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COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING

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JOINT COMMITTEES OF THE
WHOLE and HOUSING
NEIGHBORHOOD DEVELOPMENT AND THE HOMELESS

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- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Monday, March 29, 2004
10:35 a.m.
- - -

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10 RESOLUTION 040095 - A resolution amending the
11 Fiscal Year 2004 program Statement and Budget
12 for the expenditure of the Neighborhood
Transformation Initiative (NTI) bond proceeds.

12

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PRESENT:

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15 COUNCIL PRESIDENT ANNA C. VERNA
16 COUNCILWOMAN JANNIE L. BLACKWELL
17 COUNCILWOMAN BLONDELL REYNOLDS BROWN
18 COUNCILMAN DAVID COHEN
19 COUNCILMAN W. WILSON GOODE, JR.
20 COUNCILMAN JUAN F. RAMOS
21 COUNCILMAN FRANK RIZZO
22 COUNCILMAN FRANK J. DI CICCIO
23 COUNCILMAN DARRELL L. CLARKE
24 COUNCILWOMAN JOAN L. KRAJEWSKI
25 COUNCILMAN RICHARD T. MARIANO
COUNCILWOMAN DONNA REED MILLER
COUNCILWOMAN MARIAN B. TASCIO
COUNCILMAN JACK KELLY

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2 PRESIDENT Verna: Good morning,
3 everyone. Sorry for the delay. This is the
4 continued Public Hearing of the Committee of
5 the Whole, of Neighborhood Development,
6 Housing, and the Homeless Committees regarding
7 Resolution No. 040095.

8 Mr. McPherson, would you please read
9 the title.

10 MR. McPHERSON: A resolution
11 amending the Fiscal Year 2004 Program
12 Statement and Budget for the expenditure of
13 the Neighborhood Transformation Initiative
14 bond proceeds.

15 PRESIDENT Verna: Thank you.

16 Anyone wishing to testify, if you
17 would see Ms. Murray back here, give her your
18 name so that you would be called at the
19 appropriate time.

20 Good morning.

21 MS. SMITH: Good morning.

22 PRESIDENT Verna: Please identify
23 yourself for the record and proceed with your
24 testimony.

25 MS. PATRICIA L. SMITH: Patricia

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2 Smith, Director of Neighborhood
3 Transformation.

4 Good morning, Madam President, Madam
5 Chairperson, and members of the Committee of
6 the Whole and Housing, Neighborhood
7 Development and Homeless.

8 My name is Patricia Smith, Director
9 of Neighborhood Transformation.

10 If I may, I would like to just take
11 a few minutes at the outset of the hearing --

12 PRESIDENT VERA: Ms. Smith, just a
13 moment, please. The noise level is much too
14 high.

15 Thank you, that's much better.
16 Please proceed.

17 MS. SMITH: If I may, I would like
18 to take a few minutes at the outset of the
19 hearing to address some of the issues and
20 concerns that were raised last week about the
21 progress the Administration is making under
22 the Neighborhood Transformation Initiative.

23 And I am also submitting a
24 substitute Exhibit D in terms of that I would
25 like to replace the one that was in the

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2 resolution itself.

3 And I will talk a little bit more
4 about that at the closure of my testimony and
5 explain that.

6 Under the umbrella of NTI, the
7 Street Administration is taking on problems
8 that are the result of decades of divestment
9 and neglect. NTI represents an unprecedented
10 commitment of resources for Philadelphia
11 neighborhood. It endeavors to help preserve
12 and rebuild Philadelphia neighborhoods by
13 removing blighted conditions, creating
14 opportunities for redevelopment through land
15 assembly, stimulating private investment in
16 neighborhoods, and coordinating and improving
17 the delivery of services and resources to
18 neighborhoods.

19 NTI recognizes that strong and
20 healthy neighborhoods requires safe streets,
21 job creation and workforce development, good
22 schools, retail, cultural and recreational
23 outlets and a range of quality housing options
24 for all incomes.

25 NTI emphasizes neighborhood

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2 planning, balancing affordable housing and
3 market-rate housing development, the
4 involvement of nonprofit and private sector,
5 and collaboration among city departments and
6 agencies.

7 The implementation of NTI has not
8 been easy. To my knowledge, nothing equal to
9 the breath or the scale of NTI is being
10 undertaken elsewhere in the country. When
11 necessary, the Administration has made
12 adjustments in its program goals and strategy
13 to accommodate lessons learned and changed
14 circumstances.

15 Yet, despite the many challenges
16 that are embedded in the implementation of an
17 initiative of this scale, this Administration
18 has accomplished a great deal since the
19 passage of the NTI authorizing legislation in
20 March 2002.

21 And just to list some of our
22 accomplishments, we have contracted for the
23 demolition of more than 1900 dangerous
24 buildings, contracted for the stabilization of
25 more than 400 properties, redesigned the PHIL

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2 Program and made 221 home improvement loans
3 totaling \$4.4 million, rehabilitated 50 vacant
4 houses under the HRP program which represents
5 \$5.3 million in development costs, initiated
6 the acquisition of more than 5500 projects for
7 development projects or land banking using the
8 RDA eminent domain powers, contracted with ten
9 CDCs for the implementation of a new homeowner
10 repair program for their neighborhoods, and
11 contracted with eight CBOs to help maintain
12 vacant lots.

13 In addition, the Administration
14 since January 2000 has made the neighborhoods
15 safer and cleaner by closing down open -- air
16 drug markets, taking 202,198 abandoned cars
17 off the street, removing graffiti from 308,757
18 buildings and fixtures, pruning 15,975 trees
19 and removing 7401 dangerous street trees,
20 removing more than 30,000 tons of debris from
21 vacant lots, planting some 4000 new trees on
22 streets, in parks and on vacant lots,
23 improving more than 1400 vacant lots by
24 installing topsoil, seeding and fencing, and
25 selected more than ten commercial corridors or

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2 neighborhood gateways and 23 garden projects
3 for improvements, and funding upgrades for 26
4 neighborhood parks.

5 We secured a seed grant from Freddie
6 Mac to set up a public information hotline to
7 reach victims of predatory lending and help
8 home improvement or debt consolidation loans.

9 To date, what we call the "Don't
10 Borrow Trouble" hotline has served more than
11 2300 callers. Because of a generous grant
12 from Citizens Bank, the Administration will
13 promote the hotline this summer in a series of
14 ads in newspapers, on buses and on the radio.

15 Furthermore, the face of several
16 Philadelphia neighborhoods is being
17 transformed by large-scale development
18 projects throughout the city. Six large-scale
19 developments, consisting of more than 2500 new
20 units are well underway. Some of these
21 developments include 788 units at Mill Creek
22 Hope VI, 400 units at Brewerytown, 230 units
23 at Capehart, 546 units at Tasker/Gray's Ferry,
24 400 units by Universal Communities in South
25 Philadelphia, and 151 units at the Cecil B.

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2 Moore Homeownership Zone. About half of these
3 new units will be rental properties, including
4 low-income and senior housing, and the other
5 half will be homeownership properties.

6 It is impossible to talk about
7 neighborhood transformation without
8 recognizing the work of the Philadelphia
9 Housing Authority. There is a demonstrated
10 need for affordable housing in this city, and
11 public housing is a significant resource for
12 Philadelphia's low- and moderate-income
13 families. PHA does play a critical role in
14 neighborhoods. Its resources can serve as a
15 catalyst to the revitalization of communities.

16 Of course, the transformation of
17 neighborhoods requires a balance of public and
18 private investments. NTI is engaging the
19 private sector in many important ways.

20 Citizens Bank has committed \$104
21 million in capital to neighborhoods where NTI
22 is active. In the first year of its
23 commitment, Citizens has exceeded all lending
24 goals. In 2003 alone, they have more than
25 doubled their residential mortgage goal of \$10

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2 million by making \$20 million available to
3 buyers in low- and moderate-income census
4 tracts.

5 Local lenders are active in
6 NTI-funded loan programs. Fleet, Wachovia,
7 Citizens, PNC have made more than \$4 million
8 since Fiscal Year '03. The PHIL program
9 leverages \$2 million in NTI bonds to make \$13
10 million in loans available over the next few
11 years.

12 In addition, eight lenders --
13 Beneficial, Citizens, Commerce, Fleet,
14 National Penn, PNC Bank, Sovereign and United
15 -- all came together to serve as lenders for
16 our new anti-predatory loan products.

17 The anti-predatory loan products
18 will leverage about \$450,000 in NTI bond
19 proceeds to make \$2.6 million loans to
20 homeowners with past credit problems.

21 Because of NTI, there is a renewed
22 interest, I believe, in the City of
23 Philadelphia by for-profit residential home
24 builders, interests seeking to build
25 large-scale developments in distressed real

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2 estate markets, like Cecil B. Moore and
3 Brewerytown.

4 The RDA has begun to receive
5 expressions of interest from developers
6 looking to purchase land from its inventory at
7 fair market value. And just a few years ago,
8 we couldn't give some of this land away.

9 NTI bonds are laying the foundation
10 for future development. By current estimates,
11 roughly \$19 million in approved acquisitions
12 will bring \$136 million in affordable
13 market-rate, mixed-use development to the
14 city. This is just the beginning.

15 Development projects can take five
16 years plus to come to fruition. For the next
17 decade, the majority of all development in
18 Philadelphia will likely have been facilitated
19 by the use of NTI bond funds for acquisitions.
20 We are proud of the direction we are going.

21 I also want to reiterate the
22 Administration's commitment to using NTI as a
23 tool to foster economic opportunity. The
24 Administration is meeting the subcontracting
25 goals that are set out in the economic

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2 opportunity plan for demolition activities.

3 Of all the contracts that have been
4 let for target demolition programs as of
5 March, MBEs account for 49 percent and WBs
6 account for 24 percent of the subcontracts.
7 Plus, minority firms are performing 34 percent
8 of the curb-side demolition work.

9 The African-American Chamber of
10 Commerce is helping to build the capacity of
11 minority- and women-owned businesses who are
12 interested in bidding as prime contractors in
13 the NTI targeted demolition program.

14 In addition, we are issuing small
15 bid packages to facilitate the participation
16 of demolition contractors.

17 For the targeted demolition program,
18 the Administration is pleased to report that
19 minorities account for 78 percent of the more
20 than 87,000 hours worked. Philadelphia
21 residents represent 77 percent of the work
22 force employed.

23 The vacant lot maintenance program,
24 administered by PHS, created jobs for 70
25 neighborhood residents. Thus far NTI work

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2 force development program administered by DAP
3 has resulted in acceptance of 36 individuals
4 into the building trades.

5 I now turn to the specific issue at
6 hand today, the proposal to add to the FY '04
7 NTI program budget.

8 The Administration wishes to replace
9 Exhibit D to Resolution 040095 with the
10 attached spreadsheet. The additional \$25
11 million that we are seeking will be used to
12 fund all or part of bid packages that are
13 highlighted in blue and yellow on the
14 spreadsheet.

15 And, if I may, I just want to, for
16 example, pick out a Council district and
17 explain. Because I know it is a lot of
18 numbers on this spreadsheet.

19 What we sought to do, instead of
20 estimating, as we had done in the approved
21 budget that was introduced last year, we
22 listed the actual bid packages that the
23 amendment will support.

24 So if you were to look at, for
25 example, Council District No. 8, you have

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2 already under contract bid packages 24, 25,
3 23, and the AAC training program. That's
4 already under contract.

5 In this amendment we will be adding
6 Allegheny West and funding, for example, I
7 believe, 46 properties as part of the bid
8 package, as part of this amendment as
9 additional FY '05. And we used the
10 alternating colors just to make it easier to
11 read.

12 In addition, we are including
13 funding for emergency curb-side asbestos
14 monitoring for the targeted program and
15 wrap-up insurance.

16 And then, as I also explained, some
17 bid packages, because of their size, some are
18 being partially funded with the amendment.
19 The remainder of the funding for the
20 Kensington, Grays Ferry, Haddington, and
21 Allegheny West bid packages will be in the NTI
22 FY '05 program statement.

23 As I explained in my testimony last
24 week, the additional funds are needed because
25 the pace and the cost of demolitions in '04 is

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2 greater than the Administration projected in
3 the original budget, which was transmitted
4 about a year ago -- which was developed about
5 a year ago.

6 Because the targeted program was not
7 fully operational when we transmitted the
8 budget, we had very little actual experience
9 in the field with how the contracting
10 community would respond to large bid packages,
11 packages that were usually greater than 75.

12 During the first half of FY '04,
13 only three contractors were actively bidding
14 on target demolition packages.

15 Another cost driver has been the
16 significant number of party wall treatments in
17 bid packages. As I had stated, for every 100
18 demolitions, on average we stucco 64 party
19 walls. And the cost of a party wall treatment
20 is \$9,000.

21 Although the Administration could
22 have exercised its right to reject all bids
23 because costs were coming in higher than
24 projected, we elected to go forward.

25 Generally re-bidding adds at least

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2 two to three months to the city's procurement
3 process, without any guarantee that the
4 demolition contracting community will submit
5 lower bids.

6 Furthermore, there was a great deal
7 of public pressure to increase, not slow down,
8 demolition activity.

9 The Administration is working hard
10 to reduce costs, and we are committed to that.
11 To increase competition, we are aggressively
12 recruiting contractors for the targeted
13 demolition program. And results are beginning
14 to pay off.

15 The Ludlow bid package drew eight
16 bidders, and Belmont has come in 20 percent
17 lower than our estimate.

18 While our demolitions costs for both
19 the targeted and emergency curb-side programs
20 are higher than initially projected, we do
21 believe the quality of the demolition work has
22 improved dramatically.

23 We have revised the
24 specifications -- and we have talked about
25 that -- to improve the post-demolition

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2 treatments. Where appropriate, we are
3 fencing.

4 In addition, to improve
5 accountability, we changed the bidding
6 process. Contract is now bid on the entire
7 demolition procedure, including asbestos
8 removal, party wall treatments, and
9 post-demolition treatment.

10 There has been a noticeable
11 decrease, we believe -- these changes have
12 been well received by neighborhoods.
13 Furthermore, there has been a noticeable
14 decrease in the number of complaints regarding
15 demolition work.

16 As I conclude my remarks, I wish to
17 take a moment to examine the meaning of the
18 word "initiative." The noun "initiative"
19 comes from the verb "initiate," which Webster
20 defines as to cause or facilitate the
21 beginning. For example, to initiate a program
22 of reform. "Initiative" means the first step.

23 During the past 50 years,
24 Philadelphia has witnessed unprecedented
25 losses in both people and jobs that have

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2 decimated property values, quality of life,
3 and the sense of community in many once proud
4 neighborhoods.

5 NTI seeks to build a foundation for
6 change in neighborhoods that have been
7 neglected for decades. Although we have faced
8 some tough challenges, NTI has accomplished a
9 great deal in a relatively short period of
10 time.

11 While much remains to be done, as
12 President John F. Kennedy so poignantly
13 pointed out in his inaugural speech, all of
14 this will not be finished in the first 100
15 days, nor will it will be finished in the
16 first 1,000 days, nor in the life of this
17 Administration, nor perhaps in our lifetime on
18 this planet, but let us begin. NTI represents
19 the beginning.

20 Madam President, Madam Chairperson,
21 and members of the Committee of the Whole and
22 Housing, Neighborhood Development and
23 Homeless, I respectfully request your
24 favorable consideration of the proposed
25 amendment to Resolution 040095. Thank you.

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2 PRESIDENT VERNA: Thank you.

3 Have all of the Council Members
4 received a copy of this amendment? Thank you.

5 Ms. Smith, what is the traditional
6 cost of a party wall treatment? What did it
7 cost us when L & I was doing the demolition?

8 MS. SMITH: Well, L & I continues to
9 do emergency demolition. And their party wall
10 treatment number is coming in around the same
11 amount at this point in time.

12 It may be slightly lower because
13 some things, like prevailing wage, does not
14 apply to emergency curb-sides because the
15 amount may not exceed \$25,000 in total.

16 And under Council ordinance, if a
17 construction cost is less than 25,000, that
18 doesn't apply.

19 But they are almost comparable at
20 this point.

21 The other challenge we have in doing
22 the apples-to-apples comparison is that under
23 the emergency curb-side program, we let one
24 contractor to do all stucco work. And then
25 contractors are deployed citywide; as opposed

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2 to having, in the NTI targeted program, the
3 prime contractor responsible for everything.

4 And as you may recall, Council
5 President, one of the reasons why we made that
6 change is, a lot of times neighbors, after a
7 house was taken down, when the curb side, and
8 not immediately stuccoed, would complain
9 because they didn't realize that another
10 contractor would come.

11 PRESIDENT VERNA: At that time we
12 waited an awfully long time. And we were told
13 that we could only find one person in the
14 entire city who did stucco work.

15 MS. SMITH: Uh-huh.

16 PRESIDENT VERNA: I mean, \$9,000
17 seems like an exorbitant amount to me for
18 stuccoing work, but I'm not an expert at that.
19 But it does sound like a lot of money.

20 MS. SMITH: It is in line with what
21 we are estimating in terms of the work. And,
22 again, the other drivers are things like
23 prevailing wage.

24 PRESIDENT VERNA: Ms. Smith, I
25 received a call from Councilman Nutter this

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2 morning. He is unable to be here; however, he
3 indicated that last week he did ask for a
4 breakdown of the original budget by
5 councilmanic district.

6 MS. SMITH: Yes.

7 PRESIDENT VERNA: And he also wanted
8 to know how much has been spent to date.

9 Have you been able to provide him,
10 his office, or us with that information?

11 MS. SMITH: We have put together a
12 response to all the questions that was
13 presented to Council, and they are being
14 delivered. There was, unfortunately, a typo
15 that I caught. And they are being delivered
16 to the Council offices today.

17 And I think you have my one and only
18 copy that I brought with me, the draft.

19 PRESIDENT VERNA: Mr. McPherson just
20 showed it to me.

21 MS. SMITH: Yes. And that's going
22 out to everyone.

23 PRESIDENT VERNA: Fine. Thank you.

24 Are there any questions from members
25 of the committee?

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2 The Chair recognizes Councilman
3 Goode.

4 COUNCILMAN GOODE: Thank you, Madam
5 President. Good morning, Ms. Smith.

6 MS. SMITH: Good morning.

7 COUNCILMAN GOODE: By your statement
8 just now, that packages are being prepared for
9 Council Members in response to questions asked
10 last week, should I take that to suggest that
11 the responses within your testimony do not
12 respond to the questions asked last week?

13 MS. SMITH: No; I tried to respond
14 to what I thought were some of the major
15 themes of last week.

16 And one of the other things I did
17 attach to my testimony, because there was a
18 question specifically around the direct
19 leverage of NTI bonds, and I did attach that
20 chart to this testimony.

21 COUNCILMAN GOODE: I saw that chart,
22 but I will get back to that part of it.

23 The first question I asked last
24 week --

25 PRESIDENT VERNA: The Chair

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2 recognizes Councilman Cohen.

3 COUNCILMAN COHEN: Did Ms. Smith say
4 she prepared for the individual Council
5 Members the answers to their questions?

6 PRESIDENT VERNA: Yes.

7 COUNCILMAN COHEN: And to whom do
8 you intend to send them to?

9 MS. SMITH: To all Council Members.

10 COUNCILMAN COHEN: Well, I
11 understood that the procedure in City Council
12 always, without exception, was to send the
13 replies to the President, and the President
14 would send them to the Council Members, those
15 Council Members whom she believed it was
16 appropriate who asked the question. Send one
17 to the Chair, whoever the Chair was.

18 So I am wondering whether that's
19 been changed at the request of the Council
20 President, or who is changing the procedure?

21 Because many of the questions may be
22 asked by a particular Councilman. Sometimes
23 one or two Council Members are interested,
24 sometimes there are more.

25 MS. SMITH: No. The letter responds

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2 to all questions that we took notes on as
3 addressed to President Verna and Chairwoman
4 Blackwell. And then that response we cc'd all
5 members of Council, because it is distributed
6 to everybody.

7 COUNCILMAN COHEN: Why is that? Is
8 it because you don't trust whoever the Chair
9 is to distribute them to the appropriate
10 people?

11 MS. SMITH: I thought in the past
12 that that's what we have done.

13 COUNCILMAN COHEN: That's not my
14 understanding. But I would like to have
15 clarification from the Chair.

16 Have we changed the procedures?

17 PRESIDENT VERNA: No. Normally it
18 is sent to the Chair, and the Chair then
19 submits it to all Council Members.

20 MS. SMITH: We made copies. We will
21 deliver all copies to your office, Council
22 President.

23 PRESIDENT VERNA: Now, are you
24 having copies made?

25 MS. SMITH: Yes. As I said, I had

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2 to make a change. And we will bring all
3 copies, we will make the copies and deliver
4 them to your office.

5 PRESIDENT VERNA: Thank you.

6 MS. SMITH: I apologize.

7 PRESIDENT VERNA: I think Councilman
8 Goode was still in the process.

9 COUNCILMAN GOODE: Just getting
10 started, Madam President.

11 The first question, Ms. Smith, last
12 week was how the rate of housing production
13 has changed under NTI in measurement on a
14 yearly basis.

15 Is housing production within NTI
16 areas increasing, is it decreasing, has it
17 stayed the same?

18 I don't note that response within
19 your testimony. I don't know whether it is
20 contained within the answers that will be
21 forwarded.

22 MS. SMITH: Again, the rate of
23 housing production, what we will be sending
24 over separately, if you recall, I mentioned
25 Secretary Hannon was pulling that information

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2 together.

3 But in some areas it is increasing.

4 And some of that is due to the fact of, for
5 example, PHA has done several large-scale
6 housing developments, like --

7 COUNCILMAN GOODE: Ms. Smith, we
8 went through this last week.

9 In terms of a comprehensive overview
10 of housing production in NTI areas, which is
11 not a difficult question, it is not a
12 complicated question.

13 If you look at it on a year-by-year
14 basis, starting before NTI, in the first year
15 of NTI, then the next year of NTI, is housing
16 production in NTI areas increasing,
17 decreasing, or staying the same?

18 Because I notice even within what
19 you take credit for in terms of
20 accomplishments, not one new house, and the
21 rehab of only 50.

22 MS. SMITH: What we attached to the
23 question was our break-out of what we
24 anticipate in rental housing development using
25 NTI bonds.

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2 COUNCILMAN GOODE: Ms. Smith, I am
3 not asking you what's attached. I am still
4 asking you the question.

5 You are the director of NTI. It is
6 a very simple question. Has housing
7 production increased, decreased, or stayed the
8 same?

9 And that, also, is not a question
10 that I am asking for anecdotal response. I
11 actually want to know what the numbers were
12 the year before in terms of housing production
13 in NTI areas, what the numbers are on a
14 year-by-year basis.

15 MS. SMITH: We are still putting
16 that data together, Councilman.

17 COUNCILMAN GOODE: So a week later
18 you still don't know the answer to that
19 question?

20 MS. SMITH: That's correct, not in
21 exact numbers. I don't know it in exact
22 numbers.

23 I did list in the response the
24 number of properties -- and, unfortunately, my
25 one copy that I brought with me, if I can get

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2 it from Mr. McPherson.

3 I did list what we have in
4 acquisition. I believe that's around 800
5 units we are projecting off of what we are
6 acquiring.

7 I had one copy of my response.

8 COUNCILMAN GOODE: Did you read your
9 response?

10 MS. SMITH: If I may for a second.
11 Mr. McPherson, if I could just have the letter
12 back. Thank you.

13 What we provided was a list of the
14 tax credit projects for FY '02 through FY '04
15 that received tax credits and the chart --

16 COUNCILMAN GOODE: That received
17 commitments for tax credits?

18 MS. SMITH: That was one of the
19 questions.

20 COUNCILMAN GOODE: That's not the
21 question I asked.

22 I asked whether actual housing
23 production in terms of units. The housing
24 production itself, new units actually being
25 created, has increased under NTI?

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2 MS. SMITH: I'm sorry. I did not
3 include that information in this letter.

4 COUNCILMAN GOODE: So you did not
5 answer the question.

6 MS. SMITH: We will work on that. I
7 am sorry.

8 COUNCILMAN GOODE: So you did not
9 answer the question of whether housing units
10 have actually increased under NTI, though you
11 are asking for \$25 million more, which may or
12 may not lead to any more housing units?

13 MS. SMITH: The 25 million is
14 specifically to carry out the demolition of
15 dangerous buildings for public safety. But I
16 will provide you --

17 COUNCILMAN GOODE: I understand
18 that.

19 So they may or may not lead to any
20 more housing units.

21 MS. SMITH: It may or may not.

22 COUNCILMAN GOODE: Thank you.

23 Second question was in terms of
24 private leverage. And the first part of the
25 question was, under NTI, period, what is your

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2 figure in terms of private dollars -- not
3 commitments, but private dollars -- that have
4 already been leveraged?

5 MS. SMITH: And what I provided, to
6 the best of our abilities -- again, just last
7 year is when this was the first year that we
8 used NTI bond proceeds for acquisition.

9 COUNCILMAN GOODE: Do you know the
10 answer to the question of how much in private
11 dollars have been leveraged? Not committed,
12 but actually leveraged.

13 MS. SMITH: I know what we are
14 projecting off the leverage, because it has
15 not resulted -- not all the units have been
16 built yet, so --

17 COUNCILMAN GOODE: The question I am
18 asking is very simple. Number of housing
19 units, number of dollars. An actual dollar
20 amount of private money that has actually been
21 leveraged from NTI.

22 MS. SMITH: For the acquisition of
23 rental development, 6.8 bond proceeds have
24 been approved. We are estimating a leverage
25 of 83.6 million for 697 rental units.

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2 COUNCILMAN GOODE: I didn't ask for
3 estimates.

4 MS. SMITH: That's the most I can do
5 at this point, Councilman.

6 COUNCILMAN GOODE: So you can't
7 answer that question, either?

8 MS. SMITH: Again, at this point in
9 time not all the declaration of takings have
10 been filed, not all projects have been funded.

11 I can speak to the Citizens Bank
12 commitment.

13 COUNCILMAN GOODE: Let me ask you a
14 question about the Citizens Bank commitment.

15 Are you familiar with a law passed
16 in 2001, 2002, by this Council that says that
17 our depository banks have to submit lending
18 goals --

19 MS. SMITH: Yes.

20 COUNCILMAN GOODE: -- in order to
21 retain the depository status?

22 MS. SMITH: Yes.

23 COUNCILMAN GOODE: They have to tell
24 us how many home mortgages, how many home
25 improvement loans, how many small business

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2 loans, how many community development
3 investments they are going to make?

4 MS. SMITH: Yes, I am familiar with
5 it.

6 COUNCILMAN GOODE: Was that done
7 before or after NTI?

8 MS. SMITH: Well, the legislation
9 was authorized in 2002, the NTI bond
10 legislation. So, it was before.

11 COUNCILMAN GOODE: So Citizens Bank
12 had to give you commitments for how many --
13 have the Administration count the commitments
14 for how many home mortgages, how many home
15 improvement loans, how many small business
16 loans, how many community development
17 investments they were going to do in order to
18 retain their depository status anyway?

19 MS. SMITH: Yes. But they have also
20 been, I mean, actively working on different
21 other programs and projects in support of NTI.
22 They have been a great corporate partner in
23 this initiative.

24 COUNCILMAN GOODE: Well, they have
25 been a great corporate partner to retain their

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2 depository status, I am sure of that. Beyond
3 that, I think they have also done some great
4 things.

5 But the issue is, specifically in
6 terms of those commitments made by Citizens
7 Bank to keep their depository status, how can
8 you separate them from commitments made to
9 NTI?

10 This is a question I have asked both
11 Citizens and NTI in the past, to differentiate
12 the two. Because I think that, basically,
13 they are double-dipping in terms of
14 commitments. In fact, I know for a fact that
15 they are double-dipping in terms of
16 commitments.

17 I know for a fact in your testimony,
18 when you talked about their lending goals
19 being reached, those are lending goals that
20 actually relate to reinvestment statements
21 offered as part of my legislation, not the NTI
22 legislation; is that correct?

23 MS. SMITH: Well, again, I think
24 these are different tools that go hand in hand
25 in support of your legislation.

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2 COUNCILMAN GOODE: I asked you in
3 your testimony, where you talk about lending
4 goals being met in terms of home mortgages, is
5 that actually commitment that NTI is tracking
6 separately?

7 MS. SMITH: We receive -- I met with
8 Citizens Bank, I guess it was, last month, and
9 they gave us an updated report. And this was
10 one of the things, information that they
11 provided to us, where they were in terms of
12 their residential goals.

13 They also were getting for us things
14 like small business lending. They also did a
15 number of grants for projects that they are
16 going to update.

17 COUNCILMAN GOODE: So you know that
18 is separate from their reinvestment goals they
19 submitted to the city?

20 MS. SMITH: I would assume that they
21 are similar and the same. I mean, again, I
22 think these tools build off one another in
23 many ways.

24 COUNCILMAN GOODE: I am still not
25 sure what tools the Administration is using,

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2 that's my question.

3 I know the commitment by Citizens.

4 I also know the commitment made by Wachovia,
5 formerly First Union, and by Mellon and by PNC
6 and by Commerce Bank and by other banks.

7 And my question would even go to the
8 point that, if you believe that the Citizens
9 commitment is or is not per what they have to
10 do to retain the depository status, what are
11 you doing with the other banks, and why are
12 you still listing a commitment that was made
13 years ago at a point in which they had to
14 start making commitments anyway?

15 MS. SMITH: Well, while they were
16 doing, I think, lending previously, when they
17 came to us and we sat down and talked about a
18 role that they can play in NTI, that
19 conversation was about increasing and setting
20 new goals.

21 I mean, granted, they were required
22 to and mandated to do so under your laws. But
23 they were greater goals than what I think had
24 initially been there.

25 COUNCILMAN GOODE: So are you aware

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2 that Wachovia, as the city's largest
3 depository, is actually decreasing what they
4 plan on doing in terms of home mortgages?

5 MS. SMITH: I wasn't aware of the
6 specific issue around decreasing home
7 mortgages.

8 My meeting with Wachovia have been
9 around their support --

10 COUNCILMAN GOODE: If you are aware
11 of Citizens increasing their goals, why are
12 you not aware of Wachovia decreasing their
13 goals, if you are actually doing what you
14 should be doing in terms of trying to leverage
15 private investment from city depositories?

16 MS. SMITH: Mostly because of the
17 limited capacity in terms of my office to
18 track everything with respect to the leverage
19 of banks.

20 What I have been doing is meeting
21 with -- for example, met with the head of the
22 Wachovia Regional Foundation about
23 coordinating their grant-making program around
24 planning grants, so that that can augment some
25 of the community planning activity that's been

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2 going on.

3 So I have been approaching and
4 talking with various individuals on specific
5 topics.

6 We approached and got additional
7 four banks that had not historically been part
8 of the PHIL program to participate in the
9 anti-predatory loan program. That was
10 something new that occurred.

11 I know under CRA, both at the
12 federal level and under the ordinances at the
13 state level, that that requires banks to make
14 commitments.

15 And we are trying to work with them,
16 encourage them to push the envelope to the
17 best of my ability and the capacity of my
18 office.

19 COUNCILMAN GOODE: I decided to let
20 you finish that statement, although I don't
21 understand it.

22 So you do not know, for the record,
23 the number of housing units that have been
24 produced in NTI, you do not know the dollar
25 amount, how much --

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2 MS. SMITH: No, I don't have that
3 information.

4 COUNCILMAN GOODE: -- private
5 dollars have been leveraged, and you are not
6 sure whether even the Citizens commitment,
7 which you take credit for, which you probably
8 should not, whether that actually is any
9 different from what's mandated under the
10 legislation that was initiated by this
11 Council?

12 MS. SMITH: I have not tracked it in
13 that way. And I don't have those numbers and
14 figures in my head, no.

15 COUNCILMAN GOODE: Thank you, Madam
16 President.

17 PRESIDENT VERNA: You are welcome.
18 The Chair recognizes Councilman Ramos.

19 COUNCILMAN RAMOS: Good morning.
20 Ms. Smith, can you talk to me a little bit of
21 how you are going to handle and decrease your
22 cost of demolition?

23 You made references in your
24 statement that were kind of contradictory, at
25 least from me reading on it.

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2 On Page 6 you said, although the
3 Administration could have exercised its right
4 to reject all bids because costs were
5 increasing, we elected to go forward.

6 And in the same breath a little
7 later you say, the Administration is working
8 hard to reduce costs.

9 MS. SMITH: That's correct.

10 One of the things that we have been
11 trying to do is get more contractors to
12 actively bid.

13 We are resizing bid packages in
14 terms of the size of the bid packages so they
15 are not as large. We are doing small bid
16 packages, very tiny ones, to help facilitate
17 the participation of additional contractors.

18 And, going forward, we are going to
19 seriously look at, you know, whether it makes
20 sense to reject.

21 Our concern is, if we reject all
22 bids, we have to start the process over, and
23 that does delay things.

24 COUNCILMAN RAMOS: Is that
25 approach --

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2 MS. SMITH: We are committed to
3 reducing the costs. And we do understand that
4 it is of concern and issue to this Council.
5 And we are committed to, within our control,
6 do what we can do.

7 COUNCILMAN RAMOS: And what you just
8 outlined, this has been thought out, and you
9 believe that this will reduce the costs by
10 making smaller --

11 MS. SMITH: Well, the experience has
12 shown on some of the small bid packages that
13 we have let this month, I believe the numbers
14 have come in a little bit lower.

15 And then on two of the larger bid
16 packages that we have let, the numbers have
17 come in lower than what the historic
18 experience had been.

19 So we are starting to see a change,
20 yes.

21 COUNCILMAN RAMOS: I believe you
22 will agree with me that the members of this
23 Council -- and I am a new member of this
24 Council -- that I found it quite a bit
25 disconcerting that your cost of demolition had

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2 almost doubled. And that's very troubling for
3 me.

