COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE OF THE WHOLE - BUDGET

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, March 11, 2008
10:20 a.m.

- - -

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM GREENLEE
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN BRIAN J. O'NEILL
COUNCILWOMAN MARIA QUINONES-SANCHEZ
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

BILL 080156 - An ordinance adopting the Operating Budget for Fiscal Year 2009

- - -

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COUNCIL PRESIDENT VERNA: Good morning, everyone. This is the continued public hearing of the Committee of the Whole regarding Bill No. 080156.

I believe the first department will be the Mayor's Office.

(Witness approached witness table.)

COUNCIL PRESIDENT VERNA: Good morning. Please identify yourself for the record and proceed with your testimony.

MR. ARMBRISTER: Good morning, Council President Verna and members of City Council. I am Clarence Armbrister, Chief of Staff in the Office of the Mayor. On behalf of Mayor Michael A. Nutter, I am pleased to provide testimony on the proposed Fiscal Year 2009 Operating Budget.

In the Five-Year Financial and Strategic Plan, Mayor Nutter indicated that his Administration would focus efforts on achieving results in six key areas. Those areas are public safety, education, jobs and economic development, healthy and sustainable communities, ethics, and customer service.

As part of their budget presentations to City Council during this FY2009 hearing process, individual departments will be discussing their plans to achieve results in these six areas. The role of the Mayor's Office is to provide the necessary leadership, direction and support to departments so that they may achieve success in each of these key areas. The FY2009 budget as proposed provides the necessary funding for the Mayor's Office to accomplish these objectives.

The FY2009 General Fund budget as proposed by the Office of the Mayor includes $6.2 million in Class 100 funds to provide compensation for 84 employees, representing an increase of $1.5 million over the Fiscal Year 2008 estimated obligation level. These additional dollars will fund critical positions in the Mayor's Office such as the Director of Arts and Culture, the Director of the Office of Sustainability, Chief Integrity Officer, staff in the Office of Correspondence and Constituent Services, the staff in the Office of Legislative and Government Affairs. These positions are necessary to achieve success in the six key objective areas and will allow us to improve communications and enhance our relationships with the City Council as well as improve services to the general public.

Other proposed General Fund appropriation levels remain unchanged from FY2008 and include $828,546 in Class 200 funds for the purchase of services; $76,695 in Class 300/400 for materials, supplies and equipment; and $204,221 in Class 500 funds for contributions. This includes $200,000 in the scholarship fund to continue the Mayor's Office scholarship program for Philadelphia students who attend classes at area colleges and universities.

The proposed budget includes $1.06 million in Grants Revenue funds to support the activities of the Mayor's Commission on Aging. This grant funding represents an increase of $76,441 over FY2008 levels and comes principally from the federal government to enable the Mayor's Commission on Aging to assist older adults with job counseling, training and placement, and health insurance counseling.

The FY2009 budget for the Office of the Mayor includes approximately $1.4 million for the Neighborhood Transformation Initiative. The Administration is undertaking a review of this program to determine how we want to move forward with this initiative. We hope to complete this review and be in a position to provide further details on the direction of this program in the near future.

I am pleased to report that the Mayor's Office has achieved a 30 percent participation rate in contracting opportunities for minority and female-owned businesses in Fiscal Year 2008.

At this time, I would like to recommend amendments to the language in the General Provisions, Section 15 of the bill that is before Council for consideration. Subsections 2 and 3 of the bill provide the Finance Director with certain discretionary authority to transfer budgetary expenditures between departments when functions are transferred from one department to another or when employees of any one office are used by another office. I am recommending that this language be revised to state that "any such transfer is subject to City Council approval via ordinance."

In addition, Subsections 6, 11 and 13 allow the Finance Director certain

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discretionary authorities. I am recommending at this time that language be added to indicate that upon exercising any of these actions, "the Director of Finance shall provide written notice to the President and all members of the Council, with a copy to the Chief Clerk of Council, detailing such action." These changes to the General Provisions will make them consistent with the General Provisions included in the Fiscal Year 2008 Operating Budget ordinance adopted by City Council.

You will be hearing testimony from the Mayor's Office of Community Services, the Office of Housing and Community Development, the Office of Labor Relations and the Mayor's Office of Information Services on their Fiscal Year 2009 Operating Budget requests later in today's hearings.

I want to thank you for your support, and I appreciate this opportunity to provide testimony regarding the Mayor's proposed Fiscal Year 2009 Operating Budget. I will be happy to answer any questions that Council may have regarding my testimony.

COUNCIL PRESIDENT VERNA: Thank you very much.

I believe your office is asking for an increase of 22 positions from your 2008 General Fund budgeted position level. Can you explain for the record what are these new positions and why are they needed?

MR. ARMBRISTER: Yes, I can. The principal positions that are being increased that weren't in existence prior to the prior year revolve around three new positions that include the Office of Sustainability, the Office of Arts and Culture that is being reopened, as well as a private sector initiative. In addition to which we're also trying to increase the support we have in the office, particularly in the area of constituent services, so that we can be more responsive to inquiries that are made of the office, as well as increasing our numbers in the Office of Legislative Affairs so that we can make sure that we have more cooperation and communication with not only Council but other government-related agencies, including the federal and the state level.

COUNCIL PRESIDENT VERNA: Also on Page 2-27 you are requesting $400,000 for lobbying services. How will you be selecting the lobbyists and what issues will they be working with?

MR. ARMBRISTER: With respect to our lobbying efforts, the current Administration, what we've done is, we have sat down and interviewed each one of the lobbyists that are under contract. This is a process that has started with the Mayor's involvement within the last several weeks. And we are now making determinations as to the extent to which we will retain lobbyists for both our state and federal activities. We haven't made any final determinations as yet, but we recognize that the resources that we have may be somewhat limited in that, what we have, the $400,000, but we are going to make sure that we can utilize those resources to the fullest effect to make sure that we get the best out of both of our federal lobbyists and our state lobbying efforts.

One of the things that the Mayor had indicated during the course of the campaign is that, for example, in one of the positions that we've increased in terms of the Legislative Affairs Office is to have a Philadelphia employee in Harrisburg, and as a consequence, if we're able to do that, we might be able to cut back slightly on some of our contracted services.

So we are currently in the process of trying to determine if we can identify someone who can fill that role, who will be principally in Harrisburg as an employee working on behalf of the City and the citizens of Philadelphia.

COUNCIL PRESIDENT VERNA: So at this point, how many lobbyists do you anticipate hiring?

MR. ARMBRISTER: Well, that's a hard question. I will tell you at this point, based on the prior Administration, I think we have counted there were eight outside lobbying firms. It's probably fair to say that that number will probably be less than eight when we are complete with our process.

COUNCIL PRESIDENT VERNA: Thank you.

On the same page, you are requesting $100,000 for consultant services. How will these funds be used and how will the consultants be selected?

MR. ARMBRISTER: The hundred thousand dollars in consultant services is for -- they're not identified. They're to be determined, but whatever consultants that we select in the Office of the Mayor and others, we will use the appropriate transparent contracting process. It will be subject to bid. It will be subject to a very open process.

COUNCIL PRESIDENT VERNA: Within the Mayor's Office is the NTI Empowerment Zone. Can you explain what the major objectives are for this unit?

MR. ARMBRISTER: Well, there were several in the prior Administration. What we are doing, Council President, is that we are evaluating -- reevaluating, I should say, the work of that unit. To date, we have not found any reason certainly to change significantly the focus of that unit, but they have been tasked with doing grant reviews, grant proposals and evaluation of the work.

It is fair to say that the NTI office as it's currently constructed and the resources that are allocated to that may be in the future reallocated. We tend to believe, at least our preliminary review of that work suggests, that some of that work might be better situated in the Commerce Department, but we haven't made any final determinations of that. So we're still undergoing a review of that.

COUNCIL PRESIDENT VERNA: Can you tell us what the balance of the NTI bond funds is at present?

MR. ARMBRISTER: I can't tell you right now, but I can get that information for you, Council President.

COUNCIL PRESIDENT VERNA: I'd appreciate that. And I would also like to know how these funds will be distributed.

MR. ARMBRISTER: Certainly.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair at this time recognizes Councilman Jones.

COUNCILMAN JONES: Good morning, Mr. Armbrister.

MR. ARMBRISTER: Good morning, Councilman Jones.

COUNCILMAN JONES: Two quick

questions. By utilization of whatever lobbyists you select, may I make a suggestion that you also incorporate the interests of this Council? You have people who are on various committees that could serve as an auxiliary force to go to Harrisburg or to Washington. Councilwoman Blackwell on housing and homelessness has had a long track record on such issues and probably has relationships at the Harrisburg and federal level that might be useful to lobbyists, whether we talk about paperless society, whether we talk about Councilman Clarke's efforts and Miller's efforts in gun lobbying. Working as a unit together with the region as well on certain issues such as parks, recreation and transportation, we share boundaries with the county officials. If we go in a unified fashion, I think we have a greater opportunity to bring some resources from Washington and Harrisburg.

MR. ARMBRISTER: I would

certainly agree with you, Councilman. We view lobbyists' efforts not on behalf of the Administration, but on behalf of the City as a whole. So we will take a very broad view regarding our lobbying efforts and we'll take your suggestion certainly under consideration and try to utilize the efforts of all of the talent in the City government.

COUNCILMAN JONES: The only other question I have is in reference to the scholarships that are produced by the Administration and the Mayor's Office, and in light of the cutbacks of THIA and the problems based on some of the subprime lending and some of the investors pulling back, is there any way that the Administration might consider increasing that scholarship portion for young people who might have been hit, devastated by the cutbacks of THIA?

MR. ARMBRISTER: I mean, Councilman, we can certainly look at that. In terms of kind of a holistic approach, we're certainly looking at all of our efforts in terms of trying to support college-bound students, not only with this scholarship, there are other scholarship programs around the City that we are looking to support. So we can certainly look at this in the context of our entire scholarship program.

COUNCILMAN JONES: Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam President.

Good morning, Mr. Armbrister.

MR. ARMBRISTER: Good morning, Councilman.

COUNCILMAN GREENLEE: Actually, I was going to ask about the scholarship program, too, but just to piggyback on what Councilman Jones said, that $200,000, is that the same as last year? Is it an increase or decrease?

MR. ARMBRISTER: I think it's the same as last year.

COUNCILMAN GREENLEE: You think it's the same?

MR. ARMBRISTER: Yes.

COUNCILMAN GREENLEE: Okay. I see Mr. Dubow shaking his head, so thank you.

MR. ARMBRISTER: Yes.

COUNCILMAN GREENLEE: The other question I had, on the Office of Correspondence and Constituent Services, is that basically what the Mayor's Action Center is or is that different?

MR. ARMBRISTER: No. It's a little different. The Office of Correspondence and Constituent Services, in a kind of holistic approach, they should feed into one another and there should be somewhat of a symbiotic relationship between the two. But the Office of Constituent Service is really the first point at which correspondence comes in -- the voluminous amount of correspondence comes into the Mayor's Office, and, frankly, we have a hard time keeping up with the correspondence that we get.

COUNCILMAN GREENLEE: I can imagine. So do we.

MR. ARMBRISTER: And it's a matter of trying to get appropriate systems and appropriate routing. So one of the things that we're trying to do, particularly when you think more broadly about the application of 3-1-1 and PhillyStat, that all contacts that are made with respect to the Administration should be noted. We should be able to say, for example, how many contacts a particular constituent has made. And we are hoping to get to that point with the help of some technology. But this is really the kind of front line of where correspondence comes into the office.

COUNCILMAN GREENLEE: So that's not like the first floor there where people can walk in? This is something a little different?

MR. ARMBRISTER: Right. Right. It happens to be on the first floor, but it's not the Mayor's Action Center.

COUNCILMAN GREENLEE: Okay. And on that same note, is that a totally new office or is that --

MR. ARMBRISTER: No, no, no. It's not a totally new -- I'm sure that in prior Administrations they had a correspondence office. It's probably maybe one or two more people than they've had before.

COUNCILMAN GREENLEE: Okay. Got you. Okay. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Madam President.

Good morning, Mr. Armbrister.

MR. ARMBRISTER: Good morning,

Councilman Green.

COUNCILMAN GREEN: I noticed, I guess, the total increase over FY08 for the Mayor's Office is 35 percent, and I'm just wondering the effectiveness of this increased staff should be measured next year when you're back before us.

MR. ARMBRISTER: Well, I would hope and based on the approach that we've taken to try to measure outcomes and things like that, one of the things that we tried to task the staff to think about is how do we measure our success, and one of the things that I've often thought about regarding the measurement of success is our responsiveness to inquiries. As you can imagine, the Mayor's Office is a focal point of a lot of inquiries, and our ability or, quite frankly, our inability to be responsive to inquiries from the Council, inquiries from outside of the government reflects poorly on the operations of government.

So one of the things that I

would like to task the Mayor's Office is a standard against which we can be judged, that we're responsive, we're accurate in our responses and we get back to people when we say we're going to get back to them.

COUNCILMAN GREEN: I guess you've added a new Office of Correspondence and Constituent Services?

MR. ARMBRISTER: Well, as I just explained to Councilman Greenlee, it's not a new office in the sense that the function is new. What we've probably done is we've enhanced that office with a couple more people. It may be a different name than it might have been described before.

COUNCILMAN GREEN: The Office of Legislative and Government Affairs has gone from one person to five or six people, and so in the total sort of money available for lobbying activities, it's almost doubled from the previous year, private sector, private lobbyists and then on the public side, and I was just wondering what our plans are for Washington, DC and other places more specifically.

MR. ARMBRISTER: Yeah. Our plans, as I noted a little earlier, is that we've recently taken it under review and met with each of the lobbyists under contract for the City -- there were a total of eight of them -- and looking at what they did under the previous Administration and where we would like to go. It is very likely that going forward it will be less than eight.

Some of the savings -- and, quite frankly, there aren't much savings, quite frankly, because one of the things we noticed when we got in was that the stated contracts for those in total were more than the budgeted amount. So to the extent that we cut back, we're basically cutting back to get within the budget. We had hoped that we would be saving some money and will be able to apply some of that money to the increased personnel that we're hiring.

That being said, the Mayor strongly believes that having someone certainly in Harrisburg who is an employee of the City is something that we would like to do. So we are pursuing that as we speak, that we would try to identify someone who is an employee of the City of Philadelphia who might work and get supplemented by contracted lobbyists to represent our interest in Harrisburg.

We had a similar thought with respect to the federal government as well, and in talking to the lobbyists and among ourselves, we're not sure that that model is -- the same model will work in the federal government, that actually we need to have someone in Washington. I think our approach at least right now would probably be not to have someone permanently in Washington, but to have a couple of contract lobbyists supervised by this enhanced office that we have here in Philadelphia. So that's essentially our strategy that we're trying to employ as we speak.

COUNCILMAN GREEN: In terms of applying for grants or getting resources for Philadelphia in Washington, will the local office take responsibility for tracking legislation, getting the software necessary to do that? Because lobbyists charge a lot more money for that than can be done in-house, and I'm just wondering --

MR. ARMBRISTER: One of the things that came out in the course of our discussions is that you can pay lobbyists for that and you're right, you'll probably pay them a lot of money. There are also services that are a lot less than lobbyists that can also provide that service that we've been -- that have come to our attention. So between either a service and/or contract lobbyists or the enhanced personnel that we have, we will be able to continue to track the legislation in Harrisburg and also be able to work -- in working with our contract lobbyists, be able to secure what we hope are increased resources for the City of Philadelphia through grants and other appropriation requests.

COUNCILMAN GREEN: You mentioned that with respect to NTI you're undertaking a review of this program to determine how we want to move forward with this initiative, and you've added two staff people, though, at a cost of 99,000 and I was wondering if you could discuss that. Section 2, Page 29.

MR. ARMBRISTER: Yeah. I'm not familiar with the two new positions that are reflected here, Councilman. I have to get back to you on that, but with respect to the overall program, NTI, what we have done --

(Bell rung.)

MR. ARMBRISTER: What we are doing is undertaking this review to make sure that the allocation of and responsibility for the supervision of the work that needs to be done is in the appropriate place. NTI under this rubric is in the Mayor's Office. We think that going forward it may work better if some of those folks were placed in the Commerce Department and some were retained under the supervision of the Mayor's Office.

Some of the work that's being done by the units that are reflected in our budget are some of the kind of supportive work. They're doing grant reviews, follow-up and things like that, and we think that in the longer term, some of that work might be better done in the Commerce Department. I will get back to you to find out what these two new positions are that are reflected here in the NTI.

COUNCILMAN GREEN: Thank you.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam President.

Chief of Staff Armbrister, I'm pleased to hear today about the beefing up, staffing up of some of the areas of the Mayor's Office, because the Mayor is the chief executive of the City and you don't know on how many occasions people contacted me and said, You know, we got a letter back, a response from a Councilmember, but we didn't hear from the Mayor's Office, and I always took it as very embarrassing to our city, that people would write to a Mayor and not get any communication back.

So it's good to hear that you're going to enhance that Correspondence Unit and Constituent Services, because in the past, it's not been the best situation when someone writes to a Mayor and doesn't get a response.

MR. ARMBRISTER: Yes. Thank you, Councilman. As I said, our standard in terms of effectiveness will be the extent to which we get back to people. And we're not where we need to be yet. We've run into some bottlenecks and things like that, but hopefully -- and we have a lot of people working very, very hard to try to make sure that we're responsive to requests both from Council and outside of the government.

COUNCILMAN RIZZO: Great. Thank you very much.

MR. ARMBRISTER: Thank you.

COUNCILMAN RIZZO: I expect a "thank you" note.

MR. ARMBRISTER: Thank you.

COUNCILMAN RIZZO: Got it. Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam President.

Good morning.

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MR. ARMBRISTER: Good morning, Councilman. How are you this morning?

COUNCILMAN CLARKE: Real quick, one, with respect to measuring the standards of effectiveness, you said that we'll measure it to some degree as it relates to your ability to get back to people and respond to Councilmembers, and I'm assuming that it also means resolving the issue.

MR. ARMBRISTER: Certainly. That goes unstated, but it should be stated. Yes, we want to resolve --

COUNCILMAN CLARKE: It's one thing to give me a response, "I got your letter, it's okay." At the end of the day, we really want you to resolve the problem.

MR. ARMBRISTER: I can't promise that every resolution will be to everyone's satisfaction, but they will be resolved.

COUNCILMAN CLARKE: Does this enhanced staffing put you in a better position to resolve the issue or, at best case, all you can do as it relates to resolving the issue?

MR. ARMBRISTER: We would certainly hope so, Councilman.

COUNCILMAN CLARKE: All right. With respect to lobbying, during the last -- or the time I've been a Councilmember, there's been occasion that Councilmembers have a particular interest about legislation or NOFAs, funding opportunities, both in the federal and the state level, and we were basically limited to our ability as Councilmembers to kind of hear about and find out about it.

As you enhance or change the nature of your lobbying efforts and grant-seeking efforts both in Harrisburg and in the federal level, is there a way -- and I know Councilman Jones referenced the fact that Councilmembers want to be in that loop in some degree, but is there a way other than adding a lobbyist to our staff that we can be a part of a process that allows us to solicit funding from other governments, agencies?

As an example, I was recently talking to individuals from the Police Department and MOIS about the funding issues relating to the camera program and some other shot spotters and some other types of activities related to anti-crime initiatives, and I was prepared to -- because I know that Councilwoman Miller and I and a number of other Councilmembers have had discussions with people at the state level. They indicated to us that they were prepared to bring some revenue to the table to support our efforts, and then I was told that someone from the Mayor's Office was also working with the state and possibly the federal government as it related to some Justice Department resources.

Is there a way or can you make sure that there's a way that we are part of that process, not in just giving us a heads-up, but actually in terms of soliciting funding? Because we have a number of Councilmembers who are veterans not only of government, but are veterans of advocacy groups and working in the communities and we bring a lot of knowledge as it relates to things that are needed in the neighborhood.

MR. ARMBRISTER: Councilman, I think that's a great idea, and I think the Administration will make sure that we reach out to Councilpeople and try to set up a regular means of communication about our lobbying efforts in terms of what the Administration is looking for to do. And as I said earlier in response to Councilman Jones' point earlier, we are working for the benefit of the entire City, as are you, and --

COUNCILMAN CLARKE: Sometimes we don't --

MR. ARMBRISTER: We may disagree, but we're all working for the benefit of the City. We may have differences of opinion, but to the extent that there are opportunities to enhance the resource level of the City in a way that benefits our citizens, I can't imagine a situation where the Administration would not want the support of Councilpeople, and I will assure you that we will try to set up a mechanism where that can routinely happen so it's not episodic, but it's a matter of structure.

So let us give some thought to how we might do that and make sure that we understand the interests of the various Councilpeople and make sure that you're included when there are opportunities to make those requests.

COUNCILMAN CLARKE: Let me ask you a question relating to that. Do you think it could potentially be problematic if, say, for instance -- and I'm clearly not speaking for the Council President or anybody else in Council, so I don't want people to get concerned -- that if somehow Council had a lobbyist that dealt with the interests of Council and they may actually be comparable to some degree with the Administration or to all degrees, could that be problematic for what the Administration would be attempting to do?

