

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON LAW AND GOVERNMENT

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, March 2, 2011
10:10 a.m.

PRESENT:

COUNCILMAN WILLIAM K. GREENLEE, CHAIR
COUNCILMAN FRANK DiCICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN JACK KELLY
COUNCILMAN JAMES KENNEY

RESOLUTION 100848 - Resolution authorizing
Council's Committee on Law and Government to
hold hearings to compare the benefits and
drawbacks of outsourcing City construction and
professional services contracts...

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1
2 COUNCILMAN GREENLEE: Good
3 morning. This is the Committee on Law
4 and Government.

5 Just for the record, we have a
6 quorum with myself, Bill Greenlee,
7 Councilman Kelly and Councilman DiCicco.
8 Actually, we don't have a quorum yet, but
9 we don't have to have a quorum to start.
10 And Councilman Jones, who is the sponsor
11 of the resolution before us.

12 Ms. Marconi, will you please
13 read the title of the resolution, please.

14 THE CLERK: Resolution 100848,
15 resolution authorizing Council's
16 Committee on Law and Government to hold
17 hearings to compare the benefits and
18 drawbacks of outsourcing City
19 construction and professional services
20 contracts and to conduct a comparative
21 analysis of proposed contracts in order
22 to further the goals of cost efficiency
23 and local job creation.

24 COUNCILMAN GREENLEE: Thank
25 you.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Any comments from members of
3 the Committee?

4 (No response.)

5 COUNCILMAN GREENLEE:

6 Councilman Jones, I understand you -- I
7 guess you might have an opening
8 statement.

9 COUNCILMAN JONES: I think
10 that's appropriate, Mr. Chairman.

11 COUNCILMAN GREENLEE: Please
12 proceed.

13 COUNCILMAN JONES: Thank you
14 for the opportunity, Councilman Greenlee
15 and members of the Committee, to talk
16 about this worthwhile issue.

17 In light of the fact that we're
18 about to enter into the budget season, I
19 think this issue is particularly
20 important, the issue of whether it is
21 better to outsource services projects and
22 programs that the City once had under its
23 own guidance, its own employment base,
24 its own workforce, and to look at, more
25 importantly, the cost-effective nature or

1 3/2/11 - LAW & GOV'T - RES. 100848

2 not of those outsourcings. And this
3 theory must not be something that we had
4 old perceptions about, but it must be
5 data driven.

6 According to a survey in 2007
7 of the International City/County
8 Management Association, 52 percent of
9 governments brought back services
10 in-house that they used to contract out
11 because of reasons that they didn't
12 realize the cost savings that they
13 thought they were when they privatized,
14 outsourced different services.

15 In New Orleans, former Mayor
16 Negrin had a technological outsourcing
17 that cost his city 1 million extra
18 dollars and when they discovered that
19 they probably could have provided that
20 service through in-house employment.

21 Further, in New Jersey, closer
22 to home, we overpaid -- or they overpaid
23 for food services to the tune of about
24 \$320,000.

25 In New York, there was a survey

1 3/2/11 - LAW & GOV'T - RES. 100848

2 done by Waste Management and things of
3 that nature and how much they lost in the
4 tune of \$130 million.

5 So what we need to do -- in
6 good times, waste is wrong. In bad
7 times, financial times like these, waste
8 is unacceptable, and we have to take a
9 look, sharpen our pencils and take a look
10 at what we're doing.

11 One of the intended
12 consequences that may well come out of
13 this analysis is the fact that by holding
14 some of the services in-house, by us
15 controlling some of the jobs, we may
16 create jobs in neighborhoods based on
17 temporary jobs to do projects in the rec
18 centers that become permanent jobs, but
19 only when cost savings data justifies it.
20 So we don't expand the workforce just to
21 be expanded, but we expand it based on
22 savings that we derive by doing the work
23 ourselves.

24 So I thank you again,
25 Mr. Chairman and members of this

1 3/2/11 - LAW & GOV'T - RES. 100848
2 Committee, for allowing us to explore and
3 begin the dialogue about this worthwhile
4 analysis.

5 Thank you, Mr. Chairman.

6 COUNCILMAN GREENLEE: Thank
7 you, Councilman. It's certainly an
8 important issue.

9 Please let the record reflect
10 Councilman Green and Councilman Goode are
11 also present.

12 The witness list I have is
13 relatively short. We have District
14 Council 33, followed by District Council
15 47 and then the Administration.

16 So, please, would the
17 representatives of District Council 33
18 that plan to testify please come forward.

19 (Witnesses approached witness
20 table.)

21 COUNCILMAN GREENLEE: Good
22 morning, everyone.

23 Do you have any copies of your
24 testimony?

25 MR. DAVIS: Yes.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN GREENLEE: Okay.

3 Good morning. Please identify
4 yourself for the record, whoever would
5 like to start, and proceed, please.

6 MR. DAVIS: Before I get
7 started, I just want to say --

8 COUNCILMAN GREENLEE: Speak a
9 little bit more in the microphone,
10 please.

11 MR. DAVIS: First of all, my
12 name is Bobby Davis. I'm Vice-President
13 of District Council 33 and also President
14 of Local 696.

15 I just wanted to extend my
16 gratitude and thanks to the Committee for
17 the work that they helped us with last
18 year dealing with the court situation.
19 We think that, for the most part,
20 everything worked out for the employees.
21 There are some who may not think that,
22 but when you retain all of your benefits
23 as well as salary and everything like
24 that, we think that's a good day.

25 So I just want to thank the

1 3/2/11 - LAW & GOV'T - RES. 100848
2 Committee for assisting the Union in
3 that.

4 COUNCILMAN GREENLEE: Thank
5 you.

6 MR. DAVIS: I'm here today with
7 Business Agent from 394 Jeff Gilliam,
8 Business Agent from 403 Stan Shelton, and
9 the lovely Business Agent from 696,
10 Lillian Randolph.

11 Good morning, Councilman
12 Greenlee, Law and Government Committee
13 members and guests. On behalf of the 14
14 locals that represent District Council 33
15 and over 12,000 families who rely on us
16 to protect their rights and negotiate
17 their future, we thank you and the
18 members of the Law and Government
19 Committee for the opportunity to present
20 support for Resolution 100848, sponsored
21 by Councilman Greenlee, Councilman Jones
22 and Councilman Clarke. In doing so, we
23 are confident, if given the accurate
24 information and data, our members'
25 performance will be more cost efficient

1 3/2/11 - LAW & GOV'T - RES. 100848

2 than that of any outsourced contractor.

3 In the news just yesterday,
4 there was a topic on exactly how many
5 articles in your home was made in
6 America. After removing all outsourced
7 products not made in America, the house
8 was virtually empty. This immediately
9 brought to mind the situation we face as
10 we sit and watch contractors come in and
11 perform jobs that we have been performing
12 on a daily basis for years. The only
13 difference is that they are being paid a
14 much higher wage than our employees.
15 However, when they have created havoc
16 while doing a job they really did not
17 have enough knowledge to successfully
18 complete, it is our employees who are
19 demanded to rectify their mistakes.

20 We're simply saying, given the
21 chance, we will show you that we too can
22 dance, but we need the chance to dance
23 before the song ends. In this case,
24 before the song begins, utilizing
25 hands-on knowledge and experience gained

1 3/2/11 - LAW & GOV'T - RES. 100848

2 through the many years we have spent at
3 these same positions that the City has
4 contracted out.

5 If the City is truly interested
6 in being more efficient and
7 cost-effective, there should be more
8 concentration and dedication to
9 Redesigning Government Initiative
10 programs, also known as RGI. It simply
11 states that employees will be given a
12 chance to perform jobs, minimizing the
13 use of contracting out, by making
14 government services more efficient and
15 economical.

16 No less than 30 days' written
17 notice must be given to the City -- must
18 be given by the City to District Council
19 33 before requests for proposal or formal
20 bid solicitation packages is made. Over
21 the years, the City continued to not fill
22 vacancies. They don't replace equipment
23 that has failed to perform properly,
24 which leaves our employees at a
25 disadvantage. Many City workers believe

1 3/2/11 - LAW & GOV'T - RES. 100848

2 that they have been set up to fail.

3 Paving the way for contractors to perform
4 work that is already assigned and
5 salaried to City employees is senseless.

6 As I prepared myself for this
7 presentation, I was reminded of musical
8 lyrics of a song that was originally
9 performed by Les McCann. The song was
10 entitled "Compared to What." Many
11 artists have reproduced these lyrics
12 since, Roberta Flack, Mya, John Legend,
13 just to name a few. However, my favorite
14 rendition of the song was performed by Al
15 Jarreau.

16 Today I just want to share with
17 you one particular verse of that song.

18 We lived a lie, deny the love,
19 hangin' on with a push and a shove.
20 Possession is the motivation, that is
21 hangin' up the whole damn nation. Looks
22 like we always end up in a rut, trying to
23 make it real, compared to what?

24 No one does it better than us.
25 Philly works because we do. Thank you.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN GREENLEE: Thank
3 you, Mr. Davis. Bobby, I thought you
4 were going to break out in song. We were
5 looking forward to that.

6 Is anyone else testifying or
7 are you just here -- okay. Thank you for
8 your testimony. I just have one
9 question. I'm sure there are others.

10 In the second or, I guess, it's
11 your third paragraph actually, you talk
12 about oftentimes having to complete jobs
13 that were done by private companies. Can
14 you think of one example? Could you just
15 give me one example of that that might
16 stick out in your mind, if you have one
17 or anyone there.

18 Identify yourself for the
19 record, please.

20 MR. GILLIAM: Jeff Gilliam,
21 Business Agent, Local 394, Water
22 Department employees.

23 Good morning. I can give you
24 several examples, but I'll give you one
25 that would seem minor in nature and then

1 3/2/11 - LAW & GOV'T - RES. 100848

2 I'll give you one on a large scale.

3 For instance, I have 25
4 installations across the City where Water
5 Department employees work. They all have
6 green space. So they have to have grass
7 maintained and trees cut, so forth and so
8 on. At one particular time, this was the
9 work of the labor force on the plants,
10 and they normally did it after hours,
11 maybe a couple of hours after the regular
12 shift, or they came in on Saturdays.

13 Because of the language in the contract
14 that was changed and with the RGI
15 language, if a bid is lower than \$10,000,
16 they don't have to consult us, meaning
17 the Union, when they contract that out.

18 At our different wastewater
19 plants, whether it be the wastewater or
20 the fresh water plants, we have these
21 different tanks in these areas where
22 there's specifications where the grass
23 has to be cut to a certain level. They
24 bring these contractors in to cut the
25 grass and then they have to send our guys

1 3/2/11 - LAW & GOV'T - RES. 100848

2 back out and do it on overtime on a
3 Saturday because they haven't cut the
4 grass to the specifications. But the
5 reason for the contracting out was
6 because they didn't have the money to pay
7 the labor force the overtime to do the
8 grass cutting. So now here it is,
9 they're still paying a contractor to come
10 in and cut the grass, and then when they
11 don't do it right, they still have to go
12 out on a Saturday. Instead of making a
13 couple hours during the day during the
14 week to do it, they come in and make
15 eight hours on a Saturday to finish what
16 the contractors did.

17 Now, that might be small money
18 compared to the Water Department's
19 primary budget. A big project, water
20 mains. We have water mains in the City
21 that range from two inches wide to ones
22 you can drive a truck through. The
23 larger water mains we don't install
24 anymore, because they say we don't have
25 the manpower -- the Water Department says

1 3/2/11 - LAW & GOV'T - RES. 100848

2 we don't have the manpower to do it. So
3 they bring in these big construction
4 firms. They tie up the streets for
5 months and months. They put the large
6 mains in, and no sooner than those mains
7 are installed, we got a break on a brand
8 new main, and our guys, the Water
9 Department employees, have to go back out
10 and fix the mains that they spent
11 millions of dollars putting in, where
12 they could have just used Water
13 Department employees to put them in in
14 the first place.

15 COUNCILMAN GREENLEE: Do you
16 know -- and the Administration will be
17 coming up -- is there any explanation why
18 they do it that way? I mean, are they
19 saying it's cost saving originally?

20 MR. GILLIAM: That is exactly
21 what they say. They say it's cost
22 effective, it's cost savings. But how is
23 it cost savings when you pay these
24 contractors thousands or millions of
25 dollars and then you still have to send

1 3/2/11 - LAW & GOV'T - RES. 100848

2 your own employees, who have the
3 knowledge to do the work from the
4 beginning, to go back and finish or
5 repair or complete what the contractors
6 didn't do? And then on top of that,
7 there's hardly no oversight. There's no
8 oversight from these departments on what
9 the contractors are doing. Now, they'll
10 tell you there is, but there isn't.

11 COUNCILMAN GREENLEE: Okay.

12 All right. I hear you.

13 Councilman Green.

14 COUNCILMAN GREEN: Thank you,
15 Mr. Chairman. First of all, I want to
16 commend you and Councilman Jones and
17 Councilman Clarke for raising this issue
18 and asking us to come here. I do --
19 because the resolution asked for
20 assignment to Law and Government, it is
21 here, but I do want to let everybody know
22 that the jurisdiction of Labor and Civil
23 Service includes, which is the Committee
24 I chair and we've worked on a number of
25 these issues, includes reinventing

1 3/2/11 - LAW & GOV'T - RES. 100848

2 government, and there are several
3 resolutions before that Committee along
4 similar lines. We've held a number of
5 hearings over the last three years in
6 that regard.

7 I wanted to specifically ask
8 about a privatization matter that I think
9 I am only one of two City Council members
10 to vote against involving the wastewater
11 treatment facility, which was privatized.
12 I can't remember the name of the company,
13 but perhaps you do. It begins with an S.
14 And I'm wondering if you have the details
15 that have been shared with me privately
16 in terms of the cost to the City prior to
17 privatization compared to the cost to the
18 City after privatization, especially
19 because the City undertook to pay the gas
20 bill for the operator. And what they're
21 doing is basically taking waste, for lack
22 of a better word, and turning it into
23 pellets, which takes a tremendous amount
24 of heat and energy.

25 MR. GILLIAM: Correct.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN GREEN: Have we
3 saved money through that privatization or
4 has it cost money? And how much has it
5 cost us and how many years are we stuck
6 in this contract?

7 MR. GILLIAM: Well, Councilman,
8 I'm glad you asked that question. The
9 company's name is Synagro. I'm quite
10 sure we're all aware of that name.
11 Again, it's kind of like taboo now if you
12 mention it in these halls.

13 To be honest with you, the last
14 time we met with you and spoke with you
15 about this, we told you once the
16 privatization went through, we were told
17 by the Mayor and the Administration that
18 we will be kept in the loop and we were
19 supposed to get an update six months
20 after the privatization took effect.
21 Well, we're still waiting for that
22 update.