4 Do you know of any instances where
5 you awarded a prime or a subcontractor's work,
6 demolition work, and they stopped for whatever
7 reason, quit the job, we can no longer do this
8 for whatever reason? Did you suffer any of
9 that?

10 MS. SMITH: I don't believe in the
11 targeted demolition program that has happened.

12 I know there has been sometimes we
13 had to replace contractors who may have been
14 subcontractors who were unable to carry out
15 the work.

16 COUNCILMAN RAMOS: That's what I am
17 referring to.

18 MS. SMITH: We have had to do that.

19 COUNCILMAN RAMOS: Have you had
20 contractors walk away?

21 MS. SMITH: Not walk away.

22 COUNCILMAN RAMOS: They actually had
23 to walk away, if you had to replace them.

24 MS. SMITH: A couple of times, I
25 believe.

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2 COUNCILMAN RAMOS: They did walk
3 away, and you have replaced them.

4 Have you taken a look and see if
5 that has impacted your costs of demolition
6 work?

7 COUNCILMAN RAMOS: I can check on
8 that.

9 I don't think that it is, to my
10 knowledge, from what I remember in operation
11 meetings, that hasn't been a problem. It has
12 been more around the quality of work issues.

13 Sometimes there is a need to -- for
14 some of the smaller contractors that were
15 initially listed as part of the commission,
16 weren't able to actually perform, and there
17 were substitutions.

18 And if it was a minority contractor,
19 we worked to replace that with a minority
20 contractor.

21 In terms of the numbers itself, I
22 just want to re-emphasize that we were
23 projecting -- I mean, we have never done
24 targeted bid packages of this size like we had
25 done prior to the NTI targeted program.

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2 We would let bid packages, you know,
3 much smaller scale, they were citywide, they
4 were only for the demolition of the house.

5 And then under separate contracts we
6 would let the asbestos removal, we would let
7 the stucco work, we would let -- under
8 separate, what we call, requirements
9 contracts.

10 And that had kind of led to a
11 difficulty in accountability. Because one
12 person would take the house down, they would
13 be finished their job, but then somebody else
14 would have to come along at some point to do
15 the other work.

16 So one of the changes we made was to
17 put all this under the responsibility of a
18 prime contractor.

19 It also enabled us to create more
20 opportunities for subcontracting; which, when
21 we initiated the program, was a concern about
22 the amount of subcontracting opportunities
23 there have been previously.

24 So in terms of that, if we looked at
25 the cost of just taking down the house, they

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2 are very parallel with one another under the
3 emergency previously, as well as under the
4 target program.

5 COUNCILMAN RAMOS: I believe you
6 have gone through a review.

7 But this review is going to have to
8 be thorough and done very expeditiously,
9 because it is going to cost the taxpayers of
10 this city a tremendous amount of money.

11 And we are as a body, as you saw
12 last week, very, you know, very disturbed by
13 the increase of the cost of demolition.

14 I spent a lot of years in
15 demolition, so I know a little bit about the
16 field. And one thing that happens a lot in
17 the demolition business is that contractors at
18 times, for whatever reasons, cannot continue a
19 demolition job.

20 And what happens at that point is
21 that you have to bring in another contractor
22 to finish that job. And my experience of many
23 years, it usually meant we had to pay more for
24 it.

25 And if you had more than a few of

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2 those instances, I would like for you to find
3 out. Or for you to take a look at that and
4 see how that has driven.

5 I suspect that your cost has been
6 driven because you probably have had instances
7 where contractors, whether prime or subs, have
8 walked away from the job for whatever reason;
9 they haven't got in paid in time, they just
10 didn't want to do the work anymore, they
11 couldn't get the right people to do the work,
12 those types of things on jobs.

13 So I would like you to take a look
14 at that, as well.

15 MS. SMITH: I will double-check.
16 But that has not been, what I recall, the
17 walk-away part and that we had to make some
18 substitutions.

19 COUNCILMAN RAMOS: I am still open
20 to this request of yours, and I have not
21 decided where I am going to go with this.

22 But I will say that this City
23 Council needs to have something in place where
24 you can come back to us and talk to us about
25 your progress in reducing the costs of

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2 demolition, and in a timely manner, so we
3 won't come here next year when you are looking
4 for the rest of your money.

5 And I am not saying that you are or
6 there are any projections of what happened,
7 but we sure would be, and the public would
8 sure be, very dissatisfied to hear that your
9 cost continues to increase, versus the cost of
10 demolition decreasing.

11 That's it, Madam Chair. Thank you.

12 PRESIDENT VERNA: Thank you. The
13 Chair recognizes Councilwoman Tasco.

14 COUNCILWOMAN TASCO: Good morning.
15 I apologize for being late, and I am probably
16 going to ask some of the same questions that
17 have already been asked.

18 Could we have Mr. Solvibile up here,
19 please. Could he come up.

20 MR. ROBERT D. SOLVIBILE: Good
21 morning. My name is Robert Solvibile, Acting
22 Commissioner of Licensing & Inspections.

23 COUNCILWOMAN TASCO: Good morning.
24 Prior to NTI, what was the process for the
25 demolition program for the city?

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2 MR. SOLVIBILE: As Ms. Smith has
3 stated, everything was separated. We had
4 separate bids for the demolition, the stucco
5 work, and the asbestos monitoring, and the
6 asbestos identification that there was or was
7 not asbestos in the building.

8 We sought different contractors and
9 different bids and primes for each individual
10 aspect of the process.

11 COUNCILWOMAN TASC0: So every
12 building didn't require every aspect of the
13 demolition?

14 MR. SOLVIBILE: That is correct.

15 COUNCILWOMAN TASC0: So you could
16 base the cost on what was actually the work to
17 be done?

18 MR. SOLVIBILE: At the time several
19 years ago -- and it has changed, it changes.
20 Right now it is, roughly, 64 percent of
21 demolitions require a wall to be stuccoed.
22 Almost 100 percent require identification --
23 they all require that we identify if there is
24 asbestos.

25 In the past, it was roughly 50

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2 percent walls had to be stuccoed and maybe
3 only 30 percent did we have to identify if
4 there was asbestos in the property.

5 The demolition is, with all the
6 rules and regulations, mostly driven by the
7 feds, the federal level, trickling down into
8 the city level, state/city.

9 It has completely changed, the
10 environmental aspects of it. The fill that's
11 in the holes is much more stringent than it
12 was in the past.

13 So all this has led to an increase
14 in demolition.

15 Basically, right now our average
16 cost for curb-sides as of a week ago was
17 \$22,007, I believe. So ours is right in line
18 with NTI. There is no great difference.

19 As an example, the cost of stucco
20 prior to, in the past, was a bid -- we bid it
21 by square footage -- was roughly almost \$3 a
22 square foot. Right now it is, I believe,
23 \$5.45 a square foot.

24 So there has been dramatic increases
25 in the price of doing business.

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2 COUNCILWOMAN TASC0: Who were some
3 of the contractors who were doing the
4 demolition for the city prior to all this new
5 regulation and process?

6 MR. SOLVIBILE: Gamma Wrecking,
7 Gephart Brothers, Atlantic Wrecking, Liberty
8 Demolition, and several others.

9 I believe Robert Hawthorne was one,
10 they are no longer in business. For the
11 bigger demolitions, we would have Thorn
12 Demolition.

13 COUNCILWOMAN TASC0: Did you have
14 any minority companies doing it?

15 MR. SOLVIBILE: Several. Robert
16 Reiner -- I cannot remember his name -- gene
17 Pullins, and one other that the name escapes
18 me right now. But I can get that list for
19 you, what we have now and what we had in the
20 past.

21 COUNCILWOMAN TASC0: What's the
22 minority participation now?

23 MR. SOLVIBILE: Right now it is
24 running about 45 to 50 percent range for
25 demolitions, for primes.

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2 COUNCILWOMAN TASC0: For prime?

3 MR. SOLVIBILE: Yes, ma'am.

4 COUNCILWOMAN TASC0: So there is
5 minority participation?

6 MR. SOLVIBILE: Yes, ma'am.

7 Absolutely.

8 COUNCILWOMAN TASC0: Thank you very
9 much.

10 PRESIDENT VERNA: Councilman Cohen,
11 were you finished with your questioning?

12 COUNCILMAN COHEN: Madam President,
13 thank you.

14 How much is L & I involved in any of
15 the decision-making of demolition, if any at
16 all?

17 MS. SMITH: I will let Mr. Solvibile
18 talk about L & I's involvement.

19 MR. SOLVIBILE: Licensing &
20 Inspections, as my prior boss used to like to
21 say.

22 Councilman, NTI and L & I have
23 formed a partnership, and we make decisions
24 jointly on what will be demolished.

25 The improvement in the process, I

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2 think the great improvement that NTI has
3 brought to the table, has been they are
4 planned demolitions versus necessitated on
5 need of a building collapsing.

6 And --

7 COUNCILMAN COHEN: I missed that
8 last part.

9 MR. SOLVIBILE: Buildings
10 collapsing, like an emergency demolition,
11 curb-side demolition.

12 So we very, very rarely had the
13 chance to have planned demolitions in the
14 community.

15 So with the NTI process, L & I, NTI,
16 and the Councilperson for that district, we go
17 out and we survey an area to see all the
18 buildings that may or may not be dangerous
19 and/or vacant.

20 And then we have that information
21 mapped out. And we go back again with the
22 Councilperson, NTI, Hill International, and L
23 & I inspector, and pick what's to be
24 demolished, working with the Councilperson
25 that has that area.

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2 And I think that that's a great
3 system, and one that was much needed. And I
4 think that's the most successful part about
5 NTI, is how they picked --

6 COUNCILMAN COHEN: You would have
7 never known a ward about it, as a Council
8 body. Maybe individual District Council
9 Members might or might have not known, but I
10 certainly never knew that at all.

11 In fact, we were kind of laughed at
12 by the Administration, who suggested that L &
13 I had an important role to play. In fact, we
14 would have felt much more comfortable in
15 Council had we known L & I was involved.

16 Again, it was poo-pooed by the
17 Administration, they don't need L & I, L & I
18 has never had much experience in demolition,
19 despite all the statistics showing the great
20 volume of experience that L & I had.

21 So when this did relationship
22 develop?

23 MR. SOLVIBILE: L & I, I believe
24 that when Ms. Smith first came with the city
25 and first got the job, that her and I visited

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2 more neighborhoods than I care to remember.

3 So we have been involved from the beginning.

4 Have been and will be.

5 I have been involved with NTI since

6 day one, have input. We have had input, I

7 have had responsibility. And I think from

8 NTI, along with Hill International --

9 COUNCILMAN COHEN: What's the name?

10 MR. SOLVIBILE: Hill International,

11 the consultant hired by NTI to help us with

12 this massive undertaking. That they have

13 taken up L & I's weakness.

14 And our strengths, Licensing &

15 Inspections' strengths, and NTI's strengths

16 combined, make a really strong partnership.

17 COUNCILMAN COHEN: All I know is the

18 Administration flatly rejected. Council

19 believed that there was no need for any new

20 administration. Or if there was, there was

21 very little need.

22 But we were told that L & I was

23 totally unprepared, they knew nothing about

24 it. And that's the story that I last heard.

25 MR. SOLVIBILE: Councilman, I am not

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2 privy to that.

3 COUNCILMAN COHEN: This is the first
4 time I have heard of involvement here.

5 MR. SOLVIBILE: Councilman, I can
6 only say that actions contradict that.
7 Because we had been involved, myself and Ed
8 McLaughlin, my predecessor, had been involved
9 from day one. I have testified here with Ms.
10 Smith.

11 COUNCILMAN COHEN: It is not unusual
12 for us to be told one story and have the
13 Administration do something totally different.
14 So what you say is quite believable; it is
15 just amazing that we never heard it before.

16 Because then we would have had some
17 complaints or questions, if we had them. I
18 think all of us would have felt more
19 comfortable dealing with an agency that had a
20 vast amount of experience.

21 I remember being told at various
22 times in demolition questions that there was
23 only one contractor who was willing to do
24 that. And the city had problems for that
25 reason, because he could pretty much set the

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2 price because there is nobody else to do
3 anything.

4 MR. SOLVIBILE: Actually,
5 Councilman, that may have been true at the
6 first bid, and it may have been true for the
7 first three or four, I'm not really sure of
8 the number.

9 But right now we are receiving bids
10 from several companies. One company --
11 minority companies, small businesspeople,
12 small business companies. A real nice
13 diversification of companies are bidding on
14 these projects.

15 So it was a lot of work that NTI
16 did, a lot of outreach to contractors. But I
17 think that part has been successful, also.

18 The African-American Chamber
19 contract is a tremendous asset to L & I. We
20 were able to -- through that training program,
21 we now have two contractors on our list that
22 are capable and certified to do emergency
23 demolitions with us, and that we would not
24 have had.

25 And that helps us in our program to

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2 lower the cost of demolition in the curb-side
3 bids, and it is a tremendous asset. It gets
4 us more participation, more diversification.

5 And I think it has been successful.
6 It started out slow, but it is very successful
7 right now.

8 COUNCILMAN COHEN: Is the success
9 based on the realization by contractors, or by
10 people who are in that field generally and can
11 become contractors, that there is lots of
12 money available now, and the sky is the
13 ceiling, we can even double the price?

14 And unlike L & I, which can be
15 hard-balled, and referred to a tight budget,
16 we have a great setup here where the budget is
17 unlimited. And if it doesn't meet it, we will
18 just get an extra batch of money from City
19 Council.

20 MR. SOLVIBILE: Right now,
21 Councilman, our average cost is very, very
22 similar to what the NTI programs are.

23 And I would suggest that the cost
24 has been driven up by increases in labor and
25 the environmental actions that were necessary

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2 that several years ago were not necessary.

3 Environmentally it is a totally
4 different world.

5 COUNCILMAN COHEN: Well, take the
6 stucco question.

7 How long has it been when L & I
8 first stuccoed a wall? Because for years you
9 didn't, and you got many complaints from
10 Council offices, including many from my
11 office, and then we all welcomed them when
12 stucco came.

13 My impression has been, it has been
14 some years now.

15 MR. SOLVIBILE: Actually, stucco was
16 required with the new -- with the more modern
17 code. 1952 it became a requirement.

18 COUNCILMAN COHEN: When did L & I
19 begin pretty regularly stuccoing?

20 MR. SOLVIBILE: With the performance
21 contract we now have, about 20 years ago
22 Councilman.

23 COUNCILMAN COHEN: That long.

24 So it should not have been too much
25 of a surprise by the stucco prices. Because

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2 certainly you must have realized, NTI must
3 have realized, particularly if they were
4 working with you, that stuccoing was going to
5 be necessary, so that that should have been
6 included in their estimates.

7 MR. SOLVIBILE: I don't know -- I
8 know it wasn't a surprise.

9 I think that what was a surprise to
10 me -- I don't want to talk for NTI, but to me,
11 L & I -- that there were more walls to be
12 stuccoed now than there were prior.

13 A lot of the straight demolitions
14 have been done, and we are not dealing with a
15 lot. There is more demolition adjacent to
16 occupied properties than we were doing for the
17 last several years. And that came as a
18 surprise to me, personally.

19 And I don't want to speak for NTI,
20 because I don't know it did for them. But for
21 L & I, it was a total surprise. It was around
22 50 percent, was the number of walls we would
23 stucco a few years ago, and now it is, I
24 believe, 64 percent. So that's a 14 percent
25 increase, which is a tremendous increase.

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2 And for L & I purposes, our average
3 price went from roughly almost \$3 to \$5.50 a
4 square foot. So there has been a big labor
5 increase that is costing the bids.

6 COUNCILMAN COHEN: Why do you think
7 there has been a big labor increase?

8 MR. SOLVIBILE: I believe it is the
9 labor cost. It is the cost of doing a quality
10 job doesn't come cheap.

11 And if you want to put, you know, a
12 sloppy job up there, I guess we could get it
13 for \$2.50 a square. But these are much -- the
14 spec has been changed and the quality is
15 tremendous. The quality is just absolutely
16 tremendous.

17 COUNCILMAN COHEN: But there could
18 be a number of reasons.

19 I mean, I come from a paperhanging
20 family. All my older brothers are
21 paperhangers. And I sit here because I could
22 never learn to keep the paper on the ceiling.
23 It got wrapped around me while I was trying to
24 get it on the ceiling. It had nothing to do
25 with sending me to school. Maybe that's a

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2 loss to Philadelphia, rather than its gain.

3 But, in any event, that's how it happened.

4 I know prices are driven by many
5 factors. One is the estimator has a pretty
6 good idea of how much money might be
7 available.

8 And if there was more money
9 available, a good estimator figured out how to
10 acquire it, how to convince people that the
11 quality had to be better, and, therefore, it
12 justified a higher price.

13 Or in this case, in view of the
14 facts that have appeared in the press so
15 often, we all wonder about the campaign
16 financing.

17 For example, I am convinced that
18 campaign financing raises the cost of doing
19 business by the government. Because I have
20 yet to find the first businessman that was the
21 least bit really interested in who the Mayor
22 was except from the point of view, well, that
23 Administration helped me get work. If it is
24 good for my job, you know, then I will be
25 interested in supporting it.

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2 So I am convinced that campaign
3 financing is paid for really by the public,
4 not by the contributors in the form of, it is
5 going to find its way into the bid estimates.

6 And now I don't know how much that
7 has to do. But at the rate that campaign
8 financing has increased, I think it is a much
9 higher rate than just the cost of demolitions.

10 So I can see that it costs much more
11 for the city to meet its contracts. But I am
12 wondering, could we get information on the
13 number of contracts for demolition that exist,
14 how many properties they have covered, what
15 the price range is, the names of the companies
16 that were invited to bid, or that did bid,
17 that kind of thing?

18 And, then, can we utilize the city?
19 I guess NTI does more demolition work than L &
20 I now. But between the two of you, you can
21 help us identify who the companies are.

22 For example, I would love to be
23 proved wrong. I would love to be proved that
24 nobody who ever got involved in a demolition
25 contract ever made a contribution to anybody's

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2 campaign, not even Councilman DiCicco's
3 campaign.

4 COUNCILMAN DiCICCO: Point of order.

5 COUNCILMAN COHEN: Or my campaign.

6 It would be great. That would be great.

7 So could we get that kind of
8 information.

9 MR. SOLVIBILE: We will provide Ms.
10 Smith our records, and she will provide it to
11 Council President Verna.

12 COUNCILMAN DiCICCO: Point of order,
13 Madam President.

14 PRESIDENT VERNA: Councilman
15 DiCicco.

16 COUNCILMAN DiCICCO: In response to
17 Councilman Cohen's suggestion about me getting
18 some campaign contributions.

19 Just for the record, Councilman, it
20 is the first time in nine years I am actually
21 in the red, so I haven't received any
22 contributions.

23 But I would gladly accept one from
24 you, if you have any extra money in your
25 account.

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2 COUNCILMAN COHEN: You might not yet
3 be known by NTI.

4 But I am interested, in general, why
5 has there been such a huge cost increase? I
6 think we ought to be able to figure that out
7 and then take some substantive changes.

8 If I am wrong on campaign
9 contributions having any role in this, I would
10 like to be able to admit it, because I think
11 it would be great for Philadelphia.

12 But the general theory is that costs
13 of campaigns are paid for by taxpayers because
14 businessmen think in terms of investment. And
15 they are investing into the future.

16 They are hoping somehow or other --
17 they may not know any of the details -- but
18 they are hoping to be standing in good stead
19 with whoever makes the decisions.

20 Now, may I ask you, who makes the
21 decision on a contract?

22 MS. SMITH: The contracts that we
23 issue are issued through the -- one of the
24 things I want to make absolutely clear, when
25 we use the word "NTI," there are two ways, two

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2 methodologies, that we are using for
3 demolition work.

4 One, as Mr. Solvibile said, is
5 planned demolitions, where we work with the
6 Council district in a target area in selecting
7 the properties.

8 But those properties are still
9 bidded through the procurement department.
10 Bid specs are advertised, posted on the
11 internet, sealed bids are solicited, and we
12 use the city's traditional procurement
13 process.

14 In addition, there is the emergency
15 curb-side procedure. That operates citywide
16 and addresses emergency situations.

17 That, I believe, there is a
18 prequalified list of contractors that we draw
19 from.

20 COUNCILMAN COHEN: And who is Hill
21 International? I have heard that name before.
22 Are they the ones that make the final decision
23 on whether --

24 MS. SMITH: No, they do not. Again,
25 I want to really state for the record two

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2 things. From the very beginning we always
3 said that this is the City of Philadelphia,
4 under its public powers, contracting for the
5 demolition of dangerous buildings. That has
6 not changed.

7 Because we never embarked upon the
8 planned demolition program of the scale that
9 we were talking about, we brought on Hill
10 International Company, after an RFP process,
11 to actually assist with the administration of
12 the project, including recordkeeping,
13 interfacing with contractors, tracking the
14 bond proceeds, and things of that nature.

15 It does not replace in any way the
16 Department of Licenses & Inspections' role
17 with respect to demolition. The department
18 issues the Notice of Violations, it still
19 deploys inspectors to inspect work for
20 compliance with the Philadelphia building
21 codes.

22 Its traditional role is applicable
23 whether it is an emergency, curb-side
24 demolition, or what we call a targeted or
25 planned demolition.

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2 MR. SOLVIBILE: Councilman --

3 COUNCILMAN COHEN: And who makes the
4 decision as to -- I mean, what's the basis for
5 choosing the contractor?

6 Say you have three contractors who
7 all bid about the same, one is a little lower
8 than the second, and the second is a little
9 lower than the third? Who makes that
10 decision?

11 MR. SOLVIBILE: The decision is made
12 by the procurement Commissioner, procurement
13 department, and the buyer.

14 In the City of Philadelphia, the
15 lowest responsible bidder is the one chosen,
16 with curb-sides and with NTI planned
17 demolitions. There is no difference.

18 The contracts are all bid and
19 approved by procurement. L & I --

20 COUNCILMAN COHEN: By the whom?

21 MR. SOLVIBILE: Procurement, the
22 procurement Commissioner.

23 COUNCILMAN COHEN: Who is that now?

24 MS. SMITH: William Gamble is the
25 Commissioner of Procurement. And that

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2 department oversees all the city's contractual
3 bid solicitations under the Charter.

4 COUNCILMAN COHEN: He has more
5 authority to determine who gets the contract
6 than anybody in NTI?

7 MR. SOLVIBILE: He makes the
8 decision that they are the lowest responsible
9 bidder. And L & I and NTI weigh in if they
10 are in agreement or disagreement with that,
11 then they award the contract.

12 But in all cases it is determined by
13 the lowest responsible bidder. That's the
14 city Charter. There is no, that I am aware
15 of, any other way of bidding a process.

16 COUNCILMAN COHEN: Well, what's the
17 role of Hill International?

18 MS. SMITH: Hill International works
19 with Licenses & Inspections, with the District
20 Councilperson in looking at doing field
21 surveys, identifying vacant properties,
22 assisting with making judgments as to which
23 properties ought to be included in the bid
24 package.

25 They develop cost estimates for the

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2 Council, that's then submitted to the District
3 Councilperson. They sign off on the bid
4 approval signing.

5 They write up the bid specific
6 issues for the ones that are going to be
7 selected.

8 It is a variety of administrative
9 actions that they do. They do not make the
10 final decision or select the contractor.

11 Again, it is the City of
12 Philadelphia. They are a consultant to the
13 city. It is the City of Philadelphia, through
14 the procurement department, that actually puts
15 the bid out and opens the bids and reviews
16 them and selects them.

17 COUNCILMAN COHEN: How long has Hill
18 International been a company?

19 MS. SMITH: I believe they are at
20 least 25 or more years old.

21 COUNCILMAN COHEN: Is it a big
22 company?

23 MS. SMITH: Yes. In fact, they
24 played the role as program manager and
25 construction manager on a number of projects,

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2 both in the City of Philadelphia and
3 throughout the world, from my understanding.

4 MR. SOLVIBILE: Absolutely.

5 Councilman, in the beginning of the
6 NTI process, there was an RFP, as Ms. Smith
7 said, put out for soliciting people that
8 wanted to be project managers.

9 And Licenses & Inspections,
10 represented by myself, sat on a committee that
11 interviewed all of the companies that applied.

12 And Hill was the top one or two
13 picked by that committee to recommend to the
14 Mayor.

15 COUNCILMAN COHEN: The city had no
16 people who knew each other well enough to
17 communicate? They needed somebody from the
18 outside to bring the different parts of city
19 government together?

20 MS. SMITH: Again, that was my
21 recommendation, that we bring that resource to
22 the table. Because, again, we had not had, in
23 other own experiences as a city, managed a
24 planned demolition in this fashion.

25 I viewed it the same as, for

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2 example, when Capital Program Office puts out
3 for the construction of a library, they retain
4 project managers and program managers to
5 assist the city with that work.

6 It does not mean -- they advise the
7 city, they assist us with program
8 administration, things of that nature.

9 COUNCILMAN COHEN: Well, NTI
10 originally had an estimate, didn't it, of what
11 it was going to cost to demolish a building,
12 the average building, or however you figure
13 out estimates?

14 MS. SMITH: Again, I mean, an
15 estimate is that. It was our -- at that time,
16 given our very limited experience on a
17 program, in fact almost no experience, we made
18 an estimate.

19 And we revised that to reflect
20 what's actually happened, the actual
21 experience.

22 And we routinely review that and
23 revise our estimates based on that.

24 COUNCILMAN COHEN: The original
25 estimates did not include the cost of stucco.

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2 MR. SOLVIBILE: Well, it did,
3 Councilman. If I could --

4 COUNCILMAN COHEN: It did. What a
5 surprise.

6 MR. SOLVIBILE: If I could say, the
7 surprise was that there wasn't as many string
8 demolitions, contiguous demolitions, in the
9 city as there were when we developed that bid.

10 And that we planned for stuccoing of
11 walls, but there was less walls that we were
12 required to stucco when the plan was created.
13 And we didn't realize that we would have more
14 walls to stucco under NTI.

15 COUNCILMAN COHEN: Could you explain
16 why that was? With all your experience and
17 with the NTI and with this Hill International,
18 a 25-year-old company, approximately, with
19 worldwide experience --

20 MR. SOLVIBILE: Hill wasn't part of
21 that.

22 COUNCILMAN COHEN: -- why wouldn't
23 somebody have said at some point, you know,
24 these costs don't include the proper amount of
25 stuccoing, the cost is going to shoot up one

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2 of these days?

3 MR. SOLVIBILE: Councilman, Hill was
4 not a part of that plan when we put that
5 together. That was in the early part. And it
6 was done by the Managing Director's Office,
7 myself, and several people in the Managing
8 Director's Office, and given to NTI.

9 PRESIDENT VERNA: Councilman Cohen,
10 we do have other Council Members that would
11 like to be recognized.

12 COUNCILMAN COHEN: Of course you do.
13 And I waited patiently for many hours many
14 times.

15 PRESIDENT VERNA: Do you mind if we
16 give them a chance, and we will have the
17 second go-around?

18 COUNCILMAN COHEN: Oh, no. But I
19 wish the Chair would employ that method when
20 others also speak.

21 PRESIDENT VERNA: I think I do.

22 COUNCILMAN COHEN: No, I don't ever
23 remember your doing that during the course of
24 this hearing.

25 PRESIDENT VERNA: Councilman, you

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2 have been questioning now for 22 minutes.

3 COUNCILMAN COHEN: Of course I will
4 yield under those circumstances.

5 PRESIDENT VERNA: I knew you would.

6 And we do have witnesses that have
7 been sitting here. I am sure that they may
8 have to be leaving to go to their place of
9 employment, also.

10 So, if you don't mind, we will do a
11 second go-around.

12 COUNCILMAN COHEN: Well, I do mind,
13 in that I am right in the middle and I am
14 going to have to start all over again.

15 PRESIDENT VERNA: Oh, but that will
16 give you an opportunity to --

17 COUNCILMAN COHEN: But I will yield
18 to my colleagues.

19 PRESIDENT VERNA: -- to think and
20 ask more questions.

21 COUNCILMAN COHEN: If anybody has to
22 leave, I would be glad to yield.

23 PRESIDENT VERNA: Councilwoman
24 Tasco, I believe you are next.

25 COUNCILWOMAN TASCO: No, I changed

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2 my mind.

3 PRESIDENT Verna: Councilman Goode.

4 COUNCILMAN GOODE: Thank you, Madam
5 President.

6 Ms. Smith, I did get a copy of your
7 formal responses to the questions asked last
8 week. And on Page 2 it says, please provide
9 a list of tax credit development projects,
10 parenthesis, Councilman Goode.

11 I did not request a list of tax
12 credit development projects. I think we
13 partially went through that earlier.

14 What do you believe that was in
15 response to?

16 MS. SMITH: That, again, I had
17 various staff people taking notes, and we got
18 together and ran through the notes.

19 I thought I recollected -- it was a
20 lot of questions and a very long day, as you
21 remember, last Monday. I apologize if we
22 missed that one.

23 I will sit down and get specifically
24 the question you want answered, and we will be
25 responsive to that.

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2 COUNCILMAN GOODE: Is the response,
3 in terms of tax credit development projects,
4 do you believe it was probably meant to be a
5 response to the number of housing units
6 produced?

7 MS. SMITH: I just recall the
8 question coming up about tax credit projects.
9 I understand it is not responsive to your
10 question at all. I do understand that.

11 COUNCILMAN GOODE: But even in the
12 response this morning, which I consider to be
13 nonresponsive, I am really just trying to find
14 out why, even in discussion of housing
15 production, you would mention tax credit units
16 as it relates to NTI.

17 The reason I asked the question is,
18 you stated last week, you stated again this
19 week, that NTI is having a major focus now on
20 dealing with dangerous buildings; that it is
21 primarily a public safety program.

22 But, yet, when we asked for what's
23 happening in terms of housing production, you
24 either cite or give us a copy of tax credit
25 problems, projects.

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2 And I guess my question is, what
3 would be the connection between tax credit
4 projects being approved by the state, I
5 believe, and your demolition locally of
6 dangerous buildings?

7 MS. SMITH: Well, NTI, if we looked
8 at -- and I am going to focus on the use of
9 the bond proceeds that was authorized for us
10 to issue.

11 There are, essentially, I think,
12 four core uses of those bond proceeds. One
13 was for the demolition of dangerous buildings.

14 The second, from the very beginning,
15 we have always included bond proceeds for the
16 acquisition of land for development projects.

17 COUNCILMAN GOODE: So is there a
18 direct connection between the tax credit
19 projects and the acquisition dollars that have
20 been spent?

21 MS. SMITH: Yes. Particularly in
22 the tax credit projects that are in the
23 pipeline, or the ones, some of them, in '04,
24 may have received NTI bond support for
25 acquisition. I am going to look at the list

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2 and see.

3 COUNCILMAN GOODE: I see tax credit
4 problems approved all the way back to
5 September '02 as part of this list.

6 That's not meant to be related to
7 NTI, is it?

8 MS. SMITH: I just, again, wanted to
9 show the development.

10 Because another conversation -- and
11 maybe I misinterpreted the question a little
12 bit, or my understanding of it, I also was
13 getting the impression that people wanted to
14 get a sense of development activity during the
15 last two years. And, so, we listed all the
16 tax credit projects.

17 But, for example --

18 COUNCILMAN GOODE: Let me just make
19 a new request.

20 In addition to the request that
21 tracks whether housing production in NTI areas
22 is up, down, or stayed the same, also one
23 additional request in terms of tax credit
24 development projects.

25 And as you enumerate what tax credit

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2 projects are going on in the city and/or
3 proposed to the city, tell me which have some
4 direct contribution in terms of NTI bond
5 proceeds and which do not.

6 MS. SMITH: Okay.

7 For example, there on Chart 5, it
8 shows projects seeking tax credits in '04. I
9 believe things like Belmont Affordable might
10 be included in acquisition.

11 There has been --

12 COUNCILMAN GOODE: I am actually
13 just making a formal request that you submit
14 through the Chair a list of tax credit
15 projects that are going on in this city,
16 approved, that are proposed, and list which
17 projects actually contain some contribution
18 with regard to NTI proceeds and which do not.

19 MS. SMITH: Okay.

20 COUNCILMAN GOODE: Thank you.

21 Thank you, Madam President.

22 PRESIDENT VERNA: You are welcome.

23 Councilman Cohen, are you finished?

24 You are. Thank you.

25 Along with the information --

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2 COUNCILMAN COHEN: I am not
3 finished.

4 PRESIDENT VERNA: Oh, I am sorry. I
5 thought you said, yes.

6 The Chair recognizes Councilman
7 Cohen.

8 COUNCILMAN COHEN: How did Hill
9 International get the position?

10 Do they specialize in just running
11 big projects? Do they have special experience
12 in demolition? Because I never heard of them
13 in the demolition field.

14 MS. SMITH: We issued an RFP
15 soliciting proposals for what we call program
16 management of the targeted demolition program.

17 And I believe that -- time is
18 blurring a little bit. I don't remember
19 exactly when that was. It may have been 2000,
20 around 2002.

21 I believe, from what I recall, we
22 received around seven or eight responses from
23 a variety of firms, maybe ten, from a variety
24 of firms.

25 There was a review committee that

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2 looked at the qualifications. We were
3 primarily focused on the project management
4 experience and project administration
5 experience, overseeing large projects and
6 managing that.

7 And making sure particularly
8 projects which have a variety of actors and
9 players.

10 A lot of times, for example, as I
11 talked about, L & I place a role, Working
12 District Council plays a role. Looking at the
13 bid packages, looking at our specs, developing
14 these specs which are very detailed and
15 complicated and paperwork heavy, we were
16 looking for experience in that area.

17 And they were one of the stronger
18 candidates.

19 COUNCILMAN COHEN: Do they have
20 anything to say about whom the contractors are
21 that are hired for specific jobs?

22 MR. SOLVIBILE: No. They assist us
23 in outreach, finding contractors to interest
24 them in bidding for us. And they sit, they
25 Chair -- I want to say Chair is the wrong

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2 word. They get together a group of people to
3 approve contractors to make sure they are
4 qualified.

