a way that's correct so that we're not discouraging the

1 right kind of development or overly encouraging the
2 wrong kind of development.

3 We are very pleased that the legislature
4 is including us, finally, in the casino process, and we
5 are happy to be working with you on this. And the Mayor
6 has asked the Planning Commission to take a closer look
7 at this legislation and to think about how we might make
8 it work in the City, and we will be happy to work with
9 you going forward.

10 I will be happy to answer any questions
11 you have.

12 THE CHAIRMAN: Thank you, Ms. Gillen.

13 We have similar problems in the City of
14 Pittsburgh, which you probably have been made aware of,
15 when we tried to look into the planning, long-term
16 affects, what is happening there regarding the casino
17 plus the new stadium for the Penguins.

18 Representative Manderino.

19 MEMBER MANDERINO: Thank you.

20 Ms. Gillen, good to see you.

21 You somewhat answered the question that
22 I had, but I just want, for clarification, to explore it
23 a little bit more. Our current Center City Special
24 Services District and others around the City, there is

1 one in Old City, et cetera, they're currently organized
2 under -- not this new chapter, but the same law, the
3 same state law; Correct?

4 MS. GILLEN: It's my understanding.

5 MEMBER MANDERINO: It's mine too.

6 And I guess what my question was going
7 to be, and it's kind of just for the case of today,
8 assuming that the casino stay sited somewhere here along
9 the riverfront, Is this riverfront property currently in
10 any of the bids across the City? And then the second
11 question is, Is the riverfront organized from a business
12 association point of view; is there like a business
13 association of riverfront property owners or something
14 like that?

15 MS. GILLEN: I don't believe it's in any
16 bid now. We did a quick search and didn't uncover one.
17 We will make sure we explore that more completely, but I
18 don't believe either of the two locations -- now, if
19 there are other waterfront locations where one could put
20 the casinos and they might -- there is one that is
21 closer to Old City, so I have to look at that to see if
22 it overlaps with the Old City building, but the location
23 of two casinos, as they stand now, we don't think we
24 have any bids yet.

1 And your second question was?

2 MEMBER MANDERINO: I was just wondering
3 if there was a -- I know there is a Penn's Landing
4 Development Corporation. Is that like the closest
5 entity that would be the organized entity of business
6 interest along the waterfront?

7 MS. GILLEN: Exactly. Although, it
8 isn't right now and Penn's Landing is a very small piece
9 of real estate on the waterfront. Certainly what the
10 Penn Practice Study anticipates is expanding that from
11 probably the middle of South Philly well up into the
12 Northeast. As you know, there is a lot of really
13 exciting waterfront development happening in the
14 Northeast.

15 So what we are thinking is that we would
16 end up expanding the boundaries of Penn's Landing or
17 turning that into a different type of development
18 organization that would take in more of the waterfront
19 interest. Now, I don't think it would be a business
20 only entity. I think it would be, for users, I think it
21 would be for residents so which may or may not work for
22 purposes of the bid, so I think we have to think about
23 whether there needs to be a separate organization that's
24 just the interest of businesses along the waterfront.

1 That is a good point I haven't thought about, but we
2 should look into that.

3 MEMBER MANDERINO: And my second thought
4 would be and you don't necessarily have to have an
5 answer right now, but as you look at this legislation
6 and keeping in mind the Penn Practice Study, let's not
7 take the casinos out of the picture. Let's assume we're
8 not talking about a Casino Neighborhood Improvement
9 District, but just a bid along the waterfront to help
10 carry out some of the plans of the Penn Practice. Does
11 the current state legislation, as it exists now for the
12 development of bids, work for helping the City
13 accomplish what we need to do on the waterfront or do we
14 need some additional tools in that tools box as well?

15 MS. GILLEN: That's a good question and
16 we will look at that. The Penn Practice study certainly
17 anticipated something like this. I mean it suggested a
18 TIB which is sort of something that the citizens hold or
19 something along the lines. When I go back, I'll ask
20 that question.

21 MEMBER MANDERINO: Thank you, Mr.
22 Chairman.

23 THE CHAIRMAN: Chairman Taylor.

24 MEMBER TAYLOR: Thank you.

1 Ms. Gillen, thank you for being here. I
2 just have a comment that this is a great illustration of
3 how our process works because last summer this bill was
4 completely botched by the City Solicitor. So I think it
5 probably indicates that the administration has changed
6 or this bill has changed for the better where everybody
7 can continue to work forward, but this will be a great
8 -- not just for Philadelphia, but for our Commonwealth.

9 THE CHAIRMAN: Representative Lentz.

10 MEMBER LENTZ: I'm curious -- first of
11 all, good morning.

12 MS. GILLEN: Good morning.

13 MEMBER LENTZ: I'm curious what the Penn
14 Practice study says about 95. As that's been for years
15 a big problem at the waterfront is accessible by 95.
16 Coming here this morning, I recall reading something
17 about it in the newspaper, but can you maybe say how
18 that relates to the issue we have talked about here
19 today.

20 MS. GILLEN: Sure. It's a great
21 question. The Penn Practice study says that in the best
22 case scenario, one would sink 95 and put it underground.
23 I think there is a general agreement that cost of doing
24 that is probably so prohibitive that it may not be

1 doable. I don't think anybody think it's doable in the
2 near future.

3 So given that, it proposes a wide range
4 of mitigation tools to try to minimize the impact of
5 I-95, by having lots more pedestrian access ramps, by
6 softening the edges so that there are a lot more
7 greening and a lot more sound barriers, things like
8 that make it more friendly to the reps around the
9 communities. So it proposes lots of ways to try to
10 minimize it.

11 It did not deal particularly with the
12 traffic issues that are presently being raised now by
13 the Foxwoods facility, but we have started talking to
14 some of the folks who are involved in the Penn Practice
15 study and asking them that question because that really
16 is the I-95 challenge that we are facing in
17 Philadelphia.

18 As you may know, the Foxwoods facility,
19 which is the casino that is slated to go into South
20 Philadelphia, has been approved by the City Planning
21 Commission only for the first phase, which is sort of a
22 box that has slot machines in it. The second and third
23 phases, which is the part of the casino that includes
24 the hotel development and retail additional slots and

1 authorizing additional table games. Those parts of the
2 Foxwoods facility probably cannot be built unless there
3 is a new ramp that is put onto I-95 into South
4 Philadelphia and there are wide and varying opinions as
5 to whether that will ever be possible.

