

1 COUNCIL OF THE CITY OF PHILADELPHIA

2 COMMITTEE OF THE WHOLE

3

4 Room 400, City Hall
Philadelphia, Pennsylvania
5 Tuesday, April 10, 2012
6 10:16 a.m.

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PRESENT:

9 COUNCIL PRESIDENT DARRELL L. CLARKE
COUNCILMAN CURTIS JONES, JR.
10 COUNCILWOMAN BLONDELL REYNOLDS-BROWN
COUNCILMAN BILL GREEN
11 COUNCILWOMAN CINDY BASS
COUNCILMAN KENYATTA JOHNSON
12 COUNCILMAN DENNIS O'BRIEN
COUNCILMAN BOBBY HENON
13 COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN MARK SQUILLA
14 COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILMAN DAVID OH
15 COUNCILMAN JAMES KENNEY
COUNCILMAN WILLIAM K. GREENLEE

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1 NO. 120164- An Ordinance to adopt a Capital
2 Program for the six Fiscal Years 2013-2018
inclusive.

3 NO. 120165- An Ordinance to adopt a Fiscal
4 2013 Capital Budget.

5 NO. 120166- An Ordinance adopting the
Operating Budget for Fiscal Year 2013.

6 NO. 120167- Resolution providing for the
7 approval by the Council of the City of
Philadelphia of a Revised Five Year Financial
8 Plan for the City of Philadelphia covering
Fiscal Years 2013 through 2017, and
9 incorporating proposed changes with respect
to Fiscal Year 2012, which is to be submitted
10 by the Mayor to the Pennsylvania
Intergovernmental Cooperation Authority (the
"Authority") pursuant to the
11 Intergovernmental Cooperation Agreement,
authorized by an ordinance of this Council
12 approved by the Mayor on January 3, 1992
(Bill No. 1563-A), by and between the City
13 and the Authority.

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1 COUNCILMAN JONES: Good morning. This
2 is a continuation of the Public Hearings on
3 the Committee of the Whole regarding bills
4 No. 120164, 12165, 12166, and resolution No.
5 12167.

6 Good morning, and the first Department
7 to -- I would like to ask Ms. Lewis to please
8 read the titles of the bills and resolutions.

9 MS. LEWIS: Bill No. 120164, an
10 Ordinance to adopt a Capital Program for the
11 six Fiscal Years, 2013 to 2018 inclusive.

12 Bill No. 120165, an Ordinance to adopt
13 a Fiscal 2013 Capital Budget.

14 Bill No. 120166, an Ordinance adopting
15 the Operating Budget for Fiscal Year 2013.

16 Bill No. 120167, Resolution providing
17 for the approval by the Council of the City
18 of Philadelphia of a Revised Five-Year
19 Financial Plan for the City of Philadelphia
20 covering Fiscal Years 2013 through 2017, and
21 incorporating proposed changes with respect
22 to Fiscal Years 2012, which is to be
23 submitted by the Mayor to the Pennsylvania
24 Intergovernmental Cooperation Authority, (the

1 "Authority"), pursuant to the
2 Intergovernmental Cooperation agreement,
3 authorized by an ordinance of this Council
4 approved by the Mayor on January 3, 1992.
5 (Bill No. 1563-A), by and between the City
6 and the Authority.

7 COUNCILMAN JONES: Thank you, Ms.
8 Lewis. The first department today will be
9 the City Representatives Office. Will they
10 please approach the desks and we can begin
11 our ambitious agenda for today.

12 Good morning.

13 MS. JOHNSON: Good morning.

14 MS. HUGHES: Good morning.

15 COUNCILMAN JONES: Please state your
16 full name for the record and begin your
17 testimony.

18 MS. JOHNSON: Good morning Councilman
19 Jones and Ms. Lewis. My name is Melanie
20 Johnson and I'm the City representative for
21 the City of Philadelphia. With me is Deputy
22 City Representative Margaret Hughes. I am
23 here today to present testimony on behalf of
24 the office of the City Representatives FY13

1 Operating Budget. Request of \$889,611, which
2 provides no changes over our FY11 (sic)
3 estimated obligations.

4 The OCRs of Marketing Public Relations
5 and branding arm for the City events are
6 developed and promoted to attract customers,
7 visitors, and new residents to Philadelphia,
8 and enhance the quality of life. We work
9 with a number of different organizations in
10 the City, including PCVB, GPTMC, CCD, IVC and
11 HPI to promote Philadelphia.

12 Over the last Fiscal Year, we have had
13 a number of great events that have really
14 promoted the City, including Wawa Welcome
15 America, which attracted -- Well, according
16 to the Temple University study, Industry
17 Research Center, the economic impact of
18 Welcome America for FY12 was \$65 million
19 dollars with about 3,000 hotel room nights
20 and about expenditures of \$347 per person.

21 The Philadelphia Marathon weekend,
22 which takes place every year, its 18th year
23 have economic impact of more than \$20 million
24 dollars. 5,000 hotel room nights, and the

1 new one that is coming up this year, the
2 weekend of the 16th through the 18th of
3 November, we also had our second year of the
4 Philadelphia Collection, and it was extremely
5 successful. We received a lot of national
6 attention on that event. The OCR Budget
7 Appropriations request of \$889,611 represents
8 zero increase over FY12. The breakdown is
9 \$338,000 Class 100. \$506,000 plus Class
10 200. \$45,000 in Class 300/400.

11 The OCR is committed to supporting the
12 administration goal of 25 percent minority
13 woman, and disabled-owned businesses,
14 participation in City contracting. It has
15 exceeded the 25 percent goal with a
16 participation rate of 65 percent. A 28
17 percent increase over FY11. 43 percent of
18 that total is with the woman owned
19 businesses.

20 The OCR serves as a managing conduit
21 for a number of stakeholder entities that
22 engage in cultural City-related marketing and
23 development activities, including the Greater
24 Philadelphia Film Office, and Historic

1 Philadelphia. The stakeholders and the OCRs
2 produced Wawa Welcome America!, as I said
3 earlier, Philadelphia Marathon, and we
4 participate in the M/W/DSBE goal through
5 budgets that are not reflected in the General
6 Fund.

7 Thank you for the opportunity to
8 testify. If you have any questions, I will
9 be happy to answer them.

10 COUNCILMAN JONES: I take it you
11 abbreviated?

12 MS. JOHNSON: I did.

13 COUNCILMAN JONES: I am looking through
14 --

15 MS. JOHNSON: Considerably.

16 COUNCILMAN JONES: -- through this
17 written testimony, which happens to be like
18 seven, eight pages. It wasn't seven, eight
19 pages worth of testimony, but we appreciate
20 that in light of our agenda.

21 Couple of questions before I open up to
22 my colleagues. These various events; Wawa
23 Welcome America!, and some of the newer ones
24 that you have established. I know you have

1 done a great job working in my particular
2 district dealing with the bike race and
3 others. Have we quantified what these events
4 are worth? Not in the sense of what is
5 spent, but, how do you then negotiate with
6 sponsors that may want to participate, or is
7 that your responsibility?

8 MS. JOHNSON: For the events that I do
9 for the City, yes. We try and work with an
10 organization. In this instance it was Temple
11 University. Last year was the first year
12 since we have been here that we were able to
13 do a research study on Welcome America! We
14 are doing a partnership with Temple to do
15 that again. We have done it for the last
16 four years for the marathon.

17 When it's an event that the City
18 supports, but does not produce, we talk with
19 the organizers and producers to see whether
20 or not they will do a partnership or pay for
21 that study. But it's a very expensive study,
22 depending on how the event is. So, some of
23 these organizations haven't had one in quite
24 a few years.

1 COUNCILMAN JONES: On the Parkway, what
2 was the largest event by way of population
3 that we have had?

4 MS. JOHNSON: Welcome America.

5 COUNCILMAN JONES: How many people in
6 the course of the day?

7 MS. JOHNSON: In the course of the day,
8 about a million people.

9 COUNCILMAN JONES: So, is there a
10 quantifiable marketing piece that says this
11 is what one million consumers are worth?

12 MS. JOHNSON: Yes. We do have that
13 from 2011.

14 COUNCILMAN JONES: What -- So, if I am
15 BK Tires and I say, look, I want to
16 participate. How do you price point what
17 kinds of sponsorship levels? There is no
18 right or wrong answer at this point. I just
19 want to see where we are with that kind of
20 analysis and see where we are gonna go with
21 it.

22 MS. JOHNSON: Well, we look at the
23 overall event and what we are selling. For
24 that particular event, we have a huge

1 footprint. So, we can talk to individual
2 sponsors and say to them, depending on what
3 we are offering. For Welcome America!, its
4 televised. So, we work with our partner, our
5 TV partner, to say, we need a certain number
6 of ads for our sponsors. Our big sponsor is
7 Wawa. So, with Wawa, they get the benefit of
8 having a huge promotional piece attached to
9 their name.

10 We also look for the demographics.
11 What is their marketing goal for that year,
12 so that we can say to them, okay, this is
13 what we can offer you. This is our
14 demographics. We have a family of four who
15 makes \$80,000 plus. Educated --

16 COUNCILMAN JONES: That is a profile of
17 the participants?

18 MS. JOHNSON: Yes. Our demographics
19 give them that. So, we try and make sure
20 that our goals -- but, some of them just want
21 to get into a crowd, depending on what the
22 sponsor is, and who it is. For Wawa Welcome
23 America! because we have such a large
24 footprint, not only at the Parkway, but at

1 Penns Landing. We can offer the space and
2 the people come. We get about 200,000
3 throughout three days for Taste of
4 Philadelphia.

5 So, we have a large number. We have
6 the people that the sponsors want to come and
7 present their products to or do samples.

8 COUNCILMAN JONES: So, my question is,
9 what is the price? If an event costs -- We
10 kind of are beginning to put our arms around
11 the costs of an event, meaning the logistics
12 of the police, the disruption of traffic
13 maybe, and you know, I always hear from the
14 museums as to what it costs to shut down the
15 Parkway.

16 So, at some point, we'll say the costs
17 are X and, therefore, the sponsorship has to
18 be Y. Have we done that yet? Have we said,
19 here's what we are paying, here is what we
20 need from you in order to do this?

21 MS. JOHNSON: Yes, if you are talking
22 about events that are not produced by the
23 City, because that would be the City service
24 costs.

1 COUNCILMAN JONES: Okay.

2 MS. JOHNSON: Yes.

3 COUNCILMAN JONES: So then, there is a
4 equal. We are not trying to make money, but
5 there is an equal amount charged to the
6 vendor and, therefore, any sponsors that
7 participate know, all right, so this is what
8 your price point is. Example, if we close
9 down the Parkway and we do those big Jumbo
10 Trons and in between the X that we have.

11 Then, if I am BK Tires and I get a
12 little banner -- I am not opening up a tire
13 company. But, if I am BK Tires, I should be
14 able to spend \$500 a ten second blip. It
15 would be helpful if we broke it down to that
16 kind of price point because there are people
17 that would pay that to the City for -- to be
18 exposed to one million people.

19 MS. JOHNSON: It is really the
20 impressions on the Jumbo Trons. When we are
21 selling space on the Parkway during Wawa
22 Welcome America or even during the marathon,
23 it is different. It really depends on the
24 event. With Wawa, we have Jumbo Trons. So,

1 we can say to someone who is giving us
2 \$15,000, in your price point that will give
3 you two impressions on the Jumbo Tron that
4 you can promote your product, and that is a
5 million impressions because we have a million
6 people who come throughout that day.

7 So, does that answer your question?
8 Each event is really individual and while the
9 City service costs, if we are not producing
10 that event, the only thing that the producer
11 is charged for are City services, but they
12 have to find the money to put their event on
13 themselves.

14 COUNCILMAN JONES: So, you don't get
15 involved in the detail of that particular BK
16 Tires?

17 MS. JOHNSON: It really depends on the
18 event. But, no, only if we are producing
19 that. We have offered assistance in the
20 past, marketing assistance.

21 COUNCILMAN JONES: All right, I will
22 shift gears and then -- I see one of the
23 lights is lit up, but how do you encourage
24 the prosperity of an event on the Parkway to

1 be shared with the ten districts in the City
2 of Philadelphia? So, if we are having an
3 event in Center City, how do we encourage
4 tourists to come out to the various venues in
5 the neighborhoods?

6 MS. JOHNSON: Well, again, it depends
7 on the event. With Wawa Welcome America, we
8 do a lot of different activities. Go Forth
9 And Learn, Philly at the Movies, in the
10 neighborhood surrounding Philadelphia. So
11 that we have partnerships, and then of course
12 everyone is invited to come to -- everyone is
13 invited to come to the 4th of July
14 celebration or any celebration that we have,
15 which is centered right here in Center City.

16 We also do partnerships with a number
17 of different organizations. Last year for
18 Wawa Welcome America, we worked with the
19 Uptown Theater for an event that they were
20 doing. So, we try and reach out to the
21 different organizations to allow them to be
22 a part of what we are doing, whether it is a
23 venue or they're a partner and they bring
24 their stuff to the Parkway for the 4th of

1 July.

2 COUNCILMAN JONES: So, if you could
3 provide to The Chair, and I will distribute
4 to the various members of Council, what I
5 would like to see is, if we have having
6 something in Center City, what can the
7 connectivity be to, for example, the 8th
8 District, Chestnut Hill area, restaurateur.

9 In my case, we have a philosophy that
10 if you are in town and you are a doctor and
11 you are at the Marriott Hotel, if you come
12 out outside and you go left, you have adult
13 entertainment. You have things that are
14 casinos and other more mature activities.
15 But, if you turn right and start heading up
16 the Parkway, you can go to the museums. You
17 can further go to the Zoo. You can then go
18 to Please Touch, you can go to the Mann Music
19 Center, and one of the ways that you promote
20 that is the Flash bus, and I understand they
21 are negotiating -- they had some financial
22 challenges. How are we working that
23 negotiations out?

24 MS. JOHNSON: I believe the City is

1 working to find the hole in the budget in
2 order for Flash to continue for another
3 fiscal year.

4 COUNCILMAN JONES: Those are the ways
5 that we promote neighborhoods.

6 MS. JOHNSON: Mm-hmm.

7 COUNCILMAN JONES: Whether it is in the
8 3rd District or the Zoo or in the 4th
9 District of Please Touch, that is how family
10 visitors get to go out there. We have the
11 Japanese House Horticultures. All of that
12 row depends on that Flash, and I'd like to
13 see a list of ways that we hit Germantown
14 Avenue, hit Passyunk Avenue in South Philly,
15 to try to encourage people to go beyond
16 Center City to enjoy the taste and sounds and
17 sites of Philadelphia.

18 So, if you can provide us a list of how
19 you intend to specifically do that, I would
20 appreciate it.

21 The Chair now recognizes Councilman
22 Kenny.

23 COUNCILMAN KENNEY: Mr. Chairman, I
24 know we have been through the history of this

1 administration. We have been going around
2 and around with all these events and their
3 costs and their value and all that stuff.

4 Have we looked at other cities and what
5 price Chicago does. For example, is everyone
6 charged if they are doing an event? The
7 other issue is, is there a way to analyze or
8 at least attempt to analyze the additional
9 benefits of an event for the City's
10 revenues? So, as opposed to analyzing it
11 simply on the cost of police overtime,
12 recreation, sanitation, is there a way to
13 figure out what the return on the investment
14 is if it fills hotel rooms, if it fills
15 restaurants, if it does various things.
16 Because, I think a lot of times, and
17 rightfully so, I am not being critical at
18 all, I think we have to look at the costs of
19 our City services and what --

20 Do we ever do a return on investment
21 kind of analysis to see if in fact there is a
22 return or to debunk what some groups say is a
23 return? I mean, would some analysis -- we
24 have GPTMC, PCVB and all those organizations

1 those two organizations that are wonderful in
2 figuring out the benefits of an art exhibit
3 or parade or something?

4 St. Patrick's Day, for example. People
5 don't come in and probably stay overnight
6 unless they're out-of-towners who are
7 performing in the parade. I doubt, it is a
8 more regional approach, but when you look at,
9 you can't get into a restaurant or a bar in
10 Center City on that day of that parade.

11 What is our liquor by the drink return
12 investment? What is our wage tax return on
13 investment? All that seems not to be part of
14 the analysis, or is it?

15 MS. JOHNSON: Yes, to all of your
16 questions, except for St. Patrick's Day.
17 Yes, we have looked at other cities and in
18 the economy that we have had for the last
19 four years, almost every City, including
20 Chicago, New York, Los Angeles, are charging
21 for events.

22 In terms of, is there any analysis for
23 some of the events? We recently did one for
24 Wawa Welcome America and we hope to do one

1 again and those are the things that you
2 mentioned that we do ask for analysis of, for
3 instance, the economic impact, which I think
4 you are talking about for Wawa Welcome
5 America is a little more than \$65 million
6 dollars with a ten-day period. For
7 Philadelphia Marathon, it's a little over \$20
8 million. 5,000 hotel room nights, ec cetra.

9 For events that the City does not
10 produce, we do not have that information.

11 COUNCILMAN KENNY: Do you think it
12 would be worthwhile from the City's
13 perspective, making an argument that people
14 should pay or from the City's perspective
15 that we didn't realize it had this economic
16 impact for us that we could find a way to
17 either defray costs or defer costs. Mummers
18 parade for example. We always have this
19 ongoing argument every year. People come in,
20 they stay in a hotel. Do they? I don't know.

21 MS. JOHNSON: They did at one point. I
22 don't think they have had analysis for the
23 last four years.

24 COUNCILMAN KENNY: No, I'm saying an

1 independent analysis or not or done by the
2 City or GPT, I would trust GPTMC to do that.

3 MS. JOHNSON: There has been discussion
4 about trying to do that for some of the
5 larger events. It has not been done as of
6 yet.

7 COUNCILMAN KENNY: Same thing for St.
8 Patrick's Day. You can't move in town when
9 that parade is on and anytime you get great
10 weather, it is even bigger. So, I just think
11 -- I also think sometimes that people who
12 are native Philadelphians or regional
13 natives, they're offended by being asked to
14 pay because they feel like it's the one thing
15 a year that they get or they've had that is
16 now being a bill being given to them.

17 Again, I am not -- I understand your
18 side of it. I am not being critical. I am
19 just saying it is hard to translate that to
20 folks who, you know, get that one day a year
21 on the Parkway and then get a bill. So, I
22 really would like to drill down deeper into
23 trying to determine what the economic return
24 is and hopefully we can do that going

1 forward.

2 MS. JOHNSON: I will certainly speak to
3 the Mayor about it during the analysis.

4 COUNCILMAN KENNY: Okay.

5 Thank you. Thank you, Mr. Chairman.

6 COUNCILMAN JONES: Thank you,
7 Councilman. The Chair now recognizes
8 Councilman Henon.

9 COUNCILMAN HENON: Thank you,
10 Mr. Chair.

11 Good morning.

12 MS. JOHNSON: Good morning.

13 COUNCILMAN HENON: Thank you for being
14 here. You know I certainly recognize, you
15 know, the good work that the department and
16 how they especially handle the high profile
17 events and recognition for the City --

18 MS. JOHNSON: Thank you.

19 COUNCILMAN HENON: -- in promoting, in
20 some cases receiving national exposure. I
21 think Councilman Kenney is absolutely
22 correct. You know, having an analysis,
23 impact study on the amount of revenue that
24 you can actually, you know, tie into a

1 specific event or at least percentage wise
2 for like events or smaller events is
3 extremely important as we, you know, try to
4 manage our cost analysis to what the City
5 spends, you know, on resources and services
6 that is supporting the events.

7 You know, in your testimony, you had on
8 Page 1, you had mentioned one of the
9 paragraphs here, supporting program
10 development and strengthening strategic
11 marketing plans. What types of programs
12 would you be developing? On Page 1, third
13 paragraph from the bottom.

14 MS. JOHNSON: Well, we do partnerships
15 with a number of different organization.
16 Without the partnership of the Center City
17 district, we would have never been able to do
18 the Philadelphia Collection. Without the
19 partnership of GPTMC, PCVB, and a number of
20 others organizations, including the
21 Philadelphia Museum of Art. The With Art
22 Philadelphia program, which is being
23 launched, will not happen.

24 So, those kinds of partnerships allow

1 us to take an event to really target
2 Philadelphia for either art or for athletes
3 to show our running past throughout
4 Philadelphia, which the Philadelphia marathon
5 does. Partnering with Parks and Recreation.
6 Any number of organizations. Without the
7 partnerships of the hospitality and tourism
8 industry, a lot of the things we do could not
9 happen. So, that's really what I am talking
10 about when I say strengthening.

11 COUNCILMAN HENON: At the same time,
12 you mention increase and impact of the
13 various City's departmental initiatives.

14 Is that sort of collaboration similar?

15 MS. JOHNSON: Absolutely.

16 COUNCILMAN HENON: What are some of the
17 examples on departmental initiatives?

18 MS. JOHNSON: The Mayor's office is
19 sustainability. We worked with them last
20 year to make our Philadelphia marathon more
21 sustainable. We did composting for the first
22 time and will do so again. We actually
23 created this organization with the office of
24 the Mayor's Civic Engagement Office, what we

1 call Waste Busters.

2 MS. HUGHES: Waste Watchers.

3 MS. JOHNSON: Waste Watchers? Well,
4 either one is okay, but they, basically,
5 sorted through the trash. They were
6 volunteers so that we could take that trash
7 and turn it into compost. We also have done
8 partnerships with the Mayor's office of
9 Education on their graduation; caps and gowns
10 on the steps of the Art Museum where the
11 college students tossed their caps, which is
12 the name of the event, we are working with
13 them on something else that will happen this
14 year for high school students.

15 Parks and Rec are also one of our big
16 partners that we work with.

17 COUNCILMAN HENON: So, in addition, we
18 have, and I think everybody should be excited
19 about the Barnes Museum. Is there an
20 aggressive campaign, you know, that we can --
21 that we are gonna publicly address and
22 promote for the most prestigious art
23 collection in one location in the world?

24 MS. JOHNSON: Absolutely. That is the

1 With Art Philadelphia program that we are
2 working with GPTMC, PCVB. I can go through
3 all these alphabets. But, basically, it's all
4 the art organizations. Not just the ones on
5 the Parkway where we are launching a million
6 dollar campaign with money that was raised
7 from all the organizations to position
8 Philadelphia as a place with art. So that we
9 highlight every kind of art with the Penn
10 Museum, Philadelphia Museum of Art, the
11 African-American Museum. Everybody gets a
12 chance to be apart of this big launch because
13 Barnes is opening on the Parkway and we are
14 taking advantage of that and the fact that
15 Traveling Leisure made Philadelphia, No. 1,
16 in culture and arts to really push our
17 position.

18 COUNCILMAN HENON: Would that be
19 private dollars raised, or --

20 MS. JOHNSON: No, it is --

21 COUNCILMAN HENON: -- money received
22 from, you know, subsidies that the City --

23 MS. JOHNSON: The City is part -- The
24 money is from the different organizations

1 that are participating in this event. Well,
2 not the event, but this piece.

3 COUNCILMAN HENON: The rate of return
4 on dollars, I think, goes to, you know,
5 Councilman Kenney's suggestion on the rate of
6 return back to the City for his resources
7 when you are taking a look at something like
8 that, some sort of impact study financially
9 on our rate of return for dollars spent,
10 dollar received. Again, I think it will go a
11 long way in promoting the City as a world
12 destination.

13 MS. JOHNSON: Yes, and the With Art
14 Philadelphia program, I think we will be able
15 to figure out people coming in for that
16 year. But it's a two-year program. So, yes,
17 and, you know, your point about the analysis
18 for the different events is well heard.

19 COUNCILMAN HENON: Okay. I have no
20 further questions at this time.

21 COUNCILMAN JONES: Thank you,
22 Councilman Henon. Chair recognizes Councilman
23 Oh.

24 COUNCILMAN OH: Thank you very much,

1 Chairman.

2 Could you explain how your office is
3 setup in relation to other governmental
4 entities? Is this a stand-alone independent
5 office or is it part of another department?

6 MS. JOHNSON: As of 2009, it's a
7 stand-alone department.

8 COUNCILMAN OH: In terms of its
9 strategic goals, how do you set out to arrive
10 at your strategic goals, and what are they
11 for the next two or three years?

12 MS. JOHNSON: To contain and promote
13 the City of Philadelphia through
14 partnerships, events, marketing, branding for
15 the City.

16 COUNCILMAN OH: Any particular
17 demographics that you are trying to reach or
18 to attract?

19 MS. JOHNSON: Well, we work with a
20 number of different organizations for the
21 tourism industry. So, the Mayor recently
22 started the Hospitality Advisory Board to
23 talk about some of things, not just in the
24 City, like homeless, but how to attract more

1 people.

2 So, a large number of the organizations
3 that I talked about earlier are part of that
4 Advisory Board.

5 COUNCILMAN OH: Okay. Would you then
6 describe your office as an entity that
7 supports the efforts of other private and
8 nonprofit sector initiatives, or as an
9 organization that fills in or leads in
10 creating events where some may be lacking?

11 MS. JOHNSON: We actually do both,
12 Councilman. We create a number of different
13 events. We have created the Philadelphia
14 Collection. We work with a number of
15 different organizations to support what they
16 are doing and they also support us. We are
17 creating -- we also try and make sure that we
18 are within the guidelines for the Mayor's
19 initiatives. His fight against obesity. We
20 are going a Mayor's 5k run/walk this year.

21 We are looking to promote
22 Philadelphia's industry in terms of good
23 health, nutrition with Philadelphia Home
24 Grown program that we are trying to work with

1 GPTMC to launch this year as well. So, we
2 create a number of different events and have
3 for the past four years and plan on
4 continuing to do that. But, we also offer
5 support, not only internally, but externally.

6 COUNCILMAN OH: Do you believe that the
7 efforts that you make are returning to
8 Philadelphia far greater dollars than are
9 spent?

10 MS. JOHNSON: Well, I can use the
11 Philadelphia Marathon to show the example of
12 that. When we first came here in 2008, there
13 were 14,000 runners in the Philadelphia
14 Marathon. As of last year, 2011, there were
15 27,000 runners and we are one of the few
16 marathons that is still growing for the full
17 and not just the half. Throughout the
18 country, almost every marathon has dropped in
19 numbers, but the half has increased. Not the
20 Philadelphia Marathon. We are still getting
21 at least 1,000 people per year for that
22 marathon and it is about 20,000 -- \$20
23 million dollars economic impact and we have
24 an agreement with almost every hotel during

1 that time and we use about 5,000 rooms
2 nights. So, I will say that, yes, the effort
3 that we put out is very good on the return.

4 COUNCILMAN OH: Is there more that you
5 can could be doing?

6 MS. JOHNSON: You know, I am struggling
7 how to answer that question because I think
8 we are doing more. We are adding two new
9 events this year and we have a very small
10 staff. So, we are already kind of
11 overwhelmed, but we keep pushing because the
12 Mayor inspires us to do what we need to do to
13 make sure that we are offering something to
14 the citizens of Philadelphia and also
15 attracting tourism.

16 COUNCILMAN OH: Do you think you need a
17 bigger staff?

18 MS. JOHNSON: I could always use a
19 bigger staff. I think every department in the
20 City could say that.

21 COUNCILMAN OH: Is your office kind of
22 the central point of all these different
23 entities; hospitality, arts, in terms of
24 promotion, gaining international tourists,

1 things like that?

2 MS. JOHNSON: Yes, I would say that. I
3 sit on most of the boards of the hospitality
4 organizations in the City or work with them
5 in partnership one way or the other, and we,
6 IVC, International Visitors Center, that is
7 run by Nancy Gilboy, we have worked with her
8 on the sister City's program and an
9 ambassador program that we started two years
10 ago that's really given us more than what we
11 ever put out, and also Commerce is working
12 with us on that as well.

13 COUNCILMAN OH: How do you interface
14 with Commerce? Does the Commerce Department
15 have its own promotion and whatnot? Is there
16 duplication or is there something that is
17 unique to what you are doing?

18 MS. JOHNSON: It depends on what the
19 event is or what we are doing. For the
20 Ambassador Program, we work on -- I don't
21 think there is duplication. They work with us
22 on the Philadelphia Collection and the
23 Philadelphia Fash Incubator at Macy's. So,
24 there are a number of things we work with on

1 them.

2 The office of the City Representative
3 was a part of commerce for so long we are
4 still, in the past four years, since it
5 became independent. We are still figuring
6 out how to work together, but because that
7 history is there, it is good.

8 COUNCILMAN OH: Okay. Thank you very
9 much. Thank you Mr. Chairman.

10 Sure. Thanks. The Chair now recognizes
11 Councilman Johnson.

12 COUNCILMAN JOHNSON: Good morning.

13 MS. JOHNSON: Good morning.

14 COUNCILMAN JOHNSON: How are you doing
15 today, Ms. Johnson; pretty good?

16 MS. JOHNSON: I am doing well, thank
17 you.

18 COUNCILMAN JOHNSON: I want to start
19 off by commending you on the work that you
20 have been doing.

21 MS. JOHNSON: Thank you.

22 COUNCILMAN JOHNSON: Just a couple
23 statements or a couple things to take into
24 consideration as you move forward.

1 Obviously, your particular position is a very
2 important position as it relates to the City
3 of Philadelphia as we stick out our claim
4 along the east coast. Particularly
5 Philadelphia being in between DC and New
6 York, it is quite obvious that we have to
7 promote aggressively our City as a
8 destination City.

9 So, I do commend you on your past
10 efforts and just wanted to point out a couple
11 things from a supportive standpoint on how
12 some things, I think, could enhance your
13 particular department. I think as we
14 struggle with the issue of revenue for our
15 City, you are in a key position because
16 travel and tourism are one of the main ways
17 we can always bring in additional revenue.
18 People come for the various events that you
19 organize, they stay, they spend their money,
20 they stay in the hotels, they eat at our
21 restaurants, and our establishments.

22 One thing I would like for the City
23 Representatives Office to pay attention to is
24 also a plan regarding the recruitment of

1 young professionals who attend our major
2 universities as well as some of our local
3 two-year college universities whether it be
4 Pierce or whether it be Community College,
5 but more importantly on another level,
6 individuals who attend University of
7 Pennsylvania, La Salle, Temple, who decides
8 to not stay in Philadelphia when they
9 graduate, when they receive their degrees.

10 So, if you can just take into
11 consideration as y'all plan, as y'all move
12 forward, not only throughout this
13 administration, but a long term plan beyond
14 this administration to recruit and also
15 maintain some of the young professionals who
16 received professional and graduate degrees
17 from our local universities. If you are
18 already working on some of those issues, can
19 you elaborate?

20 MS. JOHNSON: Certainly, Councilman.
21 We actually have a really robust internship
22 program where we work with our large number
23 of universities. We get a lot of Temple
24 students and actually last year we hired one

1 of those Temple students who had been an
2 intern since 2008 for Wawa Welcome America,
3 and she was a volunteer in my office for
4 almost the entire four years. So, she's
5 turned out very well.

6 We also just talked with someone from
7 Fox Business School, they want some of their
8 graduate students to work with us and they
9 worked very closely with us during Wawa
10 Welcome America to provide us with students
11 and internships.

12 We have had students from LaSalle, from
13 Villanova, and from University of Penn
14 throughout the time that I have been there
15 and we couldn't do what we do without the
16 help of these students. So, they come
17 through during different times and we have
18 them working on public relations and the
19 different events.

20 COUNCILMAN JOHNSON: Good.

21 MS. JOHNSON: We also work very closely
22 with Campus Philly. They are actually
23 bringing back their -- what do they call it?
24 It is their fair that is on the Parkway and

1 their, as you know, goal is to retain those
2 students here in the City. That is another
3 thing we work with Commerce on.

4 COUNCILMAN JOHNSON: That is good.
5 Also, just want to commend you on the
6 partnerships with the other various City
7 agencies that you work in conjunction with,
8 whether it's the Department of Commerce or
9 the various other agencies, such as Greater
10 Philadelphia Tourism and Marketing
11 Corporation, Philadelphia Convention of
12 Visitors Bureau, Philadelphia International
13 Visitors Council as well.

14 I think, because as a lot of times you
15 see City agencies working independent. So,
16 there is no communication or no synergy
17 amongst the various agencies that all have
18 the same goal and mission. So, again, I just
19 wanted to commend you, but I am a real
20 advocate for making sure that when
21 individuals receive those graduate degrees, I
22 think if we have a concrete as Mr. Majority
23 leader has shown me thus far on coming in as
24 a member of Council.

1 Is there an actual plan? Like, what is
2 our plan to retain college graduates in the
3 City of Philadelphia and so something like
4 that can be explored, my office is more than
5 willing to be supportive of that process.
6 So, we can do away with the reputation of
7 sometimes being viewed as having a brain
8 drain --

9 MS. JOHNSON: Yes.

10 COUNCILMAN JOHNSON: -- in the City of
11 Philadelphia, recruiting our best talent and
12 keeping our best talent. So, from a
13 supportive standpoint, if I can be supportive
14 of that type initiative, I offer myself.
15 More importantly, I do believe as we move
16 forward as a City, we need to have a plan to
17 keep our best and brightest in the City of
18 Philadelphia, but Melanie, keep up the good
19 work.

20 MS. JOHNSON: Thank you so much,
21 Councilman.

22 COUNCILMAN JONES: Thank you,
23 Councilman. The Chair now recognizes
24 Councilwoman Brown.

1 COUNCILWOMAN BROWN: Thank you. Good
2 morning.

3 MS. JOHNSON: Good morning.

4 COUNCILWOMAN BROWN: I will start with
5 this, what I call a big picture question.
6 Revenue aside, if you have to look into a
7 crystal ball and wanted to create a new
8 initiative of the office, what would it be?

9 MS. JOHNSON: The Philadelphia Home
10 Grown, because it takes into consideration
11 not only promoting the produce, but -- let me
12 start from the beginning. GPTMC kicked off
13 Philadelphia Home Grown -- Is walt here? Two
14 years ago. It's a campaign that has
15 promotion with it, but one of the things that
16 she and I have talked about is actually
17 bringing it into the City so it is actually
18 into Love Park and renting booth space to not
19 just produce, to show off what Philadelphia
20 and its region has to offer, but also
21 Philadelphia clothes that are made here.

22 COUNCILWOMAN BROWN: Sure.

23 MS. JOHNSON: Textiles. Any kind of
24 thing that Philadelphia makes or the region,

1 so that we can take that and grow it.
2 Because one of the things that is very
3 important is to show that we are a
4 sustainable City and that we do have
5 manufacturing here. We do have farms here.
6 We have things that we can sell.

7 So, that is something that we have been
8 looking at for the past year, and talking
9 about it, and we hope that we will be able to
10 launch that this year in September.

11 COUNCILWOMAN BROWN: Terrific. How are
12 new ideas vetted in the Commerce Department;
13 new ideas?

14 MS. JOHNSON: In Commerce?

15 COUNCILWOMAN BROWN: Yeah. How are
16 they vetted?

17 MS. JOHNSON: You will have to talk
18 with Alan about the Commerce, but.

19 COUNCILWOMAN BROWN: I can wait. I can
20 wait. Let's move to talk about the Christmas
21 Village. Last year questions were raised
22 regarding whether or not it looks like
23 Philadelphia, and it is no secret that we are
24 asking this of every single department.

1 So, for the Christmas Village, two
2 years I asked about the processes in place to
3 certify that companies participating in the
4 Christmas Village abide by City standards
5 after the initial award of the contract.

6 What steps has your office taken to
7 ensure that these companies represent
8 themselves accurately when they apply for
9 City contracts?

10 MS. JOHNSON: Are you talking about
11 minority? It is in the contract that they
12 have, I believe. When we talked last year,
13 we checked. They do. If you go to any of
14 the booths during that time when they are
15 selling, they actually recruit here in
16 Philadelphia. Some they bring from Germany
17 and other places, but a lot of the booths are
18 from Philadelphia.

19 COUNCILWOMAN BROWN: So, they're
20 local?

21 MS. JOHNSON: Some of the booths are
22 local, yes.

23 COUNCILWOMAN BROWN: That is one
24 important check off. What about cultural

1 diversity?

2 MS. JOHNSON: Well, we have talked
3 about some of the stuff that they do. They
4 have brought in entertainment. Last year
5 they had that, and I would say that the
6 entertainment that they provided was
7 definitely --

8 COUNCILWOMAN BROWN: Was rich in terms
9 of culture?

10 MS. JOHNSON: Absolutely. They had
11 everything from African-Americans to some
12 Asian dancers, I believe, or the dragon that
13 they have. So, it was very, very diverse
14 last year.

15 COUNCILWOMAN BROWN: Can you submit to
16 The Chair the listing of those contracts and
17 stipulate whether or not they were local MBEs
18 or WBEs?

19 MS. JOHNSON: You want the contract
20 that shows that they have --

21 COUNCILWOMAN BROWN: Each of the booths
22 that were setup.

23 MS. JOHNSON: I don't have those
24 because those are individually done by the

1 contractor, because we don't produce that
2 event. It's an individual contractor who
3 does, but I do have the contract between them
4 and the City of Philadelphia.

5 COUNCILWOMAN BROWN: You have access to
6 that contractor, who then ultimately -- I
7 hired those folks?

8 MS. JOHNSON: Yes.

9 COUNCILWOMAN BROWN: We would like to
10 think that this is an expectation that they
11 provide a listing of who they are doing
12 business with, because only hard factual data
13 shows the true story.

14 So, the ask is that you will get that
15 information and submit it to The Chair so
16 that we can see it for ourselves.

17 The Christmas Village moved to Love
18 Park this year during preparation for the
19 construction at Dilworth Plaza, the outcomes
20 at the Village changed as a result of the
21 move in terms of revenue.

22 MS. JOHNSON: I believe so. They were
23 very busy, much more so being in Love Park
24 than they were in Dilworth Plaza. It was

1 really an eye opener. It worked very well in
2 Love Park. They had a lot of people coming
3 in and out. Probably because Love Park,
4 people walk through it, but they did very
5 well this year -- last year.

6 COUNCILWOMAN BROWN: So, you have
7 information that shows an uptick in
8 attendance, as well as revenue generated?

9 MS. JOHNSON: I can get that from the
10 contractor.

11 COUNCILWOMAN BROWN: Please, and if
12 that can be a part of the testimony next year
13 so that we can actually see what the yield
14 and outcomes are with those kinds of
15 decisions. I will stop, Mr. Chairman, and I
16 will be back. Thank you.

17 MS. JOHNSON: You're welcome.

18 COUNCILMAN JONES: Thank you,
19 Councilwoman. We are gonna recognize Ms.
20 Bass and then we will be on our second round
21 of questioning, which will have a
22 three-minute limit as opposed to a
23 five-minute limit. Councilwoman Bass.

24 COUNCILWOMAN BASS: Thank you, Mr.

1 Chairman.

2 Good morning.

3 MS. JOHNSON: Good morning,
4 Councilwoman.

5 COUNCILWOMAN BASS: How are you?

6 MS. JOHNSON: I am well. Thank you.

7 COUNCILWOMAN BASS: Good. I just have a
8 couple of really quick questions. One was
9 already touched upon by Councilman Johnson in
10 reference to attracting people to
11 Philadelphia because, you know, I'm a firm
12 believer that the only way we kind of get out
13 of the financial situation that we are in is
14 we have to grow our City. We have to grow
15 our economy and part of that is getting
16 people to come here, see how great it is, and
17 then connecting them with the idea of living
18 here and calling Philadelphia home.

19 So, and again, I know that there was
20 some discussion already had. But, I guess I
21 just wanted to ask a little bit further. Is
22 there any sort of comprehensive effort to get
23 people to come to our events and activities
24 and then stay here?

1 Is there any organized, strategic
2 effort beyond the college graduate, you know,
3 which is great, you know, because we need to
4 to do something about the brain drain,
5 obviously. But also for other groups. For
6 other families, young families, individuals.

7 Is there any sort of comprehensive
8 effort that your office works with, you know,
9 another department to, you know, attract and
10 recruit folks to come in to Philadelphia to
11 stay?

12 MS. JOHNSON: Do you mean to live, or?

13 COUNCILWOMAN BASS: Yes, to live.

14 MS. JOHNSON: It's something that's
15 been discussed, but there is not a
16 promotional piece attached to that as of
17 yet. It is something that we have been
18 talking about for the last few years and
19 trying to find funding for, but it hasn't
20 moved. So we do a number of different things
21 through events and promotion for tourism, but
22 not a specific program to attract people to
23 come to Philadelphia to live. No.

24 COUNCILWOMAN BASS: Okay. All right.

1 But, it is something that is not off the
2 table. Something that you have discussed,
3 but just sort of getting your hands around it
4 right now, it may take a moment to get there;
5 you think?

6 MS. JOHNSON: I think that it was
7 shelved for a number of reasons, but it is
8 not something that is dead. There just
9 hasn't been any funding or agreement as to
10 how it could be resurrected, so-to-speak.
11 But, it is certainly not completely off the
12 table, no.

13 COUNCILWOMAN BASS: Okay. The other
14 question, can you speak to specific marketing
15 techniques or projects that you all may do,
16 particularly towards certain nitch
17 communities, specific communities whether it
18 is the African-American community or LGBT or
19 the Hispanic community, which is growing
20 throughout our City and our region. You
21 know, Philadelphia experienced population
22 growth, and that was one of the communities
23 that really had a significant growth.

24 So, how do we market to them with the

1 events that we have? You know, I notice some
2 of the events that you have mentioned here,
3 but nothing that was specifically, you know,
4 geared towards specific communities; like I
5 said, the African-American, LGBT communities,
6 and groups that want to come in and spend
7 money and see Philadelphia?

8 MS. JOHNSON: Well, when we do, for
9 instance, something for the Philadelphia
10 Marathon, our promotion has to be very
11 broad. But in working with GPTMC, they
12 market specifically to those communities;
13 LGBT, as well as 360. We work with 360 for
14 every event that we do, as well as GPTMC.
15 They really work closely with us to do
16 promotions on all of our events. From the
17 Philadelphia Collection to Wawa Welcome
18 America to the Philadelphia Marathon and now
19 for Philly Home Grown.

20 So, they have segments where, I am
21 trying to think of a for instance for you
22 with 360, something that we did. I am
23 drawing a blank. Can you think of
24 something?

1 We work with them because their job is
2 to promote Philadelphia specifically through
3 funding that they get. So, they have been
4 great partners for us. We work with the
5 Multi-cultural Affairs Congress. When the
6 National Association of Black Journalists
7 were here, we worked with them and hosted a
8 reception for them to show them the things
9 that we do.

10 We did, during Welcome America, a block
11 party in Chinatown and marketed that. So, we
12 try and hit every demographic that we can
13 through a lot of different ways. We went to
14 New York with GPTMC for With Art to promote
15 that to the African-American Journalist. We
16 have done that in the past. We have done
17 media tours and things along those lines.
18 So, we try ran hit every one we can, but we,
19 in my office specifically, we kind of keep it
20 broad when we are trying to do a marketing
21 program because of the funding involved.

22 COUNCILWOMAN BASS: Sure, okay. Thank
23 you very much. Thank you, Chair.

24 COUNCILMAN JONES: Thank you,

1 Councilwoman. We are going to begin the
2 second round. I have a few brief questions.

3 First of all, let me compliment you and
4 take a page from one of the Serious 6,
5 Councilman Johnson, and complement you. But
6 also one of the veterans, Councilman Green,
7 and say we are trying to learn how as a body
8 to say, "yes, and", as opposed to "no, but".
9 So, we're trying to -- there's a kinder,
10 gentler spirit in chambers these days.

11 MS. JOHNSON: Thank you.

12 COUNCILMAN JONES: To compliment you.
13 You have grown as an administrator. Your
14 presentation is concise. You have been
15 telling us what we need to hear. We are
16 trying to tell you what we'd like to see.
17 That connection to the neighborhood, we're a
18 City of neighborhoods, and Councilman
19 Squilla's district.

20 I know about the Italian Market and
21 things that are part of our fabric. In
22 Chestnut Hill, Germantown, there are things
23 to see, and in my district. We'd like to
24 look at the groups, figure a connect, and get

1 them to come out to these neighborhoods where
2 we have commercial shopping strips, we have
3 restaurants and places that are unique.

4 Every City has a gap, but every City
5 doesn't have Denise's Bakery. So, we want
6 you to come out to parts of the district and
7 get people to really, you know -- Pat's and
8 Geno's is nice, but there are other
9 cheesesteak places that I would argue are
10 better, Councilman Kenney. So.

11 MS. JOHNSON: Can I tell you about our
12 Philadelphia Marathon fan pass, Councilman?

13 COUNCILMAN JONES: Yes.

14 MS. JOHNSON: We created that four
15 years ago. The first year was specifically
16 the course where we approached a number of
17 different retailers to highlight what they
18 were doing during the Philadelphia Marathon.
19 That year we had about 40,000 people who,
20 basically, they're a captive audience.
21 27,000 of them are because they have to come
22 and pick up their bags from the Expo. But,
23 they bring their families, which is why the
24 Philadelphia Marathon is the gift that keeps

1 on giving.

2 The year after that, we expanded the
3 Philadelphia Fan Pass. The Philadelphia
4 Marathon Fan Pass to make it City wide. So,
5 that we had over a hundred retailers and
6 hotels that signed up to give discounts so
7 that we could promote them during the
8 Philadelphia Marathon Expo.

9 We also use Temple University students
10 to promote the City and the different
11 organizations. There is a booth at the Expo
12 that talks about not just what is going on
13 during the marathon, but what happens in the
14 City. There are some events or something at
15 the Please Touch Museum, because again, no
16 runner comes alone. They always bring a
17 support team.

18 COUNCILMAN JONES: Exactly.

19 MS. JOHNSON: So, those support teams
20 are not going to be at the Expo all the time,
21 so we found a way to try to really give them
22 something they can do. So, that is one of
23 the things we do.

24 COUNCILMAN JONES: When you do an event

1 like the marathon or the Delgado, we benefit
2 on City Avenue in our hotels. So, we book
3 out there. So we understand the connectivity
4 to that. Couple of the events; one, the bike
5 race. I want to thank you for your
6 involvement with that. It comes through the
7 neighborhoods and everybody isn't always
8 happy to see it, but you have made it a
9 little more palatable.

10 One of the things that we would like
11 you to -- that was an innovation last year
12 was the court. We opened up the bike court.
13 It is not a night court, but a bike court,
14 and a lot of the enthusiastic members to
15 watch the bike race, you know, tends to throw
16 them back a little hard. We had to let them
17 know that that kind of behavior was going to
18 be put in check because the neighbors who
19 live there didn't necessarily appreciate it.

20 You worked with that group, we would
21 like that bike court again. So, we would
22 like you to follow up with that and do that.
23 The other thing is, when one of the Council
24 persons talked about, I think it was

1 Councilwoman Brown talked about new events.
2 Ike Johnstone who runs the Belmont stables in
3 my district is having a roundup and he's
4 invited close to 500 equestrians to come and
5 stay for three days in the City of
6 Philadelphia, and they are going to do a
7 horseback tour all the way up to Valley Forge
8 and back, and during those three days, I
9 don't know if you are working with him yet,
10 but we --

11 MS. JOHNSON: I haven't talked to him.

12 COUNCILMAN JONES: We would like you to
13 contact him and reach out to Mr. Johnstone,
14 and that is 300 families that are gonna here,
15 camp out, and we want them to have a pleasant
16 experience, because as mentioned, our
17 Fairmount Park trails, you would be
18 surprised, you know, if you go in some of
19 those back trails that aren't always
20 traversed, it is like being in some place in
21 the mid-west. It is really beautiful. So,
22 we would like to you take a look at that.

23 MS. JOHNSON: May I contact your office
24 to get a contact number?

1 COUNCILMAN JONES: Absolutely. In
2 fact, one of my staff will give you the
3 number before you leave chambers.

4 Second round. Chair now recognizes
5 Councilman Kenney.

6 COUNCILMAN KENNEY: Thank you. I know
7 you interact with various departments in the
8 City during events, whether it's Rec or
9 Streets, police obviously. Do you have much
10 interaction with L&I relative to events? The
11 reason I raise it is the issue of a Doom Day,
12 which is again one of those neighborhood
13 events that started and now it is this huge
14 event for the City and it is great for the
15 City on many levels.

