

1

2 COUNCIL OF THE CITY OF PHILADELPHIA

3 COMMITTEE OF THE WHOLE

4 - - -

5 Room 400, City Hall  
6 Philadelphia, Pennsylvania  
7 Tuesday, April 20, 2010, 10:40 a.m.

8 - - -

9

10

11 COMMITTEE MEMBERS PRESENT:

12 Anna C. Verna, Chair  
13 Marian B. Tasco, Co-Chair  
14 Jannie C. Blackwell  
15 Blondell Reynolds-Brown  
16 Darrell L. Clarke  
17 Wilson W. Goode, Jr.  
18 Bill Green  
19 William K. Greenlee  
20 Curtis Jones, Jr.  
21 Jack Kelly  
22 Joan L. Krajewski  
23 Donna Reed Miller  
24 Maria Quiñones-Sanchez

25

26

27

28 - - -

29 DISCOVERYWORKS GLOBAL  
30 Litigation Support Specialists  
31 1835 Market Street, Suite 600  
32 Philadelphia, Pennsylvania 19103  
33 215.561.2220 215.567.2670

34

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCIL PRESIDENT Verna: Good

3 morning this is a continued public

4 hearing of the Committee of the Whole.

5 The first department to testify

6 will be the Register of Wills.

7 (Witnesses come forward.)

8 COMMISSIONER DONATUCCI: Good

9 morning, Council President and members of

10 City Council.

11 COUNCIL PRESIDENT Verna: Good

12 morning. Welcome.

13 COMMISSIONER DONATUCCI: Thank

14 you.

15 COUNCIL PRESIDENT Verna:

16 Please identify yourself for the record.

17 COMMISSIONER DONATUCCI: Ronald

18 R. Donatucci. And to my right is my

19 Chief Deputy, Ralph Wynder.

20 COUNCIL PRESIDENT Verna: Good

21 morning.

22 CHIEF DEP. WYNDER: Hi, good

23 morning.

24 COMMISSIONER DONATUCCI: And

25 Anthony DeRose, my finance officer.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. DeROSE: Good morning.

3 COUNCIL PRESIDENT VERNA: Thank  
4 you.

5 Please proceed with your  
6 testimony.

7 COMMISSIONER DONATUCCI: Yes.

8 First of all, I'd like to -- a  
9 little aside. This is my thirtieth  
10 appearance here, on behalf of the  
11 Register of Wills office.

12 And I had a number of  
13 conversations this week with the Finance  
14 Director, if I could save some time.  
15 We're basically asking for an additional  
16 \$81,811 in our Class 100.

17 We are in agreement in Class  
18 200, 300 and 400.

19 This may sound insane: I may  
20 and try and make your life easier if it's  
21 possible. And I understand the fiscal  
22 problems of the City. And if we have to,  
23 we will live with the recommendation of  
24 the Finance Director.

25 COUNCIL PRESIDENT VERNA: What

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 would the \$81,000 be for personnel in  
3 Class 100?

4 COMMISSIONER DONATUCCI: Well,  
5 we just want to try and --

6 COUNCIL PRESIDENT VERNA:  
7 Personnel or --

8 COMMISSIONER DONATUCCI: Yes.  
9 As you know, and I've always stated in  
10 the past, there's more and more  
11 requirements being mandated to our  
12 department from the Supreme Court because  
13 of the problems of theft in the states.  
14 And, you know, we're very aware of the  
15 number of properties, not through our  
16 office, but through different  
17 departments, where there are illegal  
18 transfers.

19 And so, there's much more  
20 requirements on our part to do more of  
21 due diligence, which we always have,  
22 touched with all of these different  
23 exposés that are done that's not our  
24 department. It's, you know, other  
25 departments where these deeds are being

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 transferred.

3 And we even met with the --  
4 with Judge Dembe's task force and let --  
5 and we would let them know what we do.

6 But these are things which  
7 require personnel. You could have all of  
8 the computers in the world but what good  
9 is it if there's not a person  
10 batch-feeding 'em.

11 COUNCIL PRESIDENT Verna:

12 Absolutely.

13 DR. SCHWARZ: And in my letter,  
14 if you will recall, we don't have voice  
15 mail; I think we take pride. And I  
16 believe your office doesn't have em; am I  
17 correct, when I call?

18 COUNCIL PRESIDENT Verna:

19 (Shakes head.)

20 COMMISSIONER DONATUCCI: We  
21 found it in -- and I believe that the  
22 first study on the 3-1-1 number, the  
23 third-highest requests are questions  
24 about my marriage license bureau -- or  
25 our marriage license bureau.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 And we found that, you know,  
3 people -- the public should expect  
4 somebody to answer a phone, especially at  
5 an important time in their life or if,  
6 God forbid, somebody passes away. So  
7 we're just trying to keep our level of  
8 service up in a difficult time.

9 If you see it in your wisdom to  
10 give us the extra 81,000, you know it  
11 would be put to good use. And like I  
12 said, we are very proud of our audits.  
13 And in my 30-some years at the Register,  
14 I believe we were only off 16 cents, and  
15 I'm still trying to find the 16 cents.

16 (Laughter.)

17 COMMISSIONER DONATUCCI: And  
18 this wasn't even our monies; these were  
19 monies we collected.

20 We did close to half a billion  
21 dollars in the last five or six years in  
22 inheritance tax, and we were off 16  
23 cents, I believe, so I may just give the  
24 16 cents to the state.

25 But I'm very proud of the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 operation, and I believe in difficult  
3 times -- as you could see, we're going to  
4 be down to -- and it's important that I  
5 keep my 66 authorized positions.

6 When I first became Register,  
7 we were at close to 80 positions, and, as  
8 I stated in my letter, we had, I believe,  
9 in excess of 80 funded positions; we're  
10 now down to 66.

11 And as I stated to you, when I  
12 became Register of Wills, if you recall  
13 my testimony from prior years, the  
14 inheritance-tax functions were being  
15 performed by the state; the state said,  
16 "We want you to do it." So now, that's  
17 four employees, which we had to absorb.

18 Plus, as I stated earlier, the  
19 Supreme Court and our own due diligence  
20 has required us to hire -- but not hire  
21 but to absorb the duties of at least four  
22 to six additional employees.

23 So we're really doing an  
24 operation that at one time, if we still  
25 used the formula, it would be in excess

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 of 90; we're down to 66. And I believe  
3 any other cuts other than those 66 funded  
4 positions will really affect the revenue  
5 to the City. We are a revenue-producing  
6 office.

7 And lawyers that come in, they  
8 expect -- they pay these fees to get the  
9 estate's raised within a reasonable time.  
10 And, as you know, we have genealogical  
11 archives where we have records going back  
12 to 1682. We have individuals from across  
13 the world that write to us, and it's  
14 revenue-producing. We work with the  
15 title companies and the credit card  
16 companies, where we charge for research.

17 So, in order to keep this type  
18 of revenue coming into the City of  
19 Philadelphia, we have to have a certain  
20 amount of staff, and we're struggling at  
21 66. But if we have to, we'll live with  
22 the City Finance Director's  
23 recommendation.

24 COUNCIL PRESIDENT VERNA: Thank  
25 you.



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 I would like to compliment you  
3 and your staff for doing an outstanding  
4 job. I know that -- I know of people  
5 that have to deal with your office from  
6 time to time, and they have nothing but  
7 complimentary remarks about the way that  
8 they are treated -- with respect and  
9 professionalism.

10 I really think you're doing a  
11 great job. Your staff should be  
12 commended.

13 And I wish I could say now that  
14 the 81,000 would be available, but I  
15 can't do that.

16 COMMISSIONER DONATUCCI: And  
17 I'm not going to go to the casino and bet  
18 on it.

19 COUNCIL PRESIDENT VERNA: Okay.  
20 The Chair recognizes Councilman  
21 Greenlee.

22 COUNCILMAN GREENLEE: Thank  
23 you, Madam President.

24 Good morning, everyone.

25 And I just first want to echo

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 everything that the Council President  
3 said about the service that your office  
4 provides; I think I've said that at every  
5 budget hearing, and I think that it  
6 continues through the years. So thank  
7 you for that.

8 Just some real quick question,  
9 Mr. Donatucci.

10 COMMISSIONER DONATUCCI: Yes.

11 COUNCILMAN GREENLEE: You  
12 mentioned the issue of theft of the  
13 property --

14 COMMISSIONER DONATUCCI: Yes.

15 COUNCILMAN GREENLEE: -- which  
16 is something that I've been concerned  
17 about.

18 Am I right to assume that once  
19 it gets to you guys, it's really kind  
20 of -- the horse is out of the stable, if  
21 you know what I mean. I mean, it's...

22 COMMISSIONER DONATUCCI: Well,  
23 not necessarily, Councilman, 'cause we --  
24 we could have an individual that could  
25 come in and say they've learned a

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 neighbor passed away -- no known heirs.

3 COUNCILMAN GREENLEE: Mm-hmm.

4 COMMISSIONER DONATUCCI: And

5 they could come in and say that they

6 could look at the deed. I'll give you a

7 perfect example.

8 There are a lot of deeds where,

9 over the years, a husband or a wife

10 predeceases the individual. And if

11 somebody's familiar with that individual,

12 they could come into our office and say

13 that they're the wife.

14 COUNCILMAN GREENLEE: Mm-hmm.

15 COMMISSIONER DONATUCCI: But we

16 have so many safeguards in place. You

17 know, we ask for identification, photo

18 ID.

19 COUNCILMAN GREENLEE: Mm-hmm.

20 COMMISSIONER DONATUCCI: We

21 immediately check with the Department of

22 Revenue, which is on our website we go on

23 and we have access.

24 So when I met with Judge

25 Dembe's representative, I believe that he

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 was impressed of the four or five  
3 different steps we have to review.  
4 That's almost -- I'm not -- look,  
5 nothing's impossible.

6 COUNCILMAN GREENLEE: Right.

7 COMMISSIONER DONATUCCI: But  
8 I'd say that we make it very difficult  
9 because --

10 COUNCILMAN GREENLEE: Mm-hmm.

11 COMMISSIONER DONATUCCI: And  
12 sometimes there's complaining that they  
13 feel that we go maybe -- we're  
14 overzealous, but I think we have an  
15 obligation to protect the citizens that  
16 are not aware of what's going on.

17 COUNCILMAN GREENLEE: And as  
18 I've always said -- and I've said this to  
19 the Records Department numerous times --  
20 usually, the most valuable thing a human  
21 being will ever own in their life is  
22 their property. And I don't think  
23 there's anything wrong with doing those  
24 safeguards.

25 Without getting into a debate,

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 I wish some other departments would --

3 COMMISSIONER DONATUCCI: No, we  
4 do a balancing act.

5 COUNCILMAN GREENLEE: Mm-hmm.

6 COMMISSIONER DONATUCCI: We  
7 keep certain documents we ask for. And  
8 after a certain amount of time, 'cause  
9 they're personal, they're not -- if you  
10 came in, like, we may ask for some type  
11 of Social Security issues.

12 COUNCILMAN GREENLEE: Mm-hmm.

13 COMMISSIONER DONATUCCI: We  
14 keep them in a locked-up place, and after  
15 a certain amount of --

16 How many days, Ralph, do we  
17 actually destroy them?

18 MR. DeROSE: No more than a  
19 week; or even less sometimes.

20 COMMISSIONER DONATUCCI: Yes.  
21 After we're convinced and -- and there's  
22 three steps of review before we issue  
23 short certificates.

24 COUNCILMAN GREENLEE: Mm-hmm.

25 COMMISSIONER DONATUCCI: So, I

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 mean, we've gone, you know, to the  
3 extreme; it's extra.

4 That's what I mean: These are  
5 some of the things which require  
6 additional employees.

7 COUNCILMAN GREENLEE: Sure.

8 COMMISSIONER DONATUCCI: We've  
9 absorbed those duties. And I know it's  
10 one of your pet projects.

11 COUNCILMAN GREENLEE: Right,  
12 right. All right. Thank you.

13 COMMISSIONER DONATUCCI: My  
14 pleasure.

15 COUNCILMAN GREENLEE: Thank  
16 you, Madam President.

17 COUNCIL PRESIDENT VERNA: The  
18 Chair recognizes Councilwoman Blackwell.

19 COUNCILWOMAN BLACKWELL: Thank  
20 you, Madam President.

21 I also wanted to say thank you  
22 for all of your service. In fact, I was  
23 a few minutes late because I was working  
24 on a case, trying to hold someone up from  
25 sheriff's sale.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 The daughter is in the home,  
3 and the mother passed, and we had to send  
4 her 'cause she hadn't probated the will  
5 to get the property in her name, so we  
6 have got to do all of that to try to get  
7 her home safe.

8 So you're here, and I'm there,  
9 working on the same issues that affect  
10 your office. But certainly --

11 COMMISSIONER DONATUCCI: Well,  
12 we ought to send somebody to your office  
13 if it's --

14 COUNCILWOMAN BLACKWELL: Yes,  
15 thank you.

16 COMMISSIONER DONATUCCI: We'll  
17 move it along; you know we will.

18 COUNCILWOMAN BLACKWELL: Oh, I  
19 know you always do. And thank you all  
20 very much.

21 COMMISSIONER DONATUCCI: Thank  
22 you, Councilwoman.

23 COUNCILWOMAN BLACKWELL: You're  
24 welcome.

25 COUNCIL PRESIDENT VERNA:

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Mr. Donatucci, how much do you think your  
3 office would generate in revenues by the  
4 end of the fiscal year?

5 COMMISSIONER DONATUCCI: I  
6 believe in this fiscal year, we're going  
7 to show approximately -- if we keep at  
8 the rate we're going, in excess of over a  
9 \$100,000 over our allocated budget.

10 COUNCIL PRESIDENT VERNA:

11 Wonderful.

12 All right. Any further  
13 questions?

14 COMMISSIONER DONATUCCI: If we  
15 can get our feed bill -- we have a feed  
16 bill pending in Harrisburg. It's not  
17 only our feed bill, but it's the court  
18 system.

19 And it's going to be very  
20 promising if we could get it passed.  
21 It'll -- it'll adjust any type of future  
22 fee increases to the consumer price  
23 index. So, you know, if the City like  
24 any other -- you know, everything goes  
25 up, and this will bring additional



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 revenues to our department.

3 COUNCIL PRESIDENT VERNA: What  
4 will the fee go from?

5 COMMISSIONER DONATUCCI: Pardon  
6 me?

7 COUNCIL PRESIDENT VERNA: What  
8 is the fee presently and what will it be  
9 --

10 COMMISSIONER DONATUCCI: Well,  
11 there are all different schedules of all  
12 of our different fees. What we try to do  
13 is --

14 COUNCIL PRESIDENT VERNA: For  
15 all of them?

16 COMMISSIONER DONATUCCI: What  
17 we try to do, Council President, is we --  
18 our staff -- we get the five counties,  
19 and we match our fees what we're charging  
20 with the surrounding counties. And we  
21 try to do the -- to stay within those  
22 guidelines of our four surrounding  
23 counties.

24 But we have a unique situation  
25 in Philadelphia, that if you go to

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2       Montgomery, I understand, which is -- the  
3       register is doing a great job, but they  
4       require you to have an attorney to  
5       probate in the state. We don't require  
6       that.

7               Many of our participants in our  
8       office are people of need. We actually  
9       sit there and help 'em prepare the  
10      papers. We take 'em through every step.

11             This is very time-consuming,  
12      and we try to keep some of those fees  
13      more reasonable. Now, the larger  
14      estates, that's where we would like to  
15      increase some of our -- on a sliding  
16      scale, an escalating scale some of these  
17      fees.

18             But that's where our forte is.  
19      You don't -- you don't -- you do not need  
20      a lawyer to walk into our office. We  
21      help you every step along the way. And  
22      credit to the Bar Association and my  
23      colleagues, 'cause I'm an attorney, they  
24      encourage us to try and help the public.  
25      I mean, they're not complaining that we

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 sometimes are performing the job of a  
3 lawyer, but they understand.

4 They're small estates. And  
5 like the Councilwoman said, this is  
6 probably a -- a house is the only asset.  
7 There's probably taxes owed on it. By  
8 the time whatever is left, it's minimal.

9 So we try to save fees and help  
10 the public in that particular way.

11 COUNCIL PRESIDENT Verna: Very  
12 good. Again, I thank you all; you're  
13 doing a wonderful job.

14 COMMISSIONER DONATUCCI: Thank  
15 you for all of your help. And, I mean,  
16 like I said, the past thirty years, this  
17 body has been very supportive of our  
18 office.

19 COUNCIL PRESIDENT Verna: Thank  
20 you.

21 COMMISSIONER DONATUCCI: And  
22 thank you again.

23 COUNCIL PRESIDENT Verna:  
24 You're welcome. Thank you. Thank you  
25 all.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COMMISSIONER DONATUCCI: Thank  
3 you.

4 MR. McPHERSON: The next  
5 department is the Sheriff's Department.

6 COUNCIL PRESIDENT Verna:  
7 Please approach the witness table.

8 (Witnesses come forward.)

9 COUNCIL PRESIDENT Verna: Where  
10 is the Sheriff?

11 DEP. SHERIFF DEELEY: The  
12 Sheriff had an emergency, which took him  
13 out of town, so I will be giving the  
14 testimony today.

15 COUNCIL PRESIDENT Verna:  
16 Please identify yourself for the record  
17 and proceed with your testimony.

18 DEP. SHERIFF DEELEY: Good  
19 morning, Madam President and members of  
20 City Council.

21 First let me apologize for the  
22 Sheriff not being here.

23 COUNCIL PRESIDENT Verna: And  
24 for being late.

25 DEP. SHERIFF DEELEY: I'm

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 sorry?

3 COUNCIL PRESIDENT Verna: And  
4 for being late.

5 DEP. SHERIFF DEELEY: And for  
6 being late. I'm sorry, I apologize.

7 COUNCIL PRESIDENT Verna: Thank  
8 you.

9 DEP. SHERIFF DEELEY: My name  
10 is Barbara Deeley. I am the Chief Deputy  
11 for the Philadelphia city and county  
12 Sheriff's Office, and I want to thank you  
13 for this opportunity to speak on the  
14 critical work of your county sheriff's  
15 office and its FY Budget 2011 request.

16 The Philadelphia Sheriff's  
17 Office is responsible for the  
18 transportation of accused individuals to  
19 and from our Philadelphia court  
20 facilities. Deputy sheriffs are also  
21 responsible for providing security in and  
22 around the county court buildings.

23 We believe that every person  
24 visiting our courthouse deserves to feel  
25 safe and from harm's way of danger while

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 participating in the criminal justice  
3 process.

4 The Philadelphia Sheriff's  
5 Office provides security and/or prison  
6 transportation and other services at  
7 eleven locations, these sites being: the  
8 Criminal Justice Center, Family Court,  
9 Domestic Relations Court, Traffic Court,  
10 Community Court.

11 The Sheriff also provides  
12 security in City Hall courtrooms, bench  
13 warrant hearings at CFCF.

14 Also the Northeast parking lot,  
15 where our transportation fleet is stored.

16 This also now provides security  
17 for Administrative Adjudication, which is  
18 a branch of the Philadelphia Parking  
19 Authority on Filbert Street.

20 On Sunday, we also provide  
21 security during court-ordered supervised  
22 parental visits at 1801 Vine, which is  
23 referred to as "the nursery."

24 Our executive office, located  
25 at 100 North Broad Street, houses the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 main filing desk, Real Estate, Judicial  
3 Sales Unit, Civil Enforcement, and our  
4 executive offices.

5 These offices hold free monthly  
6 seminars as a public service effort to  
7 assist those who desire to purchase homes  
8 at sheriff's sale.

9 Also, this office collects and  
10 stores firearms pursuant to protection-  
11 from-abuse orders and houses the Post-  
12 Judicial Unit, which assists homeowners  
13 who may have proceeds left over from the  
14 loss of their homes at sheriff's sale.