6 If it is possible, you are looking at
7 probably eight to ten years minimal and that assumes
8 that you have dealt with the community, neighborhood
9 opposition issues and the legal issues which will
10 certainly come out. So there is no question, and this
11 is one of the concerns that the Mayor has about the
12 location of that particular facility, is that to the
13 extent we all are anxious to get revenues from the
14 casinos and anticipate that the full build-up of the
15 casino is the way to go, we have actually chosen a site
16 in Philadelphia where we may never get the full revenues
17 from the Foxwoods facility, and we don't think that's
18 been talked about often enough, and the Mayor is going
19 to be talking about that a little bit more, I think, in
20 the next couple of weeks because we know that the
21 general assembly is being concerned about the revenue
22 issue but we can't think of this as a revenue issue as we
23 talk about it.

24 It's a long answer to your question, but

1 it is an example of how I-95 has to be dealt with very
2 carefully and there are certain places where one might
3 be able to do a ramp on or off of I-95 in a careful and
4 suitable way, but that location, which is already overly
5 congested, is not where one would do it, and I have
6 talked to Greg Steinberg, who is the manager of the Penn
7 Practice study, recently and he has agreed that the
8 location of the Foxwoods casino presents huge problems
9 and to the implementation of the Penn Practice study
10 because of the transportation problems.

11 MEMBER LENTZ: Thank you.

12 THE CHAIRMAN: Questions? Anybody else?

13 Thank you so much, Ms. Gillen. We
14 appreciate your testimony.

15 MS. GILLEN: Would you like me to leave
16 this?

17 THE CHAIRMAN: Yes. Other members
18 probably would.

19 We wish you well as we proceed with this
20 project. It's not easy, but I'm sure with some good
21 thinking and hard work you will be able to accomplish it.

22 MS. GILLEN: Thank you so much I
23 appreciate it.

24 THE CHAIRMAN: Next, we have to testify,

1 Ms. Rene Goodwin and Joseph Schiavo from Pennsylvania
2 Neighborhood Association.

3 MS. GOODWIN: Thank you so much for
4 giving us this opportunity. I agree with Ms. Gillen.
5 It's so good to have this level of inclusion in the
6 process.

7 I also want to state publicly, before
8 Ms. Gillen leaves, we, in the community, are so
9 delighted to have the level of input that we have been
10 permitted under this new Mayor's administration. It is
11 quite full of hope and promise.

12 I have a limited number of packages here
13 and, Mr. Castelli, anything more than that you need just
14 to let me know.

15 My name is Rene Goodwin. I'm a resident
16 of the Pennsport Community, which is the host or target
17 area of the Foxwoods -- proposed Foxwoods casino.

18 Just two days ago I testified before
19 Philadelphia City Council's Rules Committee on two bills
20 that would establish a CED, Commercial Entertainment
21 District, for the area around the proposed Foxwoods
22 casino. It was the last of four scheduled hearings on
23 that proposed legislation. The topics covered, during
24 those hearings, were the various conditions to be met by

1 the casino if the legislation is approved. That
2 experience and the process has served as a training
3 ground for today for much has been learned.

4 There are five questions one must ask
5 when writing a story: Who? What? When? Why and
6 where? I shall use those words as a guide to present
7 this testimony to you.

8 Who? Who is to be served and who is to
9 provide the service? I am not familiar with all of the
10 existing casino sites or future ones to come, but I am
11 most familiar with the Foxwoods site, for I live four
12 blocks away from it, and will refer to that as my point
13 of reference. Consideration must be given to the fact
14 that a casino anything less than 10 miles away from a
15 residential community is going to have negative impact
16 on the community.

17 The Aborn Study, which is included in
18 your packet, commissioned by Sullivan County, New York,
19 states in its introduction "the connection between
20 casino gambling and crime is an important public policy
21 issue not just for a community considering allowing the
22 casinos to operate locally, but for adjoining
23 communities as well." The study goes on and cites
24 statistics from most of the locations in the United

1 States where casinos exist. I implore you to read them
2 for the statistics are stunning.

3 In considering who gets served by the
4 Casino Neighborhood Improvement District it would be
5 wise to include as broad a number of communities as
6 possible and not just the inner circle. Who will serve
7 is also an important consideration. There must be true
8 community representation and input from early on not
9 just after the fact. The process leading up to this
10 point has not allowed full community participation in
11 the planning and deciding regarding where the casino
12 sites are located.

13 I refer primarily, and not exclusively
14 to the passing of Act 71, and subsequent decision made
15 by the Pennsylvania Gaming Control Board. How
16 appropriate that Act 71 should be called the enabling
17 legislation.

18 What? I have been working with the
19 Central Delaware River Advisory Group, which is part of
20 the Penn Practice Plan. The plan is referred to as the
21 civic vision for the Philadelphia Waterfront. They too
22 are grappling with how to create an entity that would
23 properly oversee the manifestation of the civic vision.
24 Lengthy discussions, over an extended period of time,

1 have resulted in some conclusions and recommendations
2 regarding an entity. Those conclusions, soon to be
3 published and made available, include the realization
4 that in order to successfully achieve the stated goal,
5 the entity must have teeth. These teeth must not only
6 be in the form of who sits on the board but the actual
7 legal organizational construct.

8 For example, there has been serious
9 consideration given to Penn's Landing Corp., as the
10 entity with significant changes brought about first. If
11 there are no teeth, no strong legal teeth, no way of
12 guaranteeing the party without true agreements made,
13 then this will be an exercise in futility.

14 When? Two casino licenses have been
15 approved in the City of Philadelphia, the only Class A
16 city in the Commonwealth, and yet in this Class A city
17 the class A citizens were not given the right to decide
18 their own fate. Now, if these casinos are allowed to
19 move forward, then will there be some minimal, very
20 minimal protection provided for the nearby communities
21 that are not 10 miles away, but rather 200 to 400 feet
22 away?

23 The point here is that after licenses
24 are granted it is almost too late to start developing

1 Casino Neighborhood Improvement Districts and their
2 entities. I believe it must be considered more like a
3 prenuptial agreement and is included as part of the
4 licensing process. Once the licenses are granted you
5 have already lost a great deal of your bargaining power.
6 It too late, ladies and gentlemen, to use birth control
7 once the lady is pregnant.

