

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON FINANCE

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, October 18, 2011
10:15 a.m.

PRESENT:

COUNCILWOMAN MARIAN B. TASCO, CHAIR
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN FRANK DiCICCO
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN JAMES KENNEY
COUNCILWOMAN BLONDELL REYNOLDS BROWN

BILLS 110130, 110518, 110560, 110612, 110613
and 110660

- - -

1
2 COUNCILWOMAN TASCO: Good
3 morning. We'd like to call the Committee
4 on Finance to order, and we note that we
5 do have a quorum in the presence of
6 Councilmembers Greenlee, Blackwell,
7 Goode, Kenney and Tasco.

8 We will now ask the Clerk to
9 read the bills that will be heard today,
10 the bills that we will be hearing this
11 morning.

12 THE CLERK: Bill No. 110130, an
13 ordinance amending Chapter 19-1300 of The
14 Philadelphia Code, entitled "Real Estate
15 Taxes," to provide a credit against the
16 tax for owners of condominiums and
17 cooperatives and planned community units
18 who do not receive regular City refuse,
19 recycling and bulk item collection
20 services; all under certain terms and
21 conditions.

22 Bill No. 110518, an ordinance
23 authorizing the Procurement Commissioner,
24 on behalf of the City of Philadelphia, to
25 enter into a lease and related agreements

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2 with the Philadelphia Municipal
3 Authority, for use by the City of certain
4 cogeneration facilities to be located at
5 the Northeast Water Pollution Control
6 Plant, 3899 Richmond Street,
7 Philadelphia, Pennsylvania, all under
8 certain terms and conditions.

9 Bill No. 110560, an ordinance
10 amending Chapter 19-200 of The
11 Philadelphia Code, entitled "City Funds -
12 Deposits, Investments, Disbursements," by
13 revising the list of City depositories
14 because of non-compliance with certain
15 provisions of that Chapter, under certain
16 terms and conditions.

17 Bill No. 110612, an ordinance
18 amending Bill No. 110136 (approved June
19 24, 2011), entitled "An ordinance to
20 adopt a Fiscal 2012 Capital Budget," by
21 adding and revising certain projects,
22 amounts and sources, under certain terms
23 and conditions.

24 Bill No. 110613, an ordinance
25 amending Bill No. 110135 (approved June

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2 24, 2011), entitled "An ordinance to
3 adopt a Capital Program for the six
4 Fiscal Years 2012-2017 inclusive," by
5 adding and revising certain projects,
6 amounts and sources, under certain terms
7 and conditions.

8 Bill No. 110660, an ordinance
9 constituting the Eleventh Supplemental
10 Ordinance to the Amended and Restated
11 General Airport Revenue Refunding Bond
12 Ordinance; authorizing the Mayor, the
13 City Controller and the City Solicitor,
14 or a majority of them, to issue and sell
15 one or more series of tax-exempt or
16 taxable Airport Revenue Refunding Bonds
17 of the City of Philadelphia; designating
18 the obligations to be refunded from
19 certain proceeds of such Airport Revenue
20 Refunding Bonds; setting forth the use of
21 proceeds; providing for the pledge of
22 certain passenger facility charges solely
23 for bonds which refund the City of
24 Philadelphia, Pennsylvania, Airport
25 Revenue Bond, Series 1998B and the City

1 10/18/11 - FINANCE - BILL 110130, ETC.
2 of Philadelphia, Pennsylvania, Airport
3 Revenue Bond, Series 2001A; determining
4 the sufficiency of pledged Amounts
5 Available for Debt Service; covenanting
6 for the payment of interest and
7 principal; authorizing the Bond Committee
8 to take certain action with regard to the
9 terms and conditions of the Airport
10 Revenue Refunding Bonds and related
11 agreements and the elections under the
12 Amended and Restated General Airport
13 Revenue Bond Ordinance; authorizing the
14 Director of Finance to take certain
15 actions with regard to the sale of such
16 Airport Revenue Refunding Bonds, the
17 investment of the proceeds thereof and
18 the City's continuing disclosure
19 obligation; and specifying applicability
20 of sections of The First Class City
21 Revenue Bond Act and the Amended and
22 Restated General Airport Revenue Bond
23 Ordinance.

24 COUNCILWOMAN TASC0: Thank you.

25 We're going to ask the City

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 Treasurer, Ms. Nancy Winkler, to come
3 forward to testify on Bill 110560.

4 (Witness approached witness
5 table.)

6 MS. WINKLER: Good morning,
7 Councilwoman Tasco and members of the
8 Committee on Finance. I'm Nancy Winkler,
9 City Treasurer for the City of
10 Philadelphia. I'm here to testify on
11 behalf of Bill No. 110560.

12 Bill No. 110560 amends Chapter
13 19-200 of The Philadelphia Code by
14 amending Section 19-201, entitled "City
15 Depositories," by revising the list of
16 City depositories due to non-compliance
17 with certain provisions of that Chapter,
18 under certain terms and conditions.

19 M&T Bank is currently an
20 authorized depository. This bill seeks
21 to delete this institution from the list
22 of authorized depositories since M&T Bank
23 no longer meets the requirements to
24 remain an authorized depository. The
25 Administration supports this bill.

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2 This concludes my testimony. I
3 am happy to answer any questions you may
4 have at this time.

5 COUNCILWOMAN TASCO: Thank you
6 very much.

7 Are there any questions on
8 behalf of members of the Committee?

9 (No response.)

10 COUNCILWOMAN TASCO: Thank you
11 very much. You want to speak on the next
12 one, and then you'll be done.

13 MS. WINKLER: Sure.

14 COUNCILWOMAN TASCO: Is there
15 any suspension of the rules on this one?

16 MS. WINKLER: Yes.

17 COUNCILWOMAN TASCO: Thank you.

18 (Witness approached witness
19 table.)

20 MS. WINKLER: Good morning,
21 Councilwoman Tasco and members of the
22 Committee on Finance. I am Nancy
23 Winkler, City Treasurer for the City of
24 Philadelphia. Accompanying me today is
25 Chellie Cameron, Deputy Director of

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2 Aviation - Finance and Administration for
3 Philadelphia International Airport.
4 We're here to testify in support of Bill
5 No. 110660, the Eleventh Supplemental
6 Ordinance to the Amended and Restated
7 General Airport Revenue Bond Ordinance of
8 1995, which is known as the General
9 Ordinance. The bill provides for the
10 refunding of up to 260 million of the
11 Airport's 1998B, 2001A and 2001B bonds.
12 No bonds will be issued to refund any --
13 I'm sorry; no bonds will be issued to
14 fund any capital projects not already
15 funded. Rather, this transaction is
16 simply a refinancing of bonds previously
17 issued to fund existing airport projects
18 in order to get a better interest rate,
19 to lower our interest costs.

20 As you may know, in 2010, the
21 Airport accommodated 30.8 million of
22 passengers and close to 461,000 aircraft
23 operations, making it the ninth busiest
24 airport in the nation in terms of
25 takeoffs and landings.

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2 The 2010 refunding bonds will
3 be issued, subject to favorable market
4 conditions, to refund the Series 1998B,
5 2001A and 2001B Airport Revenue Bonds,
6 which were callable on July 1, 2008, July
7 1, 2011 and June 15, 2011, respectively.
8 It is the City's general practice to
9 issue refunding bonds when the average
10 debt service savings to be realized from
11 a refunding is at least 3 percent.

12 All revenues pledged to secure
13 the payment of the 2011 bonds will be
14 derived from the Airport revenues, rents,
15 rates and other charges imposed on all
16 lessees, occupants and users of the
17 Airport and all other revenues derived
18 from the Airport constituting pledged
19 "amounts available for debt service," as
20 defined in the General Ordinance. The
21 bonds that will be issued under this bill
22 will not be general obligations to the
23 City. They will be payable solely from
24 the project revenues pledged under the
25 General Ordinance.

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2 Thanks to the members of the
3 City Council for your consideration of
4 Bill No. 110660. I also would like to
5 request a suspension of the Council rules
6 to allow for the first reading at the
7 next meeting of City Council.

8 This concludes my testimony.
9 We are happy to answer any questions you
10 may have at this time.

11 COUNCILWOMAN TASC0: Thank you
12 very much.

13 Are there any questions?

14 (No response.)

15 COUNCILWOMAN TASC0: Thank you
16 for your testimony.

17 MS. WINKLER: Great.

18 COUNCILWOMAN TASC0: We will
19 now call on the opportunity to hear Bills
20 No. 110612 and 110613, capital
21 amendments, Youth Study Center.

22 (Witnesses approached witness
23 table.)

24 COUNCILWOMAN TASC0: Good
25 morning.

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2 MS. RHYNHART: Good morning,
3 Councilwoman Tasco and members of the
4 Committee on Finance. I am Rebecca
5 Rhynhart, Budget Director for the City of
6 Philadelphia. I am here to testify on
7 behalf of Bill Nos. 110612 and 110613.

8 These two bills will amend
9 previously adopted Bill No. 110135, the
10 Fiscal '12 through '17 Capital Program,
11 and Bill 110136, the Fiscal 2012 Capital
12 Budget. These amendments will allow for
13 appropriations to be added to the Capital
14 Program and Budget. Appropriations in
15 the amount of 16 million are needed for
16 the new Youth Study Center project. This
17 project has experienced cost overruns due
18 largely to problems with the initial
19 prime general construction contractor and
20 severe winter weather. The 16 million of
21 appropriations needed consists of 10.5
22 million of current cost overruns and 5.5
23 million of contingency for unforeseen
24 circumstances. Funding has been
25 identified for the full 16 million, and

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2 the contingency being added is necessary
3 to make sure that appropriations are
4 available, if needed, to keep the project
5 on schedule. The funding is coming from
6 two sources, which is reflected in the
7 amendments, 13.2 million of funds from
8 other governments, which are available to
9 be used on public safety projects, as
10 well as 2.8 million of pre-financed
11 general obligation bond proceeds.

12 Included in these amendments is
13 an administrative change in Section 1 of
14 each of the previously adopted bills.
15 Before final passage of both bills in
16 June, City Council approved an additional
17 7 million to be added to the Capital
18 Program and Budget for Fiscal 2012. The
19 additional appropriations were added to
20 the detail pages, but were not adjusted
21 correctly on the cover page of Section 1.
22 An adjustment to Section 1 will show a
23 difference of 23 million to include the
24 16 million for the new Youth Study Center
25 project and the correction for the

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2 additional 7 million previously approved.
3 These two bills should be treated as
4 companion bills.

5 I would like to request a
6 suspension of the rules to allow for
7 first reading at Council's next session.

8 This concludes my testimony,
9 and we'd be happy to answer any questions
10 that you have at this time.

11 COUNCILWOMAN TASCO: Nobody has
12 any questions.

13 The funding from the two
14 sources that you identified, 13.2 million
15 of the funds are coming from other
16 governments. What does that mean?

17 MS. RHYNHART: There
18 actually -- it's money from the state.
19 The state provided reimbursements for
20 some of the costs to design and build
21 CFCF, and that money was in a grant to be
22 used for other public safety projects.
23 So it's from the state.

24 COUNCILWOMAN TASCO: Other
25 public safety projects --

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2 MS. RHYNHART: Such as this.

3 COUNCILWOMAN TASC0: Such as
4 this, but have there been identified any
5 other projects, maybe for fire stations
6 or something like that?

7 MS. RHYNHART: I think this was
8 viewed as -- this project and the
9 completion of this project on time was
10 viewed as such a top priority that we
11 felt that we needed to use this money for
12 that purpose, but fire stations are
13 something that we know need capital money
14 and that's one of the reasons that we
15 increased the amount for fire stations in
16 the Fiscal '12 Capital Budget. It's
17 definitely a priority of the
18 Administration.

19 COUNCILWOMAN TASC0: Okay.

20 Thank you.

21 Councilwoman Blackwell.

22 COUNCILWOMAN BLACKWELL: Thank
23 you.

24 I want to say a special thanks
25 to Maceo Cummings and The Temple Group

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2 for their work in West Philadelphia.

3 Thank you.

4 COUNCILWOMAN TASC0: Thank you
5 very much.

6 There being no other questions,
7 we appreciate your testimony.

8 The Chair now recognizes, I
9 guess, the Water Department for Bill No.
10 110518.

11 (Witness approached witness
12 table.)

13 COUNCILWOMAN TASC0: Good
14 morning.

15 COMMISSIONER NEUKRUG: Good
16 morning.

17 COUNCILWOMAN TASC0: Would you
18 please state your name for the record and
19 begin your testimony. This will be on
20 Bill 110518.

21 COMMISSIONER NEUKRUG: Good
22 morning, Chairwoman Tasco and members of
23 the Finance Committee. My name is Howard
24 Neukrug. I'm the City's Water
25 Commissioner. I am here today to testify

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2 in support of Bill No. 110518.

3 At the heart of this bill is an
4 authorization for the City to enter into
5 a lease agreement for funding the design,
6 construction and operation of a highly
7 innovative, green and cost-saving project
8 proposed for the City's Northeast Water
9 Pollution Control Plant. The project
10 will use waste biogas, which is a
11 by-product of our treatment processes, to
12 cogenerate both heat and electricity.
13 This biogas generation facility will
14 provide almost six megawatts of
15 electricity, enough to displace 85
16 percent of the plant's electric demand.
17 It will save us money, \$20 million over
18 the 16-year life of the lease. It will
19 continue to save us dollars for decades
20 to come after that. It will create a
21 renewable energy resource for
22 Philadelphia and be a jobs generator
23 during these difficult times.

24 This project is just one of
25 part of a larger energy strategy to

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2 diversify our energy resources and to
3 reduce our overall risk to the volatile
4 and uncertain energy markets. We have
5 already installed 1,000 solar panels, and
6 we are exploring sewer geothermal power,
7 food waste biogas generation and algae
8 biofuels.

9 As Water Commissioner, one of
10 my priorities is to fully exploit these
11 resources, converting our wastewater
12 treatment plants into innovative resource
13 recovery facilities for our region. This
14 bill puts us on this path. Also as Water
15 Commissioner, I must provide value and
16 benefit to the community and our
17 customers.

