

# City of Philadelphia



(Bill No. 030222-AA)

## AN ORDINANCE

Creating the Progress Plaza Tax Increment Financing District, being the area generally bounded by Broad street on the west, Oxford street on the north, Thirteenth street on the east, and Jefferson street on the south and approving the project plan of the Philadelphia Authority for Industrial Development (“PAID”) for the redevelopment of the Progress Plaza Tax Increment Financing District and making certain findings and declarations, all in accordance with the Tax Increment Financing Act, being the Act of July 11, 1990, P.L. 465, No. 113, as amended, and authorizing the Director of Finance and other offices of the City to execute documents and do all things necessary to carry out the intent of this Ordinance.

WHEREAS, In accordance with the provisions of the Urban Redevelopment Law, being the Act of May 24, 1945, P.L. 991, as amended and supplemented, and the Tax Increment Financing Act, being the Act of July 11, 1990, P.L. 465, No. 113, as amended, the City Planning Commission of the City of Philadelphia (“Commission”) has certified the North Philadelphia Redevelopment Area as a redevelopment area, and the Commission has completed a detailed redevelopment area plan for the North Philadelphia Redevelopment Area; and

WHEREAS, In conformity with this redevelopment area plan, the Philadelphia Authority for Industrial Development (“PAID”) has prepared a detailed project plan for the redevelopment of a portion of the North Philadelphia Redevelopment Area designated as the Progress Plaza Tax Increment Financing District (“District”), which project plan has been prepared by PAID and submitted by PAID for approval by the City Council pursuant to the Tax Increment Financing Act; and

WHEREAS, The Commission has submitted to the City Council its report and recommendations respecting the redevelopment of the District, the determination of blight, and has certified that the said project plan conforms to the comprehensive plan for the City as a whole; and

WHEREAS, The project plan prescribes certain land uses and requires, among other things, changes in zoning, streets, alleys, public ways, street patterns, the location and relocation of public utilities and other public facilities, and other public actions; and

WHEREAS, No person shall, on the ground of race, color, creed, sex, sexual orientation, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination in the undertakings and carrying out of the project plan; and

WHEREAS, City Council desires to take appropriate action with respect to the project plan pursuant to the Tax Increment Financing Act; and

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WHEREAS, Pursuant to the Tax Increment Financing Act, creation of a tax increment financing district authorizes the use of certain positive tax increments to finance improvements, including costs incidental thereto, within the District; now, therefore

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. City Council hereby creates the Progress Plaza Tax Increment Financing District ("District"), as provided herein, pursuant to the Tax Increment Financing Act. The District consists of:

ALL THAT CERTAIN piece of ground situate in the Twentieth Ward of the City of Philadelphia and described in accordance with a Plan of Property (062p03 #4038), made March 17, 2003, by Mark S. Zeitz, Surveyor & Regulator of the Third Survey District, to wit:

BEGINNING at a point formed by the intersection of the center line of Broad Street (one hundred thirteen feet wide) with the center line of Jefferson Street (fifty feet wide); thence extending north eleven degrees twenty-one minutes zero seconds east along the centerline of said Broad Street the distance of five hundred twenty-five feet to the point of intersection with the centerline of Oxford Street (fifty feet wide); thence extending south seventy-eight degrees thirty-nine minutes zero seconds east along the centerline of said Oxford Street the distance of four hundred sixty-five feet to a point; thence extending south eleven degrees twenty-one feet zero seconds east partially along the centerline of a certain thirty-nine foot wide Right-of-Way reserved for gas main purposes the distance of five hundred twenty-five feet to a point on the centerline of said Jefferson Street; thence extending north seventy-eight degrees thirty-nine minutes zero seconds west along the centerline of said Jefferson Street the distance of four hundred sixty-five feet to the first mentioned point and place of beginning.

CONTAINING in area two hundred forty-four thousand one hundred twenty-five square feet or five and six thousand forty-three ten-thousandths acres.