MR. ARMBRISTER: Well, I can certainly imagine a situation, Councilman, where you don't want a city to be at cross purposes with itself before another entity, and I think that that would be the one concern about the various branches of government having their own lobbyists. I mean, I think at some point we have to go in when we're making requests, particularly of other governments, as somewhat of a united front. There may be differences of opinion about how we do things, but I think once the "ask" is being made, I think it's really incumbent upon us to go in with a very clear, precise and united front about what it is we want for the citizens in the City. So I think it might be somewhat problematic in that sense.

(Bell rung.)

COUNCILMAN CLARKE: Okay.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

Mr. Armbrister, can you explain to us what the Stability Office is?

MR. ARMBRISTER: Excuse me?

COUNCIL PRESIDENT VERNA: Stability.

MR. ARMBRISTER: You mean Sustainability?

COUNCIL PRESIDENT VERNA: Sustainability. I'm sorry. Can you tell us what that is, how many employees will they have, what will their responsibilities be?

MR. ARMBRISTER: Yeah. It's probably somewhat of a misnomer to call it an office in a grand sense. What we've identified is a position for an individual which will be reporting into the Mayor's Office, but probably have as much contact with the Commerce Department as possible. And the mission is, quite frankly, to coordinate and monitor the efforts in the various agencies and departments to improve the environmental quality. This is about environmental quality, making sure we lower energy consumption, costs, promote long-term sustainability and foster economic development.

Now, currently, there are several initiatives underway in the City government. What this office does would bring focus, we think, focus to and coordination citywide to these efforts.

COUNCIL PRESIDENT VERNA: I was just asking Mr. McPherson, to my recollection, I think we did have an energy czar who used to come in and testify every year, and he'd tell us to turn the lights out as we were leaving the office, and that was supposedly saving us energy.

Do we still have that employee on our --

MR. ARMBRISTER: Apparently we do have -- the energy czar is still around, apparently. I'm not sure -- they're saying I'm not sure if "czar" is the right word. But this is --

COUNCIL PRESIDENT VERNA: I think it was the Office of Energy.

MR. ARMBRISTER: Yes. But this goes beyond just energy, I think. I mean, it really is a comprehensive approach to kind of bring into the very fabric of the government the idea of bringing sustainable efforts in everything that we do, be it recycling efforts, be it with respect to how we construct our buildings, capital projects and things like that. So we thought it was a very important initiative, one that would warrant a position. And what we are going to do is to go back and bring within the rubric and under the umbrella of this office a person, if you will, all of those efforts in a much more coordinated fashion.

COUNCIL PRESIDENT VERNA: And I believe earlier in your testimony you mentioned about private sector initiatives. Can you elaborate on that, please?

MR. ARMBRISTER: Yes. This is again an initiative that the Mayor talked about during his campaign where we would like to establish a better relationship with the business community to make sure that we can utilize the resources and services of our strong business leadership here in the City of Philadelphia and to create initiatives, private sector initiatives, where we might have executives on loan, for example, from the business community and this person would run that program on our behalf, where we would get a senior executive officer of a large corporation to come in and assist us with some specific task in the government pursuant to which they would have some particular knowledge, and we're very hopeful to secure the services of someone who can help us coordinate those efforts.

COUNCIL PRESIDENT VERNA: Thank you.

At this time, the Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Madam President.

Just with respect to the lobbying comments both made by Councilman Jones and Councilman Clarke, to the extent the City has some sustained effort, many of us do have friends who are in the Legislature or in Congress, et cetera. We'd be happy to make phone calls. A coordinated effort like that might be useful so you're not there out on your own if you're trying to do something for the City of Philadelphia.

The other thing is Deputy

Mayors. I read in the paper -- I don't know if this is true -- that a lot of people were given Deputy Mayor titles in order to have -- because the salary available to them, say, for the Managing Director or for the Commerce Director weren't enough to attract the talent that you did attract, which I'm glad is here, but I don't see any line item for Deputy Mayors in the Mayor's budget and I'm just wondering where that money is coming from.

MR. ARMBRISTER: The Deputy Mayor under our structure from the budget standpoint are all in the Managing Director's Office. So they have both the title of Deputy Mayor and Deputy Managing Director. So they show up in the budget document in the Managing Director's Office.

COUNCILMAN GREEN: But Andrew Altman is reporting to the Mayor, not to Camille Barnett.

MR. ARMBRISTER: Right.

There's a dual -- well, Andy Altman is a different example, because technically he's a Commerce Director as well as a Cabinet officer, but the organizational chart should reflect the fact that there is a kind of dual reporting relationship for coordination and policy development that goes with the Deputy Mayors/Deputy Managing Directors up to the Managing Director and also a direct line for him into the Mayor's Office.

COUNCILMAN GREEN: Okay.

MR. ARMBRISTER: So it's a dual reporting relationship. But those positions are reflected, the Deputy Mayor and Managing Director for Public Safety, the Deputy Mayor for Health and Opportunities, those are reflected in the Managing Director's budget.

COUNCILMAN GREEN: Thank you.

MR. ARMBRISTER: You're welcome.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Just to follow up on a lot of the conversation about the lobbyists and the relationship with Council, one suggestion that -- I had a one-on-one with Mayor Nutter and talked about an office where RFP opportunities, budget opportunities, both at the federal, state and private level could be reviewed by staff of the Administration, and I was told that that office actually exists somewhere within government. And if it does, good. If it does not, let's create it. But if we have representation from Council, it might be helpful as a liaison to -- it might satisfy a lot of the Council's interests by incorporating that office and with members or their staff to look at opportunities both at the federal and state level that we could bring home.

We did a tour yesterday of the Philadelphia Gas Works. One of the issues there is that there's infrastructure that is over a hundred years old, many of it in Councilman Clarke's district. There might be funding available from various departments ranging from Homeland Security to -- that this city, this municipality, is eligible for, but if we kind of all take a look at it together, we can be helpful in making those phone calls and kind of carrying the City's water, if you would, to try to bring home resources.

MR. ARMBRISTER: I appreciate that.

COUNCILMAN JONES: So if there is an office, we should plug into it. If there is not an office, we should create it.

MR. ARMBRISTER: Okay.

COUNCIL PRESIDENT VERNA: Are you finished, Councilman?

COUNCILMAN JONES: Yes.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you,

Madam President.

Mr. Armbrister, I actually want to change my line of questioning. Why are the Deputy Mayors in the Managing Director's Office? Let me understand that again. If they're Deputy Mayors, why wouldn't they be in the Mayor's Office?

MR. ARMBRISTER: Well, the titles are both Deputy Mayors/Deputy Managing Directors. When the organization --

COUNCILMAN CLARKE: Oh, is that the title? I didn't know there was a slash.

MR. ARMBRISTER: Yeah. We kind of refer to them shorthand as Deputy Mayors, but they have kind of both dual titles to reflect the dual reporting relationship. And most -- I think the most appropriate reason for that is that as the heads of those operating departments which report to them -- and under the whole structure, of course, you know the Managing Director was the head of the ten operating departments -- we thought from a budgetary standpoint it was more appropriate to reflect them as heads of those organizations in the Managing Director's Office from a budgetary standpoint. So from a policy budgetary direction, we view them as kind of a dual reporting to both the Mayor and the Managing Director.

COUNCILMAN CLARKE: During the discussion about the ability to add Deputy Commissioners to various departments and enhance, I thought a part of the process was to eliminate all of these Assistant Managing Directors so we can have more accountability. That seems to be inconsistent with what you're telling me now.

MR. ARMBRISTER: I don't think it's inconsistent, because one of the things that the Managing Director did when she came in -- and you can talk to her during her testimony -- is, she went and did an evaluation of the over a hundred Deputy Managing Directors/Assistant Managing Directors and literally pushed -- she did an evaluation of each one of those and literally pushed those people to the appropriate and respective operating departments, some of whom are working for the Deputy Mayor/Deputy Managing Director, some who are working directly in departments.

So when you look at the kind of organizational chart where all those people fit in, they're not kind of just hanging out there in Managing Director Land. They've literally been assigned either to their respective Deputy Mayor/Managing Director -- because I guess they used to call them liaisons before. So you had somebody who was a liaison to this person. Well, what she did, she came in and said, Well, if you're a liaison, you might as well be working for that particular Deputy

Managing Director/Deputy Mayor, because they have oversight and responsibility for that particular operating unit.

So the creation of these additional exempt employees allows the Commissioners an opportunity to enhance their resources without having to go to resort to these Deputy Mayors -- I mean, Deputy Managing Directors/Assistant Managing Directors.

COUNCILMAN CLARKE: Assistant Deputy is what they call them.

MR. ARMBRISTER: Yeah, exactly. So I think it's much more streamlined and much more accountable. Quite frankly, you can really see more of the lines of accountability for individuals who were before kind of floating in the kind of Deputy Managing Director world.

COUNCILMAN CLARKE: You don't think by having this dual responsibility or dual accounting --

MR. ARMBRISTER: Because that dual responsibility is really only at the top. It's really the Deputy Mayor --

COUNCILMAN CLARKE: Just there?

MR. ARMBRISTER: It's just at that level. So if you look at an organizational chart, it has the Mayor and it has the Managing Director and then you have what we call the kind of cabinet level, which is the Finance Director, Solicitor, the Deputy Mayor for Public Health, the Deputy Mayor for Transportation, the Deputy Mayor for Economic Development and Planning, and that level is where the Deputy Mayor/Deputy Managing Director and then you have the operating departments reporting under them.

COUNCILMAN CLARKE: Now you have the ability to have up to ten Deputies.

MR. ARMBRISTER: The Commissioners, right, exactly, could have up to -- Deputy Commissioners.

COUNCILMAN CLARKE: I hear what you're saying, but I just see that there's a possibility that you will have an equal amount of these Deputies or Assistant Deputies, whatever you want to characterize them, but in just different names. I mean, if now you're enhancing the Commissioners so they can have up to ten Deputies and you're adding the Deputy Mayors, who have dual responsibilities, you already have the Managing Director, I don't really see how you're streamlining. It seems like you're just changing the names, but you still have the ability to have as many people in some level of supervisory capacity.

MR. ARMBRISTER: Well, under the previous situation under the Deputy Mayor form -- I think the Councilman is showing you the organizational chart there.

COUNCILMAN CLARKE: Yeah. Thank you.

MR. ARMBRISTER: Under the previous rubric under the Deputy Managing Director, you could have as many as you wanted. You could. There was no limit, without much of accountability, because you didn't really know where those people were reporting. Under the current structure --

COUNCILMAN CLARKE: So at least they're reporting to a Commissioner.

MR. ARMBRISTER: Now they're reporting to somebody who has operational budgetary responsibility. So you have somebody to whom they're accountable other than kind of floating around. I think that's the major difference, and we think it's a much more -- it's a better system to have accountability. It's better to be able to hold people accountable for what they're responsible for.

(Bell rung.)

COUNCILMAN CLARKE: Okay. Thank you.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes

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Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: Good morning. Thank you, Madam President.

As it relates to NTI, I know that you're currently conducting a review. In the interim, what is the structure of NTI? Who is responsible for gathering the data about what money is left and who should we be working with? Who can make decisions? Because there's a window of certain projects that are online, in my case just catching up to what was done and not done. So ultimately where is that going to fall?

MR. ARMBRISTER: A large part of the NTI structure currently as it stands, there's a significant portion in terms of the work that's being done in Commerce. A lot of the money from -- the question was asked about where the bond proceeds are. Those are being administered primarily through the Commerce Department. So if you have questions about the cultural bond issues --

COUNCILWOMAN SANCHEZ: Where do you think ultimately that's going to end up at?

MR. ARMBRISTER: Well, if I hazard a guess, I mean, I think a lot of that will probably end up in the Commerce Department, is probably a fair statement to say. A lot of it relates to business activity, bringing those businesses back and things like that. What we are trying to figure out is a lot of the operational work, the vacant lot cleaning, things like that, trying to get a handle on where that should end up.

COUNCILWOMAN SANCHEZ: How is that going to be coordinated with the Office of Housing since ultimately --

MR. ARMBRISTER: Well, therein lies the question. That's what we're working on as we speak.

COUNCILWOMAN SANCHEZ: Okay. Where is Lance Haver, the Consumer Advocate? I don't see him in this chart.

MR. ARMBRISTER: He is in the Mayor's -- I think he's in the Mayor's Office. I'm not sure budgetarily if he's independent or not.

COUNCILWOMAN SANCHEZ: Because it's not here.

MR. ARMBRISTER: He's in the advocate -- he should be here in the Mayor's Office.

COUNCILWOMAN SANCHEZ: I know he's a great one-man show, but I don't want to miss him in this.

MR. ARMBRISTER: He is.

We'll identify where he is and tell you, Councilwoman.

COUNCILWOMAN SANCHEZ: And I want to know, moving forward, is his role going to continue? Is he going to get some additional support? He has been a great one-man show. I mean, what's the --

MR. ARMBRISTER: Yes. We have no plans to change the role that he's been serving so far, Councilwoman.

COUNCILWOMAN SANCHEZ: As it relates to the Office of Arts and Culture, the Mayor and I engaged in some discussions during the campaign about the Office of Arts and Culture, and I notice that it's a stand-alone position. Given the high priority that we gave it during the campaign, how is that going to be feasible?

MR. ARMBRISTER: How is the office going to be feasible? Well, we need to find someone to fill that role. We have been working extremely hard trying to identify someone to fill that role, and we haven't been successful as of yet, but we haven't been undeterred in our efforts. We are working very, very hard. We recognize that results matter, and this is still open. So we don't take any accolades for trying hard, but we are working very hard to fill that position as we speak.

COUNCILWOMAN SANCHEZ: What's going to be the relationship with our

Cultural Fund and that entity?

MR. ARMBRISTER: Well, this office will coordinate a lot of our efforts. I'm not exactly sure how this office will relate in terms of who has final authority over the fund, but they will certainly coordinate on behalf of the City all of our efforts in terms of the cultural area.

I want to get back to your question. We just got a response. The reason we couldn't find Mr. Haver in the Mayor's Office is because he's assigned to the Law Department's budget.

COUNCILWOMAN SANCHEZ: Okay. Well, again, I'm concerned about just that one position --

MR. ARMBRISTER: And we are --

COUNCILWOMAN SANCHEZ: -- with the Office of Arts and Culture, with no additional resources. And then that leads me to the Office of the Education Advocate also, because I didn't hear you mention that again this was a high priority area as part of the Mayor's platform. What's the interaction?

MR. ARMBRISTER: It is a very, very high platform, so much so when the Council President asked about the additional positions, I neglected to add that we find it such a high priority we made it an office of three. We have Lori Shorr, who is here, and Sharon Tucker and an administrative person there, and as you know, the Mayor made education and cutting down the dropout rate very high priority. So we view that as a very, very high priority and we put resources in to address that.

(Bell rung.)

COUNCILWOMAN SANCHEZ: Okay. Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Madam President.

Just one more quick question, Mr. Armbrister. Can you explain the

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responsibility of the Senior Advisor to the Mayor for Economic Development and how that works with the organizational chart with a Deputy Mayor for Planning and Economic Development and Commerce Director?

MR. ARMBRISTER: Yes. The Deputy Mayor for Planning and Economic Development and the, slash, Commerce Director is responsible for the day-to-day management of our economic development activities in that area. That's Andy Altman, of course. He's responsible for coordinating all of the activities there.

From time to time, an executive branch will have people who can provide solid advice who may not have a particular portfolio, and in this instance, the Mayor indicated that he wanted to utilize the talents of Terry Gillen, who is in that position, the Senior Advisor to Economic Development, to supplement the advice that he gets from his Deputy Mayor for Economic Development and Planning.

So the day-to-day responsibility, budgetary control, operational directive is set by the Deputy Mayor for Economic Development and Planning and Commerce Director, Andy Altman, which advice is supplemented by the Senior Advisor.

COUNCILMAN GREEN: Thank you.

MR. ARMBRISTER: You're welcome.

COUNCIL PRESIDENT VERNA: Are there any other questions from members of the Committee?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing none, thank you.

MR. ARMBRISTER: Thank you, Council President.

MR. McPHERSON: Mayor's Office of Labor Relations.

(Witnesses approached witness table.)

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

MR. TOLAN: Good morning, President Verna and members of City Council. My name is Joseph Tolan. I'm the Director of the Mayor's Office of Labor Relations. I'm here this morning with Renee Vargas, my Deputy Director, to present the Fiscal Year 2009 Operating Budget request for the Office of Labor Relations.

We are trying to get up the PowerPoint that we've been asked to present as we go through testimony.

COUNCIL PRESIDENT VERNA: Very well.

(Pause.)

COUNCIL PRESIDENT VERNA: All right, Mr. Tolan. Please proceed.

MR. TOLAN: The mission of the Office of Labor Relations is to coordinate relations citywide between management and the labor organizations that represent City employees to create an effective partnership to better serve the public. We carry out the mission through five key functions: Collective bargaining, contract administration, dispute resolution, training, and labor-management cooperation.

As I'm sure you're aware, in terms of collective bargaining, the contracts with all four major City unions expire on June 30th of 2008. We have begun the bargaining process with the Police and Fire unions. We've exchanged contract proposals and are in the process to select an arbitration panel to ultimately set their contracts. We anticipate sitting down formally with District Council 33 and District Council 47 later this month to commence formal negotiations.

In regards to training, we conduct training each month for newly appointed supervisors across the government. We train approximately 180 supervisors each year to help them understand how to function in a unionized environment. We anticipate improvements in this area by reaching out to all of the newly appointed City supervisors within six months of their promotions, and we are also developing additional training material to present across the government.

As part of our responsibility for contract administration, we provide advice and support to the departments on an ongoing basis. In the coming fiscal year, we plan on reinstituting a structure that was previously in place during the Rendell Administration called the Labor Relations Council where we meet on a monthly basis with the HR managers and administrators from different departments to jointly and collaboratively work on labor relations issues.

In regard to dispute resolution, we serve as the final in-house step for grievances with the two civilian units. We receive in the neighborhood of 120 grievances each year. We handle or resolve between 90 and that 120 each year.

In regard to labor-management cooperation, we routinely facilitate labor-management meetings across the government. We have a staff member who is assigned to the DHS Steering Committee as they work through their redesign of their processes in accordance with the study that was done of their operations. We attend labor-management meetings in a number of departments to help facilitate things before they actually become dispute. We also work on more formal labor-management cooperations, such as a recent project that we've been working on for a pilot schedule in the Fire Communication Center, which has helped to reduce absenteeism and improve employee satisfaction.

The Office of Labor Relations

is requesting $549,350 in the FY09 General Fund budget. This is no different from our FY08 estimated obligations. Our request consists of $511,436 in Class 100 to support seven filled positions; $21,414 in Class 200 for the purchase of services; and $16,500 in Classes 300 and 400 for materials, supplies and equipment.

We have not contracted in the last year with any non-governmental entities.

We would like to thank the Council for this opportunity to present our budget and are available to answer questions.

COUNCIL PRESIDENT VERNA: Thank you very much.

The City's existing union contracts will expire the end of June. Can you tell us what expenses does your agency incur as a result of labor negotiations?

MR. TOLAN: We don't incur any

additional expenses, except for a limited amount of overtime for some of our support staff. Most of the costs that derive from that are borne either by the Finance Department or the Law Department. The Law Department would be paying for outside counsel to represent us and may pay for things like the arbitrators' fees that are associated with the interest arbitration. Other costs; for example, if we need to rent space to have meetings, if we need to hire experts in order to testify and to advise us, typically those costs come out of the Finance Department's budget.

COUNCIL PRESIDENT VERNA: So any attorneys that are retained are paid by the Law Department?

MR. TOLAN: Yes.

COUNCIL PRESIDENT VERNA: Lucky you. We have to pay for our own out of our budget.

Can you tell us what the selection process is that you intend to

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use as far as the attorneys are concerned?

MR. TOLAN: Well, we have already selected Shannon Farmer from Ballard Spahr to be our lead negotiator during the negotiations. The process that was used was a committee -- there was outreach to several of the major law firms in Philadelphia. A committee was put together, which included the Mayor and the Chief of Staff and the City Solicitor and the Finance Director, and I attended as well. We interviewed the different groups and heard their presentations and what they could do, and a decision was made to select Shannon Farmer.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Thank you very much.

When you talk about dispute

resolution, who are the disputes normally between? The supervisor and an employee, or what are some of the complaints like?

MR. TOLAN: Well, I guess they could range from anything where an individual has received, for example, a written reprimand from their supervisor for insubordination. They could go from that to a level where there could be a more substantive kind of dispute over how overtime is assigned or whether or not out-of-class compensation should be paid. We have a classified civil service. If someone is in a certain job title and feels that they're performing the work of a higher level, if it can't be resolved informally in the department, ultimately it can come to us, because we're the last step before the union, if they decide that they're not satisfied, chooses to take an issue to outside arbitration.

COUNCILWOMAN TASCO: I was thinking about the Civil Service Commission, that they have a different role.

MR. TOLAN: They have a different role. There's an overlap. Typically if it's a matter of discipline, employees choose which path they want to follow. They can either come through the grievance procedure if they're represented or they may go before the Civil Service Commission.