18 It is for this reason that the
19 Department has designed the cogeneration
20 system to minimize noise and
21 environmental pollution and to make it a
22 durable capital asset able to provide a
23 positive return on investment even after
24 the lease expiration. The facility is
25 also designed to be operated by City

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2 employees in concert with the operations
3 at the Northeast Wastewater Plant. This
4 cogen facility will be expensive to
5 build, and while we may have considered
6 moving forward with this project using a
7 more typical public works approach, there
8 were certain tax advantages set forth in
9 the American Recovery and Reinvestment
10 Act of 2009, also known as the stimulus
11 bill, that makes this current opportunity
12 critical and timely. The Act provides
13 the City a unique opportunity to use an
14 alternative financing structure, which
15 saves us \$12 million. Regrettably, the
16 time needed to finalize these complex
17 agreements and embed them within this
18 bill and meet the stimulus bill deadlines
19 leaves us with a sense of urgency for
20 approval from this Committee and the
21 Council.

22 A few points on the selection
23 process. The Water Department issued a
24 request for proposals in September 2010.
25 They received proposals from six

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2 excellent companies. Each proposal was
3 evaluated by a team of reviewers based on
4 a number of factors, which included best
5 value to the City, including lease and
6 maintenance costs, the proposer's
7 financial strength and experience, its
8 economic opportunity plan and its
9 maintenance plans. Proposers were also
10 given the opportunity to present in
11 person directly to the selection
12 committee. Ameresco was selected based
13 on the lowest overall cost and the
14 highest overall evaluation. Ameresco
15 also proposed the best economic
16 opportunity plan, as evaluated by the
17 Office of Economic Opportunity.

18 Ameresco is the project
19 developer and has responsibility for
20 delivering a completed biogas
21 cogeneration facility and maintaining the
22 equipment. Bank of America will provide
23 the nearly \$50 million of the financing
24 for the project through the facility
25 lease. AP Construction, a

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2 Philadelphia-based company, will be the
3 general contractor and the coordinator of
4 the construction responsibilities under
5 the EOP. And Northeast Energy Systems,
6 also locally based, will provide and
7 maintain the GE electric generators.

8 In conclusion, I respectfully
9 request that the Committee approve this
10 bill and waive its rules so that the bill
11 may be read at the next meeting in City
12 Council. This is a wonderful opportunity
13 for the City to take advantage of an
14 underutilized resource. It saves money,
15 reduces greenhouse gas emissions, creates
16 jobs, promotes energy independence,
17 utilizes an underutilized resource, is a
18 big step in fulfilling the Mayor's
19 Greenworks target and diversifies the
20 City's energy portfolio.

21 I'm happy to take questions at
22 this time.

23 COUNCILWOMAN TASCO: Thank you
24 very much.

25 The Chair recognizes Councilman

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2 Kenney.

3 COUNCILMAN KENNEY: Thank you,
4 Madam Chair.

5 It's not a question. It's more
6 of a comment. As a member of this
7 Committee and also as the Chair of the
8 Committee on the Environment, I think the
9 Water Department has been just stellar in
10 its approach to these environmentally
11 sensitive issues and have done a lot of
12 work in putting us on the map as a city,
13 as a very forward-thinking city
14 environmentally. I recognize the Water
15 Department probably has more access to
16 more money than most other departments,
17 but that being said, I just -- every one
18 of your projects that you've trotted out
19 in the last few years has just been
20 really spectacular, from storm water
21 management issues in South Philly to your
22 solar stuff out in the treatment plant to
23 this, and it's just been fun to watch,
24 and I just want to compliment you on your
25 efforts.

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2 COMMISSIONER NEUKRUG: Those
3 words are greatly appreciated,
4 Councilman.

5 COUNCILWOMAN TASCO: You joined
6 PGW with the whole cogeneration.

7 COMMISSIONER NEUKRUG: That's
8 correct. And if you see Sunday's
9 newspaper, there was an article about PGW
10 and cogeneration, and this is certainly a
11 part of that strategy.

12 COUNCILWOMAN TASCO: Thank you.
13 Glad you're moving in the right
14 direction.

15 Any other questions?
16 Councilwoman Blackwell.

17 COUNCILWOMAN BLACKWELL: No.
18 We concur. Thank you.

19 COMMISSIONER NEUKRUG: Thank
20 you.

21 COUNCILWOMAN TASCO: Councilman
22 Green. Who is next?

23 COUNCILMAN GREENLEE: Thank
24 you, Madam Chair.

25 Commissioner, in your written

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2 testimony, you talk about some of the
3 other -- or you refer to some
4 disagreements of some of the companies
5 that did not get the contract. And I'll
6 be honest with you, I'm far from an
7 expert on this whole process or the whole
8 cogeneration issue, but could you talk
9 about the costs? I mean, is the lease
10 costly to the City, Ameresco's proposal,
11 or what other factors were kind of put in
12 here?

13 COMMISSIONER NEUKRUG: The
14 factors that were considered -- and, yes,
15 cost is certainly a key factor, and
16 Ameresco was the best cost deal in the
17 eyes of the City in the way we judged the
18 criteria for energy costs moving into the
19 future. There are a number of different
20 approaches that could be taken with this
21 project, whether it's public works or a
22 power purchase agreement or a lease
23 agreement, like this one is, and we
24 carefully considered this. We had
25 discussions about this long before we

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2 issued the RFP, during the RFP process
3 and making our conclusions and even
4 reviewing those coming up to City Council
5 today, taking a look and confirming that
6 in our eyes, the Ameresco project is the
7 best move forward.

8 COUNCILMAN GREENLEE: Do you
9 have or could you provide us some kind
10 of -- is there like a comparison on that,
11 on the cost of the other -- is it in
12 here?

13 COMMISSIONER NEUKRUG: There
14 are a number of questions that were
15 issued by a number of the companies that
16 was not Ameresco, and there were a number
17 of questions that were asked and a series
18 of answers that were provided for that.
19 And if you do not have that in your
20 packet, I apologize and we'll get that to
21 you before the end of this hearing.

22 COUNCILMAN GREENLEE: It might
23 be in here.

24 COMMISSIONER NEUKRUG: It looks
25 like this (indicating).

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2 COUNCILMAN GREENLEE: It's in
3 there? Okay.

4 Thank you.

5 COMMISSIONER NEUKRUG: Thank
6 you.

7 COUNCILMAN GREENLEE: I'll look
8 at this.

9 COUNCILWOMAN TASCO: Councilman
10 Green.

11 COUNCILMAN GREEN: Thank you.

12 You mention during your
13 testimony that we're under time
14 constraints. Could you explain that to
15 me?

16 COMMISSIONER NEUKRUG: Yes.
17 There's some -- through the Recovery
18 Act/stimulus bill, there is some
19 potential for some savings of about \$12
20 million in tax credits that go to the
21 third party and reduces the total cost to
22 the Water Department of this project if
23 we start construction before December
24 31st, 2011.

25 COUNCILMAN GREEN: December

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2 31st, 2011, which is two and a half
3 months from now, roughly. You said in
4 your testimony in response to Councilman
5 Greenlee's question that you had begun
6 the process way before issuing the RFP,
7 which is in September 2010. When did you
8 begin the process?

9 COMMISSIONER NEUKRUG: We began
10 this process well before I was Water
11 Commissioner, so I can't give you an
12 exact date, but we've been working on
13 this for a number of years.

14 COUNCILMAN GREEN: Right. And
15 so I'm offended that you have been
16 working on something for two years and
17 you go through an entire process, you
18 reach conclusions without involving us,
19 and then you come before us and say if
20 you don't pass what we bring you, there's
21 no alternative for the City, because
22 there's only two and a half months left,
23 and so we'll lose the opportunity for
24 these savings.

25 Do you think that that's a

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2 reasonable way to approach this Committee
3 and City Council?

4 COMMISSIONER NEUKRUG: No, I
5 certainly do not, and I apologize. I'll
6 take the heat here for the Department in
7 not briefing you sooner on this. I'd
8 like to make sure that that does not
9 happen again. I value your opinion and
10 the opinion of Council on projects like
11 this.

12 COUNCILMAN GREEN: I appreciate
13 that, but it's fair to say that if we
14 don't pass this, we're not going to be
15 able to begin another legal process that
16 is going to result in a different person
17 being chosen?

18 COMMISSIONER NEUKRUG: That's
19 correct. We'll probably still
20 consider --

21 COUNCILMAN GREEN: Within the
22 timeframe of the --

23 COMMISSIONER NEUKRUG: We'll
24 probably still consider moving with
25 cogen. We'll probably put it off for a

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2 number of years then.

3 COUNCILMAN GREEN: Right. I
4 appreciate your statement, and hopefully
5 in the future we won't be in this
6 situation. We'll begin the conversations
7 much more in advance.

8 COMMISSIONER NEUKRUG: I'd much
9 prefer that than sitting here without you
10 having full information.

11 COUNCILMAN GREEN: You mention
12 that based on your analysis, that this
13 was the cheapest solution, but your
14 analysis has some key assumptions, one of
15 which is that energy prices don't change.
16 And maybe you could just go through what
17 the key assumptions are that lead you to
18 conclude that this is the cheapest
19 solution, and when responding to that
20 question, could you discuss whether you
21 mean cheapest in terms of cost of
22 construction, cheapest in terms of
23 ultimate or most beneficial in terms of
24 ultimate ROI, and what assumption in that
25 analysis did you make about the total

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2 kilowatts of energy possible in a year
3 under this proposal versus the other
4 proposals that were presented, big
5 turbines, six small turbines, in terms of
6 the return from the ability to sell more
7 power back to the grid than, say, perhaps
8 this proposal would allow, et cetera.

9 COMMISSIONER NEUKRUG: I'll
10 quickly turn over to my experts that are
11 on either side of me, but I will say that
12 the primary mechanism of not the cheapest
13 but really the best solution for us at
14 this point in time, which involves
15 non-monetary things such as the building
16 structure being of durable design,
17 something that is permanent, something
18 that's part of the Philadelphia Water
19 Department after the 16 years of the
20 lease agreement, will still be there and
21 still operating and still generating
22 electricity, without a third party
23 involvement, is something that's very
24 important to us and part of the key part
25 of this design and part of the reason why

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2 we went with the lease agreement in the
3 first place.

4 In terms of how we evaluated
5 these, there was a number of different
6 criteria. Probably the most important or
7 maybe the easiest one to explain is
8 really net present value savings, and
9 this project beat out the others in terms
10 of net present value savings. When you
11 do that type of analysis, you are, of
12 course, projecting into the future energy
13 costs, because you're always comparing
14 this to a baseline, and we used what we
15 considered -- we made three different
16 curves what future electricity costs
17 could be and we used the most
18 conservative, the lowest one, in
19 evaluating what the net present value is.
20 So we think the savings are actually
21 going to be higher.

22 And the last piece of this is,
23 no, I can't be positive. No one can be
24 really positive what future energy costs
25 are going to be. So what we look at is

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2 how do we diversify the electrical needs
3 of the Philadelphia Water Department in a
4 reasonable manner that looks over not
5 just this facility but looks over all our
6 electrical needs, and, quite frankly,
7 this is about 15 percent of the future
8 electrical needs. So even if we make
9 great savings here, we still have 85
10 percent that we're relying on, a little
11 bit of solar, a little bit of different
12 types of things. But we're hedging our
13 bets here. We're diversifying our energy
14 portfolio by doing this project.

15 COUNCILMAN GREEN: I want to be
16 clear, I think it's a great project. We
17 ought to be doing things like this. This
18 Administration is a leader among cities
19 in the country with respect to things
20 like this. It's just an understanding of
21 how we reach this conclusion that I think
22 sort of is what we're supposed to be
23 doing here.

24 And so in terms of total
25 kilowatts per year capable of being

1 10/18/11 - FINANCE - BILL 110130, ETC.
2 produced, is this proposal the proposal
3 that you received that provided the
4 maximum number of kilowatts that could be
5 produced per year?

6 DR. CROCKETT: Hi. I'm
7 Dr. Christopher Crockett. I'm the Deputy
8 Commissioner of Planning and
9 Environmental Services for the Water
10 Department.

11 When we went through the
12 selection process and one of the
13 comparisons for the alternatives that we
14 used was all the different proposals were
15 compared against the same baseline of the
16 Department doing nothing, just continuing
17 to buy electricity the way we do, without
18 entering into any kind of cogeneration --

19 COUNCILMAN GREEN: That's not
20 the question.

21 DR. CROCKETT: I'm going to get
22 to your answer about total kilowatts.

23 A number of the proposals that
24 came in, we had two sets of criteria for
25 the proposals. One is based on the

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2 design that we had worked on for public
3 works based on the needs of the facility
4 and its operation, which was designed to
5 maximize the kilowatt hour production for
6 using our own biogas and supplementing
7 from PGW, if we needed to. We could
8 blend both gases. So one of the natures
9 of producing biogas at our facilities is,
10 it isn't always constant, and so if we
11 had multiple engines, it would allow us
12 to maximize the use of the gas available.

13 There were alternative
14 proposals for a power purchase agreement
15 that were also provided that we also
16 entertained and looked at. Some of them
17 could probably produce more total
18 kilowatt hours in a year, but we were
19 looking at it from in terms of it's a
20 facility we're operating and what are we
21 doing with it. If it was a power
22 purchase agreement, that would be
23 something that would be a separate
24 consideration.

25 COUNCILMAN GREEN: Right. So

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2 really what you're saying is, you didn't
3 do an apples to apples comparison of the
4 various proposals. You ran it against
5 your baseline as opposed to the savings
6 available under each proposal vis-a-vis
7 each other proposal, because you didn't
8 look at the total kilowatts that could be
9 produced by one person versus another, so
10 you didn't really compare the savings to
11 the City of one person versus another,
12 because you in your analysis of what was
13 the best result -- and I'm not saying you
14 reached the wrong conclusion. I'm just
15 saying that your presentation didn't
16 address the key assumptions that you
17 make, which really put at question your
18 ultimate conclusion because of variables
19 that you just sort of assumed were steady
20 state, you compared your own baseline, et
21 cetera. And certainly that's not the
22 kind of analysis I'm looking for when I'm
23 considering a project or that really even
24 is -- the private sector would never do
25 it that way.