5 COUNCILMAN COHEN: Do they have
6 anything to do with the choice by the
7 contractor of subcontractors?

8 MR. SOLVIBILE: No. Only the ranges
9 that are set by Minority Business Enterprise
10 Council is what dictates to who, or the small
11 businesspeople required in the ranges.

12 But other than that is correct, the
13 contractor is free to hire whom he wants.

14 COUNCILMAN COHEN: They don't have
15 anything to do with the contract between the
16 prime contractor and the subcontractor?

17 MR. SOLVIBILE: No. No; that's
18 between the contractor and the sub.

19 COUNCILMAN COHEN: Well, why would
20 Hill International play a role where there
21 might be a dispute between a contractor, the
22 prime, and the subcontractor?

23 MS. SMITH: I mean, I would assume
24 if there is a dispute, they may bring the
25 parties together and try to work it through.

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2 MR. SOLVIBILE: They are out in the
3 field with us, along with my inspector. And
4 they have the ability to have written up what
5 needs to be done.

6 But the NTI process will help settle
7 any disputes between the subs and the primes.

8 COUNCILMAN COHEN: Which process
9 would?

10 MR. SOLVIBILE: The NTI process. L
11 & I --

12 COUNCILMAN COHEN: What is the NTI
13 process?

14 MR. SOLVIBILE: I would say, in my
15 mind -- it is probably something I made up a
16 second ago -- but it would be myself, Jay
17 McCullough, Hill International, the inspector
18 that works for me, and the inspectors that are
19 out in the field, any inspector out in the
20 field, to see what the problem is, and then we
21 make a solution to the problem.

22 Contractors doing unsafe work, we
23 stop it. You know, that's stopped right there
24 instantly. We don't want unsafe work. We
25 don't want damage to our adjacent properties.

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2 So it is just an oversight on the
3 contractor to make sure the sub and the prime
4 are doing the work properly. That is our
5 function, that is what we are asked to do, and
6 we do it.

7 So that's what I call the NTI
8 process.

9 COUNCILMAN COHEN: You call that the
10 L & I process?

11 MR. SOLVIBILE: NTI process.

12 L & I -- hopefully L & I and NTI.
13 It is one of the things that the Mayor asked
14 us to do, NTI and L & I, is to get our
15 specifications and create them to be similar.

16 And, in most cases, they are very
17 similar, they are exactly the same.

18 COUNCILMAN COHEN: The reason I
19 raise these questions about the prime and the
20 subcontractor is that, in an instance in which
21 there seems to be a distribute involving the
22 subcontractor, and a meeting with the general
23 contractor was held, and Council has a staff
24 official that also has a responsibility with
25 respect to seeking to ensure minority

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2 representation, was trying to be present at
3 meetings to try to help get the situation
4 clearly understood and then resolved.

5 Jay McCullough ordered the Council
6 representatives not to appear and said he is
7 not welcome, said no one from Council is
8 welcome.

9 And that made it appear that Jay
10 McCullough thought that he was the person.
11 Nothing was said about you or anybody else.

12 It is the same situation, Ms. Smith,
13 that I raised the other day.

14 MR. SOLVIBILE: Part of the
15 pressure, Councilman, for that was created by
16 L & I being unhappy with the walls not being
17 stuccoed in a timely manner, with that
18 particular contractor.

19 And we had to resolve that because
20 that was one of the things that I believe that
21 we did the most to improve in NTI over what L
22 & I was doing, was having the walls stuccoed
23 in a timely manner.

24 And this particular contractor was
25 not fulfilling that part of the deal.

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2 COUNCILMAN COHEN: The contractor or
3 the sub?

4 MR. SOLVIBILE: The sub.

5 COUNCILMAN COHEN: And was that part
6 of his contract?

7 MR. SOLVIBILE: To stucco walls in a
8 timely -- yes, sir, it was.

9 COUNCILMAN COHEN: Now, who can the
10 Council representative talk to or get together
11 with in an effort to resolve the matter?

12 MS. SMITH: I think what I would do
13 is set up Mr. Solvibile and Mr. McCullough and
14 myself can sit down with the Council
15 representative.

16 Again, I think the challenge here is
17 that we do have contract requirements. And we
18 try to make sure that the subs, you know,
19 conform. But, ultimately, the sub reports to
20 the prime.

21 So lots of time we convene meetings
22 to try to resolve issues.

23 COUNCILMAN COHEN: Then we can call
24 both of you, and you could arrange to meet,
25 you could bring whoever you wanted, Jay

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2 McCullough or somebody else?

3 We were led to believe that Jay
4 McCullough is the only one who makes the
5 decision, and his word was final.

6 MS. SMITH: No. Whenever we have a
7 problem, it is the team that looks at the
8 issues. They try to resolve it, they try to
9 resolve it in the field. If they can't in the
10 field, there is followup meetings.

11 And, as I said on Monday a week ago,
12 you know, I understand the issue with one
13 particular contractor. And I am more than
14 happy to sit down and see if the situation can
15 be resolved amicably, if it can be.

16 COUNCILMAN COHEN: What is your
17 position with respect to responsibility of the
18 city to assist people who desire to become
19 subcontractors or who have become
20 subcontractors? Maybe they knew what they
21 were getting into, maybe they didn't.

22 But does the city have any policy?
23 McCullough's point of view, is the city has no
24 responsibility whatever.

25 MS. SMITH: I answered to the best

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2 of my ability that question last week,
3 Councilman Cohen.

4 As I stated, the primary way that we
5 are providing technical assistance and
6 capacity building support is through a
7 contract with the African-American Chamber,
8 their technical assistance center.

9 Any contractor can go there, receive
10 support with respect to paperwork, questions.
11 They are also running specific programs to
12 help cultivate people to become prime
13 contractors.

14 COUNCILMAN COHEN: But what if a
15 subcontractor has a question; who does he go
16 to?

17 MS. SMITH: You are talking about a
18 contractor that has a problem, that is under
19 contract?

20 COUNCILMAN COHEN: He wants to work,
21 people admit that he is a great guy, but he
22 doesn't know, he doesn't know enough to
23 know --

24 MS. SMITH: Does he have an existing
25 contract to do work, or is he looking to get

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2 work? I'm not sure I understand the question.

3 COUNCILMAN COHEN: Well, whatever
4 work it is.

5 MS. SMITH: If he is interested in
6 learning about the procurement process, again,
7 our offices will have meetings, like through
8 Mr. McCullough, Hill International, explaining
9 the procurement process. We walk people
10 through bid specs.

11 We have routinely had meetings where
12 we recruit people and explain the process with
13 the bid packages.

14 If the person already has a contract
15 and has run into a problem, they should start
16 first with the person on site in the field
17 with respect to that problem, see if we can
18 resolve it in the field.

19 MR. SOLVIBILE: Also, Councilman,
20 this contractor sought out at a meeting, as
21 Ms. Smith said, an evening meeting, to entice
22 contractors to participate in the program.

23 I had conversation for about a half
24 hour to 45 minutes with this contractor
25 explaining what needed to be done and telling

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2 him we would work with him. And I believe
3 that people, other people, in that evening did
4 have conversations with the contractor.

5 So there has been plenty of outreach
6 and talking. I dealt with the contractor on
7 the first NTI bid on 31st Street. I dealt
8 with this company and told them what was
9 needed to be done. It is not something that
10 they found overnight that was problems.

11 So there has been plenty of outreach
12 and advice given to the contractor.

13 COUNCILMAN COHEN: Well, I'm not
14 sure whether we are talking about the same
15 problem or not.

16 But suppose we start, would it be
17 appropriate to start, with you, Ms. Smith?

18 MS. SMITH: What I will do is follow
19 up with a representative of your office, if
20 you have in mind a specific contractor and a
21 specific issue, I think it is best; as opposed
22 to trying to, in a public forum, talk about
23 somebody, a particular contractor's issues.

24 I am more than happy to sit down,
25 you know, with the contractor, with the

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2 representative from your office, and really
3 take on what that specific issue is.

4 COUNCILMAN COHEN: I am not the
5 Council representative.

6 MS. SMITH: You or whoever you wish
7 us to sit down with.

8 COUNCILMAN COHEN: Okay. I will
9 stop at this point, Madam President.

10 PRESIDENT VERNA: Thank you,
11 Councilman.

12 Are there any other questions?

13 The Chair recognizes Councilman
14 Rizzo.

15 COUNCILMAN RIZZO: Thank you, Madam
16 Chair.

17 Mr. Solvibile, Ms. Smith, \$9,000, is
18 that what the ballpark is for taking care of
19 one of these party walls, about 9,000?

20 MR. SOLVIBILE: Yes, sir. 9,000
21 roughly. About 5.50 to 5.85 a square foot.

22 COUNCILMAN RIZZO: Have we ever done
23 an independent, do we have expertise within
24 our own government, to estimate the cost?

25 9,000 bucks sounds like a tremendous

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2 amount of money for that particular task. I
3 don't know whether scaffolding is required or
4 they have automated and started to use lift
5 trucks to maybe bring the cost down, where
6 they can get a vehicle in to do some of this
7 work.

8 My concern is -- and I bring this up
9 all the time -- are we working as smart as we
10 can?

11 Because you can do a lot of
12 renovation for \$9,000, and I would like to be
13 assured that we are doing this the smartest
14 way possible; that we are not being
15 manipulated by two or three contractors that
16 are, "You do these three, we will keep the
17 price high. The next round we will give you
18 the next three."

19 There are a lot of ways where the
20 contractors -- and I am not suggesting they
21 are doing anything dishonest -- have the
22 ability to control the price, when it is
23 limited to a few.

24 So I would really like to see some
25 estimates that have been done by a legitimate

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2 appraiser or a legitimate estimator to make
3 sure that we are getting the bang for our buck
4 here. Because \$9,000 can buy a lot of work.

5 MR. SOLVIBILE: Councilman, I also
6 will provide to Ms. Smith, to provide to
7 Council President Verna, the recent bid that
8 was awarded for stucco work in the City of
9 Philadelphia for emergency jobs, and who. And
10 I think that might at least give you the price
11 that L & I is paying for a square foot right
12 now.

13 COUNCILMAN RIZZO: Have you ever had
14 someone, a professional, an engineer, look at
15 the way we do this to see if we can bring the
16 cost down?

17 Like I mentioned, if we have to
18 erect scaffolding on every job that we do,
19 that adds significantly to the cost of any
20 construction work.

21 Have we looked at the new lift
22 devices that are out there, the one-man lifts,
23 the bucket trucks that could be utilized to do
24 this work?

25 And maybe we could move a lot faster

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2 and get a lot more done for maybe a lot less
3 money.

4 MR. SOLVIBILE: The department,
5 prior to NTI, looked at spray-on application
6 of Portland cement. And Deputy Commissioner
7 Perry, who was also an engineer, had several
8 problems.

9 And we felt that the pressure of it
10 going on the wall may not work properly
11 because there is no wire involved. And that
12 was rejected because we were worried about
13 that.

14 As far as forklifts and such, that's
15 up to the individual contractor to decide. We
16 would not stop them from using that type of
17 equipment.

18 COUNCILMAN RIZZO: But my point
19 being is, if they have intensive labor in
20 erecting scaffold, and they are going to
21 charge us \$9,000, I would appreciate somebody
22 from L & I or NTI saying, "Wait. We don't
23 want you to do it that way. We want you to do
24 it the smart way, the way the people do it in
25 this century, not the way we have done it a

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2 hundred years ago."

3 I would like to have someone from
4 NTI and also L & I -- because you are spending
5 a bunch of money over there, too -- to look at
6 way to get more creative.

7 That's one man's opinion. I have a
8 lot of respect for Commissioner Perry, and the
9 fact that he is an engineer. That's one
10 person's opinion.

11 I would like to find out if maybe
12 there is a better way that we can do three for
13 the price of one.

14 Again, no disrespect. That's one of
15 our problems in government. We get locked
16 into a step, and that's what we do for the
17 next 20 years, when the rest of the world is
18 doing it differently.

19 MS. SMITH: We have explored a
20 number of alternatives.

21 We have even reached out, I think,
22 it was the Philadelphia University, and
23 working with them to come up with a treatment
24 process that would even be more energy
25 efficient.

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2 One of the things when you
3 mentioned, you know, can you get trucks and
4 lifts in, it really depends on the street and
5 the size of the lot.

6 Most of these are still in fairly
7 small, you know -- it might work on a corner
8 property.

9 The other thing is, we also have to
10 remember, in some instances we are looking at
11 three-story buildings that are fairly large.

12 COUNCILMAN RIZZO: Pat, again, I
13 don't mean to interrupt you. But if you ever
14 watch a new home being built, they have
15 devices called the scissor lift that will go
16 into a space very, very narrow, will go very,
17 very high.

18 And, again, when you are
19 installing -- and I am not suggesting this is
20 the answer. But I am saying that I would hope
21 that we have explored, since we are spending
22 so much money, every alternative when it comes
23 to the way we seal up these properties, the
24 equipment we use, how we do it.

25 Because if we are spending \$9,000 a

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2 pop, I don't think there are too many
3 contractors that are going to step forward and
4 say, "I have an easier way to do it so you
5 spend less money with me."

6 It is your responsibility, L & I's
7 responsibility, to come up with a proposal, a
8 specification, and say, "We want it done this
9 way. And, guess what, we are going to pay
10 \$3,000 to do one."

11 MS. SMITH: Okay. We will
12 definitely look into that. It is a good idea.

13 COUNCILMAN RIZZO: Thank you.

14 PRESIDENT VERNA: Thank you. Thank
15 you very much.

16 Are there any other questions of
17 these witnesses?

18 And, Ms. Smith, you are going to
19 remain until the conclusion of the hearing?

20 MS. SMITH: Yes. If I may, I know
21 you are getting ready to go to public
22 testimony, but if we can have a small break.

23 PRESIDENT VERNA: You can go.

24 MS. SMITH: Thank you.

25 PRESIDENT VERNA: Last week we had

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2 some questions of Ms. McColloch, from the
3 Office of Housing and Community Development.
4 And I did circulate -- I'm sure everybody did
5 receive -- a copy of her responses.

6 Ms. McColloch, do you mind coming to
7 the witness table? There is just one question
8 I wanted to ask you.

9 I believe that I had raised the
10 question about the waiting list for the basic
11 system repairs.

12 You responded that the waiting list
13 varies depending upon the trade needed to
14 perform the repairs, but it is averaging about
15 one year.

16 Heater repairs and replacements are
17 given priority during the winter months.
18 There is no waiting list for heater
19 replacements.

20 How about roof problems and water
21 problems, the plumbing problems; is that a
22 year's wait?

23 MS. DEBORAH MCCOLLOCH: Deborah
24 McColloch, Director of Housing.

25 It can vary from less than a year.

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2 I mean, it can vary from eight or nine months,
3 to more than a year. That's why I said the
4 average.

5 That was the number that I called
6 PHDC to get the information to make sure I was
7 providing accurate information. And they said
8 it really depends, as I said.

9 PRESIDENT VERNA: If I have a bad
10 roof, that can cause an awful lot of damage if
11 you are waiting more than a year -- and I am
12 sure the people have had that problem --
13 before applying for basic systems.

14 Do you find that that's
15 satisfactory?

16 MS. MCCOLLOCH: No. I wish we could
17 do it very quickly. But I think between the.

18 PRESIDENT VERNA: Why the wait,
19 then?

20 MS. MCCOLLOCH: Well, between the
21 time it takes to take the application, and the
22 people submit all the information that they
23 need to submit, and then also getting the
24 contractor and getting the contractor out to
25 do the work, that's about how long it is

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2 taking.

3 PRESIDENT VERNA: That's a long

4 time.

5 MS. MCCOLLOCH: It is a long time, I

6 agree.

7 PRESIDENT VERNA: That's a long

8 time.

9 And is that the same with plumbing
10 problems?

11 MS. MCCOLLOCH: Well, that's why
12 they said it really depends on the amount of
13 work that's being provided for that
14 contractor.

15 So it may be, if there are more
16 roofers under contract, roofers can go more
17 quickly, plumbers are slower. I don't know
18 which one is faster or slower.

19 They were just saying it varies by
20 trade, and that's why I provided that
21 information to you.

22 PRESIDENT VERNA: I was just
23 curious.

24 As I said, I can understand, you
25 know, people getting a new heater during the

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2 winter months, you know, very expeditiously.

3 But if it is a bad roof, and
4 somebody has applied and they are waiting for
5 more than a year, that can cause an awful,
6 awful lot of damage.

7 MS. MCCOLLOCH: Yes.

8 PRESIDENT Verna: As can a plumbing
9 problem.

10 MS. MCCOLLOCH: Yes.

11 PRESIDENT Verna: Okay. Are there
12 any questions of Ms. McColloch?

13 Seeing none, we do have a list of
14 witnesses to testify. And I would like to
15 remind everyone that we have another Public
16 Hearing scheduled at 1 o'clock. Our first
17 witness, Susan Sierra.

18 MS. SUSAN SIERRA: Good morning,
19 Madam Chair, members of Council. Thank you
20 for giving me the opportunity to testify
21 today.

22 My name is Susan Sierra. I am the
23 Policy Coordinator for the Philadelphia
24 Association of Community Development
25 Corporations, which represents more than 80

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2 CDCs and other members that are doing the work
3 of neighborhood revitalization all over our
4 city.

5 I first want to say that PACDC is
6 glad to see that NTI's demolition program is
7 moving forward. We are concerned about the
8 increased cost of demolition. And we would
9 all prefer to see abandoned buildings
10 renovated where feasible, but it is a fact
11 that in some cases demolition is the most
12 appropriate option.

13 The pace and increased cost of
14 demolition this year have led to the
15 Administration's request to move up future
16 years' demolition funding into the FY '04
17 budget for demolition.

18 PACDC does not oppose this proposal.
19 However, the transfer resolution does shed
20 light on the need to rethink the NTI budget
21 over the final years of the initiative. And
22 that's what I would like to speak to this
23 morning.

24 The first thing I would like to do
25 is to call Council's attention to the need for

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2 more funding for housing production. This was
3 a key finding of the recent 21st Century
4 Review Forum report on issues facing
5 Philadelphia.

6 And I would like to quote from the
7 committee's assessment of NTI, if I may.

8 Quote, The trend in housing
9 production under NTI, both rental and
10 home-ownership units, have not been good.
11 There is no money budgeted under the NTI bond
12 issue for residential or retail redevelopment.
13 There needs to be a dedicated source of
14 funding for development, especially for
15 not-for-profit housing. And their
16 recommendation is that the city should create
17 a housing trust fund to support production of
18 new units of housing.

19 Legislation will soon be introduced
20 in this Council to create a housing trust
21 fund. The proposed housing trust fund would
22 be funded at a level of \$20 million annually,
23 which would nearly double the city's current
24 investment in housing, in housing production,
25 and would allow hundreds of homes to be built

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2 and renovated each year and thousands of units
3 of housing to be preserved.

4 The housing trust fund could
5 leverage up to \$50 million each year to
6 Philadelphia, which is money that's available
7 but which our city is currently not accessing.

8 The key to the housing trust fund
9 will be permanent, dedicated sources of
10 funding, but we believe that NTI bond funds
11 could provide initial seed money for the
12 housing trust fund.

13 And we recommend this Council and
14 the Administration consider using NTI funds as
15 one source for seeding the housing trust fund.

16 I would also like to comment on the
17 need for more funding for acquisition. NTI
18 has allocated a total of \$74 million to
19 support property acquisition. About \$50
20 million of this has already been obligated,
21 and some Council districts have already
22 exhausted or soon will exhaust their
23 acquisition funding.

24 The city needs to provide enough
25 funds to support project-specific acquisition

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2 in all Council districts.

3 In addition, there is a need to plan
4 more broadly to support project-specific
5 acquisition in the long term and medium term
6 after NTI funds are no longer available.

7 Without acquisitions, project and
8 redevelopment can't move forward. And we
9 would support reprogramming NTI funds from
10 other uses to support additional acquisition.

11 In addition, we would like to
12 advocate for the immediate implementation of
13 the city recycling agreement to allow funds to
14 be recycled to the city to provide further
15 acquisition funding.

16 We would also like to say that there
17 is a need to improve the process by which the
18 city is managing the acquisition and
19 disposition of vacant property.

20 Conveyance of properties that were
21 approved for acquisition by this Council last
22 year to their eventual redeveloper is moving
23 slowly. This can cause not only a delay in
24 the project, but can put outside funding for
25 these projects at risk. And we call on the

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2 Administration and Council to make this issue
3 a priority.

4 In closing, I would like to
5 reiterate that housing development is a win
6 for Philadelphia in multiple ways. It
7 provides needed housing options, it
8 revitalizes neighborhoods, it improves the
9 quality of our housing stock, and it leverages
10 millions of dollars in outside funds to the
11 city.

12 Without acquisition and development
13 funding, none of these benefits will be
14 realized.

15 So, in summary, we do believe that
16 demolition can be a worthwhile use of NTI bond
17 funds. However, we believe that other needs,
18 including housing production and property
19 acquisition, should have an even higher
20 priority.

21 We, therefore, urge Council to
22 consider how future year NTI funds can be
23 reprogrammed to support these activities.

24 And thank you very much for your
25 time and attention.

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2 COUNCILWOMAN BLACKWELL: Thank you
3 very much, Ms. Sierra. And certainly we
4 appreciate what you have said about the
5 housing trust fund.

6 I'm not sure about the other funds,
7 but certainly some of the local funds that you
8 suggested in trying to raise some recording
9 fees seem feasible to me. I'm not sure where
10 we get the other funds.

11 And obviously, certainly, we support
12 your statements with regard to acquisition.
13 There are many projects out there and, in
14 fact, many redevelopment areas that can't be
15 completed without the ability to finish up
16 projects and get a few projects acquired so
17 that major development can begin. Thank you
18 very much.

19 Councilman Cohen, you had a
20 question?

21 COUNCILMAN COHEN: Yes. I am
22 convinced that the housing trust fund is also
23 a good one, but that there is no chance of
24 ever getting it here until we do something
25 that prevents a house from having a market

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2 value of one and a half the cost of building
3 it as soon as its completed. Because I don't
4 know who would contribute to the immediate
5 devaluation by 50 percent of the house.

6 So, therefore, I ask, has your group
7 ever studied what could be done, in your
8 judgment, to bring the price down so that the
9 building price more closely approximates the
10 cost of building it, without the need of a
11 federal or state or local subsidy to make it
12 available to the people who live in
13 Philadelphia?

14 For example, the one that comes to
15 mind is, as I understand, that as a labor
16 cost, that's only part of the additional cost.
17 In Philadelphia there is no such thing as a
18 residential rate by the building trades
19 unions.

20 But that in the suburbs, the unions
21 do have, in addition to the regular rate, they
22 consider that a commercial rate, and they have
23 a much lower rate, maybe as much as 30 percent
24 lower, for a residential rate.

25 In other words, if they build a

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2 house privately for an individual, the union
3 rate is much lower than if they are building
4 commercial things.

5 Now, if that were done, that would
6 begin to approximate more closely an equality
7 between the cost of building and the market
8 value.

9 And I feel confident that until we
10 get those two things lined up together, that
11 if it costs \$100,000 to build a house, that
12 the market value of it, the sale price, will
13 be a 100,000, instead of 50,000.

14 Do you have any thought on that
15 subject? Have you ever considered the issue
16 of a residential rate being used in the
17 construction industry being used in the city,
18 as well as in the suburbs, or are you familiar
19 with that?

20 MS. SIERRA: Well --

21 COUNCILMAN COHEN: It is not the
22 only reason, but it is a substantial part of
23 it.

24 MS. SIERRA: Councilman, I am sorry.
25 I am trying to respond to your question.

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2 You are right that the difference
3 between what it costs to build or to rehab
4 housing and the price for which it can be sold
5 is a problem. And there's two issues, I
6 believe, that drive that.

7 One is that construction costs are
8 higher in this city than they need to be. I
9 do think that a residential construction rate
10 would be a good step towards resolving that.

11 But the other issue is that real
12 estate values in many of our neighborhoods are
13 artificially depressed.

14 In some neighborhoods,
15 unfortunately, a new home that's built,
16 regardless of the cost of building the home
17 and the quality of the work that goes into it,
18 the second that the builders walk off the
19 site, that new home will only appraise at
20 \$40,000.

21 And no matter what the -- it costs
22 more than \$40,000 to build a house, no matter
23 what efforts we make to reduce costs.

24 So I think that the key, a key need
25 is not only to deal with construction costs,

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2 but also to work on rebuilding the real estate
3 markets and property values in our
4 neighborhoods.

5 And the way that I think works to do
6 that is through community development
7 corporations that have a long-term strategic
8 approach to the neighborhood.

9 There are a number of successful
10 examples around the city of neighborhoods
11 where CDCs have been able to rebuild property
12 values.

13 Unfortunately, that does take
14 investment, until property values get to the
15 point where the private market will function
16 in those neighborhoods. And that's one of the
17 reasons that we believe more funding for
18 housing production is necessary.

19 COUNCILMAN COHEN: Have you ever
20 discussed -- you represent the community
21 development corporations.

22 MS. SIERRA: That's right.

23 COUNCILMAN COHEN: Have they ever
24 discussed with the building trades unions the
25 possibility of the development of a

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2 residential rate?

3 Because I agree with you, the
4 community development corporations play a very
5 important role in Philadelphia in the
6 development of neighborhoods and the promotion
7 of housing. And I think you are an extremely
8 important force.

9 But I think it would be helpful if
10 you could use your assets, whatever they may
11 be, to help bridge the gap between the
12 building costs and the market rate.

13 Because you do a lot of other good
14 work in the neighborhoods that help to raise
15 the worth in dollar terms of a neighborhood,
16 as well as its intrinsic worth as a
17 neighborhood in which to live.

18 MS. SIERRA: Well, thank you for the
19 kind words. I certainly appreciate them.

20 COUNCILMAN COHEN: I think most of
21 us would agree to that, clearly. We like what
22 you do. We are looking for ways to expand
23 what you do.

24 MS. SIERRA: Thank you.

25 COUNCILMAN COHEN: But apparently

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2 money is not expansion of -- the availability
3 of money is not one thing that at this time we
4 are going to be of very much help to you.

5 MS. SIERRA: Well, just to answer
6 your question, we have discussed the issue.

7 I mean, for example, I have
8 personally brought up with Mr. Gillespie, the
9 director of the Trades Council, that a
10 residential rate would be a good thing.
11 While, at the same time, we certainly believe
12 that people should be paid a fair wage for
13 their work.

14 COUNCILMAN COHEN: Of course.

15 MS. SIERRA: But I think our feeling
16 is that, really, the city and the
17 Administration need to take the lead on
18 working with the construction unions to find a
19 way, if there is a fair way, to reduce labor
20 costs.

21 And so, you know, we believe that
22 that's something that the Mayor and his staff
23 should probably be taking leadership on.

24 We have brought it up. We will
25 bring it up. It is our position. But I think

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2 you may be valuing our influence too highly,
3 Councilman, if you think that we are going to
4 be able to, through our advocacy with the --

5 COUNCILMAN COHEN: Every little bit
6 helps.

7 MS. SIERRA: Well, that's certainly
8 our position, and we are happy to share that
9 with anybody who asks.

10 COUNCILMAN COHEN: Thank you.

11 PRESIDENT VERNA: Thank you.

12 Are there any other questions of Ms.
13 Sierra by members of the committee?

14 Thank you very much. We appreciate
15 your patience.

16 Our next witness. This is a panel,
17 Charles Trotter, Luis Cruz, Jihad Ali, Jim
18 Copeland.

19 PRESIDENT VERNA: You could just
20 pull two more chairs over, gentlemen.

21 Good afternoon. Kindly identify
22 yourself for the record and proceed with your
23 testimony.

24 MR. JIHAD ALI: Good afternoon,
25 Council President Verna. My name is Jihad

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2 Ali, I am with the Contractors Roundtable
3 Council.

4 I am a founding member of the
5 African-American Contractors Roundtable
6 Council, a nonprofit organization of
7 African-American and Hispanic contractors who
8 have advocated for the inclusion of
9 disadvantaged and African-American and
10 Hispanic contractors in the City of
11 Philadelphia.

12 Madam Chair, I have copies of my
13 testimony. Forgive me for not passing them
14 out.

15 PRESIDENT VERNA: Thank you. This
16 gentleman will get it.

17 Please proceed.

18 MR. ALI: I want to thank this
19 honorable Council for giving me the
20 opportunity to comment on this important
21 issue.

22 And I commend you for providing
23 ordinary citizens the opportunity to voice our
24 concerns with the Neighborhood Transformation
25 Initiatives Emerging Contractors Program being

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2 administered by the African American Chamber
3 of Commerce.

4 I will not belabor these hearings
5 with a lot of details because many others,
6 including members of this City Council, have
7 also asked questions about these matters
8 during the previous hearing on the matter held
9 on March 22, 2004 and are awaiting answers to
10 questions raised by the Council President and
11 other Council Members during the previous
12 hearing.

13 However, I do want to emphasize
14 that, in my opinion, there has been and
15 continues to be a systematic and partly
16 successful attempt to mislead the City Council
17 of Philadelphia on Emerging Contractors
18 Program's success, which was questionably
19 funded by the Neighborhood Transformation
20 Initiative.

21 There is no question that the
22 overwhelming majority of the City Council of
23 Philadelphia wants to provide opportunity to
24 all of Philadelphia's citizens under the
25 Neighborhood Transformation Initiative.

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2 What is most disheartening is some
3 organizations and businesses have attempted to
4 mislead the City Council of Philadelphia, the
5 Mayor, and others, including the
6 administrators of the Neighborhood
7 Transformation Initiative, by misinforming
8 them on the, quote, successful, unquote,
9 minority participation specifically of newly
10 formed emerging demolition contractors in the
11 awarding of prime contracts, subcontracts, and
12 man-hours employed on the projects by the
13 Neighborhood Transformation Initiative.

14 The Neighborhood Transformation
15 Initiative administrators have the
16 responsibility to establish policies and
17 procedures which govern inclusion of existing
18 minority businesses in NTI projects.

19 When this honorable Council enacted
20 legislation to ensure participation in the
21 Neighborhood Transformation Initiative, there
22 was and is a requirement that monthly reports
23 be submitted to this Council which reveal the
24 utilization of African-American contractors in
25 the contracts awarded by the NTI.

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2 There was testimony by Ms. Smith
3 that no reports have been filed with this
4 Council to date, almost a year after this
5 program has begun.

6 In my opinion, there continues to be
7 an attempt to mislead the Council of
8 Philadelphia.

9 There was testimony by Ms. Smith
10 that the Emerging Contractors Program is
11 placing new start-up demolition contractors on
12 par with established majority demolition
13 contractors.

14 With no statistics submitted, how
15 can this Council determine if this program is
16 successful? The City Council of Philadelphia
17 needs to know if this program has been a
18 failure or not.

19 We are not allowed to participate in
20 the Emerging Contractors Program as
21 administered by the African-American Chamber
22 of Commerce. We have been removed from
23 participation in this program, even though we
24 are established contractors.

25 The Contractors Roundtable has also

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2 been removed from the Chamber of Commerce's
3 website after we asked questions about the
4 program, apparent conflicts of interest of its
5 directors, nepotistic employment practices,
6 and we were given no answers.

7 We know that minority contractors
8 through this program are not being put in a
9 position to compete as prime contractors
10 because we had the best chance because of our
11 members' experience of being able to
12 participate in the program and run this
13 program.

14 And I also would like to add, on the
15 last bid that was awarded on Friday of last
16 week, two of our contractors participated and
17 submitted bids.

18 That's only 20 hours after we were
19 informed, after we had a meeting with the NTI,
20 Ms. Smith's office, director -- actually, a
21 representative of Hill International, Mr.
22 Griffin, who told us of an opportunity to bid
23 that was available on the web.

24 We went to the web, and we
25 successfully put in -- we weren't successful

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2 in the bid, but we were successful in
3 answering the opportunity for the bid.

4 We put in a bid, and that's only 20
5 hours after we were notified of the bid. Luis
6 Cruz put in a bid, as well as Toratto
7 Construction, two of our members.

8 And I don't believe -- there was one
9 member that Ms. Smith was claiming that is a
10 member of the NTI Emerging Contractors, the LP
11 group, who put in a bid and was the successful
12 bidder. 1 out of 20.

13 To this very day, there is no
14 reporting information regarding how this
15 program is progressing or how many contractors
16 have successfully completed this program and
17 can compete along with prime contractors.

18 We are requesting a copy of the
19 report, as required by legislation, and that
20 the City Council of Philadelphia reviews the
21 contract that was signed by the Chamber for
22 this program.

23 The Hispanic Chamber of Commerce
24 does not have a similar contract. Mr. Cruz is
25 here as President of his Chamber of Commerce,

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2 and his business has been around a long time.

3 We are asking this Council to carry
4 out their responsibility as required by the
5 legislation authorized because, in the end,
6 everybody wins.

7 Ms. Smith was up here earlier and
8 she gave a definition for "initiative." I
9 would like to also give the definition for
10 "emerge." "Emerge" is beginning.

11 And I also would like to give an
12 acronym, an acronym of DIG, which is
13 deception, ignorance, and greed. And that's
14 really what leads to the misuse of public
15 dollars.

16 And I also would like to give a
17 quote. None of us is as smart of all of us.
18 And if you exclude half of us from a process,
19 how can it be successful?

20 I am asking that Council not
21 favorably move forward Resolution 040095 until
22 after you have gotten the answers that you
23 have demanded.

24 This Council went through a great
25 deal of effort to enforce the legislation last

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2 year on April the 23rd. And on the street, on
3 the field level, we know that one Councilman
4 lost his seat in the fight for inclusion.

5 We didn't fight to have programs
6 established that were going to benefit people
7 specifically.

8 We want programs in place that are
9 fair across the board, and we want to give
10 opportunities to all the citizens of
11 Philadelphia.

