



City of
Philadelphia

ARENA AGREEMENT

Public Meeting

September 25, 2024

MAYOR CHERELLE L. PARKER





Overview of 76 Place Agreement

1. Background and guiding principles
2. Agreement highlights and transaction structure
3. Historical context
4. Agreement details:
 - a. Local tax revenue
 - b. Beyond the Basketball
 - Economic Opportunity Plan
 - Community Benefit Agreement
 - Market East Development
 - c. Other components (“competing facilities” provision, WNBA, sustainability)
5. Chinatown Commitment
6. Legislative package; related approvals and requirements



1. Background and guiding principles

Background

- In 2020, the Sixers proposed to relocate from the Wells Fargo Center at the Sports Complex (where the team's **lease is up** at the end of the 2030/2031 season) to a new arena to be constructed on Penn's Landing
- The team was **unable to secure the support** needed to advance this proposal
- In mid-2022, the Sixers announced a new plan to construct an arena on a portion of the Fashion District site.
 - **Of note:** At the time, the Sixers emphasized the team would not return to the Wells Fargo Center and would not seek local funding for a new arena
- Under the prior Administration, the City started **extensive due diligence** to analyze the project impacts (culminating in the recently released impact reports) and identify the transaction structure and legislative and other approvals needed to advance the project



1. Background and guiding principles

Guiding principles

- When Mayor Parker took office, she articulated a **set of guiding principles** that would inform her consideration and shaping of a potential agreement, including:
 - Careful **stewardship of City resources** and a focus on the City's fiscal stability
 - Maximizing the **potential citywide impact** of such a large-scale development project
 - Unlocking the **long-overdue redevelopment of Market East** – attracting investment, generating jobs, yielding new tax revenue, and creating vibrancy on a historic and critical commercial corridor
 - **Preserving and enhancing Chinatown**, including by responding to long-standing challenges that have developed over decades
 - Ensuring city residents and businesses from groups historically excluded from participation have access to related **employment and contracting opportunities**



2. Agreement highlights

Highlights

- This is **the best** sports facility agreement in the City's history and it keeps our hometown 76ers **playing in Philadelphia** at least until 2061
- The Sixers **are financing the ~\$1.3 billion project with no City funds** – an approach that is unprecedented among our local sports facilities
- 76 Place will create **over a thousand construction and operations jobs** and is paired with a historic Economic Opportunity Plan to ensure employment and contracting opportunities (during construction AND operations) benefit individuals and businesses **reflective of the community at-large**
- The \$50 million community benefits agreement (CBA) will **support nearby communities** and make **citywide investments** in education and economic opportunity
- The CBA investments will help jumpstart a **broader, City-led focus on Chinatown** aimed at ensuring its ongoing vitality and strengthening this treasured community



2. Agreement highlights

Highlights






- 76 Place is projected to generate **over \$700 million in new tax revenues** for the City and School District
- Finally, 76Place presents an unprecedented opportunity to **unlock long-needed redevelopment on Market East** – creating jobs, generating additional tax revenue, and bringing vibrancy to a key commercial corridor
- Between the Sixers' private investment and related new tax revenues, this is **the best financial deal** the City has ever struck for an arena or stadium
- Between the numerous commitments in the agreement to expanding economic opportunity, investing in our young people, and supporting adjacent communities, this is **the right deal** for the City, our residents, and our neighborhoods

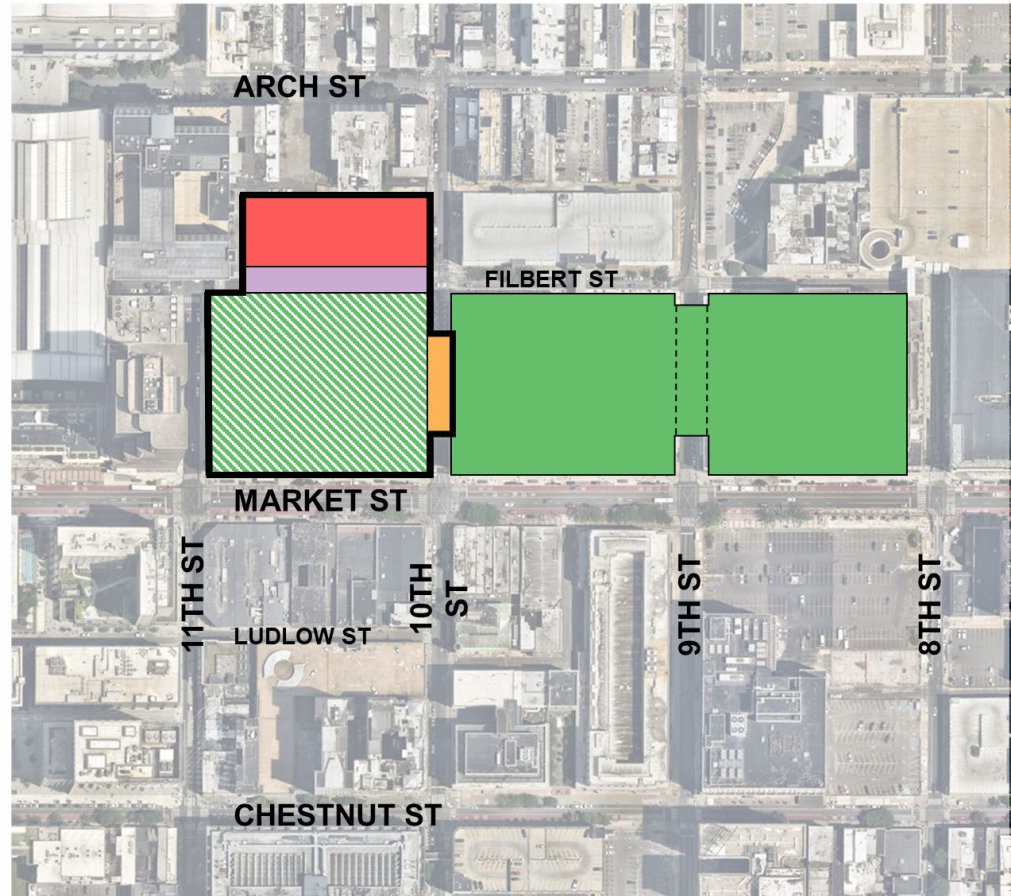
2. Arena massing view



2. Arena site view

Consolidated Arena Site Parcel

-  Fashion District
-  Former Greyhound Depot
-  Filbert Street
-  10th Street Bridge
-  Fashion District to remain





2. Transaction structure (i.e., real estate mechanics)

- The **Sixers will purchase** the 1000 block portion of the Fashion District and the former Greyhound bus depot
- The Sixers will clear those parcels (all demolition will be subject to permitting and approval rights of the City) and **contribute them to the City for nominal value** through the Philadelphia Authority for Industrial Development (PAID)
- To form **the Arena Parcel**, the City will combine the Sixers-contributed parcels with City-owned parcels including portions of the former 1000 block of Filbert Street, air-rights related to existing 10th Street bridge, and parts of parcels related to Jefferson Station
- Through PAID, the City **will lease the consolidated Arena Parcel back to the Sixers** for nominal value, all subject to the terms and conditions of a ground lease between the City and PAID and a Sublease and Development Agreement with the Sixers – including the **negotiated PILOT and U&O payments** detailed below



2. Transaction structure

Transaction implementation

- Implementing the transaction requires approval of an initial package of **11 Ordinances and Resolutions**
- The legislation is detailed later in this presentation, along with some of the key pre- and post-construction **approvals that will be required**
- Further to Councilmember Squilla’s commitment, the legislation is being publicly posted (i.e., **“sunshined”**) on the City’s website on Wednesday, September 25
- The legislation will formally be transmitted for requested introduction in City Council on **October 24, 2024**



2. Transaction structure

Anticipated timing for key project stages

- Demolition start in 2026
- Construction start in 2028
- Arena opening in fall 2031



3. Historical context

Local and national dynamics

- The Parker Administration's agreement with the Sixers builds on the nation-wide progression from public ownership of professional sports facilities to **public-private partnerships**
- Before the 1990s, the City's sports facilities were funded, constructed, and operated **entirely by City government**
- Starting in the 1990s, facilities were able to improve their finances by capitalizing on naming rights and advertising revenues
- During this era, some **funding responsibility began to shift** from the public sector to the teams as the teams took over financial liability for development, operations, and maintenance from the public sector



