

City of Philadelphia



(Bill No. 130811)

AN ORDINANCE

Authorizing the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into ground lease and sublease agreements with the Philadelphia Authority for Industrial Development for certain land and improvements located on a parcel of land bounded by South Broad Street to the east, Castle Avenue to the south, 15th Street to the west, and Morris Street to the north, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Public Property, on behalf of the City of Philadelphia, is hereby authorized to enter into ground lease and sublease agreements, as a ground lessor and a sublessee, with the Philadelphia Authority for Industrial Development for certain land and improvements located on a parcel of land bounded by South Broad Street to the east, Castle Avenue to the south, 15th Street to the west, and Morris Street to the north, pursuant to the general transaction structure set forth in Exhibit "A" attached hereto.

SECTION 2. The City Solicitor is authorized to include in the ground lease and sublease agreements such terms and conditions as in the opinion of the City Solicitor shall be necessary and proper to protect the interests of the City.

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Exhibit A

Terms of Proposed Ground Lease and Sublease Agreements between the City of Philadelphia and the Philadelphia Authority for Industrial Development for the land and improvements on a parcel of land bounded by South Broad Street to the east, Castle Avenue to the south, 15th Street to the west, and Morris Street to the north (“Property”)

1. Exhibit “A” Definitions:

“**PAID**” means the Philadelphia Authority for Industrial Development

“**CHOP**” means The Children’s Hospital of Philadelphia

“**CHOP, LP**” means a limited Partnership that will be formed by CHOP

“**Facility Improvements**” means a combined medical facility, recreation center, and library facility. When complete the Facility Improvements will contain: City Health Center 2, the South Philadelphia Branch of the Free Library, a Recreation Center and the Di Silvestro Playground, and a medical facility operated by CHOP.

2. Basic Structure of Lease and Sublease Transactions: Through PAID, the City will Ground Lease the Property to CHOP, LP and CHOP, LP will demolish the existing improvements on the Property and construct the Facility Improvements. Through PAID, CHOP, LP will then sublease portions of the Facility Improvements to the City. Below are the required Leases and Subleases:

- (a) The City will ground lease the Property to PAID (the “Ground Lease”)
- (b) PAID will ground sublease the Property to CHOP, LP
- (c) CHOP, LP will demolish most existing improvements and construct the Facility Improvements
- (d) CHOP, LP will lease the City’s portion of the Facility Improvements to PAID (the “City Portion”)
- (e) CHOP, LP will lease CHOP’s portion of the Facility Improvements to CHOP
- (f) PAID will sublease the City’s Portion of the Facility Improvements to the City (the “Sublease”)

3. Term: The term of ground lease and sublease agreements shall be at least thirty (30) years and may be extended for an aggregate term not to exceed ninety-nine (99) years.

4. Annual Base Rent: \$10.00

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- 5. Additional Rent, Maintenance, Repairs, and Utilities:** The City and CHOP will be responsible for the costs of maintenance, repairs and utilities associated with their respective areas of the Facility Improvements. The City and CHOP will share responsibility for the cost of maintenance, repairs and utilities for the common areas of the Facility Improvements in accordance with their pro rata shares.
- 6. Ownership of Facility Improvements:** Throughout the term, CHOP, LP will own the Facility Improvements, and at the end of the term, title will revert to PAID and then to the City.

**City of Philadelphia
Economic Opportunity Plan
The City of Children's Hospital of Philadelphia (CHOP)/
City of Philadelphia Family Health Center**

I. Introduction

The City of Philadelphia strongly encourages the use of certified Minority ("MBE"), Women ("WBE"), Disabled ("DSBE") and Disadvantaged¹ ("DBEs") Business Enterprises (collectively, "M/W/DSBEs") and minority and female workers in all aspects of the CHOP/City of Philadelphia Family Health Center Project (the "Project"), located at 1700 South Broad Street which may include financial investment, design, engineering, security, signage, construction, furniture, equipment, furnishing landscaping and operations. In support of this objective, City of Philadelphia will require that CHOP, hereafter, Owner, commit to this Economic Opportunity Plan ("EOP" or "Plan").

This Plan contains ranges of projected M/W/DSBE utilization and goals for the employment of minority and female workers in connection with development of the CHOP/City of Philadelphia Family Health Center Project. This Plan shall be a part of and incorporated into the resulting agreement(s) with the Owner.

The Owner hereby verifies that all information submitted to the Office of Economic Opportunity ("OEO") in response to this Plan, is true and correct and is notified that the submission of false information is subject to the penalties of 18 Pa.C.S. Section 4904 relating to unsworn falsification to authorities and 18 Pa.C.S. Section 4107.2 (a)(4) relating to fraud in connection with minority business enterprises or women's business enterprises.

