

THE PORT RICHMOND INDUSTRIAL DEVELOPMENT ENTERPRISE: A SUCCESSFUL MODEL FOR PRESERVING URBAN INDUSTRY

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I. INTRODUCTION

The Port Richmond Industrial Development Enterprise (PRIDE) touts itself as the first urban industrial neighborhood improvement district (NID) in Pennsylvania.¹ An alliance of industrial businesses located in the Port Richmond neighborhood of Philadelphia, its mission is to improve the business environment for its members and for the surrounding community.² The story of PRIDE's development and achievements since its inception in 1998 provides an example of a successful effort to preserve urban industrial jobs through the cooperation of nonprofit economic development organizations, business owners, residents, and city and state government.

II. CONTEXT

Port Richmond is a neighborhood located in the lower northeast section of Philadelphia that touches the city's Delaware River waterfront. The businesses that are members of PRIDE are located relatively close together so as to form an area that will be referred to in this Article as the PRIDE district.³ The district and its surrounding area have a population of 8833.⁴ Compared to the rest of Philadel-

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1. *See Home*, PORT RICHMOND INDUS. DEV. ENTER., <http://www.uiiphilly.org/pride/> (last visited Nov. 8, 2010).

2. *See id.*

3. *See id.*

4. *American FactFinder*, U.S. CENSUS BUREAU, <http://factfinder.census.gov/> (follow "Data Sets" hyperlink; then click "Census 2000" and follow "Quick Tables" hyperlink under "Census 2000 Summary File 1 (SF 1) 100-Percent Data"; then select "Census Tract" under "Select a geographic type"; then select "Pennsylvania" under "Select a state"; then select "Philadelphia County" under "Select a county"; then select census tracts 187-88; then click "Add"; then click "Next"; then select "DP-1 Profile of General Demographic Characteristics: 2000"; then click "Add"; then click "Show Result") [hereinafter *American FactFinder*, tract data].

phia, the population of the PRIDE district has a higher percentage of non-Hispanic whites (Philadelphia: 45.02%; PRIDE: 71.49%) and a higher percentage of people living below the 1999 poverty line (Philadelphia: 22.9%; PRIDE: 30.4%).⁵ The district also suffered from a higher crime rate in terms of serious criminal incidents per hundred residents (fourteen incidents) than the whole city (seven incidents) in 2000.⁶

III. HISTORY

From these data, it is clear that the PRIDE district has suffered from serious socioeconomic problems in comparison to the city as a whole. It thus seems appropriate that the Philadelphia Industrial Development Corporation (PIDC) selected Port Richmond as an area to target its efforts. The PIDC is a private, nonprofit corporation established by the City and the Greater Philadelphia Chamber of Commerce for the purpose of promoting industrial and commercial economic development within the city.⁷ In 1997, representatives of the PIDC reached out to industrial business owners in Port Richmond to encourage them to work cooperatively to improve the business climate in the neighborhood.⁸ This outreach was part of the PIDC's Urban Industry Initiative (UII), which is dedicated to maintaining and strengthening Philadelphia's manufacturing base.⁹ The UII accomplishes its mission by providing industrial businesses

5. *Id.*; *American FactFinder*, U.S. CENSUS BUREAU, <http://factfinder.census.gov/> (under "Fast Access to Information," type "Philadelphia" in "City/Town, County, or Zip" and select "Pennsylvania" under "State"; then click "Go"; then click "Philadelphia City, Pennsylvania"; then click on "2000") [hereinafter *American FactFinder*, Philadelphia data]. The federal poverty line fluctuates based upon the size of the household compared to its income. ALEMAYEHU BISHAW & JOHN ICELAND, *POVERTY*: 1999, at 2 (2003), available at <http://www.census.gov/prod/2003pubs/c2kbr-19.pdf>.

6. Values calculated using tract- and city-wide population and crime data available from the U.S. Census Bureau and the University of Pennsylvania Cartographic Modeling Laboratory. See *American FactFinder*, tract data, *supra* note 4; *American FactFinder*, Philadelphia data, *supra* note 5; *Philadelphia CrimeBase*, U. PA. CARTOGRAPHIC MODELING LAB., <http://cml.upenn.edu/crimebase/cbsRawDataRequest.asp> (select "2000 Census Tracts" under "Choose a Geography"; then select "Other" under "Choose a Category"; then click "Next"; then select "2000, All Serious (Part 1) Incidents excl. Homicide and Rape" under "Choose Data Elements"; then click "Add Element"; then click "Next"; then scroll down to read numbers for "018700," "018800," and "City-wide") (last visited Nov. 8, 2010) [hereinafter *Philadelphia CrimeBase*]. Serious criminal incidents include: robberies, aggravated assaults, burglary, theft, and auto theft.