15 The City is entering into a  
16 second year of a residential mortgage  
17 foreclosure diversion pilot program. As  
18 you and members of City Council are  
19 aware, this program was a pilot program  
20 for homeowners facing foreclosure. As a  
21 result, it became still and serves as a  
22 model across the United States, which  
23 started right here in Philadelphia.

24 Many more homeowners are still  
25 entering into the program in record

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 numbers as a solution to this mortgage  
3 foreclosure crisis. In most cases, they  
4 are afforded little -- a little how are  
5 time and the opportunity to save their  
6 holes.

7 Two measurements that we look  
8 at with regard to mortgage foreclosure  
9 are the number of homes scheduled and the  
10 percentage of homes that were stayed.

11 In 2009, we saw a slight  
12 decrease in the number of homes scheduled  
13 for foreclosure. It is too early for us  
14 to have a definite picture of percentage  
15 of homes stayed in 2009 because the sales  
16 of 6 percent of the homes scheduled in  
17 2009 have been postponed to a future  
18 date.

19 However, in the best-case  
20 scenario, all of the homes that were  
21 postponed from 2009 being stayed, we  
22 would still be about 8 percent below the  
23 previous calendar year.

24 Due to the conciliation  
25 process, the amount of homes scheduled in



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 2008 were 8,575, while the number of  
3 homes scheduled in 2009 dropped to 7,956.  
4 This represents a 7.2 percent drop in the  
5 number of homes scheduled.

6 Madam President, and members of  
7 City Council, please note that although  
8 Philadelphia shows some hope for  
9 homeowners, according to the industry  
10 group, Realty Track, the number of U.S.  
11 homes entering foreclosure has risen from  
12 about 35 percent in the first quarter of  
13 the year, in comparison to the same  
14 period a year ago.

15 The Sheriff's Office still  
16 faces significant challenge as a result  
17 of the budget cuts, which, we realize,  
18 are a direct result of the economic  
19 result but still remains.

20 The workload of the Real Estate  
21 Judicial Unit, which saw a drastic  
22 increase in its work last year, still  
23 exists because the City's budget crisis  
24 and the Sheriff's Office has an existing  
25 hiring freeze. In addition, the Civil

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Unit of the Sheriff's Office still  
3 remains short-staffed and carries out its  
4 duties with a minimal staff of sheriff's  
5 deputies.

6 In conclusion, the Sheriff's  
7 Office continues to meet our  
8 responsibilities with fewer employees and  
9 with an increase in workload. Our budget  
10 allows for 243 employees. However, we  
11 currently have 232 in our employ, thus  
12 causing the shortage in crucial areas;  
13 for example: the Courts, Real Estate,  
14 Civil and Warrant Units.

15 In the physical [sic] year  
16 2009, the Sheriff's Office generated over  
17 \$70 million through sales of real  
18 property, fee-generated services. Of  
19 that, \$7,929,688 in fees, commissions,  
20 and interest was distributed to the City.  
21 This number amounted to 50 percent of our  
22 physical [sic] budget appropriation. The  
23 remaining balance went to satisfy  
24 judgment on properties via all sheriff's  
25 sales.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2                   Madam President, our  
3           appropriation for this year's budget is  
4           \$13,888,657. We believe this amount to  
5           be adequate to fund our operation for the  
6           upcoming physical [sic] year.

7                   I would like to introduce, if I  
8           may, the people that are with me today.

9                   To my left is our finance  
10          director, Tyrone Bynum.

11                   MR. BYNUM: Good morning.

12                   DEP. SHERIFF DEELEY: To my  
13          right, as you all know, is Miss Connie  
14          Little, our under-sheriff.

15                   Also our inspector is here, who  
16          can answer any criminal questions that  
17          you have, Mark Stipa.

18                   And Miss Catherine Hicks, our  
19          executive assistant.

20                   And Ed Chew, our attorney.

21                   MR. CHEW: Good morning.

22                   COUNCIL PRESIDENT VERNA: Good  
23          morning.

24                   What is the amount of money  
25          budgeted for overtime in your office?

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. BYNUM: For this physical  
3 [sic] year, it would be \$1,276,185.

4 COUNCIL PRESIDENT VERNA: It  
5 seems like an awful lot of money for  
6 overtime. Can you elaborate on that,  
7 please?

8 DEP. SHERIFF DEELEY: Well,  
9 there's more judges and there's more  
10 court proceedings going on. We have to  
11 have the deputies in the courtroom with  
12 the judges. And we, unfortunately,  
13 cannot dictate to the judges -- the  
14 courts dictate to us -- how long they're  
15 going to be sitting on the bench. And  
16 unfortunately, this is --

17 COUNCIL PRESIDENT VERNA:  
18 Barbara, how many are there after  
19 5 o'clock?

20 DEP. SHERIFF DEELEY: How many  
21 are there after 5 o'clock?

22 COUNCIL PRESIDENT VERNA: How  
23 many courts in session? Isn't that where  
24 over the would come in?

25 DEP. SHERIFF DEELEY: Yes.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCIL PRESIDENT VERNA: How

3 many courts are in session after

4 5 o'clock?

5 DEP. SHERIFF DEELEY: Inspector?

6 INSPECTOR STIPA: Good morning,

7 Madam President.

8 COUNCIL PRESIDENT VERNA: Good

9 morning.

10 INSPECTOR STIPA: They have six

11 to eight courtrooms at work after

12 5 o'clock at the CJC.

13 DEP. SHERIFF DEELEY: Traffic

14 Court?

15 INSPECTOR STIPA: They also

16 have Traffic Court working.

17 DEP. SHERIFF DEELEY: And they

18 have Night Court; Traffic Court does have

19 Night Court.

20 INSPECTOR STIPA: And we also

21 have Night Court at the Criminal Justice

22 Center. We also supply security for the

23 courtrooms at 1801 Vine and the Family

24 Court at 34 South 11th Street.

25 So just alone at the Criminal

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Justice Center would probably be eight  
3 courts alone working. And you have to  
4 add the additional courtrooms from  
5 Juvenile, Traffic, and Family.

6 COUNCIL PRESIDENT VERNA: So  
7 you cover Traffic Court too?

8 INSPECTOR STIPA: Yes.

9 DEP. SHERIFF DEELEY: Yes. And  
10 we now also do security for  
11 Administrative Adjudication down on  
12 Filbert Street.

13 COUNCIL PRESIDENT VERNA: Okay.  
14 Any questions from members of  
15 Council?

16 (No response.)

17 COUNCIL PRESIDENT VERNA: Is  
18 there something you wanted to add?

19 INSPECTOR STIPA: Madam  
20 President, concerning overtime for the  
21 Sheriff's Office, it usually takes us a  
22 12-hour day to satisfy an 8-hour court  
23 day because of the fact that it takes us  
24 two hours to bring the prisoners into the  
25 Criminal Justice Center to satisfy the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 courts, and it also takes us a couple of  
3 hours, after the court's closed, to  
4 return the prisoners back to their  
5 particular institutions.

6 So it's transportation of  
7 prisoners; I wanted to add onto that,  
8 also.

9 COUNCIL PRESIDENT VERNA: Thank  
10 you.

11 DEP. SHERIFF DEELEY: Council  
12 President and Council, thank you very  
13 much.

14 COUNCIL PRESIDENT VERNA: Okay.  
15 We will now hear from the City  
16 Commissioners Office.

17 Mr. Lee, is the Commissioner  
18 coming up?

19 (Witness comes forward.)

20 COUNCIL PRESIDENT VERNA:

21 Mr. Lee?

22 MR. LEE: Good morning.

23 COUNCIL PRESIDENT VERNA: Good  
24 morning. Is Commissioner Tartaglione  
25 coming up?

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. LEE: Not today. She had a  
3 doctor's appointment.

4 COUNCIL PRESIDENT VERNA: I beg  
5 your pardon?

6 MR. LEE: She had an  
7 appointment and couldn't break it.

8 COUNCIL PRESIDENT VERNA: Okay.  
9 Please identify yourself for the record  
10 and proceed with your testimony.

11 MR. LEE: My name's Robert Lee.  
12 I'm the Voter Registration Administrator  
13 for the City Commissioners. We're here  
14 to present our budget testimony.

15 We had prepared a budget  
16 request and sent it to Finance, and the  
17 budget request was prepared. I'm not  
18 going to read it word-for-word, if you  
19 don't mind. Is that --

20 COUNCIL PRESIDENT VERNA: We'll  
21 give a copy to the stenographer and it  
22 will be transcribed in full, so you can  
23 abbreviate your testimony.

24 MR. LEE: Yeah. We had  
25 prepared a budget that we started at



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 ground zero. I took exports from Finance  
3 from all of our expenditures '08 and '09  
4 and tried to see which of those  
5 expenditures would be recurring on an  
6 annual basis and which ones were special  
7 in nature, where they only occur every so  
8 often.

9 And we prepared that budget to  
10 try to give a realistic portrayal of what  
11 it would cause us to conduct the  
12 elections in FY '11.

13 That was submitted to Finance,  
14 detailed. And, lo and behold, when we  
15 got done doing that, the numbers that we  
16 were presented for our budget for FY '11  
17 were the same numbers that we were told  
18 that we were going to get before that.

19 And basically, I'm just going  
20 to go through the chart on the front.

21 Class 100, we requested  
22 \$6,056,410. The Administration's budget  
23 is \$5,511,210. It's a shortage of about  
24 \$545,000.

25 We determined what our Class

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 100 needs were based upon the current  
3 employees that are there, their annual  
4 salary. And it was just from ground  
5 zero, it added up.

6 So with a shortage of \$545,000,  
7 there is insufficient funds to meet our  
8 payroll through the Fiscal Year of FY  
9 '11. And, in fact, we went into default  
10 in the last fiscal year, and there had to  
11 be an end-of-year transfer of about  
12 323,000 just so that we could meet our  
13 payroll.

14 Class 200, Purchase of  
15 Services. We had requested \$3,025,000; I  
16 think that's about 100,000 less than what  
17 we had requested the prior year. The  
18 Administration came back with \$2,741,350;  
19 we estimate that's a shortage of about  
20 \$283,908.

21 And Class 200 is where we pay  
22 our poll workers from. And just the poll  
23 workers alone, if we take the  
24 Administration's 2.7 million figure, the  
25 poll workers alone are going to cost

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 2.15 million; that's what it's going to  
3 run.

4 We've identified just four  
5 major expenditures, including the cost  
6 for hauling the machines -- I'm on page  
7 3, by the way -- the contract technicians  
8 for Election Day services, the annual  
9 hardware and software maintenance fees  
10 that we have on the voting systems, and  
11 postage for federally-mandated mailings.

12 Those four major items alone  
13 come to \$875,000. So the math just  
14 doesn't add up. If you take the 2.5  
15 million for poll officials, polling-place  
16 rentals, polling-place inspectors, all  
17 Election Day activities, interpreters  
18 (that's correct), and then you add those  
19 four major categories, you're well and  
20 above already over what the  
21 Administration has allowed for Class 200.

22 That was a problem last fiscal  
23 year. We ran short of Class 200 funds.  
24 There was no mid-year transfer, there was  
25 no end-of-year transfer of Class 200

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 funds. That meant that the poll workers  
3 who worked the election in May, their  
4 check was delayed until July 1. We only  
5 had \$899,000 in reserve to pay them, so  
6 we had to the delay the payment of the  
7 poll workers till July 1 so the shortage  
8 could be made up out of the next Fiscal  
9 Year Budget, out of FY '10.

10 The poll workers right now wait  
11 anywhere from four to five weeks to get  
12 paid. It's a massive job because we  
13 start from scratch and enter it. We all  
14 know they're underpaid. Making 'em wait  
15 an additional couple of weeks -- and a  
16 lot of 'em look forward to getting that  
17 check before the July 4th holiday. No  
18 matter how small it is, they use it for  
19 things.

20 So the Class 200 allocation  
21 from the Administration is just not  
22 enough to meet just those five major  
23 categories of expenditures.

24 Class 300. We requested  
25 \$536,362; the Administration came back

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 with \$491,472. It's a shortage of about  
3 \$44,890.

4 And in Class 400, our request  
5 was actually lower than what the  
6 Administration's was. We asked for  
7 \$38,876; they come back with \$50,145,  
8 which is \$11,269 more than we asked for.

9 And because of 3 or 400, if you  
10 combine the two, you can use the 400 in  
11 300. We're going to wind up with a  
12 combined Class 3 of 400 shortage of about  
13 \$34,000.

14 This is an ongoing annual issue  
15 with the department, with our department.  
16 It seems that the budget is always  
17 underfunded. And it consistently, year  
18 after year, requires either midyear or  
19 end-of-year transfers or going into  
20 default or holding off paying the poll  
21 workers.

22 These costs are pretty much  
23 hardcore. We've done everything we can  
24 to control overtime. Last year, during  
25 the DA's election, we didn't start our

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 staff on overtime until a week before the  
3 deadline to register. On both the  
4 primary and the general we held off. We  
5 try to control whatever we can control.

6 But as I said last year, we're  
7 still actually filing paper applications  
8 from the '08 general election, where we  
9 had 300,000. We finally got that number  
10 down to about 50,000.

11 And that's what we do; we  
12 concentrate on the computer so people can  
13 vote. They're in the poll book, they're  
14 on the street list. And then we go back  
15 and do the paper filing later.

16 But alphabetizing 300,000  
17 pieces of paper and filing it in cabinets  
18 takes quite a bit of work. And we use  
19 the temps to supplement us on the  
20 alphabetizing and the (indiscernible)  
21 filing.

22 But it seems to be an ongoing  
23 problem.

24 And if that's the way they want  
25 to conduct business, to underfund the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 budget and then just keep throwing  
3 midyear or end-of-year transfers, that's  
4 why a lot of times, when we're asked to  
5 prepare a budget, we figure why, why?

6 I spent seven weeks putting  
7 this thing together and came back with  
8 the same amount of money they told me we  
9 were going to get before I started. I  
10 got to spend my time doing other things.

11 That's basically it.

12 There are a couple of  
13 contingency items in this budget. There  
14 is a lawsuit out to increase the poll  
15 worker pay. We're being -- or the City's  
16 being sued, and they want the poll  
17 workers to be paid. I believe -- I guess  
18 it's the 21st Century Act or the hundred  
19 percent -- 50 percent of the minimum  
20 wage.

21 That suit is still in  
22 litigation; there's been no decision on  
23 it. But that could impact our budget,  
24 where it would increase the 2.15 million  
25 probably by another 900,000 maybe over a

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET  
2 year.

3 There is also a lawsuit in the  
4 Commonwealth that's -- they're  
5 individuals that think we ought to use  
6 paper ballots.

7 COUNCIL PRESIDENT VERNA: I'm  
8 sorry. What?

9 MR. LEE: There are individuals  
10 who do not believe in electronic voting  
11 systems, and they believe we ought to be  
12 using paper-based systems.

13 And if they should prevail, and  
14 my hope is that they never will prevail,  
15 but if they should prevail, it would cost  
16 the City millions to replace its voting  
17 system. But there's no -- there is no --  
18 (indiscernible) when that litigation may  
19 be settled.

20 COUNCIL PRESIDENT VERNA: Oh,  
21 boy.

22 Councilman Greenlee.

23 COUNCILMAN GREENLEE: Thank  
24 you, Madam President.

25 First, briefly, I was going to



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 ask about those contingencies 'cause I  
3 saw them in the budget.

4 I had heard about the one with  
5 the paper ballots. I mean, is there must  
6 thought that that could be successful? I  
7 mean, is the general -- 'cause has it  
8 really been proven that there's been real  
9 problems with this (indiscernible)?

10 MR. LEE: No, no.

11 COUNCILMAN GREENLEE: I  
12 remember you had the one year a few years  
13 ago where there were some issues but, you  
14 know...

15 MR. LEE: Before we purchased  
16 the system, we checked 'em out  
17 extensively.

18 COUNCILMAN GREENLEE: Mm-hmm.

19 MR. LEE: And there was a  
20 problem in South Carolina that was cured  
21 within six months, but they did have a  
22 special run of elections for a -- I think  
23 it was in Savannah for a council seat.

24 After we purchased it -- there  
25 was one problem in Kentucky, where the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 sheriff lost and he burned the polling  
3 place down but he forgot the votes were  
4 in the cartridge, so he still lost and  
5 then he went to jail.

6 COUNCILMAN GREENLEE: And we  
7 think elections are rough here, right?

8 MR. LEE: Huh?

9 COUNCILMAN GREENLEE: And we  
10 think elections are rough here.

11 MR. LEE: Yeah. No, ours are  
12 much more calmer than that and much more  
13 honest than people actually know.

14 There was a problem in Berks  
15 County, where they made demo cartridges  
16 and used 'em on Election Day. And they  
17 should never do that, because when you  
18 make a cartridge for demonstration, when  
19 you shut the power off, it resets and  
20 clears the votes out of the table.

21 The company had a solution for  
22 that within about three weeks, and it was  
23 tested by the Commonwealth within six  
24 weeks, and we tested it here. So now  
25 that if you get -- we've never had a

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 problem where we made a demo cartridge.

3 It's human error. It's just a matter of

4 setting the system right when you're

5 copying a ballot to a cartridge.

6 And then there was one in

7 Columbus, Ohio.

8 So these machines have been on

9 the street probably since about '82, '83.

10 And don't have an operating system.

11 They're very good and very reliable.

12 COUNCILMAN GREENLEE: Mm-hmm.

13 MR. LEE: The biggest problem

14 we had was the printers in '06, where

15 that was operator error. We went and did

16 hundred hundreds of tests.

17 COUNCILMAN GREENLEE: They were

18 too tight or something, from what I

19 remember?

20 MR. LEE: There were two

21 issues. There -- your paper roll is on a

22 spool, and hanging from that is a weight;

23 it's called a counterweight. And that

24 counterweight hanging down swinging keeps

25 that paper tight.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 And one of the operators at the  
3 warehouse -- so your counterweight must  
4 be in the down position when you shut the  
5 door and seal the machine.

6 Unfortunately, one of the  
7 operator there thought it was supposed to  
8 be in the up position. And when it's in  
9 up position, there's no tightness on the  
10 paper roll. You press (indiscernible),  
11 the paper comes out the (indiscernible)  
12 window or it jams up inside.

13 COUNCILMAN GREENLEE: Mm-hmm.

14 MR. LEE: We haven't had issues  
15 since, but it was pure human error. But  
16 the machines are solid.

17 COUNCILMAN GREENLEE: Right.

18 And I know --

19 MR. LEE: You know, we got away  
20 from paper decades ago because of what  
21 you can do to paper.

22 COUNCILMAN GREENLEE: Right.

23 MR. LEE: I mean, it can be  
24 altered, lost, burned, thrown in the  
25 river, switched. And you don't have that

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 issue with these machines.

3 COUNCILMAN GREENLEE: Right,  
4 right.

5 And on the other lawsuit, which  
6 I was not aware of, is that something  
7 recent, this --

8 MR. LEE: I went to a  
9 deposition probably about five months ago  
10 or so. It's within the past year, I  
11 guess.

12 COUNCILMAN GREENLEE: Again,  
13 have there been any sort of prospects?  
14 What's the prospect of that --

15 MR. LEE: I haven't heard from  
16 the Law Department all in the last four  
17 months, so I don't know what the current  
18 status is.

19 COUNCILMAN GREENLEE: 'Cause  
20 that would be a lot of money if that was  
21 successful.

22 And, again, I think those  
23 folks, in a perfect world, should be paid  
24 more money, but that's a lot of -- that  
25 would be a big difference.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. LEE: Well, they're paid  
3 more money in most jurisdictions outside  
4 of Pennsylvania. In Pennsylvania, we're  
5 probably on a par with the other  
6 counties.

