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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, June 6, 2006
1:25 p.m.

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PRESENT:

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COUNCILWOMAN JANNIE BLACKWELL, CHAIR
COUNCILMAN W. WILSON GOODE, JR.

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COUNCILWOMAN BLONDELL REYNOLDS BROWN

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COUNCILWOMAN MARIAN B. TASCIO

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COUNCILMAN BRIAN J. O'NEILL

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BILLS 051142, 060227, 060242, 060243, 060245,
060375, 060377, 060378, 060381, 060387,
060394, 060438, 060469 and 060473

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COUNCILWOMAN BLACKWELL: Good afternoon. We'll now call to order our City Council Committee on Finance.

The Chair notes that we have a quorum. To my left, Councilwoman Tasco. We have Councilwoman Blondell Reynolds Brown, who is Vice-Chair. To my right, Councilman Goode, and myself. So there is a quorum present for our Finance Committee.

Again, we thank all of you for being here for our City Council Committee on Finance hearings. I regret that we had to continue them yesterday after the Public Property Committee lasted so long.

We will first consider Bill No. 060387 establishing a process to select banks to receive City deposits to be used to meet payroll.

Will Mr. John Nacchio, the City Treasurer -- is he present?

(No response.)

COUNCILWOMAN BLACKWELL: We'll ask the Clerk to read the title of the

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 bill and then call on Councilman Goode to
3 make a statement.

4 THE CLERK: Bill 060387, an
5 ordinance amending Chapter 19-200 of The
6 Philadelphia Code, entitled "City Funds -
7 Deposits, Investments, Disbursements," by
8 establishing a process to select a bank
9 or banks to receive City deposits to be
10 used to meet City payroll expenses, under
11 certain terms and conditions.

12 COUNCILWOMAN BLACKWELL: Thank
13 you very much.

14 Councilman Goode.

15 COUNCILMAN GOODE: Thank you,
16 Madam Chair. I'd like to briefly outline
17 the purpose for Bill 387's legislative
18 intent. Under Philadelphia Home Rule
19 Charter, City Council has the authority
20 to designate City depositories and to
21 approve contracts for more than a year.
22 Heretofore, the Executive Branch has
23 entered into long-term arrangements for
24 City payroll that usurp City Council's
25 authority under the Home Rule Charter to

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 both designate City depositories and to
3 approve contracts for more than one year.
4 This practice not only undermines our
5 authority, but also undermines the
6 provisions created by City Council
7 related to predatory lending, as well as
8 fair lending and community reinvestment.
9 Council should be able to review
10 compliance with these measures as it's
11 considering the designation depositories
12 for potential long-term arrangements.

13 Under the legislation, the City
14 Treasurer will now be required to
15 implement a process seeking applications
16 from banks that wish to receive City
17 payroll deposits. The process will have
18 to incorporate all the existing
19 provisions related to predatory lending,
20 as well as fair lending and community
21 reinvestment. The City Treasurer will
22 then tentatively select one or more
23 institutions to receive City payroll
24 deposits and enter into negotiations to
25 reach agreement or proposed contract. No

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 contract can be executed until it has
3 been approved by City Council, and as of
4 July 1, 2007, no institution can receive
5 City payroll deposits without a contract
6 approved by this Council.

7 This bill clarifies what I
8 believe is already within City Council's
9 authority in the Home Rule Charter and
10 establishes an open, competitive process
11 for City payroll deposits.

12 I did invite the City Treasurer
13 to offer testimony. We do have copies of
14 his written testimony. The only concerns
15 the Treasurer raises within that
16 testimony is the timing of this, but
17 essentially we wouldn't have to go to
18 contract with any depository receiving
19 payroll deposits until July 1, 2007.
20 Therefore, there's more than enough time
21 to issue an RFP and for us to review the
22 contract.

23 COUNCILWOMAN BLACKWELL: Thank
24 you, Councilman.

25 Are there any questions with

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 regard to this bill?

3 We thank the Councilman for his
4 statement and also for his noting that we
5 do have a statement, which will be
6 presented to the stenographer to be
7 considered in its entirety. And
8 Councilman Goode gave a good summary of
9 what this bill will do. And as he
10 stated, we do have time for RFPs and
11 there's time allotted for this.

12 So if there are any questions
13 from anyone. Otherwise, we'll ask the
14 Clerk to read the title of Bill No.
15 060469 removing the requirement of City
16 depositories with regard to Section
17 17-104 of the Code.

18 THE CLERK: Bill No. 060469, an
19 ordinance amending Chapter 19-200 of The
20 Philadelphia Code, entitled "City Funds -
21 Deposits, Investments, Disbursements," by
22 amending certain requirements of City
23 depositories, all under certain terms and
24 conditions.

25 COUNCILWOMAN BLACKWELL: Thank

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 you very much.

3 Councilman Goode, will you make
4 an opening statement for us?

5 COUNCILMAN GOODE: Sure.

6 COUNCILWOMAN BLACKWELL: Thank
7 you.

8 COUNCILMAN GOODE: Bill 469
9 simply deletes the link between 19-201 of
10 The Philadelphia Code and Section 17-104.
11 We established that link between those
12 two sections to create an enforcement
13 mechanism for 17-104. The City
14 depositories have complied with that in
15 17-104, so now we wish to delete the link
16 between the two sections of the Code.

17 COUNCILWOMAN BLACKWELL: Thank
18 you very much.

19 Are there questions from
20 members of the Committee with regard to
21 this bill?

22 (No response.)

23 COUNCILWOMAN BLACKWELL: I take
24 it that our Treasurer still is not here,
25 Mr. Nacchio.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILMAN GOODE: He actually
3 just sent me an e-mail.

4 COUNCILWOMAN TASC0: Is he not
5 coming?

6 COUNCILMAN GOODE: He sent me
7 an e-mail unrelated to this hearing.

8 COUNCILWOMAN BLACKWELL: All
9 right.

10 COUNCILWOMAN TASC0: I think we
11 ought to have him here.

12 COUNCILWOMAN BLACKWELL: We do
13 have a request that he come, and we will
14 ask the Clerk to call him while we
15 continue with this hearing. Perhaps
16 he'll be able to come over before this
17 hearing is concluded with regard to these
18 bills, and then he can let us know where
19 we are and where the Administration is in
20 terms of support of these bills and
21 answer any other concerns that members of
22 the Committee may have.

23 Is that acceptable?

24 COUNCILMAN GOODE: That's fine
25 with me.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILWOMAN BLACKWELL: Great.

3 We will now consider seven
4 bills authorizing applications for
5 Redevelopment Assistance Capital Grants.
6 The bill numbers are 051142, 060242,
7 060375, 394, 381, 245 and 473.

8 Clerk, would you please read
9 the title of all seven bills.

10 THE CLERK: Bill No. 051142, an
11 ordinance authorizing the Philadelphia
12 Authority for Industrial Development to
13 file an application with the Office of
14 the Budget, Commonwealth of Pennsylvania,
15 under the Redevelopment Assistance
16 Capital Program, in an aggregate amount
17 not to exceed \$3,600,000 to assist in the
18 development of Billy Penn Warehouse, 413
19 Hope Mission Ministries, and El Centro de
20 Oro "Golden Block"; and authorizing the
21 City to enter into an agreement with PAID
22 in furtherance of grant requirements; all
23 under certain terms and conditions; and
24 Bill No. 060242, an ordinance
25 authorizing the Philadelphia Authority

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 for Industrial Development to file an
3 application with the Office of the
4 Budget, Commonwealth of Pennsylvania,
5 under the Redevelopment Assistance
6 Capital Program, in an amount not to
7 exceed \$500,000 to assist in the
8 development of Impact Services; and
9 authorizing the City to enter into an
10 agreement with PAID in furtherance of
11 grant requirements; all under certain
12 terms and conditions; and
13 Bill No. 060245, an ordinance
14 authorizing the Philadelphia Authority
15 for Industrial Development to file an
16 application with the Office of the
17 Budget, Commonwealth of Pennsylvania,
18 under the Redevelopment Assistance
19 Capital Program, in an aggregate amount
20 not to exceed \$2,575,000 to assist in the
21 development of Cancer Treatment Centers
22 of America at Parkview Hospital, Mural
23 Arts Center and Project HOME; and
24 authorizing the City to enter into an
25 agreement with PAID in furtherance of

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 grant requirements; all under certain
3 terms and conditions; and

4 Bill No. 060375 an ordinance
5 authorizing the Philadelphia Authority
6 for Industrial Development to file an
7 application with the Office of the
8 Budget, Commonwealth of Pennsylvania,
9 under the Redevelopment Assistance
10 Capital Program, in an aggregate amount
11 not to exceed \$3 million to assist in the
12 development of St. Agnes Medical Center;
13 and authorizing the City to enter into an
14 agreement with PAID in furtherance of
15 grant requirements; all under certain
16 terms and conditions; and

17 Bill No. 060381, an ordinance
18 authorizing the Philadelphia Authority
19 for Industrial Development to file an
20 application with the Office of the
21 Budget, Commonwealth of Pennsylvania,
22 under the Redevelopment Assistance
23 Capital Program, in an aggregate amount
24 not to exceed \$2,500,000 to assist in the
25 development of LaSalle University Science

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 and Technology Center, Lutheran
3 Theological Seminary and Pleasant
4 Playground; and authorizing the City to
5 enter into an agreement with PAID in
6 furtherance of grant requirements; all
7 under certain terms and conditions; and

8 Bill No. 060394, an ordinance
9 authorizing the Philadelphia Authority
10 for Industrial Development to file an
11 application with the Office of the
12 Budget, Commonwealth of Pennsylvania,
13 under the Redevelopment Assistance
14 Capital Program, in an aggregate amount
15 not to exceed \$2 million to assist in the
16 development to WHY? Learning Lab; and
17 authorizing the City to enter into an
18 agreement with PAID in furtherance of
19 grant requirements; all under certain
20 terms and conditions; and

21 Finally, Bill 060473, an
22 ordinance authorizing the Philadelphia
23 Authority for Industrial Development to
24 file an application with the Office of
25 the Budget, Commonwealth of Pennsylvania,

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 under the Redevelopment Assistance
3 Capital Program, in an aggregate amount
4 not to exceed \$1 million to assist in the
5 development of Citywide Youth Mini Mall;
6 and authorizing the City to enter into an
7 agreement with PAID in furtherance of
8 grant requirements; all under certain
9 terms and conditions.

10 COUNCILWOMAN BLACKWELL: Thank
11 you. Did you read No. 245 for Parkview
12 Hospital?

13 THE CLERK: I did read it.

14 COUNCILWOMAN BLACKWELL: Thank
15 you. That's fine. Thank you very much.

16 Please identify yourself for
17 the record, Ms. Williams and Mr. Deegan,
18 and begin your testimony.

19 MS. WILLIAMS: Krista Williams,
20 PIDC.

21 MR. DEEGAN: I'm Paul Deegan,
22 D-E-E-G-A-N, and I represent PIDC and
23 PAID.

24 COUNCILWOMAN BLACKWELL: Thank
25 you.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 MS. WILLIAMS: Good afternoon,
3 Chairwoman Blackwell and members of the
4 Finance Committee. My name is Krista
5 Williams and I am here today to testify
6 on behalf of the Philadelphia Industrial
7 Development Corporation, PIDC, and the
8 Philadelphia Authority for Industrial
9 Development, PAID, in support of Bill No.
10 051142, Bill No. 060242, Bill No. 060245,
11 Bill No. 060375, Bill No. 060381, Bill
12 No. 060394 and Bill No. 060473.

13 Bill No. 051142 authorizes PAID
14 to apply for a Redevelopment Assistance
15 Capital Program Grant, or RACP, from the
16 Commonwealth of Pennsylvania in an amount
17 not to exceed \$3.6 million to assist in
18 the development of Billy Penn Warehouse,
19 413 Hope Mission Ministries, and El
20 Centro de Oro "Golden Block," both of
21 which are located on North 5th Street.

22 The Billy Penn Warehouse
23 project consists of rehabilitating the
24 building located at 1516 through 1554
25 North 5th Street so that it may house an

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2 industrial/commercial business incubator
3 operated by 413 Hope Mission Ministries,
4 a local social service provider. The
5 total project cost is approximately \$4.2
6 million. The amount of the RACP Grant
7 for this project is \$2.1 million.

8 The Centro de Oro streetscape
9 project consists of improvements to North
10 5th Street between Lehigh and Indiana
11 Avenues to enhance this location as a
12 commercial/cultural locale for the City's
13 Latino community. The project will
14 reinforce other ongoing public and
15 private development. The total project
16 cost is approximately \$4 million. The
17 amount of the RACP Grant is \$1.5 million.

18 Bill No. 060242 authorizes PAID
19 to apply for a RACP Grant from the
20 Commonwealth of Pennsylvania for Impact
21 Services' facility located at 1952 East
22 Allegheny Avenue in the Kensington
23 section of the City.

24 Impact Services Corporation
25 provides important educational, social,

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2 and vocational services to the
3 predominantly low- to moderate-income
4 citizens of Kensington. The renovation
5 of its existing building will enable
6 Impact Services to continue to provide
7 these services. The total project cost
8 is approximately \$1 million. The RACP
9 Grant amount is \$500,000.

10 Bill No. 060245 authorizes PAID
11 to apply for a RACP Grant from the
12 Commonwealth of Pennsylvania in an amount
13 not to exceed \$2.5 million to assist in
14 the development of the Cancer Treatment
15 Centers of America at Parkview Hospital,
16 the Mural Arts Center and Project HOME.

17 The Cancer Treatment Centers of
18 America at Parkview Hospital project
19 consists of new construction and
20 renovations to the existing building at
21 Parkview Hospital located at 1331 Wyoming
22 Avenue. The total project cost is
23 approximately \$3 million. The RACP Grant
24 amount is \$1.5 million.

25 The Mural Arts Center project

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2 consists of the renovation of a 3,000
3 square foot adjoining building located at
4 1729 Mount Vernon Street for the purpose
5 of expanding the Lincoln Financial Mural
6 Arts Center, which will serve the
7 community as an all-inclusive educational
8 arts facility. The total project cost
9 will be \$1.3 million and the RACP Grant
10 amount is \$500,000.

11 Project HOME is developing a
12 38,000 square foot comprehensive learning
13 center on the 1900 block of Judson Street
14 in North Central Philadelphia. The
15 Learning Center will serve children from
16 kindergarten through 12th grade and will
17 include an adult learning and workforce
18 development component. The programs will
19 be tailored to help the residents of the
20 community move toward greater prosperity
21 by increasing their educational and
22 employment opportunities through
23 comprehensive technology and literacy
24 instruction. The total project cost is
25 approximately \$8.8 million. The RACP

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2 Grant amount is \$575,000.

3 Bill No. 060375 authorizes PAID
4 to apply for a RACP Grant from the
5 Commonwealth of Pennsylvania in an amount
6 not to exceed \$3 million to assist in the
7 development of St. Agnes Medical Center
8 located at 1900 South Broad Street in the
9 Second Council District.

10 As part of its transition from
11 an acute care medical center to a
12 continuing care facility, St. Agnes
13 Medical Center will renovate its existing
14 facilities located at 1900 South Broad
15 Street. The continuing care facility
16 will house various programs such as acute
17 care center, skilled nursing and
18 independent living for elders. The total
19 project cost will be at least \$6 million.