8 Provisions must made early on to protect
9 not only the citizens, but the municipalities and the
10 state. The expenses to be incurred by host communities
11 are huge. There is no way, even with the projected
12 casino revenue, to completely cover the added costs.
13 The operative word here is "projected" for that's all
14 they are. If factors come into existence which
15 negatively impact any casino's ability to generate the
16 full "projected" revenue, the municipality and that
17 state will be left holding the bag and it won't be
18 pretty.

19 Recently, in New York City, the Mayor
20 had closed down some off-track betting facilities. It
21 was either that or subsidize them. In Atlantic City,
22 plans for mega complexes are being put on hold due to
23 economic downturns, and in Philadelphia Foxwoods has
24 already publicly stated that it's not certain that

1 Phases II and III would go forward, which is contrary to
2 what they stated this week and they change each day,
3 depending on who is talking. It seems to change
4 depending on to whom they are speaking. But you see,
5 that's my point. What assurances does the state really
6 have? Does it have full control over the economy, for
7 example?

8 Where? This relates back to my question
9 of "who?" As the Philadelphia Neighborhood Alliance, a
10 coalition of 27 civic associations joined in support of
11 responsible waterfront development and to encourage
12 transparency in the democratic process. I didn't
13 understand at first why civic groups communities 10, 20
14 or 30 blocks from where I live, which is near Foxwoods,
15 why they were interested and why they were so concerned.
16 That was before I began to learn, before I began to
17 learn that, according to Robert Goodman, who's testimony
18 is in your package, stated that nowhere in the United
19 States was there a casino as close to residential
20 neighborhoods as proposed here.

21 But he further stated that the closer
22 than 50 miles that a casino is located to a community,
23 the greater the negative impact, and the Aborn study
24 verifies the higher the increase in crime the closer you

1 get from that 50 miles to a community.

2 Then I looked at my sister communities
3 10, 20, 30 blocks away and I understood. There is a
4 degree of built-in protection in and around the casino
5 property and perimeter by the casino, but what happens
6 when the problem-casino-patron walks or drives a few
7 blocks or a mile away; what extra protection does these
8 folks have?

9 Recently there has been an increase in
10 crime in my very own wonderful residential community.
11 Three young men were shot a week ago and two young
12 ladies were accosted in broad daylight. The weakened
13 economy will continue to fuel this increase in crime.
14 Yes, the casino will bring a limited number of jobs, but
15 it won't be enough to employ all the unemployed or the
16 nearly unemployable. What it will do is draw them like
17 a magnet to the casino area and the surrounding
18 communities.

19 At the third of the four hearings, to
20 which I referred earlier, Philadelphia's Deputy Mayor,
21 Everett Gillison, stated that it will cost the City \$17
22 million to hire enough new police officers, train them,
23 equip them and give them a building in which they could
24 operate as a special district over the casino areas.

1 Two weeks later, the City has been forced to reassign
2 other special units to the streets to attack an all new
3 high crime rate.

4 Council members were stunned when the
5 \$17 million figure was made public and stated there is
6 no such amount of money in the budget for at least the
7 next five years. So the where not only refers to how
8 wide an area will be serviced, or I should say
9 protected, for public safety is the responsibility of
10 all elected officials, but from where the money will
11 come to protect us and me?

12 Why? This is the easiest question to
13 answer because if casinos are not held responsible, if
14 the owner/developers are allowed to prosper at the
15 expense of the citizens, the municipalities and the
16 State, then we have completely lost who we are and have
17 become not much different than the drug lord who is
18 calling the shots. Gambling is after all an addiction.
19 I have an addiction in my family, so I know it's more
20 than a word. I know how it rips a family apart.

21 In this instance, I'm not just talking
22 about those who become addicted to playing the slots.
23 I'm talking about those who might become addicted to the
24 casino's revenue. Please don't let that happen.

1 Structure this entity, its power and its composition as
2 a strong entity that can do more than just perform
3 triage and plant trees.

4 It has been said that our greatest job
5 is to be good ancestors. Let's not just think for
6 today, but for the future. Thank you.

7 THE CHAIRMAN: Thank you very much, Ms.
8 Goodwin. You stated your case very clearly. I
9 appreciate it.

10 Next, Mr. Schiavo.

11 MR. SCHIAVO: My name is Joe Schiavo. I
12 too am a participant in the Philadelphia Neighborhood
13 Alliance. I'm the designee from Old City Civic
14 Association. That is where I reside, in Old City
15 Philadelphia. So we also border the riverfront here and
16 we are more or less book-ended by the two proposed
17 casinos, Foxwoods and Sugar House.

18 THE CHAIRMAN: Could you speak closer to
19 the mike, Sir?

20 MR. SCHIAVO: Old City is book-ended by
21 the two proposed casinos and that is what, of course,
22 has first propelled us to be involved in this process.
23 So Rene's testimony has covered, of course, the
24 principle points of concern that the PNA has been

1 expressing all along, and I too participate in the
2 Central Delaware River Advisory Group, as Rene does, and
3 have followed the Penn practices process from the very
4 start and participated in that Board as well.

5 My points are points of process, if I
6 may. I was reading the amendments to this bill
7 carefully and was noting the timing of the public
8 notice, the process by which the public could support or
9 disagree with a proposed district to be formed and, you
10 know, one of the things I realized, from participating
11 in the PNA, the advisory group and my own civic
12 association, is that because they are primarily
13 voluntary organizations it's very difficult to organize
14 an entire community in a 10 to 15-day period.

15 I realize some of the periods of
16 notification are as long as 30 days, but I ask that we
17 meet once a month. Although there is an obligation to
18 send notices through typical print media, I think that
19 perhaps it is better that all parties, in the zone of
20 concern, be notified by certified mail and be provided
21 with the appropriate paperwork that they might register
22 their concerns as they become equipped with materials to
23 register their concerns because the period of time
24 allowed is so short.

1 It may seem long to professionals, but
2 for community groups that are so much concerned with
3 simply their work, raising their families and those
4 sorts of interests, it is difficult to apply themselves
5 to these situations, these major situations, these major
6 issues that will impact everyone in their communities.

7 I have to say, as I read the bill
8 amendments, I was very concerned when the term eminent
9 domain appeared, on Page 19 Line 14, it does suggest
10 that this entity that is formed has the option of
11 acquiring land by eminent domain. And I have to say, as
12 a resident of Philadelphia that lives in close proximity
13 to I-95, to me that spells ramp.

14 To many folks, who were living here
15 through the construction of I-95 along this length of
16 Philadelphia, are under the impression that all the
17 ramps that exist today are all the ramps they are going
18 to have to live with. There was more or less a promise
19 that this is all the land for taking. This is all the
20 ramps we need. We will not further encroach on your
21 neighborhoods.