12 And specifically we know, as Ms.
13 Smith quoted earlier, that a great deal of the
14 African-American community has been excluded
15 from contracts, through no fault of the city.
16 But it has really been because of the
17 industry, a practice that has been in place
18 over 30 years.

19 So we are asking that this Council
20 be vigilant to make sure that everybody that
21 says that they are about the same aims of this
22 Council, that you carry out your
23 responsibility and scrutinize the programs
24 that are in place.

25 I also would like to point out to

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2 Madam President that, by the sheer fact that
3 you are the President of City Council, you are
4 a de facto member of the African-American
5 Chamber of Congress. You are entitled to all
6 the rights and privileges any other
7 dues-paying member.

8 And, as such, we would ask you to
9 use your privilege to request all the
10 information from the Chamber that we ask.

11 PRESIDENT VERNA: Thank you very
12 much.

13 In your testimony you say you are
14 not allowed to participate in the Emerging
15 Contractor Program as administered by the
16 African-American Chamber of Commerce.

17 Is that because it is a training
18 program?

19 MR. ALI: Well, Madam Chair, that's
20 a very good question.

21 PRESIDENT VERNA: That is what we
22 are led to believe, that it is a training
23 program.

24 Is that why you are not able to
25 participate?

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2 MR. ALI: Well, that's a very good
3 question, as I said.

4 The history is, when this program
5 initially was -- when inception of this
6 program, really came about on the heels of all
7 our activism out in the street.

8 We had protested the Constitution
9 Center, the Liberty Bell, we have shut down
10 numerous jobs, Rite Aid, CVS, numerous jobs,
11 the SEPTA El project.

12 So at the inception of the program,
13 there was no -- there was the Contractors
14 Roundtable Committee, which was a group that
15 had been formed outside of the Chamber, but
16 only came into the Chamber because at the time
17 our group, through one of our consultants,
18 Tony Lewis, had written a grant for the
19 Chamber, for the Commerce Department.

20 And the grant was roughly maybe
21 300,000, 150,000 a year for supportive
22 services to outreach for disadvantaged
23 contractors.

24 We put in a grant, and we were told
25 that we couldn't receive the grant because we

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2 weren't a filed 1C-3 at that time, and the
3 grant would be administered by the Chamber of
4 Commerce.

5 As it worked out, we never received
6 any funding, any reports of the funding;
7 however, we noticed that then they came up
8 with a concept of the Tag Center and Emerging
9 Contractors Program, unbeknownst to any of us.

10 And we were told that we were a part
11 of it, that we were behind it. But when we
12 really looked at the practices of them, we
13 weren't a part.

14 So throughout the year we just
15 continued to try to keep our affiliation with
16 the Chamber. And we continued to ask for
17 reports, and we continued to ask for
18 accountability.

19 A period of two years passed, no
20 accountability. We asked some other questions
21 about the employment practices of the Tag
22 Center.

23 We noticed that mostly everybody
24 that was being a -- a majority of people that
25 were being selected for employment with the

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2 Tag Center, the first, the director of the

3 Tag, was Bruce Carley's brother-in-law.

4 Another member was Anthony Fuller's wife.

5 Somebody else was connected with

6 Jerry Valerie. Jerry Valerie was selected

7 as -- even though he was a program developer,

8 his company was selected -- the Emerging

9 Contractors had to deal exclusively with his

10 company for bonding and insurance.

11 So just as businessmen, we all want

12 to be involved in lawfully helping one

13 another. We are not trying to encourage

14 anybody to break the law. All we are asking

15 people to do is give us a chance and obey the

16 rules.

17 So after we started asking questions

18 about some accountability issues over some

19 funding that we personally owned, with the

20 director, the director of the Chamber's

21 committee at the time jumped up, quit, and

22 resigned.

23 And two days later we were notified

24 by letter, by the Chamber President, that we,

25 our committee, was dissolved because of the

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2 Chamber President quitting, even though we are
3 all members of the Chamber and dues paying.
4 But we were put in that position to be left.

5 And we were told that we would no
6 longer receive administrative services that we
7 needed for our organization.

8 But because our organization were
9 established contractors, we answered that
10 challenge. We organized ourselves. Got our
11 501(c)(6) status, at least started that
12 process, and we continued our organization
13 mission that we had originally came into being
14 with over 2003.

15 So the answer to your question,
16 Council President, is the reason why -- we
17 really don't know the reason why we were
18 excluded; we just know the reality that we
19 were excluded.

20 PRESIDENT Verna: Thank you.

21 Ms. Smith, I think I asked you last
22 week about the reporting and why we had not
23 received any reports.

24 I think, for the record, I am going
25 to ask Mr. McPherson to please read the part

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2 of the ordinance which very clearly spells out
3 the responsibility of NTI reporting to us.
4 You could sit at Councilman O'Neill's desk.

5 MR. MCPHERSON: I quote, Over the
6 initial five-year period of the NTI, the City
7 of Philadelphia, through its departments and
8 agencies, will prepare monthly reports and
9 updates of employment and contract activities
10 for NTI which summarize the following:
11 Utilization of MWDS, DBEs, and commitments
12 made with such businesses; the hiring and
13 employment of minorities and females; the
14 training programs utilized and the placement
15 rates. Additionally, the City of Philadelphia
16 acknowledges the value of project monitoring
17 and, therefore, will develop and work with an
18 oversight committee to monitor all overall
19 compliance and achievement of the project
20 objectives as defined in this economic
21 opportunity plan.

22 The City of Philadelphia agrees to
23 keep and require all prime contractors and
24 consultants to keep such records and to file
25 such reports relating to the provisions of

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2 this economic opportunity plan as may be
3 reasonably necessary to document compliance
4 with the plan.

5 The City of Philadelphia, through
6 the Mayor's Office of NTI, has contracted and
7 is actively working with the Greater
8 Philadelphia Urban Affairs Coalition to assist
9 in the monitoring and reporting of its
10 performance with respects of this plan.

11 The GPUAC shall work with the city,
12 its departments and agencies, contractors,
13 consultants, and training providers to ensure
14 maximum opportunities not necessarily
15 identified in this plan.

16 The City of Philadelphia, through
17 its departments and agencies, agrees to work
18 with all contractors to submit to the GPUAC
19 manpower utilization projections for all work
20 associated with this initiative.

21 And, again, there are other
22 reporting requirements stated throughout the
23 ordinance.

24 MS. SMITH: We do have reports on
25 file from both GPUC as to --

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2 PRESIDENT VERNA: Are you keeping
3 that a secret or are you willing to share it?

4 MS. SMITH: We are willing to share
5 it.

6 Attached to the letter I gave you is
7 a summary of the two reports for everything.
8 But I will go back and get all of the -- and
9 we have been getting them on a quarterly
10 basis, that's the way from a capacity
11 standpoint we have been able to manage. But
12 then I will give you all the backup
13 documentation.

14 But I did attach to the letter the
15 summary numbers.

16 PRESIDENT VERNA: Starting from
17 today forward --

18 MS. SMITH: Yes, I will.

19 PRESIDENT VERNA: -- would you
20 please make certain that Council Members get a
21 copy of that report.

22 MS. SMITH: Yes, I will.

23 And I was just going to add that
24 MBEC monitors the contracting side of the
25 MBE/WBE.

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2 PRESIDENT Verna: Have you filed any
3 of the reports with the Chief Clerk's Office?

4 MS. Smith: No, not with the Chief
5 Clerk's Office. I will do that.

6 PRESIDENT Verna: That is part of
7 the ordinance, also.

8 MS. Smith: And I will also make
9 copies of the reports that we received from
10 the African-American Chamber of Commerce on
11 the Emerging Contractors Program.

12 PRESIDENT Verna: And I would
13 suggest, so that we don't have to do this
14 every time we have a Public Hearing, I think
15 it is more than just the reports that you are
16 referring to.

17 I would like you to sit with Charlie
18 McPherson so that he could go over what
19 reports you are supposed to be submitting.

20 MS. Smith: One of the things that I
21 did after the hearing last week is, I put in a
22 request to the law department to review the
23 legislation and to make a checklist for me of
24 all the variety of reports that are required.

25 I know we had been including some

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2 information in our quarterly reports to
3 Council, but then other bits of information
4 have not been. So I am working on a system to
5 rectify that.

6 PRESIDENT VERNA: The Chair
7 recognizes Councilman DiCicco.

8 COUNCILMAN DiCICCO: Thank you,
9 Madam President. But if Mr. Cruz has a
10 statement, I would hold my questions until he
11 is finished.

12 PRESIDENT VERNA: Shall we listen to
13 the panel, and then we could ask the
14 questions.

15 All right. Who is going to speak
16 next?

17 MR. CRUZ: I will, Madam President.

18 PRESIDENT VERNA: Please identify
19 yourself for the record and proceed with your
20 testimony.

21 MR. CRUZ: Good afternoon, Council
22 President Verna and Council Members. My name
23 is Luis Cruz. I am a Hispanic general
24 contractor and the president of the Hispanic
25 Chamber of Commercial of Philadelphia.

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2 I have a problem with several things
3 here today. And one of them is the \$700,000
4 that is going to be given to the Minority
5 Business Enterprise Council and also the
6 million dollars that is also going to be given
7 to the Emerging Contractors.

8 Because, if anything, the Hispanic
9 Chamber of Commerce is not included in
10 representation at the Minority Business
11 Enterprise Council.

12 Up to presently we haven't had a
13 representative of the Hispanic community as
14 part of MBEC. And, as well as the Emerging
15 Contractors, we haven't been included in that.
16 We also have many contractors in the City of
17 Philadelphia.

18 Although I have been a founder and a
19 member of the African-American Chamber and
20 Contractors Roundtable, we were never included
21 in the structure of this Emerging Contractors.

22 As well as the MBEC, we have been a
23 member for over ten years, yet our advocacy
24 for getting representation of the Latino
25 community as one of their directors or some

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2 staff hasn't been included. This is a
3 problem.

4 Our community is growing at a very
5 rapid pace, our business community is growing
6 at a very rapid pace, but yet funds are being
7 put out that doesn't include our community.

8 I think that the African-American
9 and the Hispanic community have a lot in
10 common. But sometimes, because of
11 individuals, we don't get likely included.

12 I know there is a lot of Council
13 Members that believe in what I have just said;
14 that, you know, we have synergies. But
15 sometimes people don't remember that.

16 I would like to just make a brief
17 description of what happens with our
18 established contractors.

19 About three years ago there was a
20 strong push for participation for established
21 minority contractors in the city to
22 participate down at the stadiums. Me and
23 several others were included to get
24 opportunities down there, but a lot weren't
25 given those opportunities.

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2 We went down, we participated, we
3 tried to bring in some of our other
4 established minority contractors. At the
5 Phillies, even less -- as time went on, even
6 less got opportunities.

7 The problem in our city right now
8 is, we have a pool of established for real,
9 for real contractors, you know, not brokers.
10 I am talking about established minority
11 contractors that meet opportunities, some of
12 which are with me here today.

13 And that's where the Contractors
14 Roundtable came from. We were real
15 contractors who wanted to get out so we could
16 be able to get our voice heard, get our
17 statement out to the street.

18 But what happened was, you know, it
19 evolved into a programmatic system. And we
20 need to be able to help the established
21 contractors so they could be able to build
22 themselves up, as well as contractors coming
23 in.

24 But established contractors are
25 disappearing because of lack of opportunities,

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2 lack of support. You know, the people that I
3 employ are losing their jobs. The people that
4 they employ are losing their jobs.

5 How could we bring in new
6 contractors to become contractors, if the
7 opportunities aren't interest for the
8 established contractors?

9 Everybody is looking for a way to
10 not include minority contractors. Those of us
11 who have all the requirements aren't getting
12 the opportunities. How are the ones that are
13 coming in going to get the opportunities?

14 PRESIDENT VERNA: Mr. Cruz, I guess
15 I am losing you to some degree.

16 Have you ever bid for any of this
17 work?

18 MR. CRUZ: For the NTI work, we bid
19 one of the initial packages and we were
20 unsuccessful. And the numbers just were
21 unrealistic.

22 We didn't bid anymore and we lost
23 getting information on it, put it that way.

24 PRESIDENT VERNA: Why wouldn't you
25 bid again? Just because you may not have been

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2 the lowest bidder at one time --

3 MS. CRUZ: What we did is, we
4 followed up with keeping track on them, but
5 the numbers were unrealistic.

6 But I am not just talking about --

7 PRESIDENT VERNA: The Chair
8 recognizes Councilman DiCicco.

9 COUNCILMAN DiCICCO: Thank you,
10 Madam President.

11 Can Mr. Cruz explain, when you say
12 the numbers were unrealistic or -- are you
13 suggesting that the bid that you submitted and
14 the bid that was eventually awarded, the
15 numbers being for the contractor who got the
16 award, you just couldn't figure out how they
17 could do it for that kind of price? Is
18 that --

19 MR. CRUZ: Absolutely.

20 COUNCILMAN DiCICCO: I think I know
21 where you are going, but I think you need to
22 explain that.

23 Because at the end of the day, I
24 don't know in this particular case, but at the
25 end of the day it actually may even cost us

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2 more money because sometimes contractors will
3 come in with a low number. And then we get
4 the overruns and the extras that are added in
5 later on, which ultimately brings the number
6 at the end of the contract to either equal to
7 what was disqualified or sometimes, in many
8 cases, even over what the contract was.

9 So I think you need to try to
10 explain that in layman's terms as best you
11 can.

12 MR. CRUZ: And thank you,
13 Councilman, because that is the root of the
14 problem.

15 The initial contracts, the houses
16 were going between 6 and 8 thousand dollars a
17 house. Now, the demolition, yes.

18 Now, we are a union contractor.
19 Okay? Because that's the only way you get an
20 opportunity in the City of Philadelphia, is by
21 being a trades person.

22 How can I pay union wages, if it
23 costs me more -- in other words, real easy
24 breakdown. You are taking down one of these
25 houses, two- to three-story house, you would

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2 use four to five dumpsters.

3 If the dumpsters are costing you
4 \$600 apiece, that's \$3,000. You bring a
5 machine in, machine costs you about \$1,000 a
6 day. It takes you two days, that's \$2,000.

7 You got, let's say, three laborers.
8 Laborers cost you, with packages, about 350,
9 400 dollars a day. I just went bankrupt, you
10 know, and I didn't make no money.

11 That's not including any of my
12 overhead, that's not including insurances,
13 that's not including the costs of my bonds.

14 I don't know how these guys were
15 doing it. I mean, you know, and I'm not about
16 to, you know, go into somebody else's
17 business. But that's why we pulled away from
18 -- the numbers now, yes, the numbers look a
19 lot better now.

20 We were second in one of the
21 packages, as my colleague said. We were the
22 second bidder for the package that just came
23 out. So the numbers have gotten better
24 because they are more realistic now. Okay?

25 But the initial packages were

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2 unrealistic. They were coming into the city,
3 outside contractors from outside the city were
4 coming in, and then they were brokering it to
5 smaller contractors and making them do it for
6 unrealistic numbers.

7 I hope I answered your question,
8 Councilman.

9 COUNCILMAN DiCICCO: I think I know
10 where you are going, but maybe because I am a
11 little familiar with construction.

12 You go in and you made a bid on a
13 particular job. Your numbers were higher than
14 the competing bid. So, obviously, you don't
15 get the job.

16 The competing bid comes in. Do you
17 know of any instances where that competitor,
18 who out-bid you initially, ultimately had some
19 overages, additional charges, which brought
20 the numbers to either within the number that
21 you originally bid or over that?

22 I think if you know of any cases
23 like that, that would be helpful to this
24 committee.

25 MR. CRUZ: Unfortunately, I do not.

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2 I wish I did, but I do not.

3 PRESIDENT Verna: I think Ms. Smith
4 would like to respond, Councilman.

5 MS. SMITH: Thank you. Councilman
6 DiCicco, one of the things I really feel very
7 proud about is, once we have awarded the
8 contract, there have been very few change
9 order or overruns.

10 The only changes we make in
11 contracts, as those of us who have worked on a
12 program, sometimes we have taken properties
13 off the list, then we deduct -- the cost of
14 that property comes out of the contract and
15 the contractor does not get paid for it.

16 A deduct may happen because the
17 owner may step forward, you know, says, you
18 know -- and pull building permits to do the
19 repair.

20 For those of us that have been
21 involved on the target program, that's what's
22 happening. And I can also have Mr. Solvibile
23 provide information on emergency curb-side.
24 He has been called away.

25 I mean, I think one of the things

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2 this testimony does demonstrate is, you know,
3 this cost, you know, some feel that is it
4 enough to cover the cost of doing business. I
5 mean, that, you know, and others feel that we
6 were paying too much.

7 But, no, we are not awarding
8 contracts and then letting people change those
9 numbers after contract award.

10 COUNCILMAN DiCICCO: Thank you.

11 PRESIDENT Verna: Ms. Smith, why
12 don't you stay there, please.

13 COUNCILMAN DiCICCO: Because I had a
14 followup, but I will yield to Councilwoman
15 Blackwell.

16 COUNCILWOMAN BLACKWELL: Thank you,
17 Councilman DiCicco.

18 I don't know what the figures say,
19 but I would venture to say that Redball in my
20 community, in Mantua, did in fact create the
21 kind of situation that Councilman DiCicco
22 called for.

23 I am sure they must have had cost
24 overruns. I mean, at every meeting I attend,
25 I mean every single meeting as recently as

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2 Friday, I talk about these contractors, Madam
3 President, and that they need to be included.

4 I know, for example, that we had a
5 company on a contract in my district who said
6 they didn't want to be in Philadelphia, didn't
7 want to work in Mantua, and they are in my
8 district and they were in North Philly in
9 Strawberry Mansion in Councilman Clarke's
10 issue.

11 And they must have one crane, and
12 they just move it from community to another
13 and drag out a process. Since NTI, they have
14 been in my community for about two years and
15 still haven't finished.

16 So, you know, it doesn't make sense
17 that -- I mean, I am telling you, Madam
18 President, every time we have a meeting as
19 recently as Friday, I am asking about these
20 contractors.

21 And everybody keeps telling me they
22 are on the list, we are in communication with
23 them. I mentioned them to Pat Smith on
24 Friday, you know, that they are saying they
25 are not getting work and they are supposed to

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2 be on the list and they are supposed to be
3 getting contracts.

4 But, if I understand correctly, Mr.
5 Cruz is saying that if you give them one or
6 two or three properties, it is not even worth
7 it, he still can't make it.

8 You know, and your question was, if
9 I might, your question was valid in terms of
10 the training program versus the emergency
11 contractors because we are losing it.

12 When I had a meeting with Mr.
13 Crawley, whom I wish was here, on this very
14 issue, he told me they are doing fine, that
15 people like Jhiad Ali, Mr. Cruz, and the
16 others at the table bid on regular contracts
17 and they are getting all the work.

18 And that they would -- you know,
19 they are trained, and then they can get work,
20 and everything is moving along fine. And that
21 those who are actually in the training program
22 are able to bid on smaller numbers of
23 properties, a handful, depending on the
24 project.

25 And I know we have had problems with

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2 MBEC, we know that. But obviously we owe
3 these gentlemen a great deal of gratitude
4 because Mr. McPherson read the rule. We don't
5 get the reports. And it is apparent to me
6 that they are not getting the work.

7 I am embarrassed. One of the
8 reasons why I have this amendment that I want
9 to introduce is because of problems like this.

10 We have contractors who live and
11 work in our city, they are part of our city,
12 they raise families in our city, and they
13 still can't get the jobs.

14 And I really would like us, I agree
15 with Mr. Jhiad Ali who said we need to hold up
16 until we get some answers and find out how we
17 move forward in an orderly fashion so that
18 people who live and work in their own city can
19 be included in the jobs that are let here.

20 (Applause.)

21 PRESIDENT Verna: Councilman
22 DiCicco.

23 COUNCILMAN DiCICCO: Thank you,
24 Madam President.

25 COUNCILWOMAN BLACKWELL: Thank you.

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2 COUNCILMAN DiCICCO: Ms. Smith, in
3 response to my question, you said that when a
4 contract is awarded, these contractors are
5 held to the actual bid, basically, to the
6 actual bid --

7 MS. SMITH: What they bid. Plus we
8 even make the contractor for what you call
9 add-ons -- such as, for example, suppose we
10 don't know, because we are unable to get
11 access to every property, how much it will
12 cost to do the asbestos removal. So we do,
13 like, a linear foot.

14 COUNCILMAN DiCICCO: I understand
15 that circumstances arise that you can't
16 predict when you do the original bid.

17 MS. SMITH: But they are locked into
18 their linear costs. Right.

19 COUNCILMAN DiCICCO: When these
20 gentlemen were making these bids early on,
21 what was the cost of demolition you were
22 estimating there?

23 MS. SMITH: In the first year of the
24 program, which was FY '03, and this was the
25 contractor that -- and it was just last year

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2 was awarded, one contractor came in, some
3 people in the industry would call them a
4 maverick bidder. They came in very low. But
5 they were held to that cost.

6 Their contract anticipated, I
7 believe, a nine-month demolition process
8 because there was more than a hundred
9 properties in that.

10 It was slow getting off the ground
11 for a variety of reasons, including the
12 necessary need to go into court, as
13 Councilwoman Blackwell will remember.

14 That contract is practically
15 complete. I do believe some of the
16 post-demolition treatments have been a little
17 slow because of the capacity of one of the
18 subs. And they are moving to wrap that
19 contract up.

20 That person has not bid in the City
21 of Philadelphia, and said they would not bid
22 in the City of Philadelphia, anymore. So they
23 have really been off the table.

24 COUNCILMAN DiCICCO: My question is,
25 well, when the NTI program originally

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2 started -- and I think we had some of this
3 last week, but I would like it again for the
4 record -- what were we paying on average to
5 demolish a property?

6 MS. SMITH: Again, if we use the
7 first three bids, for example, I can get that
8 number for you. But it would be based on
9 Strawberry Mansion and Mantua, which were
10 lower than what they are today.

11 COUNCILMAN DiCICCO: Give me a
12 number. 6,000, 8,000 per unit, something like
13 that?

14 MS. SMITH: I think they have some
15 numbers here for me.

16 The top three, which Redball bid on,
17 it was one was at eight, that was in
18 Strawberry Mansion.

19 COUNCILMAN DiCICCO: 8,000?

20 MS. SMITH: Yes. Ten, which was
21 Frankford. And then Mantua was ten. But they
22 have not bid it since then for a variety of
23 reasons.

24 COUNCILMAN DiCICCO: Because,
25 apparently, they couldn't do the job at those

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2 rates.

3 MS. SMITH: Well, it was a lot of
4 reasons going into that.

5 I don't -- but the reasons that were
6 stated to the Administration was not because
7 they couldn't do the job at that rate, but
8 because of the community issues that arose
9 around the Mantua demolition project and the
10 animosity that was, you know, generated by
11 that.

12 So they said, they told me
13 specifically, that was why they were not going
14 to continue to bid in the city.

15 COUNCILMAN DiCICCO: When Mr. Cruz
16 and Mr. Ali testified, Mr. Cruz, I think,
17 testified that when they were bidding on jobs,
18 the bids were expected to come in somewhere
19 between 6 and 8 thousand dollars.

20 MS. SMITH: I don't recall that.

21 I mean, what we do, cost estimates
22 are internal. And then it is what is bidden
23 when we publicly advertise it.

24 I mean, what we have done in terms
25 of outreach, we fax notice of opportunities.

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2 We have even in the last six months had
3 evening contractor outreach meetings, which I
4 believe everyone has attended.

5 I mean, we have done an active
6 outreach to let people know when we are
7 bidding the projects.

8 COUNCILMAN DiCICCO: I am normally
9 not one to interrupt someone answering. I
10 appreciate all your comments, but I am trying
11 to get a little bit more specific on the value
12 of the bids when these gentlemen and their
13 contractors were out there bidding, and
14 compare it to what we're paying today for the
15 same type of work, which apparently -- and
16 through testimony last week and the week
17 before -- has greatly increased.

18 So I am concerned about if these
19 contractors, the roundtable guys, were out
20 there bidding, and they were coming in -- I
21 don't know what their numbers were. I am
22 going to say they were coming in at 10, just
23 for the sake of by way of example, and another
24 contractor was coming in at 6 and 8, obviously
25 it is going to go to the lowest responsible

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2 bidder.

3 Since then their numbers, the people
4 who are here today, seem to reflect more of
5 what we are paying today than what was
6 expected then.

7 People were getting knocked out,
8 were not being considered for contracts
9 because they couldn't compete.

10 And my question is, where are they
11 in the world of competition today? Were not
12 the numbers that they were coming in at a year
13 or a year and a half ago coming in compared to
14 the numbers we are paying today?

15 MS. SMITH: Councilman DiCicco, if
16 they had bidden on subsequent things, they
17 would have been as competitive as other
18 bidders.

19 To my knowledge, we did not receive
20 any bids. I'm not sure which of these bid
21 packages Mr. Cruz or the other contractors bid
22 on.

23 But subsequent to that -- and I know
24 I have had a number of conversations with Mr.
25 Cruz -- we were going to have some followup

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2 meetings. Unfortunately, he was not able to
3 attend.

4 But the fact of the matter, all bids
5 are -- when they are open, the numbers are
6 read, that's a public process that you know
7 what the numbers came in at.

8 So people would have known that they
9 were increasing because the industry numbers
10 were moving up.

11 We also continued to work, we made
12 more than, I think, a number of offers to sit
13 down, talk with people about the process and
14 the bid process over, you know, the last -- I
15 mean, the last few months, even, letting
16 people know what bids were coming.

17 We started the small package program
18 so that people could participate in that.

19 We sent out fax broadcasts, if we
20 have your address. I know Mr. Cruz was one
21 because I gave his information in to receive
22 fax broadcasts of bidding opportunities.

23 COUNCILMAN DiCICCO: I have a couple
24 more questions, and my questions are now to
25 Mr. Cruz and Mr. Ali.

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2 How many members, contractors, are a
3 part of the roundtable? Approximately, if you
4 don't have an exact number.

5 MR. CRUZ: I don't have the specific
6 number.

7 MR. ALI: What was that question?

8 COUNCILMAN DiCICCO: How many
9 contractors are members of the roundtable?

10 MR. ALI: We have 35 members that
11 are mostly unionized contractors.

12 COUNCILMAN DiCICCO: Unionized
13 contractors.

14 How many of them are
15 Philadelphia-based contractors?

16 MR. ALI: I would say out of the 35,
17 maybe 90 percent are Philly based.

18 COUNCILMAN DiCICCO: So 27 or so,
19 high 20's?

20 MR. ALI: Yes.

21 COUNCILMAN DiCICCO: And these are
22 union member contractors?

23 MR. ALI: Majority of them are all
24 union, except for Mr. Jamal, he is not union.
25 Maybe five are not union contractors.

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2 COUNCILMAN DiCICCO: Is the
3 opportunity there or do these contractors
4 participate in the apprenticeship program for
5 their employees?

6 MR. ALI: Yes. We wholeheartedly
7 support the apprentice program as it is being
8 put forward by DAP, Diversified Apprentice
9 Program, which is a subsidiary of the prep
10 organization, which is being funded indirectly
11 by Local 332.

12 COUNCILMAN DiCICCO: Do you know how
13 many of those employees that are in the
14 apprenticeship program or have been in the
15 apprenticeship program have made it to
16 journeyman?

17 MR. ALI: So far the numbers haven't
18 come in yet, because it is a five-year cycle,
19 mainly, we are talking about with the
20 journeyman.

21 But what I can tell you, Ms. Smith
22 testified earlier, that there were 36
23 apprentices that were funded by the DAP
24 Program.

25 But what Ms. Smith didn't tell you

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2 was that five of those apprentices were
3 members -- were actually the ones taken out of
4 the NTI program.

5 It is disingenuous to say that 36
6 came in under the NTI program, when in reality
7 it was only 5.

8 And when we speak about in terms of
9 employment hours, with contractors and
10 apprentices, if we take those 36 and just
11 assume --

12 COUNCILMAN DiCICCO: You are
13 speaking of 36 individuals?

14 MR. ALI: 36 individuals. Because,
15 really, when you look at the apprentice
16 printout, that has an uphill fight with the
17 building trades to increase that number.

18 But we did have a commitment from
19 all the building trades that they were going
20 to put a hundred apprentices in this year.

21 COUNCILMAN DiCICCO: I remember they
22 had a press conference to that effect about a
23 year ago.

24 MR. ALI: Yes.

25 COUNCILMAN DiCICCO: Have they

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2 reached that goal yet?

3 MR. ALI: No. They are far short of
4 that goal. In fact, they are only at 56. And
5 the time limit ends next month.

6 COUNCILMAN DiCICCO: So we are at 56
7 from the hundred that they promised a year
8 ago. And the 36 have been in from the
9 beginning of NTI?

10 MR. ALI: Theoretically, yes.

11 COUNCILMAN DiCICCO: Could you
12 estimate --

13 MR. ALI: Actually, I am sorry,
14 Councilman, not from the beginning of NTI;
15 from this year.

16 COUNCILMAN DiCICCO: Can you
17 estimate the number of people who may be
18 working out there in the NTI program, the
19 number of employees citywide?

20 MR. CRUZ: I can do just -- I can
21 look at it. We have looked at it. If we look
22 at it in terms of just looking at some of the
23 recent comments that were made by Mr.
24 Gillespie of the building trades, there are
25 73,000 building trades people across the city,

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2 black, white, and Hispanic. Of that, there
3 are --

4 COUNCILMAN DiCICCO: That's roughly
5 73,000 who work in the city.

6 MR. ALI: Who work in the city.

7 That's excluding the ones that come
8 in that have jurisdictional agreements with
9 some of the trades.

10 And of that number, that means
11 that's 151 million 840 man-hours that are
12 being worked in this city.

13 In terms of African-American and
14 Hispanics, if we just assume that all the
15 labor unions, the 332, 57, and all of those,
16 are all African-Americans, which we know they
17 aren't, but just --

18 COUNCILMAN DiCICCO: They are
19 primarily minority employees.

20 MR. ALI: Yes. Then we would say we
21 are receiving only 8 million man-hours a year
22 versus the market being 151 million man-hours.
23 So we certainly have an uphill fight.

24 But the issue is, it is, I think,
25 Governor Schwartz just had a comment that 70

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2 percent of all existing businesses make
3 opportunities for new employees.

4 So even looking at the apprentice
5 thing and this NTI, it would make better sense
6 to help support existing businesses, so we
7 could increase, ultimately increase, that
8 apprentice ratio.

9 COUNCILMAN DiCICCO: I certainly
10 agree. And that's where I was kind of going
11 with my questioning.

12 Is that when you look at the number,
13 75,000 or so employees who are in the building
14 trades, who from time to time work throughout
15 the city, and you wind up with 56 that was
16 promised last year in the apprentice program,
17 you are less than a hundred no matter what you
18 look at. That's a very dismal number. It is
19 a very insulting number, I think, in the
20 scheme of things.

21 But probably I think that I would be
22 accurate if I was taking a guess that the
23 majority of these apprentices are Philadelphia
24 employees; citizens, residents of the City of
25 Philadelphia.

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2 MR. ALI: Yes, that probably
3 supports that.

4 COUNCILMAN DiCICCO: Thank you,
5 Madam President. I have no further questions.

6 PRESIDENT VERNA: I would just like
7 to remind everyone that we do have a scheduled
8 1 o'clock Public Hearing. We still have a
9 number of witnesses who would like to be
10 heard.

11 So I would ask everyone to please
12 try to be as brief as possible with their
13 questioning so that the people who were here
14 for the 1 o'clock meeting will not have to
15 stay too long.

16 At this time the Chair recognizes
17 Councilwoman Brown.

18 COUNCILWOMAN BROWN: Thank you,
19 Madam President. And I will certainly honor
20 that request.

21 Pat Smith indicated in her testimony
22 that at some juncture, per your instruction,
23 we will get the reports that speak to minority
24 and female participation.

25 My question to Pat Smith is, on Page

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2 5 of the five-year plan, it states -- and I
3 will quote -- under the section Building
4 Opportunities For Disadvantaged Businesses,
5 that of the 25.5 million in demolition
6 contracts since January '03, minority firms
7 have provided 40 percent and female firms have
8 provided 18 percent of the work.

9 My question is, the gentlemen before
10 us, if they have not had the opportunity to be
11 a part of these numbers as cited in the
12 document?

13 MS. SMITH: Those numbers represent
14 subcontractors to the prime contractors.

15 One of the things when we first came
16 aboard and was putting together what we call
17 the planned demolition program, the targeted
18 program, one of the complaints we heard from
19 the minority contracting community was that by
20 letting just demolition contracts, letting
21 just single stucco contracts, just letting
22 asbestos contracts one by one, that a lot of
23 times people didn't have opportunity to bid on
24 those, what they call, requirement contracts,
25 the way L & I had done it before.

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2 So one of the changes we made was to
3 come up with a GC model so that the GC would
4 be required to subcontract some portion of the
5 work in order to meet the goals that we were
6 setting.

7 And as a result of that, the GC's,
8 or the prime, tend to subcontract out things
9 like the stucco work, they tend to subcontract
10 out the environmental work that Mr. Solvibile
11 talked about.

12 When I break out and make available
13 to you the list of those who have been getting
14 the subcontract awards, they tend to be
15 environmental folk, they tend to be stucco
16 plastering individuals, companies, and in the
17 third area are individuals.

18 There are some contractors that
19 specialize in hand demolition, as opposed to
20 the machine demolition.

21 And in some instances some of the
22 hauling might get subcontracted or the seeding
23 of the lot, which was a new requirement, may
24 get subcontracted.

25 So we did that so that we can

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2 increase the number of subcontracting
3 opportunities. And that's why we were able to
4 increase the participation of subcontracting.