20 Bill No. 060381 authorizes PAID
21 to apply for a RACP Grant from the
22 Commonwealth of Pennsylvania in an amount
23 not to exceed \$2.5 million to assist in
24 the development of LaSalle University
25 Science and Technology Center, Lutheran

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2 Theological Seminary and Pleasant
3 Playground, all of which are located in
4 the 8th Council District.

5 The LaSalle University project
6 will consist of demolition of existing
7 tennis courts and construction of a new
8 85,000 square foot Science and Technology
9 Center located at 20th and Olney Streets
10 behind the existing LaSalle University
11 Library. The new Science and Technology
12 Center will include new classrooms, labs
13 and support facilities. The approximate
14 total project cost is \$27 million. The
15 amount of the RACP Grant is \$1 million.

16 The Lutheran Theological
17 Seminary located at 7301 Germantown
18 Avenue will construct a new building to
19 house the Seminary's public archive
20 collection. The total project cost is
21 approximately \$19 million. The amount of
22 the RACP Grant is \$500,000.

23 The Pleasant Playground project
24 will consist of renovations to the
25 existing playground located at Boyer and

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2 Pleasant Streets. The approximate total
3 project cost is \$2 million. The amount
4 of the RACP Grant is \$1 million.

5 Bill No. 060394 authorizes PAID
6 to apply for a RACP Grant from the
7 Commonwealth of Pennsylvania in an amount
8 not to exceed \$2 million to assist in the
9 development of the WHYY Learning Lab,
10 which is adjacent to their existing
11 building at 150 North 6th Street.

12 The Learning Lab at WHYY will
13 be built on the 7th Street lot behind the
14 station's existing headquarters. It will
15 cover roughly 10,000 square feet of
16 space. The mission of the Learning Lab
17 is to share the power of digital
18 technology to foster a more connected and
19 informed community in the broadcast area.

20 The Learning Lab programs will
21 train community groups, students,
22 teachers and corporate employees to
23 produce their own video, using both
24 distance learning and face-to-face
25 instruction in the lab.

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2 This RACP Grant is in addition
3 to \$1 million previously awarded in 2003.
4 The total project cost is approximately
5 \$6 million.

6 Bill No. 060473 authorizes PAID
7 to apply for a RACP Grant from the
8 Commonwealth of Pennsylvania in an amount
9 not to exceed \$1 million to assist in the
10 development of the Citywide Youth Mini
11 Mall.

12 The Citywide Youth Leadership
13 Agency will acquire and renovate a
14 building located at 1100 through 1138
15 West Girard Avenue to house retail space
16 and a facility in which the Citywide
17 Youth Leadership Agency's alternative
18 school, professional careers school and
19 twilight school will operate. The total
20 project cost is approximately \$4 million.
21 The RACP Grant amount is \$1 million.

22 Redevelopment Assistance
23 Capital Program Grants are funded by the
24 State's Capital Budget and sponsored by
25 the local State legislator. The

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2 recipient of these grants are typically
3 non-profit organizations such as
4 colleges, museums, hospitals and social
5 service providers. The State provides
6 the funding through each county's
7 industrial development authority, in this
8 case it's PAID. The recipient of the
9 grant must at least match the grant
10 amount with funding from non-State
11 sources.

12 After the legislature approves
13 the Capital Budget, the Governor, through
14 the Office of the Budget, authorizes PAID
15 to submit applications on behalf of the
16 recipients.

17 I request the Finance
18 Committee's favorable consideration of
19 this bill and that the rules of Council
20 be suspended to permit first reading at
21 the next regularly scheduled session of
22 City Council.

23 Thank you for the opportunity
24 to testify today. I will be happy to
25 answer any questions you may have about

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 these bills.

3 COUNCILWOMAN BLACKWELL: Thank
4 you very much.

5 Are there any questions from
6 any members of the Committee with regard
7 to the RCAP assistance bills?

8 (No response.)

9 COUNCILWOMAN BLACKWELL: Thank
10 you very much.

11 We will now ask the City
12 Treasurer, Mr. John Nacchio, if he would
13 come to the witness table.

14 MR. DEEGAN: Thank you.

15 COUNCILWOMAN BLACKWELL: There
16 were some questions from members of the
17 Committee with regard to Bill No. 060387
18 and 060469.

19 Thank you very much. Would you
20 like to make your statement now, sir?

21 MR. NACCHIO: Sure.

22 COUNCILWOMAN BLACKWELL: We
23 note that you do have testimony on the
24 first bill, 060387. Would you like to
25 make a brief statement?

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2 MR. NACCHIO: If I could read
3 that into the record, please, yes.

4 COUNCILWOMAN BLACKWELL: Yes.
5 Please identify yourself and then make
6 your statement public. Thank you.

7 MR. NACCHIO: Good day, Madam
8 Chairwoman and members of the Committee
9 on Finance. I am John Nacchio, the City
10 Treasurer for Philadelphia. My name is
11 the sole authorized signature for all
12 checks issued from the City Treasury for
13 payroll. Therefore, I appreciate this
14 opportunity to testify before you on
15 matters related to City depository
16 financial institutions authorized to
17 accept City deposits.

18 Bill No. 060387 is proposed
19 legislation by City Council to establish
20 a process in selecting a bank or banks to
21 receive City deposits to be used for City
22 payroll expenses, under certain terms and
23 conditions.

24 The nature of payroll accounts
25 referred to in this legislation act as an

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2 intermediate escrowed cash reserve to
3 cover payments authorized by the Director
4 of Finance and approved by the City
5 Controller. The expenses cover net pay
6 to employees, deductions and taxes due to
7 the federal government, the State and
8 City. The payroll accounts involve a
9 number of complex processing
10 relationships internal to the City and
11 between and among banks upon which 30,000
12 employees are paid biweekly. These
13 employees are both banked and unbanked.
14 These deposits are intended to be in and
15 out on the same day.

16 The two former City Treasurers
17 in this Administration are on public
18 record with testimony before the City
19 Council in reference to moving funds.
20 Quote, The process to change depositories
21 could prove to be difficult and take
22 considerable time. A new depository to
23 handle the corresponding City funds would
24 have to be selected and the proper
25 procedures put in place to make a smooth

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2 transition. This change could also
3 require the task of setting up accounts,
4 making sure that our computer systems are
5 compatible and the involvement of other
6 departments within the City's government.

7 In the proposed legislation
8 Bill No. 060387, Section 1, Paragraph
9 (b), it is stated, After July 1, 2007,
10 the City shall immediately withdraw any
11 City payroll deposits held by any
12 institution that has not executed such a
13 contract, end of quote.

14 If the contract process was not
15 finalized, it could result in a position
16 of default on making payments for payroll
17 to employees, required deductions and
18 taxes. All of these payments are related
19 to various legal and contractual
20 arrangements or requirements.

21 Also in the proposed
22 legislation Section 1(c), it is stated,
23 quote, No contract with a proposed
24 recipient of the City payroll deposits
25 may be executed until it has been

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2 approved by Council by ordinance, end of
3 quote.

4 In the event that a contract is
5 in executable form and not approved by
6 City Council could leave the City
7 administrative process without an option
8 to continue to meet its payroll
9 obligations. These concerns are
10 reflective of the public testimony
11 provided by the two former City
12 Treasurers.

13 And that concludes my written
14 testimony.

15 COUNCILWOMAN BLACKWELL: Thank
16 you very much.

17 Mr. Nacchio, at what bank does
18 the City keep its payroll deposits
19 currently?

20 MR. NACCHIO: Currently it's at
21 Wachovia Bank and --

22 COUNCILWOMAN BLACKWELL: Do we
23 have some kind of contract with them?

24 MR. NACCHIO: The way bank
25 accounts have been established in the

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2 accounts, they've just been bank accounts
3 and not contracts for services.

4 COUNCILWOMAN BLACKWELL: Say
5 that again.

6 MR. NACCHIO: So each of the
7 individual bank accounts that we have are
8 just like you and I going to a bank and
9 opening up a bank account. There's never
10 been that kind of relationship where
11 there's been a contract or agreement
12 specifically laid out for bank accounts
13 like this. So it's considered a demand
14 account, which is a checking account. So
15 the City Treasurer would set up a demand
16 account at a bank and use it for the
17 disbursements of payroll. In this case,
18 we have like four separate accounts.

19 COUNCILWOMAN BLACKWELL: Are we
20 regulated to give the bank any notice,
21 say, if we were to end payroll deposits?

22 MR. NACCHIO: It would be --
23 I'm going to say it sounds simple, but it
24 would be simply opening a new bank
25 account at another bank, but the

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2 relationships or the layer of complexity
3 in terms of our relationship with the
4 bank fall in two areas. One is the way
5 the payroll is processed electronically.
6 So the City's computer center, MOIS, has
7 a transmission process that they send to
8 the bank, both for direct deposit and for
9 the processing of the check.

10 Also, it involves Finance in
11 terms of the payment process that is
12 electronically created as a file called
13 an issue file. And I have to say that
14 over the last two years as City
15 Treasurer, one of the things I've held in
16 complete focus is the prevention of fraud
17 for our accounts like this, because like
18 any checking account, the City is subject
19 to theft and identity theft, et cetera.
20 So over the last two years, we've changed
21 the process by which we work with the
22 bank and our transmission and we send to
23 the bank an issue file. And in that
24 issue file, it has information pertaining
25 to the check number, the dollar amount

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2 and the person's name.

3 So with the bank, we've set up
4 what is called positive pay/payee match,
5 and that means that every check that the
6 City issues for payroll that goes to the
7 teller's window and is processed by the
8 bank is checked against that file. If
9 there's any exceptions, the Treasurer's
10 Office immediately on that day gets an
11 electronic message saying that there's
12 some discrepancy between the two.

13 In that regard, we have
14 prevented fraudulent activity where folks
15 duplicate checks, change the name on a
16 check, change the dollar amount on the
17 check, and these kinds of items have
18 surfaced over the last two years, but we
19 have a preventive measure in place.

20 And when I talk about the
21 complexity, it's that electronic file
22 transmission and the setting up of that
23 is not a simple matter. So if you would
24 transfer from one bank to another, some
25 banks don't have that positive pay/payee

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2 match at the teller window and we'd have
3 to look for that, because it really is
4 something that in this age you need to
5 have.

6 COUNCILWOMAN BLACKWELL: We
7 neglected to say that Councilman O'Neill
8 is present at our Finance Committee as
9 well. Thank you.

10 Are there any fees paid by the
11 bank or the City with respect to these
12 accounts?

13 MR. NACCHIO: Because Wachovia
14 Bank is one of our larger banks holding
15 many accounts with the City of
16 Philadelphia, not only with the City
17 Treasurer but outside of the City
18 Treasurer, the arrangement has been with
19 banks is what they call balance-earned
20 credits. So the deposits which are kept
21 at the bank earn credits for the City of
22 Philadelphia and the expenses are offset
23 against those credits. So the payroll
24 account is part of a larger relationship
25 with the bank, and the cost to the City

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2 in that respect looks like it is zero.

3 So there is no cost to the City.

4 COUNCILWOMAN BLACKWELL: Would
5 you know whether City Council could by
6 ordinance require the Administration to
7 obtain Council approval of a contract
8 with a bank holding our deposits if our
9 Charter does not otherwise require it?
10 Would you, by chance, know?

11 MR. NACCHIO: I do not know
12 that, and I believe --

13 COUNCILWOMAN BLACKWELL: One
14 last question from me. Does the
15 Administration support this bill?

16 MR. NACCHIO: I've heard that
17 there would be no objection, but I did
18 not hear whether it was supported or not.

19 COUNCILWOMAN BLACKWELL: Thank
20 you.

21 Further questions from members
22 of the Committee?

23 Councilman Goode and then
24 Councilwoman Tasco.

25 COUNCILMAN GOODE: Thank you,

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2 Madam Chair.

3 I thank you for your testimony,
4 Mr. Nacchio.

5 Let me note for the record that
6 we do have a letter in support of the
7 bill from the National Community
8 Reinvestment Coalition. Also, this bill
9 was drafted by City Council technical
10 staff.

11 I just have a series of
12 questions I want to run through, Mr.
13 Nacchio, fairly straightforward.

14 You are not at all suggesting
15 through your testimony that we can never
16 change payroll depositories, are you?

17 MR. NACCHIO: I'm not
18 suggesting that. I'm only saying that
19 the caution about the relationship with
20 the complexities of the processing, which
21 involves the Finance Department and the
22 Mayor's Office of Information Systems,
23 and the processing is something that
24 needs to be considered in this process.
25 Yes. Because just from experience, I

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2 know it takes some time for the technical
3 people to get everything in place.

4 COUNCILMAN GOODE: Simple
5 question. You're not suggesting that we
6 can never change payroll depositories?

7 MR. NACCHIO: Not at all.

8 COUNCILMAN GOODE: Just that
9 it's complex and there are timing factors
10 involved?

11 MR. NACCHIO: Actually, in some
12 respects, it's probably a healthy process
13 to go through for the City.

14 COUNCILMAN GOODE: I agree.
15 Let me run through a few questions that
16 will help us bring a little bit of
17 clarity, I think.

18 Does a financial institution
19 have to be authorized as a City
20 depository to hold payroll deposits?

21 MR. NACCHIO: Excuse me. I
22 didn't hear that.

23 COUNCILMAN GOODE: Does a
24 financial institution have to be
25 authorized as a City depository to hold

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 payroll deposits?

3 MR. NACCHIO: I'm not sure I
4 understand your question. I'm sorry.

5 COUNCILMAN GOODE: Does a
6 financial institution have to be an
7 authorized City depository to hold
8 payroll deposits?

9 MR. NACCHIO: Okay. In taking
10 a look at the type of funds that are used
11 to fund payroll, I would say it's almost
12 like 99 percent pure City Treasury funds,
13 which are under the Charter, the funds
14 that came into the City Treasury into
15 consolidated cash and are paying for
16 payroll. There are some payrolls which
17 come out of bond funds and other smaller
18 funds, but I would say on the whole that
19 they are City Treasury funds and, yes,
20 they should be an authorized depository.

21 COUNCILMAN GOODE: How many
22 financial institutions currently hold
23 payroll deposits?

24 MR. NACCHIO: Just one.

25 COUNCILMAN GOODE: How long has

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2 the institution been holding payroll
3 deposits?

4 MR. NACCHIO: I can't say that
5 I know the total history, but because of
6 the institutions which preceded it, I
7 would say that it probably has a 10, 20
8 or more year kind of history.

9 COUNCILMAN GOODE: And how is
10 an institution selected to hold payroll
11 deposits?

12 MR. NACCHIO: Based on my
13 understanding of the history banking in
14 the City Treasurer's Office, that the
15 City of Philadelphia, because we are such
16 a large institution with 30,000
17 employees, that they tended to bank at
18 the largest bank in town, and over time
19 the succession banks have all kind of
20 collapsed into one, so that banking is at
21 Wachovia now.

22 COUNCILMAN GOODE: So --

23 MR. NACCHIO: Because of size.

24 COUNCILMAN GOODE: So years
25 ago, someone picked the biggest bank and

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2 the biggest bank has kept the contract?

