COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, March 31, 2010
10:20 a.m.

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PRESENT:
COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM GREENLEE
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILWOMAN DONNA REED MILLER
COUNCILWOMAN MARIAN B. TASCO

BILLS 100115, 100116, 100117, 100118, 100131 and 100141

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COUNCIL PRESIDENT VERNA: Good morning, everyone. This is a continued public hearing of the Committee of the Whole.

Our first department to testify?

MR. McPHERSON: Is the Board of Pensions.

(Witnesses approached witness table.)

COUNCIL PRESIDENT VERNA: Good morning. Mr. Kidwell, what will we ever do without you?

MR. KIDWELL: Nine more days, Council President.

COUNCIL PRESIDENT VERNA: You have done a fabulous, fabulous job.

MR. KIDWELL: Thank you very much, and I enjoyed every day of it, all 40 years and nine months.

COUNCIL PRESIDENT VERNA: Well, we certainly want to thank you and we wish you luck with your future endeavors.

MR. KIDWELL: Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Please identify yourself for the record and proceed with your testimony.

MR. KIDWELL: James Kidwell, Acting Executive Director, Philadelphia Board of Pensions and Retirement.

MR. McDONOUGH: Chris McDonough, Chief Investment Officer.

MR. KIDWELL: Good morning, Council President Verna and members of City Council. My name is James Kidwell and I am the Acting Director of the Board of Pensions and Retirement. Chris McDonough, Chief Investment Officer, is here with me today.

The Board of Pensions and Retirement has submitted a budget request for FY2011 for 11,420,000, which is an increase of 816,000 over the Board's FY10 request. The components of this increase are $201,000 for payroll; 412,000 for fringe benefits, which is the result of an upward trend in actual costs from 38.7 percent in FY04 to 58.3 percent in FY09; 203,000 for professional services, of which 104,000 result from the Board being legally obligated by the State to pay the expenses of the Special Pension Commission created by Act 44.

Employee compensation for Class 100, personal services, is $4,101,000 and 2,386,000 for fringe benefits. We have budgeted 4,131,000 in Class 200 for purchase of services. We estimate we will need 142 in Class 300 for material and supplies, 460,000 in Class 400 for equipment, and 200,000 in Class 800 for payments to other funds, for a total of 11,420,000.

The Fiscal Year 2011 budget contains funding for 79 positions that service more than 64,000 participants, an increase of one position over our current staffing level. This additional position is being funded by the Board at the request of the Division of Technology, which provides IT services to the Board. This position will provide full-time support to design, program, test, implement and maintain the pension systems and other applications to support the business processes of the Board of Pensions. The requirements include business analysis expertise and end-user interface and support.

There were 1,341 retirements and 1,356 withdrawals from the Pension Fund during FY09. To date in FY10, there have been 1,096 retirements and 1,024 withdrawals. There were 798 enrollees in DROP in FY09 and 392 to date in FY10. The Board received 144 applications for service-connected disability benefits during FY09, 82 of which were approved.

The Board of Pensions is committed to supporting the Administration's goal of 25 percent minority, woman and disabled-owned business participation in City contracting. Fees paid for managing the

Board's investments are asset based and can vary greatly depending on the change of asset levels, making fees for FY10 and FY11 difficult to project. For FY09, however, we can report that minority and women-owned firms were paid $3,800,906, or 14.8 percent of the fees paid for managing the Board's investments. Based on availability for contracting opportunities for contracts other than investment managers, the Board of Pensions and Retirement projects a participation rate of 16.1 percent for FY10 and a participation goal of 16.6 for FY11.

Retirement workshops continue to be well attended to the capacity of 50 persons per session. There are ten retirement sessions per year.

The F.U.T.U.R.E. program has been in place for four years and continues to receive participation on the average of 40 per session. These sessions continue to be offered to

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employees who are not yet eligible to retire, but who are vested. The minimum age for participation is 35.

The Board plans to initiate an educational program for new employees during FY11. This program will include presentations on both the defined benefit and deferred compensation plans and will be developed as needed to include future revisions to the Pension Code.

The deferred compensation plan is currently administered by ICMA-RC. Their representatives now offer educational programs at the Board's training facility, as well as on-site seminars in various City departments and scheduled meetings with newly appointed employees. In addition, they continue to offer sessions as part of the Board's retirement planning and F.U.T.U.R.E. seminars. In FY09, 1,093 employees enrolled in this plan. To date in FY10, there have been 730 new enrollees. Total employee enrollment in this plan was

14,292 as of February 28, 2010.

The Board of Pensions has now imaged all active and vested files and 75 percent of the retiree files, and now images all incoming mail. The Board's imaging system allows staff to access from their desktops the records of employees, retirees and survivors and provide an immediate response to most inquiries.

The Department of Technology is working with Pension staff to develop an Active Pension Database. The Division of Technology is assessing the current pension payroll system to determine the best solution for replacement. In the interim, a Pension Active Database will be developed with the assistance of DOT.

MR. McDONOUGH: The Pension Fund returned negative 17.6 percent for the fiscal year ending June 30, 2009. The return placed the fund in the second quartile among public funds with assets over a billion dollars. Based on preliminary results, the Fund's actuarial return, which is the ten-year smoothed return, as of June 30, 2009 was negative 9.3 percent and the funding ratio was 45 percent, down from 55 percent as of June 30, 2008.

The Fund's performance has rebounded dramatically since March 2009. Fiscal year to date through February 28, 2010, the Fund has returned 14.5 percent, and over the last 12 months, the Fund has returned 29.3 percent.

The Board has made a significant commitment to ensure that women and minority-owned firms are afforded opportunities to compete for and manage Pension Fund assets. As of June 30, 2009, women and minority-owned firms managed over $700 million of the Fund's assets. This equates to 21 percent of the Fund assets, up from 19 percent at the start of the fiscal year and up from just four percent in January 2006. The Board also has a program to encourage investment managers to execute their trades through women and minority-owned and local brokerage firms. In Calendar Year 2009, 16 percent of eligible equity trades were executed through these brokers.

The Board is currently in the process of completing an asset allocation study. Expectations are for a low return investment environment for the foreseeable future, which will make it challenging for investors to achieve their target rate of return. In response to lower expected returns, the Board lowered the expected earnings rate from 8.75 to 8.25 in February 2009. The lower assumption rate provides a more realistic return expectation and will allow the Fund to take less risk.

MR. KIDWELL: It is the goal of the Board of Pension's staff to continue to provide education and improved services to its members, and I respectfully request your approval of this projected budget.

COUNCIL PRESIDENT VERNA: Thank you.

Mr. Kidwell, how many money managers does the Board of Pensions have?

MR. McDONOUGH: I'll take that question, if it's okay.

COUNCIL PRESIDENT VERNA: Thank you.

MR. McDONOUGH: We have in excess of 100 investment managers. I'd be happy to provide a list of those managers.

COUNCIL PRESIDENT VERNA: That would be wonderful. Could you also provide us with the fees they earned in 2009 and their estimated fees for Fiscal 2010?

MR. McDONOUGH: Yes, I can.

COUNCIL PRESIDENT VERNA: As part of the Fiscal 2010 budget process, the City asked the State for changes in the City's pension calculations. Can you explain these changes and their impact to the Pension Fund?

MR. McDONOUGH: I can cover the primary changes that were requested. The first relates to the asset valuation method. Investment gains and losses are smoothed over a ten-year period prospectively, beginning with investment returns from July 1, 2008 through June 30, 2009. This was a change from a five-year smoothing period prior to that.

For the actuarial funding method, the amortization period of actuarial gains and losses was extended from 15 to 20 years.

There was a Fresh Start re-amortization of the unfunded liability for a 30-year period.

So they were the three primary changes.

COUNCIL PRESIDENT VERNA: Thank you.

You are requesting $200,000 for payments to other funds. What are the services the Pension Fund receives for this payment?

MR. KIDWELL: The other funds, as I understand it, are the Department of Revenue that handles our pension contribution receipts and payments, the Revenue mailroom, Public Property for assisting us in moving any furniture or equipment that we need to have moved throughout the office. And the other two big ones are HR, Human Services, and the Finance Department that does all the accounting for the Board of Pensions and Retirement.

COUNCIL PRESIDENT VERNA: Thank you.

I have another question that one of my staff asked. Who do we call once you leave for information?

MR. KIDWELL: Well, Council President, I brought the entire Pension administrator staff with me today so you can get familiar with their names and faces. Starting on my right here is Dave Fegan, Teresa Gray, Yvonne Nock, Shamika

Taliaferro and Leontyne Freeman. They are well schooled in the pension benefit arena.

COUNCIL PRESIDENT VERNA: I think Mr. Dubow is trying to get your attention on something. He's to your left.

Rob, did you want to add?

MR. KIDWELL: I'm also pleased to announce that the Board did conduct interviews for the Deputy Director spot, and I understand that a Mark Murphy will be coming in, I believe, on April 14th to be the new Deputy at the Board of Pensions and Retirement.

COUNCIL PRESIDENT VERNA: And his name is Mr. Murphy?

MR. KIDWELL: Mark Murphy, yes.

COUNCIL PRESIDENT VERNA: Great. I hate to see you leave. You're going to be a great loss, believe me.

The Chair recognizes Mr. Greenlee. Sorry. Councilman.

COUNCILMAN GREENLEE: I knew

what you meant. Thank you, Madam President.