5 Having done that, then the concern
6 was raised, at the same time we continued to
7 try to reach out, we hold meetings in
8 neighborhoods and provide information on
9 bidding on NTI projects in general, but then
10 the question came to us, well, it's not just
11 enough to create opportunities for
12 subcontractors; we need to work and create
13 more opportunities for prime contractors.

14 And that's when we received the
15 proposal about the Emerging Contractors
16 Program. I believe at that time the
17 Contractor Table, Roundtable, was a part of
18 that. In fact, that's the way I always
19 understood it. I didn't realize that there
20 had been this change.

21 And then the other thing is, the
22 other issue that has come up -- and, granted,
23 we didn't do all these things from day one --
24 but the other thing that we did is the sizing
25 of the package. We did have smaller packages.

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2 For example, I think the Frankford
3 package was around 26. We did have some 11
4 and 10 packages in some other parts of the
5 city.

6 But we are making a concerted effort
7 to put out smaller bid packages, which might
8 be more appropriate in size for the minority
9 contracting community.

10 And we continue to do outreach, you
11 know. If anyone expresses interest, walking
12 them through the prequalification forms.
13 There is a lot of paperwork, we all admit,
14 that needs to be submitted as part of the
15 process.

16 MR. ALI: I would just like to
17 respond to that.

18 One thing, I really don't think, Ms.
19 Smith -- and I really don't want to you take
20 this personally -- I think that Ms. Smith
21 really has an interest to do the right thing.
22 I just think that she has been misled.

23 When she just made mention that, at
24 the time that we were a part of the
25 roundtable, now we were told that -- we were

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2 never informed that the NTI people, Ms. Smith
3 and others, were considering creating an
4 opportunity for a training program.

5 That information was kept from us,
6 me as a member and I am sure Mr. Cruz, who is
7 the Chairman of the Hispanic Chamber.

8 So, you know, it is disingenuous to
9 say that we were a part of that process. We
10 might have been physically in this world, but
11 we weren't informed. And if you are not
12 informed, how can you honestly say that we
13 were a part of something?

14 But that wouldn't be Ms. Smith's
15 responsibility. The responsibility that Ms.
16 Smith should have is to make sure that her
17 process -- this isn't my first time seeing Ms.
18 Smith or my first time being in Council.

19 But her responsibility is to ensure
20 that whatever program that she is advocating,
21 to ensure that that is being inclusive across
22 the board, and that she is not being misled by
23 somebody who was trying to push for their own
24 personal agenda.

25 I think we owe that responsibility

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2 to all the citizens of Philadelphia, and she
3 certainly owes it to City Council.

4 Because City Council, all you
5 members sitting here, you are the ones that
6 the voters elect. And when we go out on those
7 picket lines, those citizens, your voters,
8 come and they stand on those picket lines with
9 us, and they look to you as the reason why we
10 are out there.

11 They don't know anything about the
12 Chamber, anything about Anthony Fuller,
13 anything about Ms. Smith. They know, hey,
14 look, this job is going down, it is a
15 city-funded job, we are not included, what's
16 the reason.

17 COUNCILWOMAN BROWN: So for clarity
18 purposes, Ms. Smith, the documents that we
19 will get the next round will show the
20 distinction between subcontracting
21 opportunities and what the numbers are and
22 what the facts are around GC's; correct?

23 MS. SMITH: Yes. The spreadsheet
24 shows the prime contractor, the amount of the
25 contract that was awarded, and then it breaks

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2 out by subcontract the name and the amount of
3 the subcontract award, the amount that was --
4 that we have documentation for, as well as the
5 commitment amount.

6 That is the standard MBEC report
7 that we have been getting.

8 COUNCILWOMAN BROWN: In honor of
9 President Verna's request, I will table and
10 recess my questions for now.

11 Thank you, Madam President.

12 PRESIDENT VERNA: Thank you.

13 The Chair recognizes Councilman
14 Rizzo.

15 COUNCILMAN RIZZO: Thank you, Madam
16 Chair.

17 Mr. Ali and Mr. Cruz, and I'm not
18 sure how many other members of the panel are
19 contractors, but I just have a quick
20 observation, a question.

21 Do you know if at any time any of
22 the contractors have ever made suggestions on
23 how to do these tasks differently?

24 You heard the part about the
25 stuccoing of the walls. Have you ever looked

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2 at that and shook your head and say, why are
3 we doing this like we are doing it?

4 MR. CHARLES CHAKA TROTTER: Thank
5 you, Councilman, Rizzo. My name is Charles
6 Chaka Trotter, I am from Skills Bank Building
7 Association, and we do brick block and stucco.

8 What I found interesting is,
9 somebody has been misled. I know that -- oh,
10 I am sorry. I would like to thank the Council
11 for having me have the opportunity to express
12 myself.

13 Somebody has been misinformed. I
14 know the last package we bidded on, the
15 stucco, we had to bid it for \$2 a square foot
16 to be competitive. Do you remember that?

17 Now we are sitting here finding out
18 that the competitive bid is, what, \$5 or \$6 a
19 square foot? 5.45. \$9,000? If I could get
20 \$9,000 for doing the building, I would have me
21 a condo down there on the waterfront. Okay?

22 Now, this is not happening.
23 Somebody is being misled. All right?

24 Now, our struggle again continues to
25 be for economic development. Now, somehow or

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2 another it must be a thin line between
3 economic development and economic
4 exploitation.

5 I know that we shake the tree -- I
6 will try to keep it quick. Our family is from
7 Raleigh, North Carolina.

8 COUNCILMAN RIZZO: You can go on,
9 but I need to know, I just want you to answer
10 the question.

11 We are hearing today that it costs
12 9,000 bucks to do one of these walls. I am
13 asking, has anyone ever suggested a better
14 way, a smarter way, to do this?

15 And now what I am hearing is that
16 you bid at \$2 and some change a square foot,
17 and you are hearing today that the deal got
18 done for 5.45.

19 What I want to hear is, have you
20 ever looked at the process and said, you know,
21 you are wasting taxpayer's money doing it this
22 way, there is a better way?

23 MR. ALI: Yes, we have looked at
24 that.

25 The process, the methodology that is

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2 used to do stucco, we looked at stucco. The
3 only thing that really can be changed about
4 that method is the scaffolding. And because
5 that's the time-consuming thing, to put the
6 scaffold up.

7 Mr. Solvibile, he testified to the
8 technicality of the application of the mortar
9 going onto the wall; that they use it with a
10 method like some type of powered method, then
11 it wouldn't adhere to the wall.

12 And what he didn't say, it would
13 create a void behind the wire mesh. And
14 during the winter water would go in there,
15 freeze up, expand, and push the wire out. So
16 that's why they shot down the sprayed
17 application method.

18 But the methodology that would
19 change the total cost to a subcontractor is
20 just only, we could use -- that would be an
21 individual decision.

22 And the market, if the market was
23 there, the ingenuity of the contractors would
24 come up with another method as far as putting
25 up scaffolding, whether using mobile methods

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2 or not.

3 COUNCILMAN RIZZO: In what you do or
4 what you bid on, do you see any areas where
5 things could be differently?

6 Like we mentioned the scaffolding.
7 I don't have a lot of experience in
8 construction, but I watch a lot of property
9 being built.

10 And when I see a lot of scaffolding
11 up, and I don't see us using the
12 state-of-the-art equipment that could save the
13 contractor money and in turn save the City of
14 Philadelphia money, have you seen other things
15 like not using mechanized equipment and
16 scaffolding on the work that you are familiar
17 with that we could do better, we could do
18 smarter, we could save some money?

19 MR. ALI: There is always a better
20 method.

21 Like I always say, if we have all
22 the more minds putting our interest together,
23 we are going to find the method.

24 You will see when you ride across
25 the city. What you will see on some of the

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2 bigger brick jobs, you will see they no longer
3 stack scaffold on top of one another. They
4 use a mechanized thing that raises up and
5 lowers down.

6 But the market dictates that. And
7 for small contractors, they have to have a
8 continued amount of work to support the
9 purchase of that equipment.

10 So there is always another method.
11 But what we are talking about, in terms of
12 price, what Ms. Smith is saying and Mr.
13 Solvibile is saying in terms of the market
14 being driven by the prices, the real reality
15 is, you have a limited number of contractors
16 participating in that process, and that's
17 what's driving the price up.

18 What we saw by us being included at
19 the last bid opening this week was, we had two
20 disadvantaged contractors who within 20 hours
21 put in bids and were second and third on that
22 list.

23 COUNCILMAN RIZZO: Could you go back
24 over and explain to me how you could bid 2
25 dollars and some change per square foot and it

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2 turns out to be 5.45? Something is not right
3 here.

4 MR. ALI: What Mr. Trotter was
5 alluding to, Ms. Smith gave testimony earlier
6 that -- I'm sorry, Mr. Solvibile, he testified
7 that their prices per square foot was 5.45
8 cents a square foot.

9 And we take an average house that's
10 30 foot high, 50 foot in length, that would be
11 1500 square foot. If we multiply that out,
12 that would be \$8175. Round that up, that's
13 \$9,000.

14 But that's what the GC would put in
15 his package for a price for stucco, that when
16 Hill International opened the bid. There was
17 a line item, it would say \$9,000 for stucco.

18 But then when it said the minority
19 piece, you can bet assured that the minority
20 piece would be bid at the \$2 per price.

21 So you would see a line item that
22 said, "Trotter," at \$3,000. That would be his
23 price. But -- and the primary contractor
24 would be walking away with \$5125 in profit.

25 Now, if you do that out by 65, 100

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2 properties, you can see it is pretty
3 lucrative.

4 COUNCILMAN RIZZO: So what you are
5 telling me, if they shop smart, instead of
6 spending 5.45 for a square foot, they could
7 have gotten it for 2 and how much?

8 MR. ALI: What we are saying in
9 reality is, the market from the subcontractor
10 point of view is keeping it consist at \$2,
11 maybe 2.25 a square foot.

12 However, on the primary market, they
13 are telling Council they are paying \$5.45, and
14 that's disingenuous because they are really
15 not paying that price.

16 COUNCILMAN RIZZO: So they are
17 inflating the price of this work?

18 MR. ALI: Right.

19 COUNCILMAN RIZZO: And you guys that
20 are actually doing the work are getting 2
21 dollars and some change, and the rest is going
22 into the bank of the primary contractor?

23 MR. ALI: That's what the numbers --
24 they --

25 COUNCILMAN RIZZO: I had a feeling

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2 all along that there was going to be a story
3 like this some day told.

4 MR. ALI: It is out there.

5 And the other thing the Council
6 needs to look at, you need to look at, like
7 the Chair just asked, who is participating?
8 Let's look at it in black and white. What's
9 the name of those firms?

10 And Council cannot ignore the fact
11 that some of these firms have a relationship
12 with some of their other firms. So it is easy
13 to see that you could, that this Council
14 could, be being manipulated.

15 You could have four firms, which I
16 think the testimony was earlier that Hill
17 International bid it. And I was surprised
18 that Mr. Solvibile didn't name Mellow
19 Construction, Molly Construction, DeNobo
20 Construction, companies that have been
21 dominant in the award of those contracts. He
22 didn't name those.

23 But if you look at the relationships
24 that these people have, they have a social
25 relationship, a social network that you cannot

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2 ignore that might be driving the price up.

3 COUNCILMAN RIZZO: I got you. And I
4 guess what I am hearing is the fact that we
5 are hearing from NTI that the cost of this
6 work is going up. What I am hearing is, the
7 profit on this work is going up.

8 MR. ALI: Nobody has really looked
9 at that other than you, Councilman.

10 COUNCILMAN RIZZO: Thank you.

11 COUNCILWOMAN BLACKWELL: Thank you
12 very much.

13 Councilman Clarke.

14 COUNCILMAN CLARKE: Thank you, Madam
15 Chair. Good afternoon. Just a couple of
16 quick questions.

17 In the Contractors Roundtable, you
18 indicated you have approximately 35 members.
19 Of those members, how many of those members
20 deal predominantly with demolition?

21 MR. ALI: So far we have Luis Cruz
22 and Eric Bonner, two. Two. I'm sorry; it is
23 three. Charlie Trotter.

24 COUNCILMAN CLARKE: Three demolition
25 contractors. All right.

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2 In the earlier hearing, with respect
3 to this issue, I had asked a question of the
4 Administration about existing contractors.

5 One of the concerns that we had, one
6 of the thoughts that we had when we talked
7 about implementing this program, that this
8 would afford an opportunity to existing
9 contractors the ability to grow their company
10 because of the substantial amount of
11 demolition.

12 And I had asked was there a program
13 in place to address those individuals. Didn't
14 really get a specific answer to that.

15 Understanding my belief that the
16 Emerging Contractors Program was dealing
17 primarily with individuals who were start-ups
18 or had some minimal technical skills, would
19 upgrade their technical skills to be in a
20 position to become bonded, and things of that
21 nature.

22 Is your concern primarily around the
23 fact that the Existing Contractors do not have
24 a process in place administered by NTI or the
25 city that helps those companies grow or be in

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2 a position to better participate as primes, or
3 is your concern that the existing Emerging
4 Contractors Program does not include the
5 ability to do that for those existing
6 contractors?

7 MR. ALI: To answer that, Councilman
8 Clarke, it is yes or both counts.

9 When this thing started, we asked,
10 from the inception of their concept, that it
11 would have been better to include existing
12 firms who have been out there, who know the
13 safety, they know the regulations, they have
14 insurance and bonding, to let's do joint
15 ventures with Emerging Contractors. Because
16 everybody needs a hand.

17 But in this industry you cannot get
18 your foot established if you don't have
19 experience and if you don't have the money and
20 bonding. So we asked that.

21 We were told by, at the time I think
22 it was Jerry Valerie, he was strongly opposing
23 the fact that somebody would do something as a
24 joint venture.

25 Although Mr. Valerie has a

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2 tremendous background in construction, he
3 never actually was in the foot and in the
4 trenches. So he really didn't know that you
5 really, theoretically on paper, you might do
6 one thing.

7 But the reality of the world is
8 those Emerging Contractors need to be locked
9 hand in hand in with existing firms from the
10 beginning.

11 Our thing was shot down because the
12 argument was, well, you know, I don't want
13 somebody else's name on the contract. We want
14 these guys to be primes.

15 COUNCILMAN CLARKE: I hear what you
16 are saying. And I don't want to personalize
17 the testimony talking about specific
18 individuals, where we can talk about the
19 programs, it would be better.

20 Representing the district that I
21 represent, you know, I obviously had a lot of
22 interaction with contractors as it relates to
23 demolition over a number of years.

24 And one of the biggest issues from
25 small contractors, that they didn't have an

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2 opportunity to participate in various
3 processes as relates to demo and other aspects
4 of construction.

5 So I think that we heard that
6 personally. And I wanted to ensure that there
7 was an opportunity. So I in no way want to
8 limit a small contractor to get resources to
9 become a sub, not talking about a prime but
10 become a sub.

11 Well, my concern is that I do not
12 see in place a program that deals with
13 existing contractors; not just in demolition,
14 but in some other aspects of what we do as
15 relating to construction.

16 What I am trying to understand, if
17 you are concerned, you are saying both, but
18 what I would like to do is focus on the
19 ability for existing subs to be able to bid on
20 primes.

21 If we/government had in place a
22 policy or a program that would enhance the
23 existing contractors who have some substantive
24 level of skills both technically and ability
25 to get some level of bonding in place to

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2 enhance their ability, would that be something
3 that you would be interested in participating
4 in?

5 MR. ALI: Yes, that's a program we
6 would wholeheartedly support.

7 COUNCILMAN CLARKE: Let me shift my
8 question to the Administration.

9 Ms. Smith, through an amendment or a
10 change -- and I won't say, "amendment" -- but
11 a change in the policy as it relates to the
12 NTI, could we put in place relatively quickly,
13 at minimal, a policy initiative, and so we
14 have a programmatic initiative, to assist the
15 existing contractors, regardless of who they
16 are -- because, again, I don't want to
17 personalize any particular organization or
18 names or individuals -- but from a
19 programmatic standpoint put in place something
20 in a short time because we want to access
21 whatever we can as soon as possible.

22 Because I do have a concern that I
23 don't see the number of primes bidding on
24 these contracts.

25 MS. SMITH: Yes. I know when we

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2 met, when I talked with Mr. Ali last week, he
3 wanted to talk about the concept of joint
4 ventures.

5 So what I wanted to do, and I know
6 he has had some preliminary -- I believe he
7 had some preliminary conversations, I am
8 willing to follow up to look at a programmatic
9 initiative that's more focused on established
10 prime contractors, including everything from
11 sizing of packages, to any other issues and
12 ideas that you may have. And then, of course,
13 seek appropriate funding, I guess, for that
14 program.

15 COUNCILMAN CLARKE: What kind of
16 time line would we put on the initial phase of
17 that?

18 MS. SMITH: What I would like to do,
19 if it is amenable to you, is to, maybe, when
20 we come back with the FY '05 program budget
21 and statement, to have something in place to
22 talk about, an outline at least conceptually
23 about that.

24 COUNCILMAN CLARKE: When is that?

25 MS. SMITH: Usually we submit the

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2 final May 1, the final program statement and
3 budget May 1.

4 COUNCILMAN CLARKE: So by May 1 --

5 MS. SMITH: It has to be adopted by
6 the end of the year.

7 COUNCILMAN CLARKE: So by May 1 you
8 can have a set of policies and procedures and
9 targeted funding source or whatever to
10 implement such a program May 1?

11 MS. SMITH: I can nod on policies
12 and procedures. And funding sources, that's a
13 little bit harder. But, no.

14 Again, I think one of the things I
15 do want to emphasize, and I hope that we have
16 been trying to do, is make those adjustments
17 and changes.

18 I think we have already done some
19 changes. And I think if we look at the
20 participation, even though it has been at the
21 subcontracting level, it has been greater on
22 demolition contracts than ever before.

23 Like I said, the small bid program
24 is going. And already you have heard the
25 results, I think, of that initiative. And

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2 there is always more to do. So we are
3 committed that, as I said. And the focal
4 point is established contractors, as opposed
5 to emerging contractors.

6 COUNCILMAN CLARKE: Let me make sure
7 I am hearing you right. By May 1, when you
8 come back for the yearly sign-off on NTI, you
9 will have in place a policy, procedures from a
10 programmatic standpoint, and probably identify
11 a funding source?

12 MS. SMITH: Underscore the
13 "probably."

14 COUNCILMAN CLARKE: Well, what I
15 don't want to do --

16 MS. SMITH: I am not being cute. I
17 mean, I need to talk with --

18 COUNCILMAN CLARKE: What I don't
19 want to do is sit here and talk about a
20 process, and knowing full well at the end of
21 the day you are not going to be in a position
22 to implement the program.

23 MS. SMITH: And I am just being
24 honest. The resources, for example, for the
25 Emerging Contractors is out of Commerce. We

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2 look around government for --

3 COUNCILMAN CLARKE: That's fine. I
4 understand our financial problem, I truly do.

5 But at a minimum, you want to meet
6 with the --

7 MS. SMITH: In fact, we already said
8 we were -- I begged off to meet when we
9 concluded this particular group of work. We
10 have already touched base.

11 COUNCILMAN CLARKE: Can I ask the
12 Chair, if at all possible, we have a member on
13 staff, Mr. Rye, who is part of his
14 responsibility in Council is to deal with
15 minority contractors, if he can be a part of
16 that process so Council -- I am assuming other
17 Council Members individually are interested in
18 participating; that's obviously something that
19 that independently elected official can do --
20 participate in that process and receive
21 notices of the status of that process?

22 Because we don't want to have to
23 come back here May 1 and nothing has happened,
24 you know, in terms of meetings and
25 establishing a policy and procedure.

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2 COUNCILWOMAN BLACKWELL: Certainly.

3 We are happy, and I am sure the president
4 would agree, and certainly I as majority
5 leader am happy to ask Mr. Howard Rye to
6 participate.

7 Before I call on Councilwoman Tasco,
8 I wanted to ask a question, since I had an
9 amendment today and there is some big question
10 about funding sources.

11 We are talking about setting up this
12 process whereby the emerging contractors or
13 existing contractors have the ability to
14 participate. Where is the question about
15 money?

16 Are you talking about setting aside
17 project money for them, or where are we
18 talking about cost, since everything becomes a
19 question of cost and our budget process?

20 MS. SMITH: That's one of the
21 reasons, in response to Councilman Clarke's
22 question, I think we got to look at everything
23 in the context of, you know, our program
24 statement and budget, you know, other
25 resources that we may be able to bring to

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2 bear.

3 Because I understood you wanted not
4 just a commitment -- like, for example, doing
5 small bid packages doesn't involve a funding
6 source issue. We put them out in smaller
7 packages.

8 But if there were other issues or
9 ideas that the Contractors Roundtable may have
10 that's more like a program that may be
11 funding, we are going to have to identify
12 resources.

13 So some things we probably could do.

14 COUNCILMAN CLARKE: It was always my
15 belief, upon the establishment of the program,
16 that this was a great opportunity to help
17 existing contractors grow their company
18 because of the level of work that was going to
19 be provided by this NTI demolition program in
20 setting aggressive goals on participation.

21 It was always my belief from day one
22 that this was going to help first, primarily,
23 the existing contractors; and then as the
24 process evolved, we realized we needed to get
25 additional contractors in the pipeline. I am

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2 comfortable with that.

3 But if we didn't establish the first
4 criteria or priority, then I don't think we
5 have done what we should have done.

6 Whatever shape or form that you come
7 up with that relates to establishing some
8 strategy to get these contractors, existing
9 contractors, in the process as primes, because
10 we want to walk out of here having created a
11 number of primes that could be self-sustained.

12 Then, if we don't do that, then I
13 don't think we have been successful in our
14 approach to all of this.

15 COUNCILWOMAN BLACKWELL: I agree,
16 Councilman. And it seems to me, and I have
17 spoken with them, they are always willing to
18 take someone new and bring them into the fold,
19 is what they do, is what contractors do and
20 what people do.

21 Especially minorities, because they
22 know through helping one another does anybody
23 get the opportunity.

24 But my question is still, I don't
25 know -- it seems to me we are talking about a

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2 commitment to -- I don't see where there is a
3 big money issue.

4 If they are trying to take advantage
5 of projects that private developers and others
6 are doing out there, it seems to me to be, the
7 main issue is the question of how we do
8 business and inclusion.

9 If the city sets up a program, we
10 have people in place, unless we are hiring
11 somebody new to set up a program under NTI, or
12 if that's the money, but it seems to me it is
13 not about cost as much as it is about a
14 program of inclusion for contractors so that
15 they can get work that takes place in the
16 city, whether it be public work or private
17 work. And I don't see that as a matter of
18 money.

19 Now, maybe I am missing something.
20 And I am happy to be corrected. But I don't
21 understand where there would be any hesitation
22 on commitment for this program.

23 MR. CRUZ: Majority Leader
24 Blackwell, I think you hit the nail right on
25 the head. That's exactly what we are talking

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2 about.

3 COUNCILMAN CLARKE: I have a couple
4 of quick questions.

5 One of the issues, Mr. Cruz, you had
6 indicated earlier that you were a union
7 contractor and you were not able to in
8 actuality participate based on the number that
9 was provided for demolition contracts.

10 And you said you have seen a
11 substantial escalation in the available money
12 per house; is that what you said?

13 The numbers have gone from, I think,
14 Ms. Smith said, the numbers were around \$8,000
15 back when we had bid some of the first
16 packages, and now the numbers are about 15, 16
17 thousand dollars.

18 And that was based on the original
19 bids, Redball being one of the originals. And
20 he was a nonunion contractor provided to the
21 city --

22 MR. CRUZ: So the numbers now are
23 reasonable for someone like ourselves to be
24 able to feel comfortable to bid on the
25 packages.

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2 COUNCILMAN CLARKE: As a union
3 contractor?

4 MR. CRUZ: That's correct.

5 COUNCILMAN CLARKE: One other thing,
6 last thing.

7 Can I ask Ms. Smith, if you could
8 get me -- and I don't know if this information
9 is available -- but was there an analysis done
10 or can there be an analysis done on
11 participation prior to the implementation of
12 NTI on contracts, prime, subs, and employment,
13 and since its inception of NTI for those
14 categories?

15 MR. CRUZ: Councilman Clarke, just
16 for a point. Understand that the curb-side
17 bids and those bids, the majority of those
18 contractors that do that work are nonunion and
19 aren't mandated to follow the prevailing wage
20 act.

21 So that's why they are able to -- I
22 mean, for numbers' sake, they could pay their
23 guys 6 bucks an hour and get away with it.
24 Where we, you know, pay --

25 COUNCILMAN CLARKE: I understand. I

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2 participated in a number of curb-side bids by
3 virtue of standing on the corner with some
4 angry constituents. Just get that property
5 down.

6 We call in, we get on the phone,
7 they get a knock-down, in two days the
8 constituent is happy, I am happy. So I guess
9 Mr. Solvibile is happy.

10 But the union work force that didn't
11 have an opportunity to participate is not
12 happy. I mean, that's just the reality.

13 Like you said earlier, the average
14 person on the street doesn't care how it gets
15 done or who does it, they just want it done.

16 Thank you, Madam Chair.

17 COUNCILWOMAN BLACKWELL: Thank you
18 very much. I am not sure, I have been
19 distracted several times, what the answer was,
20 but we are not finished this issue by a long
21 shot.

22 But let me defer to Councilwoman
23 Tasco, who has been waiting to ask her
24 question.

25 COUNCILWOMAN TASCO: Thank you,

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2 Madam Chair.

3 I kind of agree with Councilwoman
4 Blackwell on this issue. It is a matter of
5 how you do business.

6 Ms. Smith, who develops the
7 specifications for the contract? Does that go
8 through the procurement department or through
9 Hill International?

10 MS. SMITH: The actual -- there's
11 two parts of the contract. There's what I
12 would call the standardized boilerplate.

13 At the beginning of the program we
14 may, in working with the law department and
15 procurement, there were a number changes in
16 what we will call the boilerplate.

17 But each time you put out a bid, we
18 develop a specific -- what we call design a
19 specific package for the houses included in
20 the bid.

21 For the targeted program, that work,
22 that written documentation is done by Hill.

23 So, for example, one bid package may
24 have ten three-story houses and five two-story
25 houses and different, you know, requirements.

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2 Another bid package can be the exact
3 difference. So they have to be customized.

4 On the emergency curb-side program,
5 they are generic bid specs. But just as the
6 Councilman explained, you are usually going
7 out and you are usually making on-the-spot
8 decisions. So I think that's much more
9 flexible. Mr. Solvibile can talk to that.

10 But Hill does the bid specification
11 or what we call the design the bid package for
12 each group of houses we do.

13 COUNCILWOMAN TASC0: So my question
14 to the gentlemen at the table is, what has
15 been the impediment to you being successful in
16 bidding on some of the contracts that have
17 been led?

18 MR. JAMAL JOHNSON: Jamal Johnson, I
19 am involved with the Contractors Roundtable.

20 And we initially formed our
21 contractors group to solve that problem, the
22 lack of inclusion on NTI and other contracting
23 projects in the city, whether they are public
24 works, private works, capital improvement, and
25 et cetera.

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2 And what we wanted to do was figure
3 out a way to get included in these projects.

4 So one of the reasons we got
5 together was to get involved. So we initially
6 thought that we was going to come up with NTI
7 to establish a program to help the existing
8 contractors. But what came out of it was a
9 program that wasn't designed to help us.

10 They did come up with a program
11 which was the Emerging Contractors Technical
12 Assistance Center, which we don't have a
13 problem with.

14 But we needed a program or a vehicle
15 of opportunity for the existing contractors,
16 and that's what we missed on setting up.

17 COUNCILWOMAN TASC0: You didn't
18 answer my question.

19 If there is a bid package put out
20 for demolition, how many of you participated,
21 how many participated in the bid?

22 And if you didn't get the bid, what
23 was the impediment to you being successful, if
24 you did bid on the contract?

25 MR. CRUZ: Councilwoman, initially

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2 we were one of those contractors that bid on
3 the first packages, as I had mentioned
4 earlier.

5 What was the impediment was that, as
6 a businessperson, we didn't feel that we could
7 make the numbers work. At the end of the day,
8 we didn't feel we would make the numbers work.

9 We did bid on one of the packages.
10 And after being unsuccessful with that one, we
11 tracked. Because we had tracked some of the
12 first ones, and then bid, and then continued
13 to track it.

14 While we were tracking them, the
15 numbers were fluctuating back and forth, back
16 and forth. Now the numbers are more
17 realistic.

18 So talking about the numbers, the
19 numbers now are more realistic to be able to
20 bid on these packages.

21 COUNCILWOMAN TASCO: So as opposed
22 to being, let's say, a minority contractor --
23 let's get that out of the way -- and small
24 business, as a small businessperson bidding on
25 the contracts, I want to know what is the

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2 impediment for a small business to compete
3 against the people who are winning the bid?

4 When you look at the specifications
5 for the project, what prevents you from being,
6 the small business which tend to be minority,
7 what are some of the impediments to you being
8 successful?

9 MR. ERIC SMITH: My name is Eric
10 Smith. I would like to answer that question.

11 The program that was set up as far
12 as the Emerging Contractors is concerned helps
13 to assist contractors in more things than just
14 learning how to do the work. It helps in
15 financing, bonding, all types of issues like
16 that. Those are situations that we as small
17 contractors still have to face.

18 So what stopped us or prevents us
19 is, basically, the fact that we don't have our
20 businesses developed enough to participate in
21 a program like this.

22 The NTI program has quite a bit of
23 paperwork. There is a lot of administration
24 required, a lot of requirements that you might
25 not have to necessarily follow if you weren't

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2 doing city work.

3 So, you know, our businesses,
4 basically, just need support to be developed
5 to have the capacity to win those bids, to be
6 able to bond the projects and to do the work.

7 COUNCILWOMAN TASC0: So are you
8 saying that in the Emerging Contractors
9 Program, there is assistance to help those
10 small businesses obtain bonding?

11 MR. SMITH: Sure. They help them to
12 develop their companies.

13 In other words, the emerging
14 contractors are helped to develop a company,
15 to acquire bonding, et cetera. How successful
16 they have been, I don't know. But that is a
17 part of the program.

18 COUNCILWOMAN TASC0: So there is
19 nothing in place to help the existing
20 contractors obtain -- because bonding is a
21 problem, and it has always been a problem.

22 MR. SMITH: Absolutely.

23 COUNCILWOMAN TASC0: So there is no
24 support there to help you with the bonding
25 issue?

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2 MR. SMITH: Bonding capacity.

3 Bonding capacity, right, for established
4 contractors.

5 Because bonding capacity is more
6 than just how much money you can borrow; it is
7 a lot of things involved in that criteria.

8 COUNCILWOMAN TASC0: So the ability
9 not to obtain the bond will always keep you in
10 the -- don't you have to have bonding as a
11 subcontractor, too? Or does the majority, you
12 would use the majority bond?

13 MR. SMITH: Generally it is the
14 majority bond.

15 COUNCILWOMAN TASC0: Let me ask you
16 a question. These large contractors, they are
17 sort of like the corporate head; right? But
18 do they subcontract out most of their work?

19 All of the work is subcontracted
20 because they subcontract to -- subcontract
21 out. How much do they have in-house?

22 MR. SMITH: I think that depends on
23 what type of company it is.

24 If it is a demolition company, then
25 they may only subcontract a minority portion

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2 of it.

3 COUNCILWOMAN TASC0: And they do the
4 rest it have in-house with their own
5 employees?

6 MR. SMITH: Right. But if they are
7 a general contractor or someone that's just
8 gotten involved to try to take advantage of
9 the NTI program, then they may, you know, sub
10 out the majority of their work.

11 COUNCILWOMAN TASC0: So when you go
12 back to when they write in the bidding, and
13 they are writing the numbers, they put in \$5,
14 so that they make the difference and they pay
15 you \$2 as a subcontractor? So that increases
16 the costs.

17 Wherein, if you were a small
18 business and you were doing the \$2, then it
19 would be less because you wouldn't subcontract
20 out, you would do the work yourself and pay
21 your employees.

22 MR. SMITH: Yes.

23 That also contributes to why we need
24 assistance in developing. Because as long as
25 the system is in place the way that it is,

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2 then we are always subject to getting the work
3 for a lower amount, which doesn't allow us to
4 develop our company, to get to a point where
5 we can act as majority contractors.

6 COUNCILWOMAN TASC0: So small bid
7 packages that could be developed so that you
8 could do a portion of the work, and so two or
9 three could do the work, you would bid on and
10 get the same \$5 for demolishing, and you
11 wouldn't have to subcontract out.

12 So you could meet the dollar amount
13 and meet the figures; right?

14 MR. SMITH: Yes.

15 COUNCILWOMAN TASC0: Okay. Mr.
16 Cruz, you said that the numbers are beginning
17 to work now.

18 Did you review the other bids that
19 came in from the companies who were successful
20 in obtaining the contracts? Have you reviewed
21 those, their submission of their bids?

22 MR. CRUZ: No; they just give the
23 numbers. But the numbers were close enough --
24 like, in other words, our number was off by
25 \$2,000. So -- you know, to the other

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2 contractor. So, that's pretty good.

3 COUNCILWOMAN TASC0: But you do have
4 an opportunity to review their submissions,
5 don't you?

6 MR. CRUZ: I guess you could. Under
7 the Sunshine Act you could probably request
8 it.

9 COUNCILWOMAN TASC0: I think it
10 would be helpful, then you could see what
11 numbers they are putting in the bid package.
12 It helps you as a businessperson understand
13 how they are bidding on those projects.

14 MR. CRUZ: Yes.

15 COUNCILWOMAN TASC0: Then it gives
16 you some way to compare your numbers that you
17 submitted and the numbers they submitted, and
18 what they are doing in terms of the project
19 and what you may or may not be doing.