3 MR. NACCHIO: Yes.

4 COUNCILMAN GOODE: Which
5 follows my line of questioning. How many
6 authorized City depositories are
7 qualified to hold payroll deposits now?

8 MR. NACCHIO: I haven't gone
9 through that process, but, again, I
10 wouldn't veer too far from some of the
11 larger banks because of the presence both
12 in the branch community and the
13 communities, and their presence in
14 Philadelphia is an important part of the
15 employee relationship that we have with
16 the bank at the window. And currently
17 Wachovia doesn't charge our employees
18 for --

19 COUNCILMAN GOODE: Do you know
20 how many authorized City depositories are
21 qualified to hold payroll deposits?

22 MR. NACCHIO: Excuse me,
23 Councilman?

24 COUNCILMAN GOODE: Do you know
25 how many authorized City depositories are

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 actually qualified to hold payroll
3 deposits?

4 MR. NACCHIO: I wouldn't know
5 that unless we did the RF --

6 COUNCILMAN GOODE: That's my
7 next question. Has an RFP or RFQ ever
8 been issued to hold payroll deposits?

9 MR. NACCHIO: In answering that
10 question, I'm going to say it's
11 difficult, because in the City
12 Treasurer's Office in the last two years
13 that I've been there, I haven't had
14 access to two deputies and three
15 administrative staff people.

16 COUNCILMAN GOODE: My question
17 is simply, to your knowledge, has one
18 ever been issued.

19 MR. NACCHIO: No, no. I want
20 to answer the question. Because of that
21 institutional knowledge is not in the
22 department, because of the administrative
23 staff that's not available to me as City
24 Treasurer, there is no link to the past,
25 so I couldn't find the paper trail that

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2 indicated when and if that was ever done
3 in the past. So that's what I'm saying,
4 there is no institutional trail that I
5 can relate to you because there's no one
6 to ask and the files are dead files.

7 COUNCILMAN GOODE: Is there any
8 reason that an RFQ or RFP should not be
9 issued to hold payroll deposits?

10 MR. NACCHIO: Again, it has to
11 do with my caution about the processing
12 internal to the City and also with the
13 banks. There's also -- I got some
14 feedback from some of the banks too in
15 their concern about if this was a
16 year-to-year contract, as most City
17 contracts are, that would be a
18 destabilizing factor in their
19 consideration of taking on payroll,
20 because from a year-to-year basis, it's
21 very difficult to change gears all the
22 time.

23 COUNCILMAN GOODE: This is
24 actually your decision as City Treasurer
25 to decide how long the contract should be

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2 and to issue the RFP or RFQ for however
3 long a period of time you think that it
4 should exist. So is there any reason
5 absent timing, which is pretty much under
6 your control, and even aside from the
7 bill, is there any reason that there
8 shouldn't be a request for qualifications
9 to all the City depositories to find out
10 who is actually qualified to hold City
11 payroll deposits?

12 MR. NACCHIO: I would see no
13 objection to that process, no.

14 COUNCILMAN GOODE: In your
15 view, according to the City Charter, does
16 City Council have the authority to
17 approve payroll depositories?

18 MR. NACCHIO: Excuse me?

19 COUNCILMAN GOODE: According to
20 the Home Rule Charter, in your view, does
21 City Council have the authority to
22 designate payroll depositories?

23 MR. NACCHIO: According to the
24 City Charter, yes. City Council
25 designates the City -- authorizes the

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 City depositories.

3 COUNCILMAN GOODE: Last --

4 MR. NACCHIO: One of the things
5 in the RFP process that I think the bill
6 kind of addresses is what happens in the
7 instance if the RFP goes out and an
8 institution that responded is not an
9 authorized depository.

10 COUNCILMAN GOODE: If enacted,
11 will you implement the ordinance by
12 issuing an RFP or RFQ for payroll
13 deposits, and when will you do it?

14 MR. NACCHIO: If that process
15 were to begin and approved by Council by
16 ordinance, with the timetable explained
17 in the ordinance for July 1st of 2007, I
18 would have to say we'd have to start
19 immediately, because I know the planning
20 time involved in creating an RFP and
21 getting a contract through the process.
22 So I would hope to have an RFP designed
23 in the first quarter of the year,
24 hopefully a response by the second
25 quarter in the year and the contract

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2 pretty much in motion by January, if
3 everything were to work out if there was
4 a change.

5 COUNCILMAN GOODE: And does the
6 Administration have a recommendation for
7 any flexibility it might need in terms of
8 timing?

9 MR. NACCHIO: That's the one
10 thing that concerned me in my testimony,
11 is that having hard-line cut-off dates
12 doesn't provide the administrative
13 possibility that the contract may not be
14 in place. The RFP might have some
15 problems with it in terms of execution
16 and immediately withdrawing all funds,
17 which would put the payroll payments at
18 risk.

19 COUNCILMAN GOODE: Just for the
20 record, this bill was drafted by City
21 Council technical staff. The original
22 date in it was January 1st. I actually
23 changed it to July 1st. I'm willing to
24 be a bit more flexible than that as well.
25 But thank you for your testimony.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 MR. NACCHIO: Okay.

3 COUNCILWOMAN BLACKWELL: Thank
4 you, Councilman.

5 Councilwoman Tasco.

6 COUNCILWOMAN TASCO: Thank you.

7 Councilman Goode asked a
8 majority of the questions that I was
9 going to ask.

10 I want to ask Councilman Goode
11 the question about the bill since it's
12 his bill.

13 Would the contract be subjected
14 to the approval of Council prior to the
15 Administration entering into a contract
16 with the institution?

17 COUNCILMAN GOODE: The way the
18 bill is drafted, the City Treasurer's
19 Office would issue an RFP or RFQ, would
20 select a bank or banks from that process,
21 enter into a contract that would be
22 negotiated on behalf of the Treasurer's
23 Office and the Law Department, then that
24 contract would come to Council at that
25 point. So the process is totally

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2 controlled by the Executive Branch of
3 government leading up to the selection of
4 a bank or banks, and even the contracting
5 is left up to the Executive Branch. So
6 it's totally within their control, but it
7 would come to City Council for approval
8 since it is a long-term arrangement.

9 COUNCILWOMAN TASC0: Okay. My
10 concern is the administrative process for
11 all of this in terms of suppose July 1st
12 of 2007 you're not prepared. What
13 happens at that interim to all of the
14 payroll deposits?

15 MR. NACCHIO: Exactly. And
16 that's the concern that I'm expressing,
17 is there has to be some alternative,
18 either to continue the existing
19 relationship in some form or fashion so
20 that payroll can continue to be met until
21 the other requirements are fulfilled.

22 COUNCILWOMAN TASC0: So July 1,
23 2007, you don't have -- let me just make
24 sure I'm reading this correctly. After
25 July 1, 2007, if no contract has been

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2 executed with any bank -- first let me
3 ask you a question. I'm trying to get
4 the process here.

5 Do we approve the contract
6 before they issue the RFP or after the
7 RFQ is executed?

8 COUNCILMAN GOODE: They issue
9 an RFP or RFQ. They select the bank.
10 They go to a contract, and the contract
11 has to be approved by us.

12 COUNCILWOMAN TASC0: So the
13 contract is approved after we're out of
14 session?

15 COUNCILMAN GOODE: It would
16 have to be approved before we leave.

17 COUNCILWOMAN TASC0: So it's
18 not approved before we leave perhaps.

19 COUNCILMAN GOODE: If it's not
20 approved before we leave, then there's no
21 contract.

22 COUNCILWOMAN TASC0: So what
23 happens to the payroll process?

24 COUNCILMAN GOODE: We approve
25 it before we leave.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILWOMAN TASCO: I'm
3 telling you, what if we don't have it
4 before we leave?

5 COUNCILMAN GOODE: This is a
6 process --

7 COUNCILWOMAN TASCO: But the
8 other thing is --

9 COUNCILMAN GOODE: This is a
10 process that's completely within the
11 control of the Administration. They can
12 issue their own RFP, whatever RFP they
13 want. They can select whoever they want.
14 They can go to contract and formulate
15 whatever contract they want. It just has
16 to come here before it's formalized, and
17 it should come here. I mean, under the
18 Home Rule Charter, we have the right to
19 not only designate depositories but to
20 authorize long-term arrangements. There
21 should not be a relationship with any
22 institution that is long term,
23 particularly of this nature, that is not
24 approved by City Council, particularly
25 since we have thousands of City employees

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2 that essentially are affected by not only

3 when they receive a check or not but by

4 where our depository relationship is.

5 There are thousands of City employees who

6 literally have accounts at the bank that

7 we choose. And City Council has not been

8 involved in that process for decades,

9 even though it has been its right to be

10 involved by the Home Rule Charter.

11 So I'm willing to be more than

12 flexible in any timing concerns that

13 exist and make sure there's an out, but

14 to suggest that there should not be an

15 RFP or RFQ and that City Council should

16 not approve a contract to me is allowing

17 our Charter-mandated authority to be

18 usurped as it has been historically. We

19 have a right to this.

20 COUNCILWOMAN TASC0: I think

21 that's it.

22 COUNCILWOMAN BLACKWELL: Thank

23 you.

24 Councilwoman Reynolds Brown.

25 COUNCILWOMAN BROWN: Thank you,

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 Madam Chair.

3 Good afternoon. I want to
4 review some testimony to make sure I
5 heard what I thought I heard. In your
6 testimony you mention that some banks
7 don't have those processes. So is it not
8 possible that the RFQ process would
9 indeed wean out banks who simply don't
10 meet the muster to be able to execute
11 what's required for 30,000 employees?
12 The RFQ would narrow the field; would it
13 not?

14 MR. NACCHIO: That's correct.

15 COUNCILWOMAN BROWN: And then
16 you said that -- and this could very well
17 be a misquote. I just need to know for
18 clarity.

19 Wachovia is one of the City's
20 holders. Who are the others?

21 MR. NACCHIO: Well, primarily
22 of the nine banks, most of our funds are
23 kept at Wachovia, PNC, Mellon Bank and
24 United.

25 COUNCILWOMAN BROWN: And

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 United?

3 MR. NACCHIO: United Bank, yes.

4 COUNCILWOMAN BROWN: Can you
5 speculate what percentage is held by
6 Wachovia?

7 COUNCILMAN GOODE: It's
8 actually within our folders.

9 COUNCILWOMAN BROWN: I'm told
10 that that is within the material we have
11 here.

12 Fifty-four percent of the -- 54
13 million is held by Wachovia Bank. That
14 addresses that question.

15 COUNCILWOMAN TASC0: Could I
16 add on to that question?

17 COUNCILWOMAN BROWN: Please.

18 COUNCILWOMAN TASC0: Do the
19 other banks hold payroll deposits? Only
20 Wachovia does payroll?

21 MR. NACCHIO: Well, insofar as
22 institutional knowledge, it appears as
23 though the last four to six City
24 Treasurers have made a very strong effort
25 to consolidate the banking at one bank

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2 institution as much as possible for
3 operational reasons, because dealing with
4 one entity is less complex than dealing
5 with a number of banks, and the
6 relationship does benefit in this case
7 payroll by the earned credits which are
8 earned by other accounts for payroll,
9 because payroll in and of itself, as I
10 expressed in my testimony, is really kind
11 of like in and out. And I think
12 Philadelphia should be very proud of the
13 fact that we have presently 74 percent of
14 the employees on direct deposit. So that
15 means the money goes in and the money
16 goes out. So it's the other 26 percent
17 of paper checks, which is approximately
18 8,000 employees, where some of the funds
19 linger. Because payroll deductions and
20 taxes, et cetera, again, they go in and
21 out. So it's just the paper checks, that
22 we wait for them to be cashed, and if
23 they don't get cashed, they go to the
24 State of Pennsylvania for unclaimed
25 monies.

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2 But, again, I looked at the
3 analysis, and our payroll account is
4 usually in a negative position. So it's
5 the other accounts that are carrying the
6 cost for processing payroll.

7 COUNCILWOMAN TASC0: Say that
8 again.

9 MR. NACCHIO: Because the
10 nature of the deposit is in and out, if
11 we were to have payroll at a separate
12 institution with no deposits, the
13 likelihood is that we would be charged
14 for the service, because the deposit is
15 made to the account and goes in and
16 pretty much goes out, so the deposit
17 doesn't linger there long enough to earn
18 any credits or any interest that would be
19 applicable to fees.

20 COUNCILWOMAN TASC0: Go ahead.
21 I'm sorry.

22 COUNCILWOMAN BROWN: You're
23 done?

24 COUNCILWOMAN TASC0: I'll come
25 back.

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2 COUNCILWOMAN BROWN: The other
3 banks, Commerce, PNC, United Bank and
4 Mellon, how did they become the lucky
5 four? What process was used for these
6 other banks to participate in the City's
7 business transactions?

8 MR. NACCHIO: Again, I don't
9 have enough institutional knowledge
10 available on my staff to tell whether
11 they had an RFP process in the past or
12 whatever, but, again, most of it has been
13 there for a long time and in place.

14 COUNCILWOMAN BROWN: I see.
15 Does your department have any RFP process
16 for any of the business it conducts?

17 MR. NACCHIO: Well, in the City
18 Treasurer's Office, there's three major
19 functions. One is the disbursement of
20 checks. Two is our cash management to
21 make sure that the funds are available in
22 all of our bank accounts daily, and then
23 the third is investments. So keeping
24 bank deposits is really the least
25 important aspect of our relationship with

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2 money. This keeping deposit to bank does
3 not benefit the rate of return.

4 So in the investment area, in
5 the '90s, the City Treasurer went out and
6 had an RFP process for money managers.
7 So we do have a group of money managers
8 who have contracts with the City
9 Treasurer's Office through an RFP
10 process, so that on a daily basis, we
11 inform them of what excess cash we have
12 above expenses. They take that cash and
13 invest it for us at the maximum returns.

14 COUNCILWOMAN BROWN: I see.
15 And did I hear you say also that the
16 position of the Administration at this
17 juncture is? I need you to complete the
18 sentence.

19 MR. NACCHIO: Well, I heard no
20 objection to the RFP process, but, again,
21 I have voiced a concern about the timing
22 of the administrative process, that we
23 wouldn't want be left without an option.

24 COUNCILWOMAN BROWN: So given
25 that realistic possibility, is it

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2 possible then that the department
3 could -- and I'm jumping ahead -- but in
4 an effort to be proactive, craft language
5 that allows for a bridging of the
6 finalization of one contract to the start
7 of another? Is that not one way to
8 approach the type of possibility that
9 Councilwoman Tasco raised?

10 MR. NACCHIO: Exactly. That
11 would make the legislation more
12 administratively manageable.

13 COUNCILWOMAN BROWN: Sponsor of
14 the bill, did you hear the answer to that
15 question?

16 COUNCILMAN GOODE: No.

17 COUNCILWOMAN BROWN: Could you
18 please state the answer to the question,
19 sir. It's just important to me that the
20 sponsor of the bill hear that.

21 MR. NACCHIO: Exactly. Sure.

22 COUNCILWOMAN BROWN: Given the
23 potential reality raised by Councilwoman
24 Marian Tasco, could the department be
25 helpful in crafting bridge language, for

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 lack of a better description, that
3 accommodates potential breaks between the
4 finalization of one contract and the
5 start of another?