16 They used to be able, the vendors used
17 to be able to purchase a couple day business
18 privilege license or vending license on site
19 when they showed up, and now L&I is saying
20 they have to do it weeks in advance. When
21 you have these small entrepreneurs, they
22 choose at the last minute where they may go
23 to vend.

24 Is there something you could do to see

1 if we can't get that reinstated? It makes
2 planning that much easier for them because
3 they can encourage people to come the day of
4 and get the license they need? That would be
5 a big help.

6 MS. JOHNSON: I will certainly inquire.

7 COUNCILMAN KENNEY: Secondly, a Stark
8 Philadelphia, Incorporate, with the exception
9 of individual events. Whether it's an art
10 exhibit, whether it's Vango, or any of those,
11 it is probably, the stark area is probably
12 the single biggest 12 month a year draw.
13 Always folks coming, no matter what month it
14 is and they're coming and they're staying in
15 hotels and doing the weekend. They have
16 really gotten smashed, as many entities have,
17 by the State. You see those folks walking
18 around doing the tours in period costume and
19 the Betsy Ross House and the bell, Franklin
20 Square, it really does bring lots and lots of
21 families and individuals, foreign tourists,
22 national tourists to the City.

23 Is there any possible, a small bump for
24 them would be -- right now because of the

1 State cut, they are probably out of August.
2 August is gonna be shut down for their
3 programing. I just think it is one of those
4 things we sometimes take for granted because
5 we own all those entities and it just always
6 went on and the State took care of them. Now
7 the State has no interest, for the most part,
8 west of Harrisburg.

9 Could you please look at something?
10 Maybe we can give them a little bit of a bump
11 to save August?

12 MS. JOHNSON: I will certainly look in
13 to it. They have just asked me to join their
14 Board.

15 COUNCILMAN KENNY: Oh, good.

16 MS. JOHNSON: They are stakeholders
17 under my budget. I worked very closely with
18 Amy Needle and we are looking at different
19 things to see what we can possibly do.

20 COUNCILMAN KENNEY: Great. So, your
21 attention to it is appreciated.

22 MS. JOHNSON: Yes.

23 COUNCILMAN KENNEY: Thank you. Thanks,
24 Mr. Chairman.

1 COUNCILMAN JONES: Chair thanks
2 Councilman. The Chair now recognizing
3 Councilman Henon.

4 COUNCILMAN HENON: Thank you, Mr.
5 Chairman. A couple of my colleagues had
6 mentioned some of their more local events
7 that they have.

8 Does your office continue to help
9 support? So, I have, for instance two
10 concerts, two big concerts a year up in the
11 district in conjunction with Penny Pack
12 Park. You know, Parks and Recs. So, if I
13 were in need of some sort of promotional
14 support or some kind of assistance in some
15 way or another, would I call your office?

16 MS. JOHNSON: Yes, sir. You can
17 certainly call our office.

18 COUNCILMAN KENNEY: Okay. That is
19 great. Now, I have a few quick questions on
20 the marathons. It has become so big, you
21 know, in the City. So, you have, you know,
22 you have the Philadelphia Marathon, you have
23 the Broad Street Run, you have many other
24 runs, you know, that goes on.

1 Have you considered expanding it more
2 of a, you know, national to match like the
3 Philly Marathon, more of a national level
4 because it seems like more people are
5 becoming more health conscious these days.
6 If we are generating that kind of money and
7 there is a rate of return on the, I guess,
8 registration fees. I think the registration
9 fees have to be, you know, a substantial
10 amount?

11 MS. JOHNSON: Actually, they are only
12 \$85. We have managed to keep it that way by
13 changing the length of time we offer before
14 we go to a bump for the next one. But the
15 Philadelphia Marathon is national. We
16 attract runners from all 50 states and 40
17 countries. Canada and Mexico are our
18 largest. It's grown by about 2,000 runners
19 for the last four years, give or take a few
20 hundred here or there.

21 There are four races. The Rothman 8k
22 they are going to sign up for another three
23 years and are very happy with it. We are
24 looking at ways to expand that because of the

1 course that we currently use will be tapped
2 out in a few years if we don't make some
3 changes. So we are looking to possibly move
4 the half marathon to a Saturday and do Sunday
5 so we can grow both races.

6 COUNCILMAN KENNEY: You had the Broad
7 Street Run --

8 MS. JOHNSON: The Broad Street Run is
9 done --

10 COUNCILMAN KENNEY: They had 30,000
11 participants in five hours or something like
12 that. Somebody in my office made it in by the
13 wire, you know. I have an avid runner. I am
14 going to give Chris a shout out, and he
15 wanted to know, do you cap -- how do you
16 determine the number of capping in the amount
17 of runners in all these marathons?

18 MS. JOHNSON: Well, the Broad Street
19 Run is run by Parks and Rec and they capped
20 out at 30,000 because I don't think Broad
21 Street can handle a larger number. We cap
22 our number, we will cap out probably 20,
23 29,000, if we keep both the half and the full
24 on the same day. Which is why we are looking

1 at seeing if we can move the half marathon so
2 that we can grow both races. Otherwise, we
3 will probably reach 29,000, maybe this year.

4 So, we have to be careful because the
5 course, while the Parkway is huge, the
6 streets that that they go through, some in
7 Center City, right around the historic
8 district are not so big. So, we have to be
9 very careful.

10 COUNCILMAN KENNEY: But, you are
11 considering maybe attracting some more
12 national, like, more beneficiaries for a
13 large marathon or running event here?

14 MS. JOHNSON: Do you mean doing another
15 Philadelphia Marathon?

16 COUNCILMAN KENNEY: Well, not another
17 Philadelphia Marathon, but of the like. You
18 know, attracting more -- just continuing on.
19 Welcome to the City, this is what we have to
20 offer. Look what we do, Philadelphia
21 Marathon, look at the Broad Street Run, et
22 cetera, et cetera.

23 MS. JOHNSON: I am actually not looking
24 to do another large race like that at the

1 moment. What we are are trying to do is
2 figure out a way to promote Philadelphia's
3 pathways. Philadelphia is a great running
4 City, so we have talked to the Broad Street
5 Run and when the Philadelphia Distance Run
6 before it was owned by an outside company, we
7 talked about trying to do a promotional piece
8 that showed all these three races that we
9 can, basically, train at one in order to
10 reach the last one, which was the
11 Philadelphia Marathon. We are still talking
12 about that.

13 The Broad Street Run is going to do a
14 promotion with the Philadelphia Marathon this
15 year, whereas if you run the Broad Street Run
16 and you run any one of the three races -- or
17 two races, the half or the full, you get a
18 special metal or something. We talked about
19 a certificate. So, that is one of the ways
20 that we are cross-promoting.

21 But, at this point, putting another
22 race on of that size just is not doable with
23 the staff that we currently have. There have
24 been other people, there is a half marathon

1 that is produced outside called the Odyssey.
2 Odyssey a half marathon. But, to do another
3 race of the Philadelphia Marathon size or the
4 Broad Street Run, I just don't think we have
5 the resources to handle that at this time.

6 COUNCILMAN JONES: Is that it,
7 Council? Your time is up. Respecting the
8 clock. I don't feel like the substitute
9 teacher today. Thank you.

10 Councilwoman Brown.

11 COUNCILWOMAN BROWN: Thank you,
12 Mr. Chairman. I just want to underscore the
13 importance of our interest in whoever the
14 contractor is for the Christmas Village.

15 MS. JOHNSON: Absolutely.

16 COUNCILWOMAN BROWN: That they know
17 what we are looking for in terms of numbers.

18 MS. JOHNSON: So, you want the list of
19 the people they do business with and --

20 COUNCILWOMAN BROWN: Who they contract
21 with.

22 MS. JOHNSON: You also want to see how
23 they have improved their numbers?

24 COUNCILWOMAN BROWN: The stats and data

1 --

2 MS. JOHNSON: In Love Park.

3 COUNCILWOMAN BROWN: -- of the outcome.
4 I visit the Christmas Village every year
5 because I like international arts and crafts,
6 but I also visit to see if they look like
7 Philadelphia.

8 MS. JOHNSON: Okay.

9 COUNCILWOMAN BROWN: My assessment
10 summary is different from yours. So, we need
11 to see the hard data.

12 MS. JOHNSON: I will get that for you.

13 COUNCILWOMAN BROWN: I have been
14 looking here at the table of organization of
15 the City, and Councilman Good tried to help
16 me find the Office of Arts and Culture.
17 Where is the Office of Arts and Culture
18 in the midst of the Commerce Department?

19 MS. JOHNSON: It is not, it is in the
20 Mayor's office.

21 COUNCILWOMAN BROWN: It is in the
22 Mayor's office?

23 MS. JOHNSON: Yes.

24 COUNCILWOMAN BROWN: Okay. All right

1 then. What is the level of interface with
2 your department and the Commerce Department?

3 MS. JOHNSON: Through a number of
4 different things that we have worked on.
5 Which would be the Ambassador Program, Campus
6 Philly. What else did I talk about earlier?
7 The Philadelphia Collection, the Philadelphia
8 Fashion Incubator at Macy's. We work on a
9 number of different things together.

10 COUNCILWOMAN BROWN: Very well. I will
11 say that the discussion about the celebration
12 of smaller arts and cultural organizations
13 with Commerce. What is the level of
14 interface with the Office Of Arts And
15 Culture?

16 MS. JOHNSON: Well, we work with them.
17 We created a program last year, the Jazz
18 Coalition, where there is, this Friday, I
19 believe. This April is Jazz month. Last
20 year we had a press conference on Jazz Day,
21 which was -- we launched on the end of March
22 and then we had Jazz month, which was in the
23 middle of the month and we pulled together a
24 number of different Jazz groups and

1 organizations in the City and announced it
2 Jazz month, which is the U.S. Conference, the
3 Mayor does Jazz Day.

4 COUNCILWOMAN BROWN: Okay.

5 MS. JOHNSON: The Smithsonian does Jazz
6 month.

7 COUNCILWOMAN BROWN: That's a new
8 initiative of the partnership between those
9 two departments?

10 MS. JOHNSON: Exactly.

11 COUNCILWOMAN BROWN: Very well. I want
12 to put on the record here today that my
13 office has been doing its due diligence around
14 a City wide Children and Youth Arts and Music
15 Festival. They're about 12 celebrating
16 different cities around the county.
17 Philadelphia is not one of them. I was
18 struck by the work of In Liquid (ph). They
19 had a community arts festival last May or
20 June and thought about the value of making it
21 a City wide effort where you celebrate
22 talents of children and youth.

23 So, know that that document is coming
24 to you. I believe I had a preliminary

1 conversation with GPTMC, I simply can't
2 remember, but when I looked at what other
3 cities are doing around the country and
4 celebrating the works and talents of children
5 and youth.

6 I think that is a great opportunity for
7 our City, and when I looked at the different
8 sponsors, some of those sponsors are right
9 here in the region. So, know that that
10 document is coming to you as well as to the
11 leadership of GPTMC.

12 MS. JOHNSON: Yes.

13 COUNCILWOMAN BROWN: Okay. Lastly --
14 That may be it. I think that is it. So, let
15 me close by also acknowledging the important
16 work that you do and the reach that your
17 office has for it to be such a small -- small
18 in terms of numbers. But, your reach is wide
19 and deep and I know that because I see it
20 often in the work that you are doing.

21 MS. JOHNSON: Thank you, Councilwoman.
22 Very much appreciated.

23 COUNCILWOMAN BROWN: You're welcome.
24 Thank you, Chairman.

1 COUNCILMAN JONES: Counsel now
2 recognizes Councilman Oh.

3 COUNCILMAN OH: Thank you, Mr.
4 Chairman.

5 My concern is that your office is small
6 and that it seems like there is so much more
7 work that needs to be done. I am not sure
8 who else does it. I guess we have the
9 Commerce Deputy Mayor coming up as well.

10 But, in terms of our need as a City to
11 bring dollars in and to create new employment
12 and opportunities and to attract the type of
13 residents that we need for our growing
14 creative and innovative work force. With all
15 the opportunities to brand Philadelphia, you
16 know, how does your office, in terms of size
17 and activity, compare with cities like New
18 York or smaller cities like Boston, which are
19 well-branded?

20 MS. JOHNSON: We do the best we can.

21 COUNCILMAN OH: What do their offices
22 look like, comparable office to yours?

23 MS. JOHNSON: Well, New York has New
24 York City Marketing, which is an agency that

1 was created quite a few years ago and was an
2 outside agency that pulls together convention
3 tourism and hospitality. It is a very
4 different setup because they have the
5 different bureaus.

6 So, it is even less comparing apples
7 and oranges to compare this office with what
8 New York City Marketing does. We work with,
9 in this City we have PCVB has a separate
10 organization, GPTMC is a separate
11 organization. You also have Center City
12 district. All of whom work together to try
13 and do that promotion and branding, which is
14 what With Art Philadelphia promotion is all
15 about. All of those organizations for the
16 first time really came together.

17 So, we recognize exactly what you are
18 saying and try to pull together to do that,
19 which is also what the Mayor's Hospitality
20 Advisory Board is trying to do. There is not
21 a comparison between us and New York or even
22 Boston in how it is all setup. Each City is
23 set up differently. Philadelphia is
24 definitely unique in the way that we have it

1 setup in terms of promotion and marketing.

2 COUNCILMAN OH: Is that unique good,
3 unique bad?

4 MS. JOHNSON: Well, for four years I
5 think it is good since we have been working
6 very hard to make a difference and I think we
7 have in a number of different ways. With what
8 we have to do, yes. But I don't think that
9 you can compare New York City marketing to
10 what we have here because it's a very
11 different kind of setup because of the
12 different boroughs.

13 COUNCILMAN OH: All right, thank you
14 very much.

15 MS. JOHNSON: You're welcome.

16 COUNCILMAN JONES: One moment. I
17 actually think Councilman Oh is on to
18 something. That thematically many of the
19 Council people here today have said is that
20 we are not different than New York. We have
21 different analogies and different definitions
22 of neighborhoods, boroughs versus
23 neighborhoods. But, pretty much, each one of
24 these districts is unique from all around the

1 City and if we thought of it that way to
2 market it in that way, like one of the things
3 we are proud of in the fourth is we have more
4 park land, more waterfront than most
5 districts and as I work with the commercial
6 corridors there, they are trying to push
7 that.

8 Main street is pushing the riverside of
9 things and every time we do a promotion for
10 the arts festival, which you help us with,
11 and others, we are really selling that
12 location and there is a uniqueness about each
13 one of the districts or boroughs if we look
14 at it that way, and I am encouraged by the
15 fact that you have all of these different
16 promoting agencies that should kind of report
17 thematically to you and kind of get that
18 branding kind of out there.

19 We have envy of New York and Washington
20 DC, and we shouldn't. We shouldn't.
21 Councilman Johnson stated that we are
22 uniquely position between the financial and
23 Governmental capital of the world. We are
24 within one truck day's ride between one third

1 of the City, the nation's population. We are
2 unique in ourselves and we need to start
3 branding that in a way that captures some of
4 the creative culture that we are trying to
5 attract, some of the young professionals that
6 we are trying to retain and brand ourselves
7 as something special, and the cheesesteak and
8 hoagie debate should continue.

9 MS. JOHNSON: I absolutely agree with
10 both of you.

11 COUNCILMAN JONES: Chair recognizes
12 Councilman Squilla.

13 COUNCILMAN SQUILLA: Thank you,
14 Chairman. Thank you guys for coming out here
15 and I do believe this is an important role
16 for the City to grow and it does seem like we
17 have a couple different organizations doing
18 similar things and it's good to hear that we
19 are now working together to try to coordinate
20 that to -- so we don't have a redundancy of
21 operation between different organizations.

22 But, my district is pretty big and has
23 a lot of different museums throughout the
24 district from the African-American Museum,

1 the Jewish Museum, the Philadelphia Museum,
2 the Mummies Museum, Polish Museum, a million
3 museums.

4 I was just wondering how do you market
5 each individual museum and how do you pick or
6 choose, you know, which ones you highlight at
7 certain times?

8 MS. JOHNSON: Well, we do a lot with
9 the museums in your district. I actually sit
10 on the Board for the African-American
11 Museum. We just did their gala, and I worked
12 on the committee to create a new event for
13 them that we did in the museum to attract
14 younger people to the museum.

15 So, I have worked on that and that
16 turned out to be a really good thing to do.
17 We are gonna do it again next year. We
18 actually have Quest love in to spin and we
19 attracted a large number. I think about 200
20 people, and they also got a membership with
21 their cost.

22 So, working with them, I worked very
23 closely with them. As for the Mummies
24 Museum, some of the things we do with Wawa

1 Welcome America, we have a program called Go
2 Forth and Learn. Each year we do different
3 venues, to talk about Go Forth and Learn
4 about history, Go Forth and Learn about
5 music. We did something at the Del last
6 year. This year we're doing Go Forth and
7 Learn about the Mummers at the Mummers
8 Museum.

9 So, we try and come up with different
10 things and partner with the different
11 organizations to figure out, well, if we are
12 doing an event, how can we include this
13 district or this neighborhood. So, you know,
14 we are not able to do every single one, but
15 in the four years that we have been here, I
16 think we have probably hit most of the
17 districts or had a partnership with some
18 organization in that district. We are still
19 continuing to do that.

20 COUNCILMAN SQUILLA: So, you, try to
21 market, every year try to market a different
22 museum?

23 MS. JOHNSON: We try and market a
24 different venue. We are going to Smith

1 Playground this year as well as the Mummers.
2 We are going back to Franklin Square where
3 they just did a pavilion and we did a big
4 press conference with them.

5 We did -- We are doing something at the
6 Please Touch museum this year. We did
7 something at the Franklin Institute last
8 year. The Academy of Natural Sciences.
9 There are a lot over the last four years that
10 we try and do a partnership because we think
11 it is important to work with the Recreation
12 Department to bring at least two to three
13 hundred kids, depending on the location, to
14 each of the these Go Forth and Learns, where
15 people come out, they read to them, they get
16 a book. They usually get some kind of bag
17 and they get to see the venue, whereas a lot
18 of those parents would not be able to afford
19 the fee for those kids to come in. We try
20 and make sure that it happens.

21 COUNCILMAN SQUILLA: You also market
22 them to people from outside the City coming
23 in. We have the Philadelphia Museum, Atwater
24 Kent Museum. A lot of people don't even

1 realize what that museum is.

2 MS. JOHNSON: Absolutely.

3 COUNCILMAN SQUILLA: It just seems like
4 we need to be more proactive in marketing all
5 of them to the people, not just the programs
6 in them, but marketing every one of the
7 museums to all the people who come in so they
8 can actually know this museum has this, this
9 is what this museum is.

10 MS. JOHNSON: GPTMC does a really good
11 job with You Wish You Knew. Different places
12 that might not be well known to people, and
13 there is an organization called Hidden City
14 that does that as well to show -- Actually,
15 they are a little bit more extreme because
16 you would not even know some of the places
17 that -- They promote the Met. There are
18 places that might be unfinished or ajeweled
19 (ph) Rine to Rain Hotel. So there are quite
20 a number of different ways that that gets
21 done. We also try and do something to do
22 venues there. We work with both organizations
23 for that.

24 COUNCILMAN SQUILLA: So, you do work

1 with them to see that is happening?

2 MS. JOHNSON: Well --

3 COUNCILMAN SQUILLA: I just feel like
4 sometimes people come and, I never knew that
5 was there. We never knew that was there. A
6 lot of people living in Philadelphia a long
7 time don't know it,.

8 MS. JOHNSON: I know.

9 COUNCILMAN SQUILLA: Hopefully we can
10 work together to make that better.

11 MS. JOHNSON: Absolutely, Councilman.
12 I'd be very happy to do that. We are still
13 trying to figure out ways in order to do so.

14 COUNCILMAN SQUILLA: Thank you.

15 COUNCIL PRESIDENT CLARKE: Thank you,
16 Councilwoman. Councilman Green.

17 COUNCILMAN GREEN: Thank you. I just
18 wanted to briefly ask what the policy is of
19 the administration with respect to our City
20 sister program? How are we utilizing that
21 existing program, you know, in what way?
22 There was mention of ambassadors in the
23 testimony that are related to that, but
24 specifically those cities that are our sister

1 cities, what proactive things are we doing
2 every year?

3 MS. JOHNSON: With the current or are
4 we trying to get new ones; is that your
5 question?

6 COUNCILMAN GREEN: Well, with what we
7 have got.

8 MS. JOHNSON: Nancy Gilboy does an
9 absolutely incredible job. She has interns
10 that come. We have people that come for
11 visits where she arranges tours from our
12 sister cities. We are trying to arrange for
13 the Mayor to do some travel to maybe one of
14 those sister cities this year. I don't think
15 that some our sister cities has ever had a
16 visit from one of the Mayor's of the City.

17 So, we work with them, with IVC for
18 what they do. We are not currently taking on
19 any other sister cities because I think your
20 point is is that the nine that we have, we
21 try very hard to keep those going and those
22 relationships going. It is not as simple as,
23 you know -- We actually have a program with
24 our Poland sister city where we did a

1 photography exchange, where we sent a
2 photographer from here and they the sent
3 someone over here to show our culture and
4 there was an an exhibit.

5 There is the Polish Mayor came over.
6 There are a number of different things that
7 happen two or three times a year. Our Kovai
8 City in Japan. We did coincidentally, our
9 marathons happened on the same day. We did a
10 big promotional exchange of our running
11 shirts with them.

12 So, with anything else that we do in
13 terms of organizations, we try and find
14 promotional pieces and work with IVC to see
15 how we can keep it going, to show that we are
16 still very interested.

17 COUNCILMAN GREEN: Well, what is the
18 purpose in the City Reps view, not IVCs view
19 of having a sister program, because they are
20 the city sister cities. What are we doing --
21 Is there a stated ex goal, expectation,
22 policy with respect to what we hope to
23 achieve from these programs and what
24 resources are we investing in attaining those

1 goals?

2 From your response, it doesn't sound
3 like there is an over-arching policy and set
4 of goals with respect to sister cities and
5 that of course, if there is not, there is
6 not. But, I'd like that to be something that
7 we explore for the future. I think they are
8 valuable, potentially not just cultural, but
9 commercial exchange programs and we should
10 have specific goals with respect to them.

11 MS. JOHNSON: I absolutely agree,
12 Councilman.

13 COUNCILMAN GREEN: Thank you.

14 MS. JOHNSON: You are welcome.

15 COUNCILMAN JONES: Thank you,
16 Councilman. The Chair recognizes Councilman
17 O'Brien.

18 COUNCILMAN O'BRIEN: Thank you, Mr.
19 Leader. I would just like -- I talked to
20 Holly Kinser, your wonderful advisor sitting
21 in the back and there is a -- I'd like to
22 explore the possibility of bringing a big
23 event to Philadelphia, and that is in the
24 City of Pittsburgh, they have what is called

1 the Vintage Car Racing and it was started by
2 Myron Cope, the former voice of the
3 Steeler's, and Dan Torisky, who is head of
4 the screen writer's guild. He wrote the
5 movie MASH, Golden Girls, and a number of
6 other things. But, the only place on the
7 planet that this race takes place is Monaco
8 and the City of Pittsburgh.

9 They have 250,000 individuals who go to
10 Chenerey Park and they set all these car
11 clubs up on the golf course in Pittsburgh
12 over a weekend. It grew from an event that
13 took place on a Saturday morning to an almost
14 all-week celebration. They have vastly
15 outgrown their venue in Pittsburgh and they
16 would very much like to come here.

17 There is also another issue I would
18 like to discuss with you with great
19 specificity and that is making Philadelphia a
20 diverse autism or disability friendly City
21 and I think we can explore all the venues
22 that come under your umbrella of
23 responsibility. So, without belaboring the
24 conversation here, I would just like to have

1 the opportunity to explore those
2 opportunities with you in the near future.

3 MS. JOHNSON: Absolutely, Council, and
4 I would be happy to setup an appointment with
5 your office.

6 COUNCILMAN GREENLEE: Thank you,
7 Councilman.

8 Councilman Henon.

9 COUNCILMAN HENON: I just have two
10 final questions. One, do you have in-house
11 public relations person on staff?

12 MS. JOHNSON: Yes, we do.

13 COUNCILMAN HENON: But, for the vast
14 majority of your larger events, I guess you
15 contract out the professional services?

16 MS. JOHNSON: Yes, we do.

17 COUNCILMAN HENON: That answers my
18 questions.

19 MS. JOHNSON: Okay.

20 COUNCILMAN HENON: You know what, I am
21 sorry. I apologize. The Film Office; does
22 that fall under the purview of the City
23 Solicitor's Office or is that more Commerce?

24 MS. JOHNSON: It is actually under my

1 office as a stakeholder.

2 COUNCILMAN HENON: It is as a
3 stakeholder?

4 MS. JOHNSON: Yes.

5 COUNCILMAN HENON: Just more in line,
6 as some of the earlier questions about a
7 dollar return in an investment on, you know,
8 promoting Philadelphia, you know, attraction
9 as a place where, you know, rich in history
10 and, you know, in producing of movies and
11 documentaries.

12 If you could take a look at some kind
13 of study analysis and provide that to the
14 Chair as well, I would appreciate it, because
15 I would imagine -- I mean, it seems like -- I
16 think the Film Department has done a
17 wonderful job and it only seems as it's
18 growing, you know. Especially with -- I hope
19 the State brings it back, the tax credit, you
20 know, for the movie, which is a board that I
21 sit on actually. So, I can help promote, you
22 know, being at the table and working hand in
23 hand with your department and sharing on more
24 of a working type relationship.

1 So, I look forward to that, and if we
2 could definitely put, you know, dollar values
3 to some of the great things that we are doing
4 and continue to do, I can help champion in
5 another venue.

6 MS. JOHNSON: I think that actually
7 exists, so I will try and get that for you.

8 COUNCILMAN HENON: Thank you.

9 COUNCILMAN GREENLEE: Councilwoman
10 Reynolds-Brown.

11 COUNCILWOMAN BROWN: Thank you. Quick
12 point of information regarding your sister
13 cities initiative.

14 MS. JOHNSON: Yes.

15 COUNCILWOMAN BROWN: Or activities --
16 Councilman David Oh has created a new
17 committee for City Council that deals with
18 global opportunities and global thinking.
19 So, I think an opportunity exists there to
20 create a linkage between that office and the
21 work of his committee. I am sure he can give
22 you greater detail on that.

23 Lastly, you state in your testimony
24 that your department works with a number of

1 not-for-profit, including Welcome
2 Philadelphia and the Philadelphia Marathon.
3 Cite or state, provide a couple of examples
4 of other not-for-profit that you work with.

5 MS. JOHNSON: Well, um -- the GPTMC,
6 the PCVB --

7 COUNCILWOMAN BROWN: Okay. Here's the
8 subsequent follow-up and ask, there continues
9 to be, in some ways, a concern, in other ways
10 an interest for City agencies that are doing
11 business with not-for-profits, that those
12 not-for-profits in their practices, they are
13 embracing or honoring Mayor Nutter's
14 Executive Order around doing business with
15 MBE, WBE.

16 So, the question is, with those
17 not-for-profits, is there some system, some
18 practice, some oversight where you know that
19 that is happening in a deeper way with those
20 not-for-profits?

21 MS. JOHNSON: Well, I can speak on the
22 Wawa Welcome America and the Philadelphia
23 Marathon as absolutely, as a person who runs
24 both those groups that we've way exceeded --

1 I am looking for it to give you exact
2 numbers.

3 COUNCILWOMAN BROWN: Sure.

4 MS. JOHNSON: The 25 percent, I believe
5 we are 65 percent, but I am going to give you
6 --

7 COUNCILWOMAN BROWN: Well, that is
8 great news, because unfortunately, that is
9 not the norm for City agencies.

10 MS. JOHNSON: We have for, and even for
11 the for profit for my office, the money that
12 we use for programing we have exceeded the 25
13 percent in dealing with minority and
14 women-owned businesses. I think the number
15 for that was 43 percent, the number for
16 Historic Philadelphia, they received money
17 from us and I have that number here, which is
18 why I mentioned that.

19 COUNCILWOMAN BROWN: Sure.

20 MS. JOHNSON: 48 percent overall for
21 minority business, and women-owned business
22 46 percent. I can certainly give you
23 percentages on some of the others.

24 COUNCILWOMAN BROWN: Well, the evidence

1 is clear for your department. So, one final
2 follow-up on this matter, Mr. Chair person.

3 If you had to look at the one quality
4 that helps make that happen, what would you
5 say it is?

6 MS. JOHNSON: We aggressively look for
7 minority in women-owned businesses to do
8 business with. When we send out done an RFP,
9 we keep a log of businesses who have
10 contacted us or people that I get business
11 cards from and anytime we do an RFP, we send
12 out an e-mail letting them know that there is
13 an opportunity for the kind of product or
14 service they provide, and that is how we
15 actually get our numbers.

16 We work with a lot of women and
17 minority owned businesses before those two
18 events because we just think we should and we
19 go after them to try and keep those numbers
20 up.

21 COUNCILWOMAN BROWN: Agreed. That boils
22 down to leadership. It really does take
23 leadership that doesn't talk it, but walk it
24 in terms of honoring the tenants of the

1 Mayor's Executive Order. So, every chance we
2 get, we need to acknowledge that and say
3 thank you because it is not the norm yet in
4 City Government. So, thank you for the work
5 that you do.

6 MS. JOHNSON: Thank you, Councilwoman.

7 COUNCILWOMAN BROWN: Thank you, Mr.
8 Chair person. Are there any other questions?

9 MS. JOHNSON: I just found it in
10 there.

11 COUNCILMAN GREENLEE: Are there any
12 other questions? Seeing none -- whoops
13 Councilman Goode.

14 COUNCILMAN GOODE: That is for the
15 next.

16 COUNCILMAN GREENLEE: You are getting in
17 fast. I know how that works. Thank you both
18 very much. Thank you for you being here.
19 Thank you for all the work you do.

20 MS. JOHNSON: Thank you.

21 COUNCILMAN GREENLEE: And the next
22 offices are Commerce and OEO.

23 COUNCILMAN JONES: Good morning. Could
24 you state your name for the record and begin

1 your testimony, please.

2 MR. GREENBERGER: Good morning,
3 Council. Good morning Councilman in the
4 room. I'm Alan Greenberger, Deputy Mayor for
5 Economic Development, and with me are Angela
6 Dowd-Burton, Executive Director to the Office
7 of Economic Opportunity and momentarily
8 should be Kevin Dow, Chief Operating
9 Officer. But, I will start. He stepped out
10 for a moment. He should be back shortly.

11 I know that you have testimony from us
12 and you have asked -- Here he comes. You
13 have asked us not to read that, so I am going
14 to summarize that testimony as he runs up and
15 I fill air time until he gets here.

16 Let me give you the larger overview of
17 the testimony. As I said, Kevin Dow, Chief
18 Operating Officer and Angela Dowd-Burton,
19 Executive Director Of Office Of Economic
20 Opportunity, and our senior staff who are in
21 the front row and also available to answer
22 questions. Also, several of our more
23 important economic development partners are
24 with us today as well.

1 The broad picture on the dollars is
2 that an awful lot of money flows through the
3 Commerce Department. \$252,000,000. If I can
4 just parse that for a moment so that it's a
5 little more understandable to everybody.
6 \$152,000,000 of that is aviation, it goes
7 directly to the airport. That is overseen by
8 my colleague, Deputy Mayor for Transportation
9 Infrastructure, Rina Cutler.

10 \$48,000,000 is also passed through on
11 the hotel tax fund, that goes to various
12 convention center and promotional agencies
13 associated with hospitality. \$15,000,000 is
14 passed through directly to the Convention
15 Center supporting its operations.
16 \$24,000,000 of grant funds, and that
17 represents a whole assortment of grants that
18 comes into the Commerce Department for use on
19 commercial corridors, environmental
20 remediations.

21 Kind of a grab-bag collection of things
22 that goes to specific purposes and Community
23 Development Funds \$9,000,000. Those
24 typically embody the CDBG and other related

1 funds. Pull all that out it's about
2 \$4,000,000 left that is direct Commerce
3 operations. That is --

4 COUNCILMAN JONES: Could you repeat
5 that?

6 MR. GREENBERGER: About \$4,000,000.
7 \$4,000,000 plus dollars. That is the actual
8 Commerce budget for operations.

9 The mission of the Commerce Department
10 I think can be pretty simply stated and that
11 is to improve, and you have heard me say this
12 before. To improve the business climate of
13 this City. So that Philadelphia is seen as a
14 place of choice by businesses that aren't
15 here, but could relocate here. Businesses
16 that are here and want to expand. Businesses
17 that are here and have choices about where
18 they want to be in the future, which include
19 places outside the City.

20 We are trying to make this a place of
21 choice for businesses. There are a number of
22 ways that that mission gets implemented. I
23 apologize, it's not a simple tiny little
24 package of things. It's a fairly broad

1 package of things that we have to do that
2 range from advocacy. We have to talk more
3 about businesses.

4 We have to go to their events. We have
5 to show that we are serious about wanting
6 them here because we know that they are the
7 source ultimately of the jobs produced in the
8 City, which is the ultimate goal.

9 The tax policy. There have been a
10 number of measures that come out of Council
11 this year that the administration has worked
12 that are on all intended to advance or
13 incentivise businesses to either start up
14 here, stay here or relocate here. Some of
15 them specifically tied to certain types of
16 businesses, they are being implemented and we
17 appreciate Council leadership on that.

18 There are Government operations,
19 regulatory operations. These are things like
20 reforming the zoning code. Making it easier
21 to develop here, creating a business portal
22 with Licenses and Inspections to make it
23 easier to understand how to have a business
24 here.

1 The development services that are
2 offered through the Commerce Department,
3 basically, to hand hold large and small
4 businesses through our regulatory maze, as
5 well as streamlining operations wherever we
6 can.

7 There are other kinds of Government
8 operations that are also very instrumental
9 and they range from business attraction, both
10 internationally as Councilman Green had
11 brought up, to local, regional, national.
12 There are the efforts of the Office Of
13 Business Services to support concierge type
14 activities, for mostly small businesses
15 across the entire City.

16 Corridor, neighborhood corridor
17 improvement programs. There are dozens of
18 neighborhood corridor in the City that we are
19 involved with through various programs that
20 include storefront improvements, corridor
21 management, community development corporation
22 leadership. A whole variety of things that
23 we can talk about, and then there is the
24 indirect things that are related to simply

1 quality of life.

2 A question was asked earlier about
3 attracting people and a lot of that is vested
4 in the quality of life in the City and the
5 perception that it is a good quality of life,
6 which is among the key reasons why people
7 come and stay in a place.

8 Two other things I would like to
9 mention. Integrity of government is an
10 important one that sometimes get overlooked
11 in discussions about businesses. But it is
12 absolutely critical that businesses
13 understand that both now and in the future,
14 government has a light level of integrity.
15 It has a direct relationship to their
16 willingness to invest and stay invested in a
17 place.

18 Lastly, and possibly most importantly
19 is work force itself. On one hand we have a
20 tremendously skilled work force and on the
21 other hand we have a tremendously
22 under-skilled work force that is in need of
23 assistance for it to us. In terms of both
24 work readiness, connection to jobs, and

1 retraining for the new kinds of jobs that are
2 out there.

3 That is a huge agenda and an agency
4 like Commerce, which has 64 people in it,
5 cannot execute that agenda by itself and so
6 the way we have to do it is by forming
7 critical partnerships with a number of
8 agencies outside of the Government or quasi
9 Public Agencies and this is what we do.

10 Just to cite four of them, probably our
11 most critical economic development partner is
12 PIDC. We see them and they see us as full
13 partners in economic development in the
14 City. They are also the City's financial
15 transactor involving loan programs and
16 movement of money. We are together pretty
17 much every single day, either formally in
18 regularly scheduled meetings or informally on
19 the phone, in person, in e-mails. You name
20 it. Every day.

21 Another critical partner is
22 Philadelphia Work Force Development
23 Corporation and as you probably know, there's
24 been a substantial effort in the last year to

1 start to merge the efforts of the Work Force
2 Development Corporation with the Work Force
3 Investment Board into a single unified
4 entity.

5 I am on the combined boards of both the
6 Work Force Development Corporation and the
7 WIB, along with many other people from the
8 private sector. Mark Edwards, the Executive
9 Director of PWDC is here today and John
10 Grady, President of PIDC is also here today
11 as two of our critical partners.

12 At a broader level, we partner with
13 quasi Public Development Corporations and CD,
14 Business Improvement Districts all over the
15 City. Delaware River Waterfront Corporation,
16 Schuylkill River Development Corporation,
17 Center City District in their capacity as a
18 development agency, and of course at the
19 neighborhood level with numerous community
20 development corporations, corridor managers,
21 business improvement districts. All the
22 entities that help to manage the commercial
23 activities in the neighborhood.

24 So, what are the results thus far? The

1 last couple years I think there is some very
2 good news to report. Our institutional
3 sector, which typically is referred to as Eds
4 and Meds. I do like to separate them, but
5 for this conversation we will leave them
6 together; they do rhyme and I am not sure --
7 sometimes I think that is the reason they get
8 said together, represent 32 percent of our
9 employment base in this City. That is the
10 highest percentage of employment in any major
11 City in the United States.

12 The only City that is even remotely
13 close is Boston in the high 20 percentiles.
14 Those are very big numbers. They are doing
15 well.

16 We are seeing tremendous investment
17 across the board from organizations like
18 Children's Hospital that is in process of
19 investing another \$2.5 billion dollars in
20 clinical and administrative and research
21 practices in the City of Philadelphia, to the
22 major universities; Penn, Temple, Drexel, all
23 teaming up and building tremendous projects
24 that are part of an expanded employment

1 base. Part of an expanded student base, and
2 then we're seeing it in the smaller
3 institutions as well. From things like a
4 very aggressive plan to expand institutions
5 like Chestnut Hill College and Holy Family
6 College to name two.

7 We are also seeing increased
8 activities, certainly compared to the last --
9 the two years prior, might even say three
10 years prior, in both real estate investment
11 and in business investment. We see that in
12 the form of our loan portfolio, which is
13 largely executed through PIDC. We see it in
14 the number of developers who are coming to us
15 with projects that are starting to look
16 financed. They are not there yet. We can
17 talk more about that.

18 But, we are certainly seeing far more
19 activity on both of those fronts and I think
20 a particularly good piece of news on the real
21 estate side is we're seeing investments from
22 major outside developing entities that we
23 have not seen, at least in my memory, in the
24 City, and just to give you a couple of

1 examples. Buck company in Chicago, major
2 national international developer broke ground
3 a couple weeks ago on a significant --
4 probably the first speculative development in
5 the City since the recession began at 22nd
6 and Chestnut, a 30 story market rate rental
7 apartment house with commercial activity
8 below and replacing with a new facility, the
9 Sydney Home and Medical Center that had been
10 there for many years.

11 The Rose Company in New York, and I
12 think in fact the reason Council President
13 isn't here today is because he went to the
14 ground breaking of this great mix use,
15 residential and commercial development
16 project that sits astride the Temple
17 University train station, to things like
18 Kimpton Hotel, a San Francisco based hotel
19 firm that is now finishing its second
20 development project in Philadelphia. The
21 Kimpton Monaco at 6th and Chestnut. Very,
22 very enthused for Philadelphia.

23 They see a market here that other
24 hotels frankly have not seen as clearly.

1 They are investing. They are putting their
2 money where their mouth is and I think there
3 is more to come from Kimpton. It's a
4 terrific organization.

5 We are seeing a rise in
6 entrepreneurship in the City. This was not a
7 City that was known as an entrepreneurial
8 City. We ranked poorly in major cities in
9 the number of start-up businesses. We ranked
10 very high in research, extremely high in
11 research, particularly biomedical research.
12 Poorly though in commercial activity that
13 comes from that research.

14 But, we are seeing that change and to
15 kind of give you a marker on that, currently
16 in the City, there are 43 separate physical
17 locations that are specifically there to
18 support entrepreneurial activity, either
19 through as incubators, as places for co-work
20 and sharing, or as places as multi-tenant
21 operations for small start ups.

22 Commerce Department is not involved in
23 every single one of them, but we have been
24 involved in many of them really helping to

1 get them started, helping to find
2 entrepreneurs to populate these things and
3 giving them support.

4 We have -- In partnership with PIDC, we
5 have a program called Smart City Smart
6 Choice, which is a set of promotional
7 materials that were developed in-house that
8 really talk about Philadelphia as a great
9 place to locate a business, a great place to
10 live, and we think it's created several
11 opportunities that are of interest.

12 One of the most important ones is that
13 we are seeing an explosion of the number of
14 young people who are originally from
15 out-of-town who come to the colleges and
16 Universities in this area and stay. The
17 percentage increase over the last ten years
18 has been from about the high 20 percentiles,
19 27, 28 percent to 46 or 7 percent. It's an
20 enormous increase in talent that is staying
21 in the City. We need to support them and
22 they are the kind of talent that is
23 attractive to a lot of businesses, many of
24 whom are not located in the City.

1 What those businesses are starting to
2 see and what we are -- we have a strategic
3 program to go talk to them, is to say, all
4 right, you have got an established business
5 in the region somewhere. You have got a
6 happy work force perhaps, that is located out
7 there on a more senior level, but you have
8 got a talent problem in terms of attracting
9 new people and that talent is more
10 interested, generally speaking, in being in
11 the City than being out in the deep suburbs.
12 Businesses are starting to recognize it.

13 With PIDC, we went out and visited a
14 pretty big software company about a month
15 ago. They are clearly in the market now
16 looking for such a gateway enterprise in the
17 City. We intend to go out to another dozen
18 or so businesses and have that same
19 discussion, as well as having discussions
20 with, I would say midsize to large private
21 enterprises that are actually talking about
22 relocating their operations wholesale, and we
23 are actively talking to some of them about
24 relocating in the City.

1 The City is getting great notoriety for
2 this. It is in the national press, it is
3 hot. We are winning awards. People are
4 recognizing Philadelphia for a lot of the
5 initiatives that are going on here and they
6 are seeing it as the place that we all want
7 it to be. We sometimes wish that was a
8 little more known in the City of
9 Philadelphia, but we can have a discussion
10 about that.

11 One of the critical markers of that is
12 the City's own bond rating. As you know from
13 news article, I guess in the last week, our
14 lowest bond rating which is with Standards
15 and Poors and I don't profess to understand
16 how these bond ratings exactly -- what all
17 these markers mean but it was a B,B,B
18 rating. It was the lowest of three major
19 rating agencies. It was just moved up to a
20 B,B, B plus, with a positive outlook, which
21 means we hope that within a year's time there
22 is opportunity for further growth and we get
23 an A somewhere in that equation.

24 This has a direct impact on costs for

1 got down to about a 1 percent differential
2 and then it grew again. With the confirmed
3 numbers coming out post-holiday season, I'm a
4 little nervous that the numbers are going to
5 go up some because of temporary employment
6 that has ended, and as we all know, that is
7 an average rate.

8 The unemployment rate in some sectors
9 in the community, in some of the poorer
10 communities, some of the minority communities
11 are much higher. Hard to get a grasp on the
12 numbers, but they are much higher and they
13 are appallingly high. There is a lot of work
14 to do and unfortunately we don't control all
15 that action. We are subject to the flumes of
16 the national economy as well, obviously. I
17 would say that is the one critical thing that
18 in our view is a very big problem that needs
19 work.

20 You asked us to comment on both
21 contracting and staff demographics, this the
22 last part of my summary. The Commerce
23 Department contracts with very few non
24 Governmental entities. In fact, we only

1 contract with one and that is E Consult, that
2 does our annual disparity study. That is an
3 \$80,000 contract they have. Minority
4 participation is about 25 percent.

5 Through a firm -- am I saying that
6 right, Angela Melligan?

7 MS. DOWD-BURTON: Melligan?

8 MR. GREENBERGER: Melligan.

9 Lastly, staff demographics Commerce is
10 in operation of 64 people, with what I would
11 characterize as 12 people in leadership
12 positions. Of those 12 people, 50 percent, 6
13 out of 12, are minority members, and 7 out of
14 12, approximately, 60 percent, are women.
15 That concludes my summary and I would like to
16 open it up to your questions. Thank you.

17 COUNCILMAN JONES: Thank you very much,
18 and I must say that I listened intensely to
19 your testimony and it answered many of the
20 questions that I had by way of a grade. I
21 don't think in my history, I am gonna check
22 with my freshman colleagues, in our term -- a
23 first term we have ever applied the term
24 "hot" to the City of Philadelphia. I guess

1 --

2 MR. GREENBERGER: And we don't mean
3 climate change.

4 COUNCILMAN JONES: That is a good
5 thing. I guess we're gonna have to dig down
6 a little bit to kind of get a grade on some
7 things and I'll go with the first one that
8 you said, employment. Employment is always
9 the last indicator of a recovering economy to
10 swing back to right the unemployment levels
11 in the City of Philadelphia.

12 I had a statistic that was given to me
13 when we took a ride up to Lehigh Valley and
14 we went to an industrial training school
15 where they had 3,200 students being trained
16 from everything from shops, electric,
17 plumbing, things like nano technology. When
18 I talked to the head of that particular
19 department, they said their No. 1 place where
20 they are placing their graduates is in the
21 City of Philadelphia.

22 That a best kept secret about
23 Philadelphia is that we are one of the hubs
24 for nano technology, and I was wondering,

1 since we are talking about unemployment and I
2 know attraction is important, but retention
3 is also important.

4 Young people who graduate from
5 Philadelphia high schools and graduate from
6 Philadelphia universities, and what they said
7 was that there was a disconnect between that
8 emerging industry and our ability to train a
9 work force that can, at the entry level, deal
10 with some of the math that is required for
11 nano technology.

12 I would like to also ask John from PIDC
13 to come on up. Some of these questions are
14 going to be directed at you. But, where is
15 that connection between the two --

16 Another shovel from the President. A
17 sign of the economy.

18 So, I want to know, are you working
19 with the School Board to design curriculum
20 for future jobs, present jobs as opposed to
21 preparing work force for 8 track tape players
22 that no longer exist?

23 MR. GREENBERGER: I hope we are not
24 training for 8 track tape players, but I

1 remember those.

2 I think, actually, if I could ask Mark
3 Edwards to come up and talk about a little
4 bit about that from the work force side,
5 because this is something that is of intense
6 interest on that side and this is our
7 critical partner in this. I would summarize
8 it though by saying, and I think you
9 mentioned it in your comments just now, we
10 see three major problems out there.

11 There is a work force readiness issue,
12 and I think you alluded to something that you
13 might have even seen in the last couple weeks
14 that was in the news about math skills that
15 some businesses apply to incoming candidates
16 for employment and they are finding a
17 shockingly high rate of inability to do
18 things like -- I think the thing I read was
19 calculate the area of a cylinder because the
20 cylinder had something very critical to do
21 with their business.

22 Or the other one I think was, how many
23 pallets can get on a forklift that has a
24 weight limitation? The numbers were really

1 shockingly high, inability to do that. So,
2 we are seeing that kind of problem in work
3 readiness. We are also seeing problems in
4 work readiness related to simple things about
5 job behavior. Get there every day, be on
6 time, dress appropriate to the job. There
7 are those things.

8 At the other end of the scale, there
9 are obviously very big changes going on in
10 the work force, both -- something like the
11 industrial work force where the nature of
12 industrial jobs is changing dramatically from
13 a person who used to be able to do something
14 very directly with their hands and now has to
15 apply that knowledge abstractly to a computer
16 that controls a box that does the same thing.

17 So, there is a retraining issue and
18 then in the middle is the whole problem of
19 connecting people to the jobs that are out
20 there, and with that summary, I would ask
21 Mark to talk about some of the things that
22 are going on, if that is okay.

23 COUNCILMAN JONES: Yes.

24 MR. GREENBERGER: Thank you.

1 COUNCILMAN JONES: State your name for
2 the record, please.

3 MR. EDWARDS: Mark Edwards. I'm the
4 President and CEO of the Philadelphia Work
5 Force Development Corporation. The short
6 answer to your question is, yes, we are
7 beginning to work with the school district in
8 light of some of its own reform that it is
9 going through right now, to look at ways in
10 which we might change. Work with them to
11 change their curriculum to be more responsive
12 to the needs of employers in the area.