COUNCILWOMAN TASCO: Okay. When you did the outreach to the law firms for representation, would that have come under the ethics rule that you were looking for attorneys? Did you have to post it on the Internet?

MR. TOLAN: The actual outreach was conducted by the Law Department. I was just a member of the committee that reviewed the applicants.

COUNCILWOMAN TASCO: At what point do we have to list everything on the Internet that this process is taking place and individuals can apply?

MR. TOLAN: Personally, I don't

know. I mean, I'm sure that we could find that out through the Administration, but it's not a process that our office has actually been engaged in, because we don't contract with them.

COUNCILWOMAN TASCO: Okay. Thank you. The Law Department, right?

MR. TOLAN: Yes.

COUNCILWOMAN TASCO: Okay. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Madam President.

I just wondered if you could describe a little bit to me of how your department is involved in the actual labor negotiations compared to the outside lawyers that we're hiring and the Administration in the labor negotiations. I mean, what role do you play in that?

It seems to be a big factor in what you're talking about in this budget request.

MR. TOLAN: We operate under two basic laws in terms of our collective bargaining. For the police officers and firefighters, they're organized under Act 111. If we fail to agree to a contract, we end up at impasse and we end up in front of an arbitration panel, and at that point in time, the presentation is something like a court proceeding, but a little bit less formal.

The attorneys from outside of the City would work with us and give us advice and guidance on how to put together the materials that we need when we have informal negotiations with the unions. Once we end up at impasse and if we end up presenting to an arbitration panel, the attorney would actually be the presenter. Someone like myself, I might be an expert witness on different areas of the contract, because my familiarity is with the contract and with the workforce and with their day-to-day life. The attorney is obviously an expert in the law.

When we sit down at contract negotiations with the civilian unions, who operate under Act 195, it's more of a traditional sit-at-the-table kind of negotiations. The lawyers there are part of the team. They participate with us, with the Administration in deciding what we'll be asking for. We may do analysis, for example, of a contract proposal to understand how it really works. We'll lead a lot of the dialogue that's very specific --

COUNCILMAN GREEN: Your department leads?

MR. TOLAN: Yes. Yes. About, you know, Well, why do you feel that it's important to have this change in the contract or explaining why we feel that it's important to have a change. Our attorneys will be part of that.

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As the process moves on, it gets to a point where you're going to be committing things to writing. You're going to be concerned about the language that's conformed for that, and certainly the lawyers begin to take more of a lead role in that process.

So we work as a team. I mean, we work as a team as well with other members of the Administration on the negotiating team.

COUNCILMAN GREEN: Can you walk us through a typical negotiating process from beginning to end, hopefully with a happy resolution.

MR. TOLAN: I'm not sure that there's any typical one, but normally we will meet with a large group. We will both have a large number of contract proposals. We will ask questions about those proposals on both sides. We will explain the proposals. We'll argue about the proposals.

At some point in time as we go

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forward, some of the proposals will be modified. We may say, Well, we no longer think that we need to have sick leave reduced to ten days. Maybe we can go with 11 or 12. And in that process, you modify demands, and eventually based on the feedback that you get from the union, you'll understand that certain things are more important to them and certain things are more important to us, and you'll gradually reduce the number, reduce the number until you come to some package that everyone feels is acceptable and sellable to everyone.

COUNCILMAN GREEN: If you can make a prediction, to what extent do you think wages versus benefits are going to be issues this year?

MR. TOLAN: It is really too soon to tell. I mean, one of the things that we say is, we hold ourselves to a standard of bargaining in good faith, and until you really go through the process, you have to keep an open mind and listen to what is important to the union.

COUNCILMAN GREEN: Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

Good morning, Mr. Tolan.

MR. TOLAN: Good morning.

COUNCILMAN GOODE: Your request for this year is about $21,000 in Class 200, the purchase of services, and $16,000 in Class 300 and 400 for materials, supplies and equipment. What was that request in Fiscal Year '08?

MR. TOLAN: It was the same amount.

COUNCILMAN GOODE: And the same for Fiscal Year '07?

MR. TOLAN: Yes.

COUNCILMAN GOODE: And in your oral testimony, you said you do not contract with non-governmental entities?

MR. TOLAN: That's correct.

COUNCILMAN GOODE: So how is

that $21,000 and $16,000 spent?

MR. TOLAN: Typically that is held in the event that we need some sort of expert advice or testimony during the contract negotiations. We've also used that kind of contract money to get advice on our information technology needs.

COUNCILMAN GOODE: So when is the last time you spent any of that money?

MR. TOLAN: I believe we've spent money in the current fiscal year in order to contract with outside consultants to advise us on an imaging technology that would allow us to scan the documents that we refer to and maintain them.

COUNCILMAN GOODE: That's not a non-governmental entity?

MR. TOLAN: I think that the contract for that was actually let citywide and we were --

COUNCILMAN GOODE: The question is, did you contract with a non-governmental entity?

MR. TOLAN: Again, I believe that the contract is citywide. And I may have misunderstood the way to present that, but we went through the Mayor's Office of Information Services. This is the citywide contracting consultant that provides these services, Macken Enterprises, and we use them to do this kind of work for us. So we didn't let out a separate contract, I believe would be the way --

COUNCILMAN GOODE: You utilized a consultant that was secured for the entire City?

MR. TOLAN: Yes.

COUNCILMAN GOODE: And your dollars went toward that consultant?

MR. TOLAN: Yes.

COUNCILMAN GOODE: And so were you told that you were supposed to report on DBE participation goals?

MR. TOLAN: Yes.

COUNCILMAN GOODE: And so you

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decided in your oral testimony to simply say you don't contract with non-governmental entities and then put nothing in your written testimony?

MR. TOLAN: I believe that we did not directly contract with them because we used the citywide contract. I apologize if that was a misunderstanding.

COUNCILMAN GOODE: Well, from my standpoint, whether it's $5,000, $50,000, $500,000, if it was a DBE firm, then that's 100 percent participation. If it was not, then it's zero participation. My guess is it was zero participation. Am I correct?

MR. TOLAN: I would not even have information on the firm. I mean, the contract was let through the Mayor's Office of Information Services. They had the information on the contractor.

COUNCILMAN GOODE: You don't know who the firm was?

MR. TOLAN: Macken.

COUNCILMAN GOODE: Excuse me?

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MR. TOLAN: The firm's name was Macken Consultants.

COUNCILMAN GOODE: Is it a minority-owned firm, a woman-owned firm or disabled-owned business?

MR. TOLAN: Again, I don't have that information personally. We can try to get it.

COUNCILMAN GOODE: So do you believe you offer testimony with regard to your DBE participation?

MR. TOLAN: I believe that I answered the question to the best of my understanding from the --

COUNCILMAN GOODE: There's nothing in your testimony about it at all.

MR. TOLAN: No. I understand that, sir.

COUNCILMAN GOODE: And I believe every single department that's going to testify will be asked to submit that information, and you have not.

MR. TOLAN: Again, I believed

that I understood the question. If I made a mistake, I will go back to the Finance Department and try to provide the correct information.

COUNCILMAN GOODE: Are you familiar with the fact that MBEC releases a report on an annual basis?

MR. TOLAN: I don't believe I've ever seen the report.

COUNCILMAN GOODE: Okay. This is the last report that was released for the fourth quarter, Fiscal Year '07. Under Labor Relations it has zero percent. Do you dispute that?

MR. TOLAN: No.

COUNCILMAN GOODE: Okay. Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam President.

Good morning, Mr. Tolan.

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MR. TOLAN: Good morning.

COUNCILMAN RIZZO: Mr. Tolan, I recollect recently being involved in a discussion in this Chamber where the Fire Department wanted hearing protection, and it surfaced during that conversation that that became a bargaining issue or somehow your office got involved in that particular issue.

Could you explain the process and how something can be rejected by you and saying, Hey, this is not a bargaining issue here, the Commissioner is empowered to make this decision? I was kind of taken aback by the fact that that issue on hearing protection ever got to your office.

MR. TOLAN: Well, I think that it's fair to say that on an ongoing basis all across the City, the labor unions have regular discussions with managers about issues that reflect health and safety concerns, and that's especially true on the Fire Department, because both the Commissioner and the union have a deep interest in those subjects.

When those parties, as they go through the process, fail to agree on whether or not something -- let's say the definition of a problem or they don't agree on its importance between the two of them among the other things they're dealing with, or if they don't agree on the solution, the union is free then when the contract brings it to the point where we're in collective bargaining to ask the members if they think it's important enough to put on the table in collective bargaining.

So it kind of reflects at the end of the process where they have failed to come to agreement on how to resolve it. I mean, I think during that testimony as well from the Commissioner, it was clear that he had provided certain hearing protection to members. They felt that they wanted something different. The City was in fact in its vehicle specifications for new engines and pieces of apparatus making certain that they met the standards of NFPA for the new equipment in terms of noise within the cabs and that sort of thing, but the union wanted and the members wanted a different standard.

So it's kind of that process, that ultimately it can be brought to the table and, again, we'll talk to the union about it, along with the department, and see if we can't come to some kind of resolution. But if the union is not satisfied with the resolution we offer, they reserve the right to present it to an arbitration panel.

COUNCILMAN RIZZO: Is that what happened in that case?

MR. TOLAN: Well, I think that, yes, for the last couple of rounds of negotiations, there have been issues about hearing and auditory conservation programs, and the union has presented evidence in front of those panels. In a number of cases, the panel did not agree with the union's final position. We've had committees, we've had discussions, we've put in some equipment. The union and some of the members were still dissatisfied. And, again, this is an ongoing process where even outside of the contract negotiations there are regular meetings to talk about these issues and to see if we can find some kind of common ground.

COUNCILMAN RIZZO: Where does it stand today?

MR. TOLAN: Well, the implementation of that really would be within the department, and I don't know their actual status in terms of what they've purchased or have not purchased since that ordinance was passed.

COUNCILMAN RIZZO: So as the Director, if something would come to you and suggest that this be a bargaining issue, that you could reject that and say, No, it doesn't belong here?

MR. TOLAN: Well, I think that at some points in time we may question whether or not the bargaining law says that something should be collectively bargained. I mean, it might be an interest of mutual -- an issue of mutual interest to the parties, but that doesn't mean that under the law it's a mandatory subject to bargaining. So we may challenge something and say, Well, wait a minute, the law leaves that decision ultimately to the Commissioner, if we think there's a legal basis to raise that. But more often the case is that the parties are talking, the parties are trying to find a solution that both of them can live with, and they just haven't found that solution yet. And we kind of facilitate that discussion as it goes forward. We don't say, Well, pick this set of ear protection versus that. We leave that to the experts on both sides, which is typically the Commissioner and his staff and the union and their advice and counsel from their International to work out.

COUNCILMAN RIZZO: Thanks for explaining it to me.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions for this witness?

(No response.)

COUNCIL PRESIDENT VERNA: Thank you very much, Mr. Tolan.

MR. TOLAN: Thank you.

COUNCIL PRESIDENT VERNA: This Committee will stand in recess until 12:45. Thank you.

(Short recess.)

COUNCIL PRESIDENT VERNA: The Committee of the Whole is now back in session.

The next department to testify?

MR. McPHERSON: Is the Mayor's Office of Information Services.

(Witnesses approached witness

table.)

COUNCIL PRESIDENT VERNA: Good afternoon. Please identify yourself for the record and proceed with your testimony.

MR. PHILLIS: Good afternoon, Council President Verna and members of City Council. My name is Terry Phillis and I'm the Chief Information Officer for the Mayor's Office of Information Services. I'm pleased to provide the testimony on our proposed Fiscal 2009 budget. Sitting with me here at the table to my left is Mr. Joe James. He's my First Deputy CIO. And sitting to my right is Mr. Michael King, who is my Chief Information Security Officer and Deputy CIO.

MOIS works in partnership with City agencies to implement and manage information systems that support and enhance City government operations. MOIS coordinates the City's information technology -- after this, I'll just call that IT -- activities by providing centralized planning, IT standards, IT project management, computer training and desktop support. MOIS also operates the City's central data center, the metropolitan wide-area network known as CityNet, and the operations support center.

MOIS' responsibilities are clearly linked with the Mayor's six core service areas. Because the agency supports the City's core IT infrastructure as part of our mission, we collaborate with the many agencies carrying out the Mayor's goals in public safety, education, jobs and economic development, healthy and sustainable communities, ethics, and customer service. Additionally, we support the Mayor's core service areas by participating in developing business applications that help advance each of these areas.

The Mayor's sixth core service

area, that of customer service, is really the focus of MOIS' responsibility, because we are essentially a customer service organization for IT services. Our goal is to collaborate with all City agencies on IT matters, including planning, standards, training, project management, and support. Additionally, last year we transferred voice and data from Public Property in the communications area and the responsibilities over to MOIS. That means that we now have the availability to support these critical functions and have the continued opportunity to improve networking and communication activities.

In order to measure our progress in achieving excellent customer service and as part of the PhillyStat initiative, MOIS is developing a series of Service-Level Agreements to outline our enterprise-wide services to the City. A couple of those services are e-mail and Internet, as well as customer-based

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Service-Level Agreements, known as SLAs, for departments supported by MOIS and for specific applications. These Service-Level Agreements establish agreed-upon levels of customer service standards and provide the best and only way for MOIS to measure its performance in the Mayor's core area of customer service.

In conjunction with establishing these Service-Level Agreements, we are developing a new series of metrics that provide more meaningful measures in order to hold us to our promise of performance. These measures include such areas as Help Desk ticket response and resolution, project success and timeliness, network availability including e-mail and Internet, and other statistics to measure such critical areas as eCommerce and virus protection for the City's assets.

MOIS is requesting a total of $38,147,598 from the General Fund for

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Fiscal Year 2009: $9,252,172 in Class 100 for 156 full-time positions; $28,557,792 in Class 200 for computer hardware maintenance, software licenses, training and project and program management support, communication contracts and surveillance cameras; and $337,634 in Class 300 and 400 for materials, supplies and equipment. This General Fund request represents a total increase of $7,495,000 from the previous Year 2008 estimated obligations, and the number of positions that we have is remaining the same.

The Water Fund, we are requesting a total of $2,695,704: $1,232,354 in Class 100 for 17 employee full-time positions; $1,427,000 in Class 200 for hardware and software maintenance and communication contracts; and $36,350 in Class 300 and 400 for materials, supplies and equipment. The Water Fund request represents a $37,498 increase from the '08 budget estimated obligations.

In the Grants Fund, we are requesting a total of $1,441,847, which is an increase of $185,251 from '08. These funds will be used to develop needed interface programs to support the sharing of property information among the departments.

In the Aviation Fund, we are requesting $694,000 in Class 200 for the Communication Division contracts.

We have been working hard to improve our service and make it more efficient, particularly in the area of better Internet availability, a more effective e-mail system and the continued reduction of paper through the automation of business processes and imaging. Additionally, our program, or Project Management Office, is making strides in improving the oversight process for the numerous IT projects that are going on in the City.

As we move toward the next

fiscal year, we look forward to aligning our mission of effective IT leadership and support with the Mayor's six core service areas, particularly that of customer service, which is our focus. Our budget proposal and our improved performance measures will contribute to our ability to fulfill this obligation and will allow us to be accountable to everyone and be measured by the people that we serve.

Madam President, this concludes my testimony, and I'll be glad to answer any questions you or the other members of City Council may have at this time.

COUNCIL PRESIDENT VERNA: Thank you very much.

On Page 8-46, you are requesting $9,200,000 in Minor Object Code 251 Professional Services Information Technology. This represents an increase of almost $7.8 million above your current budget. Can you tell us what that is for?

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MR. PHILLIS: Yes. That's for the video surveillance project that has been being run as a service.

COUNCIL PRESIDENT VERNA: And can you tell us how many cameras you will be acquiring and where they will be located?

MR. PHILLIS: There will be a total of 250 cameras that are due to be installed per the contract by October of this year. The location of those cameras is a requirement of the Police Department as to where the best opportunity to address public safety is based on crime stats and where they feel they would make the most difference.

COUNCIL PRESIDENT VERNA: Who will be monitoring the cameras?

MR. PHILLIS: The monitoring will be done by the Police Department.

COUNCIL PRESIDENT VERNA: Police Department?

MR. PHILLIS: Yes. They currently have a monitoring center set

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up. It's a pretty good operation that they have down there, and if any of the Councilmembers would like to see that, I'm sure you're all more than welcome to stop and visit that.

COUNCIL PRESIDENT VERNA: Thank you.

Page 8-47 you're requesting an increase of $1,795,000 for Verizon. This represents an increase of 18.5 percent. Can you elaborate on that, please?

MR. JAMES: Good morning, Council President.

COUNCIL PRESIDENT VERNA: Good afternoon.

MR. JAMES: Good afternoon, yes. It's been a long day.

My name is Joseph James, First Deputy CIO.

The increase in the expenditures in the Verizon category represents an increase in both the overall volume and increase in number of telephones and services that have been deployed. Over the last couple of years, we have been trying to actually catch up on the amount of expenditures associated with the expansion on CityNet and with the number of telephone lines that are being generally deployed out in the field. So it represents both an increase in volume and services.

COUNCIL PRESIDENT VERNA: On Page 8-49, Water Fund communications, you are requesting to carry over your FY08 amount. Why is the General Fund communication budget increasing and please tell us why the Water Fund and Aviation Fund stays stagnant?

MR. JAMES: Council President, both the Water Fund and the Aviation Funds are numbers that we project based upon the expenditures in the past with those departments, and based on the services that have been purchased, we have not shown or not received an indication of an increase in either volume or traffic, and basically projected that number to remain flat.

COUNCIL PRESIDENT VERNA: And that's for '08?

MR. JAMES: Basically over the Fiscal '08, over the Fiscal '09. Those two categories for those departments and their funding is remaining flat.

COUNCIL PRESIDENT VERNA: On Page 8-20, you're requesting $78,500 in Class 200 for staff augmentation. Can you explain what this is for and why it's needed? Page 8-20.

MR. PHILLIS: That is just for general consulting. As the year goes by and we run into the traditional bell-shaped curves where we do not have enough resources in the IT area, we go out to contracting opportunities that we publish on the web to bring in staff augmentation to help us with those initiatives when we run into those. So that's based on the previous year's spending, is what that is.

COUNCIL PRESIDENT VERNA: Thank

you.

At this time, the Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam Chair.

Good afternoon, Mr. Phillis and your team. First of all, I want to congratulate you for the great job in rescuing Project Ocean. We thought that that was going to become a bigger concern and more expensive than it turned out to be. But, again, I want to compliment you on the rescue of Project Ocean. And if you want to comment on it for a few seconds, you can.

MR. PHILLIS: Well, I'd like to thank the Councilmembers for giving me a chance to rescue that project. When I first came here, I remember being brought before the Councilmembers here to explain why Project Ocean was a fiasco, is the best way I can explain it, and rather than put the clamps down and say, Stop all activity, you gave me a chance to work with the two different departments, both Water Revenue and the Water Department, to begin to put a project together the right way that would deliver success, and with the help of those two departments, we were able to do that. So I think it was an effort by the whole City to rescue a bad project.

COUNCILMAN RIZZO: Similarly, Wi-Fi Philadelphia, Wireless Philadelphia, hopefully that project can stay on track, but our responsibility here is to ask the questions when it pertains to the expenditure of taxpayers' dollars.

Now, specifically, I've got a couple of questions, and I'm going to read them because they're technical and I want to make sure I get it right.

Specifically, how much of this year's Fiscal '08 proposed $200,000 for professional services for Wireless Philadelphia is for the consultant project manager? Not the firm. How much is the project manager being paid?

MR. PHILLIS: I can't answer that because we do business with the consulting company, and that's the billing rate. That is not the amount that's paid to the actual resource. I don't know what that is.

COUNCILMAN RIZZO: What services does the consultant project manager perform?

MR. PHILLIS: The project manager in question here is working on 11 different items for me, and I'll read these off for you. The first one is departmental broadband assessment, and this is where the contractor is working with City departments on the broadband wireless assessment and how it could be used by these departments to become more efficient and provide services without having to come downtown, to be outside and have, for instance, an L&I inspector be able to do their job remotely, accessing the wireless network. Today we are working with five departments - Police, Health, Water, DHS and L&I - to evaluate their applications and see how they would be candidates for using the network.

The second one is for video surveillance interoperability, because the resource we have has a tremendous amount of background in wireless technology, which is also being used in the video surveillance. We're also using her as a technical advisor to that project.

The subterranean wireless systems where we're talking about how we're going to get connectivity for first responders down in the subway systems, she is a consultant to that task that we're working on because, again, of her technical expertise.

We've been talking about an opportunity to do prison home monitoring in a different way, one way that could benefit us removing some of our non-violent criminals from the Prison System and not just trading bars for curtains, but instead allowing them to be monitored across a 6,000-node network throughout the City that would allow them to have some amount of freedom in leading a productive life and still be monitored as though they were in the prison.

Digital tourism, we're trying to find a way that we can use the wireless network to enhance the visitor experience.

CityNet interoperability, how we can open up our CityNet to use other broadband partners as to how we can have more use of the network throughout the City.