7 COUNCILMAN GREENLEE: That's  
8 what I understand.

9 MR. LEE: Maybe a little bit  
10 lower, but in Jersey or New York --

11 COUNCILMAN GREENLEE: They get  
12 paid a lot more.

13 MR. LEE: -- they get paid more  
14 money.

15 We did not put a request in for  
16 funding for a raise this year. I believe  
17 last year we did put in a request to give  
18 us an additional \$1.7 million to increase  
19 a poll worker pay up to the limits  
20 allowed by state law, which would be  
21 \$200.

22 We were thinking of kind of  
23 breaking it and having a little bit  
24 different -- maybe 180 and an extra 20  
25 for training to try to entice more people

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 and keep 'em a little longer.

3 But we didn't put that request  
4 in this year because of the City's  
5 condition and the fact that we're short  
6 just on the basic needs that we need to  
7 run an election.

8 COUNCILMAN GREENLEE: Right.

9 Okay, thank you.

10 Thank you, Madam President.

11 COUNCIL PRESIDENT VERNA:

12 You're welcome.

13 The Chair recognizes Councilman  
14 Kelly.

15 COUNCILMAN KELLY: Thank you.

16 Thank you, Madam President.

17 Good morning, Bob.

18 MR. LEE: Good morning.

19 COUNCILMAN KELLY: I just  
20 wanted to know, how much is budgeted for  
21 these temps, for your temporary --

22 MR. LEE: In FY '11, we dropped  
23 the amount; the reason being is that  
24 there were some employees that were  
25 really in like an apprenticeship or some

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 kind of permanent status, who were  
3 actually paid as a temp, the way it  
4 works. And they've now moved from temp  
5 status up to permanent status. So  
6 they're there.

7 So you'll see a decrease in  
8 FY '11 money for temps by a couple  
9 hundred thousand. But then, also,  
10 there's got to be a like increase on the  
11 permanent side.

12 COUNCILMAN KELLY: How long do  
13 you use the temps? In other words, is it  
14 two months before each election?

15 MR. LEE: No. They're hired  
16 for ninety days, and most of 'em do come  
17 in about two months before, and they're  
18 done thirty days after.

19 But we do get temps during the  
20 other periods of time, and we use 'em.  
21 We use 'em basically, like I said, in  
22 preparing a lot of paperwork, the paper  
23 filing that has to be done.

24 COUNCILMAN KELLY: How does the  
25 motor voter enter into this thing? Does



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 it decrease the amount of work? 'cause

3 it's all electronic, I would assume.

4 MR. LEE: Well, you know, every

5 time somebody gives you a computer and

6 they say, "This is going to make it

7 easier for you and make it quicker," it's

8 always more work.

9 If you remember -- and I'll

10 give you an example. When Motorola came

11 in, we decided we had to image our

12 records. And we set up own county system

13 there. IBM put in a million dollars. We

14 designed it and they built it so that

15 when you wanted to check petitions, you

16 come down and give us a name and address

17 on the screen, and we bring up a full

18 image of the record, with the signature.

19 In the old days, you had to

20 take the petition and code it by word and

21 division (inaudible). You would go

22 there, get the binders, sit there and

23 pull the binder and out look at the paper

24 record.

25 So in the old days, the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 challenges that we got to petitions was  
3 low because there was a lot of work.

4 I mean, I still remember Harry  
5 Janotti sitting in there for hours on  
6 end, hours on end, coding lines on  
7 petitions, checking every little detail,  
8 and our people bringing him binders.  
9 Well, that's gone because you just sit at  
10 a terminal, our operators bring it up,  
11 and it's there.

12 But everybody knows how easy it  
13 is. So now they all come down and they  
14 want to challenge somebody. We've had 28  
15 challenges in Commonwealth Court in this  
16 election for state candidates in  
17 Philadelphia, and we had 312 challenges  
18 against committee people petitions, which  
19 is low, because in '06, we had 410  
20 challenges against committee people.

21 So when tell you they're going  
22 to give you computers and it's going to  
23 make your job easier, it makes it easier  
24 to do your job but it also brings on  
25 additional demand.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCILMAN KELLY: Okay. How  
3 about your poll -- the people that are  
4 employed for Election Day? Where are  
5 they budgeted, in Class 100 or 200?

6 MR. LEE: They're in Class 200.

7 COUNCILMAN KELLY: 200.

8 MR. LEE: Yeah. We have a few  
9 casuals we bring in for the weekend  
10 before and on Election Day only. And  
11 usually these are people that we bring  
12 back every year. We staff 'em on phones  
13 'cause they know what they're doing.

14 Some of them are retired  
15 employees from our department; we have  
16 three or four that come back, which is  
17 good for us.

18 There are others that are  
19 polling-place inspectors; they're paid  
20 \$50. They go to anywhere between 13 or  
21 26 polling places in the morning and make  
22 sure everything is up and running.

23 COUNCILMAN KELLY: I see.

24 Now, the Administration, of  
25 course, has requested \$283,000 cut in

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 your budget for -- and this would affect  
3 the amount of people that you can employ  
4 for Election Day?

5 MR. LEE: No. We'd still have  
6 to put the people out on the streets. We  
7 have to have an election.

8 COUNCILMAN KELLY: But how is  
9 this going to affect the --

10 MR. LEE: The repercussions of  
11 not having an election --

12 (Indiscernible; parties talking  
13 over each other.)

14 COUNCILMAN KELLY: Where do you  
15 make up the \$283,000?

16 MR. LEE: Well, like I said,  
17 last year, the way they made it up, is  
18 they gave us -- I believe it was an  
19 end-of-year transfer of \$223,000 in Class  
20 100. And the way they worked the 200  
21 was, they just deferred paying the poll  
22 workers until July 1 so we can use the  
23 balance --

24 COUNCILMAN KELLY: Of the  
25 following year.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. LEE: The balance of the  
3 money for the following fiscal year. The  
4 checks were printed they're in envelopes;  
5 they just held 'em and didn't mail 'em  
6 until July 1. They were probably dated  
7 July 1, though.

8 COUNCILMAN KELLY: Okay. So  
9 what they're doing is -- I understand.

10 All right. Thank you.

11 Thank you, Madam President.

12 COUNCIL PRESIDENT VERNA:

13 You're welcome.

14 The Chair recognizes  
15 Councilwoman Krajewski.

16 COUNCILWOMAN KRAJEWSKI: Thank  
17 you, Madam Chairwoman.

18 I would just like to compliment  
19 the City Commissioners on a job well  
20 done. I have several divisions in the  
21 65th Ward that we can no longer vote at.  
22 And with the help that the City  
23 Commissioner has given me, I just want to  
24 thank them, and under the conditions that  
25 they have --

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 And I'd like to add too: I  
3 have a tough time -- I don't know whether  
4 any other ward leaders have it or  
5 committee people -- trying to find  
6 workers on Election Day to work for that  
7 amount of money.

8 So I'd just like to compliment  
9 and thank you.

10 MR. LEE: Yeah. Well, most of  
11 the poll workers we do get -- thank God,  
12 we have a good, strong party structure in  
13 a lot of the City, and it's the party  
14 people that help us get the poll workers;  
15 or the poll workers themselves, through  
16 their families and neighbors.

17 And it's a good thing, because  
18 if we had to spend taxpayer money to  
19 recruit these people, it would cost even  
20 more money.

21 I went to Columbus, Ohio, and  
22 they had two people hired there  
23 full-time, year-round, and all's they did  
24 was recruit poll workers; that was their  
25 only job.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 And we don't have to do that  
3 here because we get support from the  
4 parties and the poll workers themselves.

5 So probably it's another major  
6 issue, but fortunately, we have outside  
7 grant funding for it, is polling place  
8 accessibility.

9 I mean, we were sued by the  
10 Justice Department and private  
11 plaintiffs, and we have very little  
12 wiggle room. We were able to sign a  
13 settlement agreement with them that  
14 completely forgets parking altogether,  
15 which fortunately happens because nothing  
16 would be accessible if we had to go by  
17 every place having designated van  
18 parking, and we wouldn't even make  
19 anything.

20 And so, we have HAVA Grant  
21 Funds that come from the State. And a  
22 lot of it's geared specifically for  
23 accessibility. We bought portable  
24 aluminum ramps. We just spent \$31,300 to  
25 buy 10,000 orange doorstops.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCIL PRESIDENT VERNA:

3 Doorstops?

4 MR. LEE: Doorstops, because  
5 the Justice Department -- there's  
6 criteria to meet their standards for the  
7 weight of a door and door hardware. And  
8 if you don't have accessible door  
9 hardware or the door weight -- we have to  
10 measure the pressure of opening the door  
11 now.

12 And if it doesn't meet, the  
13 solution is to replace the door with  
14 automatic doors or have the poll workers  
15 prop the doors open.

16 Our argument with them was, if  
17 you go to polling places in Philadelphia,  
18 there's usually five, six, seven people  
19 outside pushing candidates, and our  
20 people are polite enough to open the door  
21 for the voters.

22 That didn't meet their  
23 standards, so we went and purchased  
24 10,000 doorstops. Hopefully, we'll get  
25 'em all back.



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 We had (indiscernible)  
3 thresholds, we bought portable aluminum  
4 ramps.

5 We're working with the City  
6 capital plans and the Recreation  
7 Department to upgrade 15 rec centers at a  
8 cost of 581,000 in federal grant money.

9 We met with the City personnel  
10 again, and we gave 'em another list of  
11 about 30 City facilities, where we either  
12 want them to change the doors, change the  
13 hardware, build ramps. And that would  
14 all be federally funded; we have the  
15 money allocated for that.

16 So wherever we could, we -- and  
17 wherever we were permitted to by the  
18 agreements, we have supplemented our  
19 needs through the use of HAVA Grant  
20 Funds.

21 I'll also remind you that it  
22 was those grant funds that we were able  
23 to give the City a reimbursement of  
24 \$10,066,000 from our original purchase of  
25 the machine. And in here, you'll see --

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 in our budget, you'll see for FY '11,  
3 there's a payment for Class 100 in the  
4 Grant Funds; it's about 2.8 million.  
5 That's our estimate of additional funds  
6 that we will be able to send to the City  
7 as a reimbursement for the original  
8 purchase of the machines back in 2001.

9 So that came about through one  
10 reason: There was a Congress hearing  
11 here in Council back in April of '01.  
12 And we signed a contract for our machines  
13 in March of '01. So we already spent the  
14 money.

15 But Chairwoman Tartaglione  
16 recommended to Congress that if they  
17 enact any law, that it includes federal  
18 funding, that since Florida caused it,  
19 the funding should be retroactive to  
20 November of 2000.

21 So that's how we qualified to  
22 get a lot of this money; they listened.

23 COUNCIL PRESIDENT VERNA: I  
24 would like to echo the compliments of  
25 Councilwoman Krajewski.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 And as you were testifying, I  
3 thought to myself, Somebody looking in  
4 thinks your job is very easy. They don't  
5 realize all of the technical obstacles  
6 that you have to face, excluding the  
7 money portion.

8 It's the first time I heard  
9 about doorstoppers.

10 MR. LEE: Right.

11 COUNCIL PRESIDENT VERNA: Oh,  
12 my.

13 MR. LEE: We had to get mats.  
14 The Justice Department said, "You need to  
15 get mats to throw over any threshold  
16 that's over a half-inch." So I said,  
17 "Well, what are you talking about, a  
18 mat?" I'm used to the threshold wedges  
19 and this kind of thing; they're \$150  
20 each.

21 So, fortunately, they sent us a  
22 link to Home Depot, where it's a simple  
23 welcome mat that was 10.97. But in order  
24 to get it, we couldn't even buy it. We  
25 were running around, trying to figure out

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 a way to buy it. I wound up ordering it  
3 online, paying for it, and getting  
4 reimbursed for it with petty cash.

5 So for 10.97, we're going to  
6 solve some thresholds in the City instead  
7 of -- you wouldn't know what we got to go  
8 through.

9 COUNCIL PRESIDENT VERNA: Oh,  
10 my. Bob, let me just ask: You have met  
11 with the Administration regarding the  
12 needs? And what has their reply been?

13 MR. LEE: Well, we met with  
14 them last fiscal year, and the needs were  
15 probably about the same then, the  
16 shortage was probably about the same  
17 then, although we've tried to control  
18 some of the costs in this fiscal year to  
19 keep it down.

20 I was told to send over a  
21 budget, and I did. And I asked for a  
22 budget analyst. I said, "Are you sure  
23 they saw it this time?" So I don't get  
24 here --

25 COUNCIL PRESIDENT VERNA: But

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 you never contacted anyone in the  
3 Administration?

4 MR. LEE: I never contacted  
5 anyone, and I was never contacted, no.

6 I did tell our budget analyst,  
7 I said, "You understand, this is the same  
8 predicament as prior fiscal years."

9 The one fiscal year where you  
10 made arrangements for us to meet with  
11 Steve Agostini, they did, fortunately,  
12 allow us to hire those ten additional  
13 people.

14 And it came at a very critical  
15 time, and that was August of '08. I  
16 mean, that was a historic year for us  
17 processing work. And we didn't finish  
18 our work until October 28th; I mean days  
19 before the election.

20 When we cut our poll book tapes  
21 we had 40,000 records still to enter. So  
22 the poll books were short 40,000 records.  
23 We entered the rest right after -- we  
24 finished October 28th, and those people  
25 were on the supplemental poll book pages.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Fortunately, we can do that because we  
3 would have never been able to make it; we  
4 would have wound up with 60, 70,000  
5 provisional ballots.

6 But it was through the addition  
7 of those ten extra people who came in  
8 August and September that we were able to  
9 get 'em on the system. And that helped.

10 COUNCIL PRESIDENT VERNA: What  
11 would your priority be? Would it be for  
12 personal services or purchases of  
13 services, equipment? What would your  
14 priority be?

15 MR. LEE: Well --

16 COUNCIL PRESIDENT VERNA: One  
17 hinges on the other?

18 MR. LEE: I don't know if I  
19 could pick a priority between 'em. I  
20 mean, there's people employed that are  
21 employed there -- we're at a level now  
22 where we have maybe four or five  
23 vacancies that are not filled, but we're  
24 at a level now where I'm comfortable that  
25 when we do a major election and when we

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 go into next year's county and city  
3 elections and we follow the following  
4 year do a presidential election that we  
5 should have sufficient people to be able  
6 to do this job, without having any  
7 problems or issues or litigation --  
8 although they sue you for any reason  
9 anyway, no matter how you good you do it.

10 So I think the Class 100 -- you  
11 can't hire people if you're not going to  
12 pay them; you can't keep 'em on the  
13 payroll if you're not going to pay them.

14 And the Class 200, you can't  
15 really say that's not a priority, either,  
16 because you have to pay your poll  
17 officials.

18 And A lot of these costs are  
19 hardcore costs. I looked at exports of  
20 them budgets, and there's very little  
21 wiggle room in there. It's all for  
22 forms, printing, poll books, street  
23 lists; it's everything you use.

24 And all of our purchases are  
25 made through the City's normal

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 procurement process. I mean, we just  
3 don't go out and buy stuff; we go out and  
4 put it out on bid. So, I mean, we're  
5 regulated just like any other City  
6 department as to what we can buy and how  
7 we buy it.

8 So I -- we tried to work out  
9 where we could with those 3 and 400,  
10 where we could. And basically -- I see  
11 it as a realistic portrayal of what it's  
12 going to cost.

13 It may come in under. I don't  
14 think it will go higher, fortunately, I  
15 hope, you know.

16 COUNCIL PRESIDENT VERNA: Thank  
17 you.

18 The Chair recognizes Councilman  
19 Kelly.

20 COUNCILMAN KELLY: Thank you,  
21 Madam President.

22 Now, I just want to know: Has  
23 there ever been any discussion about  
24 cutting the hours of operation on  
25 Election Day?



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. LEE: (Inaudible.)

3 COUNCILMAN KELLY: Because I  
4 agree with Councilwoman Krajewski, what  
5 she said. It's very difficult sometimes  
6 to find people who are going to sit in  
7 those polling locations for 12, 14 hours  
8 a day and be paid the little amount that  
9 they do receive.

10 And I just want to know, is  
11 there any -- I don't know. It's probably  
12 state law or federal law.

13 MR. LEE: State law mandates  
14 what time the polls are open in  
15 Pennsylvania.

16 COUNCILMAN KELLY: Has there  
17 ever been any discussion with state  
18 legislators or anything?

19 MR. LEE: I don't know of any  
20 proposed legislation to decrease the time  
21 the polls are open. There has been  
22 legislation for early voting, but I don't  
23 think that does anything for anybody; it  
24 just takes people that normally would  
25 vote Election Day and let 'em vote two

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 weeks earlier on the machine. And that  
3 would be an extraordinary cost to the  
4 City also.

5 So fortunately, that hasn't  
6 passed.

7 But I don't know of anything  
8 shortening the hours. And I really don't  
9 think you can really shorten the hours of  
10 voting. You get into major elections  
11 where -- I mean, the only general we  
12 had -- that's the highest turnout we had  
13 in about 25, 28 years. Some places  
14 people had to wait before work and after  
15 work.

16 We try to size our polling  
17 place and our divisions the right size so  
18 that people aren't put in long lines  
19 because that's usually what leads to --  
20 that's the primary cause for  
21 disfranchisement.

22 COUNCILMAN KELLY: And if more  
23 people use absentee ballots, that would  
24 also increase the cost of your operation;  
25 isn't that true?

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. LEE: It wouldn't decrease  
3 it because we still have to pay for the  
4 Election Day operations.

5 COUNCILMAN KELLY: Okay.

6 MR. LEE: And then it would add  
7 cost for --

8 COUNCILMAN KELLY: It would add  
9 cost to your operations?

10 MR. LEE: And it would after  
11 processing time, yes.

12 COUNCILMAN KELLY: Yeah, okay.

13 Thank you, Madam President.

14 COUNCIL PRESIDENT VERNA:

15 You're welcome.

16 I'm just curious. If the  
17 machine is already set up and there's  
18 reason to lock a key for any purpose, how  
19 much time do the City Commissioners need?

20 MR. LEE: We bought this  
21 machine because it was similar to the  
22 lever machines, full face.

23 COUNCIL PRESIDENT VERNA: Right.

24 MR. LEE: And it had a paper  
25 ballot. The other ones had paper strips.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2                   There's no levers to lock. And  
3 we can't -- the problem is, it's a  
4 database, so you've got to enter all of  
5 the names, proof 'em. You got to  
6 cross-test everything on the machine to  
7 make sure all the buttons are working.  
8 And we do that with every machine.

9                   So if you had to take somebody  
10 off, what we do is, when we get an order  
11 from the court removing a name, we'll  
12 leave the name in the database until we  
13 see if they appeal.

14                  And if they don't appeal, then,  
15 rather than take it off at the last  
16 minute -- or if they lose an appeal, we  
17 place a sticker over the top of the  
18 voting position, both the name and the  
19 number.

20                  That position's still active.  
21 You can still push the button to light a  
22 light, and it will record that somebody  
23 voted for a blank position.

24                  But we place -- that's our  
25 equivalent of locking the lever or

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 pulling the lever off.

3 COUNCIL PRESIDENT VERNA:

4 Putting the tape over the name?

5 MR. LEE: Yeah. Because the  
6 issue is, once you take somebody out of  
7 the system and you've gone through all of  
8 your testing, if it's a citywide  
9 candidate and you were to actually  
10 remove' em and then you get an appeal  
11 saying to put 'em back on, it would be  
12 impossible. It would be virtually  
13 impossible.

14 We're actually running a little  
15 bit behind right now. Our people are  
16 still doing their ballot split test  
17 because of all the committeemen and the  
18 audio ballot that we have to have do. So  
19 we do it similar to locking a lever.  
20 Because it's on paper, we put a label  
21 over their name.