SECTION 2. The project plan, included herein as Exhibit "A" and on file with the Chief Clerk, including the detailed redevelopment area plan, the maps, studies, as well as all other documents and supporting data which form part of the project plan submitted by the Philadelphia Authority for Industrial Development ("PAID") for the District, having been reviewed and considered, is approved.

SECTION 3. City Council finds and declares that the project plan for the District, having been duly reviewed and considered, is approved, and that:

(a) The project plan conforms to the City Comprehensive plan for the development of the locality as a whole;

(b) The District is a contiguous geographic area within a certified redevelopment area created pursuant to the Urban Redevelopment Law;

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(c) The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the District;

(d) The aggregate value of equalized taxable property of the District, plus all existing tax increment districts, does not exceed ten percent (10%) of the total value of equalized taxable property within the City of Philadelphia;

(e) The area comprising the District as a whole has not been subject to adequate growth and development through investment by private enterprise and would not reasonably be anticipated to be adequately developed or further developed without the adoption of the project plan;

(f) The relocation plan contained in the project plan does not call for displacement of any lawfully possessed individuals, families and businesses as a result of this project. Accordingly, City Council finds that the project plan contains a feasible method for the compensation of individuals, families and small businesses and for their relocation, if any, to decent, safe and sanitary dwelling accommodations within their means, without undue hardship to such individuals, families and businesses;

(g) The project plan affords maximum opportunity, consistent with the sound needs of the community as a whole, for the redevelopment of the District by private enterprise;

(h) The District is a blighted area containing characteristics of blight as described in the Urban Redevelopment Law and the Tax Increment Financing Act and the project to be undertaken is necessary to prevent, arrest and eliminate such conditions of blight;

(i) Changes in zoning, streets, alleys, public ways, street patterns, location and relocation of sewer and water mains and other public facilities and utilities shown in the project plan are reasonable and necessary under the circumstances; and

(j) The project plan meets all of the conditions and requirements imposed by law and the pertinent regulations with respect thereto, for the purpose of prohibiting discrimination with regard to race, color, creed, sex, sexual orientation, or national origin.

SECTION 4. City Council finds and declares that the project plan is in conformity with the North Philadelphia Redevelopment Area Plan.

SECTION 5. City Council hereby creates the District as of January 1, 2004, which District shall exist for a period of twenty (20) years from and after such date.

SECTION 6. The Director of Finance and other officers of the City are hereby authorized to execute all documents and do all things necessary to carry out the intent of this Ordinance.

SECTION 7. The Economic Opportunity Plan referenced in the Addendum to the project plan shall be the Economic Opportunity Plan attached as Exhibit "B."

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## Economic Opportunity Plan Progress Plaza

### EXHIBIT "B"

#### **INTRODUCTION: The Developer; The Project; The Commitment**

Progress Trust, Inc. ("PTI"), an affiliate of Progress Investment Associates ("PIA"), and Downtown Works, a division of Kravco Company ("Kravco"), are submitting this Economic Opportunity Plan on behalf of a partnership (the "Developer") to be formed by and among PTI, PIA and Kravco affiliates, in connection with the redevelopment of the existing 66,500 square foot retail/office facility known as Progress Plaza situate on approximately 4 acres located on the east side of North Broad Street between Jefferson and Oxford Streets. The redeveloped Progress Plaza will consist of (i) a new 46,000 square foot supermarket (replacing a 17,300 vacant grocery store); (ii) 29,000 square feet of new or renovated retail space; (iii) 19,000 square feet of renovated office space; and (iv) if determined to be feasible by the Developer, a 67,000 square foot residential facility above the new supermarket (collectively, the Project').

The land on which Progress Plaza is situate will continue to be owned by PIA, which will enter into a long-term ground lease with the Developer. Construction, leasing, and management of the Project will be by the Developer through its general partners, PTI and a Kravco affiliate ("PTI/Kravco"). The commitments of the Developer set forth in this Economic Opportunity Plan are, therefore, the commitments of its general partners.