And, of course, the Wireless Philadelphia relationship is also one that she works on. In working on that project, she is the leader of my Technical Advisor Board that meets once a month to review the technology and the changes that are required on rolling out this wireless network. She also chairs the operational meeting, which goes on every week with Streets, EarthLink, MOIS and other people that are involved in this, and she chairs that opportunity. And she also is the City's contract reviewer on a day-to-day basis both for financial compliance and technical. She also manages the 3,000 free accounts that EarthLink has given us as part of their contract and who gets those and what we use them for.

Those are the activities she works on.

COUNCILMAN RIZZO: What technical experience does the consultant project manager have that MOIS doesn't already have?

MR. PHILLIS: She is completely versed in all aspects of mesh technology, which is what we are using for the wireless network. We do not have any mesh technology people in the department. We don't have any wireless technology that we utilize within our department. Everything is part of CityNet and is a hardwired network today.

COUNCILMAN RIZZO: There's a report in the media today that claims that the person you're referring to is a former Board member getting paid part of that $200,000 as a former member of the executive committee of Wireless Philadelphia.

MR. PHILLIS: She was never a Board member. She was an assistant to an executive committee member that was appointed by the previous Administration. She worked for the previous CIO, who was Dianah Neff, and she was an assistant to her on that committee. She was not a voting nor a participating member of the executive committee.

COUNCILMAN RIZZO: Madam President, do I have a few more minutes or should I wait for the next go-around?

COUNCIL PRESIDENT VERNA: You have a few more minutes. How much longer do you need?

COUNCILMAN RIZZO: Two minutes. But I will go around.

How much has MOIS spent for the consultant project manager in prior years?

MR. PHILLIS: Okay. You need to look at Wireless Philadelphia as a project in two different ways. There was money that was spent prior to a contract being signed after the RFP process. There was -- and I can illustrate all that money for you. She was also being paid a portion of that by MOIS, and she was also being paid a portion of that by the Wireless Philadelphia non-profit agency.

After the contract was signed, we had her as an extra resource in MOIS to do the tasks that I just mentioned to you, and she's been on that project for two years. She was there for '07 and she will complete the '08 year in June 30th, which is all we have her for, and the total amount of that was -- I didn't add it up. Wait a minute -- $400,000 over a two-year period, which wasn't paid to her, it was paid to the consulting company.

COUNCILMAN RIZZO: Who is the consulting company?

MR. PHILLIS: Strategic Staffing Solutions.

COUNCILMAN RIZZO: Would you provide to the Chair -- again, I'm going to ask for this information. You mentioned it, but I would like it sent formally to the Chair -- how much was spent for services in preparation for the request for the proposal, how much was spent in preparation preparing the agreement with EarthLink once the RFP approach was abandoned, and how much has been spent since the EarthLink agreement was finalized. So if you can provide that information --

MR. PHILLIS: I have all that information in a spreadsheet, which I

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will supply after the meeting here to Council President. You can distribute it to everyone if you'd like.

COUNCIL PRESIDENT VERNA: Thank you.

COUNCILMAN RIZZO: Also, could you please provide to the Chair the names of the principals of the consulting company that you just described, please.

MR. PHILLIS: The contractor's consulting company?

COUNCILMAN RIZZO: The company that we pay.

MR. PHILLIS: Strategic Staffing? Sure.

COUNCILMAN RIZZO: I would like to know who the principals are there.

MR. PHILLIS: Sure. I'll have to look that up. I couldn't tell you that.

COUNCILMAN RIZZO: And the final question, how much will be spent -- and, again, that can come to the Chair. How much will be spent on the consulting project manager in Fiscal Year 2009, and, again, if you can tell us what services will be performed, that would be appreciated.

MR. PHILLIS: I do not have any projection beyond June 30th for this project manager. The only way I would address this person staying on is if we had more activities for her to work on. Other than that, she would be done.

COUNCILMAN RIZZO: Well, I'm glad to hear you say that, because a lot of the feedback that I'm getting is the fact that if Wireless Philadelphia is going to be a long-term project, we should start considering staffing, not consultants, that will work for you, that will manage this project and will oversee it in the coming years.

MR. PHILLIS: I don't disagree with that. There's a need for project management, but you also need to remember there are three separate contracts that govern this relationship. It is a contract for three different organizations. It is the City of Philadelphia, it is Wireless Philadelphia, the non-profit agency, and currently it is EarthLink. The relationship of managing the relationship with EarthLink is tied up in those three contract pieces. So it's a little bit integrated, which I will be glad to send you that information.

COUNCILMAN RIZZO: And in my next go-around, the question that I'm going to ask is -- and I'll repeat it later -- is really if you could just give us a two-minute update on where this project is and where do you expect it to be.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

Good afternoon, Mr. Phillis. You are obviously testifying today as part of the Mayor's Office because MOIS is situated there. Can you tell me why IT services should be situated within the Mayor's Office and/or exclusively within the Mayor's Office?

MR. PHILLIS: I'm sorry. I didn't understand the last part.

COUNCILMAN GOODE: Can you tell me why IT services should be situated within the Mayor's Office and/or exclusively within the Mayor's Office?

MR. PHILLIS: I don't think that I could say that that should be the case. I think there's a case to be made for a core IT agency to serve the City of Philadelphia.

If you were to look at how IT money is spent throughout the City, I think we spend a lot of money in a lot of different areas because we are such a fragment organization that we do not necessarily get the best bang for our buck. So I think there needs to be a core agency. When I came in here, this organization had been formed by an executive order from the Mayor.

COUNCILMAN GOODE: I don't totally disagree with that. In your testimony you say that MOIS is a customer service organization for IT services. Our goal is to collaborate with all City agencies on IT matters, including planning, standards, training, project management and support.

How many different customers do you serve?

MR. PHILLIS: I never counted them, but there's at least 50 to 60 different department agencies and organizations within the City that make use of our enterprise services, such as e-mail, network. There are many things that we do. We have the Internet applications. There are a lot of things that we serve as enterprise and there are a lot of other things that we serve --

COUNCILMAN GOODE: Mr. Phillis, that's not one customer?

MR. PHILLIS: No.

COUNCILMAN GOODE: Being the City itself?

MR. PHILLIS: Yes. No, the City itself is not the way we're organized today.

COUNCILMAN GOODE: My question is, how many of those customers can be classified as one customer, being the City or the executive branch of government?

MR. PHILLIS: I don't think I could call -- the only thing I can think of a way to answer your question is that we have a handful of enterprise applications that we serve for the entire City, but we serve a lot of other ways individual departments.

COUNCILMAN GOODE: But the Council of the City of Philadelphia is not an agency or department. Do you think there should be a separate Council

Office of Information Services? If you were not under the auspices of the Mayor's Office, but if we were actually a separate customer, would you not be advising us that we should basically have a separate office and separate capacity?

MR. PHILLIS: No. I think there is more of a reason for non-separated agencies within the City. I think it makes much more sense to serve them together.

COUNCILMAN GOODE: So when the departments and agencies under the Mayor's purview have failure in their IT services, Council should just be subject to that as well?

MR. PHILLIS: I don't know what you mean by "subject to that." I'm sorry.

COUNCILMAN GOODE: In other words, when your system goes down, because we're part of your system, our system goes down. And when your system is slow, our system is slow.

You don't think that we should have separate IT capacity, considering that we have separate IT needs and essentially are a separate branch of government? We are not a department or agency.

MR. PHILLIS: You could do that. I don't think it's the most efficient use of money.

COUNCILMAN GOODE: Efficient for the City, efficient for the executive branch of government, efficient for an agency that works under the Mayor's Office and/or efficient for a separate branch of government like City Council?

MR. PHILLIS: Well, I think what you're referring to is that from a core agency, who I support should be governed by a Service-Level Agreement that says if I was supporting the Councilmembers here, I should have a Service-Level Agreement that says what I am required to support for you. If I can do that at the right price and I can deliver that service, why would you care?

COUNCILMAN GOODE: I would not care if the service was good and to the extent the service is not slowed down by being part of a bigger package of services.

MR. PHILLIS: I don't think that those go together necessarily. I could --

COUNCILMAN GOODE: They do. They do. I mean, when the Internet slows up for the entire City, it slows up for City Council, and the City Council has separate IT needs in general, but specifically probably has definitely separate Internet service needs in terms of research and other things.

MR. PHILLIS: If you're really just relating to the performance of the Internet, we can talk about that, but there's no reason why we should be in a position --

COUNCILMAN GOODE: Same as e-mail and so forth and so on. I mean, the issue is really even if you claim to have 50 separate customers, we shouldn't be treated as one of 50. Do you agree with that?

MR. PHILLIS: No, I don't. I think you should be treated based on a Service-Level Agreement that we agree on.

COUNCILMAN GOODE: Well, why do we need to agree upon a Service-Level Agreement? Why shouldn't we just have our own capacity where we can --

MR. PHILLIS: If you want to have your own capacity, I don't think there's any reason that I can force you to do anything other than that. You can go and do whatever you want. If you want to set up your own IP, you want to set up all your own information, there's absolutely no reason why you can't go ahead and do that.

COUNCILMAN GOODE: Well, let me jump to a separate line of questioning. I may return to this.

Your request is for $20 million

in Class 200 and $337,000 in Class 300 and 400 for computer, hardware maintenance, supplies, equipment, so forth and so on. As part of this budget process, Councilwoman Brown requested each department basically detail its level of DBE utilization. That is not included in your written testimony nor was it part of your oral testimony. Can you tell me why?

MR. PHILLIS: I'm sorry, but I don't understand the question.

COUNCILMAN GOODE: You don't know what a DBE is?

MR. PHILLIS: A what?

COUNCILMAN GOODE: DBE.

MR. PHILLIS: Are you talking about the MBEC requirements?

COUNCILMAN GOODE: Yes.

MR. PHILLIS: Andrew -- there's our MBEC requirements and our performance on that, if that's of any interest.

COUNCILMAN GOODE: It's not within your testimony. It's not within your written testimony.

MR. PHILLIS: No, it is not.

COUNCILMAN GOODE: And I didn't hear you refer to it.

MR. PHILLIS: Do you want me to --

COUNCILMAN GOODE: Yes.

MR. PHILLIS: Okay. For the money that we spend on these types of contracts where we have the opportunity to hire MBEC participation, our participation for the past year has been 24 percent. That 24 percent is broken down on the chart up there on the screen as 15 percent being African-American, two percent being Asian and seven percent being WBE, women. There is three percent where we have minorities that are in more than one category, and that's the Asian and the female category. It's three percent.

COUNCILMAN GOODE: And that's up from Fiscal Year '07?

MR. PHILLIS: I'm sorry?

COUNCILMAN GOODE: That's up from Fiscal Year '07?

MR. PHILLIS: Yes.

COUNCILMAN GOODE: In Fiscal Year '07 it was 22.9 percent?

MR. PHILLIS: I believe so. I don't have that in front of me.

COUNCILMAN GOODE: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Madam President.

I'm just going to ask you some specific questions.

If you could design the way information technology operates within the City of Philadelphia -- and specifically I'm talking about a conversation we had in my Council office. But if you could design it from scratch and you could say, how should the City run its IT department versus the way it's running it now, with each department having its own IT people that do not report to you? And can you talk about the savings that might result also and productivity and efficiency increases.

MR. PHILLIS: I think that -- and that's what I was relating to before with Councilman Goode's question, is that with standards, you have the ability to create efficiencies, but you can't have standards without enforcement. The only way that you truly have enforcement is when you have a hold of all spending to make sure that IT spending is concurrent with the priorities of the City. Otherwise, priorities are siloed into each individual organization, which might not be the best benefit for the City overall.

We have some very, very, I guess I'd call them, low-hanging fruit, such as something as simple as a desktop. We do not have a standard desktop throughout the City. Consequently, changes to applications, changes that we are trying to make to the Internet to move to a more efficient operation requires a visit to each and every desktop throughout the City. That's very, very inefficient. It's not a good use of resources. There's better ways to do that. In many ways, the City is far behind the private sector as to how our IT should be structured and should be functioning.

So I guess my best answer to that is, number one, to have standards that are enforceable and people that are responsible for them, and number two is to control budgeting for IT expenses so that they meet the requirements of the City as a whole and not just a department, even though in a department they may be very significant.

COUNCILMAN GREEN: Sure. But you do not have control of IT spending in the City?

MR. PHILLIS: To certain degrees we do. In the previous Administration we had an IT Governing Board where anything that was forecasted to be over a hundred thousand dollars worth of expenditure had to be approved by the IT Governing Board.

COUNCILMAN GREEN: How much expenditure?

MR. PHILLIS: Over a hundred thousand dollars.

So prior to the budgeting call each year, we would do a project call from the IT Governing Board to find out what projects were being requested by each of the departments. That does not necessarily catch everything, because obviously you can have a project that looks like a hundred thousand dollars or you can have four projects that are linked together that look like $25,000.

COUNCILMAN GREEN: Right.

COUNCIL PRESIDENT VERNA: Excuse me.

Is the Governing Board still in existence?

MR. PHILLIS: It's in the planning mode with the new Administration. It is going to be reestablished, with the Budget Director and the Managing Director working on that with me now.

COUNCIL PRESIDENT VERNA: Thank you.

Thank you.

COUNCILMAN GREEN: In the private sector, the CIO's job is to increase productivity and the efficiency of an organization and essentially change workflow processes to make that happen throughout an organization, and they're given goals every year of decreasing the organization's costs by two percent, three percent a year. The only reason our economy has survived the past 30 years is because our businesses, our major corporations, et cetera, have become far more efficient at the delivery of services.

How would you compare that to the way the City of Philadelphia conducts its IT operations and the responsibility specifically of the CIO within the City of Philadelphia?

MR. PHILLIS: I think there is enormous opportunity to provide efficiencies and better working conditions for all workflow opportunities within the City. There's no question that the task and the opportunity is just huge looking forward. I don't think we're on the same level as the private industry today.

COUNCILMAN GREEN: How many years behind private industry are we?

MR. PHILLIS: Strictly an opinion, I'd say we're ten to 15 years behind.

COUNCILMAN GREEN: And were we to capture the efficiencies the private industry captured over the last ten or 15 years, how much could we save the City of

Philadelphia on an annual basis?

MR. PHILLIS: I don't know that I have a good answer for that. I think it would be more than reasonable to expect that you could have a savings of at least five percent really quick.

COUNCILMAN GREEN: Five percent of the entire City budget?

MR. PHILLIS: Yeah.

COUNCILMAN GREEN: Of the discretionary budget, 3.9 billion?

MR. PHILLIS: Yeah. I think -- I mean, it would take a lot of work to do this. You got to invest it. It wouldn't just fall in your lap.

COUNCILMAN GREEN: But an annual basis we could save the City of Philadelphia $200 million a year from our costs --

MR. PHILLIS: I think that's a conversation you and I had in your office.

COUNCILMAN GREEN: Yes.

MR. PHILLIS: It has to do with

your paperless environment suggestion, which I think is a great suggestion. How easily you can get to that number, though, would take some work.

COUNCILMAN GREEN: But I'd like to understand why we don't have in this year's budget expenditures that take us towards a $200-million-a-year savings, which is a lot of money to the people that need services in the City.

MR. PHILLIS: Well, now that my Budget Director is up here to keep me honest, we'll let him answer.

COUNCILMAN GREEN: It's already on the record, Steve. It's $200 million a year we can save.

MR. PHILLIS: Just to be fair now, I told you that was my opinion.

COUNCILMAN GREEN: No, I understand. But here's what we're talking about. We're talking about a CIO that reports to the Finance Director, whose job is or somebody like that whose job is -- which the CIO usually reports to a Chief Financial Officer in a private corporation, whose job is to increase productivity and efficiency. All technology spending should go through that person, which includes the use of centralized procurement and strategic sourcing, which the City can't currently do effectively because each department makes its own decisions versus a centralized agency. So we're talking about the whole picture, plus going paperless in this.

Sorry, Steve. You might have a comment on this.

MR. AGOSTINI: A small one.

COUNCIL PRESIDENT VERNA: He thought you'd never ask.

MR. AGOSTINI: Madam President, thank you.

Councilmember, the $200 million figure I think is rightly an opinion. That is not to say that the thrust of your question, which is why aren't we introducing the investments in technology that make us more productive, is one we haven't been paying attention to. I think that is one of the reasons that we're hoping to reconstitute the IT Governing Board.

In other communities that I've been in, from a state government in the Midwest to other cities, you've had similar arrangements where the Chief Information Officer reports to either a Director of Administration or a similar entity, because the resources don't come free. It's a little harder to gauge what your return on investment is. It's a little harder because you don't have a stock to watch, either grow or deteriorate because of the investments that you're making. So we need to capture that.

I think Terry's point about the IT Governing Board is an important need. We need to reconstitute that. We need to look at what these strategic investments might be, and then we need to be able to demonstrate to you and others that indeed they have a value, not just a quantitative in terms of dollars we're saving, but qualitative, they make our work easier or they make us better at what we do.

COUNCILMAN GREEN: We provide more services for the same money, would be the goal.

MR. AGOSTINI: Right. But right now I don't think we're ready to do that, and I think that, yeah, we are probably behind by some significant number. I don't know if it's ten or 15 years, but there's a lot of work to do, and I will tell you, one of the -- and I've been having this conversation with Terry and Michael and others, that I'm a little amazed at some of the things that we have in place and some of the things that we don't have in place. I think others share that opinion, and it requires us to spend some time working on it, making that better.

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COUNCILMAN GREEN: You mention that the CIO in other cities is reporting to some administration board or other things. We have Dr. Barnett basically trying to bring us 3-1-1 and PhillyStat, which is extremely tied in to what Mr. Phillis and his team do. Would it be appropriate for MOIS to become MDOIS?

MR. AGOSTINI: Well, it doesn't sing as an acronym, I'll grant you that. That may be where we end up. I think what we are looking at is that the Governing Board has to be an effective entity by which we bring together the spending that's happening in all of the departments to a place where we're making the priority investment citywide, we're making priority investments by department. Whether we do that organizationally by a sort of hard move of MOIS into the Managing Director's Office or we do it through an effective Governing Board, I think it's just a matter of strategies, but both can accomplish that end.

COUNCILMAN GREEN: Would you say it's fair to say that we don't really know what IT spending is in the entire City of Philadelphia as a result of the limited classifications that are in the budget and that we have to greatly increase classifications to specifically pick up software license agreements, which may just be listed as contracts, or other things within the specific departments? We don't know what the IT spend is for the City, right?

MR. AGOSTINI: Councilmember, I know what we budget for it. The budget should be able to tell us that. It should be that document, but --

COUNCILMAN GREEN: But that's for MOIS. Within the departments, we don't know what the IT spend is.

MR. AGOSTINI: Within departments, we have a bit of a handle on what their hard expenditures are on certain items. On a soft expenditure where someone says, Hey, you know, I know how to program a particular function or I know how to do a spreadsheet that will allow us to capture some of our activities, that, no. That will be almost impossible to capture.

COUNCILMAN GREEN: Can I ask the Administration next year to create separate budget classifications for IT expenditures by department so that we can look at what the actual IT is -- so that's consultants, software licensing, et cetera -- so that we can see what each department is actually spending, and then we'll know what pool of dollars we have to get from each department to pull into a centralized strategic sourcing and procurement organization, which I hope would become MOIS under Terry Phillis' leadership.

MR. AGOSTINI: It's a very fair question, and we'll work to do that.

COUNCILMAN GREEN: Okay. I have one more question. Is there a report by Deloitte and Touche -- and I have heard this from a previous CIO -- within the Office of CIO that says that the City could in fact save $200 million a year by adopting some of these changes that I have suggested?

MR. PHILLIS: Yes. I have never actually seen the report, but I've got the same information that you do, that that was done before I came on the scene here.

COUNCILMAN GREEN: Will you please provide the Chair with a copy of that report?

MR. PHILLIS: I will try and find it and do that.

COUNCILMAN GREEN: And maybe we could reach out to Deloitte and Touche.

MR. PHILLIS: One way or another, we'll find it. I can reach out to -- one of the previous CIOs may have their actual own copy of it somewhere.

COUNCILMAN GREEN: Thank you very much. My questions were in no way

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meant as a criticism of your department. I think you guys are doing a terrific job, and I'd like to see you take over IT for the entire City.

MR. PHILLIS: They weren't recognized as being critical. They're all good questions from -- truth, I've never had a bad question in here.

COUNCILMAN GREEN: Thank you very much for your testimony.

MR. PHILLIS: Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Thank you very much.

Good afternoon. I know very little about IT, so my questions are going to sound very elementary.

Just listening to Councilman Green, does each department in the City have its own IT staff within a department?

MR. PHILLIS: It's a hybrid of what you think. We have some departments that we operate their IT for them completely, such as the Revenue Department under Keith Richardson. We have their desktop. We have their programming. We do everything for them. There are other departments, such as Streets, that has their own IT Director and their own IT organization.

So it's kind of a hybrid of that. You may have a department that may have one or two IT people and you may have a department that may have 15 or 20 IT people. So the question is really a little bit of everything.

COUNCILWOMAN TASCO: So listening to your testimony, if you had your druthers, would you rather have your own -- design a whole new IT system for the City?

