

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON COMMERCE AND ECONOMIC
DEVELOPMENT

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, October 26, 2016
1:25 p.m.

PRESENT:

COUNCILMAN CURTIS JONES, JR., CHAIR
COUNCILWOMAN CINDY BASS
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN ALLAN DOMB
COUNCILMAN DEREK S. GREEN
COUNCILWOMAN HELEN GYM
COUNCILMAN BOBBY HENON
COUNCILMAN KENYATTA JOHNSON
COUNCILMAN DAVID OH
COUNCILWOMAN CHERELLE L. PARKER
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILWOMAN MARIA QUINONES-SANCHEZ
COUNCILMAN AL TAUBENBERGER

RESOLUTION 160310 - Resolution authorizing the
Committee on Commerce and Economic Development
to conduct hearings to examine the
inclusiveness, transparency and efficiency of
the City of Philadelphia's processes for the
procurement of professional services, capital
programs and commodities.

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COUNCILMAN JONES: Good
afternoon, everyone. We are convening
the Committee on Commerce and Economic
Development and a public hearing
referencing Resolution No. 160310.

Ms. Williams, will you please
read the title of the resolution.

THE CLERK: A resolution
authorizing the Committee on Commerce and
Economic Development to conduct hearings
to examine the inclusiveness,
transparency and efficiency of the City
of Philadelphia's processes for the
procurement of professional services,
capital programs and commodities.

COUNCILMAN JONES: Thank you.
Joining me to my right is
Councilman Johnson. To my left,
Councilwoman Parker, Councilman Domb, and
Councilwoman Reynolds Brown, and also
here is the author of the resolution,
Councilwoman Sanchez.

I'd like to do brief opening
remarks and then turn it over to the

1 10/26/16 - COMMERCE - RES. 160310
2 author of this resolution. And I just
3 want to say that over the last few
4 decades, even before I joined Council, I
5 experienced what the influence of
6 economic development opportunities can be
7 to communities and witnessed firsthand
8 the power of creating jobs and even
9 wealth among passionate entrepreneurs who
10 just needed an opportunity to become
11 successful, sometimes with very little
12 else than some capital and a lot of
13 guidance.

14 The Center City skyline has
15 evolved, Councilman Domb, and has
16 progressed and it is a really -- when
17 you're coming in 95, it's really
18 beautiful seeing how over time the City
19 skyline has grown.

20 What I think the emphasis of
21 Council is today is to make sure that
22 every one of the 48 zip codes represented
23 in the City of Philadelphia feels that
24 same type of prosperity. I am very
25 encouraged by our new Mayor's commitment

1 10/26/16 - COMMERCE - RES. 160310
2 to creating opportunities in every
3 neighborhood. Mayor Kenney understands
4 how to harness the power of City
5 government to support, encourage, and
6 facilitate job creation opportunities for
7 everyone, particularly our young people,
8 returning citizens, and small businesses.

9 I want to recognize my
10 colleague's resolution that 11 sponsors
11 of our 17 members supported the call for
12 diversity and inclusion that brings us
13 here today.

14 I will provide an opportunity
15 for members to say a few words in that
16 regard. First, let me thank the
17 Administration for joining us here today
18 and having conversations, and I want to
19 recognize Councilwoman Sanchez, who is
20 the prime sponsor of this resolution, for
21 opening remarks.

22 COUNCILWOMAN SANCHEZ: Thank
23 you, Chairman Jones. I want to thank
24 everyone on the Committee, the members,
25 and some of the Council colleagues who

10/26/16 - COMMERCE - RES. 160310

have helped frame the discussion, the robust discussion that I hope we have here today, and like you, I want to add that I want to thank the Mayor for articulating a very sweeping vision of how we create jobs and advance opportunities for all Philadelphians.

Mayor Kenney organized his Five Year Plan around five key issue areas - education, economic opportunity, public safety, effective and efficient government, and a diverse workforce. In fact, in his opening statement in the Capital Program, he talks about how the Capital Program must assist in the growth of Philadelphia's economy across all sectors and that a special focus must be paid to Philadelphia's chronically hard to employ, including those without college degrees and those returning from incarceration. He recognizes the frustration that he shared when he was here in Council about Philadelphia's missed opportunities for economic growth

1 10/26/16 - COMMERCE - RES. 160310
2 and development through a more targeted,
3 more deliberative, and more inclusive
4 approach to procurement. I applaud the
5 Mayor's vision and his articulated
6 priorities, which represent and we are
7 united in our commitment to making sure
8 that Philadelphia's public assets are
9 ready to both serve current and future
10 Philadelphians.

11 Over the last eight years, many
12 times I've lost faith in our ability to
13 fix our bureaucracy and our ability to
14 embrace efficiency, not as a mere
15 extension of bureaucracy but as a means
16 to create new opportunities for diversity
17 and inclusion, in our ability to crease
18 and sustain an environment of equal
19 access and opportunity, in our ability to
20 leverage local resources and national
21 best practices for growth by pulling the
22 tremendous capacity of the public and
23 private stakeholders in order to put
24 Philadelphians to work, in our ability to
25 reward our hard work and help grow,

1 10/26/16 - COMMERCE - RES. 160310
2 whether you are a young student, a
3 returning citizen or just an impassioned
4 entrepreneur. I have never seen such a
5 greater convergence of leadership,
6 opportunity, and political will than with
7 this Administration at this particular
8 time in the City of Philadelphia.

9 I cannot think of anyone more
10 willing than the Mayor to meet this
11 challenge. His team has worked with me
12 over the last ten months, and I hope that
13 this conversation will continue to add to
14 a renewed commitment and shared goals and
15 values about where we go. My colleagues
16 have demonstrated an incredible strong
17 commitment to fix this process.
18 Together, in particular this group of
19 colleagues, we'll get it right. Not
20 perfect.

21 When we have an executive
22 branch and a legislative branch working
23 towards shared goals and values, the only
24 obstacles for growth are the ones that we
25 create for ourselves. We no longer will

1 10/26/16 - COMMERCE - RES. 160310
2 focus on the "no," but we will work on
3 the "how." Through this public
4 discussion, the first of many, we hope to
5 outline a platform of shared values and
6 priorities, with the expectation of
7 deliberate action and purposeful
8 outcomes, policies that we will consider
9 how we include so that we can better
10 measure, manage, track, and enforce
11 opportunities for inclusion through
12 policies such as contracted bundling,
13 value-based bidding, umbrella bonding,
14 comprehensive project management. These
15 policies focus on new opportunities for
16 local, diverse, experienced, compliant
17 firms to grow family-sustaining jobs
18 across the City of Philadelphia.

19 I look forward to working with
20 my colleagues, the Mayor, this
21 Administration, all who are here this
22 afternoon, and every single City
23 department to ensure that the outcomes
24 achieved are through meaningful change.
25 When it comes to procurement

1 10/26/16 - COMMERCE - RES. 160310

2 opportunities that we as a city create,
3 Philadelphians deserve nothing less.
4 Their tax dollars and their faith in us
5 make all of this possible.

6 So I want to thank all of you.
7 I look forward to a robust conversation.

8 Before I close, I just want to
9 make a note. As I've said to most of the
10 members of the panel and the Commerce
11 Committee, this is not a conversation
12 about Rebuild. We are talking about
13 procurement, commodities, our capital
14 plan, and everything else. We will have
15 a robust conversation about Rebuild
16 later. This is a discussion about the
17 return we expect on our investments,
18 millions of dollars that go out every
19 single day. So it's about the \$4 billion
20 operating budget. It is about the
21 five-year \$10 billion capital plan. It
22 is about our 20-year multi-billion dollar
23 Water Department-funded stormwater
24 management plan. It is about our airport
25 expansions. It is about our PGW

1 10/26/16 - COMMERCE - RES. 160310
2 infrastructure investments, and that we
3 can guide the private sector to join us
4 in employing Philadelphians and helping
5 us build wealth among Philadelphia-based
6 businesses.

7 When we become more targeted,
8 more deliberative, more inclusive in
9 these investments, we will get a bigger
10 bang for our buck by creating those
11 family-sustaining jobs we so desperately
12 need and an inclusive economy that
13 creates shared goals and values as a
14 city. I assure you that this
15 Administration's team before you is
16 prepared for this discussion and has
17 already rolled up its sleeves to get the
18 job done.

19 Thank you, Mr. Chairman.

20 COUNCILMAN JONES: Thank you,
21 Councilwoman. I just want to publicly
22 commend you for being on top of this.
23 The good thing about this body is that
24 none of us can be experts on everything.
25 So people that and members that are

1 10/26/16 - COMMERCE - RES. 160310
2 willing to take a deeper dive to really
3 master a subject is a benefit to the
4 entire body so those 48 zip codes
5 represented in Philadelphia stand a fair
6 chance of getting some of the Center City
7 prosperity. No disrespect to Councilman
8 Domb.

9 But I also see Councilman
10 Green, Councilwoman Blackwell, and
11 Councilman Taubenberger for the record
12 have joined us.

13 Are any other members on the
14 Committee interested in saying something
15 before we begin?

16 COUNCILWOMAN BLACKWELL: Yes.

17 COUNCILMAN JONES: Councilwoman
18 Blackwell and then Councilwoman Brown.

19 COUNCILWOMAN BLACKWELL: Thank
20 you.

21 Good afternoon. This is such
22 an important issue and important day and
23 these are important discussions. This is
24 the second hearing with Commerce, and I
25 want to thank the Councilwoman for having

1 10/26/16 - COMMERCE - RES. 160310

2 this, because I for one have a lot of big
3 projects in my area, and with this
4 Schuylkill yards, this \$3.5 billion
5 program, I have a meeting at 3:00 with
6 Penn. You know, they're trying to build
7 a new hospital. And we have so many
8 issues that are affected by project labor
9 agreement, by procurement, by all of
10 these things. So I've been trying to see
11 what I could do to come up with something
12 in my district as a pilot, because we got
13 to deal with it somehow, and hearings
14 like this make all the difference in the
15 world about us trying to do something
16 citywide to certainly improve this area.

17 It is obvious that we're all in
18 the same city, so we're affected by our
19 people who are unemployed and we're
20 affected by people being gentrified, and
21 certainly we're affected by people who
22 don't know what to do so that they can
23 feel part of the City and part of forward
24 movement.

25 So I want to say thank you

1 10/26/16 - COMMERCE - RES. 160310

2 again, and we're looking forward to all
3 good things to happen.

4 COUNCILMAN JONES: Thank you,
5 Councilwoman.

6 Councilwoman Reynolds Brown.

7 COUNCILWOMAN BROWN: Yes.

8 Good morning -- good afternoon.
9 Blurred kind of a day.

10 I think it bears repeating
11 Councilwoman Sanchez's cogent remarks
12 that this is not about Rebuild. This is
13 not about the short-term progressive,
14 innovative effort by the Mayor to ensure
15 that inclusion happens in a real
16 authentic way. This is about what
17 system -- how well our systems are
18 operating or not operating when it comes
19 to the backlog that currently exists.

20 So I'm most interested in
21 hearing about what tweaks, what systemic
22 changes have you made since the meeting
23 we had this past spring that give us some
24 reassurance that across departments there
25 is an authentic effort to ensure that

1 10/26/16 - COMMERCE - RES. 160310
2 inclusion happens in a real way. And in
3 my individual discussion with a number of
4 District Councilpersons, I am not at all
5 convinced. And unfortunately I
6 operate -- I have this unfortunate
7 philosophy, the best predictor of future
8 behavior is past behavior. My hope is
9 that these discussions this afternoon
10 will give us some hopefulness that going
11 forward the real systemic changes made,
12 particularly in Procurement and in other
13 related parts of departments that are
14 represented here this afternoon, will
15 assure us and ensure us that Rebuild
16 happens in the way we hope. So, again,
17 this is not about Rebuild. We're not
18 interested in projects. That's a small
19 number. We're interested in the systemic
20 changes you've made, not on paper but for
21 real, across government that gives us
22 some hopefulness that Rebuild is going to
23 happen in a way that the Mayor has
24 articulated. Because it's one thing for
25 the leader on the second floor to state

1 10/26/16 - COMMERCE - RES. 160310

2 his position. It's certainly another
3 when department heads are not
4 philosophically aligned with where he
5 hopes us to be.

6 Thank you, Mr. Chairman.

7 COUNCILMAN JONES: Thank you,
8 Councilwoman. We appreciate your
9 enthusiasm towards this and consistency
10 towards this effort. I remember as a
11 freshman coming here, and every budget
12 hearing every department had to pass that
13 litmus test. So you are consistent.

14 Ms. Williams, can you read the
15 first group of witnesses to testify.

16 And I want to recognize
17 Councilwoman Bass who has joined us in
18 Chambers.

19 THE CLERK: The first panel of
20 witnesses will be Rebecca Rhynhart,
21 Trevor Day, and Iola Harper.

22 (Witnesses approached witness
23 table.)

24 COUNCILMAN JONES:

25 Ms. Rhynhart, welcome. Good to see you

1 10/26/16 - COMMERCE - RES. 160310

2 again.

3 MS. RHYNHART: Good to see you.

4 Glad to be here, I think.

5 COUNCILMAN JONES: So good
6 afternoon. You can state your name for
7 the record and begin your testimonies in
8 whatever order you are comfortable with.

9 MS. RHYNHART: Great. Good
10 afternoon, Chairman Jones, members of the
11 Committee on Commerce and Economic
12 Development, Councilwoman Sanchez, as
13 well as other members of Council that
14 have joined us today. My name is Rebecca
15 Rhynhart and I am the Chief
16 Administrative Officer for the City of
17 Philadelphia. I am here today to testify
18 on Resolution No. 160310 examining the
19 inclusiveness, transparency, and
20 efficiency of Philadelphia's processes
21 for the procurement of professional
22 services, capital programs, and
23 commodities. I am joined at the table by
24 Iola Harper, Deputy Commerce Director and
25 the new leader for the Office of Economic

1 10/26/16 - COMMERCE - RES. 160310
2 Opportunity, and Trevor Day, Procurement
3 Commissioner. My testimony outlines
4 proposed and ongoing contracting reforms.
5 However, this testimony is intentionally
6 brief, since we are here to listen to
7 your priorities, respond with the
8 information, and understand what further
9 process is needed.

10 The position of Chief
11 Administrative Officer was created in
12 January of this year to focus on
13 strengthening the City's administrative
14 functions as well as improving efficiency
15 and effectiveness across government.
16 Helping to modernize City procurement is
17 one of the CAO's main focus points.

18 City contracting is not merely
19 about procuring goods and services. It
20 serves Philadelphians and Philadelphia
21 businesses through leveraging our
22 contracting opportunities to foster
23 inclusion and economic development. The
24 Administration is committed to
25 modernizing procurement to increase

1 10/26/16 - COMMERCE - RES. 160310
2 transparency, efficiency, and increase
3 opportunities for local, minority, and
4 women-owned businesses.

5 One of the ways we are doing
6 this is by automating procurement
7 processes, thereby making doing business
8 with the City easier. A new web-based
9 procurement system is being implemented
10 called PHL Contracts. This new system
11 will allow the City to electronically
12 post, receive, and process bids for
13 public works, supplies, and equipment.
14 Thus, this is simplifying doing business
15 with the City. The Procurement
16 Department is in the process now of
17 encouraging vendors to register in the
18 system.