22 When I read eminent domain here, it does
23 suggest that the casinos conclude that they need a ramp
24 to better get visitors to get in and out of their

1 facility, it gives them that power. And I am concerned
2 about that language in this bill.

3 And as I read this, I'm also concerned
4 that I do not see a clear make up of the composition of
5 the board that will orchestrate these organizations as
6 they are formed and I'm unclear on the role of residents
7 to participate as far as voting rights and equal
8 authority with those that are the hired professionals to
9 orchestrate the organizations.

10 The concern here is this, for those of
11 us who have been in Philadelphia for sometime, we
12 reflect on the difference between an outstanding public
13 organization like the Center City District and then we
14 reflect on the Penn's Landing Corporation. The issue
15 with Penn's Landing Corporation is that we don't know
16 how they work. We don't know how they function. We
17 don't know what plan they come in and there has not been
18 a level of transparency that makes me comfortable with
19 such organization contrary to special services districts
20 that have been so appropriate and functional and
21 transparent in their process.

22 From this language it is difficult to
23 understand exactly what sort of organization we're
24 responding to here, and it calls for concern.

1 The issues, as we review such things, I
2 understand are concerns that pop up. But I understand
3 that this bill as presented Representative O'Brien is
4 such that he is concerning himself with both this
5 community, this community and all of Pennsylvania. I
6 realize this bill is generic and as I consider these
7 different forms of concern, I realize there are certain
8 municipalities and certain communities that will not
9 have the same issues that Philadelphia has with these
10 two gaming facilities in such close proximity to
11 neighborhoods.

12 And I understand that in writing such a
13 bill the generic language may not offer us the specific
14 protections that would make us comfortable, but I ask
15 that you consider responding to that language that will
16 make us comfortable.

17 Thank you.

18 THE CHAIRMAN: Thank you for your
19 comments.

20 Representative O'Brien.

21 MEMBER O'BRIEN: Thank you, Mr.
22 Chairman.

23 If I may offer a point of clarification.
24 Be mindful that this is one step in a three-step dance

1 that this becomes enabling legislation. That step two
2 is action by the municipality where they do an ordinance
3 to do this and then step three becomes the actual
4 charter of the Casino Improvement District. So there
5 becomes a series of checks and balances as you go
6 through the process.

7 You're absolutely correct with it being
8 legislation that deals with the length and the breadth
9 of the Commonwealth. It is not specific to Philadelphia
10 or the waterfront of Philadelphia, but to the
11 Commonwealth, but again, be mindful it's a three-step
12 dance enabling legislation from the Commonwealth
13 municipal ordinance and then finally the actual charter
14 that is put together for the special service district.

15 Thank you, Mr. Chairman.

16 THE CHAIRMAN: Thank you, Representative
17 O'Brien.

18 We have been joined by Representative
19 Marguerite Quinn.

20 Representative Manderino, questions?

21 MEMBER MANDERINO: Thank you both for
22 being here.

23 Mr. Schiavo, I have a few specific
24 questions about some points that you raised. When you

1 talked about a desire for longer notification time under
2 the bill, because of the voluntary nature of civic
3 groups, you also said something about requiring
4 transmission of pertinent materials or something like
5 that. Can you just elaborate a little bit more about
6 what -- I think I know what you're talking about but I
7 would like to hear you articulate what it is you're
8 looking for.

9 MR. SCHIAVO: Yes. Thank you. I was
10 suggesting that all of those residents and commercial
11 entities within the district be notified by registered
12 mail and that notification would include the
13 documentation required to file their objection to the
14 district formation.

15 The document is clear in noting that at
16 what office the documents must be reported within a
17 certain number of days and it must be 41 of the 10
18 residential districts and so on. I think that should be
19 included with the package because individuals and civic
20 associations and other groups will need time to
21 familiarize their constituents with the information and
22 organize the effort if they feel they do not want to go
23 this way, that is the formation of the district.

24 MEMBER MANDERINO: The second point that

1 I just wanted to ask about is that when you are making
2 the comments about the language regarding eminent
3 domain, you made the comment that there had been an
4 agreement with the neighborhoods that there wouldn't be
5 any more ramps to I-95. Can you be more specific about
6 that because I don't live down here, but I am a
7 Philadelphian and I have never heard that before.

8 MR. SCHIAVO: Would you mind if I turned
9 to Rene to answer that question in that she does live
10 one block from the ramp?

11 MEMBER MANDERINO: I appreciate the
12 opinion. I don't want the opinion. I want the basis
13 for the agreement.

14 MS. GOODWIN: There is an agreement.

15 MEMBER MANDERINO: Is there an agreement
16 in writing? Is it filed with the City?

17 MS. GOODWIN: There is a consent decree
18 in response to a suit that was filed by a number of
19 communities during the period of construction of I-95.
20 And what the consent decree states, clearly, is that
21 there will be no additional ramps within a very broad
22 area. I forget offhand how many miles or how many
23 communities, but that is in existence and I could see
24 that that is provided to Mr. Castelli for your review.

1 MEMBER MANDERINO: Thank you.

2 Mr. Chairman, with your indulgence, I
3 also actually have a question for the sponsor of the
4 bill. Going back to the question I asked Mr. Schiavo
5 about with regard to his request for the legislation to
6 be adapted in some way that when you give notice that it
7 be registered and that the paperwork to file your
8 protest would be part of that. If I'm characterizing
9 what you said correctly.

10 MR. SCHIAVO: Yes.

11 MEMBER MANDERINO: My question to you is
12 two-fold. You outlined, in your comment, kind of a
13 three-step process that you talked about in the
14 formation of an improvement district so I guess my
15 thought is, is that something that happens in the
16 legislation or is that something that happens in what
17 the municipalities set up as their procedure for how
18 these go, number one; then number two, again my
19 familiarity with bids are with -- I have four, actually,
20 special services districts in my legislative district,
21 none of those special services districts tax residential
22 property. The way they're set up, they only tax
23 business commercial property. So therefore, I don't
24 believe the residents have a say in the -- what we call,

1 the yes/no of approving or disapproving the formation of
2 the bid because they're not going to be a taxed entity.

3 If that is correct, then are you
4 perceiving this on that same model?

5 MEMBER O'BRIEN: Let's deal with the
6 advertising, the 10-day period first. Let me speak with
7 my experience with the formation of the Old City's
8 Special Service District, traditionally, and I'm sure
9 you have had the experience with the City Avenue, during
10 your tenure as well.