22 COUNCIL PRESIDENT VERNA: Okay.

23 MR. LEE: And that happened  
24 with -- in the Nader case, when we took  
25 Nader off at the last minute. That case

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 didn't get over till days before the  
3 election, right before we were ready to  
4 ship the machines. And we put labels  
5 over the top of them.

6 But he still recorded; there  
7 was still 61 votes for that position.  
8 And the State told us to count 'em as  
9 write-ins.

10 COUNCIL PRESIDENT VERNA: Thank  
11 you. You really work very hard.

12 MR. LEE: Thank you.

13 COUNCIL PRESIDENT VERNA: Thank  
14 you.

15 All right. This committee will  
16 stand in recess until 1 o'clock, at which  
17 time we will have the City Controller and  
18 the Board of Revision of Taxes.

19 (Lunch break taken at  
20 12:10 p.m.)

21 (Proceedings resume at  
22 1:30 p.m.)

23 COUNCIL PRESIDENT VERNA: This  
24 is a continued public hearing of the  
25 Committee of the Whole.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 We will now hear from the City  
3 Controller. Please approach the witness  
4 table.

5 (Witnesses come forward.)

6 COUNCIL PRESIDENT Verna:

7 Please identify yourself for the record  
8 and proceed with your testimony.

9 CONTROLLER BUTKOVITZ: Good  
10 afternoon, Madam President --

11 COUNCIL PRESIDENT Verna: Good  
12 afternoon.

13 CONTROLLER BUTKOVITZ: -- and  
14 members of Council.

15 I am City Controller Alan  
16 Butkovitz, and I'm here to testify today  
17 on the City Controller's Fiscal Year  
18 Operating Budget.

19 I am joined by Deputy City  
20 Controllers Harvey Rice, Albert  
21 Scaperatto and John Thomas, as well as  
22 our Administrative Services Director,  
23 Andrea Rose.

24 Some of the more pleasant  
25 aspects of my job as city controller are

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 opportunities like these: to work with  
3 members of City Council, under the  
4 dedicated leadership of Council President  
5 Anna Verna.

6 The Mayor's proposed Fiscal  
7 Year 2011 Operating Budget for the City  
8 Controller's Office includes a General  
9 Fund appropriation of \$7,291,566. This  
10 is almost a \$1 million reduction from our  
11 Fiscal Year 2008 Operating Budget of  
12 \$8,254,796.

13 When we were hit with the  
14 consequences of the global financial  
15 crisis in October of 2008, I voluntarily  
16 reduced my office's budget by 5 percent;  
17 I also took a voluntary 5 percent cut in  
18 my own salary. Then, again, in Fiscal  
19 Year 2010, my office took another 5  
20 percent cut, including a 5 percent cut in  
21 pay for all of my exempt employees making  
22 more than \$50,000, along with a five-day  
23 furlough for all exempt employees.

24 In preparing our Fiscal Year  
25 2011 budget, we knew we needed an



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 additional \$637,757 just to maintain our  
3 existing workforce because of built-in  
4 costs and increases associated with our  
5 current employees. Such costs include  
6 anticipated lump-sum retirement payments,  
7 increments in longevity, scheduled  
8 promotions, necessary overtime, as well  
9 as reinstatement of our Class 300 and 400  
10 monies, which we cut from last year's  
11 budget.

12 I again would like to publicly  
13 thank my employees for their willingness  
14 to sacrifice and do their part to help  
15 our city. They are to be commended for  
16 their commitment, but I feel it would be  
17 unfair to ask them to make the same  
18 sacrifice for another year.

19 For the record, the total  
20 appropriation of \$7,291,556 remains far  
21 below what we need to pay our current  
22 staff and far below what we need to fill  
23 the necessary auditor positions that will  
24 enable us to meet our additional auditing  
25 responsibilities and strict federal

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 deadlines related to the American  
3 Recovery and Reinvestment Act monies  
4 imposed on us for completing both the  
5 City and School District CAFRA audits and  
6 related Single Audits.

7 We are currently operating with  
8 twenty fewer positions than we had three  
9 years ago; these are positions vital to  
10 our ability to continue functioning at  
11 maximum efficiency.

12 Our office is constantly  
13 receiving requests to meet tighter  
14 deadlines, fulfilling departmental  
15 requests for contract and other audits,  
16 and an increased workload on the CAFRA  
17 audits because of the staff shortages in  
18 the Finance Department.

19 Next week, I will be back  
20 before this esteemed body seeking a  
21 transfer of \$120,000 to our Fiscal Year  
22 2010 budget so that we can complete the  
23 Single Audit by the end of July 2010.  
24 The City has extensions on the completion  
25 of the Single Audit, but due to the ARRA

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 funding, the extension for this year was  
3 not granted.

4 By not completing this audit on  
5 time, millions of dollars in federal  
6 funds would be at stake for the City.  
7 Therefore, the additional \$637,000, which  
8 we requested over the Budget Office's  
9 appropriation recommendation, will not be  
10 sufficient to meet the increased demands  
11 and timelines for our services.

12 I respectfully request an  
13 additional \$220,000 over and above the  
14 \$637,000 so that we may hire just six of  
15 the twelve auditors that our department  
16 has been operating without for the past  
17 three years. Even with this increase, we  
18 will still be operating with 14 fewer  
19 positions.

20 This past year, my office has  
21 issued thirty post-audit reports,  
22 including departmental audits,  
23 performance/special audits, four  
24 entity-wide opinion audits, and three  
25 related reports on internal controls, a

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 grant audit and an opinion on the City's  
3 five-year forecasted statements.

4 We made 238 new recommendations  
5 to safeguard assets, enhance financial  
6 management, strengthen internal  
7 accounting controls, and improve  
8 operating economies and efficiencies.

9 We identified financial-  
10 reporting errors of \$2.4 billion and  
11 other compliance deficiencies, cost  
12 reductions, and increased revenues  
13 totaling over \$4 million.

14 We also completed a number of  
15 performance audits this past year. The  
16 NTI review provided City Council and the  
17 Administration with the first  
18 comprehensive reporting of NTI property  
19 acquisition expenditures since the  
20 inception of the program in 2001. The  
21 review revealed accounting, reporting,  
22 funding, and oversight issues that need  
23 to be addressed before any additional  
24 funds are spent on the program.

25 We issued a report on the Water

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Revenue billing systems (basis2), which  
3 was awarded the Silver Knighton Award by  
4 the Association of Local Government  
5 Auditors, our fifth consecutive Knighton  
6 Award. The judges stated that the report  
7 clearly presented weaknesses in the  
8 system's billing, adjustment,  
9 enforcement, and financial reporting  
10 functions. These weaknesses have  
11 contributed to poor collections and  
12 decreased revenues.

13 Our review of the Revenue  
14 Department's tax enforcement actions  
15 resulted in Councilwoman Krajewski's  
16 introduction of the Tax Amnesty  
17 Ordinance, which, after being embraced by  
18 all of City Council, is set to begin in  
19 14 days.

20 Finally, our departmental  
21 audits continue to identify poor controls  
22 over the administration of financial  
23 resources and offer recommendations to  
24 reduce the opportunity for fraud and  
25 irregularities. We also continue to

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 report on prior-year findings until  
3 corrections or recommended changes are  
4 made by the Administration.

5 Our Preaudit Unit provided  
6 oversight for more than 125 capital  
7 projects totaling more than \$250 million.  
8 Our inspections resulted in cost savings  
9 to the City in the form of credits for  
10 work not performed and over-billings.

11 In one case, we performed a  
12 contract-compliance audit on a  
13 construction company and found they had  
14 overcharged the City \$128,000 for  
15 services that were never performed,  
16 including charges for employees who never  
17 showed up for work at the designated  
18 jobsites. I am pleased to report that  
19 this was settled for \$85,000, with a  
20 check for \$25,000 for the first  
21 installment already received by the City  
22 last Friday.

23 The Preaudit Unit also  
24 conducted a review of City-owned bridges,  
25 continued to monitor the Cultural/

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Commercial Corridors Grants, and  
3 conducted a review of design errors for  
4 the expansion of Terminals D and E at the  
5 Philadelphia International Airport. This  
6 resulted in the City hiring a claims  
7 consultant to conduct detailed reviews  
8 for all change orders.

9 In addition, we have put 341  
10 tax holds on vendors, stopping  
11 \$9.5 million in payments and generating  
12 over \$400,000 in past-due taxes.

13 And lastly, but definitely not  
14 least, my Preaudit Unit is to be  
15 commended for their work in exposing and  
16 eradicating barriers to minority  
17 contractors getting full access to City  
18 work. Their comprehensive report helped  
19 persuade the Administration to intensify  
20 its efforts to increase participation by  
21 minority- and women-owned businesses in  
22 City contracts, especially those  
23 contracts resulting from the American  
24 Recovery and Reinvestment Act (ARRA)  
25 funding.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Our Fraud Unit investigated  
3 more than 100 residency cases as well as  
4 the misuse of City equipment,  
5 timekeeping, and tax avoidance. Our  
6 Fraud Unit completed our recently-  
7 released investigation of 13 City charter  
8 schools that has been described as "the  
9 most in-depth review of charter schools  
10 in the country."

11 Some of the findings uncovered  
12 in our report included schools which had  
13 leasing agreements with related  
14 organizations for which their only source  
15 of income was rental payments; related  
16 party transactions involving construction  
17 and maintenance contracts between spouses  
18 and relatives; employees with non-  
19 teaching positions who received  
20 retirement benefits from the State's  
21 employee retirement system; and, as many  
22 of you have heard from news reports, the  
23 discovery that one school was operating a  
24 nightclub serving alcohol on weekends.

25 Our charter school report has



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 been the basis for many of the provisions  
3 that Senator Piccola, Chair of the State  
4 Education Committee, is offering in his  
5 charter-school reform legislation.

6 The Fraud Unit also completed a  
7 review of private towing operations in  
8 the City, and an assessment of the Office  
9 of Administrative Review, which found  
10 almost \$54 million in money owed the City  
11 for a variety of services. This unit has  
12 generated over \$1 million in tax revenues  
13 and savings during 2009, including the  
14 discovery of a beer distributor that was  
15 operating without a business license and  
16 now owes the City \$128,508 in back taxes,  
17 and other investigations uncovering  
18 \$295,441 in real-estate taxes owed due to  
19 improper underassessments by the BRT.

20 And my office continues to  
21 focus on our financial literacy  
22 program -- the Bank on Philadelphia  
23 project -- which is currently signing up  
24 thousands of unbanked Philadelphians,  
25 helping them open up checking and saving

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 accounts at local banks.

3           This past year, we instituted  
4 the first-ever employee tax withholding  
5 program and are currently deducting  
6 payments from an estimated 400 employees  
7 for back taxes, having collected \$266,000  
8 so far, with a projection of having  
9 60 percent of the employees all paid up  
10 by the end of the year -- this year.

11           We also instituted a yearly  
12 review of monies owed the City for police  
13 services. Within hours of releasing a  
14 report detailing over \$4 million that was  
15 owed for police services, companies began  
16 contacting the City to make arrangements  
17 to settle their outstanding balances.

18           Although I am proud of all of  
19 these accomplishments, the loss of these  
20 positions has impacted our ability to  
21 continue completing all of our  
22 Charter-mandated audits in a timely  
23 manner. It also impedes our ability to  
24 react quickly and respond to ad hoc  
25 requests for specialized audits or

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 contract compliance review requests from  
3 City departments.

4 One of our major auditing  
5 responsibilities each year is the  
6 comprehensive Single Audit of the City  
7 and School District's federal and state  
8 grant-funded programs. The Single Audit  
9 process remained essentially unchanged  
10 for years, until the enactment of ARRA,  
11 which has resulted in increased  
12 accountability provisions and significant  
13 audit challenges for us in the upcoming  
14 Fiscal Year 2011.

15 In the coming year, the goal  
16 from my office will be to continue  
17 identifying as much waste, fraud, and  
18 inefficiencies in City government as  
19 possible in order to save taxpayers  
20 money. We will be implementing a new  
21 pilot review on departmental processes  
22 for managing performance efficiencies and  
23 savings. This is called Savings and  
24 Accountability to Valuate Efficiencies  
25 (SAVE). These reviews will be an

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 extension of the annual departmental  
3 audits, beginning with the current fiscal  
4 year that starts on July 1, 2010. It's  
5 aimed at uncovering new, creative ways  
6 for City departments to reduce costs and  
7 become more efficient by expanding the  
8 current departmental audit process to  
9 include performance audit measures.

10 As City Controller, I will  
11 continue working on issues and solutions  
12 to make Philadelphia a better place to  
13 live, work, and raise a family. During  
14 these difficult financial times, I will  
15 continue to seek out more revenues that  
16 are owed the City and identify more  
17 performance and management efficiencies  
18 in City government so we can identify  
19 savings, reduce costs, and have the  
20 revenue for necessary City services.

21 I appreciate this opportunity  
22 to present testimony, and I thank Madam  
23 President and the members of Council for  
24 your time and consideration. I look  
25 forward to working with you in the coming

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET  
2 year.

3 My staff and I will be happy to  
4 answer any questions you may have.

5 COUNCIL PRESIDENT VERNA: Thank  
6 you very much.

7 You testified that you're  
8 requesting an additional \$220,000 over  
9 and above the \$637,000. Have you  
10 discussed this with the Administration?

11 CONTROLLER BUTKOVITZ: The  
12 \$637,000 we did, and we didn't get relief  
13 with them on that. The 220, we have not.  
14 Although we had an agreement -- that  
15 120,000 that we're talking about is a  
16 related issue.

17 I think it was two weeks ago  
18 that the federal government notified us  
19 that they were not granting an extension  
20 for the Single Audit, and that caused a  
21 deep concern on the part of the  
22 Administration because there are, I  
23 believe, hundreds of millions of dollars  
24 at stake on that.

25 We have similarly heard from

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 the School District that the signals that  
3 they're getting from Washington is that  
4 there will probably not be an extension  
5 of the deadline.

6 So ordinarily, it would take us  
7 an additional -- probably an additional  
8 eight months to complete it. Now, we are  
9 being told by Washington they want it  
10 done yesterday -- or, for all practical  
11 intents and purposes, by July.

12 The Mayor and the Finance  
13 Director acknowledged the necessity of it  
14 in their agreement to the \$120,000  
15 transfer. So the \$220,000 is really an  
16 extension of that general principle.

17 So I would hope and expect that  
18 we would get their agreement on that.

19 COUNCIL PRESIDENT VERNA: Thank  
20 you.

21 The Chair recognizes Councilman  
22 Jones.

23 COUNCILMAN JONES: Thank you,  
24 Madam President.

25 Mr. Butkovitz, in basketball,

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 when somebody scores a point and someone  
3 gives 'em a alley oop, we give you a high  
4 five as credit for helping us make the  
5 basket, but the freshmen put in a  
6 recommendation, efficiencies that would  
7 result in cost-savings.

8 One of them was to do  
9 electronic cash -- or electronic transfer  
10 of funds from places like the State and  
11 the federal government. To that end,  
12 there has been a bill introduced to  
13 actually bring that into being.

14 And we are thankful because one  
15 of the things in audits that you did  
16 brought major attention to it, and that  
17 was the finding of funds that were, for a  
18 year, federal checks not being cashed and  
19 all of the interest that was lost as a  
20 result of that.

21 So you get a high five from the  
22 freshmen for that assist.

23 CONTROLLER BUTKOVITZ: I  
24 appreciate that.

25 COUNCILMAN JONES: In that

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 concert, along those lines, if you could  
3 quantify monetarily the efficiency  
4 recommendations. How many out of the  
5 percentage -- if you had a hundred  
6 efficiency recommendations, how many of  
7 them are actually followed by the  
8 respective departments; what percentage?

9 CONTROLLER BUTKOVITZ: I don't  
10 know. We can't really do that right now.

11 I'll tell you that as -- over  
12 time, we are approaching a 95 percent  
13 compliance rate with the recommendations,  
14 which is what our goal was. It's what  
15 Kansas City and other leading cities  
16 accomplished.

17 And I will also say that the  
18 Council has been very aggressive this  
19 year. The freshmen and actually the  
20 entire Council have been very aggressive  
21 in identifying specific ideas for savings  
22 and efficiencies.

23 COUNCILMAN JONES: Just to the  
24 upper classmen, it takes nine votes to do  
25 anything.



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 CONTROLLER BUTKOVITZ: Yes. I

3 think --

4 COUNCILMAN JONES: We don't

5 want them.

6 CONTROLLER BUTKOVITZ: -- even

7 the senior Councilmembers have made a

8 significant contribution. And we have

9 been paying very close attention to the

10 hearings on TV.

11 One of the reasons for the Safe

12 Initiative, it actually segues off of

13 Councilman Green and your questioning of

14 Administration witnesses, 'cause we think

15 it as has not been a systemic,

16 internalized process of actually looking

17 for savings.

18 So, they come in here and they

19 give you a gross idea about either

20 there's a set percentage that they're

21 going to cut off this year, 'cause they

22 only have so much money, and it's done in

23 a very blunt way.

24 And we have watched witness

25 after witness come in, and I think City

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Councilman Green got really a  
3 non-response to that kind of prodding.  
4 And I think that's the -- those are the  
5 things that you're identifying as "the  
6 freshmen initiatives."

7 So the thought was that we  
8 could incorporate the question into the  
9 annual departmental reviews by putting  
10 the departments on notice that they will  
11 be reviewed on that basis by us, on an  
12 annual basis. Not that we are imposing  
13 specific savings ideas on them, but that  
14 they should be, as part of their planning  
15 process, presenting ideas about how  
16 they're going to do it for less and how  
17 they're getting to do it as well for  
18 less.

19 COUNCILMAN JONES: In your  
20 responsibilities, do you -- I saw your  
21 audits and findings on the charter  
22 schools. Do you have a equal  
23 responsibility to do the public schools?  
24 Or do you, by a manner of practice, look  
25 at the public school administration

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 similarly?

3                   CONTROLLER BUTKOVITZ: Well,  
4 actually, that was a review of the public  
5 schools, because the -- under the state  
6 chart law, the sole power to look at the  
7 charter schools has been granted to the  
8 Philadelphia School District, and the  
9 Philadelphia School District hasn't been  
10 doing it.

11                   So all of that detailed  
12 information about the 13 charter schools  
13 that were reviewed was actually an  
14 appendix or exhibits in support of the  
15 major finding of that report, which is  
16 that there is no oversight of the charter  
17 schools by the School District.

18                   COUNCILMAN JONES: I guess one  
19 of the things that I asked by way of  
20 regular public school and a charter  
21 school, if you had to generalize, how do  
22 they stack up, one to the other, by way  
23 of straight and efficiencies? If you had  
24 to generalize.

25                   CONTROLLER BUTKOVITZ: Well, I

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 mean, the truth is, I think they're all  
3 over the place; there's a range of  
4 responses.

5 But it's certainly true that  
6 many of the charter schools have excelled  
7 and acceded what could be achieved for  
8 parents and students in public schools.  
9 And that's why I'm a strong supporter of  
10 the idea of charter schools.

11 And you'll notice that in  
12 our -- I mean, in our report, we didn't  
13 purport to make any judgments on the  
14 academic capacity of those schools 'cause  
15 it's really not a part of our competence;  
16 that's something for the Education  
17 Department and the education experts to  
18 judge.

19 And we don't pick winners or  
20 losers or friends or enemies. I mean, we  
21 think our responsibility is to test  
22 everything in the City and the schools at  
23 one time or another. If we haven't --  
24 if we haven't angered everybody at one  
25 time or another, then we're really not

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 doing our job.

3 COUNCILMAN JONES: That's a

4 good point.

5 CONTROLLER BUTKOVITZ: So --

6 but it's not punitive, and it should not  
7 be interpreted -- certainly there will be  
8 people in the debate who will use it as  
9 ammunition against charter schools, just  
10 as people use things as ammunition  
11 against public schools, et cetera, et  
12 cetera.