20 MR. ALI: Councilwoman, I just
21 wanted to make a point on that.

22 If they take out -- now, Ms. Smith
23 took out the whole building and put
24 packages -- or NTI, Hill, put small packages,
25 if they did the same thing, say, for the

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2 stucco, then Mr. Trotter could bid. If they
3 put them out in two, that's \$10,000, or
4 \$20,000. They could do that equally across
5 the items that are actually being
6 subcontracted to the disadvantaged firms.

7 COUNCILWOMAN TASCO: So that the
8 contractor bids on the whole package and
9 subcontracts each thing.

10 Where you are saying, if they put
11 out stucco, they put out this, they put out
12 that, then you would be able to bid on that
13 entity, that portion of the contract?

14 MR. ALI: Yes.

15 And we have existing regulations
16 that have certain exemptions for a certain
17 dollar level. So we could capitalize on what
18 this Council has already put in place, if we
19 just got more cooperation and we were included
20 in the process.

21 COUNCILWOMAN TASCO: So let's just
22 go back to bonding.

23 So, then, just answer for me, what
24 do you think would be a solution that this
25 body or this city can do to help you with your

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2 bonding issue?

3 MR. CRUZ: Currently, Councilwoman,
4 the city has a services bid bond program. You
5 pay a percentage, and the city will bond your
6 jobs, I think, up to a half million dollars.
7 I don't know what the exact number is. And
8 you might pay like \$100 for a year of that
9 bonding under services contracts.

10 I think that we should look into
11 doing something like that for these bonds.
12 Because, at the end of the day, if you don't
13 perform the job, you are not going to get
14 paid. So that's the guarantee right there.

15 The bid bond is only a second
16 insurance, let's say; that if something down
17 the road comes up, maybe go back on your bond.

18 But, basically, if we have the
19 inspectors, which there is several of them,
20 you have the city inspector, you have an NTI
21 inspector, you have your own staff that you
22 are supposed to have there as your inspector,
23 so the bases are basically covered.

24 And if you have your insurance
25 policy in place, I don't -- I think it is

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2 undermining to have the bonds in these
3 particular projects, at least for NTI's,
4 because your bases are covered with your fee.

5 We don't get paid until the job is
6 done. There is your guarantee right there.
7 If we are not getting the job done, we are not
8 going to get paid.

9 COUNCILWOMAN TASC0: But who picks
10 up the cost of doing the job? So the money is
11 still there to complete the job, if someone
12 else needs to --

13 MR. CRUZ: Yes. But that's why you
14 are prequalified. So you do have a track
15 record, you do have a record.

16 Because one of the things that
17 affects us from participating out in the
18 market is being able to get bonds. So,
19 basically, we are always begging from scraps
20 from majority contractors or general
21 contractors or owners to be able to do their
22 projects.

23 But in this aspect, if you qualify,
24 your prequalification, then you are an
25 established contractor. You don't want to

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2 fizzle out and destroy it because the city is
3 giving you an opportunity to be able to go out
4 there and participate.

5 Like my colleague, that's what
6 impedes him from being able to go out there
7 and get these jobs, is because he can't get
8 the bonding himself.

9 COUNCILWOMAN TASC0: Is there a fee
10 for the bonds? It is like an insurance cost;
11 right?

12 MR. CRUZ: That's correct.

13 COUNCILWOMAN TASC0: Can you write
14 the cost of the bonding in your bid?

15 MR. CRUZ: It is not the cost of the
16 bonding; it is getting the surety companies to
17 feel that you are capable or competent enough
18 to be able to be given the bond.

19 It is not like an insurance bond,
20 where you just go pay your premium.
21 Basically, you have to have enough assets.
22 And they want to see liquid assets. They want
23 to be able to go in and for you to have at
24 least 20 to 50 thousand dollars, where they
25 can just go to your bank and just grab it.

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2 COUNCILWOMAN TASC0: You never get
3 to that point because you are never able to
4 generate any profit to have that cushion for
5 you to continue on doing the business.

6 MR. TROTTER: Not only profit,
7 Councilwoman.

8 COUNCILWOMAN TASC0: Just operating
9 funds.

10 MR. TROTTER: But, also, a bonding
11 company is not going to give you a million
12 dollar bond, and all you have done for ten
13 years is put doors on and fix kitchen sinks.
14 Do you see what I am saying?

15 So you are pretty much in a vicious
16 cycle. You are limited to your development
17 and expansion.

18 COUNCILWOMAN TASC0: I guess the
19 question -- and I asked you all those
20 questions --

21 MR. TROTTER: I am glad you do.

22 COUNCILWOMAN TASC0: What is the
23 answer? Because it has been a systemic issue
24 for the last -- forever.

25 PRESIDENT VERNA: I think Ms. Smith

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2 wants to acknowledge that.

3 MS. SMITH: In fact, this afternoon
4 at 4 o'clock I actually have a meeting
5 scheduled with the City Solicitor, the
6 Procurement Commissioner and our Risk Manager.

7 As I stated last week on the issue
8 of the performance bond, for the small bid
9 packages, the law department has been working
10 with the Procurement Commissioner, who under
11 the Charter has to establish, you know,
12 performance bond requirements for the city, to
13 look at a variety of ways of how we can
14 address this issue.

15 Is it feasible to use the program
16 that's applicable to the purchase of goods and
17 services, like tissue paper or something?

18 Some people say there is a greater
19 risk in demolition activity, so using the
20 master surety program for the purchase of
21 goods and services may not be as good. But I
22 raised the very same questions when I asked
23 for an opinion.

24 I said, let's look at how we are
25 operating the small bid package program; the

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2 fact that, if for some reason the contractor
3 is unable to complete the job, the way we
4 structured the small bid -- the NTI targeted
5 program is that the majority of the monies are
6 held until the building is actually done. So
7 that actually kind of limits your risk. And
8 then the rest is paid when you finish the
9 stucco work. And that way we get
10 accountability.

11 Because a lot of times if you pay on
12 a monthly basis, they may walk before or not
13 finish it or not -- what usually doesn't
14 happen is that people don't do it, it is just
15 that they take a long time to do it. They
16 don't feel incentivized.

17 So I just wanted to state this. I
18 mean, these are conversations that I know
19 contractors, small businesses, have been
20 having. And, you know, we have been hearing
21 it, you know, often.

22 It is working between all of the
23 legal opinions and risk management and
24 procurement to get an issue. But I have put
25 this very question forward.

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2 Again, I think another thing that we
3 have done is, I think the small bid package
4 initiative -- which actually the concept was
5 put forward, I am almost afraid to say it, but
6 we have gotten beaten up by the Chamber for
7 not putting out more small bid packages. So
8 we have gotten that piece, I think, off the
9 ground.

10 Finally, I asked not to put out
11 anymore -- we put out, I guess, maybe the last
12 three weeks, I said, don't put anymore in case
13 we come up with a different program.

14 PRESIDENT VERNA: Ms. Smith, may I
15 make a suggestion, please?

16 We have had people waiting here
17 since 10 o'clock this morning to testify on
18 this bill. We have people waiting to testify
19 on another hearing that was scheduled at 1
20 o'clock.

21 You indicated that at 4 o'clock
22 today you are meeting with the City
23 Solicitor's office.

24 MS. SMITH: On the surety issues.

25 PRESIDENT VERNA: Fine. May I offer

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2 a suggestion?

3 Before the end of the week, I think
4 you should meet with the gentlemen seated at
5 the table here. And whatever conclusion you
6 have reached with the City Solicitor, that the
7 gentlemen be informed so that they will know
8 what right they have and when they can
9 actually start this process going.

10 As I said, I am going to have to
11 suggest that we conclude this, because it is
12 really getting late.

13 It is a very important and very
14 interesting issue, and something that we are
15 all concerned about. But, as I said, there
16 have been people waiting since 10 o'clock.

17 And, Ms. Smith, I want you to put in
18 writing the conclusion of your meeting with
19 the gentlemen so that we are all informed.
20 And, hopefully, next year this time we are not
21 going to be sitting here asking the same
22 questions.

23 MS. SMITH: Yes, I will.

24 PRESIDENT VERNA: Within the next
25 few weeks we will be in '05. You are

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2 absolutely right. Thank you, gentlemen.

3 Our next witness -- I am sorry,
4 gentlemen, just one more minute, please.
5 Councilman Ramos.

6 COUNCILMAN RAMOS: I have been here
7 a very short time in City Council. And for
8 the exception, maybe, of the Public Safety
9 Committee, this issue of minority
10 participation comes up in every committee
11 meeting.

12 And every time it comes up, it goes
13 on and on and on for all the obvious reasons,
14 at least from my vantage point, at least, for
15 lack of participation by minority business
16 community contractors, in particular to the
17 concern that the Chairman of the Hispanic
18 Chamber of Commerce made about money allotted.

19 I assume you are talking about an
20 allotment of money that's in the Mayor's
21 budget has been presented to us.

22 It is my understanding there will be
23 a proportionate percentage shared with the
24 Hispanic Chamber of Commerce. And if that is
25 not so, I will take that up during the budget

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2 hearing process.

3 MR. CRUZ: Thank you, Councilman.

4 (Applause.)

5 PRESIDENT VERNA: And I would think
6 in two months we will be considering Year '05.
7 So, gentlemen, that will be your time to come
8 back again and let us know how you have made
9 out.

10 MR. TROTTER: Thank you, Councilman.

11 PRESIDENT VERNA: It will be in a
12 couple of weeks.

13 Now, I know we have other witnesses.
14 And to be fair with everybody, we will give
15 each witness five minutes to testify. Again,
16 I would ask my colleagues to please be brief
17 with your questions.

18 Our next witnesses are The Panel for
19 the Philadelphia Coalition of Affordable
20 Housing, David Koppisch, Marie Blocker,
21 Phyllis Gibbs, Veronica Howard.

22 PRESIDENT VERNA: Would you all
23 approach the table, please.

24 Good afternoon. Thank you for your
25 patience. Please identify yourself for the

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2 record and proceed with your testimony.

3 MR. DAVID KOPPISCH: Good afternoon.

4 My name is David Koppisch. Thank you for
5 giving us the opportunity to speak. We will
6 try to be as brief as possible.

7 My name is David Koppisch, I work
8 for the Women's Community Revitalization
9 Project. In that capacity I serve as the
10 coordinator for the Philadelphia Affordable
11 Housing Coalition.

12 The Coalition is comprised of 20
13 member and allied organizations from around
14 the city. All of us here are members of those
15 different organizations that make up the
16 Coalition.

17 I am here to remind us that
18 Philadelphia is experiencing a housing crisis,
19 a crisis that affects nearly one in four
20 Philadelphia households.

21 This is a crisis that demands
22 decisive action and it is a crisis that we can
23 deal with and conquer starting today by
24 rethinking the proposal to add 25 million more
25 dollars to this year's NTI budget for

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2 demolition, and instead invest some of that
3 money to increase desperately needed
4 construction and repair of affordable housing.

5 Let me just say a word or two about
6 this crisis. Every day hundreds and hundreds
7 of voting tax-paying Philadelphians come to
8 each of our organizations in dire need of
9 affordable housing and housing assistance.

10 These are people who are living in
11 unthinkable conditions, conditions that no one
12 in this room would probably tolerate.

13 Last year we released a study called
14 A Call to Action, which I am going to submit
15 for the record. It is based on research
16 conducted by Dennis Culhane and Amy Hillier of
17 the University of Pennsylvania School of
18 Social Work.

19 It documents the systematic
20 reduction of public resources dedicated to
21 permanent affordable house for low-income
22 persons over the past several decades and the
23 resulting crisis of affordability, quality,
24 and accessibility that now affects nearly a
25 quarter of all Philadelphia households.

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2 This study found that 130,000
3 Philadelphia households are living on incomes
4 below 20,000 a year and can't afford their
5 housing costs.

6 It found that 60,000 Philadelphia
7 households have major repair problems with
8 their housing that they cannot afford to fix.

9 The study revealed that 65,000
10 disabled Philadelphians are in need of
11 accessible housing, that 31,000 Philadelphia
12 households are living in overcrowded
13 conditions.

14 The study also found that the
15 waiting time for the adaptive modification
16 program can be five years long. It also found
17 that the waiting time for the basic systems
18 repair program could be as much as two years
19 long.

20 The waiting list for the Section 8
21 voucher program has more than 10,000 families
22 on it, and the average waiting list for most
23 CDC-run rental housing developments is about
24 300 families long.

25 It also revealed that Philadelphia

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2 lost nearly 12,000 public housing units since
3 1993 mostly due to demolition. And the study
4 calculates that 60,000 new rental units of
5 affordable housing are needed immediately to
6 get us out of this crisis.

7 This crisis demands a long-term
8 strategy to increase resources for the
9 production and repair of housing for very
10 low-income Philadelphians.

11 Let me be clear we are not
12 anti-demolition. We understand the need to
13 remove imminently dangerous buildings from our
14 neighborhoods and we understand that in order
15 to construct new, large-scale affordable
16 housing, some demolition has to take place.

17 But we have an immediate crisis of
18 housing affordability, quality, and
19 accessibility. This is a crisis that affects
20 nearly a quarter of our city's residents.
21 Therefore, we need to balance demolition
22 investments with more construction and repair
23 investment.

24 With that said, we recommend to
25 Council that you not transfer the full \$25

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2 million in NTI bond proceeds for more
3 demolition activities this year. Instead, we
4 urge you to use some of this money to make
5 increased investments in desperately needed
6 affordable housing development financing,
7 basic systems repair, adaptive modification,
8 and homelessness prevention.

9 Specifically, we urge you to earmark
10 at least \$15 million of remaining NTI
11 demolition money to help create an affordable
12 housing trust fund starting in Fiscal Year
13 2005.

14 Seeding a trust fund with remaining
15 NTI demolition dollars would be a long-term
16 systematic strategy to deal with our housing
17 crisis, a crisis that afflicts nearly
18 one-quarter of our city's residents, a crisis
19 that is tearing the fabric of neighborhoods
20 across the city, a crisis that prevents us
21 from becoming a world-class city. Thank you.

22 PRESIDENT VERNA: Thank you.

23 MS. MARIE BLOCKER: Madam President
24 and to the Council, my name is Marie Blocker.
25 I am a social worker at New Jerusalem, which

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2 is a spiritual, non denominational drug and
3 alcohol recovery program. We are located at
4 2011 West Norris Street, and we are also a
5 member of the Philadelphia Affordable Housing.

6 And while I am testifying on behalf
7 of my clients, it is because that when they
8 come into recovery, one of their main goals is
9 obtaining housing, something that can belong
10 to them, whether it is apartment housing or
11 whatever.

12 Because when they were in their
13 addictions, they were living in abandoned
14 buildings, and they were doing their crack,
15 heroin, whatever they were doing.

16 So a lot of them come in in
17 recovery, is gaining back their self-esteem,
18 learning to become an asset to the community
19 instead of a liability. So there is a lot of
20 things that they have to correct.

21 Some of the women, their children
22 are in the system, or DHS. And one of -- they
23 are mandated to be in our program and also
24 obtain the housing.

25 So we deal with usually between 59

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2 and 70 people that have come into our recovery
3 program. And some of them have a year, two
4 years clean time.

5 But the problem they have is getting
6 housing, low-income housing, something that
7 they can afford.

8 So that's why we are for using that
9 money to build up some more low-income housing
10 for them so that they can afford it. Because
11 even some of the jobs that they get, they
12 don't make that much, they don't make 20 or 30
13 thousand dollars. So, therefore, they really
14 do need something that they can afford and be
15 proud of, and also live with their
16 self-respect. Thank you.

17 PRESIDENT VERNA: Thank you.

18 MS. JOVAN WATSON: Good afternoon,
19 my name is Jovan Watson, and I am an advocate
20 for residential -- I am an advocate -- I am
21 part of an advocacy program for WCRP, but I am
22 also an advocate for women and children in a
23 community that's not aware of what's going on.

24 What I am asking is that some of the
25 money that they are using for the NTI program

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2 be put aside to build safe, affordable
3 housing, safe, decent affordable housing.
4 Because although we may see housing going up,
5 a lot of people are not qualified for it.

6 So although they are not qualified
7 for the program -- they are not qualified for
8 these houses. Lower-class people -- they move
9 the middle class people into North
10 Philadelphia, building these houses.

11 And although they are moving them
12 into the community, we are not qualifying for
13 the houses. So we need organizations like
14 WCRP, who is willing to house us and give us a
15 chance to have decent, safe, affordable
16 housing.

17 WCRP also provides subsidy, they
18 provide social services. When they house
19 people in the community, they are not also
20 providing social services. So these social
21 services, along with helping people get
22 housed, will benefit altogether.

23 The lower-class resident that does
24 not meet all the qualifications of these
25 profit and nonprofit companies do not fit the

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2 criteria of what they are asking for these
3 housing units.

4 So what we are asking is that people
5 that don't qualify, that don't meet the income
6 guidelines, that has bad credit, and has bad
7 background, they are not qualifying for the
8 houses, either. But WCRP is willing to give
9 people a chance to have a place to live.
10 Thank you.

11 MS. VERONICA A. HOWARD: Good
12 afternoon, Madam President. My name is
13 Veronica A. Howard. And what I am is a
14 homeowner. I am a member of WCRP, who is
15 affiliated with the Philadelphia Affordable
16 Housing Coalition.

17 From what I have heard here this
18 afternoon and what I understand, it is
19 actually more expensive to tear it down, a
20 house, than it is to rebuild it.

21 Since I live in what you call North
22 Central, which is District 5, Councilman
23 Clarke's district, I live in such a home.
24 It's been cited as the Mayor's blight
25 projects, one of those.

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2 And right now we actually stand
3 alone because we are the last of 1839 North
4 8th Street. We are the last house standing.
5 I live right across the street from the
6 Philadelphia Gas Works. I have been there
7 since I was 4 years old. I won't tell you my
8 true age, but it has been over 50-something
9 years now.

10 My family and I still live in this
11 house. We call it a family home. And right
12 now the Mayor's project, the NTI, has targeted
13 for demolition.

14 So rather than actually destroy the
15 last of our kind, why don't you help us
16 rebuild it so we can preserve some of the
17 history.

18 And I thank you very much.

19 (Applause.)

20 PRESIDENT VERNA: Thank you. Thank
21 you very much.

22 MR. McPHERSON: The next panel is
23 the 46th and Sansom Street Panel, Beverly
24 Murphy, Denise Ripley, Lillian Ford, Theresa
25 Ransom.

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2 PRESIDENT VERNA: Again, I want to
3 thank you all for being so patient. But by
4 the same token, I am again going to please
5 request that you try to be as brief as
6 possible with your testimony. Thank you.

7 Good afternoon. Kindly identify
8 yourself for the record and proceed with your
9 testimony.

10 MS. TERESA RANSOM: Good afternoon.
11 My name is Theresa Ransom, and I live in the
12 4600 block of Sansom Street.

13 I have been living on Sansom Street
14 since 1968. At the time it was a lovely,
15 lovely area, it really was. And I have been
16 there all this time. Now -- and I have worked
17 hard all my life, I really have.

18 So I finally was able to buy this
19 property in 1989, paid cash for it, for the
20 reason that, where I was working, they gave us
21 a lot of money because they were leaving the
22 area, in department stores.

23 So now last year I find out that
24 they are going to make the block the most
25 gorgeous place in the world, this is what they

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2 are telling us. So they are going to tear --
3 in order to do that, they have to tear the
4 block down.

5 And now I understand they are not
6 only going to do from 46th, but they are going
7 to do from Chestnut all the way to Walnut.

8 Now the problem is, I can understand
9 with the progress and the area and getting
10 into Center City and the University, and all
11 that, I can understand that.

12 But what I cannot understand is,
13 after you buy your house, you have paid for
14 it, I am 71, you are going to be there for the
15 rest of your life, and then they are coming
16 along with a project of making it a livelier
17 area, and you are going to have to move.

18 I don't have any money, I really
19 don't. Over there in that area the houses are
20 ideal. They are big, they are beautiful. Not
21 a lot steps, all on one floor. Ideal for when
22 you get older.

23 Well, I am not going to have it much
24 longer because it seems like they are taking
25 it.

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2 But now my point is this: And I
3 understand it is a done deal, they are going
4 to take it. But my problem is this, which I
5 would like to know, is: Since they are going
6 to take a duplex, they asked me how many
7 bedrooms we have. We have five bedrooms, two
8 on the first floor, three on the second, they
9 are going to take that.

10 Lovely area, really is nice. Has
11 changed because people moving in, couldn't pay
12 their bills, set fires. So, therefore, the
13 area that I am in is really, really fairly
14 bad. The block next, which is to 47th, is
15 still nice. But now the block that I am in is
16 terrible.

17 All I want to know is -- and I know
18 where I want to go once they want to take this
19 place. And I don't want a senior citizen
20 place, I really don't.

21 Where I want to go is over on
22 Lindbergh Boulevard, 70th, between 70th and
23 71st. Since they are taking a duplex, they
24 are taking it, then I would like to have a
25 duplex put back. I would like to have a

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2 duplex over at 70th and Lindbergh.

3 PRESIDENT Verna: I don't think you
4 want to go to 70th and Lindbergh. Isn't that
5 where they had the --

6 MS. Ransom: I am there all the
7 time, so I know the area.

8 PRESIDENT Verna: Isn't that where
9 they had the sinking homes?

10 MS. Ransom: Oh, I hope not. Then
11 the whole city is sinking, then.

12 PRESIDENT Verna: Believe me, 70th
13 and Lindbergh is sinking.

14 MS. Ransom: Here's my point. They
15 asked me when I came around about a mortgage.
16 I said, I don't have a mortgage. I am 71.
17 Like I said, I am not working; I am living on
18 Social Security.

19 And I understand that Social
20 Security is getting ready to go in the Year
21 2047. Medicare is going to go three years
22 before that. So, therefore, you have no money
23 to pay for something, to take a mortgage.

24 So my point is, they are going to
25 take this area, they will take the property,

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2 houses. So how much money are we going to get
3 to move or to buy something else? See,
4 because you can't pay it back. Thank you.

5 PRESIDENT VERNA: Thank you. That's
6 something that I can't answer. Somebody from
7 the Redevelopment Authority would have to
8 answer that, unless the Councilwoman has some
9 knowledge.

10 But that's not what we are
11 considering today. I think that in a couple
12 of weeks we will be getting -- actually, by
13 this week we should be getting the NTI for FY
14 '05.

15 So, Councilwoman Blackwell.

16 COUNCILWOMAN BLACKWELL: I wish. I
17 have been saying since the year started that
18 we wanted to be ready for NTI, but obviously I
19 haven't received any information.

20 I did want to make a statement a
21 little later that included Sansom Street,
22 right before we recess, with regard to my
23 amendment.

24 But we have been talking about 44th,
25 45th, and 46th and Sansom Streets for quite

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2 some time. And, in fact, as recently as
3 Friday, because there is a plan for 11
4 properties, neither one half of the block, and
5 not the other.

6 And as you know, Madam President,
7 you can't plan for half an area, because the
8 other half is going to fall down.

9 So I commend all of these
10 individuals, Ms. Murphy and all the others,
11 for coming here today. It is a serious issue.
12 We work on this issue every day. And they
13 really deserve special consideration under
14 this NTI agenda.

15 We have had them on our list from
16 the very, very beginning. And it looks like
17 just when we think we have a developer and we
18 think we have a process in place, somebody
19 comes and it doesn't happen.

20 But we are committed that before we
21 will approve this CDBG NTI budget, that we are
22 going to have a sound program for Sansom
23 Street.

24 Hold me to it, and I am going to
25 hold the Administration to it. Thank you.

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2 PRESIDENT VERNA: And I would just
3 call to the attention of the Administration
4 that the ordinance that we passed does say
5 that at least 90 days before the beginning of
6 each Fiscal Year the Mayor or his appointed
7 designee shall send to each member of Council
8 a preliminary annual program statement and
9 budget in the same detail that will be
10 contained in the final annual program
11 statement and budget for which the Mayor will
12 request approval from Council.

13 So I believe that Wednesday will be
14 90 days, and hopefully we will be getting that
15 this week.

16 So I think, ladies, I know you have
17 been very, very patient. So when that bill
18 comes up for a Public Hearing, I think that's
19 the time that you should certainly be making
20 your feelings known.

21 MS. RANSOM: Council President, are
22 you saying we should come back on Wednesday?

23 PRESIDENT VERNA: No. We should be
24 getting the information from the
25 Administration no later than Wednesday, 90

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2 days before the end of the Fiscal Year.

3 But there will be Public Hearings
4 scheduled on that ordinance that will be
5 introduced. And I would think that in the
6 next month and a half we should be having
7 hearings on that program.

8 And I think that's when you should
9 certainly be making your voices heard. Today
10 we are considering the demolition issue.

11 Please identify yourself for the
12 record.

13 MS. BEVERLY MURPHY: My name is
14 Beverly Murphy.

15 With the demolition, two things
16 happen. One, you devalue the property, the
17 existing properties, by creating vacant
18 lots -- and I got this from a developer from
19 South Philly that I worked with -- and the
20 fear factor.

21 Because when you live in a house,
22 and two houses that are adjacent to your house
23 are torn down, you get scared. You know, you
24 think your house is going to fall. Maybe it
25 will or won't, don't matter, you think it

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2 does.

3 So if you are fearful, then -- and
4 we are fearful that either it is going to fall
5 or the drug addicts will go in there and take
6 up residence or start fires or anything.

7 So is it possible to stall the
8 continuing demolition until something else has
9 happened, until we are given -- some sort of
10 settlement is made with us to start to move us
11 out of the area before they continue to
12 demolish it?

13 PRESIDENT Verna: Councilwoman
14 Blackwell.

15 COUNCILWOMAN BLACKWELL: Part of the
16 issue is that -- they want to hold up
17 demolition; is that what you are asking?

18 MS. MURPHY: Is it possible to do
19 that?

20 COUNCILWOMAN BLACKWELL: Well, it is
21 absolutely possible. Because before we can
22 continue, we have some relocation issues that
23 we have been trying to get the city, you
24 understand, Madam President, to pay for
25 relocation. And that's an issue.

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2 So we are stuck anyway. We are
3 worried about these houses falling in, and the
4 city hasn't made a commitment to us that they
5 are going to pay relocation fees.

6 So it is stalled anyway, Ms. Murphy.
7 So nothing will happen. And we will make sure
8 that we call you directly. Thank you all, all
9 of you.

10 PRESIDENT VERNA: Please identify
11 yourself for the record.

12 MS. DENISE RIPLEY: My name is
13 Denise Ripley. I am from North Philadelphia,
14 and I am a community leader in that section
15 since I was born 1957. So I have seen the
16 deterioration in the community.

17 I would like to read the Fifth
18 Amendment. Nor be deprived of life, liberty,
19 property without due process of law, nor shall
20 property be taken for public use without just
21 compensation.

22 And I feel that the people in North
23 Philadelphia are being taken without justice.
24 We are not being able to have justice in our
25 community. Because we have people who have

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2 lived there over 30, 80 years, and still
3 living, but now they are about to lose their
4 home. We know we are about to.

5 We have to vacate the community
6 because it is becoming slow death every day,
7 not knowing when they going to get on this
8 side of our street. We just see houses torn
9 down every day.

10 You know, to live in a community
11 where you have put your life in, you know,
12 your everything.

13 Myself being always involved in
14 trying to make a difference in the community I
15 live in, even though I see it falling apart.
16 You know, having the opportunity to move from
17 out of the city, but continue to just stay in
18 the city, in the area where I live at, to try
19 to make it better.

20 And this organizing with the seniors
21 that live there, to make sure that they get
22 properly housed and relocated. And not
23 knowing, you know, what to tell them. Because
24 they always asking me questions because they
25 know that I be involved with certain things,

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2 you know.

3 And some of them, they write
4 letters, you know, and they don't get response
5 back about their houses.

6 And the basic repair program, like
7 you said, it could take five years, you know,
8 in that process.

9 But I grew up in North Philadelphia,
10 and I seen the deterioration of the community.
11 I seen it when it was a good community and I
12 seen the houses fall in. And they were being
13 reported, they would be tore down. And it
14 could take five or three, you know, a lot of
15 years.

16 Because I took pictures down to my
17 Councilperson's office, which is the Fifth
18 Council District. And then they told me to go
19 to NTI. And I just ran around and ran around
20 and nothing seemed to be done.

21 It was just like the neighborhood,
22 the study, is still crumbling. And I know
23 other people are going through the same thing.

24 I would like to read a letter.

25 Because I called some seniors together. And

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2 one of the seniors that came to my meeting, he
3 explained to me, the appraiser came to his
4 house, him and his wife they are in their 70s,
5 and was told that he would get \$3,000 for a
6 house that him and his wife lived in for 30
7 years, and that that could help them get into
8 like a senior citizen home.

9 And at the meeting, we was telling
10 everybody, don't sign anything, you know, just
11 make sure -- you know, don't sign anything.
12 Let's wait and see this process out.

13 So I also have a letter from Mr.
14 Sweeney, and I would like to read it. And
15 this is what it says. The letter is addressed
16 to Mr. Herbert E. Wetzel. "My name is Mr.
17 Sweeney Brown, Junior. I have a house at 2702
18 West Susquehanna Avenue. This house was
19 forced from me by what the Redevelopment
20 Authority calls imminent domain.

21 "In November 2003 I signed a paper
22 that for the Redevelopment Authority to get
23 the house for 3500. And any lien or taxes
24 would be taken out of this 3500, leaving me
25 with a mere \$1500.

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2 "The appraisal by your appraisal
3 estimated that my house was a shell, which I
4 never agreed with my house being a shell. I
5 would like to have a second appraisal. I
6 don't think you can buy any house at any
7 condition for \$1500 and anywhere.

8 "I was not represented by anyone and
9 I don't know real estate law. I feel that I
10 was taken advantage of. If the Redevelopment
11 Authority has sent me a letter of
12 ineligibility for relocation, they should at
13 least pay my fair market value for my home,
14 and I am not happy with this. Mr. Sweeney
15 Brown, Junior," and he gives his address and
16 stuff.

17 But what I am saying is, this is
18 what is happening all over the community. It
19 is a sad thing to be in the community where
20 you have had your whole life, your roots, you
21 know, everything, your whole life, and it is
22 just being taken away.

23 You don't know when they are going
24 to tear your house down. Or they might just
25 take it here, like they are taking Mr. Sweeney

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2 Brown's house.

3 And we just want this NTI to really
4 look at what they are doing, Council to see
5 what they are doing to people in their homes.

6 Because myself, you know, I have
7 been committed to a lot of things in this
8 city. But if they take my house, I am leaving
9 the city. And I know a lot of other people
10 have already left the city.

11 And we shouldn't be forced out like
12 that because we low income and we working
13 hard. You know, families, we shouldn't be
14 forced out of our home and our community and
15 told that we could come back.

16 You won't have no 40,000 or 50,000
17 dollars to come back into a community where
18 you have to pay \$250,000 for a home.

19 So I think you should really look
20 into what NTI is doing to families in North
21 Philadelphia and around the surrounding city.
22 Thank you.

23 PRESIDENT VERNA: Thank you very
24 much.

25 (Applause.)

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2 PRESIDENT Verna: The Chair
3 recognizes Councilman Clarke.

4 COUNCILMAN CLARKE: A couple of
5 quick questions.

6 Good afternoon. Do you know Mr.
7 Brown, Sweeney Brown?

8 MS. RIPLEY: No; I am just speaking
9 on behalf of him. I told you, I am a
10 community leader, so I read the letter.

11 COUNCILMAN CLARKE: I just was
12 wondering.

13 MS. RIPLEY: I speak out for people
14 that can't speak, that's how I do.

15 COUNCILMAN CLARKE: Do you know if
16 he lived in that house that he referenced?

17 MS. RIPLEY: Yes.

18 COUNCILMAN CLARKE: You know for a
19 fact that he lives in that house?

20 MS. RIPLEY: The point is that the
21 man is losing his house. I mean, I'm not --
22 because I read his letter, because it is a lot
23 of other people case.

24 I live in a house that is going to
25 be tore down.

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2 PRESIDENT Verna: I think the
3 Councilman is asking a question. Just answer
4 the question, please.

5 MS. Ripley: No.

6 COUNCILMAN CLARKE: Because I know
7 Mr. Brown. I know the house. And I know Mr.
8 Brown did not live in that house.

9 So why -- the testimony with respect
10 to his letter --

11 MS. Ripley: Maybe he owns the
12 house.

13 COUNCILMAN CLARKE: Well, he did own
14 it at the time of the settlement. But I just
15 want to note for the record that he did not
16 live in the house. And we assisted him in
17 getting his name on the deed so he would be
18 compensated. But there are some questions
19 around the house, for the record.

20 I don't want people leaving here
21 thinking that he was relocated, because he was
22 not relocated, because he did not live in the
23 house. He lives in Germantown. So, just for
24 the record.

25 You referenced him specifically.

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2 MS. RIPLEY: In reference to the
3 record, I came to your office about Mr. Green,
4 which lives on the 2100 block of Jefferson
5 Street. And he did get a letter for his house
6 for \$3,000. That's for the record.

7 And I asked you could you form a
8 committee together for us in reference to
9 negotiate for us pro bono. And I never heard
10 from you back in regards to that situation.
11 You said you would.

12 COUNCILMAN CLARKE: Okay.

13 MS. RIPLEY: You can answer that
14 question for me, for the record.

15 COUNCILMAN CLARKE: I did at the
16 time, and I don't know if there was a pro bono
17 lawyer provided for you.

18 MS. RIPLEY: I told you I talked to
19 people.

20 COUNCILMAN CLARKE: I recall the
21 instance, and we had the hearing. And I asked
22 Mr. Wetzel to provide assistance.

23 MS. RIPLEY: I never heard from him.

24 COUNCILMAN CLARKE: Thank you for
25 telling me that. But I have kept abreast,

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2 actually, from one of my good friends in the
3 audience about some issues associated with
4 that.

5 And I agree with you that although
6 the appraised value may come back as a
7 particular number, that is truly not enough
8 for that person to reasonably relocate in a
9 comparable position. And I have instructed
10 the Redevelopment Authority to not attempt to
11 relocate anybody.