11 MEMBER MANDERINO: And Roxborough and
12 East Falls also.

13 MEMBER O'BRIEN: It's a drawn-out
14 process, as you know, contacting the businesses that
15 will be involved in it. By the time the actual
16 advertising of the vote goes out, it is a process that's
17 probably been a year plus, well advertised in the
18 process. Whereas, that actual official notification
19 seems to be a very finite period, it is something that
20 has been well advertised coming up to that, but if there
21 is a concern in the municipality that that time period
22 is overly small, I would -- my best guess would be in
23 the municipal ordinance, that would be dealt with.

24 Secondly, and Representative Manderino,

1 come back to the second part of the question, I kind of
2 got lost.

3 MEMBER MANDERINO: From a who has the
4 ability to say yes or no to a bid like -- my
5 understanding of who has the ability to say yes or no to
6 a bid under current law is based on who is going to be
7 assessed tax under that. So I didn't know if you were
8 making a proposed change when you were making this new
9 amendment for Casino Neighborhood Improvement Districts
10 that would give even non-taxed folks an ability to say
11 yes or no to the formation of the bidder not which was
12 kind of what I understood Mr. Schiavo is asking for.

13 MEMBER O'BRIEN: The language is in
14 there that property owners have the ability to vote no
15 if its resident's businesses. If it's only a property
16 owner's business.

17 MEMBER MANDERINO: And it's not just a
18 whose being taxed. It's whoever owns properties within
19 the --

20 MEMBER O'BRIEN: That's correct.

21 MEMBER MANDERINO: Thank you very much.

22 THE CHAIRMAN: Representative Taylor.

23 MEMBER O'BRIEN: Mr. Chairman, if I may,
24 if I may speak briefly to the question with the ramps on

1 I-95 by way of clarification. In the matter of Rapport
2 versus U.S. Department of Transportation, there was a
3 consent degree issued by the court that there could be
4 no alterations to the ramp system made without a signed
5 agreement by the affected committee Society Hill, Queen
6 Village and Pennsport.

7 THE CHAIRMAN: Thank you.
8 Representative Taylor.

9 MEMBER TAYLOR: Thank you, Mr. Schiavo.
10 With regard to your comment about the ramp's eminent
11 domain, this Committee is constantly grappling with
12 definitions of bills that deal with things we
13 understand. We think we know what we are talking about,
14 but we do open up the definition of a lot of
15 possibilities. Certainly a ramp is one of them,
16 although Penn Dot has the power.

17 If you look at Section 504 of this bill,
18 you will get a better idea where the eminent domain
19 language would be coming from with regards to, I guess,
20 the paragraph before that talks about blighted buildings
21 and structures that, I'm sure in your community, in
22 Rene's and mine, we are constantly dealing with. We'd
23 love to have the ability to take abandoned trash-strewn
24 lots and corner properties that have deteriorated over

1 the years and we are going to be dealing with a
2 committee on Wednesday on those definitions and how we
3 should do it.

4 Your point is well taken, but I want to
5 communicate that the intent of this bill I would hope
6 deal with blight problems and neighborhood improvement
7 rather than anything like a ramp. Legally your point is
8 well taken.

9 THE CHAIRMAN: Thank you, Chairman
10 Taylor.

11 Any other questions from members?

12 Thank you very much.

13 MS. GOODWIN: May I just extend an
14 invitation to all of you. I know you have a very busy
15 weekend. You are at this moment sitting less than a
16 mile away from the Foxwoods site and less than a mile
17 and a half south of the Sugar House site. As you tour
18 the wonderful features of this marvelous historic City,
19 please do look at those two locations and get a real
20 hands-on sense of how close it is to our communities.

21 I know you can't change that, but if you
22 can provide us protection in this bill, that's
23 important. Do not be deluded by the fact that I-95 sits
24 at that southern end. I live just on the western side

1 of that. I-95 has never been a barrier to part of my
2 life. It exist on the east side of the waterfront.

3 Thank you.

4 THE CHAIRMAN: Thank you.

5 Thank you, Mr. Schiavo.

6 And we certainly hope that things work
7 out and you have the opportunity to make recommendations
8 and changes as the legislation progresses. We are going
9 to be doing a development tour tomorrow with the Mayor
10 and people from his office. So perhaps we can look at
11 that tomorrow, hopefully.

12 MS. GOODWIN: Thank you. We are
13 counting on you. You are the good guys.

14 THE CHAIRMAN: We will try.

15 MEMBER MANDERINO: If I may, to both you
16 and Representative O'Brien and Taylor, we did exactly
17 that last year, so I want to acknowledge that.

18 THE CHAIRMAN: Yes, we did. Exactly.

19 MEMBER MANDERINO: I don't believe that
20 every single member who is here today was on that, but
21 we all went last year.

22 THE CHAIRMAN: Yes. Thank you very
23 much.

24 Next we have Mr. Geoff Brace, Eastern

1 Regional Coordinator from Pennsylvania Downtown Center.

2 Welcome.

3 MR. BRACE: Thank you. I want to say
4 good morning, Chairman Petrone, Representative Taylor,
5 members of the Committee. On behalf of Pennsylvania
6 Downtown Center, our Board of Directors, our Board's
7 Chairperson Cynthia Philo and our Executive Director
8 William Fontana, I would like to thank the Committee for
9 granting the Pennsylvania Downtown Center the
10 opportunity to testify this morning concerning the topic
11 of casino-oriented improvement districts.

12 I would especially like to thank
13 Representative O'Brien for his leadership on this issue.
14 Pennsylvania's traditional neighborhoods, traditional
15 business districts, downtowns and Main Streets certainly
16 do benefit from any discussion about the quality of life
17 issues that we face.

18 The Pennsylvania Downtown Center is a
19 501(C)(3) organization. We are located in Harrisburg
20 with satellite offices in Oil City and Allentown. Had I
21 known that Representative Beyer were here today, I might
22 have saved the Commonwealth some gas and arranged a
23 carpooling opportunity. As the eastern regional
24 coordinator, I am responsible for the geography that

1 effectively spans State College to the City of
2 Philadelphia. So many of communities, here in the City
3 and across the eastern part of the Commonwealth, are a
4 part of my geographic oversight.