23 True cost analysis of what
24 we're paying and what it's costing us for
25 them to do it now, for the first five

1 3/2/11 - LAW & GOV'T - RES. 100848

2 years until the pelletizer was built,
3 they were already obligated to pay the
4 company \$24.5 million a year to dispose
5 of our biosolids, the waste for the whole
6 City. We submitted the budget. By the
7 time our employees left BRC, or the
8 sludge plant which we called it, the
9 operating budget for the Water Department
10 employees to stay at BRC and continue the
11 waste disposal for the City's biosolids
12 would have been below \$15 million, but
13 they chose to privatize the plant, and to
14 this day -- and I believe Synagro has
15 gotten a raise.

16 Now, one thing they didn't also
17 tell you about was the gas bill that the
18 City is on the hook for. We installed
19 the new 12-inch main out to the biosolids
20 plant so they could have extra water,
21 their own water specifically for the
22 plant. Now, 12 inches doesn't sound like
23 a lot, but when you talk about the water
24 that needs to be used in the operations
25 and the dewatering operations out there,

1 3/2/11 - LAW & GOV'T - RES. 100848

2 that's a lot of water that Synagro
3 doesn't pay for, not to mention the
4 building and the equipment. We have
5 front-end loaders out there that cost us
6 hundreds of thousands of dollars that we
7 sold to the company for a dollar, you
8 know. They pay no rent on the space and
9 not to mention electricity.

10 Until this day, they have not
11 completed the towers that they said they
12 were going to have completed within the
13 first three years, and to what I
14 understand, the dryers are just now being
15 built.

16 So instead of us spending \$15
17 million a year to dispose of the City's
18 waste, we're still paying this company
19 24.5 million, and we haven't produced a
20 pellet yet.

21 COUNCILMAN GREEN: Right. I'll
22 be asking the Administration to submit to
23 the Chair after they testify the actual
24 costs involved of the City and the
25 progress on that as compared to the costs

1 3/2/11 - LAW & GOV'T - RES. 100848
2 when it was run by the City itself and
3 your members were doing the work.

4 So thank you.

5 MR. GILLIAM: Thank you.

6 COUNCILMAN GREENLEE: Thank
7 you, Councilman.

8 Any questions from the
9 Committee at this point?

10 (No response.)

11 COUNCILMAN GREENLEE: I saw you
12 over there, Councilman Jones.

13 Councilman Jones.

14 COUNCILMAN JONES: Thank you
15 again.

16 Mr. Davis, I like Al Jarreau,
17 too. Some of the titles I like are
18 "Where is the Love" and "Where is the
19 Love" to -- "We're in This Love
20 Together." "Tell Me" is another title
21 and "Through It All" and "Could You
22 Believe." Those are titles that are
23 appropriate for this hearing today.
24 Because "We're in This Love Together"
25 means that we got one pot of money and we

1 3/2/11 - LAW & GOV'T - RES. 100848

2 have to spend it wisely, and whether we
3 outsource or keep it internal should be
4 data driven, and that's the purpose of
5 the resolution.

6 "Tell Me" will be addressed to
7 the Administration, because we need to
8 quantify why we do it one way versus the
9 other. And then "Could You Believe" is
10 what I'm hearing today when we start
11 talking about water mains that we put in
12 and then have to replace or grass being
13 cut and then we have to recut it, because
14 we can ill afford it today.

15 Ten years ago, 20 years ago,
16 Councilman, we could afford these kind of
17 overlaps and duplications of services.
18 We're looking for revenues in every place
19 that we can find it, and efficiencies,
20 Councilman Green, is one way that we can
21 do that by reinventing government. The
22 quantitative analysis of why we do what
23 we do versus keeping it in-house or
24 contracting it out is essential.

25 So I guess other examples of

1 3/2/11 - LAW & GOV'T - RES. 100848

2 this -- and I will ask you this and I'll
3 ask the Administration this as well --
4 snow removal. It is my understanding
5 that this year we spent \$12 million in
6 snow removal, and last year we spent 18
7 million in snow removal. And was there a
8 difference in that savings just based on
9 inches that fell or was it because some
10 of the work was done internally, more of
11 the work was contracted out? Which is
12 true, and was there a correlating effect?

13 COUNCILMAN GREENLEE: You have
14 to speak into the microphone and please
15 just identify yourself for the record
16 first, please.

17 MR. SHELTON: Stan Shelton.
18 I'm Business Agent of 403. We represent
19 the highway workers, street lighting,
20 traffic.

21 Basically what you're asking,
22 Councilman, is basically it went this
23 year by the amounts of inches that we
24 had. Now, basically it could have been
25 cheaper beyond the fact that sometime

1 3/2/11 - LAW & GOV'T - RES. 100848

2 there was some snow days, like, for
3 instance, that last know we had, we
4 didn't necessarily need contractors for
5 that, because it was over in a matter of
6 12 o'clock. It came on at 8 o'clock and
7 was over at 12:00. Well, at that
8 particular time, what the Administration
9 does is, they guarantee the contractors
10 they bring in eight or 12 hours, right,
11 when they bring them in. So, therefore,
12 it cost us more that last snow than it
13 would have if we would have handled it
14 in-house.

15 Also what happens is that when
16 we do have snow events like that, what
17 happens is that basically the contractors
18 that go out, it would take three persons
19 to handle a contractor's truck, which
20 would be -- they would need the driver, a
21 navigator, also a spotter. In the event
22 it would only take us one, a man in the
23 truck. So, therefore, we paying about
24 three times as more. It costs us sum to
25 an average of \$800 to \$1,000, man and

1 3/2/11 - LAW & GOV'T - RES. 100848

2 truck when the contractor comes in,
3 versus our salaries with a man and a
4 truck.

5 COUNCILMAN JONES: Quantify
6 what that would be same amount of labor,
7 same amount of equipment. Is there an
8 analysis that you can point to that says
9 based on our membership, here's what it
10 will cost you, City of Philadelphia
11 taxpayer, versus on your side of the
12 issue? Have you paid attention to those
13 costs versus what the City will later
14 probably testify to?

15 MR. SHELTON: Well, what it is
16 is the Administration always tell us
17 afterwards they will give us the data on
18 the costs and the breakdown, but every
19 time we ask for the information, we never
20 seem to get it, you know. So that's the
21 game that we've been playing for a while
22 now.

23 COUNCILMAN JONES: Okay.

24 Thank you, Mr. Chairman.

25 COUNCILMAN GREENLEE: Thank

1 3/2/11 - LAW & GOV'T - RES. 100848

2 you, Councilman.

3 Mr. Gilliam.

4 MR. GILLIAM: Councilman, to
5 add on, excuse me, to what Brother
6 Shelton just said about snow removal,
7 when we have a snow event in the City of
8 Philadelphia, if we're expecting two to
9 four inches of snow to fall, that
10 automatically triggers a snow event, what
11 we call a snow event in the department.
12 Now, I represent the Water Department
13 employees, but my department has just as
14 many heavy-equipment operators as Brother
15 Shelton's department and Local 427, which
16 is our Sanitation Division. So we
17 augment the Streets Department when we do
18 snow removal.

19 Now, my primary function for
20 the employees in the Water Department is
21 essentially water operations. What they
22 do is, they have the contractors come in,
23 which they're guaranteed eight or 12
24 hours, whatever their contract calls for,
25 but what they do is, they wait to call

1 3/2/11 - LAW & GOV'T - RES. 100848

2 our employees in. If the snow event
3 triggers maybe a 12 o'clock report time,
4 the contractors come in at 12:00
5 midnight, and they're on the clock
6 whether they hit the street or not. They
7 wait until about 3:00 or 4:00 in the
8 morning, call our employees in. Their
9 regular start time is at 7:00 in the
10 morning. And what they'll do is, the
11 contractors are making all of this kind
12 of money the whole time they're on the
13 clock, but they wait to call the City
14 employees in, and then have us go behind
15 the contractors and then they'll have us
16 doing it on straight time, and this is
17 twofold. Now I got half of my operations
18 in water out plowing snow and no water
19 operations are getting done, and to get
20 the work done for the Water Department
21 that you have to get done during that
22 straight time, now they have to pay the
23 Water Department employees overtime to
24 get the work done because they had them
25 plowing snow during straight time.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN GREENLEE: Just so
3 I'm clear, you're saying the contractors
4 don't start -- in your example, start at
5 12 o'clock, but they don't actually start
6 getting on the streets until later. Is
7 that what you're saying?

8 MR. GILLIAM: Well, what it is,
9 they have to wait until the accumulation.

10 COUNCILMAN GREENLEE: I see.

11 MR. GILLIAM: If they're
12 expecting two to four inches, when they
13 get called in, that doesn't mean the two
14 to four inches have fallen, but they've
15 come in. And what you'll see on any
16 given day when we have a major snow
17 event, you'll see three or four or five
18 private contractors' dump trucks and
19 plows going down the street, and then
20 they'll have our guys following them in
21 our trucks, which are the same, that do
22 the same thing, when it could just be
23 City workers doing it.

24 COUNCILMAN GREENLEE: Well,
25 when you follow them, what are you doing?

1 3/2/11 - LAW & GOV'T - RES. 100848

2 MR. GILLIAM: We don't follow
3 them. I'm saying as they're plowing the
4 street.

5 COUNCILMAN GREENLEE: Go ahead.

6 MR. SHELTON: Basically what
7 happens, what we do is, after the
8 contractors -- after we called in after
9 the contractors, we do clean-up
10 afterwards, meaning that any area that
11 they didn't get or missed, we have to
12 come back and do it again anyway. So
13 that's what happens with the snow
14 removal.

15 COUNCILMAN GREENLEE: Okay.

16 Thank you. Thank you.

17 COUNCILMAN JONES: Mr. Chair?

18 COUNCILMAN GREENLEE:
19 Councilman Jones.

20 COUNCILMAN JONES: I guess it's
21 a follow-up. Is there -- and I know it's
22 probably not uniform by department, but
23 is there generally a dialogue between
24 management, whether it's a Commissioner
25 or department head, to say at what point

1 3/2/11 - LAW & GOV'T - RES. 100848

2 is it too much for you to do and we need
3 outside help, contracting out? Is there
4 that kind of dialogue, demarcation
5 points, thresholds that you say, Look,
6 okay, you need to bring in the
7 reinforcements, or We can do this
8 ourselves? Is that kind of exchange
9 ever --

10 MR. DAVIS: No. That's what we
11 asking for. We believe that if we were
12 to get the proper data prior to them
13 contracting out, we will be able to --
14 because a lot of times a lot of these
15 Commissioners are new. They haven't even
16 performed the work before, you know.
17 Some of them are from out of town, and
18 they just rely on the people that's been
19 doing the work for 20, 30 years.

20 We will be saving a lot of
21 money. That's why we ask for the data.
22 I mean, part of what we have in our
23 contract talks about it. If they were to
24 give us this data prior to contracting
25 the work out, then we all could sit down

1 3/2/11 - LAW & GOV'T - RES. 100848

2 to the table and let's take a look at the
3 numbers, you know, because that's the
4 important part about all of this, if we
5 had the data to be able to show how cost
6 effective that District Council 33 can do
7 the work prior to them bringing someone
8 in.

9 Now, if we can't show that
10 based on the data, then we understand the
11 City want to contract the work out. We
12 understand cost effectiveness, but just
13 give us the opportunity to show it,
14 because it's kind of embarrassing for you
15 to look around and see people performing
16 your duties. It almost make it seem like
17 you're not efficient enough. And then
18 what happens is, when they're finished
19 and the work is left there, now we have
20 to clean the work up, and that's really a
21 bad situation to put employees in.

22 COUNCILMAN JONES: Thank you,
23 Mr. Chairman.

24 COUNCILMAN GREENLEE:
25 Councilman Kelly has a question.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 MR. GILLIAM: Councilman Jones,
3 ten or 12 years ago, the Water Department
4 didn't do snow duty at all.

5 COUNCILMAN GREENLEE: Didn't do
6 what? I'm sorry.

7 MR. GILLIAM: Ten or 12 years
8 ago, the Water Department didn't do snow
9 duty at all. We were approached by the
10 Chief Engineer from the Streets
11 Department.

12 Now, in our Streets Department,
13 as you know, we have two divisions. We
14 have the Highway Division and the
15 Sanitation Division. They were
16 traditionally always responsible for snow
17 removal in the City. They approached the
18 Water Department because, as I stated
19 earlier, we have just as many
20 heavy-equipment operators in the City as
21 our brothers and sisters in the Highway
22 and Street Division. We were tasked with
23 snow detail or asked to do it to augment
24 the Street Department so you wouldn't
25 have to bring the contractors in. So, in

1 3/2/11 - LAW & GOV'T - RES. 100848

2 other words, we were then to back them
3 up.

4 So we're there now, and I got
5 200 folks out there and trucks in the
6 street helping Street Department plow
7 snow. Why do we still need the
8 contractors to come in to back us up? It
9 makes no sense. It makes no sense.

10 MR. SHELTON: Also, in answer
11 to your question, Councilman Jones, it
12 used to be -- Kevin Koch is our Chief
13 Engineer, Highway Engineer. He used to
14 call us in and we used to have meetings
15 with him prior to the snow season. We
16 used to go over data like this. That has
17 stopped when others have taken over. We
18 had a new Commissioner since then and
19 also some other administrative people who
20 came in with the new Mayor and stuff like
21 that. Well, right now what's happening
22 is, they're controlling all of this, and
23 they don't invite us in no more to
24 discuss these things with them. So that
25 way, we don't have no prior knowledge to

1 3/2/11 - LAW & GOV'T - RES. 100848

2 what we need to know to see if we can do
3 this work, you know, efficiently.

4 COUNCILMAN GREENLEE: I know
5 Councilman Kelly has a question.
6 Mr. Shelton, it just came to me as
7 Mr. Davis was saying about Commissioners
8 and how long they've been here and all.
9 Obviously the Streets Commissioner, she's
10 been around a while. Without trying to
11 get into a dispute here, has there been
12 this conversation? Because it would seem
13 she certainly knows how the Streets
14 Department works.

15 Am I putting you on the spot
16 here? I'm sorry.

17 MR. SHELTON: No, sir. No,
18 sir. I think our Commissioner now, you
19 know, does have knowledge to how this
20 snow removal is done now, and I grant
21 that to her, but our main person who is
22 dealing with this is Mr. Kevin Koch, our
23 Chief Engineer. This guy has over 20
24 years in the snow removal, you know, and
25 it's the person that we always confide in

1 3/2/11 - LAW & GOV'T - RES. 100848

2 when it comes to the season.