6 COUNCILMAN GOODE: We just
7 resolved that.

8 COUNCILWOMAN BROWN: Oh, you
9 did? And I didn't even know that.

10 So thank you very much for your
11 testimony, City Treasurer.

12 MR. NACCHIO: Okay. Sure.

13 COUNCILWOMAN BLACKWELL: Thank
14 you very much.

15 Are there further questions for
16 the Treasurer or comments?

17 (No response.)

18 COUNCILWOMAN BLACKWELL: Thank
19 you very much.

20 We will now consider Bill No.
21 060438 removing the Philadelphia Keystone
22 Opportunity Zone, a portion of a property
23 in the 65th Ward so that it may be
24 developed for residential use.

25 Will the Clerk please read the

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 title of the bill. And we will ask
3 anyone who is here to testify on this to
4 come forward.

5 THE CLERK: Bill 060438, an
6 ordinance removing a portion of a
7 property in the 65th Ward of the City, in
8 the vicinity of Delaware River, from the
9 Philadelphia Keystone Opportunity Zone,
10 subject to the request and consent of the
11 owners of said property, under certain
12 terms and conditions.

13 COUNCILWOMAN BLACKWELL: Is
14 there anyone here to testify on Bill No.
15 060438?

16 (No response.)

17 COUNCILWOMAN BLACKWELL: Seeing
18 none, this is in Councilwoman Krajewski's
19 area. Seeing none, we will call her
20 office. We assume that she is supportive
21 of this legislation. We'll verify that.

22 COUNCILWOMAN TASC0: Who
23 proposed it?

24 COUNCILWOMAN BLACKWELL: It is
25 Councilwoman Krajewski's area and her

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 bill.

3 COUNCILWOMAN TASC0: I thought
4 it was the Administration.

5 COUNCILWOMAN BLACKWELL: Yes.
6 Where is the Administration on this? Is
7 there anyone who has information with
8 regard to this bill?

9 (No response.)

10 COUNCILWOMAN BLACKWELL: All
11 right. We'll go to the next bill and
12 we'll try to find out if there is more
13 information in that regard with this
14 Keystone Opportunity Zone.

15 We'll ask the Clerk to read the
16 title of Bill No. 060227 authorizing the
17 Philadelphia Firefighters who are members
18 of the German-American Firefighters
19 Association to designate payees for
20 voluntary payroll deductions.

21 Is Mr. Kearney present of
22 German-American Firefighters Association
23 here?

24 Thank you. We have his
25 testimony, and after the Clerk reads the

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 title of the bill, we'll welcome you to
3 testify.

4 Clerk.

5 THE CLERK: Bill 060227, an
6 ordinance amending Section 19-203 of The
7 Philadelphia Code, entitled "Payroll
8 Deductions," to add the German-American
9 Firefighters Association to the list of
10 designated payees to whom an employee may
11 direct payroll deductions, all under
12 certain terms and conditions.

13 COUNCILWOMAN BLACKWELL: Thank
14 you.

15 Good afternoon, Mr. Kearney.

16 MR. KEARNEY: Good afternoon,
17 Madam Chairman, Committee members. My
18 name is Dave Kearney. I'm the President
19 of the German-American Firefighters
20 Association and I'm here to testify and
21 ask for your passage of Bill No. 060227.

22 This bill would allow our
23 members and, more importantly, our
24 potential and future members the modern
25 convenience of payroll deduction for

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 association dues.

3 The German-American
4 Firefighters Association is a fraternal
5 organization. It consists of men and
6 women who seek greater enjoyment in life
7 through camaraderie. As our name
8 implies, we are comprised of members with
9 German ethnic origins and/or those
10 individuals who are now or once were
11 associated with the fire service. As our
12 inclusive title implies, the
13 German-American Firefighters membership
14 is quite varied. Our ranks, while
15 obviously Germanic in essence, do not
16 exclude other ethnic backgrounds, and the
17 fire service status of our members is
18 diversified. We include a variety of
19 firefighters who are either active duty
20 or retired. We also have on our roll
21 members who participate in other
22 organizations that support the fire
23 service.

24 German-American Firefighters
25 Association was founded in June 1982 with

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2 a charter membership totalling 92, most
3 of whom were members of the Philadelphia
4 Fire Department.

5 Although fraternal, our
6 organization is also charitable in
7 nature. Proceeds from our functions have
8 been donated to various fire-related
9 charitable organizations.

10 Our principal event held in the
11 spring of each year is our Muster.
12 Public and private fire apparatus are
13 displayed and compete for various plaques
14 and trophies.

15 In addition to sponsoring our
16 own affairs, we also participate in those
17 of other organizations. Our most visible
18 presence is when we march in the von
19 Steuben Day Parade, the Tacony Day Parade
20 and Thanksgiving Day Parade alongside our
21 antique fire apparatus.

22 We also attend social functions
23 at other German clubs in the area. These
24 include banquets and outdoor fests where
25 entire families are welcomed.

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2 We traditionally host German
3 firefighters who visit us for the annual
4 von Steuben Day Parade in September and
5 at other times throughout the year when
6 they visit us.

7 While most of our members are
8 City employees, our membership is not
9 restricted to Philadelphia or the
10 Delaware Valley. Many of our members
11 live throughout the United States and as
12 far away as Germany, Austria and
13 Switzerland.

14 We found that after speaking
15 with the leadership of several other
16 public safety-related associations,
17 including the Second Alarmers and the
18 German-American Police Association, that
19 having payroll deduction is not only
20 convenient but results in an increased
21 membership participation. I, therefore,
22 respectfully request that the Committee
23 move this bill forward to the full
24 Council.

25 Thank you. I'll be happy to

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 answer any questions you may have.

3 COUNCILWOMAN BLACKWELL: Thank
4 you very much.

5 Are there any questions for
6 this witness?

7 (No response.)

8 COUNCILWOMAN BLACKWELL: Thank
9 you very much.

10 We will now ask the Clerk to
11 read the title of Bill No. 060243
12 increasing from \$200 to \$300 the fee
13 assessed for special ordinances and
14 requiring that fee to be paid prior to
15 introduction of said ordinances.

16 Clerk.

17 THE CLERK: Bill 060243, an
18 ordinance amending Section 21-501 of The
19 Philadelphia Code, entitled "Special
20 Rights, Privileges and Franchises," by
21 increasing the fee related to special
22 ordinances and requiring that such fee be
23 paid prior to introduction of such
24 ordinance, all under certain terms and
25 conditions.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILWOMAN BLACKWELL: Thank
3 you very much.

4 Is there anyone here to testify
5 on this bill?

6 (No response.)

7 COUNCILWOMAN BLACKWELL: Anyone
8 here?

9 (No response.)

10 COUNCILWOMAN BLACKWELL: Thank
11 you very much.

12 COUNCILWOMAN TASC0:
13 Councilwoman, what does this mean? What
14 is this bill about?

15 COUNCILWOMAN BLACKWELL: Our
16 understanding is that this increases --
17 both these bills are Administration
18 bills.

19 COUNCILWOMAN TASC0: If they're
20 not testifying, we shouldn't be passing
21 them. I want to know what they're for.

22 COUNCILWOMAN BLACKWELL: Our
23 understanding -- well, this is an
24 Administration bill. I think we ought to
25 hold it.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILWOMAN TASC0: I think
3 they should be here to testify.

4 COUNCILWOMAN BLACKWELL: Thank
5 you, Councilwoman Tasco.

6 We'll ask the Administration if
7 they may send someone here to testify
8 with regard to Bill 243. We have asked
9 about Bill No. 060438, and we've been
10 told that that prevents a double credit
11 with regard to Keystone Opportunity Zone
12 for a property or area that's already
13 been given a break in another area.
14 However --

15 COUNCILWOMAN TASC0: I want to
16 say this, if they're their bills, then
17 they should come and respect this Council
18 to come and present testimony on this
19 legislation and not leave it up to us to
20 interpret it.

21 COUNCILWOMAN BLACKWELL: I
22 think I agree with the Councilwoman, that
23 the Administration should testify on
24 their bills, and we're again asking them
25 to come forward. Otherwise, we will move

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 forward and hold these bills or recommend
3 that this Committee does the same.

4 We're now up to PGW, and while
5 they're coming forward, we will ask the
6 Clerk to read the titles of Bill Nos.
7 060377 and 378 dealing with Capital
8 Budget items. I'll have the Clerk to
9 read the title of both bills.

10 THE CLERK: Bill 060377, an
11 ordinance further amending Bill No.
12 050792, entitled "An ordinance approving
13 the Fiscal Year 2006 Capital Budget
14 providing for expenditures for the
15 capital purposes of the Philadelphia Gas
16 Works, including the supplying of funds
17 in connection therewith, subject to
18 certain constraints and conditions, and
19 acknowledging receipt of the Forecast of
20 Capital Budgets for Fiscal Years 2007
21 through 2011," as previously amended by
22 Bill No. 060011, by approving a further
23 revised Capital Budget for Fiscal Year
24 2006; and

25 Bill No. 060378, an ordinance

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 approving the Fiscal Year 2007 Capital
3 Budget providing for expenditures for the
4 capital purposes of the Philadelphia Gas
5 Works, including the supplying of funds
6 in connection therewith, subject to
7 certain constraints and conditions, and
8 acknowledging receipt of the Forecast of
9 Capital Budgets for Fiscal Years 2008
10 through 2012.

11 COUNCILWOMAN BLACKWELL: Thank
12 you very much.

13 Please identify yourself for
14 the record and begin your testimony.

15 MS. PARRISH: I guess I'll
16 begin. I'm Janet Parrish, the Executive
17 Director of the Philadelphia Gas
18 Commission. Good afternoon, Chairwoman
19 Blackwell and members of the Committee.

20 COUNCILWOMAN BLACKWELL: Good
21 afternoon. Thank you. Thank you for
22 your patience.

23 MR. HERSHEY: Chairwoman
24 Blackwell and members of the Committee,
25 I'm Steven P. Hershey, Vice-President,

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 Regulatory and External Affairs of PGW.

3 COUNCILWOMAN BLACKWELL: Thank
4 you, Mr. Hershey.

5 MR. HERSHEY: I should add that
6 acting Chief Operating Officer, Craig
7 White, who was here for the hearing
8 yesterday was unable to attend because of
9 a meeting that had previously been
10 scheduled and unavoidable in Newark, New
11 Jersey today.

12 COUNCILWOMAN BLACKWELL: Thank
13 you.

14 MR. GALLAGHER: Good afternoon,
15 Chairwoman. I'm William Gallagher. I'm
16 Director of Budgeting and Reporting for
17 Philadelphia Gas Works.

18 COUNCILWOMAN BLACKWELL: Thank
19 you very much.

20 You may begin your testimony.

21 MS. PARRISH: Thank you.

22 Councilwoman Blackwell, I'll start with
23 060377, the amendments or further
24 amendments to the Fiscal Year 2006
25 Capital Budget.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 This bill embodies the
3 recommendations which were adopted by the
4 Gas Commission at its meeting on May 2nd,
5 2006. There is an amendment to the
6 budget that would support some new load
7 growth projects, which are important to
8 bringing new revenues into Philadelphia
9 Gas Works, and a major proportion of that
10 pertains to the Civic Center Boulevard
11 project, which I know you are familiar
12 with in your district.

13 With regard to 060378, the
14 Fiscal Year 2007 Capital Budget, this
15 bill too represents the recommendations
16 of the Gas Commission adopted at its May
17 2nd, 2006 meeting with respect to the
18 budget and forecast for the future years.

19 We have provided written
20 testimony that addresses both bills, and
21 without belaboring that, I will be happy
22 to answer any questions that you may
23 have.

24 COUNCILWOMAN BLACKWELL: Thank
25 you very much.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 Is there further testimony?

3 MR. HERSHEY: Madam Chairwoman,
4 Craig White previously submitted written
5 testimony for the record here. We will
6 not read that testimony, but we are
7 available to answer any questions with
8 regard to that testimony. And that
9 testimony is consistent with the record
10 established at the Gas Commission and
11 consistent with the testimony of
12 Ms. Parrish that has just been given.

13 COUNCILWOMAN BLACKWELL: Thank
14 you very much. We are happy to make all
15 testimony in its entirety part of our
16 record.

17 We have questions, but I'll
18 defer to Councilman O'Neill, who has some
19 serious concern.

20 COUNCILMAN O'NEILL: Yes. Good
21 afternoon.

22 MS. PARRISH: Good afternoon.

23 COUNCILMAN O'NEILL: On a
24 somewhat related matter that goes back to
25 2004, and I have some correspondence,

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2 Mr. Hershey, that you've gotten me on
3 this issue and I have some questions
4 about it. One, I have a copy of a
5 four-page letter from private counsel in
6 Harrisburg that I assume represents PGW.

7 MR. HERSHEY: From
8 Mr. Clearfield, that's correct.

9 COUNCILMAN O'NEILL: Yes. To
10 your general counsel, Ms. Pozesky. And
11 it's very informative and it's very long.
12 It's almost a four-page letter. My guess
13 is, it's somewhere on your bill. It's
14 probably about a thousand dollar letter.
15 But what really shocks me is that this
16 issue deals with a unanimous City Council
17 ordinance that became law on July 1, 2004
18 and which calls on PGW, as well as the
19 Water Department -- and the Water
20 Department I think is going to be a
21 mandamus issue if it doesn't happen
22 soon -- to spell out in bills what people
23 are paying for that's not their gas and
24 your overhead, but where you're paying
25 for other people's gas. And I would

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2 strongly suggest that you would split
3 that item between, whenever you get to do
4 this, between that which you have decided
5 as a company to subsidize people's bills
6 with and the unpaid bills, the purely
7 unpaid bills, because they're really two
8 different issues, I think, for most
9 people.

10 And this is what really shocks
11 me, and explaining in four pages why this
12 hasn't been done yet, and I understand
13 the reasoning. There's a couple of
14 groups out there, Action Alliance and an
15 Office of Consumer Advocate, but I'm not
16 sure who the Office of Consumer Advocate
17 is, so I just want some clarity on that.
18 I know Action Alliance.

19 Is it the Mayor's office? Is
20 it a State office? Is it the PUC's
21 office?

22 MR. HERSHEY: The Office of
23 Consumer Advocate is an office
24 established by Pennsylvania statute I
25 believe in the 1970s, and they represent

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2 utility customers before the Public
3 Utility Commission and in the courts.
4 They've long been established and well
5 respected.

6 COUNCILMAN O'NEILL: I
7 understand. So some people don't like
8 this, fine. What really gets me and
9 upsets me is that this very, very
10 expensive letter explaining why this
11 hasn't been done talks about from the
12 very beginning a City Council resolution.
13 Now, you know and I know that a City
14 Council resolution is a suggestion. A
15 City Council ordinance is a lot different
16 than that and a lot stronger. And if
17 Council was paid for this letter on the
18 assumption that it was a resolution and
19 not a new law of the City, then I think
20 you paid somebody in error, because
21 everything that follows it follows this
22 suggestion that isn't being followed.