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2 MR. DAVIS: Excuse me. I'm
3 Barry Davis. I'm with the City's Law
4 Department.

5 I just wanted to make sure that
6 I understood what you're saying,
7 Councilman, because I think in this
8 project what the baseline was, that we
9 issued an RFP with a particular design,
10 and that design did maximize the use of
11 the digester gas at the facility. And,
12 in fact, as Dr. Crockett mentioned, it
13 allowed for even additional production
14 using gas from PGW as well. And so that
15 was the concept that was presented.

16 COUNCILMAN GREEN: This is not
17 a legal question. This is about getting
18 to net present value, and if you didn't
19 crunch the numbers, I really don't -- I'm
20 sure it was a legal process. I'm not
21 questioning that.

22 MR. DAVIS: Well, I think the
23 numbers were crunched in the sense that
24 projects that were offered by the
25 respondents in response to this project

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2 basically made those same assumptions
3 about maximizing the electricity. So I
4 looked at these proposals, and I don't --

5 COUNCILMAN GREEN: If some can
6 produce higher kilowatts -- more
7 kilowatts per year than others and we
8 have the ability to use not just our
9 biomass but other gas from PGW, et
10 cetera, and there is a savings from
11 producing electricity from using PGW gas
12 or biomass, then we have not done a
13 comparison of the net present value of
14 each project as compared to each other
15 project. We've done a comparison of the
16 net present value of each project,
17 assuming all things are equal among those
18 projects in terms of how much electricity
19 they can produce a year and other things,
20 and it is in that regard that I'm saying
21 that. And this doesn't come from any of
22 the bidders. It's not a complaint. This
23 is based on the couple of hours that
24 these gentlemen were kind enough to spend
25 with my Chief of Staff yesterday learning

1 10/18/11 - FINANCE - BILL 110130, ETC.
2 about this project.

3 MR. DAVIS: I just want to add
4 one more factor, and I don't want to be
5 argumentative about this. The size of
6 the system was also based on what the
7 base load of the facility is. So the
8 idea was that you'd match the output of
9 the electrical generation equipment to
10 what the minimum load is at the facility.
11 And this facility has a very generally
12 constant load, and so it's not -- the
13 idea was not to export the power but
14 rather to consume all the power on site.

15 COUNCILMAN GREEN: But that's
16 an assumption that we made that may or
17 may not be the proper assumption, because
18 we can sell power back to the grid under
19 state law. And so if we have the ability
20 to produce more than that and the power
21 price is higher and we're not consuming
22 it on site, then you haven't compared
23 that to the other proposal and, in my
24 view, haven't done a proper analysis of
25 the various alternatives presented to you

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2 for that reason.

3 COMMISSIONER NEUKRUG: And we'd
4 be very happy to take a look and
5 particularly work with PGW or other
6 companies who may be interested in that
7 type of arrangement, but this is at the
8 Northeast Plant for the purposes of the
9 water utility what we need to do and how
10 we need to design a facility in a
11 community. We felt this was the best
12 alternative that we have in front of you.

13 COUNCILMAN GREEN: And I
14 really, because you haven't done the kind
15 of analysis that I believe should have
16 been done, I have no way to question
17 that.

18 COMMISSIONER NEUKRUG: Okay.

19 COUNCILMAN GREEN: Thank you,
20 Madam Chair.

21 COMMISSIONER NEUKRUG: Thank
22 you.

23 COUNCILWOMAN TASC0: The Chair
24 recognizes Councilman Kenney.

25 COUNCILMAN KENNEY: Thank you,

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 Madam Chair.

3 I heard you during your
4 testimony. You referred to the Deputy
5 Commissioner as a doctor.

6 COMMISSIONER NEUKRUG: That's
7 correct, yes.

8 COUNCILMAN KENNEY: Just out of
9 curiosity for my perspective as people
10 who work for the City, could you kind of
11 go through your credentials from your
12 educational background.

13 DR. CROCKETT: Yes. I have a
14 Civil Engineering degree from Drexel
15 University, a Master's in Environmental
16 Engineering from Drexel University, a
17 Ph.D. in Environmental Engineering from
18 Drexel University and a Registered
19 Professional Civil Engineer in the State
20 of Pennsylvania.

21 COUNCILMAN KENNEY: And,
22 Commissioner, what is yours?

23 COMMISSIONER NEUKRUG: I'm a
24 Professional Engineer, graduate of Civil
25 Engineering from the University of

1 10/18/11 - FINANCE - BILL 110130, ETC.
2 Pennsylvania. I'm also a Board-certified
3 Environmental Engineer and an Honorary
4 Diplomat in the Water Resources
5 Engineering.

6 COUNCILMAN KENNEY: I'm glad to
7 see we have such smart folks working for
8 us. Thank you.

9 COUNCILWOMAN TASCO: And
10 working for the City, no less. Thank
11 you.

12 Councilwoman Brown.

13 COUNCILWOMAN BROWN: Good
14 morning, gentlemen.

15 COMMISSIONER NEUKRUG: Good
16 morning.

17 COUNCILWOMAN BROWN: Please
18 tell me how many Deputy Commissioners you
19 have.

20 COMMISSIONER NEUKRUG: I
21 currently have four Deputy Commissioners.

22 COUNCILWOMAN BROWN: Are they
23 appointed or civil service?

24 COMMISSIONER NEUKRUG: They are
25 appointed.

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2 COUNCILWOMAN BROWN: How many
3 of them are women?

4 COMMISSIONER NEUKRUG: One is a
5 woman.

6 COUNCILWOMAN BROWN: How many
7 of color?

8 COMMISSIONER NEUKRUG: None.

9 COUNCILWOMAN BROWN: What is
10 the next level of professionals with
11 responsibility? You have your Deputy
12 Commissioners and then you have what?

13 COMMISSIONER NEUKRUG: We have
14 our executive team.

15 COUNCILWOMAN BROWN: How many?

16 COMMISSIONER NEUKRUG: I'll
17 have to get back to you with those
18 numbers, but let me just say that -- and
19 I hear you, and we also supplied you with
20 quite a bit of information about our
21 entire organization and ethnicity and
22 gender of everyone in our department.

23 COUNCILWOMAN BROWN: Yes, you
24 did. I'm now seizing the opportunity to
25 put it on the record.

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2 COMMISSIONER NEUKRUG: Good.

3 Thank you. And they represent numbers
4 that I look forward to working with you
5 to improve into the future. I think that
6 there is -- what you're alluding to here
7 is certainly something that is clear from
8 my perspective does need to be reviewed
9 and we need to make some improvements
10 there, and look forward to working with
11 you and all of City Council to make sure
12 that ethnicity and gender of our
13 employees, particularly our upper
14 management and supervisors, continue to
15 move in the right direction.

16 I am somewhat limited in that I
17 have a limited number of exempt
18 positions, number one. And, number two,
19 I abide by the civil service process for
20 the 99.9 percent of the people that
21 report through our operations, our 2,000
22 employees.

23 COUNCILWOMAN BROWN: There are
24 2,000 employees in the Water Department?

25 COMMISSIONER NEUKRUG: About

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 2,000, yes.

3 COUNCILWOMAN BROWN: How long
4 have you been Commissioner?

5 COMMISSIONER NEUKRUG: I've
6 been Commissioner for seven months now.

7 COUNCILWOMAN BROWN: And so the
8 executive committee is made up of whom?

9 COMMISSIONER NEUKRUG: By name?

10 COUNCILWOMAN BROWN: Not at
11 all. By composition.

12 COMMISSIONER NEUKRUG: By
13 composition. The executive committee
14 is --

15 COUNCILWOMAN BROWN: Or
16 professional rank, professional position,
17 if you will.

18 COMMISSIONER NEUKRUG:
19 Professional.

20 COUNCILWOMAN BROWN: Forgive
21 me?

22 COMMISSIONER NEUKRUG: I have a
23 Deputy Commissioner for Operations. I
24 have a Deputy Commissioner for Finance, a
25 Deputy Commissioner for Planning and

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2 Environmental Services, Deputy

3 Commissioner for Environmental

4 Compliance.

5 COUNCILWOMAN BROWN: And those
6 are the four that you spoke of?

7 COMMISSIONER NEUKRUG: Yes.

8 COUNCILWOMAN BROWN: That's the
9 executive team?

10 COMMISSIONER NEUKRUG: Those
11 are my deputies. I also have a general
12 manager, who is civil service, in charge
13 of engineering and construction.

14 COUNCILWOMAN BROWN: Is that
15 the total composition of the executive
16 team?

17 COMMISSIONER NEUKRUG: Joanne
18 Dahme. Sorry. My head of my Planning
19 and -- I'm sorry; Public Affairs.

20 COUNCILWOMAN BROWN: Planning
21 and Public Affairs?

22 COMMISSIONER NEUKRUG: No. I'm
23 sorry. General Manager of Public
24 Affairs. I do a lot better with a sheet
25 in front of me.

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2 COUNCILWOMAN BROWN: Of course.

3 Are these all exempt positions?

4 COMMISSIONER NEUKRUG: Yes,

5 they're all -- no. The General

6 Manager -- I have five exempt positions

7 right now, including myself.

8 COUNCILWOMAN BROWN: And so

9 when you say you look forward to working

10 with members of Council to ensure that

11 out of 2,000 employees they look like

12 Philadelphia, number one, and that you

13 have people of color and women in

14 positions of leadership and

15 responsibility, how do you plan to go

16 about doing that?

17 COMMISSIONER NEUKRUG: I'm

18 looking at a number of different

19 features. One is certainly in hiring and

20 making sure that we go to minority

21 schools and other places to get a

22 cross-section of engineers in particular

23 to come to the Water Department, looking

24 at our training programs to see how we

25 can move folks from -- at certain levels,

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2 particularly the entry level, and have
3 them trained to be able to not only take
4 but pass a civil service exam for higher
5 levels, and looking at just opportunities
6 wherever I can to continue to diversify
7 at the Philadelphia Water Department. I
8 think it's a critical element of what I'm
9 in charge of doing and what I look
10 forward to doing every day.

11 COUNCILWOMAN BROWN: A couple
12 of more questions. You have the four
13 Deputy Commissioners. What is the next
14 level down of professionals that report
15 to them?

16 COMMISSIONER NEUKRUG: It's
17 also the service, and each division is
18 different. In the Operations Division,
19 we have a manager of plants, a manager of
20 field work, someone who goes out and
21 actually -- at planning and environmental
22 services, we have a planning research
23 manager. We have a director of the
24 Office of Watersheds and those types of
25 levels, most civil service, all typically

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2 long-term Water Department employees.

3 COUNCILWOMAN BROWN: I would
4 ask that you resubmit all of that to the
5 Chair with a description, job
6 description, of both the four exempt
7 positions and the job descriptions of
8 those professionals next level down. And
9 I think it's regrettable -- it's
10 certainly no doing of your own, having
11 been there for seven months, but that in
12 2011 we have a top level organization
13 that does not look like Philadelphia. So
14 you have a lot to overcome and a
15 responsibility to put people of all color
16 persuasions and gender in the pipeline so
17 that they can rise to the level of
18 leadership and responsibility.

19 COMMISSIONER NEUKRUG: Great.
20 I absolutely agree with you.

21 COUNCILWOMAN BROWN: Thank you
22 for your --

23 COMMISSIONER NEUKRUG: And I
24 look forward to working with you on that.

25 COUNCILWOMAN BROWN: Thank you

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2 very much.

3 Thank you, Madam Chairwoman.

4 COUNCILWOMAN TASC0: Following

5 up on that comment in terms of the

6 pipeline and the civil service process,

7 have you become familiar with that

8 process and how it works in terms of

9 people moving from one level to the next?

10 For example, if someone takes the civil

11 service exam for a promotion, are they --

12 how does that process work in your

13 department?

14 COMMISSIONER NEUKRUG:

15 Councilwoman, I am a 33-year employee of

16 the City of Philadelphia and I've been

17 exempt for less than a year. So I am

18 quite familiar and I've been quite

19 successful in myself moving through that

20 ladder. It's a difficult process, as you

21 know, when you have a process that is

22 geared towards making sure that there is

23 no favoritism played through a process.

24 It becomes very need-blind and very

25 unaccepting of any kind of change.

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2 Sometimes it works really well and it
3 leads the top candidates to the top of
4 the list, and sometimes it doesn't.

5 In any case, what's required is
6 that my managers have a choice of number
7 one or two from a civil service exam
8 that's given. So it's a question of how
9 well someone does on a civil service exam
10 whether they become number one or two on
11 that list and whether then the position
12 is made available for us to hire from.

13 So it is a limited process in
14 terms of to put in your own desires,
15 whether it's to hire your cousin or to
16 increase diversity or whatever it may be.
17 It's a difficult process to emit change
18 in your overall human resources.

19 COUNCILWOMAN TASC0: It's
20 difficult in that it sort of impedes the
21 progress?

22 COMMISSIONER NEUKRUG: It's a
23 rigid process. I won't go so far as to
24 say it impedes, but it's a rigid process.
25 So you can have -- and any time that you

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2 as an employer have the opportunity of
3 hiring one of two people, it doesn't give
4 you a lot of opportunity to ensure that
5 those one or two people is the person
6 that you want, for whatever reason.

7 COUNCILWOMAN TASCO: We'll have
8 further discussion about this during the
9 budget.

10 COMMISSIONER NEUKRUG: Okay.

11 COUNCILWOMAN TASCO: By that
12 time, we'll have some conversation about
13 it.

14 COMMISSIONER NEUKRUG: Okay.

15 Good.

16 COUNCILWOMAN TASCO: Thank you.

17 Any other questions?

18 Councilman Green.

19 COUNCILMAN GREEN: Thank you,
20 Madam Chair.

21 I would really like to see from
22 the Water Department an analysis of the
23 benefit of selling power back to the grid
24 at wholesale at peak times. That's when
25 people turn on this kind of generation

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2 activity in general. And sort of the --
3 as I think about it, the fact that when
4 wholesale prices are five times the
5 retail rate and that -- which happens
6 during the summer at peak heat days when
7 it's 112 degrees and everybody has got
8 their AC on -- that we would use that
9 internally, offsetting a retail rate
10 instead of selling that power wholesale
11 at that time, and paying the retail rate
12 and getting a five times return on that
13 decision really makes the entire analysis
14 that's done flawed. And so whether it's
15 this -- I guess we are stuck with this
16 proposal because of the timing, but we
17 really should have a written plan for
18 maximizing the return out of this asset
19 that the City is going to have going
20 forward, and I'd like to see the Water
21 Department put together that plan so that
22 we have the ability to make far more
23 money than your projections currently
24 show are sort of savings, especially the
25 ability to sell power at peak times into

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2 the wholesale grid, et cetera. Is that
3 something we can get from you guys?