3. Historical context

Local evolution

- Philadelphia saw this shift in the development of the current day Wells Fargo Center, Citizens Bank Park, and Lincoln Financial Field
- In each case, the City and the Commonwealth made **substantial contributions of taxpayer funds** towards land, infrastructure, parking, and site preparation, but otherwise shifted all risk for design, finance, development, and operations onto the teams
- At the same time, the City started requiring **substantive public contributions** and Economic Opportunity Plans



3. Historical context

A new era

- As detailed below, the Sixer agreement is very different from and **far superior to** those earlier transactions:
 - First and foremost, it has **no local public funding**;
 - It builds off the latest trend in **urban-based, transit-friendly facilities** that integrate with the existing urban fabric; and
 - It includes a **significant** PILOT and U&O payment agreement, a **substantial** community benefits agreements, and a **historic** Economic Opportunity Plan – **all functions of running the transaction through the City**



4. Local tax revenue

Highlights

- The Sixers are financing an estimated \$1.3B project **with no City funds** – this is **unprecedented in Philadelphia's** experience with sports facilities
- The Sixers will make an average PILOT/U&O payment of **\$6.0M/year over 30 years**
 - \$5.5M/year in first year of operations and escalating 10% every 10 years during 30-year base term
- The negotiated PILOT and U&O agreements are **more than two times larger** than those for any prior local arena/stadium:
 - Wells Fargo Center: \$2.52M/year
 - Eagles: \$2.25M/year
 - Phillies: \$1.25M/year



4. Local tax revenue

Highlights

- Based on independent assessment, the construction of the Arena and the forecast 53 annual net new events during the 30-year base lease term are projected to generate **over \$700M in new tax revenues** (including PILOT and U&O payments) in current dollars for the City and School District
- This is **the highest ever** for a local sports facility
- The net present value of these new revenues, using a 5% "discount" rate (i.e., a dollar next year is worth 5% less than a dollar today) to account for time value of money, is:

	Current dollars	Net present value (NPV)
City	\$555M	\$197M
School District	\$153M	\$52M
Total	\$708M	\$249M*

*Note: The \$390M NPV figure in the CSL report also includes **\$140M in new Commonwealth revenues**.

4. Comparison to prior arena/stadium transactions

Impact	Wells Fargo Center	Citizens Bank Park	Lincoln Financial Field	76Place
Construction	Team	Team	Team	Team
Operations	Team	Team	Team	Team
Play Covenant	30 years	30 years	30 years	30 years
Lease Term	30-99 years	30-99 years	30-99 years	30-99 years
Project Costs:	\$229M in 1995:	\$475M in 2001:	\$534M in 2001:	\$1.3B in 2024:
<ul style="list-style-type: none"> Acquisition Site Prep, Infra., Parking Stadium/Arena 	<ul style="list-style-type: none"> Public Public (\$14M) Public (\$18M) Team (\$197M) 	<ul style="list-style-type: none"> Public (\$47.5M) Public (\$81.5M) Public (\$303M+) Team (\$172M) 	<ul style="list-style-type: none"> Public (\$47.5M) Public (\$81.5M) Public (\$314M+)* Team (\$220M) 	<ul style="list-style-type: none"> Team Team Team
Parking Revenue	Leased lot/Vet to team	Leased lot to team	Leased lot to team	None
Advertising Revenue	Naming Rights + limited parking lot signage	Naming Rights + limited parking lot signage	Naming Rights + limited parking lot signage	Naming Rights + existing Market St. signage district
Development Rights	yes	no	no	n/a

Note: Values in above chart are totals in current dollars, not Net Present Value.

*Public contribution to Lincoln Financial Field includes present value of payments made during the lease term.

4. Comparison to prior arena/stadium transactions

Impact	Wells Fargo Center	Citizens Bank Park	Lincoln Financial Field	76Place
City General Fund*	n/a	+ \$89.0M/30 years	+ \$70.7M/30 years	+ ~\$555M/30 years
School District*	n/a	+ \$28.5M/30 years	+ \$41.7M/30 years	+ ~\$153M/30 years
Community Benefits Agreement	Special Service District: \$7.5M funding	Special Service District: \$11.25M funding + limitations on facility usage	Special Service District: \$11.25M funding + limitations on facility usage	\$50M to support nearby communities and make citywide investments
Charitable Donations	None	\$30M, paid out over 30 years to Children's Fund	\$30M, paid out over 30 years to Children's Fund	Included in \$50M above
Economic Opportunity Plan	Yes	Yes	Yes	Yes
Parking Obligation	Must maintain minimum parking spaces	Must maintain minimum parking spaces	Must maintain minimum parking spaces	TBD

Note: Values in above chart are totals in current dollars, not Net Present Value.

*City General Fund and School District lines include PILOT and U&O payments and reflect initial projections, not actuals.



4. Beyond the Basketball: overview

Highlights

- Mayor’s “Beyond the Basketball” vision is designed to **leverage three different but interrelated pathways** to economic opportunity:
 - The required **Economic Opportunity Plan (EOP)** for the project;
 - The negotiated \$50M **Community Benefits Agreement (CBA)**; and
 - The significant development potential along **Market East**
- As detailed below, the initiative focuses on expanding opportunity for both the **workforce and for local businesses**
- Taking a comprehensive view across these three components – and building in structures for ongoing monitoring and problem-solving – reflects **national best practices** and positions the City to meet or exceed its participation goals



4. Beyond the Basketball: economic opportunity plan

Approach

- The City team considered the EOP both in terms of (1) the numeric participation goals it sets and (2) the terms and conditions it includes to enable the City to **track and enforce compliance** across the construction period and during the Arena's ongoing operations
- The City approached the EOP negotiation squarely focused on the fact that – far too often – ambitious **goals are set and never reached**
- To ensure this EOP is history-making in bucking that trend, it includes the best terms from prior agreements and new terms identified by **subject matter experts** with relevant experience in similar projects, such as:
 - Owner/developer (PHL leadership)
 - City oversight entity (OEO leadership)
 - Oversight Committee member (PIDC staff)
 - Capacity-building program partner (Rebuild/Capital Programs Office staff)
 - Third-party EOP monitor (former UAC team member)



4. Beyond the Basketball: EOP

Highlights

- This EOP is **the best in the City's history**
- **More comprehensive** than any prior local EOP, with a level of specificity not seen in EOPs for recent large-scale projects or prior stadiums
- Contains goals for a **diverse workforce** (minority, women, and disabled employees) and **diverse contractors** (M/W/DSBEs) that **meet or exceed** participation targets in prior local arenas/stadiums
- Sets goals for employment of **local workers** (i.e., city residents) for both construction and ongoing operations
- Requires **proactive measures** to ensure M/W/DSBEs are afforded a **meaningful opportunity to participate** in contracts, concessions, and retail leasing
- Explicitly requires **quarterly reporting to and monitoring by** an Oversight Committee during the operations phase – a key distinction from prior EOPs



4. Beyond the Basketball: EOP

Implementation

- The EOP contains **specific commitments to inclusion practices**, such as de-bundling larger contracts and monitored supplier diversity strategies
- On de-bundling, for example, the Sixers are approaching the Arena build and related Jefferson Station modifications as different projects
 - **Of note:** This approach will generate scopes of work that are **more accessible** to smaller, diverse firms
- The EOP outlines efforts already underway by the Sixers to expand supplier diversity – including its new partnership with the Supplier i.o. platform – and **codifies its commitment** to expanding those efforts in anticipation of the Arena opening
- The EOP commitments and requirements would apply to any future Arena **alterations, expansions, renovations, or improvements** costing over \$1M or not able to be completed in 30-days – another key distinction from prior EOPs



4. Beyond the Basketball: EOP

Implementation

- The Sixers, its general contractor, and all subcontractors must exercise **Best and Good Faith Efforts (BGFE)** to provide meaningful and representative contracting opportunities for M/W/DSBEs and employment opportunities for minority, women, disabled, and local employees
- BGFE are adhered to when a firm demonstrates and documents its **specific efforts to recruit and engage** M/W/DBSE contractors and diverse employees
- Listing of BGFE in the EOP is **more detailed and expansive** than any prior local EOP
- Sixers required to submit a “Contracting and Workforce Diversity Goal Plan” that details **specific availability and utilization strategies** to meet diversity goals in the EOP