5 I would like to begin my remarks by
6 stating that the Pennsylvania Downtown Center is of the
7 opinion that the casinos will generate both benefits and
8 challenges for the neighborhoods where these facilities
9 are located. Jobs, an enhanced tax-base, and spin-off
10 business opportunities represent just a few of the
11 opportunities while congestion, the need for increased
12 public service and the need for enhanced public
13 amenities are among the challenges.

14 The attempt of the changes proposed to
15 Act 130 of 2000, the Neighborhood Improvement District
16 Act, to help insure that casinos become good neighbors
17 in those communities where they are located is admirable
18 and has the support of the Pennsylvania Downtown Center.

19 There are several specific issues we
20 would like to draw to the attention of the Committee as
21 they are related to A06748, Printers Number 2073.

22 Relative to the composition of the Board
23 of the CNIDMA -- if I might use that abbreviation.

24 REPRESENTATIVE O'BRIEN: Sooner you than

1 me.

2 MR. BRACE: -- we applaud the revision
3 that makes municipal representatives and members of the
4 Pennsylvania General Assembly non-voting members of the
5 Board. Our experience has shown that the less
6 perception there is by the business community that the
7 board of the NIDMA is controlled by government, the
8 greater the likelihood of approval of the NIDMA is
9 controlled by those originally envisioned are supported
10 by Pennsylvania Downtown Center that are reflective
11 partnerships that NIDMA represents.

12 In Chapter 5, Section 505, g, 2, we
13 suggest that one or the other of these voting provisions
14 be selected, with our preference being for one vote by
15 the ownership structure for each separately deeded
16 parcel within the boundary of the C-NID. The current
17 legislation leaves out a formula by which the vote can
18 also be taken according to the value of the properties
19 within the business district. We recommend one or the
20 other preference being based on partial ownership rather
21 than the value of the real estate in that proposed
22 legislation.

23 Once again our experience has been that
24 the provision that allows for 51 percent of the assessed

1 valuation to be the basis upon which the ultimate
2 decision to approve the C-NID is made could result in
3 very few, or perhaps only one property owner having the
4 final decision concerning the outcome of any C-NID vote.
5 Which is certainly not the intended process for any kind
6 of neighborhood improvement district.

7 Also in Chapter 5, Section 505, g, 2, we
8 are concerned that the complete exclusion of the owners
9 of casinos from any ability to vote on the proposed NID
10 plan may be a basis for challenge of the law if it is
11 approved, or the district itself if the law is not
12 subject to legal challenge. It is the collection of
13 property owners who make the decision to contribute the
14 annual assessments that support the improvement
15 district. Removing what will presumably be the largest
16 payee in a C-NID from having the opportunity to vote
17 could be problematic. We encourage legal counsel for
18 the committee to take a closer look at that particular
19 provision and potential legal consequences that may
20 come.

21 Other than those particular provisions
22 of Chapter 5, the Pennsylvania Downtown Center does have
23 some concern that several technical items that may
24 require additional attention as they currently exist, in

1 Act 130, have been transferred to Chapter 5 of this
2 particular legislation. One of these technical items
3 concerns the way in which the improvement district deals
4 with non-profits inside the NID boundary, which we, and
5 some legal counsels in communities that have established
6 Neighborhood Improvement Districts, feel it is
7 inconsistent with other language within the bill. There
8 are other issues, such as this, that we would like to
9 have the opportunity to address with the staff and legal
10 counsel for the Committee before this bill begins the
11 approval process.

12 Addressing these issues now would reduce
13 the need to introduce additional legislation at a later
14 time and get in the subject of the bill these issues
15 would certainly be germane to the legislation as it is
16 introduced.

17 Finally, let me say that the
18 Pennsylvania Downtown Center is prepared to act as an
19 objective third party in any discussion between the
20 owners of casinos and the Committee itself. PDC has a
21 particular interest in those casinos which will impact
22 the neighborhoods of core communities. We have no doubt
23 that the proposal for a casino-oriented neighborhood
24 improvement district may meet with some resistance from

1 the gaming industry.

2 We would be happy to offer our services
3 in any capacity, recognizing of course that we are a 501
4 (C) (3) non-profit organization that might be thought of
5 as beneficial to the advancing the concept of casinos as
6 good stewards of the neighborhoods where they are
7 located.

8 Again, I thank you for the opportunity
9 to address the committee and I will be happy to try to
10 answer any questions you might have. Please understand
11 that my position is not that as the Executive Director
12 of the organization that I would need to clear any
13 commitments with our Executive Director and our
14 Executive Committee before I extend those commitments.

15 THE CHAIRMAN: Thank you, Mr. Brace.

16 Questions?

17 Representative Manderino.

18 MEMBER MANDERINO: Thank you.

19 And thank you for being here, Mr. Brace.

20 A couple of questions, when you talked
21 about Chapter 5, excluding casinos, I apologize, I
22 didn't read the amendment, but kind of all the pieces go
23 together. Was the amendment drafted excluding casinos
24 from having a vote in the development of a bid; did I

1 understand you correctly?

2 MR. BRACE: My reading of that, my
3 Executive Director's reading of that is that this would
4 be the case. Initially our Cynthia Philo, our Board's
5 Chairperson is an attorney, she read it the same way.

6 MEMBER MANDERINO: Right before you made
7 that point you made about the fact that the amendment
8 provides two alternative ways of, kind of, weighing the
9 votes so to speak and your recommendation on past
10 experience was by parcel ownership not by value of the
11 property. And I guess what my question is, as I'm
12 looking at those two comments that you made together,
13 and saying, Gee, maybe the reason for excluding casino
14 property owners from having a say is because if you went
15 by a value of property point of view they would be an
16 800-pound gorilla that would basically have approval or
17 veto power.

18 However, if we eliminate what seems to
19 be potentially two conflicting things in this amendment
20 and we vote by parcel ownership as compared to value of
21 property, do you think that that would help solve the
22 other concern that you have about the potential legal --
23 if you don't know the answer maybe you can take it back
24 to the legal person -- the potential legal challenge to

1 totally excluding casino owners from a vote; am I making
2 sense?

3 MR. BRACE: Yes, you are. The concern
4 about excluding casino owners is more than an
5 underpinning of the values that go along with a
6 Neighborhood Improvement District, specifically, the
7 beneficiaries and the people that pay into the district
8 should be treated on a common footing.