4 COMMISSIONER NEUKRUG: Two
5 comments. One is, yes, Councilman, we'll
6 get that information to you as quickly as
7 possible. I don't think that will be too
8 hard. And would love to work with your
9 office in going through in detail, at
10 your pleasure, the types of energy
11 projects we see in front of us and how we
12 maximize the return to the City from
13 those projects. That's clearly something
14 I'd love to work with you on.

15 COUNCILMAN GREEN: Thank you
16 very much.

17 COMMISSIONER NEUKRUG: Thank
18 you.

19 COUNCILWOMAN TASC0: Thank you
20 very much.

21 Any more questions?

22 (No response.)

23 COUNCILWOMAN TASC0: Thank you
24 very much for your testimony. You want a
25 suspension of the rules?

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2 COMMISSIONER NEUKRUG: Yes,
3 please.

4 COUNCILWOMAN TASC0: Thank you.

5 COMMISSIONER NEUKRUG: Thank
6 you.

7 COUNCILWOMAN TASC0: The next
8 bill will be on Bill 110130.

9 (Witnesses approached witness
10 table.)

11 COUNCILWOMAN TASC0: Good
12 morning.

13 COMMISSIONER TOLSON: Good
14 morning.

15 COUNCILWOMAN TASC0: Would you
16 identify yourself for the record, please,
17 and begin your testimony.

18 COMMISSIONER TOLSON: Good
19 morning, Councilwoman Tasco and members
20 of the Committee on Finance. I am
21 Clarena Tolson, Streets Commissioner for
22 the City of Philadelphia. I'm here to
23 testify on Bill No. 110130. This bill
24 seeks to offer a tax credit up to a
25 maximum of \$200 per year for condominium

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2 and cooperative owners that pay for
3 private refuse collection. Respectfully,
4 the Administration opposes this bill for
5 various reasons.

6 In 2005, the Pennsylvania
7 Supreme Court upheld a ruling affording
8 all cooperative and condominium units,
9 regardless of size, the right to receive
10 the same trash and recycling services
11 from the City as is received by
12 properties of six or fewer units for
13 which the City has long provided service.
14 With this ruling, the Streets Department
15 implemented a service plan to provide
16 weekly trash and recycling collection and
17 purchased specialized equipment such as
18 trucks to service cooperative and
19 condominium locations with dumpsters.
20 This weekly service plan is the same
21 service afforded to all residential
22 households throughout the City of
23 Philadelphia.

24 This bill would give some
25 condo/cooperative owners an added

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2 financial benefit. The tax credit would
3 unfairly advantage those property owners
4 because of their increased collection
5 frequency. Many of the condominium and
6 cooperative locations receive multiple
7 collections throughout the week by
8 private-service companies. All other
9 residential households receive
10 one-day-a-week trash and recycling
11 collection by the City. The bill will
12 allow condominium owners to be reimbursed
13 for services that are not offered to
14 other residential households.

15 One of the most significant
16 impacts this bill will have on the City
17 will be the cost to the City's General
18 Fund. Bill 110130 will increase the
19 financial burden to the General Fund by
20 several millions of dollars per year.

21 Since 2005, there has been an
22 increase in the condominium units from
23 22,000 to approximately 33,000, according
24 to the Condominium Association. To date,
25 the Streets Department services 3,735

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2 units with weekly collection. If the
3 balance of the condominium/cooperative
4 units not serviced by the City receive
5 the maximum of \$200 credit allowed under
6 this ordinance, that would leave a price
7 of \$5.9 million for the City's General
8 Fund to pay out each year. Since the
9 financial crisis in 2008, the City has
10 endured painful budget cuts and revenue
11 increases. The City has fewer resources
12 than it did before the economy collapsed.
13 It would be very difficult to support a
14 bill that would give condominium and
15 cooperative owners a tax credit up to
16 \$200 in this economic environment.

17 Also, this tax credit is likely
18 to be an incentive for owners of
19 multi-family rental property to convert
20 their properties into condominiums in
21 order to receive the advantage of the tax
22 credit. Consequently, an uptick in
23 conversion properties would cost the City
24 more money in tax credits.

25 The Streets Department, like

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many other City departments, had to take budget cuts and make difficult decisions to maintain basic core services, including charging a \$300 fee to small commercial establishments and multi-family dwellings that are smaller than six units for trash and recycling. Condominiums that are six units or less are exempted from this fee. So under this tax credit bill, the owners of condominium units of six units or fewer building would not have to pay the \$300 fee, but would also be eligible for a subsidy of up to \$200 per unit so they can get their trash -- so they can have trash collection services more than once a week.

In sum, for the foregoing reasons, we would respectfully state our strong opposition to this measure.

This concludes my testimony,
and thank you for the opportunity to
testify on this bill. I'm happy to
answer any questions that you may have.

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2 COUNCILWOMAN TASCO: Thank you
3 very much.

4 The Chair recognizes -- I think
5 Councilman Greenlee had his light on.

6 COUNCILMAN GREENLEE:
7 Councilman Kenney is the sponsor.

8 COUNCILMAN KENNEY: Thank you
9 for your testimony. Sitting here with
10 Councilman Goode and -- what is that
11 equipment? What is the thing that you
12 have?

13 COUNCILMAN GOODE: iPad.

14 COUNCILMAN KENNEY: His iPad,
15 which is fabulous, because he just pulled
16 up the original bill on condo trash,
17 which is dated 2002. So we've been at
18 this for quite some time. And the
19 original suggestions that I made back in
20 2002 would have kept you from buying all
21 that equipment in the first place and
22 trying to service condominiums that
23 really can't be serviced in a traditional
24 way by a City trash truck. I had
25 suggested the tax credit or rebate way

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2 back in 2002. I think that the past
3 Administration, not this Administration
4 but the past Administration, kind of
5 wanted to provide the service in such a
6 way that people would beg them to stop.

7 Trash trucks can't access a lot
8 of these high-rise condos and their trash
9 facilities because they're kept in
10 refrigerated rooms and it's on their
11 premises. There was all kinds of
12 insurance issues involved with the Condo
13 Association and the City's trash trucks,
14 the ability to have equipment that fit.

15 So what we were asking people
16 to do in order to get the service that
17 everybody else gets is for an entire
18 condo building to put their trash on the
19 sidewalk for weekly pickup, which is
20 totally ridiculous. I mean, it's not
21 only bad for visuals, it's a health
22 hazard and it's something that people
23 would never do.

24 So I understand your concern
25 relative to the potential increased cost,

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2 which we can argue about what that number
3 actually is, but -- and, again, you guys
4 were not -- I think, Commissioner Tolson,
5 you may have been here.

6 I know you weren't here.

7 Carlton, I'm sure you weren't
8 here in 2002.

9 So you guys didn't make these
10 decisions. These were executive
11 decisions made by the Street
12 Administration and now being argued by
13 the Nutter Administration. And I
14 understand their point of view. The fact
15 of the matter is is that people who live
16 in condominiums have been treated
17 differently because they either live
18 vertically or they're in a condo
19 structure. I could have a house full of
20 ten kids and put out a huge amount of
21 trash every week and I get that service.
22 I can live in other types of facilities
23 that are residential row houses or
24 whatever and get the service. It's just
25 that they don't get that service for the

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2 money that they pay in real estate taxes.

3 And, of course, like everyone else,

4 they've experienced the increase in real

5 estate taxes that we've passed, I guess,

6 three times now.

7 This was an easy problem to
8 solve in 2002. It's an easy problem to
9 solve now, and it doesn't mean the City
10 has to sit down and write a check and
11 send it out in the mail and do all the
12 administrative stuff. You add a box, you
13 check off condominium, and you pay \$200
14 or less, whatever we may negotiate. You
15 check that off and don't pay that in your
16 real estate tax. It's a very simple
17 process. It's not real complicated.

18 I don't know how much we spent
19 on buying trucks and retrofitting trucks
20 and all that other stuff, but we could
21 have saved all that aggravation and time
22 and just did what Chicago does and
23 Washington, DC does and just -- it's
24 simple. The economics of it, we could
25 get a little finer tuned on what exactly

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2 is going to be the cost to the City, if
3 there is, but as far as all this
4 rigamarole we've gone through to get here
5 today is really a waste of money, when we
6 could have just done the sensible thing
7 and rebated it or gave them a credit.
8 That's --

9 (Applause.)

10 COMMISSIONER TOLSON:

11 Councilman, thank you so much. I would
12 say that you're right, that if different
13 decisions had been made in the past, we
14 might be at a different place. However,
15 after the activity that we had in the
16 2005 and 2008, we did purchase the
17 trucks. And I do want to just make the
18 clarification that presently we service
19 by dumpster over 1,500 units. So we have
20 the trucks. We have the --

21 COUNCILMAN KENNEY: And if
22 that's an acceptable solution for
23 everyone involved, then we can pick it up
24 that way, but when it's not an acceptable
25 solution for particular buildings, we

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2 should be able to do something like this.

3 The other issue you raised in
4 your testimony I just want to take
5 immediate issue with is that condo
6 conversion, I don't think, is happening
7 as a result of someone getting a \$200
8 rebate. I mean, we're in the strongest
9 rental market in Philadelphia probably
10 that we've ever been in. So anybody who
11 has rental units, they're not running to
12 convert them to condos, because they're
13 making a lot more money as a rental unit,
14 and, rightfully so, they're paying
15 private haulers, because it's a business.

16 Condos and condo living has
17 always been looked at as the same as
18 apartment living. It's not. These
19 people live vertically, own their
20 property as they do a house and pay real
21 estate taxes. Apartment dwellers, rental
22 apartment dwellers, live, pay their
23 landlord. The landlord runs a business.
24 They provide the service.

25 So I don't think you really

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2 compare the two in regards to trash
3 removal. I mean, my frustration is that
4 we've been talking about this since 2002
5 and there was a lot easier solutions. So
6 I appreciate your testimony, but I just
7 wanted to make that clear.

8 COMMISSIONER TOLSON: Thank
9 you.

10 (Applause.)

11 MS. RHYNHART: One thing to
12 note on what you said, Councilman, just
13 in terms of the cost is significant to
14 the City. So we've estimated it close to
15 6 million a year to give the credit,
16 which over five years is a \$30 million
17 hit to our General Fund, at a time when
18 tax revenues are down and the City's
19 financial resources are strained. So I
20 just wanted to make sure --

21 COUNCILMAN KENNEY: Numbers are
22 always an interesting art form. And when
23 you're -- and this is everyone, not just
24 this Administration or even your
25 testimony. When you're estimating

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2 something that you don't want to do, the
3 cost is always higher than it is when
4 it's something you want to do. Because
5 we don't really know all the
6 participation that's going to take place
7 one way or the other. You're projecting
8 an increase in participation. I don't
9 know if it's going to be that.

10 So it's a number. It's maybe a
11 higher number than it really is. Maybe
12 we can negotiate a number on the rebate,
13 on the credit. I mean, there's ways of
14 dealing with it as opposed to saying we
15 just don't want to do it.

16 COUNCILWOMAN TASCO: The Chair
17 recognizes Councilman Greenlee.

18 COUNCILMAN GREENLEE: Thank
19 you, Madam Chair.

20 Good morning. First, I want to
21 say I agree with everything Councilman
22 Kenney said. Commissioner, if I could
23 just -- and let me preface by saying, you
24 know I think the Streets Department in so
25 many ways are doing a great job, and you

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2 and Deputy Commissioner Williams and
3 everybody has been very responsive. But
4 on this issue, you talk about the -- in
5 your testimony you say 3,700-plus units
6 get weekly collection. Then later I
7 thought you said something about 1,700,
8 but whatever. There is, according to
9 your estimate, 33,000 condominium units.
10 So that means 90 percent are not getting
11 the service; am I right?

12 COMMISSIONER TOLSON:

13 Approximately, yes.

14 COUNCILMAN GREENLEE: And I
15 assume, going back to what Councilman
16 Kenney said, a lot of it has to do with
17 just logistics, right? I mean, I'm
18 looking at my friends from The
19 Philadelphian and from Society Hill
20 Towers. Obviously you don't want people
21 putting out hundreds of bags or tens and
22 tens amount of dumpsters on 24th Street
23 or something, right? I mean, that
24 wouldn't be good for anybody.

25 So how logically, realistically

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2 could you service these people?

3 COMMISSIONER TOLSON: Just let
4 me give a little bit of clarification,
5 and I thank you, Councilman. It's very
6 good to work with you as well. So I
7 appreciate your comment.

8 Just a point of clarification.
9 We're servicing approximately 3,700 units
10 now. Of that, the number that I
11 mentioned, the 1,700, are those that
12 receive it by dumpster. So they don't
13 put out bags at the corner. We have
14 buildings downtown that receive our
15 services and they have almost 200 units
16 in the building. So those -- our ability
17 to service them with a variety of manners
18 or strategies has been applied already.
19 There are those that put it out by bag
20 and there are those who put it out by
21 dumpster. That choice is by the
22 condominium association, the individual
23 condominium association, not the
24 overarching association.

25 We work with each building. We

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2 go out to inspect it to determine what
3 their needs are, and then agree upon the
4 collection strategy and the collection
5 day, and we service them that way. So we
6 are using dumpsters to service some and
7 we're using bag collection to service
8 others.

9 COUNCILMAN GREENLEE: So the
10 ones that are not getting it, have they
11 just -- how has that come to that
12 conclusion? Has that been their
13 decision? Has there not been a meeting
14 with them? I'm just trying to figure out
15 the ones that don't receive the service,
16 which are the majority of the units
17 apparently.

18 COMMISSIONER TOLSON: Yes. At
19 the time that we did the initial
20 outreach -- there was a series of City
21 Council hearings and we had a change in
22 regulations and the like -- we reached
23 out to the associations to ask for those
24 who would be interested in having City
25 services, and only some of them responded

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2 that they want to have City service,
3 others did not.