It should be noted at the outset that 60% of the partnership interests in Developer will be African-American owned (PTI and PIA). In addition, the Developer understands its particular responsibility with respect to the redevelopment of the oldest African-American owned and developed shopping center in the country, which is part of the legacy of the late Reverend Leon Sullivan. Accordingly, Developer is committed and determined to provide meaningful and substantial participation opportunities in the Project for socially and economically disadvantaged individuals and businesses. It is also committed to preventing any forms of discrimination on the basis of race, religion, color, sex, age, mental or physical disabilities, national origin or ancestry, sexual orientation, and marital or parental status.

Developer is pleased to provide the following Plan which outlines its efforts as to equal opportunity during the construction and operation of the Project.

For the purpose of this Plan, the term "minority" means black (all persons having origins in any of the Black African racial groups); Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin); Asian and

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Pacific Island (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and American Indians (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

## **PART I – DESIGN AND CONSTRUCTION**

During construction, Developer will comply with Federal Executive Order 11246 by requiring its construction manager and other contractors involved in the construction of the Project to make good faith efforts to employ minorities and women, as well as provide business opportunities for Disadvantaged Minority-Owned Business Enterprises (“M-DBEs”), Women-Owned Business Enterprises (“W-DBEs”), and Disabled Persons-Owned Business Enterprises (“D-DBEs”). (M-DBEs, W-DBEs and D-DBEs are, collectively, “M/W/D-DBEs”). In support of federal and local policies that target economic benefits to low income residents, Developer will also require its contractors to make a good faith effort to employ qualified residents from the Project area.

### **A. Employment Opportunities:**

- (i) Developer will require that its construction manager and contractors involved in the construction of the Project make good faith and non-discriminatory efforts to employ minority and female persons in the construction workforce consistent with work-hour goals of 40% and 5%, respectively. Developer will ensure that these goals are included in all construction contracts and will require its construction manager to reference these work-hour goals in all subcontracts. It is understood that, although the work-hour goal stated in this paragraph for minority and female persons in the construction workforce is a combined goal for both skilled and semi-skilled workers, Developer will encourage its construction manager to reach a work-hour goal for skilled minority and female persons of 30% and a work-hour goal for semi-skilled minority and female persons of 70%.
- (ii) In support of local initiatives that target economic benefits to low-income persons and underemployed craftspersons, the Developer will require its contractors to make a good faith effort to maximize employment opportunities for apprentices and pre-apprentice craftspersons, consistent with established journeyman/apprentice ratios, with a participation goal of 25% minority and 10% female, respectively. The Developer will include these goals in all construction-related prime contracts and shall require its prime contractors to reference these goals in all their subcontracts.

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## **B. Contract Opportunities:**

(i) Construction Management: Developer will make good faith and non-discriminatory efforts to engage a construction management team with at least 50% participation by an M-DBE.

(ii) Architecture/Engineering/Design: Developer will make good faith and non-discriminatory efforts to engage a design team, including architects, engineers, and other design professionals, with the stated goals of 29% participation by M-DBEs, 10% participation by W-DBEs and 1% participation by D-DBEs. These percentages for participation will be applied to the dollar value of the architecture, engineering and design contracts let by Developer, inclusive of change orders and scope adjustments.

(iii) Other Professionals: To the extent other professionals (e.g. attorneys, accountants, finance consultants) remain to be selected, Developer will make good faith and non-discriminatory efforts to use M/W/D-DBEs in connection with the Project.

(iv) Subcontracts: Developer shall require that its Construction Manager and contractors make good faith and non-discriminatory efforts to provide subcontract opportunities for qualified M/W/D-DBEs with the stated goals of 35% participation by M-DBEs, 10% participation by W-DBEs, and 1% participation of D-DBEs. These percentages for participation will be applied to the total dollar value of all subcontracts let by Developer or its construction manager, inclusive of all change orders and scope adjustments.