4. Beyond the Basketball: EOP

Implementation

- In advance of construction start, Sixers required to submit a schedule of committed M/W/DSBEs and to update it throughout the duration of the project
- Provisions included to **guard against pass-through entities** that do not represent meaningful participation
- Sixers required to hire a third-party monitor – from an Office of Economic Opportunity (OEO) approved list – to conduct a **monthly, on-site labor census** and prepare written reports of findings
 - **Of note:** Non-compliance with EOP can result in penalties under the Philadelphia Code, which can escalate to contract termination and debarment



4. Beyond the Basketball: EOP

Ongoing monitoring

- Research and prior local experience demonstrate that **monitoring is critical** to reaching – much less exceeding – participation goals
- Accordingly, the EOP requires ongoing reporting and monitoring by an Oversight Committee to continue **after construction and throughout Arena operations** – a critical distinction from prior EOPs
- The **Oversight Committee** includes, at a minimum:
 - A C-suite Sixers executive and a representative selected by the Sixers
 - Representatives from the City's Office of Economic Opportunity, Labor Standards Unit, and Law Department
 - A City Council and community representative, both appointed by the Council President
 - A representative from the Building and Construction Trades Council, appointed by the Mayor
 - A Mayoral appointee, who shall serve as Chair



4. Beyond the Basketball: EOP

Ongoing monitoring

- Reporting:
 - During construction period, Sixers required to report to Oversight Committee on a **monthly basis** regarding performance against employee and contractor participation goals
 - During operations period, Sixers required to report to Oversight Committee on a **quarterly basis** – a requirement not found in prior EOPs
 - Above periodic reports will be paired with an annual report submitted to the Office of Economic Opportunity and City Council
- Empowering the tool of transparency, the Oversight Committee meeting minutes, and annual reports from Sixers, will be **made available to the public** and **posted on the City's website** – another key distinction from prior EOPs

4. Beyond the Basketball: EOP participation goals

Phases of Project and Categories of Work	Workforce and Contracting Goals
Phase 1: Design and Construction	
Labor: Skilled	Workforce diversity 37-42% made up of: 30% minority / 5-10% women / 2% disabled 30% local (i.e., City resident) workforce
Labor: Laborers	Workforce diversity 47-52% made up of: 40% minority / 5-10% women / 2% disabled 30% local workforce
Labor: Apprentice and Pre-Apprentice	Workforce diversity 59% made up of: 50% minority / 7% women / 2% disabled 50% local workforce
Contracting: Construction	Contracting diversity 37-52% made up of: 25-35% MBE / 10-15% WBE / 2% DSBE
Contracting: Professional Services	Contracting diversity 32-47% made up of: 20-30% MBE / 10-15% WBE / 2% DSBE
Contracting: Furniture, Fixtures, and Equipment	Contracting diversity 32-47% made up of: 20-30% MBE / 10-15% WBE / 2% DSBE
Phase 2: Ongoing Operations	
Hourly Employees	Workforce diversity 60% made up of: 38% minority / 20% women / 2% disabled 75% local workforce
Management Employees	Workforce diversity 47% made up of: 30% minority / 15% women / 2% disabled 40% local workforce
Salaried Employees	Workforce diversity 47% made up of: 30% minority / 15% women / 2% disabled 40% local workforce
Interns	Workforce diversity 57% made up of 40% minority / 15% women / 2% disabled 50% local workforce
Contracting (e.g., janitorial, security, AV, IT, waste management, landscaping, snow removal)	Contracting diversity 32-47% made up of: 20-30% MBE / 10-15% WBE / 2% DSBE
Concessions (includes ownership, contracting, and labor)	Contracting diversity 52-62% made up of: 30-40% MBE / 20% WBE / 2% DSBE



4. Beyond the Basketball: EOP participation goals

Numbers: Construction Phase workforce

- Goals developed through dual lens of current workforce demographics and already-underway programs to **expand workforce diversity**
- Demonstration of “best and good faith efforts” to meet goals names **specific programs and partners** with which contractors should **pursue employment outreach**, including Philadelphia Works, the City’s Capital Programs Office/Rebuild, OIC Philadelphia, City College for Municipal Employment, and Everybody Builds

Workforce category	Workforce goals
Skilled Labor	Workforce diversity 37-42% made up of: 30% minority / 5-10% women / 2% disabled 30% local (i.e., City resident) workforce
Laborers	Workforce diversity 47-52% made up of: 40% minority / 5-10% women / 2% disabled 30% local workforce
Apprentices and Pre-Apprentices	Workforce diversity 59% made up of: 50% minority / 7% women / 2% disabled 50% local workforce

4. Beyond the Basketball: EOP participation goals

Numbers: Construction Phase contracting

- EOP specifies the **anticipated contracting scopes** of work in each category – enabling targeted outreach and helping to focus capacity building activities during pre-construction period
- For example, professional services category includes **bonding, accounting, financial advising**, lending/financing, legal services, architecture, civil engineering, structural engineering, mechanical engineering, geotechnical engineering, landscape design, fire alarm consulting, LEED/sustainability consulting, and testing

Contracting category	Contracting Goals
Construction	Contracting diversity 37-52% made up of: 25-35% MBE / 10-15% WBE / 2% DSBE
Professional Services	Contracting diversity 32-47% made up of: 20-30% MBE / 10-15% WBE / 2% DSBE
Furniture, Fixtures, and Equipment (FFE) ^{***}	Contracting diversity 32-47% made up of: 20-30% MBE / 10-15% WBE / 2% DSBE

4. Beyond the Basketball: EOP participation goals

Numbers: Operations Phase workforce

- Workforce diversity goals **exceed those in EOPs** for prior local arena/stadiums
- Includes goals **for local (i.e., City resident) workforce** – a provision not included in the EOPs for prior local arenas/stadiums
- Goals run through **all levels of the Sixers' operations workforce** – from interns, to hourly, to salaried, to management employees

Workforce category	Workforce goals
Hourly Employees	Workforce diversity 60% made up of: 38% minority / 20% women / 2% disabled 75% local workforce
Management Employees	Workforce diversity 47% made up of: 30% minority / 15% women / 2% disabled 40% local workforce
Salaried Employees	Workforce diversity 47% made up of: 30% minority / 15% women / 2% disabled 40% local workforce
Interns	Workforce diversity 57% made up of 40% minority / 15% women / 2% disabled 50% local workforce

4. Beyond the Basketball: EOP participation goals

Numbers: Operations Phase contracting

- Participation goals exceed those for prior local sports venues **in multiple categories**
- Sixers have committed to including **Chinatown businesses** in vendor outreach and RFPs
- Sixers are already **building a pipeline for diverse vendors** and piloting a model at HBSE-operated Prudential Center to prepare local, diverse small businesses for Arena opportunities in Philadelphia

Contracting category	Contracting Goals
Contracting (e.g., janitorial, security, AV, IT, waste management, landscaping, snow removal)	Contracting diversity 32-47% made up of: 20-30% MBE / 10-15% WBE / 2% DSBE
Concessions (includes ownership, contracting, and labor)	Contracting diversity 52-62% made up of: 30-40% MBE / 20% WBE / 2% DSBE



4. Beyond the Basketball: Community Benefits Agreement (CBA)

Highlights

- **\$50M commitment is higher** on a current dollar basis than those for prior local arena/stadium deals
- The related programming takes a **more comprehensive approach** than prior local agreements or those for comparable arena developments nationwide
- Allocations developed with two goals in mind:
 - Building up Arena-impacted communities, and responding to **impact report findings** and **community feedback**; and
 - Ensuring **citywide benefits**, especially with respect to education and economic opportunity



4. Beyond the Basketball: CBA

Highlights

- Agreement appropriately front-loads the spending both for citywide efforts and for arena-impacted communities, with **70% of the \$50M total** and **97% of the \$25M** focused on impacted communities **spent in first 10 years**
- Aggressive payment schedule helps ensure investments have **greatest potential** to leverage new economic opportunity and mitigate any arena-related issues



4. Beyond the Basketball: CBA

Structure

- The CBA terms are memorialized in an **enforceable, written agreement** that secures the funding allocation at the point of transaction approval
- The CBA includes a provision to ensure that the funding commitment will remain in place **even if there is a change in team ownership**
- The CBA structure **minimizes administrative costs** by having all funds spent by the City or the Sixers, rather than being administered by a third-party entity
- The CBA includes requirements for **ongoing annual reporting** and routine audits – mechanisms for ongoing accountability and transparency