4 COUNCILMAN GREENLEE: And
5 getting back to Councilman Kenney's
6 questions, isn't it probable that one of
7 the reasons is just going back to
8 logistics again, how do you get in there,
9 how do you service them?

10 Now, all the ones that are
11 picked up, they're all picked up
12 somewhere on the City street --

13 COMMISSIONER TOLSON: No.

14 COUNCILMAN GREENLEE: -- the
15 ones that are picked up now, or do you go
16 on private property?

17 COMMISSIONER TOLSON: Some of
18 them we'll go on the private property.

19 COUNCILMAN GREENLEE: Has there
20 been concern maybe expressed some place
21 about insurance and insurance risks, that
22 kind of thing, by doing that?

23 COMMISSIONER TOLSON: One
24 moment, please.

25 That has not been an issue. We

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2 ask for them to sign a waiver, and we've
3 been fine so far.

4 And I should just note that
5 those that may be larger and have their
6 collection otherwise, not with City
7 collection, they're being collected by a
8 trash truck as well.

9 COUNCILMAN GREENLEE: So I
10 guess it's similar like when you pick up
11 on driveways, I think basically the
12 City's position is you have no
13 responsibility or you're not held
14 accountable for any damage?

15 COMMISSIONER TOLSON: If we go
16 into someone's parking lot, we have no
17 responsibility for the conditions of
18 their parking lots.

19 COUNCILMAN GREENLEE: And it
20 would be the same here, right?

21 COMMISSIONER TOLSON: Yes, same
22 here.

23 COUNCILMAN GREENLEE: But,
24 again, aren't there a lot of places where
25 just getting in and out would be an

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2 issue? I mean, isn't that part of the
3 problem here, probably why a lot of --
4 and I guess they can speak for themselves
5 when they come up, but isn't that one of
6 the problems here? Again, I use The
7 Philadelphian as an example because I
8 know the building very well. I live near
9 it. I'm just trying to figure out how
10 that could be done; that's all.

11 COMMISSIONER TOLSON: The same
12 place where their trash truck presently
13 goes, a City trash truck --

14 COUNCILMAN GREENLEE: But it's
15 once a week as opposed to -- you would be
16 picking up once a week.

17 COMMISSIONER TOLSON: That's
18 the frequency that we collect the people
19 who live next door.

20 COUNCILMAN GREENLEE: I
21 understand that.

22 COMMISSIONER TOLSON: So if we
23 were to use that same comparison of it,
24 there's no difference between going up
25 versus going out. The people who live

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2 next door get once-a-week collection.

3 COUNCILMAN GREENLEE: But it's
4 not -- I mean, you're talking about a
5 large amount of trash that would have to
6 be kept somewhere for a whole week.

7 That's a little different than, say, my
8 house where I have to find some place to
9 keep two, three bags or something, right?

10 I mean, if you're talking about a whole
11 building, you're talking about -- it
12 would have to be a large place to store.

13 In a very large condo building, where
14 would they put the trash?

15 COMMISSIONER TOLSON: I think
16 issues of storage are a concern in many
17 of our neighborhoods, whether I go to
18 West Philadelphia, Chinatown, North
19 Philadelphia, parts of South
20 Philadelphia. I think that people there
21 would argue too that in their houses,
22 they are challenged with storage issues.

23 So I think that the issue of
24 storage is not one that I can necessarily
25 understand quite readily, because we all

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2 have a responsibility to store our
3 materials for the week until it's
4 collected. So for an apartment building,
5 for a building that may have three units,
6 a trinity of sorts, storage is a
7 challenge, but they still have to make a
8 capacity -- they have a responsibility to
9 make a capacity for storage of their
10 materials.

11 COUNCILMAN GREENLEE: But
12 you're talking about hundreds of units
13 here, Commissioner. You're not talking
14 about three, four units. I mean, you're
15 talking about a large amount of trash the
16 building would have to be responsible for
17 storing. That just sounds like that
18 would be a whole lot to expect somebody
19 to do or to find a place to put. I'm
20 just talking realistically here. I just
21 can't see where that would be.

22 COMMISSIONER TOLSON: I can't
23 recall the building at this point, but I
24 do remember when we first started with
25 the conversion or allowing people to have

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2 the collection, that there was some
3 concern about taking parking spaces to
4 put dumpsters for the collection. Well,
5 I'm not sure that having to lose two
6 parking spaces to hold dumpsters is not a
7 reasonable accommodation for storage.
8 But I just would say that everyone has to
9 store their materials on site.

10 COUNCILMAN GREENLEE: Not to
11 belabor the point, but you're saying
12 that's where they would take away two
13 spots on the street to have their
14 dumpsters? I'm sorry.

15 COMMISSIONER TOLSON: No; in
16 the parking lot.

17 COUNCILMAN GREENLEE: Oh, the
18 parking lot. Okay.

19 I still don't -- I mean, I
20 agree with Councilman Kenney, and we
21 can't turn back the clock. I mean, the
22 easiest thing would have just been to
23 give the credit back in 2002. I know we
24 can't do that, but it still seems like a
25 fairness issue to me, that there's people

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2 who just can't realistically have their
3 trash picked up by the City, and that's a
4 basic service that I think they should
5 get. But anyway, thank you,
6 Commissioner.

7 (Applause.)

8 COMMISSIONER TOLSON: Thank
9 you, sir.

10 COUNCILWOMAN TASC0: What does
11 that do for my constituents? I don't
12 have a lot of cooperatives or condos, but
13 I do have this trash fee in these
14 duplexes that I get complaints about all
15 the time, and they pay taxes also, but
16 they're charged \$300, I believe, for
17 trash pickup.

18 COMMISSIONER TOLSON: That is a
19 concern that we have, Councilwoman, that
20 for buildings that are multi-unit, more
21 than one, those owners will pay a trash
22 fee of \$300 for the service. However,
23 the same type building that is condos,
24 they get up to \$200 per unit credit.
25 That is a concern.

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2 COUNCILWOMAN TASCO: Well, it
3 is a big concern.

4 COUNCILMAN KENNEY: Just a
5 point of information. How many two-unit
6 condos are there in the City?

7 COMMISSIONER TOLSON: I don't
8 know that number. I have to ask the
9 Association, but I know that they exist.

10 COUNCILMAN KENNEY: Well, I
11 asked the Association when they testified
12 to kind of talk about whether or not
13 that's a widespread thing. I doubt that
14 it is, but two-unit condos don't seem to
15 make any sense.

16 COMMISSIONER TOLSON: I think
17 it's quite common in South Philadelphia.

18 COUNCILMAN KENNEY: That
19 they're condos or that they're duplexes?

20 COMMISSIONER TOLSON: That
21 they're condos.

22 COUNCILMAN KENNEY: We'll let
23 them speak to it, because I'm not sure.

24 COUNCILWOMAN TASCO: And the
25 question I'm raising is on Page 3 where

1 10/18/11 - FINANCE - BILL 110130, ETC.
2 this last paragraph or next-to-the-last
3 paragraph, "Condos that are six units or
4 less are exempted from this fee. So
5 under this tax credit bill, the owners of
6 condo units in a six-unit or fewer
7 building would not have to pay the \$300
8 fee, but would also be eligible for a
9 subsidy up to \$200 per unit so they can
10 get trash collection services more than
11 once a week."

12 COMMISSIONER TOLSON: That's
13 correct. As the legislation is written,
14 that is correct. And a further concern
15 for us would be that in addition to
16 having the credit, they also have the
17 ability to go to the citizen drop-off, is
18 another benefit. We have no ability to
19 control that.

20 COUNCILMAN KENNEY: If I may,
21 what does citizen drop-off have to do
22 with it?

23 COMMISSIONER TOLSON: In terms
24 of citizens bring us quite readily their
25 materials from their household. So if

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 you have a mattress that you don't want
3 to hold or bags of trash --

4 COUNCILMAN KENNEY: Isn't that
5 saving the City, because they're dragging
6 it to you instead of you going out and
7 picking it up?

8 COMMISSIONER TOLSON: We still
9 make the stop, so it's not really a
10 savings per se.

11 COUNCILMAN KENNEY: Is it a
12 cost per se?

13 COMMISSIONER TOLSON: Certainly
14 there's a cost.

15 COUNCILMAN KENNEY: If I take a
16 mattress, whether I'm a condo owner or a
17 homeowner, and strap it to the top of my
18 car and drive it to a drop-off center,
19 that's costing you money?

20 COMMISSIONER TOLSON: Yes.

21 COUNCILMAN KENNEY: What if I
22 leave it outside my house on Friday for
23 trash day?

24 COMMISSIONER TOLSON: If you
25 are a condo that we don't service, you

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 have a responsibility to have your trash
3 hauler take that away.

4 COUNCILMAN KENNEY: Any time --
5 I mean, I'm certainly not a sanitation
6 hauling expert, but any time I bring the
7 trash to you, how does that cost you
8 money?

9 COMMISSIONER TOLSON: Because
10 we still --

11 COUNCILMAN KENNEY: When you
12 had to pick it up anyway.

13 COMMISSIONER TOLSON: No.
14 That's part of the problem and the
15 challenge. Just like small commercial
16 businesses that may want to bring us
17 materials, people undersubscribe to those
18 that they have to pay and then they
19 either illegally dump it or they may
20 bring it to us and --

21 COUNCILMAN KENNEY: Illegally
22 dumping is a totally different thing,
23 because you have to go out and then clean
24 up the mess and that costs money and time
25 and personnel.

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2 COMMISSIONER TOLSON: Yes.

3 COUNCILMAN KENNEY: But if you
4 got a guy sitting on a chair letting
5 people go into a drop-off site and that
6 person brings that trash to you, how is
7 that costing you any more than picking it
8 up on the sidewalk?

9 COMMISSIONER TOLSON: We still
10 then pay for disposal.

11 COUNCILMAN KENNEY: You're
12 going to pay for disposal if you pick it
13 up.

14 COMMISSIONER TOLSON: Not if it
15 were from a property that we don't have
16 to service.

17 COUNCILMAN KENNEY: Well,
18 that's another reason why they should get
19 the tax credit.

20 COMMISSIONER TOLSON: No, no.
21 Just for clarification -- so I'll just
22 make up an example, not to say that
23 anyone would do this. If I subscribe to
24 a service and I pay for dumpster
25 collection that doesn't include any type

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2 of bulky items, so they won't take that
3 without charging me an extra \$50, well
4 now I'm going -- instead of having my
5 private guy take that, I'm going to now
6 instead take it to the citizen drop-off
7 and have the City take it.

8 COUNCILMAN KENNEY: Right.

9 COMMISSIONER TOLSON: We have
10 businesses, small businesses, that do
11 that that we don't service and we have
12 others that do it that we don't service,
13 some of our residential apartment
14 buildings. That is a cost to the City,
15 when they should be taking care of that
16 service privately with their other
17 materials.

18 COUNCILMAN KENNEY: But they're
19 paying for it already in their real
20 estate taxes. If I'm a condo owner and
21 I'm not serviced by the City and I have
22 to take a mattress, for want of a better
23 example, I pay my real estate taxes for
24 the privilege of hauling that mattress to
25 you so you can dump it in a landfill.

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2 That's part of my real estate taxes right
3 now. So I don't understand how that's
4 unfair or inequitable. When I'm paying
5 \$3,000, \$4,000 in real estate taxes and I
6 take my mattress to you to landfill it,
7 that's something that they should have to
8 pay for privately?

9 COMMISSIONER TOLSON: I'm
10 talking about under the circumstances of
11 getting a credit, we would have no
12 ability to control where their materials
13 go when people bring it in.

14 COUNCILMAN KENNEY: What we're
15 all trying to avoid is people saying, You
16 know what, it's not worth all the
17 aggravation of taking it down there, I'm
18 going to dump it under I-95, and then we
19 have to go out and clean it up anyway.

20 COMMISSIONER TOLSON: Well,
21 that could happen as well.

22 COUNCILMAN KENNEY: But
23 wouldn't you rather have it brought to
24 you as opposed to having --

25 COMMISSIONER TOLSON:

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 Certainly, but what I'm suggesting is
3 that when people receive private
4 collection, all their materials would be
5 handled privately then.

6 COUNCILMAN KENNEY: Right.

7 COMMISSIONER TOLSON: If they
8 share any of that back with the City,
9 that's not a help to us.

10 COUNCILMAN KENNEY: But they're
11 already -- and this is where we kind of
12 diverge. They're already paying their
13 real estate taxes for a service they're
14 not getting. They're paying for it
15 privately and they're taking a portion of
16 that and bringing it to you. And that's
17 a cost to the City?

18 COMMISSIONER TOLSON: Under the
19 present circumstances, present
20 circumstances, no, that's not a cost to
21 us.

22 COUNCILMAN KENNEY: Right.

23 COMMISSIONER TOLSON: However,
24 if people were to receive a \$200 credit
25 and then decide to still share their

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2 trash, that is a cost to us.

3 COUNCILMAN KENNEY: How do you
4 quantify that cost? What's the unit cost
5 of a disposal of a mattress compared to
6 what they're paying in real estate taxes?
7 For example, what portion of the real
8 estate taxes goes to Sanitation? Have we
9 broken that down? What goes to Police?
10 What goes to Sanitation? What goes to
11 Fire? I mean, we drill down that deep?

12 MS. RHYNHART: I think the
13 Commissioner was just making a point on
14 an extra cost, but we could get back to
15 the basic issue at hand, which is the
16 \$200 credit and that -- we're willing to
17 provide and we are providing weekly
18 collection to condo owners and we'll
19 provide dumpster collection.

20 COUNCILMAN KENNEY: But in many
21 cases the weekly collection is
22 inadequate. I'm not saying you should
23 pick it up more than once a week, but the
24 weekly collection and the actual carrying
25 out of that weekly collection is

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2 inadequate and sometimes unworkable. And
3 to say to those folks, Because it's
4 unworkable and inadequate, pay for it
5 yourself, I think is still unfair to a
6 person who is paying real estate taxes.