7. PHILA. INDUS. DEV. CORP., <http://www.pidc-pa.org/> (last visited Nov. 8, 2010).

8. Julie Stoiber, *Small Manufacturers Forming a Network*, PHILA. INQUIRER, Nov. 2, 1997, at D1.

9. *Id.*

with management, marketing, and financial help,¹⁰ and with finding needed government assistance.¹¹ The UII also helps industrial businesses cooperate and work together to achieve common goals by forming associations like PRIDE.¹² The UII sponsored meetings of industrial businesses in Port Richmond that led to the creation of PRIDE in March of 1998.¹³ PRIDE functions as a nonprofit corporation, led by a president and a board of directors.¹⁴

On March 14, 2002, Philadelphia City Councilman Frank DiCicco introduced a bill to establish the PRIDE neighborhood improvement district (NID).¹⁵ Port Richmond has been a part of DiCicco's city council district since he was first elected in 1995.¹⁶ DiCicco's sponsorship of the bill creating PRIDE was a part of his ongoing efforts to assist in the economic revitalization of Port Richmond and to improve its residents' quality of life.¹⁷

Philadelphia City Council's Committee on Rules held a hearing on the creation of the PRIDE district on May 29, 2002.¹⁸ At that hearing, Allen Woodruff of the Haskell-Dawes Corporation represented PRIDE and testified in support of DiCicco's bill.¹⁹ Woodruff testified about the early history of PRIDE and its efforts to enhance safety and security in the neighborhood, which included hiring private security officers to patrol the neighborhood. He also addressed PRIDE's efforts to clean up the district by noting that PRIDE had hired the Richmond-Fishtown-Kensington RFK-CDC Clean and

10. See *Projects*, URBAN INDUS. INITIATIVE, <http://www.uiiphilly.org/projects.html> (last visited Sept. 3, 2010) [hereinafter *Projects*]; *Philadelphia Manufacturing*, MFG. ALLIANCE PHILA., <http://www.manufacturingonline.org/howmapcanhelp.cfm> (last visited Nov. 8, 2010).

11. See *Strategic Partners*, URBAN INDUS. INITIATIVE, <http://www.uiiphilly.org/partners.html> (last visited Sept. 3, 2010).

12. *Projects*, *supra* note 10. See also PORT RICHMOND INDUS. DEV. ENTER., <http://www.uiiphilly.org/pride/> (last visited Nov. 8, 2010).

13. *Council of the City of Phila. Pub. Hearing & Pub. Meeting Before the Council Comm. on Rules* (May 29, 2002) [hereinafter *Phila. Comm. on Rules, May 2002*] (statement of Karen Fegely, Former Director, UII), available at <http://legislation.phila.gov/transcripts/Public%20Hearings/rules/2002/ru052902.pdf>.

14. See *Members*, PORT RICHMOND INDUS. DEV. ENTER., <http://www.uiiphilly.org/pride/members.html> (last visited Nov. 8, 2010) [hereinafter *Members*].

15. Phila., Pa., Ordinance No. 020166-A (Jan. 23, 2003).

16. See Peter Nicholas, *City Plan for I-95 Traffic Is Detoured*, PHILA. INQUIRER, Mar. 30, 1996, at B1.

17. See, e.g., Vernon Clark & Anthony S. Twyman, *Council to Vote on Plan for Store in Port Richmond*, PHILA. INQUIRER, Dec. 11, 2003, at B3; Nicholas, *supra* note 16; Michael Currie Schaffer, *Zoning Change for Port Richmond Site Advances*, PHILA. INQUIRER, Feb. 22, 2006, at B6.

18. *Phila. Comm. on Rules, May 2002*, *supra* note 13, at 86.

19. *Id.* For a description of what Haskell-Dawes, Inc. manufactures, see *infra* note 50 and accompanying text.

Green Corporation to clean the district three times each week.²⁰ He also noted that by using funds provided by the Delaware River Port Authority (DRPA), PRIDE offered a 75% rebate to local business owners for improvements to the exterior of their properties.²¹ Karen Fegely, then Director of the UII, also testified in support of the bill, noting that the creation of PRIDE was a part of the PIDC's larger strategy for retaining industrial businesses and jobs in the city and that the PIDC had worked with PRIDE in helping it to accomplish its neighborhood improvement agenda.²² She also emphasized that the creation of the neighborhood improvement district, with its authority to levy a 20% surcharge on the property taxes of all industrial and commercial properties in the district, was necessary in order to ensure that PRIDE had the resources necessary to continue its activities.²³ Under the legislation, the district would expire on June 30, 2007.²⁴

Two individuals testified against the creation of PRIDE at the same rules committee hearing. The first was Art Dehart, an employee at Active Radiator, whose concern was that his business would face a 20% increase in its property taxes without receiving any tangible benefits in return because of its location on the border of the district.²⁵ He also complained that the tax burden that Philadelphia imposes on businesses was already too heavy and that the proposed 20% increase would only encourage more businesses to leave the city.²⁶ There had been more resistance among industrial business owners to PRIDE's incorporation as an NID with taxing authority, but this was mostly overcome by two actions taken by PRIDE's leaders.²⁷ The first was to offer matching funds, showing donors that PRIDE would have the money to maintain the capital improvements and persuading the recalcitrant owners that taxing authority would enable it to attract private funding for its projects.²⁸ The second action was to promise that the NID would only be estab-

20. *Phila. Comm. on Rules, May 2002, supra* note 13, at 87.

21. *Id.* at 88; see *infra* text accompanying note 68.

22. *Phila. Comm. on Rules, May 2002, supra* note 13, at 89-90.

23. *Id.* at 90.

24. *Phila., Pa., Ordinance No. 020166-A § 4(c)* (Jan. 23, 2003).

25. *Phila. Comm. on Rules, May 2002, supra* note 13, at 92-93.

26. *Id.* at 94.

27. Interview with Stephen Horton, Bus. Support Serv. Manager, Enter. Ctr. of Phila. & Member, PRIDE Steering Comm., in *Phila., Pa.* (June 30-July 2, 2010).