MR. PHILLIS: I think you're asking me if I had my magic wand, what would I do?

COUNCILWOMAN TASCO: Yes.

MR. PHILLIS: I think there's

an opportunity to work in a collaborative way with all departments, but to have more of a central control over spending, which will allow us to do things in the right way to meet the City needs rather than individual needs, because some of the big departments, quite honestly, do a really nice job with their IT, but it is strictly isolated to that department, and although that's a good use of their budget, it might not be the best use of the money for the City's benefit.

So if a magic wand, I would have somewhat of a hub and spoke organization, with collaboration and control over standards and spending.

COUNCILWOMAN TASCO: Okay. In your testimony you talk about the Water Fund. What is that? What is the Water Fund in your department?

MR. PHILLIS: The Water Fund are money that the Water Department pays for general support in the MOIS organization and we have several resources that are charged back to the Water Department.

COUNCILWOMAN TASCO: Explain that, please.

MR. PHILLIS: I don't know if I can explain it any better than that.

Joe, do you have any better explanation?

MR. JAMES: In the past, we used to do interfund transfers for certain services that the Water Department would purchase through the central organizations, like portions of their phone service or their IT services or their long distance. We used to do a reconciliation in the previous Administration at the end of the year, and then we changed that to say why don't we just appropriate what they are planning to spend based on their spending history in the budget for us, and that way, we could just -- it would be a lot easier for us to procure the services for them, because they wouldn't have to figure out at the end of the year what they did spend, what they didn't spend and try to reconcile it. And it would usually be after we had already spent the money. So it was always a catch-up.

So the idea was to just figure out what their expenditures are, allocate it in the budget so it would be identified and itemized specifically for the Water Department, Aviation, and then we as the central agency just go ahead and spend the funds for them.

COUNCILWOMAN TASCO: Okay. Thank you.

We had a meeting recently with SEPTA because they're trying to renovate a train station in my district and we asked for security cameras. Now, I notice in your testimony you're talking about --

MR. PHILLIS: Video surveillance?

COUNCILWOMAN TASCO: Yeah, video surveillance cameras. Is there a collaboration with SEPTA about putting cameras in their stations, or what is the relationship there?

MR. PHILLIS: The plan and the contract that we signed with our vendor allowed for us to address collaboration between PHA that has a camera system, SEPTA, regional, state. We're looking eventually to be able to do that, but we are not doing that currently because we're still trying to get our network set up and our cameras working before we address taking on anything else. But the plan is to have that, yes.

COUNCILWOMAN TASCO: So would that be for surveillance purposes? The collaboration would be for --

MR. PHILLIS: No. The collaboration would be for during the either forensics for looking at a crime that may have been committed or for a crime that is actively taking place, that they could work together using both sets of cameras to be able to treat the problem, but there is no plans for the City to monitor SEPTA's cameras.

COUNCILWOMAN TASCO: Okay. And you wouldn't install City cameras on SEPTA sites?

MR. PHILLIS: If we did that, it would be based on the Police identification that that is a very high crime area, and we would have to work out with SEPTA to get the authorization to be able to put cameras on their assets.

COUNCILWOMAN TASCO: Okay. Since you have to get approval from PECO and SEPTA and anyone else to install cameras on their poles, how is that work going?

MR. PHILLIS: Not very well. SEPTA has basically not played at all. They have not been willing to let us hang anything on their assets at all. PECO has agreed, but the negotiations between the vendor's law department and PECO have just gotten to the point now that the contract can be signed and we can start hanging on PECO poles probably within the next two weeks. But that has been a significant struggle for the project.

COUNCILWOMAN TASCO: Is there any possible way to install our own poles?

MR. PHILLIS: Yes. We're also looking at that. It's interesting that you ask that because our vendor responding to the Police locations for cameras has identified several areas right now -- I think there's three of them -- where there's two different kinds of problems, and both would be solved by installing a new pole. One is there is no pole to hang anything on, so there's no way to hang the asset. The second one is that it's so dark there that no matter what you do, you can't see. So putting up a pole and putting up a light would allow us to have some place to hang the asset, plus it would allow us to put a light in a place where there should have been one anyway.

So we are working with the Streets Department right now to see if we can get those scheduled for implementation, but we haven't -- we're just doing that this week.

COUNCILWOMAN TASCO: Okay. All right. Thank you.

I was going to ask you about the Streets Department, but you brought that in. That's fine.

MR. PHILLIS: Streets Department has been extremely cooperative and work with us all the time.

COUNCILWOMAN TASCO: Okay. Thank you very much.

No. I have one more question. I forgot.

Do we have a project called eGovernment?

MR. PHILLIS: No, we don't have a project called eGovernment. We have ePay.

COUNCILWOMAN TASCO: ePay? All right. How does that work?

MR. PHILLIS: Well, ePay is where about three years ago MOIS set up a trial site to be able to have our constituents pay their bills across the Internet. It's become a very, very good operation and the numbers are mushrooming. We got more and more people being able to do this.

We're only at a very small percentage as to the opportunity that that gives us, though. One of the detriments that we have in that area today is that in order for you to pay your bill, say your water bill, online, you have to pay an extra fee, a convenience fee to do that. Obviously that's not a great marketing tool to get people to use that. So what we're doing right now is, we're looking at reestablishing that contract with OPC, who is our vendor. We just did an RFP. Now it's time to negotiate the contract. And then we are working to figure out how much money it saves us as a city to be able to get the payments online like this that would more than make up for the convenience fee that we do have to pay to the credit card company for handling the payment, which would allow us to pass that on to the constituents, which will get the money in the bank faster and it will make it easier for our citizens to pay their bills. But we're still working through that.

COUNCILWOMAN TASCO: Okay. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam Chair.

Mr. Phillis, I'd like to go back to Wi-Fi Philadelphia, finish my questions that I have for you.

It was my understanding that Wi-Fi Philadelphia was not going to cost the taxpayers any money. You've made a distinction between construction of the system and the management of the project, but costs are costs. Could you address that issue, please?

MR. PHILLIS: Well, I think you're basically right in the way you say that. The way that it was advertised -- and, of course, those were before I got here, but that it was to be built at no cost. The network was to be built at no cost to the constituents of Philadelphia. However -- and I know this is probably splitting hairs a little bit, but there's no way that as a city I can manage the requirements that the City has in this project without spending some money on that. Because it's never been forecasted far enough in advance as to when we'd be completed with the network, I have not hired a resource that I felt could take it to the next level. So I've been using contract resources to do that.

So in your statement, yes, I am

spending money on the wireless project from a support effort for the City.

COUNCILMAN RIZZO: Mr. Phillis, I think what Councilman Green said earlier is extremely important about -- one of the problems I see in our government is, we really can't figure out what a project really costs us. In the private sector, there's account numbers for almost every task that occurs, and that leads me, that I previously pointed out, that there have been costs to this project.

Do you know staff time, legal services, your IT department's time? I mean, how much money have we really spent? Because I think one of the problems that we have is, we don't really know because we don't have a really good accounting system for the time and effort and expenditure on any project sometimes in this.

MR. PHILLIS: Well, you're absolutely right, but that's not unique to Wireless Philadelphia. Because we do not account for time by project or by activity that people spend their time on every day, there is no accounting down to that level. And that gets into a whole lot of different issues, including unions, how you account for time. That's a much bigger issue.

But I agree with you that in the private sector, people make out time sheets that equate to what they spend their time on every day, not just in IT, but also in the operating departments.

COUNCILMAN RIZZO: I understand that.

I guess this is the last one. What other City costs are associated with Wi-Fi Philadelphia, whether construction management or others? I mean, is there any other surprises? You don't like to be the guy that surprises us with things, so could you today tell us -- and I asked you earlier -- where are we with this?

We all know EarthLink is

actively trying to market or sell the system. Could you just take a few minutes, address the real costs and talk about where we are with this project.

MR. PHILLIS: The only thing I can tell you is, there are no surprises in costs that I'm aware of, none whatsoever. This wasn't a surprise to me. Obviously it was a surprise to you, but --

COUNCILMAN RIZZO: No, it wasn't a surprise. I thought it all along. You just proved it during your budget testimony.

MR. PHILLIS: And that's the only cost that I've been associated with that even relates remotely to Wireless Philadelphia. That's the only one. I know of no other costs anywhere, because the money is totally outside of the City at this point. So I'm not aware of any costs.

Your second question was in regards to the status of the project, where it's at today. Wireless Philadelphia obviously is about -- depending on how you calculate it, it's between 70 to 80 percent complete. The Northeast and the Northwest have not been built out at this point. We do not have a commitment for the completion of those sites. The contract requires EarthLink to complete the entire network by November of this year. The project requires a payment from EarthLink of $1 million to the City through PAID May 24th of this year, on an anniversary of the acceptance of the proof of concept area. That money is supposed to be delivered to PAID, given to the City and put into the General Fund, and the Streets Department then issues a $1 million payment to Wireless Philadelphia to aid them in their operational costs going forward to solve the digital inclusion issue.

As you know, EarthLink has gone through several statements, several changes in leadership. The original CEO that saw the vision of providing wireless to governments throughout the United States and really worldwide died and a new man took over by the name of Rolla Huff. When he came on, he has changed the direction of the company and his relationship to the stakeholders and has decided that this is no longer an initiative that he wishes to be part of their strategy going forward. So they are officially trying to sell the network. Through the three announcements that they've made, they hinted about that, but in February, they actually said it, they are selling the network.

What that means to the City is, of course, the best thing for the City would be to have a vendor come in, buy the network and basically just change the logo. Instead of calling it EarthLink, we'd call it ABC Rental, or whoever the vendor might be. That wouldn't change our contract. It wouldn't change the payments. Everything would remain as is with the ultimate plan.

If that doesn't happen, the current Administration and myself, we're working on what should be the City's posture going forward if they are unable to sell the network, and we do not have a conclusion for that at this point.

COUNCILMAN RIZZO: Tell me about the completion of the network. Northeast is obviously a very big piece of real estate, parts of the Northwest. Do you anticipate them finishing that, and, if not, who finishes it?

MR. PHILLIS: Well, the official word is that those areas today are deferred. They are making very little, if any, progress on them. The contract states that the network has to be completely built out by November of this year. If they don't get it built out, they are in default of the contract.

COUNCILMAN RIZZO: And that means what? Litigation?

MR. PHILLIS: That means

litigation and remedies that are provided for in the contract. Although they're not overwhelming remedies, there are remedies within the contract.

COUNCILMAN RIZZO: Thank you, Madam Chair.

Thank you, Mr. Phillis.

MR. PHILLIS: Sure.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman O'Neill.

COUNCILMAN O'NEILL: Thank you, Madam Chair.

Mr. Phillis, this is the first time I've had a chance to talk to you in public since the new Administration came in, and Mayor Nutter I know early on asked you to stay, and I just want to compliment you on how well you're thought of by your colleagues and peers around the country, both in large cities and counties. I have firsthand knowledge from attending meetings through the Public Technology Institute. And I consider the City very lucky to have you

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here and your work ethic and your knowledge and also your ability to network with your peers and share best practices. So I just want to thank you on the record for staying, first of all.

MR. PHILLIS: Thank you.

COUNCILMAN O'NEILL: And for being in a position to be asked to stay, which wasn't true of a lot of people in the last Administration.

The ePay -- and, again, I'm glad we're doing something with ePay. There's an awful lot of people that will pay if you don't charge them for the convenience of paying when they're saving you the money. So I'm glad we're on that track, and I think you'll see a boom in payments once you get that down to where the rest of the world is, which is you're helping us, we're not charging you to help us.

Councilman Goode's question I thought was interesting about how many departments and whether City Council should be one of them and what the integration should be, and it comes up to what I was just referring to. Do you have information on what other particularly large cities and counties do in this area of the Councilman's questions in terms of how much is centralized? In fact, we had other questions along the same lines that came off.

I'd be surprised if there weren't quite a few cities that have gone or counties that have gone to the central IT model, both for savings and efficiencies and the combination that comes with it.

MR. PHILLIS: I belong to a large city CIO focus group, which are the ten largest cities in the United States, and we meet quarterly. All of them deal with their IT as a central agency. They do not have the City Council or the legislative branch separated from the core agency. What they do have, though, is their own Service-Level Agreement that says how they want to be treated, so that they have their own anonymity, which I think is important, that they have their own protections and that they have their own performance levels that, quite honestly, I should be held accountable to. And we haven't done that as a city, let alone for the Council.

So I think that's a growing experience for everybody to get to that. And it's a rather large endeavor to do that. I've been through it before. It will be a very new experience for almost everyone in the City as we start doing that.

COUNCILMAN O'NEILL: Can you explain what our own anonymity is when you're talking in these terms? I don't quite understand.

MR. PHILLIS: Okay. I had a meeting with Mr. McPherson and I think it was Rick Auerbach was with us about Internet usage just to let everyone know that many of the problems we've had with the Internet and the performance over the last several months have been multi-faceted. There's lots of issues with that. One of the issues is a great deal of improper use of the Internet, going to sites that the employees have no business going to, and I will tell you that improper use of sites probably accounts for 65 percent of our traffic in the City.

In order for us to address that, we did not have a tool that we could use to control the content of what people were downloading off the Internet. We had to go out and buy that. In doing that, there was some concern about the fact that this would allow the legislative or the Councilmembers the opportunity for everybody to see who was going to what site. They deserve the anonymity of their jobs not to be scrutinized in that way. So we are providing that kind of anonymity to the

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Councilmembers, but we are going to deliver the appropriate Internet service that they deserve and want.

So that's what I mean by "anonymity."

COUNCILMAN O'NEILL: Okay. Having just been down at the National League of Cities conference, I was talking to some people. This isn't just about IT.

And I got our budget guru here, Steve.

I've never heard that the City had people on staff in any capacity, any department, centralized or otherwise, who write grants for a living. That's what they do. And when I heard that Chicago -- I heard other cities, but the one that struck me was Chicago, because they seem to be doing a whole lot of things right at the moment. They have three full-time grant writers that work in the city, and apparently it has paid dividends way beyond their salaries. And there are grants out there for a whole host of different things that would benefit the City, our efficiencies, maybe take some of the workload off of Councilman Green in terms of trying to go paperless or different things.

I'm only kidding, Bill.

But those kind of things, the kind of things that you want -- the people are willing to give grants for to help us become better. And I just wanted to know where we are today and if we have any thoughts of -- I just had never heard of -- and IT is one of the places where we obviously could be getting some grants for this kind of thing.

MR. AGOSTINI: Councilmember, Madam President, Steve Agostini, Budget Director.

We do have now a full-time grants-writing individual in the Mayor's Office working under our Policy Director, Mr. Wendell Pritchett.

COUNCILMAN O'NEILL: Did you

say a person?

MR. AGOSTINI: Yes, one person. And from what I could tell so far, she's been effective in sort of not only getting some grants, but in sort of canvassing and categorizing what it is we can go after.

The effort that you referenced in Chicago, Chicago actually had an individual who was -- I think the Mayor actually referred to her as the czar of IT, and it was her responsibility to generate sizable grants, sizable contributions from a variety of entities across the city, because it was the Mayor's then effort to try and make the city much more of a digital city.

That may be something that we talk about here as well. There are grants out there. I think the Kennedy School of Government has a very significant effort with respect to trying to generate IT enhancements, IT improvements for local governments, because it's not a place where you see that. We're going to look at those things. Terry knows this. We are trying to get ourselves up to speed.

I think one of the things you would see a consensus among us who are newer to the City is that we have a lot to do to catch up with some other cities. There's a lot to build on, and Terry has sort of raised that for you, but there is a lot that we can do and should do.

COUNCILMAN O'NEILL: Thank you. That's all.

MR. PHILLIS: Councilman O'Neill, you were asking about ePay.

COUNCILMAN O'NEILL: Yes.

MR. PHILLIS: Just to let you know that today we receive about $8 million a month through the Internet payment capabilities.

COUNCILMAN O'NEILL: Okay. I think that will go way up.

MR. PHILLIS: Way up.

COUNCILMAN O'NEILL: Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Good afternoon. How are you?

MR. PHILLIS: Hello, Councilman.

COUNCILMAN JONES: First let me say that as a new Councilperson, we were allowed to enter in our office maybe three hours, four hours before we were sworn in the day before we were sworn in due to some circumstances which we won't go into, but I must say that your staff -- when we found our circumstances, we found out our hard drives had been wiped clean. I mean, all kinds of problems with the computer systems. Your staff worked diligently, diligently to get us up and running, gave us everything we needed. We are appreciative of allowing us to be able to function on behalf of the citizens of Philadelphia. So we appreciate that.

MR. PHILLIS: Thank you.

COUNCILMAN JONES: Joe James and I go back to a prior life's work in economic development. So I am confident as I see him sitting over there that you guys get it. And so having said that, I want to put into context my questions that I ask from here forward to try to make you a better agency or at least help me to understand how you are a better agency.

There's a word called tropophobic and that means the fear of change, and I'm wondering if a lot of times when you go through departments that actually should be sharing information, that could use similar software/hardware systems, when they don't do that, it's because often they're so used to doing things a certain way, knowing the function keys like their family members, that they're afraid to try new, more efficient softwares that might be out there. How do you deal with that?

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MR. PHILLIS: Well, I think you're absolutely right. There is a fear of change in the world today. It's not just in this particular area. I think most people don't like change. I happen not to be one of them. I enjoy change. I think it's kind of exciting.

But part of this is allowing people to have input to the process so they feel engaged in the result that's going to change what they do. If you just go out and drop it on them, they are not going to accept change. We did this with Project Ocean. We allowed all the people to have significant input as to how we were building a project, how we were building the training material, how everything was going to be delivered. They were fighting change previously. They did not fight this change, because it was part of their requirements.

We're going to have the same thing with our new HR system that's coming in. We have Legacy systems that

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are still green screen main frame operations. The people that operate those every day, they don't have a problem. They like what they do. They know how to come in every day and do their job, but to change is scary for them. And we have a lot of people in this City that are still on Legacy applications that are basically PC illiterate. And that's not attacking their IQ. It's just they don't know what a mouse is. They think that's who lives in Orlando. We need to bring those people into the mix so that they feel they're part of the solution rather than having a solution dropped on top of them.

COUNCILMAN JONES: I share their phobia sometimes. I'm an end user, but I have had to struggle to get up to speed on some things.

But I want to go now to say that we're getting ready to implement, based on the Mayor's edict, a 3-1-1 system which will quantitatively allow us to measure, and Councilman Green and I go forth and we talk about if it ain't measured, it ain't managed, and we kind of live that credo throughout this. So how are you going to interface with this 3-1-1 system?

MR. PHILLIS: Well, we're part of the design team for building the 3-1-1 system. We're part of the RFP process for picking the CRM that is part of this. I have my Enterprise Manager, Jim Querry, who has put together a plan for how we will build the appropriate back office system, which is the work order system, because obviously a 3-1-1 system is just really talking about -- when you talk about 3-1-1, it's just the front end. It's the phone call that somebody answers. If it doesn't provide a result, if it doesn't provide the right opportunity for the City to deliver a service, it's not a complete system, and that's what we want to measure, not the calls coming in, but the fruition of meeting that requirement.

So there are multiple pieces that have to come together. We put together a plan and we had it ready so that when the new Administration came in, we shared all of our opinions and ideas as to what would make a successful project, and that is the way we're moving forward. I think we're going to be doing a good job with this.

COUNCILMAN JONES: As Councilpeople, we really want your 3-1-1 system to work. It complements the constituent service work that we all do. However, right now we use Lotus Notes, which does not allow us to scan documents, to do things that allow us to better measure the responses that we get to constituent service requests from departments and follow up.

Is there a software that is being planned to, on the back end, as you say, allow us, empower us to measure things so that we know how many Streets

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Department complaints or requests we're getting, how many Water Department issues --

MR. PHILLIS: The CRM package, which is the citizens tracking mechanism in this process, will allow you to do that.

COUNCILMAN JONES: Now, it's in this package, it exists today?

MR. PHILLIS: No, no. This is where we are going. This is the RFP that we're going to be issuing for CRM, which is the cornerstone for the 3-1-1 system.

COUNCILMAN JONES: So that's the back end operation of the phone call?

MR. PHILLIS: No. The back end is the work order system. The 3-1-1 is no more than getting Verizon to redirect the calls when you dial 3-1-1. Not a big deal. The people that answer the phones have to be able to enter the information into a CRM, which is going to track and manage the request that comes in. Once it does that, it has to kick off a work order for Streets to go out and pick up the trash or for whatever the call may be, to go and pick up a dead dog in the street. That work order to actually send the person out to do the task is the work order system.

COUNCILMAN JONES: So how do we as the end user, Council, use -- what system will we use?

MR. PHILLIS: You will be able to go into the CRM and find out what calls are coming in from your constituents. You'll be able to look at -- you'll be able to segregate all that data in many different ways. Also, I think that you'll become accustomed to looking at the results of the PhillyStat meetings that are going on today, as well as the 3-1-1 review that will incorporate all of this when it's done, and that should give each one of the Councilmembers the opportunity to see how City services are being provided within your district.