19 Additionally, Contracts Hub is
20 a new website, which we intend to launch
21 by the end of the year. This site will
22 take information from various procurement
23 websites that publicize contracting
24 opportunities into one website. This is
25 intended to simplify the search for

1 10/26/16 - COMMERCE - RES. 160310
2 contract opportunities with the City,
3 thereby encouraging more vendor interest.

4 Also, this past June the
5 Procurement Department began the
6 electronic distribution of contract
7 documents, eliminating thousands of paper
8 document distribution.

9 As far as our work to modernize
10 the professional services contract
11 process, we have implemented an
12 electronic signature system, DocuSign, to
13 automate approvals and reduce the overall
14 time to complete the contracting process
15 and, therefore, expedite payment
16 processing time for vendors. This is
17 something we heard a lot about with our
18 outreach, that we needed to pay our
19 vendors faster, and this is something
20 that we're doing in that regard. To
21 date, the Office of Innovation and
22 Technology and the Department of Human
23 Services are in the pilot phase of this
24 project.

25 In addition, we have increased

1 10/26/16 - COMMERCE - RES. 160310
2 vendor outreach through highlighting the
3 work we are doing to modernize the City's
4 procurement practices and publicize our
5 procurement opportunities. Through this
6 strengthened outreach, our goal is to
7 attract new, local, minority, and
8 women-owned businesses to bid on City
9 contracts.

10 Lastly, we are working with
11 City Council to implement best value
12 procurement, where past performance on
13 project delivery and M/W/DSBE
14 participation can be taken into account
15 as part of the selection process.

16 This concludes my testimony.
17 We are happy to answer any questions you
18 may have at this time.

19 COUNCILMAN JONES: Thank you,
20 Ms. Rhynhart. Are your fellow witnesses
21 going to testify?

22 MS. RHYNHART: They don't have
23 prepared remarks, but they're here to
24 answer any questions.

25 COUNCILMAN JONES: Okay. A

10/26/16 - COMMERCE - RES. 160310

couple of things. Although this is not about Rebuild, and I concur with my colleagues that it is not, to quote one of my colleagues, that Rebuild is the candy truck, but the big ice cream truck was the ten-year backlog of -- 10 billion backlog of projects that are in Capital and other places. So systemically this process isn't a cumbersome process by nature, some by law, statute, technology, ability to do outreach.

From many testimonies ago from you and others, there are over 200 steps in a procurement acquisition of a good or service often, 200-some check-offs between departments, ranging from the Controller to the Finance, to Procurement, to the department. I get it. If 200 was the roundabout number, what are we down to now? And I want to -- if it ain't measured, it ain't managed is my quote. So I want to know if we've reduced the time from what to what.

1 10/26/16 - COMMERCE - RES. 160310

2 MS. RHYNHART: Sure. Well, I
3 think one of the ways to measure is not
4 by -- not just by steps, but by the
5 amount of time it takes, which is what
6 you said as well. With DocuSign, the
7 length of time that it usually takes a
8 contract to get signed is 70 days. This
9 is after the contract is done, just going
10 around and getting people's signatures at
11 the City, getting snail mailed out to the
12 vendor, having the vendor sign it, and
13 then sending it all the way back, 70
14 days.

15 With the implementation of
16 DocuSign, the first contract to go
17 through that process electronically took
18 seven days. So that's one example of we
19 just had cut a significant amount of time
20 off, and what that says is the vendors
21 that have had to wait to get paid and we
22 did find -- we did research at the
23 beginning of this Administration as to
24 why vendors were saying they are not
25 getting paid for a long time, and we

1 10/26/16 - COMMERCE - RES. 160310
2 found out the cause, which is the
3 contracting process takes way too long,
4 takes 130 days. So 130 days is the six
5 months that the vendors are waiting. So
6 by cutting that 60-some days, we're
7 cutting that down. Our goal is to have
8 contracts signed actually before the work
9 starts so that they're getting paid
10 within 60 days of doing the work.

11 COUNCILMAN JONES: That is a
12 laudable goal. Now, is that an example
13 or is that the norm now?

14 MS. RHYNHART: Well, that is an
15 example -- and that's a good question.
16 That's an example of the pilot, but we do
17 expect -- the Department of IT is the
18 first department to go through the pilot
19 and DHS is the second. We picked
20 Department of Human Services because of
21 the vast number of contractors that are
22 waiting, non-profits that are waiting too
23 long to get paid.

24 So what we expect overall is
25 that it will cut the process, maybe it

1 10/26/16 - COMMERCE - RES. 160310

2 won't be all the way down to seven, but
3 an average to 30 days. So it should cut
4 40 days off of the process.

5 COUNCILMAN JONES: So we've had
6 big projects, big money infusions ranging
7 from NTI to the stimulus dollars and
8 projected now Rebuild. How are we
9 changing the system in a way that
10 accomplishes diversity? And I think
11 that's the spirit of what Councilwoman
12 Sanchez has put forth today.

13 MS. RHYNHART: Right.

14 COUNCILMAN JONES: What are we
15 doing different?

16 MS. RHYNHART: Well, one of the
17 things that we started with in January
18 when I assumed my position and started
19 to -- my team started to work with
20 Procurement was, we started going out and
21 asking small businesses with the African
22 American Chamber of Commerce, the Greater
23 Philadelphia Chamber of Commerce what
24 could we be doing differently, how can we
25 reach you, why are you -- we have many

1 10/26/16 - COMMERCE - RES. 160310

2 businesses that don't want to -- that
3 feel so frustrated, they do not want to
4 do business with the City. So we started
5 to look at that and said, Well, why? And
6 the answers we got back were the
7 processes are too cumbersome, which we're
8 working to address. They don't know
9 about the opportunities, because we have
10 six different websites and six different
11 websites all advertising opportunities in
12 different places. So if you're a small
13 business owner, it is extremely difficult
14 to check six websites on a regular basis
15 to know about an opportunity. That's one
16 of the reasons we've created the
17 Contracts Hub, which will be one website
18 for all opportunities.

19 The other thing we heard loud
20 and clear was, there hasn't been the
21 communication, I think, that's quite
22 necessary, because we have many
23 opportunities that we're only getting two
24 responses on. We have lists of
25 opportunities that we're only getting one

1 10/26/16 - COMMERCE - RES. 160310

2 response on. And when we've gone out to
3 these small businesses, they don't know
4 that. How would they, right? They don't
5 know that if you respond to this
6 opportunity, you have a 50 percent chance
7 of winning. So I think part of it is
8 making our processes less cumbersome, to
9 increase the outreach, and make sure that
10 the businesses know about the
11 opportunities and that there's
12 relationships there so that the
13 information flow is there so they can
14 respond.

15 I think those are the first
16 steps in that process. I think as we
17 move on with various degrees of what the
18 reform looks like on procurement, we'll
19 be looking at are there certain areas
20 where we should de-bundle, what should
21 we -- there are certain areas that
22 honestly that we probably should bundle.
23 Like I gave the example earlier, we're
24 still bidding chicken and milk separately
25 from like 1951 when there was a milk

1 10/26/16 - COMMERCE - RES. 160310
2 producer and a chicken farmer, right? So
3 maybe we should bundle that together, but
4 there are a lot of things that perhaps we
5 should de-bundle, and I'm looking forward
6 to working with you on that.

7 COUNCILMAN JONES: So two quick
8 observations I have that haven't been
9 around. So where is the Commerce
10 Director?

11 MS. RHYNHART: I work closely
12 with the Commerce Director.

13 COUNCILMAN JONES: Where is he
14 today?

15 MS. RHYNHART: I think Commerce
16 is represented today.

17 COUNCILMAN JONES: Is here?

18 MS. RHYNHART: Sylvie is here.
19 Deputy Commerce Director is here.

20 COUNCILMAN JONES: Deputy
21 Commerce Director. And where is the
22 officer for diversity?

23 MS. RHYNHART: Nolan.

24 COUNCILMAN JONES: Nolan.
25 Nolan Atkinson. Where is he?

1 10/26/16 - COMMERCE - RES. 160310

2 MS. RHYNHART: Nolan --

3 COUNCILMAN JONES: My point,
4 simple observation. She raises an issue
5 and the head person in charge that should
6 be hearing this as well as you is not
7 here. The Commerce Director -- no
8 disrespect to deputies; I've been one --
9 should be here, because as you can see,
10 we're here. Eleven Councilpeople signed
11 on to a resolution. That should be
12 always a heads-up that they are paying
13 attention and serious about this.

14 So I'm going to yield the mic,
15 but I need to tell you all hands on deck
16 for this, that this is not a dog and pony
17 show, that Rebuild won't pass, Rebuild
18 won't pass -- and I've said it privately,
19 so this is not -- I'm all on board with
20 parks, libraries, rec centers in my
21 district, but if the guys and ladies in
22 the barber shops and beauty salons do not
23 get invited to the party, there will be
24 no party.

25 Councilman Green.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILMAN GREEN: Thank you,
3 Mr. Chair.

4 First, I wanted to commend the
5 Administration on some of the steps
6 you've done in reference to the Contract
7 Hub, the procurement system, and
8 DocuSign. As I said in our briefing, I
9 think this is something that we need to
10 get the word out, because I think that
11 will dramatically improve for small
12 businesses their ability to get
13 contracts. That's been a major issue
14 that small businesses have had, that it
15 takes the City way too long to get a
16 contract done. So I commend the
17 Administration on that.

18 However, in looking at that
19 process of DocuSign, Contract Hub, and
20 the procurement system, that's only one
21 part of the problem. And it makes me
22 think of a bakery, for example. And when
23 you look at a bakery, there are different
24 parts of a bakery. So the DocuSign
25 aspect is kind of like after you've made

10/26/16 - COMMERCE - RES. 160310

the cake, you put it into the box, and
you wrap the string around it. So as
opposed to three people taking the cake,
putting it in a box, wrapping the string,
you've kind of condensed that to one
person. That's the way I look at
DocuSign. So you made it quicker.
However, the concern I had is the baking
of the cake process. And the outreach to
various entities, asking small businesses
what we can do, that's great. That's
something we've done historically as a
city. My concern is at the procurement
level, especially in professional
services. When the procurement officers
are sending information to Procurement
and it goes back to those departments and
they're the ones making decisions on
contracting, that's where the challenge
is, and I think that's where the
attention needs to be spent at that
level. I mean, reaching out to various
organizations saying how we can do things
better and helping to try to change the

1 10/26/16 - COMMERCE - RES. 160310
2 perception and think of it differently,
3 but even by making it easier to get
4 access to the information by having one
5 website as opposed to six, even making it
6 easier to get more information about
7 contracting opportunities, and even
8 making it easier to get a contract or to
9 get the funds from the contract after you
10 have won the contract, that's great, but
11 the question is how the cake is made, and
12 that's where I don't see the commitment
13 on the resources to really change how
14 things are being done in the City of
15 Philadelphia. That's the problem that I
16 have from my experience of working in the
17 public sector, is that when Procurement
18 is being utilized to help draft an RFP
19 and an RFQ, it's still those procurement
20 officials in those departments who are
21 making the decision, and they're making
22 the decision with the same businesses
23 they've worked with over and over and
24 over again. And at the end of the day,
25 not only does it not provide an

1 10/26/16 - COMMERCE - RES. 160310
2 opportunity for businesses of color here
3 in the City of Philadelphia and local
4 businesses, but we're also not doing the
5 best job we as a city to use our
6 resources, because when we're using the
7 same businesses over and over and over
8 again, we're not getting the best price,
9 and so we're shortchanging the City by
10 getting the same price over and over
11 again from the same businesses over and
12 over again when another business,
13 especially a business of color who is
14 looking to compete, will probably give a
15 better price. As a result, we are
16 shortchanging the citizens of the City
17 and those small business owners. And
18 also at the end of the day, those small
19 business owners are people that live in
20 the City, work in the City, and can't get
21 business from the City.

22 And so it's really challenging
23 when you go to a small business owner and
24 that person is paying their taxes, the
25 business and their personal taxes, and

1 10/26/16 - COMMERCE - RES. 160310

2 then those same dollars that they're
3 giving to the City, the City is taking
4 those dollars and buying goods and
5 services with someone outside the City of
6 Philadelphia, and it makes it very
7 frustrating.

8 So I want to go back to what I
9 said in the beginning, that I think
10 you've done a great job in reference to
11 DocuSign, the Contract Tub, procurement
12 system. Those are great, but that's to
13 me, once again, the string on the box.
14 It's the making the cake is where the
15 problem is. And although reaching out to
16 various organizations is good, I want to
17 hear how we as a city are moving forward
18 in how we make the cake.

19 MS. RHYNHART: Appreciate that.
20 One of the ways on the procurement side
21 of our contracting that we're looking to
22 do that is to expand beyond lowest
23 bidder. That's something that we've
24 talked to many members of you about, to
25 move towards what's called best value

10/26/16 - COMMERCE - RES. 160310

procurement, which allows the City to take into account past performance on Economic Opportunity Plans as well as we can weight various factors, such as give weight for minority businesses, women-owned businesses. We could do local. We still have to figure that out, but I think having some transparent weightings on the procurement side will aid in the process of being able to put the values that we have on how we select vendors, if that's clear.

COUNCILMAN GREEN: And although I think best value is a great concept, my concern once again goes to making the cake and making sure that we have organizations like OEO and others to be there during that contracting process to make sure that we are getting the best quality that we can and we're giving opportunities to small businesses. Because historically what has occurred, there's ideas, there's concepts, there's mandates, but when it comes to the rubber

1 10/26/16 - COMMERCE - RES. 160310
2 meeting the road in reference to the
3 procurement officers deciding who they're
4 selecting, they're selecting the same
5 businesses over and over and over again,
6 and we have this conversation year in,
7 year out. And so that's the area where I
8 think the focus needs to be, with the
9 procurement officers and holding them
10 accountable to make sure they are having
11 a diverse class of businesses that we're
12 doing business with to make sure the City
13 gets the best value. So it's not just
14 making sure small businesses and local
15 businesses and businesses of color get
16 opportunity. It's making sure we get the
17 best dollars for the City of
18 Philadelphia, and we do that by
19 diversifying at that procurement level.

20 MS. RHYNHART: Absolutely. And
21 I think we're definitely open to
22 involving OEO even more than we have and
23 doing what we need to do to make the
24 changes.

25 COUNCILMAN GREEN: And then,

1 10/26/16 - COMMERCE - RES. 160310
2 finally, I'll be looking to see what that
3 process will be to hold that level of
4 accountability at the procurement level.

5 COUNCILMAN JONES: Thank you,
6 Councilman.

7 I'll go with Councilwoman
8 Parker, Vice Chair, and then Councilman
9 Domb.

10 COUNCILWOMAN PARKER: Thank
11 you, Mr. Chair.

12 And good afternoon to each of
13 you.

14 MS. RHYNHART: Good afternoon.

15 COUNCILWOMAN PARKER: I quickly
16 want to go back to your comments
17 regarding the issue of de-bundling. I
18 appreciated the antiquated sort of
19 example that you gave with the chicken
20 and the milk, but immediately I thought
21 about how are we technically making the
22 decision about when we will de-bundle or
23 is data informing our decision-making?
24 Is there a rubric that each department
25 will know that when we get to a certain

10/26/16 - COMMERCE - RES. 160310

dollar amount? Is it availability? And I'll tell you why. I appreciate sort of the snapshot and reminder that former Councilman Goode provided for us today that he took from the disparity study that was done. For example, when it talks about the availability of a certain type of labor, it then gives us the utilization number.