13 It is a challenge that we have for all
14 of the reasons that Alan has already
15 indicated. We, in terms of the public work
16 force system, are beginning to prioritize our
17 training dollars to support the same kinds of
18 opportunities that might exist in a smaller
19 -- on a smaller scale outside the School
20 District of Philadelphia, where there are
21 opportunities for us to connect with smaller
22 employers through the kinds of skill building
23 and other kinds of areas of improvement that
24 people who would be a part of the work force

1 needs in order to be able to fill the needs
2 of smaller employers.

3 I am familiar with the project that you
4 visited. It is a model that we are looking
5 at as well. It is the kind of thing that we
6 would like to replicate here in the City of
7 Philadelphia, and as we strengthen our
8 relationship with the School District through
9 it's reform efforts, we are looking to do
10 just that.

11 COUNCILMAN JONES: It was incredible
12 that in the daytime, high school students
13 attended these various skill enhancement
14 training programs, but they kept running
15 right after the school hours right into the
16 night and adult populations occupy the same
17 shops, learning the same skills that they
18 did, and it prepared them. There was not a
19 metal detector in the place. 3,200 students
20 with ten feeder schools going to there. Their
21 placement ratio was --

22 The kids didn't get in fights because
23 they knew at the end of the rainbow, there
24 was a real job with a real paycheck.

1 So, that kind of concept, that kind of
2 thinking from the Work Force Development from
3 the Commerce Department, to prepare young
4 people for jobs that are really out there.
5 We have a lot of lights lit, but I want to
6 ask one more question.

7 Commercial corridors. What is the
8 vacancy ratio on our commercial -- We have a
9 hundred plus commercial corridors in the City
10 of Philadelphia.

11 What is the vacancy ratio on our
12 commercial corridors?

13 MR. GREENBERGER: Karen, do we have a
14 number on that?

15 MS. FEGELY: Overall, about 20 percent.

16 MR. GREENBERGER: Karen Fegely, who is
17 the Executive Director of our office of
18 Neighborhood Economic Development oversees
19 commercial corridors, and what she just said
20 was the vacancy, on average, is about 20
21 percent.

22 COUNCILMAN JONES: Is that up or down
23 over the last three years?

24 MR. GREENBERGER: I think that is up

1 for sure.

2 COUNCILMAN JONES: What are we doing to
3 address that?

4 MR. GREENBERGER: I think there is a
5 number of things that we are doing that are
6 instrumental in this. This too is a bit of a
7 complicated story. These commercial corridors
8 throughout the City grew at a time when there
9 was, I believe, when, A, the City's
10 population was much bigger and, B, people
11 shopped more locally than they do now.

12 One of the results is that most of our
13 commercial corridors, both the healthy ones
14 and the not so healthy ones, are probably
15 bigger, longer than they ought to be and
16 that's a source of a problem when you have
17 less people shopping at them, both in terms
18 of raw numbers as well as in terms of, well,
19 I am getting in my car and I'm going to a big
20 box that is in, you know, Cheltenham or
21 something.

22 So, I think there is a couple things
23 you do about it. One is that we are finding
24 that corridors that have corridor managers

1 are more successful than ones that don't. So
2 we need to work with local business
3 associations, whether it's the Business
4 Association, the Community Development
5 Corporation, a bid in some cases, to do
6 better management on these corridors, and
7 this sometimes is very simple stuff. It is
8 picking up the trash, it's having people out
9 on the street. It is showing people that
10 good things are happening there. It is safe
11 to come there and it's a good healthy
12 shopping environment. We are doing that.

13 We are offering technical assistance to
14 groups who are not as organized to try to get
15 them organized to do more of this. These
16 corridor managers also, I think, the
17 successful ones, are also thinking long and
18 hard about trying to attract businesses that
19 they think will compliment a kind of natural
20 market that exists there that would be
21 productive.

22 I know that you have all seen, for
23 example, vacant -- stores that are going
24 vacant that wind up being rented to things

1 that are sort of less vital to a commercial
2 corridor, but important for other reasons.
3 Whether that is a local church, day care
4 center, doctor's offices, you see this kind
5 of stuff happening all the time.

6 I have heard personally people express
7 anxieties about it and the fact is, it's a
8 result of vacancies and landlords looking for
9 some way to create an income stream.

10 On the zoning level, I think one of the
11 things that we have to do, and this is gonna
12 take years to do, but is to start compressing
13 the commercial zoning so that it's a better
14 thing if a corridor is smaller, but less
15 vacant, that's 100 percent corridor. That
16 ultimately, we think, is a better thing. You
17 do that through strategic remappings and over
18 the years, you are not putting anybody out of
19 business, but as those that are outside that
20 zoning that are grandfathered-in, go out of
21 business, those corridors start to shrink.

22 So, I think those are among the
23 techniques that you have to use.

24 COUNCILMAN JONES: I am gonna reserve

1 my questions for the next round and get some
2 of my colleagues. I am gonna recognize
3 Councilman Goode.

4 COUNCILMAN GOODE: Thank you, Mr.
5 Chairman. Good afternoon.

6 MR. GREENBERGER: Good afternoon,
7 Councilman.

8 COUNCILMAN GOODE: All my questions is
9 pointed for the Office of Economic
10 Opportunity. So, whoever wants to answer
11 that can answer that.

12 MR. GREENBERGER: Thank you, Mark.

13 COUNCILMAN GOODE: First question is,
14 for the Philadelphia Home Rule Charter, when
15 are the annual Disparity Study and
16 Participation Goals due?

17 MS. DOWD-BURTON: You said when are
18 they due?

19 COUNCILMAN GOODE: For the Home Rule
20 Charter.

21 MS. DOWD-BURTON: Well, the disparity
22 study is due 30 days before the end of the
23 fiscal year.

24 COUNCILMAN GOODE: So, that would be

1 the last day of May?

2 MS. DOWD-BURTON: Yes.

3 COUNCILMAN GOODE: When will they be
4 done this year?

5 MS. DOWD-BURTON: They should be done
6 by the end of April in anticipation of the
7 need to review the document.

8 COUNCILMAN GOODE: My question is, when
9 will it be done? The Home Rule Charter says
10 that the annual Disparity Study Participation
11 Goals must be done --

12 MS. DOWD-BURTON: Yes.

13 COUNCILMAN GOODE: 30 days before the
14 end of the year. They have not been done 30
15 days before the end of the year over the last
16 two years. So, my question is, when will
17 they be done this year?

18 MS. DOWD-BURTON: It will be done by
19 the end of May.

20 COUNCILMAN GOODE: So, we will receive
21 it by the end of May?

22 MS. DOWD-BURTON: If not before.

23 COUNCILMAN GOODE: Okay. Last year it
24 was done in October; is that correct?

1 MS. DOWD-BURTON: That's correct.

2 COUNCILMAN GOODE: According to the
3 Disparity Study that was released in October,
4 which area of contract had the highest
5 recommended goal for DB participation? Was
6 it Public Works? Was it personal and
7 professional services or was it service,
8 supplies and equipment?

9 MS. DOWD-BURTON: It was probably
10 service, supplies and equipment with the
11 Waste Management contracts.

12 COUNCILMAN GOODE: The question was the
13 goal. For the Disparity Study that was
14 released in October, which area of
15 contracting had the largest recommended goal
16 for DB participation?

17 MS. DOWD-BURTON: Typically it is
18 professional services.

19 COUNCILMAN GOODE: I can hand it to
20 you.

21 MS. DOWD-BURTON: The goal here stated
22 in the Disparity Study was 30 percent for
23 service, supplies, and equipment.

24 COUNCILMAN GOODE: My first question

1 was -- That is my next question. The first
2 question was, what area of contracting had
3 the highest recommended goal?

4 MS. DOWD-BURTON: The area of
5 contracting was service, supplies, and
6 equipment.

7 COUNCILMAN GOODE: What was the
8 recommended goal?

9 MS. DOWD-BURTON: 30 percent.

10 COUNCILMAN GOODE: What was the goal
11 established by OEO?

12 MS. DOWD-BURTON: 25 percent.

13 COUNCILMAN GOODE: Okay. Why is that?

14 MS. DOWD-BURTON: Looking at the
15 Disparity Study and looking at the
16 availability of companies that are in our
17 registry who actually sell what we buy, we
18 are --

19 COUNCILMAN GOODE: Ms. Dowd-Burton,
20 that is what the Disparity Study does. It
21 looks at all that and Econsult makes a
22 recommendation. Econsult recommended 30
23 percent.

24 What gives you the authority, either

1 administratively or legally, to change what
2 the Disparity Study says?

3 MS. DOWD-BURTON: The ultimate --
4 Obviously, the goal is for the office of
5 Economic Opportunity to maximize level
6 participation on all contracts that are
7 awarded by the City, and we drive our goals
8 based on the past history of --

9 COUNCILMAN GOODE: My question was,
10 first of all, administratively, who
11 authorized you not to accept the
12 recommendation from Econsult, which said it
13 should be 30 percent?

14 MS. DOWD-BURTON: We work with the
15 Mayor's Office of Economic Opportunity.

16 COUNCILMAN GOODE: So, the goal came in
17 at 30 percent, who said -- I'm sorry. The
18 recommendation came in at 30 percent. Who
19 said you can change it to 25?

20 MS. DOWD-BURTON: We adopt the City's
21 goal of 25 percent, which is a stretch goal.

22 COUNCILMAN GOODE: I am talking about
23 services, supplies, and equipment.

24 MS. DOWD-BURTON: I understand that,

1 sir, and we apply that goal across all
2 departments and across all commodities.

3 COUNCILMAN GOODE: That's not true. I
4 am sorry. I have asked the Chair for special
5 disposition. So, he's gonna let me go
6 through my line of questioning. The
7 Disparity Study came in October, several
8 months late.

9 MS. DOWD-BURTON: Yes.

10 COUNCILMAN GOODE: The recommended goal
11 for services, supply, and equipment was 30
12 percent. Who has the authority to not accept
13 that recommendation from Econsult,
14 administratively? In fact, who made the
15 decision administratively?

16 MS. DOWD-BURTON: The Office of
17 Economic Opportunity.

18 COUNCILMAN GOODE: Who specifically
19 made the decision administratively not to
20 accept Econsult's recommendation?

21 MS. DOWD-BURTON: I did.

22 COUNCILMAN GOODE: Can you legally do
23 that?

24 MS. DOWD-BURTON: I believe we can,

1 sir.

2 COUNCILMAN GOODE: The legal frame work
3 for setting goals, period, means that they
4 have to be based upon Disparity Study. So,
5 if the availability is 30 percent, how do you
6 think you justified in setting the goal at 25
7 percent?

8 MS. DOWD-BURTON: Well, the
9 availability that they have identified for
10 service, supplies, and equipment for all MBEs
11 is 26 percent and for women, it's 15
12 percent. So, the fact that they have
13 identified 30 percent utilization, we could
14 not address and, therefore, went with an
15 overall goal of 25 percent for the City.

16 COUNCILMAN GOODE: So, you are saying
17 Econsult's recommended goal was wrong, was
18 technically flawed?

19 MS. DOWD-BURTON: I am saying in some
20 fashion it is technically flawed. That's
21 correct.

22 COUNCILMAN GOODE: Okay. Good. We're
23 gonna go down that line then.

24 What was the overall participation goal

1 recommended by Econsult?

2 MS. DOWD-BURTON: 25 percent.

3 COUNCILMAN GOODE: What was the goal
4 established by OEO?

5 MS. DOWD-BURTON: 25 percent.

6 COUNCILMAN GOODE: So, they were right
7 then, right?

8 MS. DOWD-BURTON: Overall, yes.

9 COUNCILMAN GOODE: How was the goal
10 established?

11 MS. DOWD-BURTON: It's established
12 based on the utilization of companies in our
13 registry, along with the availability of
14 firms based on what we buy from one year to
15 the next. So, we are looking at past history
16 along with driving a number of companies in
17 our registry.

18 COUNCILMAN GOODE: Who does that work?
19 Econsult does that work.

20 MS. DOWD-BURTON: Who --

21 COUNCILMAN GOODE: Econsult does that
22 work to determine what the availability is?

23 MS. DOWD-BURTON: Econsult looks at the
24 level of availability based on the

1 information Office of Economic Opportunity
2 provides them in terms of our participation
3 reports and our OEO registry.

4 COUNCILMAN GOODE: Then they make a
5 recommendation?

6 MS. DOWD-BURTON: Yes.

7 COUNCILMAN GOODE: Have they ever made
8 a recommendation of more than 30 percent --
9 I'm sorry, of more than 25 percent for the
10 overall goal?

11 MS. DOWD-BURTON: They prepared a draft
12 that was higher than what we have previously
13 achieved and they revised that draft down to
14 25 percent.

15 COUNCILMAN GOODE: So, they gave you a
16 draft recommendation. What you are referring
17 to is a draft recommendation, and said the
18 overall goal should be 30 percent a couple
19 years ago and you changed it to 25 percent?

20 MS. DOWD-BURTON: They changed it,
21 sir. And they changed it after for the
22 recession --

23 COUNCILMAN GOODE: That was one of the
24 late Disparity Studies we got, right?

1 MS. DOWD-BURTON: The Disparity Study
2 you received last year was actually delayed
3 because we asked Econsult to go back to the
4 drawing board and look at the commodities we
5 actually buy, look at the services we
6 actually buy.

7 COUNCILMAN GOODE: So, you talked them
8 out of the 30 percent goal?

9 MS. DOWD-BURTON: I think what we did
10 was deliberate and concluded that based on
11 the information that we have, the history
12 that we have been able to drive, and if you
13 look at the soon to be published Disparity
14 Study --

15 COUNCILMAN GOODE: So, you don't trust
16 -- I am talking about past now. We're not
17 going into the future yet. You don't trust
18 your consultant to make the right
19 recommendations if you have the same
20 consultant?

21 MS. DOWD-BURTON: Well, no, I do not
22 agree with that at all.

23 COUNCILMAN GOODE: If your consultant
24 says 30 percent, then how or why do you

1 change it to 25 percent; unless there is some
2 reason the administration chose to create and
3 arbitrate 25 percent goal?

4 MS. DOWD-BURTON: What we looked at,
5 Councilman, was the history of the
6 participation that we have been able to
7 drive, and as I have indicated earlier, we
8 will maximize the level of participation
9 across the board where we can.

10 COUNCILMAN GOODE: But, you are not
11 going to set the goal above 25 percent?

12 MS. DOWD-BURTON: If you look at --

13 COUNCILMAN GOODE: Are you gonna set
14 the goal above 25 percent? Even if Econsult
15 says it should 30, are you ever going to set
16 the goal above 25 percent?

17 MS. DOWD-BURTON: I would say
18 absolutely, based on our track record. But
19 it has to be demonstrated. It has to be
20 based on availability.

21 COUNCILMAN GOODE: That is what the
22 Disparity Study is.

23 MS. DOWD-BURTON: That's correct. Yes.

24 COUNCILMAN GOODE: The last two years

1 the Disparity Study was given to us late
2 because you asked for changes. What you
3 asked for was to change the denominator. You
4 asked for the numbers to change. We are not
5 comparing apples to apples and oranges to
6 oranges. You asked them to change it so the
7 numbers would change; is that correct?

8 MS. DOWD-BURTON: No, that is not
9 correct. What we asked them to do was to
10 look at the companies that are across the
11 region that actually sell the products we buy
12 and they looked at the quantity of companies
13 and based on that information, they also then
14 looked back at previous studies and adjusted
15 those numbers for what we buy.

16 COUNCILMAN GOODE: Do we know what the
17 goal would have been, had you not adjusted
18 the numbers?

19 MS. DOWD-BURTON: The goal would have
20 probably been lower.

21 COUNCILMAN GOODE: Do we know what the
22 participation rate would have been, had you
23 not adjusted the number?

24 MS. DOWD-BURTON: The participation

1 rate would have been what it currently is.

2 That is an actual number.

3 COUNCILMAN GOODE: That is
4 interesting. Let's go back in time a little
5 bit. The last two Disparity Studies were
6 late.

7 Are you familiar with the Disparity
8 Study that was done before that?

9 MS. DOWD-BURTON: No, I am not.

10 COUNCILMAN GOODE: What do you think
11 the goal was?

12 MS. DOWD-BURTON: Previous Disparity
13 Studies have been around 25 percent.

14 COUNCILMAN GOODE: Fiscal Year 10,
15 which was late, was 25 percent. Fiscal Year
16 9, was late, which was 25 percent. In at
17 least one of those years, Econsult
18 recommended 30 percent. Then you went and
19 had a talk with them and their final draft
20 says something different.

21 I am asking for Fiscal Year 8. Do you
22 know what the goal was set by Econsult?

23 MS. DOWD-BURTON: No, I do not.

24 COUNCILMAN GOODE: It was 30 percent.

1 MS. DOWD-BURTON: If you look at the
2 last four years of participation activity, we
3 have averaged 19.9 percent.

4 COUNCILMAN GOODE: I am talking about
5 Fiscal Year 8 Disparity Study.

6 MS. DOWD-BURTON: I am going back, I
7 think 8, 9, 10 and --

8 COUNCILMAN GOODE: I am talking about
9 Fiscal Year 8 Disparity Study. That is what
10 I am talking about right now.

11 MS. DOWD-BURTON: Okay. I understand
12 you are talking about the Disparity --

13 COUNCILMAN GOODE: Were you familiar
14 the goal was 30 percent?

15 MS. DOWD-BURTON: No, I was not.

16 COUNCILMAN GOODE: Is there anyone at
17 the table who was here then? Mr. Dow?

18 MR. DOW: No.

19 COUNCILMAN GOODE: Well, actually, you
20 were.

21 MR. DOW: Was I here?

22 COUNCILMAN GOODE: The Fiscal Year 8
23 Disparity Study is conducted after Fiscal
24 Year 8. It's conducted related to Fiscal Year

1 8. The Fiscal Year Disparity Study was
2 released May 15, 2009. So you were there.
3 You were there.

4 Mr. Greenberger, were you there?

5 MR. GREENBERGER: I was the Chief
6 Planner for the City. I was made acting
7 Deputy Mayor in July of that year.

8 COUNCILMAN GOODE: Mr. Dow, you were
9 there.

10 MR. DOW: Yes.

11 COUNCILMAN GOODE: So, the Disparity
12 Study came in and said 30 percent. Who
13 decided that it shouldn't be 30 percent; the
14 goal shouldn't be 30 percent?

15 MR. DOW: At the time, we had an
16 Executive Director. That was a different
17 gentleman, so.

18 COUNCILMAN GOODE: You fired him after
19 the Disparity Study came out. He got fired
20 right after the Disparity Study came out. So,
21 he didn't set the goal.

22 MR. DOW: I will take accountability
23 and say, yes, I established that goal.

24 COUNCILMAN GOODE: Established what

1 goal?

2 MR. DOW: The goal for the City, which
3 was 25 percent.

4 COUNCILMAN GOODE: So, why wasn't the
5 goal 30 percent, if that's what Econsult
6 recommended?

7 MR. DOW: For the same reasons that
8 Angela Dowd-Burton was trying to explain.

9 COUNCILMAN GOODE: "Trying to
10 explain". Okay.

11 For Fiscal Year 11, what is the
12 participation rate?

13 MS. DOWD-BURTON: Fiscal year 11, the
14 participation rate was at 25.5 percent, when
15 you incorporate City and quasi public
16 agencies. For the City departments it was --

17 COUNCILMAN GOODE: I am asking overall
18 participation rate and if turn to Page 15 of
19 the OEO Report that was released last
20 October.

21 MS. DOWD-BURTON: 25.5 percent.

22 COUNCILMAN GOODE: It's not what the
23 Page 15 of the OEO Report says.

24 MS. DOWD-BURTON: That is the Operating

1 Departments, is 24.3, 6 percent.

2 COUNCILMAN JONES: We have given
3 Councilman Goode a little more time because
4 he hasn't asked a question up until you. So,
5 we are going to indulge him a little longer
6 here and we are gonna move on.

7 MS. DOWD-BURTON: I welcome the
8 conversation. Thank you, sir.

9 COUNCILMAN GOODE: Thank you, Mr.
10 Chair. The participation rate for Fiscal Year
11 --

12 MS. DOWD-BURTON: Yes.

13 COUNCILMAN GOODE: Was 24.3 --

14 MS. DOWD-BURTON: Was 24.36 percent.
15 Operating Department were 25.5 percent and
16 city wide, 10.4 --

17 COUNCILMAN GOODE: That wasn't my
18 question. My question was, what was the
19 participation rate total, according to this
20 document?

21 MS. DOWD-BURTON: 24.36 percent.

22 COUNCILMAN GOODE: What was the total
23 spent in terms of contract dollars?

24 MS. DOWD-BURTON: \$682,000,000.

1 COUNCILMAN GOODE: What does that
2 number represent?

3 MS. DOWD-BURTON: The contracts that
4 were awarded by the Operating Departments for
5 that fiscal year.

6 COUNCILMAN GOODE: Does that reflect
7 all for-profit contracting dollars?

8 MS. DOWD-BURTON: Contracts that were
9 awarded to for-profits during that fiscal
10 year.

11 COUNCILMAN GOODE: That number reflects
12 all contracts, for-profit contract dollars?

13 MS. DOWD-BURTON: Awarded.

14 COUNCILMAN GOODE: That fiscal year?

15 MS. DOWD-BURTON: Awarded that Fiscal
16 Year, yes. There is a difference between
17 contracts that are in place that were not
18 awarded that fiscal year.

19 COUNCILMAN GOODE: So, what does the
20 spent for disadvantage businesses represent?

21 MS. DOWD-BURTON: \$166,129,000.

22 COUNCILMAN GOODE: That number
23 represents what?

24 MS. DOWD-BURTON: Contracts that were

1 awarded to them as primes and subs for that
2 fiscal year.

3 COUNCILMAN GOODE: So, these numbers
4 still are not total spent numbers. They are
5 not DB spent numbers. So, it's not an actual
6 participation rate. It's just based upon
7 what was in the contract?

8 MS. DOWD-BURTON: These dollars are
9 based on contracts awarded. That is correct.

10 COUNCILMAN GOODE: So, with the fraud
11 that still exists out there, we don't know
12 whether any of these disadvantaged businesses
13 got paid or participated in those contracts?

14 MS. DOWD-BURTON: Well, yes, we do. We
15 do track payments from primes to subs
16 manually. We get actual invoices from primes
17 and those invoices are reviewed for inclusion
18 of the subs.

19 COUNCILMAN GOODE: The cases that were
20 caught in terms of fraud went to the City
21 Controllers Office and Inspector General's
22 Office. You didn't catch either one of
23 those?

24 MS. DOWD-BURTON: No. That is not

1 completely accurate because we reported them
2 to the Inspector General's Office. The one
3 that is dealing with UGI and JHS, along with
4 another company was caught actually by the
5 Office of Economic Opportunity -- well, was
6 reported by us through OHCDs efforts to
7 investigate.

8 COUNCILMAN GOODE: OHCD caught it?

9 MS. DOWD-BURTON: Yes, because it was
10 --

11 COUNCILMAN GOODE: So, OHCD could have
12 reported it to the Inspector General's
13 Office. It was not caught through your
14 process.

15 MS. DOWD-BURTON: They actually
16 reported it to us and we reported it --

17 COUNCILMAN GOODE: But it was not
18 caught through your process?

19 MS. DOWD-BURTON: That is because that
20 transaction did not come through our process.

21 COUNCILMAN GOODE: My question is, have
22 you caught any fraud through your process?

23 MS. DOWD-BURTON: We have identified
24 some that is currently under investigation.

1 Yes, sir.

2 COUNCILMAN GOODE: Thank you. I will
3 continue. Thank you for the leeway,
4 Mr. Chairman.

5 COUNCILMAN JONES: I know it's a
6 passion of yours, Councilman. Chair now
7 recognizes Councilwoman Brown.

8 COUNCILWOMAN BROWN: Thank you very
9 much. Good morning.

10 MS. DOWD-BURTON: Good morning.

11 MR. DOW: Good morning.

12 MR. GREENBERGER: Good morning.

13 COUNCILWOMAN BROWN: It is no secret
14 that we continue to have more than a strong
15 interest in the City moving the needle around
16 this ongoing issue. Councilman Goode and I
17 have been here now for 12 years and it is
18 amazing to me that each year we are still
19 struggling with the same issue.

20 Let's go to Dilworth Plaza. Who or what
21 agency is monitoring MBE/WBE activity on
22 Dilworth Plaza?

23 MS. DOWD-BURTON: We have an Economic
24 Opportunity Plan with the Center City

1 District and we will be monitoring that
2 program through Gilbane. They have a meeting
3 scheduled regularly and we identify the
4 minorities and women on that project, the
5 work that they will be doing on that project,
6 when we expect them to show up and be paid
7 for that. We will be getting that
8 information.

9 One of things that we have in our
10 Economic Opportunity Committees is a role for
11 the members of City Council who represent the
12 districts that projects are in to participate
13 on those committees so that we can keep City
14 Council --

15 COUNCILWOMAN BROWN: Informed?

16 MS. DOWD-BURTON: -- informed. So we
17 certainly welcome the inclusion of any City
18 Council member or their staff on that
19 project.

20 COUNCILWOMAN BROWN: Councilwoman Tasco
21 and I in past years raised, and others,
22 questions around nonprofits that do business
23 with principally DHS and Department of
24 Health.

1 Provide us an update, briefly, because
2 the clock is always ticking, of where that
3 process is; what progress has been made to
4 hold nonprofits accountable for those tenants
5 of the Mayor's Executive Order?

6 MS. DOWD-BURTON: Well, you are
7 familiar with the work that we did last year
8 where we had the top 100 nonprofits come in
9 to talk about their need for a supplier
10 development program, and from that meeting,
11 we were able to identify some key concerns
12 that they had. In terms of identifying
13 qualified companies. How much of a priority
14 is this in setting up systems to track them.

15 So, from that meeting, we had a
16 follow-up meeting where we brought in 60
17 minority and women owned businesses to
18 introduce to these nonprofits to say, these
19 are the caliber of companys, these are the
20 services and products they provide, and these
21 are some of the individuals that we would
22 like you to consider when you are setting up
23 your supplier diversity programs.

24 COUNCILWOMAN BROWN: As a point of

1 information and footnote, I would add, that
2 was because we heard from too many nonprofit
3 heads that they couldn't find and locate --

4 MS. DOWD-BURTON: That's correct.

5 COUNCILWOMAN BROWN: -- qualified,
6 reliable MBE/WBES that had the capacity.

7 MS. DOWD-BURTON: That's correct.

8 COUNCILWOMAN BROWN: So, thank you for
9 showing them that they actually do exist in
10 the City of Philadelphia.

11 MS. DOWD-BURTON: Absolutely. It was
12 very productive meeting and from that we then
13 move to the Operating Departments. Deputy
14 Mayor Don Schwartz and his team have actively
15 put together a document that was sent out
16 across nonprofit portfolio to canvas all of
17 these nonprofits, and there are about 400 of
18 them, to No. 1, look at their executive body
19 and the demographics of their leadership
20 team. To look at their board composition. To
21 also look at their supplier diversity
22 program.

23 COUNCILWOMAN BROWN: Yes.

24 MS. DOWD-BURTON: And to identify a

1 base line that we can launch an improvement
2 or an increase in the level of supplier
3 diversity. Once we have a holistic
4 understanding of what that market is
5 driving. So, that documentation has come in
6 and it is being systematized over the next
7 few days and weeks, and by the time the
8 Deputy Mayor comes in to speak, he should be
9 able to share some additional conclusions
10 with you. But we are working with him on
11 that project.

12 COUNCILWOMAN BROWN: So, is that group
13 still meeting or that was just the first
14 phase of --

15 MS. DOWD-BURTON: That was first phase.

16 COUNCILWOMAN BROWN: -- responding to
17 the issue?

18 MS. DOWD-BURTON: The first phase was
19 their physical presence and eye-to-eye
20 contact. Second was introduce them to
21 companies that are ready, willing, and able
22 to serve. Third was to document where you
23 are right now to setup a base line, and then
24 the next step is to move forward in driving

1 that level of supplier diversity forward to
2 increase it.

3 COUNCILWOMAN BROWN: So, now the
4 responsibility sits with the Deputy Mayor
5 Schwartz?

6 MS. DOWD-BURTON: That's correct, and
7 the other Deputy Mayors that actually manage
8 and monitor nonprofit contacts. But he has
9 the majority of them.

10 COUNCILWOMAN BROWN: Thank you for your
11 testimony. I will wait for the next round
12 again because I have subsequent questions on
13 this topic.

14 Thank you, Mr. President.

15 COUNCIL PRESIDENT CLARKE: Thank you
16 Councilwoman. Chair recognizes Council
17 Member Kenney. Council Member is not here at
18 the moment.

19 Chair recognizes Council Member
20 Greenlee.

21 COUNCILMAN GREENLEE: Thank you, Mr.
22 President.

23 Good afternoon. I'm gonna go in a
24 little different direction for a minute. In

1 the written testimony, you talk about the
2 Mayor's Youth Employment Program.

3 Could you give a little more detail on
4 that? You talk about financial incentives,,
5 you know, maybe get into a little bit how
6 somebody would apply, if you have that, Dow,
7 or figured out yet?

8 MR. DOW: Yes. That is a new program
9 that we are initiating. We anticipate that
10 will start out in May of this year,
11 initiating the application process. We are
12 looking to -- If you are familiar with the
13 Facade Program the storefront improvement
14 program that Commerce Department runs, we
15 facilitate that through the use of Community
16 Development Corporations.

17 We actually train them to understand
18 what that product is. They go out, work with
19 businesses to say, we have a product that the
20 City offers for improvement of your facade
21 building. We are gonna do something similar
22 with the Mayor's Youth Employment Program,
23 where we will make available resources to
24 them to do a matching grant for businesses

1 to, one, engages them and leverages private
2 money. But to offer them the opportunity to
3 higher youth within a certain age frame,
4 probably within a certain demographic.
5 Meaning, those that are more prone for the
6 challenges of life that they may have, and
7 then also maybe in a demographic way, sort of
8 might concentrate within the police districts
9 that have the higher crime rates.

10 But then all of that, that is City wide
11 though, but there might be some focus on
12 that. They issue an application, businesses
13 will be able to come in and fill out an
14 application, tell us that they will higher
15 somebody at a particular rate. That is all
16 within our qualifications. We will verify
17 that, sign off on that. They will higher, we
18 will then reimburse them.

19 COUNCILMAN GREENLEE: How do you get
20 the youth, would it be through schools or?

21 MR. DOW: Yeah. One, we believe that
22 because this is a program geared towards
23 neighborhood and commercial based, commercial
24 corridor based businesses, they already know

1 the youth in their community. So, one, that
2 is one aspect. We know that they already
3 understand who in their communities; they
4 have people knocking on the door, can I get a
5 job. Kids in the neighborhood and so forth.

6 COUNCILMAN GREENLEE: So, you would be
7 working with the businesses?

8 MR. DOW: Yeah, we work with the
9 businesses.

10 COUNCILMAN GREENLEE: It also mentions
11 a portion of this program will provide
12 matching grants to fund youth internships in
13 City Council this summer?

14 MR. DOW: That's our hope. We are
15 working towards that as well.

16 COUNCILMAN GREENLEE: I assume you are
17 working through Council President.

18 MR. DOW: Yes, and Councilman Jones in
19 that regard.

20 COUNCILMAN GREENLEE: Okay. Great.
21 Thank you. Thank you, Mr. President.

22 COUNCIL PRESIDENT CLARKE: Thank you,
23 Councilman. The chair recognizes Council
24 Member Oh.

1 COUNCILMAN OH: Thank you, Mr.
2 President. I am just gonna ask some big
3 picture, big vision questions. I am just
4 curious, and I don't know the limitations and
5 constraints that you are under. So, I
6 understand that you did visit in China City.
7 Did you get a chance to see the construction
8 of the Songdo City section?

9 MR. GREENBERGER: I stayed there.

10 COUNCILMAN OH: Okay. Pretty
11 impressive.

12 MR. GREENBERGER: Pretty impressive.
13 More than pretty impressive.

14 COUNCILMAN OH: 1,500 acres \$40 billion
15 dollars, totally sustainable, alternative
16 energy, green City, biotech center on
17 reclaimed land from the sea on its
18 Waterfront. Bustling port, huge
19 international airport. 2.8 million people,
20 5,000 manufacturing companies.

21 So, you know, the question is, what is
22 our big picture big vision for Philadelphia?

23 MR. GREENBERGER: It is probably not
24 reclaiming that much land from the sea.

1 Although we do have to reclaim some to make
2 the airport expansion work. I think -- It's
3 a tough question, but I will give it a try.
4 I think that the big picture for Philadelphia
5 is that manufacturing at that scale is not
6 where our future likely is, and just one side
7 note about in China, of course, that you
8 know, is that while in China itself is a city
9 of 2.8 million, it sits side by side with
10 Saul, which is a city of 10, 12. Something
11 --

12 COUNCILMAN OH: Combined, 25 million
13 people.

14 MR. GREENBERGER: So, it is serving a
15 pretty big metropolitan area. Truly they are
16 side by side cities. I think Philadelphia
17 needs to see itself less in those terms
18 because that is not where our population --
19 our population base isn't even remotely close
20 to that.

21 I think we need to see ourselves in
22 terms of other cities that are of similar
23 size, that have a kind of international
24 standing sometimes for different sectors and

1 the examples I often use are cities like
2 Milan, which is an industrial center in
3 Italy. Barcelona, which has a pretty broad
4 mix.

5 These are cities that a little more
6 million-five, two million kind of
7 population. Mixed economies. Ours clearly
8 is heavily vested in education, bioscience
9 research, clinical medical practices. That
10 is kind of the No. 1, that is the No. 1
11 entity, and that is where I think we have to
12 continue to be paying a lot of attention to.

13 Happily, we have institutions behind
14 those things and we don't -- we have to
15 support them, but we don't have to sort of
16 make it happen for them.

17 As you get to the next set of levels,
18 you are looking at, in terms of bases of
19 employment, Government professional services,
20 hospitality, those. I want to emphasize
21 something about the hospitality side and
22 ultimately the industrial side, which
23 includes the specialty manufacturing that
24 goes on here, as well as the distribution,

1 which is a significant piece.

2 Utilities and repair work. Those two,
3 industrial and hospitality, are the two
4 places -- and to an extent the health side as
5 well, are the places where we have the most
6 opportunity for creating more entry level
7 jobs. I think that is where the greatest
8 need is in this City.

9 In the end, our institution is not
10 going to have a problem finding Ph.D.'s to do
11 high level research in any field they want.
12 They are big, famous institutions. They know
13 what they're doing.

14 The Unemployment statistics are really
15 bad at the other end and we have to create
16 far more, what I characterize as gateway
17 jobs, for people. Get in the work force, get
18 used to it, be happy with it, and hopefully
19 advance yourself from there, and some of them
20 too, I think, with that experience, and it
21 shows up. I mean, in my career as architect,
22 this showed up regularly on construction
23 sites that when people are on construction
24 sites, it occurs to some of them that they

1 can do a better job doing what their boss is
2 doing, and they go out and form companies.
3 That is the kind of culture that we need to
4 foster.

5 In that particular instance you can't
6 do it if you are not on the site seeing it
7 first hand.

8 COUNCILMAN OH: In light of the fact
9 that we do have this increasing number of
10 creative and innovative persons and we have a
11 preexisting University culture and whatnot,
12 are there any plans to develop larger
13 sections of the City to make them high-tech,
14 sustainable, 24 hour, global; do we have any
15 plans for developing our City so that we can
16 grow our economy?

17 MR. GREENBERGER: Well, obviously,
18 there are places in the City that we and the
19 private sector are heavily invested in and
20 things like that. Like the University of
21 City Science Center. So, you always want to
22 be paying attention to that and making sure
23 that those things are healthy.

24 I would say to the other part of the

1 question, there is not a plan that sort of
2 says, here's a place and we are gonna make,
3 let's say, a tech sector thing happen there.
4 Those sectors grow very organically, often
5 from young entrepreneurial people,
6 particularly on the technology side. What we
7 need to do is find them and support them and
8 I think let that organic growth happen where
9 they are most comfortable with it happening.

10 To me, that is a more important thing
11 than us sort of designating a place and then
12 saying, you know, and pretending that we have
13 massive resources to put into it, which we
14 don't, to sort of force something to be.

15 I think that these things are, you
16 know, as you look at where people are
17 locating, you see that the decisions that
18 more entrepreneurial people are making to
19 locate are frequently exactly where it's been
20 forever, which is that lower cost
21 environments, parts of the City that have
22 been way undervalued for a long time are
23 becoming popular again because of the kind of
24 space that is available, the kind of life

1 that's available and the affordance or
2 affordability, are significant.

3 So, people gravitate to those places.
4 It doesn't hurt that a number of them are
5 also connected by transit. So that there is
6 an ability to really get around. We, for
7 instance, have, and I don't confess to know
8 exactly where this is centered. We have an
9 emerging serious market in video game
10 design. Largely because Drexel University
11 has a very powerful program in it and those
12 young people probably start out in and around
13 West Philadelphia and some of them stay, some
14 of them migrate to less expensive corridors.
15 Some of them are in those 43 incubators that
16 I mentioned.

17 COUNCILMAN OH: I want to take more
18 time, but I will come back. Thank you.

19 MR. GREENBERGER: I would be happy to.

20 COUNCIL PRESIDENT CLARKE: Real quick
21 before I call the next Council Member. I
22 just want to follow-up on a couple of the
23 issues you referenced in response to
24 Councilman Oh.

1 You talked about the need to enhance
2 the opportunities for what we believe would
3 be stronger for growth industries, health
4 sciences, health care, the institutions
5 associated with that, I agree with you 100
6 percent.

7 The question is, and I know that you
8 are not in charge of the educational aspect
9 of the City, but as we move ahead, is there
10 some coordination between the Commerce
11 Department, who is hopefully the facilitator
12 of this job growth and the school districts
13 last education.

14 So these young me do get prepared for
15 entry level, as I referenced in an earlier
16 hearing. We talked about, went over
17 Representative Kenyatta Johnson's district
18 and to the job core. It was like stunning.
19 That was my first time there and they had
20 like 300 young people in the job core, and 80
21 percent of that was focused on entry level
22 health care positions.

23 So my question is, you know, you have
24 this position which I agree with and I

1 understand that you may not be able to answer
2 the question right now.

3 MR. GREENBERGER: I will give a little
4 bit of an answer.

5 COUNCIL PRESIDENT CLARKE: The
6 administration focuses on, and our
7 interaction with the school district, getting
8 people educated for jobs that are really
9 there, not just teaching so they can pass the
10 test and not really have the likely
11 opportunity outside of your final educational
12 process.

13 The second one, you referenced high
14 tech jobs, entrepreneurs, being in a
15 position. You said the City does not have
16 probably the right resources to enhance. My
17 understanding is that we are in a position
18 where we can conceivably get up to two K0Z
19 zones.

20 Is your office working to possibly look
21 at sites where we could create a K0Z. I
22 think that is the biggest resource anybody
23 can offer anybody where you don't have to pay
24 any taxes.

1 Are you looking at that as a
2 possibility of locating in the area where the
3 likelihood that those young entrepreneurs or
4 other high tech facilities would locate?

5 MR. GREENBERGER: Second question
6 first, the answer is, yes. We are reviewing
7 all of the existing KOZs in the City and
8 trying to corollate either time extensions,
9 geographic extensions or I think in a very
10 limited number of instances, new ones, to the
11 State Law, which I have to admit is confusing
12 even to state legislators, let alone to us,
13 but we are trying to get to the bottom of it
14 so we can make very specific recommendations
15 about which KOZs need to be extended in time,
16 which KOZs need to have geography added to
17 them or specific sites added to them.

18 As you know, there is an inevitable
19 tension between developments that want to
20 happen and are looking for KOZ assistance to
21 make them happen, which may or may not have
22 anything to do with small entrepreneurial
23 community.

24 COUNCIL PRESIDENT CLARKE: Met with one

1 yesterday.

2 MR. GREENBERGER: I don't need to know
3 who it is. There is always that tension and
4 I think that is something we are going to
5 have to sort out together. But we are
6 absolutely looking at it trying to make a
7 definitive set of recommendations related to
8 KOZ. The other question --

9 COUNCIL PRESIDENT CLARKE: Particularly
10 related to what you reference as a
11 possibility at it relates to high tech and
12 entrepreneurs with new.

13 MR. GREENBERGER: If I can pursue a
14 different idea that we are actively pursuing
15 right now. We have done a fair bit of
16 research over the last year talking to people
17 who are in venture capital and trying to get
18 a better handle on, well, what is the problem
19 here. Why don't we have more venture capital
20 activity in the City that would support
21 entrepreneurial activity and you know,
22 different cities have different issues.

23 New York has a space issue because
24 space is really expensive. It doesn't seem

1 to be our issue, although there are some
2 space related things. What we have seen
3 consistently is that there a gap in funding
4 between what has been characterized to me by
5 one pretty successful venture capital guy as
6 the end of your Mastercard, like when you
7 have maxed out, and the beginning of Angel
8 Investing, who are really looking for a more
9 concrete business opportunity. There is a
10 gap. It's often several hundred thousand
11 dollars at a time.

12 So, what we have been doing and in this
13 case "we" refers to PIDC with John Grady and
14 I have been working on this, is starting to
15 talk to foundations and private venture
16 capital to see whether we can pull a
17 significant piece of money between public,
18 private, and foundation money to create a
19 pool that would specifically address that
20 funding gap.

21 We have heard it time and again as
22 being one of the critical issues in this
23 City. So, it is not a KOZ related thing,
24 it's a funding gap coming out research that

1 we have done. The other question earlier
2 came up while you were still up at 9th and
3 Berks, I think, and that is we partner very
4 seriously with Work Force Development
5 Corporation, Mark Edwards was up here
6 speaking.

7 We are actively looking, while we are
8 reorganizing that entity, we are actively
9 looking for ways that the educational,
10 training needs, vocational training needs,
11 for instance, for some of these entry level
12 health care jobs can be better imbedded in
13 the school system. I can't remember that he
14 mentioned, is it also a very productive thing
15 with the community college, who are at the
16 moment at least more nimble and able to
17 produce that kind of training in the
18 schools. We have to get it back into the
19 schools, but as you know, that's a harder --

20 COUNCIL PRESIDENT CLARKE: I am asking
21 because given the high dropout rate and a lot
22 of it has to do with there's just not an
23 interest in the young people as they progress
24 through high school, and I didn't invent

1 this, a lot of people have been talking about
2 it. You're talking about construction trades
3 and the reality is, I don't know why there is
4 a reason why a young person should not be
5 able to come out of high school and be
6 prepared to take the apprenticeship test for
7 the building trades. There is no reason why,
8 as opposed to coming out and then have to go
9 to -- where is that? Up in east jabip,
10 northeast, one of the facilities where they
11 have to do a year or two years up there.

12 They need to be able to come out of
13 there and take that test. Similarly, when I
14 talked about the job core earlier in
15 Councilman's district, a significant number
16 of those individuals were in that class had
17 not completed high school. They were getting
18 their GEDs concurrent with them getting
19 training.

20 So, a big part of our ability to keep
21 people in schools that have a level of
22 interest where there is some likelihood where
23 there is a job at the end of the day or some
24 higher educational opportunity.

1 So, that is what I am talking about
2 school district primarily.

3 MR. GREENBERGER: You are entirely
4 right.

5 COUNCIL PRESIDENT CLARKE: It is good
6 to hear that I am "entirely right".

7 MR. GREENBERGER: Entirely.

8 COUNCIL PRESIDENT CLARKE: Chair
9 recognizes Council Member Johnson.

10 COUNCILMAN JOHNSON: Thank you, Council
11 President. Just a couple questions.

12 How are you doing, Alan?

13 MR. GREENBERGER: Fine. How are you?

14 COUNCILMAN JOHNSON: How are you doing,
15 Karen and Angela?

16 MS. DOWD-BURTON: Good.

17 COUNCILMAN JOHNSON: First, I commend
18 you for what you have been doing. So, just
19 in that capacity, just thank you for being
20 here and the work that you are doing for our
21 City just in general. A couple things.
22 Since we have Mark here with us today, Mark,
23 do you mind taking the stage? Now, you're
24 currently, as the Commerce Department in

1 general, your request is how much?

2 MR. GREENBERGER: The entire request
3 request is \$252,000,000, of which \$248 is
4 passed along to other entities.

5 COUNCILMAN JOHNSON: That is an
6 increase of how much?

7 MR. GREENBERGER: Actually, I don't
8 think it is an increase.

9 COUNCILMAN JOHNSON: It's a net
10 increase of -- it is in your testimony.

11 MR. GREENBERGER: Yeah. If you gave me
12 a minute I can explain that. Bear with me,
13 or if you like I can just come back to it.

14 COUNCILMAN JOHNSON: I will wait.

15 MR. GREENBERGER: Okay.

16 There is actually -- in the testimony
17 it talks about a net decrease of \$5.4 million
18 dollars. That is all in. That is
19 everything, and included in that are, I
20 believe, please one of my staff correct me if
21 I am wrong. That included in that is an
22 anticipated decrease in Federal funding.

23 COUNCILMAN JOHNSON: So, separate from
24 the net increase of \$7,401,493. Sorry, I'm

1 here to present testimony.

2 MR. GREENBERGER: None of that is
3 actually Commerce operations.

4 COUNCILMAN JOHNSON: Not directed
5 towards Commerce?

6 MR. GREENBERGER: I wish it was, but it
7 is not.

8 COUNCILMAN JOHNSON: All right. I will
9 come back to why I am asking that particular
10 question to follow-up on the issues regarding
11 youth employment.

12 I want to start off with Mark regarding
13 the new merge of Philadelphia Works. Trying
14 to get a status update. There has been some
15 challenges, but from my understanding, you
16 have already been doing some work internally
17 in terms of your own evaluation, your own
18 auditing of the Philadelphia Work Force
19 Development Corporation, as well as the
20 Philadelphia --

21 MR. EDWARDS: Work Force Investment
22 Board?

23 COUNCILMAN JOHNSON: Work Force
24 Investment Board.

1 MR. EDWARDS: Yes.

2 COUNCILMAN JOHNSON: So, give me an
3 idea just to lay the back drop. I do know
4 you have, your funding has been cut
5 significantly on a Federal level. So one, I
6 won't name individual names in this context
7 of me doing my questioning.

8 But, are we working with our Federal
9 agencies and our Federal elected officials to
10 try to, one, restore that type of funding
11 that has been cut. That is my first
12 question. I do understand that the actual --
13 there's been a cut back in earning centers
14 from nine to six. If you can elaborate on
15 what we are doing to actually address that
16 issue from a supportive standpoint is why I
17 am asking you these questions, and also in
18 terms of your plan, your new plan to address
19 some of those changes that have taken place
20 with the new Philly Works Program that the
21 administration have rolled out.

22 How are we engaging employers to
23 participate in your program, via greater
24 Philadelphia Chamber of Commerce,

1 African-American Chamber of Commerce, the
2 greater Philadelphia Hispanic Chamber of
3 Commerce? Are we engaging them to utilize
4 your program and get people employed.

5 MR. EDWARDS: Yes.

6 COUNCILMAN JOHNSON: And, Mark, talk
7 about your recommendations. Let's put the
8 pew report to the side. Let's talk about
9 what you already started, the former that
10 came before the pew report.

11 MR. EDWARDS: Yeah, there is a lot in
12 there.

13 COUNCILMAN JOHNSON: The key
14 highlights.

15 MR. EDWARDS: In terms of what we are
16 doing to engage members, supportive
17 stakeholders at the Federal level in what is
18 happening. We have been engaged, my team and
19 I have been engaged in a number of
20 information sessions and briefings at the
21 Federal, State and local level, and by local
22 I mean certain members of Council in the
23 process now of meeting with a number of
24 members of Council just to make them aware of

1 all of the changes that are going on. Both in
2 terms of funding at the State level which is
3 really a function of the decrease in funding
4 that's happening at the federal level.

5 At the Federal level, we are addressing
6 issues now around the reauthorization of Work
7 Force Investment Act, which funds and
8 provides guidelines for how all of our
9 dollars are operated. So, we are in
10 communication with both a Federal level so
11 that we can give them our opinion and our
12 perspective on how that legislation should be
13 changed in support of the work force system.