12 MS. RIPLEY: His house has already
13 been boarded up. I don't know where they are
14 at.

15 And I looked around. Behind my
16 house was a senior citizen had been there for
17 30 years. And I went to a birthday party for
18 my friend's mother at a convalescent home.
19 And there she was, my neighbor behind me, in
20 the convalescent home for the last two years.
21 There is nothing wrong with her.

22 She says that her people from her
23 church picks her up every Sunday to go to
24 church. And she asks me what's going on in
25 the community, would you please come and see

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2 me.

3 I don't want to see that happen to a
4 lot of other seniors. If they are not ready
5 to go into a senior citizen home, they
6 shouldn't be forced to.

7 COUNCILMAN CLARKE: I agree with
8 you. Okay. I just wanted to clear that up
9 for the record about Mr. Brown. Because I
10 know of him, and he came in the office and we
11 talked about the issue.

12 And he actually thanked me for
13 helping him. And we are looking for a
14 property so he could vacate the property based
15 on what he initially wanted to do with the
16 Susquehanna Avenue property.

17 And I have been told by the city
18 that we will get a property for him so he can
19 continue the renovation in that particular
20 community.

21 MS. RIPLEY: What are you doing on
22 our behalf as far as helping us with legal
23 negotiation and reference to our properties
24 that we own?

25 I actually have been in my house for

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2 like 37 years, because it was a family-owned
3 property. And I chose to stay in
4 Philadelphia, which I had opportunity to leave
5 and go to Florida, but I was committed to the
6 community, you know, and helping the people
7 that's there, you know, with information that
8 they might not be readily available to them.

9 I didn't stay just because I could
10 make more money or, you know, it is a pretty
11 city. I stayed because I was committed to the
12 area and the people. You know what I am
13 saying?

14 But it seems like people are not
15 being committed to what they say they are
16 committed to as far as, you know, the people's
17 agenda, we are going to try to do this. It is
18 not happening. Do you know what I am saying?

19 So I would like to see you, as our
20 Councilperson for the Fifth District, try to
21 help us get legal negotiation with a pro bono
22 lawyer, whatever it may take, so we can get
23 treated fairly with our homes, you know.

24 And if we able to come back, so be
25 it. If not, then people just not be

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2 displaced, it is not fair.

3 COUNCILMAN CLARKE: That's more than
4 a reasonable question, and I will follow
5 through.

6 PRESIDENT Verna: Thank you very
7 much. We appreciate your attendance and
8 patience. Our next witness is Anthony
9 Fullard.

10 Good afternoon, are you Anthony
11 Fullard.

12 MR. Fullard: Yes, I am.

13 PRESIDENT Verna: Please identify
14 yourself for the record and proceed with your
15 testimony.

16 MR. Anthony Fullard: I am Anthony
17 Fullard from the African-American Chamber of
18 Commerce. My title is Director of Economic
19 Development.

20 PRESIDENT Verna: Okay. Please
21 proceed if you have testimony.

22 MR. Fullard: Okay. Madam President
23 and City Council members, it just saddens me
24 to hear that I have to come before this
25 Council to defend what we associate as a

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2 successful program that has been opened up to
3 every minority in this city.

4 And each Council leader here should
5 know that, because we came personally to your
6 office. I have had a meeting with you, Madam
7 President.

8 PRESIDENT VERNA: Yes.

9 MR. FULLARD: And I laid out
10 everything that we were trying to do when we
11 first got started back in, I believe that was,
12 May of last year, of 2003.

13 So we sat down with each
14 Councilperson of what the program was about
15 and what our intentions were to ensure that we
16 had more minority contractors to be involved
17 into the NTI program.

18 And I believe that since that time,
19 we went hard to work to ensure that we took
20 off -- all of the excuses off of the table.
21 Those excuses or those impediments were, as
22 you heard, was bonding, was financing, and
23 also understanding of the specifications and
24 how the NTI program was administered.

25 Also we -- I want to correct one

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2 thing. The Emerging Contractors Program was
3 specifically designed to bring more prime
4 contractors to the table, not subcontractors.

5 Even though, for whatever reason, if
6 you could not move into that prime status, we
7 did not leave anybody at bay. But we said,
8 well, you can work as a subcontract status
9 with one of the primes that did graduate, and
10 but only at a short time, because we wanted to
11 see all of our minority contractors at a prime
12 status. And that's what the ultimate goal is
13 for.

14 But at the same time, because of the
15 specifications and how NTI is designed, that
16 you have to have some type of training of
17 their policy, and how this work that is there
18 for you to bid on, how all that worked.

19 What is expected of you as a prime
20 contractor, what about your submittals, what
21 about your insurance. All of those things are
22 there. So that we had a fast-track.

23 Because we didn't want to have no
24 long, drawn-out training program. We didn't
25 haven't to have no four-year training program,

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2 as you will get with the unions.

3 We wanted a fast-track training
4 program so that those contractors that are in
5 those communities could go through this
6 training program, get the understanding, also
7 receive bonding, also receive funding.

8 Because I didn't hear anyone mention
9 that we also have the eight largest banks to
10 the table that was there to provide. We also
11 brought PIDC to the table to provide start-up
12 loans. Okay?

13 Because you can go through the
14 training. But, Madam President, if you don't
15 have the right financing, if you don't have
16 the right money to implement your work, it
17 doesn't matter how many bids that you win, you
18 still have to pay your men.

19 PRESIDENT VERNA: Mr. Fullard, if I
20 recall correctly, wasn't that a four-month
21 training period?

22 MR. FULLARD: No; it is an
23 eight-week training period, two month.

24 Then we actually run our contractors
25 through a field training, which you actually

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2 bid on a house and you go through the whole
3 process.

4 And you will win a house, you have
5 to go through a procurement process where you
6 would bid. And you go through the whole
7 practice that you would do as if you were in
8 the procurement process with the city. Okay?

9 We mimic that whole action to ensure
10 that those companies know that whole practice,
11 that procurement practice. And that
12 procedure, process.

13 So when we developed that, and we
14 had an eight-week training course. And this
15 is available, as I said, for all minority
16 contractors.

17 We contacted the Hispanic Chamber of
18 Commerce, Asian Chamber of Commerce, the
19 African-American Chamber of Commerce, of
20 course, and all the CDC groups, all of the
21 grass-roots groups.

22 Now, Madam President, I am not just
23 sitting here pulling this thing down. We
24 submitted a full-blown report. Because this
25 is funded by the city.

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2 And there is a contract that we
3 are -- that we have to abide by what those
4 rules are in that contract.

5 And we submitted a full report to
6 Pat Smith, the Director of NTI, the Commerce
7 Department, and also to Joyce Wilkerson our
8 chief of staff. So we submitted a full report
9 of every single thing we did.

10 PRESIDENT VERNA: I don't mean to
11 interrupt you, but how many graduates have you
12 had since --

13 MR. FULLARD: It is in our report,
14 Madam President, we had 31 graduates. We had
15 21 bondable contractors that we could begin to
16 put out on any procurement process to bid on
17 bonding programs.

18 But the only issue that was there,
19 and as Mrs. Spencer said, it was how those bid
20 packages was packaged. And, so, we went to
21 the city and said, "Listen, we need you to
22 make these bid packages smaller so that these
23 new prime contractors could bid on smaller
24 packages, such as three-house packages,
25 four-house packages, seven house.

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2 PRESIDENT Verna: And that would be
3 for every phase of the demolition, the removal
4 of the asbestos --

5 MR. Fullard: Madam President, small
6 packages include all of those disciplines.
7 That is a prime package.

8 Once you are awarded a prime
9 package, you are responsible for the removal
10 of the asbestos. As a prime contractor you
11 are responsible for the stucco, you are
12 responsible for the seeding. You know, you
13 are responsible as a prime contractor for
14 every aspect of that bid package. Okay?

15 So for someone to come before this
16 Council and say that they were not included,
17 they did not have the opportunity, is a lie.
18 Because we went out and we submitted
19 information to everyone in the whole City of
20 Philadelphia as far as our outreach.

21 We also documented it and we said
22 who we have contact with. We all -- and we
23 also list everyone that comes through our
24 door. And we write their names down, which
25 companies they are from, so that we have a

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2 documentation of who comes to the door.

3 Now, as far as the roundtable, we
4 have minutes. Because at that time I was the
5 Chairman of the roundtable. And we do and
6 provide and we take minutes of every meeting.

7 NTI is a part of the agenda on all
8 of our meetings. So we have minutes of
9 everything that goes on in those meetings,
10 what the dialogue was, and what we spoke
11 about.

12 And all those things are all written
13 down, and we have minutes that we can provide
14 to you letting you know that every person that
15 was at this podium here got all of the
16 information, they had all opportunity to bid
17 or to participate in this program.

18 PRESIDENT Verna: Thank you, Mr.
19 Fullard.

20 I believe Councilwoman Tasco has had
21 her light on. Do you want to be recognized?

22 COUNCILWOMAN TESCO: Oh, yes.

23 Out of the 21 graduates, how many
24 are doing work or got contracts in the NTI
25 program?

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2 MR. FULLARD: Right now we have
3 approximately 15 contractors out there right
4 now finishing up their work now. And they are
5 in the process of -- and they will be bidding
6 on another 35-house package.

7 COUNCILWOMAN TASC0: Were the small
8 packages put together for them to bid on?

9 MR. FULLARD: Yes.

10 COUNCILWOMAN TASC0: Are they prime
11 or sub?

12 MR. FULLARD: All of our contractors
13 are all prime contractors.

14 COUNCILWOMAN TASC0: So when the
15 program was designed, were the gentlemen
16 sitting here at this table today, would they
17 have qualified to be a part of the program?

18 MR. FULLARD: They would have
19 qualified if there is -- Councilwoman, they
20 would have qualified if they would have came
21 in and went through the process of filling out
22 the right paperwork, they would all have
23 qualified.

24 COUNCILWOMAN TASC0: So was your
25 program for small businesses who wanted to go

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2 to prime? Had these people been in business
3 before, were they experienced businesspeople?

4 MR. FULLARD: Any business.

5 We have contractors that were --
6 they had electrical business, carpentry
7 business, stucco business, masonry business.

8 And those that wanted to go through
9 their program to diversify their companies and
10 do something else, as well, because of the
11 lack of work that, you know, that they was
12 doing with the city, this was an opportune
13 time for them to understand the city process
14 and also to begin to do demolition work.

15 We have an electrical company, NCNE
16 Electric, that is one of our prime
17 contractors.

18 So to answer your question, right
19 now we have about 15 contractors right now
20 bidding as prime contractors. We have one of
21 our contractors that bid in the normal process
22 and did a joint venture. His company named is
23 RPM. And he won an 80-house package.

24 Which, to answer Councilman Rizzo's
25 question is, because the issue was, there was

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2 a time that NTI was trying to get more prime
3 contractors to the table. But once we
4 graduate these contractors for them, we was
5 able to have, I think, about seven contractors
6 bidded on this particular contract.

7 And automatically it drove the unit
8 cost down. And the city saved \$500,000. This
9 is documentation. This isn't something we are
10 making up. Go look at the bidding process.
11 This is all public information.

12 COUNCILWOMAN TASC0: What was the
13 reason that the cost went down?

14 MR. FULLARD: Excuse me?

15 COUNCILWOMAN TASC0: Why did the
16 cost go down?

17 MR. FULLARD: Because of more people
18 bidded on that project. Before you just had
19 only, like, two or three contractors bidding.

20 So the whole sense of it is, if you
21 get more contractors in the process, but they
22 have to make the -- but they have to go
23 through whatever is there for you to get
24 process into the system.

25 Even if they don't want to come

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2 through us, they still have to go to the city,
3 they still have to fill out a questionnaire
4 form, qualification form.

5 So even if you, you know, for
6 whatever reason, and if you don't think that
7 you have to go through that training, then
8 either the city has small packages, you can
9 bid as a prime any time that you want.

10 COUNCILMAN RIZZO: Point of
11 information.

12 PRESIDENT VERNA: The Chair
13 recognizes Councilman Rizzo for a point of
14 information.

15 COUNCILMAN RIZZO: Sir, so I
16 understand it correctly, could you please
17 restate what you said, how competition -- I
18 want to make sure I understand exactly what
19 you said. So can you just say it one more
20 time. I would appreciate it.

21 MR. FULLARD: What I said,
22 Councilman, is that we had an example that
23 there was -- that the NTI had a problem of
24 getting more primes to bid on their packages.
25 Okay?

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2 Once we was able to graduate our
3 prime contractors, and then when they had the
4 opportunity to get into the process of
5 bidding, there was a package that was out to
6 bid, it was an 80-house package, and I think
7 it was about two months ago, maybe.

8 And one of our graduates joint
9 ventured with one of the majority firms. But
10 not only that, there was approximately, I
11 think, four other of our graduates also bidded
12 on this package.

13 So now you have, instead of two or
14 three people bidding, you have seven people
15 submitting bids on the same package, which
16 makes it more competitive.

17 COUNCILMAN RIZZO: Let me just
18 interrupt you for a second. So you were
19 suggesting when there were just a few, there
20 was control over the price.

21 MR. FULLARD: Right.

22 COUNCILMAN RIZZO: Once it got
23 expanded, how much money did the city save?

24 MR. FULLARD: \$500,000.

25 COUNCILMAN RIZZO: Plus.

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2 MR. FULLARD: Plus, they saved, once
3 NTI was able to get more people bidding on
4 this. And they are working to do just that,
5 to get more people to bid.

6 COUNCILMAN RIZZO: And would you
7 agree with me that the process itself could be
8 done differently?

9 If you had more work, you would be
10 able to buy the scissor lifts, or rent the
11 scissor lifts, you would be able to do maybe
12 some things to make it faster for you, where
13 you could make a few extra bucks by expressing
14 the process?

15 MR. FULLARD: You can't do stucco on
16 a scissor lift. Number one, you would be
17 going outside the specifications that have
18 been lined out.

19 But you want to have your whole wall
20 already laid so that you can do the whole
21 wall. You don't want to do a section of the
22 wall, come down, and then move. It is too
23 many steps. So you want to try to knock out
24 that wall in one step.

25 So you put your scaffold up, so that

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2 way you can do the whole wall. But I don't
3 want to get into the mechanics of that because
4 each contractor has his way of how he makes
5 his money in a proficient way.

6 But then you can't go outside a
7 specification that has been laid out. We are
8 working within the specs. Now, if you could
9 come in and we could change the
10 specifications --

11 COUNCILMAN RIZZO: I want to ask you
12 the same question I asked someone else. Do
13 you think --

14 PRESIDENT Verna: Is that a point of
15 information?

16 COUNCILMAN RIZZO: I forgot I was on
17 a point of information. I apologize. Get me
18 on the next round.

19 PRESIDENT Verna: The Chair
20 recognizes Councilwoman Tasco.

21 COUNCILWOMAN TESCO: In term of a
22 bonding, are your contractors able to get the
23 bonding that's required for these positions?

24 MR. FULLARD: Yes.

25 COUNCILWOMAN TESCO: That is, that

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2 we discussed earlier?

3 MR. FULLARD: Yes. Yes, they are.

4 But Councilwoman, there is a
5 process. The bonding company has a criteria.
6 And we have a bonding expert right here, this
7 is all he does, this is why we brought him to
8 the team, and also does all the training.

9 Is that no matter how much that we
10 want a company to be bonded, there are still
11 steps that any bonding company has for you to
12 go through and certain things that they want
13 to see. And that's what the center does, is
14 to work with each contractor to ensure that
15 they have met those steps.

16 So once they submit their bonding
17 application, we want to make sure that they do
18 not get turned down. Okay?

19 So if you don't go and do what you
20 have to do, whatever it is, whatever you have
21 to find out, whether the issue is finance,
22 whether the issue is tax returns, whether the
23 issue is you have to show that you have a
24 certain amount of money in the bank, whatever
25 that criteria is, we have to follow that and

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2 then find a way of how we get that done for
3 that contractor.

4 It is not that easy, where you come
5 in and sit down, "I want a bond." They have a
6 criteria. There are steps that you have to
7 take. And this is what we do every single day
8 to ensure that we work with those contractors
9 to ensure that we take every step. And then,
10 also, that they understand those steps and
11 they understand how you obtain a bond.

12 It isn't just that they come in
13 there and we say, okay, give me some
14 information, then we go into some kind of back
15 room and we perform --

16 PRESIDENT VERNA: Mr. Fullard, I
17 think your responses are going to have to be a
18 little more concise. Because we have had
19 people waiting for quite some time. Some
20 people have been here since 10 o'clock.

21 So I would ask you to please be a
22 little more concise with your responses.
23 Thank you.

24 Councilwoman, are you finished with
25 your questions?

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2 COUNCILWOMAN TASCO: I am finished.

3 PRESIDENT Verna: The Chair

4 recognizes Councilman Cohen.

5 COUNCILMAN COHEN: Thank you, Madam
6 Chair.

7 Mr. Fullard, this is the first time
8 I have heard of the need for more prime
9 contractors. I thought the problem that we
10 were working on was to increase the number of
11 minority subcontractors.

12 You have outlined a very carefully,
13 step-by-step approach to helping a contractor.
14 My problem with you is, why isn't that
15 attention given to the creation of minority
16 subcontracts?

17 Because it would seem to me that
18 that's usually the first step for a new
19 business. Before they can become a prime
20 contractor, they would have to be a
21 subcontractor.

22 Doesn't being a prime contractor
23 involve the business being strong enough to
24 have a substantial sum of money available?

25 MR. FULLARD: That's right. And

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2 that's why we --

3 COUNCILMAN COHEN: And a new group
4 of people, two or three people, getting
5 together in the neighborhood and saying, we
6 are tired of working for somebody else, we
7 ought to, between the three of us, have enough
8 ability to, you know, get together as a
9 contractor?

10 How would that work? Is there
11 anybody doing your kind of work but on behalf
12 of subcontractors? How would it work?

13 Suppose three men in the community
14 or three women came to you or two of one and
15 one of the other came to you and said, "We
16 have been talking about it. We have had a lot
17 of experience. We have done some work. We
18 don't have much money because we never got
19 paid a decent pay. But we would like to
20 accept the responsibility, it sounds like a
21 good program. What do we do?"

22 Now, is there anybody that could
23 advise them step by step, as you indicated,
24 the care and attention you give to the
25 development of a prime contractor?

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2 You are the first person I have
3 heard testify in a way that gave me the
4 slightest bit of confidence that the City of
5 Philadelphia knew what it was doing.

6 Because it seems to me whether it is
7 prime or a sub, he doesn't know anything about
8 the field or she doesn't know anything about
9 the field. Somebody has got to help them
10 understand all of the problems.

11 And you seem to have an approach to
12 deal with the problems and make sure that
13 people understand it fully.

14 MR. FULLARD: Yes, sir.

15 COUNCILMAN COHEN: Now, why do you
16 limit yourself to the development of primes,
17 instead of subcontractors?

18 Because wouldn't you do better if
19 you started out with the modest goal of
20 helping people in the community uplift
21 themselves by getting them involved as
22 entrepreneurs, as being a subcontractor,
23 rather than being merely a worker?

24 MR. FULLARD: Do you want me to
25 respond to that?

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2 COUNCILMAN COHEN: Yes.

3 MR. FULLARD: As I said before, it
4 is that a lot of our contractors come to us in
5 a sub state. But the goal of the program is
6 to move them into a prime status. Because you
7 don't want to marginalize contractors to just
8 a sub status. Okay?

9 Now, we have been successful
10 because, as I said, we have a training and we
11 go through specifics, estimating, management,
12 all the things that you would need to know of
13 how to get to a prime status.

14 Now it is up to the --

15 COUNCILMAN COHEN: Excuse me for
16 interrupting, but wouldn't a subcontractor
17 have to know how to estimate?

18 MR. FULLARD: Sure. But does he
19 know how to estimate correctly?

20 COUNCILMAN COHEN: There are other
21 factors.

22 MR. FULLARD: Does he know how to
23 estimate in the right manner?

24 Prime example, we have an example,
25 we have a carpentry company that was in

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2 business for 20 years. And he came to us and
3 said that, you know, if I could get some help
4 with estimating my projects, I think that I
5 can do better. Okay? He went through this
6 program.

7 And this gentleman now is doing more
8 work than he ever has done since he has been
9 in business for 20 years. He is one of our
10 best contractors out there. He is one of our
11 best carpentry companies out there bidding at
12 some -- and some work he still bids as a sub
13 because he has a specialty which is carpentry.
14 And sometimes that doesn't fall under a prime
15 status.

16 But, also, he can now bid as a prime
17 contractor as it relates to when he wants to
18 bid on demolition work as well, because he
19 knows how to bid and he knows how to estimate
20 that work now.

21 COUNCILMAN COHEN: Well, is there
22 any such program as the one you described that
23 you are in charge of that relates to
24 subcontractors?

25 MR. FULLARD: It relates to all

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2 contractors. It doesn't only relate to only
3 subcontractors.

4 Subcontracting is just that it is
5 just another level of contracting where you
6 don't have a direct bid to the owner. Okay?
7 And then you don't -- and then you are not in
8 charge of the whole project. Okay?

9 So once you get the opportunity --
10 because minority contractors really never had
11 the opportunity to bid as a prime contractor,
12 but now they have the opportunity.

13 They have the support that can lend
14 them technical support for them to bid as a
15 prime contractor. And we have some really
16 excellent prime contractors now that is doing
17 great work.

18 And we have the information to back
19 it up. Because at the end of the day, you
20 want to know are you making money, have you
21 been successful.

22 PRESIDENT Verna: Councilman Goode
23 has a point of information.

24 COUNCILMAN COHEN: Yes, go ahead,
25 Councilman.

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2 COUNCILMAN GOODE: Thank you, Madam
3 President. Very briefly.

4 To answer Councilman Cohen's
5 question partially, Greater Philadelphia Urban
6 Affairs Coalition also runs a minority
7 contractors program. That's not the only
8 minority contractors program in town.

9 COUNCILMAN COHEN: To whom did you
10 address that question?

11 COUNCILMAN GOODE: To you,
12 Councilman Cohen.

13 PRESIDENT Verna: It wasn't a
14 question; it was a point of information, sir.

15 COUNCILMAN GOODE: I was letting you
16 know there is another minority contractors
17 program in town that does train
18 subcontractors, as well.

19 COUNCILMAN COHEN: Is it under the
20 NTI program?

21 COUNCILMAN GOODE: No, it is not.

22 COUNCILMAN COHEN: Because I have
23 been looking for some program when I raised
24 the question with Ms. Smith and Mr. -- I can
25 never pronounce his name -- Solvibile. I got

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2 the impression that minority contractors have
3 to come to Delaware Valley African-American
4 Chamber of Commerce.

5 Is that your program?

6 MR. FULLARD: Yes, sir. Emerging
7 Contractors Program.

8 COUNCILMAN COHEN: And I got no
9 feeling that anybody in that program was
10 concerned about the specific needs of a
11 small-venture subcontractor.

12 MR. FULLARD: No.

13 COUNCILMAN COHEN: But you are
14 interested in both?

15 MR. FULLARD: We are interested in
16 both, and every aspect of their growth, of
17 their companies, but also to sustain them
18 financially.

19 We also gives out line of credit.
20 We also do start-up moneys for these
21 companies, too. You can also get insurance
22 right there on the spot, you know.

23 You can -- you know, if you have the
24 paperwork, if you have provided enough
25 information about your sub status, then we can

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2 really look at your company and see where you
3 can grow and how you can get to a prime
4 status.

5 Now, we also have some contractors
6 that specialize in subcontract work, as far as
7 it relates to stucco, as far as it relates to
8 asbestos removal, as well. And they come into
9 that program to do just that.

10 COUNCILMAN COHEN: Suppose you have
11 this situation, it seems to me this would be
12 the most common one: A new group has started
13 as a subcontractor. They would deal with the
14 prime, a sub would be under a prime at some
15 point, he would enter a new contractual
16 relationship, and the city might have
17 something to do with it, too.

18 But say the sub has a problem, he
19 has had no experience in having problems. He
20 has got this prime contractor who might be a
21 big outfit and the City of Philadelphia, which
22 is pretty big, and they tell him you have got
23 a problem here; who does he go to to get help
24 from the problem?

25 MR. FULLARD: He comes to see us,

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2 and we can help him out.

3 COUNCILMAN COHEN: All right. And
4 that includes -- because sometimes both the
5 Council and the Mayor's Office both claim to
6 have representatives interested in the
7 development, and they are both moderate goals,
8 in the development of subcontractors.

9 They would welcome the natural order
10 of things, to have a progression up to prime
11 contractors.

12 MR. FULLARD: That's the business.
13 That's the business owners' discretion, if he
14 wants to do subcontract work or if he wants to
15 move up to a prime level. But we want avenues
16 to be open for him to make that decision.

17 COUNCILMAN COHEN: In the beginning
18 I think it starts simply on a subcontract.

19 You mean somebody jumps in cold and
20 becomes a prime contractor?

21 MR. FULLARD: We have had start-up
22 companies go straight to --

23 COUNCILMAN COHEN: Let's take an
24 easier case, where they are ready to become a
25 subcontractor.

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2 They can go to your group and get
3 advice? They can go to your group and say,
4 look, I didn't know what I was getting into,
5 maybe, or maybe I did, but I now have this big
6 contractor on my neck and the City of
7 Philadelphia; what do I do?

8 MR. FULLARD: We are not going to
9 give them advice. We are going to do more
10 than just give them advice.

11 We want to do whatever his
12 impediment, whatever his issue is, we want to
13 take care of that specifically at his request.

14 If he needs money, if he needs
15 bonding, if he got a city contract, we can get
16 him money. We can get him insurance. We can
17 get him bonding.

18 If he needs help with the estimate,
19 if he doesn't understand the specification, if
20 he has submitted a bid to this prime
21 contractor and he feel as though he has made a
22 mistake, we will look at that and we will go
23 through his bid for him to understand and for
24 us to understand what those issues are.

25 We do more than just advice, because

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2 we have been giving advice for over 30 years.

3 COUNCILMAN COHEN: And who would he
4 contact? I want to be very specific.

5 MR. FULLARD: He would contact the
6 Emerging Contractors Center at 1415 North
7 Broad, at Broad and Mascher. He would come in
8 there, he would fill out his information, and
9 there is someone right there on the spot that
10 will assist him that day.

11 COUNCILMAN COHEN: All right. Very
12 good. Very good. We are going to get a
13 report card for you.

14 MR. FULLARD: You already have one.
15 You already got one, Councilman. You already
16 got a whole full-blown report of the whole
17 program from its conception. You already got
18 a full-blown report. You already got it.

19 COUNCILMAN COHEN: You are the only
20 person that's ever, when I got down to the
21 nitty-gritty, as I did, who said, yes, we will
22 deal with this problem.

23 MR. FULLARD: We will deal with it.
24 Send them to us.

25 PRESIDENT VERNA: The Chair

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2 recognizes Councilman Goode.

3 COUNCILMAN GOODE: Thank you, Madam
4 President. Mr. Fullard, you testified that
5 the city has saved approximately half a
6 million dollars due to the number of bids
7 going up on demolition contracts.

8 Did the bid packages also change?

9 MR. FULLARD: No. That was a
10 specific bid that went out. It was an
11 80-house package. And I am just -- it could
12 have been, like, 78, 79 houses, or whatever
13 the case may be. But just to round it off, it
14 was an 80-house package.

15 COUNCILMAN GOODE: So have the bid
16 packages changed as a result of people
17 graduating from the emerging contractors
18 program?

19 MR. FULLARD: The bid -- the city
20 was admirable in working something out for
21 smaller bid packages because of the capacity
22 of the prime contractors that we were turning
23 out and because in our program we lay out
24 different levels of these companies.

25 We would be working with prime

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2 contractors that can do house packages from --

3 COUNCILMAN GOODE: Mr. Fullard, my
4 point is that the city chose to invest in
5 Emerging Contractors Program roughly a year
6 and a half ago, whenever it was.

7 They have chosen within this budget
8 year, even a tough budget year, to invest in
9 the program again.

10 How has that changed the bidding
11 process or bidding packages? Have they
12 adjusted what they are doing in terms of
13 bidding as a result of people graduating from
14 Emerging Contractors.

15 MR. FULLARD: I mean, every other
16 week, so that there is a consistent flow of
17 small packages for the small contractors to
18 bid on.

19 COUNCILMAN GOODE: So there are more
20 bidders because of people graduating from that
21 program. And the city continues to invest in
22 that program.

23 But was it always anticipated that
24 there was a need to do capacity building of
25 minority contractors? What is your first

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2 recollection that the city decided to increase
3 the pool of contractors by training
4 contractors?

5 MR. FULLARD: That was the first --

6 COUNCILMAN GOODE: My question is --

7 MR. FULLARD: That was the first
8 problem that we had identified. Because there
9 was only one prime contractor, minority
10 contractor, that could get by me in the whole
11 City of Philadelphia.

12 COUNCILMAN GOODE: I guess my
13 question is, if NTI was proposed in the
14 general election of 1999, and if NTI was
15 introduced in 2000, at what point was your
16 program developed?

17 MR. FULLARD: Our program was
18 developed in 2003. That -- you know, when the
19 contract was executed. We worked and we
20 lobbied for about a year.

21 COUNCILMAN GOODE: If NTI was
22 proposed in the general election of 1999, if
23 it was introduced as legislation in 2000, if
24 the number of bidders of demolition contracts
25 has increased due to graduates from your

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2 program, and that has driven down the costs
3 for the city, shouldn't the city have
4 developed a program in Year 2000?

5 MR. FULLARD: Yes, sure. They
6 should have. But you were there in 1999, when
7 we first came along.

8 COUNCILMAN GOODE: The second
9 question is, who are the eight banks? Who
10 engaged the eight banks.

11 MR. FULLARD: I didn't hear you.

12 COUNCILMAN GOODE: Who engaged the
13 banks, the eight banks you referred to?

14 MR. FULLARD: Who engaged -- what
15 firms, are you asking?

16 COUNCILMAN GOODE: Who engaged the
17 banks, in terms of becoming part of the
18 Emerging Contractors Program?

19 MR. FULLARD: Who?

20 COUNCILMAN GOODE: Who engaged the
21 banks, who brought them to the table?

22 MR. FULLARD: Who brought them to
23 the table? We brought them to the table.

24 COUNCILMAN GOODE: Who is "we"?

25 MR. FULLARD: The African -- American

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2 Chamber of Commerce.

3 COUNCILMAN GOODE: Who made the
4 phone call? Who called who?

5 MR. FULLARD: For the bid?

6 COUNCILMAN GOODE: For the banks to
7 come to the table.

8 MR. FULLARD: Oh, I am sorry. For
9 the bank. I couldn't hear what you were
10 saying.

11 The African-American Chamber of
12 Commerce worked with the banks for this
13 specific program to work with small contractor
14 demolition --

15 COUNCILMAN GOODE: I am asking the
16 question of who engaged who, who called who.

17 MR. FULLARD: Our Chairman, Bruce
18 Crawley, called the banks.

19 COUNCILMAN GOODE: Who did he call?

20 MR. FULLARD: He called every
21 president of the bank, and we had a sit-down
22 and we sat down with them.

23 We met with the Mayor on a number of
24 occasions, as well, for this specific program,
25 Councilman. I know that you have a program,

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2 as well, that you --

3 COUNCILMAN GOODE: That's, actually,
4 not how to happened, though.

5 MR. FULLARD: Well, I am not here to
6 talk about the banks. I am just here to talk
7 about what the banks are doing.

8 COUNCILMAN GOODE: You referenced
9 the banks.

10 MR. FULLARD: Right. And I am just
11 telling you what the banks are doing. I am
12 not saying who engaged the bank.

13 I am just saying that we had a
14 specific program working with the banks and
15 people are getting lines of credit. That's
16 it.

17 And, then, if you helped to
18 facilitate that, great. But I think that it
19 is a group effort.

20 COUNCILMAN GOODE: Well, it is a
21 group effort, except for when it was --

22 MR. FULLARD: I don't want the
23 accolades, I just want to get it on --

24 PRESIDENT VERNA: Excuse me. I
25 think the Councilman is speaking. If he asks

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2 a question, simply answer the question.

3 COUNCILMAN GOODE: It is a group
4 effort, except for when we actually asked the
5 Administration to engage the banks in 2000.

6 MR. FULLARD: Okay.

7 COUNCILMAN GOODE: And they waited
8 to engage the banks at some later point and
9 for some later purpose.

10 It is not a group effort when PNC
11 Bank already said that it was willing to do
12 bonding, in a letter from its then executive
13 Vice-President, now President, in December of
14 2000.

15 So, in other words, it was not a
16 team effort we were trying to do this in 2000
17 and it didn't get done, and didn't get done
18 until 2003.

19 And, as a result of that, there were
20 less bids because people have not graduated
21 from a program that did not exist yet because
22 some people drug their feet. And it was not a
23 group effort of people dragging their feet.

24 MR. FULLARD: I'm not in that. All
25 I am telling you was --

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2 COUNCILMAN GOODE: You spoke to
3 that, though.

4 MR. FULLARD: I did not speak to
5 that, Councilman.

6 PRESIDENT Verna: Excuse me, please.
7 Councilman, are you finished?

8 COUNCILMAN GOODE: No, I am not.

9 PRESIDENT Verna: I don't think that
10 was a question. I don't think you asked a
11 question, did you, Councilman?

12 COUNCILMAN GOODE: No, I did not.

13 PRESIDENT Verna: Please continue.

14 COUNCILMAN GOODE: I am a supporter
15 of the contractors program, I am a supporter
16 of the contractors program at Temple. I am a
17 supporter of the contractors program at the
18 Greater Philadelphia Urban Affairs Coalition.

19 MR. FULLARD: Okay. Great.

20 COUNCILMAN GOODE: I think your
21 posturing in coming in here was that you don't
22 believe that you should have to defend the
23 record of that program.