23 Now, I understand you're under
24 the PUC and they control this issue, but
25 what I don't understand, because it is an

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2 ordinance that dictates this, that
3 there's nothing in here to suggest that,
4 This is how we could go, the State
5 legislature could help us with this.
6 There's not anything positive in here
7 like that, Council wants us to do this
8 and this is what we're going to
9 recommend. It's just saying why we
10 shouldn't do it or why we can't do it.
11 And in one part it says that the PUC
12 could take up to four months to approve
13 this and then we could go on longer in
14 court if the Consumer Advocate and the
15 Action Alliance opposes it.
16 We're two years already. We
17 could be past all that. It would be the
18 longest litigation in the history of the
19 PUC on such a small issue, and we're past
20 two years and we haven't even gotten to
21 the -- if you don't want to do it, just
22 say you don't want to do it, and I and
23 others can react accordingly. But foot
24 dragging and having a very long-winded
25 letter, which I will share with my

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2 colleagues, talk about a resolution
3 rather than an ordinance, to me it's just
4 a slap in the face to this legislative
5 body and to your customers, 99.9 percent
6 of whom I've talked to all think this is
7 a consumer right to know. And as I go to
8 senior citizen groups, they cannot
9 believe me. They actually think I'm
10 lying when I tell them that Action
11 Alliance of Seniors Citizens would fight
12 this, because that's their holy grail
13 group. That's the group that they revere
14 to lead them on issues involving seniors.
15 And yet they don't like paying for other
16 people.

17 And there's another issue.
18 People want the government to subsidize
19 people that can't afford utility bills.
20 They want the federal government; if not
21 the federal government, the State
22 government; if not the State and federal
23 government, the City government. They
24 don't want a utility to subsidize with
25 their money. They want an elected

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2 legislative -- an executive branch of
3 whatever level of government it is to
4 subsidize with tax money.

5 And somewhere along the line --
6 I understand you're about 25 percent this
7 line would be of somebody's bill right
8 now when you add in the social programs
9 and the bad debt. I can understand why
10 you might not want that printed, but I
11 can also understand why a customer would
12 feel entitled to it.

13 So could you start by asking
14 Mr. Clearfield if he would take another
15 look at it as an ordinance two years
16 after the ordinance became effective and
17 not a resolution? Because resolutions in
18 Harrisburg are the same as resolutions in
19 Philadelphia and in Washington. They
20 mean nothing. They're nice expressions
21 of someone's thoughts or desires or
22 opinions, but they're not binding or
23 intended to be binding.

24 The Water Department hasn't
25 done this either, but they're still

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2 waiting for an opinion from the Law
3 Department, and the Law Department is
4 going to not get another request for an
5 opinion. They're going to get a mandamus
6 action, because that's totally within the
7 City. I understand the PUC aspect of
8 this, but I don't understand when
9 somebody threatens to oppose something
10 that this legislative body unanimously
11 wanted to do, that your counsel says,
12 Well, we shouldn't do it because we'll be
13 tied up in litigation. You can't stop
14 people from suing.

15 Please respond. I don't want
16 to spend this whole time on this, but to
17 me, this is serious. You do remember the
18 reaction around the City when you were
19 actually going to put a line in your
20 budget that you never did, in your bill,
21 and it was actually getting called by
22 seniors, it got labeled the dead-beat
23 line item, because you were asking for
24 money in case bills went up and didn't
25 pay them, that you could add to people's

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2 bills. And they don't know it was
3 already in their bill. They've already
4 had it in their bill. It's just not
5 stated. You were just being forthright
6 and honest asking for something to be
7 held in reserve in the event that
8 fortunately what didn't happen might
9 happen.

10 I'm just kind of fed up with
11 this thing.

12 MR. HERSHEY: Councilman, I
13 understand your frustration. I should
14 say first that PGW understood that it was
15 a City Council ordinance and treated it
16 as an ordinance, treated it as --

17 COUNCILMAN O'NEILL: Who did?

18 MR. HERSHEY: -- our
19 obligation. As we explained --

20 COUNCILMAN O'NEILL: Wait a
21 minute. I'm talking about the counsel
22 here, Mr. Clearfield. Mr. Clearfield
23 makes reference to a resolution about 26
24 times in his letter.

25 MR. HERSHEY: I think it's

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 simply a misstatement on his part, that
3 he should have said ordinance instead of
4 resolution. What I'm addressing is the
5 fact that we treated your action, this
6 body's action, as an ordinance and that
7 it was our legal obligation to carry it
8 out, to the best of our ability.

9 As Mr. Clearfield does indicate
10 and as we indicated at the time of City
11 Council's debate on the issue, our bill
12 is regulated by the PUC and we don't have
13 the ability to change it without their
14 authorization.

15 On that issue, as
16 Mr. Clearfield does accurately describe,
17 we did go to the Commission informally,
18 and after talking to the Commission,
19 understanding that they would likely
20 oppose the change in the bill that was
21 required by the ordinance and also
22 understanding that the State Office of
23 Consumer Advocate and that Action
24 Alliance would oppose it, we made a
25 judgment that we would likely lose and we

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2 made a judgment that that would likely be
3 a poor use of customer funds.

4 Now, the mistake that we made
5 in that process was, as I said in my
6 letter to you, we failed to report that
7 decision back to City Council and to
8 consult with you as to how to proceed
9 from there. Had you at that point said,
10 Well, you're right, it's not worth
11 litigation if you're going to lose or if
12 prudent judgment is that you would lose,
13 that's correct, or you could have said,
14 We want you to go ahead and push it, and
15 if you lose, so be it. As I said in my
16 letter, that was our mistake. We should
17 have done that.

18 Now, as -- and we don't take
19 that obligation lightly. We don't like
20 making that kind of mistake.

21 With regard to Action Alliance
22 of Seniors Citizens, just before the
23 hearing that was originally scheduled on
24 the Capital Budget bills that are now
25 before this Committee, I had occasion to

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2 speak to the Executive Director of Action
3 Alliance, Pedro Rodriguez, to confirm
4 that they in fact did at that time and do
5 now oppose the line on the bill and would
6 they have opposed the attempt to put the
7 line on the bill, would there have been
8 extensive litigation, and he confirmed
9 that that was accurate.

10 I agree with you 100 percent
11 that you don't give up just because
12 somebody wants to oppose you in
13 litigation. You make some decisions
14 before you go into a litigation whether
15 the litigation is likely to succeed and
16 whether it's going to be a good use of
17 customer funds.

18 With regard to the programs
19 that create the cost that you're
20 referring to in terms of the various
21 programs on the one hand, such as the
22 customer responsibility program, the
23 low-income conservation program, senior
24 citizen discount on the one hand, and on
25 the other hand, the bad debt, those are

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2 all programs that are either mandated by
3 the PUC, the CRP, the low-income
4 conservation program or approved by the
5 PUC, the senior citizen discount, and a
6 certain level of bad debt is approved by
7 the PUC and incorporated in our rates.
8 So those are all programs that we manage
9 under the regulation of the Public
10 Utility Commission.

11 COUNCILMAN O'NEILL:
12 Mr. Hershey, you sound very sincere, and
13 I only have one piece of correspondence
14 and that was at my request a few months
15 ago and it's dated April 24, 2006. This
16 bill passed on July 1, 2004.

17 What I would like from you
18 prior to Council passing your Capital
19 Budget, hopefully next week, is all
20 correspondence of any kind dealing with
21 this issue from or to PGW with the PUC,
22 with anyone else that you were in
23 discussion with or received
24 correspondence, whether it would have
25 been Action Alliance or anyone else.

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2 We're all big enough to know
3 that some things are more difficult than
4 others, but if the first thing in writing
5 on this issue is April 24th in this
6 resolution letter, I'll call it, I don't
7 think the evidence, at least so far,
8 supports how serious this has been taken.

9 I think people understand CRP.
10 They understand a whole lot of things,
11 but what they really understand is,
12 they'd just like more information. And
13 if in addition to that you could get me,
14 one, and send it to the Chair, a simple
15 comparison just going back three years,
16 '06, '05, '04, when you combine the
17 assistance programs, the cost of those
18 with the bad debt, how much they were at
19 any point along the way. In other words,
20 something indicating where it was, let's
21 just say, in -- I guess for three years
22 you'd have to go back to mid '03. Let's
23 use July 1st, '03, July 1st, '04, '05,
24 '06. So it will give us a three-year
25 picture of what the total was and then

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2 what the breakdown was. And I don't need
3 it for each of the assistance programs,
4 but I just want to make sure that as your
5 debt collection has gotten better, it
6 hasn't just been shifted over to the
7 responsibility programs. I mean, that
8 would be a very nice thing to give people
9 more assistance, but it would also be
10 very clever in terms of masking what is
11 still there, you're just calling it
12 something else. And I really want to see
13 it.

14 I'm the one that's been out
15 bragging about your collection, but when
16 I see this, I just become suspicious.
17 I'm sorry. So if you can get me that,
18 I'd appreciate it.

19 MR. HERSHEY: Councilman, I
20 would be happy to provide that, and we
21 will do so. I can tell you that,
22 generally speaking, the bill collection
23 has been improving in its effectiveness.
24 Bad debt actually in the last couple of
25 years has declined, and so there's less

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2 of a burden with regard to that issue.

3 There has been a substantial
4 increase over the last several years in
5 the number of participants in the CRP
6 program, and, in fact, in the last year,
7 there was an increase of approximately
8 10,000 participants, in part due to the
9 concern about high rates.

10 The low-income conservation
11 program is essentially a flat expense of
12 approximately \$2 million per year. The
13 senior citizen discount has declined as a
14 cost to customers because, as you're
15 aware, I believe the --

16 COUNCILMAN O'NEILL:
17 Eligibility was limited.

18 MR. HERSHEY: That's correct.
19 Effective September 1, 2003, we were no
20 longer able to add new customers to that
21 program by order of the Commission.
22 Existing customers were allowed to stay
23 on, but the number of participants
24 declined.

25 COUNCILMAN O'NEILL: On your

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2 CRP program in the last three years, you
3 mention one is flat, the energy
4 conservation. The senior assistance has
5 gone down due to the lack of new eligible
6 members, and the one left is CRP,
7 correct? Is that the one?

8 MR. HERSHEY: Yes.

9 COUNCILMAN O'NEILL: And has
10 eligibility for CRP changed in any way in
11 the last three years?

12 MR. HERSHEY: No. The two
13 major factors in the impact of that
14 program, one is the increase in the
15 number of participants, particularly in
16 the last year. The second is the
17 increase in the price of natural gas,
18 which has had a dramatic effect on the
19 shift to other customers, and the reason
20 for that is that CRP customers are
21 required to pay a percentage of their
22 income. To the extent that their income
23 remains essentially stable, the amount
24 they pay remains essentially stable.
25 When gas prices increase, that means

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2 there's a larger part of what would
3 normally be billed to them under a normal
4 bill that they're not picking up. And so
5 the spread is increasing.

6 COUNCILMAN O'NEILL: Now, you
7 said the PUC requires the CRP program.
8 Do they require it at the level that you
9 offer it? Are they that specific? Do
10 they tell you, This is what we want the
11 eligibility to be and this is how we want
12 the income levels to be established?

13 MR. HERSHEY: The PUC requires
14 that every utility in the state have a
15 program like this. They then ask each
16 utility to submit a specific program
17 design, and after some formal or informal
18 discussion at the Commission, they
19 approve a particular design.

20 They approved the design that
21 is in place for PGW now in 2003, I
22 believe it was. We have just completed
23 an independent formal evaluation of our
24 program and submitted it to the PUC.
25 That is subject of an ongoing review,

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2 which is likely to be part of a formal
3 review at the Commission over the course
4 of the next six or eight months. And at
5 the end of that program -- or as part of
6 that process, we will make proposals to
7 change the design of the program to make
8 it more fair to all customers, trying to
9 balance affordability on the one hand and
10 fairness to other customers.

11 If I may, when I served as the
12 public advocate representing PGW's
13 customers, we created in 1989 the
14 predecessor of this same program, and
15 when we did so, we had two major goals.
16 One was to ensure that low-income
17 customers had a bill that was affordable
18 to them and, second, that affordable
19 payment was sufficient to cover at least
20 the cost of natural gas that was supplied
21 to that customer, plus at least one
22 dollar toward PGW's fixed costs or
23 overhead. And if we met those two goals,
24 then it was likely that the customer
25 would stay on the system, continue to

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2 receive service and that all other
3 customers would be better off, because
4 PGW would be avoiding the credit and
5 collection costs, and that would be one
6 dollar that no other customer would have
7 to pay.

8 Now, we met those goals pretty
9 much through the 1990s with the help
10 certainly of LIHEAP, because the cost of
11 gas was essentially flat, or at least we
12 were very close to meeting those goals.
13 With the increase in natural gas costs,
14 we were not able -- the program did not
15 meet those two goals. And certainly now
16 we don't come close -- the program
17 payments do not come close to covering
18 the cost of natural gas, and it's for
19 that reason that we will recommend
20 changes to the program, again, trying to
21 meet the goals of affordability to the
22 individual participant and fairness to
23 all the other customers. And it's not
24 going to be an easy task, but we're
25 working on that.

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2 COUNCILMAN O'NEILL: So the PUC
3 requires utilities to have some customers
4 pay for part of other customers' bills?
5 It's a requirement?

6 MR. HERSHEY: Yes.

7 COUNCILMAN O'NEILL: It wasn't
8 just a requirement when you became
9 subject to PUC; they already had that?

10 MR. HERSHEY: No. In 1989,
11 when we first proposed this program --

12 COUNCILMAN O'NEILL: No, but
13 how long have you been under the PUC?

14 MR. HERSHEY: Well, completely
15 since 2003.

16 COUNCILMAN O'NEILL: And prior
17 to the PUC having control over you,
18 authority over you, did they already have
19 a CRP requirement among utilities in the
20 Commonwealth?

21 MR. HERSHEY: Other utilities,
22 yes, did have similar programs.

23 COUNCILMAN O'NEILL: So this
24 appointed body was telling another
25 appointed body that you had to subsidize

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2 certain customers through certain other
3 customers' payments, and no elected body
4 at all three levels of government
5 involved in using what we normally use
6 for subsidies, and that's tax money. And
7 at the time, the State was one of only
8 two states in the universe of the United
9 States not to have contribution even
10 towards LIHEAP.

11 Now, we do have some LIHEAP
12 money now from Pennsylvania; is that
13 correct?

14 MR. HERSHEY: In this past
15 year, Pennsylvania did make a
16 contribution to that program, yes.

17 COUNCILMAN O'NEILL: How much?

18 MR. HERSHEY: Just under \$20
19 million.

20 COUNCILMAN O'NEILL: And how
21 much of that goes to PGW's customers?

22 MR. HERSHEY: Normally we would
23 get -- there's no separate accounting for
24 that specific money, but if the ratios
25 hold, we would normally get, I believe

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2 it's, about one out of every six dollars
3 in the program.

4 COUNCILMAN O'NEILL: I'll
5 accept the normal ratio. So about three
6 and a half million dollars or so of the
7 20?

8 MR. HERSHEY: Approximately.

9 COUNCILMAN O'NEILL: How much
10 is our CRP total that some customers pay
11 for other customers because the PUC
12 requires it?