14 We do that through the voices of the
15 private sector, representatives who serve on
16 our Board of Directors and we give staff
17 input in that as well. The second question
18 that you raised, which is with regard to the
19 Earn Centers and the reduction in State
20 funding. Just on the earn side alone, we
21 received a 52 percent reduction in funding
22 for that system and we went through a fairly
23 rigorous and objective process to determine
24 how we would make the system smaller. How we

1 would get to the point of six Earn Centers
2 and identify the three that would not
3 remain.

4 We are working with the Mayor's office,
5 we are working with people from the
6 Department of Public Welfare. My
7 organization serves the pleasure of the
8 Department of Public Welfare through a
9 contract that we have with them. So, they're
10 major stakeholders in this whole --

11 COUNCILMAN JOHNSON: At the State
12 level, correct?

13 MR. EDWARDS: At the State level,
14 correct. So, they are major stakeholders in
15 this process and we are working with them to
16 make sure that there is geographical
17 representation and dispersion across the City
18 of Philadelphia to be able to provide
19 services to those clients.

20 They themselves are going through a
21 series of policy shifts at the State level to
22 prioritize how they are going to allow their
23 dollars to support the Public Work Force
24 System. It's called a work first approach,

1 which means that if ten people who receive
2 cannas (ph) assistance want to continue to
3 receive that assistance, then they have to
4 demonstrate the fact that they are actively
5 engaged in work search as defined by the
6 Commonwealth or actually have a job in order
7 to continue to receive those benefits.

8 It is a major shift from the way that
9 we have operated in the past because we have
10 been able to put more of our dollars that we
11 get from the State in the kinds of programs
12 that would allow people to get training,
13 additional training that they would need
14 because of their own skill levels. Those are
15 some of the things that are happening at that
16 level.

17 With regard to the Pew Report. The Pew
18 Report, to a large degree, confirms things
19 that we already knew. In April of 2011, we
20 publicly posted an assessment that was done
21 at the Philadelphia Work Force System that
22 was engaged by members of administration and
23 members of our local Work Force Investment
24 board to identify a national consultant to

1 come in and look at ways in which we operate
2 so that we can identify opportunities for
3 improvement of our system. That was done.

4 Some of those recommendations centered
5 around providing a single point of leadership
6 for the Public Work Force System so it wasn't
7 as complex as it was before because you have
8 a number of different organizations doing a
9 number of different things related to
10 actually making investments in the Work Force
11 System to doing public policy, research and
12 data collection and analysis of the Public
13 Work Force System.

14 So, the first recommendation was to
15 provide a single leader over the entire
16 system --

17 COUNCILMAN JOHNSON: Who is that?

18 MR. EDWARDS: That would be me, going
19 forward. That starts July 1st. The second
20 recommendation was to merge the two
21 organizations together, so that policy data
22 and research drives investments.

23 COUNCILMAN JOHNSON: And that will be
24 Philadelphia Works?

1 MR. EDWARDS: That will be Philadelphia
2 Works. The actual physical merger occurred
3 last week. So, the staff, we were formerly
4 located at 1601 Market Street, are now in my
5 location. The Board, a consolidation of the
6 Boards was another recommendation. It was
7 just a number of boards responsible for all
8 of those things I just described.

9 The Boards as a result of a combined
10 board meeting that Alan spoke of earlier that
11 he serves on, at his March 21st Board
12 meeting, executed all of the required legal
13 documents, plan of merger, articles of merger
14 to consolidate all of those boards into a
15 single board.

16 Now we have a single board responsible
17 for policy investment, accountability for
18 impact of the Public Work Force Systems as
19 opposed to the three boards it consisted of.

20 COUNCILMAN JOHNSON: Is there a summary
21 of this merger and where you are at?

22 MR. EDWARDS: There are a number of
23 documents that we have, a transition plan
24 that talks about the progress that we've made

1 and I can make that available.

2 COUNCILMAN JOHNSON: Council President
3 also created a Jobs Commission. Will this
4 play a role in any capacity as we move
5 forward to get folks back on the employment
6 roles of Philadelphia?

7 MR. EDWARDS: It is my understanding
8 that a meeting is going to be coming up later
9 this month. At that meeting of that
10 Commission we will be having those
11 discussions.

12 COUNCIL PRESIDENT CLARKE: I am not
13 sure. I know we passed an ordinance and a
14 charter change to initiate it, but we are
15 still dealing with the nuances of the
16 particulars in the actual naming of the
17 individuals and all of the internal things
18 that we in Government tend to go through. So
19 we are close, right?

20 MR. GREENBERGER: Yes. I thought that
21 was very well put.

22 COUNCIL PRESIDENT CLARKE: Yeah, I am
23 trying to keep that in-house stuff in-house.

24 MR. GREENBERGER: We appreciate that.

1 Trying to give you credit.

2 COUNCILMAN JOHNSON: Just one other
3 thing. You mentioned the Board, well, the
4 former Board, did a lot of advocacy on behalf
5 of Philadelphia Work Force Development
6 Corporation.

7 MR. EDWARDS: On behalf of the Work
8 Force System in general.

9 COUNCILMAN JOHNSON: How is that gonna
10 look moving forward? Is it the same setup,
11 because I haven't met anyone, even in the
12 capacity of me being a State Representative,
13 from the Board coming to my office on a State
14 level saying, hey, and I have been through
15 three budgets. No one has come to my office
16 on a state level and said, State
17 Representative Johnson, can you advocate for
18 X, Y, Z program. I am trying to figure out,
19 do they pick certain people they go to, or --

20 MR. EDWARDS: No.

21 COUNCILMAN JOHNSON: How will it look
22 going forward?

23 MR. EDWARDS: The way it will look
24 moving forward, and it is interesting because

1 I, just a month ago, I did a very similar
2 presentation to the one you just described to
3 all of the members of the Philadelphia
4 delegation on the senate side. I have a
5 request in right now on the house side.

6 So, the same presentation will be done
7 there, and as I indicated earlier, that same
8 level of discussion is happening on an
9 individual basis with members of Council.

10 COUNCILMAN JOHNSON: Thank you.

11 MR. EDWARDS: Particularly the new
12 members of City Council.

13 COUNCILMAN JOHNSON: You don't have to
14 answer this --

15 COUNCIL PRESIDENT CLARKE: Council
16 Member, you're way beyond.

17 COUNCILMAN JOHNSON: Thank you, Council
18 President. As we move forward, if you can
19 give me some numbers for what some of the
20 goals look like.

21 MR. EDWARDS: Sure.

22 COUNCILMAN JOHNSON: Will we have
23 another round?

24 COUNCIL PRESIDENT CLARKE: Yes, sir.

1 Absolutely. We still have a full board, so I
2 am trying --

3 COUNCILMAN JOHNSON: I will save my
4 other two questions for the next round.

5 COUNCIL PRESIDENT CLARKE: Okay,
6 Councilman, sure. Chair recognizes
7 Councilman Henon.

8 COUNCILMAN HENON: Good evening. Thank
9 you, Council President. I will try to spread
10 my questions out to a few rounds.

11 You as the Commerce Department are
12 working with many different quasi agencies
13 and different departments throughout the City
14 of Philadelphia, and you know, it is kind of
15 hard just in my short time here and
16 experience, it is kind of hard to pinpoint
17 who is the point of contact for somebody and
18 obviously you would point -- you would say
19 all right, this is the Commerce Department.

20 Is the Commerce Department the point of
21 contact for the City of Philadelphia when it
22 comes to attracting businesses? I know I
23 have seen your website, which I am gonna talk
24 about in the second as a follow-up. You

1 know, PIDC offers many, many opportunities
2 for emerging businesses and starting up
3 businesses for short term capital, which is
4 great.

5 Is the Commerce Department the
6 department to call for any business-related
7 questions or support in the City of
8 Philadelphia?

9 MR. GREENBERGER: Yes, it is, and
10 particularly on the business attraction side,
11 we understand, because we have many partners
12 out there; PIDC being one; Select Greater
13 Philadelphia; the governors action team in
14 Harrisburg, often, sometimes, those requests
15 particularly around business attraction or
16 developments, sometimes those requests filter
17 through those agencies first, but we have a
18 very strong network, working network of
19 communications that get to us very fast.

20 But if somebody asks you, yes, it the
21 Department of Commerce.

22 COUNCILMAN HENON: To follow-up that,
23 who is promoting the City of Philadelphia as
24 far as the boots on the ground and making a

1 phone calls to attract businesses here to,
2 you know, get them to come, not necessarily
3 just to the region, because I know some of
4 the aforementioned partners are more
5 regionally.

6 MR. GREENBERGER: Yes.

7 COUNCILMAN HENON: Which is imperative,
8 and I believe it is great for Philadelphia
9 when you have a vibrant and strong economic
10 engine, you know, for a region.

11 So, does the Commerce Department have
12 somebody who is actually making phone calls,
13 who is looking at your long-term Strategic
14 Business Plan and attracting businesses to
15 the City of Philadelphia, especially with
16 some of the great work this body has done in
17 making it a little more business friendly and
18 attractive to business start up?

19 MR. GREENBERGER: The answer is, yes,
20 we do that largely through our partnership
21 with PIDC. People like select do figuring,
22 but you are right they have, I guess, a mixed
23 agenda. They are interested in City of
24 Philadelphia, but they are also interested in

1 the region and we sometimes can't put the
2 them in cross purposes with their own mission
3 statement.

4 But, every day this is what we do with
5 PIDC. They have staff that are dedicated to
6 business attraction and development, so do
7 we. We work together all the time on doing
8 this and I would say, you know, there are a
9 number of initiatives out there. The one I
10 would want to highlight, I apologize if I am
11 repeating myself, is this idea that we think
12 there are a lot of suburban firms who need to
13 be attracting young talent who lives in the
14 City and we have a list of who they are. We
15 have started to methodically go out and talk
16 to them and start to push this argument and
17 we are starting to find it has resonance.

18 The one we met with month-and-a-half
19 ago is actively now looking for what I would
20 call a sort of gateway presence in the City
21 and we think once they do it and the talent
22 they do find that wants to be here is secure
23 in that we think those entities will grow in
24 the City.

1 COUNCILMAN HENON: I have a two part
2 question coming up here. All right, so, in
3 collaboration with Greater Select and Chamber
4 of Commerce and the Business Bureau, when you
5 use our resources, you know, City of
6 Philadelphia resources for marketing and
7 promotion and attracting businesses and some
8 of it, you know, transcends, you know, the
9 region outside of Philadelphia. Do you have
10 a breakdown on the dollars?

11 Do you have a cost analysis on what's
12 been done regionally as opposed to the City
13 of Philadelphia; so you can say, hey, look,
14 you know, regionally we attracted X amount of
15 dollars through all our efforts and, you
16 know, the City of Philadelphia has directed
17 or has benefited, you know, X amount of
18 dollars in residual spent on all our efforts
19 collaborately put together.

20 MR. GREENBERGER: Don't have them
21 regionally because, to be honest, our focus
22 is the City of Philadelphia.

23 COUNCILMAN HENON: I know. That is the
24 answer I want to hear. I know regionally

1 does contribute as well to the City of
2 Philadelphia in it is fine amenities. I
3 mean, it's great amenities that we have, but
4 I would like to see it sort of have a ratio
5 of dollars spent, you know, back to the City
6 of Philadelphia as opposed to regionally; if
7 you have that provided?

8 MR. GREENBERGER: I know there is
9 nothing I can put finger on right now, but if
10 you don't mind, maybe we can just have an
11 off-line conversation a little bit about more
12 specificity on what you might be looking for
13 and maybe we can pull something together.

14 COUNCILMAN HENON: We can certainly
15 talk off-line. One final question, Council
16 President, if I can, and I will wait for the
17 second round.

18 We offer, as a City many, well,
19 several, place base incentives. Do yo have
20 -- Are many people taking advantage of that
21 and do you have in the long-term, short-term,
22 are they taking advantage of these place base
23 initiatives or incentives that we have here
24 in the City of Philadelphia as --

1 MR. GREENBERGER: Give me an example of
2 a place base of what are you talking about?

3 COUNCILMAN HENON: We have KOZs, we
4 have empowerment zones, we have community
5 incentives, you know. Notwithstanding, which
6 I will get to the second round, some of our
7 commercial corridors is important to not just
8 the Council President, but this body and the
9 districts that we represent.

10 MR. GREENBERGER: I would say that
11 there is not a single answer to that
12 question, unfortunately. I think some of the
13 place based incentives work extremely well
14 and when you do look at the ones that do work
15 very well, they are inevitably tied to a
16 strong market base that says, I want to be in
17 that place anyway and now looking for
18 additional incentives is going to make this
19 more competitive with, you know, some other
20 place. Particularly some other place out of
21 town.

22 I think honestly there are, for
23 instance, I think there is some KOZs that are
24 under performers. I think that there is both

1 good stories and, but not as fast as anybody
2 would want, related to some of the
3 empowerment zones. It's a mixed picture. It
4 always ties back to, is there a real market
5 in the first place.

6 The incentive itself generally doesn't
7 create the market. So it has got to be in
8 combination.

9 COUNCILMAN HENON: Are your market
10 studies up-to-date and current with some of
11 your long-term business planning, strategic
12 planning?

13 MR. GREENBERGER: Probably not as
14 up-to-date as the question that you are
15 asking, I suspect.

16 COUNCILMAN HENON: Okay. I have no
17 further questions for this round.

18 COUNCIL PRESIDENT CLARKE: Thank you,
19 Councilman. Chair recognizes Councilwoman
20 Sanchez.

21 COUNCILWOMAN SANCHEZ: Thank you, Mr.
22 President. I want to -- First I want to thank
23 you for the work, particularly around our
24 commercial corridors and our immigrant

1 business work. I think you will agree it's
2 been very fruitful, both the pilot in the
3 Northeast with the Russian speaking
4 community, and now the work being done with
5 the work being done with the Portuguese,
6 Brazilian community and the lower part of the
7 Northeast.

8 I think this is demonstrating that
9 there is a lot of people that are going to
10 the spirit of the conversation around, how do
11 you promote entrepreneurship in the City?
12 These communities have proven to be key in
13 helping us revitalize those small kind of
14 neighborhood corridors. I want to thank you
15 for your indulgence, as you know, some of us
16 have advocated for those, and the work that
17 you have done with us as it relates to them.

18 For me it is important, you know, the
19 money is going to be tight. We are gonna
20 have to, you know, when the Comp plan comes
21 in, we are gonna see many of the cuts and I
22 will ask a little bit about how those Comp
23 plan cuts are gonna impact the work the
24 Commerce Department does.

1 But, can you provide for us an update,
2 I have not seen one recently, of where we are
3 with our cultural fund bond money?

4 MR. GREENBERGER: Mm-hmm.

5 COUNCILWOMAN SANCHEZ: What projects
6 were completed? Which ones were not? Have
7 we begun to reallocate that money? I haven't
8 been consulted, I know I have some projects
9 that haven't moved. So, I think we now have
10 to become very strategic about what we do and
11 as we finalize this budget, what we have.

12 So, I think particularly for my newer
13 colleagues, having that update of what's the
14 money that was out there, what was pending is
15 important. So, I am going to ask that you
16 submit that to the Chair and I am
17 particularly interested around American
18 Street corridor.

19 Unfortunately or fortunately, we still
20 have money going back to Bill Clinton's
21 Empowerment Zone. I am particularly
22 interested, I know you put out an RFP for a
23 consultant. Can you explain that?

24 Does anybody have an update about how

1 much money is there? These are monies that
2 don't go through our general fund. Sometimes
3 we forget they are there, except me.

4 MR. DOW: Well, except us too.

5 (Laughter.)

6 The Empowerment Zone funding has been
7 there for well over, at this point, ten
8 years. It is distributed through three
9 geographic areas; American Street zone, the
10 North Philadelphia zone and the West
11 Philadelphia zone. All three are managed by
12 community trust boards, which the Commerce
13 Department is intimately involved in and it's
14 managed by Ayesha Heran Miller, and our
15 department.

16 So, each individual, and I know I have
17 it right here off the top of my head, but
18 each individual zone has its own allocation
19 of funding and resources. Some have done
20 very very well with that. What I mean in
21 terms of spending it their accounts down to
22 very little resources left over. Some have a
23 little bit more.

24 Again, we look at the American Street

1 zone as one of our better performing ones.
2 They have done a very good job in getting
3 their grants dollars out the door. They have
4 done a very good job with their Financial
5 Services Department, which is now called
6 Finata, and so we can get you information
7 about the individual organizations and where
8 they are spending wise and so forth. Each
9 has a community board, trust board --

10 COUNCILWOMAN SANCHEZ: RFP? Somebody
11 stopped me. There was a RFP put out for
12 American Street corridor for some sort of
13 facilitator?

14 MR. DOW: That was an RFP specifically
15 for American Street. So, they themselves put
16 out an RFP for a consultant to help them
17 develop a plan at this point in time. The
18 idea is that those funds were used to be
19 there in perpetuity.

20 So, you have the first ten years, that
21 is beyond us now. You've got to look now to
22 perpetuity. How do you balance the financial
23 side with the grant making side? What types
24 of loans -- excuse me, what types of grants

1 do you make.

2 We are intimately involved in trying to
3 drive that from a philosophical perspective.
4 So, we all met and complement what the City
5 of Philadelphia is doing through the Commerce
6 Department and our grant making activities
7 and our commercial corridors activities. So
8 they are looking to get some help in that and
9 that is the RFP they put out.

10 COUNCILWOMAN SANCHEZ: For me, it
11 becomes very important again. You haven't
12 yet touched around our cultural corridor
13 money. I think it is important that when we
14 are doing and engaging in these planning
15 process, I got a call that the RFP was out.

16 I didn't know they needed planning. I
17 would have gladly offered my skills to go in
18 and plan, but it is important that what they
19 are looking to do or what they are
20 envisioning aligns with some of the projects
21 I am working on in the area and the other
22 departments. This is one of those times
23 where we've got to make sure, sometimes we go
24 back and connect the dots and make sure that,

1 for instance, you know, I have been very
2 deliberate in taking care of 5th Street and
3 Front Street and American Street. How do we
4 tie it altogether.

5 With the decrease of funding, I want to
6 be able to pull that all together and I think
7 there should be a high level discussion of
8 where we really are, where we want to go so
9 that I have an opportunity to weigh in and
10 leverage the resources.

11 MR. GREENBERGER: You know, American
12 Street is a good example of a corridor that
13 at one end I think has been pretty successful
14 in attracting some small industrial
15 businesses. Another end is under lots of
16 other kinds of development pressure. We need
17 to -- I have to talk to you more about it.
18 We need to reconcile those things because the
19 pressure is for real. It might even be good,
20 but we have to be careful.

21 COUNCILWOMAN SANCHEZ: You know, my
22 time is up, but I do want get back to, as we
23 move forward around job creation, and you
24 know, I took notes around your envisioning.

1 While I agree with Council President, we want
2 the hospitals, the biotechs. All of those
3 require high level educational attainment and
4 are geared to people coming in. I want to
5 continue to go back to the conversation that
6 you mentioned, Alan, around manufacturing and
7 the story that was out.

8 Well, I hear that story from the
9 manufacturers every single day. We need
10 folks to act, and so in my next round, I want
11 to talk a little bit about this, because we
12 talk about work force development and
13 obviously the initiative the President has on
14 this job piece, we have left out of this
15 conversation Philadelphia Youth Network.

16 When I was in this business, I am going
17 to age myself now, 20 years ago, all of that
18 money was together; career training and
19 education, what Philadelphia Youth Network
20 has, what PWDC has, and what WIB has and
21 there was so much money during the Clinton
22 administration that we created all these
23 entities and now we need to go back because
24 you have four different entities impacting

1 work force development in the City and I am
2 not sure we are connecting those dots, and
3 manufacturing is one of those low hanging
4 fruits.

5 At any given time there is 500 to 700
6 jobs available in the manufacturing sector
7 that they can't find people for.

8 MR. GREENBERGER: I believe it.

9 COUNCIL PRESIDENT CLARKE: Okay. Thank
10 you, Councilwoman. Chair recognizes Council
11 Member Greene.

12 COUNCILMAN GREENE: Thank you, Mr.
13 President. A quick question about a specific
14 line item in your budget or a couple issues
15 and then I have broader questions about
16 economic development.

17 The proposed budget includes a new half
18 million grant for the Delaware River
19 Waterfront. A fairly big increase in this
20 budget climate. What will this \$500,000
21 fund?

22 MR. GREENBERGER: This is funding DRWC
23 general operations. It existed under another
24 budget prior and we moved it to Commerce

1 because I think there was a sense that it
2 probably more appropriately belonged here and
3 was just more visible.

4 COUNCILMAN GREENE: Where is it coming
5 from?

6 MR. GREENBERGER: It is coming from
7 general fund.

8 COUNCILMAN GREENE: No.

9 MR. GREENBERGER: Oh, which department
10 did it come from?

11 COUNCILMAN GREENE: Yes.

12 MR. GREENBERGER: I am pretty sure it
13 came from Public Property. You want to talk
14 to that?

15 MS. REINHARDT: Yes. Good afternoon,
16 Councilman. Rebecca Reinhardt, Budget
17 Director. The \$500,000 for the DRWC had been
18 given as a contribution of the City. So, it
19 hadn't been budgeted separately. So, we
20 wanted to budget it. We needed to budget
21 it. It was something that increases
22 transparency. So, it had been paid before,
23 but it wasn't in a specific budget.

24 COUNCILMAN GREENE: How is that

1 possible?

2 MS. REINHARDT: There are certain
3 contributions that are sometimes made out --
4 that are made as one-time payments out of the
5 budget and, you know, that is the historical
6 practice of it. They are smaller
7 contributions. But, again, this is something
8 that when I looked at it and said this is
9 something that we want to pay every year, it
10 needs to go into the budget line item. So,
11 it is something that we wanted to change.

12 COUNCILMAN GREENE: So, that's the
13 broader question for Mr. Greenberger. Why do
14 we want to pay this every year? What services
15 -- What is the City getting for \$500,000 to
16 the Delaware River Waterfront Corporation and
17 why are the dollars better spent there than
18 anywhere else that we might want to spend it,
19 like business attraction or something else?

20 MR. GREENBERGER: I think going back
21 several years now, we and the community as a
22 whole have invested a lot of time and
23 attention in creating a plan for the
24 redevelopment of the Waterfront and one of

1 the things that has to happen, particularly
2 in this environment, is that there need to be
3 entities or individuals who are actively
4 organizing development possibilities.

5 We do it in Commerce related to certain
6 specific areas like Market East and North
7 Broad the Waterfront Corporation is the
8 entity that can do it specifically related to
9 the Waterfront, sites like Spring Garden, the
10 Festival Pier site, Penns Landing site. They
11 are in a position to be promoting, organizing
12 development, organizing investments that have
13 to be made and properties to make them ready
14 for development. That is part of what our
15 money is paying for.

16 COUNCILMAN GREENE: I'm sorry. It seems
17 to me that \$500,000 wouldn't nearly cover
18 investments in properties that need to be
19 made.

20 MR. GREENBERGER: No, no. It's not --

21 COUNCILMAN GREENE: So, the question
22 is, what is \$500,000 that we are giving to
23 them going to be used specifically for?

24 MR. GREENBERGER: It is to cover to

1 staff time necessary to create development
2 possibilities.

3 COUNCILMAN GREENE: What is "create
4 development possibilities"?

5 MR. GREENBERGER: Well, for example, we
6 have a very strong interest in seeing the
7 Festival Pier site redeveloped, but that
8 requires -- that is not something you can put
9 out as an RFP. That site requires some
10 further enhancement because half of it is a
11 pier structure, half of it is on fast land.
12 There is management time, study time,
13 organization time that has to be done by
14 somebody.

15 COUNCILMAN GREENE: How much of the
16 \$500,000 will be spent on that project?

17 MR. GREENBERGER: I don't know. It's
18 not apportioned that way. I don't know.

19 COUNCILMAN GREENE: Okay. I'd like to
20 know how that \$500,000 is gonna be spent as
21 compared to their entire budget and where
22 their budget comes from. I guess we will deal
23 with that on a call back if you don't have
24 the answers today.

1 MR. GREENBERGER: Okay.

2 COUNCILMAN GREENE: The PIDC loan
3 program. I guess this would be on
4 Greenberger testimony Page 1, OHCD Year 28
5 consolidated plan presentation to City
6 Council. On Page 2. Your testimony indicates
7 that PIDC administer several business loan
8 programs on behalf of the City.

9 My understanding is that the upcoming
10 OHCD consolidated plan includes a 6.7 million
11 reduction in prior resources/program income
12 due to various issues with PIDC loan
13 programs, including tracking of outstanding
14 balances and available resources.

15 Can you walk us through how Commerce
16 exercises oversight over the PIDC loan
17 programs, PIDC administers for the City? How
18 did this issue with PIDC, which I understand
19 to be a situation of PIDC loaning out more
20 than it was taking in arise, and what
21 measures is Commerce put in place to make
22 sure that this wouldn't happen again?

23 MR. GREENBERGER: Why don't we start by
24 asking John Grady to come up here and talk

1 about what is happening, if I might.

2 COUNCILMAN GREENE: Actually, I'd like
3 to know how Commerce -- The first question,
4 was how does Commerce exercise oversight of
5 PIDC loan programs PIDC administers for the
6 City? So I think that is a question
7 Mr. Grady can't answer.

8 MR. GREENBERGER: Okay, I'll start with
9 that. There are two ways. One is that the
10 Board, Executive Board of PIDC, which
11 consists of 15 people; seven appointed by the
12 Mayor, eight by the Chamber of Commerce. I
13 serve on that Board as well as several
14 others, people in leadership in the City,
15 that is the body that is reviewing and
16 approving every loan that PIDC makes.

17 It first goes through a loan committee,
18 then it comes to the executive committee for
19 approval. In fact, one of the those meetings
20 is today. So, every loan comes before that
21 group, half of which is nominated half of
22 which is appointed by the Mayor. The other
23 way to do it --

24 COUNCILMAN GREENE: That is not

1 Commerce Department oversight, that is your
2 vote on a seven member board. What is
3 happening at the Commerce Department to
4 review this as compared to the loan funds
5 available, et cetera, before your taking a
6 vote up on down or a particular loan?

7 The question isn't about how individual
8 loans are issued. The question is about
9 overall supervisory role the Commerce
10 Department is playing and what you described
11 was how loans are actually approved or not
12 approved, which is a different question than
13 the question asked.

14 So, what is Commerce doing to supervise
15 and make sure the loan program is complying
16 with having the money necessary and available
17 complying with the rules, et cetera?

18 MR. GREENBERGER: I think the most
19 critical thing we do is we monitor, obviously
20 with PIDC's support and assistance, the loan
21 program as a whole, particularly the small
22 business loan program and I can share with
23 you spreadsheets on those loan programs. But
24 we are monitoring and looking for, are we

1 making enough small business loans? Is it
2 geographically --

3 COUNCILMAN GREENE: Sir, that is not
4 the question how in terms of how the program
5 is operating and who it loans money to.

6 The question is, what is the oversight
7 to make sure that, for example, they are not
8 lending more money out than they are actually
9 taking in, which was the case? So, who in
10 the Commerce Department is responsible for
11 this oversight; what person?

12 MR. GREENBERGER: I would say that that
13 is largely the oversight of our -- a
14 combination -- it is mostly the oversight of
15 our of development side, Dwayne Bum.

16 COUNCILMAN GREENE: Dwayne Bum is
17 responsible for the oversight?

18 MR. GREENBERGER: I wouldn't want to
19 tag him with that exclusively. It resides
20 with me as well.

21 COUNCILMAN GREENE: But, in your answer
22 to the question, you, basically, said you
23 relied on the resources of PIDC to tell you
24 what is happening in the program.

1 MR. GREENBERGER: That's correct.

2 COUNCILMAN GREENE: Doesn't that really
3 mean that PIDC is monitoring itself?

4 MR. GREENBERGER: To --

5 COUNCILMAN GREENE: That is the reason
6 that this went on for a long time?

7 MR. GREENBERGER: That's why I would
8 like to have John talk about this before I
9 assume that what you are saying is in fact
10 the situation that you are asking me to
11 respond to.

12 COUNCILMAN GREENE: Well, I just want
13 to get on the record that there is no
14 oversight in the Commerce Department, that
15 PIDC was monitoring itself and that's how
16 this problem was created. I think we have
17 established that.

18 The next question that I asked was --
19 it is not the next question but I will ask it
20 now. What measures are you putting into
21 place at the Commerce Department to ensure
22 this won't happen again, that does not rely
23 on the entity that is responsible for loaning
24 these funds to the City?

1 MR. GREENBERGER: The reason I am
2 hesitating is I am not sure if I agree with
3 th premise that there is a problem. That is
4 why I would like to have Mr. Grady speak to
5 what you say is the essential problem here.
6 Can I do that?

7 COUNCILMAN GREENE: Certainly. Mr.
8 Grady, how did the issue with PIDC, which I
9 understand to be a situation of the PIDC
10 loaning out more than it was taking in,
11 arise?

12 MR. GRADY: I am not sure about the
13 specifics of the situation you are
14 referencing. I would be happy to find out
15 more. Sounds like maybe you are referring to
16 our revolving loan program, which is funded
17 with CDBG dollars.

18 COUNCILMAN GREENE: Yes. It's is OHCD's
19 Year 28 Consolidated Plan Presentation to
20 City Council, Page 2 that describes this
21 situation.

22 MR. GRADY: I apologize. I don't have
23 that in front of me. I think what you are
24 referring to is our kind of normal routine

1 revolving loan program where we are receive
2 OHCD, CDBG grant dollars, lend those out to
3 businesses, receive repayments and those
4 repayments continue to revolve to fund the
5 new loans.

6 I don't think there's ever been a
7 situation that I am aware of where we have
8 lent more money than we have. We are always
9 managing our cash flow in terms of repayments
10 and what commitments are made and we fund
11 those commitments as they become due.

12 I think particularly as it relates to
13 oversight, PIDC does an audit every year.
14 Those audits are submitted to the City. We
15 provide regular reporting to the City on the
16 status of the CDBG program. We make budget
17 requests on an annual basis, as all the other
18 organizations who use CDBG funds.

19 So, I think there is a significant
20 amount of oversight, but if there is some
21 specific problem that I am not aware of.

22 COUNCILMAN GREENE: So, we have had
23 money available sort of on a regular basis
24 every year to make available for this

1 revolving a program, which is taking a big
2 hit this year because repayments are less
3 than anticipated because either the loans
4 were poorly -- the recipients were poorly
5 chosen, which is either the responsibility of
6 PIDC or Commerce, or some other thing.

7 But we have 6.7 million dollars less
8 available because we have a repayment problem
9 and it is my understanding that someone in
10 the Commerce Department actually did discover
11 this problem or we wouldn't have been in this
12 situation today.

13 MR. GRADY: I'm sorry, I think you are
14 referring to over the course of this program,
15 which has been in existence for 30 some years
16 at this point, certain loans go bad. Certain
17 projects are unable to meet their debt
18 service and we are required to try and make
19 up that bad loan. Typically, we are able to
20 do that through the revolve dollars and not
21 through new allocation that comes into the
22 program.

23 So, is there less to lend out?
24 Absolutely there is less because we have to

1 make up for that bad loan and there is 6
2 million dollars, sounds like, in a portfolio
3 that is 30 some years old, a number that is
4 probably fair for bad loans. I think part of
5 --

6 COUNCILMAN GREENE: All in one year?

7 MR. GRADY: No, those loans weren't
8 made in one year.

9 COUNCILMAN GREENE: I understand, but
10 they did all go bad in one year --

11 MR. GRADY: No, they tend to be long
12 term loans.

13 COUNCILMAN GREENE: -- or did we just
14 catch up with the fact that they were never
15 going to be repaid in one year because we
16 haven't been monitoring and accounting it
17 properly?

18 MR. GRADY: No, we monitor the
19 information on a regular basis. It is
20 regularly reported to the City.

21 COUNCILMAN GREENE: So we got 6.7
22 million dollars less in loan repayments last
23 year than we anticipated? Because otherwise
24 what we did was recognize bad repayments over

1 a period of years in one year. That is
2 really the question.

3 MR. GRADY: I don't know if that is the
4 case. I'd be happy to sit down with the and
5 review it.

6 COUNCILMAN GREENE: That is our
7 understand of the case and so we can deal
8 with it on call backs after you had a chance
9 to take a look at it. Thank you. I have
10 some more questions, but I will come back.

11 COUNCIL PRESIDENT CLARKE: Thank you,
12 Councilman. Chair recognizes Council Member
13 Goode.

14 COUNCILMAN GOODE: Thank you, Mr.
15 President. Believe it or not, I am not as
16 concerned with the City wide participation
17 goals as you might think. For the reason
18 that City wide participation goals are made
19 up of departments reaching those goals and if
20 you don't reach a City wide goal, sometimes
21 because certain departments are not
22 practicing diversity they should. Sometimes
23 departments don't reach those goals
24 particularly because covered projects and

1 contracts don't reach those goals.

2 So the approach we take now actually is
3 initiated by Council President, is
4 utilization of economic opportunity plans.
5 So, for the record, can you state what
6 contracts and projects require economic
7 opportunity plans?

8 MR. GREENBERGER: I believe the answer,
9 I can give, through the Chair, give you a
10 spreadsheet on this that we have available to
11 you. The answer is everything that requires a
12 Council action requires an economic
13 opportunity plan.

14 COUNCILMAN GOODE: That is not
15 correct.

16 MR. GREENBERGER: Then please correct
17 me.

18 COUNCILMAN GOODE: Grants and financial
19 assistance non-committed bid contracts City
20 funded development project contracts.
21 Everything in between \$250,000. That is what
22 the code says.

23 MR. GREENBERGER: I stand corrected.
24 Sorry.

1 COUNCILMAN GREENE: So, you will never
2 reach a departmental goal or contract area
3 goal or City wide goal unless the goal
4 setting is correct within those covered
5 projects and contracts.

6 So, I am more concerned about the goal
7 setting at the most basic level in terms of
8 contract and project. That is really where I
9 am going with this. For the overall goals,
10 you see availability. It does not match
11 utilization. Then the threat is that the
12 goal setting, the basic level in terms of
13 contracts and projects may not be as
14 aggressive either.

15 For example, let me bring up the Temple
16 project. As we were considering legislation
17 on Economic Opportunity Review Committee, we
18 had a number of witnesses bring up what was
19 not happening to the Temple project and
20 Economic Opportunity Plan for that project.

21 MR. GREENBERGER: Which one are we
22 talking about at Temple?

23 COUNCILMAN GOODE: Yes.

24 MR. GREENBERGER: Is it the current

1 residents?

2 COUNCILMAN GOODE: Yes.

3 MR. GREENBERGER: Thank you.

4 COUNCILMAN GOODE: Ms. Dowd-Burton is
5 very familiar with it. After the hearing, I
6 actually went to a luncheon where I ran into
7 Ken Lawrence from Temple and I sat next to
8 Ms. Dowd-Burton for lunch, and we discussed
9 the Temple project and what might be done to
10 intervene.

11 So, before you get to what is going to
12 be accomplished in terms of departments or
13 City wide, what is being done to intervene on
14 that specific project?

15 MS. DOWD-BURTON: Thank you for your
16 question, Councilman. We have had a
17 conversation with the leadership at Temple
18 University and we will be launching the
19 Oversight Committee within the next few
20 weeks. We have received their Economic
21 Opportunity Plan Goals and the status of the
22 project up to this date. We have, I can
23 report for you their --

24 COUNCILMAN GOODE: So, the project was

1 started without the Economic Opportunity Plan
2 being implemented?

3 MS. DOWD-BURTON: No, the plan had been
4 implemented. It was being tracked. They had
5 not activated the Oversight Committee. So I
6 can review with you the results that we
7 currently have, if you are interested.

8 COUNCILMAN GOODE: Is the answer to
9 your question that you are activating the
10 Oversight Committee?

11 MS. DOWD-BURTON: The Oversight
12 Committee --

13 COUNCILMAN GOODE: I asked what is
14 being done to intervene. Is the answer to
15 that question you're activating the Oversight
16 Committee?

17 MS. DOWD-BURTON: Yes, that's correct.

18 COUNCILMAN GOODE: It is not good
19 enough for me.

20 When will the Economic Opportunity
21 Review Committee be convened, because I don't
22 believe Oversight Committees work as well you
23 do. So, my question now is, a separate
24 question.

1 When will you convene Economic
2 Opportunity Review Committee?

3 MS. DOWD-BURTON: When we have a chance
4 to finalize the individual calenders that
5 have been invited to attend. We have --

6 COUNCILMAN GOODE: You only need a
7 quorum?

8 MS. DOWD-BURTON: That's correct. So
9 we are waiting for Mr. Pete Matthews to get
10 back to us. He has a formal invitation
11 through e-mail. I have talked to his staff.
12 We're also waiting for Cathy Scott to get
13 back to us. She has a formal invitation as
14 well. Varsidia, (ph) who is head of --

15 COUNCILMAN GOODE: Hispanic.

16 MS. DOWD-BURTON: -- Hispanic chamber
17 was traveling last week. So we are waiting
18 for her to get back to us.

19 COUNCILMAN GOODE: What is your target
20 date to convene it?

21 MS. DOWD-BURTON: May. Sometime
22 towards the end of May. We also have --

23 COUNCILMAN GOODE: Towards the end of
24 May?

1 MS. DOWD-BURTON: Towards the end of
2 May. If they are not available --

3 COUNCILMAN GOODE: Why towards the end
4 of May?

5 MS. DOWD-BURTON: I am trying to give
6 them enough time to build on their calendar.
7 So, it is just pay matter of coordination.
8 That is all. And then Steve Bradley who is
9 head of or Chair of African-American Chamber
10 has agreed to personally serve.

11 COUNCILMAN GOODE: Towards the end of
12 May is a problem for me.

13 MS. DOWD-BURTON: What is your
14 preference?

15 COUNCILMAN GOODE: I would shoot for
16 mid-May, at the latest, which is a month from
17 now. I am not sure how many people schedule
18 much more than a month from now.

19 MS. DOWD-BURTON: Okay.

20 COUNCILMAN GOODE: Today's date is
21 April 10th. There is no reason why it can't
22 be convened within a month. There is no
23 reason why it would take 50 days.

24 MS. DOWD-BURTON: Okay. We will be

1 happy to schedule it for that time frame.

2 COUNCILMAN GOODE: The last quick
3 question is before the Review Committee is
4 convened, how should inquiries and grievances
5 be handled?

6 MS. DOWD-BURTON: I'm sorry, how should
7 what?

8 COUNCILMAN GOODE: Inquiries and
9 grievances be handled.

10 MS. DOWD-BURTON: Until the -- they can
11 certainly -- My door is always open. I host
12 meetings with the contracting community on
13 the third Wednesday of every month from 6:00
14 to 8:00 p.m. and I also have been doing
15 business with the City of Philadelphia on the
16 fourth Wednesday of every month from 2:30 to
17 4:00. Not to mention that I am in my office
18 and returning my calls when I get them.

19 COUNCILMAN GOODE: But aside from that,
20 they can just show up at some point in May
21 and bring their grievances?

22 MS. DOWD-BURTON: Absolutely.

23 COUNCILMAN GOODE: Thank you. Thank
24 you, Chairman.

1 COUNCILMAN JONES: Thank you,
2 Councilman. The Chair recognizes
3 Councilwoman Brown.

4 COUNCILWOMAN BROWN: Thank you very
5 much. I want to say thank you to those
6 departments that provided a demographic
7 breakdown of their departments.

8 What percentage of Department of
9 Commerce is grant funded and what percentage
10 is civil service?

11 MR. GREENBERGER: Good question.

12 COUNCILWOMAN BROWN: Let me be more
13 specific.

14 MR. GREENBERGER: Go ahead.

15 COUNCILWOMAN BROWN: The leadership
16 deputy mayor.

17 MR. GREENBERGER: Well, I know I am
18 general fund, but let me get to the page. Let
19 me get my notes straight here. I'm sorry.
20 Bear with me. I should have anticipated.

21 COUNCILMAN JONES: While you do that,
22 for those people who are here for the later
23 hearing, such as Community College, we will
24 be taking a break after this panel and we

1 will reconvene after the break. So, we know
2 pretty much we won't be getting to them until
3 about 3:00 so, you are safe if you would like
4 to go and come back or you are more than
5 welcome to stay.

6 MR. GREENBERGER: Just sort of checking
7 off boxes here. There are Deputy Mayor,
8 Senior Commerce Director, Chief Operating
9 Officer, Head of OEO, Head of our Development
10 Division, John Monlack, (ph). Sorry I am
11 just scanning names here. Head of our office
12 of Business Services all funded on the
13 general fund.

14 COUNCILWOMAN BROWN: It says here on
15 Page 5 of your testimony, Department of
16 Commerce Senior Leadership at the Deputy
17 Mayor and Deputy level is 100 percent male.

18 MR. GREENBERGER: That's correct. That
19 is three of us. Kevin Dow, myself, and
20 Dwayne Bum.

21 COUNCILWOMAN BROWN: Are those all
22 appointed positions?

23 MR. GREENBERGER: Those are all
24 appointed positions, yeah.

1 COUNCILWOMAN BROWN: So, my follow-up
2 question would be, women's history month is
3 over but I live it every day, is how does
4 that happen in the City that's majority
5 women?

6 MR. GREENBERGER: I can't tell you that
7 it is by design. These are the people that
8 have been selected. I was selected by the
9 Mayor. Kevin was here, Dwayne was here when
10 I assume the Directorship of Commerce.

11 COUNCILWOMAN BROWN: Moving now to the
12 discussion of bids with the Procurement
13 Department. On the City's website where
14 current bids are listed, is there a listing
15 of advertisements referring to the closing of
16 pre-qualification time periods?

17 You should know that this issue or
18 concern has been raised by a couple of
19 constituents who have come to my office
20 confused about the whole bid qualification,
21 pre-qualification bid meeting process.

22 MS. DOWD-BURTON: Councilwoman, the
23 Community Commissioner is approaching.

24 MR. ORTMAN: For the record, my name is

1 Hugh Ortman, Procurement Commissioner. I am
2 going to have to ask the Councilwoman to just
3 repeat her question please to make sure I
4 heard it correctly.

5 COUNCILWOMAN BROWN: Surely. I am going
6 to try to relay it as accurately as it was
7 given to make because it's filtered, when,
8 you know, convey issues raised by others.
9 The broader issue is the manners in which our
10 City conducts prebid meetings,
11 pre-qualification meetings and the manner in
12 which we share that information on the
13 website. Talk about what exists. What is.

14 MR. ORTMAN: Are you talking about a
15 particular type of contract?

16 COUNCILWOMAN BROWN: This was related
17 to advertisement, prebid.

18 MR. ORTMAN: For Boards, for SSA, for
19 --

20 COUNCILWOMAN BROWN: Forgive me?

21 MR. ORTMAN: Was it for Public Works
22 contracting, contract?

23 COUNCILWOMAN BROWN: Let's say it was.
24 Tell me what happens.

1 MR. ORTMAN: Well, the date on the
2 website is the date for the pre-qualification
3 questionnaires to be submitted.

4 COUNCILWOMAN BROWN: So, do you circle
5 back to alert both reviewing the website that
6 a particular bid is no longer going to apply
7 or exist? When you make a decision that you
8 are no longer going to follow through or
9 execute that particular bid notice, do you
10 circle back on the website to alert those
11 reviewing it of that new reality; that
12 there's been a change?

13 And here is why I ask. There have been
14 a couple of instances where those who were
15 interested applied, do the homework, do the
16 du diligence, only to discover that you are
17 no longer considering it again.

18 So, I guess the challenge is accurate
19 timely current information on the website.

20 MR. ORTMAN: If you are talking about a
21 particular contract, I would have to look in
22 to that. But, yes, the website is as
23 up-to-date as we can make it. Although it's
24 relatively old and we are working on

1 replacing it. We do have as much information
2 as possible.

3 COUNCILWOMAN BROWN: I'm so sorry. I
4 heard two different answers in that one
5 answer. It's "up-to-date", but it's
6 "relatively old."

7 THE WITNESS: The information is
8 up-to-date, the system itself is relatively
9 old.

10 COUNCILWOMAN BROWN: Okay. Then what I
11 am going to do is refer this constituent
12 directly to you so that the connect can
13 happen and they don't have to get jumped
14 around 15 different departments.

15 MR. ORTMAN: That's fine.

16 COUNCILWOMAN BROWN: If you would guide
17 them and show them how they can honor
18 whatever is on the website and do it in a way
19 where they don't end up wasting their
20 time. Small business don't have a lot of
21 time when they are trying to get new
22 opportunities.

23 THE WITNESS: I will be happy to.

24 COUNCILWOMAN BROWN: I will circle back

1 in the next round. Thank you, Chair.

2 COUNCILMAN JONES: Thank you,
3 Councilwoman. I'm not gonna do that to her.
4 We had a plot to call on Councilman Greene
5 right now then pass him by so we can all go
6 to lunch. But, I can't do that to him. It was
7 conspired upon by freshman and veterans
8 alike.

9 MR. GREENBERGER: As long as you are
10 not blaming us.

11 COUNCILMAN JONES: I would like to ask
12 a couple questions very quickly. In light of
13 the fact that the oil refinery in South
14 Philadelphia is about to close it hearkens
15 the issues of reuse of industrial parcels in
16 Philadelphia and I wanted to get a game plan
17 for, a, that particular parcel, if there is
18 one, but other parcels such as the American
19 Street and other parcels around the City.

20 In light of the fact that I am hearing
21 the manufacturers say that manufacturing is
22 back. I am hearing the President say
23 manufacturing, we are gonna compete head up
24 with India and China and other places.

1 What is our strategy as Philadelphia in
2 that kind of complex manufacturing post
3 Rusbel (ph) phase?

4 MR. GREENBERGER: I am gonna ask John
5 to come back up here as well because I want
6 him to comment, but there are a number of
7 questions imbedded in there. Let me see if I
8 can take a few of them on.

9 First of all, about the Sunoco
10 Refinery, you have probably read this in the
11 paper. There are several people who have
12 expressed interest in acquiring the refinery
13 to continue to run it as a refinery. Whether
14 it is exactly running it as a refinery with
15 the same -- and this is where I am little out
16 of my league on this one because it is
17 related to oil technology. Whether it is
18 with the same type of oil, I think it's what
19 different types of oil that potentially could
20 be made available to this refinery. That
21 interest is there. Sunoco is working very
22 closely with the State. John has been part
23 of meetings to monitor that and our hope is
24 that this is not a closure. That this is in

1 fact a sale.

2 COUNCILMAN JONES: I guess a friendly
3 amendment would be Camden Salvage Yard, for
4 lack of better representative.

5 MR. GREENBERGER: Camden Iron and
6 Metal?

7 COUNCILMAN JONES: Yeah. That is
8 leaving and relocating 200 jobs back to
9 Camden. What is the reuse for those types of
10 parcels? Is it a Brownsfield site now?

11 MR. GREENBERGER: Oh, yeah. They're
12 all Brownsfield site. I think the important
13 thing to know here is in the lower
14 Schuylkill, which does in fact go all the way
15 to where the Camden Metal and Iron was at the
16 foot of the Penn Rose Bridge there is several
17 thousand acres of either empty,
18 under-utilized, and in some cases like the
19 refinery, active industrial land. An awful
20 lot of it is way under-utilized. These are
21 industries that are no longer there.

22 PIDC Planning and Commerce have
23 partnered up through a Grant to do a new plan
24 for the lower Schuylkill that we are kind of

1 at the third to halfway point done and it's
2 specifically to figure out what types of
3 infrastructural investments need to be made
4 over the next generation that is gonna unlock
5 the potential of that land with a particular
6 eye towards its industrial capacity. One of
7 the problems, and John can speak to this a
8 bit, is that, you know, we think of
9 Philadelphia as having all this land
10 available, but in fact, the kind of
11 landholdings we need where we need them to
12 meet the needs of some modern industrial
13 purposes, like distribution, there are pretty
14 serious acreages.

15 You know, industry in the past tended
16 to be vertical. Modern industry isn't. It
17 needs more land, and those land parcels that
18 are under public control are not as extensive
19 as we would like, which creates an
20 availability problem for businesses that
21 might think that being here is a great idea,
22 particularly for distribution businesses,
23 because we are well-located.

24 COUNCILMAN JONES: I am sure Councilman

1 Johnson is gonna want to end the issue on
2 that, but whatever your preliminary findings
3 are now to give us an eye towards that kind
4 of thing because many of us, including the
5 newly minted Committee on International
6 Relations Chaired by Councilman Oh, are gonna
7 want to know the availability of land like
8 that is so that we can market Philadelphia as
9 on budsman on your behalf.