28. *Id.*

lished for a five-year term, at which point the members could decide whether it was worth renewing PRIDE's NID status.²⁹

Councilman DiCicco tried to reassure DeJart that the NID would improve the business climate in the area and encourage more businesses to move to Port Richmond.³⁰ He lamented that the 20% tax surcharge was necessary to fund the additional services and programs inside the district but promised that all of the money from the surcharge would be spent in the district.³¹

Joan Stampf, the owner of the Tioga Fuel Company, also objected to the creation of the district, saying that she saw the tax surcharge as unnecessary and asking whether other funds from the federal government that had been designated for improvements in Port Richmond could be used instead.³² DiCicco answered that the creation of PRIDE would accelerate efforts to clean up Port Richmond and improve the business environment even though there were other government programs that were aimed at accomplishing those ends.³³

When the bill was put before the city council for final passage, Councilman W. Wilson Goode, Jr., objected to it, stating that no petition requesting the creation of PRIDE endorsed by a majority of the businesses within the district had been submitted to the council.³⁴ Councilman DiCicco responded by stating his belief that such a petition existed.³⁵ The council adopted the ordinance with only Councilman Goode voting against it.³⁶ The council gave the bill final, unanimous approval on December 5, 2002, and it was signed into law by Mayor John Street on January 23, 2003.³⁷

29. *Id.*

30. *Phila. Comm. on Rules, May 2002, supra* note 13 at 95-97 (statement of Councilman Frank DiCicco).

31. *Id.*

32. *Id.* at 101-04 (statement of Joan Stampf, Tioga Fuel Co.).

33. *Id.* at 102-04 (statement of Councilman Frank DiCicco).

34. *Meeting of the Council of the City of Phila.* 45 (Oct. 17, 2009), available at <http://legislation.phila.gov/transcripts/stated%20Meetings/2002/sm101702.pdf> (statement of Councilman Wilson W. Goode, Jr.) [hereinafter *Meeting of the City of Phila., Oct. 2002*].

35. *Id.* Note that the Pennsylvania Community and Economic Development Act does not require the submission of a petition endorsed by a majority of the businesses in a proposed district. Rather, the Act says that the creation of a district can be blocked by property owners representing 51% of the assessed value within the proposed district notifying the Philadelphia City Council of their opposition to its creation within forty-five days of the council's holding hearings on the subject. See 53 PA. CONS. STAT. ANN. § 18105 (West 2010).

36. *Meeting of the City of Phila., Oct. 2002, supra* note 34, at 47.

37. *Phila., Pa., Ordinance No. 020166-A 36* (Jan. 23, 2003).

At a June 2007 committee hearing on renewing the PRIDE legislation for five additional years, Duane Bumb, Philadelphia's Deputy Director of Commerce, testified that PRIDE succeeded in attracting over \$2 million in funding for projects and improvements in the district and that the business cooperation that PRIDE fostered resulted in job growth and retention of industrial businesses that would have otherwise left the city.³⁸ Steven Jurash, President and CEO of the UII, testified that he was not aware of any opposition to the reauthorization of the district.³⁹ He also testified at the hearing to PRIDE's successes in improving the business climate within the district. He listed some of the important improvements to the physical appearance of the district that PRIDE had accomplished in the preceding five years, along with other physical improvements designed to reduce crime in the district.⁴⁰ After Jurash's testimony, three business owners who were members of PRIDE testified about the good work that PRIDE had done in the neighborhood and about how PRIDE had benefited their businesses.⁴¹ One owner said that the clean-up of business properties in the district had had positive effects on the larger neighborhood because it encouraged residents to clean up their properties as well.⁴² Additionally, Patty-Pat Kozlowski, the head of the Port Richmond on Patrol and Civic Association, testified about the positive effects that PRIDE had had on the entire neighborhood, particularly in reducing crime and graffiti.⁴³ Crime statistics provide some confirmation of this claim. Although the PRIDE district is only a portion of Port Richmond, records show that the incidence of serious crime declined throughout the neighborhood between 1998 and 2006,⁴⁴ although it did not decline as sharply as it did in Philadelphia as a whole. In every year during that period, Philadelphia registered greater declines in crime than Port Richmond relative to the base year of 1998.⁴⁵

38. *Hearing of the Council of the City of Phila. Comm. on Rules, 45-46* (June 12, 2007) [hereinafter *Hearing of Phila. Comm. on Rules, June 2007*] (statement of Duane Bumb, Deputy Director of Commerce), available at <http://legislation.phila.gov/transcripts/Public%20Hearings/rules/2007/ru061207.pdf>.

39. *Id.* at 49 (statement of Steve Jurash, President & CEO, UII).

40. *Id.* at 53-54.

41. *Id.* at 55-59.

42. *See id.* at 59.

43. *Id.* at 62-63.

44. *Philadelphia CrimeBase, supra* note 6.