13 MS. PARRISH: It's about \$90
14 million now.

15 COUNCILMAN O'NEILL: So even
16 with the State now participating in
17 LIHEAP, our customers are subsidizing
18 other customers three times higher than
19 the State, who orders it, is subsidizing
20 other customers?

21 MR. HERSHEY: And, in fact --

22 COUNCILMAN O'NEILL: They're
23 real brave people up there in Harrisburg,
24 I'll tell you. That's the kind of
25 information I'm trying to get. I don't

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2 know how they sleep at night.

3 MR. HERSHEY: I agree with you
4 on many of the points you've made. I
5 point out that there was a recent op-ed
6 piece in the Philadelphia Inquirer by PUC
7 Chairman, Wendell Holland, basically
8 saying that every utility in the state
9 has exactly the same kind of problem or
10 roughly the same kind of problem that
11 you've just described that we have. The
12 difference is that our problem is larger,
13 substantially because of our service
14 territory and our demographics.

15 I also agree with you that
16 normally good public policy would mandate
17 that this sort of thing would come out of
18 taxpayer dollars and not out of utility
19 rates, and if you adjusted PGW rates to
20 make our programs equal to those of
21 others, our rates would be very
22 competitive with other utilities in the
23 state.

24 It's the size of the cost.

25 It's the cost of the social programs that

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2 makes our rates much higher.

3 COUNCILMAN O'NEILL: Okay.

4 Well, I would appreciate you putting that
5 in writing, because I'd like to have a
6 better understanding of it, along with
7 the other things I requested. And that
8 will be it for today. Thank you.

9 MR. HERSHEY: Thank you, sir.

10 COUNCILWOMAN BLACKWELL: Thank
11 you very much.

12 I guess that the line of
13 questions of Councilman O'Neill I suppose
14 respond to the \$18 million payment, the
15 \$45 million loan and where we are in that
16 regard in terms of receiving those
17 dollars.

18 Are there other questions from
19 members of this Committee in this regard?

20 (No response.)

21 MS. PARRISH: If I may, Madam
22 Chairwoman, I would simply offer to
23 Councilman O'Neill, when you receive some
24 of this information from PGW, the Gas
25 Commission would be happy to assist, to

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2 the extent you require it, in some of
3 that interpretation of the data; for
4 example, with regard to bad debt expense.
5 It's worth bearing in mind, although
6 Mr. Hershey indicated, that generally
7 that's on a downward trend and it is true
8 that the collections situation has
9 improved over the past couple years.
10 This year it looks like things are
11 declining again somewhat because of the
12 continuing high gas costs.

13 But it's important to note that
14 with bad debt expense, that really that
15 is subject to agreement with PGW's
16 auditors at the end of the fiscal year,
17 and what you actually will see when you
18 see the data, a little bit different from
19 what Mr. Hershey just stated, you will
20 see that bad debt expense actually
21 increases some years. There's a little
22 bit of an up and down, because
23 occasionally they will make a decision
24 that they've got adequate funds available
25 for debt service coverage and,

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2 accordingly, they will basically, as a
3 prudent matter, sock away some additional
4 funds to write off accounts that they
5 know are going to be written off
6 eventually to get them out of the system.

7 So I just would caution you
8 that as with everything with --

9 COUNCILMAN O'NEILL: Well, a
10 footnote would be helpful on something
11 like that.

12 MS. PARRISH: With PGW's
13 financials --

14 COUNCILMAN O'NEILL: Something
15 that's not quite clear, even though it
16 looks clear on the surface.

17 MS. PARRISH: Correct.

18 COUNCILMAN O'NEILL: Then if I
19 can't understand the footnote, I'll call.

20 I could tell in going to
21 meetings and hearings, there were a lot
22 of hearings around the City when you
23 would propose what is commonly referred
24 to as the dead-beat tax that didn't make
25 it, that the people who objected the most

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2 were the people who could least afford to
3 subsidize anyone else. People that had a
4 little extra money, they weren't going to
5 a hearing to -- it was the people who are
6 struggling to pay their bill and always
7 know somebody else on their block, in
8 their family, in their neighborhood who
9 is trying to take advantage of something,
10 and they just can't understand if they're
11 having trouble enough paying their bill,
12 why some of their bill is going toward
13 somebody else. And it's the bill. I
14 mean, I just strongly believe in broader
15 subsidy from people that pay taxes than
16 from utility payers. And I got to get a
17 better idea of this whole CRP thing,
18 because CRP goes up by 10,000 people in
19 one year and your debt goes down, it
20 seems to me it could have just been a
21 shift over. And I've been out applauding
22 PGW's collection efforts the last couple
23 of years, and I hope I haven't been
24 getting gamed myself. So I'll wait to
25 see it.

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2 COUNCILWOMAN BLACKWELL: The
3 Chair notes that we did not support
4 totally getting rid of the senior citizen
5 discount, and we also note that in
6 today's environment where we have fires
7 every day, we're always concerned about
8 people who can't pay bills and people who
9 end up victims of a system where
10 everything goes up. They just can't pay
11 them. And that in a humane society, it
12 is our responsibility to still try to
13 protect and provide for people who are
14 unable to take care of themselves.

15 That's my statement on this.
16 And before I call on Councilwoman Tasco,
17 let me note that there was a hearing
18 scheduled today at 3:00 p.m. before the
19 Committee of the Whole regarding Bill No.
20 060474 and Resolution 060485. This
21 hearing will be recessed until Wednesday,
22 June 14th at 10 o'clock a.m. So anyone
23 here for Committee of the Whole regarding
24 Bill No. 060474 and Resolution No.
25 060485, please note that that hearing

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2 scheduled today will be recessed until

3 Wednesday, June 14th at 10:00 a.m.

4 The Chair now recognizes

5 Councilwoman Tasco.

6 COUNCILWOMAN TASCO: Yes. Just

7 for the record, Councilwoman, I want to

8 note that the Gas Commission along with

9 PGW about a year or two ago spent some

10 time talking about the increase in cost

11 of gas, and know that we constantly

12 charge other customers for that. We do

13 see the need for more State subsidy.

14 We've even talked about the City subsidy.

15 There has to be a subsidy. Unless there

16 is some federal subsidy, the cost is

17 going to remain the way it is. And we

18 talked to the State legislators. We set

19 up meetings with the caucuses to let them

20 know, give them all the data and

21 information about what was really needed

22 from them to help us with the rising

23 costs and then the -- we have to just

24 pass these costs on, but there needs to

25 be more pressure put on the legislature

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2 and on the federal government in terms of
3 providing a subsidy. Like Councilwoman
4 Blackwell says, there will be a
5 percentage of people who cannot afford
6 the high cost of the utility, the gas.
7 How do we handle that? And that has been
8 the question that we raised with our
9 Board and the PFMC Board to bring this
10 discussion to the table. And I will tell
11 you, it may have resulted in maybe the
12 increase of the LIHEAP program, but
13 certainly we made a plea to the State
14 legislature that there has to be another
15 way to fund those people who cannot pay.

16 But there will be. We have to
17 accept that fact. And I agree with
18 Councilwoman Blackwell, you can't let
19 people freeze. And how we handle it is
20 not just the gas company's issue. It's
21 our issue and it's the State's issue and
22 the federal government's issue, and that
23 pressure has to come to bear on the
24 elected officials to understand that.

25 MS. PARRISH: If I may,

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2 Councilwoman, the irony of all this is
3 that, as you pointed out, Councilman
4 O'Neill, this is the first time that the
5 State did appropriate some supplemental
6 funds, and I think the Governor has
7 indicated it's a one-shot deal. That's
8 my understanding from the news reports
9 I've read. However, it's also my
10 understanding that the State did not
11 expend all of the federal LIHEAP dollars
12 available to them. This year, once
13 again, again, I think some of the members
14 have a history in knowing that that's
15 been the case, and it's just an untenable
16 situation where funds are available and
17 because the State attempts to avoid
18 running out of funds to avoid having
19 pressure brought to bear, that we need a
20 State contribution or a larger State
21 contribution.

22 The income eligibility limits
23 are kept artificially low. The Crisis
24 Grants are kept artificially low, and the
25 result was, the program closed at the end

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2 of April with -- the report again I heard
3 was over \$75 million unspent. And there
4 is an ability to roll some of those funds
5 over to the next fiscal year, which the
6 State likes to do to avoid a possible
7 lapse in funding when they don't know
8 what the feds might appropriate, but in
9 my --

10 COUNCILMAN O'NEILL: Who sets
11 the eligibility requirements?

12 MS. PARRISH: That is the State
13 Department of Public Welfare, and they
14 are the administrators of the LIHEAP
15 program in the State. And there are
16 definitely some serious policy issues
17 there in terms of who is eligible, both
18 income-wise, folks on payment agreements
19 not being eligible and so forth, and that
20 sort of working at cross purposes with
21 PGW's needs. And that was really the
22 focus of the efforts that Councilwoman
23 Tasco just alluded to, was to try to make
24 the State legislature aware of that gap
25 or that conflict between what we need

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2 here in Philadelphia and what all rate
3 payers of PGW need and what the State is
4 doing as a matter of policy.

5 COUNCILMAN O'NEILL: So is 20
6 million of the 75 that's not spent the
7 money that --

8 MS. PARRISH: Again, my
9 understanding is that they've managed the
10 book so that \$20 million, which cannot be
11 carried over or would lapse, that that is
12 spent and what remains unspent is the
13 federal portion, because the funds were
14 basically commingled, and the federal
15 funds do have an ability to be carried
16 over. A portion of the federal funds
17 have an ability to be carried over.

18 COUNCILMAN O'NEILL: Now, are
19 income limits different in different
20 states?

21 MS. PARRISH: Yes.

22 COUNCILMAN O'NEILL: Are they
23 higher in different states?

24 MS. PARRISH: In a few.

25 COUNCILMAN O'NEILL:

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2 Specifically, I'm thinking of states that
3 are near us, like New York, Maryland,
4 Delaware, New Jersey, Connecticut.

5 MS. PARRISH: That, I couldn't
6 tell you off the top of my head, but
7 states do have some latitude. There are
8 federal maximums or criteria, and then
9 the states establish their plans within
10 that. Many of the states use 150 percent
11 of the poverty level. Pennsylvania has
12 backed away from that in recent years in
13 an effort to be able to spread around the
14 available funds.

15 MR. HERSHEY: Ms. Parrish is
16 correct that the federal government in
17 its regulations sets general parameters.
18 They then require each state to submit a
19 plan which must comply with those
20 regulations, and the states can differ
21 dramatically one from the other. There
22 are a number of differences between
23 Pennsylvania and some of our neighboring
24 states that Ms. Parrish alluded to one of
25 them, and, that is, that in other states,

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2 customers who have a payment arrangement
3 can still get a Crisis Grant. That was
4 also the case at one time in
5 Pennsylvania. It's no longer the case.

6 COUNCILMAN O'NEILL: Does the
7 Crisis Grant come from LIHEAP funds?

8 MS. PARRISH: Yes.

9 MR. HERSHEY: Yes. It's a
10 special part of the LIHEAP program.
11 There are other states that mandate that
12 the LIHEAP Cash Grant go to the primary
13 heating source. Pennsylvania has decided
14 not to do that. The primary heating
15 source, of course, is the biggest portion
16 of the bill. I know breaking that out
17 using my own heating bill, as an example,
18 at home we have a gas-fired boiler, but
19 it requires electric ignition and
20 electricity for the circulators and
21 things. But the gas is far and away the
22 largest portion of my heating bill. Some
23 very small portion of it would be
24 attributable to electricity. And those
25 other states say, Well, appropriate

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2 public policy is to say that the cash
3 portion of -- the Cash Grant would go to
4 the primary heating source. Crisis could
5 be left to the option of the customer.

6 Pennsylvania doesn't mandate
7 that, and so customers have a choice,
8 they can give it to electricity or wood
9 or water or anything, as long as it's
10 related to providing heat for the house.

11 So there are a number of
12 differences between Pennsylvania and the
13 other states, and as Councilwoman Tasco
14 said, we made our pitch to the
15 legislators, the Philadelphia delegation.
16 We went to Harrisburg on a number of
17 occasions. We spoke to various
18 legislators, to the Governor's office,
19 and repeated that just recently in a
20 meeting with members of the Governor's
21 staff looking toward next year with
22 regard to money that was rolled over or
23 not with regard to next year's State plan
24 and these various options that might be
25 available, hoping that we would have a

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2 better opportunity to bring more money to
3 Philadelphia customers. And we don't yet
4 know how successful that was, but
5 obviously the more people who send that
6 message to Harrisburg, the better we are.

7 COUNCILMAN O'NEILL: What's the
8 total amount of LIHEAP dollars that go
9 from the federal government to
10 Pennsylvania; for instance, in this year?

11 MS. PARRISH: Originally there
12 was about 135 million, I believe, and
13 then there was a supplement, and I think
14 it was close to \$175 or \$180 million, is
15 my recollection, for the fiscal year,
16 correct.

17 COUNCILMAN O'NEILL: So they're
18 holding back almost half of it for
19 rollover?

20 MS. PARRISH: That would be the
21 concern.

22 COUNCILMAN O'NEILL: Thank you.

23 COUNCILWOMAN BLACKWELL: Thank
24 you very much.

25 Any other questions?

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2 (No response.)

3 COUNCILWOMAN BLACKWELL: Thank
4 you very much.

5 MS. PARRISH: Madam Chairwoman,
6 just to reiterate our request for a
7 suspension of the rules. I neglected to
8 reiterate that earlier. And I know that
9 Councilman O'Neill has asked for some
10 information to be provided by
11 Philadelphia Gas Works. I trust or hope
12 that you will still report the bill out
13 today with a favorable recommendation and
14 a suspension of the rules so PGW can have
15 the spending authority that is so
16 important.

17 Thank you.

18 COUNCILWOMAN BLACKWELL: Thank
19 you very much.

20 We understand that Mr. Robert
21 Byron, Divisional Deputy City solicitor,
22 is here who can testify with regard to
23 Bill No. 060438, which removes from the
24 Keystone Opportunity Zone a portion of a
25 property in the 65th Ward.

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2 Would you come forward and
3 testify with regard to that legislation.
4 And also after this testimony, we will
5 ask Brian Abernathy, Legislative
6 Assistant for Councilman DiCicco, to
7 testify with regard to Bill 060243
8 increasing fees from \$200 to \$300 in
9 certain cases.

10 COUNCILMAN O'NEILL: It's an
11 Administration bill, isn't it?

12 COUNCILWOMAN BLACKWELL:
13 Councilman DiCicco's staff member asked
14 to testify.

15 COUNCILMAN O'NEILL: But not on
16 behalf of the Administration.

17 COUNCILWOMAN BLACKWELL: We'll
18 see. I have no idea what the testimony
19 will be.

20 Mr. Byron, will you please
21 identify yourself to the record and begin
22 your testimony.

23 MR. BYRON: Good afternoon. My
24 name is Robert Byron. I'm a Divisional
25 Deputy City Solicitor with the City of

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2 Philadelphia Law Department.

3 COUNCILWOMAN BLACKWELL: Thank
4 you. Please testify with regard to this
5 bill.

6 MR. BYRON: Thank you. Thank
7 you, Councilwoman.

8 This bill concerns the Northern
9 Shipping site, 7777 State Road. It's a
10 development by Transactional Properties,
11 and the purpose of this is to decertify a
12 portion of that site from KOZ
13 certification.