Good morning, gentlemen. And, Mr. Kidwell, I join the Council President thanking you for all your years of service to the City.

Just one basic question. At the bottom of Page 1 of your testimony you talk about the applications for service-connected disabilities, 144 received, 82 approved. Just historically, is that about an average amount you get a year? Have those requests gone down, up over the years for service-connected disabilities?

MR. KIDWELL: I will say that that is the average amount per year.

COUNCILMAN GREENLEE: That's about what it is? And 82 being approved, roughly I guess 55 to 60 percent, is that also about the same over the years?

MR. KIDWELL: Yes.

COUNCILMAN GREENLEE: I guess it depends on the Board a little bit, but is that basically the same? Okay.

All right. Again, thank you. Thank you very much.

MR. KIDWELL: Thank you.

COUNCILMAN GREENLEE: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Madam Chair.

Good morning.

MR. KIDWELL: Good morning.

COUNCILMAN GREEN: I too want to thank you for your years of service to the City and know that you will be missed. I'm sure we'll build a relationship with Mr. Murphy over time, but thank you.

You testified that the Board has now imaged all active invested files and 75 percent of retiree files and now images all incoming mail. I think last year's testimony from Ms. Bell indicated that the Board had, quote, imaged all retired and vested files, as well as incoming mail.

Has the Board taken additional steps to move documents and processes online, and have you achieved additional efficiency savings in the past year from these efforts?

MR. KIDWELL: As far as the imaged documents are concerned, if the testimony last year that all folders or files were imaged, perhaps Gwen Bell missed part of the file room. I'm not sure, but about 25 percent to go.

Just to give you an idea on the imaging process, when we first -- we had an exposure to imaging with our 1099's back in 2004, 5 and 6, which made the effort to replace a pensioner's 1099 much easier than the manual process, which was run to a file cabinet, pull it out, make a photocopy, put it back and mail a copy to the pensioner. Now we can sit right at our desk and print it.

With that exposure, it led to another level, what else can we do with imaging, and, of course, with the Division of Technology then being geared up to work with imaging, we moved forward to copy files and documents and mail as it comes in.

The efficiency on that is simply that if an employee at the Board receives a call for any type of service, in the past we would have to essentially go order the folder from a person, wait for that folder to come to us, take a look at it before we could respond. Now we can do it almost immediately by clicking on the employee's imaged documents, scanning through those documents, and almost instantly provide an immediate response. So that's the efficiency increase.

The other part of that was knowing that all incoming mail is immediately imaged, we no longer have to ask who has that document, which case worker is assigned that document, have you yet responded. So that's all available to us. So that's the efficiency.

Online is a little more difficult. The development of our website, we certainly attempt to develop the website with adding forms to it. The most recent thing we've done, we've been able to put the annual reports out there, the valuations, the typical website of contacts and et cetera.

COUNCILMAN GREEN: I actually didn't ask a question about online.

MR. KIDWELL: Sir, I'm sorry. You did say about online.

COUNCILMAN GREEN: Oh, I did. You're right, now that I look at my question, but that's good enough. I appreciate that.

With respect to the number of people who used to perform the tasks that were all paper centric, have you been able to achieve efficiencies in terms of personnel who used to have a very paper-intensive process as a consequence of going 75 percent paperless?

MR. KIDWELL: Well, we are still a manual shop when it comes to the calculation of retirement benefits.

COUNCILMAN GREEN: I'm going to get there. I'm just talking about the efficiencies that have existed.

MR. KIDWELL: The efficiencies are as I mentioned. In my mind, it allows me immediate access and anybody in the staff for customer service, and to me, that has always been extremely important to our staff.

COUNCILMAN GREEN: But what you described was a far more efficient way of addressing concerns and other things in customer service, and typically in private industry, what would happen is you'd have fewer people do it and be able to do it just as well or better when you get that. And, in fact, over the last two budget years, you have shrunk the number of people who performed that.

MR. KIDWELL: By a few.

COUNCILMAN GREEN: By a few. So my recollection is, over the past couple of years it's like four to six people.

MR. KIDWELL: I would say that's correct.

COUNCILMAN GREEN: Okay. Well, that's a pretty good return.

With respect to going forward, in the last two budget years we've heard about the plan to reduce current pension and payroll systems, and each year funds are appropriated for that purpose, but it doesn't seem like much progress is made. Last year the Board testified that DOT recommended replacing the current system. The Board was requesting information to locate the best Oracle-based system. In the interim, a Pension Active Database would be developed with DOT's help and 1.6 million was in the FY10 budget for a new system. This year's testimony is almost identical. DOT is assessing the current pension payroll system to determine the best solution. In the interim, a Pension Active Database will be developed with the assistance of DOT and the same 1.6 million is in the budget for a pension payroll system. So I'd like to get a sense of the problems the Board has had in implementing these changes.

MR. KIDWELL: Well, the implementation, we have budgeted money, as you know, over the past few years. The challenge has been to, I guess, from the Division of Technology on selecting the correct approach to implementing a new system, whether it be a stand-alone pension system, an integration system with HR and Finance so that the core system contains all documentation for City employees, which means that if HR needs something, they can reach out into that core and pull it out. Pension needs a piece of that in there so we can pull it out.

So I think the powers of DOT are still assessing the right approach to that.

COUNCILMAN GREEN: Okay. So with respect to the 1.6 million, how much was budgeted for the Pension Active Database and how much of that was going to shift to likely PeopleSoft to manage these issues?

MR. KIDWELL: The entire 1.6 is for PeopleSoft. Within our contracts, we have an IT group, and the programmers under that consultant contract hopefully will be the ones that develop the Active Employee Database, working with Pension staff and other departments that need to come into the loop.

COUNCILMAN GREEN: How much are you spending on the Pension Active Database?

MR. KIDWELL: The one consultant, probably about $65 per hour for that consultant. He's a new hired consultant, so he's just coming up to speed now with the current pension system, and he will be sitting down with staff to develop whatever shelves and fields and screens, et cetera, that are needed to give us what we consider an Active Employee Database, which means that we can look at it and not only will it give us your total credit service, City and other, also calculate your average final compensation and be able to generate a pension estimate online, and the ultimate goal obviously is to generate the benefit payment calculation final, what we would call the final calculation. So that's ultimately --

COUNCILMAN GREEN: Automatically?

MR. KIDWELL: Pardon me?

COUNCILMAN GREEN: Automatically?

MR. KIDWELL: I --

COUNCILMAN GREEN: It would be

to have it calculated by the system without manual --

MR. KIDWELL: Correct.

COUNCILMAN GREEN: And how much staff time is spent on manual calculation of pensions?

MR. KIDWELL: From beginning to end --

COUNCILMAN GREEN: Including supervisors.

MR. KIDWELL: From beginning to end, I would say somewhere about 3.5 hours per pension calculation.

COUNCILMAN GREEN: Including time of supervisors?

MR. KIDWELL: Beginning user to approval. From the counselor, who has the case that has to calculate the pension, peer review, supervisor sign-off and then approval within the system, about 3.5 hours.

COUNCILMAN GREEN: But how many people are involved in those 3.5 hours? In other words, peer review, it sounds like there's a couple people sitting around, not just one person. So in terms of hours of everybody involved.

MR. KIDWELL: So let's do it this way. Let's start with a retirement appointment. Forty-five minutes for the retirement appointment where the employee comes in, sits down with a pension counselor and they walk through the retirement process, which would be your pension benefit, your survivorship, fringe benefits, health and welfare, medical, federal taxes, direct deposit, the estimated pension calculation, sign-off of all the forms by that employee. Employee leaves the office, pension counselor then does final calculation, which means that we may have to wait a pay period or two for final earnings to be posted and have the final quote, we've got the complete record, let's put pencil to paper. We have to extract out the three highest years of earnings, which is a manual calculation, convert -- calculate credit of pension service manually, convert the service to a multiplier, arrive at the monthly benefit, determine -- take a look at the survivorship option. If there's an actuarial reduction, that requires another calculation. Ultimately we get to the bottom line, is the monthly benefit. So that counselor will sign off and pass it on to another counselor for peer review to make sure that what she did or he did is --

COUNCILMAN GREEN: How much time did the first counselor spend?

MR. KIDWELL: Let's say 45 minutes for the interview, 45 minutes for the calculation. Peer review would be probably --

COUNCILMAN GREEN: So it's three and a half hours for all manpower?

MR. KIDWELL: Beginning to end.

COUNCILMAN GREEN: Including the supervisor?

MR. KIDWELL: Correct.

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COUNCILMAN GREEN: Okay. So let's call it four hours for rough numbers.

MR. KIDWELL: Only if there's a mistake and it has to be returned, how about we do that?

COUNCILMAN GREEN: Yeah. So how many people retired last year or how many times did this calculation have to be done?

MR. KIDWELL: At least 1,331.

COUNCILMAN GREEN: Thirteen hundred and thirty-one times four is, what, 5,200 hours?

MR. KIDWELL: Call it 53.

COUNCILMAN GREEN: Fifty-three hundred. So full-time equivalents, that's like two and a half people, almost three full-time employees on a yearly basis doing nothing but pension calculations by hand?

MR. KIDWELL: Two of them are doing it by hand, yes. Yes.