10 MR. GREENBERGER: Are you also familiar
11 with the Industrial Land Study that was
12 probably published in its final form a year
13 ago maybe?

14 COUNCILMAN JONES: Yes, but I would
15 like other members, there are six more of us
16 --

17 MR. GREENBERGER: We will make sure
18 that new copies are available and we will
19 brief you. We'll be happy to do a briefing on
20 the progress of the lower Schuylkill plan.

21 MR. GRADY: The only comment I would
22 add is --

23 COUNCILMAN JONES: State your name for
24 the record.

1 MR. GRADY: John Grady, President of
2 Philadelphia Industrial Development
3 Corporation. The only comment I would add,
4 is I think when we are talking about the
5 redevelopment of older industrial sites,
6 particularly vertical industrial sites, so,
7 there's been discussion about American
8 Street, we see this in Hunting Park, we see
9 this in North Philadelphia, we see it in
10 Kensington.

11 There is a serious economic imbalance
12 in the costs to either rehabilitate,
13 remediate, renovate those structures for
14 other uses or the costs to remove those
15 structures and allow new uses to come in
16 behind them.

17 I think where PIDC and the Commerce
18 Department focus a lot of attention and
19 resources is where can we allocate
20 particularly financing resources and Grant
21 resources from other levels of Government to
22 help undo that economic disincentive. So, we
23 are seeing a lot of retail development on
24 former industrial complexes. Baker Center

1 Project in Hunting Park is a good example,
2 Allegheny West.

3 I have a board meeting this afternoon
4 where we are gonna approve three transactions
5 where existing manufacturers are acquiring
6 existing older industrial complexes and
7 expanding their production and distribution
8 operations into those complexes.

9 I think we are always trying to
10 maximize, particularly those lending
11 resources to make that transition either from
12 one industrial use to another or to an
13 entirely different use, more friendly to the
14 market and to encourage more demand.

15 COUNCILMAN JONES: So, having said
16 that, in that particular area, what do you
17 envision? I know Pittsburgh had a similar
18 circumstance where they went from an iron
19 steel industrial center of the world and then
20 had to remediate Brownfield.

21 Do we still have the same resources
22 available to us as Pittsburgh had to kind of
23 reclaim that land, and if so, who are we
24 targeting for that land? Is there a

1 marketing game plan. If indeed we are one
2 day's truck drive from the rest of -- one
3 third of the nation's population are we
4 strategically going after distributors?

5 It's my understanding in my other life
6 as an economic development practitioner, that
7 we have under-utilized things like hardwoods,
8 that we have -- Pennsylvania has a surplus of
9 over 80 species of hardwood, which China has
10 a need for, and that a distribution system
11 could be developed, or if we are talking
12 about the unfortunate development of the gas
13 reserves, are we building pipelines?

14 Are we thinking about those kind of
15 things that can be shipped out of our
16 shipyard, and because of the proximity to
17 that site, that is a strategically perfect
18 site. I would love to get the cocoa beans
19 out of the old ACME warehouse, move them down
20 to a place like that so they would be closer
21 to the shipping.

22 Who is running this kind of vision? In
23 the study that you are halfway completed, are
24 we seeing anything that suggests things that

1 we could start to do now?

2 MR. GREENBERGER: Yeah, and the
3 instances, unfortunately, Council, the
4 instances that are coming to mind are not
5 really ones that I can really talk about
6 because I don't want to sort of mess up
7 anything --

8 COUNCILMAN JONES: Okay. I'll take
9 that.

10 MR. GREENBERGER: -- that are
11 potentially out there.

12 COUNCILMAN JONES: Okay, if you are
13 telling me we are getting to get rid of the
14 old ACME site and cocoa beans, I won't say
15 anything. I won't tell anyone.

16 MR. GREENBERGER: I think your point
17 about distribution in particular is
18 important. This is a good place from which
19 to distribute, there is a lot of logistics
20 involved and there is a lot of land
21 development. There are both storm water
22 management issues, hazardous material issues,
23 that have to be reckoned with in any older
24 industrial environment, which is what we

1 have. These present problems.

2 You know, we have had inquiries about
3 some distribution facilities, for instance,
4 in the lower Schuylkill. They are
5 significant. I can't say for sure that
6 they're gonna happen or not happen. These
7 deals take an amazingly long time to gel. I
8 mean, of course once they do gel, everybody
9 has to get it done tomorrow.

10 COUNCILMAN JONES: I don't want to
11 speak out of school, but I am sure Councilman
12 Johnson is gonna be looking to hear about
13 these, and I am sure that he will be joined
14 by Councilwoman Sanchez and myself and others
15 who have industrial reuse issues, to look at
16 how we are planning to take advantage of
17 land. God is not making any more land, at
18 least not to my knowledge.

19 We want to see the best and highest use
20 for the land that Philadelphia has
21 available.

22 MR. GREENBERGER: Thank you. We want
23 to take advantage of that. I just would add
24 from our side, before we even bring some of

1 these particular opportunities forward, let's
2 say to Council, we need to make sure that
3 they are for real because, needless to say,
4 we get a lot of things put in front of us
5 that turn out to be not for real.

6 COUNCILMAN JONES: We here don't want
7 to spook them with our involvement, but we
8 are anxiously anticipating putting more
9 businesses, more land on the tax rolls.

10 MR. GREENBERGER: Absolutely agreed.

11 COUNCILMAN JONES: That is our focus
12 here, to put more people back to work. Chair
13 now recognizes Councilman Oh.

14 COUNCILMAN OH: Thank you, Mr.
15 Chairman. I want to now just return to our
16 conversation and to say that I do think that
17 this issue of a big vision, big leadership,
18 and at least the bold effort to try to put
19 something very significant in our City for
20 its future is important.

21 I looked at the 2035 plan as a capital
22 plan and see missing from it the physical
23 structures that would indicate a City has
24 planned its growth around the new economies

1 and about its future, and I believe that is
2 because the 2035 plan is, basically, based on
3 a limited amount of money to somewhat upkeep
4 the City as opposed to a bold vision of
5 creating new sections, upgrading,
6 modernizing, putting high tech in to make our
7 City competitive within our region and
8 globally.

9 In terms of a big picture team, do you
10 need more money? Do you need more staff?
11 What do you need?

12 MR. GREENBERGER: If somebody is
13 offering more money or staff, I am taking it,
14 but I would not actually start with that as
15 -- I would not start with that as the ask, I
16 guess. I think what I would say is that, you
17 know, this is a hard thing. We all sort of
18 live in the weeds, as it were, trying to get
19 things done, but I think the -- The answer to
20 your question, for instance, about a big
21 vision, and maybe we gave it short notice
22 here. This lower Schuylkill business is a
23 very, very, big deal. John and I have been
24 talking about this for probably a

1 year-and-a-half before we got the grant money
2 to execute it.

3 It's not simply looking for places to
4 have, you know, the next distribution place
5 for company X. This is about trying to find
6 a big environment that we can make available
7 for the commercialization of research that we
8 are very, very strong in in this City and
9 that stuff is not getting commercialized
10 here. Not sure if it's exclusively a problem
11 of land, it's also a problem of venture
12 capital, entrepreneurial cultures. A whole
13 bunch of things that come in to play, but we
14 think there are potential partners out there
15 from the research side that have a very deep
16 interest in helping us figure out how to
17 commercialize.

18 So, when we started talking about the
19 lower Schuylkill, the vision wasn't just,
20 little more industrial stuff here and there.
21 It was really about creating a four mile
22 stretch between the airport, which is a
23 powerful economic engine, the Universities,
24 the Center City, and the Navy Yard and

1 creating a continuous strip where if you were
2 to drive from the airport up to the center,
3 you would see research being done. You would
4 see commercialization. You would see
5 miscellaneous industry.

6 It's a very powerful idea that is going
7 to take push from a lot of different
8 directions and probably, by the way, because
9 I know this is of interest to you, I think it
10 is also going to take partnerships with
11 international companies, because these things
12 ideally, yes, would happen through an
13 all-American system, but in this world, we
14 will probably engage others also well.

15 So, this is also about putting
16 Philadelphia more on this international map
17 and making this an attractive place for
18 technology investment in particular.

19 COUNCILMAN OH: In terms of the things
20 that we can do today, obviously issues about
21 tax reform, deregulation and regulation and
22 also the issues of using, for example, empty
23 school buildings to put those incubators and
24 other things.

1 Is there a current strategy or plan to
2 deal with the fact that in between this
3 creative entity, the lack of funding before
4 they get to success or to invest in
5 Philadelphia's new, state-of-the-art
6 technology with our university and whatnot
7 that we are gonna build?

8 What do we have for them in the
9 immediate future?

10 MR. GREENBERGER: I think the most
11 immediate thing that I mentioned before is
12 the potential of putting together a fund that
13 doesn't appear to exist in the City to help
14 these start-up operations get from step one,
15 which is their own money, to step three,
16 which is true venture capital and, you know,
17 what is often referred to as angel investing.

18 I think there is a real opportunity
19 here. There are some models out there that
20 have been done at State levels in Ohio and
21 Michigan that we have been paying attention
22 to. We are talking to foundations about
23 being able to participate in this and I
24 think, it may not be tomorrow's answer, but I

1 do think that this is within reach.

2 COUNCILMAN OH: I think Councilman
3 Greene is gonna talk about that a little
4 further.

5 COUNCILMAN JONES: We're gonna talk
6 about that after our break because you guys
7 have worn our stenographer out and she has to
8 take a break. So, we are gonna take a break
9 until 3:00. We are going to start promptly.
10 It does not mean 3:10, it does mean 3:05. At
11 3:00 we will start. So, we will reconvene at
12 that time. Thank you.

13 (Whereupon, a break was taken.)

14 COUNCILMAN JONES: I don't see
15 Councilwoman Sanchez yet. She will resume her
16 place back in line, but Councilman Green is
17 up next.

18 COUNCILMAN GREEN: Thank you, Mr.
19 Chairman. People have made different
20 references to a business attraction plan or a
21 plan to attract businesses, et cetera. Is
22 there a written business plan to attract
23 businesses to the City of Philadelphia?

24 MR. GREENBERGER: No.

1 COUNCILMAN GREEN: I am sorry?

2 MR. GREENBERGER: No.

3 COUNCILMAN GREEN: No. And, so, how do
4 we decide what is prioritized on a
5 year-over-year basis, on a month-to-month
6 basis, and on a day-by-day basis?

7 MR. GREENBERGER: I am sorry. You were
8 finishing your sentence?

9 COUNCILMAN GREEN: No.

10 MR. GREENBERGER: I am sorry. I didn't
11 hear it right. I probably shouldn't have
12 given such a simple answer, because it's
13 probably a little more complicated than
14 that. There are, for example -- I apologize
15 for repeating myself.

16 There is this idea about attracting
17 businesses that are in the suburbs to open up
18 offices in the City. That is a very specific
19 strategy that I described earlier in
20 testimony. We have got a list of about, I
21 think about 20 businesses that are, kind of,
22 natural candidates, given the kind of
23 business they are and where their, sort of,
24 replenishment of talent is likely to be,

1 mostly from younger people.

2 COUNCILMAN GREEN: What is the industry
3 you are focused on?

4 MR. GREENBERGER: Technology is an
5 important one, because those are -- that is
6 the industry that is most reliant on young
7 talent. It's a little bit different when you
8 start to get in to other sectors. Like, for
9 instance, a farmer is a little bit
10 different. Some businesses, they rely less
11 on talent, they rely a little bit more on
12 actually, in a way, sort of taking from each
13 other, and they are doing it at generally
14 higher levels and people are more used to
15 long-term -- long distance commuting. So,
16 not as good a version there.

17 There is, however, a story there and
18 that is that they do, however, a lot of the
19 farmers, rely on the research that is being
20 done. They are taking --

21 COUNCILMAN GREEN: The question really
22 is not about sort of --

23 MR. GREENBERGER: Anyway --

24 COUNCILMAN GREEN: -- what they are

1 doing themselves. The question is about what
2 the Commerce Department is doing --

3 MR. GREENBERGER: I understand.

4 COUNCILMAN GREEN: On a year-over-year
5 basis. So, for these 20 -- So, somebody
6 identified 20 businesses.

7 MR. GREENBERGER: Right.

8 COUNCILMAN GREEN: How did that
9 happen?

10 MR. GREENBERGER: We did that jointly
11 with PIDC. We said we think this is a good
12 idea. We think it has some play. We
13 identified businesses and we are methodically
14 going through and talking to them. Going out
15 visiting them, saying this is something you
16 ought to be thinking about.

17 COUNCILMAN GREEN: You said PIDC is
18 primarily our business attraction arm. What
19 mandate have they been given?

20 MR. GREENBERGER: I am sorry, how --
21 What?

22 COUNCILMAN GREEN: What mandate have
23 they been given? What do they do when they
24 are not with you visiting these 20

1 companies?

2 MR. GREENBERGER: Oh, sorry. Okay. I
3 didn't understand what you said. They're --
4 They get -- First of all. I mean, they are
5 --

6 COUNCILMAN GREEN: Not from a
7 transactional perspective providing funding.
8 Business attraction.

9 MR. GREENBERGER: They now have a Vice
10 President, Ann Nevans, who, within the last
11 year, has been -- John has made, I think her
12 title is Vice President for Marketing and
13 Attraction. They are actively out there
14 pursuing things like industrial clients to
15 occupy both some of the property that they
16 own, the industrial lands that they own, but
17 also looking for other opportunities that may
18 not involve the land.

19 COUNCILMAN GREEN: There is separate
20 attraction for the Navy Yard. Is that that
21 person's responsibility?

22 MR. GREENBERGER: No, actually, that is
23 probably more vested -- I mean, she works
24 with them, but I think that is more vested in

1 the Navy Yard's Manager, Will Aggett. I
2 mean, I think they have to work together with
3 regularity, but I think we spend more time.

4 COUNCILMAN GREEN: So, what direction
5 do they have from the City as to -- this
6 person that has been appointed by John for
7 this purpose, what plan have they been given
8 by the City in terms of who to go after, who
9 to attract, why we want particular industries
10 and other things?

11 Is there anything in writing from the
12 City to the PIDC or this person that says
13 here is our one-year, two-year, three-year,
14 four-year goal for your business attraction
15 efforts? These are the industries we want you
16 to focus on, and this is why?

17 MR. GREENBERGER: The answer is, no.
18 There is not a plan in writing. There is an
19 active conversation pretty much every day.

20 COUNCILMAN GREEN: But, if you don't
21 start with something in writing, how do you
22 measure any kind of accomplishment against a
23 goal and the dollars that are being spent to
24 achieve that goal?

1 MR. GREENBERGER: Well, I will give you
2 an example of something that we do and you
3 can sort of take it as you like. For
4 instance, on hotels, we have very specific
5 goals about attracting new hotels to town for
6 very specific purposes and we've defined what
7 size hotels, what type hotels we want to do.
8 We're actively talking to hotel operators,
9 we're actively talking to developers trying
10 to get those particular projects to happen.

11 COUNCILMAN GREEN: Who is in charge of
12 that?

13 MR. GREENBERGER: We actually do it
14 jointly. Ann has been managing the data
15 flow.

16 COUNCILMAN GREEN: Ann?

17 MR. GREENBERGER: Ann Nevans of PIDC.
18 She manages the data flow, but, we actively
19 do this together.

20 COUNCILMAN GREEN: So, a lot of Ann's
21 time, at this moment, is spent on attracting
22 hotels?

23 MR. GREENBERGER: I think a significant
24 piece of it, because it's an important issue

1 for us to be able to augment the capacity of
2 the Convention Center by doing two things.
3 We need another, you know, sort of
4 headquarter hotel, kind of in the Loew's kind
5 of category. At least that.

6 So, we have been focusing on that. In
7 fact, there is --

8 COUNCILMAN GREEN: Is there any written
9 plan in writing with respect to hotels?

10 MR. GREENBERGER: No. We just, between
11 us, we know that that is exactly what we have
12 got --

13 COUNCILMAN GREEN: So, would you please
14 provide to the Chair what the measurable --
15 what the goals are you have for hotels.

16 MR. GREENBERGER: Sure.

17 COUNCILMAN GREEN: Do you have any
18 other industries or business types that you
19 have specific goals set for attracting them
20 into the City?

21 MR. GREENBERGER: Not in writing.

22 COUNCILMAN GREEN: Do you have any
23 goals that are set for it?

24 MR. GREENBERGER: Yes, we do. I can

1 put in writing the part about --

2 COUNCILMAN GREEN: I would like to know
3 what industries those are before we get
4 anything in writing. What industries do you
5 have specific goals for that are not
6 writing?

7 MR. GREENBERGER: I think the
8 technology industry, this is what I was
9 referring to. It's not the sole one, but it's
10 an important one. Probably the most important
11 one.

12 COUNCILMAN GREEN: So, what is our
13 unwritten goal with respect to a broad
14 category of technology industry? What does
15 that mean?

16 MR. GREENBERGER: I would like to get
17 at least three or four of these companies to
18 commit to having gateway offices in
19 Philadelphia.

20 COUNCILMAN GREEN: What does a gateway
21 office mean?

22 MR. GREENBERGER: A gateway office is
23 where they might stay in a suburban location
24 for the time being, or possibly forever, but

1 they will open up a facility in the City so
2 that they have a way of attracting younger
3 talent into their operation. These are
4 people who don't necessarily want to be
5 commuting to the suburbs, and our belief is
6 that if they do this and this thing has
7 staying power, these offices will grow here.
8 So, people will want to stay in them.

9 COUNCILMAN GREEN: So, next year, your
10 goal is by this time next year to have three
11 or four opening?

12 MR. GREENBERGER: I would like to see
13 three or four of them either --

14 COUNCILMAN GREEN: Gateway offices --

15 MR. GREENBERGER: -- either have done
16 it or actively committed to doing it.

17 COUNCILMAN GREEN: With how many people
18 in the gateway office?

19 MR. GREENBERGER: It is gonna vary from
20 firm to firm. We do not have a specific goal
21 on that. I mean, certainly we don't want
22 just a telephone and a data port.

23 What we see in talking to some of the
24 companies is that they are aware of the issue

1 and they also have key staff members who are
2 commuting now from the City who actually
3 would prefer to be back in the City
4 themselves.

5 So, we think there is a way of
6 populating these offices from their internal
7 ranks that exist now, as well as from new
8 talent that they are gonna have to bring in
9 to replenish people who are leaving.

10 COUNCILMAN GREEN: And if they don't
11 move their headquarters or their main
12 operations, of course the only taxes that
13 would be paid will be wage taxes of the
14 employees in the City?

15 MR. GREENBERGER: Well, that's right,
16 and to the extent that an employee already
17 lives in the City, the differential is small,
18 because they are already paying a wage tax at
19 a different rate.

20 COUNCILMAN GREEN: Right. So, in terms
21 of the costs of this program, for example,
22 you said that there are 20 companies that are
23 gonna visit this year.

24 MR. GREENBERGER: Mm-hmm.

1 COUNCILMAN GREEN: Or you have already
2 visited some. PIDC is bringing two or three
3 people to all these meetings. I don't know
4 how many people are going from your office.

5 MR. GREENBERGER: It is about two or
6 three from each side.

7 COUNCILMAN GREEN: Okay. So, between
8 four to six people are going to each of these
9 meetings, 20 places a year, at least three
10 quarters of a day getting out, meeting --

11 MR. GREENBERGER: Half a day, yeah.

12 COUNCILMAN GREEN: Half a day,
13 minimum?

14 MR. GREENBERGER: Mm-hmm.

15 COUNCILMAN GREEN: What is the cost of
16 all that compared to the three or four
17 gateway offices with potential employees? I
18 am asking this for a specific reason, because
19 I think if we put all of this on paper, we
20 might change our goals and re-prioritize,
21 based on where we are gonna get the biggest
22 bang for our dollar.

23 MR. GREENBERGER: Well, you might be
24 right, but I would also offer one other

1 thought, that you may not be able to write
2 out a convincing return on investment of
3 dollars spent, time spent, versus, let's say,
4 the size of an office that somebody opens,
5 but, but, you start a kind of set of Dominoes
6 falling about the culture of the City and
7 what kind of businesses want to be here.

8 COUNCILMAN GREEN: I don't know that
9 either, but nobody knows that unless somebody
10 tries to put it in writing, and the goal
11 doesn't have to be a dollar for dollar return
12 on investment. The goal stated in the plan
13 can be the beginning of a Dominoe effect that
14 will lead to these companies moving in or
15 other things, and still it is important to
16 have a plan in writing so that we can measure
17 what your efforts are against the goals that
18 you have set.

19 Are there any other industries, other
20 than technology, where you have a specific
21 goal?

22 MR. GREENBERGER: I think there is an
23 opportunity to get more distribution
24 facilities in the City.

1 COUNCILMAN GREEN: So, what's your goal
2 with respect to distribution?

3 MR. GREENBERGER: I don't have a
4 number.

5 COUNCILMAN GREEN: You don't have a
6 goal?

7 MR. GREENBERGER: No.

8 COUNCILMAN JONES: We are gonna hold
9 that, Councilman.

10 COUNCILMAN GREEN: Thank you, Mr.
11 Chair.

12 COUNCILMAN JONES: You raised some
13 really powerful points, and I kind of
14 remember last year, this line of questioning
15 being asked, and I understand we were in, in
16 past years, an economic crisis. I get it. We
17 were trying not to bleed, and stop the
18 bleeding. It was almost a triage of effect,
19 but now that we are beginning to see the
20 light at the end of the tunnel, there are
21 certain assets and goals that we need to
22 start to market, start to plan around.

23 Not to say that you are not, but we are
24 anxious. Councilman Clarke came in here with

1 a shovel. We believe that, you know,
2 Philly's time has come. We may start seeing
3 those ground-breakings again. But, in prior
4 administrations, going as far as back to
5 Green's father, and also Rizzo, had a group
6 called the Traveling Reps. They used to go
7 around and target industries in different
8 Cities and they would take a team of hit men,
9 I don't mean it literally, but they would go
10 after these firms to -- they would go to High
11 Point North Carolina.

12 In the last administration, we went to
13 Korea and we went out there for, I think it
14 was 17 days. We met with 50 different
15 companies over there from ice cream
16 manufacturers, and only one bid, one. It was
17 called Rotem, (ph). They are now on Delaware
18 Avenue, and they higher over 300 people. We
19 just did a tour.

20 And so, when Councilman Green and
21 Councilman Oh and others start talking about,
22 we want to see a vision that we can help you
23 with, it is just our anxiousness to get out
24 of this recession, start putting more dollars

1 in our coffers so that we don't have to talk
2 about raising people's taxes and other ways.
3 So, you know, you have to kiss a lot of frogs
4 to find the prince and princesses of deals
5 and we are about to -- we are ready to kiss
6 some frogs.

7 MR. GREENBERGER: I think that is a
8 fair point. I think the one thing that I
9 have also learned from my architectural
10 practice is that 80 percent of the
11 commissions you are gonna get come from
12 clients you already have. So, business
13 expansion, business retention, in my book, is
14 equally, if not more important, than the ones
15 that you don't, that are kind of the cold
16 calls. It's not saying you don't make the
17 cold calls, because you do.

18 By the way, speaking of Rotem, I think
19 that was a very important thing that you did,
20 it didn't come up in the questions from
21 Councilman Oh, on that trip I made to Korea,
22 probably the most important day spent was a
23 day traveling across the country to go to
24 Rotem, see what they were doing, with a very

1 specific goal of, we need them to stay in
2 business longer than what it takes to make
3 our rail cars. That is partly a matter of
4 communications, keeping them happy about
5 being in the City of Philadelphia, trying to
6 solve problems that come up and maintaining
7 good relations.

8 So, I have actually been down there
9 three times over the last two years just
10 talking to them as their leadership changes.
11 Got to know somebody in Korea who is now
12 lease stationed here in the United States on
13 kind of a longer term basis, happens to be a
14 Lehigh graduate, which doesn't hurt.

15 COUNCILMAN JONES: We are glad you went
16 three times. It took us one time to bring
17 Rotem, and I think one of the freshman, one
18 the freshman three last year said, "if it
19 ain't measured, it ain't managed. We want to
20 see it in writing".

21 I am gonna recognize Councilwoman
22 Sanchez now.

23 COUNCILWOMAN SANCHEZ: Thank you. I am
24 assuming Commerce is gonna come back on a

1 call back, so I will leave some of the other
2 questions I had around employment. But
3 yesterday, as you know, I had a very
4 disheartening conversation with our Personnel
5 Director in the Civil Service Commission.
6 So, I wanted to ask the question, how many of
7 the employees at the Commerce Department are
8 exempt and how many are civil service?

9 MR. GREENBERGER: Almost everybody is
10 exempt except the OEO staff.

11 COUNCILWOMAN SANCHEZ: Everybody --

12 MR. GREENBERGER: Which is 12 people.

13 COUNCILWOMAN SANCHEZ: That is 12
14 people?

15 MR. GREENBERGER: Mm-hmm.

16 COUNCILWOMAN SANCHEZ: I know there is
17 several employees that speak Spanish. One of
18 the things -- or other languages also. Sorry.

19 One of the things that the Mayor signed
20 in his Executive Order was about increasing
21 diversity in the workforce, particularly the
22 City workforce. I was very disheartened that
23 there were 237 civil service job description
24 revisions and not -- only three departments

1 requested the creation of bilingual
2 positions.

3 So, I wanted to know, one, how many
4 people do you that speak different languages,
5 and if those opportunities for civil service
6 revisions or exempt hires, does the
7 department look at them?

8 MR. GREENBERGER: The answer to the
9 last question is, absolutely we look at it.
10 As you know, we have had -- because you
11 mentioned it earlier, we have a pretty
12 successful program with Vista volunteers, who
13 are obviously multilingual, getting out to
14 some of the immigrant business communities
15 and making people feel comfortable, solving
16 their problems.

17 We really like how that program has
18 gone, and what we recently decided, we don't
19 have that many openings that come up in our
20 ranks, but when they do, particularly on
21 things like the Office Of Business Service,
22 we absolutely will now look at multilingual
23 capacity as a key element here, because I
24 don't know how much longer we get to rely on

1 Vista volunteers to do this.

2 We will take advantage of it as long it
3 keeps coming, but you know, there's no surety
4 that it's forever. We really like how this
5 program's gone. So, I think, from us anyway,
6 you are gonna be seeing more and more
7 requirement for multilingual, just because it
8 makes sense, particularly in the
9 neighborhoods.

10 COUNCILWOMAN SANCHEZ: Thank you.
11 That's very important. I think our numbers
12 are still at about five percent for the
13 City. Latinos represent 12 percent. Then
14 when you add the Asian community just like,
15 you know, the passion and that Councilman
16 Blondell Reynolds-Brown and Wilson have about
17 contracting opportunities, I have them about
18 the workforce.

19 I do appreciate the fact that, in your
20 case, your testimony included some of those
21 diversity numbers. But, as people look to
22 hire, you know, I have been told by
23 department heads that the Personnel
24 Department has been unwilling to do it.

1 They testified yesterday that it does
2 not cost more and the Civil Service
3 Commission testified that they have approved
4 all of the requests. So, I expect to see more
5 of that.

6 MR. GREENBERGER: Okay. I think, you
7 know, for us, given that a large part of the
8 population is exempt, we can just do that.
9 It is very important to us. By the way, I
10 would be happy to -- I don't know the numbers
11 off of the top of my head, but I would be
12 happy to get you a roster of who is
13 multilingual now, if you like.

14 COUNCILWOMAN SANCHEZ: Thank you.

15 COUNCILMAN JONES: Thank you,
16 Councilwoman. The Chair now recognizes
17 Councilwoman Brown.

18 COUNCILWOMAN BROWN: Thank you very
19 much. Deputy Mayor, note that I appreciate
20 your leadership and affirmation of what
21 Councilwoman Sanchez has just stated, because
22 it always, always, always, in my view, starts
23 with leadership. So, know that we appreciate
24 you fully recognizing it and looking for

1 opportunities to move towards that end.

2 I had asked, I believe, it was the City
3 Rep, how are new ideas vetted in your
4 department when Philadelphia citizens,
5 business people come with out-of-the-box,
6 non-traditional, potentially revenue
7 generating opportunities for business; how
8 are they vetted amongst your team?

9 MR. GREENBERGER: It is gonna sound
10 boring, but we meet as senior staff every
11 week, formally meet every week. Part of it
12 is obviously just to go over ongoing
13 operations and any sort of internal
14 mechanics. But, the point of it also is to
15 look at new things that come in front of us;
16 new development ideas, businesses that -- or
17 opportunities that sort of popped up that we
18 hadn't thought about before, and to, I think
19 first, assess, is there some potential
20 reality here.

21 As I mentioned earlier, an awful lot of
22 things come in front of us that we, for one
23 reason or another, reckon are probably not
24 very real. Possibly all well intentioned,

1 but sometimes not very real.

2 COUNCILWOMAN BROWN: Sure.

3 MR. GREENBERGER: So, you have to sort
4 of first get past that hurdle. Once something
5 is real, there is considerable machinery that
6 we can put in place, both from Commerce and
7 from our partnership with PIDC primarily to
8 act on something.

9 If it is a real estate development
10 deal, very frequently they need some kind of
11 public support. Usually in the form of
12 loans, which is most of the money that we
13 have at the moment, and diminishing quickly,
14 but nevertheless, those kind of facilities
15 are out there. Very rarely is it in the form
16 of grants these days because that money is
17 just drying up real quick.

18 But, sometimes it is also in the form
19 of advice or help that we can give. I will
20 give you an example the Office Of Business
21 Services probably handles thousands of
22 requests every year, almost exclusively from
23 small business. I think, of that, probably
24 mostly neighborhood oriented business.

1 COUNCILWOMAN BROWN: I might, if I may,
2 say that based on my experience with that
3 office this past year, it is clear that the
4 nuts and bolts have been tightened and in
5 terms of access and the deliverables that you
6 provide to small businesses. So, know that
7 we appreciate that. The outreach has deepened
8 enormously.

9 MR. GREENBERGER: Thank you. I feel
10 very good, Kevin does as well, very good
11 about the Office Of Business Services, what
12 it is able to do. I wish there was better
13 word out there that it was providing these
14 services. All of us occasionally get
15 requests from an individual business that
16 just says, I am having a problem. It could
17 happen because you run into somebody who
18 says, I have got a business and I know
19 somebody is having a problem, you know, and
20 sometimes the problems are solvable and we
21 will do that. Sometimes they are not
22 realistically solvable. Like, I really don't
23 want to pay my taxes. Well, I can't solve
24 that one for you.

1 COUNCILWOMAN BROWN: That is called
2 standard operating procure.

3 MR. GREENBERGER: Those requests do
4 come in.

5 COUNCILWOMAN BROWN: We get similar
6 types of approaches from small businesses.
7 So, to know that there is a one-stop shop is
8 huge. The bell has rung. Circling back, I
9 am gonna speak about L&I and health and the
10 interface with the Office Of Business
11 Services, because those offices still
12 continue and appear to be hurdles for small
13 business owners.

14 MR. GREENBERGER: We are making
15 progress on that very particular front.

16 COUNCILWOMAN BROWN: Okay. Thank you,
17 Mr. Chair.

18 COUNCILMAN JONES: You are quite
19 welcome. The Chair now recognizes Councilman
20 Johnson.

21 COUNCILMAN JOHNSON: Just a couple
22 questions regarding the Mayor's Youth
23 Employment Program. So, I kind of want to
24 get an idea what the program would look like

1 for this upcoming year. If you could provide
2 me also an organizational chart so I can see
3 how the Mayor's Youth Program is actually
4 funded.

5 I would think, I am used to working
6 with the Philadelphia Youth network in the
7 past and I am trying to put it altogether.
8 Every stakeholder that actually contributes
9 to the Mayor's Youth Employment Program and
10 what that program would look like this
11 upcoming year.

12 MR. DOW: Well, we have worked with and
13 coordinated some of our activities with
14 Philadelphia Youth Network as they run the
15 Work Ready Program, which is really involving
16 with large corporations, and smaller
17 companies too, around the City providing work
18 opportunities for youth, both in the
19 after-school program on a year-round basis,
20 and in particular, during the summer months.

21 The Mayor's Youth Employment Program is
22 designed to augment that by focusing really
23 on the neighborhoods and focusing on smaller
24 businesses that we have interaction with

1 through our commercial quarter managers,
2 through our relationships with business
3 associations in the smaller end. It will,
4 essentially, be something that we manage and
5 control through the Commerce Department,
6 through a relationship that we will have with
7 CDCs, who will then market the program. It
8 will, you know -- It's the first year that we
9 are trying to do this. So it's kind of a
10 more work in progress.

11 We anticipate putting out the
12 applications in early May, determining how
13 much volume we get at that point in time and
14 then dictating how many students we will be
15 able to support over that period of time.

16 COUNCILMAN JOHNSON: So, the
17 applications are provided to whom?

18 MR. DOW: We will -- Everybody. I
19 mean, everybody and anybody can get the
20 applications. So, while we target our
21 outreach business, one of our main kind of
22 ways of reaching out to small businesses are
23 through our relationship with the CDCs.

24 It will be everybody. It will be a

1 public document. You can go and you can take
2 an application. We will share with Council,
3 we have had some conversations with them and
4 so forth. You can then distribute it to your
5 constituencies and so forth. We will work
6 with the schools, make sure that there are
7 schools that if we want to target any
8 particular neighborhoods.

9 Again, we looked at whether or not we
10 want to target the high crime areas. One of
11 the things that the purpose of this was, to
12 mitigate some of the challenges that we were
13 having with our youth, the flash mobs over
14 the last year.

15 COUNCILMAN JOHNSON: Yes.

16 MR. DOW: Give them an opportunity to
17 do something that is an alternative to this
18 bad behavior, and that is partly -- that is
19 jobs. So, we also recognize in that work is
20 that some of the areas that are more prone to
21 having more problems are the same areas that
22 have the high crime rates, the districts that
23 the police department has identified. So, we
24 might target groups in there or business

1 associations or CDCs in there. There are
2 schools in there. Get the word out and so
3 forth.

4 COUNCILMAN JOHNSON: Thank you, Kevin.
5 If you can, as a follow-up to this, just give
6 me a preliminary summary on what the program
7 is gonna look like to rule out, specifically
8 for my myself, but the other parties
9 conversations. So, this has the Commerce
10 Department -- The Commerce Department has
11 nothing to do with administrating the
12 Philadelphia Youth Network Program?

13 MR. DOW: No, we are not involved in
14 that. That is a separate nonprofit
15 organization that does it on its own, gets
16 its own funding and so forth.

17 MR. GREENBERGER: Mark Edwards does
18 have something to do with it. He
19 apologizes. He had a board meeting at 3:00,
20 so he couldn't stay for the rest of this. But
21 I would be happy to have him get back to you
22 as well.

23 COUNCILMAN JOHNSON: Just so -- Mark
24 works in conjunction with the Commerce

1 Department; correct, Alan?

2 MR. GREENBERGER: Yes. And it is
3 primarily through my participation on the
4 Board.

5 COUNCILMAN JOHNSON: Your participation
6 on the Board. Okay. I mentioned this before
7 in the past, as it relates to youth violence
8 and the vitality of this City, and for the
9 record, I am gonna be aggressively pushing
10 for ravish, this administration, the next
11 administration, all future administrations,
12 to begin looking at youth employment as a
13 priority for the City of Philadelphia, ravish
14 flash mobs.

15 We talk about reentry on the adult
16 level, but we don't look at the young people
17 who, once they graduate, because they do
18 graduate contrary to popular belief
19 sometimes. It's a myth that all young people
20 are not graduating from high school. Once
21 they can't find a certain type of employment,
22 if they decide not to go to college or just
23 some money, maybe a job so they can save
24 money for books to go to college. I think if

1 we want to ever move forward, particularly as
2 a City, we are going to have to start
3 investing in our young people, making sure
4 the resources are there for them.

5 I grew up as a young man under Mayor
6 Good. My first job was with anti-graffiti.
7 It kept me out of trouble during the
8 summertime. I was so proud to get my Work
9 Ready ID and it kind of helped me become the
10 young man I am today.

11 MR. DOW: The great man that you are.

12 COUNCILMAN JOHNSON: Thank you, Kevin.

13 MR. GREENBERGER: Glad that you still
14 feel young.

15 COUNCILMAN JONES: That is not gonna
16 get him any more time.

17 COUNCILMAN JOHNSON: I just want to
18 say, you know, primarily for the record, an
19 issue I am very, very passionate about. I
20 want to see how the dots can be connected.
21 Whether it is the Mayor's Youth Program, I
22 applaud him for stepping up and carving out
23 some funding to address it, but from a
24 long-term perspective, I do want to do a

1 follow-up to see how do we get our young
2 people employed in the City of Philadelphia.
3 I think it would go a great way toward
4 addressing the issue of youth violence that
5 we see. Thank you.

6 MR. DOW: If I may, I want to make sure
7 you understand that we lump youth all in kind
8 of, like, one big category. That is high
9 school youth, 16 to 17 year old. We also
10 have the out of school youth, so I just
11 combined them altogether. Out of school
12 could be combined the ages of 18 to 20, 22.

13 COUNCILMAN JONES: College intern?

14 MR. DOW: Yeah, College Intern
15 Program. That is exactly right, but -- so
16 these -- Some of the folks that we might be
17 targeting are indeed out of high school or
18 out of high school age, put it that way.

19 COUNCILMAN JOHNSON: I will wrap up on
20 this one component. What is often
21 underlooked and what is often under-utilized
22 or rather under-supported, is the 18 to 24
23 year olds. They are the ones that aren't
24 allowed to have the basketball leagues. They

1 are the ones who aren't allowed to primarily
2 engage in a variety of different activities
3 that are primarily geared -- they are
4 excluded because most of the activities in
5 our rec centers are geared towards the
6 younger ones.

7 So, keep up with the good work in terms
8 of the 18 to 24, but youth in general, I want
9 to continue to see those areas supported. I
10 will, however I can be supportive, I will
11 be. Thank you.

12 MR. DOW: Thank you.

13 COUNCILMAN JONES: Councilman brought
14 in a group of young men between that age
15 demographic into the caucus room, and they
16 had some very interesting perspectives on the
17 City life and as we know it, and we really
18 need to reach out to that at-risk population.

19 Business Services Unit, you still have
20 that, correct?

21 MR. GREENBERGER: Right. Office Of
22 Business Services.

23 COUNCILMAN JONES: Could I have the
24 Director of the Business Services Unit come

1 up, please.

2 MR. GREENBERGER: Here he is, Curtis
3 Gregory.

4 COUNCILMAN JONES: And you thought you
5 weren't gonna get recognized.

6 MR. GREENBERGER: He is touched.

7 COUNCILMAN JONES: Please state your
8 full name for the record.

9 MR. GREGORY: Curtis Gregory, Director,
10 Office of Business Services.

11 COUNCILMAN JONES: Now, over the
12 different administrations, Business Services
13 has meant different things to different
14 mayors. Can you tell us under the Nutter
15 administration what Business Services means?

16 MR. GREGORY: Yeah. Strategically we
17 look at serving, as Deputy Mayor Greenberg
18 said earlier, as kind of like a concierge
19 service for business owners to help them
20 navigate the resources of the City. Although
21 we may not be able to have direct impact on
22 the outcome of our interaction with Business
23 Services, I like to think that we have a very
24 positive impact on the actual process that

1 they go to in terms of obtaining some of
2 those resources.

3 COUNCILMAN JONES: So, how many --
4 Well, give me a definition of your staff
5 size; how many people you have on your
6 staff.

7 MR. GREGORY: I have seven business
8 service managers that are split up through
9 the City, geographically assigned, and we
10 have four vistas that I am happy to report
11 are actually not just bilingual, but some of
12 them are multilingual.

13 COUNCILMAN JONES: Impressive. Do you
14 still receive calls? Are you the point of
15 contact when someone in our respective office
16 wants to start a business; is that the first
17 point of contact we should go?

18 MR. GREGORY: Yeah, I think so.

19 COUNCILMAN JONES: Does everybody in
20 this chamber -- Have you given your number,
21 contact number to everyone?

22 MR. GREGORY: Not only we have given
23 the information, but we have had kind of
24 brief information about our client service

1 hot-line as well as our website, our business
2 portal.

3 COUNCILMAN JONES: How many people have
4 called your hot-line last year?

5 MR. GREGORY: I am gonna guess about --

6 COUNCILMAN JONES: No, I don't want a
7 guess.

8 MR. GREGORY: Hold on. I have got to
9 pull it out.

10 COUNCILMAN JONES: While you are doing
11 that --

12 MR. GREGORY: I know we've had 1,800
13 and -- well, roughly 2,000 business contacts
14 throughout last year.

15 COUNCILMAN JONES: What was the nature
16 of the contact?

17 MR. GREGORY: I'd say about --

18 COUNCILMAN JONES: I don't want you to
19 say about. If it ain't measured, it ain't
20 managed. It is important that we know if you
21 have 2,000 people call you last year, that
22 is, approximately, three calls a day, and
23 what were they requesting? Did they want
24 start up? How many wanted tax information,

1 how many -- and that is a good indicator
2 about the state of business in our City. So,
3 that is an important portal that you
4 recognize.

5 MR. GREGORY: That is an excellent
6 question. I will give you the exact answer.
7 The number of calls for business start-ups
8 was 26 percent. I am gonna focus on the big
9 ones. 20 percent comes in in terms of L&I
10 licensing; zoning permits, as you can
11 imagine. And then about 14 percent is, to
12 your point, financing or incentives.

13 COUNCILMAN JONES: So, out of the
14 financing and incentives, where were they
15 referred to?

16 MR. GREGORY: Oh, a number of different
17 places. What we try to do is have a very
18 meaningful dialogue with them in terms of
19 where are they in the process of actually
20 obtaining capital and then based on how they
21 answer those questions, we may direct them to
22 a number of resources. PIDC of course is one
23 that --

24 COUNCILMAN JONES: How many went to

1 PIDC?

2 MR. GREGORY: That I couldn't tell
3 you. I can get that for you.

4 COUNCILMAN JONES: How many resulted in
5 opening a business?

6 MR. GREGORY: I don't know.

7 COUNCILMAN JONES: Oh. Again, and this
8 is not a gotcha moment, I don't want it, but
9 I want to, and I want my colleagues to know
10 that if 2,000 come through the door, if 200
11 wind up referred to PIDC, then X represents
12 the number of actual taxpayers that your
13 efforts have recruited or assisted through
14 the system. And that is a statistic we all
15 want to know, and by district.

16 MR. GREGORY: Well, specifically there
17 are 13 new businesses created as a result of
18 our interaction with them, but what I can't
19 answer is how many of those came to us only
20 for financing, only went to PIDC and resulted
21 in a new business being only --

22 COUNCILMAN JONES: Let me get this
23 right. Last fiscal year, you started 13
24 businesses?

1 MR. GREGORY: We assisted 13 new
2 businesses being created.

3 COUNCILMAN JONES: Could you provide a
4 list of those businesses? What was the
5 general size of those businesses? Do you
6 know?

7 Because if it is Rotem, I am
8 impressed. If it is mom and pop convenience
9 store, I am not. So, I mean, you can provide
10 that to the Chair, but we want to keep a
11 record of those kinds of interactions,
12 activities, and then the end gain is results
13 of businesses that are started by that. All
14 right?

15 MR. GREGORY: Okay.

16 COUNCILMAN JONES: The Chair now
17 recognizes -- Thank you for that.

18 The Chair now recognizes Councilman
19 Green.

20 COUNCILMAN GREEN: Thank you,
21 Mr. Chair. When we last spoke, we were
22 talking about what specific industries we
23 have goals set for not in writing, and I
24 think the last one you mentioned was

1 distribution and there is no specific goal
2 with respect to distribution.

3 What other industries are you -- do you
4 have -- Are you trying to, you know, spending
5 efforts attracting, and what is the goal?

6 MR. GREENBERGER: We specifically are
7 interested in commercialization of bioscience
8 research that's occurring at our
9 universities. Again, I don't have a number.
10 I would like to.

11 COUNCILMAN GREEN: So, what does that
12 mean in terms of what you are trying to --
13 What are you trying to achieve with your
14 efforts in that area?

15 MR. GREENBERGER: We are trying to get
16 the translational research that is done at
17 universities to commercialize in
18 Philadelphia, and there are a number of
19 issues associated with doing that. One of
20 the key ones has to do with when these --
21 when this research is at a position to be
22 commercialized, very frequently the venture
23 capital to do it is elsewhere, or people
24 decide on their own that they think they want

1 to move to a place where there is more
2 venture capital.

3 COUNCILMAN GREEN: So, what
4 specifically is your goal with respect to the
5 problem you just defined? What is your --

6 MR. GREENBERGER: Two goals. One is
7 to, as I mentioned earlier, to address the
8 gap in funding availability by creating a
9 fund here that could be used to help support
10 these businesses through the sort of
11 difficult transition from their start up to
12 their venture capital world, and the second
13 one -- and in terms of specifics, no, I don't
14 have a specific number in mind. I would be
15 very happy to see just a couple of these
16 things happen because they haven't been
17 happening. They go elsewhere.

18 COUNCILMAN GREEN: Actually, the
19 biggest group of investments from, I think it
20 is Benjamin Franklin, funds that they are
21 making are not in the technology space but in
22 the life sciences space and some of -- and
23 generally those businesses start in the
24 sciences center.

1 MR. GREENBERGER: Many of them do. Not
2 all of them do.

3 COUNCILMAN GREEN: Not all, but many,
4 many do.

5 MR. GREENBERGER: That's right, and
6 they're really focused on that.

7 COUNCILMAN GREEN: And then when they
8 get to their next stage of funding is when
9 they move out of the City.

10 MR. GREENBERGER: Right, when they need
11 more serious money.

12 COUNCILMAN GREEN: So, the foundational
13 capital has been available in the City for
14 the life sciences phase.

15 MR. GREENBERGER: Possibly more for the
16 life sciences, yes.

17 COUNCILMAN GREEN: Well, that is the
18 space we are discussing.

19 MR. GREENBERGER: I understand.

20 COUNCILMAN GREEN: Thank you, Mr.
21 Chair. I guess I will come back.

22 COUNCILMAN JONES: Thank you for your
23 courtesy, Council. Chair now recognizes
24 Councilwoman Brown.

1 COUNCILWOMAN BROWN: Two final items.
2 I would like to go back to your very early
3 testimony where you talked about the
4 explosion of young talent in our City and the
5 strategic activities you have underway to not
6 only capture their attention, but hopefully
7 hold on to them, because it is smart, and to
8 the extent that we can be successful with
9 that, it is certainly great for the City.
10 So, I wanted to say thank you for that
11 recognition of what it potentially means for
12 our City.

13 My final question is around the
14 chambers in the City. In my early years here
15 there was a budget line item, if I remember,
16 for funding of the African-American Chamber,
17 the Hispanic Chamber, Northeast Chamber, the
18 Asian Chamber, and this year I could not find
19 that in the budget detail.

20 So, are any of the chambers still
21 funded by the Commerce Department, and if
22 yes, how does this compare to previous
23 years?

24 MR. GREENBERGER: The answer is, yes,

1 to the African-American Chamber, the Hispanic
2 Chamber, and the Asian American Chamber. The
3 funding for them has gone down somewhat over
4 the years because the funding for the
5 department has gone down some, but they are
6 still -- They still receive significant
7 money. Not all the same money, obviously.

8 COUNCILWOMAN: BROWN: Of course.

9 MR. GREENBERGER: But they get
10 significant money from us.

11 COUNCILWOMAN BROWN: What are the
12 expectations tied to that funding by the
13 department?

14 MR. GREENBERGER: Well, that is a good
15 question. A lot of these organizations need
16 to -- they have gone through the same thing
17 that we and everybody else has gone through
18 in the last couple years. This is very much
19 about survival for many organizations, and so
20 I think a lot of attention has been focused
21 on, do we have a viable operation here. Can
22 we, now talking as one of the chambers,
23 deliver the services to our members.

24 There have been particular issues that

1 were raised by some of them that we can
2 participate and work on. One of the ones,
3 for example, that's come up I think more
4 through the African-American Chamber,
5 although it may apply to a number of
6 organizations or a number of communities, is
7 the problem with general contracting and
8 bonding, the availability of bonding. We are
9 working with PIDC to explore whether we can
10 create a fund that would make the bonding
11 facility easier, for example.