14 COUNCILWOMAN BLACKWELL: And
15 what is the purpose? Why would you want
16 to decertify it from the Keystone
17 Opportunity Zone?

18 MR. BYRON: The purpose is to
19 decertify a section of the development
20 that will be developed into residential,
21 residential properties, so that the KOZ
22 status would normally preclude payment of
23 certain taxes, and it's been City policy
24 that when residential development occurs,
25 to then decertify from KOZ status, so

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2 that the residential properties will be
3 then subject to the taxes.

4 COUNCILWOMAN BLACKWELL: Are
5 there any questions with regard to this
6 bill and this testimony?

7 (No response.)

8 COUNCILWOMAN BLACKWELL: Thank
9 you very much.

10 MR. BYRON: Thank you,
11 Councilwoman. And the Administration
12 supports this legislation and
13 respectfully requests that it be reported
14 favorably out of Committee.

15 COUNCILWOMAN BLACKWELL: Thank
16 you.

17 MR. BYRON: Thank you.

18 COUNCILWOMAN BLACKWELL: Are
19 you requesting a suspension as well?

20 MR. BYRON: Yes.

21 COUNCILWOMAN BLACKWELL: Thank
22 you.

23 Mr. Abernathy, would you then
24 come forward and testify with regard to
25 Bill No. 060243.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 MR. ABERNATHY: Good afternoon.

3 Brian Abernathy with Councilman Frank

4 DiCicco's office.

5 Bill No. 060243 is a bill the
6 Councilman sponsored and it was prepared
7 in conjunction with the Law Department
8 but on the request of the Councilman
9 specifically to address some issues that
10 we've had come out of the Streets and
11 Services Committee. Several bills that
12 we hear each hearing extend the deadline
13 for specific legislation. It was the
14 Councilman's belief that these bills --
15 it would be appropriate to charge a
16 special fee ordinance or a special
17 authorization from a private developer
18 and the like prior to the introduction of
19 that legislation.

20 The increase in fees from \$200
21 to \$300 is as a result of the effort that
22 the City undertakes to prepare these
23 special bills is not covered under the
24 current \$200 fee.

25 COUNCILWOMAN BLACKWELL: Are

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2 there questions from members of this
3 Committee?

4 So you're saying if you're
5 adding or deleting streets, I assume, in
6 special areas where developers are
7 creating communities, then they would be
8 charged an extra fee?

9 MR. ABERNATHY: Correct. A
10 developer, if they need a street
11 stricken, will approach the Streets
12 Department and the Councilperson and ask
13 for a specific bill to be prepared. That
14 bill is prepared, goes through the
15 Streets and Services Committee. It is
16 passed out. They then have 60 days to
17 pay a \$200 fee for the privilege of
18 having that bill introduced. About 30 to
19 40 percent of all the bills that come
20 through Streets and Services is actually
21 an extension of that 60-day deadline. It
22 takes our resources and requires us to
23 vote on bills -- or requires the Council
24 to vote on bills several times.
25 Councilwoman Krajewski had a situation

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2 where she's actually extended the
3 deadline three or four times for
4 essentially the same bill and it goes
5 back to the \$200 fee. What this bill
6 does is, prior to introduction, requires
7 the individual requesting this bill to
8 pay the fee to the City prior to
9 introduction or prior to preparation.

10 COUNCILWOMAN BLACKWELL: Thank
11 you.

12 Councilwoman Tasco.

13 COUNCILWOMAN TASC0: So you're
14 paying the Law Department to draft the
15 legislation for the developer?

16 MR. ABERNATHY: The bill
17 actually comes from the Revenue
18 Department. The Law Department and the
19 Streets Department will often work in
20 conjunction to craft the bill.

21 COUNCILWOMAN TASC0: And the
22 fee covers what?

23 MR. ABERNATHY: The fee covers
24 attorney time, engineering time from the
25 Streets Department.

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2 COUNCILMAN O'NEILL: I want to
3 make sure --

4 COUNCILWOMAN BLACKWELL:
5 Councilman O'Neill.

6 COUNCILMAN O'NEILL: -- I
7 understand it. Someone that legitimately
8 has to pay \$200 for an initial bill gets
9 it passed. It's introduced and passed.
10 They pay the \$200 within the 60 days.
11 But then what is it they're asking for to
12 be extended?

13 MR. ABERNATHY: They do not.
14 If they don't pay the \$200 within the 60
15 days. There are several instances where,
16 for one reason or another, the person
17 requesting the ordinance does not know
18 that they have to pay the \$200, that they
19 do not receive a bill from Revenue or
20 that there's a significant time delay
21 between the passage of the bill and the
22 receipt of an invoice from Revenue.

23 COUNCILMAN O'NEILL: I've
24 always thought it was rather on the
25 bluebacker. At one time a bill will

23 I guess what I'm getting at, it
24 would seem to me I would want the person
25 that is screwing this thing up, causing

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2 all this extra work to be paying for it,
3 not all the other people that are now
4 having to pay who are in the 60 percent
5 group. Let's just say that the numbers
6 are 60/40, 60 do it right and the other
7 40 come back and ask for more than one --
8 often more than one occasion to have the
9 bill passed again or extending the time.

10 Isn't there some way of
11 earmarking the person making that second
12 request that it be -- do they have to pay
13 \$200 for the second request right now?

14 MR. ABERNATHY: Yes, but they
15 did not pay \$200 for the initial request.

16 COUNCILMAN O'NEILL: Well, why
17 don't we just -- I'm just trying to
18 target better on this thing from a
19 strategic standpoint. If they have to
20 pay the \$200 and then pay another \$200
21 because there is another special interest
22 ordinance for them, then you got \$400,
23 and you'll have to do it probably more
24 than once.

25 I'm not trying to fight it.

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2 I'm just trying to -- because I've been
3 involved with -- I don't get as many
4 bills as the Councilmember's district
5 that you represent, but in terms of
6 developers, I might, until recently, have
7 been ahead of him.

8 All those things with like
9 one-way streets, usually they're area
10 neighbors. It doesn't come under the
11 same charge thing where all work was
12 involved that the City did.

13 I would just hope we could find
14 a better way to target the person on
15 round two and make them pay for round one
16 as well.

17 MR. ABERNATHY: I understand,
18 Councilman. This actually will eliminate
19 round two. This requires payment up
20 front rather than payment on the back
21 end.

22 COUNCILMAN O'NEILL: But it
23 increases it. And how about the person
24 who asks you to introduce the bill and
25 the bill never gets passed? In other

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2 words, they pay just for the privilege of
3 having it introduced?

4 MR. ABERNATHY: The City
5 department still goes through the effort
6 of having the bill prepared.

7 COUNCILMAN O'NEILL: Right now
8 I can live with that. I understand.

9 COUNCILWOMAN TASCO: Madam
10 Chair.

11 COUNCILWOMAN BLACKWELL:
12 Councilwoman Tasco.

13 COUNCILWOMAN TASCO: One of
14 your comments you said that the person
15 might not know they have to pay the fee.
16 At what point will we tell them they have
17 to pay the fee so they'll know? Because
18 if they don't know, you can't charge
19 them. You can't blame them for not
20 paying it. They don't know that they
21 should pay the fee.

22 MR. ABERNATHY: I agree,
23 Councilwoman, which is why Councilman
24 DiCicco believes it's better practice to
25 charge prior to the introduction. There

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2 is no confusion. While certainly it is
3 the practice within Councilman DiCicco's
4 office to make it very clear that there
5 is a \$200 fee required, it certainly has
6 fallen through the cracks, not just in
7 our office but in other Council offices,
8 that developers or others do not
9 recognize that they have to pay that fee,
10 whether it happens to be a small business
11 looking for an outdoor cafe.

12 COUNCILMAN O'NEILL: I've never
13 had a developer not pay the \$200 and go
14 back. I want to make that clear, because
15 my colleague was asking about it. And I
16 get a lot of developers with bills.

17 What I'm concerned about is
18 that there may be a new class of people
19 that, for instance, people aren't
20 developers that -- I don't know if we're
21 going to broaden this, because I've heard
22 over the years that some people in the
23 Law Department or Revenue Department
24 think that people that used to have to
25 pay don't have to pay anymore because

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 Councilmembers don't put their names on
3 the back of the backer and that kind of
4 thing. And there's a distinction, is
5 this really for the area residents or is
6 this for the company may be benefitting,
7 appearing to benefit, because it's the
8 area residents who are asking for it and
9 whose bill is it.

10 MR. ABERNATHY: And,
11 Councilman, I would think that that --

12 COUNCILMAN O'NEILL: I don't
13 think it should be limited just to
14 developers who do a lot of work --

15 MR. ABERNATHY: And I don't
16 think it should be limited directly to
17 developers, but at least in our
18 circumstance and within the Councilman's
19 district, if area residents or a civic
20 association wishes to see legislation
21 passed, they'll request it from
22 Councilman DiCicco directly and not
23 request it from the Law Department
24 directly. And certainly Councilman
25 DiCicco will then approach the Law

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 Department and make sure it gets done.

3 But it's clear that it's not on
4 the behalf of a private interest to where
5 there's a profit being made. The purpose
6 of this bill is purely, at least in part,
7 is to purely streamline the Streets and
8 Services Committee hearing where you have
9 60 bills, 30 of those happen to be the
10 extension of a deadline because someone
11 did not pay a fee.

12 COUNCILMAN O'NEILL: Does
13 anybody know how many -- this is a
14 percentage of bills introduced, whether
15 they go to the Streets Committee or other
16 committees, that are subject to the \$200
17 charge. It may be that the \$200 charge
18 is charged to so few as a percentage of
19 all the bills that come into Council that
20 we would just eliminate it, because it's
21 not worth the trouble of going through
22 the hassle and not charge people who may
23 have a lot of much simpler legislation,
24 because this complicated legislation also
25 leads to a whole lot of people paying

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 taxes in high rises and other
3 developments.

4 Something doesn't feel right
5 about this. Maybe because I haven't had
6 a problem with it, and usually if there's
7 a problem, I find it somewhere along the
8 way affecting me. Councilwoman Tasco to
9 my left hasn't had the problem. I don't
10 know if Councilwoman Blackwell has had
11 the problem. And I certainly don't mind
12 supporting it for the First District,
13 believe me.

14 MR. ABERNATHY: And,
15 Councilman, with all due respect,
16 Councilman DiCicco was interested in this
17 legislation specifically because of the
18 Committee on Streets and Services.

19 COUNCILMAN O'NEILL: Well, do
20 you have a feel for how many bills in
21 Streets and Services actually have a \$200
22 understanding up front and it's not --

23 MR. ABERNATHY: The majority of
24 the bills within the Committee have a
25 \$200 requirement attached.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILMAN O'NEILL: So that
3 would be as simple as somebody asking for
4 a no parking or a metered parking in
5 front of their store?

6 MR. ABERNATHY: No, sir. They
7 generally will address outdoor cafes, any
8 kind of encroachment ordinance or any
9 kind of right-of-way ordinance
10 whatsoever.

11 COUNCILMAN O'NEILL: See, I'd
12 feel better if it were clear in this
13 bill, because maybe it hasn't been clear
14 for a long time. This used to be
15 something that was pretty strictly dealt
16 with when I first came to Council more
17 than a quarter century ago, and it's just
18 drifted away. Nobody bothers and I never
19 hear about it. And the areas that you're
20 talking about, I have no problem with it.
21 It's more of a chance to limit the
22 applications of this and to the kind of
23 things you're talking about. I don't
24 think anybody has a problem with someone
25 with an outdoor cafe where metes and

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 bounds are involved and the City has to
3 get into a lot of work doing these
4 things. Just so many of our bills that
5 might fall into that, I'm not sure those
6 people should be paying \$200 or \$300
7 because they're sort of just simple
8 pieces of legislation.

9 I'm just hesitant. I don't
10 want to --

11 COUNCILWOMAN TASC0: Well, for
12 someone who does not -- I never heard of
13 it before. I'm just not really educated
14 enough to really want to vote on this,
15 because I'd like to have more information
16 about who pays and who doesn't pay and
17 what might be charged, because we may
18 pass and think we're dealing with just
19 developers, as the Councilman said, and
20 then someone else has to pay and that
21 probably shouldn't pay.

22 So this is the first I've heard
23 of this. And I served on Streets and
24 Services before when I first came on here
25 and I never heard of the developer fee.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 MR. ABERNATHY: And you are
3 correct, Councilwoman. It is not a fee
4 that is specifically targeted to
5 developers, but it is targeted to special
6 interest ordinances or to private
7 interest ordinances.

8 COUNCILWOMAN TASC0: Well, I
9 don't know what that means.

10 MR. ABERNATHY: It is where the
11 City prepares an ordinance that is
12 delivered from the Administration on
13 behalf of a private interest.

14 COUNCILWOMAN TASC0: Beg your
15 pardon?

16 MR. ABERNATHY: It is where the
17 Administration will deliver a bill to a
18 Councilperson on behalf of a private
19 interest, not on behalf of the
20 Administration, not on behalf of the
21 Councilperson directly, but on the
22 private interest of a developer or
23 private business.

24 COUNCILWOMAN TASC0: My dry
25 cleaners wanted a sign in the street

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 because she couldn't -- she has a dry
3 cleaners and people park there all day
4 long. Her customers can't park there.
5 Is she charged \$200?

6 MR. ABERNATHY: No parking
7 signs are not regulated by ordinance.

8 COUNCILWOMAN TASCO: Well, I
9 put an ordinance in to get the sign.

10 MR. ABERNATHY: A no parking
11 regulation is a matter of policy and it
12 would not be considered, at least in our
13 experience, would not be considered a
14 private interest. Private interest would
15 be giving --

16 COUNCILWOMAN TASCO: Well, is
17 there defined someplace who would be
18 charged and who would not be charged? Is
19 there some history that you could give me
20 that would show me what could be charged
21 and what couldn't be charged?

22 MR. ABERNATHY: I will
23 certainly request that from the Law
24 Department. It's not something I've
25 actually seen in writing.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILWOMAN TASC0: And while
3 I appreciate having you here testifying,
4 I think the Law Department should be here
5 testifying on this bill.

6 MR. ABERNATHY: If I knew this
7 many questions were coming up, I
8 certainly would have requested that they
9 be here.

10 COUNCILMAN O'NEILL: For
11 instance, Brian, you mentioned the
12 Administration sending you a bill, and
13 that's usually when it's typed in on the
14 back.

15 MR. ABERNATHY: Yes, sir.

16 COUNCILMAN O'NEILL: But we get
17 requests for ordinances ourselves. A lot
18 of times I'll say to the developer, Look,
19 you have a lawyer, have the lawyer
20 prepare the bill. I'm not calling the
21 Planning Commission. And plus you're
22 going to wait six months. Your attorney
23 can do it in three days.

24 That's a private interest
25 ordinance when it comes. It doesn't have

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 the developer's name typed on the back.

3 Often times it may have the Councilman's

4 name typed on the back.

5 MR. ABERNATHY: Correct.

6 COUNCILMAN O'NEILL: So I'm not

7 sure we deal with things evenly either.