3 COUNCILMAN GREENLEE: Okay. So
4 that's your direct contact?

5 MR. SHELTON: Yes.

6 COUNCILMAN GREENLEE: Okay.
7 Councilman Kelly.

8 COUNCILMAN KELLY: Yes. Thank
9 you, Mr. Chairman.

10 I just want to follow up on
11 Councilman Jones' line of questioning
12 regarding snow removal. He has requested
13 an analysis of the cost of contractors
14 doing the work as well as the City
15 employees doing it, but one of the things
16 I think that should be in an analysis is
17 the time involved. In other words, it's
18 easy to say that the City can do the
19 entire snow removal job, but how long
20 would it take. In other words, would it
21 take two days versus if you use
22 contractors and the City, would it be
23 reduced to one day. Because that's very
24 important, to see the City is running and
25 running on time.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 MR. DAVIS: I think Stan spoke
3 of that earlier when he mentioned that
4 they used to have these meetings prior
5 to, you know, actually going out in the
6 streets to remove the snow, and I think
7 those meetings should take place again.
8 I mean, if you're going -- it may cost
9 you a little money and time to have those
10 meetings in the front end of it, but if
11 it's going to save you money on the back
12 end of it, then those meetings are very
13 important.

14 COUNCILMAN KELLY: In other
15 words, this is a very large city and I
16 don't know if we have the manpower or the
17 equipment to do it in a timely fashion.
18 That's my question.

19 MR. DAVIS: That's what --

20 COUNCILMAN KELLY: Maybe the
21 Streets Commissioner could be able to
22 provide the answer to that. I don't
23 know.

24 MR. SHELTON: Right. Right.
25 Well, it used to be we had more manpower

1 3/2/11 - LAW & GOV'T - RES. 100848

2 and equipment to where we could handle a
3 large part of this ourselves. Also we
4 had the help of our -- the other
5 departments, like Water and Recreation,
6 you know, and Sanitation and stuff like
7 that, who also chimed in and helped with
8 the snow removal.

9 Now, to try to answer your
10 question about whether or not it will be
11 faster if we did have the contractors, in
12 some areas we could use the contractors.
13 In some areas I think we could, but not
14 all areas and not on a large scale as we
15 been doing lately, because we've been
16 having to do the work ourselves again
17 anyway, you know. And I think like he
18 said, if we start having these meetings
19 again or some of the information to start
20 being provided to us, it's possible that
21 we can cut the cost of the snow removal
22 down a lot, greatly.

23 COUNCILMAN KELLY: By reducing
24 the amount of contractors and increasing
25 the workforce of your local?

1 3/2/11 - LAW & GOV'T - RES. 100848

2 MR. SHELTON: Yes. Yes.

3 COUNCILMAN KELLY: Okay. Thank
4 you, Mr. Chairman.

5 MR. DAVIS: I don't know
6 exactly how you meant that. I just
7 wanted some clarity on that.

8 COUNCILMAN GREENLEE: Mr.
9 Davis, talk a little bit more in the
10 microphone.

11 MR. DAVIS: You don't
12 necessarily have to increase the
13 workforce. What Stan was saying is that
14 all of us participate. I mean, all the
15 departments have vehicles as well. So
16 you don't have to increase the workforce.
17 All you have to do is utilize the
18 workforce that you have. That's what
19 we're saying here today.

20 COUNCILMAN KELLY: So you can
21 do it with the present workforce?

22 MR. DAVIS: That's exactly what
23 we're saying here today.

24 COUNCILMAN KELLY: With the
25 possibility of --

1 3/2/11 - LAW & GOV'T - RES. 100848

2 MR. DAVIS: Just utilize what
3 you have. I mean, even if it means
4 departments working together in other
5 areas, because you have customer service
6 in the Water Department as well as you
7 have in the Revenue Department. When
8 major projects come up, just like, for
9 instance, you had that project with the
10 amnesty program and you had all of these
11 people that could have performed that
12 work, but then you decided that you
13 wanted to outsource it. Well, what
14 should have happened is, we should have
15 all came to the table, utilized that
16 information as to what that contract
17 costs for them to contract that work out,
18 because you have people already here in
19 the City of Philadelphia performing that
20 work. So all you had to do was utilize
21 the customer services from the Water
22 Department as well as the Revenue
23 Department and any other customer service
24 representative, like the Law Department,
25 see what you have, and then you may not

1 3/2/11 - LAW & GOV'T - RES. 100848

2 have needed as many people.

3 COUNCILMAN KELLY: Good point.

4 MR. SHELTON: Can I make it a
5 little bit clearer, Councilman?

6 COUNCILMAN KELLY: Sure.

7 MR. SHELTON: Maybe I might say
8 the wrong thing there.

9 It's not so much increasing the
10 workforce, but need to stop decreasing
11 the workforce, and then we'll have the
12 manpower, you know, to take care of the
13 situation.

14 COUNCILMAN GREENLEE: And I
15 guess that's what Mr. Davis was talking
16 about when he said about not filling
17 vacancies.

18 MR. DAVIS: Absolutely.

19 COUNCILMAN KELLY: All right.

20 Thank you.

21 Thank you, Mr. Chairman.

22 COUNCILMAN GREENLEE: Okay.

23 Thank you.

24 Any other questions or comments
25 for this panel?

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Councilman Jones.

3 COUNCILMAN JONES: Just one
4 other quick question, which is something
5 that I'll bring up a little later, but
6 something for you to ponder.

7 Do you remember the CEDA
8 program?

9 MR. DAVIS: Yes.

10 COUNCILMAN JONES: Do you have
11 any statistics as to -- and for the
12 record, the CEDA program was a
13 job-training program where workers were
14 brought in temporarily to fulfill
15 training needs for the public, but --

16 COUNCILMAN GREENLEE: They were
17 paid federally, right?

18 COUNCILMAN JONES: Yeah, they
19 were paid federally, and as the money ran
20 out, people actually were matriculated
21 into the workforce.

22 Do you know how many people in
23 your various departments actually had
24 their origin from the CEDA program?

25 MR. DAVIS: I don't have that

1 3/2/11 - LAW & GOV'T - RES. 100848

2 number, but I know there was a good
3 number, because I came in just when CEDA
4 was on its tail end.

5 COUNCILMAN JONES: I would ask
6 that you research that and get that back
7 to the Committee and the Chairman,
8 because a part of the solution of this
9 may well be some rendition of that to
10 deal with temporary needs, whether it's a
11 temporary gear-up for snow removal and
12 then over a period of time, have that
13 training matriculate into a permanent
14 workforce, and as funding is available
15 and as opportunities are available, we
16 constantly replenish that workforce. And
17 just as a footnote, that maybe at the end
18 of the hearing we might talk about it.

19 COUNCILMAN GREENLEE: Yeah.
20 Sure. I would guess most of those
21 workers, though, probably are retired by
22 now.

23 COUNCILMAN JONES: They may
24 well be.

25 COUNCILMAN GREENLEE: I think

1 3/2/11 - LAW & GOV'T - RES. 100848
2 so. That was a while ago. We're showing
3 our age, Councilman.
4 MR. GILLIAM: The CEDA was from
5 the late '60s.
6 COUNCILMAN GREENLEE: That was
7 probably the Nixon Administration, right?
8 COUNCILMAN JONES: Stop
9 snickering.
10 COUNCILMAN GREENLEE: I wasn't
11 voting yet, I don't think. Okay.
12 COUNCILMAN JONES: Thank you,
13 Mr. Chairman.
14 COUNCILMAN GREENLEE: Thank
15 you.
16 Any other comments or
17 questions?
18 (No response.)
19 COUNCILMAN GREENLEE:
20 Gentlemen, thank you. Thank you very
21 much. Thank you for all you do with the
22 City.
23 Our next witness or witnesses
24 is our District Council 47.
25 Mr. Coyle, I see you coming up

1 3/2/11 - LAW & GOV'T - RES. 100848

2 here. They were giving song lyrics. I
3 know on the corners of Fairmount you sang
4 once or twice, so if you have anything
5 you want to offer here.

6 (Witnesses approached witness
7 table.)

8 COUNCILMAN GREENLEE: Ms.
9 Scott, good morning. Good morning,
10 everyone. Please identify yourself for
11 the record and proceed. And we have your
12 testimony.

13 MS. SCOTT: Good morning,
14 Chairman Greenlee and other Committee and
15 Councilmembers. My name is Catherine
16 Scott and I am President of AFSCME
17 District Council 47. With me today are
18 David Mora, Vice-President of Local 2187,
19 and Bob Coyle, an Executive Board Member
20 of Local 2187. Thank you for the
21 opportunity to present testimony to the
22 Committee today on the issue of
23 contracting out by the City of
24 Philadelphia. I will confine my comments
25 to the purchase of professional services

1 3/2/11 - LAW & GOV'T - RES. 100848

2 portion of this resolution.

3 First, I would like to address
4 the purchase of service contracts in the
5 Department of Public Health. I would
6 like to preface my comments by saying
7 that the Union had great difficulty
8 obtaining this information from the City
9 and the information we received was
10 dated, some of it dating back to 2004,
11 with yearly addendums added. Our Union
12 did two comparisons. District Council 47
13 Exhibit-1 shows a comparison between
14 contract employees and all civil service
15 classifications. District Council 47
16 Exhibit-2 shows a comparison between
17 contract employees and District Council
18 47-represented classes only. These
19 exhibits were created by District Council
20 47.

21 The Exhibit-2 spreadsheet
22 contains the contract number, the
23 division in public health, the contract
24 position title and the salary based on
25 the hourly rate and numbers of hours

1 3/2/11 - LAW & GOV'T - RES. 100848

2 called for in the contract. The
3 comparative is the equivalent civil
4 service title, the City salary at Step 3
5 of the pay range, based on the hourly
6 rate. The contracted agency is next,
7 followed by the salary difference between
8 the contracted salary and the civil
9 service position salary.

10 The final page of this exhibit
11 summarizes the salary totals and adds in
12 the average fringe benefits and
13 administrative costs contained in the
14 contracts.

15 The comparable civil service
16 positions were identified by reviewing
17 the job descriptions in the contracts and
18 matching them with similar or identical
19 civil service positions. I would like to
20 point out that the fringe benefits at 36
21 percent for civil service positions is
22 slightly inflated, because many of these
23 positions are less than 30 hours per week
24 and the City would not be paying health
25 benefits, which would reduce the fringe

1 3/2/11 - LAW & GOV'T - RES. 100848

2 benefit cost.

3 I would like to focus on an
4 example of this wasteful spending. On
5 Page 2 of Exhibit-2, even though the
6 contract is from 2004, it is being
7 renewed on an annual basis. In 2004, a
8 contract pharmacist was paid \$109,200
9 annually. It is likely that those costs
10 are higher today. A civil service
11 pharmacist starts at \$63,926 and reaches
12 maximum pay at \$82,194 annually. We have
13 used a midpoint salary of \$73,056.

14 Since there have been no pay
15 increases since July 2007, the civil
16 service costs have remained constant.
17 Presently the City contracts for five
18 pharmacists in the City health centers.
19 There are three civil service
20 pharmacists. The explanation given last
21 week by the Health Department for the
22 continued contracting out is that the
23 Health Department is not authorized to
24 hire five civil service pharmacist
25 employees.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 In one division in the Health
3 Department, the City is paying \$180,720
4 annually more for just five employees
5 because it is not authorized to hire City
6 employees. Even a rudimentary
7 cost-benefit analysis would show that
8 this is a stupid financial decision.
9 Yet, the Department of Health budget is
10 filled with examples of the failure to do
11 any cost-benefit analysis.

12 As you can see from our
13 Exhibit-2, certain professional positions
14 are routinely contracted out - physician,
15 registered nurse, pharmacist, medical
16 specialist, dentist and nurse
17 practitioners. I have included a
18 comparison of the hourly rate of these
19 contract professional positions as
20 opposed to the exact same civil service
21 titles, which is Exhibit-4. Clearly, it
22 is much cheaper to hire civil service
23 employees.

24 Our Union has raised these
25 issues with the Department of Public

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Health in a series of meetings, beginning
3 in 2008 and continuing into 2009. The
4 Department attempted to justify these
5 contracts with a variety of explanations,
6 which included they had difficulty
7 recruiting because the salaries were too
8 low and, therefore, not competitive. The
9 residency requirement was an impediment
10 to hiring. Some of the positions were
11 grant funded and, therefore, did not lend
12 themselves to civil service hiring.

13 Our Union pointed out that
14 raising salaries was within the control
15 of the Department, which would make the
16 jobs competitive. Many of the job
17 classifications already had residency
18 waivers from the Civil Service
19 Commission, and the Union had negotiated
20 a contract provision to provide
21 flexibility for grant-funded positions.

22 When those attempts failed, the
23 Department officials stated that the
24 Finance Department was the driving force
25 behind the contracting out, because many

1 3/2/11 - LAW & GOV'T - RES. 100848

2 times the grants were approved after the
3 grant was to begin and Finance refused to
4 approve City hiring.

5 We attempted to arrange a
6 meeting with the Finance Department and
7 Public Health officials to discuss the
8 issue. The meeting was scheduled and
9 then cancelled by the City. The meeting
10 has never occurred to this day.

11 Another example of wasteful
12 spending was brought to the City's
13 attention by our Union. See District
14 Council 47 Exhibit-3. As part of the
15 citywide requirements contract with Dell,
16 the City had included all bundled
17 services totalling \$160 per computer.
18 When our Union pointed out that the
19 services should be done by City
20 employees, eventually the Procurement
21 Department agreed to delete the bundled
22 services as an automatic addition to each
23 computer purchase and view those services
24 as options, saving the City up to \$160
25 per computer. According to Allan Frank,

1 3/2/11 - LAW & GOV'T - RES. 100848

2 the City has approximately 18,000
3 computers which need to have the hardware
4 updated every four years. Using a
5 conservative estimate of 4,000 computers
6 per year, the Union's insistence on
7 de-bundling the contract has saved the
8 City \$640,000 per year for work City
9 employees are performing.

10 In the Quarterly City Managers
11 Report ending December 31, 2010, the
12 Department of Public Health has 875
13 full-time positions in Fiscal Year 2010.
14 The adopted budget for Fiscal Year 2011
15 called for 1,027 full-time positions, but
16 as of the report, only 864 positions are
17 filled. This is 163 positions fewer than
18 the budgeted number.

19 Conversely, Fiscal Year 2010
20 purchase of service analysis in on Table
21 0-4 in the same report shows actual
22 spending was \$64,756,624. The Fiscal
23 Year 2011 adopted budget authorized
24 \$69,267,458. Actual spending as of
25 December 31, 2010 was \$63,825,091, which

1 3/2/11 - LAW & GOV'T - RES. 100848

2 is \$653,012 over the targeted budget.