45. *Id.*

On November 29, 2007, the council unanimously approved legislation renewing the PRIDE district until December 31, 2012. Mayor Street signed the bill into law on December 13, 2007.⁴⁶

IV. DEVELOPMENTAL MOMENT

PRIDE's developmental moment occurred when the UII urged several businesses in Port Richmond to consider how they could work together to improve the business climate in the neighborhood.⁴⁷ Some of the individuals who played a key role in forming PRIDE and in shaping its priorities were Mike Savage of PTR Baler & Compactor (formerly Philadelphia Tramrail), Alan Woodruff of Haskell-Dawes, Inc., and Jerry Kates of Advertisers Press.⁴⁸ These companies are representative of the industrial businesses that populate the PRIDE district and that led the effort to form PRIDE. For example, PTR Baler & Compactor⁴⁹ makes waste compactors and baling machines, Haskell-Dawes⁵⁰ produces textile machines, and Advertisers Press⁵¹ makes printing presses and binding machines. All of the businesses cited the general squalidness of the neighborhood; the prevalence of crime, especially vandalism; and concern about the fact that some Port Richmond businesses considered moving out of the city to find better conditions elsewhere.⁵² Through their discussions, however, the business owners decided that they could work together to mitigate some of the common problems that they faced in order to make staying in Port Richmond a viable option.⁵³

The local businesses felt that forming PRIDE was necessary because they had accomplished very little individually trying to clean up the neighborhood or lower the incidence of crime. For example, several businesses had approached the local police force to urge it to increase its efforts to reduce crime and vandalism in the neighborhood,⁵⁴ but crime levels remained high. Several businesses also

46. Phila., Pa., Ordinance No. 070338, at 24 (Dec. 13, 2007).

47. Interview with Karen Fegely, former Dir., UII, in Phila., Pa. (Dec. 15, 2009).

48. *Id.*

49. See PTR BALER & COMPACTOR, <http://www.ptrco.com/> (last visited Nov. 8, 2010).

50. See *Product or Service Type Menu*, WAND, <http://www.wand.com/core/companyTypes.aspx?mfgcode=594504&Info=Haskell-Dawes%2c+Inc.> (last visited Nov. 8, 2010).

51. *Information for Advertisers Press, Inc. in Philadelphia, PA.*, MACRAE'S BLUE BOOK, <http://www.macraesbluebook.com/search/company.cfm?company=400027> (last visited Nov. 8, 2010).

52. Interview with Karen Fegely, *supra* note 47.

53. *Id.*

54. *Id.*

made attempts to support the work of Port Richmond on Patrol and the Civic Association to improve the cleanliness and security of the neighborhood, and again they saw little improvement in either area.⁵⁵ Many businesses saw the formation of PRIDE as their last option for improving the business climate in the area. Their willingness to form the improvement district when they could have relocated is indicative of their strong commitment to the community.

What made the formation of PRIDE somewhat remarkable is that it is unusual for industrial businesses to unite into neighborhood improvement districts as a way of improving the business climate.⁵⁶ For example, PRIDE is the only neighborhood improvement district in Philadelphia that is composed primarily of industrial businesses.⁵⁷ The PRIDE business owners, however, became convinced that their business interests were similar to those of commercial businesses, in that a clean and safe environment is vital to attracting and retaining customers and employees and that they could benefit by forming an NID in the way that commercial businesses had benefited.⁵⁸

Many organizations and individuals also played key roles in helping the PRIDE businesses organize and achieve their collective objectives. The important roles that the PIDC and its UII played in helping PRIDE organize and establish an agenda have already been mentioned. Furthermore, Councilman DiCicco and State Representative John Taylor, whose districts include Port Richmond,⁵⁹ have also taken a keen interest in PRIDE.⁶⁰ For example, DiCicco currently serves on PRIDE's board of directors, and one of Taylor's legislative aides is PRIDE's secretary.⁶¹ Finally, PRIDE's achievements would probably not have been possible without the support of Mayors Edward Rendell and John Street. For example, between 1998 and 1999, PRIDE received \$350,000 from the city to hire security guards to patrol the district, to create areas for parking and for trucks to load and offload cargo, to clean the streets, and to remove

55. *Id.*

56. *Id.*

57. *Cf. Projects*, *supra* note 10. The only other association of industrial businesses in Philadelphia, the Richmond Corridor Association (RCA), lacks NID status. *See infra* text accompanying notes 108-12.

58. Interview with Steven Jurash, President & CEO, Urban Indus. Initiative, in Phila., Pa. (Feb. 4, 2010).

59. Nicholas, *supra* note 16; Wendy Ruderman & Barbara Laker, *Pt. Richmond Split by Slumlord Headache*, PHILA. DAILY NEWS, Nov. 18, 2009, at 3.

60. Interview with Karen Fegely, *supra* note 47.

61. *Members*, *supra* note 14.

graffiti.⁶² Between 1998 and 2000, PRIDE secured \$800,000 for the development of shared parking and a truck standby site.⁶³ PRIDE also succeeded in persuading the city to spend \$400,000 for the demolition of a large, abandoned, industrial structure in preparation for future development.⁶⁴ Finally, in 2002 and 2007, Mayor Street signed legislation creating and then reauthorizing PRIDE as a neighborhood improvement district with the power to secure its own funding through the property tax surcharge.⁶⁵

The UII was instrumental in helping PRIDE formulate its initial agenda for district improvement and helped to secure funding from the city and from other sources in its early days.⁶⁶ Furthermore, in the spring of 2001, PRIDE was able to secure an additional \$1.5 million in grants from the DRPA for cleaning and other physical improvements.⁶⁷ Despite these successes, the creation of the NID was important to PRIDE's ability to continue to provide services because the creation of the district brought with it a continuing and sustainable source of revenue from property taxes on local businesses.⁶⁸ Individuals who have worked closely with PRIDE over the years believe that PRIDE would not have been as successful in carrying out its agenda without the revenue stream provided by the property tax surcharge.⁶⁹

One of the early challenges that PRIDE faced in implementing its agenda was to discover how to improve security in the district in the most cost-effective way.⁷⁰ Although PRIDE contracted with a private firm to provide twenty-four-hour security in the district in 1998,⁷¹ it chose to discontinue this service in 2004⁷² in order to concentrate on more neighborhood clean-up and beautification projects, including sidewalk replacement, new signage, refurbishment of vacant or

62. See Rosland Briggs-Gammon, *An Industrial Enclave Holds On*, PHILA. INQUIRER, Aug. 30, 1999, at F1.

63. Letter from Allen Woodruff, Haskell-Downes, Inc. & Michael F. Savage, Jr., Phila. Tramrail, Co. to PRIDE's Members (Jun. 19, 2000) (on file with author).