12 MS. BROWN: Okay. Are you optimistic
13 that that will come to pass?

14 MR. GREENBERGER: Yeah. I, actually, am
15 optimistic about that. I think there is a
16 real opportunity here.

17 MR. GREGORY: If I may, Councilwoman,
18 you should know that each one of those;
19 African-American, Hispanic and Asian, each
20 have a contract with us. In those contracts,
21 it is explicit about what goals and
22 objectives we are looking to get out of them.

23 As an example, there is language in
24 there, goals and objectives around referring

1 a number of firms to get registered with the
2 City of Philadelphia --

3 COUNCILWOMAN BROWN: Oh, okay.

4 MR. GREGORY: -- through the
5 certification process. So then, we don't
6 register, we don't certify anymore. But from
7 certified to getting them into our registry,
8 there is specific numbers in there. There is
9 specific numbers around technical and
10 outreach activities that they have to do. A
11 certain number of loan referrals and things
12 of that nature. So, there are very specific
13 items in each one of those contracts.

14 The Asian one is a little bit different
15 because it is a little more organizational
16 development, because the Asian one has not --
17 was not yet as fully operational as we would
18 have liked. So, our role there is to help
19 build their capacity so that they can then
20 build the capacity of the Asian business
21 community. So, it's a little bit different
22 there, but still some objectives around
23 getting the organization to the point where
24 it can be self-sustained.

1 COUNCILWOMAN BROWN: Of course. Is that
2 budget, those funding items are found in the
3 budget detail? Because I couldn't find them.

4 MR. GREENBERGER: Should be, but we
5 will find them and point them out to you.

6 COUNCILWOMAN BROWN: Would you,
7 please.

8 MR. GREGORY: We will point those out.

9 COUNCILWOMAN BROWN: Thank you very
10 much, Mr. Chairman.

11 COUNCILMAN JONES: You are welcome,
12 Madam Council Person. We are gonna go to
13 Councilman Green, but while we are doing
14 that, I want to put this out there so we can
15 get an answer.

16 There is a program by which new
17 businesses that are foreign can come here and
18 with a million dollars worth of investment
19 get a green card, and I understand that that
20 program -- I want to get some statistics as
21 to whether or not that has been utilized and
22 to what extent. If you could get someone up
23 here to answer that question. I now will
24 recognize Councilman Green for his

1 questions.

2 MR. GREENBERGER: Do you want me to
3 answer that one first? It's the same line.

4 COUNCILMAN JONES: Go ahead, please.

5 MR. GREENBERGER: I think you are
6 referring to what is called the welcome fund.

7 COUNCILMAN JONES: Yes.

8 MR. GREENBERGER: Also, referred
9 generically as EB-5. What that is, is, it's
10 a national program, although Philadelphia is
11 one of the first cities to take advantage of
12 it in the United States in a pretty serious
13 way. By which, packets of half million
14 dollar investments are made by foreign
15 individuals in a project. Typically you
16 might pull dozens of these things, depending
17 on the size of the project. These are
18 loans. You might pull dozens of such packets
19 of half million dollar investments together.

20 The project has to produce a certain
21 number of jobs. I think it is one per
22 \$50,000 of investment over a two year -- in a
23 two-year period, and during that time the
24 individuals who make the investments are

1 vetted by the Immigration of Naturalization
2 Services to qualify for a green card. So, if
3 they are vetted fully and if the investment
4 produces the jobs, they get a green card.

5 COUNCILMAN JONES: So, have we taken
6 advantage of that, marketed it to --

7 MR. GREENBERGER: Yes, we have.

8 COUNCILMAN JONES: -- to particularly
9 Hispanic immigration and to the large
10 Caribbean and African population in the City,
11 as well as Councilman Oh, the Korean
12 population, are we utilizing that program
13 here in Philly?

14 MR. GREENBERGER: The program is being
15 utilized, and I will give you a couple of
16 examples of loans made relative -- Well, the
17 whole thing is relatively new. But, there
18 are significant loans, to the Convention
19 Authority, it was made through the welcome
20 fund. Significant loan to SEPTA to finance
21 the evolution of kind of the kind of Smart
22 Card system. Significant loan to Kimpton in
23 the development of the Kimpton Monarch
24 Hotel.

1 COUNCILMAN JONES: Do we have
2 statistics on each utilization?

3 MR. GREENBERGER: Yeah, we can get you
4 those.

5 COUNCILMAN JONES: We'd like you to
6 provide that to the Chair and we will make it
7 available to all members of Council and also
8 by district where those investments wound
9 up.

10 MR. GREENBERGER: Yeah. I will tell you
11 just parenthetically, I don't know the
12 demographic makeup of the investors.

13 COUNCILMAN JONES: Is there any way to
14 find that out?

15 MR. GREENBERGER: There probably is.
16 Let me look into that. I do know that in at
17 least the last several years it's been very,
18 very heavily done by Chinese investors.

19 COUNCILMAN JONES: I would just like to
20 get a better sense of who, what, where, and
21 why.

22 MR. GREENBERGER: Yes. By the way,
23 realize, once they have green cards, it
24 doesn't necessarily have anything to do with

1 this area. This is just an open green card
2 for the United States.

3 COUNCILMAN GREEN: Point of
4 information.

5 COUNCILMAN JONES: Councilman Green.

6 COUNCILMAN GREEN: Thank you. It is
7 called the EB-5 Program. We are one of the
8 first Cities that has organized a center that
9 allows us to aggregate funds and then loan it
10 out and allows the people who invest in the
11 fund to get credit without having to invest
12 in a specific business. So, diversifying the
13 risk and bringing people in.

14 Unfortunately the fund has not really
15 been used to invest in businesses, as you
16 have heard. It's been used primarily for
17 commercial office fit out for new tenants,
18 which allows them to create -- to have, quote
19 unquote, you know, job creation for the fit
20 out and then for the businesses to go in
21 there.

22 The SEPTA thing, the Kimpton thing.
23 Project deals that would have happened
24 anyway, this just happens to be a very low

1 interest source of money for those projects.
2 Because we are a center, we can get away with
3 doing that without actually investing in real
4 businesses. I look very forward to seeing
5 the detail that is gonna come from the
6 Commerce Department.

7 COUNCILMAN JONES: Who administers this
8 program on our behalf?

9 MR. GREENBERGER: It is run through
10 what you might think of as sort of an
11 association between PIDC, who is -- who
12 brings the investment opportunity to the
13 table and in our case, a firm named Canaan,
14 who identifies the investors and sort of
15 walks investors through the whole process of
16 vetting with INS.

17 COUNCILMAN JONES: As we start to try
18 to struggle to find financing vehicles for
19 the grocery stores where there are food
20 deserts in some parts of our town, could this
21 not have been used for that effort?

22 MR. GREENBERGER: It could have, but
23 you also have to realize that we can't just
24 bring any project to the floor. The

1 investment group, Canaan in this case, who is
2 putting together the packets of money, are
3 also looking carefully at the investments
4 themselves to assure themselves that, one,
5 they will be paid back. These are typically
6 five year. So, they are fairly short-term
7 loans. Low interest, as Councilman said.

8 They want to assure themselves that the
9 job creation will happen, because if it
10 doesn't, green cards disappear and at least
11 this particular group has been heading to
12 larger and larger projects. I think it is
13 fair to say that their interest in more
14 Governmental or quasi governmental entities
15 is a way --

16 COUNCILMAN JONES: In the spirit of
17 transparencies that we all live under, we
18 would like that to be transparent.

19 MR. GREENBERGER: That is fine.

20 COUNCILMAN JONES: And made available
21 to all Council.

22 MR. GREENBERGER: Sure.

23 COUNCILMAN JONES: Councilman Green.

24 COUNCILMAN GREEN: Thank you, Mr.

1 Chair. So, we discussed, I think, the life
2 sciences industry. What other -- Is there
3 another industry, or?

4 MR. GREENBERGER: I mentioned
5 hospitality earlier on, right. Physically
6 with hotels, expansion of the Convention
7 Center.

8 COUNCILMAN GREEN: Right.

9 MR. GREENBERGER: I think there is --

10 COUNCILMAN GREEN: You had specific
11 goals for that, which you are gonna provide
12 to the Chair.

13 MR. GREENBERGER: Yeah. Particularly
14 around hotel development.

15 COUNCILMAN GREEN: Right.

16 MR. GREENBERGER: I think the only
17 other one that I would want to make mention
18 of, which I am sure I am missing some, is
19 that there is a lot of activity in this City
20 at very, very micro levels related to food.
21 It ranges from people who are trying to do
22 urban agriculture and actually sell it, to
23 people starting restaurants. This whole food
24 movement is showing up in little tiny bits at

1 a time. A lot of enterprises don't make it
2 because they are fragile, they are very
3 personal. Back to Councilwoman Brown's
4 question, one of the things that we are doing
5 strategically --

6 COUNCILMAN GREEN: Let's stick to my
7 questions if we can.

8 MR. GREENBERGER: Sorry. I don't want
9 to get into your time. The other one that I
10 mentioned that is an emerging one is
11 obviously around Clean Tech. We have this
12 grant to do this GPIC. GPIC is now fully
13 formed. It is supposed to be doing research
14 that is attracting other businesses to be
15 around to take advantage of the research.
16 There is a real opportunity here to expand
17 that capacity.

18 COUNCILMAN GREEN: So, with respect to
19 urban agriculture, or the last thing you
20 mentioned, which is what tech?

21 MR. GREENBERGER: Clean Tech.

22 COUNCILMAN GREEN: Clean Tech?

23 MR. GREENBERGER: Yeah. Energy.

24 COUNCILMAN GREEN: Do you have specific

1 goals?

2 MR. GREENBERGER: Again, no. I do not
3 have specific numbers, but I --

4 COUNCILMAN GREEN: Will you please
5 provide the Chair with how much Commerce
6 Department and PIDC time is used?

7 MR. GREENBERGER: I will try.

8 COUNCILMAN GREEN: What was used in the
9 last year on these specific areas that you
10 are focusing on, will be used next year on
11 these specific areas you are focusing on, and
12 where you have goals, what those goals are,
13 so that we can understand the allocation of
14 resources among your areas of priority.

15 Several times during the testimony you
16 mentioned the lack of available venture
17 capital. Are you familiar with the law that
18 recently -- that the administration supported
19 that recently passed City Council?

20 MR. GREENBERGER: Yes.

21 COUNCILMAN GREEN: Do you have, as a
22 goal, a plan to now use the fact that all of
23 Philadelphia will be a tax-free zone for the
24 venture capital space or any investment fund

1 space to specifically recruit people to come
2 into the City of Philadelphia as a
3 consequence of that?

4 MR. GREENBERGER: We are specifically
5 working with one right now, a very
6 consequential person, a very consequential
7 firm in the field of venture capital to get
8 them to move their offices into
9 Philadelphia.

10 COUNCILMAN GREEN: Right. I have been
11 told by several firms that they are going to
12 move in. Is there a campaign to inform all
13 the funds around the City with respect to
14 this and in particular, a campaign to go to
15 New Jersey and other places which have far
16 worse tax policy at the state level than
17 Pennsylvania has, and now we have taken
18 Philadelphia's taxes out of the equation,
19 makes us extraordinarily competitive.

20 I am aware of several New Jersey
21 private equity funds that just moved to
22 Yardley instead of Philadelphia because of
23 our tax structure, which is no longer a
24 problem. Is there a campaign that you are

1 planning to go pursue these private
2 investment funds around the region?

3 MR. GREENBERGER: Yes, there is. It is
4 in the early stages. We are discussing this
5 with key individuals who are very involved in
6 this sector of the work to figure out how
7 best to do this. I will be happy to engage
8 you in that conversation.

9 COUNCILMAN GREEN: So, there is no
10 current plan and there is no goals, but there
11 will be a campaign --

12 MR. GREENBERGER: Yes, there will.

13 COUNCILMAN GREEN: -- of outreach, and
14 potential advertising?

15 MR. GREENBERGER: That's right.

16 COUNCILMAN GREEN: Okay. I would be
17 very happy to give you my thoughts in that
18 area and be involved --

19 MR. GREENBERGER: I'd like to hear
20 them. I think it's a complicated area.

21 COUNCILMAN GREEN: -- not at the moment
22 though, my time is up. Thank you.

23 COUNCILMAN JONES: Yes, sir. The Chair
24 now recognizes Councilman Goode.

1 COUNCILMAN GOODE: Thank you, Mr.
2 Chair. Good afternoon. Just out of
3 curiosity, aside from salaries and benefits,
4 and aside from any State or Federal funding,
5 what type of general fund support is there
6 for economic development programs?

7 MR. GREENBERGER: What type? You mean
8 -- You are not talking about our operations,
9 you are talking about --

10 COUNCILMAN GOODE: Aside from State and
11 Federal funding, aside from any support
12 specifically for staff, salaries and
13 benefits. What type of general fund support
14 is there for economic development programs?

15 MR. GREENBERGER: The money that is
16 available primarily resides at PIDC through
17 various programs. Some CDBG sponsored, some
18 private money --

19 COUNCILMAN GOODE: That's not my
20 question.

21 MR. GREENBERGER: That's not your
22 question?

23 COUNCILMAN GOODE: My question is, what
24 type of general fund support?

1 MR. GREENBERGER: There is something
2 called the Economic Stimulus Fund that
3 resides at PIDC, that the City puts money --

4 COUNCILMAN GOODE: How much in Stimulus
5 funding is projected for Fiscal Year '13?

6 MR. GREENBERGER: We try to set aside
7 about a million dollars a year.

8 COUNCILMAN GOODE: Aside from that,
9 what sort of general fund support?

10 MR. GREENBERGER: That is the primary
11 general fund support right there.

12 COUNCILMAN GOODE: So, there is no
13 general fund support aside from the Stimulus
14 funding?

15 MR. GREENBERGER: That's correct.

16 COUNCILMAN GOODE: Thank you. Thank
17 you, Mr. Chair.

18 COUNCILMAN JONES: I thank you,
19 Councilman. We will go back to Councilman
20 Green. I will just let you know, you are the
21 last one on the radar, so.

22 COUNCILMAN GREEN: Excellent. Looks
23 like I will get through these questions.
24 Thank you, Mr. Chair.

1 So, you mentioned Clean Tech, and a lot
2 of that effort has been focused at the Navy
3 Yard, which is a KOZ. Is there a thought of
4 not using that space for manufacturing,
5 especially Clean Tech manufacturing and
6 trying to focus the relocation of that
7 elsewhere in the City, given that KOZ space
8 is dear and manufacturing is now going to be
9 single sales factor starting in, I think,
10 finally implemented by 2015 or 2016.

11 MR. GREENBERGER: Yeah. Something like
12 that.

13 COUNCILMAN GREEN: So, the need to use
14 that space for a tax advantage business may
15 be more appropriate for a knowledge based
16 industry or other businesses that aren't
17 gonna have the tax advantage of single sales
18 factor?

19 MR. GREENBERGER: I think that is
20 something we need to be considering. I mean,
21 we are obviously even now just using the one
22 at the Navy Yard. We are even now just
23 seeing possibly the non need in certain
24 sectors for it. Glaxo, for instance, is

1 moving to the Navy Yard. They are not taking
2 advantage of KOZ to do that. So, they are
3 just doing it because they have other reasons
4 why they want to do it.

5 This gets back to an earlier question
6 about how effectively we are using KOZs and
7 where. And we are again in the early stages
8 of understanding what the new laws are, where
9 we need to be putting our efforts and I think
10 making an honest evaluation about the
11 effectiveness of the KOZs that we have and
12 whether they are truly being effective or
13 whether they are not. I think in some
14 instances, they are not.

15 COUNCILMAN GREEN: We spent a very long
16 process with the administration getting the
17 single sales factor. So, my question is,
18 what has been communicated to manufacturing,
19 distribution, logistics, people who sell
20 goods, wholesalers, that is in the City that
21 are currently here to let them know that the
22 law is changing such that they will be on a
23 level playing field with their competitors
24 and retain them?

1 Has there been any mailing or outreach
2 to any of the businesses? You mentioned
3 earlier that retention is almost more
4 important than business attraction?

5 MR. GREENBERGER: Yeah.

6 COUNCILMAN GREEN: What specifically
7 has been done to retain the people that are
8 in the City?

9 MR. GREENBERGER: It is early on.
10 There has not been, as far as I am aware, an
11 organized campaign to do that, but there
12 needs to be one.

13 COUNCILMAN GREEN: There is not a plan
14 for an organized campaign, but you'll add
15 that to your list?

16 MR. GREENBERGER: That is on the list.

17 COUNCILMAN GREEN: So, there is some
18 specific programs that we have discussed
19 before and in budget testimony two years ago,
20 you confirmed that Karen Randall and Dwayne
21 Baum were the, quote unquote, primary people
22 in the City government doing business
23 attraction. I hold them both in very high
24 regard, but as the fifth largest City in the

1 country, do we think that that is enough
2 people doing the work and within the Commerce
3 Department, and is there a plan to expand the
4 personnel engaged in business attraction
5 activity?

6 MR. GREENBERGER: It is not enough. We
7 have expanded our internal staff by one, but
8 this is I think also what motivated PIDC to
9 reassign Ann Nevans as head of marketing so
10 that we can pool resources with them and,
11 basically, turn three and four people into
12 eight and nine people.

13 COUNCILMAN GREEN: So, there are eight
14 or nine people doing business attraction in
15 the City?

16 MR. GREENBERGER: I think so, yeah.
17 With combined forces between Commerce and
18 PIDC, yes.

19 COUNCILMAN GREEN: Could you please
20 provide that list to Chair, along with the
21 job descriptions of the people doing business
22 attraction?

23 MR. GREENBERGER: Sure.

24 COUNCILMAN GREEN: Not just their job

1 descriptions within business attraction, but
2 their overall job description, and the
3 allocation of time that they have to business
4 attraction as compared to their other
5 duties?

6 MR. GREENBERGER: Mm-hmm.

7 COUNCILMAN GREEN: Thank you. So,
8 there are still -- there are now three
9 full-time people in the Commerce Department
10 doing business attraction?

11 MR. GREENBERGER: Well, there is four.
12 With Vince Darby who is specifically in
13 charge of managing KOZ and the industrial
14 uses that are in it.

15 COUNCILMAN GREEN: He is a City
16 employee also?

17 MR. GREENBERGER: He is a City
18 employee, yes.

19 COUNCILMAN GREEN: So, who is the
20 fourth?

21 MR. GREENBERGER: I am sorry. So,
22 there is Vince. Dawn Summerville, who we
23 added to the staff. Karen Randall, Dwayne
24 Baum. That is kind of the key staff.

1 COUNCILMAN GREEN: Over a year ago we
2 talked about dedicating meaningful Commerce
3 Department staff -- I am sorry. To being
4 proactive and building business plans. We
5 have talked about this for the last three or
6 four years, but one specific thing we
7 mentioned would include tapping private
8 sector knowledge about what leases are
9 expiring in other regional more high cost
10 Cities to do business, like New York City,
11 North Jersey, et cetera, so we can understand
12 what commercial leases are expiring and make
13 a concerted specific effort to go attract
14 those businesses. In previous conversations
15 about this, we have discussed how the Alabama
16 and Tennessee and many southern development
17 authorities.

18 MR. GREGORY: North Carolina.

19 COUNCILMAN GREEN: North Carolina. Come
20 up to our manufacturers and recruit them to
21 move to a lower cost environment and that is
22 one of the reasons it was necessary for us to
23 go to single sales factor to try to retain
24 what we have, because we were losing that

1 competition. They were paying them to move
2 down and they would be in a much better tax
3 advantage situation.

4 So, in terms of us doing that
5 proactively, have we undertaken any effort to
6 identify expiring leases and target those
7 companies in higher cost areas, not in the
8 City of Philadelphia with respect to we
9 specifically discuss commercial leases? Has
10 that been done?

11 MR. GREENBERGER: No, it's not been
12 done and I think if it is gonna be done, and
13 if it is gonna be effective, it has to be
14 done with the State as a major partner. I
15 mean, the ones that you just mentioned, they
16 are all states. We can't pretend to be a
17 state.

18 COUNCILMAN GREEN: We are not
19 pretending to be a state. We are trying to
20 take knowledge based industries from
21 commercial leases in other places and I am
22 confident the state -- Have we asked the
23 State to help us in this effort?

24 MR. GREENBERGER: We actually have been

1 doing it, I think, more aggressively in the
2 previous administration. We are not sure yet
3 how to do it with this administration. I am
4 not saying they're not interested. I think
5 they are interested, but we haven't done
6 that.

7 COUNCILMAN GREEN: Have we ever
8 undertaken the program I just described with
9 the State? Have we asked specifically for
10 the program I just described for the State to
11 assist with that program?

12 MR. GREENBERGER: I don't know the
13 answer.

14 COUNCILMAN GREEN: Have you?

15 MR. GREENBERGER: No, I have not, but I
16 can't answer for before me.

17 COUNCILMAN GREEN: Well, the only
18 person before you in this administration is
19 Andrew Altman.

20 MR. GREENBERGER: Well, I meant I can't
21 answer for both him and the --

22 COUNCILMAN GREEN: As far as you know,
23 no one in the administration has made that
24 request to the State?

1 MR. GREENBERGER: I don't know the
2 answer. I can only answer for myself.

3 COUNCILMAN GREEN: And hopefully
4 through the people who are in the Commerce
5 Department?

6 MR. GREENBERGER: Yes.

7 COUNCILMAN GREEN: So, there's no
8 return on investment analysis available to
9 see whether or not that makes sense or
10 anything else?

11 MR. GREENBERGER: I have talked to
12 several major developers because I wanted to
13 get their perspective on it. People who
14 operate at a more regional and national scale
15 and I have heard -- I am trying to think how
16 to characterize it. Mostly negative opinion
17 about that. Having some people, I won't
18 bring names into it, but people who feel they
19 have researched it before, tried it, didn't
20 feel they got anywhere, didn't feel it was
21 the best expenditure of their time,
22 concentrated more on what I was talking about
23 before, which was expansion of current
24 clients, expansion for people who are in our

1 midst now. I've heard that several times
2 from several major developers. I'm not
3 saying that that makes a perfect story. I am
4 just saying I did reach out. I want you to
5 understand.

6 COUNCILMAN GREEN: I don't think you
7 mean developers. Do you mean commercial
8 property owners?

9 MR. GREENBERGER: Well, the commercial
10 property owners and commercial developers who
11 are looking to lure businesses to another
12 place.

13 COUNCILMAN GREEN: Like a black rock,
14 for example?

15 MR. GREENBERGER: Yes. I mean, I
16 haven't talked to them, but, yes, like that.

17 COUNCILMAN GREEN: Which we lured to
18 the City of Philadelphia -- almost lured --

19 MR. GREENBERGER: Almost lured to the
20 City of Philadelphia.

21 COUNCILMAN GREEN: -- the City of
22 Philadelphia into a tax-free zone.

23 MR. GREENBERGER: Into a KOZ, that's
24 right.

1 COUNCILMAN GREEN: There are private
2 investment funds all over North Jersey and
3 New York that would now not need to be in a
4 KOZ to be in the City of Philadelphia?

5 MR. GREENBERGER: Well, one would hope
6 that is true. As you know, it's a bigger
7 story than simply the tax picture. That is a
8 critical piece of it, but it's not the only
9 piece. There is lots of things that cause
10 people to be where they want to be.

11 COUNCILMAN GREEN: I am not gonna
12 burden everybody with this. I have specific
13 requests to each department. I asked that
14 these details be provided prior to the
15 department's testimony. As far as I know, I
16 have not received a list of all contracts
17 over 50,000, what's been encumbered,
18 unencumbered, et cetera, for current year.
19 Who the TBD -- where the TBD money is
20 supposed to go for those contracts, et
21 cetera. So, we will re-send you -- the
22 administration is aware of these questions.

23 MR. GREENBERGER: Okay.

24 COUNCILMAN GREEN: I'd like to get the

1 answers to those questions so I can ask
2 questions on that on a call back, rather than
3 engaging in a kind of dialogue about it. So,
4 I guess just one final question. When you
5 and PIDC went out in the suburbs and talked
6 to businesses that you are trying to get to
7 open gateway offices, as the example you
8 gave, did you ask them why they are in the
9 suburbs or why they moved there, if they
10 moved there?

11 MR. GREENBERGER: No. We didn't have
12 that specific conversation. At least with
13 the ones that I am thinking about, no.

14 COUNCILMAN GREEN: Okay. No further
15 questions.

16 COUNCILWOMAN BROWN: Does that conclude
17 your questioning?

18 COUNCILMAN GREEN: Yes.

19 COUNCILWOMAN BROWN: Any more questions
20 for these witnesses? It appears that your
21 chapter for the day is done.

22 MR. GREENBERGER: Thank you, Madam
23 Chair.

24 COUNCILWOMAN BROWN: Thank you very

1 much for your testimony and the work that you
2 do. For all witnesses that will be speaking
3 for the Philadelphia Board of Ethics, please
4 move to the witness table.

5 Good afternoon. Please state your name
6 for the record and proceed with your
7 testimony.

8 MR. GLAZER: Good afternoon, Chairman
9 Reynolds-Brown, Members of City Council. My
10 name is Richard Glazer. I serve as a Chair
11 on the Philadelphia Board of Ethics. Thanks
12 for the opportunity to speak on the proposed
13 FY13 Budget for the Board Of Ethics.

14 Before discussing FY13 appropriation, I
15 would like to give you a sense of the breath
16 of the Board's work during the past year. We
17 have been advised that in accordance with
18 FY13 Council Budget procedures, we have been
19 requested to summarize our testimony. So,
20 the testimony that has been provided of six
21 pages, I will attempt to summarize and
22 provide the essence of that during this
23 testimony.

24 First of all, training. During --

1 That, in our view, is the most important
2 priority for us.

3 During the past year we continued to
4 focus our work on education, training and
5 outreach efforts because we believe the City
6 officials, employees, candidates and now
7 those engaged in lobbying can avoid making
8 mistakes if they know how the Public
9 Integrity Laws apply to them.

10 The Board prepared for the 2011
11 municipal elections by conducting 12 training
12 sessions on the Campaign Finance Law that
13 were attended by more than a hundred
14 candidates, treasurers, and campaign staff
15 members. Each session covered the
16 requirements for candidates and political
17 committees under the Pennsylvania Election
18 Code and Philadelphia's Campaign Finance
19 Law.

20 To promote compliance with the Campaign
21 Finance Law and to avoid non-filing
22 violations, our staff issued a sequence of
23 reminder e-mails about due dates for Campaign
24 Finance Reports in advance of each reporting

1 cycle deadline and to alert campaign entities
2 of the 24 hours and the independent
3 expenditure reporting requirements.

4 As with campaign finance training, the
5 goal of ethics training is to prevent
6 potential violations. Half our staff members
7 are involved in scheduling, designing, and
8 presenting in-person ethics training
9 sessions. During the past year we again
10 focused on training new City employees and
11 there were 15 live ethics training sessions
12 attended by more than 300 people.

13 We expect our training activity to
14 expand expeditiously as we add mandatory
15 lobbying training to our training calendar in
16 the near future.

17 Second broad item, lobbying. The
18 Board's efforts to implement the City's new
19 lobbying law were a major focus of our work
20 in the last 12 months. Board staff presented
21 a completely new lobbying regulation to the
22 Board in May to clarify the registration
23 reporting requirements of the new lobbying
24 code. The proposed regulation became the

1 subject of a lawsuit filed by Philadelphia
2 Bar Association, asserting that the lobbying
3 law may be unconstitutional if it applies to
4 lawyers engaged in the practice of law.

5 The Bar Association sought to prevent
6 the City's Lobbying Ordinance from taking
7 effect until the merits of its Complaint for
8 Declaratory Judgement and Permanent
9 Injunction were determined.

10 The Bar Association withdrew its
11 Complaint in response to the Board's July 7th
12 resolution that delayed any enforcement of
13 the Lobbying Code until after the Board
14 clarified who must comply with the law and
15 what activities are covered. What followed
16 during the summer was a series of
17 collaborative and productive meetings with
18 representatives of the Bar Association and
19 other interested parties, including members
20 of Council staff.

21 Major changes were suggested and
22 incorporated in the version of Regulation 9
23 that became effective on November 21st and
24 were intended to clarify that there are many

1 communications with City officials and
2 employees that are routine and do not
3 constitute lobbying. Our staff also began an
4 extensive outreach program to individuals and
5 groups that might have an interest in
6 lobbying in the City of Philadelphia.

7 The other aspect of the lobbying was
8 electronic registration and reporting, and
9 that system is required by the Lobbying Code
10 and that remains unfinished today. Because
11 the Board's FY11 and FY12 budgets contain no
12 additional funding to support development and
13 maintenance of an electronic filing system,
14 the lobbying project was rolled into a much
15 larger OIT Phila.Gov project.

16 Progress on this mandatory
17 electronic filing system has been slow and
18 difficult, has consumed much staff time and
19 is still in development. Due to problems
20 with the original project concept, OIT deemed
21 that the site designed by the vendor was
22 nonfunctional and had to be redesigned.

23 On November 16th, the Board announced
24 that it would delay implementation of the law

1 until January 3, 2012, and when the software
2 still wasn't ready on January 3rd, our staff
3 created an interim paper registration system
4 for lobbyists, firms, and principals that was
5 ready on January 3rd.

6 We believed that it was imperative
7 to the public policy of the lobbying code to
8 bring forth transparency to City government,
9 we have therefore, also made limited lobbying
10 registration information available on our
11 website. We are currently also designing an
12 interim paper filing solution for the Expense
13 Reports that are due by April 30th. This
14 project continues to be a severe drain on the
15 Ethics Board's very small staff.

16 Next major item is advice. Providing
17 advice is a key ongoing responsibility of the
18 Board and an essential way to prevent
19 potential violations to the Ethics law. There
20 were 16 written Advisories issued in calendar
21 year of 2011, one Formal Board Opinion, and
22 15 Advises of Council. Requests for Board
23 advice frequently deal with multiple topics
24 and require an analysis of multiple

1 provisions of the Home Rule Charter, City
2 Code, and occasionally reference to other
3 legal authority.

4 Our staff also answered 75 general
5 questions by e-mail. We answer a
6 particularly large number of campaign finance
7 and financial disclosure questions by phone
8 and the demand for telephone assistance has
9 already increased to address lobbying related
10 questions. To promote financial disclosure
11 compliance, again in 2011, we sent reminder
12 e-mails to more than 6,000 City employees and
13 to hundreds of Boards and Commission members
14 about their financial disclosure obligation.

15 On the enforcement side. In
16 2011, Board staff conducted numerous
17 investigations of potential violations of the
18 Public Integrity Laws, which resulted in 12
19 settlement agreements involving violations of
20 the Campaign Finance Law and two involving
21 violations of the Home Rule Charters
22 Prohibitions on Employee Political Activity.
23 In many other cases, Board staff terminated
24 the investigation after determining that a

1 violation had not occurred.

2 The Board remains committed to
3 continuing and improving its outreach and
4 education efforts in order to foster high
5 levels of compliance with all of the laws it
6 administers.

7 Now, as to FY13 appropriation, the
8 Ethics Board Proposed Operating Budget for
9 FY13 is \$898,000. This includes \$788,000 for
10 personnel; \$96,000 for services; \$14,000 for
11 materials, supplies and equipment. It is
12 important to understand that the
13 appropriation of \$788,000 in class 100, the
14 personnel one, presumes that the Board will
15 obtain \$88,000 in FY13 from the Fund for
16 Philadelphia.

17 While these funds permit us to hire
18 three new staff members for the short-term,
19 the funds are finite and do not provide a
20 long-term solution to our staffing problem.
21 Currently issues raised by the Civil Service
22 have delayed our use of Fund of Philadelphia
23 money to hire new staff in FY12. We,
24 therefore, request your support for an

1 additional \$120,000 beginning in FY13 to
2 guarantee we can fund these three additional
3 staff positions in light of our vastly
4 increased workload.

5 The Board continues to defend
6 legal challenges to its authority and actions
7 as well as to the City's laws themselves
8 relating to our jurisdiction. We have been
9 very fortunate to have pro bono
10 representation in two major ongoing cases and
11 these legal services were valued at more than
12 \$500,000 in 2011 alone. We are always aware
13 that these generous volunteer legal services
14 may be withdrawn at any time or may not
15 be available in future litigation.

16 We believe that our efforts to
17 administer and promote the City's Public
18 Integrity Laws have, in just a few short
19 years, changed the public's perception of
20 City government and increased confidence in
21 the integrity of City government. However,
22 we continue to struggle with inadequate
23 funding and staffing and believe that a
24 moderate increase in resources would allow us

1 to strengthen our efforts and to satisfy the
2 increasing demands placed on our agency.

3 Thanks very much. Staff and I will be
4 pleased to take any questions you may have,
5 and of course be pleased to meet with any of
6 the Council folks at their convenience if
7 they would like to discuss these issues
8 further.

9 COUNCILWOMAN BROWN: Okay. Then.
10 Thank you very much for your testimony.
11 Given the hurdles you acknowledge in your
12 testimony, around the start up and roll out
13 of the lobbying project, have you set a goal
14 date that may have to change because of
15 inadequate staffing and the IT hurdles you
16 have run into?

17 MR. GLAZER: Councilman, even though
18 I'm a very active Chair, I am the Chair, and
19 not staff. So, I would like to call up two
20 people to help answer that question.

21 COUNCILWOMAN BROWN: Absolutely.

22 MR. GLAZER: The Chief Innovation
23 Officer, Adel Ebeid and member of our staff,
24 Deputy Executive Director, Nedda Massar.

1 COUNCILWOMAN BROWN: Please.

2 MR. EBEID: Good afternoon.

3 MS. MASSAR: Good afternoon.

4 COUNCILWOMAN BROWN: So, share with us,
5 I won't say briefly, goal dates are always
6 important, particularly if you factor in or
7 when you factor in hurdles that have already
8 been articulated in the record. So, knowing
9 what the hurdles are, what would you see as a
10 new goal date for the completion of the
11 lobbying project? Do you see it this Fiscal
12 Year? Do you see it 24 more months out?
13 Just an idea.

14 MS. MASSAR: I believe -- Nedda Massar,
15 Deputy Executive Director. I believe that
16 Fiscal Year 13. We are almost at the end of
17 Fiscal Year 12 in a lot of ways. That Fiscal
18 Year 13, we would be able to complete that
19 project regardless of the approach that we
20 take. The Board and those of us on staff, as
21 our Chair indicated, believed it was
22 important to make information available, even
23 if it was through a paper process and
24 disclosure. We believe we have done that and

1 with the assistance of OIT, we will have
2 Expense Report information on our website as
3 well until the complete on-line project can
4 be done.

5 COUNCILWOMAN BROWN: My second and
6 final question is, on the topic of outreach
7 and education, the testimony indicated that
8 there were 15 ethics training sessions. They
9 are principally and solely for City
10 employees; is that correct?

11 MS. MASSAR: The ethics training
12 sessions counted there, yes, are for City
13 officials and employees.

14 COUNCILWOMAN BROWN: Has there ever
15 been any consideration, and the reason why I
16 have raised the question, you mentioned,
17 there were 75 e-mails and countless memos,
18 written responses that you have to offer to
19 persons who want to do the right thing.
20 People don't enter an elected office with the
21 intent -- 99.9 percent enter to want to do
22 goodwill, but often times we might be
23 surrounded by enthusiastic volunteers who
24 don't fully understand the particulars of the

1 law.

2 So, has there ever been any
3 consideration given to having ethics training
4 sessions for those who are extensions of a
5 candidate: Campaign volunteers and the like,
6 who have key principal roles in campaigns,
7 and in a world now where there's been an
8 uptake in guidelines and regulations and we
9 know time is needed to get it right and to
10 learn what those new guidelines are so you
11 can be in compliance, any consideration given
12 to those who are not City employee's but are
13 actively involved in campaign efforts and
14 want to honor the law?

15 MR. GLAZER: We are gonna distinguish
16 between the ethics training, which is
17 mandatory, and the campaign finance training
18 which is not mandatory. When we have offered
19 the various campaign finance training, that
20 has not been limited exclusively. In fact,
21 we have done everything possible to reach out
22 to people, and I gather about a hundred
23 people attended our campaign, some of them
24 treasurers, some of them staff.

1 So, the answer is, it's a complicated
2 law and we do everything possible to try and
3 train people, and it doesn't stop there,
4 because our staff is constantly on the phone
5 and answering questions, from not just City
6 employees or candidates, but anyone who has
7 interest in campaign finance, and that is
8 particularly heavy volume during the time
9 right before reports --

10 COUNCILWOMAN BROWN: Filing, of
11 course.

12 MR. GLAZER: -- are required to be
13 filed.

14 COUNCILWOMAN BROWN: Of course. Okay,
15 then. Thank you very much. Councilman Bill
16 Green.

17 COUNCILMAN GREEN: Thank you. My
18 specific question relates to the Chair's
19 first question, which is when will we have an
20 electronic filing of lobbyist reports as
21 required by law?

22 Specifically during last week's
23 Budget Hearing, OIT testified that the Board
24 considered and rejected using the State

1 system which is a system which is already in
2 place and built and developed. Could we -- I
3 would just like to understand what the
4 history is there and then also, you know, can
5 we get a definitive date from OIT?

6 MR. EBEID: Councilman Green, Adel
7 Ebeid, CIO. I will share with you the
8 milestones as I am aware of them, leading up
9 to today. When I testified last week, I
10 shared with you that the vendor that has
11 been, that the City has contracted with, has
12 delivered a series of software releases. As
13 late as last week, two, and one more that is
14 due this week. Based on what we have seen so
15 far, even though it is an early conclusion,
16 but we believe it is gonna fall far short
17 from what the Board's original user
18 requirements.

19 COUNCILMAN GREEN: So, there is no
20 point going back in the history of how we got
21 here except for the specifics.

22 MR. EBEID: I figured I would start
23 with the last one and see if you --

24 COUNCILMAN GREEN: Except for the

1 specific question of why we have rejected
2 trying to piggy back on what the State has
3 already got?

4 MS. MASSAR: If I might. We visited,
5 members of our staff, visited the State back
6 in the summer of 2010 and looked at the
7 software and saw certain problems with it.
8 After we visited, then members of the staff
9 of OIT, then DOT, visited as well and they
10 were under the impression that the system
11 needed serious fixes and revising and that
12 many filers -- it is not mandatory,
13 electronic filing, at the State level, and
14 that many filers continued to file on paper
15 because of problems with the software.

16 Unofficially, we were later
17 advised that they will probably be scrapping
18 this system as it exists right now. I don't
19 know if that has happened or not, and since
20 it was possibly going to be abandoned, it was
21 the decision at that point, I believe it was
22 November --

23 COUNCILMAN GREEN: That makes perfect
24 sense.

1 MS. MASSAR: So, we did not follow suit
2 with that.

3 COUNCILMAN GREEN: Okay. So, the final
4 question is, how long will it take for --
5 This is a basic form that information from it
6 will go into the database, it could be on
7 Google Forms. I mean, it is not a complicated
8 undertaking, I don't believe, to get data in
9 fields and have it made available on the
10 internet for public consumption. I think a
11 simple RFP could probably have the people
12 doing this in Indy Hall, you now in several
13 weeks or a month if we have clearly defined
14 -- you know, an architecture or plan for how
15 the system is to function.

16 I am just wondering why we don't, at
17 this point, issue an RFP with clearly defined
18 goals and see what we get back, rather than
19 going to a vendor and trying to do this the
20 same way we did it before.

21 MR. EBEID: Just a point of
22 clarification. You are somewhat correct, the
23 system is not as complicated. However, there
24 is some complexity in it with regard to work

1 flow and credentialing. So, it is not all
2 straight forward.

3 COUNCILMAN GREEN: Has that all been
4 written, requirements for that?

5 MR. EBEID: There is a set of user
6 requirements that have been drafted jointly
7 that I believe are in pretty good shape and
8 paint a pretty good picture of what the Board
9 of Ethics would like to see in order to
10 implement the spirit and the intent of the
11 law. Let me just cut to the chase here.
12 Monday, April 16th is our drop date. If we
13 do not -- If we are not happy with what the
14 vendor has delivered as of that date, we are
15 going to terminate the contract, jointly
16 document the process, and approach the
17 Department of Law to see if we have any
18 claims against the vendor, which I think we
19 would.

20 COUNCILMAN GREEN: Yeah.

21 MR. EBEID: We would then move on to,
22 there are three other options that we could
23 pursue. I am gonna list them in the order of
24 preference. New York City has offered their

1 system, so that could be an option.

2 COUNCILMAN GREEN: That is awesome.

3 MR. EBEID: That could be one option.

4 A second option, we could do what you just
5 suggested, which is go out with an RFP and
6 pursue another vendor, and option three,
7 which is my least preferred, but it is
8 possible that we would could bring it
9 in-house and finish the project. Based on
10 the requirements that I have seen, this is
11 the type of project that should not take more
12 than four months. It is unfortunate of all
13 the events that OIT and the Board of Ethics
14 got dragged in to, but we are where we are.
15 We are trying to recover from it as soon as
16 possible.

17 COUNCILMAN GREEN: I ran a software
18 company and I can tell you, the company I
19 ran, this would take less than two weeks.
20 So, I understand that Government process is
21 long no matter what you do because of the
22 need for an RFP even before people start
23 work, but I would suggest that if we can
24 pursue using New York's, and I agree that is

1 what we ought to do. So, the closest
2 deadline you are willing to commit to is four
3 months from April 16th?

4 MR. EBEID: Based on the requirements
5 that I have seen. I don't understand why it
6 would take more than four months for a
7 capable vendor to produce a solution.

8 COUNCILMAN GREEN: Unless we take New
9 York City's solution.

10 MR. EBEID: We would have to customize
11 New York City even though it might be, my
12 guess, cut down on some of the deployment
13 time, we would certainly have to share it
14 with the Board of Ethics. See how close it
15 is, and work on the gaps. Certainly starting
16 with something is much better than starting
17 from scratch.

18 COUNCILMAN GREEN: Okay. Thank you. I
19 am just gonna put my other questions on the
20 record.

21 COUNCILWOMAN BROWN: Council, please
22 don't force me.

23 COUNCILMAN GREEN: Madam Chair, I would
24 like to put my questions on the record and

1 then not ask any more questions.

2 COUNCILWOMAN BROWN: Oh, okay. Very
3 well. Proceed.

4 COUNCILMAN GREEN: If you would please
5 provide to the Chair an explanation of what
6 the problem is with the Civil Service
7 Commission in terms of providing the funds
8 that have been allocated to you since the
9 Street administration? Not answer today, but
10 provide that to the Chair so that we can
11 understand that. Let us know if an interim
12 solution might be a loan from the City that
13 was repaid when you finally get those funds.
14 If that is something you can work through,
15 and I have questions about Class 200
16 contracts that every department has been
17 required to provide to The Chair prior to the
18 testimony. I don't have that, and if you
19 could just provide that information to The
20 Chair. If you don't have a copy of those
21 questions, which you may not, because it went
22 through the administration, we will provide
23 them to you. Thank you, Madam Chair.

24 COUNCILWOMAN BROWN: You're welcome.

1 Councilman Jim Kenney, please.

2 COUNCILMAN KENNEY: Thank you.

3 COUNCILWOMAN BROWN: You're welcome.

4 COUNCILMAN KENNEY: Just in a general
5 way. I think I have said this to you
6 before. When we first started out in this
7 new process, in this new world, there was lot
8 of bumps in the road, and just getting people
9 to understand the changing culture. I think
10 we are actually getting there. I sense that
11 there is a smoother -- This last election
12 period was a smoother go, with a lot less
13 information that was needed quickly. It
14 seemed like a lot more of a calmer pace. So,
15 I think as time goes on, things will get even
16 better.

17 The issue I want to raise is relative
18 to the ability, or if you are looking at the
19 ability to do ethics training on-line with an
20 interactive -- I have seen so many
21 interactive on-line interfaces that, you get
22 through it. You have to answer the
23 questions. So you know people are
24 participating and reading it and

1 understanding it.

2 I just think it would be so much
3 easier than trying to round people up and get
4 them to a physical training as opposed to
5 requiring them to go through this every year
6 at their desktop. So, where is that going or
7 what do you think about that?

8 MR. GLAZER: It was at your suggestion
9 that we have pursued this, and I think we are
10 at point where we can give you some
11 information.

12 COUNCILMAN KENNEY: Thank you.

13 MS. MASSAR: This is one of those
14 instances where our staffing has had an
15 impact on our ability to deliver. We have
16 been concentrating heavily this past year on
17 campaign finance, outreach, and training and
18 the lobbying projects. We have made
19 technical progress with the on-line
20 software. There had been a problem, we
21 believe that is solved at this point.

22 We are working to develop the
23 content right now and we hope to have some
24 kind of pilot project available in the fall

1 once we get lobbying launched, we will go
2 back to this. It is our goal to have it
3 available on a broader basis. It would
4 probably be next calendar year, but we hope
5 to have an on-line pilot project to test the
6 whole system before the end of this calendar
7 year.

8 COUNCILMAN KENNEY: I will assume that
9 that in place, at some point in time would
10 free up your staff for other duties that,
11 instead of conducting these in-person
12 seminars, they would be going doing other
13 things too.

14 MS. MASSAR: It will still require that
15 we monitor who has taken, and that was
16 actually the technical problem that we had to
17 resolve, was the receipt process, so that we
18 know who has taken the on-line training. So,
19 we will still need some staff to track that.

20 To make the software available, there
21 will have to be several modules, depending
22 upon the content, and we will have to make
23 those available in some kind of sequence and
24 target those people who are to be taking that

1 particular training. But, you are absolutely
2 right, it will be a different kind of work
3 flow that is involved.

4 COUNCILMAN KENNEY: Okay. Great. Thank
5 you. Thanks.

6 COUNCILWOMAN BROWN: Point of
7 information. Councilman Kenney, do you know
8 if other municipalities actually do that?

9 COUNCILMAN KENNEY: I don't know, but I
10 know when are you are taking tests, for
11 example, on-line tests or on-line learning,
12 there is -- the platforms exists and the
13 software exists that you can have that
14 relatively easy based on the amount of
15 resources you have to implement them. I just
16 think -- You know when you get your -- It is
17 hard getting me down to one of these things,
18 or over to your offices or in the caucus
19 room. So, just to be able to sit for a half
20 an hour, 45 minutes and go through it, I
21 think would be helpful.

22 COUNCILWOMAN BROWN: Yes. Let me say on
23 behalf of Council members, it was appreciated
24 that you made a decision to allow members of

1 Council and staff of Council to take the
2 training sessions here. It was very, very
3 helpful. So, thank you for that management
4 decision. We thank you for your testimony.
5 Anyone else to speak to these witnesses?

6 Thank you very much.

7 COUNCILMAN KENNEY: Thank you.

8 COUNCILWOMAN BROWN: At this hour we'd
9 like to call up Community College of
10 Philadelphia. Good afternoon. Welcome to
11 the Budget City Council Hearings. You may
12 please state your name. State your name for
13 the record and proceed with your testimony.

14 MS. FERNANDEZ: Good afternoon. I am
15 Varsovia Fernandez. Afternoon, Council
16 President Clarke. I am sorry, I am reading
17 this stuff, Madam Chair. Good afternoon,
18 Councilwoman Reynolds-Brown and all members
19 of Council who have been patient enough to
20 stay here for us. I am Varsovia Fernandez,
21 Chair of the Community College of
22 Philadelphia. My day job is President and
23 CEO of the Greater Philadelphia Hispanic
24 Chamber of Commerce.

1 College of Philadelphia is an open admission
2 institution that provides access to education
3 for thousands of Philadelphia residents. We
4 offer more than 70 degrees, academic
5 certificates, and proficiency certificate
6 program that allow our students to
7 successfully transfer or enter the workforce.

8 The Board of Trustees is grateful for
9 the support of City Council, and Mayor Nutter
10 continues to provide for the College,
11 especially during this challenging fiscal
12 times when the City's support becomes more
13 relevant to most of our students and adults.

14 For the Community College of
15 Philadelphia to continue meeting the needs of
16 residents thinking to sharpen their skills,
17 advance their careers, and obtain employment,
18 and for employers to draw from our workforce,
19 your support remains highly important.