7 If I live in an apartment
8 building, I'm paying rent to my landlord,
9 who is running a business. I'm not
10 paying the City real estate taxes. The
11 landlord is, because he's running the
12 business. And I think the disconnect is
13 between apartment dwellers and condo
14 owners, that condo owners are treated as
15 apartment dwellers. That's not the case.
16 They pay real estate taxes, and a lot of
17 it.

18 And the other issue, just for
19 the record, there seems to be some
20 misnomer that condo residents are wealthy
21 people who live just in the Murano and
22 residences at the Ritz. These are senior
23 citizens, they're blue-collar
24 working-class people who live in condos,
25 who are struggling like everyone is, but

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2 paying real estate taxes for a service
3 they can't get. Now, you say, yes, we
4 can do it, but I don't think in all cases
5 it's adequate or workable.

6 (Applause.)

7 COUNCILWOMAN TASC0: Councilman
8 Green.

9 COUNCILMAN GREEN: No.

10 COUNCILWOMAN TASC0: Any
11 questions or comments?

12 (No response.)

13 COUNCILWOMAN TASC0: We do have
14 questions about this trash, a total
15 discussion about trash, particularly
16 about the duplex owners.

17 COMMISSIONER TOLSON: Yes.

18 COUNCILWOMAN TASC0: I do
19 believe we do have a bill which we have
20 to call up for a hearing to have that
21 discussion.

22 COMMISSIONER TOLSON: Just for
23 clarification on your point, all
24 condominiums are exempted, not just those
25 that are in six or larger. All

1 10/18/11 - FINANCE - BILL 110130, ETC.
2 condominiums are exempted from the fee,
3 the \$300 fee, just for clarification. I
4 think when you were making comment
5 earlier or my response may have been
6 misleading, but all condominiums are
7 exempted.

8 COUNCILWOMAN TASC0: Any other
9 questions or comments?

10 (No response.)

11 COUNCILWOMAN TASC0: Thank you
12 very much.

13 Is there anyone else here to
14 testify on this bill? We have the next
15 panel, Mr. Giblin, Gary Krimstock, Tony
16 Campisi and Marsha Bacal and Jovida Hill.

17 (Witnesses approached witness
18 table.)

19 COUNCILWOMAN TASC0: Would you
20 state your name for the record and
21 proceed with you testimony.

22 MS. HILL: Good morning,
23 members of Council. My name is Jovida
24 Hill and I appear before you today on
25 behalf of the Logan Square Neighborhood

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2 Association. Our neighborhood stretches
3 from Broad Street to the Schuylkill River
4 and from Market Street to Spring Garden
5 Street. We appreciate this opportunity
6 to speak in support of Bill 110130 that
7 would provide tax relief to our
8 residents, who are owners or shareholders
9 of the City's condominiums and co-ops.

10 On Tuesday, October 11th, the
11 LSNA Board voted unanimously to support
12 an annual tax credit for condominium,
13 cooperative and planned community owners
14 who, by necessity, pay for private trash
15 collection and who do not receive trash
16 or recycling collection services from the
17 City. I'd also like to add that it's
18 absolutely logistically impossible for
19 these residents to have once-a-week trash
20 pickup by the City. It would be
21 unsanitary, it would pose a health
22 hazard, and just logistically it would be
23 impossible because of the high density of
24 these buildings.

25 Many of our residents are

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2 owners of buildings that include Kennedy
3 House, Penn Center House, the Phoenix,
4 the Murano, CityView I and II, the
5 Tivoli, 2200 Arch Street, 2201 Cherry
6 Street, Rivers Edge and the Lofts at
7 Logan and many other high-density
8 buildings in our neighborhood.

9 I also serve on the 8th Ward
10 Democratic Executive Committee in the
11 24th Division. I am elected by my
12 neighbors, and the majority of them are
13 unit owners in CityView I and II and the
14 Tivoli.

15 Collectively, the passage of
16 this bill will provide thousands of
17 Philadelphia residents with much-needed
18 tax relief. Your support of this
19 legislation will be greatly appreciated,
20 and I thank you for this opportunity.

21 COUNCILWOMAN TASCO: Thank you.
22 We'll let everyone testify and then we'll
23 ask the Committee to ask questions after
24 that. All right?

25 Would you identify yourself for

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2 the record, please.

3 MR. KRIMSTOCK: Yes. Madam
4 Chairperson, members of the Committee, my
5 name is Gary Krimstock from the
6 Philadelphia law firm of Fineman
7 Krekstein and Harris. I'm here as legal
8 counsel for the Greater Philadelphia
9 Condominium Managers Association and as a
10 Board member of the Community
11 Associations Institute. Our
12 constituents, Board managers, Board
13 members and unit owners and residents at
14 condominiums, co-ops and homeowners
15 associations in Philadelphia are present
16 here today in large number in support of
17 this bill. I also independently
18 represent many of the condominium
19 associations in the City.

20 GPCMA in particular, the
21 Greater Philadelphia Condominium Managers
22 Association, was formed in 1985 to foster
23 cooperation and synergies among the new
24 and growing group of community
25 associations in Philadelphia, including

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2 condominiums, cooperatives and homeowners
3 associations. Equality of municipal
4 services was an early and primary focus
5 of the group, and the correction of the
6 inherent and blatant unfairness in the
7 City's trash collection policy has been a
8 long-time target of GPCMA's advocacy
9 efforts. Jim Giblin, the Manager of the
10 Kennedy House cooperative, is the
11 President currently of GPCMA, and he will
12 also be testifying today.

13 Since the first major
14 Philadelphia developments in the late
15 1970s of common-interest communities in
16 Philadelphia, the individual citizens and
17 taxpayers owning such residential
18 properties have been treated unfairly by
19 the City in the provision of basic and
20 important municipal services. Although
21 they pay the same real estate taxes as
22 their residential owners -- as other
23 residential owners in the City, they have
24 not received municipal trash collection
25 services and have been forced to pay for

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2 private service. In effect, they're
3 actually paying twice for trash
4 collection, once with their taxes to the
5 City and again with their monthly
6 payments to the condominium, cooperative
7 or homeowner associations.

8 Now, after more than three
9 decades of history, these common-interest
10 communities are much more popular and
11 prevalent. Nationwide they number more
12 than 300,000 communities, housing about
13 60 million people. There are now about
14 25,000 condominium, co-op and homeowner
15 association residential units in
16 Philadelphia. As has been done now in
17 many municipalities across our state and
18 the country, including in our closest
19 neighboring state, New Jersey,
20 Philadelphia sought to correct the
21 longstanding inequality to right this
22 wrong by the unanimous City Council
23 passage in 2002 of Bill No. 010659, also
24 introduced by Councilmembers Kenney and
25 DiCicco. Although that bill became law

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2 when the Mayor refused to veto it and
3 could only be implemented after a
4 successful lawsuit against the Mayor, the
5 regulations thereafter imposed in 2005 by
6 the Streets Department to implement that
7 law have frustrated its essential purpose
8 to the point that most of the individual
9 homeowners in Philadelphia's community
10 associations still do not receive any
11 trash collection from the City and still
12 have to pay for private trash service.
13 They are still treated unfairly by the
14 City.

15 The fairness and equality issue
16 has already been decided by City Council
17 and upheld by the Pennsylvania courts.
18 It has been addressed in New Jersey with
19 annual reimbursements by the municipality
20 to community associations. Other
21 municipalities in our state only charge
22 those taxpayers who receive municipal
23 trash services by a line item on their
24 property tax bill. Other cities across
25 the country give annual reimbursements to

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2 community association homeowners. This
3 Bill No. 110130, introduced again by
4 Councilmembers Kenney and DiCicco,
5 provides a simple and cost-effective
6 mechanism to implement this fair and
7 equitable policy and to, once and for
8 all, right this wrong.

9 There is a misrepresentation,
10 as Councilman Kenney said, that all
11 condominium and cooperative units are
12 luxury homes in only the finest locations
13 and all are owned by only wealthy people.
14 Not all of these residences are located
15 on Rittenhouse Square. They are also in
16 almost every neighborhood in the City,
17 and more are being developed in those
18 areas every day. Some of the owners of
19 these homes are young singles or couples
20 starting their careers who buy them
21 because they are often small and all they
22 can afford. Some are older retired
23 couples on low or fixed incomes who buy
24 them for the same reasons, and some are
25 City employees, public servants and

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2 public-sector employees who buy them
3 because they have to live in the City and
4 want to be convenient to public
5 transportation. In any case, they are
6 still paying real estate taxes just like
7 any other homeowner in the City, and they
8 deserve and should be entitled to the
9 same City services. Whether you live in
10 a large single house in Center City or
11 Chestnut Hill or a small row house in
12 South or North Philadelphia or a
13 condominium on Rittenhouse Square or in
14 the Northeast, you'd pay taxes for
15 municipal trash collection and you should
16 receive that service.

17 This bill provides the fairest
18 and simplest and most cost-efficient
19 solution to this inequality problem: No
20 annual tax credit to the affected
21 homeowners -- I'm sorry; an annual tax
22 credit to the affected homeowners for the
23 cost that they pay for their private
24 trash service. If they don't pay for
25 private trash service, they will not be

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2 getting this tax credit. Most of the
3 community association developments are
4 high-density, multi-family residential
5 buildings or complexes with large
6 concentrated volumes of trash that
7 require specialized equipment, labor and
8 collection scheduling. It would be
9 costly, impractical and inefficient for
10 the City to provide the necessary trash
11 collection services to these communities
12 that would be comparable to what it now
13 provides other single-family households
14 in the City. The City now provides trash
15 collection service based on a
16 households's average weekly trash output,
17 up to eight bags or four cans and up to
18 240 pounds per week, plus recyclables.
19 That same volume of trash output from a
20 high-density development would require a
21 substantial investment for both the City
22 and the community association and special
23 equipment - vehicles, dumpsters, storage
24 and refrigeration - more labor and more
25 collections more frequently than once per

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2 week. For example, based on that volume,
3 the largest condominium in the City with
4 776 units could require the City to
5 collect about 45 tons of trash per week.

6 The City's own estimate in 2002
7 for trash collection from the then 20,000
8 community association units included an
9 initial capital investment of more than
10 \$2 million for equipment and about a
11 million seven in annual operating costs.
12 Those figures are for trash collection
13 only one day per week, which would not be
14 sufficient to collect the average weekly
15 output from community association
16 households. The number of community
17 association units in the City is at least
18 25 percent greater today. Undoubtedly
19 then, the equipment, labor and disposal
20 costs would increase with the number of
21 households to be serviced and would have
22 increased significantly in the last
23 several years.

24 Under this bill, the cost to
25 the City for the tax credits would not be

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2 the maximum of \$200 per unit per year for
3 all units, but in reality significantly
4 less, since the annual cost for private
5 trash service varies greatly among the
6 community associations, but few are close
7 to the \$200 per year maximum and many are
8 much less. Our last survey in 2008
9 showed an average annual cost of about
10 \$120 per unit. Also, the simple
11 mechanism provided by this bill to
12 correct the inequality and right this
13 wrong would not require any capital
14 investment by the City and would ensure
15 that all of the trash output from these
16 households would continue to be properly
17 and effectively collected.
18 Administratively, the tax credit process
19 would be simplified and easily
20 verifiable, because the community
21 associations maintain all the records for
22 their buildings' trash collection
23 expenses. Thus, it would be simpler and
24 less expensive for the City to provide
25 the mandated trash collection services to

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2 the community association households
3 under this bill than to actually collect
4 the trash on a weekly basis as currently
5 offered by the City.

6 For all the foregoing reasons,
7 my clients urge you to support the
8 passage of this important bill. I'll be
9 happy to answer any questions.

10 (Applause.)

11 COUNCILWOMAN TASC0: Thank you.

12 The Chair recognizes Councilman
13 Green.

14 COUNCILMAN GREEN: Thank you.

15 I'm not sure -- I just wanted
16 to confirm that I heard you correctly.
17 The average cost per unit in your
18 association is \$120 per year?

19 MR. KRIMSTOCK: Yes.

20 COUNCILMAN GREEN: Thank you.

21 COUNCILWOMAN TASC0: Any other
22 questions?

23 (No response.)

24 COUNCILWOMAN TASC0: Next
25 witness, please.

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2 MR. CAMPISI: Good morning and
3 thank you for this opportunity to testify
4 before this Committee. My name is Tony
5 Campisi and I serve as Executive Director
6 of the Pennsylvania and Delaware Valley
7 Chapter of Community Associations
8 Institute. CAI is a 31,000-member
9 national organization dedicated to
10 building better communities. CAI
11 provides information, education and
12 resources to association-governed
13 communities, including condominiums,
14 cooperatives and homeowner associations
15 and the professionals that support these
16 communities. The Pennsylvania Chapter
17 represents an estimated 15,000 such
18 communities across the Commonwealth,
19 including approximately 900 communities
20 with thousands of housing units within
21 the City of Philadelphia. Tens of
22 thousands of Philadelphians call these
23 association-governed communities home.

24 CAI's Pennsylvania Legislative
25 Action Committee supports adoption of

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2 City Council Bill 110130, which would
3 provide a credit against the tax for
4 owners of condominiums, cooperatives and
5 planned community units who do not
6 receive regular City refuse, recycling
7 and bulk item collection services. The
8 bill would remedy the City's failure to
9 provide municipal trash collection to
10 these residents.

11 Councilman Kenney introduced
12 legislation over a decade ago that
13 extended eligibility for residential
14 municipal trash collection to include
15 owners of cooperatives and condominiums.
16 On June 13th, 2002, the bill was adopted
17 by City Council. Then-Mayor John Street
18 returned the bill to City Council without
19 his signature with a letter stating that
20 the City would not enforce the law. In
21 response, City Council filed suit to
22 compel the Administration to enforce
23 municipal refuse collection from
24 community associations in the City. This
25 step was supported by all members of City

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2 Council, including then-Councilmember
3 Michael Nutter, now Mayor of
4 Philadelphia. In 2005, the Pennsylvania
5 Supreme Court denied Mayor Street's
6 appeal in the case and affirmed the
7 Commonwealth Court's opinion in favor of
8 City Council as the final ruling in the
9 case.