8 And that lawyer who prepared it may have

9 had all the work done by somebody in City

10 Planning or the Law Department for that

11 attorney, because they don't know

12 necessarily what they're doing, so they

13 ask somebody to help them out in the

14 City, but they actually author the final

15 draft for their client.

16 So I'm trying to figure out why

17 I've never heard of -- why I've never

18 gotten this, at least in the last 15, 20

19 years, as an issue.

20 MR. ABERNATHY: And, again,

21 Councilman, I'd be happy to forward the

22 bills in Streets and Services tomorrow.

23 COUNCILMAN O'NEILL: And you

24 probably have seen this in Streets

25 Committee, because I remember this from

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 years ago, often times there would be an
3 amendment, because sometimes it's a
4 family asking for something and the City
5 prepared it for them, so it becomes a
6 private ordinance and it's got their --
7 and it says at the end of the ordinance,
8 "upon payment of \$200." And some members
9 that were senior to me, I would see them
10 exclude that, exempt that, take that out.
11 I have an amendment here to take out the
12 last sentence, because this is not fair
13 to this family, whatever. That can still
14 be done --

15 MR. ABERNATHY: Yes.

16 COUNCILMAN O'NEILL: --
17 correct?

18 MR. ABERNATHY: Correct.

19 COUNCILMAN O'NEILL: Either
20 before it's introduced, the sponsor can
21 delete it --

22 MR. ABERNATHY: Or it can be
23 amended in the Committee.

24 COUNCILMAN O'NEILL: Or it can
25 be amended afterwards?

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 MR. ABERNATHY: Correct.

3 COUNCILWOMAN BLACKWELL: Any
4 further questions?

5 (No response.)

6 COUNCILWOMAN BLACKWELL: Thank
7 you.

8 COUNCILMAN O'NEILL: Everything
9 will be the same except this \$300 in
10 advance, right?

11 MR. ABERNATHY: Correct.

12 COUNCILMAN O'NEILL: And the
13 sponsor can take it out and the Committee
14 can take it out?

15 MR. ABERNATHY: I would have
16 to --

17 COUNCILMAN O'NEILL: If there's
18 an amendment.

19 MR. ABERNATHY: Because this
20 bill would actually require the fee to be
21 paid in advance as preparation. But,
22 again, if the Councilmember requests the
23 Law Department to prepare the ordinance,
24 the fee is never included to begin with.

25 COUNCILMAN O'NEILL: I don't

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 feel comfortable, but I learned a lot.

3 COUNCILWOMAN BLACKWELL: Thank
4 you very much. Thank you very much. You
5 did a great job, Brian.

6 He did do a great job. It's
7 just unfortunate that the description of
8 the bill does not describe who the
9 affected parties are, and that is why we
10 have all these questions.

11 Is there anyone else here who
12 would like to testify?

13 (No response.)

14 COUNCILWOMAN BLACKWELL: That
15 concludes our stated hearing. We will
16 now enter into the stated meeting.

17 The Chair recognizes
18 Councilwoman Blondell Reynolds Brown with
19 regard to a motion, all of these with
20 suspension of the rules, with regard to
21 Bill No. 051142.

22 COUNCILWOMAN BROWN: Madam
23 Chair, I make a motion that Bill No.
24 051142 be reported out of Committee with
25 a favorable recommendation and further

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 move that the rules of Council be
3 suspended to allow reading at the next
4 scheduled session of Council.

5 (Duly seconded.)

6 COUNCIL PRESIDENT VERNA: All
7 in favor will say aye.

8 (Aye.)

9 COUNCILWOMAN BLACKWELL:
10 Opposed?

11 (No response.)

12 COUNCILWOMAN BLACKWELL: The
13 ayes have it and so Bill No. 051142 is
14 reported out of Committee with a
15 favorable recommendation, also a
16 recommendation for a suspension of the
17 rules so as to be read at our next
18 session of Council.

19 The Chair recognizes Councilman
20 Goode for a motion regarding Bill No.
21 060227.

22 COUNCILMAN GOODE: Thank you,
23 Madam Chair. I move that Bill 060227 be
24 reported out of Committee with a
25 favorable recommendation and that the

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 rules of Council be suspended so as to
3 permit first reading at our next Council
4 session.

5 (Duly seconded.)

6 COUNCILWOMAN BLACKWELL: It has
7 been moved and seconded that Bill 060227
8 be reported out of Committee with a
9 favorable recommendation and a
10 recommendation for a suspension of the
11 rules.

12 All in favor will say aye.

13 (Aye.)

14 COUNCILWOMAN BLACKWELL:

15 Opposed?

16 (No response.)

17 COUNCILWOMAN BLACKWELL: Said
18 bill is reported out.

19 The Chair recognizes Councilman
20 O'Neill with regard to Bill No. 060242.

21 COUNCILMAN O'NEILL: Madam
22 Chair, I move that Bill 060242 be
23 reported out of Committee with a
24 favorable recommendation, also a
25 recommendation that the rules of Council

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 be suspended to allow first reading at
3 our next session of Council.

4 (Duly seconded.)

5 COUNCILWOMAN BLACKWELL: It has
6 been moved and seconded that Bill No.
7 060242 be reported out of Committee with
8 a favorable recommendation and also a
9 recommendation that the rules of Council
10 be suspended so as to permit first
11 reading at our next session of Council.

12 We will hold Bill No. 060243.
13 That was just discussed regarding special
14 rights and an increase of a \$100 fee.

15 The next bill, 060245, we will
16 call on Councilwoman Tasco for a motion.

17 COUNCILWOMAN TASCO: Madam
18 Chair, I move that Bill 060245 be
19 reported out of Committee with a
20 favorable recommendation and with a
21 request for the suspension of the rules
22 so this bill can be heard at Council's
23 next session.

24 (Duly seconded.)

25 COUNCILWOMAN BLACKWELL: It has

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 been moved and seconded that Bill No.
3 060245 be reported out of Committee with
4 a favorable recommendation and also a
5 recommendation for suspension of the
6 rules so as to permit first reading at
7 our next session of Council.

8 All in favor will say aye.
9 (Aye.)

10 COUNCILWOMAN BLACKWELL:

11 Opposed?

12 (No response.)

13 COUNCILWOMAN BLACKWELL: Thank
14 you very much. The ayes have it and the
15 bill is reported out.

16 The next bill, Councilwoman
17 Blondell Reynolds Brown, is Bill No.
18 060375 and we'll entertain a motion.

19 COUNCILWOMAN BROWN: Madam
20 Chair, I move that Bill No. 060375 be
21 reported out of Committee with a
22 favorable recommendation and a
23 recommendation for suspension of the
24 rules to allow first reading at the next
25 scheduled session.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 (Duly seconded.)

3 COUNCILWOMAN BLACKWELL: All in
4 favor will say aye.

5 (Aye.)

6 COUNCILWOMAN BLACKWELL:

7 Opposed?

8 (No response.)

9 COUNCILWOMAN BLACKWELL: The
10 ayes have it and so Bill No. 060375 is
11 reported out of Committee with a
12 favorable recommendation, also a
13 recommendation for suspension of the
14 rules so as to permit first reading at
15 our next session of Council.

16 The Chair recognizes Councilman
17 Goode with regard to Bill No. 060377.

18 COUNCILMAN GOODE: Thank you,
19 Madam Chair. I move that Bill 060377 be
20 reported out of Committee with a
21 favorable recommendation and that the
22 rules of Council be suspended so as to
23 permit first reading at our next Council
24 session.

25 (Duly seconded.)

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILWOMAN BLACKWELL: All in
3 favor will say aye.

4 (Aye.)

5 COUNCILWOMAN BLACKWELL:
6 Opposed?

7 (No response.)

8 COUNCILWOMAN BLACKWELL: The
9 ayes have it and so Bill No. 060377 is
10 reported out with a favorable
11 recommendation and also a recommendation
12 for suspension of the rules so as to
13 permit first reading at our next session
14 of Council.

15 Councilwoman Tasco, we'll call
16 on you with a motion with regard to Bill
17 No. 060378.

18 COUNCILWOMAN TASCO: I move
19 that Bill 060378 be reported out of
20 Committee with a favorable recommendation
21 and a request for the suspension of the
22 rules so that this bill can be read at
23 Council's next session.

24 (Duly seconded.)

25 COUNCILWOMAN BLACKWELL: All in

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 favor will say aye.

3 (Aye.)

4 COUNCILWOMAN BLACKWELL:

5 Opposed?

6 (No response.)

7 COUNCILWOMAN BLACKWELL: The
8 ayes have it and so Bill No. 060378 is
9 reported out of Committee with a
10 favorable recommendation and also a
11 recommendation that the rules of Council
12 be suspended so as to permit first
13 reading at our next session of Council.

14 The Chair recognizes Councilman
15 O'Neill with regard to Bill No. 060381.

16 COUNCILMAN O'NEILL: Madam
17 Chair, I move that Bill 060381 be
18 reported out of Committee at our next
19 session of Council and also that the
20 rules be suspended to allow first reading
21 at that time.

22 (Duly seconded.)

23 COUNCILWOMAN BLACKWELL: All in
24 favor will say aye.

25 (Aye.)

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILWOMAN BLACKWELL:

3 Opposed?

4 (No response.)

5 COUNCILWOMAN BLACKWELL: The
6 ayes have it and so Bill No. 060381 is
7 reported out of Committee with a
8 favorable recommendation and also a
9 recommendation for suspension of the
10 rules so as to permit first reading at
11 our next session of Council.

12 The Chair recognizes Councilman
13 Goode with regard to Bill No. 060387.

14 COUNCILMAN GOODE: Thank you,
15 Madam Chair. I have an amendment to Bill
16 060387 that's circulated to all members
17 of the Committee. If you notice, on Page
18 2, there are actually two Section (b)'s.
19 We would eliminate the first Section (b),
20 which has July 1, 2007 timetable. We
21 will eliminate all timetables in this
22 bill, per the request of the
23 Administration. I move the amendment be
24 adopted.

25 (Duly seconded.)

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 COUNCILWOMAN BLACKWELL: It has
3 been moved and seconded that the
4 amendment be adopted.

5 All in favor will say aye.
6 (Aye.)

7 COUNCILWOMAN BLACKWELL: Any
8 nays?

9 (No response.)

10 COUNCILWOMAN BLACKWELL: The
11 ayes have it and so the amendment is
12 adopted.

13 The Chair now recognizes
14 Councilman Goode for a motion on Bill No.
15 060387 as adopted.

16 COUNCILMAN GOODE: Thank you,
17 Madam Chair. I move that Bill 060387 as
18 amended be reported out of Committee with
19 a favorable recommendation and that the
20 rules of Council be suspended so as to
21 permit first reading at our next Council
22 session.

23 (Duly seconded.)

24 COUNCILWOMAN BLACKWELL: All in
25 favor will say aye.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 (Aye.)

3 COUNCILWOMAN BLACKWELL:

4 Opposed?

5 (No response.)

6 COUNCILWOMAN BLACKWELL: The
7 ayes have it and so Bill No. 060387 as
8 amended will be reported out of Committee
9 with a favorable recommendation and also
10 a recommendation that the rules of
11 Council be suspended so as to permit
12 first reading at our next session of
13 Council.

14 The Chair now recognizes
15 Councilwoman Blondell Reynolds Brown with
16 regard to Bill No. 060394.

17 COUNCILWOMAN BROWN: Madam
18 Chair, I move that Bill No. 060394 be
19 reported out of Committee with a
20 favorable recommendation and a
21 recommendation for the suspension of the
22 rules to allow first reading at the next
23 scheduled session of Council.

24 (Duly seconded.)

25 COUNCILWOMAN BLACKWELL: It has

1 6/6/06 - FINANCE - BILL 051142, ETC.
2 been moved and seconded that this bill be
3 reported out of Committee with a
4 favorable recommendation and for a
5 suspension of the rules.

6 All in favor will say aye.
7 (Aye.)

8 COUNCILWOMAN BLACKWELL: The
9 ayes have it and so Bill No. 060394 is
10 reported out.

11 The Chair recognizes Councilman
12 Goode with regard to Bill No. 060438.

13 COUNCILMAN GOODE: Thank you,
14 Madam Chair. I move that Bill 060438 be
15 reported out of Committee with a
16 favorable recommendation and that the
17 rules of Council be suspended so as to
18 permit first reading at our next Council
19 session.

20 (Duly seconded.)

21 COUNCILWOMAN BLACKWELL: All in
22 favor will say aye.

23 (Aye.)

24 COUNCILWOMAN BLACKWELL:
25 Opposed?

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 (No response.)

3 COUNCILWOMAN BLACKWELL: The
4 ayes have it and so Bill No. 060438 will
5 be reported out of Committee with a
6 favorable recommendation and also a
7 recommendation that the rules of Council
8 be suspended so as to permit first
9 reading at our next session of Council.

10 The next bill listed on our
11 calendar, Bill No. 060466, was listed in
12 error. This bill is being heard tomorrow
13 at 3:00 p.m. in front of our Housing
14 Committee.

15 The Chair recognizes Councilman
16 Goode with regard to Bill No. 060469.

17 COUNCILMAN GOODE: Thank you,
18 Madam Chair. I move that Bill 060469 be
19 reported out of Committee and that the
20 rules of Council be suspended so as to
21 permit first reading at our next Council
22 session.

23 (Duly seconded.)

24 COUNCILWOMAN BLACKWELL: All in
25 favor will say aye.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 (Aye.)

3 COUNCILWOMAN BLACKWELL:

4 Opposed?

5 (No response.)

6 COUNCILWOMAN BLACKWELL: The
7 ayes have it and so Bill No. 060469 will
8 be reported out of Committee with a
9 favorable recommendation and also a
10 recommendation for suspension of the
11 rules so as to permit first reading at
12 our next session of Council.

13 The Chair will hear from
14 Councilman O'Neill with regard to Bill
15 No. 060473.

16 COUNCILMAN O'NEILL: Madam
17 Chair, I move that Bill 060473 be
18 reported out of Committee with a
19 favorable recommendation at the next
20 session of Council and also that the
21 rules of Council be suspended to allow
22 first reading at that time.

23 (Duly seconded.)

24 COUNCILWOMAN BLACKWELL: All in
25 favor will say aye.

1 6/6/06 - FINANCE - BILL 051142, ETC.

2 (Aye.)

3 COUNCILWOMAN BLACKWELL:

4 Opposed?

5 (No response.)

6 COUNCILWOMAN BLACKWELL: The
7 ayes have it and so Bill No. 060473 will
8 be reported out of Committee with a
9 favorable recommendation and also that
10 the rules of Council be suspended so as
11 to permit first reading at our next
12 session of Council.

13 So ends our very long Calendar.
14 We thank all of you for being here and
15 remind anyone who is here with regard to
16 the Committee of the Whole hearing at
17 3:00 p.m. that Bill No. 060474 and
18 Resolution 060485 will be recessed until
19 June 14th at 10:00 a.m.

20 Thank you all for being here.

21 Thank you, members of the Committee, and
22 we'll see you manana.

23 (Committee on Rules adjourned
24 at 3:40 p.m.)

25 - - -

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 June 6, 2006, and that

8

this is a true and correct transcript of same.

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MICHELE L. MURPHY

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