For the purposes of this Plan, MBE, WBE, DBE and DSBE shall refer to certified businesses so recognized by OEO. Only the work or supply effort of firms that are certified as M/W/DSBEs by an OEO approved certifying agency² will be eligible to receive credit as a Best and Good Faith Effort. In order to be counted, certified firms must successfully complete and submit to the OEO an application to be included in the OEO Registry which is a list of registered M/W/DSBEs maintained by the OEO and available online at www.phila.gov/oao/directory.

For this Plan, the term "Best and Good Faith Efforts," the sufficiency of which shall be in the sole determination of the City, means: efforts, the scope, intensity and appropriateness of which are designed and performed to foster meaningful and representative opportunities for participation by M/W/DSBEs and an appropriately diverse workforce and to achieve the objectives herein stated. Best and Good Faith Efforts are rebuttably presumed met, when commitments are made within the M/W/DSBE Participation Ranges established for this development and a commitment is made to employ a diverse workforce as enumerated herein.

¹ Disadvantaged Business Enterprises ("DBEs") are those socially or economically disadvantaged minority and woman owned businesses certified under 49 C.F.R. Part 26.

² A list of "OEO approved certifying agencies" can be found at www.phila.gov/oao

II. Project Scope

The Project consists of a (type: mixed-use) development located at 1700 South Broad Street in the City of Philadelphia.

CHOP and the City are planning to join forces to provide health care to South Philadelphia adults and children in a unique arrangement that will include a new library and recreation center. The plan relocates two existing clinics, one a pediatric primary care practice in South Philadelphia that is owned by CHOP and the other a city health center that mainly serves adults, into one building that will be constructed by CHOP on city land. In addition to constructing the core and shell for the entire complex, CHOP will be responsible for the tenant fit-out and furnishing of the relocated CHOP pediatric primary care practice and the fit-out of the city health center, and the City will be responsible for the furnishing of the city health center including fixtures and equipment. The new health center will allow the City to expand its provision of dental care, mammography, prenatal care, and a wide range of other children's and adult health care services. Additionally, integrating health centers, a library, and a recreation center, will allow the City and CHOP to create a complex that offers clinical care, wellness, prevention, and literacy services to improve health outcomes for children and adults. Under the conceptual agreement, the hospital and other philanthropic sources will fully fund the construction of the complex to house its own existing services and the City's services, in addition to providing a benefit to the community by way of building a new recreation center and library. The City will charge CHOP a nominal fee to lease the land. CHOP will fund the tenant fit-out and furniture associated with the branch library and recreation center respectively. Fixtures and equipment for the branch library and the recreation center will be the responsibility of the City. We hope to open the health center, library and recreation center by late 2015.

III. Goals

1. M/W/DSBE Participation Ranges

As a benchmark for the expression of "Best and Good Faith Efforts" to provide meaningful and representative opportunities for M/W/DSBEs in the Project the following participation ranges have been established. These participation ranges represent, in the absence of discrimination in the solicitation and selection of M/W/DSBEs, the percentage of MBE, WBE and DSBE participation that is reasonably attainable through the exercise of Best and Good Faith Efforts. These percentages relate to the good faith estimated cost of the entire Project. In order to maximize opportunities for as many businesses as possible, a firm that is certified in two or more categories (e.g. MBE and WBE and DSBE or WBE and DSBE) will only be credited toward one participation range as either an MBE or WBE or DSBE. The firm will not be credited toward more than one category. These ranges are based upon an analysis of factors such as the size and scope of the development and the availability of MBEs, WBEs, DSBEs and DBEs to participate in this development:

The following contract goals have been set for the Project:

[PASTE CHART HERE]

Contracts	Minority Owned	Female Owned	Disabled Owned
Professional Services	15 - 20%	10 - 15%	BGFE
Construction Contractors	20 - 25%	5 - 10%	BGFE
Furniture and Fixtures	20 - 25%	5 - 10%	BGFE

2. Employment Goals

The Owner agrees to exhaust Best and Good Faith Efforts to employ minority persons and females in its workforce of apprentices and journeymen at the following levels¹:

Minority Apprentices	- 50% of all hours worked by all apprentices
Minority Journeymen	- 32% of all journey hours worked across all trades
Female Apprentices	- 2-7% of all hours worked by all apprentices
Female Journeypersons	- 2-7% of all hours worked across all trades
Philadelphia Residents	- 50%

Operations - current workforce transferred to new operations

IV. Responsiveness

- A. The Owner shall identify all M/W/DSBE commitments and other agreements evidencing its intent to use Best and Good Faith efforts to employ minority persons and females at the levels stated herein. The identified commitments constitutes a representation that the M/W/DSBE is capable of providing commercially useful goods or services relevant to the commitments and that the Owner has entered into a legally binding commitments or other legally binding agreements with the listed M/W/DSBEs for the work or supply effort described and the dollar/percentage amount(s) set forth. In calculating the percentage of M/W/DSBE participation, the standard mathematical rules apply in rounding off numbers. In the event of inconsistency between the dollar and percentage amounts listed on the form, the percentage will govern.
- B. M/W/DSBE commitments are to be memorialized in a written subcontract agreement. Letters of intent, quotations, contracts, subcontracts and any other documents evidencing commitments with M/W/DSBEs, including the M/W/DSBE Participation and Workforce Commitments Form, become part of and an exhibit to the Agreement resulting from the RFP and/or Bid.