64. PORT RICHMOND INDUS. DEV. ENTER., A NEW APPROACH TO INDUSTRIAL RETENTION 2 (Mar. 2004).

65. See *supra* text accompanying notes 37, 46.

66. PORT RICHMOND INDUS. DEV. ENTER., *supra* note 64, at 1.

67. *Id.*

68. Interview with Karen Fegely, *supra* note 47.

69. *Id.*; Interview with Steven Jurash, *supra* note 58.

70. *Id.*

71. *Id.*

72. *Id.*

underutilized lots, and lighting improvements.⁷³ The PRIDE board members felt that the organization could safely discontinue the private security because the incidence of crime and vandalism had noticeably decreased since 1998⁷⁴ and because PRIDE had made new, more cost-effective arrangements for the district's security.⁷⁵ Specifically, PRIDE began more closely cooperating with the Philadelphia Police Department⁷⁶ and spent \$120,000 to install security cameras throughout the district.⁷⁷

V. ORGANIZATION AND OPERATION

According to various studies of business improvement districts (BIDs),⁷⁸ PRIDE⁷⁹ is typical of these organizations in that it is a subdivision of a city in which businesses pay additional taxes to fund services and improvements within the district and pay for the administrative costs of the organization's operations.⁸⁰ According to its bylaws,⁸¹ PRIDE's membership is composed of all of the "industrial businesses, institutions and industrial property owners" within its statutorily defined boundaries that apply for membership.⁸² Each member company has one vote in all matters that are submitted to the membership for a vote,⁸³ regardless of the company's size or the size of its financial contribution to the organization through taxes. The membership also directly approves any expenditures exceeding \$5000 and any organizational positions that "appear[] to represent

73. See *Hearing of Phila. Comm. on Rules, June 2007*, *supra* note 38, at 53 (statement of Steve Jurash, President & CEO, UII).

74. Interview with Karen Fegely, *supra* note 47.

75. *Id.*

76. An officer from the 24th Police District serves on PRIDE's Steering Committee. See *Members*, *supra* note 14.

77. Bob Fernandez, *Camera's Eye New Weapon in Crime Fight*, PHILA. INQUIRER, Feb. 26, 2007, at D1.

78. E.g., Richard Briffault, *A Government for Our Time? Business Improvement Districts and Urban Governance*, 99 COLUM. L. REV. 365 (1999); Brian R. Hochleitner, *Bids Fare Well: The Democratic Accountability of Business Improvement Districts*, 78 N.Y.U. L. REV. 374 (2003); Norman F. Kron, *Choice of Entity: Using Limited Purpose Local Governments to Solve Problems*, 38 COLO. LAW. 59 (2009).

79. Philadelphia City Council resolutions and ordinances concerning PRIDE refer to it as an NID as opposed to a BID. E.g., Phila., Pa., Ordinance No. 070338, at 1 (Dec. 13, 2007).

80. E.g., Briffault, *supra* note 78, at 369; Hochleitner, *supra* note 78, at 378-80; Kron, *supra* note 78, at 61.

81. Phila., Pa., Ordinance No. 070338, at 12-21 (Dec. 13, 2007).

82. *Id.* at 12. Currently, all industrial businesses in the district are members. Interview with Stephen Horton, *supra* note 27.

83. Phila., Pa., Ordinance No. 070338, at 12-21 (Dec. 13, 2007).

the interests or opinion of all the members.”⁸⁴ Membership in PRIDE belongs to firms rather than individuals, so representatives of the member firms speak and act for those firms within PRIDE.⁸⁵ By contrast, the members of the board of directors, officers, and committee members are individuals elected by the members.⁸⁶

PRIDE is governed by a board of directors that is responsible for developing the organization’s plans for improving the business climate of the district. The board also has the power to amend the bylaws by majority vote⁸⁷ and to elect PRIDE’s officers—the president, vice president, treasurer, and secretary—on an annual basis.⁸⁸ It also has the power to engage in real estate transactions on behalf of PRIDE, but only with the approval of two-thirds of the board.⁸⁹ PRIDE’s president and any committees created by the board are responsible for the daily operations and management of the organization.⁹⁰ The bylaws establish the minimum size of the board at six members but do not establish an upper limit on its size.⁹¹ PRIDE allows nonmembers to serve on the Board, but limits nonmembers to one-third of the membership.⁹² A majority vote of the membership at PRIDE’s annual meeting elects half of the members for a one-year term and half for a two-year term.⁹³ PRIDE’s bylaws forbid board members from serving more than five consecutive one-year terms, unless the prohibition is waived by a two-thirds vote of the members.⁹⁴ Board members also may not receive compensation for their service on the board but can receive reimbursement expenses incurred on PRIDE’s behalf.⁹⁵ In addition, committee members are not paid for their services, and PRIDE does not have any paid staff.⁹⁶

PRIDE operates very informally. For example, although PRIDE’s bylaws require the board to have at least six members, the current board is composed of five individuals⁹⁷ because the members do not

84. *Id.* at 12.