COUNCILMAN GREEN: So how much

will this cost to implement? I mean, we're paying somebody $65 an hour. How long is it going to be before we get this done? In FY09, Bell's testimony was, Unfortunately, I have to admit that we're still calculating pensions by hand, et cetera, et cetera. We're two years from that time. This was the FY09 budget, so in '08. We're two years from there and still this hasn't been done even though it has the potential to save us $180,000 with fringe a year?

MR. KIDWELL: Yes.

COUNCILMAN GREEN: How much longer should --

MR. KIDWELL: I could not begin to give you a guesstimate. I only can tell you that since 2004 the Board of Pensions has attempted to acquire an Oracle-based system, be it through PeopleSoft or another vendor. It is not an inexpensive proposition.

COUNCILMAN GREEN: No, I understand, but this interim step, the pension data system, which is --

MR. KIDWELL: That's been dragging on, quite frankly, Councilman, since we -- 1994, quite frankly, is when we first asked for an Active Employee Database.

COUNCILMAN GREEN: So what's the problem? I mean, do you need more resources to get it? Do you --

MR. KIDWELL: Resources --

COUNCILMAN GREEN: There's a pretty clear return on investment here.

MR. KIDWELL: Agreed.

COUNCILMAN GREEN: How much would it cost to just get the calculation taken out by hand into electronic? Forget the PeopleSoft.

MR. KIDWELL: From start to finish with one programmer, probably 18 months.

COUNCILMAN GREEN: So why are we doing one programmer rather than just put an RFP out on the street and let somebody come in and solve our problem?

MR. KIDWELL: Because right now we've -- our approach has been to try this one programmer along with the business side of the staff to develop this database.

COUNCILMAN GREEN: But in theory, according to Allan Frank's testimony, we're going to have the full PeopleSoft system which will do this anyway and we won't need the interim step.

MR. KIDWELL: Well, that has always been the conflict, Councilman. Do we move forward with creating the Active Employee Database or do we sit tight and hope that an Oracle system comes through. So every time we approach the Active Employee Database, it is, We're moving forward with PeopleSoft, put that on the back burner for now.

COUNCILMAN GREEN: Okay. And this --

MR. KIDWELL: The vendor goes away, we bring forth the Active Employee

Database. So it's been a give and take. So that's essentially why we are where we are today.

COUNCILMAN GREEN: Okay. I appreciate that.

COUNCIL PRESIDENT VERNA: Councilman Green, we have other Councilpeople who --

COUNCILMAN GREEN: I have one more question, Madam President.

COUNCIL PRESIDENT VERNA: Okay.

COUNCILMAN GREEN: Thank you.

Act 44 required the creation of a Special Commission to conduct benefit plan studies. All of Philadelphia's current -- under creation pension plans. The first study is due in September 2011. My understanding is a Special Commission was scheduled to have its first meeting recently. Can you update us on the status of the Commission and then talk about what you normally do in the course of the year anyway to conduct benefit plan studies in the normal course?

(Witness approached witness table.)

MR. DUBOW: Good morning. Rob Dubow.

COUNCILMAN GREEN: Good morning.

MR. DUBOW: The Special Commission was established under the Act. It had its first meeting within the last few weeks and kind of just laid out kind of its basic operating rules, and I think its next meeting is scheduled in May.

COUNCILMAN GREEN: What's the end goal?

MR. DUBOW: The Act says that the Special Commission should do a report and the report should lay out a series of comparisons and analysis of benefits.

COUNCILMAN GREEN: Okay. I mean, we have that actuarial data available to us now, don't we?

MR. DUBOW: Some of the data is data that we have available; some of it is different in that it's comparisons with other places. So there's some things that we do have, some things that we don't that would be new work for the Special Commission.

COUNCILMAN GREEN: So with respect to that, I guess the question maybe for the Special Commission and maybe for the Board of Pensions and Retirement itself is, why do we have a Board of Pensions and Retirement? In other words, why don't we transfer our management of the money to the State and get rid of the overhead? Why would we keep this overhead on our books?

MR. DUBOW: There was -- during the Act 44 process, there was a suggestion that administration of the funds should move to a state agency. We had some meetings with people from that agency. They determined that they could not manage our funds for us.

COUNCILMAN GREEN: Because?

MR. DUBOW: Because they were not able to take on something of our size. They're smaller than we are.

COUNCILMAN GREEN: Well, yeah, the municipal one is, but I'm talking about -- there's no reason why the regular state pension system can't handle our funds, which would significantly reduce our costs. Their costs are far less than us in terms of money management, et cetera, because of the -- it costs us more to manage our system because we are a smaller fund than an $18 or $40 billion fund. Combined with the State system, we would reduce our costs and increase our return over time.

MR. DUBOW: Well, there are years when their return is better. There are years when it's worse. They did worse than we did last year during the turndown, and if they had been investing our money then, we'd be in a worse position now than we are.

COUNCILMAN GREEN: In all the years leading up to that, they did better.

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MR. DUBOW: In fact, our investments do pretty well. In terms of comparison to other large pension funds, we rank very highly. So I'm not convinced that moving to them would necessarily increase our returns.

COUNCILMAN GREEN: Would it decrease our General Fund costs?

MR. DUBOW: Would it increase our General Fund costs?

COUNCILMAN GREEN: Decrease our General Fund costs at all.

MR. DUBOW: Decrease our General Fund costs? It would depend what happened with things like earnings. If earnings went down or losses were up like they were last year, then our costs would actually go up.

COUNCILMAN GREEN: In terms of fixed costs.

MR. DUBOW: Well, that's looking at half of the equation. You have to look at costs and return. If our cost was $200,000 lower but our returns were lower and our liability went up, that would not be a positive for the General Fund.

COUNCILMAN GREEN: But you're not suggesting that there's no scenario where the State could take over our fund. We could agree to a 30-year level payment into that fund and then, for example, absolve ourselves of future responsibility, essentially a back-door pension obligation bond, with the State taking the downside risk with respect to pension holders, et cetera. I mean, there's lots of creative things we can look at here.

MR. DUBOW: Yeah. I mean, if the State was willing to assume the risk of our Pension Fund; is that what you're saying?

COUNCILMAN GREEN: No. I'm saying with us making a dedicated payment to them, just like we have to now, over, say, the next 20 or 30 years that would essentially make it the equivalent of 80 percent funded or 90 percent funded because of the level of payment we make -- and we can figure that out actuarially -- why wouldn't we want to transfer that risk if we could?

MR. DUBOW: But that payment changes depending on what happens with our earnings.

COUNCILMAN GREEN: Right.

MR. DUBOW: So if we made an agreement with them where they said, Okay, you're locking that in, they would essentially be assuming the risk.

COUNCILMAN GREEN: Right.

MR. DUBOW: I think that's a fairly complicated set of negotiations we'd have to have with them. I mean, obviously you could find a number where that worked for us.

COUNCILMAN GREEN: Have we discussed that at all?

MR. DUBOW: There were a number of discussions last year during Act 44 where the State was looking at options where they would try -- and those discussions, as I said, the entity that they wanted to have take us over, it didn't work.

COUNCILMAN GREEN: So we haven't really gotten to the level of whether or not there could be some sort of bargain there with the big pension system in the State?

MR. DUBOW: We haven't had that kind of discussion with them about whether they're willing to assume the risk of our Pension Fund.

COUNCILMAN GREEN: Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Good morning.

Don't go away, Mr. Dubow.

Mr. Kidwell, are you in the DROP?

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MR. KIDWELL: Yes, I am, Councilwoman.

COUNCILWOMAN TASCO: So you could come back, right?

MR. KIDWELL: I could not come back.

COUNCILWOMAN TASCO: Why can't you come back?

MR. KIDWELL: The powers that be say that I've completed my four years in DROP and I'm exercising my irrevocable commitment.

COUNCIL PRESIDENT VERNA: I can't hear the answer.

MR. KIDWELL: I've been advised that I've exercised my irrevocable commitment to retire in four years and I will not be reemployed.

COUNCILWOMAN TASCO: You said a new Deputy Director was coming in?

MR. KIDWELL: Yes; a Mark Murphy on, I understand, April 14th.

COUNCILWOMAN TASCO: So who will be the Director?

MR. KIDWELL: I don't know.

MR. DUBOW: There's an ongoing search for Director. We're hoping to bring someone in obviously as soon as we can.

COUNCILWOMAN TASCO: I may be doing this calculation all wrong, so you can tell me. In your number of retirements, you had in '09 1,341 retirements, and I guess to date in FY10 you have 1,096.

Mr. Dubow, does that represent vacancies in the Administration, those retirees?

MR. DUBOW: Those retirements probably do represent positions that become vacant during the year. I mean, there are other reasons that people leave, but --

COUNCILWOMAN TASCO: No, that's all right. I'm just trying to figure out do we have --

MR. DUBOW: That should be right.

COUNCILWOMAN TASCO: So we have that number of vacancies or would there be a process where those jobs are being refilled?

MR. DUBOW: There's a process where they'd be being refilled.

COUNCILWOMAN TASCO: All of them?

MR. DUBOW: Well, we still -- at any given time, there are always a number of vacancies, so some of those are vacant and some of them would have been filled.

COUNCILWOMAN TASCO: Okay. Your OEO goals, or equal opportunity goals, when you talk about the minority or disadvantaged participation and the percentage of people who are working as possible managers, what percentage does that represent, minority -- and I know women are included, but let's say African American, Asian, Latino in relationship to women.