So I'm wondering when you sort of determine when you're going to de-bundle, are you de-bundling based on the number of companies that you know are providing a particular service? Is it a dollar amount? Is it a combination of both? What is being used to make that determination?

MS. RHYNHART: Well, I think that the act of de-bundling, we're still in the process of figuring out exactly how to do that. So I think we need to look at that with data, absolutely, and I'd be interested in working actually with you and talking to you more about

1 10/26/16 - COMMERCE - RES. 160310
2 that, about what that could look like,
3 because we're also open to hearing
4 about -- I would be very interested in
5 hearing specific if you know of -- and
6 this is more anecdotal, of course, but if
7 you know of specific opportunities, that
8 you know vendors, because a lot of times
9 with your districts, you're closer to
10 vendors than we are here, right? And so
11 if you know of specific opportunities
12 that if this were de-bundled, there would
13 be more opportunity for small businesses
14 in this area, we're definitely open to
15 hearing that and trying to figure out and
16 work with you on it, but also we will be
17 approaching it in a more systemic way.
18 It's on our list of major things to do
19 over the next, I would say, three to six
20 months.

21 COUNCILWOMAN PARKER: I
22 appreciate that response for me. So
23 right now you don't have a process and/or
24 a rubric set in stone that will sort of
25 trigger when -- you're in the process of

1 10/26/16 - COMMERCE - RES. 160310
2 still formulating what that will be. I
3 would strongly encourage that while you
4 are doing that, that you do exactly what
5 you just committed to doing and, that is,
6 to reach out to members --

7 MS. RHYNHART: Absolutely.

8 COUNCILWOMAN PARKER: --
9 individually so that they can give you
10 recommendations, and when you present a
11 plan, it is with this Council's sort of
12 collective thought in mind.

13 MS. RHYNHART: I agree.

14 COUNCILWOMAN PARKER: In
15 addition to that, I just wanted to note
16 for the record that I sort of looked at
17 and went and got a copy of the list, the
18 current list, for August of 2016 that the
19 Business Journal just printed, and it
20 sort of listed the revenue-generating
21 capacities of minority-owned companies in
22 our region, and obviously I just looked
23 at the list today. There was no way for
24 me to cross-reference how many of these
25 firms were actually doing City business,

1 10/26/16 - COMMERCE - RES. 160310
2 but I would ask that you find a way to
3 marry whatever the -- in the formula that
4 you develop, availability along with
5 feedback, not just from us but
6 stakeholders within the community
7 at-large. They need to be a part of that
8 process.

9 MS. HARPER: Councilwoman
10 Parker, I agree, and I want to share for
11 those of you who don't know, I've spent
12 probably the last 20 years of my life on
13 the capacity-building side. So I've been
14 in the trenches working with the
15 businesses, you know, preparing them for
16 opportunities. And so the blessing for
17 me is that now I'm on this side and I can
18 open the door and say come on in. And I
19 think you're absolutely right. We have
20 to find a way to get to know the
21 businesses.

22 Just as an anecdotal example,
23 when Commissioner Day and I were sitting
24 talking about a particular opportunity,
25 the name of a company came up as a sole

1 10/26/16 - COMMERCE - RES. 160310

2 bidder, and I happened to know of three
3 other businesses or two other businesses
4 who should have been, I guess, at least
5 considered for this opportunity. And so
6 my hope is that my office and that I
7 personally will be able to bring
8 something to the table in terms of
9 connecting folks at procurement, because
10 quite often these are names of businesses
11 without faces, and because of the time
12 that I spent in the field, many of the
13 names of those businesses, I have faces
14 that go along with those businesses and I
15 know what neighborhoods they come from
16 and I know the type of work that they do,
17 and I'm hopeful that having a closer
18 relationship and really having frequent
19 conversations and being involved will
20 allow us to come up with something more
21 systematic.

22 COUNCILWOMAN PARKER: So,
23 finally, let me just ask this. You
24 mentioned, Rebecca, you mentioned IT and
25 DHS in your remarks as sort of like the

1 10/26/16 - COMMERCE - RES. 160310

2 first two departments, and I sort of just
3 whispered to Councilman Jones, you know,
4 sort of how did you even determine that
5 it would be IT or DHS. So we said, well,
6 was it based on sheer size, sheer amount
7 of budget, sheer amount of opportunity.
8 How did you determine or rank or
9 prioritize where it would be implemented
10 first?

11 MS. RHYNHART: Sure. Well, the
12 IT department I think was an easy first
13 choice, because they had already used
14 DocuSign in a few other things internally
15 in their department. So it made sense to
16 use them first. I think the question is
17 why DHS next, and our view on that was
18 they were very -- they really want to fix
19 the problem in their department. They're
20 very eager to work with us in terms of to
21 fix how slowly vendors are getting paid.
22 So there was a lot of -- we thought that
23 by working with them right away, we have
24 a big opportunity to make an impact
25 quickly with them, given the large amount

1 10/26/16 - COMMERCE - RES. 160310
2 of non-profits they do business with.

3 But in terms of rolling it out
4 to other departments, I think we will be
5 doing that in the future, and if there's
6 specific areas that you know of as well.
7 But that's why we picked DHS.

8 COUNCILWOMAN PARKER: Thank
9 you, Mr. Chair. I'll come back around
10 the next round.

11 COUNCILMAN JONES: Thank you.

12 I believe Councilman Domb and
13 then Reynolds and I'm going to go to
14 Councilwoman Bass.

15 Councilman.

16 COUNCILMAN DOMB: Thank you,
17 Mr. Chair.

18 And good afternoon.

19 MS. RHYNHART: Good afternoon.

20 COUNCILMAN DOMB: I have a few
21 quick questions. You had mentioned
22 before -- what was the length of time it
23 took to get contractors paid six months
24 ago or a year ago?

25 MS. RHYNHART: The length of

1 10/26/16 - COMMERCE - RES. 160310

2 time, it could be up to six months.

3 COUNCILMAN DOMB: Okay. So
4 there's no small business that can run a
5 business and be paid in six months. It's
6 impossible. It makes the process -- and
7 now I understand 60 days or maybe 30 days
8 in some cases?

9 MS. RHYNHART: Mm-hmm.

10 COUNCILMAN DOMB: So my
11 suggestion would be, first of all, when
12 we put out RFPs, is it possible to have a
13 pricing mechanism that shows if we pay in
14 15 days, here's the price, and if we pay
15 in 30 days, here's the price, and if we
16 pay in 60 days, here's the price?
17 Because I think you're going to find
18 we're going to get a really good price
19 for two-week payment. So we'll save
20 money, and they'll be able to function
21 and bid on the projects. Because a small
22 business can't carry this kind of debt on
23 their books.

24 MS. RHYNHART: Right.

25 COUNCILMAN DOMB: It's not

1 10/26/16 - COMMERCE - RES. 160310

2 feasible for them. So that was my major
3 concern about this.

4 The other is, I want to applaud
5 my colleagues, and what you're doing with
6 that DocuSign is great. I just hope we
7 can do more things, like speeding up that
8 process in other areas of government like
9 DocuSign.

10 And I just got -- I had a
11 session this morning with the real estate
12 counselors of Delaware Valley, greater
13 Philadelphia, and a bunch of them said to
14 me -- there was an RFP recently for
15 appraisers. The Mayor had in his budget
16 \$600,000 or \$700,000 for commercial
17 appraisers to help OPA, and like six or
18 seven of them said to me, We didn't even
19 bother to put in the bid because it was a
20 \$200 fee just to put the bid in. And so
21 those types of things are causing people
22 not to want to bid on City projects, I
23 think, and we have to clean that kind of
24 stuff up. I think that's very important.

25 But overall the big issue, I

1 10/26/16 - COMMERCE - RES. 160310
2 think, which requires a real serious
3 look, is the CAMA bid. I know that's not
4 in your area.

5 MS. RHYNHART: I'm sorry. Is
6 the what?

7 COUNCILMAN DOMB: The CAMA.
8 That's the big dollars. We talk about
9 RFPs. That's been going on for a few
10 years now, and that needs to be probably
11 focused on, because that's a huge, huge
12 source of income for us. And I know the
13 process and that's long, but right now we
14 don't have many people who even want to
15 bid on it because they don't take us
16 seriously. We bid it so many times.

17 So that whole process of how we
18 do business has to change, and I'm
19 hopeful that in this position that you're
20 in now, you can get that changed.

21 Thank you.

22 MS. RHYNHART: Thank you.

23 COUNCILMAN JONES: Thank you,
24 Councilman.

25 Councilwoman Reynolds Brown.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILWOMAN BROWN: Yes. I
3 need to underscore the kudos that need to
4 go out with regards to the new process on
5 DocuSign. That's a tangible, actionable
6 evidence of the effort to be serious
7 about this issue that we're covering this
8 afternoon.

9 Councilwoman Cherelle Parker
10 clearly read my questions on my page here
11 around de-bundling. And so let me first
12 ask the Procurement Commissioner, why do
13 you believe de-bundling is important
14 philosophically?

15 COMMISSIONER DAY: So, I mean,
16 as Rebecca had said, I mean, I think
17 there needs to be a strategic look at
18 what gets de-bundled or what gets
19 bundled, and I think looking
20 strategically at what the City purchases
21 is the first step in de-bundling
22 contracts. I mean, it does have an
23 impact on, A, vendors that can respond to
24 the opportunities, potentially employment
25 opportunities as well. So I think there

1 10/26/16 - COMMERCE - RES. 160310
2 needs to be a strategy around de-bundling
3 that we create. I mean, 72 percent of
4 our contracts currently within the
5 Procurement Department are awarded at
6 under \$500,000.

7 COUNCILWOMAN BROWN: Repeat
8 that. Pull the mic closer. I missed the
9 tail end.

10 COMMISSIONER DAY: Sure. 72
11 percent of procurement contracts are
12 awarded at under \$500,000. So I think
13 part of this is that we have moved
14 significantly towards de-bundling. I
15 think to Councilman Green's point, you
16 know, there's an opportunity to market
17 that, and I think that's what we need to
18 improve upon.

19 COUNCILWOMAN BROWN: And I
20 think I heard the answer to my question
21 why. So you're still trying to figure
22 out at this point what criteria you need
23 to use to trigger the need to de-bundle;
24 is that accurate?

25 COMMISSIONER DAY: So I don't

1 10/26/16 - COMMERCE - RES. 160310

2 think that -- I think we have work to do
3 to improve upon this area, and I think
4 one of the first steps is sort of
5 assessing our contract portfolio and how
6 we performed in this area.

7 COUNCILWOMAN BROWN: And what I
8 also heard is that over the next three to
9 six months, there is a goal to figure it
10 out so that when you come to us during
11 budget time, we will have continuous
12 discussions but less focus on
13 de-bundling. Am I hearing that?

14 MS. RHYNHART: I don't want to
15 commit to be completely finished with the
16 whole exercise in three to six months,
17 but I think we'll have a more educated
18 response and conversation with you, yes.

19 COUNCILWOMAN BROWN: And I also
20 heard that you will sit with District
21 Councilmembers, who have a lot to say
22 about what could happen, should happen in
23 their councilmanic districts around
24 issues like de-bundling, et cetera?

25 MS. RHYNHART: Absolutely.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILWOMAN BROWN: Have you
3 looked at best practices across other
4 cities? What have you found?

5 COMMISSIONER DAY: So recently
6 we've been talking with several different
7 cities across the United States, Chicago
8 and Atlanta specifically. We talked to
9 LA in the past. And I think there's
10 areas that we can improve upon. As I
11 said, marketing, communicating what we're
12 planning to purchase I think is something
13 that we need to improve upon and, again,
14 this may go towards sort of these
15 improvements that we're going to be
16 looking at over the next three to six
17 months.

18 COUNCILWOMAN BROWN: You said
19 that there were six different websites.
20 Does that also mean there were six
21 different contractors who each created a
22 different website? Yes or no? That's a
23 yes or no answer.

24 MS. RYHNHART: I don't know the
25 answer to that.

1 10/26/16 - COMMERCE - RES. 160310

2 Do you know the answer?

3 COMMISSIONER DAY: No.

4 MS. RHYNHART: It could be.

5 It's one of those things that was created
6 over time. Of course it's inefficient,
7 right? It's something that we looked at
8 and said this is inefficient, we need to
9 fix this.

10 COUNCILWOMAN BROWN: So that's
11 on your hit list, action list for the
12 next three to six months as well?

13 MS. RHYNHART: Oh, yes. We're
14 expecting actually the new website called
15 Contracts Hub, which pulls everything
16 into one place, in the next few months to
17 be done.

18 COUNCILWOMAN BROWN: So then
19 that is to say that those existing
20 websites will be phased out?

21 MS. RHYNHART: Yeah. We'll
22 still need to look at how exactly they're
23 tied together technologically, but a
24 vendor could then go to the one website
25 and see all the opportunities.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILWOMAN BROWN: On the
3 issue of outreach, which is hard for us
4 as members of Council on this side of the
5 table to understand because it's
6 something that we live, breathe, and do
7 nine days a week. So with that, again,
8 District Councilpersons can play, as
9 you've already stated, Deputy Commerce
10 Director, not a vital role, the role in
11 ensuring that businesses, MBE, WBEs and
12 others in their districts, hear what the
13 opportunities are. I'm struck by the
14 observation or the information you shared
15 that you've discovered some instances
16 where only one person applied.

17 MS. RHYNHART: Yes.

18 COUNCILWOMAN BROWN: So the
19 cynic in me would say, so then that
20 contract was possibly written for that
21 one particular individual. And we've
22 heard those stories. Let's not deny it.
23 So it gets back to the tweaks you're
24 going to do systemically to ensure that
25 outreach happens, that you have protocols

1 10/26/16 - COMMERCE - RES. 160310

2 around outreach. Because clearly if one
3 contractor is hearing about amazing
4 opportunities and there are a dozen more
5 out there in the universe, then even the
6 protocols are cause for question.

7 MS. RHYNHART: Absolutely. And
8 one of the things we've been doing is
9 actually sharing that list of
10 opportunities that only got one bidder
11 when we've been going out to do outreach.
12 So we shared it when we spoke at an
13 African American Chamber of Commerce
14 event. We shared it at the Greater
15 Philadelphia Chamber. We're happy to
16 share that to say these are the types of
17 opportunities that we're only getting one
18 response on, so to sort of lift interest.
19 And there's been a really positive
20 reaction to us sharing that information.
21 What we've been told is that the City
22 hadn't ever shared that. It was sort of
23 a black hole before. So that if vendors
24 know this is an opportunity and, hey, you
25 know -- really sort of the aspiration to

1 10/26/16 - COMMERCE - RES. 160310

2 me would be when we go out with the
3 opportunities, we would actually say,
4 Here is the list of what we're going to
5 be looking for over the next few months,
6 and the last time these bid out -- and I
7 would have to talk to Law before doing
8 this, but this would be my aspiration --
9 this only got one response. So the last
10 time we bid this, this got one. You
11 know, we would love to see your response
12 this time.

13 But it's something we're
14 working on. It's like how we can connect
15 with the businesses. And if you have
16 events in your district -- and we've said
17 this before, but if you have events,
18 we're happy to go, the evenings, whenever
19 businesses are available to hear what we
20 have to say.

21 COUNCILMAN JONES: So could you
22 provide to the Councilwoman and members
23 of Council commodities contracts where
24 you got one bidder?