13 But the real point of that is,  
14 first of all, there was a change in the  
15 law, and there were specific things that  
16 were prohibited under state law, which,  
17 apparently, in practice, are still  
18 occurring.

19 Of greater alarm is the fact  
20 that there's no systemized way for the  
21 School District to know whether that's  
22 happening or not.

23 And I would say that the  
24 Council and the people in City government  
25 have recognized for the last three or

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 four years the importance of  
3 demonstrating accountability on their  
4 part. You've passed a number of ethics  
5 laws, you subject yourselves to all sorts  
6 of insults and reviews by the Board of  
7 Ethics and by every other entity because  
8 there's been a general sense on the part  
9 of Council that this will demonstrate to  
10 the public that you're all living up to  
11 this higher standard, even if it means  
12 occasionally getting your wrists slapped.

13 And, certainly, that same kind  
14 of accountability has to be applied to  
15 charter schools and to everybody who gets  
16 public money, because, in the end, the  
17 truth comes out anyway.

18 I mean, there's no point in  
19 trying to suppress truth. People in the  
20 neighborhoods, people in the school, they  
21 know what the truth is in terms of  
22 violence, in terms of who's being hired  
23 in the local school and what's going on.  
24 It just breeds cynicism if it's not  
25 generally recognized.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2                   And, you know, I was in the  
3       legislature for a long time. I've been a  
4       local -- I can tell you I personally was  
5       appalled, for example, when the  
6       information came out about Philadelphia  
7       Academy Charter School because in  
8       Northeast Philadelphia, where I used to  
9       represent, the appeal and attractiveness  
10      of that school and the waiting list and  
11      the quality of education was very --  
12      people loved it.

13                  And, frankly, people love Brien  
14      Gardiner, who was really a genius, and he  
15      was a pathfinder; I mean, he created a  
16      new frontier. But he also did wrong.  
17      And in the end, as a result of that, he  
18      gave a tremendous black eye to the entire  
19      movement of what he was trying to do.

20                  And it was inevitable that  
21      that -- if you were going to behave like  
22      that, it was inevitable that it was going  
23      to come out anyway.

24                  So it wouldn't -- it didn't pay  
25      to hate the Inquirer for being a

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 messenger of disclosing bad news in  
3 disclosing what was. What was going to  
4 come out.

5 And we think that in the end,  
6 by exploring these issues on a continuous  
7 basis, we will be doing the same kind of  
8 review in various City departments.

9 And as you know, when I came  
10 into office, we did this kind of review  
11 with the School District under the  
12 administration of Paul Vallas. So  
13 everybody thinks, when it's their moment  
14 under scrutiny, that they're being  
15 treated differently than everybody else.  
16 But, I mean, we did it with the Fire  
17 Department over paramedic services.

18 But one thing that we've  
19 always -- you've never heard us  
20 grandstanding or calling for anybody's  
21 head or trying to use it in a punitive  
22 way. I mean, I believe that systems can  
23 be improved. I think that, when we find  
24 out the way things are, that most people  
25 do have a sense of wanting to do the



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 right thing and that this enables us to  
3 correct serious deficiencies before they  
4 get to the point where they are going to  
5 be a fatal weight on these organizations.

6 COUNCILMAN JONES: Well, I  
7 remember when I first ran a major  
8 organization, the auditor came in and  
9 said, "Hi. I'm the auditor and I'm here  
10 to help you." And it was almost like  
11 being -- going to the dentist's office.  
12 You know you have to go; and in the end,  
13 if you go through the recommendations,  
14 you are in better health because of it  
15 and --

16 CONTROLLER BUTKOVITZ: I had  
17 the same reaction with my urologist so --  
18 (Laughter.)

19 COUNCILMAN JONES: So we  
20 understand that your job is -- you're  
21 here to help us get to better financial  
22 health.

23 And as I look at things that  
24 have manifested by way of your  
25 recommendations, they have helped us --

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 at least \$4 million worth that I can  
3 count in this year -- to get to a better  
4 place fiscally.

5 And so, thank you for that.

6 CONTROLLER BUTKOVITZ: Thank  
7 you.

8 COUNCILMAN JONES: Thank you,  
9 Madam President.

10 COUNCIL PRESIDENT VERNA:  
11 You're welcome.

12 The Chair recognizes Councilman  
13 Green.

14 COUNCILMAN GREEN: Thank you,  
15 Madam President.

16 Good afternoon, Mr. Controller.

17 CONTROLLER BUTKOVITZ: Good  
18 afternoon.

19 COUNCILMAN GREEN: I really  
20 appreciate you saying that you take some  
21 of the questions that I and others in  
22 City Council ask and make them a part of  
23 your auditing process and budget process.  
24 Oftentimes, you feel like nobody is  
25 listening, and I'm glad to hear you are.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 It actually -- I appreciate it.

3 Just a couple of quick  
4 questions. What is the -- I don't think  
5 anywhere in here you said the actual  
6 number that you're looking for. I know  
7 it's -- what's the total appropriation  
8 you're looking for?

9 CONTROLLER BUTKOVITZ: Well, I  
10 think we're going to have to add three  
11 numbers.

12 COUNCILMAN GREEN: Okay.  
13 That's fine. We can do that. I just --

14 CONTROLLER BUTKOVITZ: It's  
15 going to be the 7.2 million plus the,  
16 uh...

17 COUNCILMAN GREEN: So roughly  
18 8.1.

19 CONTROLLER BUTKOVITZ: It's  
20 going to be \$8,389,000.

21 COUNCILMAN GREEN: 8,389.

22 CONTROLLER BUTKOVITZ: Right.

23 COUNCILMAN GREEN: So that's  
24 taking you sort of above the FY '08 level  
25 that you came down from very generously.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Can you just briefly describe  
3 for us what you will be able to  
4 accomplish? I understand what's not  
5 getting done, but what you'll be able to  
6 accomplish if we were to appropriate this  
7 additional money in terms of --

8 CONTROLLER BUTKOVITZ: Well, to  
9 begin with --

10 COUNCILMAN GREEN: -- catching  
11 up on departmental audits or what  
12 exactly -- do you have an idea of sort of  
13 how many additional audits you'll be able  
14 to do, what departments will be impacted,  
15 what audits will come out as a  
16 consequence of these additional  
17 resources?

18 CONTROLLER BUTKOVITZ: Well,  
19 the most important thing is, we'll be  
20 able to get the Single Audits and the  
21 KAFRAS done so that we will be in  
22 compliance with the federal government  
23 requirements. And that's the \$220,000  
24 component of that.

25 The \$637,000 component really

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 just keeps us where we are, because we  
3 are at a stage where we have a number of  
4 high-level retirements in our office this  
5 year, so that it comes out of our budget  
6 to pay people for accumulated sick leave  
7 and vacation and so on.

8 I think that's an \$170,000  
9 item, where I don't get any extra  
10 productivity out of them. I happen to  
11 be -- when they stop the music on musical  
12 chairs, I happen to be standing there  
13 when I'm losing high-salaried retirees.  
14 And so, I'm going to have to pay all of  
15 that money for not getting any work.

16 COUNCILMAN GREEN: And that's  
17 170,000 of it?

18 CONTROLLER BUTKOVITZ: Yeah.

19 COUNCILMAN GREEN: And I -- I  
20 guess I thought fringe was paid by  
21 finance and benefits?

22 CONTROLLER BUTKOVITZ: Well, we  
23 have \$62,000 in increments, 3600 in  
24 longevities, \$26,000 to reinstate the  
25 exempts for the five furlough days, and

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 \$3500 on promotions. And so -- and  
3 \$12,000 for seasonal overtime, \$55,000  
4 for regular overtime.

5 We went for long stretches last  
6 year without any overtime, and it's  
7 impossible to do our mandated functions  
8 without overtime forever.

9 What I just described as the  
10 retirement payments is \$129,600.

11 COUNCILMAN GREEN: No, I  
12 appreciate everything you're saying, and  
13 I'm not asking you to do it right now.  
14 If you could just provide the Chair sort  
15 of what return we'd get, what additional  
16 work is going to be able to be done by  
17 the department as a consequence of  
18 providing the million dollars.

19 In other words, take your  
20 steady state of what you're able to  
21 accomplish now and what additional return  
22 you can give us.

23 I thought the DA's testimony  
24 was excellent. He asked for additional  
25 resources and then basically said, And if

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 you give me these resources, I will save  
3 the system overall \$7 million.

4 CONTROLLER BUTKOVITZ: Well,  
5 I'll give you an -- I mean, our Fraud  
6 Unit, which was really developed most  
7 recently in a very dramatic way, has just  
8 documented a million dollars in savings  
9 right there, in revenues just collected.

10 COUNCILMAN GREEN: That's  
11 great. And you've documented lots of  
12 savings with your various reports and  
13 audits that we have for potential, most  
14 of which have not been implemented yet.

15 CONTROLLER BUTKOVITZ: Right.

16 COUNCILMAN GREEN: So we share  
17 frustration on that front.

18 CONTROLLER BUTKOVITZ: And  
19 also, to some extent, we're actually  
20 doing work -- we're only supposed to be  
21 auditing the Finance Department. But to  
22 some extent, we're actually substituting  
23 for very low staffing levels in Finance.  
24 So our guys are doing work, I guess, for  
25 free in the budget sense. We don't get

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 credit for it, but we have to get those  
3 statements in shape to be audited.

4 So we've simply -- we have been  
5 good sports and have tried to participate  
6 in this idea of showing everybody that  
7 we're not going to ask for sacrifices  
8 that we're not going to make ourselves,  
9 but the nub of our work is to establish  
10 productivity and to provide audits to the  
11 federal government and to show that these  
12 streams of revenue are being adequately  
13 cared for.

14 And, you know, one of the  
15 concerns with the stimulus package is  
16 that there's going to be this whole --  
17 these all new channels of money that  
18 could get stolen or all of these  
19 problems. And what happens when you have  
20 a problem like that, when nobody's  
21 watching the henhouse, is that the black  
22 eye that the City gets is devastating.

23 So we have to keep up with all  
24 of these new streams of spending.

25 COUNCILMAN GREEN: And



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 specifically with respect to the stimulus  
3 money, I'm a bit confused about who has  
4 oversight there because I think we've  
5 made Mr. Agostini, the Budget Director,  
6 our ARRA like officer, and it's them and  
7 it is he and sort of the Inspector  
8 General or other people in charge of  
9 making sure that we're following the  
10 federal law, and they're actually filing  
11 the reports about how the money is spent,  
12 and they sort of took accountability for  
13 that themselves.

14 CONTROLLER BUTKOVITZ: But we  
15 have to audit what they do.

16 COUNCILMAN GREEN: Okay.

17 CONTROLLER BUTKOVITZ: So, I  
18 mean, that's a whole new area of function  
19 for us.

20 COUNCILMAN GREEN: Okay. Thank  
21 you.

22 Thank you, Madam President.

23 COUNCIL PRESIDENT VERNA:

24 You're welcome.

25 The Chair recognizes

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Councilwoman Brown.

3 COUNCILWOMAN BROWN: Thank you,

4 Madam President.

5 Good afternoon.

6 CONTROLLER BUTKOVITZ: Good

7 afternoon.

8 COUNCILWOMAN BROWN: Let me

9 start out by saying as much as I agree

10 with Councilman Jones' analogy, I will

11 add that I appreciate the work that you

12 do, as painful as it might be for many of

13 us.

14 And in listening closely to

15 your testimony upstairs, I especially

16 appreciated your goal to always look at

17 solutions to the irregularities that you

18 find.

19 CONTROLLER BUTKOVITZ: Right.

20 COUNCILWOMAN BROWN: Let me

21 start off by following up on Councilman

22 Jones' questions around the School

23 District.

24 And state for me again what the

25 Charter commands you to do as it relates

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 to the School District.

3 CONTROLLER BUTKOVITZ: Well,  
4 first of all, the Charter requires us to  
5 follow City money wherever it goes. And  
6 as you know and, as Councilman Goode a  
7 few years ago accomplished, you've been  
8 very generous in supplying streams of  
9 City money that go to the School  
10 District.

11 So, first of all, we've got to  
12 make sure that that money is  
13 appropriately spent.

14 Secondly, we have post-audit  
15 responsibility with regard to the  
16 financial statements of the School  
17 District.

18 COUNCILWOMAN BROWN: Okay.

19 CONTROLLER BUTKOVITZ: And it's  
20 principally -- and if you're referring to  
21 the charter school review --

22 COUNCILWOMAN BROWN: Yes.

23 CONTROLLER BUTKOVITZ: -- it's  
24 principally under that first mandate that  
25 you're sending City money to the School

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 District to make sure the School District  
3 does their job right.

4 COUNCILWOMAN BROWN: And what  
5 is your office, or your agency's,  
6 standard operating procedure when you  
7 discover irregularities in terms of --  
8 you produce a report and then what?

9 CONTROLLER BUTKOVITZ: If there  
10 are indications of fraud or improper  
11 behavior, then we send it to the  
12 appropriate agencies that have authority  
13 for that to review.

14 Now, in this case, it was a  
15 little different than that in that we  
16 knew, even at the outset, that there was  
17 a federal investigation in charter  
18 schools. So it wasn't a question of us  
19 generating that; it was a question of  
20 making sure that nothing that we did  
21 would interfere with anything that they  
22 were doing.

23 COUNCILWOMAN BROWN: Okay.

24 CONTROLLER BUTKOVITZ: So for  
25 purposes of making sure -- so, for

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 example, there were certain schools that  
3 it was obvious that they were in; and as  
4 a result, we did not go into those  
5 schools.

6 COUNCILWOMAN BROWN: Okay.

7 CONTROLLER BUTKOVITZ: And  
8 there were several schools where they  
9 looked at the report and said that  
10 whatever they were doing would be some  
11 output in jeopardy by us issuing a public  
12 report with respect to those schools, so  
13 that reports as to those schools were  
14 eliminated from the report.

15 COUNCILWOMAN BROWN: Mm-hmm.

16 CONTROLLER BUTKOVITZ: If --  
17 again, I mean, we will routinely make  
18 referrals to the District Attorney, to  
19 the U.S. Attorney. We don't make a habit  
20 of announcing those things generally.

21 COUNCILWOMAN BROWN: Sure.

22 CONTROLLER BUTKOVITZ: I mean,  
23 it really depends on the...

24 COUNCILWOMAN BROWN: The  
25 findings.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 CONTROLLER BUTKOVITZ: It  
3 depends on the nature of the findings.

4 COUNCILWOMAN BROWN: Okay.

5 CONTROLLER BUTKOVITZ: It  
6 depends on whether there's a feeling that  
7 the facts could add up to criminality.

8 COUNCILWOMAN BROWN: Okay.  
9 Where I'm headed with this question is,  
10 many, many years ago, when I worked for  
11 City government in the Evaluation Unit  
12 for program service delivery, after our  
13 findings and our recommendations, we had  
14 the practice of going to sit down with  
15 that agency and help them or show them  
16 where there was non-alignment of what  
17 they said they were doing and what they  
18 were doing and what the findings were.

19 So in the case of the School  
20 District, is that a practice to go sit  
21 with the financial wizards over there --  
22 in this case, Mike Masch and/or his  
23 designees -- to discuss how what they do  
24 should be more in alignment with whatever  
25 your controls are.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 CONTROLLER BUTKOVITZ: Well,  
3 actually, we got the response from  
4 Superintendent Ackerman, actually. This  
5 must be in her half of her jurisdiction,  
6 and indicated that she wanted to adopt  
7 what our ideas were.

8 COUNCILWOMAN BROWN: Okay.

9 CONTROLLER BUTKOVITZ: And  
10 we've been very careful. We've been very  
11 specific about not pillorying her on any  
12 of this, 'cause I don't think it really  
13 is her omission. But that we felt that  
14 the charter school office just really  
15 didn't have anything in place to do  
16 what's mandated.

17 COUNCILWOMAN BROWN: Okay.

18 CONTROLLER BUTKOVITZ: Now, I  
19 mean, there's a variety of things you  
20 could say about it.

21 First of all, it may be that  
22 there was responsibilities imposed on  
23 them for which they didn't get enough  
24 resources to do it.

25 COUNCILWOMAN BROWN: That was a

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 follow-up question.

3 CONTROLLER BUTKOVITZ: It may  
4 be that there should be other agencies  
5 such as the Auditor General or people in  
6 Harrisburg that should be taking on more  
7 of this task.

8 COUNCILWOMAN BROWN: Mm-hmm.

9 CONTROLLER BUTKOVITZ: It may  
10 be that there's some confusion about what  
11 the -- that the Charter School Office has  
12 kind of undertaken too many different  
13 responsibilities which don't rise to the  
14 level of importance as the enforcement of  
15 these compliance issues.

16 COUNCILWOMAN BROWN: Okay.

17 CONTROLLER BUTKOVITZ: I think  
18 that the Charter School Office said that  
19 they only have seven employees working in  
20 this area. Um... I don't know.

21 But the signals, the signs, the  
22 sounds that have come from the School  
23 District have been very supportive about  
24 trying to adopt --

25 COUNCILWOMAN BROWN: The



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET  
2 recommendations.

3 CONTROLLER BUTKOVITZ: -- these  
4 procedures. I think the Superintendent  
5 has been very specific also in saying  
6 that she doesn't want this to interfere  
7 with the idea of granting charters.

8 COUNCILWOMAN BROWN: Okay.

9 CONTROLLER BUTKOVITZ: That she  
10 still believes in charters.

11 COUNCILWOMAN BROWN: Okay.

12 CONTROLLER BUTKOVITZ: But she  
13 believes they need to be accountable.

14 COUNCILWOMAN BROWN: Very well.  
15 That's helpful.

16 Has a similar look-see happened  
17 with the Prisons in recent years?

18 CONTROLLER BUTKOVITZ: I mean,  
19 right now, we're in the middle of a  
20 review of the food service in the  
21 Prisons.

22 COUNCILWOMAN BROWN: Okay, all  
23 right. Okay then. Well, I'll wait  
24 because we hear that --

25 CONTROLLER BUTKOVITZ: But

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 certainly, if you have ideas, or other  
3 members of Council -- I mean, often, we  
4 are stimulated based on information that  
5 we receive.

6 If people have probable cause  
7 or have some reason to believe, then we  
8 will put it through a process and  
9 determine whether we're going to put it  
10 on the wheel and invest resources in it.

11 COUNCILWOMAN BROWN: Okay,  
12 then. All right. That's helpful. So  
13 I'll have a similar follow-up sidebar.

14 CONTROLLER BUTKOVITZ: Okay.

15 COUNCILWOMAN BROWN: There's no  
16 discussion in your testimony regarding  
17 MBE/WBE/DBE participation. Does your  
18 office have contract opportunities for  
19 potential vendors?

20 CONTROLLER BUTKOVITZ: Yeah,  
21 very -- I think we're doing --

22 COUNCILWOMAN BROWN: Unless I  
23 missed it.

24 CONTROLLER BUTKOVITZ: Yeah, 35  
25 percent of our contracts have been

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET  
2 awarded to minorities in Fiscal Year  
3 2010.

4 COUNCILWOMAN BROWN: Okay.

5 CONTROLLER BUTKOVITZ: Of which  
6 33 percent is African-American, 2 percent  
7 is women.

8 And that is generally in an  
9 upward slope. I mean, when we came in,  
10 in 2006, that figure was 7 percent. So  
11 --

12 COUNCILWOMAN BROWN: Well,  
13 thank you for the improvement.

14 CONTROLLER BUTKOVITZ: Right.

15 COUNCILWOMAN BROWN: Thank you  
16 very much.

17 Now let's go to the savings and  
18 accountability to evaluate efficiencies.  
19 Just speak a bit more about that. What  
20 was the trigger for that, and what is  
21 the -- your plan of action for going  
22 forward?