COUNCILMAN JONES: Finally, I, like Councilman Green, want to see an actual plan for a paperless government and I think that the 3-1-1 system on top of some other things that we can do can help us go that way. If I heard correctly, the savings annually would be $200 million?

Bill, was that correct?

COUNCILMAN GREEN: That's what was in the Deloitte and Touche report.

COUNCILMAN JONES: So $200 million. If we're talking about $200 million, that would have solved the after-school crisis four times over. It would build 1,200 low-income houses, which we desperately need in this City. It would reface every commercial corridor in the City of Philadelphia. So it is not a minor thing. As we look at the cuts we're getting from the federal government, we're down to $53 million worth of block grant funding. So $200 million can buy a lot of services for the citizens of Philadelphia. So if in fact we are ever to become paperless, it would be helpful to me and this Council to see the steps we are taking each and every year to become that paperless government.

MR. PHILLIS: I agree with everything you said. Just make sure you also understand that there are tools and mechanisms that can be put in place and that are here today that allow you not to have paper.

COUNCILMAN JONES: And so --

MR. PHILLIS: Let me just say that, for instance, Lotus Notes, people get a note in an e-mail system and the first thing they do is print it out and file it. It kind of defeats the purpose of a paperless environment.

So there is a way to have tools, but it's also a change in behavior as to how you do your jobs.

COUNCILMAN JONES: So from your office perspective, is there a ten commandments of how to get to paperless or do's and don't's that we can pass around and not print out, that we can pass around electronically so that each department is charged or given a goal?

MR. PHILLIS: I think it's a good suggestion, but, no, I do not have a tablet with the ten commandments on it. But I think it's a good suggestion. I think as we go through the various things that could benefit this, we need to put in place the behavior modification so that it really reaches its goal.

COUNCILMAN JONES: My point here is that it begins with us in this room, including yourself. If in fact we are going to take steps, let's start taking them. My colleague wrote a paper about a paperless society. The first step was that I read it and I agree with it, and now that you came up with this wonderful suggestion, it would be good to take another step and give that to department heads.

MR. PHILLIS: I agree.

COUNCILMAN JONES: Thank you, Madam Chairman.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Green.

COUNCILMAN GREEN: Thank you, Madam President.

Terry, I'd like to supplement the request of information to the Chair to include what you believe the cost would be to implement the recommendations of the Deloitte report to the City so that we know what the investment is to get to that 200 million in annual savings.

MR. PHILLIS: I'd be glad to do that.

COUNCILMAN GREEN: Thank you.

Mr. James, the President mentioned that the Verizon budget had gone up, I think it was, 18 percent. In private industry, data and communications costs generally are going down on an annual basis. I'm wondering why we're not following a similar trend with respect to our communications.

MR. JAMES: Councilman, in most cases, our costs have gone down as far as what the contracted rates for the services that we purchase. We traditionally are usually saving about 45 percent off what the general TAF rate is for most services. In some cases, we do even better, that our basic line rate for a line is $7, and that's pretty good compared to what you see in the private sector.

But what we experience is, we experience a great deal of churn. We deal with a great deal of -- because there's such a dynamic to City government, that we're constantly moving people, rearranging things, adding people, adding lines, creating initiatives, creating hotlines, changing voice mail. So the sheer volume of work generates those costs.

COUNCILMAN GREEN: And it's Verizon employees that have to come in and -- what do you mean "the sheer volume of work"?

MR. JAMES: I mean, the sheer volume of the work. I mean, if you look at the amount of telephone lines that we have in the City, we're close to 30,000 phone lines. Our line counts grow just about every year, and whenever there's a change of any kind, whether it's a change in Administration or a change in people, a change in City Council, we constantly expand and contract. So it's not that the actual rates are the issue. It's the sheer volume of work.

Also, there is a great deal of work that, yes, Verizon technicians are installing a lot of phone lines in a lot of places. We're redoing health centers. We're redoing rec centers. We have to take out stuff. A lot of it is a swap and replace, and it's that kind of activities that occur over a period of time that keeps growing our rates, and what we try to do is defer stuff. So in previous years where we have not spent as much as we should have because we didn't have it in the budget, we now try to catch up with it and try to get a budget increase this year, and we were successful in getting an increase to the budget, so it allows us to anticipate the expenditures that we're going to need hopefully in the next fiscal year.

COUNCILMAN GREEN: Well, Mr. James, you haven't been successful in getting an increase to the budget yet.

MR. JAMES: I said we expect. I said we expect. I'm sorry, Councilman. In our proposed budget, we hope and anticipate that we'll see an increase. If not, we will work within the confines of the budget. But generally that's where the volume of work comes from and that's where the increase comes from.

COUNCILMAN GREEN: Are there different technologies we could be using rather than copper wire phone lines that would decrease the overall cost of data and voice communications to the City of Philadelphia? And that's where many of the savings are coming in major corporations. They have their own T3 lines that they own around the world. That's how they communicate with each other. They don't use private operators. They've created their own systems. They've used voiceover IP. They've used new technologies.

To what extent are we exploring savings from the use of different technologies and the City's use in the past? For ten or 15 years behind on IT in general, it probably -- does it apply to this also?

MR. JAMES: On the communications side, back in 2005, we were successful in getting dollars to build CityNet, what we call CityNet 2, where we basically put in our own private fiber to 13 of our downtown buildings, which make up a huge amount, almost 80 percent, of the volume of traffic between the high rises, which before was all leased circuits from Verizon. So we made that -- we were successful in getting that capital and we made that investment and have built that infrastructure in place.

So we're trying to maintain ourselves consistent with the private sector and our ability to maintain these services, and we've made those investments. I think we are in the planning stages and have been in the planning stages of looking at what's the next generation network for the City, where does voiceover IP as a technology solution fit for us that will not only provide greater service and efficiency, but also have the ability to have some reduction in costs.

We have not deployed that. We're using a lot of that infrastructure for a lot of what's done in the private sector to triple play. We have a video surveillance network, so we have video. We have a voice network, which today is a managed service. And we have a data network. And part of the solution bringing communications into MOIS is to looking at how can we leverage it and now finally start to see a convergence of those networks so that we get to that point.

I think we're in the planning stages of getting there. We have not achieved that yet, but we kind of have a sense of where we want to go with that, and I think it's strategic in our thinking how we achieve that. But we do need -- like anything else, we need to invest money for the expenditures to buy this equipment, because we don't necessarily have it sitting on the shelf.

COUNCILMAN GREEN: Are those investments in the current budget or Five-Year Plan?

MR. JAMES: No.

COUNCILMAN GREEN: Could you please provide to the Chair the expenditures required to update our voice and data networks to bring them to the current technology that's used in the private sector and also tell us what the expected annual savings would be for that investment.

MR. JAMES: We will submit something to the Chair.

COUNCILMAN GREEN: Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other questions or comments for these witnesses?

Yes. Councilman Green.

COUNCILMAN GREEN: Thank you, Madam President.

One more question. You talked about with Councilman Jones the front end of 3-1-1, which is getting information into the call center and then getting it out of the call center to the departments through a work order system so you've got customer -- citizen relationship management software, I guess you were referring to it as, and then the workflow order entry system, which will go out to the various departments to have the service delivery happen.

To what extent -- obviously that's a change in behavior within each department, because they're used to getting calls directly. Now they'll be getting information through this work order entry system.

To what extent are you involved in reviewing or is someone reviewing the workflow processes within each of the departments to prepare them for this change in behavior that's going to happen and presumably more effective and productive behavior within the departments, because they don't have people answering phones, it's all coming in electronically?

MR. JAMES: Councilman, part of the design review process that the team has been put in place for the 3-1-1 team is looking specifically at that activity to get a better understanding that there is going to be some business process reengineering necessary for us, one, to have a clear sense of what is the current as-is condition for the flow of work and then how is that going to be changed once you implement a work order management system and a 3-1-1 tool.

Over the course of time, the departments occasionally do get together and talk about cost interactivity, because even though they do come in into different places, many times there's an overflow about our activities and certain calls get actually sent to the wrong place.

So the departments are trying to better understand how we interrelate to each other, but I think in this whole 3-1-1 initiative, you'll see a better effort put forth of how we figure out how to design this to take into account better activity.

COUNCILMAN GREEN: Many of the savings that will come will come from reengineering the workflow processes in each of the departments as a result of the increased use of technology, and without that process taking place, we're sort of adding just a separate function of new people answering the phone and then setting the information into a department that doesn't have a change in the way it operates, its workflow processes.

So I just would like to -- if you could provide to the Chair information about how all of that is being integrated into the planning, I'd appreciate it.

MR. PHILLIS: It is being integrated, but I'd just like to bring one point up about something you just said. There is not a 3-1-1 installation in the country that has saved any money. I want to make sure that we set our goals right here. The 3-1-1 implementation will set Philadelphia apart as doing a terrific job of serving our citizens. It does not necessarily save money. I have talked to all the biggest cities and nobody has saved any money in the process.

COUNCILMAN GREEN: Mr. Phillis, that's exactly my point. It is not the 3-1-1 call center that saves money. It's the change in the operations, the productivity efficiency, the workflow processes of the departments of the way things get handled, of the fact that now the information they have is electronic. The information they give back is electronic, eliminating records clerks, et cetera. It is that which saves the City's money, not the 3-1-1 system per se.

Baltimore since it implemented 3-1-1 over the last six or seven years has saved $350 million, which it relates directly to 3-1-1 and CityStat.

So it's really 3-1-1 in combination with PhillyStat which is going to provide great productivity and efficiency enhancements. But you're right, it will take time. There are reports of -- Baltimore credits 3-1-1/CityStat with saving it $350 million a year.

MR. PHILLIS: And a lot of that is --

COUNCILMAN GREEN: Not a year. Over seven years.

MR. PHILLIS: And a lot of that is the focus on the work order process to make sure that we are delivering things in an efficient way.

COUNCILMAN GREEN: Right.

MR. PHILLIS: Yeah.

COUNCILMAN GREEN: Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you.

Any other questions from members of the Committee?

(No response.)

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you for your testimony.

MR. PHILLIS: Thank you very much.

MR. McPHERSON: The next department is the Mayor's Office of Community Services.

(Witnesses approached witness table.)

COUNCIL PRESIDENT VERNA: Good afternoon. Please identify yourself for the record and proceed with your testimony.

MR. RIDLEY: Thank you, Madam President.

Good afternoon, Council President Verna and members of City Council. I am Wadell Ridley, Jr., Executive Director of the Mayor's Office of Community Services. Today I will provide you with a brief description of the work that this agency does and present the proposed Operating Budget for Fiscal Year 2009.

The Mayor's Office of Community Services requests a Fiscal Year 2009 appropriation of $11,211,543, all of it from the Grants Review Fund. The MOCS program itself is requesting $8,612,000 and the Empowerment Zone is requesting $2,599,543, for the same total that we're requesting of $11,211,543.

In Fiscal Year 2007, MOCS provided services to 83,482 people. The agency expects to provide services to 97,021 people in Fiscal Year 2008. This projected increase is the result of the increase in the number of ex-offender clients that will receive services from two reentry offices located at 1741 South 54th Street and 1952 East Allegheny Avenue. The addition of personnel to the Mayor's Action Center is expected to help us serve additional clients as well.

The mission of MOCS is to empower individuals, families and neighborhoods to reach self-sufficiency by providing programming and coordinating services. MOCS provides direct services to low-income individuals through the following programs. The Workwise Program receives $1,662,700 from the Commonwealth's Department of Community and Economic Development to provide case management, job readiness activities and employment placement for 1,350 TANF recipients.

The Foster Grandparents Program receives $532,000 from the Federal Corporation for National Community Service to provide volunteer opportunities for over 110 senior citizens at 45 host agencies to impact 11,000 children with special needs, such as those who are mentally challenged, abused and neglected, hearing and visually impaired.

The Fatherhood Initiative Program receives $350,000 from the Commonwealth Act 148, which is the child welfare award to DHS to support up to 600 fathers who are behind in child support through workshops and other programs.

The functions of the Mayor's Office of Community Services impact five of the core strategic areas laid out in the Five-Year Strategic Direction and Financial Plan.

MOCS is involved in the promotion of public safety through its Community Engagement Unit, otherwise known as the CEU. The CEU works with the Philadelphia Police Department by assisting in the facilitation of community meetings and the collection of data. MOCS also contributes $366,000 directly to the Mayor's Office of Reentry for the purpose of helping ex-offenders transition smoothly and make useful contributions to their communities.

The Community Engagement Unit also works towards strengthening healthy and sustainable communities by working with various City departments to inform residents of departmental activities; for example, recycling, organized clean-ups. These goals are achieved through literature drops, mailings and community meetings. The CEU also helps to process LIHEAP, CRISIS and SSI applications and provide income tax assistance.

The MOCS Workwise Program makes a very important contribution to education through its job readiness program. The Foster Grandparents Program is also providing volunteer opportunities for seniors to serve as mentors to over 11,000 special needs and at-risk children. Our Fatherhood Initiative program encourages and teaches non-custodial fathers become better parents through various development workshops.

MOCS shares the goals of the City of Philadelphia to encourage job creation and income growth. As mentioned already, Workwise provides a great opportunity for jobs and economic development by providing case management, job readiness activities and employment placement for TANF recipients.

MOCS also shares the goals of the City of Philadelphia to become a leader in customer service.

Like all City departments, MOCS has the responsibility to provide customer service at the highest level possible. All of our programs - Workwise, Community Engagement Unit, Fatherhood Initiative Program and the Foster Grandparents Program - work directly with the public. We look forward to focusing attention on tracking our performance and bringing us into compliance with various citywide initiatives.

We plan on using the following performance measures to track both internal and external performances.

Our internal performance measures, the result would be to ensure that MOCS is adequately and appropriately staffed, and the measure would be the number of staff evaluated and the percentage of evaluations resulting in personnel actions.

Another result would be to increase service to low-income families, and the measure would be the ability to meet contracted deliverables; for example, sufficiently documented linkages for 60,000 new families by June 30, 2008 and 60,000, or 100 percent, of families receiving information to meet their specific needs by June 30, 2008.

The external performance measures, the results would be to serve and assist citizens of Philadelphia, and the measure would be the number of people participating in our programs, and another measure would be the number of people served by our programs.

Another result would be to reduce Philadelphia's poverty rate, and the measure would be the number of Philadelphians qualified as below the poverty line according to appropriate measures. New York City uses National Academy of Science recommendations. Another measure would be the number of eligible enrolled persons in the EITC and TANF and other programs.

At the Mayor's Office of Community Services, we hope to help the City become a national leader in customer service. To do that, we will establish, publish and meet customer service guidelines for all the services that we provide. This includes redress for the customers when the standards are not met.

At MOCS, we ensure that we will provide our name to you every time you contact us. Within 15 minutes we will tell you what services you qualify for and give you the information you need to use our programs, and we will attempt to answer all your questions on the first call or provide the answer within 24 hours if we currently do not know that answer.

If we do not meet these standards, the client will receive a verbal apology directly from the departmental leadership and the problem will be corrected immediately, and the client will receive a written apology directly from the departmental leadership.

In dealing with our minority participation, in an effort to increase MBE and the WBE participation on City contracts, MOCS provides two contracts totalling $300,000 to North Philadelphia Human Services Development Corporation and Workforce 2000 for international driver's license training. These two contracts are MOCS' only contracts with non-governmental entities in Fiscal Year 2008.

I'd like to thank you for allowing me to present my testimony and will gladly attempt to answer any questions you might have.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Mr. Ridley, how many employees does the MOCS office have?

MR. RIDLEY: That's a very good question. We have 105 total. There are 65 who answer to me and my department directly. Those are the programmatic ones. We also have employees that we pay salaries for in other departments.

COUNCIL PRESIDENT VERNA: Such as?

MR. RIDLEY: We have employees in the West Oak Lane Center. There are employees in portions of DHS. There are additional employees in the Managing Director's Office. There are employees in the Mayor's Action Center, the Mural Arts Program and the AVRP.

COUNCIL PRESIDENT VERNA: I'm sorry?

MR. RIDLEY: The AVRP.

COUNCILWOMAN TASCO: Adolescent Violence.

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MR. RIDLEY: Yes, Reduction Program.

COUNCIL PRESIDENT VERNA: So I just want to get this clear in my own mind. We have 105 employees total, including those that you just mentioned in West Oak Lane and the Managing Director's Office, et cetera?

MR. RIDLEY: Yes.

COUNCIL PRESIDENT VERNA: So the complete total is 105?

MR. RIDLEY: Yes.

COUNCIL PRESIDENT VERNA: Now, your funding source is strictly federal government?

MR. RIDLEY: Well, it's the Community Service Block Grant, which I guess has its beginning federally, comes to us through the state, but it's totally grant based.

COUNCIL PRESIDENT VERNA: Can you tell us what, if any, restrictions there are on how these funds can be used?

MR. RIDLEY: Well, I'm learning

that every day. Some of the departments that we actually fund, the DCED, or the Department of Community and Economic Development, actually questions those uses. If those uses are not directly providing services for those who are impoverished, then it's questioned. So there's a number of restrictions with that.

COUNCIL PRESIDENT VERNA: Can you get back to us as to what those restrictions are, please.

MR. RIDLEY: The state requires that we provide documentation and data that the dollars that are used are actually providing services for those who are impoverished. That's the major restriction.

MS. MARINER: Good afternoon.

COUNCIL PRESIDENT VERNA: Good afternoon. Please identify yourself for the record.

MS. MARINER: My name is Mary Mariner. I'm the Director of Grants and

Programs at the Mayor's Office of Community Services.

Our Community Service Block Grant, which is our largest grant, the requirement is that we provide services to people who live at or below 125 percent of the federal poverty level. That is the major restriction of that grant. We have to document it. We have to have photocopied documentation in the client's file that proves that for the 90 days prior to service the client lived at 125 percent of the federal poverty level.

For our supported work program, which are TANF dollars that come through the federal, they're federal TANF dollars that come through the state, those clients must be current recipients of TANF. They can't get General Fund -- or general assistance. It has to be TANF.

For our Foster Grandparent program, they have to be senior citizens who live at or below 125 percent of the poverty level as well.

So those are the major restrictions of our grants.

COUNCIL PRESIDENT VERNA: How many of your employees are in the Managing Director's Office?

MR. RIDLEY: Presently we have a list of 28.

COUNCIL PRESIDENT VERNA: Twenty-eight. So how do they deal with people who are of need? What program do they work under?

MR. RIDLEY: Many of them --

COUNCIL PRESIDENT VERNA: What do they do?

MR. RIDLEY: I'm sorry to interrupt you. I know that many of them were working with the NTI program.

COUNCIL PRESIDENT VERNA: NTI? In what respect? Doing what?

MR. RIDLEY: Lot clean-ups, neighborhood cleaning and things of that nature. So in areas that were blighted and impoverished, it was used in that area.

MS. MARINER: That's correct. You're correct.

COUNCIL PRESIDENT VERNA: I would like to have a list -- apparently you have 40 people who do not work immediately under you, but in other departments. I would like to have a list of what departments they're in, how many of your employees are in those departments, what their titles are and how much they get paid. I'd like to know what they do.

MR. RIDLEY: I'll make that available to you.

COUNCIL PRESIDENT VERNA: Please.

The Chair recognizes Councilman Greenlee.

MR. GREENLEE: Thank you, Madam President.

Good afternoon.

MR. RIDLEY: Good afternoon, sir.

COUNCILMAN GREENLEE: I want to

ask you specifically on -- you talk early in your testimony about the reentry offices at the two locations. Can you go into a little bit of what kind of services will be provided there. I'm assuming employment is part of it or preparation for employment, but what do you see being done there? Are they actually operating yet, first of all?

MS. MARINER: Yes. Both are operational. They provide case management services, housing assistance, GED preparation, of course employment being the biggie, because to get them stabilized, you have to get folks employed. There's employment training. There's some training programs. Clothing, helping them get clothing, helping them get the proper identification they need to even get a job, Social Security cards, those kinds of things that someone coming out of prison may not have.

COUNCILMAN GREENLEE: Now, who

do you have working with them? Are some of these people working with them --

MS. MARINER: Some of them are ex-offenders. Quite a few of the people that work with them are ex-offenders themselves so they understand the need.

COUNCILMAN GREENLEE: That would make sense.

MS. MARINER: Yes.

COUNCILMAN GREENLEE: And just one more question along the line of what the Council President was asking you, specifically on the Mayor's Action Center just so I kind of understand that. I know you're separate from them, but some people that may come to the Mayor's Action Center may kind of be referred to you because they fall under that income guideline and have the kind of issues that you would meet? Am I saying that right?

MR. RIDLEY: Well --

COUNCILMAN GREENLEE: Am I confusing the issue? I'm not sure.

MR. RIDLEY: The issue is confused enough already. One of the things that probably out of maybe the four meetings that I've had with the state, that question has constantly come up. So one of the things that has to occur and the state has requested that we provide an amended work plan to provide them with the usage or how these employees are actually going to work in that capacity. I mean, one of the things that we see as a tie-in now is that it would be advantageous to use the Mayor's Action Center in combination with the 3-1-1 center, and that would help with that, we believe.

But, once again, that office provides us with large numbers with the phone calls that they take in, and sometimes they are referred to us because of issues that are dealing with poverty.