85. *See id.*; *Members*, *supra* note 14.

86. *Members*, *supra* note 14.

87. Phila., Pa., Ordinance No. 070338, at 21 (Dec. 13, 2007).

88. *Id.* at 16.

89. *Id.* at 20.

90. *Id.* at 13.

91. *Id.*

92. *Id.* at 12–13.

93. *Id.* at 13–14.

94. *Id.* at 14.

95. *Id.* at 17.

96. Interview with Stephen Horton, *supra* note 27.

97. *Members*, *supra* note 14.

feel that the organization needs a larger board.⁹⁸ Also, the members are allowed to vote for PRIDE's officers at the annual meeting, even though the bylaws give the board the right to elect the officers.⁹⁹ Although the board has established a four-member steering committee to help the president manage PRIDE,¹⁰⁰ it has established informal committees to manage various specific projects. For example, it currently has an informal strategic planning committee developing a long-term plan for the district's physical development.¹⁰¹ These committees are often composed of people who work at the various member firms and are willing to volunteer their time for the good of the organization.¹⁰² Stephen Horton, who is a member of PRIDE's steering committee, indicated that the members do not see the need for rigid adherence to the bylaws, and such adherence would be inconvenient.¹⁰³ He pointed to the planning committee as an example and noted that the board did not see the need to have a formal meeting to officially create the committee and appoint its members, especially since the members would probably change frequently.¹⁰⁴

VI. CURRENT ACTIVITIES

PRIDE continues to focus its efforts on improving the security and physical appearance of the district. It continues to pay for street-cleaning services for the district, which Impact Services Corporation now provides.¹⁰⁵ PRIDE's relationship with Impact has been very good, in that the members feel that Impact is providing a satisfactory level of service.¹⁰⁶ PRIDE is also working with the Richmond Corridor Association (RCA) in its efforts to revitalize the area's

98. Interview with Stephen Horton, *supra* note 27.

99. *Id.*

100. *Members*, *supra* note 14.

101. Interview with Stephen Horton, *supra* note 27.

102. *Id.*

103. *Id.* Neither the state law allowing municipalities to create NIDs nor the city legislation creating PRIDE specifies penalties for failure to adhere to the bylaw provisions concerning the size of the board or the creation of subcommittees. See 53 PA. CONS. STAT. ANN. § 18105 (West 2010); Phila., Pa., Ordinance No. 020166-A § 4(c) (Jan. 23, 2003); Phila., Pa., Ordinance No. 070338 (Dec. 13, 2007).

104. Interview with Stephen Horton, *supra* note 27.

105. See *Members*, *supra* note 14; E-mail from Stephen Horton, Bus. Support Serv. Manager, The Enter. Ctr. of Phila. & Member, PRIDE Steering Comm., to author (Feb. 12, 2010, 15:41 EST) (on file with author) [hereinafter E-mail from Stephen Horton].

106. Interview with Stephen Horton, *supra* note 27. PRIDE began working with Impact when Richmond-Fishtown-Kensington RFK-CDC Clean and Green Corporation went out of business. *Id.*

business climate.¹⁰⁷ The RCA is an association of primarily industrial businesses in another part of Port Richmond.¹⁰⁸ Like PRIDE, the UII helped found the RCA,¹⁰⁹ but it covers a larger area than PRIDE,¹¹⁰ and it does not have NID status, which means that it must rely on membership dues to fund its activities.¹¹¹

Both PRIDE and the RCA are working to change the traffic patterns on local streets to ensure that trucks do not block traffic when they are loading and unloading merchandise at local businesses. As a part of this effort, the organizations are planning to build a joint truck staging center.¹¹² PRIDE is also pursuing funding from Philadelphia's share of the federal government's Community Development Block Grant (CDBG) program to pay for the traffic reconfiguration project and for improvements to the façades of businesses in the district.¹¹³ If successful, PRIDE would become the first industrial area to receive CDBG funds from the City, which up to this point, has spent the money primarily in commercial areas.¹¹⁴ PRIDE has also hired the urban design firm Brown and Keener to work with the strategic planning committee to develop a long-term plan for how to improve the district's physical appearance and functionality for its member companies.¹¹⁵ PRIDE's leaders hope to use the plan to help secure funding from private and government sources for the various projects that it contains.¹¹⁶ PRIDE has tried to persuade the city to provide a \$15,000 grant to partially pay the firm's fees.¹¹⁷

PRIDE's efforts to help local businesses and lure new ones to the area recently suffered a setback when the Pennsylvania Economic Development Authority turned down its application for \$5.5 million to purchase a high-tech generator that recycles heat energy given off

107. See Anthony Trivelli, *Port Richmond Industry: Giving Back*, PHILA. NEIGHBORHOODS, (Apr. 16, 2009), <http://sct.temple.edu/blogs/murl/2009/04/16/port-richmond-industry-giving-back/>.

108. See *About Us*, RICHMOND CORRIDOR ASS'N, http://rcassociation.org/site_pages/about_us/about_us_index.html (last visited Nov. 8, 2010).