25 MS. RHYNHART: Sure.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILMAN JONES: I don't even
3 want to know the names of the bidder. I
4 want to know the commodity, the industry,
5 the SIT codes, if they still have those,
6 that you are only getting sole source
7 contracts so that we might help you
8 solicit as well. And I don't want it to
9 be my cousin Vinny or anything like that,
10 but I know that the networks that exist
11 go far beyond just Philadelphia and might
12 be able to be of assistance to you.

13 MS. RHYNHART: That would be
14 great, and we'll be happy to give that
15 list, and anything that we can do to help
16 connect businesses would be fabulous.

17 COUNCILWOMAN BROWN: So the
18 good news is that we have MED Week where
19 a number of Councilmembers linked up with
20 members of the Administration in a
21 magnificent way and captured the
22 attention and the imagination of MBE/WBES
23 that was very hopeful for them, positive
24 feedback. The sadness is that we only do
25 that once a year. And so it speaks to

1 10/26/16 - COMMERCE - RES. 160310
2 there's enormous potential when the
3 Administration, as you all were willing
4 to join us at those wonderful gatherings
5 across the City, we have to figure out
6 how we systemically have outreach and a
7 protocol sent every single month. And I
8 don't know what that looks like, but MED
9 Week is a clear indication to me of
10 what's possible when we do it together.

11 MS. HARPER: One of the
12 opportunities, Councilwoman Reynolds
13 Brown, is our monthly Doing Business with
14 the City of Philadelphia.

15 COUNCILWOMAN BROWN: Monthly
16 what?

17 MS. HARPER: Monthly workshop
18 that we do called Doing Business with the
19 City of Philadelphia. I'm happy to share
20 the agenda for that, and if there are
21 suggestions that you have to tweak that
22 agenda, we generally since I've been
23 attending, we can get ten people, you
24 know, and we can get 50 people. It's
25 open, and it's an agenda that can be

1 10/26/16 - COMMERCE - RES. 160310
2 massaged or tweaked in a way to make sure
3 that this new information continues to
4 get out, as well as information about
5 opportunities and where there are
6 segments of the market where there are
7 few bidders and where there are companies
8 that can come in and actually have
9 opportunity to work with the City of
10 Philadelphia.

11 COMMISSIONER DAY: I also would
12 like to add that there are other
13 organizations that we are looking to
14 partner with. I mean, we've talked with
15 The Enterprise Center and SBDCs, and
16 showing this information is really the
17 first step in, you know, generating
18 interest. So we've already begun those
19 efforts.

20 COUNCILMAN JONES: Thank you,
21 Councilwoman.

22 Councilwoman Bass and then
23 we'll go with Councilwoman Sanchez.

24 COUNCILWOMAN BASS: I think
25 with the extensive questioning on

1 10/26/16 - COMMERCE - RES. 160310

2 de-bundling, that you answered most of my
3 questions. Like I have a project in a
4 part of my district and a part that's
5 highly specialized with a pond
6 cleaning/removal through Parks and
7 Recreation. Again, very specialized. So
8 we get -- there's likely to be just one
9 bidder for that, but there are certainly
10 plenty of opportunities for other folks
11 to participate.

12 But I guess when I hit my
13 light, I had some concern about the
14 response to how are we going to do
15 additional outreach, and I think the
16 response was something like we're going
17 to -- kind of like if you as
18 Councilpeople know people who would be
19 interested or know vendors who would be
20 interested, just let us know. Like that
21 was kind of part of the answer, which was
22 a little bit -- but I think I have a
23 fuller understanding of what you meant
24 and what you intend to do in terms of
25 de-bundling, especially as we get ready

1 10/26/16 - COMMERCE - RES. 160310
2 for Rebuild. I know this is not about
3 Rebuild, but as we prepare for Rebuild,
4 certainly we want to make sure that
5 there's more opportunities available.

6 MS. RHYNHART: Absolutely. And
7 I would just add that I wanted to make
8 sure that Councilmembers, including
9 yourself, knew that we're open to any
10 suggestions or feedback.

11 COUNCILWOMAN BASS: Thank you
12 for including us.

13 MS. RHYNHART: But that is not
14 the only way that we're doing it.

15 COUNCILWOMAN BASS: Well, glad
16 to be included.

17 Thank you.

18 COUNCILMAN JONES: I would like
19 to interrupt the proceedings for a second
20 to acknowledge the royal Cambodian
21 delegation that have joined us in
22 Chambers to see democracy at work. Can
23 we join me in giving them a round of
24 applause and welcoming them to the City
25 of Philadelphia.

1 10/26/16 - COMMERCE - RES. 160310

2 (Applause.)

3 COUNCILMAN JONES: I have
4 commissioned my colleague to attempt to
5 give the exact names of the delegation
6 and I am truly appreciative of her doing
7 that.

8 Councilwoman.

9 COUNCILWOMAN GYM: Thank you so
10 much, Mr. Chairman.

11 And on behalf of the City, we
12 just wanted to welcome the royal
13 delegation, and thank you for this
14 beautiful gift that they gave to the City
15 on behalf of their visit, a beautiful
16 plaque of Angkor Wat. And we had a
17 really wonderful discussion, but just
18 want to acknowledge some of the
19 delegation members who came here today
20 from the Kingdom of Cambodia. Mr. Chim
21 Socheata.

22 (Applause.)

23 COUNCILWOMAN GYM: Mr. Okuha
24 Cheam Khunath.

25 (Applause.)

1 10/26/16 - COMMERCE - RES. 160310
2 COUNCILWOMAN GYM: Mr. Okhna
3 Chap Hong Ly.
4 (Appause.)
5 COUNCILWOMAN GYM: Mr. Em
6 Channdath.
7 (Appause.)
8 COUNCILWOMAN GYM: Mr. Duch
9 Sovann Oudam.
10 (Appause.)
11 COUNCILWOMAN GYM: Mr. Lay
12 Nora.
13 (Appause.)
14 COUNCILWOMAN GYM: Mr. Vin.
15 (Appause.)
16 COUNCILWOMAN GYM: Mr. Bou
17 Panha.
18 (Appause.)
19 COUNCILWOMAN GYM: And Honorary
20 General Consul Mr. Peter Savoén.
21 (Appause.)
22 COUNCILMAN JONES: We want to
23 thank Mr. Straughter, who seems to be the
24 United Nations of City Hall, who always
25 brings delegations at the request of

1 10/26/16 - COMMERCE - RES. 160310
2 Councilwoman Blackwell to Chambers and to
3 City Hall, and we are -- you're right on
4 time, because we're talking about
5 diversity. So welcome to Philadelphia,
6 the land of diversity.

7 (Applause.)

8 COUNCILMAN JONES: Okay. I
9 believe Councilwoman Sanchez is up and
10 then Councilman Henon, who has joined the
11 room, for the record.

12 COUNCILMAN HENON: Thank you.

13 COUNCILWOMAN SANCHEZ: Thank
14 you, Mr. Chair.

15 I want to go back to Councilman
16 Green's analogy of how the cake gets
17 baked, and I know that Nolan Atkinson is
18 doing a study and we have other things.
19 What are the one, two, three things we're
20 doing -- because every single day we're
21 pushing millions of contracts out. What
22 is it that we're doing today to ensure
23 that there is some tracking? Who is
24 laying out the goals for those particular
25 contracts right now? And what would you

1 10/26/16 - COMMERCE - RES. 160310

2 say is the major obstacle for folks to
3 actually bid on the contract side of
4 this?

5 MS. HARPER: So from an OEO
6 perspective, the goals are arrived at
7 based on the number of firms that are
8 qualified to do a particular thing. And
9 so when an opportunity arises, our
10 specialists look into our OEO registry
11 and they identify the number of firms
12 that -- the whole world that we are
13 working with and they establish a
14 percentage based on the world that we are
15 working with. And so one of the things
16 that's important is for us to have more
17 firms in the registry, and when we have
18 more firms in the registry, that enables
19 us to increase the percent that we would
20 expect to happen or the percent that we
21 would expect to be achieved on a
22 particular project. So we can have a 5
23 percent, 35 percent, 45 percent. It's
24 based on available -- the number of firms
25 that are available.

1 10/26/16 - COMMERCE - RES. 160310

2 I don't know if that answers
3 your question.

4 COUNCILWOMAN SANCHEZ: No. So,
5 again, going back to who puts the flour
6 in the cake. Someone determines a need,
7 right? Who is screening how that need is
8 articulated and gets translated into an
9 opportunity? And in light of the fact
10 that we know -- and, again, this system
11 has been broken for so many years. We
12 don't expect you guys to fix it in nine
13 months. Maybe in 18 months. But in
14 light of that fact, what triggers are you
15 putting in place to say it is not
16 business as usual, and at what point are
17 you going to say, no, we're not moving
18 forward because this is no longer
19 acceptable, while we come up with this
20 aspirational goal and plan?

21 MS. RHYNHART: So I just want
22 to make sure I'm understanding the
23 question correctly. You're asking about
24 who is actually framing the opportunity?

25 COUNCILWOMAN SANCHEZ: How?

1 10/26/16 - COMMERCE - RES. 160310

2 Since part of our challenge is
3 departments determine sometimes these.

4 MS. RHYNHART: Right. That's
5 what I was going to say, that the
6 departments are framing their business
7 need. On the professional service side,
8 it goes to David Williams, the Deputy --

9 COUNCILWOMAN SANCHEZ: So no
10 one is reviewing -- if we're saying a
11 system is broken and part of the issue is
12 that the flour is decided by an
13 independent department, how is your
14 department trying to capture to ensure
15 that the framing leads to an opportunity?

16 MS. RHYNHART: In terms of how
17 to frame what we're actually looking for?
18 That's really interesting actually,
19 because one of the things we've been
20 working on and we actually have some
21 grant money and have been working with a
22 company called Citymart to actually
23 change the way we write RFPs and to
24 actually write them in a way where we're
25 writing the problem we have and not

1 10/26/16 - COMMERCE - RES. 160310
2 necessarily saying what the solution is.
3 So that is sort of a shift in how
4 governments have historically written
5 RFPs, and also to write it in a way
6 that's clear and understandable. So
7 that's something that we're starting to
8 work on, and we have done it on some
9 RFPs. I would say there might be room
10 for improvement in that area. But I
11 think that is something that actually
12 governments across the country are
13 working on.

14 One example is, we worked with
15 this company, Citymart, and they helped
16 us write the request for ideas around
17 what's called the Internet of Things,
18 which was an IT RFI. It got 105
19 responses. So if we're looking at, you
20 know, average response on RFPs in the
21 five to six range, we got 105. And one
22 of the things this company did for us was
23 say, you know, what is the problem? You
24 need to write it differently.

25 So I think that's something

1 10/26/16 - COMMERCE - RES. 160310

2 that we're working on.

3 COUNCILWOMAN SANCHEZ: So in
4 the interim, what are we doing so that
5 it's not business as usual on the
6 framing, while we acknowledge that we
7 have a bigger problem, to ensure that we
8 are actually creating an opportunity
9 that's different than we've done in the
10 past?

11 COMMISSIONER DAY: So I can
12 answer it from the procurement standpoint
13 as well. I mean, some of the feedback
14 that we've been getting from vendors when
15 we've been doing this outreach is, the
16 opportunities that you're writing are
17 not -- we can't respond to them. So what
18 you're asking for is -- and which I think
19 is getting to your question.

20 So we have had several sort of
21 more concerted efforts on doing vendor
22 forums around food, around printing and
23 inviting vendors in and saying, Okay,
24 this is what the City is looking for, how
25 could we frame the bid or the opportunity

1 10/26/16 - COMMERCE - RES. 160310

2 differently?

3 So we are doing that, but in a
4 more strategic way of saying if we're
5 getting feedback from vendors that these
6 opportunities haven't been -- they
7 haven't been responding to them because
8 of the way they're written, that's what
9 we're doing.

10 COUNCILWOMAN SANCHEZ: And how
11 is that selection being prioritized?

12 COMMISSIONER DAY: I mean,
13 right now if I'm getting the feedback,
14 we're having those meetings. So we
15 haven't -- I mean, it's been a handful of
16 areas. If we continue to get more and
17 more of that feedback, then we will have
18 to prioritize them.

19 COUNCILWOMAN SANCHEZ: I know,
20 Commissioner, but how many contracts do
21 we issue a year?

22 COMMISSIONER DAY: The
23 Procurement Department issues 100 public
24 works contracts and 200, 250 supplies and
25 equipment contracts.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILWOMAN SANCHEZ: So I

3 mean --

4 COUNCILWOMAN BROWN: Can that

5 answer be repeated, please? I didn't

6 hear it.

7 COMMISSIONER DAY: On average

8 we award about 100 public works contracts

9 and around 200, 250 supply and equipment

10 contracts.

11 COUNCILWOMAN BROWN: Annually?

12 COMMISSIONER DAY: Annually.

13 COUNCILWOMAN BROWN: And that's

14 just Procurement?

15 COMMISSIONER DAY: Just

16 Procurement.

17 COUNCILWOMAN BROWN: So that

18 doesn't speak to what's happening across

19 other departments?

20 COMMISSIONER DAY: That's

21 correct.

22 MS. RYNHART: Well, that's the

23 procurement side of purchasing. The

24 other side is the professional services

25 side.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILWOMAN BROWN: So the
3 answer to that is, no, it does not speak
4 to what's happening across other
5 departments?

6 MS. RHYNHART: It speaks to
7 what's happening in many departments on
8 the procurement side, correct?

9 COMMISSIONER DAY: Yes.

10 MS. RHYNHART: That's what
11 she's getting at.

12 The other side would be the
13 professional services. I can have T.
14 David Williams speak to that.

15 MR. WILLIAMS: Good afternoon.
16 T. David Williams, Deputy Director -- I'm
17 sorry; Deputy Chief Administrative
18 Officer. I'm the Director of
19 Professional Services Contracts.

20 On the professional services
21 contracts side, we have on an annual
22 basis about 1,900 to 2,000 contracts.
23 That includes renewals from previous
24 years that roll over. So we probably
25 have about 500 new contracts. And when I

1 10/26/16 - COMMERCE - RES. 160310
2 say "new contracts," a contract typically
3 goes from one to four years. So a new
4 contract will be the renewal of that type
5 of service. So after four years have
6 passed, the department puts that out
7 again. But in terms of brand new
8 opportunities, probably about 100 brand
9 new opportunities in any particular year.

10 COUNCILWOMAN SANCHEZ: So the
11 question for you is, in light of what
12 we're talking about that we recognize
13 we've had some challenges in the past,
14 what is it that we're immediately doing
15 until we wait for our aspirational goals
16 and stuff to track how the cake gets
17 baked and ensure that there is a more
18 robust inclusive process?

19 I guess what I'm asking is, at
20 what point do you say this is not enough
21 and we need to go back out to bid? At
22 what point do you say the contract --
23 because we all have to recognize -- and I
24 think I had this conversation with
25 Councilman Domb -- nobody in their right

1 10/26/16 - COMMERCE - RES. 160310
2 mind will sign a contract -- the contract
3 the way we have it conformed right now,
4 right? We make everybody liable for
5 everything. We're allowed to change our
6 mind at any time. We are allowed -- so
7 we by our contracting -- by our
8 contracts, we've essentially limited who
9 is willing to take that risk.