4. Beyond the Basketball: CBA core purposes

Funding category	Amount	Share
Based on impact studies	\$25M	50%
Citywide impact	\$25M	50%
TOTAL:	\$50M	100%

4. CBA payment schedule

- **Front-loads the \$50M** to respond to impact reports and leverage the economic opportunity created by arena construction and Market East development
- **30% of total (\$15M) allocated** during the six-year pre-opening period (shaded rows)
- **97% of \$25M** impact report-related allocations, and **\$50M of total allocations**, to be spent in **first 10 years**
- **Distinguishing feature** from CBAs for prior arena/stadiums, where funding was evenly smoothed out over 30-year periods

Fiscal Year (FY)	Total by FY
FY2026 (July 2025-June 2026)	\$ 2,275,000
FY2027 (July 2026-June 2027)	\$ 2,425,000
FY2028 (July 2027-June 2028)	\$ 1,925,000
FY2029 (July 2028-June 2029)	\$ 1,925,000
FY2030 (July 2029-June 2030)	\$ 2,925,000
FY2031 (July 2030-June 2031)	\$ 3,525,000
FY2032 (July 2031-June 2032)	\$ 9,445,675
FY2033 (July 2032-June 2033)	\$ 4,600,000
FY2034 (July 2033-June 2034)	\$ 3,600,000
FY2035 (July 2034-June 2035)	\$ 2,600,000
FY2036 (July 2035-June 2036)	\$ 2,400,000
FY2037 (July 2036-June 2037)	\$ 2,400,000
FY2038 (July 2037-June 2038)	\$ 1,650,000
FY2039 (July 2038-June 2039)	\$ 1,650,000
FY2040 (July 2039-June 2040)	\$ 850,000
FY2041 (July 2040-June 2041)	\$ 850,000
FY2042 (July 2041-June 2042)	\$ 475,000
FY2043 (July 2042-June 2043)	\$ 225,000
FY2044 (July 2043-June 2044)	\$ 225,000
FY2045 (July 2044-June 2045)	\$ 225,000
Total scheduled	\$ 46.2M
Total scheduled + 30-year items (\$3.75M)	\$ 50M



4. Beyond the Basketball: CBA allocations

Impact-report related

- **Small businesses**
 - Chinatown Small Business Lending Fund (**\$3M**): Small business lending program – ideally in conjunction with community-based lenders – to stabilize and help expand Chinatown businesses
 - **Of note:** City will seek to leverage this investment by launching a campaign to **raise \$10M-15M in additional funds**
 - Business Disruption Fund (**\$1.6M**): Grant funding to assist small businesses impacted during the construction of Arena
 - Power Up Your Business (**\$2M**): Funding to support neighborhood businesses/entrepreneurs participating in the Power Up Your Business program at Community College of Philadelphia (CCP)
 - **Of note:** Program offerings will demonstrate cultural competency and be accessible to participants with Limited English Proficiency



4. Beyond the Basketball: CBA allocations

Impact-report related

- **Neighborhood preservation**
 - [See “**Chinatown Commitment**” section that follows]
 - Related Chinatown and Market East master planning efforts (**\$1M**): Contribution toward two comprehensive master planning efforts to be managed by the City
 - **Of note:** The Chinatown plan will be undertaken in conjunction with the Chinatown community and stakeholders, and will address traffic, parking, and other issues related to quality-of-life and daily functioning in the community



4. Beyond the Basketball: CBA allocations

Impact-report related

- **Housing**
 - Housing support (**\$3M**): Support for a range of City-coordinated housing programs, including affordable housing preservation, senior housing, and homeownership support for police, nurses, teachers, etc., up to 120% AMI
 - **Of note:** The City will leverage this investment with the Mayor's broader plan to create/preserve 30,000 units of housing, which will include a focus on Chinatown



4. Beyond the Basketball: CBA allocations

Impact-report related

- **Cleanliness**
 - PHL TCB (**\$1.25M**): Expansion of the successful PHL TCB program in coordination with the Philadelphia Chinatown Development Corporation and linking to Philly Future Track
 - **Of note:** Will be paired with additional services from Center City District (CCD), further to a voluntary payment agreement the Sixers are entering into with CCD



4. Beyond the Basketball: CBA allocations

Impact-report related

- **Traffic**
 - Public transit (**\$3M**): Funding to support subsidization and incentivization of SEPTA and PATCO use for Arena events (games, concerts, family shows, etc.)
 - **Of note:** Will be paired with a Traffic Event Management Plan (TEMP) that must be approved by the City prior to Arena construction



4. Beyond the Basketball: CBA allocations

Impact-report related

- **Safety**
 - **CCTV (\$1.45M)**: Installation and ongoing maintenance of 21 new CCTV cameras at locations around the Arena
 - **Neighborhood security sub-station (\$1.5M)**: Funding for construction of new sub-station to co-locate public safety staff from PPD, SEPTA, CCD, Jefferson, etc.
 - **New lighting (\$1.14M)**: Installation and upgrades to street lighting at 4 locations around Arena



4. Beyond the Basketball: CBA allocations

Citywide

- **Economic opportunity**
 - **Business Barrier Fund (\$1M)**: Seed funding for pooled resources to assist small businesses with obtaining insurance, bonding, paying fees, etc., that are needed to access work associated with Arena and adjacent development; combination of direct financial assistance and technical assistance
 - **Business Readiness Programs (\$3.75M)**: Assistance and support for businesses to prepare them for work associated with the Arena and ancillary development on Market East; led by Diverse Chambers Coalition of Philadelphia



4. Beyond the Basketball: CBA allocations

Citywide

- **Education**

- City College for Municipal Employment (**\$4.5M**): Support for education, training, workforce development, and business development, including related to employment and contracting opportunities to come from the Arena (direct and indirect), ancillary development, and ongoing commerce and business activity in adjacent communities
- Extended-Day/Extended-Year schooling (**\$7M**): Funding to help support a signature initiative to close the enrichment gap for Philadelphia students and support working families through free before- and after-school care featuring extensive enrichment offerings



4. Beyond the Basketball: CBA allocations

Citywide

- **Education (continued)**
 - Internships (**\$1M**): Internship and employment onboarding opportunities for high school and college students from disadvantaged communities and HBCUs for Front-of-House and Back-of-House roles with the Sixers and in Arena operations
 - Youth Basketball (**\$1.5M**): Expansion of Sixers neighborhood basketball league to 10 leagues per year
 - SDP tickets (**\$3M**): Free tickets to be provided for each home game and allocated by the School District



4. Beyond the Basketball: CBA allocations

Citywide

- **Community engagement**
 - Community use of arena (**\$750K**): Arena available for community use for five (5) events per year
 - **Of note:** This is in addition to programming opportunities in and activation of the public space on the ground floor of the Arena, which must be accessible to the public outside of hours when events are held
- **Clean and green**
 - Recreation Center support (**\$2.5M**): Annual \$250,000 allocation for ten years to support programming and discretionary investments at City recreation centers



4. Beyond the Basketball: Market East development

Topline

- Unprecedented opportunity to **unlock long-needed redevelopment** along East Market Street –creating jobs, generating tax revenue, and bringing vibrancy to a key commercial corridor
- Builds on recent, in progress, and planned redevelopment efforts, detailed below, and links to upcoming master planning efforts
- Development potential at hand is significantly driven by the **Sixers assembling key parcels**



4. Beyond the Basketball: Market East development

Recently completed on/near Market East (City Hall to Independence Mall)

- Nearly 1,000 new residential units since 2017
- Over 261,000 square feet (sf) of new commercial/office space and over 223,000sf of new ground-floor retail space

Under development

- Nearly 800 new residential units in the pipeline
- Over 50,000sf of new ground-floor retail in development
- City-led “Market Street Old City Improvement Project,” with traffic and mobility enhancements on Market Street from Sixth to Second Streets, due to be complete by April 2026



4. Beyond the Basketball: Market East development

Potential development by Sixers

- Sixers are in partnership with Macerich for the Fashion District and have assembled key parcels on the south side of the 900 and 1000 blocks of Market Street
- Sixers' "Market East Development Plan" describes potential phased redevelopment including:
 - **Phase I (2027)**: Arena site and south side of 1000 block Market (excluding CVS); 453,000sf total development, including 380 residential units, 28,000sf retail, and 127 parking spaces
 - **Phase 2 (2030)**: South side of 900 block Market; 433,450sf total development, 340 residential units, 26,000sf retail, and 114 parking spaces
 - **TOTAL**: Arena + 54,000sf retail + 720 residential units + 83,450sf parking (241 spaces)