(v) Tenant Fit-Out: To the extent that retail tenants will be responsible for the interior fit-out of their respective spaces in the Project, Developer will use its good faith efforts to include language in tenant leases requiring tenants to adopt Developer's Project construction and employment goals as stated herein and to use their good faith and non-discriminatory efforts to achieve these goals.

## **C. Outreach Efforts with Local Entities:**

Developer shall undertake a number of local outreach efforts to maximize participation of local businesses, minority and female owned businesses, and to achieve the goals set forth herein. Developer shall require its construction manager to place M/W/D-DBEs, which are certified by the City's Minority Business Enterprise Council ("MBEC"), on their solicitation lists used in connection with the Project, and use the services of MBEC as necessary.

## **D. Reporting and Project Performance:**

Over the course of the estimated 18-month construction schedule, Developer will require its construction manager to maintain records and to file monthly employment and contracting status reports ("Reports") for construction activities related to the Project. Developer will forward these Reports to MBEC, PIDC and the President of City Council.

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Such Reports shall conform to a format to be reasonably prescribed by MBEC and will summarize the following:

- Utilization of M/W/D-DBE prime contractors and subcontractors and level of dollar commitments made with such businesses.
- Hiring and employment of minorities and females by the construction manager and its direct subcontractors in the construction of the Project.

Developer will also agree to participate regularly on an oversight committee to monitor overall compliance and achievement of the aforementioned Project goals.

Developer's contact person for the Project during construction will be provided to MBEC and PIDC prior to the start of the construction bidding process.

Developer also agrees to engage a consultant/agency to assist in the monitoring and reporting of the Project.

## **E. Development Budget:**

For all construction bids, Developer will, no later than 30 days prior to soliciting any construction bids, submit to the monitoring consultant an estimated development budget for the construction costs to be directly incurred by Developer for the Project.

## **PART II – OPERATIONS**

### **A Employment and Contract Opportunities:**

(i) Developer Activities: As owner, leasing, and managing agent of the Project, Developer will do very little direct hiring of employees or contracting for goods or services. To the extent that Developer does so, it shall use its good faith and non-discriminatory efforts to provide opportunities for minority, female and disabled employees and contractors. Developer shall also use its good faith efforts to include language in its service contracts requiring that service contractors use their good faith and non-discriminatory efforts to provide opportunities for minority, female and disabled employment.

(ii) Tenant Activities: Developer shall use its good faith efforts to include language in its tenant leases requiring that tenants use their good faith and non-discriminatory efforts to provide opportunities for minority, female and disabled employment and to include as standard contract language in each tenant lease all references to this Economic Opportunity Plan.

Developer will support tenants' efforts to recruit, train and hire minority, female and disabled residents of the area, including hiring graduates from applicable, local training programs directed toward the retail industry. It will use its good faith efforts to

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include language in its tenant leases requiring that tenants interviewing for employees work with applicable local training and management training programs directed toward the retail industry.

Developer will work with appropriate organizations, such as Opportunities Industrial Center (OIC), to develop and implement a community outreach strategy to facilitate tenant recruitment and hiring of residents of the City of Philadelphia. Such strategy may include the sponsorship of job fairs and/or creation of a central employment referral and screening service that tenants can utilize.

Developer, working with the MBEC, the Philadelphia Workforce Development Corporation (PWDC) and other resource agencies, will provide to tenants information regarding training or management training programs operated by local School Districts, Community Colleges or Universities, as well as the Retail Skills Center at Kravco's King of Prussia Plaza.

## **B. Reporting and Project Performance:**

After the commencement of Project operations, Developer will forward to MBEC, PIDC and the City, including City Council, quarterly reports of retail, contracting and employment activities for the Project.

## **Part III – Compliance and Enforcement**

Notwithstanding the foregoing, Developer will comply with all applicable Federal, Commonwealth and local statutes, ordinances, executive orders, rules, and regulations.



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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on September 18, 2003. The Bill was Signed by the Mayor on October 2, 2003.



Patricia Rafferty  
Chief Clerk of the City Council