109. See *Projects*, *supra* note 10.

110. Compare RICHMOND CORRIDOR ASS'N, ACTION PLAN, http://rcassociation.org/site_pages/about_us/map.pdf (last visited Nov. 8, 2010), with Map of PRIDE, PORT RICHMOND INDUS. DEV. ENTER., <http://www.uiiphilly.org/pride/about.html> (last visited Nov. 8, 2010).

111. E-mail from Stephen Horton, *supra* note 105.

112. *Id.* PRIDE and the RCA have also hosted a joint job fair. *Metropolitan News in Brief: Port Richmond Agencies Holding Job Fair Tomorrow*, PHILA. INQUIRER, Sept. 21, 1999, at B2.

113. Interview with Steven Jurash, *supra* note 58.

114. *Id.*

115. Interview with Stephen Horton, *supra* note 27.

116. *Id.*

117. *Id.*

by the manufacturing processes at its member businesses.¹¹⁸ PRIDE's board hoped that the project would lure new manufacturing businesses to the PRIDE district by reducing members' energy costs.¹¹⁹

PRIDE has a close working relationship with the City's Community Life Improvement Program (CLIP).¹²⁰ CLIP, which is supervised by the City's managing director,¹²¹ works throughout Northeast Philadelphia to improve the appearance of neighborhoods by landscaping, clearing trash, and removing graffiti.¹²² CLIP works frequently in the PRIDE district to improve its appearance.

Furthermore, PRIDE enjoys excellent relations with the residents;¹²³ they have welcomed its projects, especially those that have improved the appearance of the neighborhood. Residents also credit PRIDE with retaining jobs created by neighborhood businesses.¹²⁴ This is particularly important because most of the employees of PRIDE businesses live in Port Richmond or other nearby neighborhoods.¹²⁵ A key to maintaining good relations with Port Richmond's residents has been the inclusion of residents in PRIDE board meetings so that the community has input in the planning and administration of all of PRIDE's activities.¹²⁶ PRIDE has also collaborated with Heitzman Town Watch, a crime prevention group composed of residents that also operates near the PRIDE district.¹²⁷

Probably the largest challenge facing PRIDE today is a lack of funding.¹²⁸ Because PRIDE includes only a relatively small number of businesses whose real estate does not have a very high assessed value for tax purposes, PRIDE does not receive a particularly large amount of money on a continuing basis from the 20% surcharge imposed on property tax receipts from the businesses in the district. From 2002 through 2007, receiving funds from the surcharge was a

118. Diane Mastrull, *Retooling for Factories of the Future*, PHILA. INQUIRER, Aug. 30, 2009, at D1.

119. *Id.*

120. E-mail from Stephen Horton, *supra* note 105.

121. Earni Young, *Northeast Eying Quality-of-Life Nuisances as Part of Blight Fight*, PHILA. DAILY NEWS, Apr. 2, 2002, at 10.

122. Tom Waring, *CLIP Visits Northwood Civic Meeting*, NE. TIMES (Phila., Pa.), Mar. 27, 2008, at 66.

123. Interview with Karen Fegely, *supra* note 47.

124. *Id.*

125. *Id.*

126. *Id.*

127. Interview with Stephen Horton, *supra* note 27.

128. Interview with Steven Jurash, *supra* note 58.

problem for PRIDE. During that period, the City was responsible for collecting the surcharge and giving the money to PRIDE.¹²⁹ This arrangement quickly proved unsatisfactory based on PRIDE's perception that the City was too slow in paying out the funds and was not sufficiently diligent in pursuing enforcement actions against delinquent property owners.¹³⁰ Accordingly, the city council agreed to PRIDE's request that the City allow it to collect the surcharges directly from the property owners in the district.¹³¹ So far, this change has resulted in PRIDE receiving a greater percentage of the surcharge funds on time.¹³² PRIDE successfully collects approximately half of what it is owed on an annual basis and employs an attorney to bring actions against delinquent property owners.¹³³ Between 2008 and 2010, PRIDE collected, on average, \$30,000 in surcharge fees per year.¹³⁴ In an effort to generate increased revenue, PRIDE is considering mounting a concerted effort to encourage businesses that are tenants of the industrial properties within the district to become "associate members" of PRIDE and to support the organization with membership dues.¹³⁵

The most significant impact this lack of funds has on PRIDE's operations is that it prevents PRIDE from hiring any staff to administer its activities.¹³⁶ At present, PRIDE relies on the UII to provide much of its administrative support.¹³⁷ The lack of a full-time staff prevents PRIDE from expanding the scope of its activities to improve the business climate in the district because the staffing shortage limits the group's ability to plan and organize new programs.¹³⁸

Another serious challenge facing PRIDE is its inability to get any additional financial support from federal, state, or local governments, or from private sources since the grant it received from the DRPA in 2001.¹³⁹ This inability to obtain additional financial support remains an issue despite the fact that Kathleen Weinberger, a staff member for the local member of the Pennsylvania House of Repre-