MR. McDONOUGH: We do not have

the breakdown with us, but we'd be happy to provide it.

COUNCILWOMAN TASCO: We'd like to see that.

MR. McDONOUGH: Absolutely.

COUNCILWOMAN TASCO: Forward it to the Chair.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

Let me pick up where Councilwoman Tasco left off. Your goal for Fiscal Year '11 is 16.6 percent in terms of disadvantaged business participation. What was your goal for Fiscal Year '10, this year?

MR. McDONOUGH: The goal was 16.1 percent.

COUNCILMAN GOODE: I doubt the goal was 16.1 percent. The actual number may have been 16.1 percent. What was the goal?

MR. McDONOUGH: I'm sorry. You're right, it was the actual number. I don't know what the goal was.

COUNCILMAN GOODE: What was the goal for Fiscal Year '09?

MR. McDONOUGH: I'm not aware that we had any specific goals.

COUNCILMAN GOODE: What was the goal for Fiscal Year '08?

MR. McDONOUGH: As I said, I'm not aware of any specific --

COUNCILMAN GOODE: The goal for Fiscal Year '08 was 20 percent. Do you know what the actual number for Fiscal Year '08 was?

MR. McDONOUGH: For non-investment contracts, it was less than one percent.

COUNCILMAN GOODE: It was 0.05 percent. It was one-half of one percent.

MR. McDONOUGH: If you incorporate investment contracts --

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COUNCILMAN GOODE: I'm using the City's numbers.

MR. McDONOUGH: Okay. I was going to give you some additional information.

COUNCILMAN GOODE: Go ahead.

MR. McDONOUGH: Including investment contracts for Fiscal '08, 13 percent of these for investment services went to women and minority-owned firms for Fiscal Year '08.

COUNCILMAN GOODE: And everything else was 0.05 percent?

MR. McDONOUGH: That's correct.

COUNCILMAN GOODE: So let's break it down. In terms of investment fees, it was 13 percent in Fiscal Year '08. It's about 14.8 percent now. I'm assuming that's based upon capacity and availability of disadvantaged firms?

MR. McDONOUGH: Yes, I think that's fair. We have a public RFP process and select firms based on --

COUNCILMAN GOODE: The question

is, where did the 13, 14 percent number come from?

MR. McDONOUGH: That's the percent of -- of all the investment management fees we paid, that's the percent that we --

COUNCILMAN GOODE: That's the percentage that was given, but is that the percentage that should have been set as a goal or is there a higher goal that could have been set? Who decided not just based upon RFPs, but is there -- well, let me ask a different question. The better question is, has the capacity of disadvantaged firms increased over the years?

MR. McDONOUGH: When you say "capacity," are you referring to the amount that we've paid to these firms?

COUNCILMAN GOODE: I mean, the availability and I mean the capacity to do more work.

MR. McDONOUGH: I don't know if the capacity in terms of the amount of firms out there has changed.

COUNCILMAN GOODE: Then what is your 16.6 percent goal for Fiscal Year '11 based upon?

MR. McDONOUGH: That's actually for non-investment contracts, the goal. That's based on --

COUNCILMAN GOODE: I thought that was combining investment contracts and other contracts.

MR. McDONOUGH: No. The testimony states it's other than investment manager contracts.

COUNCILMAN GOODE: Just break it down, then. The goal for investment contracts, what is that based upon, and the goal for non-investment contracts, what is it based upon?

MR. McDONOUGH: We do not have a goal for investment contracts because they're asset-based fees and we cannot predict what we will be paying in fees to the firms we have under contract in future fiscal years.

COUNCILMAN GOODE: But somehow it ends up to be 13 or 14 percent every year?

MR. McDONOUGH: Well, that's what it's been the last several years, but if you go back to -- I don't have it with me, but in 2006, we only had about three percent of the Fund's assets invested with women and minority-owned firms. So the number would have been much lower than 13 percent. Today we have 20 percent of the assets with women and minority-owned firms.

COUNCILMAN GOODE: Okay. And have you done any analysis of what capacity actually exists out there and whether that number is a credible number or not? Obviously three percent was extremely low.

MR. McDONOUGH: I agree. I think having 20 percent of our assets with women and minority-owned firms is a much greater percentage than those firms represent of the overall industry.

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COUNCILMAN GOODE: Do you know that?

MR. McDONOUGH: I don't know that I can give you a specific number, but based on our experience and our research, I believe those firms represent a much smaller percent of the industry.

COUNCILMAN GOODE: Please forward that research to the Chair. And if you are that familiar with the research, you should be able to state it. That's actually how we do it. We calculate availability, and availability should match utilization.

MR. McDONOUGH: I'd be happy to provide --

COUNCILMAN GOODE: Or else you have disparity.

For non-investment contracts, how did you establish your goal?

MR. KIDWELL: The goal for non-investment contracts is that of the OEO, and I believe it's 25 percent. We try to attain those by the -- mostly through the contracts available through our medical panel and the speakers that are engaged at our retirement seminars.

COUNCILMAN GOODE: My question is, where specifically did the number come from?

MR. KIDWELL: The 16.9, Councilman?

COUNCILMAN GOODE: The 16.6.

MR. KIDWELL: The 16.6 comes from the available non-investment contracts, which total approximately $2,058,000, of which 341,400 are for minority, women and disabled-owned firms, which equals 16 --

COUNCILMAN GOODE: I read it. It says based upon the availability for contracting opportunities for contracts other than investment managers.

MR. KIDWELL: Well, the non-investment side --

COUNCILMAN GOODE: My question is, what analysis was done to determine that goal?

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MR. KIDWELL: I'm not aware of any analysis that was done for the investment speakers or the medical panel.

COUNCILMAN GOODE: So's not necessarily a credible number in terms of what the goal should be?

MR. KIDWELL: The 16.9 is a credible number because it's actually the number that is the number. That is the current number, 16.9.

COUNCILMAN GOODE: Because it's the current number does not mean it's a credible goal.

MR. KIDWELL: The goal would be to --

COUNCILMAN GOODE: The Mayor would not be setting an overall Administration goal that goes from 18 percent overall to 25 percent if he did not believe that contracting opportunities could be expanded. So just because the number is 16.6 or 16.9 percent now doesn't mean that should be the goal. My question is, what analysis went into what the goal should or should not be?

MR. KIDWELL: I am not personally aware of any analysis that was conducted.

COUNCILMAN GOODE: So the numbers are just whatever they are?

MR. KIDWELL: Yes.

COUNCILMAN GOODE: Okay. I knew that, but I just wanted to ask the question for the record.

The Pension Fund returned negative 17.6 percent for the fiscal year ending June 30th of 2009. The return placed the Fund in the second quartile among public funds with assets over a billion dollars. Mr. Dubow also testified that of public funds of our size, this large, that we fare well. I'm trying to figure out where specifically do we actually place, which public funds place higher, which public funds place lower and why? But really not just anecdotally, but specifically where do we really rank?

MR. McDONOUGH: So we submit our data to a Wilshire database. Wilshire is a large consulting firm that aggregates information across multiple pension funds of different size and type. So as of June 30th, which -- and when we look at ourself in that database, we compare ourselves to plans over a billion dollars. There's several ways you can break it down, and since we have assets over a billion, we figure that's more appropriate.

For the fiscal year, we were in the 38th percentile, with one being the best and 100 being the worst. Over the trailing three years, we were in the 30th percentile, and over the trailing five years, the 34th percentile.

For participating in the database, we get that information, but we don't see the names of the other participants in the database.

COUNCILMAN GOODE: Okay. So

you're in the second quartile. Do you think 38 percent is good?

MR. McDONOUGH: Yes.

COUNCILMAN GOODE: And you don't know who ranks better and you don't know why?

MR. McDONOUGH: We don't know who the specific participants are within the database. So I do not know the specific names of the funds that rank in the first through 29th percentile.

COUNCILMAN GOODE: Okay. Where do you think you have ranked in terms of participation of disadvantaged businesses in your contracting?

MR. McDONOUGH: I don't have any specific numbers, but based on conversations with peers, I believe our rates are high. The Board received an award from the National Association of Security Professionals, which is a minority --

COUNCILMAN GOODE: In terms of investment contracts?

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MR. McDONOUGH: Yes.

COUNCILMAN GOODE: In terms of non-investment contracts, how much do you spend on non-investment contracts?

MR. KIDWELL: Approximately two million.

COUNCILMAN GOODE: And where do you think you rank?

MR. KIDWELL: I do not know.

COUNCILMAN GOODE: In the lowest quartile. Of the 40 departments measured, it's toward the bottom.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions from members of the Committee?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing none, again, I thank you.

MR. KIDWELL: Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

MR. McPHERSON: The next is the

Sinking Fund Commission.

(Witness approached witness table.)

COUNCIL PRESIDENT VERNA: Good morning. Kindly identify yourself for the record.

MR. COIN: I'm Carl Coin, Executive Director of the Sinking Fund Commission.

COUNCIL PRESIDENT VERNA: Proceed with your testimony.

MR. COIN: Good morning, Madam President and members of City Council. I am Carl Coin, Executive Director of the Sinking Fund Commission, and I am here to testify on behalf of the Commission on our Fiscal 2011 Operating Budget request.

The Sinking Fund Commission oversees the investment of monies needed for the repayment of bond principal and interest and ensures that those debt payments, as well as lease obligations, are made in a timely manner.