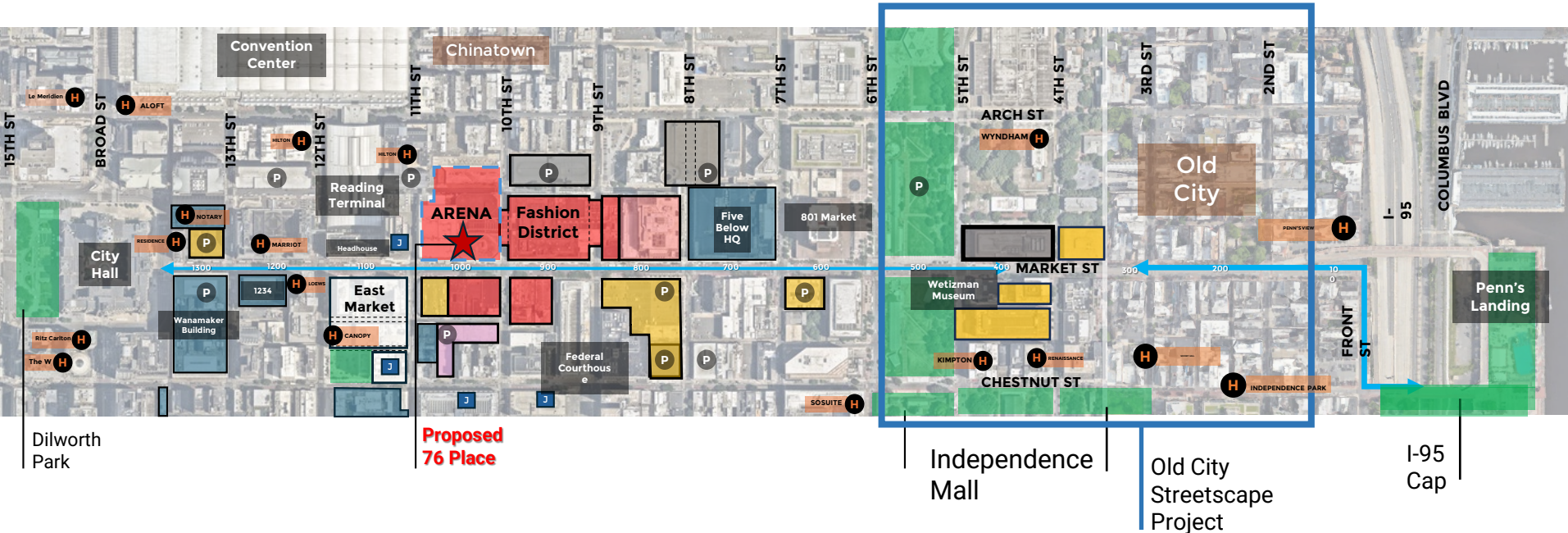


4. Beyond the Basketball: Market East development

Other planned or proposed development (i.e., outside of Sixers' proposals)

- Another 600+ residential units
- 600 hotel beds
- Over 50,000sf new ground-floor retail
- Over 700,000sf office space (mainly from a 2016 proposal at 13th & Market Streets)

4. Beyond the Basketball: potential development on Market East



P Parking
 H Hotels
 J Jefferson

HBSE
 Future Development
 PPA - Autopark at Jefferson
 Soft Sites
 Public Spaces
 Brickstone Developments

1200 & 1300 BLOCKS OF MARKET ST



Samuel Rappaport

- Planned, 700,000 SF Office Tower



TF Cornerstone (100 S. PENN SQ.)

- Investment, 600,000 SF Office Space Available



AND NEAR SOUTH 12TH STREET CORRIDOR

Goldenberg (1213 Walnut)

- Completed
- 322 Units
- 7,200 SF Retail

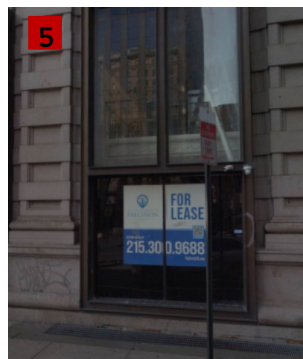
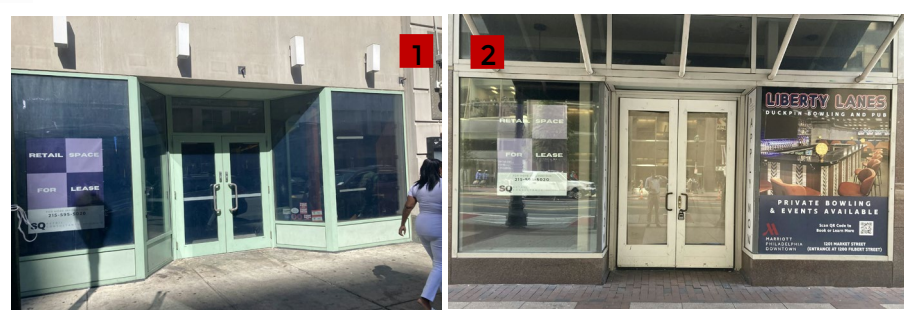
Midwood (204 S. 12th)

- Near-Completion
- 378 Units
- 40,000 SF Retail



1300 BLOCK OF CHESTNUT ST

- Ground Floor Vacancy
- P Parking
- H Hotels
- J Jefferson

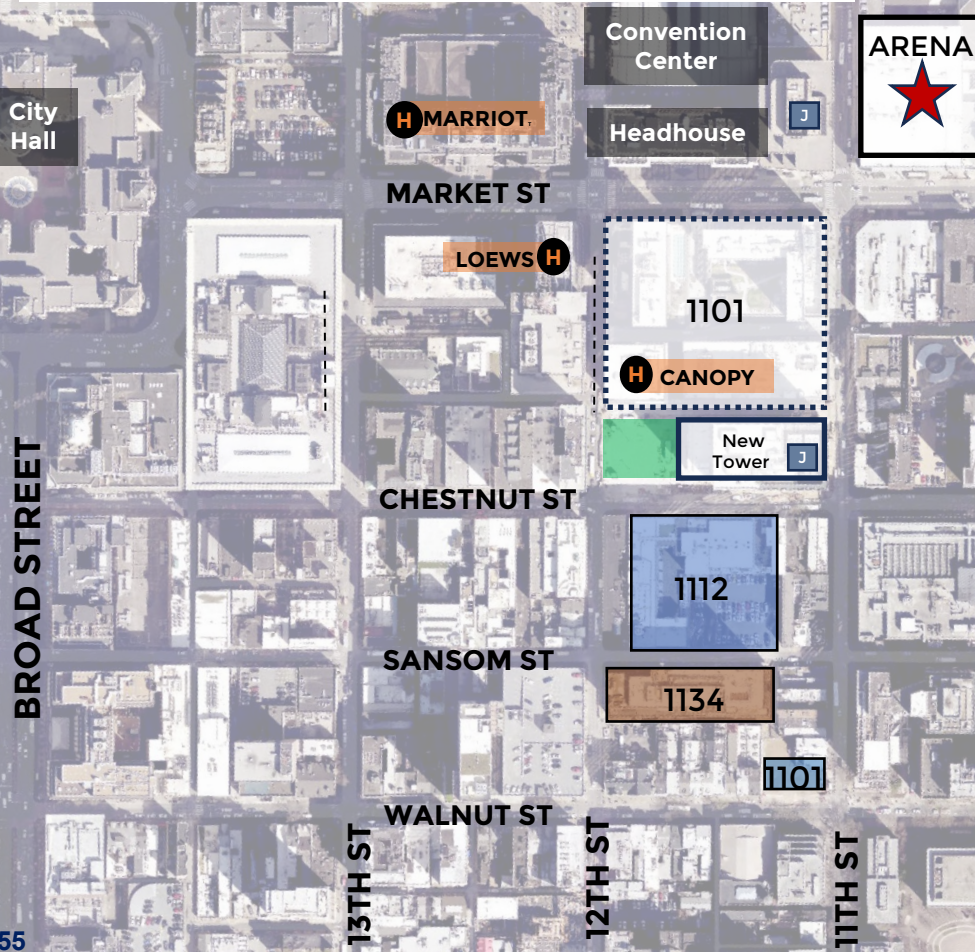


1200 BLOCKS MARKET, FILBERT & CHESTNUT

- Ground Floor Vacancy
- Appears closed but OPEN
- P Parking
- H Hotels
- J Jefferson