10 So who is looking at that risk
11 piece and saying how do we make sure that
12 we level this playing field? Because we
13 want everybody to assume all the
14 liability, and do we see that as a
15 problem as to why certain people don't
16 want to engage?

17 COUNCILMAN JONES: So could you
18 hold that for a second. I don't know who
19 will take notes from your side, but we're
20 about to take a deeper dive specific to
21 what I think the spirit of a couple of my
22 colleagues are. If you provide us with
23 the following data, it may give a better
24 insight:

25 I want to know how many

1 10/26/16 - COMMERCE - RES. 160310
2 contracts a year are repeat contracts for
3 over three to five years. So the same
4 person gets the same award from three to
5 five times in a row. So we want those
6 pulled out.

7 Second thing we want to pull
8 out is what is the number of change
9 orders that you get once somebody bids
10 this for 100,000 and it winds up coming
11 above 10 percent of the original price
12 because, oh, I found that this was not a
13 party wall, it is a structural wall, or
14 whatever the issues are. We want to pull
15 those out, that any time -- a red flag
16 should occur that if it's the same
17 company that gets the same contract three
18 to five years in a row and the same
19 company that gets the contract three to
20 five years in a row has over 10 percent,
21 what's the median for change orders that
22 you don't mind -- doesn't pull up a red
23 flag? What is normal? What is the mean?

24 COMMISSIONER DAY: So, I mean,
25 you're talking about public works

1 10/26/16 - COMMERCE - RES. 160310

2 contracts? Because that's where the --

3 COUNCILMAN JONES: Yes.

4 COMMISSIONER DAY: -- change

5 order terminology is typically found.

6 Most public works contracts

7 have a 10 percent contingency. So if

8 it's going to exceed the 10 percent, it's

9 going to work its way into an amendment

10 of the contract.

11 COUNCILMAN JONES: So we want

12 to see those -- I want a correlation

13 between contractors that always get it

14 because maybe they're bidding low,

15 knowing that in the middle of it I can

16 make a change order to get the money

17 right. So if those pop out, we want to

18 take a look at them to see why that

19 constantly -- not saying that there's any

20 illegality there, but it would be an

21 interesting pattern to examine across the

22 board.

23 So then I'm going to stop this

24 to go back to you, but if we want to look

25 at how to break this up a little bit, if

1 10/26/16 - COMMERCE - RES. 160310
2 somebody always bids low and always winds
3 up executing high, that isn't just
4 coincidence often, and we want to take a
5 look at that. And then later on we're
6 going to ask about technical assistance
7 and receivables financing. So whoever
8 has that question and answer, they need
9 to tee up.

10 Councilwoman.

11 COUNCILWOMAN SANCHEZ: I forgot
12 what my question was.

13 Again, until we get to the
14 plan, what are we doing right now around
15 those opportunities in the contracts?
16 Have we changed our contracting at all?
17 Because I know that's some of the
18 feedback you got from the vendors.

19 MR. WILLIAMS: So,
20 Councilwoman, from my perspective --

21 COUNCILWOMAN SANCHEZ:
22 Professional services.

23 MR. WILLIAMS: So from my
24 perspective in professional services,
25 historically professional services has

1 10/26/16 - COMMERCE - RES. 160310

2 been decentralized and it's done on a
3 department-by-department basis. That
4 continues to be the model that the City
5 uses.

6 COUNCILWOMAN SANCHEZ: Is that
7 a best practice?

8 MR. WILLIAMS: Quite frankly, I
9 don't know. I've looked at other cities;
10 for instance, New York, and I know in
11 certain instances outside of the pure
12 procurement role, that many of the
13 professional services are done by the
14 individual departments, and the reason is
15 because those are personal services and
16 those departments have the best
17 understanding of what their needs are.
18 So I can't speak right now as to what is
19 the best practice, but I do know that
20 that is a practice that continues.

21 So then the contracting
22 decisions are made at the department
23 level. When we look at the RFPs, one of
24 the things that we do in our role is, we
25 make sure very simply if it's a brand new

1 10/26/16 - COMMERCE - RES. 160310

2 service, that Law Department has been
3 consulted, that OEO has been consulted,
4 and that Risk Management has been
5 consulted.

6 But I want to go back to one of
7 the other parts of the question that you
8 had, which is what are we doing around
9 risk and those types of things. So
10 Rebecca has convened the Capital Projects
11 Working Group, and part of that group is
12 looking at the way that we do not just
13 capital projects on the procurement side
14 but also on the professional services
15 side. Part of that is working with Law,
16 is working with Risk, is working with the
17 individual departments, the Budget
18 Office. In fact, we even have the
19 Controller's Office joining us in that
20 endeavor. And that is to take a deeper
21 dive to really look at what the process
22 is, how the process needs to be changed,
23 and what kind of things really are
24 triggers. So the risk piece, the
25 bonding, the insurance, those are pieces

1 10/26/16 - COMMERCE - RES. 160310

2 that are being looked at in part of that
3 working group.

4 COUNCILWOMAN SANCHEZ: So
5 everybody knows we've never taken a
6 contract back from anybody. We've never
7 stopped anybody from doing this. Like
8 we've never done it. We've never used
9 the hammer. I think we did it on one
10 case in the 20 years that we've existed.
11 So the question is, how are we going to
12 send a message that it is not business as
13 usual if people know they're going to use
14 their contingency, they're going to use
15 their change orders and we've done
16 nothing? So my question to you is, we
17 know that that's part of the challenge.
18 What are we doing right now to send a
19 message that it's not going to be that
20 business as usual until we come up with
21 other aspirational goals and all the
22 other stuff?

23 MR. WILLIAMS: So from my
24 perspective, we're kind of mixing. The
25 best value piece on the procurement side

1 10/26/16 - COMMERCE - RES. 160310
2 will look at that and will -- I think
3 there will be a deeper dive into quality,
4 into past performance, into looking at
5 what your other customers are saying
6 about you.

7 On the professional services
8 side, we already do do that. So we look
9 deeper into the prospective applicants'
10 background and history. So on the
11 professional services side, we don't get
12 into change orders and we don't do
13 contingencies. It's a little harder on
14 our side, because a contract is written
15 based on law and policy to be for one
16 year with up to three one-year renewals.
17 And I agree with you that that's where
18 part of the concern lies.

19 So what we're doing is at least
20 pushing departments to make sure that
21 when they are in the process of renewing
22 that service that they've had for one
23 year or two years, that they're taking a
24 look as to that vendor to determine
25 whether or not they want to continue

1 10/26/16 - COMMERCE - RES. 160310

2 working with that vendor, whether or not
3 they even continue to need that service.

4 But I agree with you that there
5 is a deeper look that needs to be taken
6 to figure out how we get from just
7 rolling over to actually on a
8 year-by-year basis doing a deep dive and
9 deep look, and there are a lot of hands
10 that are looking at that.

11 COUNCILWOMAN SANCHEZ: And I
12 don't want to monopolize because there's
13 other questions. That to me is the
14 lowest hanging fruit. We talk about
15 lowest responsible bidder, and any person
16 that is non-compliant with any of the
17 customers, because in this case it's the
18 different departments, should be
19 excluded, and that decision has to be at
20 Procurement. That's low-hanging fruit.
21 Like if that doesn't stop tomorrow, then
22 no one should be allowed to bid on
23 anything if they're non-compliant on an
24 existing contract, because we define
25 responsible bidder. So why aren't we

1 10/26/16 - COMMERCE - RES. 160310

2 doing that in exercising that little
3 tool?

4 COMMISSIONER DAY: So I think
5 we are doing that. It may not --

6 COUNCILWOMAN SANCHEZ: Who did
7 you discontinue?

8 COMMISSIONER DAY: It may not
9 be transparent to you. There's a
10 pre-qualification process that happens on
11 every public works contract. So ten
12 bidders may submit their
13 pre-qualification and five may get
14 qualified. So the hope is that we're not
15 going to get into a situation where
16 they're bidding on an opportunity and
17 then we're finding them not qualified or
18 doing that before they actually accept --
19 or we accept their bid.

20 COUNCILWOMAN SANCHEZ: So if I
21 asked you to give me which vendor has
22 five different contracts in the City,
23 you're going to tell me that in all of
24 those they're compliant?

25 COMMISSIONER DAY: I'm going to

1 10/26/16 - COMMERCE - RES. 160310

2 tell you that all of them were found to
3 be qualified for that bid, yes.

4 COUNCILWOMAN SANCHEZ:

5 Compliant. That means they're on time,
6 on budget. Basic compliance.

7 COMMISSIONER DAY: So, you
8 know, I think there is room for improving
9 in that area. There's also -- we don't
10 necessarily move to default or debar a
11 lot of vendors, but we --

12 COUNCILWOMAN SANCHEZ: We don't
13 do it at all. That's the problem.

14 COMMISSIONER DAY: Well, we
15 have a couple of vendors we have
16 debarred. And we actually go through a
17 process of coming to an agreement with
18 some vendors. So we're currently doing
19 that with one vendor right now. We have
20 another vendor that we're starting to
21 meet with around that, and part of that
22 is improving the communication between
23 the departments and Procurement. Because
24 if Procurement doesn't know that there's
25 an issue on the contract, then we're not

1 10/26/16 - COMMERCE - RES. 160310

2 traveling down that path.

3 COUNCILWOMAN SANCHEZ: I'm

4 going to give it back to the Chair,

5 because I know we have time. We

6 absolutely positively immediately need a

7 matrix for that, because no one is

8 tracking that. And, again, to your

9 point, the best predictor of future

10 behavior is past behavior. If we're

11 going -- if the Administration is going

12 to make the decision that departments are

13 allowed to frame and make the decisions,

14 where does Procurement come in to say,

15 No, you cannot keep going to that well

16 that doesn't do right by us? So that has

17 to be something that we're willing to do

18 immediately while we fix the broader

19 picture.

20 COMMISSIONER DAY: I hear you.

21 I do.

22 COUNCILWOMAN SANCHEZ: I'll

23 come back.

24 COUNCILMAN JONES: You're here

25 again if it don't get fixed, I can

1 10/26/16 - COMMERCE - RES. 160310

2 guarantee you that.

3 Councilman Oh, did you go
4 already?

5 COUNCILMAN OH: No, not yet.

6 COUNCILMAN JONES: Because I
7 wanted to make sure that -- Councilman
8 Oh, Councilman Henon, and I know
9 Councilman Green has a prior commitment,
10 so I want to make sure he gets in.

11 Councilman Oh.

12 COUNCILMAN OH: Okay. Just a
13 question concerning the minority, women,
14 persons with disabilities. What is the
15 process now that is different from the
16 last Administration to improve the
17 participation of minorities, women, and
18 persons with disabilities?

19 MS. HARPER: Well, to be
20 honest, Councilman, I can't speak to that
21 at this moment because I'm not sure.
22 What I can tell you is happening is
23 outreach to all of the certifying
24 agencies in developing relationships with
25 WeBank, developing relationships with

1 10/26/16 - COMMERCE - RES. 160310
2 ESNBC, as well as the certifying
3 agencies, Airport, SEPTA, so on and so
4 on, to make sure that when someone
5 receives their certification, that they
6 are aware that the OEO registry -- that
7 they should become registered with the
8 OEO registry and our agencies are
9 talking. So at least in the few weeks
10 that I've been on board, I have done
11 outreach to those individuals. Going
12 forward, I'm open to suggestions and
13 thoughts that you might have on how to
14 kind of better develop relationship or
15 working relationship with those agencies.

16 COUNCILMAN OH: I do have some
17 suggestions.

18 MS. HARPER: Okay.

19 COUNCILMAN OH: And I'll just
20 say plainly, I think credibility is an
21 issue right now in terms of getting
22 participation in the sense that at least
23 from my experience and in my role as an
24 elected official, I run across many
25 minority businesses that do not believe

1 10/26/16 - COMMERCE - RES. 160310
2 that the time spent trying to get a City
3 contract or participate is worth their
4 time. One, it's very challenging for
5 many businesses to even get certified.
6 It's a very lengthy process just to be
7 identified as a minority business when
8 they're a minority business. And after
9 that, there's no, as far as I can tell,
10 real identification of their abilities,
11 their history, that type of thing. And
12 when they are partnered with a prime
13 contractor, for example, or a majority
14 bidder, many of the stories that I've
15 heard have been very problematic. They
16 have not been clearly communicated what
17 the size of the job is, how much money it
18 involves. There's a lot of details in
19 OEO. However, they were not available at
20 the time that the contract was ongoing
21 until after the contract.

22 MS. HARPER: Okay.

23 COUNCILMAN OH: And many of the
24 minority businesses were not paid on
25 time, weren't given any work, that type

1 10/26/16 - COMMERCE - RES. 160310

2 of thing, and then we get back to the
3 enforcement issue.

4 So I would wonder if there was
5 an Executive Order from the Mayor or
6 anything like that that would basically
7 lay out a very clear process about
8 certification and a historic how is the
9 business doing, how many employees, how
10 many employees of color, how many women
11 executives, that type of thing, just to
12 understand the nature and that the
13 majority firm or prime contractor also
14 registers, and then they enter into a
15 form contract that is a City contract
16 that identifies the roles,
17 responsibilities, duties, and amounts of
18 money that are involved, that the
19 minority contractor get paid directly
20 from the City in a timely manner. And,
21 quite frankly, I don't know, but if
22 there's a problem with the prime
23 contractor providing the work to the
24 minority contractor, that should be
25 spelled out as to what they already

1 10/26/16 - COMMERCE - RES. 160310
2 agreed to. They are responsible for
3 having a partnership, and a confession of
4 judgment in that can all be laid out, I
5 think. I'm not sure about the
6 legalities, but I think that would send a
7 clear signal that your time spent in
8 going through the certification process,
9 applying for this work, partnering with
10 someone, that you will get paid, you will
11 be given -- now, if you don't do a good
12 job, that's a different matter, but at
13 least those common complaints would be
14 addressed.

15 MS. HARPER: Yes. I've heard
16 the same complaints.

17 COUNCILMAN OH: Okay.

18 MS. HARPER: And I can say that
19 some of what you're speaking about is
20 occurring in terms of clarification on
21 what the sub is to do, the amount of
22 money, the percentage. It is spelled
23 out, but there are, admittedly, from what
24 I can see at least initially,
25 opportunities for us to improve on that

1 10/26/16 - COMMERCE - RES. 160310

2 process.

3 COUNCILMAN OH: All right.

4 Well, thank you very much.

5 Thank you, Chairman.

6 COUNCILMAN JONES: Thank you,
7 Councilman Oh.

8 Councilman Henon, Majority
9 Leader.

10 COUNCILMAN HENON: Thank you.

11 COUNCILMAN JONES: Thank you
12 for your patience.

13 COUNCILMAN HENON: Thank you,
14 Mr. Chairman, and I apologize for being a
15 little late if I'm a tad redundant in
16 some of the questioning. But I look at
17 procurement similar to our tax system
18 that we have here. It's very complicated
19 and it takes a huge commitment to change
20 the outcomes. And I believe that a lot
21 of the issues that this Council and this
22 legislative body has been talking about
23 for years starts or can't be accomplished
24 without having these processes in place
25 that we're discussing here. And I got to

1 10/26/16 - COMMERCE - RES. 160310
2 tell you, that's why I am a little bit
3 excited about the new CAO position in the
4 department trying to modernize some of
5 these things, so we don't have six
6 different links that people have to go
7 through or anything like that. And we
8 can sit here and talk about boring
9 procurement and professional services,
10 but it is critical, I think, in my view,
11 to the success of the efficiency of
12 government and breaking down the silos
13 that we talked about for years. We can
14 hear -- we hear it with the members who
15 have been talking about
16 interdepartmental, I guess, silos, right?
17 And now having that broken down with
18 technology at least puts us in a better
19 position, and I think it's a necessity,
20 not a want, moving forward.

