SUMMARY STATEMENT

ITEM NO.          SUBJECT: Forest Products Distribution Center Conveyance of DRPA Property

COMMITTEE:    Projects

COMMITTEE MEETING DATE: April 20, 2005

BOARD ACTION DATE: May 18, 2005

PROPOSAL: That the Board of Commissioners authorize staff to negotiate agreements, deeds, or other instruments necessary to convey approximately 8.3 acres of real property and 7.2 acres of riparian rights in the City and County of Philadelphia, Pennsylvania to the Philadelphia Regional Port Authority ("PRPA").

PURPOSE: To carry out DRPA's economic and port development missions by assisting in the creation and retention of port oriented jobs by increasing the capacity of the Port to handle cargo.

BACKGROUND: In 1993, by resolution number DRPA-93-024, the Board of Commissioners authorized the acquisition of property along the Delaware River in south Philadelphia to increase the available port storage areas to give the port of Philadelphia and PRPA the capacity to increase the volume of forest products delivered and processed through the port. PRPA's intended long term goal has been to develop a Forest Products Distribution Center in Philadelphia.

Pursuant to the 1993 resolution, the Authority acquired an 8.3 acre waterfront parcel located to the east of South Christopher Columbus Boulevard between former McKean Street and Moore Streets in the City and County of Philadelphia. The property purchased by the Authority also includes 7.2 riparian acres and contains City Piers numbers 72.5 and 73 (The 8.3 acre up-land area and the 7.2 acre riparian land is referred to herein collectively as the "Property").

As part of PRPA's Forest Product Distribution Center, PRPA needs additional warehouse capacity in which to store and distribute paper products delivered to the port of Philadelphia. The Commonwealth of Pennsylvania has committed $12,000,000 to design and construct a paper storage facility at the Property and PRPA now seeks to acquire the Property from DRPA in order to construct the facility. PRPA anticipates that the Project will permit PRPA to store an additional 45,000 short tons of paper products and will generate up to 200,000 metric tons of cargo throughput annually. This will result in up to 239 new full time equivalent jobs. Currently the Forest Products Distribution Center produces 1004 jobs.

In response to PRPA's request to purchase the Property from the
SUMMARY STATEMENT
Forest Products' Distribution Center
Projects 5/18/05

Authority, the Authority adopted resolution number DRPA-04-107 on November 17, 2004 which states the Authority's intent to negotiate an agreement to convey PRPA title to the Property. The resolution further provides that the material terms of the acquisition will be presented to the Board of Commissioners for its final review and approval.

In accordance with the November 17, 2004 Board resolution, staff commenced negotiations. Staff has evaluated PRPA's proposal and advises that: (i) the conveyance of the Property is not detrimental to the interests of the Authority; (ii) the conveyance will not adversely impact upon the operations of the Authority; (iii) the Property is no longer necessary for the Authority's public purposes; and (iv) and the Authority's conveyance of the Property advances the Authority's mission to promote port development in the Port District. The Agreement of sale has been reviewed by counsel for both DRPA and PRPA; however, the said Agreement has been substantially finalized at this time.

Staff has also obtained an independent appraisal of the Property by Keystone Appraisal Company that valued the Property at $3.35 million on the assumption that use of the Property would be solely for Port Industrial purposes. Conveyance of the Property will be subject to the provision that it can only be used for Port Industrial purposes. Staff requests that the Board of Commissioners authorize staff to finalize negotiations and arrange for execution of the necessary agreements, deeds, or other appropriate legal instruments to convey the Property to PRPA. The price to be paid for the Property shall be a total of $3.95 million dollars.

SUMMARY:
Amount: $3.95 million dollars to be paid to DRPA
Source of Funds: PRPA and/or Commonwealth of Pennsylvania
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: Philadelphia Regional Port Authority, Commonwealth of Pennsylvania
RESOLUTION

RESOLVED: That the Board of Commissioners find and declare that the property described below (the Property) is no longer needed for the public purpose of the Authority; and be it further

RESOLVED: That the Board of Commissioners approve the conveyance of the Property identified below to PRPA for $3.95 million dollars; provided that (i) conveyance of the Property will be subject to the requirement that conveyance of the Property will include a deed restriction limiting use of the Property to Port Industrial purposes, (ii) the Chairman, Vice Chairman and Chief Executive Officer of the Authority are hereby authorized to review and approve the terms and conditions of all agreements or instruments that may be necessary to convey the Property generally described as being located to the east of South Christopher Columbus Boulevard bounded by former McKean and Moore Streets in the City and County of Philadelphia, Pennsylvania and designated by the City as tax parcel number 77-1528000, consisting of a total of approximately 8.3 acres of up-land property and approximately 7.2 acres of riparian land, and being that Property acquired by DRPA pursuant to DRPA Resolution 93-024.

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve all necessary agreements, contracts, or other documents on behalf of the Authority prior to execution, and upon such approval the said Chair, Vice-Chair and Chief Executive Officer shall execute the said agreements, contracts or other documents on behalf of the Authority.

SUMMARY: Amount: $3.95 million dollars to be paid to DRPA
Source of Funds: PRPA and/or the Commonwealth of Pennsylvania
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: Commonwealth of Pennsylvania, PRPA

RLB