3 The City increased the purchase of
4 services budget \$4,510,834 in Fiscal Year
5 2011 in Public Health. Clearly, the City
6 is headed in the wrong direction when it
7 increases the purchase of service
8 category rather than increasing the
9 number of City employees who can do the
10 work and save the City money.

11 It is clear that the examples I
12 have provided are the tip of the iceberg
13 of expenditures which have had no
14 cost-benefit analysis done in the area of
15 purchase of professional services.

16 Further, it would appear from a cursory
17 reading of the Charter concerning
18 contracts that competitive bids are not
19 required for professional services
20 contracts. We believe that the City is
21 exploiting this loophole in the Charter.
22 We believe that City departments have
23 become comfortable contracting out work,
24 comfortable with the vendors who provide
25 the services, comfortable with the

1 3/2/11 - LAW & GOV'T - RES. 100848

2 procurement process where they just renew
3 the contract for another year, and
4 comfortable with reduced management
5 responsibilities and accountability.

6 What is also clear is that City
7 Council must assume oversight
8 responsibilities for the purchase of
9 service process. This resolution calls
10 for this Committee to conduct a
11 comparative analysis of proposed
12 contracts in order to further the goals
13 of cost efficiency and local job
14 creation. What this resolution fails to
15 address is a cost-benefit analysis of
16 existing contracts for purchased service,
17 especially professional services.

18 Without addressing the present situation
19 and reining in costs, the City will
20 approve another budget without exercising
21 the due diligence required of City
22 Council before authorizing expenditures
23 for services which could be performed
24 more efficiently and effectively by City
25 civil service employees.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 On October 21st, 2008, I
3 testified before the Fiscal Stability
4 Oversight Committee where I cited savings
5 on contracting out in the Health
6 Department could amount to \$1.2 million
7 annually based on limited information
8 available at the time. On May 9, 2009, I
9 testified before City Council citing
10 contracting out professional services as
11 a serious budget problem, and our
12 estimate of saving in the Health
13 Department had grown to \$12 million per
14 year.

15 Finally, our Union would
16 suggest that this Committee recommend a
17 Charter change that would require
18 competitive bidding for professional
19 services contracts, which would make the
20 process more transparent and hopefully
21 limit the purchase of professional
22 services to those areas which the Charter
23 originally intended.

24 Thank you for the opportunity
25 to testify, and I'm happy to answer any

1 3/2/11 - LAW & GOV'T - RES. 100848

2 questions you have.

3 COUNCILMAN GREENLEE: Thank
4 you, Ms. Scott.

5 Councilman Green.

6 COUNCILMAN GREEN: Thank you
7 for your testimony. Basically it is the
8 least -- what you're describing is the
9 least transparent aspect of City spending
10 and is something that my office, we've
11 been focused over the last few years on
12 trying to find efficiencies within
13 government, as you know, pay attention at
14 budget hearings. This year we intend to
15 try to look through the contracting
16 provisions in the proposed budget to try
17 to understand whether or not those
18 contracts are more or less expensive than
19 the City employees they replace, because
20 I think what we look at in the budget are
21 inputs and we look at how much this
22 costs, how much this service costs, how
23 much is this contract going to be, how
24 much is this employee going to cost, but
25 we don't look at outputs. And so we have

1 3/2/11 - LAW & GOV'T - RES. 100848

2 a lot of professional service contracts
3 and other contracts, and I can't remember
4 the total off the top of my head, but I
5 think it's over \$650 million out of \$3.8
6 billion that are money that we pay, which
7 is a huge portion of our General Fund,
8 that are money that we pay to people who
9 we don't ever really call here and hold
10 accountable. We don't know what those
11 services are provided. We don't know
12 what we get in return for the money that
13 we pay out. And I just wondered sort of
14 if you had any general comment about
15 that, but also what specific things can
16 we do as a Council that they may do in
17 other cities or other places to make sure
18 that there is accountability with respect
19 to outside contract spending.

20 I mean, you mentioned a
21 cost-benefit analysis. I'm not sure we
22 really did one before we had the Synagro
23 contract, which is a DC 33 issue. I'm
24 not sure we do a cost-benefit analysis
25 when we hire an outside law firm versus

1 3/2/11 - LAW & GOV'T - RES. 100848

2 deciding to have additional lawyers in
3 the Law Department on specific issues or
4 specific matters, et cetera. But I will
5 be shocked to learn -- and we'll find out
6 from the City when they testify -- that
7 they don't do a cost-benefit analysis
8 before putting out an RFP. It is the --
9 I mean, John Kennedy brought cost-benefit
10 analysis to government for the first time
11 in the early 1960s when government
12 spending was sort of -- for the first
13 time, departments had to present those to
14 do spending and for their budgets.

15 And so I don't know if you're
16 aware of models around the country or
17 other places where municipalities have
18 dealt with this issue in a way that you
19 think is meaningful that we should be
20 considering. That's my question.

21 MS. SCOTT: Well, it's a
22 multi-point question. Let me first say
23 that if your office is able to get the
24 contracts that the City lets on
25 professional services from the City, then

1 3/2/11 - LAW & GOV'T - RES. 100848

2 you're doing a lot better than any of us,
3 because even with a Right to Know Request
4 demanding information as to the
5 contracts, the City was unable to provide
6 us with the current contracts that they
7 have for each of the departments for
8 professional services.

9 So if you're able to get that
10 information, I would certainly -- and I'm
11 sure my Union brothers and sisters in
12 District Council 33 would also -- be
13 delighted to look at that information,
14 because it will be the first time that it
15 will be ever provided to us in a
16 comprehensive way from the City.

17 I think that the other part of
18 the problem, though, is that there are
19 not RFPs done for the kinds of contracts
20 that I'm talking about. At least I've
21 never seen them. I think that the City
22 has continuing contracts with -- let's
23 take Public Health, for example. They
24 have continuing contracts with either
25 pharmacy service providers or hospitals,

1 3/2/11 - LAW & GOV'T - RES. 100848

2 and those contracts just roll over year
3 after year after year, with addendums
4 that are added on.

5 I would be very interested in
6 also finding out if there is any
7 cost-benefit analysis, because as the
8 specific example that I gave you on
9 pharmacists, the Health Department's
10 position is they are spending 180 -- a
11 minimum of \$180,000 a year more on
12 contract pharmacists than they are on
13 civil service pharmacists because, they
14 say, they cannot get financed to
15 authorize additional civil service
16 positions. So that right there -- and
17 this is as of last week -- shows you that
18 nobody is watching what the costs are
19 here and what it's costing the City.

20 And, yes, I am aware of the
21 type of cost-benefit analysis that is
22 done. Our Union was very instrumental in
23 pushing the Redesigning Government
24 language that was negotiated in the 1996
25 contract. We did have a limited number

1 3/2/11 - LAW & GOV'T - RES. 100848
2 of Redesigning Government Initiatives
3 back in late '90s and some of them
4 continued into the early 2000's. I can
5 tell you, though, that at least from our
6 Union's perspective, RGI has been dead,
7 dead on arrival with this Administration.
8 There has not been a Redesigning
9 Government Initiative meeting with the
10 Nutter Administration in any department
11 over any issue having to do with contract
12 services. I don't think that this
13 Administration has any interest in
14 dealing with the Redesigning Government
15 Initiative, and I think that that's
16 partly because there is not an ability to
17 justify these costs for contracting out,
18 because I don't believe there is a
19 cost-benefit analysis that's done.

20 So we would be happy to engage
21 with City Council or even the
22 Administration, if they would be of the
23 mind to do so, to make the process
24 meaningful.

25 In addition, just as was

1 3/2/11 - LAW & GOV'T - RES. 100848

2 testified by Bobby Davis earlier, we are
3 not receiving any notification of
4 contracts prior to them being let. There
5 is no 30-day notification that's
6 happening. There is no meeting before
7 the contracts are let. We raise them in
8 labor management meetings after the fact
9 because that's when we -- we find out
10 about it when the contract employee shows
11 up at the job, and we start to find out,
12 Are you in the Union?

13 Oh, no, I'm not in the Union.
14 I'm a contract worker. And they work
15 side by side by our members.

16 So we would be very interested
17 in engaging and making this process more
18 transparent. There is no transparency,
19 from our perspective, regarding this
20 particular issue in the City budget.

21 And, Councilman Green, the
22 Quarterly Managers Report as of December
23 31st shows for Fiscal Year 2011 that the
24 original adopted budget for contracted
25 services, Class 200, is \$1,153,830,801.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 So it's a very significant amount of
3 money. Now, I'm not representing that
4 all of that is City work. I mean, I
5 realize that there are certain contracted
6 work that is done by private providers or
7 the City purchased services in some other
8 way that has nothing to do with City
9 employment, but it is a very, very
10 significant part of the City budget.

11 COUNCILMAN GREEN: So are you
12 aware of, in any other jurisdiction, a
13 requirement to -- it sounds like there is
14 a requirement to give you notice and that
15 currently that law is being violated.

16 MS. SCOTT: Well, it's a
17 contract provision. I don't believe
18 there's anything in -- as I testified, I
19 think the City Charter does not require
20 competitive bidding for professional
21 services.

22 COUNCILMAN GREEN: Right.

23 MS. SCOTT: But we have a
24 contract provision that is being
25 completely ignored.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN GREEN: Okay. Yeah.

3 I have 1.14 billion is going to be the
4 actual spend, which is over 25 percent of
5 our budget, and we do very little
6 oversight or accountability on that. I
7 certainly will ask the Administration to
8 provide the Chair with a full response to
9 your Right to Know Request to this
10 Committee, and maybe if we get it first,
11 we can share it with you.

12 MS. SCOTT: Thank you.

13 COUNCILMAN GREEN: Thank you.

14 COUNCILMAN GREENLEE: Just one
15 question, and I know Councilman Jones has
16 questions. On that Right to Know
17 Request, did you get an answer at all,
18 like we'll get back to you?

19 MS. SCOTT: Yes. We got --
20 well, we did get some information, which
21 actually was the basis for doing Exhibits
22 1 and 2. We did get some information
23 from the City. The explanation that we
24 gave was that there is no central
25 repository for contracts, that they rely

1 3/2/11 - LAW & GOV'T - RES. 100848

2 on the individual departments to provide
3 them with the information. And so that
4 requires them to go to 56 or 58 different
5 departments, have those departments
6 cooperate in providing the information on
7 contracts. And, you know, it's a very
8 laborious process to even try and get the
9 information.

10 So we did get a partial
11 response to our Right to Know Request,
12 but it was only partial. It was partial.

13 COUNCILMAN GREENLEE: Okay.

14 Thank you.

15 Councilman Jones.

16 COUNCILMAN JONES: Thank you,
17 Mr. Chairman.

18 In the first testimony, we got
19 some really good anecdotal evidence about
20 commonsense ways to approach things like
21 grass cutting, snow removal, water mains,
22 but in this, this cost analysis that
23 you've done in the Water Department gives
24 us at least some litmus by which other
25 analysis should occur, and when we start

1 3/2/11 - LAW & GOV'T - RES. 100848

2 talking about issues of transparency and
3 Right to Know, how important budgetarily
4 it is to have these savings.

5 One of the suggestions that
6 might come out, Mr. Chairman, is that
7 there is a Private Sector Task Force that
8 is supposed to be working with government
9 to analyze how we can do things more cost
10 effectively and better, which might be a
11 juxtaposition to what the labor
12 movement's position is. But to look at
13 and help come together and start to talk
14 about, well, what came first, the chicken
15 or the egg, what's more valuable,
16 contracting out or doing it in, in an
17 objective manner so that we can really
18 get this information and make some hard
19 decisions about which way to go. And so
20 I'm hoping that the Private Sector Task
21 Force may include some of this type of
22 analysis.

23 Cathy, I think it's also
24 important for us to constantly have this
25 monitored so that we know where the

1 3/2/11 - LAW & GOV'T - RES. 100848

2 needle is and which way it's going and at
3 least get a first right of refusal, if
4 you would, to do things internally, and
5 I'm hoping that as a result of these
6 hearings, we start to look at this as we
7 approach the budget process and try to
8 make as many savings as possible, that we
9 get input from all sides, all sides, so
10 that we can make good decisions on behalf
11 of the City.

12 At the end of the day, we have
13 to have the dialogue, and I'm hoping that
14 when the Administration gets a chance to
15 testify, some of these issues that have
16 been raised by you, they can give some at
17 least accountable answer for, and I'm
18 hoping that.

19 But thank you for the analysis
20 that you've done. During the budget
21 process, you mentioned this. I heard it
22 then, which prompted us as a Committee
23 and Council to further look into this,
24 and I want to thank you for that kind of
25 notification, particularly in the Health

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Department and other areas within 47.

3 MS. SCOTT: Thank you,
4 Councilman. We would be happy to be a
5 part of any of that process. This is --
6 you know, as you mentioned earlier, these
7 are really tough times for everybody, and
8 our members take very seriously that they
9 have a professional job to do, and they
10 also want to make sure that the City is
11 not spending more money than it should be
12 spending. So we do hear from our members
13 concerns about contracting out, and I
14 think we can give you an anecdotal
15 example. Bob Coyle, for example,
16 understands the pharmacist issue well,
17 and maybe Bob could talk a little about
18 even the contract employees, the
19 challenges when they are doing the work.

20 COUNCILMAN JONES: Before he
21 does that, one of the things that you
22 talked about before is that a lot of them
23 live outside of the City, don't have to
24 comply with residency laws. A lot of
25 them don't have to be involved -- they

1 3/2/11 - LAW & GOV'T - RES. 100848

2 can be involved in politics, where Union
3 members can't be.

4 MS. SCOTT: That's correct.

5 COUNCILMAN JONES: And the fact
6 that they bypass other issues germane to
7 civil service workers and get to do their
8 thing, if you would. And I remember that
9 from your testimony and questioned why we
10 allow that to happen.

11 Thank you, Mr. Chairman.

12 COUNCILMAN GREENLEE: Just
13 identify yourself for the record, please.

14 MR. COYLE: Bob Coyle,
15 Executive Board Member, Local 2187.

16 In the Health Department, there
17 are eight health centers. There's a
18 pharmacist at every health center. Our
19 civil service pharmacists fill on the
20 average of anywhere between 350 and 400
21 prescriptions a day. When a contract
22 pharmacist comes in, because they are not
23 familiar with the system, they are
24 consistently filling anywhere between 100
25 and 150 fewer prescriptions per day. So

1 3/2/11 - LAW & GOV'T - RES. 100848

2 as you can imagine, not only is there a
3 significant savings with more civil
4 service pharmacists, but it also becomes
5 a public health issue when John Doe, the
6 patient, comes in and usually if he's
7 seeing a civil service pharmacist, more
8 than likely he will get his prescription
9 filled by the end of the day. When we
10 make these people come back afterwards,
11 it becomes a public health issue also.