The Sinking Fund Commission

currently holds one personal service contract for $4,500 with Digital Assurance Certification, a female-owned company. DAC is a certified disclosure disseminating agent and, as such, posts on its website the financial statements for the City, the Water Department and the Philadelphia Airport, as is required by Rule 15c2-12 of the Security Exchange Act of 1934. The Sinking Fund Commission is committed to supporting the Administration's goal of 25 percent minority, woman and disabled-owned businesses participation in City contracting. The Sinking Fund Commission's Fiscal '11 participation goal is 100 percent.

The Sinking Fund Commission's total Fiscal Year 2011 budget request, all funds, totals $532.3 million. The General Fund portion of this request totals 211 million and includes 89.6 million for capital leases and 121.4 million for debt service and other debt-related expenditures.

The Sinking Fund Commission is managed by staff of the Treasurer's Office and it, therefore, receives no Class 100 funds.

The Class 200 request enables lease payments for facilities such as the Municipal Services Building, the One Parkway Building and certain correctional facilities. This line item also provides for stadium lease payments, as well as principal and interest payments on both the Neighborhood Transformation Initiative and the Cultural and Commercial Corridor program borrowings. The 200 class combined request reflects a $4 million decrease from the Fiscal Year 2010 estimated obligations.

The request in Classes 701 and 702 totals 106.2 million and provides for the General Fund's portion of the interest and principal payments on the City's general obligation bonds. These two classes combined reflect an increase of 8.1 million from Fiscal Year 2010 estimated obligations, mostly due to a $3.6 million increase in the overall debt service schedules and a 4.5 million for one interest payment on new general obligation bonds to be issued in December 2010. The amount of this issue is estimated to be $145 million.

In order to meet the City's annual temporary imbalance between the payment of obligations at the beginning of the fiscal year and the receipt of taxes and other revenues early in the calendar year, it is expected that the City will issue tax revenue anticipation notes early in July 2010. These notes would mature prior to June 30th, 2011. The request in Class 703 of $11 million provides for payments of 12 months of interest at a rate of approximately 3.7 percent on these short-term notes, estimated to be for $300 million.

The Sinking Fund reserve payments, Class 704, provide for payments of guarantees on economic development bonds of quasi-governmental entities. The Fiscal Year 2011 request of 1.3 million in this line item provides for payments on the Philadelphia Parking Authority Series 1999A bonds.

The Sinking Fund Commission request from the Water Fund for Fiscal Year 2011 totals 195 million, all in Class 700, for payment of debt service on water and sewer revenue bonds and general obligation bonds. This represents a $1.5 million increase in the Water Fund request from Fiscal Year 2010, mostly due to a new issue of 180 million to be issued in August of 2010.

The Commission request from the Aviation Fund for Fiscal Year 2011, 121.2 million, all Class 700, is to provide for payments for regularly scheduled Airport revenue bonds. The increase of 21.2 million over the Fiscal Year 2010 estimate is due to the provision for a year's debt service on Airport borrowings in Fiscal Year 2011 to fund improvements at the Airport. The total amount of these borrowings is estimated to be 200 million.

The Commission's 2011 request of $5 million in the Car Rental Tax Fund is to provide for lease revenue bond payments on the sports stadiums from the vehicle rental tax revenues.

This concludes my portion of my testimony. I would be glad to answer any questions.

COUNCIL PRESIDENT VERNA: Thank you very much.

What is the assumed interest rate for the general obligation bond that you plan on issuing this December?

MR. COIN: I believe it's about four and a half percent, four and a half to five percent.

COUNCIL PRESIDENT VERNA: What refinancing is contemplated for Fiscal 2011?

MR. COIN: Right now we

don't have -- I don't believe there are any refinancings.

COUNCIL PRESIDENT VERNA: Here's Mr. Dubow.

(Witness approached witness table.)

MR. DUBOW: Mr. Coin is correct. We don't have any refinancings that are planned, although we can continue to look at all of our opportunities, and as the rates shift, some of our bonds may become attractive for refunding. So there may be something during the course of the year, but we're not there yet.

COUNCIL PRESIDENT VERNA: At the moment, there are none.

MR. DUBOW: Right.

COUNCIL PRESIDENT VERNA: Thank you.

Sir, you state in your testimony that you are requesting $11 million in Class 703 for interest on the City's cash flow borrowing and that this represents an assumed interest -- I'm sorry; interest rate of 3.7 percent for 12 months.

MR. COIN: Right.

COUNCIL PRESIDENT VERNA: The proposed Five Year Plan that the Administration submitted has the TRANs being paid in May, not June. Can you tell us the savings and interest costs to the City if the TRANs were for ten and a half months instead of 12?

MR. COIN: It would be less, but I don't really know what the number would be.

MR. DUBOW: It would also depend on where the interest rate came in. That can float up a little bit. And we can do the calculation, but there's some caveats there that that number may change for a number of reasons.

COUNCIL PRESIDENT VERNA: But it's still not 12 months.

MR. COIN: Well, if the TRANs is done in July, it would be -- the interest is usually due on the last day of the year. The principal piece of it is usually paid before that in May 30th. That's the usual --

COUNCIL PRESIDENT VERNA: I thought they were being paid off in May?

MR. COIN: The principal piece is usually paid off in May. The interest isn't due until the last day of the year, usually June 30th. The principal is still outstanding.

MR. DUBOW: Right. The principal is put into a reserve fund at the end of May, so it's out of cash, but we haven't repaid it. We repay at the end of June. So it's to give security to the note holders that they'll be repaid.

COUNCIL PRESIDENT VERNA: Very well.

Any questions from members of the Committee?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing none, thank you.

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MR. COIN: Thank you.

COUNCIL PRESIDENT VERNA: Do we have the Civil Service Commission here?

(No response.)

COUNCIL PRESIDENT VERNA: I understand they're on their way here. I think we ought to go straight through since it's early. I think they received a call yesterday to be here early.

(Short pause.)

COUNCIL PRESIDENT VERNA: The next department to testify?

MR. McPHERSON: Civil Service Commission.

COUNCIL PRESIDENT VERNA: Please approach the witness table, identify yourself for the record and proceed with your testimony.

(Witnesses approached witness table.)

MS. SMITH: Good morning, President Verna and members of City Council. I am Doris Smith, Chair of the Civil Service Commission. I am pleased to testify on behalf of myself and Civil Service Commissioners Lynda Orfanelli and Pedro Rodriguez in support of the Commission's budget request for Fiscal Year 2011.

Our total budget request of $170,309 consists of 139,309 in Class 100, 29,500 in Class 200 and 1,500 in Classes 300 and 400. This represents no change over our Fiscal '10 estimated obligations, and we anticipate no budgetary increases through Fiscal Year 2015.

Under the Home Rule Charter, the Commissioners are charged with ensuring the application of merit principles to public employment. In carrying out that mandate, the Commission approves or disapproves a large variety of actions affecting Civil Service employees. These include the establishment of job classes, position and pay classifications, residency waivers, personal services contracts, Civil Service regulations and exemptions from the Civil Service.

Significant time is also required to carry out another major role of the Civil Service Commission, that of an appellate body which hears and decides on Civil Service employee appeals. This includes the establishment of job classes, position and pay classifications, residency waivers, personal service contracts, Civil Service regulations and exemptions from the Civil Service.

In Fiscal Year '09, the Commission heard 119 appeals. In the first eight months of Fiscal Year '10, the Commission received 95 new appeals and issued 63 opinions and orders resolving appeals.

With this budget, President Verna and members of Council, the Commission can continue its important work of assuring the preservation of the Philadelphia merit system, as mandated by the Philadelphia Home Rule Charter.

This concludes my testimony. I would be happy to answer any questions you may have at this time.

COUNCIL PRESIDENT VERNA: Ms. Smith, how many residency waivers did the Commission grant in Fiscal 2009?

MS. SMITH: One hundred and sixty-four.

COUNCIL PRESIDENT VERNA: Can you tell us how many have been granted this year and for what positions?

MS. SMITH: In 2009?

COUNCIL PRESIDENT VERNA: No; for '10.

MS. SMITH: Oh, 2010. One sixty-four has been granted.

COUNCIL PRESIDENT VERNA: Can you tell us what these positions were for? Is the residency just for a year? Give us some explanation, because that sounds like a lot to me.

MS. SMITH: Sure.

MR. D'ATTILIO: Actually, may

I, Council President?

COUNCIL PRESIDENT VERNA: Please.

MR. D'ATTILIO: My name is Albert D'Attilio. I'm the Director of Human Resources.

There are currently 164 employees who do not reside within the City. They were not all granted residency waivers. Approximately half of those employees are within their first six months of employment where they're in the process of moving into the City. So I just wanted to clarify that for the Council.

COUNCIL PRESIDENT VERNA: How about the other half?

MR. D'ATTILIO: I think we need to get back to you. If you're asking specifically how many waivers were granted by the Commission, can we get back to you with that exact number?

COUNCIL PRESIDENT VERNA: Absolutely.

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MR. D'ATTILIO: We have the positions that -- we have the positions where employees do not reside in the City. We can provide that to you as well, but as I mentioned before, many of those are because they're new to the City and they're moving into the City as we speak.

COUNCIL PRESIDENT VERNA: I'm more interested in the waivers.

MR. D'ATTILIO: Okay.