23 CONTROLLER BUTKOVITZ: Well,  
24 the trigger for it was watching the  
25 Councilmatic budget hearings and seeing

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 that there was an omission in thinking  
3 along those lines on the part of the  
4 departments.

5 They're always playing  
6 catch-up. They're dealing with whatever  
7 the budget allocation is going to be.  
8 And many times, they're trying to  
9 catch -- they've been cut so many times,  
10 they're having a hard time accomplishing  
11 their core mission.

12 But it looks like there's going  
13 to be a long-term need to accomplish  
14 things with savings in the City, that  
15 this is not just a one- or two-year  
16 problem. And I think that point has been  
17 hit home by members of Council who are  
18 demanding on the part of their  
19 constituents that we get things done for  
20 less, overall.

21 So the idea is that -- is to  
22 ask the departments to have a plan on how  
23 they can accomplish what they're  
24 currently accomplishing with savings, and  
25 then to judge them at the end -- is to

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 look back at their plan and how will  
3 they're complying with their plan. So at  
4 least they start having a thought  
5 process.

6 COUNCILWOMAN BROWN: This will  
7 not be optional for department heads,  
8 this process here.

9 CONTROLLER BUTKOVITZ: No, but  
10 we're kind of doing it on a pilot-program  
11 basis with four departments --

12 COUNCILWOMAN BROWN: Okay.

13 CONTROLLER BUTKOVITZ: -- to  
14 make sure that our theories actually work  
15 in practice.

16 COUNCILWOMAN BROWN: Okay. And  
17 those four departments are...?

18 CONTROLLER BUTKOVITZ: Well,  
19 it's the Fire Department, the Water  
20 Department, Department of Records,  
21 Licenses and Inspections, and Recreation.

22 COUNCILWOMAN BROWN: Okay.

23 CONTROLLER BUTKOVITZ: We  
24 wanted to do service-oriented  
25 departments.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCILWOMAN BROWN: Service-  
3 oriented, okay.

4 On page 3 of your testimony,  
5 you state that you monitor the Cultural/  
6 Commercial Corridors Grant briefly  
7 discuss that, if you would, where you are  
8 in that, I guess...

9 CONTROLLER BUTKOVITZ: I will  
10 have Deputy Controller Thomas address  
11 that.

12 COUNCILWOMAN BROWN: Okay.

13 DEP. CONTROLLER THOMAS: Good  
14 afternoon, Councilwoman. My name is John  
15 Thomas, Deputy City Controller.

16 What we do is, we're in the  
17 payment process. So although the  
18 Cultural Corridor Fund is administered by  
19 PIDC, all of the payments have to come to  
20 the Controller's Office for review to  
21 make sure that they're in compliance with  
22 the bond documents as well as the  
23 contracts.

24 So we do a preaudit review  
25 process before the payments are actually

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 approved by PIDC and the trustee.

3 COUNCILWOMAN BROWN: Well, I  
4 don't remember how many grants there  
5 were. So of the total number, how far  
6 down the road are you with that -- with  
7 review? How many grants was it, total?  
8 That was 36 months ago.

9 DEP. CONTROLLER THOMAS: What  
10 we're doing is, we're reviewing the  
11 payments. The grants were  
12 actually approved -- most of the -- a lot  
13 of the approved most a lot of the grants  
14 were approved in the Street  
15 Administration.

16 COUNCILWOMAN BROWN: That's  
17 right.

18 DEP. CONTROLLER THOMAS: But  
19 now, it's a -- there were grants, and the  
20 vendors are reimbursed. So most of them  
21 are reimbursement type of grants. So  
22 some of the subcontractors, the grantees  
23 have spent the money.

24 COUNCILWOMAN BROWN: Okay.

25 DEP. CONTROLLER THOMAS: Now

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 they're coming back to get reimbursed for  
3 those dollars, and we're making sure that  
4 the expenditures that they're trying to  
5 get reimbursed for are proper  
6 expenditures.

7 COUNCILWOMAN BROWN: Got it.

8 DEP. CONTROLLER THOMAS: And  
9 making sure that they comply with the  
10 terms and the conditions of the grants.

11 COUNCILWOMAN BROWN: Okay.

12 On page 3 of your testimony --  
13 and I may have missed this, coming from  
14 my office down here -- you state that  
15 there are 341 tax holds on vendors  
16 stopping \$9-plus million in payments.  
17 Provide detail of those vendors if, you  
18 would, additional dollars owed to the  
19 City.

20 DEP. CONTROLLER THOMAS: You  
21 said to provide --

22 COUNCILWOMAN BROWN: On page 3  
23 of your testimony, you talk about this  
24 \$5 million you've been able to stop as a  
25 result of 341 tax holds on vendors. Talk



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 about what that means.

3 DEP. CONTROLLER THOMAS: Well,  
4 it means that, typically, if a vendor  
5 owes the City business-privilege tax or  
6 real-estate tax or any type of tax and  
7 they have a contract, and the department  
8 will verify that they haven't paid their  
9 City taxes, we'll hold their actual  
10 vendor payments until they comply with  
11 paying their taxes. Either they pay  
12 their taxes or they enter into an  
13 agreement --

14 COUNCILWOMAN BROWN: An  
15 agreement.

16 DEP. CONTROLLER THOMAS: -- to  
17 pay the taxes.

18 COUNCILWOMAN BROWN: Is that a  
19 new function of the office, or is that a  
20 ongoing staff function?

21 DEP. CONTROLLER THOMAS: It's  
22 an ongoing staff function. It's  
23 something that we are aggressively  
24 pursuing in this administration.

25 COUNCILWOMAN BROWN: Okay.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 That takes care of my questioning. Thank  
3 you for your testimony and for your good  
4 work.

5 CONTROLLER BUTKOVITZ: Thank  
6 you.

7 COUNCILWOMAN BROWN: Thank you,  
8 Madam President.

9 COUNCIL PRESIDENT Verna:  
10 You're welcome.

11 Are there any other questions  
12 from members of the committee?

13 (No further questions.)

14 COUNCIL PRESIDENT Verna:  
15 Seeing none, thank you very much.

16 CONTROLLER BUTKOVITZ: Thank  
17 you very much.

18 MR. McPHERSON: Our next  
19 department is the Board of Revision of  
20 Taxes.

21 (Witnesses come forward.)

22 COUNCIL PRESIDENT Verna: Good  
23 afternoon. Welcome.

24 MS. MEADE: Good afternoon.

25 COUNCIL PRESIDENT Verna:

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Please identify yourself for the record  
3 for the record and, if you will, proceed  
4 with your testimony.

5 MS. MEADE: Thanks for allowing  
6 me a moment to get settled. My name is  
7 Charlesretta Meade; I'm Chairman of the  
8 Board of Revision of Taxes.

9 With me today is our Vice  
10 Chairman, Harvey Levin, and members of  
11 our senior management team. They are:  
12 Kevin Keene, who's the Real Property  
13 Assistant Administrator; Michael Piper,  
14 who's the Acting Real Property Assistant  
15 Administrator; Veronica Daniel, our  
16 Administrative Services Director; and  
17 Barbara Krauss, our Senior Programmer  
18 Analyst.

19 We've submitted our budget  
20 today and --

21 MR. LEVIN: (Inaudible,  
22 off-mic.)

23 MS. MEADE: Oh, also, I'm  
24 sorry, Board Member, Attorney Howard  
25 Goldsmith is also here with us today.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 May I also say that there may  
3 be some board members coming in late. We  
4 have an alternate Board of View Panel  
5 sitting, and some of those members had to  
6 sit at the same time as this, and that  
7 was prescheduled.

8 We submitted our testimony, and  
9 I apologize for it being late; thank you  
10 for accepting it. And we'd like to offer  
11 that written testimony into the record.  
12 And then we're prepared to take any  
13 questions that you may have.

14 COUNCIL PRESIDENT VERNA: Thank  
15 you.

16 Is there something that you  
17 would like to add to your statement?

18 MS. MEADE: No. Basically just  
19 to offer the testimony and request that  
20 it be admitted to the record as our  
21 official testimony for today, the written  
22 testimony.

23 COUNCIL PRESIDENT VERNA: Very  
24 well. The stenographer does have a copy?

25 THE STENOGRAPHER: (Nods head.)

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCIL PRESIDENT VERNA: The  
3 Chair recognizes Councilman Green.

4 COUNCILMAN GREEN: I note that  
5 your testimony -- good afternoon.

6 I note that your testimony  
7 mentions the legislative mandate of the  
8 BRT, and the first two are to uniformly  
9 value all real property at actual value,  
10 and then to hear an appeal -- to hear on  
11 appeal the petition of property owners  
12 and taxpayers.

13 Could you describe what it is  
14 that you and your team are doing to  
15 fulfill these mandates today?

16 MS. MEADE: Okay. On the issue  
17 of the valuation of the property, may we  
18 have Kevin Keene come forward?

19 (Witness comes forward.)

20 MS. MEADE: And Mr. Keene will  
21 discuss our next steps to actual value.

22 COUNCILMAN GREEN: Mr. Keene,  
23 before you get to what you're going to do  
24 in the future, if you could describe the  
25 activity that's being done today to

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 assess real property.

3 MR. KEENE: Well, today, we're  
4 in the process of going -- of writing  
5 standards and creating building models  
6 that will allow us to apply uniform  
7 values throughout the City for all types  
8 of property.

9 COUNCIL PRESIDENT VERNA:

10 Excuse me. Do you mind pulling the  
11 microphone closer to you and speak into  
12 the microphone; we can't hear you.

13 MR. KEENE: We're in the  
14 process of building models that will  
15 allow us to accurately value properties  
16 uniformly in all areas of the City.

17 We had a run of actual value  
18 last year, and we're now just working to  
19 improve on the performance of those  
20 models.

21 COUNCILMAN GREEN: Are there  
22 properties in the City of Philadelphia  
23 that are on the rolls too high or too low  
24 compared to their actual value?

25 MR. KEENE: Well, there's

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 always exceptional -- properties that are  
3 exceptional in some way; some of them are  
4 going to be high, some of them are going  
5 to be low.

6 COUNCILMAN GREEN: Right, okay.  
7 So the answer is yes.

8 MR. KEENE: Yes.

9 COUNCILMAN GREEN: There are  
10 some undervalued and overvalued  
11 properties --

12 MR. KEENE: Yes.

13 COUNCILMAN GREEN: -- on the  
14 tax rolls.

15 MR. KEENE: Yes.

16 COUNCILMAN GREEN: What are you  
17 doing, before you roll out AVI to correct  
18 that problem with the assessors on your  
19 staff?

20 MR. KEENE: Well, in the course  
21 of the next year, the next year to 18  
22 months, we're going to be conducting  
23 visual inspections of all properties in  
24 the City to make sure that the data that  
25 we have on them is correct.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCILMAN GREEN: What about  
3 when you do the visual inspection on a  
4 property, are you determining using --

5 MR. KEENE: No, we're not --

6 COUNCILMAN GREEN: -- using  
7 methods that have existed for, you know,  
8 80 years and that are methods that people  
9 who don't have CAMA systems, you know,  
10 use all the time to value property?

11 Are you going to be valuing or  
12 assessing any property and sending out  
13 notices to homeowners of a higher or  
14 lower value on their property based on  
15 the work that is being done in the next  
16 18 months?

17 MR. KEENE: Well, the first  
18 thing is to make sure that all of the  
19 data is correct before we get the values  
20 done.

21 COUNCILMAN GREEN: Well, I'm  
22 not talking about computer-automated,  
23 mass appraisals; I'm talking about, you  
24 know, good, old-fashioned, the way we've  
25 done it for many years, appraisal of



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 priorities.

3 MR. KEENE: No, we're not  
4 planning on doing that this year.

5 COUNCILMAN GREEN: So it's your  
6 testimony that for 18 months, basically  
7 nobody's property will be assessed or  
8 changed so that every person whose  
9 property is currently overassessed will  
10 continue to pay a higher burden than the  
11 law should require them to pay.

12 MR. KEENE: Well, anyone who is  
13 overassessed is open to file an appeal  
14 and have that case heard. Or they can  
15 just -- they can file an inquiry with the  
16 Citizens Service Unit, and we'll take a  
17 look at those properties.

18 We have been looking at a  
19 number of them. Even since December,  
20 we've been looking at a number of them  
21 that are teardowns. There have been a  
22 number of reductions that have been put  
23 through on properties that appear to be  
24 overvalued.

25 COUNCILMAN GREEN: So it's your

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 testimony that it's up to the public to  
3 be proactive and that the BRT, for the  
4 next 18 months, with respect to real  
5 property values for homeowners in the  
6 City, will be only reactive and will only  
7 address an overvalued situation when the  
8 homeowner comes in and makes an appeal  
9 themselves.

10 MR. KEENE: No, that's not  
11 exactly accurate.

12 We're finding, through  
13 inspections and through permit work, that  
14 there are reductions that are warranted,  
15 and we're going ahead and making those  
16 reductions on a routine base.

17 COUNCILMAN GREEN: And what  
18 about, when you're finding through permit  
19 work or new-building permits or your  
20 visual inspections, that properties are  
21 undervalued?

22 MR. KEENE: We're not  
23 revaluing -- doing routine revaluations  
24 at this time; we're working under a  
25 moratorium on routine reassessment.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCILMAN GREEN: I'm sorry.

3 And what court ordered the moratorium?

4 MR. KEENE: That was done by  
5 agreement with the Mayor.

6 COUNCILMAN GREEN: So you have  
7 a self-imposed moratorium.

8 MR. KEENE: Yes.

9 COUNCILMAN GREEN: But you're  
10 no longer working with the Mayor; isn't  
11 that correct?

12 MR. KEENE: Well, our feeling  
13 was that as long as the data is not  
14 correct and that we cannot guarantee that  
15 the reassessment's going to be uniform  
16 and going to be accurate, that we're  
17 essentially --

18 COUNCILMAN GREEN: Well, with  
19 respect to any particular property that's  
20 undervalued or overvalued, by changing  
21 the value to its proper value based on  
22 the methods that have been used for a  
23 hundred years, aren't you making the  
24 system then more uniform even though we  
25 haven't achieved the goal of every

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 property being exactly uniform, which, of  
3 course, is not going to be achievable in  
4 the first instance.

5 MR. KEENE: Well, our -- we've  
6 done analysis on looking at small types  
7 of projects where we try to address  
8 specific properties. And in terms of the  
9 industry-standard measurements, they  
10 don't really improve uniformity.

11 In other words, we're not --

12 COUNCILMAN GREEN: So you're  
13 going to continue the self-imposed  
14 moratorium and continue in place, with  
15 making no progress for 18 months, the  
16 nonuniform and illegal nature of our  
17 property-assessment system; that's your  
18 testimony?

19 MS. MEADE: May I interject for  
20 a moment?

21 COUNCILMAN GREEN: Absolutely.

22 MS. MEADE: I think it's  
23 important to understand that the -- up  
24 until April 5th of 2010, the board was  
25 operating under a memorandum of

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 understanding. And in the -- with that,  
3 a Mr. Richard Negrin was in charge, as  
4 Executive Director, of the Assessment  
5 Unit the moratorium. The moratorium, it  
6 is my understanding, was a moratorium  
7 that was placed by the Mayor of the City  
8 of Philadelphia.

9 At this time, the board has  
10 been, for the past two weeks, trying to  
11 negotiate with the Mayor to see if  
12 Mr. Negrin would return to his position  
13 as Acting Executive Director. The  
14 board -- it appears that in the absence  
15 of the memorandum of understanding,  
16 that's not going to happen.

17 And at this time, the board has  
18 not taken any action in terms of what  
19 will occur with the assessment  
20 functioning. But ideally and  
21 specifically, we would be in charge of  
22 that function, and we will be doing that  
23 over the next few weeks in terms of  
24 making a determination as to how we will  
25 go forward at this time.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 I understand your concern

3 because there is the concern that we  
4 cannot continue to perpetuate and do no  
5 activity in the face of nonuniformity.

6 We're convinced still that the  
7 appropriate way to handle the issue of  
8 uniformity, fairness, and equity is to go  
9 forward with actual value. But absent  
10 being able to go forward immediately with  
11 actual value, then we do need to review  
12 what should be done and what must be done  
13 so that the system doesn't stay as  
14 unequal as it is.

15 And we haven't evaluated that  
16 at this time, over the past couple of  
17 weeks.

18 COUNCILMAN GREEN: Well, I  
19 appreciate that.

20 With respect to, you know, the  
21 process, the way the appraisal process  
22 works, a value is generated, it's sent to  
23 a homeowner, there's an opportunity for  
24 appeal. The data that I've come through  
25 basically has -- and you know, based on

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Inquirer reports and other things,  
3 basically is fairly accurate. There are  
4 some anomalies, there are situations  
5 where you have homes listed with no  
6 bathrooms that obviously have bathrooms.

7 But the value that the CAMA  
8 system put on them with the data that  
9 even existed is fairly -- fairly close to  
10 accurate, even without all of the data  
11 points.

12 MS. MEADE: Yes.

13 COUNCILMAN GREEN: And so, my  
14 question is: Why wouldn't we roll out  
15 the system and allow an appeals process,  
16 even an extended appeals process, give  
17 people two years' notice as to what their  
18 value is going to be, send people -- so  
19 that you could start gathering  
20 information through -- you know, through  
21 the responses of people.

22 Here's the data on your  
23 property that we have, here's a direct  
24 mailing. Based on this, we think your  
25 value is X. Please, you know, if you

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 disagree with this valuation, you know,  
3 check these boxes off for us, which is  
4 data you don't have, and then get that  
5 data back.

6 I mean, there's so many things  
7 you can do rather than waiting for  
8 someone -- you know, rather than waiting  
9 for the big bang of, you know, computer-  
10 assisted, mass appraisal with every  
11 single necessary data point, which is an  
12 unachievable goal; we're not going to  
13 have any data point.

14 I mean, I just feel like you  
15 have to make progress.

16 MS. MEADE: And, Councilman  
17 Green, as I said, the board has not  
18 officially over the past weeks, now  
19 that's taken the reins again, taken any  
20 action on that.

21 But speaking for myself, as  
22 Chairman, and what I've seen and the  
23 information that also was shared at  
24 meetings that we had with Council with  
25 the preliminary numbers, it appears that



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 there is a satisfactory level of accuracy  
3 in the numbers.

4 They're not perfect. But, as  
5 you said, there will never be a perfect  
6 system. That's why the International  
7 Association of Assessors has standards  
8 that are utilized and coefficients of  
9 dispersions and other standards that  
10 express that if you're within those  
11 standards citywide, then it is acceptable  
12 to utilize those numbers.

13 There was some concern about  
14 commercial numbers, which our people were  
15 working on and are working on.

16 The residential numbers, there  
17 was a high level of comfort with those,  
18 they were within the coefficient of  
19 dispersion.

20 And all I can say right now is,  
21 I have a belief, a strong belief, that we  
22 can take action sooner as opposed to  
23 later.

24 And, as I said, the board has  
25 to take it up; I can't speak for the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 board on this issue, but I can tell you  
3 the board's intent over the next few  
4 weeks is to review this issue and to take  
5 some action.

6 COUNCILMAN GREEN: Okay. So  
7 just so I'm clear, it's your testimony  
8 that you are within the statistical  
9 boundaries that would say that even the  
10 CAMA valuations, the mass-appraisal  
11 valuations, generated are accurate enough  
12 to go live.

13 MS. MEADE: Right. And  
14 understand, I'm basing this upon the  
15 statistical information that's provided  
16 to me by staff and by the consultants  
17 that we hired.

18 Where I saw a problem based  
19 upon their data was in the commercial  
20 areas. And we're working on those  
21 commercial areas, and the staff is  
22 working on those commercial areas now.

23 Mr. Robert Zambrano, who's in  
24 charge of that, is out today, so he can't  
25 speak on how far along they've come.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 But as I said, as soon as that  
3 information is available, then we can  
4 review and make a determination of how to  
5 proceed at that point.