12 COUNCILMAN GREENLEE: And what
13 is the reason why they --

14 MR. COYLE: They're not
15 familiar with the system. It's anything
16 like -- you're at a particular work
17 station. You're familiar with the
18 layout. You know how things are done.
19 Because of the shortage of the number of
20 civil service staff; for instance, if the
21 pharmacist at Health Center No. 5 at 20th
22 and Berks calls out sick today because
23 we're short staffed, they will call an
24 agency, and an agency pharmacist would
25 show up today and maybe the first time

1 3/2/11 - LAW & GOV'T - RES. 100848

2 they've ever been at that health center
3 and they're not familiar with the system
4 at all, and that's one of the reasons
5 they may not be as efficient as someone
6 who is permanently assigned to an
7 assignment.

8 COUNCILMAN GREENLEE: And I
9 would think that was -- when I said why,
10 the answer is there's not enough
11 people -- they haven't filled enough of
12 the positions.

13 MR. COYLE: There are only
14 three civil service pharmacists. That
15 means --

16 COUNCILMAN GREENLEE: Three?

17 MR. COYLE: That is correct.
18 Each pharmacist -- again, there's eight
19 health centers. By state law, there's a
20 pharmacy manager at every pharmacy.
21 That's a civil service-represented
22 position. There should be a pharmacist
23 also at every health center. We only
24 have three. We're short five. That
25 means every day at at least five

1 3/2/11 - LAW & GOV'T - RES. 100848

2 pharmacies we are using a contract
3 pharmacist, which is making -- and the
4 contract that I have is dated several
5 years. Back then, they were making \$575
6 per day. Not the pharmacist; obviously
7 the agency who is sending the pharmacist
8 out. But the agency is making \$575 a day
9 they're charging the City to have a
10 contract pharmacist there.

11 When I met with the HR manager
12 just last week with the Health
13 Department, I brought this to her
14 attention. She had told me that they
15 have approval to hire two more
16 pharmacists, but that's it. Even if
17 those pharmacists get hired, we are still
18 short three pharmacists, and this is
19 going to continue ongoing, and there's no
20 plans to hire any additional at this
21 time.

22 COUNCILMAN GREENLEE: Now, was
23 there any -- in that discussion, was
24 there any reason given why they can't
25 fill it? I mean, if they're paying the

1 3/2/11 - LAW & GOV'T - RES. 100848

2 private contractor --

3 MR. COYLE: It was a
4 straightforward conversation. I mean, I
5 said, Listen, you're paying so much more.
6 She acknowledged it was an issue, but she
7 also said that it was an issue out of her
8 control. And she agreed with the
9 frustration. It just doesn't make sense.

10 COUNCILMAN GREENLEE: Right.
11 Right.

12 Councilman DiCicco.

13 COUNCILMAN DiCICCO: Salary
14 range with the pharmacist in private
15 sector versus the public sector, could
16 that be a reason why some of those
17 positions aren't being filled? Maybe
18 people are not applying?

19 MR. COYLE: It is, sir. There
20 is a disparity between the salaries of
21 nurses and pharmacists, but there's also
22 trade-offs. For instance, nurses like to
23 come to the City because they're working
24 Monday through Friday. They're not
25 working nights. They're not working

1 3/2/11 - LAW & GOV'T - RES. 100848

2 weekends, and along with the benefit
3 package. So there is a trade-off.

4 But, yeah, pharmacists, when
5 they're just graduating from school,
6 they're making six figures a year at a
7 CVS.

8 COUNCILMAN DiCICCO: I thought
9 they were. That's why -- I think that
10 obviously poses a problem even if we --

11 MS. SCOTT: Well, you're
12 correct, and we have raised that with the
13 Department. As a matter of fact, the
14 Union has been successful at getting
15 several pay increases for the pharmacist
16 classification.

17 The other benefit that the
18 Health Department has is, they have the
19 capability of hiring people into higher
20 steps. They do not have to hire people
21 at the lowest step. So if someone comes
22 in with the qualifications, they could
23 actually hire that person at the top
24 step, Step 5. And frequently they are
25 doing that, they are hiring them at Step

1 3/2/11 - LAW & GOV'T - RES. 100848

2 4 or Step 5.

3 Even if we were to
4 significantly raise the salary of the
5 pharmacist, it would be still cheaper for
6 the City to have its own pharmacist,
7 because the discrepancy that we are
8 talking about here is so great that even
9 if you raise the salary \$10,000 or
10 \$15,000 a year, the City would still save
11 significant money.

12 COUNCILMAN DiCICCO: Do you
13 think in your experience, though, if you
14 raised it 10,000 or 15,000 that you would
15 be able to fill those positions? Because
16 it still seems to be significantly less
17 than in the private sector.

18 MS. SCOTT: We did not -- at
19 one time we had no difficulty having
20 pharmacists for the City. All of the
21 pharmacy positions -- pharmacist
22 positions in the City were filled.

23 COUNCILMAN DiCICCO: How long
24 ago?

25 MS. SCOTT: Well, when they had

1 3/2/11 - LAW & GOV'T - RES. 100848

2 enough for all of the positions.

3 I went on the City's website
4 yesterday looking to see if they are
5 recruiting pharmacists for the two
6 authorized positions they have. It lists
7 no job openings. They're not attempting
8 to hire pharmacists.

9 COUNCILMAN DiCICCO: Well,
10 that's a different issue, then.

11 MS. SCOTT: But that's the
12 basic issue. Even if they have
13 authorized positions, if you don't
14 attempt to recruit, you'll never find out
15 whether you can fill the positions or
16 not.

17 COUNCILMAN DiCICCO: I'll agree
18 with you there. I just was curious.
19 Again, I have a family member who is a
20 pharmacist and they came out of college
21 and they pay some significant dollars.

22 MS. SCOTT: Absolutely.

23 COUNCILMAN DiCICCO: All right.
24 Thank you.

25 COUNCILMAN GREENLEE: And what

1 3/2/11 - LAW & GOV'T - RES. 100848

2 is the highest level for a pharmacist

3 now, a City?

4 MS. SCOTT: Eighty-three

5 thousand. It's on the sheet. I believe

6 it's 84,000.

7 COUNCILMAN GREENLEE: Okay.

8 Any other questions, comments?

9 (No response.)

10 COUNCILMAN GREENLEE: Please

11 let the record reflect that Councilman

12 Kenney, the Vice-Chair of the Committee,

13 is also present.

14 Being no further questions,

15 thank you all very much. Thanks for all

16 you do.

17 Our final panel that I have

18 listed is the Administration.

19 (Witnesses approached witness

20 table.)

21 COUNCILMAN GREENLEE: Good

22 morning, Mr. Abernathy.

23 MR. ABERNATHY: Good morning.

24 COUNCILMAN GREENLEE: I think

25 you know how this works. Please identify

1 3/2/11 - LAW & GOV'T - RES. 100848

2 yourself for the record and proceed.

3 MR. ABERNATHY: Good morning,
4 Chairman Greenlee and members of the
5 Committee. My name is Brian Abernathy,
6 Chief of Staff to the Managing Director.
7 I'm joined today by representatives of
8 the Departments of Public Property,
9 Procurement and Finance to testify and
10 answer questions related to Resolution
11 No. 100848.

12 I'd like to take this
13 opportunity to thank Councilman Jones for
14 his commitment to providing local
15 residents with job opportunities and for
16 furthering this conversation. Like the
17 many members of Council who take deep
18 interest in this issue, the Nutter
19 Administration is committed to offering
20 Philadelphians as many opportunities as
21 possible, while balancing the cost and
22 efficiency of our contracts for
23 Philadelphia taxpayers.

24 To start this discussion, the
25 Finance Department and I would like to

1 3/2/11 - LAW & GOV'T - RES. 100848

2 quickly outline when and why we contract
3 with outside vendors, specifically for
4 construction contracts in my regard.

5 Construction contracts are
6 offered to outside firms because the City
7 cannot offer competitive wages to skilled
8 tradesmen, because the City cannot afford
9 the overhead that most construction
10 companies carry and because of the
11 efficiencies of employing, through
12 contractors, the necessary workforce only
13 on a project-specific basis.

14 These contracts are awarded for
15 various types of construction, ranging
16 from water and sewer infrastructure to
17 street paving to the construction of new
18 facilities. Although the professional
19 services portion of such work is handled
20 like other professional services
21 contracts, through the RFP process, the
22 award of contracts for actual
23 construction itself is managed by the
24 Procurement Department through a
25 competitive bidding process. Unlike

1 3/2/11 - LAW & GOV'T - RES. 100848

2 professional service contracts, these
3 types of contracts must be awarded to the
4 lowest responsible responsive bidder.

5 Of course, the City has
6 developed a significant structure for
7 seeking to promote the inclusion of
8 minority firms in connection with the
9 work performed under these contracts let
10 under both the low bid and RFP processes,
11 while the Office of Economic Opportunity
12 working closely with the contracting
13 departments in that regard. In recent
14 years, largely through the use of EOPs
15 for which Council has advocated, we have
16 also made strides in seeking to promote
17 the inclusion of hiring of historically
18 disadvantaged and our own Philadelphia
19 workforce in connection with large City
20 projects.

21 Workforce development is also
22 an important area of consideration in
23 addressing the need to promote local
24 workforce hiring in connection with all
25 City work. As a city, we are investing

1 3/2/11 - LAW & GOV'T - RES. 100848

2 in a workforce system and job-training
3 partnerships that are industry-led,
4 aligned with the region's economic
5 development, educational and human
6 capital strategies and career oriented to
7 ensure adults have the skills needed to
8 compete in an increasingly competitive
9 global economy.

10 This is a very wide-ranging
11 topic, and rather than go on at length
12 with respect to any of these various
13 aspects of City contracting, I'd like to
14 ask the wonderful and beautiful Judi
15 Cassel, Chief of Staff to the Finance
16 Director, to testify on professional
17 service contracts. Following her
18 testimony, we are available to answer
19 your questions and look forward to this
20 hearing furthering our ongoing dialogue
21 on these issues.

22 COUNCILMAN GREENLEE:

23 Ms. Cassel, please.

24 MS. CASSEL: Thank you. Good
25 morning, Chairman Greenlee and members of

1 3/2/11 - LAW & GOV'T - RES. 100848
2 the Committee. My name is Judi Cassel,
3 Chief of Staff to the Finance Director,
4 and I'm here to testify on and answer
5 questions related to Resolution No.
6 100848.

7 For professional services
8 contracts, all departments are required
9 to follow the process and procedures as
10 delineated under Chapter 17-1400 of The
11 Philadelphia Code. Specifically,
12 departments must announce new contract
13 opportunities on the City's website,
14 review the applications submitted for
15 these opportunities, announce again on
16 the City's website their notice of intent
17 to contract, and enforce eligibility
18 limits based on campaign contributions.
19 Not only does this process promote
20 transparency, the open process increases
21 the overall competitiveness of the
22 applicant pool for professional services
23 contracts by inviting any interested
24 applicant to apply.

25 The Office of the Director of

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Finance is responsible for ensuring that
3 each department follows the procedures
4 under Chapter 17-1400. However, the
5 decision to contract out services is made
6 within each department itself. Each
7 department will have its own reasons for
8 contracting out services. These reasons
9 could include, but are certainly not
10 limited to, time-limited projects that
11 cannot justify the hiring of permanent
12 full-time staff, projects requiring very
13 specialized skill sets, and direct
14 services for social service programs
15 which the department may not have the
16 internal capacity to provide.
17 Furthermore, because departments can
18 consider a number of factors when
19 awarding professional services contracts,
20 such as cost, quality of the applicant
21 experience, quality of solution proposed
22 by the applicant, among others,
23 departments will also have unique reasons
24 for selecting the contractors with whom
25 they are contracting.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 This concludes my testimony.

3 I'm happy to answer any questions you may
4 have at this time.

5 COUNCILMAN GREENLEE: Thank
6 you.

7 Councilman Goode, then
8 Councilman Kenney, then Councilman Green.

9 Councilman Goode.

10 COUNCILMAN GOODE: Thank you,
11 Mr. Chairman.

12 Good morning to both of you.
13 I'm first going to make some comments
14 that I would like you to refute, if
15 possible, and then I have a couple
16 questions.

17 Let's start with the fact that
18 this is not just a finance issue but an
19 economic issue, that it's clear that DC
20 33 and DC 47 members have to live in the
21 City. So we know that people who are
22 doing the work live within the City,
23 spend within the City and that those
24 dollars stay within the City.

25 At some point, a decision was

1 3/2/11 - LAW & GOV'T - RES. 100848

2 made to take that work away from those
3 employees that are local and possibly
4 contract out to places that are not
5 local. Then along the way it seems a
6 decision has been made in many cases to
7 keep giving those contracts to the same
8 contractors year after year after year.
9 In other words, Cathy said it was stupid
10 financially, but if that is true, isn't
11 that stupid economically?

12 That's it.

13 MS. CASSEL: So just -- well,
14 in terms of -- I hear what you're saying
15 about the economic development issues,
16 and I agree with you, and one of the
17 things I did yesterday was to take a look
18 at -- and this is just for professional
19 services contracts, but to try to figure
20 out what proportion, either in terms of
21 numbers of contracts or dollar amounts of
22 those contracts, go to local businesses.
23 It's not easy to figure out. I think in
24 Procurement, there's actually an LBE
25 designation. We don't have that in

1 3/2/11 - LAW & GOV'T - RES. 100848
2 professional services contracts. What we
3 did was use a local address for -- a
4 proxy for that.

5 In any case, when we took a
6 look at that, we found that just over 67
7 percent of contracts were with
8 Philadelphia businesses or businesses
9 that had a Philadelphia address, and
10 that --

11 COUNCILMAN GOODE: Excuse me.
12 You're referring to professional service
13 contracts or all contracts?

14 MS. CASSEL: I am, yeah. This
15 is just professional services contracts.
16 And that just over 83 percent of the
17 contract dollars went to businesses with
18 a Philadelphia address. And, again,
19 that's professional services contracts.
20 Because I agree, if we're talking about
21 economic development, I think I would say
22 it's more than just about City employees;
23 it's about Philadelphians having jobs.

24 So I think these data provide
25 some information about how much is

1 3/2/11 - LAW & GOV'T - RES. 100848

2 staying within Philadelphia of our
3 contract -- for our professional services
4 contracts dollars are staying within
5 Philadelphia versus going outside.