¹ These goals, which have been adopted by the Economic Opportunity Cabinet, are the recommendations of the Mayor's Commission on Construction Industry Diversity.

- C. OEO reserves the right to request further documentation and/or clarifying information at any time during the construction and development of the Project to ensure that Best and Good Faith Efforts have been made.

V. Compliance and Monitoring of Best and Good Faith Efforts

- A. To the extent required by law, the Owner shall ensure that all its on-site contractors maintain certified payrolls which include a breakout of hours worked by minority and female apprentices and journeypersons; these documents are subject to inspection by OEO.
- B. Prompt Payment of M/W/DSBEs
1. The Owner agrees and shall cause all its contractors to ensure that all M/W/DSBEs participating in the Project receive payment for their work or supply effort within five (5) business days after receipt of a proper invoice following satisfactory performance.
- C. Oversight Committee
1. The Owner and/or at the discretion of the City of Philadelphia, in consultation with the appropriate agencies and entities, will establish and identify the members of a Project Oversight Committee, including representatives from the Owner, the Developer and/or the General Contractor and Construction Manager, The Office of Economic Opportunity, City Council, community organizations and the Building Trades. Participants will engage in monitoring, reporting and problem solving activities which are to include regular meetings to address all matters relevant to further development of the Plan, carrying out its implementation and the successful completion of the Project.

VI. Remedies and Penalties for Non-Compliance

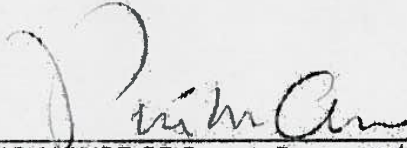

- A. The Owner agrees that its compliance with the requirements of this Plan is material to the Agreement. Failure to comply with the Plan may constitute a substantial breach of the Agreement and is subject to the remedies and penalties contained therein or otherwise available at law or in equity. Notwithstanding the foregoing, no privity of contract exists between the City and any M/W/DSBE identified in any contract resulting from implementation of the Plan. Neither nor the City intends to give or confer upon any such M/W/DSBE any legal rights or remedies in connection with subcontracted services under any law or policy or by any reason of any contract resulting from implementation of the Plan except such rights or remedies that the M/W/DSBE may seek as a private cause of action under any legally binding contract to which it may be a party.

VII. Guidelines for Joint Venturing

- A. Joint Venture relationships with certified M/W/DS-BE firms must meet the following criteria in

order to receive credit towards participation goals:

- 1) The M/W/DS-BE partner(s) must be certified by OEO, Unified Certification Program or a qualified governmental agency authorized by law to certify such enterprises prior to proposal/bid submission.
- 2) The M/W/DS-BE partner(s) must be substantially involved in significant phases of the contract including, but not limited to, the performance (with its own work force) of a portion of the on-site work, and of administrative responsibilities, such as bidding, planning, staffing and daily management.
- 3) The business arrangements must be customary (i.e., each partner shares in the risk and profits of the joint venture commensurate with their respective ownership interests).
- 4) If a certified partner is an MBE, WBE or DSBE, the participation will be credited only to the extent of the partner's ownership interest in the joint venture; there will remain a requirement to meet M/W/DS-BE goals.

 SIGNATURE OF Owner's Representative ⁴	10/29/13 DATE
 ANGELA DOWD-BURTON, Executive Director, Office of Economic Opportunity ⁵	10/29/2013 DATE

⁴The Owner's Representative is required to sign and date, but the City reserves the right to obtain the Owner's Representative signature thereon at any time prior to Plan certification. The Owner Representative will receive from the City a certified copy of its Plan which should be filed with the Chief Clerk of City Council within fifteen (15) days of the issuance and published by OEO, in a downloadable format, on the OEO website.

⁵ Pursuant to Section 17-1603 (2) of The Philadelphia Code, the representative of the City of Philadelphia's Office of Economic Opportunity, the "certifying agency", certifies that the contents of this Plan are in compliance with Chapter 17-1600.

[Project Name] EOP
 [Month] 2013

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on December 12, 2013. The Bill was Signed by the Mayor on January 8, 2014.

A handwritten signature in cursive script, reading "Michael A. Decker".

Michael A. Decker
Chief Clerk of the City Council