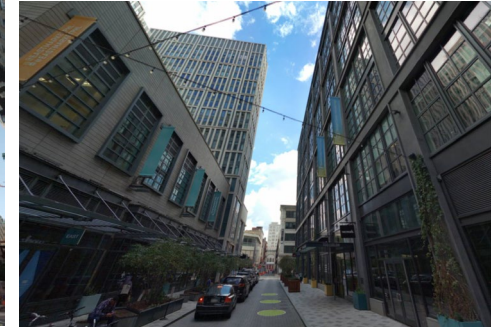


1100 BLOCK OF MARKET STREET

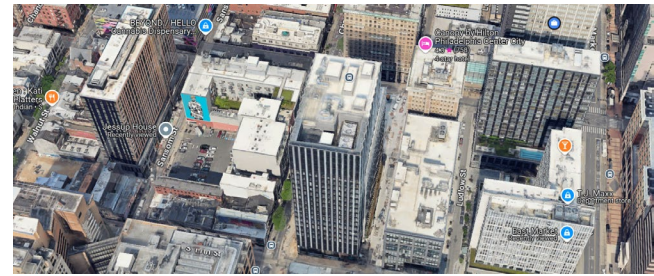


National RE (East Market)

- Completed, Multi-Phased
- 126,000 SF, Retail
- 175,000 SF Class A Office Space
- 562 Units



AND THE SOUTH 11TH STREET CORRIDOR



**Brickstone
(The Collins)**

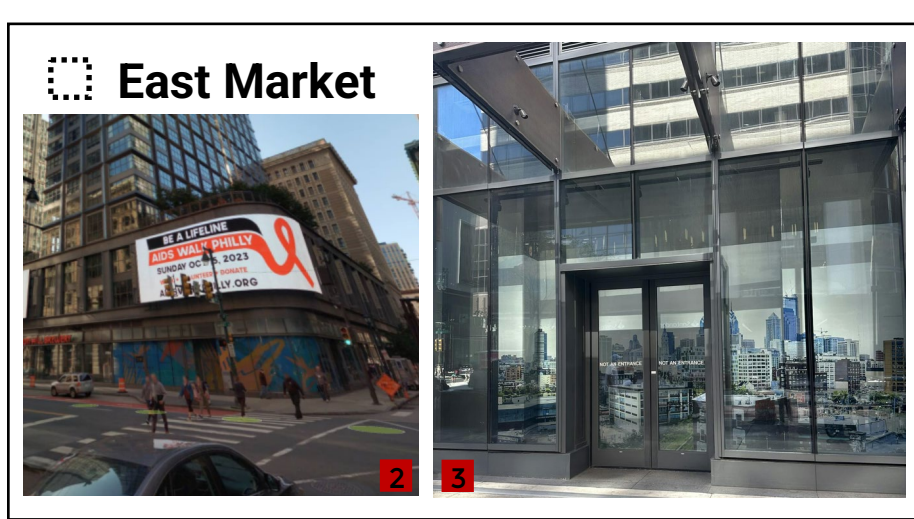
- Completed
- 6 Parcels
- 112 Units
- 90,000 SF Retail

**Greystar
(The Jessup)**

- Near-Completion
- 371,000+ SF
- 399 Units
- 10,844 SF Retail

**Bock Dev.
(Unnamed)**

- Approved
- 138,000+ SF
- 198 Units
- 6,281 SF Offices
- 4,420 SF Retail



1100 BLOCKS OF MARKET & CHESTNUT

- Ground Floor Vacancy
- P** Parking
- H** Hotels
- J** Jefferson



800,900 & 1000 BLOCKS OF MARKET & CHESTNUT STREETS



PROPOSED BY HBSE



Phase I (2027): Arena site and south side of 1000 block Market (excluding CVS); 453,000sf total development, including 380 residential units, 28,000sf retail, and 127 parking spaces

Phase 2 (2030): South side of 900 block Market; 433,450sf total development, including 340 residential units, 26,000sf retail, and 114 parking spaces

TOTAL: Arena + 54,000sf retail + 720 residential units + 83,450sf parking (241 spaces)