6 And I know -- I heard what
7 Cathy Scott said about contracts going to
8 the same vendors year after year, and I
9 don't have data on that.

10 COUNCILMAN GOODE: That's one
11 of the questions, so if you can provide
12 that data.

13 MS. CASSEL: Yeah, I could
14 provide that data. Sure. Yeah.

15 COUNCILMAN GOODE:
16 Mr. Abernathy?

17 MR. ABERNATHY: Currently
18 there's 175 LBEs registered in the City.
19 I don't have the data of how many
20 construction contracts are currently
21 owned or let to those LBEs. I'm happy to
22 provide that data at a later time.

23 COUNCILMAN GOODE: There are
24 more than construction contracts. My
25 question -- two questions I want answers

1 3/2/11 - LAW & GOV'T - RES. 100848

2 to be sent to the Chair is, what
3 percentage of contract dollars go to
4 firms outside the City and the number of
5 contractors on an annual basis that are
6 actually new contractors and what
7 percentage are, in other words, repeat
8 contractors.

9 The reason why this is a
10 serious issue economically in the simple
11 sense is because it is stupid to
12 basically give money away to people
13 outside of the City when the City itself
14 has economic needs. That sort of runs
15 parallel with our other concern in terms
16 of City contracting and in terms of
17 whether there's enough diversity. Some
18 of those issues in terms of using City
19 workers obviously answer some of those
20 diversity questions. So even as we are
21 struggling to get to 25 percent or more
22 diversity on City contracts, we would
23 better serve those interests the more we
24 keep that work within City government.

25 Now, I'm not making an argument

1 3/2/11 - LAW & GOV'T - RES. 100848

2 strictly for keeping the work within City
3 government for diversity's sake, but if
4 you're not going to do the right thing in
5 terms of privatizing that work in a
6 diverse way, then it's sort of a double
7 slap in the face. It's a definite double
8 slap in the face when, as it was revealed
9 through last year's budget hearings, that
10 you were contracting out stuff like
11 daycare, maintenance, landscaping, which
12 sounds crazy, and when questioned
13 about -- I think Councilman Jones had the
14 question -- about why we actually
15 wouldn't give that work to a local firm,
16 because I believe that work was done by
17 an outside firm, let alone not have that
18 work done by our own City workers, the
19 answer was because that contractor knows
20 exactly how we want it cut.

21 Now, if you have City workers
22 who have done that before and are already
23 going to be working for the City,
24 wouldn't it make more sense to tell them
25 how you want it cut?

1 3/2/11 - LAW & GOV'T - RES. 100848

2 MR. ABERNATHY: And,

3 Councilman, you're raising a specific
4 issue, and, again, the issues raised
5 around the Water Department and their
6 lawn maintenance, I'm not familiar with
7 the issue. I'm happy to contact the
8 Water Commissioner and provide a decent
9 answer. I can't do that today.

10 COUNCILMAN GOODE: So aside
11 from a cost-benefit analysis that would
12 deal with the financial issues here, I'm
13 raising the much larger issues, economic
14 issues, and just making a simple
15 statement. I'm going to keep it as a
16 simple statement.

17 It's an economic issue of
18 whether you're throwing away dollars
19 outside the City. It's a diversity issue
20 in terms of whether you're throwing away
21 dollars outside the City and not doing it
22 in a diverse way and whether we actually
23 benefit the City economically in terms of
24 job creation, as Councilman Jones is
25 aiming for through contracting, whether

1 3/2/11 - LAW & GOV'T - RES. 100848

2 you've actually helped the City more by
3 just doing it a smarter way. And I hope
4 I've pointed out so far that regardless
5 of what you want to talk about in terms
6 of contracting process and cost-benefit
7 analysis, that economically what we're
8 doing is stupid.

9 Thank you, Mr. Chair.

10 COUNCILMAN GREENLEE: Thank
11 you.

12 Before I recognize Councilman
13 Kenney, I just add -- and I have a
14 feeling the other Councilmembers may ask
15 for information, too. If I could ask
16 that -- I'm not going to hold you to a
17 specific day, but if you could try to get
18 us that information as quickly as
19 possible, because as Councilman Jones
20 said earlier, this also spins off into
21 budget decisions and that kind of thing.

22 MR. ABERNATHY: Understood.

23 COUNCILMAN GREENLEE: So I
24 would appreciate -- and obviously during
25 the budget process, there's going to be

1 3/2/11 - LAW & GOV'T - RES. 100848

2 other requests. So if you could get that
3 to us as quickly as possible, at least
4 some of what Councilman Goode asked. It
5 doesn't sound like it should take long.

6 That being said, Councilman
7 Kenney.

8 COUNCILMAN KENNEY: Thank you,
9 Mr. Chairman.

10 I wanted to preface my comment
11 and question by saying that I recognize
12 that you haven't been here the entire
13 time we've had problems with outside
14 contracting and outside contractors, but
15 my main question deals with quality
16 control. Who is the project
17 manager/managers, the people who hold the
18 contractors' feet to the fire relative to
19 getting work done? And I'll give you
20 some examples.

21 I know it probably was related
22 to stimulus dollars because we spent a
23 lot of money ripping up streets and
24 putting them back together again to get
25 people back to work, and I understand

1 3/2/11 - LAW & GOV'T - RES. 100848

2 that, and we're probably spending federal
3 money that wasn't ours anyway, but the
4 street where my home is was reconstructed
5 four years ago, five years ago, and a
6 year ago it was reconstructed again. The
7 contractor was a disaster, towing cars of
8 neighbors, not knowing where they put
9 them, not complying with requirements for
10 water trucks to be sprayed at the end of
11 the day, creating a dust-ball effect,
12 foul-mouthed, annoying workers who argued
13 with neighbors and created a scene every
14 morning and every night, contractors who
15 were hired to redo rec centers who decide
16 on their own that once they start work,
17 they got another job somewhere else, they
18 pull off their workers and they come back
19 in three weeks, creating an increase in
20 cost, delay in the job being done,
21 something as simple -- and Councilman
22 Goode mentioned landscaping. We spent
23 private dollars in a rec center in South
24 Philly to have the overused field seeded
25 and aerated to get some grass on it so

1 3/2/11 - LAW & GOV'T - RES. 100848

2 the kids weren't playing on hard-packed
3 dirt. I drove by one morning and an
4 outside contractor was mowing the grass
5 that hadn't grown yet, because that was
6 his scheduled time to do it. I had to go
7 wave him down across the field like a
8 crazy person, running across the field,
9 waving him down to stop, while he was
10 mowing dirt that we had just aerated and
11 seeded.

12 There seems to be no one -- and
13 either there are people or they're in
14 individual departments, but there seems
15 to be no one place that folks can go to
16 to complain. Now, if it's a City worker
17 that misses a trash pick-up or spills
18 something in the street or something
19 happens, I have somewhere to go. I have
20 a commissioner to call. I have a
21 supervisor to call. People in the
22 neighborhood have 3-1-1 to call or they
23 have their Councilperson to call.

24 Who herds these calves? Some
25 of them need to be herded. And we're

1 3/2/11 - LAW & GOV'T - RES. 100848

2 wasting money, we're sending some money
3 outside of the City, we're not getting
4 our money's worth, and it seems to be a
5 total chaos in some instance.

6 Now, there are instances where
7 we have water and sewer construction
8 projects that go well and things get done
9 and we get our money's worth, but there
10 seems to be an attitude of independence
11 because they're not City workers that
12 somehow they can treat people differently
13 and not have any repercussions. And I
14 understand that there's also street
15 construction projects and other types of
16 projects that have an impact on the
17 community. There's supposed to be a
18 person assigned from that company to be a
19 liaison -- it's like, Where did they take
20 my car?

21 I don't know, dude. Go find
22 it. Call the police.

23 I mean, that kind of stuff. So
24 who is in charge of that? Who is the
25 project manager for the City?

1 3/2/11 - LAW & GOV'T - RES. 100848

2 MR. ABERNATHY: Generally
3 speaking, on all the professional service
4 contracts, the departments themselves are
5 managing those projects, and departments
6 will have someone assigned to help --

7 COUNCILMAN KENNEY: So they go
8 out and check the quality of the work?

9 MS. CASSEL: Can I just say, if
10 it's a professional services contract,
11 that's right, there'll be a departmental
12 project manager. There are about 2,000,
13 give or take a couple hundred, depending
14 on the year, but on average, about 2,000
15 professional services contracts each
16 year. There is probably a very wide
17 range of kind of ability to manage
18 projects across those 2,000 contracts, I
19 think it's fair to guess. There isn't a
20 centralized project management entity in
21 the City.

22 COUNCILMAN KENNEY: Should
23 there be?

24 MS. CASSEL: I will say --
25 well, one of the things our office, the

1 3/2/11 - LAW & GOV'T - RES. 100848

2 contracting office, is doing -- and
3 actually it's happening right now -- is,
4 we're giving -- I'm not, but the folks
5 who work for me are giving a series of
6 trainings over last week and the next
7 coming weeks on project management and a
8 couple other areas for literally hundreds
9 of City employees who have responsibility
10 for contracts.

11 COUNCILMAN KENNEY: So we don't
12 have one high-level individual who is in
13 charge of capital projects?

14 MS. CASSEL: I'm sorry. I
15 wasn't talking about capital.

16 COUNCILMAN KENNEY: Many of
17 these contracted construction services
18 are capital projects.

19 MS. CASSEL: Right.

20 COUNCILMAN KENNEY: Who is the
21 over -- who oversees this stuff?

22 MR. ABERNATHY: Generally for
23 capital projects for construction, for
24 building a rec center, et cetera,
25 generally the Department of Public

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Property will handle that contract.

3 COUNCILMAN KENNEY: What's the
4 Rec Department's responsibility? Don't
5 they have a group of people who do that,
6 too?

7 MR. ABERNATHY: They're
8 certainly involved.

9 And, actually, Commissioner?

10 (Witness approached witness
11 table.)

12 COUNCILMAN KENNEY: The other
13 issue too, to be fair, there's not enough
14 City workers that are to do the job
15 they're being responsible to do. So
16 everybody -- it seems that -- so they're
17 overburdened and overworked and can't get
18 to the stuff they need to get, and the
19 private contractors are totally free. If
20 they're a good, competent company who has
21 pride in what they do, there's no
22 problem, but if they're not, there's that
23 mess.

24 So I don't want to dump it all
25 on departmental people who are

1 3/2/11 - LAW & GOV'T - RES. 100848

2 responsible for this kind of work,
3 because there's so many jobs that they're
4 responsible for doing.

5 So how are we getting our
6 money's worth in outside contracting if
7 we don't monitor the quality and
8 timeliness of the work they're doing and
9 we don't hold their feet to the fire?
10 How do we get a company who leaves a job
11 and doesn't come back for two weeks, how
12 do we get them back on the job?

13 COUNCILMAN DiCICCO: Could I
14 just do a point of order on that? Going
15 back to the rec center, I had that
16 problem with Columbus Park a couple years
17 back, and I think at the time when we
18 brought up this open-endedness, if you
19 will, on the contract, it was because
20 there was never a date scheduled for
21 completion. A contract was awarded -- I
22 don't know if that's been addressed. I
23 mean, a couple years ago I remember
24 bringing this up at either the budget
25 hearings or someplace else.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 A contract gets awarded to a
3 private contractor to do renovations or
4 rebuild a rec center, but there was no
5 date for completion. So, in theory, they
6 could have spent ten years, and I know
7 almost seven in mine. But I think in
8 Councilwoman Tasco's district, it was
9 over ten years before a rec center was
10 completed, because the contract was not
11 specific. You have a start date, must be
12 completed by a certain date, and if not,
13 then there should be some penalties. I
14 learned that many, many years ago when I
15 worked for the Department of
16 Transportation on highway construction.
17 You had a start date and you had a
18 completion date which you had to meet.
19 If not, there was a penalty. And there
20 was also a reward for completing before a
21 schedule.

22 So kind of where Councilman
23 Kenney is, has that been addressed? Has
24 there been any change in the way we let
25 contracts?

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN GREENLEE:

3 Commissioner.

4 COMMISSIONER SCHLOTTERBECK:

5 Joan Schlotterbeck, Public Property

6 Commissioner.

7 I'm going to start. I'm going
8 let Gary take over.

9 I think that we're trying
10 desperately to fix problems that we have,
11 and one of the things that I believe used
12 to happen, we would use the citywide's
13 requirements contract, and that's how
14 those kinds of things happened. So we
15 had a mechanical contract. We would just
16 have a general, if you will, like a
17 million dollars in that contract and, as
18 needed, we would engage those folks.

19 I think -- and Gary can correct
20 me if I'm wrong. I think that's how we
21 would have a project start. It was a
22 quick fix, if you will, and it was sort
23 of open-ended, and they were overbooked,
24 because we had the only game in town. So
25 they would be able to basically spread

1 3/2/11 - LAW & GOV'T - RES. 100848

2 their resources across various projects,
3 and we would be left with incomplete work
4 all over the City.

5 We're working desperately hard
6 to fix processes that are internal right
7 now, and that's one of them, and we're
8 working on a job order contracting
9 system. Gary, who is to my left -- I'm
10 going to let him take over in a minute --
11 he's done an amazing amount of work
12 internal with Procurement, with Law and
13 getting the buy-in and the ability to do
14 this new way of doing business, what will
15 eliminate those kinds of open-ended
16 contracts.

17 COUNCILMAN KENNEY: But I think
18 the overall question I have is, should
19 there be one department or one individual
20 that's responsible for monitoring all of
21 the work that's done in Rec, Public
22 Property, Streets? Should that be
23 centralized or not?

24 COMMISSIONER SCHLOTTERBECK:
25 Okay. Well, Public Property's Capital

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Budget Division is responsible for all
3 capital projects.

4 COUNCILMAN KENNEY: Including
5 Streets?

6 COMMISSIONER SCHLOTTERBECK:
7 With the exception of Streets, Water,
8 Airport and Commerce.

9 COUNCILMAN KENNEY: But that --

10 COMMISSIONER SCHLOTTERBECK: So
11 we do all Rec, Fire, Police.

12 COUNCILMAN KENNEY: But in all
13 fairness, that's kind of uncentralized,
14 too, if you're not responsible for that
15 many other areas that are not -- for
16 example, in the Streets reconstruction
17 question, who determines -- I mean,
18 didn't somebody know that street was done
19 four years ago in the Streets Department?
20 So we can get the street done, but we
21 don't have to do that one. We can do one
22 that needs to be done. So, I mean, all
23 that is what's frustrating, I guess.

