

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

STATE GOVERNMENT COMMITTEE HEARING

STATE CAPITOL
IRVIS OFFICE BUILDING
ROOM 302
HARRISBURG, PENNSYLVANIA

TUESDAY, JUNE 8, 2010
9:00 A.M.

PRESENTATION ON
COMMONWEALTH OF PENNSYLVANIA
REAL PROPERTY DISPOSITION PLAN

BEFORE:

HONORABLE BABETTE JOSEPHS, MAJORITY CHAIRMAN
HONORABLE FLORINDO J. FABRIZIO
HONORABLE GLEN R. GRELL
HONORABLE KERRY A. BENNINGHOFF, MINORITY CHAIRMAN
HONORABLE JIM COX
HONORABLE NICK MICCARELLI
HONORABLE DAVID R. MILLARD
HONORABLE BRAD ROAE

ALSO IN ATTENDANCE:

JENNIFER BELZ
SUSAN BOYLE
JERI DAVIS
MATTHEW HURLBURT
KRISTEN KOHAN
HELEN NORTON
RODNEY OLIVER

JEAN M. DAVIS, REPORTER
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I N D E X
T E S T I F I E R S

<u>NAME</u>	<u>PAGE</u>
BRADLEY SWARTZ	4
JASON GERARD	4

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

2 * * *

3 MAJORITY CHAIRMAN JOSEPHS: We have another
4 committee coming in at 10. I know that since we are not
5 voting that we don't need a quorum. I want to start this
6 hearing now. We'll start. There are two staff people to
7 my extreme left, Matt Hurlburt and Helen Norton.

8 Mr. Fabrizio, if you'll introduce yourself.

9 REPRESENTATIVE FABRIZIO: Flo Fabrizio, Erie
10 County.

11 MAJORITY CHAIRMAN JOSEPHS: Mr. Miccarelli.

12 REPRESENTATIVE MICCARELLI: Nick Miccarelli from
13 Delaware County.

14 MS. BOYLE: Staff. Susan Boyle.

15 MINORITY CHAIRMAN BENNINGHOFF: Kerry Benninghoff
16 from Centre and Mifflin Counties.

17 MR. OLIVER: Staff. Rodney Oliver.

18 MAJORITY CHAIRMAN JOSEPHS: Babette Josephs,
19 Democratic Chair.

20 We're joined by Mr. Cox. What I'm going to do is
21 just ask Mr. Oliver to briefly tell us what this meeting is
22 about. And I'd also like to say we have Brad Swartz here
23 from the Department of General Services and Jason Gerard as
24 well to answer questions from the committee.

25 MR. OLIVER: This hearing this morning is being

1 held to evaluate the 2010 Commonwealth of Pennsylvania Real
2 Property Disposition Plan. We will hear from the
3 Department of General Services and entertain questions and
4 comments from the committee members regarding concerns
5 about the properties listed on the Plan.

6 MAJORITY CHAIRMAN JOSEPHS: If the two gentlemen
7 from the Department of General Services want to come up and
8 sit at the table while they give their report, you're
9 welcome to do that.

10 MR. SWARTZ: We can do that.

11 MAJORITY CHAIRMAN JOSEPHS: Sit next to Mr. Cox
12 so we will all be able to hear you.

13 MR. SWARTZ: Thank you, Chairwoman Josephs.

14 MR. GERARD: And I'm Jason Gerard, the
15 legislative liaison with the DGS.

16 MAJORITY CHAIRMAN JOSEPHS: Go ahead, gentlemen.
17 Go ahead, Mr. Swartz.

18 MR. SWARTZ: We are here to present the
19 Department's 2010 Real Property Disposition Plan. We're
20 required to do that under Act 48 of 1981.

21 What we're here to do today is to get, to
22 solicit, any comments or concerns that the House State
23 Government Committee has so that we can incorporate those
24 into the final plan which we are required to get to the
25 Governor and the Governor will submit to the General

1 Assembly by June 15th.

2 You will notice that this year's plan only has
3 two properties in it, the first being the Scotland School
4 for Veterans' Children in Franklin County and a small
5 office of employment security located in Coatesville,
6 Chester County.

7 I guess the only thing I would add to that is
8 although that seems like a small plan, we have had pretty
9 significant success over the last seven and a half years.
10 We have sold 107 properties through the surplus plan or
11 direct acts of the General Assembly.

12 We have collected a little in excess of
13 \$50 million in non-tax revenue from those sales.

14 I think it's a sound policy. It's a sound plan.
15 And I'm here to answer any questions that the members may
16 have.

17 MAJORITY CHAIRMAN JOSEPHS: Let me say we've been
18 joined by Mr. Roae and Mr. Millard.

19 I'm going to ask my counterpart, Republican
20 counterpart, to speak in a second. But we checked with the
21 people in whose property and in whose district this
22 property falls. And my staff and myself have not heard
23 from any of the folks who might have an immediate concern
24 about the property.