24 What we are here to do is question
25 the process. And the reason we are

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2 questioning the process is partially due to
3 how demolition contracting process takes
4 place, the fact that costs have increased
5 dramatically.

6 And even your testimony suggested
7 the cost has decreased based on the fact that
8 the number of bidders have increased that were
9 treated in 2003 that should have been treated
10 along with the legislation in 2000.

11 I am just questioning, in terms of
12 the record, the process. Because obviously
13 the process is not perfect. This is not a
14 matter of just sitting here and coming in here
15 and testifying are we going to give the \$25
16 million, are we not going to give the \$25
17 million because we are doing some good that
18 wasn't done before.

19 The program can always be better,
20 your program, whether it is the city's
21 process, or whatever it is. But even to the
22 extent that your process, your contracting
23 program is not the only contracting program in
24 town.

25 I think you should acknowledge that

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2 there are larger issues with regard to this,
3 some of them which actually deal with the
4 finance industry and issues that were raised
5 by this Council repeatedly over the last three
6 or four years that just are beginning to be
7 addressed recently.

8 How do you respond to that now?

9 MR. FULLARD: Councilman --

10 PRESIDENT VERNA: You can respond
11 very briefly.

12 MR. FULLARD: I can respond. Thank
13 you, Madam President.

14 You said a number of things that
15 does not involve me. Okay? As part of the
16 process, anything dealing with the banks and,
17 you know, PNC. I have yet to see PNC write a
18 bond for anybody in the City of Philadelphia
19 as it relates to the NTI program, that I know
20 of. But I know --

21 COUNCILMAN GOODE: That's because
22 they were not engaged in the Year 2000, when
23 it was offered to them.

24 MR. FULLARD: It is the question,
25 Councilman. I am trying to respond to that,

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2 that's all.

3 But PNC has been due diligent in
4 providing lines of credit, okay, for those
5 contractors. I know that much. As well as
6 Wachovia, Citizens, Fleet, and all of the
7 other banks.

8 And, also, PIDC has done a
9 tremendous job of loans and also lines of
10 credit that are in place now.

11 Now, I can't respond to something
12 that is going for or is still in the mix of to
13 happen. I am talking about cause and effect.
14 I am talking about things that are happening.
15 That's what I am speaking to. That's all I am
16 saying.

17 Of the things that we have done, and
18 that's all that I am responding to. I am
19 saying that we was contracted out to produce
20 15 prime contracts. That's what our mission
21 was.

22 COUNCILMAN GOODE: Let me end with
23 this.

24 You started your own testimony by
25 saying you shouldn't have to come up here and

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2 defend your program. Of course you should
3 have to come up here and defend your program,
4 but I am not sure who criticized your program.

5 The larger issue here is, you are
6 trying to say the system is not broke. There
7 is debate in terms of whether the system is
8 broke or not as relates to minority
9 contractors.

10 But whether it is broke or not --
11 let's suggest that you are right, it is not
12 broke -- it just recently got fixed.

13 MR. FULLARD: It ain't fixed. I am
14 telling you it ain't fixed.

15 African-Americans still only get 4.5
16 percent of the receipts here in Philadelphia.
17 We still have a long way to go. It ain't
18 fixed --

19 COUNCILMAN GOODE: But --

20 PRESIDENT VERNA: Excuse me. We are
21 not going to have cross-conferences like this.

22 Would you please address the Chair,
23 please. And, as I said, I am going to ask
24 that you be brief because people have been
25 waiting here since 10 o'clock this morning,

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2 and we would like an opportunity to hear
3 everyone.

4 We also have people waiting for
5 another hearing. So, again, I am going to ask
6 you to please be concise with your responses.

7 MR. FULLARD: Yes, ma'am.

8 COUNCILMAN GOODE: I am finished,
9 Madam President.

10 PRESIDENT VERNA: Thank you. Our
11 last witness is Mr. Steve Kauffman. Is he
12 here? Thank you, gentlemen. Mr. Kauffman.

13 Good afternoon, Mr. Kauffman. Thank
14 you so much for your patience.

15 MR. STEVE KAUFFMAN: I am Steve
16 Kauffman from Community Ventures. We are a
17 nonprofit developer of affordable housing here
18 in Philadelphia.

19 I wanted to follow up on some
20 testimony that feels like it occurred about
21 five years ago from Sue Sierra and also from
22 the Affordable Housing group. And I will try
23 to keep this down to two minutes.

24 Both of them suggested that NTI
25 dollars be transferred at some point to

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2 increase the acquisition budget by \$15
3 million, and also there was a suggestion that
4 the housing trust fund get an initial shot of
5 money from NTI.

6 And I spoke to Sue Sierra, I support
7 her testimony, and I said, where do these NTI
8 dollars come from, because it is finite. She
9 did suggest that those dollars could come from
10 demolition dollars that have not yet been
11 allocated coming out of future years. And I
12 just wanted to suggest that as a possibility.

13 The other point which has not been
14 stressed today in terms of finding additional
15 funding is the matter of the recycling
16 agreement.

17 As I think everybody here knows,
18 when the city, when the RDA, does take
19 properties, the initial budget, NTI budget,
20 does not take into account eventually unpaid
21 city taxes, water and sewer liens, demolition
22 liens, will come back.

23 And given that only, apparently, \$2
24 million of acquisition funding has actually
25 been spent, in contrast to the 60 million

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2 that's been allocated, what occurred to me was
3 that at this point in the game perhaps NTI can
4 estimate in a rough sense what that repayment
5 of taxes and back liens is going to
6 constitute, and basically borrow some of that
7 \$60 million that hasn't been allocated, take
8 some of that money, spend it now on
9 acquisition, and then repay that later,
10 replenish the pot with those tax receipts.

11 Because I think now enough
12 properties have gone through the process that
13 it should be possible to start figuring out in
14 a conservative way what those tax receipts
15 might be.

16 The other point I wanted to stress
17 was that with the Mayor's River City
18 initiative, there are NTI neighborhoods that
19 relate directly to the river, the two rivers,
20 and perhaps that initiative could be a source
21 of some of these acquisitions and even
22 development dollars for affordable housing.

23 As a developer, I am concerned
24 because there are a couple of projects that
25 we're involved in right now that are stopped,

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2 basically, for lack of acquisition dollars.

3 And, obviously, we can't respond to housing

4 needs unless that first step, which is

5 acquisition, takes place.

6 And thank you for the opportunity to

7 speak.

8 PRESIDENT Verna: Thank you very

9 much.

10 The Chair recognizes Councilwoman

11 Blackwell. One moment, Mr. Kauffman.

12 COUNCILWOMAN BLACKWELL: Madam

13 President, I only wanted to make a statement,

14 but I don't have a question for Mr. Kauffman.

15 I would like to thank him for his investment

16 and involvement in Southwest Philadelphia.

17 MR. KAUFFMAN: Thank you.

18 PRESIDENT Verna: Thank you, sir.

19 Do we have anyone else to testify on

20 this resolution?

21 COUNCILMAN COHEN: Can you tell me

22 what the effect of the resolution is and why

23 we have to vote on it?

24 I am very befuddled at this moment.

25 There have been some very important questions

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2 raised about the operation of NTI. There may
3 be good answers, there may not be.

4 I think we are just beginning to
5 touch the beginning of the program. Because
6 it took about three years --

7 PRESIDENT VERNA: Councilman Cohen,
8 this is a modification of a --

9 COUNCILMAN COHEN: Why do we have to
10 deal with the amendments now? It is very
11 early in the budget process. I would like to
12 have much more time to think about it.

13 MR. McPHERSON: Councilman Cohen,
14 these adjustments are for the current Fiscal
15 Year. These are not adjustments to the '05.

16 These are adjustments to the Fiscal
17 '04 NTI program. And the Administration had
18 indicated that they had pretty much exhausted
19 their demolition dollars.

20 And what they have requested to do
21 is to increase the amount allocated for
22 demolition by approximately \$25 million for
23 Fiscal '04, which will end on June 30 of '04.
24 They will be coming to City Council with the
25 '05 budget. And I think there is a

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2 requirement of 90 days before the end of the
3 Fiscal Year to have that submitted.

4 PRESIDENT Verna: Councilman Rizzo,
5 we are going to be ready to vote soon. Please
6 don't leave.

7 COUNCILMAN COHEN: It seems to me to
8 be a long time to be making a transfer of
9 funds.

10 If they are that close to going
11 broke, they should have raised this a long
12 time ago.

13 But you have had very important
14 questions raised by the Committee on
15 affordable housing. You have had other
16 interesting proposals about formulating a
17 special fund to make that affordable housing
18 or other housing available. I think this is a
19 time --

20 PRESIDENT Verna: Councilman Cohen.

21 COUNCILMAN COHEN: Madam President,
22 if I may be heard for why I am raising this
23 now.

24 I feel totally unable to vote on
25 this question because right now I don't know

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2 whether we spent already far too much on
3 demolition. There have been questions that no
4 one was able to answer.

5 When Councilman Goode raised the
6 question of the housing results, I didn't get
7 any answers. I don't know whether he felt he
8 got answers, but I doubt it.

9 I am just not ready to vote and I
10 don't understand why we should be put in a
11 position of the Administration waiting until
12 the last minute.

13 I don't believe they need that money
14 that desperately. And if they did, they
15 created that situation.

16 But I think we have got to meet the
17 question what's the need of Philadelphia. And
18 the need of Philadelphia, I think, is to meet
19 the kind of questions of today people are
20 getting inadequate housing service, and that's
21 the people on the affordable coalition and a
22 means of people who live in the small row
23 houses who suddenly find their houses taken
24 away, even though they lived there many years,
25 without any opportunity to know what's going

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2 on. I think they are the kind of housing
3 problems we have got to address at the same
4 time we deal with the NTI program.

5 I don't understand why this can't
6 wait at a regular order of business for
7 housing in Philadelphia. We are beginning
8 with the budget probably within a week or two.

9 PRESIDENT VERNA: Ms. Smith, am I
10 led to believe and is it accurate to say that
11 bids were put out on the package that we are
12 discussing?

13 MS. SMITH: Yes. We are ready to
14 move forward with a number of bid packages.

15 We initially transmitted the
16 resolution at the beginning of February, right
17 after Council came back from recess.

18 We recalibrated and looked at our
19 numbers at the close of the quarters which is
20 December, realized a projected a shortfall,
21 transmitted the resolution.

22 We had enough resources through
23 February, and we are doing as much as we can
24 to carry us through March. But we are at the
25 point where the large bid packages that we

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2 have awarded to date cannot go forward.

3 PRESIDENT VERNA: So this money is
4 for packages, bid packages, that have already
5 been awarded?

6 MS. SMITH: Yes, already been
7 awarded or ready to be awarded. All bid
8 approval forms have been approved.

9 PRESIDENT VERNA: What happens, Ms.
10 Smith, what happens if we don't go forward
11 with the bids that have been awarded?

12 MS. SMITH: If we don't go forward,
13 then what will happen, if we selected a low
14 bidder, that bid they have given us only stays
15 in place for that -- whatever the time.

16 So then we have to re-bid the whole
17 process. And some of the most recent bids
18 have been some of our better bids or numbers.
19 So there is greater risk of the numbers coming
20 back higher. Those are some of the
21 consequences.

22 COUNCILMAN COHEN: May I suggest
23 that, as a result of these hearings, I think
24 bids are going to come in much lower. Because
25 I think that up until now nobody was watching

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2 what was going on, and people were feeling
3 when bids came in, they had no choice, and the
4 bidders were having a great day.

5 There was a big pocketbook that was
6 wide open. The city had borrowed, what was
7 it, 275 or 295 million dollars. The till was
8 overflowing and the pressure was to spend the
9 money.

10 And they spent it so fast and they
11 got much less in return than they ever
12 promised to get for that expenditure of money.

13 I am afraid this program -- to
14 achieve the original goals of the first
15 program, I think we are entitled also to know,
16 and all the people of Philadelphia want to
17 know, what's it going to cost.

18 Because it is certainly going to
19 cost far more than \$300 million, if the cost
20 of demolition is doubling. And I am sure we
21 are way behind in the stated number of
22 demolitions that this kind of expenditure of
23 money would occur.

24 Could you get for us, is there any
25 way to calculate, or do we all have to work in

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2 the dark, as to how many projects have been
3 completed, what was the expenditure for those
4 projects, and what was the anticipated cost of
5 completing that number?

6 And I think you are going to find a
7 huge difference between the amount of money we
8 have spent and the number of projects that
9 that amount of money was supposed to deliver.

10 I think there has got to be a review
11 of the whole thing. Because, otherwise, I
12 think this city is going, at a time when we
13 all know there is supposed to be serious
14 financial problems, we are facing maybe double
15 the cost of the NTI.

16 I don't know what it is, because
17 nobody gives us any figures. And I am worried
18 to death. And I think the people of
19 Philadelphia have the right to find out what
20 it is going to cost.

21 And I think with all these other
22 existing housing difficulties we have heard
23 today, we ought to deal with the whole housing
24 problem.

25 Because this is not producing

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2 housing, actually; it is producing clean lots.

3 And as far as I know, even the homeless should
4 not be compelled to sleep on a clean lot.

5 I would like to find out what is
6 actually happening in housing and what money
7 has been spent and how many actual housing
8 units.

9 MS. SMITH: I would be happy to
10 provide that information, Councilman. And
11 also, as Council President Verna and Mr.
12 McPherson pointed out, when we submit the full
13 program budget for FY '05, we will look at the
14 issues around acquisition.

15 PRESIDENT VERNA: When do you think
16 we will receive that? I think Wednesday --

17 MS. SMITH: The preliminary plan is
18 due Wednesday, preliminary. And final will be
19 transmitted on the first of May, along with
20 the CDBG block grant final plan.

21 So that we are actually looking at
22 all the housing and community development
23 resources. That's how we did it over the last
24 two years.

25 And I will be sitting down with

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2 representatives from Council during the month
3 of April to review that plan, answer
4 questions, as well as gather up all the
5 information that's been requested.

6 PRESIDENT VERNA: Thank you.
7 Councilman, would you yield to
8 Councilwoman Tasco?

9 COUNCILMAN COHEN: Yes.

10 COUNCILWOMAN TASCO: Thank you.

11 The first package of demolition, the
12 first houses that were demolished, what was
13 the cost for those houses?

14 Because I have some houses -- I had
15 an appropriation of \$1.4 million. And I have
16 some houses that are going to be demolished, I
17 think, effective July 1.

18 Now, what happened to all the
19 appropriation I had before July 1, and what
20 was the cost of the bid going out?

21 I kind of agree with David in terms
22 of the cost factor. Did we pay \$11,000 for
23 all those houses that were demolished in West
24 Philly and Lower Philadelphia?

25 MS. SMITH: In Fiscal Year '03 we

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2 vary. 16, 12, 1.

3 COUNCILWOMAN TASCO: When was all of
4 this done?

5 MS. SMITH: In the first Fiscal Year
6 we only got to -- it looks like we awarded
7 through what we call the Kingsessing bid
8 package.

9 That includes -- so that includes --
10 so the first year we only got seven, we were
11 behind, seven bid packages out. Then we
12 started picking up in the beginning of this
13 Fiscal Year, that's why I said we really
14 doubled.

15 That's why when we came to Council
16 back in May of last year, we lowered our
17 projections based on what our experience have
18 been. But we were able to increase
19 production. So we got more bid packages out
20 on the street.

21 This amendment includes what we
22 anticipate contracting for through the end of
23 the Fiscal Year. That's in the highlighted
24 colors.

25 So, for example, Councilwoman, your

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2 district, as you know, we have been working
3 with you, I believe, for the last five or six
4 months other representatives have been working
5 with you on the Logan bid package.

6 We got the cost estimates, we
7 submitted them to you. And that number is
8 coming in -- our estimate was 3.9. And that's
9 what I believe you signed. Because everything
10 has to be submitted to you before it is
11 advertised.

12 COUNCILWOMAN TASCO: Maybe I don't
13 know the question to ask. But somehow or
14 another I find myself agreeing with Councilman
15 Cohen on the cost.

16 I just can't see how the cost went
17 up so high between the time you did the West
18 Philly, North Philly stuff, to now you are
19 getting -- and I think my letter says it
20 starts July 1.

21 Does that mean that this dollar
22 figure is for 2004 or 2005? The letter I got
23 that says that demolition will start in my
24 district July 1. The bid package is already
25 out.

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2 MS. SMITH: My understanding is that
3 you signed off on the bid approval form, but
4 we haven't -- I don't believe we have yet
5 advertised the Logan package.

6 COUNCILWOMAN TASCO: Madam
7 President, go to someone else, so I can figure
8 out what I am asking.

9 PRESIDENT Verna: Okay. The Chair
10 recognizes Councilwoman Blackwell.

11 COUNCILWOMAN BLACKWELL: Thank you,
12 Madam President.

13 I have been very concerned about the
14 whole NTI program. And not only demolition,
15 but stabilization and acquisition, because
16 they were all phases of NTI.

17 Last spring the city authorized 5260
18 properties to be acquired through the Urban
19 Renewal Act, 94, Spot Combination Process.
20 Currently that process is at a standstill due
21 to the lack of funding and processing.
22 Additional funding is needed to help ease this
23 process.

24 Through the introduction of NTI, we
25 engaged the public trust in believing that we

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2 would revitalize neighborhoods, and that's
3 what it is all about.

4 Also, private developers, Madam
5 President, also have to feel confident that we
6 will protect their investments by creating an
7 acquisition pipeline to clear blight in their
8 areas.

9 Due to decreasing subsidies and
10 affordable housing, most developers only end
11 up getting more than 20 to 50 properties at a
12 time because the project is spread out over
13 four years and they are not able to get
14 funding due to the lack of commitment to
15 acquisition dollars.

16 A massive demolition area's scarce,
17 scattered site, occupied structures still
18 remain, many of which are substandard housing
19 and where occupants want to move.

20 We have the case now where we have a
21 senior who is living in one of the last
22 remaining homes in a demolition area, this is
23 Mantua. She eventually had to moved because
24 she was robbed in her home at gun point three
25 times.

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2 On the same block another man wanted
3 to move, and this wasn't until last week,
4 because his home collapsed when demolition
5 occurred next-door. And these are areas where
6 the city pays double and triple due to these
7 kinds of problems.

8 Just last week when we had this
9 hearing, the partnership CDC testified, as did
10 other neighbors, about delighted structures
11 around the 45 and 46 hundred blocks of Sansom
12 Street.

13 Only half of this project has been
14 approved, and we are looking into that -- Pat
15 Smith has committed to doing that as of
16 Friday -- because we still have 11 occupants
17 there, in a development area, living in unsafe
18 housing. And that is where the Mayor signed
19 the NTI legislation.

20 Finally, Madam President, several
21 mom-and-pop entrepreneurs have bought into
22 NTI, too, as being a way that they can acquire
23 vacant properties in neighborhoods.

24 We even have businesses like the
25 Bottom of the Sea in West Philadelphia, local

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2 seafood restaurant that is becoming one of the
3 major ones in Philadelphia, who want to
4 acquire four lots next-door to expand their
5 building, to allow for off-street parking.
6 Another restaurant, the Venus Soul
7 Food Restaurant, in East Parkside, would also
8 like to acquire vacant lots.
9 My point is that we have private
10 developers also willing to pay for land. We
11 have asked the city to find a way to sell
12 property under condemnation to people who want
13 to give.
14 If the issue is money, let us find a
15 way to have a clear deed so people, private
16 investors, private developers, can buy
17 property and we can continue on with the NTI
18 agenda.
19 We love NTI, I have said all the
20 time the Mayor was campaigning, and still
21 continue to say that I am the number one
22 supporter. It is an innovative program that
23 makes a big, big difference in our city, but
24 we need acquisition dollars to make it a
25 reality.

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2 Having said that, we have a
3 commitment, I have in writing, from the chief
4 of staff of our city, that in the NTI program
5 for Fiscal Year '05, statement and budget
6 project to be submitted to us on Wednesday,
7 that the \$15 million will be included there
8 that will allow, at least in a small way, for
9 some of us to deal with emergency programs,
10 emergency problems, and some backlog with
11 acquisition projects.

12 And having said that, since we have
13 her commitment that the money will be included
14 in the statement we will receive on Wednesday,
15 I am happy to hold up -- it is only a few
16 days. I am happy to hold up with my
17 amendment, and I will not submit it at this
18 time. Thank you.

19 PRESIDENT VERA: Thank you.

20 The Chair recognizes Councilman
21 Clarke.

22 COUNCILMAN CLARKE: Thank you.

23 Ms. Smith, how many demolitions or
24 bid packages are in the current pipeline?

25 MS. SMITH: In the current pipeline?

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2 COUNCILMAN CLARKE: That we have
3 already selected the contractor.

4 MS. SMITH: I believe it is
5 Jefferson Square, so that's 72. I think
6 Belmont, that's 71. I think a lot of people I
7 have lost on the detail.

8 West Philly, I believe some of the
9 West Philly scattered sites, 38. Some of the
10 APM East, which is in the Seventh District,
11 and APM West, those are all that we went ahead
12 and selected and we are just pending notice to
13 proceed.

14 COUNCILMAN CLARKE: So we have
15 already selected those contractors?

16 MS. SMITH: Yes, they have been
17 awarded the contract. We haven't given the
18 issue to proceed.

19 COUNCILMAN CLARKE: How much of this
20 25 million will go towards those bid packages,
21 just estimate?

22 MS. SMITH: Well, with APM East and
23 West, what's holding that up from going
24 forward is the resources that we need to do
25 the asbestos monitoring, because we have

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2 exhausted that pot of money, also. So for APM
3 East and West, that's the holdup.

4 Let's see.

5 COUNCILMAN CLARKE: Do you
6 understand the question?

7 MS. SMITH: Ludlow. Jefferson
8 Square, that's about 1.8. I believe that's
9 ready to go. Belmont is 1.3.

10 We are awaiting Section 106 on some
11 of the Cecil B. Moore, the larger ones.
12 Ludlow is 81, that's 1.7.

13 Then we have the ones that were set
14 aside for the field training program for AAC,
15 and they are scattered throughout. And I
16 would say that's probably about another
17 million dollars.

18 COUNCILMAN CLARKE: So I actually
19 wasn't writing down the numbers. So
20 approximately --

21 MS. SMITH: That's how much we need
22 just for the ones that we warded the
23 contracts.

24 COUNCILMAN CLARKE: Did anybody add
25 that up? I was listening, I wasn't writing.

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2 The Councilwoman is passing me a calculator.

3 Say approximately 7 million?

4 MS. SMITH: Uh-huh. About 7 or 8.

5 The rest we have approved bid forms.

6 For example, Grays Ferry is an approved bid

7 form. Some of them are small bid packages.

8 We haven't awarded those -- I mean, we just

9 awarded for this past month. So, some of

10 that's included in here.

11 COUNCILMAN CLARKE: And those have
12 been authorized?

13 MS. SMITH: If what you are looking
14 for is the number, what I would like to do is
15 actually sit down and get the exact number.

16 COUNCILMAN CLARKE: I don't need the
17 exact number. I want to get a sense of how
18 much of that \$25 million that you asked for
19 authorization essentially will pay for
20 properties that are in the current pipeline
21 that have been signed off on.

22 MS. SMITH: It looks like about 12
23 million, I would say about half, particularly
24 so we could continue the small bid package
25 program.

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2 COUNCILMAN CLARKE: Are we bound by
3 law to adhere to that process, those
4 particular bids?

5 MS. SMITH: We have awarded. We
6 have selected a contractor.

7 COUNCILMAN CLARKE: So as we move
8 ahead, the remaining 13 million, every one of
9 those bid packages must be signed off by the
10 Councilperson?

11 MS. SMITH: They have been signed
12 off. They are ready to be advertised, or we
13 may be designing the bid package and we were
14 working towards putting out bids for them
15 before the Fiscal Year.

16 But the Council -- the only bid
17 package listed on this list that's in color,
18 the only one for which we do not have real
19 properties is the one for the Sixth
20 Councilmanic District, which is a small bid
21 package because we were --

22 COUNCILMAN CLARKE: The question
23 was, of the remaining \$13 million, have they
24 already been signed off by Council Members?

25 MS. SMITH: Yes. With the exception

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2 of Council District 6 that has ten properties,
3 that's \$210,000.

4 COUNCILMAN CLARKE: Okay. And, but,
5 the bids have not been awarded?

6 MS. SMITH: We have not advertised
7 and solicited, right.

8 COUNCILMAN CLARKE: So what process
9 will you use in the bid solicitation for the
10 remaining \$13 million to ensure that these
11 concerns that you have heard over the last two
12 days will be rectified?

13 MS. SMITH: Well, everyone feels
14 really good about the set of bid numbers that
15 have come in within the last two months. And
16 we can, for example, we can use that as a
17 benchmark.

18 And if the District Council agrees,
19 you know, we are reject all bids. I mean, it
20 is a consultive process.

21 COUNCILMAN CLARKE: Let me ask you
22 this: Since you have indicated that Council
23 Members have signed off on the remaining \$13
24 million worth of bids, is there a process that
25 we, essentially, can get a second bite at the

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2 apple to ensure that some of the concerns that
3 were raised, i.e., another process of sign off
4 by Council Members?

5 So we signed off just a little form
6 we did, you know, understanding primarily -- I
7 was primarily dealing with location and things
8 of that nature, not paying a whole lot of
9 attention to some of the cost-related issues
10 that have come out over the last couple of
11 days.

12 As we move ahead in this process,
13 since you haven't done any bid solicitations
14 or you haven't awarded any contracts prior to
15 any of that activity being signed off, can you
16 come back to those Council Members who are in
17 that loophole of sign-off and assure that the
18 concerns raised over the last two days have
19 been addressed?

20 MS. SMITH: Well, what we can do,
21 once we have opened the bids, say we put it
22 out and get numbers back, we open the bids,
23 and that's a public record, what they are.

24 The city always, in all of its
25 solicitation, reserves the right to reject all

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2 bids. And, you know, we can evaluate them and
3 say the costs are looking too high.

4 COUNCILMAN CLARKE: I am not asking
5 you about the city; I am asking you about
6 Council Members.

7 So the Council Members who are
8 traditionally in this process of sign-off will
9 have an opportunity to be involved in this
10 process.

11 And if they are not comfortable with
12 some of the pricing issues, some of the
13 participation issues, then those Council
14 Members can, through written form or whatever,
15 say, I am not comfortable with this, the
16 participation goal, I am not comfortable with
17 this, whatever, before we proceed on the award
18 of contracts?

19 We can be in a position to have
20 input into that process?

21 MS. SMITH: Yes, within the confines
22 of the Charter. Because the Charter does
23 outline how you --

24 COUNCILMAN CLARKE: I understand.

25 We were able to have a form early on

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2 that I was told didn't conform with the
3 charter, but we ended up doing it anyway.

4 And I would like to see a similar
5 approach as we move ahead on the -- if we move
6 ahead on the remaining 13 million.

7 Is that something that --

8 MS. SMITH: We would be happy to
9 work with you and the Procurement
10 Commissioner, and with Council and the
11 Procurement Commissioner, to make sure we add
12 that as a step in the process.

13 COUNCILMAN CLARKE: Okay. All
14 right. Thank you.

15 PRESIDENT VERNA: Thank you.

16 The Chair recognizes Councilman
17 Goode.

18 COUNCILMAN GOODE: Thank you, Madam
19 President.

20 Ms. Smith, did you testify to the
21 fact just now that the \$25 million that you
22 are requesting in additional money, some of
23 those contracts with been awarded?

24 MS. SMITH: We selected the
25 contractor. Then the contractor has to submit

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2 information to conform his contract. Then
3 before we give the notice to proceed, we have
4 to make sure the resource to pay that contract
5 is in place.
6 COUNCILMAN GOODE: So you are not
7 currently under legal contract for any portion
8 of that \$25 million?
9 MS. SMITH: You mean is there
10 executed contract? I'm not sure if there is
11 an executed contract.
12 COUNCILMAN GOODE: So you can't
13 execute a contract without having the money.
14 MS. SMITH: Right. We need to have
15 the money in place to award the contract.
16 COUNCILWOMAN KRAJEWSKI: Point of
17 order.
18 PRESIDENT Verna: Yes.
19 COUNCILWOMAN KRAJEWSKI: Madam
20 Chair, would it be out of hand if I would
21 request, our Fire Commissioner, who has been
22 sitting here since 1 o'clock, and I think it
23 is awful that he has to sit here because we
24 don't know how long we are going to be from
25 here on in.

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2 PRESIDENT Verna: I think the Police
3 Commissioner --

4 COUNCILWOMAN KRAJEWSKI: And the
5 Police Commissioner.

6 It just doesn't seem right that we
7 are holding them up for three hours.

8 PRESIDENT Verna: I think Councilman
9 Goode is the only one to --

10 COUNCILMAN GOODE: I have one other
11 question.

12 The other question is, with regard
13 to this process, you are not planning on
14 floating any bonds for this money; this is
15 money that is technically already in the bank,
16 which you withdraw on the next day?

17 MS. SMITH: That's correct.

18 COUNCILMAN GOODE: So the timing
19 question is whether you can draw down this
20 money as of this Friday, or you can draw down
21 this money two weeks later; is that correct?

22 MS. SMITH: I think we do drawdowns
23 once a month.

24 COUNCILMAN GOODE: The question is,
25 in terms of our process, whether you can draw

1 RESOLUTION NO. 040095 - 3/29/04

2 down this money as quickly as Friday or two
3 weeks from Friday?

4 MS. SMITH: That's correct. We
5 could, after we -- well, there is one other --
6 I forgot. There is one other thing that we
7 need to do.

8 There was a companion ordinance to
9 this called the appropriation -- to also
10 increase the appropriation authority by \$25
11 million. And we still actually have to have a
12 hearing on that piece, too. I almost forgot
13 about it.

14 COUNCILMAN GOODE: So technically
15 you probably can't draw down this money until
16 two weeks from Friday?

17 MS. SMITH: Yes. We need the
18 appropriation ordinance in place, also.

19 PRESIDENT Verna: Thank you.

20 Any other questions from members of
21 the committee?

22 Anyone else to testify on this
23 resolution?

24 Seeing none, this will conclude our
25 Public Hearing.

1 RESOLUTION NO. 040095 - 3/29/04
2 (Public Hearing adjourned.)
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2 COUNCIL OF THE CITY OF PHILADELPHIA
3 PUBLIC MEETING
4 of the
5 JOINT COMMITTEES OF THE
6 WHOLE and HOUSING, NEIGHBORHOOD DEVELOPMENT
7 AND THE HOMELESS
8 - - -
9 Monday, March 29, 2004
10 - - -
11 Public Meeting conducted by the
12 Joint Committees on Whole and Housing,
13 Neighborhood Development and the Homeless,
14 held in Room 400, City Hall, Philadelphia,
15 Pennsylvania, on the above date, to consider
16 action on the following:
17 RESOLUTION: 040095
18 - - -
19 PRESENT:
20 COUNCIL PRESIDENT ANNA C. VERNA
21 COUNCILWOMAN JANNIE L. BLACKWELL
22 COUNCILWOMAN BLONDELL REYNOLDS BROWN
23 COUNCILMAN DAVID COHEN
24 COUNCILMAN W. WILSON GOODE, JR.
25 COUNCILMAN JUAN F. RAMOS
COUNCILMAN FRANK RIZZO
COUNCILMAN FRANK J. DI CICCIO
COUNCILMAN DARRELL L. CLARKE
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILWOMAN DONNA REED MILLER
COUNCILWOMAN MARIAN B. TASCO

1 PUBLIC MEETING - 3/29/04

2 PRESIDENT Verna: We will now go
3 into our public meeting.

4 And the Chair recognizes
5 Councilwoman Blackwell.

6 COUNCILWOMAN BLACKWELL: Thank you,
7 Madam President.

8 I move that resolution number --

9 PRESIDENT Verna: Councilwoman, I
10 believe we have to adopt the amendment.

11 COUNCILWOMAN BLACKWELL: Absolutely.
12 Madam President, I move --

13 PRESIDENT Verna: Exhibit D.

14 COUNCILWOMAN BLACKWELL: Thank you.

15 I move that we adopt the amendment
16 to replace Exhibit D with regard to Resolution
17 No. 040095.

18 (Duly seconded.)

19 PRESIDENT Verna: It has been moved
20 and seconded that the amendment be approved.

21 All in favor will say aye.

22 All those opposed?

23 PRESIDENT Verna: The ayes have it.

24 And the record will indicate that Councilman
25 Cohen has abstained.

1 PUBLIC MEETING - 3/29/04

2 Again, the Chair recognizes
3 Councilwoman Blackwell.

4 COUNCILWOMAN BLACKWELL: Thank you,
5 Madam President. I move that Resolution No.
6 040095 as amended be reported out of committee
7 with a favorable recommendation.

8 (Duly seconded.)

9 PRESIDENT VERNA: It has been moved
10 and seconded that Resolution No. 040095 as
11 amended be reported out of committee with a
12 favorable recommendation.

13 All in favor will say aye.

14 Those opposed?

15 PRESIDENT VERNA: Councilman Goode
16 is voting nay. Am I correct, sir? And
17 Councilman Cohen is abstaining. The record
18 will so reflect.

19 And Councilman Clarke, who was not
20 in the room, wants to be recorded aye.

21 To the Commissioners, we do
22 apologize, but this too was a very important
23 issue. We never thought it would take as long
24 as it did.

25 This concludes the public meeting.

1 PUBLIC MEETING - 3/29/04

2 Thank you all very much for your patience.

3 (Whereupon the Public Meeting

4 adjourned at 4:05 p.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the
foregoing proceedings of the Council of the
City of Philadelphia of Monday March 29, 2004,
were reported fully and accurately by me, and
that this is a correct transcript of same.

RE: COMMITTEES OF THE WHOLE and HOUSING,
NEIGHBORHOOD DEVELOPMENT AND THE HOMELESS

DEBRA A. WHITEHEAD