9 As far as the method for voting is
10 concerned that, as I understand, would eventually be
11 weighed in the plan adoption and also the municipal
12 ordinance. So municipality could potentially say we
13 will approach this from a partial standpoint, but the
14 suggestion is more for clarification purposes as far as
15 the mechanics concerning the casino inclusion within the
16 districts. I think I would have to refer that question
17 more towards the author of the bill because it is more
18 the intent behind the legislation.

19 MEMBER MANDERINO: A further question
20 for you. Now I'm having a deeper understanding of the
21 point. The current law that allows the formation of
22 bids gives the same two alternatives than the
23 municipality and further on, as the bid, a specific bids
24 gets developed, they make the choice within the venues

1 in which they are going to do it so that we have bids
2 currently in Pennsylvania that may be set up so that the
3 voting is by way of parcel and we have bids in
4 Pennsylvania currently set up whereby the voting may be
5 by property value, but that is something that the state
6 legislation just enabled either of those and has gotten
7 further down to the local decision-making. They decided
8 what made more sense in their particular case.

9 MR. BRACE: That is correct, and there
10 are several instances here in the southeastern part of
11 the state where a community has chosen the value
12 approach and another community has chosen the parcel
13 approach. When I worked in West Chester the
14 Neighborhood Improvement District was by parcel.

15 My understanding is that the Ardmore
16 Downtown Improvement District authority is structured
17 along value.

18 MEMBER MANDERINO: That was very
19 helpful. My last question I want to have a little bit
20 more clarification on, you said that you wanted us to
21 rethink not making some modifications that are things
22 that are currently cropping up in bids and specifically
23 you talked about how non-profits are treated, but I'm
24 not quite sure that I understand that and what exactly

1 you're talking about.

2 Were you talking about non-profits who
3 were property owners within the bid or were you talking
4 about just non-profit organizations like a volunteer
5 civic group that is within those boundaries?

6 MR. BRACE: I meant the property owners
7 specifically.

8 MEMBER MANDERINO: Okay.

9 Help me out because, again, I have
10 non-profit property owners within bids currently in my
11 legislative district and I think they are treated
12 differently, meaning some of the bids they are being
13 taxed just like the other ones and other ones they are
14 not. So the current state statute allows for that to be
15 a flexible thing and you're suggesting that we make some
16 modifications how?

17 MR. BRACE: This has not been a
18 universally clear understanding. There are some
19 municipalities that have I read -- and I'm looking very
20 quickly, if you were to look on Page 8 Line 2 of this
21 particular printer number, it says allow for and
22 encourage tax-exempt property owners located within the
23 NID to provide in-kind services or financial
24 contributions to the NIDMA, if not assessed, in lieu of

1 property assessment fee.

2 Whereas on -- there are other provisions
3 in the existing legislation that do suggest that the
4 non-profit organization as a property owner can be
5 assessed. The primary reason that this language has
6 been unclear comes back to what is an assessment and
7 that, for the most, part case law in Pennsylvania has
8 said that it's not a tax, it's an assessment for the fee
9 for service that's provided and that tax status is not
10 the indicator that should be used to determine whether
11 that service is assessed or not.

12 In some municipalities municipal
13 solicitors has said it can be voluntary, but we will not
14 include the non-profit properties in the district
15 because their reading of the act was such that they
16 couldn't make that legal jump, if you will, so again I'm
17 not a lawyer by trade. What I would encourage is the
18 committee and the staff of the committee to perhaps work
19 with us to draw that distinction out a little bit more.

20 MEMBER MANDERINO: Thank you very much.

21 And thank you, Mr. Chairman.

22 THE CHAIRMAN: Thank you.

23 Jon, do you have a comment?

24 MR. CASTELLI: I guess just a

1 clarification with regard to being that this chapter
2 establishes kind of a hybrid between Special Services
3 District and the way the Neighborhood Improvement
4 Districts would operate, the feeling of exempting the
5 casinos of working with the prime sponsor from having a
6 say in the veto of the establishment was that the new
7 amendment establishes actually two funding streams. One
8 would be the special assessment on the licensed gaming
9 facility, which would be 3.25 percent gross terminal
10 receipts. That's one funding stream.

11 The other, under this proposal, is an
12 option, on the part of the Casino Neighborhood
13 Improvement District, to levy a special property
14 assessment on benefited properties, and under that those
15 would be commercial properties not residential and not
16 tax exempt properties. That's an option that they are
17 unlike the existing Neighborhood Improvement Districts
18 that are already established under the present law where
19 the funding stream fully come from the assessments for
20 the benefit of those properties, programs, additional
21 services.

22 I think the feeling was on the part of
23 the prime sponsor was that the casino is not really a
24 benefited property. There is a funding stream coming

1 from them for the benefit of the district and then for
2 the services that will be needed by the residents.

3 It's a work in progress, but --

4 MR. BRACE: Can you reference me to that
5 specific provision?

6 MR. CASTELLI: That's why it was
7 separated on Page 24. We make clear on Line 18 you have
8 the special assessment on casinos, which is B, Line 18,
9 on Page 24.

10 MR. BRACE: Excellent.

11 MR. CASTELLI: Then you have on Line 26
12 C, special property assessment fees, and that defines
13 the optional fee on benefited property. So we are
14 distinguishing between benefited properties and the
15 special assessment on the casino.

16 MR. BRACE: So a technical follow-up
17 question to that, would the casino still be excluded
18 from the decision under the special property assessment?

19 MR. CASTELLI: No. They don't get a say
20 in that. The special property assessment fee is just
21 the optional fee that the district could levy on the
22 property other than the casino, that's how it was
23 intended. Now, whether there are legal concerns we
24 would have to check into that.

1 MR. BRACE: Would they still be paying
2 into that property assessment fee?

3 MR. CASTELLI: The casinos?

4 MR. BRACE: Yes.

5 MR. CASTELLI: No. They just have the
6 casino tax is the 3.25 percent gross terminal fee,
7 that's all.

8 MR. BRACE: It's one not the other?

9 MR. CASTELLI: Yes. Two funding streams
10 possibly that would come into the district.

11 MR. BRACE: If you can clarify. There
12 is some concern referenced by the power of eminent
13 domain.

14 MR. CASTELLI: My understanding is that
15 the district itself has no power of eminent domain, the
16 municipality will; can you address that?

17 MR. BRACE: I'm probably not the best
18 person to address that. I'm probably not an attorney
19 that would even look at eminent domain issues. I know
20 they're our authority that would act as NIDMA and
21 municipal authorities certainly do have power over
22 eminent domain.