25 Mr. Chairman may have a slightly different

1 report.

2 MINORITY CHAIRMAN BENNINGHOFF: Thank you, Madam
3 Chairman.

4 Very briefly, Representative Kauffman did send a
5 letter around -- it probably hasn't hit all the mailboxes
6 -- regarding the 89th Legislative District to the concerns
7 they have as to what kind of public announcements would
8 have to be made, what kind of public input would be
9 requested, granting that you have the opportunity to
10 dispose of your property as need be for two reasons.

11 One, obviously knowledge of it's been a long time
12 staying in place there. But more importantly, his interest
13 was, is there an opportunity for reuse, an opportunity for
14 maybe another entity in the local area to purchase this
15 thing, whether it is private and/or governmental, seeing
16 that it has 185 acres and, I believe, he said 70 buildings
17 connected with it?

18 There could be some dialogue. I know
19 Representative Kauffman and others that live in that area
20 really have some strong interest.

21 Obviously there are those who have lobbied us
22 statewide on the use of the school. To explain better,
23 it's my understanding that this has not been a very
24 cost-efficient utilization under its current use. That was
25 one of the reasons.

1 And I respect that, considering our economic
2 situation right now. But if there's an opportunity for
3 some local reuse, I would rather have that than an
4 abandoned building sitting there.

5 MR. SWARTZ: Yes. I think I can explain.

6 MINORITY CHAIRMAN BENNINGHOFF: Okay.

7 MR. SWARTZ: We have been working very closely
8 with Representative Kauffman and Senator Alloway. In fact,
9 we have conducted several tours at their request through
10 the property. We're working with the Franklin County Area
11 Development Corporation, which is who they're working
12 through.

13 MINORITY CHAIRMAN BENNINGHOFF: Right.

14 MR. SWARTZ: And putting the property on the
15 surplus plan is simply one step.

16 MINORITY CHAIRMAN BENNINGHOFF: Right.

17 MR. SWARTZ: Obviously, the Act that controls the
18 surplus plan is very explicit in saying that the General
19 Assembly can still do something separate from that in a
20 direct conveyance bill.

21 We're open to that. We have been working with
22 those members and will continue to do so.

23 MINORITY CHAIRMAN BENNINGHOFF: Okay.

24 MR. SWARTZ: As far as, you know, reuse
25 opportunities, we have had some interest by the Federal

1 Government in locating -- and the Senator and Rep are aware
2 of this -- a Bureau of Alcohol and Tobacco and Firearms
3 training facility there.

4 We did have the head of the ATF tour the property
5 along with Representative Kauffman and Senator Alloway.

6 MINORITY CHAIRMAN BENNINGHOFF: If something like
7 that were to occur, an intergovernmental-type transfer,
8 would there still be any kind of economic gain to the
9 Commonwealth?

10 MR. SWARTZ: Obviously, just to maintain it as it
11 sits there is costing the Department of Military Affairs
12 and General Services about a million dollars a year. So
13 there is some economic benefit just to getting it off the
14 rolls.

15 We haven't really done any calculations yet. The
16 Federal Government has not given us specific numbers in
17 terms of how many employees would be there. But certainly
18 this would become their national training facility. So we
19 do believe there would be economic spinoff if that were to
20 develop.

21 They're talking numbers maybe in the neighborhood
22 of 400, 500 employees. We believe that would be pretty
23 significant.

24 MINORITY CHAIRMAN BENNINGHOFF: Last, this is not
25 currently on the public tax rolls. So should it not be

1 sold in the private market, there would not necessarily be
2 an economic loss, Department tax roll loss, with local,
3 county, schools, and those things. Is there currently not
4 anything along those lines?

5 MR. SWARTZ: That's correct. This has been off
6 the tax roll since around 1890. It's state ownership.
7 It's stayed off the tax roll. And if it stayed off the tax
8 rolls, there would be no negative impact.

9 Obviously, getting it on the tax rolls would have
10 the benefit. And that's if we -- the reason, I guess, we
11 should elaborate why we're actually viewing this plan is if
12 there isn't anything that develops out of these
13 negotiations, this would give us the authority then to
14 proceed and market the property through a competitive open
15 process.

16 MINORITY CHAIRMAN BENNINGHOFF: Right.

17 MR. SWARTZ: And it would be noticed. It would
18 be advertised. It would be advertised in the Pennsylvania
19 Bulletin, local media outlets, as well as, you know, the
20 normal For Sale signs on the property and things like that.

21 MINORITY CHAIRMAN BENNINGHOFF: And then it's
22 sold at market value?

23 MR. SWARTZ: Correct.

24 MINORITY CHAIRMAN BENNINGHOFF: Thank you.

25 MR. SWARTZ: You're welcome.

1 MAJORITY CHAIRMAN JOSEPHS: Mr. Grell has joined
2 us.

3 We have an e-mail from Mr. Hennessey in whose
4 district the other -- the second property resides. And I
5 would suggest, Mr. Swartz -- I suspect he e-mailed you as
6 well. If not, we will pass it on to you.