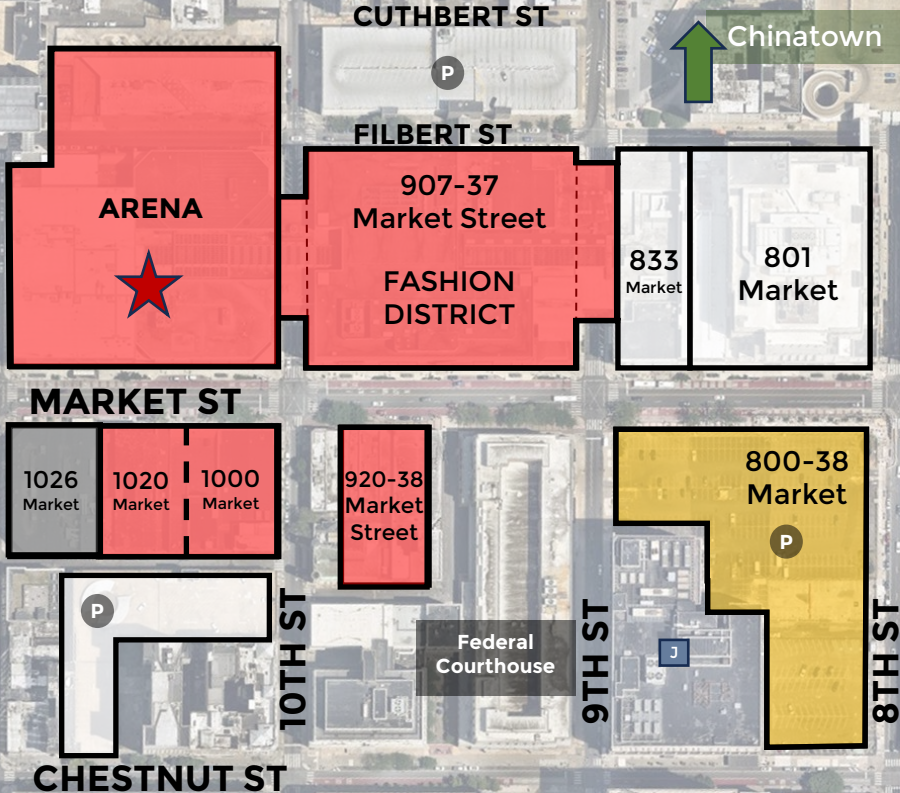
PROPOSED BY GOLDENBERG

- 420,000 sf
- Hotel with 400-600 beds
- 45,000 sf retail

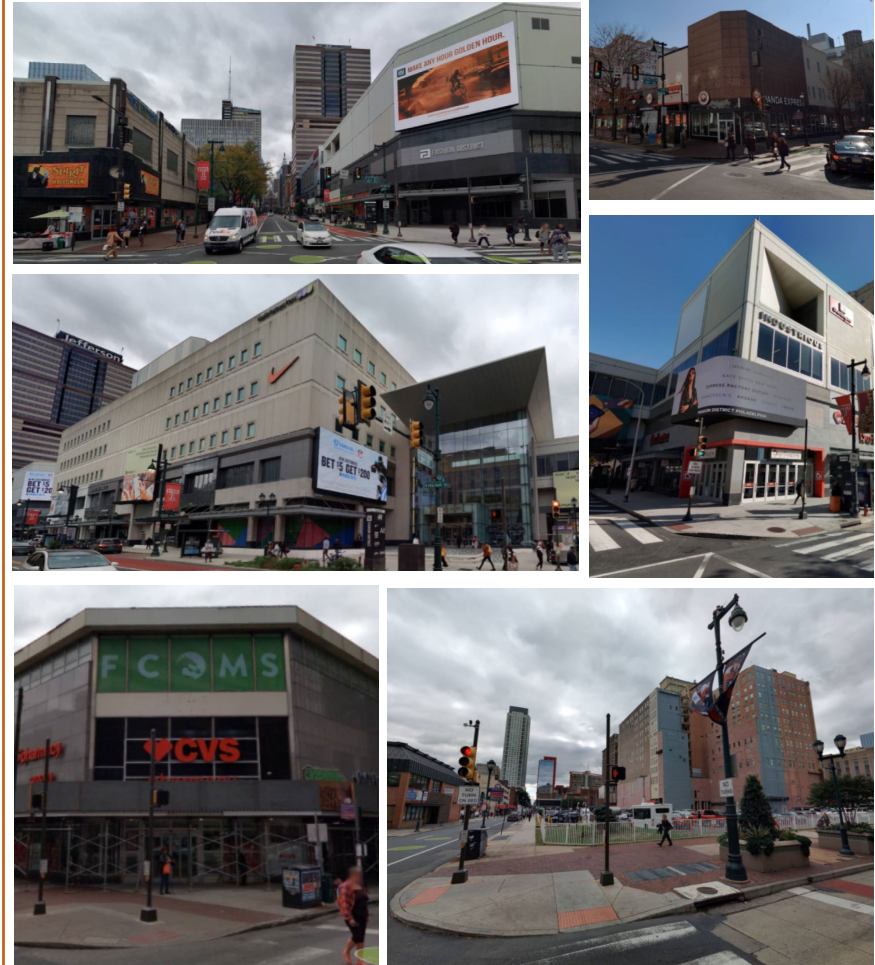


800,900 & 1000 BLOCKS OF MARKET & CHESTNUT STREETS

■ HBSE Controlled
 ■ Goldenberg Group controlled



EXISTING CONDITIONS



800,900 & 1000 BLOCKS OF MARKET & CHESTNUT STREETS

HBSE Controlled
 Goldenberg Group controlled



VACANCY CONDITIONS, 1000 BLOCK, MARKET

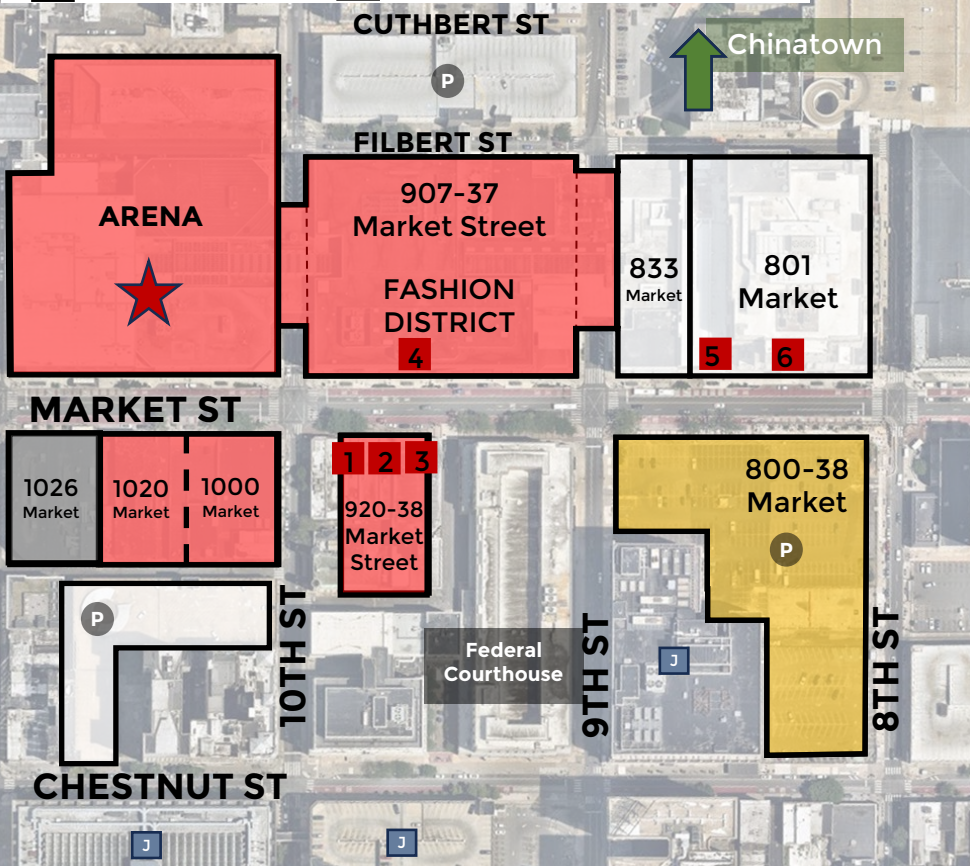


800,900 & 1000 BLOCKS OF MARKET & CHESTNUT STREETS

HBSE Controlled

Goldenberg Group controlled

7



VACANCY, 800 & 900 BLOCK OF MARKET STREET



600 & 700 BLOCK OF MARKET STREET



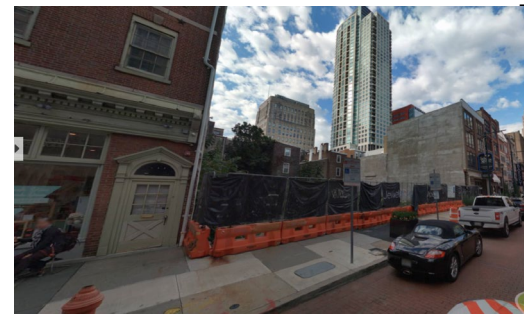
Brickstone

- Completed
- 42,000 SF
- 26,000 SF Sublease availabilities
- Current Five Below HQ



Pearl Properties

- 100,000+ SF (Proposed)
- 35 Story Residential Tower
- 99 Units +





Brickstone Vacancies



300 & 400 BLOCK OF MARKET ST



Soft Sites

101 North Independence Mall East



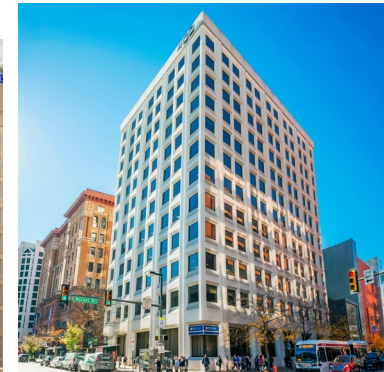
399 Market Street
Upgraded 136,000 sq ft of office space.



Bourse Building & 400 Market St.

Planned conversion of the Bourse's first-floor food hall into an event venue. Above that, several floors of the building are planned to be converted into a hotel with some office space remaining in the upper floors.

Planned conversion of the 173,700-square-foot office building for office or residential. Zoning permits approved 176 residential units at the site.



OLD CITY TO THE DELAWARE RIVER

Old City Historic and Business District

← TO ARENA

MARKET ST

3RD ST

2ND ST

FRONT ST

CHESTNUT ST

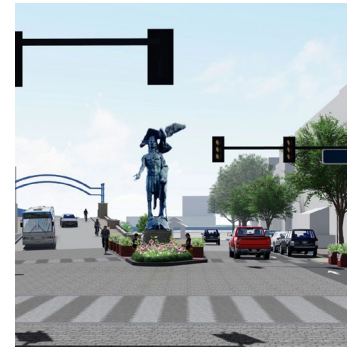
I-95

COLUMBUS BLVD

Penn's Landing

Old City Redesigned Historic District

A group of Philadelphia-based organizations is proposing a new vision of the city's main historical area that calls for new pedestrian and bike-friendly streets, plazas, and green spaces to bring a sense of cohesiveness they say is now lacking.