20 In spite of our budget challenges, we
21 have made quality education and student
22 center services our top priorities. Much of
23 our future centers on what we do during this
24 critical budgetary period.

1 We ask that you consider the
2 growing demand for our programs and the
3 City's critical need for a more educated
4 workforce. The City's financial support is
5 essential if we are to continue to
6 successfully meet our students educational
7 and training needs.

8 I take this opportunity to thank each
9 of you, members of Council, and some of you
10 are not here, for your direct contribution to
11 our City, and in particular to those of you
12 who find ways to get involved with our
13 community college. Thank you.

14 COUNCILWOMAN BROWN: You are very, very
15 welcome. We thank you for your testimony and
16 the work that you do in your leadership role
17 there at the University, and the leadership
18 that you have shown with regards to something
19 we care about very much here in this
20 legislative body, and that is to make sure
21 the University at all levels looks like
22 Philadelphia. Thank you very much.
23 President Curtis.

24 MR. CURTIS: Thank you, Madam Chair. To

1 you and all members of Council, we again
2 appreciate the opportunity to speak today. I
3 am Stephen Curtis, President of Community
4 College of Philadelphia. We have submitted
5 earlier written testimony. I will not go
6 through all that, but I would like to
7 highlight three points that I think pervade
8 the piece.

9 The first point, certainly I will talk
10 in a few minutes about the impact of the
11 economic downturn at every level, not just in
12 the City. Despite the economic situation in
13 which we have found ourselves, I think the
14 college is very proud that we are taking
15 positive steps to help both the City meet its
16 goals, but all the residents of the City meet
17 their individual goals.

18 There are a number of those steps
19 described in the document. I would like to
20 highlight three, if I may. First has to do
21 with enrollment. There are budget reductions
22 taking place all over the US and there are
23 states, I can name a half dozen right off the
24 top of my head, where those reductions have

1 led to public higher education system,
2 community colleges, in some cases, public
3 universities, to cap enrollment and literally
4 turn away students by the tens of thousands.
5 We have made a point of not to do that.

6 I know we are all under the
7 financial crunch but we are very, very
8 pleased that we think when the residents of
9 the City need us the most, we have been able
10 to accommodate those additional enrollments.

11 The last couple of years we have set an
12 all-time record for credit enrollments. This
13 year we will not set an all-time record, we
14 have flattened out in terms of that
15 enrollment, but even within that overall
16 college enrollment there are two of our sites
17 that will set records. We have been
18 fortunate to lease a little bit of additional
19 space at our west regional center. It has
20 made a real difference adding some classroom
21 capacity, additional faculty offices and what
22 we call a learning commons. Think of it as
23 an academic support environment. And for the
24 first time ever, this spring the west

1 regional center passed 1,000 in terms of its
2 head count enrollment.

3 Four years ago, we were fortunate to be
4 able to get permission from the State and
5 dollars to do some expansions, and one of
6 those expansions has been at our northeast
7 regional center. That expansion has now been
8 open for a good year and this Spring that
9 campus passed a 3,000 head count mark for the
10 first time in our history.

11 So, overall we are flat, but there are
12 two examples where, again, we believe we are
13 serving the immediate neighborhoods, the
14 immediate community in ways that we believe
15 are appropriate. A second example of
16 positive steps that I would like to give you
17 is in the area of workforce. Again, this is
18 a moment in time when our students are
19 looking to prepare themselves through
20 education, through training, so that they can
21 be more competitive for the jobs that are out
22 there.

23 I'd like to give you a slightly
24 different take on one way that we have

1 developed to help them in their search. We
2 have taken at least 20 of our Associate
3 Degree programs and carved out of them what
4 we call proficiency certificates. There are
5 five or six courses for credit in key
6 competency areas within the full degree
7 program that we believe will allow a student
8 to get at least an entry level position in
9 the field, and then every course, every
10 credit in that proficiency certificate counts
11 toward the Associate Degree. So in effect,
12 we are building ladders --

13 COUNCILWOMAN BROWN: Sure.

14 MR. CURTIS: -- so that you don't have
15 to wait at least two years to get going on
16 that path, and hopefully at least enter the
17 field in an entry level way. I won't go
18 through the whole list, but several are in
19 the Allied health science area; things like
20 patient service representative, biomedical
21 technician, medical office assistant. Some
22 are in the human services field, social or
23 human service assistant, youth work.

24 Some are in the technology based field,

1 digital imaging. GIS, Geographic Information
2 Systems. Just to give you a flavor, but,
3 it's a different approach for us.

4 For many years we went for the full
5 degree and occasionally the certificate, but
6 we are purposely building these ladders in
7 order to help our students begin that trek
8 down a career pathway. But, again, knowing
9 that the full degree will move them even
10 further along that path.

11 One other quick example around
12 workforce, for the business training that we
13 do on campus, the primary facility for that
14 has been our Center For Business and Industry
15 at the Spring Garden campus. With the
16 expansion of our northeast regional center,
17 which geographically is the furthest of our
18 permanent sites from the main campus. We were
19 able to get funding for a center for small
20 business educational training and that is
21 staffed on an everyday basis now, and as one
22 example, we launched a series, I guess about
23 three or four weeks ago, for family owned
24 small businesses. So that we are taking -- I

1 think we had a hundred turn out for our first
2 workshop.

3 There are individual kinds of issues
4 that a family owned business may face that
5 not all other businesses will. As an
6 example, what do you do when you want to pass
7 the business on to another member of the
8 family, et cetera, et cetera. So, we are
9 providing help, we are providing assistance,
10 and again, we think it lines up with the
11 nature of many businesses around the City.
12 So, again, I give you that example.

13 And lastly, as an example of
14 positive steps, even with the funding
15 constraints that we have, we have maintained
16 many of the special programs, and I think the
17 two or three that I will mention I have
18 mentioned here before, but I think it is
19 important because they are programs that make
20 a difference in this kind of economic
21 environment, one is our Opportunity Now, it's
22 the displaced worker program, where if an
23 individual is laid off from full-time
24 employment we offer one tuition free

1 semester. That program stays in place.

2 Another one, we have supported the
3 City's efforts to get its employees in to
4 educational programs, and we do offer a
5 discount on tuition to City employees. There
6 are others I can name too. There are others
7 mentioned in the written testimony, but these
8 are examples, they are intended to be
9 examples, of ways in which we are trying to
10 directly respond to what is going on
11 economically, directly respond to the
12 priorities of the City and so on.

13 I am happy to answer any questions that
14 you have about other things in our
15 testimony.

16 Second point I'd like to highlight
17 is the direct impact of the recession and
18 economic crisis on Community College of
19 Philadelphia. I will start at the Federal
20 level and you will see why I am starting
21 there in just a moment. Every level of
22 Government is feeling the pinch when it comes
23 to the affects of the economy.

24 At the Federal level we have lost some

1 long-time programing support. Again, I can
2 tell you more before that afterwards, but
3 things that in some cases have been with us
4 20 or 30 years, gone as Congress has moved
5 any other directions to balance the budget,
6 but the one I want to focus on is Pell
7 Grants. There are, approximately, a little
8 over a hundred colleges and universities in
9 the tri-state greater Philadelphia region.

10 Of all those colleges and
11 universities, Community College of
12 Philadelphia is far and away No. 1 in the
13 number of Pell recipients that we have, by
14 some thousands beyond any other college or
15 university in the region. I say that to
16 emphasize the impact of any change in Pell
17 policy on our students directly and
18 eventually on the college, and those changes
19 have started to occur.

20 The main way that Congress is dealing
21 with what it perceives to be the expanding
22 cost of Pell is to change eligibility
23 requirements. In some cases, they may affect
24 students by the hundreds. In other cases, it

1 may affect a relatively small number of
2 students. An example of the second is the
3 so-called ability to benefit students.
4 Forever, as far as I know, we have been able
5 to accept a small group of students who do
6 not have a high school diploma or a GED,
7 under certain circumstances, but they have
8 been eligible for Pell so they could go to
9 college, and in doing so, get that high
10 school diploma as well as college credits.

11 That group has now been ruled
12 ineligible for Pell. For us, it is probably
13 less than a hundred students, but with the
14 changes going on you have a hundred here, a
15 hundred there. As the saying goes pretty
16 soon you are talking real numbers. So, we
17 are very concerned because we believe the
18 sector of higher education that would be most
19 affected by the changes in Pell eligibility
20 would be community colleges, not just ours,
21 but community colleges in general.

22 So, at the Federal level, that is
23 probably the biggest area of focus that we
24 have. We have been working for some months

1 with a save Pell campaign trying to get
2 individuals within and without our college
3 community to contact our U.S. Senators and
4 our congressional representatives, but that
5 is a specific impact that does affect us
6 going forward.

7 At the State and local level, I think
8 you are all too familiar with what is going
9 on. From the College's point of view, we
10 always appreciate the support that City
11 Council and the administration provides.
12 There was a moment this year, for example,
13 when midyear City cuts were being
14 implemented. We were appreciative. The
15 administration gave us a chance to make a
16 case and at the end, did not impose a midyear
17 cut on us.

18 So, we view that kind of action and
19 your own support over time as key indicators
20 of how important you see Community College in
21 this City.

22 Having said that, next year, if the
23 State acts in the way it has been recommended
24 to act, would represent the third year

1 running that either the City or the State
2 will have reduced funding for Community
3 College of Philadelphia. Last year it was
4 the City reduced funding. This year it was
5 the State, a 10 percent reduction as part of
6 the very large scale reductions for higher
7 education State wide, and I think you know
8 there is another set of fairly large scale
9 reductions that have been proposed at the
10 State level which are being considered. The
11 Community College amount is a little over
12 four percent less than the universities, but
13 still, it is consistently a cut.

14 There are no new dollars coming
15 from either City or State and we are
16 literally going backwards when you add that
17 together, at the moment, year in and year
18 out.

19 This year, I think I actually purport
20 this almost every year because it doesn't
21 change, the percentage of support that we
22 receive from the City is at its lowest point
23 in the history of the college. The
24 percentage of support we receive from the

1 State is the lowest point in the history of
2 the college, and if the recommendations in
3 place for next year at both levels were to go
4 through, I will say exactly the same thing to
5 you, the percentage would be even less for
6 both City and State.

7 That makes us more dependant than ever
8 on student tuitions and fees. This year it
9 is almost 60 percent of our revenue from
10 students. Again, assuming what I have just
11 described for next year goes through, it will
12 pass the 60 percent mark. I guess you should
13 -- I should say to you, this is not even
14 just peculiar to Community College of
15 Philadelphia. Because the State uniformly
16 cuts, all community colleges in the State are
17 effected and local sponsorship has been
18 declining across the State. It is not just
19 in Philadelphia.

20 So, to my knowledge,
21 virtually every Community College in the
22 State will be at that same kind of point, 60
23 percent or more of the revenue based on
24 student tuition and fees. And the third and

1 final point that I will make as a
2 generalization, we recognize the crisis. We
3 really try to do our part. We work around
4 it, but more and more, the impact is
5 unavoidable. I want to give you a couple of
6 examples.

7 Despite all the positive things that we
8 list in the written testimony and the few
9 that I named in my oral testimony, we are
10 beginning to reduce programs and services. I
11 can be more specific afterwards if you wish.
12 Starting with smaller ones, but we are
13 reducing. We are reducing some service hours
14 across the campus. We are freezing
15 administrative and classified positions. We
16 do not freeze faculty hiring.

17 Our position is, if the students are
18 coming to us in large numbers and we are
19 accepting them, then we need to provide the
20 courses that they require, and that means we
21 continue to hire faculty, whether it is
22 full-time or part-time. So, there's never
23 been a freeze, at least in my tenure at the
24 college, on hiring faculty. But we are

1 freezing many other vacant positions and that
2 puts stress on the organization.

3 We are rethinking what business means.
4 It is not business as usual. I am going to
5 give you, again, a very tangible example of
6 the kind of analysis that we are going
7 through these days. We are trying to make
8 our decisions based on data.

9 For ages we have been open six days
10 a week at all four sites, but it probably
11 won't surprise you to learn that on Friday
12 night it is pretty empty, and I will site the
13 statistic at the main campus. The main
14 campus is the largest campus with multiple
15 buildings far more costs associated with it,
16 around utilities, around security, et cetera,
17 et cetera, and on Friday night last semester,
18 there are some events, there may be an
19 athletic event or whatever, but actual
20 students registered in courses, we had
21 something like 120 on a Friday night. We
22 can't afford to do that anymore.

23 On Saturdays -- let me give you this
24 semester while I am on Friday night. This

1 semester we had a little over 200 on Friday
2 nights at the main campus, but again, we
3 don't think we can continue to support a wide
4 open campus, and I will tell you how that
5 relates to cost in just a moment for that
6 number of students. On Saturdays, the number
7 is greater than that, but we have done an
8 analysis, we are operating four sites in full
9 for a smaller set of classes on Saturday than
10 during the week, but nonetheless, we try to
11 provide many offerings.

12 At the main campus, the
13 majority of students taking classes at the
14 main campus reside in a zip code that is
15 actually closer to the regional centers than
16 it is to the main campus. They may have
17 reasons for coming downtown, I don't want to
18 dismiss that, but in terms of access, their
19 access in most cases is even better to the
20 regional center than it is to the main
21 campus. So, we have made a budget decision,
22 starting in the fall, we will not offer
23 courses in general at the main campus Friday
24 nights through the weekend. We will

1 consolidate all those offerings at the other
2 three sites.

3 The one exception will be the Center
4 For Business and Industry, that is at the
5 main campus. We can operate that separately,
6 it is on separate HVAC. It is very easy to
7 control in terms of security, and we do not
8 want to affect possible business training
9 opportunities, and there may be occasional
10 moments, such as an athletic event, we will
11 open the gym, but as a generalization, we
12 intend to consolidate. We are not trying to
13 reduce the number of courses, we may lose a
14 couple along the way, but we are not trying
15 to do that. We want the offerings in general
16 to be in the same number as we need, but at
17 three sites instead of four. It will,
18 however, save us hundreds of thousands of
19 dollars --

20 COUNCILWOMAN BROWN: I am sure.

21 MR. CURTIS: -- this coming year.
22 Again, it is around utilities. Several of
23 the campus buildings are interconnected. You
24 heat one, you heat several. They are not

1 zoned in a way that we can do it. Security,
2 if you have been to that campus you know it
3 is a wide open campus, so it requires a lot
4 of security, and then some staffing,
5 part-time staffing, to keep offices open,
6 labs and so on.

7 We will evaluate that. These are
8 database decision.

9 So, as we go through the coming
10 year, we will do an evaluation. We don't
11 want to lose a significant number of
12 students. That is not the goal. If that
13 were to be true we would have to rethink what
14 we are doing.

15 I am giving the example to say, we are
16 really getting down to the bone, and we are
17 going to be forced to reexamine how we are
18 doing business. Doesn't mean we don't do
19 some things, but we are going to have to do
20 them differently. The other immediate impact
21 is the pressure that the financial situation
22 puts on student tuition. I think I have
23 already eluded to that. We are extremely
24 committed to not putting the total burden of

1 everything going on around us on students.

2 I have suggested to you that Pell
3 is already in jeopardy. Students are going
4 to experience some pressure through Pell
5 Grants and we know that we are not able to
6 increase tuitions, as sometimes universities
7 do, \$1,000 at a time. We can't do that at
8 Community College of Philadelphia. We will
9 marginalize some of the students that need
10 us.

11 So, there are limitations. There are,
12 basically, three sources of income for the
13 college, three principal ones: The City; the
14 State; and tuition and fees. City and State
15 are having difficulty right now and are not,
16 at the moment, adding any dollars to our
17 budget. Tuition and fees, we are trying to
18 keep the increases moderate.

19 So, I will finish as I think I
20 have on previous occasions. We work hard to
21 do our part, but we are getting to a point
22 where if what we contribute to the City in
23 order to help it thrive, if we are going to
24 continue to offer what we think we need to be

1 offering, there is a point at which both City
2 and State, we need some additional help. You
3 will see, even in the toughest times, we
4 usually request some degree of additional
5 support from the City. We did that this
6 year, and with our 13 sister institutions,
7 some additional support at the State level.

8 Community colleges in the State
9 continue to be the fastest growing sector of
10 higher education. Students are finding what
11 they need at community colleges, but we can't
12 do it all without some level of additional
13 help beyond just putting it on student
14 tuition. Again, I thank you for the
15 opportunity. I am happy to answer
16 questions.

17 COUNCILWOMAN BROWN: Well, thank you for
18 quite the comprehensive overview of all of
19 the channels of activity that are happening
20 at CCP, I believe, and I know that Councilman
21 Jannie Blackwell will be thrilled to hear
22 that the west regional location is expanding
23 and delighted to hear that the workforce
24 issue that you are dealing with is happening

1 at all.

2 So, I have a few questions, then I want
3 to turn the mic over to Councilman Greenlee.
4 Any linkage with Mark Edwards, who is now our
5 City's leading workforce professional here in
6 the City, as you think through and work
7 through the workforce issues at CCP?

8 MR. CURTIS: I am sorry. I didn't
9 understand the question.

10 COUNCILWOMAN BROWN: Any linkages with
11 Mark Edwards, Philadelphia --

12 MR. CURTIS: Oh. Yes, absolutely. I
13 have sat on the WIB Board since it was
14 created right after the wheel legislation,
15 but we have frequently undertaken programs
16 with the WIB. We have engaged in training
17 through what has been PWDC. That is all
18 changing now, and under the new merger, Mark
19 and his staff have already met us with at the
20 college to initiate some conversations about
21 other ways that we can collaborate. Again,
22 that should be a part of our role, you know,
23 in working with the City. So, the answer is
24 absolutely, yes.

1 COUNCILWOMAN BROWN: So, the answer is
2 yes. It is a matter of working smarter in a
3 new environment?

4 MR. CURTIS: Yes.

5 COUNCILWOMAN BROWN: What percentage of
6 your budget is from the State? You say 60
7 percent is from tuition and fees?

8 MR. CURTIS: Almost 60.

9 COUNCILWOMAN BROWN: What percentage is
10 from the State?

11 MR. CURTIS: About 25 percent from the
12 City these days -- the State. Excuse me.
13 That was your question. About 15 percent
14 from the City.

15 COUNCILWOMAN BROWN: So, you have
16 spoken a lot about the business of education
17 from the mission of CCP as an institution.
18 Let's look to the business of education or
19 the education of business, the business side
20 of education when it comes to the actual
21 institution itself. It is no secret that we
22 here in this body care a lot about what is
23 happening with all those entities and
24 institutions that receive City support. I

1 need to thank you for providing to my office
2 or our offices, the demographic breakdown of
3 what is happening at CCP from a staff
4 standpoint.

5 What I want to look to further is the
6 spending on capital purposes. Professional
7 services, supplies, services, and others.
8 What I have here is helpful. It is not
9 detailed enough for me in that I can not tell
10 from these numbers which are -- you have
11 general numbers here, for example FY09 and
12 10, it is close to \$400,000, 5.5 percent from
13 a discretionary spending for minority owned
14 men?

15 MR. CURTIS: Yes.

16 COUNCILWOMAN BROWN: What I cannot tell
17 in that is, what part of that number is for
18 professional services, what part is for
19 supplies and services?

20 MR. CURTIS: Okay. I don't know that
21 right offhand. We can absolutely break that
22 down.

23 COUNCILWOMAN BROWN: Could you please do
24 that?

1 MR. CURTIS: Sure.

2 COUNCILWOMAN BROWN: Then we want to
3 know who you do your insurance with; who you
4 do your legal services with; Workman's
5 Compensation.

6 MR. CURTIS: That is fine.

7 COUNCILWOMAN BROWN: Security and
8 Maintenance, because we in this body care
9 about doing business with local.

10 MR. CURTIS: We can provide that as
11 well.

12 COUNCILWOMAN BROWN: As well as women
13 and people of color. So, if you can break
14 that down further, that would be extremely
15 helpful.

16 MR. CURTIS: Yes.

17 COUNCILWOMAN BROWN: My next question,
18 then I will bounce it, is on Page 283 of your
19 testimony last year. My staff and I reread
20 last year's transcript, and at that time we
21 found out there was no written policy on
22 business diversity at the college.
23 Councilman Goode asked a question, do you
24 believe there should be a written policy,

1 where in your statement was, I think, a
2 written policy is appropriate.

3 So, as we move now to one year later,
4 please give us an update on what that written
5 policy is regarding minority and women
6 contractors at the college.

7 MR. CURTIS: The answer is, there is no
8 policy, per se. There is an equal
9 opportunity plan that we have utilized. It
10 is in writing, for the kind of contracting
11 that you have been asking about. That is a
12 multi-page document and we can provide that
13 to you.

14 COUNCILWOMAN BROWN: If you could
15 provide that to The Chair.

16 MR. CURTIS: Yes.

17 COUNCILWOMAN BROWN: Have you
18 incorporated the Mayor's goals into your
19 Equal Opportunity Plan?

20 MR. CURTIS: Yes, we have.

21 COUNCILWOMAN BROWN: What was MBE or WBE
22 participation on construction projects?

23 MR. CURTIS: What we have given you,
24 these are the recent construction projects, I

1 think last year we provided a previous
2 construction project. This is the main
3 campus construction project. It comes in
4 phases, and this is the report to date.

5 There are still -- I have forgotten the
6 amount of money, another \$13 million or
7 something to actually be contracted and
8 dispersed. So, these numbers we know will go
9 up, but this is to this point in the project,
10 it is certainly past the halfway point, but
11 we already know, for example, from contracts
12 out but not dispersed yet that these numbers
13 will in fact rise.

14 COUNCILWOMAN BROWN: Does there exist a
15 monitoring apparatus within your organization
16 to ensure that what is written on paper is
17 real?

18 MR. CURTIS: Yes. We have written the
19 parameters of the EOP plan into contracts and
20 we have a person at the college who has
21 general oversight of our construction on our
22 behalf who monitors that. We report that
23 regularly to the Board of Trustees.

24 COUNCILWOMAN BROWN: Okay then. Thank

1 you very much. I am gonna push my pause
2 button and now move to Councilman Bill
3 Green. Councilman Goode, point of
4 information.

5 Councilman Goode.

6 COUNCILMAN GOODE: Thank you very
7 much. Thank you, Madam Chair. Very
8 briefly. Just because my office made a
9 recent inquiry, do you actually put goals
10 within the RFPs, and what percentage of RFPs
11 you put goals in? We made an inquiry given to
12 us by a constituent about a specific contract
13 opportunity and the only thing that was
14 stated within that contract opportunity was
15 the equal opportunity, economic opportunity
16 statement, which is very bland, and not
17 necessarily meaningful.

18 Do you actually put goals in the RFPs
19 and if not, how do you expect it to lead to
20 participation, because there is no need for
21 monitoring enforcement if there aren't goals
22 that are actually set?

23 MR. CURTIS: Unless I misunderstood the
24 question, I was answering specifically around

1 the construction projects. Everything I said
2 there, I think, is correct.

3 COUNCILMAN GOODE: For professional
4 services?

5 MR. CURTIS: I am with you now. I
6 don't know that the goals are written in that
7 way in the RFP. On the other hand, we have a
8 standard practice that for any RFP of the
9 kind that you are describing, we require
10 internally one or more minority vendors
11 before we will move through the process.

12 COUNCILMAN GOODE: So, you set specific
13 diversity goals for construction projects,
14 but not for professional services?

15 MR. CURTIS: Not in the same way for an
16 individual service contract.

17 COUNCILMAN GOODE: I just want to put
18 on the record, I don't understand why you
19 don't set goals for professional service
20 contracts. I believe you should. Thank you,
21 Madam Chair.

22 COUNCILWOMAN BROWN: You're welcome,
23 Councilman Goode. Councilman Bill Greenlee.

24 COUNCILMAN GREENLEE: Thank you, Madam

1 Chair. Just quickly, I know it's been a long
2 day. Good afternoon. It is almost evening.
3 First of all, I just want to echo what the
4 Chairwoman said about the accomplishments you
5 have given, the tough economic situations
6 that are out there. Including, I know what
7 you feel is lack of proper funding from the
8 City, and we understand that. You have done
9 a terrific job. The one thing that jumps out
10 at me is on the first page of your written
11 testimony, you say that more than 90 percent
12 of those that received degrees or
13 certificates remained in the City and chose
14 to work here.

15 MR. CURTIS: That is true.

16 COUNCILMAN GREENLEE: I think that is
17 really important because we talk a lot about
18 trying to keep folks in the City, especially
19 once they get out of college or whatever, and
20 you certainly have seemed to achieve that.
21 So, that's great news, I think, for
22 everybody.

23 MR. CURTIS: Thank you. I mean, that
24 is partly because we are a local college.

1 COUNCILMAN GREENLEE: Sure. I
2 understand.

3 MR. CURTIS: We are a community
4 college. We really don't serve outside this
5 County. So, we have, among our students,
6 individuals that want to stay in the City.
7 They are looking to advance themselves,
8 further themselves. I think that has been a
9 fairly consistent -- I mean, it may go up or
10 down slightly, but a fairly consistent trait
11 for many, many years. So, we are not part of
12 the brain drain, as an example.

13 COUNCILMAN GREENLEE: Okay. That is
14 great. Finally, I just want to start out by
15 saying, I have no desire to get involved
16 indirectly in collective bargaining in any
17 way, but I think a lot of us always think it
18 is important to talk, sit down, negotiate,
19 whatever. I wonder if you can comment at all
20 about where -- I mean we know, we read the
21 papers, we heard from folks, where, just in
22 general terms, have there been sit downs
23 lately, are there plans to do more, that kind
24 of thing with you?

1 MR. CURTIS: At the moment, that is in
2 the hand of the State mediator. We have --
3 If you are following then you know we have
4 made, after many months, we have been at
5 this, started 15 months ago, we tried to
6 advance this with what we think is a
7 comprehensive final offer that lays out what
8 we think we can afford, but we have been
9 working with a mediator. I believe the
10 mediator is working with the union and as
11 soon as the mediator calls us back, we are
12 prepared to sit down.

13 COUNCILMAN GREENLEE: Fair enough.
14 Thank you. Thank you, Madam Chair.

15 COUNCILMAN BROWN: You are welcome,
16 Councilman Greenlee. At this hour we will
17 call on Councilman Kenyatta Johnson.

18 COUNCILMAN JOHNSON: Good evening, Dr.
19 Curtis. How are you?

20 MR. CURTIS: Fine. Thank you.

21 COUNCILMAN JOHNSON: That is good. I
22 want to first acknowledge your hard work of
23 Government relations person Lynette
24 Brown-Sow. I definitely want to acknowledge

1 the hard work that she has done on behalf of
2 Community College of Philadelphia. I just
3 wanted to have you just briefly touch base on
4 three particular initiatives I am very
5 interested in. One is the Center for Male
6 Engagement.

7 Can you just elaborate on the status of
8 the program, how the program has done thus
9 far to date. The other one was the actual
10 workforce program where you provide the free
11 semester? It kind of boggles my mind all
12 these different cuts that's going on and
13 dollars and cents how would that program
14 equate that you actually still have running.

15 MR. CURTIS: Okay.

16 COUNCILMAN GREENLEE: Third one is the
17 Advanced College expense for dual enrollment
18 program that focuses on continuing education
19 for high school students. And those are
20 three of my key areas that I am interested in
21 getting an update on and a status as it
22 relates to Community College of
23 Philadelphia.

24 MR. CURTIS: I would be happy to. The

1 Center for Male Engagement, the college, over
2 the years, has tried a number of initiatives,
3 and I am gonna call them that, I don't mean
4 this in a bad way, but small scale
5 initiatives. There have always been faculty
6 on the campus that wanted to work with
7 students particularly to address the
8 difference in success rates for
9 African-American men on campus and Latino
10 men. Those are the two groups.

11 So, we have done some things but to
12 really make some headway, we have always
13 thought we needed to do it at a larger
14 scale. That is probably a comment that goes
15 to a lot of things even beyond this
16 particular example. So, we are fortunate
17 about two-and-a-half years ago to get some
18 initial funding through the Federal
19 Government that allowed us to -- I don't know
20 that that is true, but he has always
21 supported us in everything we do, but it
22 allowed us to establish the center. What is
23 different about it, it allows us to hire
24 full-time coaches. Think of mentors who are

1 intervening and interceding on a regular
2 basis with the men, often young men, who work
3 through the Center For Male Engagement.

4 So, instead of trying to do some things
5 20 at a time or 30 at a time, we are now
6 doing it hundreds at a time. There is a whole
7 series of services and activities we run
8 through the center. Some of them are unique
9 to the center. As an example, for incoming
10 freshman, we invite them, again we are
11 talking men now, to participate in a summer
12 experience prior to beginning in the fall.

13 But we are also building on the
14 infrastructure that we have in place for all
15 students. An example there would, be our
16 academic early alert system. Any instructor
17 who sees early in a semester that a student
18 is having trouble; not showing up regularly,
19 behind in homework, whatever. I won't go
20 through all the details, but there is a way
21 of letting the college know that, and we
22 reach out to the student. In this case the
23 coaches can intervene with the student. The
24 students are in effect assigned to the

1 coaches.

2 So, we are doing some things
3 differently and at a scale that is very
4 different from what we have done before.
5 It's been in place a little over two years,
6 so we are still early in the process. But
7 the initial data says that these male
8 students are being retained at a rate that
9 exceeds other male students at the college,
10 in some cases by significant percentage
11 points. So, we think this is a work in
12 progress that is turning out to be very
13 successful. Again, we still have a ways to
14 go. The men who started with us a couple
15 years ago won't be at a point of graduation
16 yet. So, we have to get all the way through
17 that, but the initial data, because we do
18 measure everything, looks very, very
19 promising.

20 The second one you mentioned was our
21 Opportunity Now Program. The answer to that
22 question, we inaugurated that shortly after
23 the events of 9/11. You may recall that even
24 before 9/11, the economy was in a bit of a

1 funk then too, but 9/11 made it worse. In
2 Philadelphia, the airline industry was laying
3 off. Tourism was down. There were people,
4 even more people losing jobs.

5 So, we got this idea from another
6 community college. We, basically, stole it
7 from them, and have done it ever since. What
8 we have found over time, No. 1, this is a
9 population that tends to be older than our
10 already adult population. Average age for us
11 about 27. I think the average age for the
12 Opportunity Now student is often in the 35
13 area. And many of those students, not all,
14 but many are coming with some college or even
15 a degree already in hand.

16 So, your question was a cost question.
17 We require no tuition from them for that
18 semester. They do have to buy books, they
19 have to pay fees. We do ask them to apply
20 for federal financial aid. So, for some,
21 that will cover the cost. If they do not
22 qualify or if for some reason they are not
23 eligible, we simply waive the tuition. There
24 is no magic bucket of money here, but it

1 turns out they are not all beginning
2 students. If they were all beginning and
3 needed, every one of them, English
4 Composition I, right, which every student has
5 to take in college, even if you scatter them
6 across the college, in effect, you are having
7 to create extra sections of English 101.
8 There is a cost to the college, but a number
9 of these students already have some of those
10 introductory level courses. They need or
11 want some advanced courses, and in those
12 courses, there are sometimes empty seats. If
13 they fill in an empty seat, it's not costing
14 the college.

15 So, from the beginning, there's always
16 been a cost to us, but we have always thought
17 that the trade off of a smaller cost than we
18 ever dreamed it might be, with what it
19 accomplishes, is absolutely worth it. That
20 is the answer to your question.

21 And the third one, the dual enrollment
22 program for high school students, that is an
23 example where relationships with the school
24 district that have depended in part on

1 external funding are probably diminished in
2 terms of what we are able to do.
3 Specifically, in the previous state
4 administration, there was dollar support for
5 tuition for dual enrollment students all over
6 the State. Each school district could apply
7 for whatever the amount was. And however
8 that was determined, there would be a line
9 item for each school district that would
10 allow them then to negotiate with a college
11 like us to support dual enrollment. That
12 support disappeared in one fell swoop this
13 year as part of the budget decision making
14 progress in Harrisburg.

15 What we have done, we have discounted
16 our tuition to high school students as a way
17 of trying to encourage moving on, but
18 realistically, we expect those numbers to be
19 down this year because there are individual
20 schools that will support some of that.
21 There may be individual students, but it
22 won't be at the levels that have occurred in
23 the past, we believe, because of the lack of
24 tuition support.

1 So, I can't give you the final numbers.
2 We are actively working with not only the
3 school district or the charter schools and
4 others to find synergy around dual
5 enrollment, but realistically we expect the
6 numbers to be down this year.

7 COUNCILMAN JOHNSON: Thank you, Madam
8 Chair.

9 COUNCILMAN BROWN: You are very welcome,
10 Councilman Johnson. Please, Councilman Henon,
11 you are up next.

12 COUNCILMAN HENON: Thank you, Chair.
13 Good evening, how are you. Seems like
14 community college is thriving as far as your
15 enrollment. What is your enrollment today
16 compared to the last, let's just say, five
17 years?

18 MR. CURTIS: Well, as I said, on the
19 credit side, we hit all time records. The
20 last two years, we will not. So, in any
21 given semester, we will have 20,000 and up
22 taking credit courses. By the end of the
23 year, we will enroll almost 40,000 different
24 students.

1 About three quarters of those are the
2 credit side. The rest are non-credit. That
3 is literacy programs, business training that
4 doesn't lead to credit. That may be
5 customized job training and the like, but it
6 will be almost 40,000 different heads.

7 COUNCILMAN HENON: What are the
8 graduation rates from Community College, and
9 of those graduation rates, those who are on
10 the credit end and on a full-time basis, are
11 City residents? It is pretty high, right?

12 People who graduate and leave Community
13 College retain here in the City; is that
14 correct?

15 Is that a fair statement?

16 MR. CURTIS: That is true. Absolutely.
17 If they graduate from us, they stay to live
18 and work. There is no doubt it. I am not
19 sure how to answer, there is so many
20 permutations here. In terms of graduation
21 rate, the most recent data I have seen we
22 track, for instance, how many students leave
23 us each Spring. They leave for all kinds of
24 reasons.

1 Many students transfer without a
2 degree. They don't intend to get a degree
3 from us. They simply want to get to Temple
4 University or Drexel, wherever they are
5 going. So, I think the last data I saw said
6 that out of 6,000 some students leaving the
7 college for various reasons, to go to work,
8 maybe not doing well, and actually dropping
9 out. About 20 percent of that number left as
10 graduates. About half of every graduating
11 class goes straight to work, but the other
12 half go on to a four-year school. We still
13 have more students looking to transfer than
14 anything else.

15 COUNCILMAN HENON: That sounds quite
16 impressive as, you know, when they leave your
17 institution. So, you know, as someone as a
18 late person just trying to assess and
19 understand, you know, how the college
20 operates. It seems like you have, you know,
21 very good, you know, let's just say a pool
22 and workforce of professors and teachers and
23 adjunct teachers to help assist the credits
24 that people need as opposed to, you know,

1 full-time students and some of your
2 programs.

3 So, I think it's a credit to, you know,
4 working with, you know, the administration
5 and the teachers.

6 MR. CURTIS: I agree with that.

7 COUNCILMAN HENON: Specifically the
8 teachers union. How much have you -- It
9 seems like you have had a vibrant and very
10 good strategic plan with your capital budget
11 and your business plan. How much have you --

12 How much has your capital budget been
13 to date over the last five years,
14 approximately?

15 MR. CURTIS: May I ask a question?

16 COUNCILMAN HENON: Well, you can, if
17 you have it or if you can just provide it the
18 Chair at some time.

19 MR. CURTIS: Let me just answer in a
20 general way. The last five years are
21 different because we received specific
22 approval and funding from the State. We
23 can't undertake a large scale capital project
24 without State approval and with that comes

1 State funding.

2 COUNCILMAN HENON: In my previous job I
3 was across the street. So, you know, I seen
4 a lot of activity. A lot of goings on.

5 MR. CURTIS: So, for the last five
6 years, our big projects are probably \$80 some
7 million dollars worth of projects in the last
8 five years. For construction, that's what
9 you are asking, I think.

10 COUNCILMAN HENON: Yes.

11 COUNCILWOMAN BROWN: Point of
12 information. Did you say 80 or 8?

13 MR. CURTIS: \$88 million.

14 COUNCILWOMAN BROWN: Okay thank you,
15 Councilman Henon.

16 COUNCILMAN HENON: Yes, Madam Chair.
17 So, yes, that is impressive. Again, I just
18 want to continue to see the college thrive
19 for the residents here in the Philadelphia
20 proper and region, and hopefully they stay
21 here. I too just wanted to follow up
22 quickly. My colleague I think had mentioned
23 about the ongoing negotiations, you know,
24 with my previous background. I understand

1 what it means to be at the table and
2 negotiate, so it's a give or take.

3 I hope -- I hope that there is a
4 resolve soon, you know, because it is in the
5 best interest of all of Philadelphia and, you
6 know, the residents as we invest in an
7 institution that is producing good results,
8 and for those that are participating in
9 educating our citizens, is extremely
10 important.

11 Now, you said that the negotiations now
12 are, you know, in the hands of an
13 arbitrator. When do they --

14 MR. CURTIS: Mediator.

15 COUNCILMAN HENON: Mediator. Okay.
16 When does the mediator expect; anytime soon?

17 MR. CURTIS: I believe there is a
18 meeting set for the end of the month.

19 COUNCILMAN HENON: The end of the
20 month?

21 MR. CURTIS: The end of the month is
22 the next get together. Yes, sir.

23 COUNCILMAN HENON: Good. I would
24 encourage a good resolve, fair resolve for

1 everybody at the end of this is in all our
2 interests.

3 MR. CURTIS: That is our hope as well.

4 COUNCILMAN HENON: I have no further
5 questions.

6 COUNCILWOMAN BROWN: Thank you,
7 Councilman Henon. My final question is
8 around the issue of sustainability and the
9 environment being green. A few members of
10 Council, notably Councilman Jim Kenney,
11 myself, and others, who care a lot about this
12 topic.

13 On the curriculum side, has the
14 university looked at the prospect or notion
15 of offering curricula end in this area?

16 MR. CURTIS: I believe the correct
17 answer, I hope I have enough information for
18 you, is that we in some key areas have done
19 that. Architecture, as an example, and
20 construction management, those kinds of
21 things have specific, not a separate degree
22 program, but specific modules, et cetera.

23 COUNCILWOMAN BROWN: Sure.

24 MR. CURTIS: In other cases, I think

1 it's being integrated in to curricula as
2 opposed to set aside program.

3 COUNCILWOMAN BROWN: Sure, because that
4 is the future.

5 MR. CURTIS: Yes.

6 COUNCILWOMAN BROWN: And then lastly,
7 on the practice behavior side, what steps has
8 the University taken towards recycling and
9 the like?

10 MR. CURTIS: Well, we do many things
11 already. We also are looking at increasing
12 our recycling and are looking to produce a
13 plan backed by some dollars, we hope. That
14 goes back to our budget conversation a moment
15 ago. That would allow us to take even more
16 steps forward.

17 Probably the biggest steps we have
18 taken around sustainability have been in the
19 latest construction projects. The expansion
20 at the northeast, the new building. We
21 expect leave certification, same for the new
22 building on the main campus, both of which
23 are open now. I can't remember if I
24 mentioned this previously, but up in the

1 Northeast, we were able to obtain a
2 significant economic development agency
3 allocation several years ago, Federal
4 dollars, to support geothermal wells. I
5 think we have 220 of them up at the
6 Northeast.

7 COUNCILWOMAN BROWN: Wow. That is
8 exciting.

9 MR. CURTIS: Originally we intended to
10 use them to heat and cool the new building,
11 but as it turns out, we are using it for the
12 entire campus. I think as a sort of rule of
13 thumb, we are now heating and cooling double
14 the square footage. We have literally doubled
15 the size of that campus for only about 10
16 percent more in cost.

17 So, not only are we doing the right
18 thing vis-a-vis, the carbon footprint, and
19 all that, but from a budget point of view, it
20 is absolutely economically very
21 advantageous.

22 COUNCILWOMAN BROWN: Indeed.

23 MR. CURTIS: So, we have lots of
24 literature about those buildings, but those

1 are very substantial steps that we have
2 deliberately tried to take in recent times.

3 COUNCILWOMAN BROWN: Very, very
4 exciting. I am going to close by beating a
5 dead horse. Repeat again why you -- I believe
6 -- I assume that it is a leadership decision
7 not to have a policy, a Board policy around
8 MBE, WBE, in addition to or instead of your
9 EOP plans?

10 MR. CURTIS: Honestly, I don't have a
11 reason. We will attend to that. I promise
12 to give you a different answer a year from
13 now.

14 COUNCILWOMAN BROWN: Okay then. We
15 would appreciate that --

16 MR. CURTIS: Yes, Ma'am.

17 COUNCILWOMAN BROWN: Because it matters
18 enormously to many members of Council.

19 MR. CURTIS: I think the actions we are
20 taking are the actions that are moving us in
21 the right direction.

22 COUNCILWOMAN BROWN: Agreed.

23 MR. CURTIS: We will give you more
24 detail, but on the charts that you referred

1 to earlier, every year for the last four or
2 five years, those totals are increasing. So,
3 I think we are moving in the right direction,
4 but I understand the question.

5 COUNCILWOMAN BROWN: The progress
6 matters.

7 MR. CURTIS: Yes, Ma'am.

8 COUNCILWOMAN BROWN: The progress does
9 matter.

10 MR. CURTIS: Yes.

11 COUNCILWOMAN BROWN: Thank you very
12 much for your testimony. Any other questions
13 for the Community College of Philadelphia?

14 We thank you very, very much.

15 MR. CURTIS: Thank you.

16 MS. FERNANDEZ: Thank you.

17 COUNCILWOMAN BROWN: At this hour, we
18 will ask SEPTA to please move to the witness
19 table.

20 COUNCILMAN JONES: Thank you very
21 much. You can state your name and begin your
22 testimony for the record.

23 MR. CASEY: Good evening, Councilman
24 Jones. My name is Joseph Casey, General

1 Manager for SEPTA. I submitted my testimony,
2 you know. I will leave it to the Council's
3 discretion whether you want me to read parts
4 of it, or --

5 COUNCILMAN JONES: I think that is a
6 precedent. I don't know how to act. You
7 said, let's just get this started. Are you
8 sure? I mean.

9 Any other members, is that all right?
10 It's getting late in the hour?

11 Okay. We will accept your generous
12 offer. Let me start by saying that it has
13 been my privilege in the past four years to
14 have been Chair of Transportation and Public
15 Utilities for Council's Committee, but as we
16 know, we have upgraded to the freshman
17 Councilman, Kenyatta Johnson, who is now
18 Chair of that committee, and has graciously
19 allowed me to remain as Vice Chair, and I
20 appreciate that.

21 I have had a long relationship with
22 you, and congratulations on settling the
23 SEPTA police strike and are moving us forward
24 in light of the increase in the price of

1 gasoline. You are probably our best option
2 to move more people, more miles in a
3 cost-effective manner. So, we were glad to
4 hear that that was accomplished by you and
5 your management. Hat's off to you.

6 MR. CASEY: Thank you.

7 COUNCILMAN JONES: Second thing is,
8 because of the increase in ridership due to
9 energy crisis, as Chair of Public Safety now,
10 I am more concerned about public safety. I
11 have sent out letters to you and other
12 departments to talk about the geography of
13 crime. Not so much in order to kind of get a
14 sense, everybody knows crime happens, but
15 where it happens and what the synergies are
16 between agencies, whether it is the
17 Philadelphia Police, the SEPTA Police, the
18 Public Housing Police, school police, and
19 working together is going to be a focus, that
20 at least I have, and members of the Safety
21 Committee will also have.

22 So, in light of that, I wanted to focus
23 on three things. My question will be, can
24 you speak to the violence against your

1 operators that seem to be on the uptake?

2 I have talked to members of your staff
3 that have agreed that that is an issue. The
4 second aspect of it is safety to our
5 passengers and what that means and, you know,
6 safety means different things to different
7 people. You as CEO, can you expound upon
8 that, and then, is there a strategic plan to
9 work with various law enforcement agencies to
10 keep us all safe and cooperating with the
11 Philadelphia Police Department?

12 If you can start focusing on that, that
13 would be helpful to me.

14 MR. CASEY: First I will mention the
15 assaults on the operators. It is really
16 discerning for me as the Chief Executive
17 Officer for SEPTA to see, you know, our
18 employees going out on a day-to-day basis
19 trying to do their job, to be attacked. We
20 do see an uptake in those incidents. It's not
21 unique to Philadelphia. It's happening
22 across the country, unfortunately, and you
23 know, we are doing a lot of training up front
24 with our operators, frontline people, to try

1 to defuse situations. But, unfortunately,
2 these instances are still happening.

3 We are working with Senator Tartaglione
4 to issue a bill to make it a felony assault
5 on any uniform SEPTA employee. You know,
6 other than that, we are focusing on the areas
7 that we constantly have problems. If the
8 operator identifies a specific area, specific
9 group that he is having problems with, we do
10 send undercover policemen out there.
11 Supervision, et cetera.

12 It seems to be hit or miss. We are sort
13 of chasing our tail as to these instances.

14 COUNCILMAN JONES: Well, you know, Kia
15 Gregory did an article, it said 90 assaults
16 on operators last year. That is up from 81 in
17 200-- No. 81 of them resulted in a physical
18 assault, and that is up from 20 only two
19 years ago.

20 MR. CASEY: Yes.

21 COUNCILMAN JONES: So, this is an
22 alarming uptake. So, are there steps -- I
23 know you use cameras. Are there cameras on
24 all of the buses at this point?

1 MR. CASEY: Not on all the buses, but

2 --

3 Within two years?

4 MR. DIGGS: Within two years.

5 MR. CASEY: Within two years, they will
6 be 100 percent outfitted with cameras, but,
7 you know, I will say the cameras don't deter
8 some of these individuals in perpetrating
9 whatever they are going to do.

10 COUNCILMAN JONES: My concern is, of
11 the 90 cases, only 20 resulted in arrests.
12 Is there a reason for that?

13 MR. CASEY: Only 20?

14 COUNCILMAN JONES: Only 20.

15 MR. CASEY: I will introduce Luther
16 Diggs. He is -- Well, Luther, you can
17 introduce yourself.

18 MR. DIGGS: I am Luther Diggs, I am the
19 Assistant General Manager of Operations for
20 SEPTA. We -- of the 90 assaults, they are --
21 We consider an assault as anything from
22 throwing a transfer at an operator to
23 spitting at an operator. They are not all
24 physical assaults. Of those, yes, 20 we have

1 made arrests and they are for the aggravated
2 assaults, the simple assaults, where there
3 was actually bodily harm done to the
4 operator.

5 We use a lot of the cameras. Sometimes
6 we can view it on camera and actually arrest
7 the perpetrators. Other times, you know, it
8 happens in a way that we can't arrest the
9 perpetrator.

10 So, when you say 90 assaults, a lot of
11 the times it's not physical contact with the
12 operator. It could be somebody threw a
13 transfer at them or something of that
14 nature. But, we do take this very
15 seriously. We have a multi-prong approach to
16 try to deal with it.

17 We found that a lot of the training
18 that we are doing --

19 COUNCILMAN JONES: Are you speaking of
20 conflict resolution?

21 MR. DIGGS: Conflict resolution
22 training. We have a group that we are
23 working, that is working with us for the last
24 over two years now, and we actually just

1 extended our contract for two more years, to
2 work with our operators and our conductors on
3 the railroad to work with defusing
4 situations, and we actually get a lot of
5 feedback from the operators that that is
6 really helping the situation on the
7 vehicles.

8 We have a good connection with
9 Philadelphia Police, and my police
10 department, and I actually do have a police
11 department under me, SEPTA police, doing a
12 lot more vehicle checks, making more contacts
13 with the operators. Being a lot more
14 proactive in addressing their needs.

15 We are making sure that we have -- that
16 radios are working, that we get better
17 responses at night. Particularly when
18 operators call in and put in out of emergency
19 calls to address some of the issues they are
20 dealing with. We are really working hard to
21 try to address this particular issue, but it
22 is an ongoing problem. We know it is. We
23 will just keep focusing on it and hopefully
24 we can reduce it. Thank you.

1 MR. CASEY: Councilman, one thing I
2 want to mention is, approximately, a year
3 ago, I moved the police department under
4 Luther -- to under Luther Diggs, to get more
5 of a synergy between what is going on from an
6 operator's standpoint so they can, more or
7 less, synergise the police effort on to the
8 transportation.