10 Unfortunately for owners of
11 condos, co-ops and planned community
12 units in the City, the issue of refuse
13 collection remains unresolved. While the
14 City has extended an offer of weekly
15 curbside collection, the volume of trash
16 that these communities accumulate makes
17 this an unsanitary solution that would
18 cause many other health and neighborhood
19 concerns. Therefore, the City's
20 condominium, cooperative and planned
21 community residential unit owners
22 continue to pay for a City service they
23 cannot use.

24 It has been suggested that a
25 tax credit such as the one provided in

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2 this bill may not pass constitutional
3 muster because it may create a separate
4 and distinct class of residential real
5 estate. I would suggest the City has
6 already accomplished this by its refusal
7 to adequately provide a municipal service
8 to what the City considers a distinct
9 class of residential property owner. And
10 the reason why may in fact reside in the
11 common understanding and interpretation
12 of what a condominium is or is not under
13 state statute. Pennsylvania's Uniform
14 Condominium Act, adopted in 1980 by the
15 State Legislature, along with two
16 companion acts, the Real Estate
17 Cooperative Act adopted in 1992 and the
18 Uniform Planned Community Act adopted in
19 1997, define the creation, management and
20 governance of association-governed
21 communities in Pennsylvania. It is
22 important, however, to note here that the
23 three forms of ownership defined under
24 these statutes simply define a legal form
25 of homeownership. They do not define a

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2 physical structure or a type of building.

3 This is critical to the issue we are here

4 to discuss today in the following manner:

5 A condominium does not
6 translate to a high-rise or mid-rise
7 building, just as a planned community
8 does not translate to a subdivision with
9 one-acre lots in a suburban setting. A
10 condominium under state statute may be a
11 25-story building with ten units per
12 floor in Society Hill. It may be a
13 townhouse community with four or six
14 units connected in a row in South
15 Philadelphia. It may be a 396
16 residential unit community consisting of
17 single-family, detached homes, townhouses
18 and condo units currently under
19 construction at the Arbors at Eagles
20 Point in the Byberry section of the Far
21 Northeast.

22 The point I make here is
23 simple. A condominium, co-op or planned
24 community unit is nothing more than a
25 single-family home. These communities

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2 are not commercial buildings comparable
3 to apartment buildings owned by a single
4 owner. These communities are a series of
5 individual homes owned by many individual
6 owners. A condominium association, in
7 whatever physical structure it assumes,
8 is no different than a block of row homes
9 in any one of your Council districts. A
10 block of row homes consists of
11 single-family homes that line the sides
12 of a block, connected by a shared common
13 vertical wall and each owned by an
14 individual owner. A high-rise
15 condominium building consists of
16 single-family homes that line a hallway
17 and that share a common vertical wall,
18 stacked upon each other, with another
19 common horizontal wall consisting of a
20 ceiling in the unit below and a floor in
21 the unit above. Turn a high-rise
22 condominium on its side and all you have
23 is a series of individually owned row
24 homes that you might find on an average
25 block in South Philadelphia, University

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2 City or Fishtown. Tell me why the owner
3 of a condo should be treated any
4 differently than the owner of a row home.

5 Under current City practice,
6 condo owners are treated differently, are
7 treated as a distinct class of
8 residential real estate, yet they pay the
9 same municipal taxes, and that is
10 inherently unfair.

11 This is an issue not limited to
12 the City of Philadelphia. Community
13 associations across Pennsylvania and in
14 fact across the nation deal with this
15 very same issue. In most states, owners
16 in community associations pay municipal
17 taxes for services that are in many cases
18 not provided to residents who live within
19 the association, including road
20 maintenance, refuse collection and other
21 municipal services. The owners who
22 reside in these community associations
23 pay for these services twice, once
24 through municipal or property taxes and
25 again when they privately contract for

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2 the services not provided by the
3 municipal government.

4 CAI has provided Council with
5 examples of how other cities across the
6 state and nation have dealt specifically
7 with the municipal trash issue.

8 Here in Philadelphia,
9 Councilman Kenney is proposing that the
10 City offer a tax credit of up to \$200 per
11 residential unit to address the disparity
12 in collection services. CAI supports
13 this legislation as a way to erase the
14 inequality that has been permitted to
15 exist in the collection of municipal
16 revenue from condominiums, cooperatives
17 and planned communities in this city for
18 far too long.

19 Thank you.

20 (Applause.)

21 COUNCILWOMAN TASCO: Thank you
22 very much.

23 Are there any questions? Thank
24 you.

25 Councilman Green.

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2 COUNCILMAN GREEN: Thank you.

3 I'm honestly not sure exactly how I feel
4 about this issue, but intellectually I'm
5 having some trouble with what you're
6 saying, because what the City is saying
7 is they will treat condo owners and
8 cooperative owners, et cetera, like every
9 other citizen that will pick up the trash
10 once a week. The way trash is currently
11 collected in condos, it goes down a chute
12 or something else if it's a very large
13 building and goes into a big dumpster, et
14 cetera, but the way it's collected in
15 apartment buildings in North Philadelphia
16 is, people have to keep it in their
17 apartment all week and put it out once a
18 week. So it's sort of like the way
19 things are -- the way the condo was set
20 up from the beginning assumed that there
21 would not be City collection. But if you
22 want to do it, you can -- everybody can
23 reduce that from their condo fee, they
24 can keep it in their condo. I don't
25 suggest you do that. It's not a

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2 practical solution, but what I'm saying
3 is, it is actually treating at least,
4 unless I'm thinking about this in the
5 wrong way, it is actually treating condo
6 owners the same as apartment dwellers in
7 Southwest Philadelphia the same. You
8 could keep it in your condo, not
9 aggregate it, and put it out once a week.
10 It would be unsightly, it would be a
11 health problem. I agree with all those
12 issues, just as it is in high-density
13 areas in Southwest Philadelphia when
14 there's a large apartment building.
15 There's a lot of bags out on the street,
16 et cetera.

17 So my point is, intellectually
18 I'm having trouble accepting that you're
19 not being treated equally. It's not an
20 ideal solution. I absolutely agree with
21 that.

22 And the other thing -- and you
23 can comment on these or not. The other
24 thing that it seems to me is that what
25 goes into the price of a condo is what

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2 the real estate taxes are, what the condo
3 fees are, which currently in many cases
4 include refuse collection, et cetera.

5 And so on the front end, you're getting a
6 discount on the price of that condo
7 because people are factoring into their
8 payment and what they can afford what the
9 condo fees are, and that's happened from
10 the beginning of the condo association to
11 today. You are paying less for that
12 condo because you don't get trash
13 collection, and it's built into the
14 price.

15 MR. CAMPISI: Let me address
16 the first part of your question. I think
17 the point I'm trying to make is, I think
18 you have to separate a condo building
19 from an apartment building. An apartment
20 building is owned by a commercial entity,
21 by one owner, and a condo is individual
22 owners, as I testified, individual row
23 homes, in effect. I think there is a
24 difference, and I think the individual
25 owners are paying taxes that a renter in

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2 an apartment building is not paying.

3 I'm not sure that the second
4 part of your question is accurate. Condo
5 communities, particularly -- we're in a
6 depressed real estate market nationwide.
7 Some states have been hit harder than
8 others. Some municipalities have been
9 hit harder than others. One of the
10 exceptions to that depressed market is
11 right here in Center City Philadelphia
12 with the condominium community that has
13 continued to do very well, albeit at a --
14 not as well as it has been doing.

15 I would not necessarily agree
16 that the price of a condo is discounted
17 as you suggest. I don't see the evidence
18 of that.

19 COUNCILMAN GREEN: I mean,
20 people buy what they can afford, and what
21 they can afford, unless they're
22 extraordinarily wealthy, is based on
23 payments, and you factor into what you
24 can afford all of the payments that you
25 have to make. And so that payment

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2 includes private collection, which lowers
3 necessarily what you can afford on a
4 mortgage for what you're paying for the
5 condo.

6 MR. CAMPISI: Well, what I
7 would suggest to you --

8 COUNCILMAN GREEN: I mean, just
9 a purely monetary -- I'm not talking
10 about anything but just the pure
11 economics of it. You can afford a
12 payment. If that's 1,500 a month and
13 refuse is 20 bucks of that a month,
14 currently you don't have that 20 to make
15 your mortgage payment.

16 UNIDENTIFIED SPEAKER: But
17 you're still paying real estate taxes.

18 COUNCILMAN GREEN: And that
19 also is factored into what your payment
20 is. So there's three factors that
21 determine it - your real estate tax, your
22 condo fee and your mortgage payment.

23 MR. CAMPISI: I would suggest
24 that the monthly condo assessments in
25 many cases could be reduced and made more

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2 affordable for individual unit owners if
3 they didn't have to provide for a service
4 they're already paying for in municipal
5 real estate taxes.

6 (Applause.)

7 COUNCILMAN GREEN: Right. And
8 if that were the case, you'd have more
9 for the payment for your mortgage side,
10 which would increase the price of condos
11 by that amount, because it's a
12 three-factor payment formula. It's real
13 estate tax, condo fee and mortgage
14 payment. You reduce one, you can pay
15 more for the others.

16 MR. CAMPISI: In general --
17 well, I'm not sure if I understand you
18 correctly, but are you suggesting that if
19 this service were provided, that
20 municipal taxes would have to go up and,
21 therefore, they would pay more in
22 municipal --

23 COUNCILMAN GREEN: No, no, no.
24 It's much more of a direct benefit to the
25 condo owner, because in theory, if what

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2 I'm positing is correct, which is that
3 people buy based on the payment they can
4 afford, they'll be able to afford more
5 for condos if we pass this bill.

6 MR. CAMPISI: Well, I would
7 agree it would be a direct benefit for
8 the owners of condos, clearly.

9 COUNCILMAN GREEN: And increase
10 their prices by the amount they can add
11 into extra borrowing to have the same
12 payment.

13 MR. CAMPISI: But it would be
14 more of a direct benefit because it would
15 treat condo owners equitably and not have
16 to put them in the position of paying
17 twice for a service.

18 COUNCILMAN GREEN: Right. I
19 mean, I was for --

20 (Applause.)

21 COUNCILMAN GREEN: One of the
22 things that you mentioned I'm actually
23 strongly in favor of, which is charging
24 for trash collection so that people are
25 not charged if they don't have it, and I

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2 would start by reducing real estate taxes
3 across the board in an amount equal to
4 the amount it costs to collect trash in
5 the City, which gets us to a very similar
6 place, but seems to me to be more
7 equitable for everybody, because then
8 you're only paying for the service that
9 you get.

10 MR. CAMPISI: And there are
11 some cities that handle it that way.

12 COUNCILMAN GREEN: Right.
13 Thank you.

14 COUNCILWOMAN TASCIO: Any other
15 questions?

16 (No response.)

17 COUNCILWOMAN TASCIO: Next.

18 MR. GIBLIN: Good morning. My
19 name is James Giblin. I'm the General
20 Manager of the Kennedy House located at
21 1901 JFK Boulevard. It happens to be a
22 30-story cooperative building with 559
23 apartments and approximately 700 or more
24 residents. I'm also the President of the
25 Greater Philadelphia Condominium Managers

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2 Association, which represents
3 approximately 50 managers of condos,
4 co-ops throughout the City of
5 Philadelphia.

6 I'm going to diverge a little
7 bit -- divert a little bit from my notes
8 here because some of the comments that
9 I've heard. What I believe we're talking
10 about here is to right an inequity that
11 has happened and has continued to happen
12 to residents of condos and co-ops
13 throughout the City for more than 25
14 years. And as Gary Krimstock mentioned
15 in his earlier comments, the reason that
16 GPCMA got together 25 years ago was for
17 that one reason. It's inequality, an
18 inequity to our residents to pay twice
19 and not get the service that the City
20 provides for every other resident.

21 Condo and co-op owners have
22 faced the equivalent of double taxation
23 regarding the City's policy on collecting
24 trash and recyclables or, at very least,
25 taxation without representation. The

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2 City has said they are either unwilling
3 or unable to pick up trash from our
4 buildings, although based on Ordinance
5 011659, the City is required to provide
6 municipal waste and recycling service to
7 condos and co-ops.

8 During the Street

9 Administration, the Pennsylvania Supreme
10 Court upheld a ruling affording all condo
11 and co-op owners the opportunity to
12 receive trash collection services from
13 the City. We heard at that time that
14 Mr. Street offered to pick up all
15 high-rise condo and co-op trash if the
16 homeowners would place the trash on a
17 curb for once-a-week pickup. Can you
18 imagine if the residents of my building,
19 the Kennedy House, piled their trash all
20 from a week on the street at Cuthbert
21 Street behind our building? Not only
22 would it block the traffic on Cuthbert
23 Street, which is a City violation in
24 itself, it would also cause an
25 accumulation of trash and garbage that

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2 would create an unhealthy, unsightly and
3 odorous problem for my residents, our
4 neighbors and the City of Philadelphia.

5 The other significant issue is
6 that once-a-week pickups recommended by
7 Mr. Street would not suffice for any of
8 our high-rise buildings. And to go back
9 to what was said originally by Gary
10 Krimstock and Councilman Green, the
11 difference is, once a week is not the key
12 here. What is the key is the amount of
13 trash that is provided -- that is put out
14 at the curb that the City will pick up
15 for an individual resident, approaching
16 240 pounds. I would venture to say that
17 my residents probably create the same
18 amount of trash, but because it's
19 once-a-week pickup, that would not
20 suffice. There's no storage for it in
21 our building. We have very little area
22 for that, and subsequently, the
23 once-a-week pickup doesn't work.

24 We pick up trash seven days a
25 week at the Kennedy House and recyclables

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2 three times a week, and I'd like to say
3 we maintain our loading dock and our
4 trash areas the cleanest it could
5 possibly be.

6 Additionally, my building pays
7 over a million dollars in real estate
8 taxes. That's significant. But I think
9 more significant is we pay an additional
10 \$45,000 a year in trash removal fees.
11 Now, that equates to approximately \$80
12 per unit. Now, I don't know if that
13 means I negotiated a better trash deal
14 than some other of our condos and co-ops,
15 but we would not rise to the \$200 per
16 unit limit that was listed by Councilman
17 Kenney, and I think Gary Krimstock had
18 mentioned 120 was the average that he had
19 for information.