COUNCIL PRESIDENT VERNA: I see that in your testimony you say in the first eight months of FY10, the Commissioners received 95 new appeals and issued 63 opinions and orders resolving the appeals. Are you receiving more appeals than you have in the past? I see in '09 you heard 119 appeals, but for the beginning of FY10, you received 95.

Ms. Smith, it's the bottom of the fourth paragraph of your testimony.

MS. SMITH: And your question was are we receiving more this year --

have we received more this year than before? I believe it is stable as to it was last year. I have not seen any increases in the past year.

COUNCIL PRESIDENT VERNA: Well, I'm only questioning it because in FY09 the Commission heard 119 appeals. In the first eight months of FY10, the Commissioners received 95 appeals.

How many appeals do you normally get in a month?

MS. SMITH: We have not broken them down by monthly, but I'm sure the Personnel Department can give you that information. For the whole year of '09, we received 120. We have not broken them down by monthly.

MR. D'ATTILIO: We can do that for you, though.

COUNCIL PRESIDENT VERNA: Please.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you,

Madam President.

Good morning. The Police arbitration award waived the residency requirement for certain officers, and there's thought that the Fire arbitration award may do the same, but in 2008, we actually amended the City Charter to create a tie-breaker preference for residents. Can you just confirm whether that Charter mandate trumps the arbitration award. In other words, if a police officer moves out of the City and takes a test for a promotion and an officer remains in the City, does the officer who remains in the City rank higher?

MR. D'ATTILIO: Obviously the arbitration award that you reference hasn't taken effect yet, the residency component of that, but off the top of my head, I would say that we have the tie-breaking system in place in our scoring mechanism, so that if two officers were in fact tied at that point in the scoring process, the officer who lived in the City would get preference over the officer who did not live in the City.

COUNCILMAN GOODE: Thank you. That's my only question.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

Any other questions from members of the Committee?

(No response.)

COUNCIL PRESIDENT VERNA: All right. The next department will be?

MR. McPHERSON: Human Resource Department.

(Witnesses approached witness table.)

COUNCIL PRESIDENT VERNA: Good morning. Please proceed.

MR. D'ATTILIO: Thank you, Council President.

Good morning, President Verna and members of City Council. My name is

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Albert D'Attilio and I am the Director of Human Resources for the City. I am here to present testimony in support of the Department's Fiscal Year 2011 Operating Budget request. With me today are Deputy Personnel Directors Brian Albert, Celia O'Leary, James Startare and Michael McAnally, and I believe Deborah Beatrice is also here to represent our administrative services cluster.

Our Fiscal Year '11 proposed General Fund budget of $5,185,757 represents an increase of $806,456 from our FY10 estimated obligations. This is due to the transfer of the Employee Medical Services Unit from the Health Department to the Office of Human Resources and for the transfer of HR responsibilities for the Managing Director's Office, Fleet Management, Public Property, Procurement, Records, the Office of Human Resources and the Civil Service Commission to our office. These transfers are designed to bring more consistency and efficiency to the human resources processes in those seven departments and offices. I will discuss these initiatives in a few minutes.

Before discussing our plans for FY11, please allow me a few minutes to highlight our most significant accomplishments of FY10, many of which center around the use of technology to make our processes more efficient and cost effective.

Last August, the Office of Human Resources implemented an online application system. As you may recall, in anticipation of this system, our office worked with Councilwoman Blackwell and the Civil Service Commission to eliminate the $35 application fee.

The online application system allows job seekers to submit an application over the Internet and apply for examinations any time of the day or night. No longer do applicants have to file applications in person or by postal mail. Applicants can also choose to have the City communicate with them via e-mail, which allows for faster feedback and enables the office to schedule interviews more quickly. Job seekers continue to be able to research and apply for City jobs using computers that we provide in the Municipal Services Concourse and any branch library.

Online applications, coupled with the elimination of the pre-employment residency requirement, have enabled the City to attract and realistically consider candidates who would not apply if the jobs had not been posted on the Internet. For example, we received 4,000 more firefighter applications this year than were received the last time the examination was announced. And because we no longer have to enter data for each applicant by hand, we eliminated three positions from our FY10 budget, realizing approximately $100,000 in savings.

Finally, the new system allows us to screen applicants quickly for a variety of factors, including specific experience, educational attainment and bilingual skills.

In the seven months since online applications went live, the Office of Human Resources has received and processed over 43,000 job applications, 97 percent of which were submitted online. In comparison, the Department processed only 27,210 applications in FY08.

The Office of Human Resources and the Division of Technology continue to collaborate on the implementation of a new Human Resources Information System to replace the Legacy system, which was purchased in 1976. The Human Resources Information System has already reduced the amount of staff time previously consumed by things such as quadruplicate data entry. HRIS also provides employees with better services and managers with higher quality of information.

For example, using the HRIS system, the open enrollment period for City-administered benefits were processed entirely online last November by employees themselves. Over 5,600 employees selected their benefits this way, allowing the Office of Human Resources to eliminate approximately four weeks of manual data entry by our staff and close the open enrollment period by the first week in December.

The Human Resources Information System also allows the Office of Human Resources to update eligibility files every two weeks with our insurance carriers, thereby ensuring that benefits were not inadvertently provided to employees who have separated, providing prompt coverage for newly hired employees and reducing the number of retroactive payment adjustments processed by the Finance Department.

The rapidly rising cost of

health benefits is a challenge to all employers. The Office of Human Resources has taken an aggressive approach to containing costs while continuing to provide excellent benefits to our employees. Under the leadership of Benefits Manager James Startare, we took our four major health benefit programs to an open market in a successful effort to reduce costs through competition. As a result, we reduced costs by a projected $2.1 million in Calendar Year 2010. In addition, we changed our funding method for medical benefits from an insurance model where we paid the carrier a fixed premium to a self-insurance model where we pay the claims through a third-party administrator. That shift to self-insurance is projected to save the City an additional $2.8 million in Calendar Year 2010. Finally, we made plan design changes that should result in an additional $1.3 million in savings in Calendar Year '10. As a result of these efforts, we conservatively project to save $6.3 million in Calendar Year 2010. These changes began to take effect on January 1 of this year.

The Office of Human Resources has revised or established 20 Civil Service regulations thus far in FY10. The most significant changes are as follows:

The ability to take personal leave to address an issue of domestic or sexual violence has now become a permanent regulation for City of Philadelphia Civil Service employees.

Potential employees must now certify that they are either fully current on all taxes and fees owed to the City or voluntarily enter into a payment agreement with the City prior to appointment.

A military family leave entitlement was established to comply with the new federal regulations created through the National Defense

Authorization Act.

And, finally, the FMLA Leave and Military Family Leave benefits are now granted to eligible employees seeking to care for life partners.

The Office of Human Resources is committed to supporting the Administration's goal of 25 percent minority, woman and disabled-owned business participation in City contracting. Based on the availability for contracting opportunity, the Human Resources Personnel Department's FY11 participation goal is 81.03 percent, reflecting our ongoing engagement of minority and female psychologists to administer pre-employment psychological evaluations to candidates for public safety jobs.

As we move forward, the Office of Human Resources remains committed to additional initiatives that will result in smarter, faster and better services to the City of Philadelphia, its agencies and the public.

The Office of Human Resources has been part of the Managing Director's administration and technology reform team, working to review HR-related administrative processes and implement efficiencies to better utilize the Human Resources staff to better provide services and to reduce costs.

It's no surprise that because many of the essential HR-related tasks such as timekeeping and transactions are still not automated, they remain labor intensive. Thus, our departmental Human Resources staff spends significant time on administrative tasks rather than focusing on more strategic, higher value work such as succession planning, recruiting and organizational development.

I recognize that like many large institutions, the City of Philadelphia must invest in technology in order to simplify and automate routine activities, making them more efficient and providing better services to our employees. One step that we will take next fiscal year is to create a Human Resources Shared Services Center that will serve the seven agencies I named earlier. Thirteen employees currently assigned to the Human Resources units in the above departments will be transferred to the Office of Human Resources, and all HR-related services will be provided centrally to the 900 employees who serve in those departments.

We expect that the Shared Services Center will result in decreased duplication of effort and improve economies of scale, increase use of technology, faster and more accurate processing of employees' transactions, more consistent application of policy and procedures, and higher availability of strategic human resources services to the Commissioners and department heads.

The Office of Human Resources

will also work in the upcoming year with the Division of Technology and Finance to pilot a more automated time and attendance process, eliminating the primarily paper-based, time-consuming, labor-intensive and, frankly, antiquated processes that currently are used by employees and supervisors to record and approve work hours and leave time. This needs to change, and it will. I am committed to automating time and attendance procedures within the City of Philadelphia and will work with the Department of Technology to make -- the Division of Technology to make this happen.

As I mentioned earlier, employee medical services, also known as the Medical Evaluation Unit, will move from Public Health to the Office of Human Resources. To review quickly, this 11-person unit is responsible for non-service-connected disability determinations, pre-employment and pre-promotion medical evaluations, return-to-work and fitness-for-duty determinations and the like.