6 COUNCILMAN GREEN: Okay. So  
7 just to sum up the questioning and the  
8 testimony, you're -- you agree that the  
9 system is currently nonuniform.

10 You are planning currently,  
11 until the board meets, to wait 18 months  
12 to really do anything about that.

13 And the data which is currently  
14 available to the BRT, which could be sent  
15 out to property owners for residential,  
16 is within the statistical variance --

17 MS. MEADE: Right.

18 COUNCILMAN GREEN: -- such that  
19 it would meet the international appraisal  
20 standards.

21 MS. MEADE: Mr. Levin wants to  
22 speak, but before he does, may I clarify  
23 that point, that on the issue, the second  
24 issue, I believe it was, and that was the  
25 waiting of 18 months, that was not my

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 testimony to wait 18 months.

3 COUNCILMAN GREEN: Okay.

4 MS. MEADE: My testimony was  
5 that the board has not reviewed as a  
6 matter of policy that issue, and we would  
7 be reviewing that issue now that we're  
8 back at the helm.

9 COUNCILMAN GREEN: Would you  
10 please provide the Chair what the  
11 resolution to those issues are going to  
12 be?

13 MS. MEADE: Well, and that  
14 would end up being a public meeting.

15 COUNCILMAN GREEN: Okay.

16 MS. MEADE: So there will be  
17 proper notice.

18 COUNCILMAN GREEN: I have no  
19 more questions at this time.

20 Thank you.

21 MS. MEADE: Thank.

22 Oh, and Mr. Levin wanted to --

23 MR. LEVIN: No, no, no.

24 MS. MEADE: Oh, you're fine?

25 Oh, okay.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCIL PRESIDENT VERNA:

3 Mr. Levin, did you want to add to the  
4 testimony that's been given? Do you want  
5 to be recognized?

6 MR. LEVIN: I have nothing to  
7 add at this time, Madam President.

8 COUNCIL PRESIDENT VERNA: Thank  
9 you.

10 The Chair recognizes Councilman  
11 Jones.

12 COUNCILMAN JONES: Thank you,  
13 Madam President.

14 Miss Meade, Mr. Levin, I guess  
15 Bill did a really -- well, Councilman  
16 Green did a really good job of trying to  
17 get to the question of valuation and what  
18 its impacts were.

19 I'm going to go to a more human  
20 concern. Since this last fiscal year and  
21 the requirement for the staff to make  
22 their shifts and also take civil service  
23 tests, what has been the net impact on  
24 your workforce? What percentage of staff  
25 have actually passed that test?

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MS. MEADE: Again, I can't  
3 speak to that issue because that's --  
4 that issue was handled specifically by  
5 the City Administration through  
6 Mr. Negrin, the Mayor, the Finance  
7 Department, and the School District.  
8 Basically, the information I have is one  
9 of rumor.

10 The one thing that I can say  
11 about the entire transition is that --  
12 and, again, in my opinion, speaking just  
13 for myself -- the staff is very upset,  
14 they don't seem to have a clear  
15 understanding of what's going to happen  
16 to them.

17 And since we're on this  
18 subject, I'm not speaking to the issue of  
19 whether or not it should occur; that's  
20 something that I think it's appropriate  
21 for City Council, the City  
22 Administration, and the School District  
23 to determine how that money is utilized.

24 However, I do want to say that  
25 we have people who work for the School

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 District, are School District employees,  
3 who are very valued employees. And I  
4 hate seeing them go through this  
5 difficulty, because they've worked hard  
6 over the years.

7 They've been slandered because  
8 they are committee people; some of them  
9 are committee people or ward leaders and  
10 active in politics actually. So they're  
11 actually slandered almost to the point of  
12 being abused by the media and by others  
13 because they care to participate in the  
14 democratic process and because they care  
15 about their city and because they  
16 volunteer and work hard to do things that  
17 they want to do.

18 There's the image that, as  
19 employees that have that kind of  
20 relationship, that they are people who  
21 don't do a good job. And to the  
22 contrary; those are some of the people  
23 who have the most interest in the person  
24 who walks through our door and who needs  
25 assistance.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 And those are also the people  
3 who importantly will get the information  
4 out about the Board of Revision of Taxes,  
5 how to file an appeal, any revenue  
6 programs, and anything else by virtue of  
7 what they do.

8 So I can't answer that  
9 question; I have to refer you to the City  
10 Administration, I have to refer you to  
11 the School District.

12 I just want to state for the  
13 record that we have should very valued  
14 people who work there, and I hope it  
15 works out for each and every them.

16 COUNCILMAN JONES: And I've  
17 said this about different departments in  
18 the name of reform, which we all, all of  
19 us, are for.

20 MS. MEADE: Absolutely.

21 COUNCILMAN JONES: There's  
22 sometimes unintended consequences,  
23 whether we talk about the private sector  
24 and Enron, whether we talk about the  
25 public sector here, the people who wind



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 up paying the heaviest toll are the  
3 people who have the least ability to  
4 impact public policy. And I'm going to  
5 save those questions, in fact, for the  
6 Administration and the School Board.

7 But you haven't noticed any --  
8 you haven't heard of any change in  
9 requirements, early requirements? These  
10 are things that I am hearing.

11 MS. MEADE: Yes, we have had  
12 several people who have spoken about  
13 retiring, a few who have chosen to  
14 retire. I can have our Administrative  
15 Services director speak on that as well.

16 What I've heard from School  
17 Board employees, some of them share with  
18 me, is that many of them don't want to  
19 give up the right to be active in the  
20 political spectrum on the level in which  
21 they participate, and that concerns them.

22 And I would only want to point  
23 out, in the spirit of reform, whether or  
24 not you participate in politics, it  
25 doesn't dictate whether or not you do a

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 good job.

3 And I think -- I believe that  
4 our own -- the City's own Ethics  
5 Commission has suggested that it would be  
6 appropriate even for civil service  
7 employees, in their opinion, to be  
8 active.

9 So that's the problem. They  
10 signed on for a job where they had  
11 that -- with the School District, that  
12 ability. And now, some of them being  
13 faced with not having that, have chosen  
14 to take another course.

15 But if you want specifics on  
16 numbers, then Miss Daniel -- this is Miss  
17 Veronica Daniel, who is our  
18 Administrative Services Director.

19 COUNCIL PRESIDENT VERNA: Pull  
20 a chair up.

21 (Witness comes forward.)

22 COUNCIL PRESIDENT VERNA:  
23 Please identify yourself for the record.

24 MS. DANIEL: My name is  
25 Veronica Daniel. I'm the Administrative

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Services Director for the Board of  
3 Revision of Taxes.

4 COUNCILMAN JONES: Good  
5 afternoon.

6 MS. DANIEL: Hi.

7 COUNCILMAN JONES: Did you hear  
8 my question? I wanted to get a sense of  
9 what the reform movement's impacts were  
10 on the workforce, so you can start by  
11 telling me the exact number you have  
12 onboard now.

13 MS. DANIEL: The School  
14 District employees?

15 COUNCILMAN JONES: Yes, the  
16 School District employees.

17 MS. DANIEL: We have 70. We  
18 started off the beginning of the year  
19 with 80 employees; and right now, we have  
20 70.

21 COUNCILMAN JONES: Is that  
22 above or below the normal attrition rate  
23 for that department?

24 MS. DANIEL: It's probably  
25 above. We've had some employees who left

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 specifically because they knew about the  
3 process of becoming City employees, so  
4 some employees have taken on other  
5 positions.

6 COUNCILMAN JONES: And did you  
7 do an analysis to see what the skill  
8 levels were? Are these -- vital are  
9 these upper-end professionals, are these  
10 clerks? Are these -- did you look at  
11 what the actual job descriptions were  
12 that were impacted by that?

13 MS. DANIEL: We didn't, but  
14 they all are clerks. All of the titles  
15 -- well, we have a couple of different  
16 functions for the School District staff.  
17 But for the most part, the titles are all  
18 Real Property Assistants. Some of them  
19 might serve as court officers, and we  
20 have a couple who do personnel work.

21 But they're all clerks.

22 COUNCILMAN JONES: And are you  
23 aware of any statistics of the number of  
24 people that have actually taken the test?

25 MS. DANIEL: Out of the --

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 well, the current 70 employees, there are  
3 44 total employees who are on the City  
4 list. There's two existing lists, and  
5 the total for both lists are 44.

6 COUNCILMAN JONES: So do they  
7 have their scores? Did they pass, all of  
8 them pass?

9 MS. DANIEL: The 44 passed,  
10 yes.

11 COUNCILMAN JONES: All right.  
12 And are the remaining balance scheduled  
13 to take a test?

14 MS. DANIEL: The test was given  
15 once. There were, I believe,  
16 50-something applicants. And out of the  
17 50-something applicants, there were 44  
18 who passed the exam.

19 Not all of the employees chose  
20 to take the exam, so they didn't all  
21 apply.

22 COUNCILMAN JONES: So when you  
23 say did not apply, is that in addition to  
24 the ten people that have opted to retire?  
25 This is another number, or is that a

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 combined number?

3 MS. DANIEL: It's a combined  
4 number; it's including.

5 So we began the year with the  
6 80. And out of the 80, a total of 10  
7 have left. But during that whole  
8 process, 50-something of them applied for  
9 the civil service position, and then 44  
10 passed.

11 COUNCILMAN JONES: What happens  
12 to the people who have failed?

13 MS. DANIEL: I don't know.

14 COUNCILMAN JONES: So --

15 MS. DANIEL: I mean, we --  
16 there has been some discussion about what  
17 the process would be. And the only thing  
18 that I have been told is that there would  
19 be a definite end and a definite  
20 beginning to civil -- there would be a  
21 definite end to School District  
22 employment and a beginning to civil  
23 service.

24 COUNCILMAN JONES: Okay. So we  
25 can assume that on top of the ten, there

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 will be another group that joins the ten?

3 MS. DANIEL: On the

4 unemployment lines?

5 COUNCILMAN JONES: Yes.

6 MS. DANIEL: Yeah, we could

7 assume that.

8 COUNCILMAN JONES: So what

9 would that total number be out of the 70?

10 MS. DANIEL: Well, out of the

11 70 that's left, it's 70 minus 44, so we

12 have 44 eligibles out of 70.

13 COUNCILMAN JONES: And no one

14 else is scheduled to take this test?

15 MS. DANIEL: The test can be

16 re-given. I mean, as a personnel

17 manager, I would anticipate that we would

18 need to, because I can't anticipate that

19 we would be able to continue what we do

20 now, going from a staff of 80 to a staff

21 of 44.

22 So my anticipation is that we

23 would definitely need to retest. And

24 those who have not passed the first

25 go-around would get an opportunity to

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 retest.

3 COUNCILMAN JONES: Has it

4 impacted productivity in any way?

5 MS. DANIEL: I'm sorry?

6 COUNCILMAN JONES: Has it

7 impacted productivity in any way?

8 MS. DANIEL: I can't personally

9 can't tell because, for the most part, my

10 work is in personnel, so I basically am

11 dealing with, you know, those functions.

12 So in terms of how it has

13 affected the Real Property section of the

14 department, I don't know.

15 COUNCILMAN JONES: Thank you,

16 Madam President.

17 COUNCIL PRESIDENT VERNA:

18 You're welcome.

19 The Chair recognizes Councilman

20 Goode.

21 COUNCILMAN GOODE: Thank you,

22 Madam President.

23 Good afternoon, Miss Meade.

24 I believe it was about last

25 year when you testified at budget



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 hearings that you release data from the  
3 Actual Value Initiative?

4 MS. MEADE: That we released it  
5 or that we would release it?

6 COUNCILMAN GOODE: That you  
7 released data from the Actual Value  
8 Initiative.

9 MS. MEADE: I'm sorry. I don't  
10 understand that.

11 COUNCILMAN GOODE: You released  
12 data from the Actual Value Initiative  
13 last year at the budget time.

14 MS. MEADE: Yes. That was  
15 around budget time? Yes, that was --  
16 I've lost track of time. I'm sorry.

17 Yes, that was around the budget  
18 time.

19 COUNCILMAN GOODE: And at that  
20 point, how accurate did you believe that  
21 data was a year ago?

22 MS. MEADE: We -- the -- we  
23 made a presentation to Councilmember on  
24 that data. I did not -- did anyone bring  
25 that information?

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2                   Yeah, I did not bring that  
3 information. But within that  
4 information -- and we'll get it for you  
5 -- it expresses how close to what are  
6 called the coefficient of dispersion,  
7 which basically is how accurate the data  
8 is. And that basically -- it shows --  
9 the number that is coefficient of  
10 dispersion is by, IAAO standards, 15  
11 percent is acceptable.

12                  Because this is an urban area,  
13 it's 20 percent acceptability, yeah. And  
14 that means that there are 15 to 20  
15 percent that may need to be looked at,  
16 and there are 80 percent that were right  
17 on point.

18                  And the staff was looking at  
19 that 20 percent -- that percentage that  
20 was not within the acceptable range to  
21 try to refine those points.

22                  COUNCILMAN GOODE: So you  
23 believed 80 percent of the data to be  
24 accurate last year?

25                  MS. MEADE: For the most part,

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 in the residential area. As I testified,  
3 what we saw was, there were some concerns  
4 with the commercial area.

5 And what had happened was that  
6 the commercial numbers had not been done  
7 by computer; they had been done  
8 individually by staff. And that's the  
9 area that needed the most concentration.

10 And so, the thinking was, while  
11 staff reviewed and refined the commercial  
12 data to try to get those -- the  
13 commercial data within the acceptable  
14 range, that a refinement would be done to  
15 bring those areas of the residential that  
16 were outside in to even make the numbers  
17 better.

18 COUNCILMAN GOODE: So with  
19 regard to the residential data that was  
20 considered to be 80 percent accurate, how  
21 does that compare to the assessment  
22 process previous to the Actual Value  
23 Initiative?

24 MS. MEADE: Previous to? It  
25 was impressive. And...

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCILMAN GOODE: Let's start  
3 with saying, was the work done that was  
4 released last year the most accurate  
5 assessment that has been done during your  
6 tenure?

7 MS. MEADE: During my tenure,  
8 yes. And even our consultant, I think,  
9 Kevin Gillen, was one who was impressed  
10 with that, and he has done quite a bit of  
11 this work that clearly it was so much  
12 better than had been done before. And he  
13 acted as consultant for us in doing that.

14 But previous to that, one of  
15 the reasons we chose him, he was also one  
16 of the critics, when articles were done  
17 by Tony Wood and other people in the  
18 paper in terms of looking at the crisis  
19 of uniformity within the City.

20 COUNCILMAN GOODE: Is there  
21 anything that has been revealed last year  
22 with regard to that data from the Actual  
23 Value Initiative as it relates to the  
24 residential properties that would suggest  
25 that it's not 80 percent accurate?

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. LEVIN: Let me answer.

3 MS. MEADE: Oh.

4 MR. LEVIN: Councilman --

5 partially in response to your question,

6 also, Councilman Green, we have been

7 advised by our experts --

8 COUNCIL PRESIDENT VERNA: I'm

9 sorry. Would you identify yourself for

10 the record, please.

11 MR. LEVIN: I'm sorry?

12 COUNCIL PRESIDENT VERNA:

13 Identify yourself for the record.

14 MR. LEVIN: Oh, I'm sorry. I'm

15 Harvey Levin, Vice Chairman of the Board

16 of Revision of Taxes.

17 We have been advised by our

18 experts -- and that's the same folks that

19 were used by the Tax Reform Commission --

20 that about 385,000 single-family row

21 dwellings and semidetached row dwellings,

22 one- to four-family units, were, in fact,

23 good to go; meaning that those actual

24 value numbers would fall within the 15

25 percent standard deviation that is

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 acceptable by IA00.

3 COUNCILMAN GOODE: So to you,  
4 nothing has been proven since last year  
5 that the residential data from the Actual  
6 Value Initiative is not at least 80  
7 percent accurate.

8 MR. LEVIN: Well, the numbers  
9 that I just gave you are the ones that we  
10 were fully confident of.

11 And these numbers, by the way,  
12 so we're clear, were given to us about  
13 eight or nine months ago, so there's been  
14 more data input. I doubt if there's been  
15 any measurable change in the market that  
16 would take them outside of that  
17 acceptable means of standard deviation.

18 COUNCILMAN GOODE: So the game  
19 plan was to redo the commercial property  
20 assessments and to update and sort of  
21 perfect the residential assessments.

22 I guess my question is, at some  
23 point, we've moved into a memorandum of  
24 understanding with the City and the BRT.  
25 Under that memorandum of understanding,

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 who actually has the authority to impose  
3 a moratorium on assessments?

4 MR. LEVIN: Well, if I could  
5 finish answering your questions, other  
6 than the 380 or 385,000 single-family  
7 dwellings, specifically the commercial  
8 properties, industrial properties,  
9 special-purpose properties, multifamily  
10 over four units, they were not ready to  
11 go; we were not confident that the actual  
12 values were ready to go.

13 And that's what our staff is  
14 focusing on, getting those  
15 (indiscernible).

16 So I just want to be clear on  
17 that, where we are on actual value.

18 COUNCILMAN GOODE: Okay. Under  
19 the memorandum of understanding, who has,  
20 or had, the authority to impose a  
21 moratorium on assessments?

22 MS. MEADE: And with all due  
23 respect to everybody in the City, the  
24 Mayor believes that he and the  
25 Administration had the authority to

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 impose the moratorium. We weren't  
3 consulted about the moratorium, so he  
4 believes he has that authority.

5 And I only say that because he

6 --

7 COUNCILMAN GREEN: The  
8 memorandum of understanding was between  
9 two parties.

10 MS. MEADE: Yes.

11 COUNCILMAN GOODE: Who do you  
12 believe has, or had, the authority --  
13 well, there's no longer a memorandum of  
14 understanding.

15 MS. MEADE: Right.

16 COUNCILMAN GOODE: So who do  
17 you believe had the authority to impose a  
18 moratorium on property assessments under  
19 the memorandum of understanding?

20 MS. MEADE: I believe that the  
21 board has that authority by state  
22 statute. And I believe that while the  
23 memorandum of understanding was in place  
24 that the board, and only the board, had  
25 that authority. And I believe now the



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 board has that authority.

3 COUNCILMAN GOODE: So did the  
4 board agree to a moratorium on property  
5 assessments?

6 MS. MEADE: No, we did not --  
7 we were not -- we did not participate.  
8 We weren't asked about that. We heard  
9 the announcement.

10 COUNCILMAN GOODE: Does the  
11 board want and a moratorium on property  
12 assessments?

13 MS. MEADE: Now, the board  
14 hasn't taken any action and had any  
15 discussion, so I would have to talk to  
16 the board about that.

17 COUNCILMAN GOODE: And just  
18 lastly, is there a moratorium on property  
19 assessments?

20 MS. MEADE: According to the...  
21 I would refer you to the Administration  
22 on that, but I would -- but my statement  
23 stand.

24 COUNCILMAN GOODE: What  
25 authority would the Administration have

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 --

3 (Indiscernible; parties talking  
4 over each other.)

5 MS. MEADE: Councilman Goode,  
6 I'm trying not to get into a, a... Well,  
7 I guess we're already in the middle of  
8 it, so it doesn't matter.

9 COUNCILMAN GOODE: We're at a  
10 budget hearing.

11 MS. MEADE: What I would say  
12 is, my statement remains the same; and  
13 that is that the Board of Revision of  
14 Taxes, the seven board members, are  
15 charged with setting policy, and it would  
16 be the board that would have to set the  
17 moratorium for it to be a legal  
18 moratorium and an appropriate moratorium.

19 (Indiscernible; parties talking  
20 over each other.)