9 But the other thing you mentioned is,
10 you know, our customers. And again, we are
11 installing cameras throughout the system, but
12 we are finding most of the crime perpetrated
13 against our customers are a lot of petty
14 theft type things. For the most part is
15 people snatching their cell phones, Ipads.
16 They are listening to music and not
17 necessarily focusing on their surroundings.

18 So, we do have an effort to make the
19 public aware of -- more aware of their
20 surroundings.

21 I just found out this morning, I was
22 listening to the Today Show or one of those
23 news, that there was ability to deactivate
24 these cell phones if they are stolen.

1 COUNCILMAN JONES: I saw that.

2 MR. CASEY: Hopefully that will drive
3 these numbers down.

4 COUNCILMAN JONES: How many assaults on
5 SEPTA property were there last year to the
6 ridership?

7 MR. DIGGS: I don't have those
8 numbers. I can get them for you.

9 COUNCILMAN JONES: That is an important
10 statistic that we want to keep track of. So,
11 if I were to ask you again how many were
12 felony assaults, you wouldn't know that?

13 MR. DIGGS: Well, if you take in every
14 category, there was 426. Aggravated assaults
15 were eight, robberies were 99 and theft 3 --

16 COUNCILMAN JONES: I can't hear you.
17 You have to speak into the microphone, sir.

18 MR. DIGGS: All categories 426;
19 aggravated assaults, 8; burglaries, 3;
20 robberies, 99, and theft, I guess that is the
21 snatching of cell phones and things of that
22 nature, 315.

23 COUNCILMAN JONES: So, if you were to
24 total those, quick math.

1 MR. DIGGS: 426.

2 COUNCILMAN JONES: 426?

3 MR. DIGGS: Yes.

4 COUNCILMAN JONES: You don't keep track

5 of what happens around stations within a

6 block of the station, I would imagine?

7 MR. DIGGS: Only if we are involved in

8 it. If our police department is involved in

9 it, in the station or around the station, we

10 have it, but if it is the City police, we

11 couldn't have those numbers.

12 COUNCILMAN JONES: I am gonna turn it

13 over to my colleagues at this point and as

14 you can see, I am very concerned about it.

15 My focus is on the geography of where crime

16 happens will allow us to better to deploy

17 limited resources where they are needed. So,

18 if you need more assistance from the

19 Philadelphia Police Department, we are gonna

20 kind of nudge them in the right direction.

21 If a crime happens in or around a stop,

22 60th Street is one of the stops that I am

23 very concerned about. We are going to try to

24 encourage some type of partnership and we

1 will speak on that a little further on.

2 We will turn it over to Councilman
3 Goode at this point.

4 COUNCILMAN GOODE: Thank you, Mr.
5 Chairman. Good afternoon, Mr. Casey.
6 Hopefully you anticipated my first question.

7 Can you provide an update on lease
8 negotiations for the City?

9 MR. CASEY: As you are aware we met, I
10 am trying to think whether it was last week
11 or the week before. It is -- My days seem to
12 run together. We met and I know the lawyers
13 are meeting to discuss some of the language
14 suggestions that you had made with the basic
15 outline of agreement. That is where we are.
16 Hopefully we can get things wrapped up. I
17 don't know the time frame, but the last
18 couple months --

19 COUNCILMAN GOODE: For the record, for
20 the purposes of the Committee Of The Whole,
21 could you just provide a semiformal update?

22 MR. CASEY: Yeah, the outline of the
23 agreement that we have was for us to continue
24 operating the City assets and for your

1 information, the City assets include the
2 Broad Street -- ownership of the Broad Street
3 Subway and the Market Frankford line north of
4 Spring Garden, and also the subway surface
5 lines when it goes under the City. I think
6 that is the basic. I think there is a couple
7 other small items that are still being worked
8 out.

9 We are still in the process working
10 with the City to identify all those assets,
11 but the basic outline of the agreement is we
12 will -- SEPTA will continue operating those
13 assets in revenue service. There was an
14 issue with the concourses. The City owns the
15 vast majority of the concourse.

16 SEPTA was going to take over
17 responsibility for those concourses,
18 including the responsibility to fix them up,
19 to upgrade them, improve the lighting, et
20 cetera, and also include the liability for
21 maintaining those concourses. I think that is
22 the outline of the agreement.

23 COUNCILMAN GOODE: You left a few
24 things out. I will get to that in a second.

1 MR. CASEY: Okay.

2 COUNCILMAN GOODE: Is there a likely
3 timetable for the agreement to be finalized?

4 MR. DIGGS: I don't have a timetable.
5 I can talk to the City. You know, I think
6 the intention from Rina Cutler is to try to
7 get something wrapped up, you know, this
8 year.

9 COUNCILMAN GOODE: The scope of the
10 agreement will include provisions for revenue
11 sharing with the City?

12 MR. CASEY: Yes.

13 COUNCILMAN GOODE: On advertising,
14 fiber optics, and commercial space?

15 MR. CASEY: Yes, there was some blanket
16 language in there.

17 COUNCILMAN GOODE: How will Council be
18 briefed on the lease before it is formally
19 submitted for our approval?

20 MR. CASEY: How will they be briefed?

21 COUNCILMAN GOODE: Mm-hmm.

22 MR. CASEY: You know, I guess, we will
23 come to a conclusion between us, SEPTA and
24 the administration. There is two things, the

1 administration has to present it before
2 Council for approval and we have to submit it
3 to the SEPTA Board for their approval.

4 Hopefully before that happens, that you
5 will be briefed on.

6 COUNCILMAN GOODE: I actually will pose
7 that question to the administration, but the
8 agreement is between the executive branch and
9 SEPTA for the original lease, that had to be
10 approved by Council.

11 MR. CASEY: Yes.

12 COUNCILMAN GOODE: A new lease
13 agreement had to be approved by Council
14 before there is a final agreement. I just
15 think it make more sense that Council be
16 briefed where we are gonna end up even before
17 that final agreement is reached. It makes
18 more sense than to bring us a final lease.

19 MR. CASEY: Okay.

20 COUNCILMAN GOODE: Just lastly, related
21 to diversity goals that are set. Has SEPTA
22 ever done a Disparity Study to determine what
23 the availability is of participation in its
24 contracts?

1 MR. CASEY: Yeah, we do that on an
2 annual basis. I will introduce Lily Clait.
3 Lily, you want to introduce yourself for the
4 record.

5 MS. CLAIT: Good afternoon. I am Lily
6 Clait. I am the Director of the DB program
7 at SEPTA. Technically our last Disparity
8 Study was conducted in 1999.

9 COUNCILMAN GOODE: Is it time for an
10 update?

11 MS. CLAIT: I would say -- Yes.

12 COUNCILMAN GOODE: I think that is
13 appropriate, and then connected to that and
14 in the spirit of regionalism, do we try to
15 capture business opportunities and workforce
16 opportunities for Philadelphia and the
17 surrounding counties; those counties that
18 make up the region. Is there a policy that
19 looks to provide those opportunities to those
20 people who provide the subsidy and the fare
21 revenue?

22 MS. CLAIT: In terms of the jobs you
23 are talking about?

24 COUNCILMAN GOODE: In terms of

1 contracts and jobs. Do we have a region
2 first approach to it?

3 MS. CLAIT: No. We do not.

4 COUNCILMAN GOODE: Should we develop a
5 policy toward that?

6 MS. CLAIT: Well, right now our DB
7 program is based on Federal regulation, which
8 is our guidelines for how we administer our
9 program.

10 MR. CASEY: And there is no local
11 preference under the Federal guidelines.

12 COUNCILMAN GOODE: Is there a
13 requirement in the Federal Regulations to
14 update the Disparity Study?

15 MS. CLAIT: That is something that we
16 could do at our discretion, if need be.

17 MR. CASEY: Is there a requirement?

18 MS. CLAIT: No, there is not a
19 requirement for that.

20 COUNCILMAN GOODE: Okay. Thank you.
21 Thank you, Mr. Chair.

22 COUNCILMAN JONES: The Chair thanks
23 Councilman. Now recognizing Councilman
24 Johnson, Chair of Transportation and Public

1 Utilities for the Councilman.

2 COUNCILMAN JOHNSON: Thank you, Mr.
3 Leader.

4 Good afternoon, Joe. How are you
5 doing?

6 MR. CASEY: Good afternoon. How are
7 you?

8 COUNCILMAN JOHNSON: I am doing pretty
9 good. Where is Fran at? How are you doing?

10 How are you doing, Mr. Kelly?

11 First I want to start off by thanking
12 Francis for providing me an update to
13 follow-up with you and Mr. Kelly regarding
14 coming to the table with Richard Neil, Jr.,
15 and the police officers union, transit police
16 officers union. Sir, I thank you for
17 actually resolving that issue. From a public
18 safety standpoint and echoing Chair on Public
19 Safety, that is an issue I have always been,
20 you know, passionate about, but more in
21 particularly during that particular case
22 because there are some many incidents of
23 violence taking place, whether it be on the
24 subway or against certain folks that actually

1 work for SEPTA. I am just glad that ya'll
2 came to some type of understanding, whatever
3 it is, because I feel more safer with a
4 highly trained police officer with a gun as
5 opposed to, you know, just an actual security
6 officer. I am just being frank.

7 MR. CASEY: We are glad to have our
8 employees back.

9 COUNCILMAN JOHNSON: I do appreciate
10 that. My question is more along the lines of
11 seniors. That's just my big thing in my
12 district with constituent services. Francis
13 Condell has done a couple presentations to
14 the seniors regarding the CCT program, just
15 to keep on the radar as we move forward the
16 level, as we advocate, which is really out of
17 your purview but to que you in on the radar
18 on the state level, support for that CCT
19 program, the actual subsidy that the seniors
20 receive so they can go back and forth to the
21 senior center and back and forth to home. I
22 am always gonna advocate to see how we can
23 increase that.

24 Some of it is out of your hands, but at

1 the same time, if we work together on a state
2 level, we can keep it on the radar as they
3 divvy up the pot to see how we can continue to
4 support the CCT program.

5 How is the transition to the actual
6 smart -- the Smart Card Program that you are
7 going have, how are you gonna update seniors
8 about that transition?

9 MR. CASEY: We have a long way to go.
10 The implementation is gonna be two to three
11 years. There will be a lot of outreach and
12 currently there is a mention in my testimony
13 where we currently are doing focus groups,
14 more or less policy decisions on the fare,
15 how much we charge for the fares. That will
16 be progressing, you know, and hopefully next
17 year, next spring we will be having public
18 hearings on, you know, changes in the way --
19 what we charge for our fares and the way we
20 collect our fares.

21 But, regarding the seniors, we also
22 have to talk to with the Smart Card, we will
23 need a chip in the card. We are hoping the
24 Department Of Transportation will issue a

1 consider senior card, if you will, that can
2 be used on SEPTA and when it's lost, it can
3 be replaced, et cetera. But those
4 discussions still have to take place, but we
5 have about two or three years.

6 COUNCILMAN JOHNSON: Conflict
7 resolution, I think that was mentioned in
8 regards to -- that training, is that like a
9 partnership with the union to try to help the
10 drivers learn how to resolve conflict when
11 they get into a confrontation with somebody
12 on the bus? I am not sure.

13 MR. DIGGS: That program is actually a
14 brain child of mine. It's a program that is
15 working with third party contractors, very
16 familiar and have worked in prisons and with
17 gangs, things of that nature, to work with
18 our operators, our new operators, we have --
19 There's different programs. There is a
20 program for new operators and conductors and
21 then there's a program for veteran operators
22 and conductors, and then we also have a
23 program for our managers.

24 It is how to deal with conflict

1 resolution and it's a very involved program.
2 It is very interactive. It is not a
3 lecture. They are very heavily involved in a
4 day-to-day, a lot of group sessions and
5 different role playing and things of that
6 nature and what they have done.

7 We have been running this now about
8 two-and-a-half years and they actually, there
9 is another community out there between them
10 that are heavy on Facebook Page and they
11 communicate back and forth. Not only with
12 each other, but with the instructors after
13 they leave the program to talk about their
14 successes and the different things that they
15 have dealt with since they have been through
16 the program. But that is, basically, what it
17 is for, new operators. It is five days for
18 veterans it is three days, and for managers
19 it is three days.

20 COUNCILMAN JOHNSON: Just a last
21 question as regards to the customer
22 satisfaction. Going from a 7.2 to a 7.9,
23 what contributed to that increase? Just
24 trying to get an idea what the numbers are in

1 the midst of --

2 MR. CASEY: There is, I think the whole
3 transparency of the organization listening to
4 our customers, but, you know, in addition to
5 the training that Luther mentioned, we do
6 have customer service training that we have
7 for the frontline people. We've invested a
8 lot of resources to bring our people in to
9 retrain them if you will on dealing with the
10 public.

11 So, it's all of the above. I think
12 there's been a lot of positive changes that
13 our public have seen, including where we saw
14 the biggest uptake of customer satisfaction
15 is what we have done on the Market Frankford
16 on the west end. Those scores jumped up.
17 The lines in Delaware County, we invested a
18 lot of stimulus dollars to improve those
19 lines. Those scores jumped up, but overall,
20 it seemed like every category increased. It
21 did increase from a cleanliness standpoint,
22 the scores went up, from even from a safety
23 standpoint the scores jumped up. So, we are
24 really exited about that.

1 COUNCILMAN JOHNSON: So, the safety
2 numbers jumped up?

3 MR. CASEY: No. The safety, have --
4 they felt -- The customers felt safe on the
5 system.

6 COUNCILMAN JOHNSON: Cool.

7 MR. CASEY: Those numbers really
8 improved. So, we are really happy about
9 those numbers and I keep giving people
10 comparisons, New Jersey Transit did the same
11 survey. We don't do the survey, we have
12 outside people that did it. Their scores
13 were 5.2 on a ten scale, so.

14 COUNCILMAN JOHNSON: Thank you.

15 MR. CASEY: Thank you.

16 COUNCILMAN JONES: Thank you, Mr.
17 Chairman of Transportation Public Utilities.

18 The Chair now recognizes Councilwoman
19 Bass.

20 COUNCILWOMAN BASS: Thank you, Mr.
21 Chair. Good evening.

22 MR. CASEY: Good evening.

23 COUNCILWOMAN BASS: How are you?

24 MR. CASEY: Good.

1 COUNCILWOMAN BASS: I just want to
2 start off first with Francis Jones love fest
3 everyone here, because I just want to thank
4 Francis for all the work that she's done in
5 my district. I am new to the eighth district
6 so it is really really a help to me when I
7 can call you and ask about a particular
8 project and Francis not only knows the
9 history, the players, the project, what is
10 going on, but can just give so much detail
11 that it is really really helpful to someone
12 like myself who is a new member, freshman
13 member of City Council. So, I just really
14 want to thank you for all the work that you
15 have done for so very long and even before
16 this with my work with Congressman Fattah,
17 you have always been helpful.

18 MS. JONES: You are welcome.

19 COUNCILWOMAN BASS: But I did have a
20 couple questions. The first is I noticed
21 that you said that ridership is up, you know,
22 that is always a good thing. The more riders
23 we have, the better. Do we ever intend to do
24 anything, like, I know that New Years -- New

1 York on New Years days gives free rides and
2 that is something that increases ridership,
3 and people get on the New York Transit System
4 for the first time and they see how great it
5 is, and it encourages them to ride again in
6 the future.

7 Do we ever do anything like that or
8 intend to do something like that?

9 MR. CASEY: We have had in the past
10 and, you know, a couple years ago when we had
11 the heavy snowstorms, we were offering
12 discounted rides after the snowstorms to
13 bring people back for the weekends, come back
14 to the City of Philadelphia. So, we haven't
15 done it recently, but that is always on the
16 back of our minds; how do we increase
17 ridership. Unfortunately, a lot of our
18 routes are already at capacity, so, you know,
19 we have to balance that.

20 COUNCILWOMAN BASS: It might be good to
21 consider when we are, you now, -- if we
22 coordinate, for example, earlier we had the
23 City Rep's office here and so if we were able
24 to coordinate an activity like Wawa Welcome

1 America or something like that that is
2 already gonna be happening that we can
3 coordinate an activity, that draws a lot of
4 people into Philadelphia.

5 Even though I know that's an increase
6 in revenue for you, it also might be an
7 opportunity for us to, you know, get some
8 people on SEPTA on a regular basis and also
9 get people to think about moving into
10 Philadelphia, you know, with our great
11 transit system and that, most places don't
12 have.

13 MR. CASEY: Thank you. We have done a
14 lot. We have issued a day pass on the
15 regional rails to come in and travel all day
16 in Philadelphia. We also help fund the
17 Philly Flash Operation, and part of our
18 contribution, you know, we contribute
19 financial contribution, but part of that is
20 to allow regular riders to also use the
21 Flash. So, the commuters everyday can come
22 to work, but during the weekends, they can
23 also utilize the Flash to rediscover
24 Philadelphia, if you will.

1 COUNCILWOMAN BASS: Okay. Thank you.
2 Now, just at the back -- actually, at the
3 bottom of Page 1, the last photograph, talks
4 about your infrastructure improvements and I
5 am glad to say that I notice a lot of them
6 are in my district, whether it is Chestnut
7 Hill Line or, Chestnut Hill Line or Chestnut
8 Hill east or west, there is just a lot of
9 improvements and one of the things that we
10 had spoken about when you were so kind to
11 come to my office was in terms of cleaning up
12 the land that surrounds those stations. I
13 know that it is very complicated, some of
14 that land is owned by SEPTA, some of it's
15 owned by, I think, CSX, some of it's owned by
16 private individuals, some of it may be owned
17 by Amtrack.

18 It would be very helpful to me, and I
19 requested this information and still don't
20 have it. So, I am just requesting it again.
21 If it is possible to get a breakdown of who
22 owns what so that if we really want to be
23 serious about cleaning up our stations and
24 increasing ridership, we have to get them

1 clean. We have to know who to contact and
2 who to hold accountable, you know, for all
3 the trash, debris or whatever it may be?

4 MR. CASEY: Well, hopefully after this
5 weekend, it will be a lot cleaner.

6 COUNCILWOMAN BASS: Well, hopefully
7 after this weekend, but beyond that, because
8 we know unfortunately, that in a lot of our
9 areas, we had someone just go down and take a
10 look at Wister Station the other day, there
11 was something happening and there's a small
12 street right there at Ridge Street and so the
13 gentleman from the Streets Department who was
14 going to clean it up, once again, said he had
15 to get out of his car and move a sofa before
16 he could actually travel around. So, it's a
17 bit of a problem.

18 MR. CASEY: Okay.

19 COUNCILWOMAN BASS: Can I have one
20 more?

21 COUNCILMAN JONES: Continue.

22 COUNCILWOMAN BASS: Also, from our
23 meeting, I think it was January or February,
24 we talked about the Wayne junction rail

1 station and I thought you mentioned that
2 SEPTA had taken out a loan of some sort to do
3 renovations on that project to the tune of
4 about \$30 million dollars.

5 MR. CASEY: That's correct.

6 COUNCILWOMAN BASS: It says here \$20
7 million in the paperwork on Page 2, so I just
8 want to make sure I am correct in what I am
9 telling my constituents as I sell this
10 project. It says here \$20 million.

11 MR. CASEY: \$20 was construction, \$30
12 was the total cost.

13 COUNCILWOMAN BASS: So, it's a \$30
14 million dollar project altogether?

15 MR. CASEY: Yes.

16 COUNCILWOMAN BASS: Okay. Great. One
17 of the other things that I just noticed in
18 your statement here is that there really
19 wasn't a mention for all the great things
20 that SEPTA is doing, all the things that are
21 listed here, there really is no mention in
22 terms of the human capital what -- you know
23 the people who make SEPTA go. I think I
24 mentioned to you before that I have a sister

1 who is a driver for SEPTA out of the
2 Allegheny depo, and so obviously I have a
3 very deep personal concern about drivers and
4 what's happening with their situation on a
5 daily basis.

6 My sister, as I said, she's a driver.
7 She's been robbed, she's been threatened,
8 she's been hit, she's been -- I mean, you
9 name it, it's happened, and it hasn't
10 happened once or twice, it happens on a
11 regular basis. So, I know that if this is my
12 sister, and she is one individual, the idea
13 that there were 90 assaults last year just
14 doesn't jive with what I know and what I hear
15 on a daily basis from her, in terms of what
16 is happening out there on the streets. I
17 know that she is not the only one that this
18 is happening to.

19 So, I guess I have to ask, what is your
20 plan or, you know, I know that you are doing
21 training to de-escalate, you know, violence,
22 but if somebody got a gun and they're gonna
23 rob you, you can't, you know -- there is very
24 little that you can do except comply. So, I

1 don't know if SEPTA has any other ideas or
2 suggestions that will be helpful or what you
3 are gonna do to address this issue.

4 MR. CASEY: I can tell you we monitor
5 the incidents and if a specific operator
6 fears that they have, you know, a situation
7 every day that, you know, we will send out
8 officers. They are also always in contact
9 with the control center. So, if they fear
10 something is happening, they could call our
11 control center and we will either send a
12 supervisor or a police officer in response.

13 But it's a difficult situation because
14 these instance happen like this, (snapped
15 fingers), but, you know, our -- especially
16 the first level supervisor as SEPTA goes -- I
17 mean, they are the driving force to any type
18 of improvement that we had from the 7.1 to
19 7.9. It's really the frontline people that
20 are delivering those higher scores. But, you
21 know, we are constantly talking to PW to see
22 how we can address this issue, but again,
23 what happens on the street also happens on
24 our system.

1 COUNCILWOMAN BASS: Absolutely.

2 MR. CASEY: It is just unfortunate.

3 COUNCILWOMAN BASS: Okay. Because I'd
4 really like to see something done and also, I
5 don't know if the control center is part of
6 the training that is being offered in terms
7 of when something happens, what does the
8 control center then tell the operator to do,
9 because, you know in several instances where
10 she's been assaulted or robbed or whatever,
11 she's been told to keep driving or to keep --
12 just make it to the next point or the next --
13 the end of the line.

14 So, it causes great concern, as I said,
15 because I know it is not just her. I know
16 that is happening on a regular basis, and as
17 you know. I mean, you saw, I guess it was
18 last month where someone was shot, you know,
19 and covered in blood and glass and so forth,
20 you know. So, it is just something that is
21 of great concern to me.

22 The last question that I have is about
23 your pension plan, and I was wondering if you
24 could describe or tell us a little bit about

1 your pension plan for your workers?

2 COUNCILMAN JONES: So, this is really
3 like the last, last question?

4 COUNCILWOMAN BASS: The last, last,
5 last question.

6 MR. CASEY: What would you like to know
7 about it?

8 COUNCILWOMAN BASS: Well, let me just
9 ask you --

10 MR. CASEY: It is under funded, just
11 like almost every other --

12 COUNCILMAN JONES: What is the
13 percentage? Point of information.

14 MR. CASEY: I think it's a little over
15 60. It varies depending on --

16 COUNCILMAN JONES: 60?

17 MR. CASEY: Yeah. It's a little over 60
18 percent.

19 COUNCILWOMAN BASS: It's better than
20 ours. That's a bad point. Well, the concern
21 I have is that, as I understand it, if a
22 SEPTA worker who is unmarried but has a
23 child, should pass away, then that pension
24 goes to SEPTA, it does not go to -- they are

1 not able to leave their child as a
2 beneficiary; is that correct?

3 MR. CASEY: That's correct. It's
4 spouse to spouse.

5 COUNCILWOMAN BASS: So, that if you
6 have an 18-year-old son and you have been
7 working for SEPTA for 20 years and you
8 suddenly die, that 18-year-old is it out of
9 luck and the pension --

10 MR. CASEY: If he is still employed, he
11 will get any contribution that the employee
12 makes toward the pension fund.

13 COUNCILWOMAN BASS: So, he will get --

14 MR. CASEY: That would go to the
15 estate.

16 COUNCILWOMAN BASS: So, any
17 contribution that was made will go to --

18 MR. CASEY: Yes. Any that the employee
19 made to the pension fund would go to the
20 estate.

21 COUNCILWOMAN BASS: Okay. I don't have
22 any other questions. Thank you.

23 COUNCILMAN JONES: Thank you,
24 Councilwoman. That is true. We have had -- I

1 have heard -- In fact, a former employee of
2 Council was an operator and he was on the 52
3 route and he was robbed and after the
4 assailants -- and this is not your fault, but
5 I am just voicing the frustration of a former
6 employee of yours, he was taken -- told to
7 continue to drive, and they tried to take him
8 to an end, they were gonna kill him because
9 he didn't have enough money. He refused to
10 ever drive again, and so I guess what I hear
11 the Councilwoman saying, and which I will
12 echo and try to convince The Chair of
13 Transportation, we need a plan and we want it
14 to bump up on your radar. Because if the
15 drivers aren't safe, for sure, the passengers
16 aren't safe.

17 MR. CASEY: One of the things that we
18 have been pushing again at the State level is
19 to make an assault against our operators as a
20 felony.

21 COUNCILMAN JONES: Do you know where
22 that stands, Councilman?

23 MR. CASEY: Because you are not only
24 injuring the operator but you are potentially

1 injuring everyone that is on the vehicle and
2 potentially anyone that could be on the
3 street. So, it's a very dangerous
4 situation.

5 COUNCILMAN JONES: Well, that is one
6 part of the plan, but we would like you to
7 kind of help us to help you. We will
8 advocate from this body for that class felony
9 to be increased, but we would like to see
10 some, also, initiatives that safeguards the
11 riders. We would like to know when your
12 camera installation plan is, is it this
13 fiscal, next Fiscal Year? We would like to
14 know about the success of your training of --

15 Is it mandatory for all SEPTA drivers
16 to take this course?

17 MR. DIGGS: As the program moves
18 through, we will get every veteran operator
19 through it. Every new operator goes through
20 it before they are even hired, because we
21 initially started with new operators and then
22 we graduated to veteran operators once we saw
23 that the program was really working. So, we
24 will continue the program until every

1 operator has been through that program.

2 COUNCILMAN JONES: Thank you. The
3 Chair now recognizes Councilman Henon.

4 COUNCILMAN HENON: Thank you,
5 Mr. Chair. Good evening, everybody. It's
6 been a long day, so let me just ask a few
7 questions, as you can imagine that we all
8 have hanging around here, so I appreciate you
9 coming in.

10 You said in your testimony that, and I
11 am glad to hear, that the ridership has
12 reached its all time high level. Even with
13 some of the -- You had a recent rise in
14 fares, what was it, a couple years ago; last
15 year?

16 MR. CASEY: Yeah.

17 COUNCILMAN HENON: So, I think that is
18 encouraging. That is great that the
19 ridership is continuing to climb and you
20 expect positive trends, as you indicate here
21 in your testimony. I have the distinct
22 pleasure of being the Chair of Public
23 Property. So, we are gonna have, you know,
24 ongoing conversations with SEPTA as we move

1 forward, and not just this current year but,
2 you know, ongoing future years if the Council
3 President sees it to keep me there. So, look
4 forward to that.

5 As you know, SEPTA has, S-E-P-T-A, all
6 right. So, I am gonna -- We have been dubbed
7 by our Majority Leader, we have been dubbed
8 the Serious 6 for the new Council members.
9 And I am gonna dub Southeast Pennsylvania
10 Transit Authority as Southeast Public Trust
11 Always. So I trust, and the public trusts,
12 you and your quasi Government public agency,
13 the faith and encouragement to enhance the
14 ridership in the multitude of levels,
15 including safety as you hear here today and
16 ongoing, you know, projects and capital
17 improvements.

18 A few years ago you, SEPTA, had a major
19 capital improvement budget coupled with the
20 America Recovery Act; is that correct?

21 MR. CASEY: Yes, that's correct.

22 COUNCILMAN HENON: So, that was to the
23 tune of a little over a billion dollars with
24 your own capital monies and the monies you

1 received with the --

2 MR. CASEY: The capital fund was about
3 \$190 million dollars.

4 COUNCILMAN HENON: So, I remember
5 seeing a report that you put out at one of
6 your meetings because I have been following
7 SEPTA for quite some time. 500 for SEPTA's
8 capital and another 600 -- one of the two,
9 600 either SEPTA or 500 from Federal monies,
10 you know, for going towards capital
11 improvements to enhance, you know, the safety
12 and systems control of SEPTA.

13 So, are you aware, and I am sure you
14 are, of Davis-Bacon when it comes to federal
15 monies?

16 MR. CASEY: Yes.

17 COUNCILMAN HENON: So, Davis-Bacon is a
18 Federal Law that requires prevailing wages
19 from Federal standings and there's
20 guidelines, including certified payrolls, for
21 contractors and subcontractors; is that
22 correct?

23 MR. CASEY: I am aware of it, yes.

24 COUNCILMAN HENON: Now, it wouldn't be

1 in the interest of an organization, such as
2 SEPTA, if it was brought to their attention
3 that somebody or an entity or a company that
4 was, you know, breaking the law; is that
5 correct?

6 MR. CASEY: Pardon?

7 COUNCILMAN HENON: You would not
8 endorse a company who is doing business with
9 your organization who is circumventing or
10 breaking the Davis-Bacon Law, which is
11 Federal Law; is that correct?

12 MR. CASEY: Any contractor that we hire
13 is obligated to comply with the Davis-Bacon.

14 COUNCILMAN HENON: If they were not
15 complying completely to the Davis-Bacon Act
16 and it was brought to your attention, what
17 would your remedies be? Would that be
18 disbarment would that be --

19 Tell me what SEPTA would do, since you
20 have public trust at your hands.

21 MR. CASEY: You know, I think the first
22 thing we would have to investigate, the
23 circumstances of them not complying. We
24 would investigate it, you know. If they

1 continually do not comply with Davis-Bacon,
2 we would have to take more strenuous
3 measures, including disbarment.

4 COUNCILMAN HENON: Okay. Disbarment.
5 Great. You are aware and you know I am gonna
6 reference a subcontractor who it's been
7 brought to my attention who has some issues
8 regarding Davis-Bacon. I know you are aware
9 of it. The contractor at hand, for the
10 record, is Fairfield Company.

11 Are you aware how many employees of
12 Fairfield lives in Philadelphia?

13 MR. CASEY: I am not aware of it, no.

14 COUNCILMAN HENON: I am gonna ask you a
15 list of questions, if you don't have the
16 answer, which I don't expect you to, we as
17 Council have the right to recall you back,
18 you know, with the answer. So, I am just
19 gonna ask you several questions, if you don't
20 have the answers, you know, I fully
21 understand.

22 MR. CASEY: I don't think we routinely
23 ask our contractors where their employees
24 live.

1 COUNCILMAN HENON: I just want to make
2 sure that the trust that we instill in you is
3 given back to the citizens of Philadelphia,
4 you know, where they pay taxes and they
5 comply with all the laws State and Federal
6 and local laws.

7 How can the citizens of Philadelphia
8 apply for work with Fairfield Company, because
9 I am not sure they hire anybody local? I
10 believe they were just awarded a major,
11 almost a \$100 million dollar contract with
12 SEPTA; is that correct?

13 MR. CASEY: Well, not with Fairfield.
14 The contract that we have is with Insaldo,
15 they are sub to that contract.

16 COUNCILMAN HENON: That's right. That
17 is a positive train control system, right?

18 MR. CASEY: Yes.

19 COUNCILMAN HENON: That is great. So,
20 Philadelphians, you know, who are two percent
21 above the state average of Unemployment, is
22 in dire need of opportunities to go to work
23 and opportunities to go to work is not
24 limited to, you know, just Philadelphians,

1 but Philadelphians with the DBE and WBE
2 participation, which is far less than what we
3 expect anybody doing business with our City.

4 I mean, you have 13 and a half or 13.2
5 percent here as a goal. I have been hearing
6 throughout this budget process that 25 and 30
7 percent is what our OEO is looking to reach.
8 So, I would hope SEPTA would try to do the
9 same thing for City residents.

10 MR. CASEY: Yeah, I mean, when we
11 establish the goals for the capital program,
12 we look at the types of projects and we
13 looked at the DBE companies that are in that
14 industry and that is how we set the goals.

15 Some of the projects that we have, for
16 instance, track projects, you have a very low
17 percentage of companies that are DBs that
18 actually perform that work. So, it really
19 depends on the nature of work that is out
20 there and that determines the percentage of
21 the DBE.

22 COUNCILMAN HENON: I understand that is
23 regarding sole -- sole source of contracts,
24 but we are talking about competitive bidding

1 where I don't know if you have dealt with
2 Angela with the City for our compliance, but
3 I would encourage you to do so because our
4 goals are much, much higher.

5 As a matter of fact, this contractor
6 event that is being mentioned, not only can
7 they not, nor have they ever, met any type of
8 goals, even a low rate of 13.2 percent
9 minority participation of women who are
10 disadvantaged, you know, goals. They don't
11 hire anybody locally in the City. As a
12 matter of fact, I am not sure that they are
13 paying their taxes. I am not sure where they
14 are getting their workforce at. So, these
15 are questions that I hope when you come back
16 we can continue to discuss moving forward.

17 I had, it was my understanding that an
18 apprentice was permanently disabled when he
19 received an electrical shock on a SEPTA
20 platform. Are you aware of that?

21 MR. CASEY: A SEPTA employee?

22 COUNCILMAN HENON: An apprentice. Do
23 you have apprentices, electrician
24 apprentices?

1 MR. DIGGS: Not that I know of.

2 COUNCILMAN HENON: Or anybody in an
3 apprenticeship program? If not, then it was
4 a subcontractor. If you can't answer it.

5 MR. CASEY: I am not aware of that.
6 When did that happen?

7 COUNCILMAN HENON: According to OSHA
8 violations on various projects in the area.
9 In addition, if you can go back and find out,
10 and get the information, I'd appreciate it.

11 MR. CASEY: It is an OSHA violation.
12 Somebody was electrocuted?

13 COUNCILMAN HENON: Let me separate. I
14 will separate that. Apparently there was an
15 apprentice that was permanently disabled when
16 he received an electrical shock on a SEPTA
17 platform. If you can just, you know, take it
18 down the chain and ask for some clarification
19 on the report, if it is on the report.

20 MR. CASEY: Can you give me the
21 approximate time frame?

22 COUNCILMAN HENON: I will provide that
23 to you for sure. Are you aware that Fairfield
24 Company's history of violations of prevailing

1 wages in addition to OSHA violations on
2 various projects in the immediate area?

3 MR. CASEY: I know there were some
4 violations. We looked at -- Our Chief
5 Council looked at the violations. They were
6 -- My understanding is they were very minor
7 violations and they remedied those
8 violations.

9 COUNCILMAN JONES: Councilman, we are
10 gonna ask you to hold up on your
11 questioning. We are gonna move to the next
12 one.

13 COUNCILMAN HENON: I will wait until
14 the second round. I have more, Mr.
15 Chairman.

16 COUNCILMAN JONES: I know you do.

17 COUNCILMAN HENON: And just for point
18 of clarity, this is, I am using this as an
19 example for more of a global concern with,
20 you know, a history of projects and potential
21 future projects. So, I want to have that
22 conversation now.

23 COUNCILMAN JONES: We have two other
24 members that have questions, then we can go

1 right back to you.

2 The Chair now recognizes Councilman
3 Kenney.

4 COUNCILMAN KENNEY: Thank you. I am
5 gonna let Councilman Henon deal with the line
6 of questioning he has begun. I just want to
7 say generally though, we are really paying a
8 lot of attention to almost every industry in
9 the City, especially construction, as to the
10 way in which some companies wind up winning
11 bids. I know, because Federal dollars are
12 involved your bid process is what it is, but
13 they wind up winning bids because they employ
14 practices that beat us out of taxes, and beat
15 people out of Workers' Compensation or
16 Unemployment Compensation.

17 I think it would be relatively easy for
18 an agency, like yourself, to kind of monitor
19 this particular contract if there is that
20 kind of suspicion and concern about it it
21 would seem to be a quasi, you know, public
22 agency that you could -- quasi government
23 agency, public agency, you could readily pull
24 those records and demand them at anytime. I

1 think the practices that are really upsetting
2 to me is payment in cash, 1099s, paying
3 people subcontractors, and they don't pay
4 their taxes, and we don't have the
5 wherewithal to chase them because they are
6 individual people.

7 I certainly am in favor of local
8 hiring. If a person wins a bid and they win
9 it fairly, that is, you know, the way it
10 goes. I just think that we need to pay, all
11 of us, not just SEPTA, the City in general,
12 needs to pay more attention to this
13 underground economy that exists that we don't
14 get -- where you have a legitimate
15 contractor, be them union or nonunion, who
16 bids with the understanding that they have to
17 pay prevailing wages, they have to pay
18 Workers' Comp, they have to pay Unemployment
19 Comp, they bid a certain number. A lot of
20 times that number winds up being higher
21 because the guy who is not bidding with that
22 in mind knows his real number and I just
23 want, nothing to do with this contract, I
24 understand totally, if you just pay attention

1 to that aspect of it as it goes forward, I
2 think we would all have a better level of
3 comfort that they're actually doing what
4 they're supposed to be doing. That is my
5 speech on that particular issue.

6 I want to go back and compliment you on
7 a couple things. I want to thank you for
8 your desire and your help in getting into
9 ordinary high school with your diesel repair
10 operation, with the buses that you are
11 putting down there with Mr. Diggs, who by the
12 way, is known as the general according to
13 SEPTA, because he runs a tight ship. Your
14 personal involvement in that process, for
15 SEPTA to be able to help young men and women
16 who may not be going to college, transfer
17 into a program that gets them the skill that
18 they can be hired locally, that they can
19 raise a family and support a family.

20 I think SEPTA should be applauded
21 for that. I really do appreciate the work
22 that you put into that and the good results
23 that are gonna happen as a result of it.

24 Secondly, I would like to thank you

1 personally for your wonderful entertaining of
2 Stephan Gonzales, the young man from the
3 sustainability workshop. He is, like, such
4 an engineering geek, I say that in the best
5 terms. He was just thrilled to be able to
6 meet with all you folks at the high level.
7 He is just ecstatic about his opportunities
8 at Penn State and coming back and working in
9 the Philadelphia region. So, thank you for
10 him.

11 And finally, thank you for regular use
12 of SEPTA, because I continue to tell you, it
13 is eight minutes. Eight minutes I stand on
14 that platform or sit there, and I look at the
15 clock when I got there, it is eight minutes
16 or less. So, I think if that is the major
17 part of judging you on the quality of your
18 buses and the quality of your cars and the
19 way you keep the platforms clean, even though
20 a lot of residents don't respect that. I
21 know it is hard to keep up with all that
22 stuff, but every eight minutes that subway
23 car comes, and I just wanted to thank you for
24 that and again ask you to monitor that

1 contract as best you can, but otherwise keep
2 up the good work.

3 Thanks.

4 MR. CASEY: Thank you. We will.

5 COUNCILMAN JONES: You are welcome,
6 Councilman Kenney. The Chair now recognizes
7 Councilwoman Brown.

8 COUNCILWOMAN BROWN: Yes. Good
9 afternoon. I want to follow up on Councilman
10 Kenney's observation that SEPTA's one of the
11 very few organizations in the City where a
12 young person right out of high school with,
13 we will say nominal literacy, can enter at
14 the ground floor and grow a career. One of
15 the few.

16 So, with that, does a relationship
17 currently exist with the school district to
18 capture or interest young people who are
19 coming out of high school, college, they have
20 chosen, or at least they believe that college
21 is not an option. College should be an
22 option for anyone. It is all in how they are
23 motivated or inspired, but to capture those
24 young people who can come in at the ground

1 floor in SEPTA and grow a career.

2 Any type of relationship or linkage at
3 all with the school district that way?

4 MR. DIGGS: The answer is, we do have a
5 partnership with the high school academies,
6 and we bring in summer interns every year to
7 work in our bus and rail shops. We have had
8 some that have done two and up to three years
9 with us, and we are actually working through
10 a program, actually higher some of them once
11 they graduate from high school. We usually
12 take about 15 every summer and this year we
13 have committed to another 15 to come in and
14 we do other things, different things with the
15 high schools and academies. A lot of
16 mentoring programs and things like that. We
17 work with TW on some other things that we do
18 with young. So, we are really interested in
19 helping the young people in the City of
20 Philadelphia.

21 COUNCILWOMAN BROWN: Great to know, A;
22 that it exists, and B; that you are
23 monitoring it to see the real linkage. The
24 real tangible outcome is a J-O-B --

1 MR. DIGGS: Is a job.

2 COUNCILMAN JONES: -- at SEPTA.

3 MR. DIGGS: Yes.

4 COUNCILMAN JONES: Okay then. The
5 second question, ParaTransit is enormously
6 needed still, and I would presume that the
7 need is growing forever, because we know that
8 the Commonwealth is second in terms of number
9 of seniors.

10 Share with us what improvements or
11 progress or modifications you have made in
12 the Para-Transit system over the last year,
13 knowing that always that is a system that
14 continues to, like everything, can be tweaked
15 to at least keep up with the technological
16 aspect and how that can feed and improve the
17 system.

18 MR. DIGGS: Well, recently did, over
19 the last five years, we put in a new
20 scheduling system. We put all new hardware
21 in. As a matter of fact, we just had some
22 recent meetings and we are going to actually
23 -- we are looking at some software
24 upgrades. The scheduling software we have we

1 are gonna tweak that to make it hopefully
2 better for our seniors.

3 So, that is the main thing we have done
4 is to put in a complete scheduling dispatch
5 system. We moved our dispatcher up to our
6 19th floor so they would be central to the
7 rest of our control center so they can get a
8 better connection between them and all the
9 other forms of our transportation and what is
10 going on from day-to-day. Those are some of
11 the things that we have done.

12 I have a new head of ParaTransit, who
13 is now actually working a lot with the
14 customer service people to make them more
15 focused on other customers and helping
16 customers out. So, there's a lot of good
17 things that are going on and will go on in
18 the future.

19 COUNCILWOMAN BROWN: Let me say that I
20 have personal testimony about Para-Transit
21 and the level of customer service is
22 consistent, which sometimes is rare in large
23 organizations. So, whatever -- Tell us about
24 the training, because it is evidence to me

1 that that is working. I mean, the way in
2 which they handle seniors, watch seniors,
3 help seniors, consistently is for me
4 remarkable. So, tell us a little bit about
5 that.

6 MR. DIGGS: Well, one of the things we
7 have been doing for years is what we call
8 focus class. We started with our vehicle
9 operators and developed a program about a
10 year ago to run our ParaTransit people
11 through, which includes our customer service
12 people, the people that are in reservation
13 and the people that are in dispatch. Anyone
14 who comes in contact with the customers. It
15 teaches them how to talk with people, deal
16 with issues, deal with problems. Things of
17 that nature, and its been paying off.

18 COUNCILWOMAN BROWN: The only idea or
19 recommendation I would offer for
20 consideration is, you may do this already,
21 but there are a number of senior citizen
22 locations around the City and you have the
23 Philadelphia Corporation of Aging. I won't
24 use the word workshop, but opportunities

1 where the heads of all those outfits that
2 work with seniors meet with the appropriate
3 personnel in the Para-Transit organization so
4 that they can hear up and close and personal,
5 the hurdles or -- I won't say problems, but
6 the challenges that heads of senior citizens
7 face as it relates with Para-Transit.

8 MR. DIGGS: If we are talking about,
9 like, outreach, that is something we can look
10 in to.

11 COUNCILWOMAN BROWN: If you would.

12 MR. DIGGS: Yes.

13 COUNCILWOMAN BROWN: I will close,
14 because the bell has rung, in saying we
15 continue to look at all the organizations in
16 the City that in any way receive public
17 dollars and care a lot about making sure that
18 the leadership of the organization looks like
19 Philadelphia, and I thank you very, very
20 much, Mr. Casey, for showing us that your
21 leadership looks like Philadelphia. Thank
22 you.

23 MR. CASEY: Thank you.

24 COUNCILMAN JONES: Thank you,

1 Councilwoman. The Chair now recognizes the
2 last Council person, so far, without seeing a
3 button, Councilman Henon.

4 COUNCILMAN HENON: Thank you, Mr.
5 Chair. I will be quick. So, just to finish
6 my line of questioning, just a few more
7 questions, Mr. Casey.

8 Are you aware, this is again for the
9 record, regarding Fairfield Company,
10 subcontractor to a \$100 million dollar
11 project bid award through SEPTA. Are you
12 aware of any legal action pending against the
13 Fairfield Company for violations of the
14 Davis-Bacon Act and the False Claim Act on
15 various SEPTA projects?

16 MR. CASEY: I am not sure of legal
17 action, I know there is a formal complaint
18 against them regarding that.

19 COUNCILMAN HENON: I believe so, but
20 could you look into that for me? It's a
21 question, so, I don't expect an answer at
22 this time. What I am trying to do here is
23 establish a record of how people circumvent,
24 and how people underscore systematically bids

1 by missclassifications. Willfully
2 misclassification on their bids. Farfield
3 has, you know, a scheme that really, I think
4 my colleague said, when you are not sure that
5 somebody is paying all their taxes and not
6 necessarily it is your responsibility to make
7 sure that somebody pays their taxes.

8 They are supposed to be responsible and
9 they are supposed to abide by the law, you
10 know, but when things are brought or issues,
11 or somebody who has willfully broken the law,
12 and it can be proven, you know, I would hope
13 that somebody would take the appropriate
14 actions to try to remedy the situation
15 because it allows -- a scheme like there,
16 where you have ongoing misclassifications to
17 not only quasi SEPTA or other quasi agencies,
18 the Federal Government for certified
19 payrolls, you systematically undercut, you
20 know, any kind of competition for local
21 competitors in trying to assure work for
22 local residents.

23 That is a concern for everybody here in
24 the City of Philadelphia, so I just want to

1 make sure that, you know, I get this on the
2 record for a reason that it's not a global
3 concern that we have to have with ongoing
4 construction or competitive bids with SEPTA
5 or any other business that deals with the
6 City of Philadelphia here. Maybe, you know,
7 that is doing work in the City of
8 Philadelphia, how about that. I don't want
9 to say that SEPTA is doing work with the
10 City, but it is not --

11 If somebody is cheating in one location
12 and breaking the law, chances are they are
13 doing it elsewhere. I think we need to cut
14 that. It is almost like the broken glass
15 theory, it will spread out, and I just don't
16 want it to become routine, let's turn a blind
17 eye to it. Let's accept it for what it is.
18 We have a history with somebody like this,
19 which is totally unacceptable.

20 MR. CASEY: We will spend special
21 attention to both those contracts that we
22 have with this vendor.

23 COUNCILMAN HENON: Now, on a positive
24 note, I am glad your ridership is increasing

1 and, you know, I do want to thank you for
2 having, you know, some extremely confident
3 folks that we deal with in Government in
4 helping with some of our neighborhood
5 concerns. I have had some positive
6 responses, you know.

7 I see Fran Kelly back there, so, you
8 know, you do have a good team. I hope you
9 recognize, you don't take it personal on some
10 of these questions here, but that we look
11 into everything and recognize all the good
12 that SEPTA has done and the partners with all
13 of us here. I have no further questions.

14 Thank you.

15 COUNCILMAN JONES: Thank you,
16 Councilman. I see Councilwoman Brown's
17 light.

18 COUNCILWOMAN BROWN: I failed to
19 mention, Mr. Casey, on behalf of Councilman
20 Bill Greenlee and I, our appreciation for
21 responding to those citizens who wrote to you
22 regarding a new payment technology and how
23 you are going to follow internal procedures
24 to have public hearings and the like where

1 that is appropriate and order, but at the end
2 of that window, you all will be moving to
3 institute the new policy. So, we need to put
4 that on the record and say thank you.

5 Thank you.

6 COUNCILMAN JONES: Thank you,
7 Councilwoman. Are there any other comments,
8 concerns for this panel?

9 Seeing none, this committee will stand
10 at recess until Wednesday, April 11, 2012, at
11 10:00 a.m.

12 (Whereupon the hearing concluded at
13 6:30 p.m.)

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1 C E R T I F I C A T I O N

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5 I, Stephanie A. LaForte, a Court
6 Reporter, Notary Public, do hereby certify the
7 foregoing is a true and accurate transcript of the
8 stenographic notes taken by me in the aforementioned
9 matter.

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Stephanie A. LaForte
Court Reporter
Notary Public