24 COMMISSIONER SCHLOTTERBECK:
25 Understood.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN KENNEY: And it
3 makes, I think, the residents say, What,
4 are you guys crazy? We just had this
5 done and you're doing it again. And I
6 think that engenders an attitude in
7 people that we don't know what the -- the
8 right hand knows what the left hand is
9 doing.

10 COMMISSIONER SCHLOTTERBECK:
11 Well, I think to answer it very
12 broadly -- and I'm really not -- it's an
13 administrative decision. But the two
14 enterprise funds, I don't think we would
15 ever want to mix those funding sources.
16 I think that's one thing.

17 COUNCILMAN KENNEY: That would
18 be Airport?

19 COMMISSIONER SCHLOTTERBECK:
20 The Airport and Water. So I think if
21 there was any desire in the
22 Administration to centralize, we would
23 not -- I would not think we would include
24 those.

25 COUNCILMAN KENNEY: I'm not

1 3/2/11 - LAW & GOV'T - RES. 100848

2 talking about centralizing the choice of
3 projects. That's up to the departments.

4 COMMISSIONER SCHLOTTERBECK:

5 Centralizing the work?

6 COUNCILMAN KENNEY: With the
7 Council and the Administration to
8 determine what needs to be done. I'm
9 talking once the contract is given,
10 awarded, who rides herd over these
11 outside contractors?

12 COMMISSIONER SCHLOTTERBECK:

13 The individual departments letting the
14 contract.

15 COUNCILMAN KENNEY: I think
16 that's problematic. I really do. And
17 it's problematic because it's not
18 centralized, but it's more so problematic
19 because there's not enough people within
20 those departments to do that. I mean,
21 it's like -- it's the same old question
22 as we get, why don't we enforce Licenses
23 and Inspections the way we should? Well,
24 because there's not enough people to go
25 out and enforce it. So it's not going to

1 3/2/11 - LAW & GOV'T - RES. 100848

2 get done properly because there's not
3 enough personnel.

4 Why don't we collect all the
5 taxes and fees that are owed to the City
6 by the Revenue Department? Well, because
7 there's not enough people that are going
8 out there to collect that money. So it
9 winds up uncollected. And not only does
10 it wind up uncollected, then the
11 reputation goes out that we don't have to
12 pay anyway, so don't worry about it,
13 because nobody is coming to get you.

14 I think in some ways the City
15 is shortsighted in not providing enough
16 personnel that make money. Hiring people
17 in the Revenue Department makes you
18 money. Hiring people in other
19 departments to watch construction
20 projects saves you money. So, I mean, I
21 think that in an effort to, in budget
22 crunch times, in an effort to be austere,
23 we wind up making our situation worse
24 because we're not doing our job
25 adequately because we don't have the

1 3/2/11 - LAW & GOV'T - RES. 100848

2 personnel to do it.

3 MR. ABERNATHY: Understood,
4 Councilman. I think we're happy to have
5 that conversation on a larger scale.
6 It's not something I can answer here
7 today, but I think that the idea is valid
8 and we're happy to have that conversation
9 internally.

10 COUNCILMAN KENNEY: Okay.
11 Thanks.

12 COUNCILMAN GREENLEE: Gary, did
13 you want to say something?

14 DEPUTY COMMISSIONER KNAPPICK:
15 Yeah, just one thing, Councilman.

16 COUNCILMAN GREENLEE: Just
17 identify yourself for the record.

18 DEPUTY COMMISSIONER KNAPPICK:
19 Gary Knappick, Deputy Commissioner of
20 Public Property.

21 Just to answer the question of
22 Councilman DiCicco relative to timing on
23 contracts, every contract that's bid
24 under public works construction contract
25 has a time of completion in it, and we

1 3/2/11 - LAW & GOV'T - RES. 100848

2 also kicked that project off with a start
3 date and an end date.

4 Now, during the course of the
5 project, things can happen, change
6 orders, et cetera, that can change that
7 end date, and lots of times, I mean -- it
8 happens during the course of a project.

9 You get towards the end and the
10 contractor loses interest. It's
11 certainly something that we should
12 discuss and we've thought about in-house,
13 and perhaps a way to really circumvent
14 that problem is to hold a little more
15 money until the end, so it makes it a
16 little more --

17 COUNCILMAN KENNEY: Just let me
18 interrupt a second. Is there some way to
19 grade these folks in past projects so
20 that if they get in the next go-around,
21 that that grade is held against them or
22 held in favor of them in the awarding of
23 the next contract? Again, why are we
24 being redundant and the guy -- when the
25 contractor loses interest, to hire them

1 3/2/11 - LAW & GOV'T - RES. 100848

2 again is kind of crazy.

3 DEPUTY COMMISSIONER KNAPPICK:

4 That's a great, great point of
5 discussion. Absolutely. We do grade
6 every contractor. Every contractor,
7 every consultant is graded at the end of
8 a project. And to your point, the
9 process of pre-qualification is something
10 that we're extremely interested in, and
11 it has to be done within the confines of
12 the administrative type laws that we have
13 that we deal with.

14 COUNCILMAN KENNEY: Just one

15 other point, and we've had this
16 conversation before on a number of
17 different levels. I recognize how you're
18 hamstrung with Charter requirements,
19 statutory requirements and other types of
20 requirements, and I will ask again if we
21 can at some point in time get this matrix
22 so we can start removing some of the
23 handcuffs of the 137 processes you have
24 to go through to build something in the
25 City, because there's no reason we have

1 3/2/11 - LAW & GOV'T - RES. 100848

2 to have all those obstacles. And that
3 makes your job harder, it makes us more
4 frustrated, and the taxpayer spends more
5 money.

6 So as soon as you're ready to
7 change the Charter or change the statutes
8 to give you the flexibility, we're
9 willing to dive in.

10 MR. ABERNATHY: And,
11 Councilman, since we met two weeks ago or
12 so, we have been working on that. I
13 provided some background information to
14 your office. It's not complete. It's
15 not exactly what you asked for, but we
16 are in the process of developing that.

17 COUNCILMAN KENNEY: I'd rather
18 do it in big chunks as opposed to --

19 MR. ABERNATHY: Understood.
20 Understood.

21 COUNCILMAN KENNEY: Thank you.

22 DEPUTY COMMISSIONER KNAPPICK:
23 And if I might add, we would certainly
24 like the assistance of Council on the
25 pre-qualification process as well. It

1 3/2/11 - LAW & GOV'T - RES. 100848

2 really is important in private industry.
3 We really run up against subjectivity in
4 the selection process. But in private
5 industry, a company that doesn't do work
6 appropriately for another company just
7 doesn't get another contract. That
8 doesn't happen with us.

9 COUNCILMAN GREENLEE: I think
10 it's safe to say you let us know what you
11 need and we'll work on it. I know
12 Councilman Kenney has been talking about
13 this for a long time.

14 DEPUTY COMMISSIONER KNAPPICK:
15 Be very happy to. It will really help us
16 out an awful lot.

17 COUNCILMAN GREENLEE: Thank
18 you.

19 Councilman Green.

20 COUNCILMAN GREEN: Thank you.

21 My questions are really for
22 Ms. Cassel and Mr. Abernathy.

23 So a couple of things, just
24 sort of housecleaning. First of all, if
25 you could please provide the Chair with

1 3/2/11 - LAW & GOV'T - RES. 100848

2 every single document you have that
3 relates to either the performance of
4 Synagro, whatever grades they've been
5 given, if there's grading done of that
6 contractor, the costs associated with
7 that, including the free gas they get,
8 the free water they get, the cost of
9 putting in the 12-inch main at our
10 expense for their benefit, et cetera.
11 And if you could also just give us what
12 the cost was the year before Synagro took
13 over compared to the cost of Synagro
14 running that contract, so that we can do,
15 unfortunately after the fact, a
16 cost-benefit analysis and see where we
17 are.

18 MR. ABERNATHY: To be fair,
19 Councilman, at the time of the contract,
20 I think there was a significant number --
21 a significant cost analysis done. We're
22 happy to provide that information. At
23 the same time should we include the
24 specific work that was done prior to the
25 contract and the quality of that work?

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN GREEN: Well, the
3 cost analysis was debated during the
4 discussion and, in my view, the cost
5 analysis at the time was flawed because
6 it did not take into account the
7 increased use of gas and water and other
8 things in the analysis that was presented
9 to City Council at that time. So let's
10 look at what actually the costs are
11 compared to what we were told the costs
12 were in the cost-benefit analysis.

13 MR. ABERNATHY: Understood. I
14 just wanted the record to be clear that
15 we had done some work and understood that
16 there was some disagreement.

17 COUNCILMAN GREEN: Yes, you had
18 an incorrect cost analysis.

19 MR. ABERNATHY: We're happy to
20 provide the records.

21 COUNCILMAN GREEN: And now we
22 can compare the actual to the estimate.

23 MR. ABERNATHY: Yes, sir.

24 COUNCILMAN GREEN: With respect
25 to contracting out from departments, I

1 3/2/11 - LAW & GOV'T - RES. 100848

2 don't know whether -- I'm sorry. Is it
3 Cassel or Cassel?

4 MS. CASSEL: The former,
5 Cassel.

6 COUNCILMAN GREEN: Cassel. I
7 don't know whether you're aware of
8 departments' requirements to do a
9 cost-benefit analysis prior to doing
10 either an RFQ or RFP for a professional
11 service contract or for any other work
12 that we might decide to outsource rather
13 than do internally through Procurement or
14 otherwise. Is that a requirement to do
15 an outside contract, that a cost-benefit
16 analysis be done and presented to Finance
17 or somebody else?

18 MS. CASSEL: No, there is not a
19 citywide requirement to do that kind of
20 analysis.

21 COUNCILMAN GREEN: So really
22 when a department comes to you with Class
23 200 dollars and they want to spend them
24 on something that has been appropriated
25 by this body and signed by the Mayor,

1 3/2/11 - LAW & GOV'T - RES. 100848

2 there is no internal analysis done as to
3 whether or not it is actually cheaper or
4 more expensive to hire -- to do this
5 internally, whether it can be done
6 internally and what the cost benefit is
7 of outsourcing that? Is this a fair
8 statement?

9 MS. CASSEL: No. Well, there's
10 no citywide requirement to do that kind
11 of analysis, but certainly, as I said,
12 there are 2,000, plus or minus,
13 professional services contracts let each
14 year, and I wouldn't guess what
15 proportion of them have that kind of
16 analysis to back them up, but, I mean,
17 certainly in my years in City government
18 both in Finance and in the Managing
19 Director's Office and in operating
20 departments, I can say that has been
21 required many, many times. I mean, it
22 absolutely happens. I'm just saying it's
23 not a requirement for every contract.

24 COUNCILMAN GREEN: Please
25 provide the Chair with copies of any

1 3/2/11 - LAW & GOV'T - RES. 100848

2 written analysis that was done prior to
3 the awarding of the current 2,000
4 professional service contracts; in other
5 words, whatever kind of written
6 documentation you have for that. In
7 other words, I'm looking for what exists,
8 not for you to go back and create
9 something.

10 Are you familiar with, to
11 Councilman Goode's earlier point,
12 something called Philadelphia First
13 legislation that has been introduced by
14 almost every member of -- co-sponsored by
15 almost every member of this Committee?

16 MS. CASSEL: Yeah.

17 MR. ABERNATHY: Yes.

18 COUNCILMAN GREEN: Basically it
19 would require that when we do outsource
20 any contract through Procurement, because
21 we have to change the Charter to deal
22 with professional service, so
23 construction contracts, cleaning
24 contracts, et cetera, that 50 percent of
25 man hours performed on that contract have

1 3/2/11 - LAW & GOV'T - RES. 100848

2 to be performed by Philadelphia
3 residents.

4 To Councilman Goode's point, is
5 there an objection of the Administration
6 to this as an economic development tool
7 when -- assuming you've done a
8 cost-benefit analysis, assuming it makes
9 more sense to go to an outside contract
10 and it can't be performed less
11 expensively by City employees, shouldn't
12 we be hiring Philadelphia residents to
13 perform these contracts?

14 MR. ABERNATHY: And,
15 Councilman, I think we've had some
16 significant large conversations with you
17 and your staff about this legislation.
18 In concept, the Nutter Administration
19 certainly agrees with this legislation.
20 We have some concerns about its
21 implementation and its legal
22 ramifications, and we've made some
23 suggestions on ways to amend it that we
24 think are more legally defensible. But
25 in concept, that's why then-Councilman

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Nutter introduced the LBE legislation to
3 begin with. He is a large believer in
4 hiring locally to improve the local
5 economy, and that has not changed when he
6 became Mayor.

7 COUNCILMAN GREEN: Right.

8 There is an LBE preference for contracts
9 that are Procurement contracts, which is
10 essentially a five percent bid
11 preference. What we have proposed in the
12 legislation is an amendment to that,
13 which actually allows for an opportunity
14 for a local contractor, as amended, as
15 we've discussed with the Administration,
16 to submit with their bid that they would
17 match a bid of within X percent of their
18 bid, so that it is not done after the
19 procurement process but done during the
20 procurement process.

21 MR. ABERNATHY: Right. And if
22 I -- okay.

23 COUNCILMAN GREEN: I don't want
24 to turn this into a legal debate, but if
25 we agree in concept, let's problem-solve

1 3/2/11 - LAW & GOV'T - RES. 100848

2 the solution together rather than what
3 we're currently getting from the Law
4 Department and others, is this is why we
5 can't do it. We always seem to be able
6 to find a way to do something when the
7 Administration wants to do it. The Law
8 Department will go way out there. When
9 we're proposing something, Well, I'm not
10 sure we can do that. Let's do it and
11 we'll wait until somebody sues us and get
12 Philadelphians employed.

13 MR. ABERNATHY: And,
14 Councilman, to be fair, I certainly had
15 said similar things when I was on the
16 other side of the street.

17 COUNCILMAN GREEN: But now you
18 found out it's not true?

19 MR. ABERNATHY: No. In this
20 case specifically, we've made significant
21 efforts to try and make this legislation
22 work. There are -- I think there's --

23 COUNCILMAN GREEN: Okay. Well,
24 I look forward to working with the
25 Administration on getting this done,

1 3/2/11 - LAW & GOV'T - RES. 100848

2 because we need to put Philadelphians to
3 work.

4 MR. ABERNATHY: There's no
5 argument. I think we're willing to work
6 with you and your staff to get this
7 legislation done. I'm sure there's going
8 to be some bumps along the way, but in
9 concept, I think we agree.