We recognize that benefits are a major component used to attract new employees and retain current ones. However, we must also acknowledge that the healthcare costs remain one of the City's single biggest expenditures. The Office of Human Resources will, therefore, continue to look for ways to save additional dollars without sacrificing benefits. For example, we plan to contract with a disease management firm to provide services to sustain the health of employees suffering with chronic medical conditions, while also reducing costly long-term medical claims. We will also begin to examine trends in service being accessed by employees and dependents, allowing us to identify and develop educational programs such as smoking cessation, diabetes awareness and prevention, and weight loss management to improve the health and well-being of employees while reducing expenditures. The annual estimated cost of the disease management program is about $300,000. This program will have a return on investment to the City, which will be determined in the upcoming RFP process.

Finally, the Office of Human Resources will perform a dependent-eligibility audit to make sure that the City is not covering a dependent erroneously. It is our intention to select an audit firm who will be compensated contingent on the savings of the audit, resulting in no additional out-of-pocket expenses to the City.

All of the improvements described in my testimony have already occurred or will reduce the amount of time that the Office of Human Resources staff spends on administrative processes and allow us to devote more time to providing better services to our client departments and both prospective and current employees.

This concludes my prepared testimony. I'm happy to answer any questions you may have.

COUNCIL PRESIDENT VERNA: Thank you.

Mr. D'Attilio, how many new Civil Service hires were made in Fiscal 2009?

MR. D'ATTILIO: We are in the process of trying to get that information for you. I was actually looking at new Civil Service hires in 2008 and 9, and we believe the number is approximately about 2,600, but we need to refine that number and we should have it for you before the end of the week.

COUNCIL PRESIDENT VERNA: And can you also tell us how many have been made so far in Fiscal 2010?

MR. D'ATTILIO: We will do that as well. Thank you.

COUNCIL PRESIDENT VERNA: Thank

you. And at the same time, can you provide us with a listing by department and title for the new Civil Service hires for the current fiscal year?

MR. D'ATTILIO: Absolutely.

COUNCIL PRESIDENT VERNA: Does your current system show all of the open Civil Service positions?

MR. D'ATTILIO: No, it does not.

COUNCIL PRESIDENT VERNA: We would like to have a listing by department that shows the opening by job title and salary range. Would that be possible?

MR. D'ATTILIO: I will work with the Budget Director to see if we can determine that information for you.

COUNCIL PRESIDENT VERNA: Will the new system be able to provide you with such information, and when would it be operational?

MR. D'ATTILIO: Well, the new system -- are you referring to the HRIS system?

COUNCIL PRESIDENT VERNA: Yes.

MR. D'ATTILIO: Again, I would have to work with the Budget Department. I believe the system can provide that information. Right now we do not capture that information within the system, so we would have to work with Budget in order to do so.

COUNCIL PRESIDENT VERNA: That's fine.

You know, for years we were told that paramedics were very, very hard to come by.

MR. D'ATTILIO: That is true.

COUNCIL PRESIDENT VERNA: Do we have presently an existing Civil Service list for paramedics?

MR. D'ATTILIO: We believe we have an existing list. We will confirm that for you.

COUNCIL PRESIDENT VERNA: You do or do not?

MR. D'ATTILIO: We believe that

we do, but we don't have that in front of us, so I'll have to confirm it for you.

COUNCIL PRESIDENT VERNA: Yes. And would you let us know how many are on it?

MR. D'ATTILIO: Sure.

COUNCIL PRESIDENT VERNA: And how many vacancies there are in that particular title?

MR. D'ATTILIO: Again, I would have to check with the Fire Department to determine the number of vacancies.

COUNCIL PRESIDENT VERNA: I don't care who you have to check with.

MR. D'ATTILIO: But I will get that information for you.

COUNCIL PRESIDENT VERNA: I think it's very important that we have that information. Thank you.

The Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam President.

Good morning, everyone.

MR. D'ATTILIO: Good morning.

COUNCILMAN GREENLEE: Just quickly. First, Mr. D'Attilio, I have to ask this question. I know I asked it last year, but on the issue of the personal leave to address domestic violence, have you seen, to the best of your knowledge, any reason to think that that leave or that right is being misused around the City?

MR. D'ATTILIO: No, I have not.

COUNCILMAN GREENLEE: Because I know that was an issue --

MR. D'ATTILIO: That was my answer last year as well, I believe.

COUNCILMAN GREENLEE: I keep checking on it. All right. I just want to make sure.

Towards the end of your testimony you talk about the dependent-eligibility audit.

MR. D'ATTILIO: Yes.

COUNCILMAN GREENLEE: That certainly sounds like a good idea, especially since it's not costing the City anything, but was there something that generated that? Has there been concern about that? Have there been reports of problems regarding that or was it just something you wanted to check on?

MR. D'ATTILIO: No, there hasn't been any report of problem. I think it's just a good practice to periodically do a dependent-eligibility audit. Now, the framework for that may have changed since I prepared my testimony because the Health Reform Act has now passed, so it appears that under the new law, we will be required to cover dependents up to age 26 regardless of school status. So we'll have to rethink how we do the dependent-eligibility audit, but I think it's still a good practice to do so.

COUNCILMAN GREENLEE: And is it usual the City would do something like that or would usually the insurer be the one?

MR. D'ATTILIO: In my view, I don't believe that we should rely on the insurer to do that. One of the changes we made is that the -- Blue Cross used to do it for us, but they would do it twice a year. So if someone became ineligible midway through, we would still be paying until they did the audit. We took that back from them, and now we would like to have an independent audit to make sure that the dependents that we are carrying are eligible for coverage.

COUNCILMAN GREENLEE: I guess the argument is it's the City's money, so the City should be responsible.

MR. D'ATTILIO: Absolutely.

COUNCILMAN GREEN: Thank you. Thank you very much.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you,

Madam Chair.

I guess it's still good morning for one more minute. Good morning.

MR. D'ATTILIO: Good morning.

COUNCILMAN GREEN: During last year's budget hearing, I asked some -- I'm sorry. I'm on the wrong department. Give me a second.

So I think the President asked my first question, which is I'd like all unfilled and new positions -- actually, with respect to HR itself, can you ID unfilled and new positions in HR division by division? Please identify each unfilled or new for FY11 position.

MR. D'ATTILIO: Would you like that in a written response or a summary?

COUNCILMAN GREEN: Right now.

MR. D'ATTILIO: We have, I guess, since January 5 five people who have left the department. We're in the process of -- we have filled two of those positions. We're in the process of filling a third, and as indicated in my budget testimony, two of the positions we wish to fill, one to support the self-insured benefit management and the fifth to provide administrative and analytical services to MEU, when it comes over, so we can adequately evaluate what their operations and whether they're truly bringing value to the City.

COUNCILMAN GREEN: I didn't hear -- I didn't understand the acronym or hear the last thing you said, M...?

MR. D'ATTILIO: I'm sorry. Employee medical services, otherwise known as Medical Evaluation Unit. That unit is being transferred to OHR in July. One of my charges is to evaluate that operations, determine what value it provides to the City, how it could provide better value, and in order to do that, we need to really analyze basically the processes and the results that come out of those processes. So we're looking to hire a low-level analyst to work with that department for the next year and give us the metrics that we need to make more informed decisions on the future of the employee medical evaluation services.

COUNCILMAN GREEN: What does Employee Medical Services Evaluation Unit do?

MR. D'ATTILIO: Well, currently they do all pre-employment and pre-promotional job evaluations. They do disability determinations. They do fitness-for-duty determinations. They do some wellness programs.

It's employee medical services. Basically is, I guess, the most -- most of their work is to manage the risk associated with hiring someone or retaining someone who may not be fit for that position and also to provide some baseline measurement of how the workforce impacts upon employees in high-risk positions.

COUNCILMAN GREEN: Okay. So Hiring Services Division, how many open or vacant positions do you have?

MR. D'ATTILIO: Hiring Services had --

UNIDENTIFIED SPEAKER: We had three positions, which we have filled since January. We have one remaining vacant position.

COUNCILMAN GREEN: How are those services getting performed with that person not in the position today?

MR. D'ATTILIO: We continue to do the same work. It just takes us a little longer to do it without the staff members.

COUNCILMAN GREEN: What's the salary for that position?

MR. D'ATTILIO: Well, what we are doing is reevaluating our positions. So we had a manager who left at about 83,000. We had an Associate III leave at 55,000.

UNIDENTIFIED SPEAKER: And an Associate II at about 45,000.

COUNCILMAN GREEN: So your manager position has not been hired?

MR. D'ATTILIO: No. The manager just left within the last couple of weeks.

COUNCILMAN GREEN: So that's --

MR. D'ATTILIO: He retired.

COUNCILMAN GREEN: -- $83,000 if we don't replace them in your budget?

MR. D'ATTILIO: Right. I would like to replace him, though.

COUNCILMAN GREEN: I understand.

Benefits Administration Division?

MR. D'ATTILIO: Yes.

COUNCILMAN GREEN: Can you go through --

MR. D'ATTILIO: There are actually no vacancies in the Benefits Administration Division. What we are doing is creating a new position from one of the other vacancies. This person will be responsible -- beginning in January when we went to self-insurance, we are now responsible for claim payment of approximately $60 million. We need someone who will make sure that when we pay those claims, they are, A, for our employees and dependents; B, they are not duplicative of other payments that were made; C, that someone who was an employee and has separated hasn't then used the system before we -- use the benefit before we were able to take them out. So it's more of a cost and control factor.

COUNCILMAN GREEN: Why wouldn't we outsource that function? It seems to me like an awful lot of responsibility for one person and an awful lot of data that's going to be coming through someone's desk. And I happen to know that our systems are not up to date in terms of data and our ability to comb through it at least from a computer perspective, and there are private companies whose sole job is to make sure people don't pay twice, et cetera.