21 COUNCILMAN GOODE: My final  
22 question was: Is there a moratorium on  
23 property assessments?

24 MS. MEADE: Right. And with  
25 all due respect, I have to let the answer

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 stand that I stated.

3 COUNCILMAN GOODE: Okay. Thank  
4 you.

5 Thank you, Madam President.

6 MS. MEADE: And thank you.

7 COUNCIL PRESIDENT VERNA:

8 You're welcome.

9 The Chair recognizes Councilman  
10 Green.

11 COUNCILMAN GREEN: So, just  
12 picking up on Councilman Goode's  
13 excellent questions, the BRT is in  
14 charge. The BRT has not officially  
15 declared a moratorium. The BRT is  
16 required by state law to uniformly value  
17 all priority at actual cost. The BRT has  
18 certainty within the required standards  
19 that 380 to 85,000 homes can be  
20 reassessed and sent appraisal notices.

21 Do you feel that you're  
22 fulfilling your duty if you don't, when  
23 you have a different value on a property  
24 that you believe is different than the  
25 value on your rolls, and you can compare

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 what's in the CAMA system to what's on  
3 your actual rolls, do you not believe you  
4 have a duty to that property owner to  
5 send them an assessment with what you  
6 believe to be actual value within the  
7 required standards?

8 MS. MEADE: Right. We do have  
9 a duty. The assessors are still working  
10 on that issue and to move it forward  
11 because we need to have --

12 (Indiscernible; parties talking  
13 over each other.)

14 COUNCILMAN GREEN: No, no, I'm  
15 talking about the properties that  
16 Mr. Levin testified to, to which you have  
17 the required certainty under appraisal  
18 standards.

19 MS. MEADE: Right. Before --

20 COUNCILMAN GREEN: You don't  
21 have to do it all at once; I mean, you  
22 never did in the past, right? You know  
23 380,000 properties that you think are  
24 accurate, that's your testimony.

25 What legal right do you have,

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 under state law, not to send out an  
3 assessment that you think is accurate if  
4 that property is not currently assessed  
5 within those standards?

6 MS. MEADE: Well, there is the  
7 issue of the requirement that the  
8 citywide assessment include all  
9 properties citywide. And so, we --

10 COUNCILMAN GREEN: That's just  
11 --

12 MS. MEADE: So keeping -- what  
13 we -- what our goal -- our goal was to  
14 have commercial and residential, all of  
15 the properties --

16 COUNCILMAN GREEN: I understand  
17 that's your goal, but we're not going to  
18 get there for 18 months. That's not the  
19 question.

20 The question is: Will sending  
21 out those 380,000 property assessments  
22 make the system more uniform today, more  
23 uniform than today, or less uniform than  
24 today? And based on the testimony I have  
25 heard so far today, it would make the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 system more uniform.

3 MS. MEADE: Looking at the  
4 university of those 385,000 properties?

5 COUNCILMAN GREEN: Looking at  
6 the university of the entire City, would  
7 it become more uniform or less uniform if  
8 you were to send out those assessments?

9 MS. MEADE: Why I'm hesitant is  
10 because there is a charge to do the  
11 assessments citywide and to --

12 COUNCILMAN GREEN: Of course  
13 there are, but you don't annually send  
14 out assessments on every single property;  
15 you get to what you can get to. You got  
16 to 380,000.

17 MS. MEADE: Well, with the  
18 Actual Value Initiative, our goal was to  
19 do the entire City.

20 COUNCILMAN GREEN: That's not  
21 state law, though.

22 MS. MEADE: Mm-hmm.

23 COUNCILMAN GREEN: That's a  
24 goal.

25 MS. MEADE: Well, state law

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 says citywide assessment.

3 (Indiscernible; parties talking  
4 over each other.)

5 MS. MEADE: But for uniformity  
6 purposes, it has to be for all categories  
7 of --

8 COUNCILMAN GREEN: I  
9 understand. It doesn't require you to do  
10 every property every year.

11 You can make the system more  
12 fair than it is today, and you're  
13 refusing to do so. And I just, you know  
14 --

15 MS. MEADE: No, it's not a  
16 refusal to do so, either; it's not a  
17 refusal to do so.

18 As I've testified and as  
19 Mr. Keene has testified, there's an  
20 ongoing process to work toward improving  
21 the actual-value numbers. That's been  
22 going on since --

23 COUNCILMAN GREEN: But I'm not  
24 talking about properties where you don't  
25 have right; I'm talking about properties

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 that you believe you have right and meet  
3 standards.

4 MS. MEADE: Right. My concern  
5 is, you're isolating one group of  
6 properties, residential.

7 COUNCILMAN GREEN: No, you're  
8 just isolating those properties that you  
9 have the assessment correct on. And you  
10 shouldn't send out an assessment notice  
11 until you have it correct. So you're  
12 working to correct the rest.

13 But once you have it correct,  
14 you have it correct.

15 MS. MEADE: But doing them in  
16 isolation is a problem, I think.

17 COUNCILMAN GREEN: More than  
18 half of all residential properties in the  
19 City is not isolating or targeting any  
20 specific group or neighborhood or  
21 anything else.

22 MS. MEADE: Or maybe the  
23 appropriate answer to that question is  
24 that that's something that the board  
25 should look toward working with Council



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 and if Councilman Green wants to work  
3 with us in terms of your investigations  
4 on that issue.

5 COUNCILMAN GREEN: Well, I go  
6 back to your previous testimony, which is  
7 that it is the BRT's whose job this is.

8 MS. MEADE: It is our job, it  
9 is our job.

10 COUNCILMAN GREEN: Yes.

11 MS. MEADE: But the issue here  
12 is in terms of the view. And our view  
13 and our goal, as I said, is to do  
14 citywide, the citywide assessment  
15 process, not to do it in isolation.

16 COUNCILMAN GREEN: Thank you.

17 MS. MEADE: And I'm  
18 understanding from you that you're  
19 looking at possibly doing one grouping.

20 COUNCILMAN GREEN: I was just  
21 asking you what the law is with respect  
22 to your duty.

23 MS. MEADE: Mm-hmm.

24 MR. LEVIN: Councilman, we're  
25 not sure we can do that, send out one

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 category of properties without a citywide  
3 reassessment; we're not sure.

4 That's a matter that you're as  
5 a qualified to answer as we. It's a  
6 matter of constitutional law, as you well  
7 know. I can only say the status of where  
8 we're at.

9 COUNCILMAN GREEN: What I don't  
10 understand about that response is, every  
11 year you send out assessments that's not  
12 the entire city, and you never have sent  
13 out assessments that is the entire city.

14 So I mean, I guess your  
15 testimony could be that for the entire  
16 history of the BRT, you haven't followed  
17 the law state of the state constitution.  
18 But, you know, that seems that, you  
19 know -- is that your testimony?

20 MR. LEVIN: No. Our testimony  
21 is that we intend to complete actual  
22 value.

23 MS. MEADE: And in terms of  
24 going to a computerized mass-appraisal  
25 system, we've testified before Council

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 previously that one of the needs for that  
3 was because it was difficult to meet the  
4 mandate. And that at best, even with the  
5 previous chairman, he testified that at  
6 best, it was just about a third of the  
7 City was done at any one time oftentimes,  
8 and that that --

9 COUNCILMAN GREEN: Right. But  
10 there's no requirement under state law to  
11 use a computer -- the CAMA system, right?

12 MS. MEADE: No. That's not the  
13 requirement under state law.

14 COUNCILMAN GREEN: Okay.

15 MS. MEADE: But that's what  
16 allows us to do -- would allow us to do  
17 citywide assessment, all properties at  
18 one time. That's why that's needed.

19 COUNCILMAN GREEN: Well, but  
20 you're 80 percent -- but you're within  
21 standards on 385,000 properties.

22 MS. MEADE: That's using a  
23 computer-system mass appraisal --

24 COUNCILMAN GREEN: That's  
25 right.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MS. MEADE: -- on the  
3 residential end.

4 COUNCILMAN GREEN: That's  
5 right. And you're going to continue to  
6 work through that process. And next  
7 year, you'll have more correct; and next  
8 year, you'll have more correct.

9 MS. MEADE: Right. But also,  
10 what we're trying to do -- and maybe  
11 Mr. Keene could best answer this  
12 question -- is to include the commercial.  
13 The commercial properties --

14 COUNCILMAN GREEN: I  
15 understand.

16 MS. MEADE: -- as we said, were  
17 not modeled --

18 COUNCILMAN GREEN: I understand  
19 the point.

20 MS. MEADE: -- as a part of  
21 that.

22 Oh, you understand that, okay.

23 COUNCILMAN GREEN: Yeah. Thank  
24 you.

25 COUNCIL PRESIDENT VERNA: The

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 Chair recognizes Councilman Goode.

3 COUNCILMAN GOODE: Thank you,  
4 Madam President.

5 Miss Meade, we've had a  
6 discussion over several years of budget  
7 hearings about the equalization problem  
8 and the fact that there are areas of the  
9 City that have been historically  
10 overassessed and areas of the City that  
11 have been historically underassessed.

12 MS. MEADE: Mm-hmm.

13 COUNCILMAN GOODE: The question  
14 is: For those residential properties  
15 which you believe are 80 percent --  
16 residential assessments which you believe  
17 are 80 percent accurate, do you know how  
18 many fall in areas that have been  
19 historically overassessed versus areas  
20 that were historically underassessed?

21 MS. MEADE: No. I'd have to  
22 review the data to give you a precise  
23 answer on that; I'm hesitant to give you  
24 the answer.

25 But I know it does fall, for

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 instance, in certain areas in the  
3 Northeast and the Northwest as well,  
4 where, unfortunately, for years, they've  
5 paid the brunt. And I'm going back to,  
6 say, the '90s; where, in the '90s, you  
7 had people -- or properties that were in  
8 other sections of the City that were  
9 possibly at 20 percent of value.

10 We had a project 20, 30, 40  
11 percent -- we had a project at that time  
12 at the board in which we are trying to  
13 bring properties to 70 percent. And  
14 those properties, many of them, when  
15 people would file appeals, you'd see that  
16 they were higher than 85 percent of the  
17 value.

18 So I think clearly in certain  
19 sections. And I think it's important  
20 because it's in the Northwest and  
21 Northeast.

22 COUNCILMAN GOODE: Which areas  
23 have been historically across the City  
24 overassessed?

25 MS. MEADE: Right. I would

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 like to look at the data because the  
3 market has fluctuated so much and  
4 actually look at our chart, but I would  
5 say --

6 COUNCILMAN GOODE: But you just  
7 singled out areas.

8 MS. MEADE: Right, but I can  
9 say that from the '90s going forward,  
10 there have been areas in the Northwest,  
11 Northeast, the far Northeast of  
12 Philadelphia, Northwest Philadelphia,  
13 where there have been issues of  
14 overassessment compared -- if you look  
15 comparatively to the rest the City.

16 COUNCILMAN GOODE: Okay.

17 MS. MEADE: And then there are  
18 areas where --

19 COUNCILMAN GOODE: Are there  
20 other areas of the City that have been  
21 historically overassessed?

22 MS. MEADE: Yes, yes, I'm sure  
23 there are.

24 But, again, as I said, I'd  
25 prefer to be more precise and look at the

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 map. Those two areas stick out in my  
3 mind.

4 COUNCILMAN GOODE: Okay. Let's  
5 say if we don't know which areas have  
6 been overassessed or underassessed at  
7 this moment, let's just say that there  
8 are areas that have been overassessed and  
9 underassessed and that may have changed  
10 since the '90s or it may be a problem  
11 that dates back several decades.

12 MS. MEADE: It does.

13 COUNCILMAN GOODE: If you have  
14 residential assessments that are 80  
15 percent accurate particularly for those  
16 areas that were overassessed for decades,  
17 don't they have a right to relief as soon  
18 as possible?

19 MS. MEADE: Absolutely,  
20 absolutely. I believe that, and that's  
21 why the board went forward, moving to the  
22 Actual Value Initiative, because in doing  
23 the studies about four -- three years ago  
24 and trying to determine how we could  
25 bring everyone to an equal percentage of



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 the value, so establishing uniformity  
3 based upon a percentage, so a 70 percent  
4 of what actual value would be.

5 One of the problems that we  
6 faced was that no matter what we did,  
7 there would be substantial changes for  
8 people. And then, even in trying to do  
9 it, and it would change so much over the  
10 years, that there would need to be a  
11 change in the rate no matter what level  
12 we set it at, because some were so very  
13 high and some were so very low. And  
14 there wouldn't be the level of  
15 transparency or ease.

16 And that's why it became the  
17 simplest way was to look at the law. The  
18 law says to assess at actual value. And  
19 then, instead of trying to do a  
20 percentage of actual value, to place all  
21 of the properties at one hundred percent  
22 of value of what a willing buyer and a  
23 willing seller would do.

24 But, Councilman, I want to say  
25 to you that, um...

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 COUNCILMAN GOODE: Let me just  
3 make a request, which is an information  
4 request.

5 The request is simply that if  
6 you have data that shows which areas have  
7 been historically overassessed and which  
8 areas have been historically  
9 underassessed going back not to just the  
10 '90s, but beyond the '90s, that you share  
11 that data and particularly any mapping of  
12 that data that would show us who has a  
13 right to even more relief due to decades  
14 of overassessment.

15 Thank you, Madam President.

16 COUNCIL PRESIDENT VERNA:

17 You're welcome.

18 Did you want to make a  
19 statement?

20 MS. MEADE: Well, yes, I -- I'm  
21 being told not to make this statement,  
22 but I do want to make this statement.

23 One of the problems -- one of  
24 the problems that the board faces, and  
25 one of the reasons that I believe a lot

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 of the political activity has occurred  
3 around the board, has to do with the  
4 actual value project; it has to do with  
5 just that point.

6 The fact that in going to  
7 actual value, the problem that is faced  
8 by some people in the political sphere is  
9 that their areas may have been depressed  
10 historically over the years in terms of  
11 valuation, that given the percentage of  
12 those who are paying higher and lower,  
13 their people are paying lower in terms of  
14 taxes.

15 We're not the tax man, but  
16 that's how it's perceived in terms of  
17 looking at the value.

18 And the problem that we have is  
19 that there are those in the political  
20 sphere who don't want actual value to  
21 occur and who do all that they can to  
22 impede our progress simply because it  
23 would affect their districts, their  
24 divisions, their areas. And that's one  
25 of the things that we find it difficult

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 in terms of dealing with.

3 So I'm just -- I shouldn't have  
4 said it, but I said it.

5 COUNCILMAN GOODE: If you have  
6 any mapping of that data, then the  
7 mapping will tell the story.

8 MS. MEADE: Right. And we do  
9 have mapping, and we can provide you with  
10 that mapping.

11 COUNCILMAN GOODE: Provide it  
12 through the Chair.

13 Thank you, Madam President.

14 COUNCIL PRESIDENT VERNA: Thank  
15 you.

16 MS. MEADE: Provide it to the  
17 Chair?

18 COUNCILMAN GOODE: Nods head.

19 MS. MEADE: Okay.

20 COUNCIL PRESIDENT VERNA: The  
21 Chair recognizes Councilman Green.

22 COUNCILMAN GREEN: Thank you,  
23 Madam President.

24 I just want to make a few  
25 clarifying points.

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 With respect to the policy of  
3 the BRT, what percentage of actual value  
4 do you send the assessment out based on  
5 today?

6 MS. MEADE: What percentage?

7 COUNCILMAN GREEN: Yes.

8 MS. MEADE: Of actual value?

9 That is --

10 COUNCILMAN GREEN: You  
11 mentioned 70 percent.

12 MS. MEADE: That was a goal.  
13 There was a time in the late '90s and  
14 going into the year 2000 where the --

15 COUNCILMAN GREEN: I'm not --

16 MS. MEADE: No, no. The board  
17 was aiming toward a level, and that was  
18 70 percent at that time.

19 COUNCILMAN GREEN: Okay. So  
20 what --

21 MS. MEADE: That's what I was  
22 referring to.

23 COUNCILMAN GREEN: So what is  
24 the current policy?

25 MS. MEADE: Kevin? Mr. Keene?

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 MR. KEENE: Currently, any  
3 changes that we're making to market  
4 values, we're aiming for a level of about  
5 35 percent of what we think the property  
6 is actual worth.

7 COUNCILMAN GREEN: Okay. And  
8 that's what people are -- that's the  
9 assessed value, 35 percent.

10 MR. KEENE: That's the market  
11 value.

12 COUNCILMAN GREEN: No, the  
13 market value is actual value.

14 MR. KEENE: The market value  
15 that we're putting on properties today in  
16 lieu of going to actual value, which  
17 would be for every property in the City  
18 at one time.

19 COUNCILMAN GREEN: Okay. So  
20 you're taking what you think it's  
21 actually worth, and you're calling the  
22 market value 35 percent.

23 MR. KEENE: That's about the  
24 number we're using, yes.

25 COUNCILMAN GREEN: Okay. So if

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 you could please provide to the Chair  
3 data on the 380,000, 385,000 properties  
4 that Mr. Levin has described in, you  
5 know, a similar format that you had  
6 available last year on a CD, but include  
7 a line for the currently -- so create  
8 market value at the current value on the  
9 rolls, whatever that is, and then market  
10 value based at 35 percent of actual value  
11 provided by CAMA. And then let's look at  
12 what that variance is in two total  
13 columns at the bottom.

14 You with me?

15 MR. KEENE: Yes.

16 COUNCILMAN GREEN: Okay.

17 MS. MEADE: So actual value and  
18 current value.

19 COUNCILMAN GREEN: 35 percent  
20 of actual value. So the way you do it  
21 today, market value, okay?

22 How long would that take you to  
23 do?

24 MR. KEENE: Hmm...

25 COUNCILMAN GREEN: Is Monday

1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 reasonable?

3 MR. KEENE: Oh, Monday's

4 definitely not reasonable.

5 COUNCILMAN GREEN: It's just

6 all in the CAMA already, isn't it?

7 MR. KEENE: Um...

8 COUNCILMAN GREEN: Do you know

9 what current value -- I mean, I could --

10 I can send someone over.

11 MS. MEADE: Do you have to

12 prepare a program?

13 MR. KEENE: Well, we'd have to

14 take everything that was done for actual

15 value and come up with a percentage of

16 that.

17 (Discussion continues off-mic.)

18 COUNCILMAN GREEN: Two weeks?

19 Can you do it in two weeks?

20 MR. KEENE: Probably in a week

21 or two we could probably get that done.

22 COUNCILMAN GREEN: A week or

23 two.

24 MR. KEENE: Yes.

25 COUNCILMAN GREEN: Okay. So --



1 4.20.10 - COMMITTEE OF THE WHOLE - 2011 BUDGET

2 great. So --

3 MS. MEADE: We'll say two weeks

4 to be sure --

5 COUNCILMAN GREEN: Two --

6 MS. MEADE: Two weeks.

7 COUNCILMAN GREEN: Two Tuesdays

8 from today.

9 Thank you very much.

10 COUNCIL PRESIDENT VERNA: Are  
11 there any other questions from members of  
12 the committee?

13 (No further questions.)

14 COUNCIL PRESIDENT VERNA:

15 Seeing none, thank you very much.

16 This committee will stand in  
17 recess until Wednesday, April 21, at  
18 10 a.m.

19 Thank you very much.

20 (Proceedings end at 3 o'clock  
21 p.m.)

22 \* \* \*

23

24

25

1

2

## C E R T I F I C A T E

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I HEREBY CERTIFY that the  
proceedings of the City of Philadelphia  
Council Committee of the Whole are contained  
fully and accurately in the stenographic notes  
taken by me on Tuesday, April 20, 2010, and  
that this is a true and correct statement of  
same.

---

JOSEPHINE CARDILLO  
Registered Professional Reporter

(The foregoing certification of  
this transcript does not apply to any  
reproduction of the same by any means, unless  
under the direct control and/or supervision of  
the certifying reporter.)