7 He has an objection having to do with another
8 agency -- I'm not going to read it -- that's housed in the
9 same property. It would be important for you to check with
10 him before we proceed with anything.

11 Mr. Cox has a question.

12 REPRESENTATIVE COX: We're in receipt of a letter
13 that you may or may not have seen from Representative
14 Kauffman regarding the Scotland School. It's been brought
15 to our attention. I wanted to know how this plays into
16 things.

17 The Scotland School still has an active charter
18 from Act 118 of 1896. How does what you were trying to do
19 here under Act 48 interplay? What's the interplay there?
20 Do you have to have -- does that charter have to be
21 repealed first or are you authorized?

22 MR. SWARTZ: The agency that had control, which
23 was the MBA, didn't declare its surplus to us. When that
24 happens under Act 48, we're bound to put it on the plan.

25 REPRESENTATIVE COX: Okay.

1 MR. SWARTZ: We did speak to the MBA. And I
2 believe they are working on some draft legislation. I
3 don't know all the specifics of that that would repeal the
4 original authorization.

5 REPRESENTATIVE COX: Thank you.

6 MR. SWARTZ: You're welcome.

7 MAJORITY CHAIRMAN JOSEPHS: Mr. Roae.

8 REPRESENTATIVE ROAE: Thank you, Madam
9 Chairwoman.

10 I apologize. I'm bouncing back and forth between
11 the Insurance Committee hearing and this one. I apologize
12 I have to keep coming and going.

13 You might have gone over this already. But how
14 does that work as far as -- it seems like we have several,
15 you know, land sales a year. And every year the bill, like
16 this, only has one or two things on it.

17 How come all of them don't have to be done this
18 way? Like all these National Guard armories and stuff like
19 that, we -- I mean, we must do a dozen things a year. And
20 there's usually only two or three on bills like this.

21 MR. SWARTZ: Act 48 of '81 controls this process.
22 But Act 48 of '81 has a very explicit -- at least in the
23 General Assembly their ability to run specific legislation
24 where they so desire. It's just the way the numbers break
25 out.

1 A lot of times due to working with the local
2 community and the local Rep and Senator, there may be an
3 organization that they feel -- particularly with armories,
4 we get a lot of requests from local governments.

5 I guess the thought process behind it is, do you
6 really want a local government competing with a private
7 for-profit company if they're trying to get and keep the
8 property public use? I think that's how some of that plays
9 out.

10 That's the best answer I can give. It certainly
11 could be a political plan. I don't want to say.

12 REPRESENTATIVE ROAE: I guess my question is, how
13 come some things have to be in here and some things don't?

14 MR. SWARTZ: We are required by law to put
15 anything in here that the agencies declare surplus. What
16 happens a lot of times is working with the local member,
17 they decide to run a specific piece of legislation which
18 trumps this.

19 REPRESENTATIVE ROAE: Okay.

20 MR. SWARTZ: We only get one shot a year at doing
21 this.

22 REPRESENTATIVE ROAE: Okay.

23 MR. SWARTZ: Legislation can be introduced at any
24 time during session.

25 REPRESENTATIVE ROAE: Thank you.

1 MR. SWARTZ: You're welcome.

2 MAJORITY CHAIRMAN JOSEPHS: Mr. Grell.

3 REPRESENTATIVE GRELL: Thank you.

4 Very briefly. I apologize also. I'm in the same
5 situation that Brad is in. If you've already answered
6 this, I apologize.

7 You estimate it costs about \$2 million a year to
8 maintain the property in State ownership. Do you know what
9 it actually cost last year?

10 MR. SWARTZ: It was a little lower than that. It
11 was a little bit over a million dollars. And I'll tell
12 you, the biggest cost there was heating the buildings over
13 the winter months so you don't have freeze damage to them.

14 REPRESENTATIVE GRELL: But it's been secured and
15 inventoried and all that?

16 MR. SWARTZ: There is a security force on site.
17 We did maintain heat. And the cost was a little over a
18 million dollars.

19 REPRESENTATIVE GRELL: And I'm curious why the
20 Commonwealth would reserve mineral rights, gas rights.

21 MR. SWARTZ: We're required by Act 48 of '81.
22 It's in the statute.

23 REPRESENTATIVE GRELL: Is that right?

24 MR. SWARTZ: Yes. It's in the statute.

25 REPRESENTATIVE GRELL: Thanks.

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MR. SWARTZ: Sure.

MAJORITY CHAIRMAN JOSEPHS: Any other questions or discussion? In which case, I will say the hearing is adjourned.

Thank you, everybody. This is our shortest meeting on record, I believe.

(The hearing concluded at 9:14 a.m.)

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

Jean M. Davis
Notary Public