MR. D'ATTILIO: We think it's cheaper to do it internally. Our benefit information I think is pretty accurate. It resides in the new Oracle system, and we're pretty good at maintaining it. We're also going to use that Oracle system to manage the database to help us flag inappropriate charges.

COUNCILMAN GREEN: Are you aware that there are private companies that basically will review all this for you and not get paid if they don't find overpayments or double payments or inconsistencies and that in the industry that's very common?

MR. D'ATTILIO: Yes.

COUNCILMAN GREEN: Why wouldn't you consider using one of those companies?

MR. D'ATTILIO: Again, because we're making an investment of approximately about 55,000 and we think it's more economical to do it in-house.

COUNCILMAN GREEN: And you think one person who is not a private company motivated by a profit motive is going to catch as much as a company with sophisticated computer programs that does this for a living?

MR. D'ATTILIO: Well, with the technology that we have in place with the HRIS system, we believe that that's the case.

COUNCILMAN GREEN: And your HRIS system is designed to detect anomalies like this like a private company who does that?

MR. D'ATTILIO: We are programming the module to do that, yes.

COUNCILMAN GREEN: Why are we programming a module to do that and how much is that costing rather than outsourcing this function?

MR. D'ATTILIO: We'll find out how many hours we put into that.

COUNCILMAN GREEN: Thank you. I mean, there are existing companies that do this. They have the statistical software algorithms that pick up these anomalies. It seems to me that the City shouldn't be going into a business that the private sector performs very well. That's a waste of our resources.

Shared Services Division?

MR. D'ATTILIO: Yes.

COUNCILMAN GREEN: Is that new positions, vacant positions?

MR. D'ATTILIO: This is a new -- this is a pilot program that we are starting in July. There are seven departments who either currently perform their own human resources work or they have their human resources work performed by the Finance Department. We are taking over those responsibilities, with the hope that through this pilot program, we can demonstrate that by revising business practices, by putting in some automation, that we can actually make the processes more efficient.

COUNCILMAN GREEN: What does that mean? In other words, what are you making more efficient? Things in the departments or things in the -- or stuff with respect to the services you provide?

MR. D'ATTILIO: It's stuff related to HR services that either we provide or the departments provide for their department heads. So, for example --

COUNCILMAN GREEN: So you're basically taking everybody in every department who does that separately or at least in a few departments for this test, bringing them up into your department and then seeing if you can do it more efficiently than was done when they were in the departments?

MR. D'ATTILIO: That's correct, except --

COUNCILMAN GREEN: Except you're doing it with the same number of people, so it's hard to see how it could be more efficient.

MR. D'ATTILIO: No, we're not.

COUNCILMAN GREEN: You're doing it with fewer people?

MR. D'ATTILIO: We're doing it

with fewer people.

COUNCILMAN GREEN: So can you point then in each department to the positions that will be lost or to the net efficiency that this Shared Services Division is currently creating?

MR. D'ATTILIO: I can tell you who we're not bringing over. There are currently eight and a half FTEs who perform time and attendance functions. There is a timekeeper in Public Property who we are not bringing over for that.

COUNCILMAN GREEN: What's that person going to do?

MR. D'ATTILIO: You have to ask the Property Commissioner on that.

COUNCILMAN GREEN: I will.

MR. D'ATTILIO: There are two timekeepers, payroll people in the administrative services cluster of the Finance Department. We are not bringing those two employees over. Now, I do know that --

COUNCILMAN GREEN: What are

those people going to do?

MR. D'ATTILIO: -- Finance will utilize those employees because they will be taking responsibility for the DOT, the Division of Technology, consolidation employees.

COUNCILMAN GREEN: So people who used to be timekeepers, data entry are going to take charge of a $125 million implementation?

MR. D'ATTILIO: No. They're going to continue to be timekeepers, but instead of servicing Procurement, HR and the Civil Service Commission, they will be servicing the expanded Division of Technology.

COUNCILMAN GREEN: So why, from an HR perspective, are we having people be timekeepers rather than automating that process?

MR. D'ATTILIO: Well, that's one of the goals of the pilot, is to try to automate the process on a small level, document the work rules, the pay rules that need to be automated and move forward to show that it can be done. We hope to interface -- we hope to bring in a system and interface it with the payroll system so that we can automate it. We do not know if we will be successful. We are hopeful that we will, but it will be a lot of work in the next six to nine months.

COUNCILMAN GREEN: Well, I mean, there's private off-the-shelf systems that do this. Of the 300-plus full-time equivalents that do timekeeping in the City, what redundancies or efficiency will be created as a result of moving to an electronic timekeeping?

MR. D'ATTILIO: Before I answer that --

COUNCILMAN GREEN: Without paper forms and data entry.

MR. D'ATTILIO: Before I answer that, may I just -- there are systems that exist, and I've experienced -- I have experience putting in a system in

Philadelphia Gas Works. Even though those systems exist, you must still configure your work rules to those systems. So a lot of work still has to go in, and that's the work that we will be undertaking in the next six to nine months.

So if we are successful in getting a rudimentary system in place, then what I foresee being possible is that the time capture could be automated, and that information could be fed directly into the payroll system.

COUNCILMAN GREEN: And what about the 300-plus positions where they're basically doing data entry for time, they're doing data entry for people's time? What are our plans with respect to capturing those efficiencies once we automate in six to nine months?

MR. D'ATTILIO: Well, again, if I'm successful with the pilot, it's a test program, then I think we need to sit down and figure out how many of those timekeepers do we still need and whether they should be redeployed -- whether the excess should be redeployed elsewhere. We are only working with five and a half full-time equivalents on timekeeping in our pilot program.

COUNCILMAN GREEN: Out of the 300-plus who do it?

MR. D'ATTILIO: That's correct.

COUNCILMAN GREEN: Okay. So it seems to me that it would not be unfair to suggest that even just through attrition and redeploying the people who are there, that we might be able to free up 100, 150 people over the next two or three years from timekeeping duties to other duties, filling positions that may have been held by somebody who retired elsewhere in government?

MR. D'ATTILIO: If I'm successful -- and I say if I'm successful, but there'll be a lot of work with both the Division of Technology and the Finance Department to try to make this successful -- then ultimately we hope that that would be the case. But, again, this is a pilot, so I would have better information for you next year.

COUNCILMAN GREEN: I understand, but right now there is no assumption of saving anything in the Five Year Plan from those 300-plus positions. And I know that's not your job. That doesn't seem like a reasonable assumption based on your testimony.

Class 200 spending on benefits consulting, the detail shows 246,000 in Class 200 spending for, quote/unquote, benefits consulting by Aon. Please describe what this is for. What services are provided?

MR. D'ATTILIO: Well, Aon was helpful in helping us market the four major plans - medical, dental, optical and prescription. They also helped us market the stop-loss insurance coverage that we have in place now. They are working with us on disease management and on life insurance policies. They help us with plan design changes.

COUNCILMAN GREEN: Well, okay. And we accomplished that last year and --

MR. D'ATTILIO: Well, it's an ongoing process.

COUNCILMAN GREEN: -- my benefits have been significantly reduced. Well done. And so why do we need to spend another 246,000 this year?

MR. D'ATTILIO: Because we're continuing to work on other RFPs. We will be continuing to go to market. It's a $60 million plus -- well, medical in itself is a $60 million plus program.

COUNCILMAN GREEN: When is the last time we bid this work out?

MR. D'ATTILIO: Last year. It was in July of 2009.

COUNCILMAN GREEN: Did anybody respond besides Aon?

MR. D'ATTILIO: Oh, yes.

COUNCILMAN GREEN: And they were the low-cost provider?

MR. D'ATTILIO: They were the low-cost provider.

COUNCILMAN GREEN: Shared Services Center, we've discussed this. And for now, there is no projected savings from those efforts, right?

MR. D'ATTILIO: Right. This is a pilot program, so we're trying to see what we could accomplish.

COUNCILMAN GREEN: Thank you, Madam Chair.

Thank you.

MR. D'ATTILIO: Thank you, Councilman.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other questions from members of the Committee?

Oh, I'm sorry. Councilwoman Miller.

MR. D'ATTILIO: Good afternoon.

COUNCILWOMAN MILLER: How you doing?

MR. D'ATTILIO: Good. How are

you?

COUNCILWOMAN MILLER: Great.

This is not so much a question, but a request, and that request is that we have another briefing on the healthcare, because now that people are using it, there are questions.

MR. D'ATTILIO: We will be happy to do so.

COUNCILWOMAN MILLER: Okay. All right. That will be good. Probably sooner -- I know it's hard with the budget hearings, but sooner rather than later.

MR. D'ATTILIO: Should I contact your office to set it up?

COUNCILWOMAN MILLER: You can contact Council President Verna's office so we can set it up, because many people have questions and we're using it now.

Thank you.

MR. D'ATTILIO: Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Any further questions?

(No response.)

COUNCIL PRESIDENT VERNA:
Seeing none, this Committee will stand in recess until Tuesday, April the 6th at 10 o'clock.

Thank you.

(Committee of the Whole recessed at 12:20 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on March 31, 2010, and that this is a true and correct transcript of same.

____

MICHELE L. MURPHY

RPR-Notary Public

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