23 MR. CASTELLI: Under this proposal, as
24 well as under the existing eminent domain, the

1 municipality will have the option of designating
2 existing authority or a non-profit organization to do
3 that. So that would be, I guess, a concern.

4 MR. BRACE: Yes. I think the powers of
5 eminent domain would be specific to whoever the
6 management association is. Did this legislation create
7 the power of eminent domain for that NPO?

8 MR. CASTELLI: No. That's not my
9 understanding. It does not do that and the prime
10 sponsor does not wish it to there, but there would be a
11 concern if an authority was designated how that would --

12 MR. BRACE: On any other body that has
13 power of eminent domain.

14 THE CHAIRMAN: Representative Garth.

15 MEMBER EVERETT: I think my question
16 might just go to staff or it may be a comment. On Page
17 24, where we were just kind of referring, on the section
18 of special property assessment fees, I just have a
19 question. Down in line 35 and 36, it says that it
20 exempts all residential property owners, but how does
21 that affect non-profit properties? Are they subject to
22 this assessment or are they not subject to this
23 assessment. Were they intended to be subject to this
24 assessment or not intended to be subject to this

1 assessment? It's unclear to me from that section what
2 we are trying to do.

3 MR. CASTELLI: The intent of the sponsor
4 was to exempt residential properties, the residents of
5 the district as well as tax exempt property. And we may
6 have to clarify this and review it.

7 A lot of these provisions were taken
8 from the existing Neighborhood Improvement District Act
9 and carried over and we are trying to merge the existing
10 provisions of the Neighborhood Improvement District Act
11 with suggestions that were made at our initial hearing
12 about how the special services districts establish ones
13 around the state and City of Philadelphia, so some of
14 these things we will need to clarify, but the intent of
15 the sponsor was to exempt the residents and tax exempt
16 properties. Any additional assessment is just optional
17 in this provision.

18 One of the suggestions at the hearing
19 was that they felt that it wasn't enough just to assess
20 the casino properties, but the other businesses within
21 the district needed to have perhaps to be involved as
22 well and that was why they included that.

23 May I, Mr. Chairman?

24 THE CHAIRMAN: Sure.

1 MR. CASTELLI: It should be worth noting
2 that the Neighborhood Improvement Districts, as it
3 stands, allows for different property uses, land uses to
4 assess different rates based on the benefit that they
5 provide. So a residential property the NIDMA disengaged
6 in downtown marketing a residential property wouldn't
7 benefit the same as a commercial property would benefit.
8 So a commercial property might be assessed at a higher
9 rate than the residential property.

10 MEMBER EVERETT: Thank you for that.
11 Sometimes the municipal solicitor, when I look at this
12 -- I could see if I was a municipal solicitor trying to
13 include tax exempt properties, I think I would have a
14 lot to do to straighten that out.

15 The other thing I want to clear up, the
16 special assessment doesn't need to be approved by the
17 improvement district. Does it need to be approved by
18 the municipality?

19 MR. CASTELLI: That's required by
20 ordinance. That need to be established through the
21 ordinance process in the municipality so it requires --

22 MEMBER EVERETT: I was just reading on
23 Line 27 says the CNIDMA may, upon approval by the
24 municipal corporation of the municipality --

1 MR. CASTELLI: The municipal corporation
2 will be elected by the municipality. They have to put
3 that assessment.

4 MEMBER EVERETT: So that both CNIDMA and
5 the municipality --

6 MR. CASTELLI: The district has the
7 authority to have the option of doing that but the final
8 authority would be governed by the municipality.

9 MEMBER EVERETT: That's fine. I just
10 wanted to make sure that I understood correctly.

11 So basically, the CNIDMA would just be
12 actually recommending the special assessment, the
13 municipality would actually be the entity that enacts
14 it?

15 MR. CASTELLI: Right. And the CNIDMA is
16 sort of just like the manager of this governed by -- any
17 special assessment that is levied, they would have to
18 pass an ordinance to do that.

19 MEMBER EVERETT: Then the last, just,
20 comment I have is did anybody see the possibility of one
21 of these districts transcending municipal borders and
22 being in two municipalities that's not being addressed
23 as this is written now?

24 MR. CASTELLI: That is actually

1 something that is being explored in multiple locations
2 right here in Philadelphia and in the Cheltenham Avenue
3 districts. This has been under some review. I know
4 that conversations with Derrick Green, in City Council,
5 they are looking at that along with Representative
6 Evans' office so if it's permitted it requires certainly
7 more coordination.

8 THE CHAIRMAN: Representative O'Brien
9 then Representative Manderino.

10 MEMBER O'BRIEN: We are transcending
11 municipal borders in terms of -- Representative
12 Manderino can speak to this -- one thing I can't because
13 actually she happens to represent both sides of the
14 street.

15 MEMBER MANDERINO: We already have an
16 inter-municipal special service district so it's already
17 allowed under law but I think Representative Everett's
18 point is probably well taken to make sure that whatever
19 allows that to happen under the current thing also is in
20 here.

21 MEMBER O'BRIEN: If you would like, I
22 happen to have municipal ordinances from Philadelphia
23 County and Montgomery County and Lower Merion for your
24 review. In essence, we're companion ordinances that

1 were enacted that allow this to happen.

2 MR. CASTELLI: If I may, Mr. Chair, I
3 just want to respond to that.

4 THE CHAIRMAN: Sure.

5 MR. CASTELLI: Certainly, I think I can
6 speak pretty confidently that I would encourage that
7 provision be included. I can say that the casino site
8 on Southside, Bethlehem, in Representative Samuelson's
9 district, is along a municipal boundary between
10 Bethlehem Township and the Borough of Hellertown so that
11 should certainly be transferred over, I think.

12 THE CHAIRMAN: Anymore comments?
13 Anymore questions from any of our members?

14 With that, thank you, Mr. Brace for your
15 testimony. I appreciate your coming.

16 The Philadelphia Association of
17 Community Development Corporations was not able to be
18 here and they will submit written testimony, which we
19 will include in the transcript.

20 Thank you very much. This hearing is
21 adjourned.

22 Thank you all for coming.

23 (Whereupon, the above-entitled matter
24 was adjourned at 11:44 a.m., this date.)

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C E R T I F I C A T E

I hereby certify that the
proceedings and evidence are contained
fully and accurately in the
stenographic notes taken by me on the
hearing of the within cause and that
this is a correct transcript of the
same.

VIRGINIA JONES-ALLEYNE
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