21 I want to talk about best value
22 in the procurement. So I have a unique
23 experience with working with best value
24 and being a part of, I guess, selling in
25 my previous professional business,

1 10/26/16 - COMMERCE - RES. 160310
2 talking with different counties about the
3 best value and how it does give real
4 opportunities and the best value to its
5 procurement if there's a system in place.
6 Now, things could go wrong with it and
7 it's not easily understood, but if you
8 could explain simply, because some of
9 these things can be very complicated,
10 like what are the components that you are
11 considering that are weighted on the best
12 value? Because I think in its most
13 simplistic form, it's helpful to
14 understand the spirit and where we're
15 headed. And then I got a follow-up
16 question to that after you're finished.

17 MS. RHYNHART: Okay. First,
18 I'd just like to thank you for your
19 mentioning of the creation of the CAO's
20 office. We really are trying to
21 modernize government and think that we're
22 making some real inroads in
23 cross-departmental problems and
24 solutions. So thank you for that.

25 Then in terms of what the

1 10/26/16 - COMMERCE - RES. 160310
2 matrix -- when we talk about the matrix
3 for best value, so the idea is instead of
4 just all of the time on procurement going
5 to the lowest responsible bidder, what
6 many localities around the country have
7 done is move towards what's called best
8 value, and that allows you to give
9 weighting to different factors.

10 COUNCILMAN HENON: And some
11 here in Pennsylvania.

12 MS. RHYNHART: Yes, absolutely.
13 I think several counties around here have
14 gone to best value and many other places
15 as well.

16 COUNCILMAN HENON: The GAS --
17 or the GSA in the federal government.

18 MS. RHYNHART: Right, exactly,
19 yes, the federal government.

20 And so, for example, we would
21 be weighting things like experience, the
22 past performance on workforce diversity.
23 So in the past, we hadn't -- I guess in
24 the current structure there's not a way
25 to give weight to past performance. It's

1 10/26/16 - COMMERCE - RES. 160310
2 only about what the goals are going
3 forward. So what this allows us to do --
4 and this came out of a lot of research we
5 did, my office did, to say what's the
6 solution, what can we do here, and this
7 is something that allows -- actually you
8 can say, well, 15 to 20 percent of the
9 scoring is going to be based -- or
10 however much. We haven't figured out the
11 actual weightings, and they'll probably
12 be different for different opportunities,
13 but would be based on how well have you
14 done on your past workforce diversity.
15 And then we can also weight if you are a
16 minority, women-owned business. One
17 thing that wasn't listed on the sheet
18 that we shared with Council staffers and
19 Councilmembers was that local business,
20 and that has come up as well, something
21 that perhaps we should add to that mix.
22 And the other thing is financial -- for
23 financial performance. So we can look at
24 in your past opportunities with the City
25 how close did you come to the original

1 10/26/16 - COMMERCE - RES. 160310
2 budget, how many change orders did you
3 actually do. So I think this gets to
4 better control and better harnessing of
5 our purchasing power with both the money
6 spent as well as the workforce diversity
7 that we want to help.

8 COUNCILMAN HENON: Okay. To
9 follow that up, how does best value
10 account for a greater participation for
11 M/W/DBE? Not just on its weighting. We
12 talked about it. The Councilman has
13 talked about it. We have had
14 conversations about it when we were
15 meeting, my office, meeting with you and
16 your department about outreach.

17 So you go over past performance
18 of an M/W/DBE. What if they don't have a
19 history? I mean, I'll use pre-K as an
20 example. We're trying to get people from
21 one star to two star up to three, four
22 star. How do we create a history through
23 bonding and giving them -- giving small
24 businesses the opportunity to bid through
25 DocuSign? And we have Councilwoman Bass

1 10/26/16 - COMMERCE - RES. 160310
2 who had introduced a resolution or
3 legislation on prompt pay. How do we
4 give them the security and the confidence
5 to know like, hey, come, we're changing
6 our systems here and it's not going to be
7 270 days for pay, because I'm a small
8 business, you're giving me a chance and
9 I'm not getting paid, so I'm going to go
10 out of business. So our outreach into
11 either the faith-based community,
12 chambers of commerce, and these
13 non-profits getting the word out that we
14 do have somewhat of a prompt pay issue
15 and we recognize that, we have DocuSign
16 now or some way to encourage people to
17 either take a look at some of the City
18 contracts that we have, both on
19 procurement and professional services,
20 and this way, they know that you're not
21 going to -- it's not going to be the same
22 old good-old boys network.

23 MS. RHYNHART: Well, that's --

24 COUNCILMAN HENON: I mean, if
25 that makes sense.

1 10/26/16 - COMMERCE - RES. 160310

2 MS. RHYNHART: Absolutely. It
3 makes a lot of sense, and it's one thing
4 that we've been thinking about lately,
5 about when do we do that outreach and
6 say -- we've done outreach, some
7 outreach, to say that we're working on it
8 and that we've cut some time down, but I
9 want to be able to say, Look, like we
10 know there's a problem, we've cut it
11 across the board by 80 days or something,
12 and if you do business with us, we will
13 pay you within 60 days.

14 So I think as we get there over
15 the next few months, I think we do want
16 to have outreach, especially into the
17 faith-based community so that more
18 businesses can be reached.

19 MS. HARPER: Yeah. I was going
20 to say I think -- I don't know that it's
21 one point in time. I think it has to be
22 consistent and ongoing communication from
23 every part of -- every department in the
24 City to let them know that it's not
25 business as usual and that there are some

1 10/26/16 - COMMERCE - RES. 160310

2 things that are going to make doing
3 business with the City easier.

4 We're working on some things in
5 OEO that are intentionally
6 capacity-building, outreach-based
7 activities designed really to build on
8 relationships with the businesses and to
9 let them know that we are a resource, but
10 also to serve as a place to get
11 information out to businesses, to get
12 information out to our Councilmembers so
13 that they can in turn turn this
14 information around.

15 So I think just to -- I don't
16 know that it's one point in time as much
17 as it is something that we have to
18 continually do.

19 COUNCILMAN HENON: And you are.
20 You're identifying those community
21 engagement and business engagements to
22 broaden your outreach --

23 MS. RHYNHART: Yes.
24 Absolutely.

25 COUNCILMAN HENON: -- to allow

1 10/26/16 - COMMERCE - RES. 160310
2 people to be competitive, give them
3 opportunities, and have it open and
4 transparent so they know -- so businesses
5 know, okay, well, you are lowest, but
6 you're not responsible, and this is why,
7 this is what we need you to work on for
8 next time. This way, people don't get
9 set up with failed expectations.

10 MS. RHYNHART: That's a very
11 good point, especially with somehow
12 establishing a feedback loop I think to
13 businesses that apply for opportunities
14 that then don't get it, the feedback of
15 why didn't they get it, what could they
16 improve upon. I think that's something
17 that we're working on too, we should do
18 better at.

19 COUNCILMAN HENON: And I'll
20 follow up after -- I know Councilman
21 Green has another appointment to make on
22 the two bills that he is a co-sponsor on
23 and how this fits in, I think, some of
24 the things that we've discussed
25 internally and externally with a lot of

1 10/26/16 - COMMERCE - RES. 160310
2 the stakeholders on seeing that --
3 whether single registry or open
4 transparency and tracking bids and RFPs
5 and awards through the process.

6 Thanks.

7 MS. RHYNHART: Absolutely.

8 COUNCILMAN JONES: Thank you.

9 Councilman Green.

10 COUNCILMAN GREEN: Thank you,
11 Mr. Chair.

12 I want to follow up on the
13 comments that Councilwoman Sanchez had
14 made earlier in reference to how the cake
15 gets made, which is the analogy. So
16 we'll focus on red velvet cake.

17 MS. RHYNHART: I'm sorry. What
18 cake?

19 COUNCILMAN GREEN: Red velvet
20 cake.

21 MS. RHYNHART: Red velvet. Oh,
22 okay.

23 COUNCILMAN GREEN: So
24 Mr. Williams actually got to the point,
25 the crux of the issue, that the

1 10/26/16 - COMMERCE - RES. 160310

2 department is actually deciding who gets
3 the contracts. Procurement provides the
4 tools. So they're providing the spatula,
5 the cake pan, the mixing, which are those
6 tools.

7 COUNCILMAN JONES: You are
8 making me hungry.

9 COUNCILMAN GREEN: I saw Willie
10 Seward the other day, so I am thinking
11 about Denise's.

12 So my point is, those are the
13 tools and how the cake gets made, which
14 is what Procurement provides. But the
15 department and people in that department
16 are the ones who are actually in the
17 kitchen making the cake.

18 MS. RHYNHART: For professional
19 services.

20 COUNCILMAN GREEN: Right, for
21 professional services. Correct.
22 Professional services, because we have a
23 bifurcated procurement process. So
24 professional services.

25 So in that process, where is

1 10/26/16 - COMMERCE - RES. 160310

2 the accountability of who is in the room
3 when that decision is being made?

4 Because when I was in the Law Department,
5 I did that with OHCD, because I was in
6 the Law Department, so I was their
7 attorney. So my question is, who is in
8 the room and making the decision?

9 Now, it is a decentralized
10 process, so it seems to me there needs to
11 be some way that OEO is represented in
12 the room or Procurement, because they're
13 making a decision about these issues, and
14 if you have someone from Procurement in
15 the room, they can say, Well, this
16 contractor has had multiple contracts and
17 maybe they should not be on this contract
18 because they have a pattern of using
19 change orders and basically defrauding
20 the City of Philadelphia, or only one --
21 we only have one contract in the mix.
22 OEO may say, Well, there are other people
23 that do the same type of work, from my
24 own understanding.

25 So doing the outreach is great.

1 10/26/16 - COMMERCE - RES. 160310

2 We've got to continue to do that, but
3 we've been doing that for a long time.
4 The DocuSign, Contract Hub, procurement
5 system are all great, but once again,
6 that's the string around the box. My
7 point is, who is in the kitchen making
8 the cake? And OEO and Procurement should
9 be in the room baking the cake.

10 So how are we going to force --
11 because this is a new Administration and
12 we're doing some new ideas. How are we
13 going to provide accountability when the
14 cake is being made?

15 MS. RHYNHART: So I think you
16 raise a very good point, I will start
17 with, that we do have, as you mentioned,
18 a bifurcated procurement process, and
19 this is the first time actually under
20 Mayor Kenney that both the professional
21 services and procurement report up to the
22 same cabinet member, which is me. So I'm
23 responsible for it now. If it does well,
24 that's great, and if it doesn't, it's my
25 fault, right? But I would say that what

1 10/26/16 - COMMERCE - RES. 160310
2 you're focusing in on is something that
3 we've started to think about, and it is
4 decentralized now. I think OEO should be
5 more involved even than they are now, and
6 the question of should Procurement be in
7 the room for professional services
8 decisions, that is a question of we're
9 trying to figure out how to best provide
10 some support to departments and what that
11 looks like. So you've identified a
12 problem. Okay? And what I'm here saying
13 is that we're not there yet with figuring
14 out exactly how to do it in a more
15 centralized way, but we are thinking
16 about it, working on it, and I think it's
17 a to be continued in a conversation.

18 COUNCILMAN GREEN: Well, I
19 mean, the concern I have is with DocuSign
20 getting contracts to people quicker. We
21 talked about Contract Hub. And now I'm a
22 small business owner, I only have to go
23 to one location, procurement system.
24 That's all great, and so that's showing
25 something different than the past, but if

1 10/26/16 - COMMERCE - RES. 160310
2 at the end of the day -- and we're doing
3 more outreach, and that's all great, but
4 at the end of the day if people are still
5 not getting contracts, then people will
6 continue to believe that I don't have an
7 opportunity.

8 MS. RHYNHART: Right.

9 COUNCILMAN GREEN: So either we
10 don't have to -- there's either got to be
11 a way to have them in the room or a way
12 that there's some type of insight or stop
13 gap before that contract goes forward,
14 because without having Procurement and
15 OEO somehow involved when the decision is
16 being made, then things will not change,
17 no matter how many people know about the
18 contracts.

19 MS. RHYNHART: I hear you.
20 Yes.

21 COUNCILMAN GREEN: So --

22 MS. RHYNHART: I think that --
23 I don't have the answer for you now, but
24 I agree that there needs to be a better
25 solution. So I think that what I can

1 10/26/16 - COMMERCE - RES. 160310

2 offer is that we will think about it and
3 have a more detailed plan to you. I
4 don't have an answer on the spot.

5 COUNCILMAN GREEN: And your
6 plan for a detailed plan is when?

7 MS. RHYNHART: I would say that
8 over the next few months we should have a
9 very good handle on how we're doing that.
10 So now it's November, almost November.

11 COUNCILMAN GREEN: So a very
12 good handle on how you're doing that in
13 reference to how the process is currently
14 or going to be on how you're going to
15 make recommendations for changes?

16 MS. RHYNHART: Recommendations
17 for changes.

18 COUNCILMAN GREEN: So that
19 means going to next year's budget
20 process, we will have recommendations for
21 changes?

22 MS. RHYNHART: I think that
23 would make sense, because I think it
24 should be tied into the budget process as
25 well.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILMAN GREEN: So that when
3 we go and start a new fiscal year, we'll
4 have a methodology for a new process
5 doing contracts in reference to people
6 being in the room when the cake is being
7 made?

8 MS. RHYNHART: I think we will
9 have improvements in the process, yes.
10 I'm agreeing with you.

11 COUNCILMAN GREEN: So that
12 means -- and I have a very long memory
13 and I will come back to this over and
14 over and over and over again.

15 MS. RHYNHART: You're saying
16 Procurement and OEO in the room. I don't
17 know exactly --

18 COUNCILMAN GREEN: They don't
19 have to be physically in the room, but a
20 means that when the decision is being
21 made by the department, there is
22 engagement by OEO and Procurement before
23 the final decision is being made, not
24 just OEO saying here's some contracts,
25 not just Procurement saying here are the

1 10/26/16 - COMMERCE - RES. 160310

2 tools, but when the cake is being made
3 and before the cake is put in the box --

4 MS. RHYNHART: Right.

5 COUNCILMAN GREEN: -- we have
6 an understanding of who made the cake and
7 was everyone involved in that process to
8 get the opportunity.

9 MS. RHYNHART: I think
10 that's --

11 COUNCILMAN GREEN: So that's
12 where the rubber meets the road, and
13 that's why things have not changed.

14 MS. RHYNHART: I think that
15 makes sense. So yes. I am committing to
16 having a plan for improvement on that.

17 COUNCILWOMAN BROWN: A plan?

18 MS. RHYNHART: A plan for
19 improvement.

20 COUNCILWOMAN BROWN: Point of
21 information, Mr. Chairman.

22 COUNCILMAN JONES:
23 Councilwoman.

24 COUNCILWOMAN BROWN: A plan for
25 improvement prior to any conversation or

1 10/26/16 - COMMERCE - RES. 160310

2 discussion about Rebuild?