129. Phila., Pa., Ordinance No. 020166-A ex. A, paras. 10-11(a).

130. Interview with Stephen Horton, *supra* note 27.

131. Phila., Pa., Ordinance No. 070338 § 4(d).

132. Interview with Stephen Horton, *supra* note 27.

133. *Id.*

134. *Id.*

135. *Id.*

136. *Id.*

137. *Id.*

138. *Id.*

139. *Id.*

sentatives, is PRIDE's secretary,¹⁴⁰ and the fact that local city council member, Frank DiCicco, is a member of the board.¹⁴¹ According to steering committee member Stephen Horton, the failure to secure greater funding from state and local governments stems from two causes.¹⁴² The first is the erroneous belief on the part of government policymakers—because of low property values and difficulties with collecting the surcharges—that most NIDs can generate enough revenue from property tax surcharges and private sector donations to undertake a significant number of projects that would have a meaningful impact on the district.¹⁴³ Horton also blames the lack of government support on the mindset of PRIDE business owners, who often do not see government as a source of financial help. This, in turn, dissuades these owners from pressuring public officials to give them more financial help.¹⁴⁴ PRIDE's failure to extract more funds from government is actually not unusual, given that nationally, less than 10% of funds that BIDs receive are from government,¹⁴⁵ despite the fact that public officials frequently serve on BID boards.¹⁴⁶

VII. CONCLUSION

PRIDE's achievements in improving the appearance and security of its district are an example of what is possible when business owners work together to achieve common goals with the aid of supportive organizations like the PIDC and the UII, residential community partners, and state and local government officials. Furthermore, PRIDE is developing a long-term plan for the district's future development, hoping to use the plan to obtain funding from the public and private sectors; this suggests that those within the organization believe that it is durable enough to undertake long-term projects. PRIDE has also been innovative in how it has reduced the crime rate within its borders. Although other Philadelphia NIDs and special services districts work with the police and private security to reduce crime, PRIDE is unusual in that it has a representative from

140. *Members*, *supra* note 14.

141. *Id.*

142. *Id.*

143. *Id.*

144. *Id.*

145. Briffault, *supra* note 78, at 392.

146. *Id.* at 412.

the local police district serving on its steering committee.¹⁴⁷ So far, this has succeeded in improving communication with the police department; the department is directly involved in planning PRIDE's priorities and seeing to its security needs. Close coordination with the police has been a logical response to the crime problems that afflicted PRIDE's member businesses before its inception and could be a model for other business improvement and special services districts in areas of the city that suffer from high crime rates.

PRIDE also provides an example of how industrial businesses can work together with the support of the community and state and local governments to keep manufacturing jobs—which generally have higher wages than retail jobs¹⁴⁸—in urban communities. Retaining these jobs has many benefits, including maintaining the tax base and real estate values and sparing workers long commutes, which in turn can also reduce road congestion. If these NIDs are given the resources and support that they need to succeed, encouraging the creation and organization of other NIDs in industrial areas might be an effective method for preserving Philadelphia's industrial job base.

However, for PRIDE to have a more dramatic impact on the business climate in Port Richmond, it needs more funding. In the short run, these funds would more than likely have to come from the government. Low property values and continuing collection problems have prevented PRIDE from receiving enough revenue from the property tax surcharge to fund projects that would significantly increase the value of the property in the district.¹⁴⁹ Greater government funding in the short run might allow PRIDE to raise its members' property values to a level where it could more readily undertake effective projects and programs. Yet securing any government

147. Compare *Members*, *supra* note 14 (listing a police officer on the PRIDE Steering Committee), with *Administrative Staff & Board*, UNIV. CITY DIST., <http://www.universitycity.org/about/staff> (last visited Nov. 8, 2010) (listing staff and board members without mentioning a police officer), and *About Us: CCD Board of Directors*, CENTER CITY DISTRICT, <http://www.centercityphila.org/about/CCDBoard.php> (last visited Nov. 8, 2010) (listing members of the board of directors without any mention of police representation).

148. See Joseph P. Ritz, 2 *Studies Show Why the U.S. Needs Manufacturing Jobs*, BUFFALO NEWS, June 12, 1993, at B7; *Manufacturing a Better Future for America Tool Kit*, UNITED STEEL WORKERS, http://www.usw.org/action_center/economy/download?id=0019 (last visited Nov. 8, 2010).

149. An impending reassessment of property values throughout the city under a new assessment mechanism might also result in more revenue in the next few years. See Marcia Gelbart, *Nutter Names Negrin New Managing Director*, PHILA. INQUIRER, June 4, 2010, at B7; Patrick Kerkstra & Joseph Tanfani, *City Reassessment Put on Ice for 2 Years*, PHILA. INQUIRER, Jan. 27, 2010, at A1.

funding might be difficult in the current economic climate¹⁵⁰ and would require more aggressive political lobbying by PRIDE's leadership and its members—something they have been reluctant to do in the past. Another option would be to amend the district's enabling legislation and its bylaws to allow PRIDE to borrow money. PRIDE's members have been, and are currently, very resistant to this idea out of fear that the borrowed funds will be spent unwisely.¹⁵¹ The Center City District NID, however, used its revenue stream to secure \$21 million in funding during the 1990s.¹⁵² PRIDE's success in increasing economic development will depend on whether it can make the strategic changes necessary to allow it to grow its revenue in the future.

150. See, e.g., Robert Swift, *Budget Issues Mount*, SCRANTON TIMES-TRIBUNE, June 29, 2010, at A1; Patrick Kerkstra & Jeff Shields, *Council Approves Proposed Real Estate Tax Hike*, PHILA. INQUIRER, May 14, 2010, at A1.

151. Interview with Stephen Horton, *supra* note 27.

152. See Michael Hinkelman, *Self-Help Is Paying Off: Business Districts Fight Crime and Grime*, PHILA. DAILY NEWS, Jan. 5, 1998, at 25.