COUNCILMAN GREENLEE: Okay. That's kind of what I thought. I know we had a conversation in my office.

MR. RIDLEY: That's true.

COUNCILMAN GREENLEE: I'm getting there. I'm starting to understand. Thank you, Mr. Ridley. Thank you both.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: I'm sorry. Did I understand you to say that you have two offices?

MR. RIDLEY: The Mayor's Office of Reentry has two locations. The Mayor's Office of Community Services has two locations as well. Most of our services are out of 990 Spring Garden and our Workwise Program is out of 1234 North Broad Street. So there are two offices. I don't know if I actually had mentioned where Workwise was actually located.

COUNCIL PRESIDENT VERNA: I don't think you did. And I do know that I guess in the 1400 block of South Broad Street, a couple of years ago you had an office there and that was closed. Where did they relocate?

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MR. RIDLEY: They did not relocate. They closed that office and --

COUNCIL PRESIDENT VERNA: If you're familiar with the program, why don't you tell us.

MS. MARINER: I'm sorry. The office was the Family Development Center that you're speaking of, and that was closed due to lack of funding. There is a representative at 990 Spring Garden Street in the Community Engagement Unit that responds to any issues for that area. People just have to call the 685-3600 number and be connected to the person who handles South Philadelphia and Southwest Philadelphia.

COUNCIL PRESIDENT VERNA: How many other offices were closed at that time? Because you had a number of offices.

MS. MARINER: Quite a few, yes. Quite a few.

COUNCIL PRESIDENT VERNA: That was just a couple of years ago.

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MS. MARINER: Yes.

COUNCIL PRESIDENT VERNA: If my memory serves me.

MS. MARINER: You're correct. Yes. We had an Adult Education Program in Germantown that was closed. The South Philadelphia office, an office in Frankford, Youth Web program at Broad and Olney or a little below Broad and Olney. And I think that was it at the time, but quite a few, yes.

COUNCIL PRESIDENT VERNA: And they were all closed as a result of funding being cut?

MS. MARINER: They were closed as a result of funding being cut and redirected.

COUNCIL PRESIDENT VERNA: Okay. Thank you.

The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Is this the old Model Cities program?

MS. MARINER: Yes.

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COUNCILWOMAN TASCO: Have the funds declined significantly since the program was instituted years ago?

MS. MARINER: Yes.

COUNCILWOMAN TASCO: So if you said the offices were closed because of cutbacks and re --

MS. MARINER: Reallocation.

COUNCILWOMAN TASCO: Reallocation. Reallocation to new programs or existing programs?

MS. MARINER: Existing programs, existing City programs actually.

COUNCILWOMAN TASCO: That fall under the MOCS guidelines?

MS. MARINER: Yes. Yes. The existing programs are OSH, the Office of Supportive Housing. We gave them money to support shelter services. The Department of Recreation, we helped fund six senior centers, and the Health Department for lead abatement and childhood obesity services.

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COUNCILWOMAN TASCO: These services fall within the guidelines of the funds that were appropriated for this program?

MS. MARINER: Not always.

COUNCILWOMAN TASCO: So who on the state level or federal level challenged the reappropriation?

MS. MARINER: Department of Community and Economic Development on the state level.

COUNCILWOMAN TASCO: Did they question the moves?

MS. MARINER: They questioned our funding of those programs, yes.

COUNCILWOMAN TASCO: And what happened?

MS. MARINER: We are still funding them until we find this year when we do a new work plan. Whether or not that will continue, I don't know.

COUNCILWOMAN TASCO: Who made the decision to -- I'm asking you because you were there.

MS. MARINER: I know.

COUNCILWOMAN TASCO: And you're the grant writer, and you decide if the grant is appropriate or not appropriate. So who made that decision to close these offices?

MS. MARINER: The last Administration.

COUNCILWOMAN TASCO: Because the offices are part of the overall framework of the program, right?

MS. MARINER: Correct. Correct.

COUNCILWOMAN TASCO: Okay. I'm only -- they're not hostile questions.

MS. MARINER: That's fine. I'm fine.

COUNCILWOMAN TASCO: Because I wasn't asking those questions.

The two programs you have existing, the reentry programs, were they programs already existing and receiving funding from the City as part of the MOCS program?

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MS. MARINER: Those two -- well, the one program, the main program, has been in existence since 2006, and last year the second reentry program was opened. So Fiscal Year '07.

COUNCILWOMAN TASCO: So that was the one at 19th and Allegheny?

MS. MARINER: Correct. That's housed at Impact Services. I don't know if you're familiar with Impact Services.

COUNCILWOMAN TASCO: Yes. They work with my office.

MS. MARINER: Oh, okay.

COUNCILWOMAN TASCO: The employees who work in the Managing Director's Office, are they providing services that fit within the guidelines of the dollars, of the program dollars?

MS. MARINER: In some cases. In other cases, no.

COUNCIL PRESIDENT VERNA: Who pays for it?

COUNCILWOMAN TASCO: The money came out of MOCS?

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MS. MARINER: The money comes out of our budget.

COUNCILWOMAN TASCO: So you're going to provide to the President a list of these employees and what they do?

MS. MARINER: We are. What departments they're working, what their titles are, what they do and what their salaries are.

COUNCILWOMAN TASCO: Well, I'm sure you're probably trying to figure it all out yourself. You just got there.

MR. RIDLEY: Thank you. Absolutely.

COUNCILWOMAN TASCO: Thank you very much. I don't have any more questions.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: I guess along those same lines, I'm assuming, Madam President, that they're going to --

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we're going to get a listing of employment locations.

Do you know how many locations you have that are serviced through this MOCS organizational chart? How many locations do you have?

MR. RIDLEY: There are -- actually, I mentioned before that there were two locations, but it's actually three. I didn't count 990 as one in my head. We also have a location at 6th and Lehigh.

MS. MARINER: Yes, in the library.

MR. RIDLEY: In the library there. And also where Workwise is located at 1234 North Broad Street.

COUNCILWOMAN SANCHEZ: Are any of the folks at the Northeast City Hall under MOCS or MDOs? Is there an overlay?

MS. MARINER: Not anymore. We used to have a staff person at the Northeast. We do have staff that co-locate at the North Philadelphia City

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Hall, but not anymore at Northeast.

COUNCILWOMAN SANCHEZ: I know that you inherit kind of this system. What moving forward -- I'm assuming you're making some assessment. What do you think is going to be the overarching goals of the Mayor's Office of Community Service so that we can move forward? Can you give me an idea?

MR. RIDLEY: I could not tell you exactly right now. That's something we're really working on, but I can tell you one of the things that I plan to do is to meet with all Councilmembers individually to kind of get your ideas to help me turn MOCS into what it really should be.

COUNCILWOMAN SANCHEZ: In terms of since we have a grant writer that's assigned to MOCS, what are the funding sources that you've gone after traditionally and have there been any missed opportunities that you think we should be looking at?

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MS. MARINER: I need to correct something. I am not a grant writer.

COUNCILWOMAN SANCHEZ: Oh, okay.

MS. MARINER: I'm the Director of Grants and Programs. It means I oversee the grants we have. I'm not a grant writer.

COUNCILWOMAN SANCHEZ: So you're the program compliance person versus the actual person who writes the grants?

MS. MARINER: Yes.

COUNCILWOMAN SANCHEZ: So do we have anybody through the Mayor's Office of Community Service that's looking at grant opportunities at the federal or state level?

MS. MARINER: We actually are training -- having one of our employees, since Mr. Ridley arrived, has her in class training to become a grant writer, and she is going to be very good, I think, once she's finished her classes.

COUNCILWOMAN SANCHEZ: Do you see any duplication of services between the Mayor's Office of Community Service and the Managing Director's Office?

MS. MARINER: Probably in some cases, but because we are charged with a specific population, we are supposed to service people, residents of Philadelphia, who live at or below 125 percent of the federal poverty level, and the Managing Director's Office can service anybody. I think that's where the distinction lies between the two.

COUNCILWOMAN SANCHEZ: From your number of personnel, how many of those folks are bilingual in any language?

MS. MARINER: Seven.

COUNCILWOMAN SANCHEZ: What languages?

MS. MARINER: I'm sorry. Eight.

COUNCILWOMAN SANCHEZ: In what languages?

MS. MARINER: Latinas we have and Albanian and Arabic.

COUNCILWOMAN SANCHEZ: How do you see yourself working with the new 3-1-1 system?

MR. RIDLEY: That's something we were looking at. So right now I could not tell you, but I'm excited about it.

COUNCILWOMAN SANCHEZ: Okay.

COUNCIL PRESIDENT VERNA: I've heard you say several times that I guess your objective is and responsibility is to help people with services who are below the poverty level. How are you servicing them? I know you said that you have employees in the Managing Director's Office who go out and clean lots. I mean, how are you being of service to those people?

MS. MARINER: We provide a variety of services. Our Fatherhood Initiative services 600 non-custodial fathers, helping them reconnect with their children, getting them back into the system so they're paying child support again. We provide employment services to ex-offenders who are coming out and need employment. So we fund employment services. We provide services through OSH. We get those numbers for those persons who go into shelter. We provide services to over 7,000 senior citizens a year through six senior centers.

That's an example of some of the services we get. And the Mayor's Action Center gets 60,000 calls for services, and those are linkage or I&R, information and referral services, yearly that we provide. We pay for the staffing.

COUNCILWOMAN SANCHEZ: Point of information, Madam President.

COUNCIL PRESIDENT VERNA: Yes. Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: Why were these programs placed under MOCS? Do you know why? And not in DHS or Health, one of these other for the courts?

MS. MARINER: Which?

COUNCILWOMAN SANCHEZ: The Fatherhood, Workwise and Foster.

MS. MARINER: We developed those programs.

COUNCILWOMAN SANCHEZ: So they came out of an initiative out of the Mayor's Office of --

MS. MARINER: Yes. The Fatherhood Initiative, we wrote the program, as we did wrote Workwise. We wrote the -- actually, our then-Executive Director, Donna Cooper, wrote the grant for Workwise.

COUNCILWOMAN SANCHEZ: And for the Fatherhood Initiative? Because my understanding is that the Philadelphia Workforce Development Corporation has a similar program. How are we working with other quasi kind of City agencies doing similar stuff?

MS. MARINER: Well, there are quite a few fatherhood programs, and they all target different populations. We're targeting the younger population.

COUNCILWOMAN SANCHEZ: Okay.

COUNCIL PRESIDENT VERNA: Now, should Councilman Greenlee get a call from one of his constituents that he was just released from prison and he needs a job desperately, can Councilman Greenlee refer him to your office or are you working for inmates and preparing them for when they're released?

MS. MARINER: If the Councilman gets a call from an inmate, someone who is recently released from prison or about to be released from prison, he can call the Reentry Center at 685 -- or they can call 685-3615 and arrange to go in for services.

COUNCIL PRESIDENT VERNA: That's 3615?

MS. MARINER: Correct.

COUNCIL PRESIDENT VERNA: Okay. Mr. McPherson is asking if there is a cut-off period when they've been released.

MS. MARINER: No.

COUNCIL PRESIDENT VERNA: Oh, good.

MS. MARINER: They could have been released ten years ago. If they need the services, as long as they're an ex-offender, they can get the services.

COUNCIL PRESIDENT VERNA: Thank you.

COUNCILWOMAN TASCO: Point of information.

COUNCIL PRESIDENT VERNA: Yes. Councilwoman Tasco.

COUNCILWOMAN TASCO: Your office services individuals as opposed to target neighborhoods?

MS. MARINER: Well, it depends, because our office, our Community Engagement Unit, will go out to a neighborhood and identify block captains or if there's an issue in that neighborhood. They can get a lot clean-up or if they need beautification, they'll work with the whole neighborhood in that sense, yes.

COUNCILWOMAN TASCO: But the neighborhood does not have to fall within the income guidelines?

MS. MARINER: No, but usually, generally 99 percent of the times, someone in the neighborhood does and so they get the documentation and that covers the whole neighborhood.

COUNCILWOMAN TASCO: I like the clean-up because it does help a lot of citizens. It helps a whole neighborhood.

MS. MARINER: Actually, it does, yes. It's preventative, too.

COUNCILWOMAN TASCO: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

Any other questions?

(No response.)

COUNCIL PRESIDENT VERNA: Thank you very much.

MR. RIDLEY: Thank you.

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COUNCIL PRESIDENT VERNA: We look forward to receiving that information, Mr. Ridley.

MR. RIDLEY: We'll make sure you get it.

COUNCIL PRESIDENT VERNA: Thank you.

MR. McPHERSON: Office of Housing and Community Development.

(Witness approached witness table.)

COUNCIL PRESIDENT VERNA: Good afternoon. Nice seeing you. Please identify yourself for the record and proceed with your testimony.

MS. McCOLLOCH: Good afternoon, Council President Verna and members of Council. I am Deborah McColloch and I am the Acting Director of the Office of Housing and Community Development. I am here today to present testimony on the Office of Housing and Community Development, OHCD's, proposed Operating Budget for Fiscal Year 2009. The

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proposed Operating Budget under the Community Development Fund, Grants Revenue Fund, Housing Trust Fund and General Fund will also be presented in the spring to the Finance Committee on its hearing on the Consolidated Plan that includes the budget for Community Development Block Grant, CDBG, and other housing programs for Fiscal Year 2009, or what we call CDBG Year 34.

Ideally, the Consolidated Plan hearing should occur prior to the consideration of the Operating Budget by City Council. However, as in the past 15 years, the hearings are reversed. Should the results of the Consolidated Plan hearing require adjustments to OHCD's Operating Budget as adopted by Council, there will be time subsequent to the adoption of the Consolidated Plan to amend the Operating Budget. The complete Fiscal Year 2009 proposed budget will be presented as part of the Consolidated Plan hearing.

Due to the nature of its funding, OHCD is required to plan its annual budget to comply with the federal objectives as outlined in the annual Consolidated Plan. HUD's mandated goals are the creation of suitable living environments; the provision of decent, affordable housing; and the creation of economic opportunities.

These federal goals inform the agency's commitment to create a local environment that will improve the quality of life for residents and businesses of the City of Philadelphia. This commitment is demonstrated through OHCD's support of the City's core service goals of, one, promoting healthy and sustainable communities; two, promoting jobs and economic development; three, providing outstanding customer service to clients with a high performance government operation; and, four, demonstrating the highest standards of ethics and accountability.

OHCD intends to measure the success of its Fiscal Year 2009 operations by establishing specific outcome goals for its core activities, which may include providing housing through new construction and rehabilitation, counseling services, preservation of homeowner properties, and community gardening. In delivering these services, OHCD strives to meet a high level of customer service.

Reductions in federal funding continue to have an impact on community development programs in Philadelphia. Federal funding has decreased by 25 percent over the past six years, including a three percent reduction from the last fiscal year. However, the General Fund is supporting two OHCD programs.

The proposed General Fund budget allocates $4 million to support the vacant land stabilization and maintenance activities of the

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Pennsylvania Horticultural Society and $1 million to support the affordable housing programs of the Housing Trust Fund.

The proposed Operating Budget for OHCD totals $213.1 million in Fiscal Year 2009, of which 115.4 million will be in the Grants Revenue Fund, 72.6 million in the Community Development Fund, 21.1 million in the Housing Trust Fund, and 4 million in the General Fund. This Operating Budget represents the costs for all housing programs, as well as the salaries for all OHCD, Philadelphia Housing Development Corporation, PHDC, and the Redevelopment Authority, RDA, staffs, rents, materials and supplies.

My written testimony then breaks out each of the categories.

The decrease in budget Class 100 is the result of OHCD reducing its budgeted staff level by 20 positions, from 110 positions in Fiscal Year '08 to 90 positions in Fiscal Year '09. This reduction is being achieved without layoffs, by eliminating vacant positions. Because these positions have not been filled, no impact on service levels is anticipated.

The increase in budget Class 200 is primarily the result of additional Section 108 loan funds and increasing the capacity for the Interim Construction Loans. In previous years, OHCD was authorized to secure a Section 108 loan to support housing production programs, which will be received this fiscal year. OHCD needs sufficient budget authority to spend the loan funds. In addition, OHCD offers Interim Construction Loans to non-profit housing developers to reduce development costs, and it needs budget authority for this activity.

OHCD strives for inclusion in its programs of all portions of our population. Total non-governmental contracts awarded in Fiscal Year 2007 totaled approximately 78 million, of which 24 million, 32 percent, went to disadvantaged firms.

In conclusion, despite the continued reductions in federal funds, OHCD is committed to providing housing and community development services in a professional and ethical manner, to meet the Mayor's goals of creating healthy and sustainable communities, promoting jobs and economic development, and providing a high level of customer service in a high performance government environment.

I'd be happy to answer any questions that you and other members of Council may have.

COUNCIL PRESIDENT VERNA: Thank you very much.

The Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam President.

Good afternoon.

MS. McCOLLOCH: Good afternoon.

COUNCILMAN GREENLEE: My office received some questions about a fund that

I'm told was at least for the last five years part of OHCD budget, the Childcare Facilities Fund.

MS. McCOLLOCH: Yes.

COUNCILMAN GREENLEE: And I understand it's not in there this year. Has it been transferred somewhere else?

MS. McCOLLOCH: The Childcare Facilities Fund for the past five years was funded with Community Development Block Grant funds, but that funding was a result of a swap that was done five years ago with NTI bond proceeds. It had originally been intended to be funded with NTI bond proceeds and then it was determined that that was not an eligible program under the NTI bond proceed requirements, and so we essentially swapped it with CDBG funds. So we funded another activity that was eligible for NTI with NTI and put that into the Childcare Facilities Fund. But in that sense, it was never part of the Community Development Block Grant budget. It was only there because of that swap.

COUNCILMAN GREENLEE: Do you know where it's going to be now?

MS. McCOLLOCH: I don't know.

COUNCILMAN GREENLEE: Do you know, is it going to get anything?

MS. McCOLLOCH: Well, we have --

COUNCILMAN GREENLEE: Because I understand they're responsible for funding a lot of what seems like pretty good programs, so I'm trying to figure out what happened to it.

MS. McCOLLOCH: Well, we have not yet issued our preliminary Consolidated Plan, which will come back before this body usually in May when you all schedule the hearing. So we have not yet released our preliminary plan, although we expect to do that this month, in March. But as of now, I don't have a source in Community Development Block Grant funds to support the Childcare Facilities Fund.

COUNCILMAN GREENLEE: Okay. In your testimony you talk about ideally it would be better to reverse the Consolidated Plan as opposed to the Operating Budget. What is the reason? I know you said for 15 years.

MS. McCOLLOCH: Mostly it's because we don't receive the funding allocation from HUD until very late in the process. The federal fiscal year is October, and we don't usually -- it starts October 1st, and we don't usually receive our award of funds until often times January, and then there are a whole series of federal requirements that we have to meet for holding hearings and we would have -- in order to do that, we would have to start those hearings to meet the federal guidelines in September, but in September we don't have our federal allocation yet.

COUNCILMAN GREENLEE: You don't know what you're going to get yet.

And the cuts in employees, is

that part of the problem with the federal cuts?

MS. McCOLLOCH: We're not laying anyone off. It's just vacancies that haven't been filled.

COUNCILMAN GREENLEE: Okay. But not filling them, is that --

MS. McCOLLOCH: That's in part because we think we don't need that number of people and in part because we have a reduction in federal funds, so we need to match our resources.

COUNCILMAN GREENLEE: Okay. Just one last thing. On the Housing Trust Fund -- I guess other people might have questions about that, too -- I see it's, what, 21.1 million. I know, again, I received some concerns that there might not be enough money in there. What conversations have you had from various organizations that will use this? How have you come up with that money so far?

MS. McCOLLOCH: How have we been spending it so far? That is the budget authority, which is really about one and a half years times what we anticipate earning. Our budget last year, as budgeted last year, we had $14 million in the Housing Trust Fund. We never spend it all in one year, just because the development process takes longer than that. We issue requests for proposals. By the time we get those back and get the money out to the groups that are using it, it takes longer than one year. So this budget authorizes us a higher amount than we'll actually earn, because there will be some carry-over from the prior fiscal year.

COUNCILMAN GREENLEE: Okay. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Tell me about the counseling services program. Are you maintaining the current number of counseling agencies?

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MS. McCOLLOCH: Yes.

COUNCILWOMAN TASCO: Are they receiving any cut in funding?

MS. McCOLLOCH: We haven't issued the preliminary plan yet, but I do not anticipate reducing funding for housing counseling.

COUNCILWOMAN TASCO: I guess we've talked about it. Let me just ask you about the budget and the staffing levels. Kind of refresh my memory about the layoffs.

MS. McCOLLOCH: In Fiscal Year 2005, between the three agencies, OHCD and PHDC and RDA, we had an overall decrease between those three agencies of a little over 300 staff positions, 303 positions, and then we had some layoffs that occurred and some people were then hired at OHCD. But the total between those three agencies, the total number of decreased positions was 59.

COUNCILWOMAN TASCO: Of those people who left, were there any individuals who were seeking employment? Because we were told during this whole layoff and reorganization no one would be left without a position. Is that the case?