3 MS. RHYNHART: Well, I had said
4 before the budget process.

5 COUNCILWOMAN BROWN: Okay. So
6 the Chairman of this Committee made it
7 exceedingly clear that there will be no
8 party if we do not see clear evidence of
9 changes, tweaks, systemic differences
10 between now and Rebuild. So next year's
11 budget timeline, unless that's aligned
12 with the kickoff of Rebuild, then there
13 might need to be a rethinking about that.

14 MS. RHYNHART: Okay. Well,
15 we'll continue -- I mean, I'll get you
16 the initial ideas sooner than that.

17 COUNCILMAN JONES: Were you
18 done?

19 COUNCILMAN GREEN: I'll just
20 close that you can't have a party without
21 the cake.

22 COUNCILMAN JONES: You're so
23 right, Councilman.

24 Councilwoman Parker.

25 COUNCILWOMAN PARKER: Thank

1 10/26/16 - COMMERCE - RES. 160310

2 you, Mr. Chair.

3 I want to sort of take a stroll
4 back to your response that I was happy to
5 hear in regard to moving to best value,
6 and you talked about past behavior, past
7 performance particularly as it related to
8 economic opportunity. And so I want you
9 to feel like you're definitely educating
10 me right now, because you are.

11 Now, I'm looking at the City of
12 Philadelphia's Procurement Department's
13 debarment list, and under one section I
14 see two firms, two vendors. So the one,
15 the debarment end date ends on October
16 2016 and the other is October 2017, and
17 then you have the suspension list, right?
18 So it's one person on that list. And
19 then in comparison, I'm looking at a
20 list, it's a running list that Chicago
21 uses, and apparently they started doing
22 this in 2008, because it is the earliest
23 date that they began capturing the data
24 that I see on this form. And so it lists
25 the debarment date -- first it lists the

1 10/26/16 - COMMERCE - RES. 160310
2 entity and the individual. That is
3 Column 1. First it lists the entity and
4 the individual. The second column is the
5 actual debarment date and then the third
6 column is length of debarment and then
7 the final column is the reason. And the
8 only reason why I wanted to -- and on the
9 City's form, it just says -- it gives us
10 the vendor along with the vendor's
11 address. It gives us the associated
12 contract number, but if you are an
13 average Joe and not familiar with a
14 contract number, you don't know what
15 department, what service it is, and it
16 just gives the debarment end date. And I
17 think to sort of strengthen our list,
18 this Chicago's list is an example of what
19 the City of Philadelphia did when it
20 published the list of commercial building
21 owners who were delinquent in property
22 taxes. I'm not sure if you all remember
23 it, but it was sort of the shock
24 treatment of you were listed publicly
25 that you owed this amount in property

1 10/26/16 - COMMERCE - RES. 160310
2 taxes in the City of Philadelphia and you
3 had not paid them, and immediately the
4 department, Revenue, reported that firms
5 were calling saying, No, get me off the
6 list, I want to make an agreement, you
7 know. It was done with City workers. I
8 can remember. People immediately made
9 arrangements.

10 Is there anything that we can
11 do to adapt our list so that it reflects
12 the data and the simplicity of the
13 Chicago format?

14 COMMISSIONER DAY: Yes. We can
15 definitely look at that list and what's
16 published on there. I don't think it's
17 been looked at for quite some time in
18 terms of the data that we're actually
19 publishing. So yes.

20 COUNCILWOMAN PARKER: I would
21 appreciate that. And I think if we --
22 and if it's available obviously
23 electronically, it does, without you even
24 saying a word. I mean, we don't have to
25 pass a law to do that, right? So some of

1 10/26/16 - COMMERCE - RES. 160310
2 the things that you're doing can be done
3 and your efforts can be strengthened just
4 through administrative adjustments and
5 technical changes, like you don't want to
6 go on the list because the list is
7 public, right?

8 And with that being said, can
9 you tell me how many that you can recall,
10 how many firms have been added to this
11 list with one of the primary reasons that
12 Chicago lists and, that is, fraud related
13 to M/WBE programs? How many? How many
14 would you say? Do you know that we've
15 had any actually?

16 COMMISSIONER DAY: I mean,
17 there's three on that list. I can look
18 them up and get back to you. I don't
19 know offhand.

20 COUNCILWOMAN PARKER: Okay. If
21 you can. I would just be interested in
22 seeing if we've been capturing data
23 over -- obviously you all have just
24 arrived, so your notes are fairly new,
25 but if there are any other data relative

1 10/26/16 - COMMERCE - RES. 160310
2 to the past Administration that they
3 captured that we can sort of begin to
4 monitor, that would be great.

5 Thank you.

6 COUNCILMAN JONES: Good
7 question, Councilwoman.

8 The Chair recognizes
9 Councilwoman Sanchez.

10 COUNCILWOMAN SANCHEZ: Thank
11 you.

12 I want to go back to some of
13 the potential kind of short-term reforms,
14 because, again, this is somebody -- if
15 this could have been an easy fix, it
16 would have been fixed several
17 Administrations ago. So we know that
18 this is like a long haul, but for me
19 there's some really short-term,
20 low-hanging fruit stuff that we at least
21 got to be committed to.

22 If in fact -- and this goes
23 around how do we define common values and
24 common goals. If in fact decision-making
25 authority is going to be kept at the

1 10/26/16 - COMMERCE - RES. 160310
2 departments, what is it that Procurement
3 can do right now about creating a matrix
4 to begin to measure that decision-making
5 so that we can have a better informed
6 process about who should be there making
7 the decisions? That's one. Like we need
8 an immediate tracking system. I really
9 don't want to go back, because I can tell
10 you what's back there. It ain't pretty.
11 I really want to look at from this
12 Administration moving forward, how do we
13 begin to track everything that's going
14 out so that it could create the datasets
15 we need to provide a reform of what we
16 want moving forward as we define our
17 goals and our values. And if departments
18 don't believe that there's going to be a
19 change to their decision-making process
20 because no one is monitoring it, that
21 there's no reason for them to change the
22 way they do business. And so if the
23 decision is the decision stays at the
24 department, what is it that Procurement
25 can do right away? That's one.

1 10/26/16 - COMMERCE - RES. 160310

2 Tracking the buyers and their
3 decision-making moving forward -- again,
4 don't want to go back -- moving forward,
5 because decisions are getting made every
6 day, and while we continue to talk about
7 the aspirational goals and pieces, what
8 are some of the datasets that we need
9 right away?

10 One of the concerns is -- and
11 obviously capital is a big one, but when
12 we talk about services, you talked about
13 DHS, the City puts out \$2.63 billion in
14 social services a year, and most of them
15 are contracting opportunities. If we
16 don't figure out and create at least a
17 basic threshold of what is
18 unacceptable -- I mean, to me low-hanging
19 fruit, lowest responsible bidder, you
20 have open stuff, shouldn't do it, and if
21 a department wants to insist on a
22 particular vending, the onus should be on
23 them to tell you that they don't have any
24 other issues that are non-compliant,
25 because they know, right? Real basic.

1 10/26/16 - COMMERCE - RES. 160310

2 If someone comes in with a bid
3 as we work on the framing, we should say
4 if only one person bids, that's not
5 acceptable, because we don't know that
6 we're getting the best value. I mean, if
7 you get one bidder, like at what point do
8 you say -- we go to the supermarket and
9 we have 60 options of ketchup, right?
10 You go to Save-A-Lot and you got ten. I
11 kind of like going to Save-A-Lot because
12 ten is easier to choose from than the 60,
13 but I don't know what's the best value
14 unless I start looking at ounces, the
15 amount of money, all that kind of stuff.

16 So it's like I think that on
17 the short-term reforms, there has to be
18 some basic matrix that we agree on until
19 we work on the bigger things so that it's
20 not business as usual. And so that's
21 where I kind of want to get to. We want
22 to help you in that. Some of that stuff
23 needs to be legislated, but some of that
24 stuff can be done right immediately as we
25 send the message to the department

1 10/26/16 - COMMERCE - RES. 160310
2 that -- we have a process for single
3 sourcing, right, but if they're going to
4 frame it and single source it anyway,
5 there has to be a penalty for that.
6 Because they're framing -- they're single
7 sourcing it.

8 So can we come up with that in
9 a quick way to demonstrate that it's not
10 going to be business as usual?

11 MS. RHYNHART: Right. Let me
12 think about that. I think that makes
13 sense. So let me just think about how we
14 would do that actually, and I think we
15 should continue the conversation. I
16 mean, we can get back to you on -- I
17 think we just need to -- I need to think
18 a little bit about what that matrix would
19 look like for the departments and how we
20 would accomplish that, but I agree that
21 there are short-term steps that can be
22 taken.

23 COUNCILWOMAN SANCHEZ: Okay.
24 I'll cede and I'll come back.

25 COUNCILMAN JONES: Thank you,

1 10/26/16 - COMMERCE - RES. 160310

2 Councilwoman.

3 Councilwoman -- Councilman

4 Henon.

5 COUNCILMAN HENON: You can go.

6 COUNCILMAN JONES: Such

7 politeness.

8 Councilwoman Reynolds Brown.

9 COUNCILWOMAN BROWN: Thank you.

10 Keeping in mind the metaphor

11 that Councilman Green painted quite

12 vividly, who is ultimately in charge of

13 procurement decisions? Who ultimately?

14 Is it the Procurement Commissioner, is it

15 your office or is it the department

16 heads? Who ultimately is in charge?

17 Where does the buck stop?

18 MS. RHYNHART: Well, the

19 Procurement Commissioner is responsible

20 for procured opportunities, ones that are

21 bid. Professional services are right now

22 decentralized to the --

23 COUNCILWOMAN BROWN: So

24 decentralized, just for my own --

25 MS. RHYNHART: Sure. To the

1 10/26/16 - COMMERCE - RES. 160310

2 department, the Commissioners in the
3 departments.

4 COUNCILWOMAN BROWN: So the
5 Commissioners of those departments
6 ultimately make those decisions?

7 MS. RHYNHART: Well, they have
8 committees, they have groups of people
9 that get together to make the decisions.
10 I would say that sort of the decision
11 would have to roll up to the
12 Commissioner, right, of that department.
13 I am responsible to make sure that the
14 overall processes for how we purchase
15 goods is working in an efficient,
16 effective manner that expands the values
17 that we want. So I would say that the
18 overall framework of what we're
19 discussing today, I think that would roll
20 up to me, yes.

21 COUNCILWOMAN BROWN: That would
22 roll up?

23 MS. RHYNHART: To me.

24 COUNCILWOMAN BROWN: To your
25 shop, okay.

1 10/26/16 - COMMERCE - RES. 160310

2 So you said those decisions are
3 made by a committee. Is there someone on
4 that committee from either Deputy
5 Commerce Office or your office that, for
6 lack of a better word, might serve as a
7 police officer for ensuring that the
8 values that we're articulating here today
9 are indeed reflected in the decisions
10 that are being made? I'm asking.

11 MS. RHYNHART: Yeah. I think
12 that makes sense. I think it makes
13 sense. We just have to figure out how it
14 would get accomplished. I think OEO is
15 brought in to a lot of decisions, but I'm
16 not sure offhand how consistent that is
17 across departments. So I think that's
18 something that we need to look at and --
19 I mean, I think that this dialogue is
20 really good for us too, because this is
21 helping us think about and frame how to
22 solve for a more consistent view of our
23 values. I mean, I think this is a
24 positive conversation. So, yes, I think
25 that's a good idea, and it's about making

1 10/26/16 - COMMERCE - RES. 160310

2 it consistent.

3 MS. HARPER: Right. One of the
4 things that does happen now, there are
5 OEO officers that are assigned in each
6 City department.

7 COUNCILWOMAN BROWN: Is that
8 new?

9 MS. HARPER: I'm not sure,
10 Councilwoman, but it would be --

11 COUNCILWOMAN BROWN: I'd be
12 curious to know how old that practice is.

13 MS. HARPER: Okay. There are
14 OEO officers that are assigned to each of
15 the departments. I will follow up with
16 you on that. And myself and members of
17 the team actually go out on a monthly
18 basis and meet with those officers. Now,
19 what I'm not sure about because I have
20 not been to a meeting yet is that if the
21 decisions or if the discussion at those
22 meetings actually goes down to that level
23 of decision-making. And so that could
24 possibly be a point of intervention. I'm
25 not sure, but I will get back to you and

1 10/26/16 - COMMERCE - RES. 160310

2 let you know how long it's been in
3 existence and what happens at those OEO
4 officer meetings.

5 COUNCILWOMAN BROWN: Former
6 colleague W. Wilson Goode, in my view,
7 was a laser-beam eagle over this issue
8 for his tenure here and he actually set
9 forth in a number of reports goals that
10 we as a city should strive towards. Have
11 those documents -- and you're new, so I
12 should ask the question. Has that
13 document of goals been shared with
14 department heads and OEO professionals?
15 Because they then move us towards the
16 values that Mayor Kenney talks about.
17 Going back to my earlier comments and in
18 no way to bore you, it's great to have
19 one on the second floor who believes
20 this, who knows it's the right thing to
21 do, who wants to move us in that
22 direction. It's empty talk when his
23 deputies and lieutenants are still living
24 up to the same old practices that
25 Councilwoman Sanchez has spoken about.

1 10/26/16 - COMMERCE - RES. 160310

2 MS. HARPER: Right. I don't
3 have an answer right now and I will get
4 you an answer.

5 COUNCILWOMAN BROWN: Okay.

6 MS. HARPER: I'm sorry.

7 COUNCILWOMAN BROWN: No
8 worries.

9 Thank you, Mr. Chairman.

10 COUNCILMAN JONES: Thank you,
11 Councilwoman.

12 Councilman Henon.

13 COUNCILMAN HENON: Thank you,
14 Mr. Chairman.

15 It's a great way for me --
16 they're great questions, and it was the
17 direction that I was heading in when it
18 comes to different departments and who is
19 ultimately -- who is responsible and how
20 the process is set up. I think
21 Councilman Green started the conversation
22 before he left, and I'm going to at least
23 on my end, I'm going to end it with as we
24 move forward to the budget, I think
25 things come down to training, and we've

1 10/26/16 - COMMERCE - RES. 160310
2 had these kinds of conversations over
3 procurement. Like each department is
4 decentralized, right, and you have your
5 own little procurement committee in each
6 of the departments which ultimately
7 reports up to you. In the departments,
8 though, if I remember, there is -- are
9 there contract officers that exist? We
10 do have contract officers, right?

11 MS. RHYNHART: They're
12 performance managers, right, in the
13 departments.

14 COUNCILMAN HENON: Well, I want
15 to state -- and there's a reason why I'm
16 saying this. There are people -- so
17 there's an OEO officer, right, and then
18 there's contract officers in the
19 departments. So as we approach the
20 budget, one -- well, two questions. One,
21 how do we train them now? Are they
22 current on training in line with the
23 practices and the spirit of our vision,
24 the Administration's vision, your vision,
25 our vision, and our constituents'

1 10/26/16 - COMMERCE - RES. 160310

2 visions; and, two, if we need to address
3 that training with the proper vision with
4 the technologies and the efficiencies and
5 the outcomes that we're looking for.

6 So just as we move into the
7 budget, make sure that everybody is in
8 line, because if we're not talking about
9 it -- we've had conversations about it,
10 but if there are indeed contract
11 officers, how do they -- take a look at
12 how they are trained and if they are in
13 line, and as we approach this budget,
14 should we be looking at budgeting for
15 professional development training
16 throughout the City. This way, it's
17 consistent. I mean, take it like as a
18 new law. We make a law here and we want
19 to make sure that that law is consistent
20 within the codes and our codes are --
21 there's consistency and there's no
22 conflicts when it comes to that.