10 COUNCILMAN GREEN: I'm aware of
11 specific professional service contracts,
12 most recently RFPs that went out, that
13 did not change the cost structure where a
14 law firm performing services for the City
15 that opened an office just to perform
16 services for us here. Essentially there
17 was another RFP put out for their exact
18 service, after they had already won, that
19 basically said, You don't apply, because
20 we're trying to diversify this work. So
21 they fired -- the contract for half the
22 services was awarded to somebody in New
23 Jersey, a very politically connected
24 firm, and we lost nine City of
25 Philadelphia employees so that a bunch of

1 3/2/11 - LAW & GOV'T - RES. 100848

2 people in New Jersey could have jobs.

3 So I don't -- I think part of
4 the cost-benefit analysis the City ought
5 to do is just that, who is going to
6 perform the work, what does that mean for
7 us in terms of employing Philadelphians
8 every time we outsource also.

9 MR. ABERNATHY: Understood,
10 Councilman. And as a whole, I think
11 Shelley Smith and the Solicitor and the
12 Law Department deserve some credit.
13 They've made significant efforts to bring
14 that work back inside the Law Department
15 and contract out less over the past
16 couple years, and those numbers are
17 represented in their contract numbers.

18 COUNCILMAN GREEN: So with
19 respect to the fact that there is no
20 centralized database of the fact that
21 every professional service contract and
22 other -- like they're all out there, each
23 department is sort of negotiating it,
24 creating its own standards, doing its own
25 grading, all that stuff, I would echo

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Councilman Kenney's point, which is a
3 point that I've made for the last three
4 years in budget hearings, that what we
5 need to do is have a centralized
6 electronic procurement process so that
7 every single contract is in one place,
8 available to the public, available to the
9 stakeholders and unions and everybody
10 else who wants to see it, sort of like
11 there's a seamless process. Where they
12 have actually done this, they have been
13 able to save significant amounts of money
14 in the administration of contracts, and
15 the administration has been far more
16 effective and the grades and everything
17 else are transparent to City Council, to
18 unions, to other stakeholders.

19 So this could be done in six
20 months. We've been talking about this
21 for three years. There's no reason not
22 to do this. We have capital dollars to
23 do it. There's private off-the-shelf
24 software that can be implemented to do
25 this. There's Cloud software that can

1 3/2/11 - LAW & GOV'T - RES. 100848

2 manage contracts.

3 It's unbelievable to me that
4 for you to respond to a Right to Know
5 Request, you have to go to each
6 department because you don't have copies
7 of all the contracts in one central
8 place.

9 MS. CASSEL: Well, so for
10 professional services contracts, all
11 those contracts are managed centrally
12 through ACIS, the Automated Contract
13 Information System. So we do know and
14 can produce a report, and we actually do
15 produce a report quarterly that's
16 available on the City website and is with
17 the Department of Records that lists
18 every single contract that was active
19 during that quarter, the term of the
20 contract, the dollar value of the
21 contract and any payments made for that
22 contract.

23 COUNCILMAN GREEN: That's all
24 dealing with inputs. It doesn't deal
25 with how well the contractor performed

1 3/2/11 - LAW & GOV'T - RES. 100848

2 the contract, whether or not we were
3 satisfied with it. There's no way for
4 any member of the public or Council or
5 anybody to know, other than, Hey, this
6 money was appropriated, we had this
7 contract, we paid these guys.

8 So I understand what you're
9 saying, but in order for us to perform
10 our oversight job and hold people
11 accountable for what is over 25 percent
12 of the City spend, we have to have a
13 better system, and it needs to be
14 electronic and it needs to be protected
15 so that any changes made, it's clear who
16 made them and how we follow it, et
17 cetera.

18 So if that is something that
19 you're working on -- and I know through
20 the Private Sector Outreach Board, there
21 have been, out of that process,
22 amendments proposed to the Charter to
23 allow us to use GSA schedules and other
24 things. I mean, we're moving in the
25 right direction, but the pace of change

1 3/2/11 - LAW & GOV'T - RES. 100848

2 has to speed up.

3 MR. ABERNATHY: Understood,
4 Councilman, and we certainly understand
5 your frustration with the pace. We are
6 moving in that direction.

7 Having said that, the systems
8 that the Nutter Administration took over,
9 we have underinvested in technology for a
10 very long time.

11 COUNCILMAN GREEN: And we
12 continue to do so and have for the last
13 three years.

14 MR. ABERNATHY: I think the
15 Nutter Administration has made a
16 significant investment in technology.

17 COUNCILMAN GREEN: Not yet.

18 MR. ABERNATHY: We're going
19 to -- we have a commitment to technology
20 and we're moving in that direction. It
21 has taken longer than we wanted, but I'm
22 confident that we're going to get there.

23 COUNCILMAN GREEN: Right, and
24 we're -- I mean, I don't want to preface
25 the budget, but I think we're going to

1 3/2/11 - LAW & GOV'T - RES. 100848

2 see a delay in the implementation of
3 technology investment.

4 So I understand what you're
5 saying. It's a great sense of
6 frustration to me that it can -- we can
7 provide transparency, accountability,
8 access to the public and every other
9 stakeholder in the City through the use
10 of technology. We can create
11 efficiencies through the use of
12 technology. We can create a fair process
13 through the use of technology, including
14 the opportunity to have electronic
15 notices go to every stakeholder involved,
16 unions, allow potential competition by
17 them if they want to take over the
18 Synagro plant or something, et cetera,
19 and we don't do it. The pace of change
20 in the City has to change.

21 Thanks.

22 MR. ABERNATHY: I appreciate
23 it.

24 COUNCILMAN GREENLEE: Thank
25 you, Councilman.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 Before I recognize Councilman
3 Jones, if I can just say to the
4 Councilpeople -- and I said this to
5 Councilman Goode -- I know you're asking
6 for a lot of information. If you can get
7 me a list of what you're requesting, if
8 you can get me a list of what you're
9 requesting and maybe a timeframe that you
10 think is reasonable to follow up with the
11 Administration so you could get it to me,
12 or even better, Ms. Marconi, who is way
13 more organized than me.

14 So saying that, Councilman
15 Jones.

16 COUNCILMAN JONES:

17 Mr. Chairman, again, thank you and the
18 Committee for the dialogue which was
19 started today.

20 And I want to say to the
21 Administration, to the respective unions,
22 this is an opportunity. This is an
23 opportunity for us to create a win, win
24 and win scenario, that we win by
25 utilizing Philadelphia-based companies,

1 3/2/11 - LAW & GOV'T - RES. 100848

2 we win by utilizing Philadelphia-based
3 workforces when cost effective. The
4 taxpayers win when we constantly create a
5 vigilance over our spending.

6 If nothing else we've learned
7 in this crisis is that we have to do
8 this. I mean, it's a concept that's time
9 has come. And, yes, there are
10 procurement laws on the books, there are
11 contracting-out laws, but if we're not
12 monitoring what the net impact to our
13 budget is on this, then we're missing
14 again an opportunity.

15 I think that the Private Sector
16 Task Force can be a part of the
17 discussion, along with the unions. What
18 I've heard over and over again in the
19 testimony is that that exchange of
20 information, that exchange of data to
21 make good decisions, is not happening as
22 much as it should.

23 We've brought this process up
24 in our budget negotiations and budget
25 deliberations in past years, and each

1 3/2/11 - LAW & GOV'T - RES. 100848

2 year we've kind of presented it to the
3 Administration as something we should do,
4 but we're at the point of demarcation
5 where we're going to insist upon that.
6 We're giving you enough of a head-start
7 opportunity to be able to give us that
8 analysis and to afford to do some good in
9 our budget deliberations.

10 Mr. Abernathy, you're an
11 alumnus of this body. I saw Councilman
12 Kenney look at you in fond admiration as
13 you gave your testimony. You know how we
14 think. Unfortunately, you know how we
15 think. So to be forewarned is forearmed.
16 We're going to look at this. This issue
17 is not going to go away.

18 I saw members of the Committee
19 writing down notes and talking about
20 possible legislation that may be
21 introduced, and I'm thinking that this is
22 a good beginning dialogue and let's not
23 waste this opportunity.

24 Thank you, Mr. Chairman.

25 COUNCILMAN GREENLEE: Thank

1 3/2/11 - LAW & GOV'T - RES. 100848

2 you, Councilman.

3 And before we conclude, I just
4 wanted to bring up the subject that I
5 think both unions brought up, and,
6 Mr. Abernathy, you may not have the
7 ability right now to comment, but there
8 seemed to certainly be a concern that
9 there was not, to use Councilman Jones'
10 term, the dialogue that was kind of
11 needed, because obviously all these folks
12 have a lot of knowledge, and the more
13 knowledge exchanged, maybe the better
14 results.

15 So, again, I don't know if you
16 have a comment on that, if you can
17 comment. I know you may not have been
18 involved in this, but it does seem to be
19 that real concern of the exchange of
20 ideas or the consideration of those ideas
21 aren't taken seriously enough. And I
22 don't know if that's fair or not, but
23 it's out there.

24 MR. ABERNATHY: You know, I
25 don't know the specifics of these issues,

1 3/2/11 - LAW & GOV'T - RES. 100848

2 but I can say that I think we have the
3 best workforce in the world. I think
4 Philadelphia workers make this city run.
5 The Nutter Administration recognizes that
6 and we appreciate it.

7 On these issues specifically
8 and the conversations with management, I
9 don't know the circumstances. I'm happy
10 to raise it with the commissioners and
11 the deputy mayors and find that out.

12 COUNCILMAN GREENLEE: If you
13 could. Because I think that's important,
14 because the more ideas exchanged, I think
15 the better. That's what we're doing
16 today. But obviously I'll openly admit,
17 Cathy Scott and Bobby Davis and all those
18 guys, they know more than we do about how
19 these departments run and they have the
20 experience. So I think including them --
21 I'm not saying they haven't been, but
22 there seems to be concern they haven't
23 been included enough.

24 MR. ABERNATHY: Understood.

25 COUNCILMAN GREENLEE: Okay. No

1 3/2/11 - LAW & GOV'T - RES. 100848

2 other questions.

3 Anybody else here would like to
4 add any testimony or words?

5 (No response.)

6 COUNCILMAN GREENLEE: Let me
7 just say, the record will remain open for
8 the information that has been requested
9 by the members, and I think there's quite
10 a possibility we may be convening again
11 to talk about this subject.

12 Sir, you wanted to say
13 something?

14 If you're going to say
15 something, you got to say it up here.
16 Otherwise, the stenographer can't hear
17 your fine words there.

18 (Witness approached witness
19 table.)

20 MR. SAMPSON: My name is
21 Carlton Sampson, District Council 47.

22 I was really involved with the
23 crunching of our numbers, and I just
24 wanted to put out here that it's really
25 important that if we can get this stuff

1 3/2/11 - LAW & GOV'T - RES. 100848

2 all at once -- they mentioned ACIS. One
3 of the things that I found with ACIS is
4 that it helped me find out what contracts
5 they did not give me, which then sent me
6 out trying to find more contracts. We
7 spend more time trying to get the data
8 than we do actually analyzing the data.
9 And Councilman Green is not here. I
10 think it was Councilman Green who talked
11 about the need for technology. Well, as
12 you talk about the City jobs and things
13 that we can do, what they're doing to
14 satisfy that need for technology is
15 creating more and more exempt positions.
16 For some of these positions, it's work
17 that the City workers are already doing,
18 and because we could not get that data in
19 time to crunch it to put it together like
20 we did the health data, we weren't able
21 to put that forward today, but we're
22 hoping that you guys do provide us with
23 that data. We can crunch those numbers
24 down for you in time for this budget
25 process.

1 3/2/11 - LAW & GOV'T - RES. 100848

2 COUNCILMAN GREENLEE: That's a
3 good point. Obviously when we get that
4 information, we need to talk to you
5 folks, too. So that dialogue goes in a
6 circle, I guess is the best way to say
7 it.

8 MR. SAMPSON: Thank you very
9 much.

10 COUNCILMAN GREENLEE: Thank
11 you. Thank you for your comments.

12 Anyone else?

13 Louise, I knew you couldn't
14 help yourself.

15 (Witness approached witness
16 table.)

17 COUNCILMAN GREENLEE: Please
18 identify yourself for the record. And
19 you're the smart one. You got gloves on
20 in here. It's kind of cold in here.

21 MS. CARPINO: My name is Louise
22 Carpino. I represent the probation and
23 parole workers and other professional
24 court employees, AFSCME Local 810.

25 I have a question about the

1 3/2/11 - LAW & GOV'T - RES. 100848

2 City contracting with companies that are
3 privately held, so that the taxpayers
4 cannot know who is benefiting from the
5 profits that they're making off the
6 taxpayers' investment. And I was just
7 wondering what Council's position on that
8 was.

9 COUNCILMAN GREENLEE: When you
10 say "information," just be a little
11 more -- what are you looking for? What
12 are you trying to get?

13 MS. CARPINO: Well, for
14 instance, to offer an example, Aramark
15 Corporation went private in 2006, and now
16 there's no way to know who any of the
17 shareholders are. I mean, you can go
18 back and look at the companies that
19 merged with it in '05 and '06 and see who
20 the shareholders were then, but once the
21 company is privately held, you're not
22 allowed -- I mean, there's no way to go
23 on the SEC website or anything and for
24 the taxpayers to know who is profiting
25 off this company. And that's a huge

1 3/2/11 - LAW & GOV'T - RES. 100848

2 contract, the Aramark contract with the
3 prison food and the commissary, and all
4 you can know is who the president is.
5 And I just find that -- I'm wondering
6 what Council thinks about that, and if
7 there's any other contracts with
8 companies that are privately held that
9 the taxpayer is paying but can't know who
10 is profiting from.

11 COUNCILMAN GREENLEE: To be
12 honest with you, I don't have an answer
13 for you right now. I think we have to
14 take that under advisement, discuss it
15 with each other and try to figure that
16 one out. I'm not sure. I'm sure there's
17 legal ramifications. I'm just not sure.

18 MS. CARPINO: Okay. Thank you.

19 COUNCILMAN GREENLEE: But we
20 will follow up on that, too.

21 MS. CARPINO: All right.

22 COUNCILMAN GREENLEE: Thank
23 you, Louise.

24 Anybody else who would like to
25 testify?

1 3/2/11 - LAW & GOV'T - RES. 100848

2 (No response.)

3 COUNCILMAN GREENLEE: Hearing

4 none, the Committee on Law and Government
5 will stand in recess.

6 Thank you.

7 (Committee on Law and
8 Government recessed at 12:10 p.m.)

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1
2 CERTIFICATE

3 I HEREBY CERTIFY that the
4 proceedings, evidence and objections are
5 contained fully and accurately in the
6 stenographic notes taken by me upon the
7 foregoing matter on March 2, 2011, and that
8 this is a true and correct transcript of same.

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12
13 -----
14 MICHELE L. MURPHY
15 RPR-Notary Public
16
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