MS. McCOLLOCH: A total of 73 employees were laid off overall, and of those, only three are still out on layoff. Two folks found employment elsewhere and four people were offered a position and declined the position. So we do still have three people who were laid off that we haven't -- that haven't either been hired at the City or found other employment. We still have three.

COUNCILWOMAN TASCO: Are there any lawsuits pending as a result of that whole scenario?

MS. McCOLLOCH: There are no lawsuits, although there is a union arbitration that's outstanding.

COUNCILWOMAN TASCO: There are none?

MS. McCOLLOCH: There's no like

lawsuit, individual lawsuit, but there is a union arbitration.

COUNCILWOMAN TASCO: There's a union arbitration about the whole process?

MS. McCOLLOCH: Yes.

COUNCILWOMAN TASCO: Okay. PHDC, they come under -- they're an independent agency?

MS. McCOLLOCH: They're an independent agency, but the funding for their staff positions and so forth is included in this budget.

COUNCILWOMAN TASCO: Okay. All right. Thank you.

Thank you.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: Thank you, Madam President.

Thank you, Deborah, for coming before us today. I had a couple of questions. There's been a lot of discussion about the Housing Trust Fund. Given your expertise, in an ideal world, because some of us are not in agreement with the one million, what would you see us needing that Housing Trust Fund to be just to sustain it at level with the decline in the housing market?

MS. McCOLLOCH: Well, the --

COUNCILWOMAN SANCHEZ: Given the proposed projects online, because we have some projects that are online.

MS. McCOLLOCH: We have any number of projects that are in the pipeline, and the decline in earnings this year for the Trust Fund is about -- I don't have it exactly, but it's about on par with the million dollars that's been proposed in terms of what's being earned, because every real estate transaction in the City earns funding for the Trust Fund, earns money for the Trust Fund.

COUNCILWOMAN SANCHEZ: So you

said the decline was?

MS. McCOLLOCH: I think -- we're only halfway through the year.

COUNCILWOMAN SANCHEZ: And it's about a million dollars already?

MS. McCOLLOCH: No, no, no. What we project it to be between now and the end of the fiscal year. And not even quite that high, because there are some interest -- we earn interest on Trust Fund dollars that are sitting in the City's coffers.

COUNCILWOMAN SANCHEZ: One of my issues is learning the alphabet soup in the conveyance of properties. Why is there different processes for the Vacant Property Review Board, RDA and PHDC?

MS. McCOLLOCH: There are three different conveyance properties because they're in fact three different entities. PHDC is a private non-profit corporation. VPRC, Vacant Property Review Committee, is a committee of City Council that disposes of City-owned property, and the

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Redevelopment Authority is a state-chartered authority that disposes of properties under the redevelopment law of the State of Pennsylvania, Commonwealth of Pennsylvania.

COUNCILWOMAN SANCHEZ: The previous Administration's policy was that we were going to sell everything at market value. What is the new policy, or has one not been articulated yet?

MS. McCOLLOCH: One has not yet been articulated.

COUNCILWOMAN SANCHEZ: In the case of -- an example, I asked for an overlay of all of the publicly held land in my district and was overwhelmed about the large number of vacant properties that I have in the 7th, including PHA, which is not part of this alphabet soup. How do you propose moving forward we look at streamlining the conveyance and making it more clear and transparent, if you have any recommendations?

MS. McCOLLOCH: Well, we're

working internally to create a property disposition policy, as you just mentioned, so that there will be policy for all publicly held land within sort of the auspices of OHCD to carry that forward, and we're also working to create a land bank, which would be another way to have a transparent process for acquisition and disposition of land.

COUNCILWOMAN SANCHEZ: Now, we fund community development corporations as well as NACs. In your restructuring of this, do you see any overlays, duplications or the need to increase the work that we're doing at that level?

MS. McCOLLOCH: Well, the NACs and the community development corporations carry out two different functions. Many community development corporations hold NAC contracts. NAC contracts are really designed to service ombudsman in their neighborhoods to help people work through the various City programs, to do planning at that very basic neighborhood level, and to be an information and referral service. And so, as I say, some CDCs have a NAC contract where the NAC informs the policies -- the planning and work of the NAC informs the work of the CDCs, the development work, and then in other neighborhoods, we have NACs who are independent of CDCs, but usually work with them because they work with all the neighborhood organizations.

COUNCILWOMAN SANCHEZ: How do we measure their work?

MS. McCOLLOCH: How do we measure the work of the NACs? They have specific contract -- they have contracts for specific activities that they are supposed to carry out. They submit monthly reports. We have a staff that works with them, the Neighborhood Program Coordination staff at OHCD that works with all of the NAC organizations.

COUNCILWOMAN SANCHEZ: Do you have any recommendations moving forward around how we better coordinate some of those activities?

MS. McCOLLOCH: I think we need to look at those neighborhoods where we have CDCs and NACs in the same neighborhood so we're confident that they're working in concert with each other. So we need to review all of the work of the NACs.

COUNCILWOMAN SANCHEZ: In terms of our Community Block Grant money, what is our decrease this year?

MS. McCOLLOCH: It's about --

COUNCILWOMAN SANCHEZ: Our expected decrease.

MS. McCOLLOCH: It's about three percent, which is 1.9 million.

COUNCILWOMAN SANCHEZ: So the elimination of positions will offset that, or how are we reprogramming to take that hit, that cut?

MS. McCOLLOCH: We are -- that's what we're working on, the preliminary plan that will be issued soon. We're looking at those areas that we can -- that we need to reduce because we have fewer resources, and one of them, as I described here, will be to have some vacancies just go unfilled and to look at each of our programs to see where can we better use our resources.

COUNCILWOMAN SANCHEZ: In the Basic Systems Repair program, in the 7th Councilmanic District we allocated about a million dollars of our NTI proceeds. What is the waiting list and is that data available by district of folks waiting for the Basic Systems Repair program?

MS. McCOLLOCH: I don't have that data with me today, but I can get it for you.

COUNCILWOMAN SANCHEZ: Would you pass that on to the Chair? That would be great. Thank you.

COUNCIL PRESIDENT VERNA: Can we have it for all of the districts, please?

MS. McCOLLOCH: For the waiting

list, right?

COUNCIL PRESIDENT VERNA: Yes. And how many people are on the waiting list, how old is the waiting list.

COUNCILWOMAN TASCO: Point of information.

COUNCIL PRESIDENT VERNA: Yes.

COUNCILWOMAN TASCO: I would like to know if the Basic Systems Repair office has updated that list, because when I requested the list last year, there were people who were on the list who were in my old district in '91.

MS. McCOLLOCH: Yes, it has been updated. Yes, it has been updated.

COUNCILWOMAN TASCO: Now, have you all put a system in place so that when someone calls in, they are immediately identified in the correct district?

MS. McCOLLOCH: Yes. They've made those corrections. There was some -- I'm not the technical computer person, but there was -- they had an old

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database that they have now corrected. So the people will be properly assigned to the correct district by address.

COUNCILWOMAN TASCO: Okay. Thank you.

Thank you, Madam President.

COUNCILWOMAN SANCHEZ: Another piece of information I'd like to get from our housing counseling services is, we've been talking about this increase in sheriff's sales and these mortgage foreclosures with all of these that are scheduled to reset. Are they tracking the number of clients that are coming in specifically around predatory lending and sheriff's sales and do we have any idea by area?

MS. McCOLLOCH: Yes, they are tracking that. I don't have that data here, but I can get it, because it's tracked. We have a new system that we started last July called Counselor Max, which is a new way of gathering data for our housing counseling clients. So we can provide that.

COUNCILWOMAN SANCHEZ: Is there anything there that's different than the national trend that we're seeing or is it even more alarming?

MS. McCOLLOCH: I don't think it's any more alarming than the national trend. I think, if anything, we have one of the largest housing counseling programs in the country. I think our housing counseling agencies have meant that we have -- I don't want to say that we have fewer foreclosures, but the impact of the counseling agencies have meant that folks who might have otherwise had their homes foreclosed upon have not because they've been participating in our housing counseling programs.

COUNCILWOMAN SANCHEZ: So we have those numbers, how many foreclosures we --

MS. McCOLLOCH: Yes.

COUNCILWOMAN SANCHEZ: I'd like to get that data. Thank you.

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Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam President.

Good afternoon.

MS. McCOLLOCH: Good afternoon, Councilman.

COUNCILMAN CLARKE: A couple of quick questions, to some degree centered around the inclusionary housing proposal that we are halfway there. During the discussion -- first, thank you all for participating and hosting the meetings that got us so far as it related to the program and the contributions from the staff.

During the discussion, it became increasingly clear, not a surprise to anybody who is paying attention, that there are some concerns about the market-rate development in the City of

Philadelphia, although we are not suffering the levels of suspensions and housing starts as on a national level, but we are starting to see some evidence of it, as referenced by the reduction in the recording fees, therefore revenue to the housing.

In the last couple of years, I know that part of the strategy was to pay some attention to market-rate housing as opposed to the traditional role of OHCD dealing primarily with affordable housing. As we move ahead, is that going to be a continued strategy where we just don't deal with the affordable housing component as it relates to the City of Philadelphia, that the OHCD, or whatever agency is so designated, will play a role in working to make sure that our housing market doesn't continue to go in the tank or to try and come up with strategies to stimulate the housing market generally?

MS. McCOLLOCH: Well, obviously the core services of OHCD are for affordable housing. I would anticipate with the newly designated Deputy Mayor for Commerce and Economic Development and Planning that those sorts of issues would be reviewed at that level to better coordinate with all the development agencies in the City to ensure that assistance is provided to big developments, no matter what they are. But in terms of OHCD's core, we'll continue to be -- our core services are for affordable housing.

COUNCILMAN CLARKE: Are you required to do that based on funding sources?

MS. McCOLLOCH: Yes.

COUNCILMAN CLARKE: So was the ability of, I guess, Kevin Hanna because he was the -- not the OHCD Director, but he was --

MS. McCOLLOCH: Secretary of Housing.

COUNCILMAN CLARKE: So that gave him the flexibility of dealing with all aspects of --

MS. McCOLLOCH: Well, and that those services were primarily planning services, because under the Community Development Block Grant regulations we can do planning at that sort of larger scale, if you will, overall scale, but we can't provide -- except insofar as there may be some market-rate developments that have affordable housing units included in them, then we could support those affordable housing units as part of an overall strategy of a market-rate development, which we've done some in your district.

COUNCILMAN CLARKE: Right.

Getting back to inclusionary housing, the most difficult part of that process is coming up with what we now call cost offsets. We no longer use the term "incentives." A number of the market-rate developers, particularly the BIA, has hired Econsult as their consultant, and within the next week or two they're going to be giving us a set of recommendations on what cost offsets should be included in the second phase of the bill, which will be the implementation phase.

Who in the City or what department, because the complexities associated with that, will be a part of the process of analyzing what they submit to us? Because I know when you hire a consultant, you kind of skew the consultant to come out with the result that you want them to come out. So I don't anticipate that the Econsult report will be as favorable in terms of what cost offsets can be available as I would like.

MS. McCOLLOCH: I think it would be a combination of the Office of Housing and Community Development and the Deputy Mayor's Office. We'll work with Mr. Altman and us.

COUNCILMAN CLARKE: One of the things that we're going to need at the end of the day, we're going to have to have a cost associated with whatever cost offset. As an example, we introduced a bill that calls for a credit towards your BPT, your business privilege taxes, for a developer who builds an affordable unit, and the question was asked in the formulation of that ordinance what should the percentage be. Frankly speaking, we didn't know, so we just threw a number in there, but if it's 50 percent, realistically what's the cost associated with that number, that 50 percent, as it relates to the ability to use that as a cost offset for an inclusionary housing unit, and that's the kind of level of detail that we're going to be requiring.

MS. McCOLLOCH: Right. We would work with the Deputy Mayor's Office.

COUNCILMAN CLARKE: Okay. The assumption is -- and I've actually had some preliminary discussion with him and I'm looking forward to working with him, because he seems like -- plus his parents grew up in Strawberry Mansion, so he has a leg up on me right there.

That will be helpful, because I understand the report is coming out.

And, Councilwoman Blackwell, don't be concerned. I don't think we'll get any more support because of his heritage in Strawberry Mansion.

Fortunately, she didn't hear that.

I would like to be prepared to as quickly as possible have you all support us in reviewing those analyses, and I believe the housing advocates in the community have also submitted a series of cost offsets, but at the end of the day, we need to have a dollar figure associated with that.

MS. McCOLLOCH: Okay. Yeah. I'm sure that I would work on it with other folks from the Deputy Mayor's Office.

COUNCILMAN CLARKE: All right.

Thank you. I'll see you at the CDBG Block Grant hearings. That will be a much more exhaustive and extensive questioning.

MS. McCOLLOCH: I look forward to it.

COUNCILMAN CLARKE: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Good afternoon.

MS. McCOLLOCH: Good afternoon.

COUNCILMAN JONES: I think you're probably one of the longest term members of Housing since forever. You look good.

MS. McCOLLOCH: He knew me before I had gray hair.

COUNCILMAN JONES: A couple of things, though. According to the City's Year 33 Consolidated Plan, which the City is required to submit to HUD annually, Philadelphia has 153,302 households which income is 30 percent of the area median income. Of that 68 percent, 104 households pay more than 30 percent of their income for housing. Furthermore, 46 percent of them, or 70,000 households, pay actually 50 percent of their income towards housing.

In light of the fact that we're losing HUD revenues every year, I think we're applying for $53,718,000 worth of HUD assistance, and in addition, ten million of that has to go to prior year repayment; is that right?

MS. McCOLLOCH: Yeah; for prior year Section 108 loan payments.

COUNCILMAN JONES: My question becomes, in light of the economy, in light of the fact that poverty is on the rise, in light of the fact that 24 percent of our folk are living under that guideline, housing prices going up, where are they going to be able to be housed and how are they going to afford to keep this up?

We have a sheriff's sale looming crisis on subprime lending. I need to know, what is our thinking as an Administration on how we deal with that when we have a Housing Trust Fund we've given $1 million to, and I don't know who actually makes the decisions for our land banking and things like that. So if you could help me to put my arms around this, that would be helpful.

MS. McCOLLOCH: Well, when we issue our preliminary Consolidated Plan, it will outline our budget and strategy for addressing a whole variety of needs for affordable housing. Again, we want to maintain our core services of new production of affordable units, both rehab and new construction, housing counseling, Basic Systems Repair grants to maintain homeowners. I always maintain that BSRP is really the largest homeless prevention program in the City, because that's what keeps people in their houses.

So obviously the need far, far, far exceeds the resources, and so every year we have to make those sorts of strategic decisions about where do we put our money and how are we going to do it, and so that's what we'll be back here in May outlining that to you.

COUNCILMAN JONES: We really are faced with a tsunami effect, and as the City prospers, so does the increase in housing value and, therefore, the least of us are being forced into a renters environment. So I'm going to constantly, along with the Chairman of Housing, Councilwoman Blackwell, who has fought this fight for a very long time, ask those questions and see how we can be innovative.

I just need to know, where does the money for the land bank come from?

MS. McCOLLOCH: Well, the money for the land bank -- the idea behind the land bank is to have all of the publicly owned property be in one place to make it easier to dispose of. As Councilwoman Tasco mentioned before, currently each agency has its own processes for disposing of land, and the idea is to create a process by which everyone understands this is how you get land from the land bank.

For the past five years, acquisition has been funded with NTI bond proceeds, and so we've acquired properties through the Redevelopment Authority at the request of Councilmembers, each Council having its own district budget and so forth, each Councilmember having its own district budget. So acquisition has been through the Redevelopment Authority.

COUNCILMAN JONES: Okay. The Housing Trust Fund, who is the decision-makers in that Trust Fund?

MS. McCOLLOCH: The Trust Fund budget is presented as part of the

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preliminary Consolidated Plan. So that budget will come before this body for review and approval. There is an oversight board, as established by a Mayor's Executive Order, that makes recommendations about the Trust Fund budget, and then those recommendations will be included in the Consolidated Plan and then it comes back before all of you.

COUNCILMAN JONES: During this past reorganization in the prior Administration, is there going to be a continued -- I mean, are we going to continue the way it was? Are we going to -- I mean, has there been any thought to that?

MS. McCOLLOCH: I think we're still in discussions with the Mayor's Office about what additional strategies the Mayor has for how he wants the housing agencies to be structured, and so we've been talking about it.

COUNCILMAN JONES: Well, just as a thought, listen, I agree that probably Basic Systems Repair is the most important type of program. I know new housing is important, but when you look at what a new house costs and what the subsidies are involved in it, I think we do ourselves a service by trying to keep people that are struggling to make ends meet right now with an inability to make repairs, making them whole by giving them a roof, giving them a heater and allowing them to hold on until the economy catches up and their incomes catch up. So as a strategy, I know we have in the 4th Councilmanic District taken advantage of that, and I know in the 5th District they have sought a different strategy, which we're proud of, which we're very proud of, but we would like to in the 4th continue that. I think it's a good idea. I applaud you on that. But we would like to make sure that the proper resources are given to that so that the people that are looking at the sheriff's sales, that are looking at how to make decisions on their limited income, fixed income often on how they repair a heater.

I'll never forget -- and I know this is not -- I'm singing this song to you because I want you to feel it, too. A woman sitting in the cold telling me that the reason she was sitting out in that mall was because it was warmer in that mall than was in her home, because her heater was broke. That resonated with me. So as I got to Council, I promised her, and I'm going to keep that promise, that we fight for those kinds of programs so that they can make those needed repairs so they can stay in their homes, which is often their most largest investment they're ever going to make in their lifetime.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank

you, Madam President.

Ms. McColloch, I know this isn't our detailed presentation. I just wanted to mention that we met with the Affordable Housing Coalition yesterday and Rick Sauer and his new appointee today about both obviously on funding, where we thought the monies would come from and what we can do. So I suggested to them that we all have to do our part to consider those issues and resources and that they meet not only with you but Mr. Altman, and we'll go from there.

MS. McCOLLOCH: Okay.

COUNCILWOMAN BLACKWELL: So anyhow, we'll talk more in detail at a future date, but we know the issues from our Trust Fund meetings that everybody is worried about more funding across the board.

MS. McCOLLOCH: Right.

COUNCILWOMAN BLACKWELL: Thank you.

Thank you, Madam President.

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COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Yes. Ms. McColloch, did you have jurisdiction over the PHIL-Loan program?

MS. McCOLLOCH: It's carried out through the Redevelopment Authority, but, yes. I mean, the Redevelopment Authority is actually the ones that implement that, but it's in the contract between OHCD and the Redevelopment Authority.

COUNCILWOMAN TASCO: Are you aware that the funding was cut for that?

MS. McCOLLOCH: No. Cut -- I'm sorry.

COUNCILWOMAN TASCO: As I understand it, the banks and the Coalition came up with a program to provide funding for people who had less than perfect credit and then the City guaranteed --

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MS. McCOLLOCH: Oh, I'm sorry. Now I know what you're talking about. There was a program that was being supported with NTI bond proceeds to supplement, if you will, the PHIL-Loan program.

COUNCILWOMAN TASCO: Right. Are you aware that the funding was cut, taken from that program?

MS. McCOLLOCH: Well, the remaining NTI -- the bond proceeds had been spent and then the remaining portion of it, of NTI bond proceeds, I believe were reprogrammed to support the PHFA HERO Loan Program, which the assumption was that that would sort of be taking over that.

COUNCILWOMAN TASCO: But that was a statewide program. That program we had was a local program. The subsidy for the PHIL-Loan program was a Philadelphia program.

MS. McCOLLOCH: Yes.

COUNCILWOMAN TASCO: And I know

it's not your doing. I'm just raising the issue of why would they take the Philadelphia dollars and give it to the state.

MS. McCOLLOCH: I think it's to supplement the state money that would be allocated for Philadelphia, but I think the issue at the local level -- and I don't have the details here today, but I think the issue at the local level was that there were very few loans that were actually made as a result of that.

COUNCILWOMAN TASCO: There were 240-some loans made and only two defaults.

MS. McCOLLOCH: Of the PHIL-Loan program, but not of that -- I don't think it was that high for that special program supported with NTI bond proceeds. But I don't want -- I can get the details. I don't want to give you misinformation.

COUNCILWOMAN TASCO: Well, I don't know, and I'll get the specifics myself, but as I understood it, it was supposed to support and guarantee the funding for those people who had less than perfect credit, and they had only had -- they had only two defaults and, therefore, the bank stayed in the program, but the money that was appropriated for that program was given to the state, which gets diluted before it gets back to Philadelphia. So we'll talk further about that.

MS. McCOLLOCH: Okay.

COUNCILWOMAN TASCO: Because it was awful.

COUNCIL PRESIDENT VERNA: Thank you.

Are there any further questions of Mrs. McColloch?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing none, I thank you.

MS. McCOLLOCH: Thank you.

COUNCIL PRESIDENT VERNA: This Committee will stand in recess until tomorrow, Wednesday, March the 12th at 10:00 a.m.

Thank you.

(Committee of the Whole adjourned at 3:50 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on March 11, 2008, and that this is a true and correct transcript of same.

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MICHELE L. MURPHY

RPR-Notary Public

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