I-95 Penn's Landing Cap





4. “Competing facilities” provision: a level playing field

Key terms

- **Concept:** Proportional benefit provided to Sixers **only if** competitor has received "superior" benefits
- **Arena-to-arena:** applies only to new or existing sports facilities or entertainment facilities, each that seat 5K-25K; does not cover venues owned or operated by nonprofits, universities, or the City
- **Specific benefits covered:** applies only to direct funding, specific kinds of tax incentives, and below-market conveyance of public land outside of the Stadium Complex
 - Excludes support provided through City-wide programs; funds from third-party entities (e.g., state or federal government, foundation, etc.) passed through the City; and existing development rights
- **Duration:** In effect for 30-years after arena opening, but only so long as current Sixers ownership group (or its family members/descendants) controls the team and is not in default



4. Other project components

WNBA

- Sixers anticipate the WNBA will continue to expand the league over the coming seasons
- Sixers expect to submit a bid for a WNBA team in Philadelphia
- With the new Sixers arena, Philadelphia will be **well-positioned** to bring a WNBA team to the city



4. Other project components

Sustainability

- Sixers have committed to use “commercially reasonable” efforts to pursue LEED Gold or equivalent standard acceptable to PAID
 - **Of note:** This is an important concession negotiated by the Parker Administration after the Design Review study was completed
- Gold Standard is consistent with City policy for all City projects



5. Chinatown Commitment

Vision and approach

- The Mayor is committed to ensuring Chinatown's **continued vitality** and position as a **treasured cultural community** for long-term residents, new arrivals, and visitors from near and far by:
 - **Addressing significant pre-existing challenges**, including around cultural preservation, residential and commercial affordability, traffic and parking, safety, and cleanliness; and
 - **Responding to additional pressures** that might arise due to the Arena project
- The Administration will leverage the Community Benefit Agreement (CBA) investments from the Arena, including for a master planning process, to launch a **comprehensive City-led commitment** to Chinatown
- The Administration will work **in partnership with Chinatown residents and stakeholders** to craft and implement a long-term vision to support and enhance the community, with a focus on the key issues of concern identified by community members



5. Chinatown Commitment (continued)

Vision and approach

- The following slides provide a snapshot of **anticipated and initial focus areas** for the Chinatown Commitment, including the targeted CBA investments – all subject to further dialogue and collaboration with the community

CBA allocations

- As detailed above, **\$25M** of the CBA funding is focused on the surrounding community
 - **Of note:** The remaining Citywide investments may also benefit the surrounding community, along with neighborhoods and residents across the City
- Fully **97% of the \$25M is allocated in first 10 years** – an intentional approach to both mitigate construction impacts and to help leverage the economic opportunity created by the Arena and related redevelopment along the Market East commercial corridor



5. Chinatown Commitment (continued)

Community vitality and cultural preservation

- Develop a Master Plan that builds on stakeholder feedback and the Community Impact report and incorporates **community-driven solutions** to existing challenges and future impacts from Arena construction and operations
- Integrate Master Plan findings into **priorities for future development** including related to City-owned properties and projects in formation, such as the Chinatown Stitch (\$163M committed) and Reading Viaduct (\$3M raised for design of a \$60M budget)
- Evaluate potential zoning changes to promote preservation of **physical cultural heritage**
- Support development of both a City-run **recreational space** for Chinatown and a **cultural center**
- Evaluate and implement branded signage and mapping in Chinatown to help encourage **additional visitation** and **patronage of local businesses**



5. Chinatown Commitment (continued)

Small business support

- **CBA allocation (\$6.6M):** Chinatown Small Business Lending Fund, Business Disruption Fund, and CCP's Power Up Your Business expansion
 - **Of note:** City will seek to leverage Small Business Lending Fund investment by launching a campaign to **raise \$10M-15M in additional funds**
- **CBA allocation (\$3.75M):** Business Readiness Program to prepare businesses for work associated with the Arena and Market East
- The City will seek to implement these business support programs and funding pools in collaboration with **community-based partners** (e.g., Asian Bank, Philadelphia Chinatown Development Corporation, etc.)
- Explore ways to support preservation of **affordable commercial/office space**
- **Address traffic and parking concerns** (see next slide) that impact local businesses, given Chinatown's car-dependent economic model



5. Chinatown Commitment (continued)

Traffic and parking

- In partnership with PPA, incorporate parking analysis into master planning process, including a complete **survey of on- and off-street parking** and exploration of potential for new structured parking opportunities
- Explore **parking validation program** for Chinatown residents and small business patrons
- Incorporate traffic analysis into master planning process and develop actionable plan for **safe streets** including lane configuration, striping, and intersection management
- **CBA allocation (\$3M)**: Subsidize/incentivize use of public transit for Arena events
- Promote Arena-related parking, ride-sharing, and bus marshalling that **steers traffic away** from Chinatown
- Ongoing monitoring of and reporting by Sixers on actual mode share; adopting strategies to **reduce the share of attendees arriving by private vehicles** to 40% or less



5. Chinatown Commitment (continued)

Housing

- **CBA allocation (\$3M):** Initial investment in affordable housing preservation, senior housing, and homeownership support
- Forthcoming **action plan** to realize the Mayor’s pledge to create and preserve 30,000 units of housing will include a **specific focus on Chinatown**
- Inventory all **City-owned property** in Chinatown and include consideration of community-responsive uses in master planning process
- Audit all “**expiring-use**” **properties** in Chinatown and promote/support continuation of affordability



5. Chinatown Commitment (continued)

Public safety

- Designated staff from Sixers to respond to community concerns related to Arena
- **CBA allocations (\$4.14M)**: Installation of 21 new CCTV cameras around the Arena; installation and upgrades to street lighting at 4 locations around Arena; and construction of new neighborhood security sub-station to co-locate public safety staff from PPD, SEPTA, CCD, Jefferson, etc.
- As detailed below, approval and ongoing monitoring of Sixers' **Traffic Event Management Plan** (TEMP)



5. Chinatown Commitment (continued)

Clean and green

- **CBA allocation (\$1.25M):** Expansion of PHL TCB cleaning and beautification, with linkage to Philly Future Track
- Evaluate trash pick-up and sidewalk cleaning programs and identify any needed enhancements
- In master planning process, identify any needed **landscaping and hardscaping** improvements including pedestrian-scale lighting, planters, benches, etc.



6. Legislative package

The agreement requires approval of an initial package of **11 Ordinances and Resolutions** covering the real estate transaction; adjustments to existing Tax Increment Financing (TIF) and Neighborhood Improvement District (NID) areas; zoning and planning; and streets

A. Real estate transaction

- **Transaction Ordinance** authorizing City to accept Arena site from Sixers via PAID, consolidate it with other City property, and lease it back to Sixers via PAID
 - **Of note:**
 - Important public space requirements included: Arena must contain (1) at least 10,000 square feet of **ground-floor retail space**, as well as (2) ground floor space – including interior lobby space and two pedestrian walkways – that is **accessible to the public during non-event hours**
 - Ground Lease and a Sublease and Development Agreement (SDA) Term Sheet, which summarizes key points, are exhibits to the Transaction Ordinance



6. Legislative package (continued)

A. Real estate transaction (continued)

- **Service Agreement Ordinance** authorizing a companion Service Agreement backstopping PAID for obligations under the Ground Lease

B. Tax Increment Financing (TIF) and Neighborhood Improvement District (NID)

- **Two Ordinances** and **two Resolutions** to remove Arena site from existing Fashion District TIF and NID arrangements
 - **Of note:** This TIF-related action requires Board of Education approval



6. Legislative package (continued)

C. Zoning and Planning

- **Two Ordinances** including a zoning overlay related to the Arena site and amendment of the Market Street East Advertising District (MSEAD)
 - **Of note:** Later in the process, there will be an Ordinance to amend the Urban Renewal Plan, which involves action by the Planning Commission, Redevelopment Authority, and City Council; this is required before the Sixers can build the Arena

D. Streets

- **Two Ordinances** to assemble Arena site, including closure of the 1000 block of Filbert Street (i.e., between 10th and 11th Streets) and reconfiguration of 10th Street bridge
- **An Ordinance** approving encroachments to sidewalks surrounding the Arena



6. Related approvals and requirements

Pre-construction approvals

- Following approval of the ordinance package, the Sixers will need to complete the **customary permitting and approval processes** for a project of this size and scope
- This would include, for example:
 - Proposing a **Maintenance and Protection of Traffic Plan** to mitigate the traffic impacts to all modes of travel during all phases of construction
 - Approval of any **sidewalk, traffic lane, or parking lane closures** associated with construction or operations
 - **Art Commission approval** of the Arena and development of a **Fine Arts Plan**
 - **Federal Transit Administration (FTA)** approvals related to any changes to the physical layout or operation of Jefferson Station



6. Related approvals and requirements (continued)

Additional traffic- and access-related requirements

- Approval of **Traffic Event Management Plan** (TEMP) detailing measures to ensure safe and orderly arrival and departure of event attendees
- Ongoing monitoring of and updates to the (TEMP) **based on usage data**
- Ongoing monitoring of and reporting on **actual mode share**, including transit and non-auto travel patterns
- Adopting strategies to **reduce the share of attendees arriving by private vehicles** to 40% or less
- Evaluating **ADA compliance** and **mitigating the impacts** of any noncompliance
- Upgrading traffic signals and funding installation of traffic cameras and other signal infrastructure to **support active traffic management**