20 I'd also like to tell this
21 panel that besides managing condos and
22 co-ops for the past 20-plus years, I'm
23 also a retired member of the Philadelphia
24 Fire Department. The current policy of
25 refusing to pick up trash and recycling

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2 for our condos and co-ops because the
3 City says it can't afford it, to me, is
4 tantamount to saying that the Fire
5 Department will not fight fires in
6 high-rise buildings because it's too
7 costly for the City. That position would
8 not only be --

9 (Applause.)

10 MR. GIBLIN: That position
11 would not only be inequitable, but also
12 unconscionable based on any standard of
13 decency and the City's mandated
14 responsibility.

15 This ordinance from Councilman
16 Kenney would go a long way in restoring
17 first-class citizenship to our residents
18 and others who reside in condos, co-ops
19 and nature ways throughout the City.

20 I implore you, please end this
21 inequity.

22 Thank you.

23 (Applause.)

24 COUNCILWOMAN TASC0: Marsha
25 Bacal.

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2 MS. BACAL: This is my trash
3 bill. I have been working for ten years.
4 There's more at home, but it was too
5 heavy to carry. I want to put a face on
6 this problem.

7 COUNCILWOMAN TASCO: Could you
8 pull the mike to you, please.

9 MS. BACAL: Sorry. For your
10 information, this is my trash bill.
11 These are all -- this is the
12 correspondence that I have accumulated
13 twice-over in trying to get this problem
14 taken care of. My name is Marsha Bacal.
15 I have spoken before. I was there in
16 2002 and I'm back again.

17 I am a resident of Society Hill
18 Towers, a member of its governing Board,
19 a past Chairperson of the Towers
20 Community Political Action Committee and
21 a Board member of CDAG.

22 This paperwork represents ten
23 years of work advocating for the redress
24 of a civic wrong. In these files are
25 hours of testimony, position papers,

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2 court rulings, meeting notices, rallies
3 and letters to the editor. It represents
4 efforts made by a condominium community
5 composed of 700 units, 1,200 residents,
6 800 voters, who have a 60 percent voter
7 turnout, probably among the highest in
8 the entire City. And, more importantly,
9 it represents a community that has been
10 denied a City service for which they have
11 already paid for.

12 The concept of homeowners seems
13 to be a problem here. Because we are
14 vertical, we are considered second class.
15 We are not homeowners in the same light
16 as those who live in a horizontal basis.

17 I lived in Fox Chase from 1960
18 to 1980 in a split level. I paid my
19 taxes, and my trash was picked up. I
20 moved to the Society Hill Towers in 1980,
21 and for 31 years, I've been double taxed.
22 You can do the math. I won't do it for
23 you.

24 There's no logical reason why,
25 no justification that a certain group has

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2 to be singled out for a denial of
3 service. It's just not defensible. It's
4 discriminatory, and it needs to stop.

5 (Applause.)

6 MS. BACAL: I will not burden
7 you with figures. You've been given
8 plenty of figures. Suffice it to say
9 that it costs the Towers in excess of
10 \$50,000 a year to collect that trash, and
11 I have heard from the grapevine that the
12 cost is probably going to go up next
13 year. That's unconscionable. It also
14 represents a point in the assessment or
15 condo figures that we pay.

16 The City has an obligation.
17 Let's do it. It really is simple. It's
18 about fairness, and it's about time.

19 (Applause.)

20 COUNCILWOMAN TASCO: Thank you
21 very much for your testimony.

22 Are there any questions from
23 the members of the Committee for these
24 witnesses?

25 (No response.)

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2 COUNCILWOMAN TASCO: Thank you
3 all.

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

6 (No response.)

7 COUNCILWOMAN TASCO: Thank you
8 all for coming and for your testimony.

9 This ends our public hearing on
10 the bills that we have received testimony
11 on. We will now go into our public
12 meeting, and the Chair calls on
13 Councilman Goode.

14 COUNCILMAN KENNEY: I'm sorry.
15 Madam Chair, can I just make a request,
16 could we -- excuse me. If you can stay
17 until we vote on this, it would be
18 helpful, and plus it's a little noisy too
19 on the way out.

20 COUNCILWOMAN TASCO: Could we
21 please ask you to -- if you have to
22 leave, please leave quietly, but the
23 Councilman has requested that you try and
24 stay until we take action on this piece
25 of legislation. Thank you.

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 The Chair recognizes
3 Councilwoman Blackwell for Bill No.
4 110560.

5 COUNCILWOMAN BLACKWELL: Thank
6 you, Madam Chairman. I move that Bill
7 No. 110560 be reported out of Committee
8 and also a request for the suspension of
9 the rules so that this may be heard at
10 our next session of Council.

11 (Duly seconded.)

12 COUNCILWOMAN TASC0: It has
13 been moved that Bill 110560 be reported
14 out of Committee with a favorable
15 recommendation and a recommendation that
16 the Council rules be suspended so this
17 bill can be heard at Council's next
18 session.

19 All in favor will say aye.

20 (Aye.)

21 COUNCILWOMAN TASC0: Is there
22 any opposition?

23 (No response.)

24 COUNCILWOMAN TASC0: There
25 being none, the motion is carried.

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 The Chair recognizes --

3 (Applause.)

4 COUNCILWOMAN TASCO: The Chair
5 recognizes Councilwoman Blackwell for
6 Bill No. 110660.

7 COUNCILWOMAN BLACKWELL: Thank
8 you, Madam Chairman. I move that Bill
9 No. 110660 be reported out of Committee
10 with a favorable recommendation and also
11 a recommendation for suspension of the
12 rules so that it may be heard at our next
13 session of Council.

14 (Duly seconded.)

15 COUNCILWOMAN TASCO: Thank you.
16 It has been moved and seconded that Bill
17 110660 be reported out of Committee with
18 a favorable recommendation and that the
19 rules of Council be suspended so that
20 this bill can be heard at Council's next
21 session.

22 All in favor will say aye.

23 (Aye.)

24 COUNCILWOMAN TASCO: Is there
25 any opposition?

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 (No response.)

3 COUNCILWOMAN TASC0: There
4 being none, the motion is carried.

5 The Chair recognizes
6 Councilwoman Blackwell for Bill No.
7 110612.

8 COUNCILWOMAN BLACKWELL: Madam
9 Chair, thank you. I move that Bill No.
10 110612 be reported out of Committee with
11 a favorable recommendation and also a
12 recommendation for suspension of the
13 rules so as to permit first reading of
14 this bill at our next session of Council.

15 (Duly seconded.)

16 COUNCILWOMAN TASC0: It has
17 been moved and seconded that Bill No.
18 110612 be reported out of Committee with
19 a favorable recommendation and a
20 recommendation that the rules of Council
21 be suspended so this bill can be heard at
22 Council's next session.

23 All in favor will say aye.

24 (Aye.)

25 COUNCILWOMAN TASC0: Is there

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 any opposition?

3 (No response.)

4 COUNCILWOMAN TASCO: There
5 being none, the motion is carried.

6 Councilwoman Blackwell.

7 COUNCILWOMAN BLACKWELL: Thank
8 you, Madam Chair. I move that Bill No.
9 110613 be reported out of Committee with
10 a favorable recommendation and that the
11 rules of Council be suspended so as to
12 permit first reading at our next session
13 of Council.

14 (Duly seconded.)

15 COUNCILWOMAN TASCO: It has
16 been moved and seconded that Bill 110613
17 be reported out of Committee with a
18 favorable recommendation and that the
19 rules of Council be suspended so this
20 bill can be heard at Council's next
21 session.

22 All in favor will say aye.

23 (Aye.)

24 COUNCILWOMAN TASCO: Is there
25 any opposition?

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 (No response.)

3 COUNCILWOMAN TASC0: There
4 being none, the motion is carried.

5 We'd now like to ask
6 Councilwoman Blackwell to call up the
7 amendment on Bill 110518.

8 COUNCILWOMAN BLACKWELL: Thank
9 you, Madam Chair. I move that the
10 amendment to Bill No. 110518 be adopted.

11 (Duly seconded.)

12 COUNCILWOMAN TASC0: It has
13 been moved and seconded that the
14 amendment to Bill 110518 be adopted.

15 All in favor?

16 (Aye.)

17 COUNCILWOMAN TASC0: Is there
18 any opposition?

19 (No response.)

20 COUNCILWOMAN TASC0: There
21 being none, the motion is carried and the
22 amendment is adopted.

23 The Chair recognizes now
24 Councilwoman Blackwell to report out Bill
25 110518, as amended.

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 COUNCILWOMAN BLACKWELL: Thank
3 you, Madam Chair. I move that Bill No.
4 110518, as amended, be reported out of
5 Committee with a favorable recommendation
6 and also for a suspension of the rules so
7 as to permit first reading at our next
8 session of Council.

9 (Duly seconded.)

10 COUNCILWOMAN TASC0: Thank you.
11 It has been moved that Bill 110518, as
12 amended, be reported out of Committee
13 with a favorable recommendation and that
14 the rules of Council be suspended so this
15 bill can be heard at Council's next
16 session.

17 All in favor will say aye.

18 (Aye.)

19 COUNCILWOMAN TASC0: Those
20 opposed?

21 (No response.)

22 COUNCILWOMAN TASC0: There
23 being none, the motion is carried.

24 Let me note for the record
25 Councilwoman Blondell Reynolds Brown is

1 10/18/11 - FINANCE - BILL 110130, ETC.
2 here and -- Councilman Kenney, did I note
3 that you were here earlier?

4 COUNCILMAN KENNEY: No, but
5 thank you.

6 COUNCILWOMAN TASCO: For the
7 record, he is here.

8 COUNCILMAN KENNEY: Thank you.

9 COUNCILWOMAN TASCO: Councilman
10 Kenney, you have any comments about Bill
11 110130.

12 COUNCILMAN KENNEY: Thank you,
13 Madam Chair. Before I make a motion to
14 move the bill out of Committee with no
15 suspension, I want to explain that the
16 reasoning for the no suspension is that
17 the Mayor has communicated with me that
18 he would like to have some discussion in
19 this regard, which I'd be happy to do,
20 and because of our constricted calendar
21 between now and the time this term ends,
22 I would like to keep moving the ball
23 forward.

24 So I move that Bill No. 110130
25 be reported out of this Committee

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 favorably with no request for suspension.

3 (Duly seconded.)

4 COUNCILMAN GREEN: I'd like to
5 speak on this.

6 COUNCILWOMAN TASC0: Please do
7 so.

8 COUNCILMAN GREEN: Thank you.

9 I'm very concerned with the
10 pricing of this tax credit given the
11 testimony today that it costs \$120, not
12 \$200. We just heard from a
13 representative from Society Hill Towers
14 that there are 700 units and their cost
15 of collection is \$50,000 a year. They
16 would receive an aggregate credit of
17 \$140,000 a year, 200 times 700. And so
18 there just seems to be a disconnect
19 between the cost of collection, and it
20 seems to me that -- I guess my question
21 for the Councilman is, are we going to
22 look at perhaps amendments to the bill in
23 the next couple of weeks that would deal
24 with the actual cost and potentially
25 allow a credit to not exceed the actual

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 cost of collection for a particular
3 building?

4 COUNCILMAN KENNEY: The
5 language of the bill as it exists says
6 "up to \$200." That was done
7 intentionally, with the intention of
8 having room to negotiate, and we expect
9 that with discussions with the Mayor that
10 if he can find himself able to support it
11 in some form, that it would be a reduced
12 number more reflective of what the
13 testimony has been today.

14 Councilman Goode has his iPad.
15 I don't think he needed it, but he said
16 that the cost for, I think -- what was
17 it, \$14,000, not \$140,000 for Society
18 Hill.

19 COUNCILMAN GREEN: Two hundred
20 times 700 is --

21 COUNCILMAN GOODE: Fourteen
22 thousand.

23 COUNCILMAN KENNEY: And as
24 Sarah, my Legislative Assistant, tells
25 me, it will be up to \$200, reflective of

1 10/18/11 - FINANCE - BILL 110130, ETC.
2 each individual condominium's trash
3 collection cost. So in the one example
4 it would be \$80, the credit would be \$80
5 per unit. Another example would be \$120
6 per unit, but not to exceed \$200 per
7 unit.

8 COUNCILMAN GREEN: So I think
9 the Administration's estimates were based
10 on 200 or based on the amount actually
11 paid?

12 COUNCILMAN KENNEY: Probably
13 based on 200, which, again, I was not in
14 any way questioning the testimony of the
15 Administration, but when you're looking
16 to estimate something, you estimate it
17 higher because it's more onerous, so --

18 COUNCILMAN GREEN: I don't want
19 to get --

20 COUNCILMAN KENNEY: It was not
21 me, it was Councilman Goode.

22 COUNCILMAN GREEN: I don't want
23 to get into an iPhone/iPad calculation
24 today, but 200 times 700 is \$140,000.

25 COUNCILMAN KENNEY: I have a

1 10/18/11 - FINANCE - BILL 110130, ETC.

2 BlackBerry. I only have a BlackBerry, so
3 I'm way out of the question.

4 So with all those comments, I
5 would move the bill out of Committee --
6 make a motion to move the bill out of
7 Committee, with no suspension, favorably.

8 (Duly seconded.)

9 COUNCILWOMAN TASC0: Well, we
10 had a second. Let's just call for the
11 vote. All in favor of the bill being
12 reported favorably out of Committee with
13 no suspension of the rules will say aye.

14 (Aye.)

15 COUNCILWOMAN TASC0: Is there
16 any opposition?

17 (No response.)

18 COUNCILWOMAN TASC0: There
19 being none, the motion is carried.

20 (Applause.)

21 COUNCILWOMAN TASC0: There
22 being no further business before this
23 Committee, this Committee is adjourned.

24 Thank you all for taking your
25 time to come out. Thank you.

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2 (Committee on Finance adjourned
3 at 12:20 p.m.)

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1
2 CERTIFICATE

3 I HEREBY CERTIFY that the
4 proceedings, evidence and objections are
5 contained fully and accurately in the
6 stenographic notes taken by me upon the
7 foregoing matter on October 18, 2011, and that
8 this is a true and correct transcript of same.

9
10
11
12
13 -----
14 MICHELE L. MURPHY
15 RPR-Notary Public
16
17
18

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