23 So I'd ask that you take a look
24 at that as we move forward. And, again,
25 this is only stemming from our

1 10/26/16 - COMMERCE - RES. 160310

2 conversations that there are contract
3 officers that exist and you recognize
4 that. I just want to make sure that as
5 we approach a budget, that people are
6 getting trained, because training is
7 everything --

8 MS. RHYNHART: Right.

9 COUNCILMAN HENON: -- I think.

10 And the more people we could train --
11 now, for me, I wouldn't have just one
12 person trained. I would have two people
13 trained. This way, they're not the one
14 that's holding the covenant vision, but
15 that they're training other employees and
16 you can have that peer training, and at
17 least if somebody is not there at the
18 time when reviews are taking place, that
19 we're talking the same language and
20 everybody is familiar with it.

21 MS. RHYNHART: That's a good
22 suggestion.

23 COUNCILWOMAN SANCHEZ:

24 Mr. Chair, I want to add something to
25 that, because I think it's a really

1 10/26/16 - COMMERCE - RES. 160310

2 excellent point.

3 COUNCILMAN JONES: The Chair
4 recognizes Councilwoman Sanchez.

5 COUNCILWOMAN SANCHEZ: So it's
6 not a point of information. It's a
7 friendly amendment to that.

8 I think it's vitally important,
9 because I think, Rebecca, you would agree
10 with me that the biggest frustration for
11 us as the government is that we don't
12 have conformed contracts until December,
13 January. So people are -- we have
14 letters of intent. People are doing
15 contract work and we don't have conformed
16 contracts. As part of that, looking at
17 who are the contract compliance officers
18 is when do they begin that lengthy
19 process. And that should be weighted on
20 their work that they do, because I think
21 it's really tough -- if we really want to
22 be inclusive, if we're asking -- we ask
23 our non-profits all the time. How they
24 manage to operate six months without a
25 contract is beyond me, but that we're

1 10/26/16 - COMMERCE - RES. 160310
2 looking at -- part of that role of the
3 contract compliance folks is when do they
4 start that. And I know sometimes we make
5 decisions about amounts based on the
6 budget, but we can't wait until August to
7 start conforming contracts.

8 And so as part of looking at
9 that structure, again, herein lies
10 another opportunity to create a matrix
11 for -- that contract compliance officer,
12 if they're historically not doing their
13 contracts until January, February, that's
14 a problem.

15 MS. RHYNHART: And that is
16 something actually that we have pulled
17 data on and to have that by department,
18 and actually T. David Williams and I will
19 be going to Mike DiBerardinis's
20 Commissioner meeting next week or the
21 week after to go through each specific
22 department with the Commissioners and
23 say, This is where you're at, this is
24 where you need to be. We're also going
25 to be meeting with down to the

1 10/26/16 - COMMERCE - RES. 160310
2 conformance managers for each department
3 to say, Look, you can't wait -- if the
4 contract starts July 1, you can't start
5 the renewal process June 15th, because
6 that means that it will take on average
7 130 days to get the contract done. The
8 vendor doesn't have payment until
9 December.

10 So that's the process we're
11 actually going through with departments,
12 and really there's a much bigger emphasis
13 on this. And Mayor Kenney actually came
14 to a Commissioner meeting about two
15 months ago just to say, This is really
16 important, like look at this data and
17 this is really important. So now we're
18 drilling down and starting the regular
19 meetings with the departments, but that's
20 something I think we have gone a
21 certain -- we do have the metrics and we
22 do have a plan for.

23 COUNCILWOMAN SANCHEZ: I think,
24 Chair, I think we may want to begin to
25 ask this data on a budget. I think it is

1 10/26/16 - COMMERCE - RES. 160310
2 one of the places where Rebecca's team
3 has really drilled down, and it really
4 speaks to how bad it is when departments
5 start July 1st and contracts are just not
6 conformed until December, January,
7 February. I mean, who does business that
8 way? So getting that baseline data in
9 this budget should begin to look at that,
10 because going back to Councilwoman
11 Parker's point, departments need to know
12 that we know that they're part of the
13 challenge here around how they treat
14 their vendors and their stakeholders,
15 because for departments who provide
16 safety net programs, that's very
17 disrespectful to treat your stakeholder,
18 and we experienced that during the state
19 budget impasse where we couldn't even
20 help as much as we wanted to to provide
21 cash flow for the non-profits because
22 they didn't have conformed contracts with
23 us. And I think DHS and others tried to
24 find money, but imagine -- who treats
25 their stakeholder that way?

1 10/26/16 - COMMERCE - RES. 160310

2 And so we may want to get that
3 as part of the budget, because I do think
4 that's one of the areas that Rebecca's
5 team is working hard and getting into the
6 weeds.

7 COUNCILMAN JONES: Thank you
8 for that, Councilwoman.

9 So I don't see any lights lit
10 up.

11 COUNCILWOMAN SANCHEZ: I still
12 have more.

13 COUNCILMAN JONES: You have
14 some more questions?

15 COUNCILWOMAN SANCHEZ: Yeah,
16 but I know it's a long day.

17 COUNCILMAN JONES: This is your
18 resolution, Councilwoman. We're here.

19 COUNCILWOMAN SANCHEZ: I know
20 we have testimony from a couple of other
21 people, but I wanted to suggest, because
22 I'm an action item kind of person, and
23 one of the things that I'd like to be
24 able to propose is that -- and I've been
25 working with this team for a while on

1 10/26/16 - COMMERCE - RES. 160310
2 this, but I really -- I think there's a
3 sense of urgency on our part, because,
4 again, every day we're making millions of
5 dollars of decisions and sometimes
6 encumbering ourselves for two or three
7 years and opportunities are slipping
8 through the cracks.

9 So let me recommend that
10 Rebecca's team come back to us in 60 days
11 and give us what potential short-term
12 reforms we can help develop. And I'll
13 suggest that she take Councilwoman
14 Parker's suggestion, is go back
15 individually with some of the
16 Councilpeople. But we really need like
17 some real low-hanging fruit matrix about
18 what we're going to do starting now, so
19 that when we're having the other
20 discussions, whether it's finance, bonds,
21 transfer ordinances, stuff like that,
22 that we know that we're moving in that
23 direction and that Council consider
24 establishing some sort of work team with
25 the departments, in particular CAO --

10/26/16 - COMMERCE - RES. 160310

and, again, I think that's a good platform for it -- to really put forth a timeline for when we want to see some systemic changes and how they get reflected in the budget, because ultimately it's where the money is. And I think if we're going to start adding measurement tools to departments, they're requesting budgets and we need to have some goals that we agree to with the departments in the budgets. We can't just give people the ability to make these decisions without creating greater transparency, and at minimum, that we begin to today create a matrix for what is going out, who is going to monitor it, and put the onus on the departments about the responsibility of if this is a responsible bidder.

So a couple of short-term stuff, 60 days, come back and really look at some of these things that we can do and then agree that by the budget time, we'll have at least a planning process

10/26/16 - COMMERCE - RES. 160310

for what a real systemic reform that
requires in some cases legislative action
around our contracting and conforming of
contracts that includes a matrix for
de-bundling and what are the triggers for
that, that includes the other pieces that
we all know that we didn't get to today,
which is how do we create a contract that
allows people to realistically get
insurance and bonding and all the things
and how do we provide the capital and the
capacity, technical assistance, I think
you mentioned earlier, so that we're
creating an inclusive process.

This is not about making an
efficient process of a broken system.
This is really about shared values and
goals and a process that really supports
that with all of the obstacles that we
all know have been going on for years.
We have eight years in an Administration
with the political will to help us work
through this. I think it's hugely,
hugely important that the message gets

1 10/26/16 - COMMERCE - RES. 160310

2 sent out to departments very quickly,
3 just as we're measuring language access,
4 just as we're measuring hiring practices,
5 just as we're measuring the other pieces
6 that we -- the data that we collect in
7 our budget as we move to
8 performance-based budgeting, that they
9 know that this year it's not going to be
10 business as usual in their
11 decision-making and particularly in the
12 framing of their work that they're doing.

13 COUNCILMAN JONES: Thank you so
14 much, Councilwoman. And the reason you
15 submitted this was to get to this, and I
16 really do appreciate you focusing on
17 this.

18 I see Councilwoman Reynolds
19 Brown.

20 COUNCILWOMAN BROWN: I know
21 that Councilwoman Sanchez made the
22 request. I did not hear a response from
23 the Administration on the 60 days.

24 MS. RHYNHART: Sure. We'd be
25 happy to do that. We'd be happy to come

1 10/26/16 - COMMERCE - RES. 160310

2 back in 60 days.

3 COUNCILWOMAN BROWN: Very good.

4 Thank you.

5 COUNCILMAN JONES: Okay.

6 Seeing no further questions, thank you
7 for your patience and diligence in
8 answering these questions. I think --
9 one quick one. Are you doing receivable
10 financing through PIDC?

11 MS. RYHNHART: I'm sorry. Are
12 we doing municipal financing?

13 COUNCILMAN JONES: No;
14 receivables financing through PIDC.

15 MS. HARPER: PIDC does have a
16 product. Are you asking --

17 COUNCILMAN JONES: I'm asking
18 whoever.

19 MS. HARPER: They do have a
20 receivable product that is specifically,
21 as you state, short-term financing.

22 COUNCILMAN JONES: For
23 contracts with the City of Philadelphia?

24 MS. HARPER: That's right.

25 They do.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILWOMAN SANCHEZ: But it
3 is not our product.

4 COUNCILMAN JONES: No.

5 COUNCILWOMAN SANCHEZ: Let us
6 be clear.

7 COUNCILMAN JONES: I got it.

8 COUNCILWOMAN SANCHEZ: It is
9 product that was created at PIDC through
10 their framework.

11 COUNCILMAN JONES: It was
12 actually created by PCDC and they
13 inherited it.

14 COUNCILWOMAN SANCHEZ: So I
15 think it's real important when we talk
16 about values and goals that the product
17 that we work from is one that will help
18 us get to those goals.

19 COUNCILMAN JONES: Got it.
20 Thank you so much.

21 MS. RHYNHART: Thank you.

22 COUNCILMAN JONES: We'll see
23 you again shortly.

24 MS. RHYNHART: Sounds good.

25 Thank you.

1 10/26/16 - COMMERCE - RES. 160310

2 COUNCILMAN JONES: Ms.

3 Williams, can you read the next panel to
4 testify.

5 THE CLERK: The second panel
6 will be Jerry Vallery and Jihad Ali.

7 (Witnesses approached witness
8 table.)

9 COUNCILMAN JONES: Mr. Vallery,
10 you don't look a day older. What are you
11 doing?

12 Please come up to the table,
13 have a seat, state your name for the
14 record, young man.

15 Long time, no see, Mr. Ali.

16 MR. ALI: What did you say,
17 sir?

18 COUNCILMAN JONES: I said long
19 time, no see. Weren't you at that table
20 yesterday or the day before?

21 MR. ALI: Well, at least I put
22 my name on the list.

23 COUNCILMAN JONES: Okay. Bring
24 the mics close to you, state your name
25 for the record, and please begin your

1 10/26/16 - COMMERCE - RES. 160310

2 testimony. And good afternoon.

3 MR. ALI: Good afternoon,
4 Chairman Jones and other honorable
5 members of the Committee of Commerce and
6 Economic Development. I am Jihad Ali,
7 President of the Contractors Roundtable
8 organization. I'm here to testify in
9 support of Resolution 160310.

10 It is indeed an honor to have
11 the opportunity to speak to the Committee
12 on Commerce and Economic Development on
13 behalf of contractors, developers, and
14 small business owners who seek to do
15 business in the City of Philadelphia, and
16 on behalf of those, we wholeheartedly
17 support Resolution 160310.

18 Since the mid 1980s, I've been
19 working with contractors, construction
20 crews, small businesses, and major
21 corporations both as a business owner
22 working with union personnel and
23 non-union personnel. I'm a member of the
24 Carpenters Union 158 of Philadelphia and
25 Bucks County and Northern New Jersey.

1 10/26/16 - COMMERCE - RES. 160310

2 I'm also a founding member of the
3 Contractors Roundtable and have been
4 working with contractors and developers
5 for over 20-plus years. I was the owner
6 of a union carpentry company that worked
7 on numerous City-funded projects.

8 Resolution 160310 notes the
9 diversity of this city is 59 percent
10 minorities, 53 percent women, and 20
11 percent have a criminal record and 13
12 percent suffer deep poverty. We are here
13 today to examine the flaws in the
14 procurement process and the lack of
15 transparency and oversight that has
16 limited economic opportunity for 30 years
17 in the procurement and capital projects
18 programs.

19 It is commendable to see that
20 this body is still fighting to move this
21 bar forward on inclusion and the union
22 issue after 30 years. It again verifies
23 the prophetic words of the great
24 abolitionist, the Honorable Frederick
25 Douglass, who stated, Power concedes

1 10/26/16 - COMMERCE - RES. 160310

2 nothing without a demand. It never did
3 and it never will, August 3rd, 1857.

4 This resolution is such a
5 demand, it is another demand through the
6 efforts of many of your present and
7 former Councilmen and Councilwomen who
8 have tried to level the playing field.

9 The Procurement Department,
10 along with the Capital Programs Office,
11 when their department heads come into
12 these Chambers, they say all the
13 politically correct narrative, We support
14 inclusion. However, their agencies are
15 not entirely transparent. At the
16 Procurement Department, the Water
17 Department bids are continually awarded
18 with zero percent participation of both
19 MBE and WBE firms and more frequently
20 only WBE participation with MBE
21 suppliers.

22 Are you aware, Chairman Jones,
23 that the Procurement Department provides
24 a prototype Economic Opportunity Plan in
25 their bids that is dated 2011, when in

10/26/16 - COMMERCE - RES. 160310

fact it was revised by this Committee,
then chaired by the Honorable Councilman
Wilson Goode, with Bill 140640 amending
Chapter 17-1600 of The Philadelphia Code,
entitled "Economic Opportunity Plans" and
signed by the Mayor Michael Nutter on
October 29th, 2014. The department has
issued hundreds of bids with outdated
economic opportunity requirements.

Chairman Jones, you are aware
that Bill 160003 amending Section 17-107
of The Philadelphia Code, entitled
"Contractors: Labor-Management
Relationships," by requiring the City
Labor Standard Unit to enforce the City
contract requirements for workforce
diversity and by providing penalties for
contractor failure to make good faith to
meet workforce diversity goals.

Again, these important
revisions to the Economic Opportunity
Plans are not being given to any
contractors seeking to bid work at the
Procurement Department or the Capital

1 10/26/16 - COMMERCE - RES. 160310
2 Programs Office. Additionally, these
3 changes are not provided to any
4 developer, contractor or agency seeking
5 financial assistance or contracts in the
6 City of Philadelphia at all departments.
7 I respectfully request that this
8 Committee take all necessary steps to
9 ensure that the Economic Opportunity
10 Plans provided to those seeking to do
11 business or seek financial assistance
12 with the City be the current revised
13 documents.

14 It's clear to me that one of
15 the strategies utilized to derail
16 inclusion efforts was to ignore Council
17 and disregard the law. What is troubling
18 is department heads are doing this in
19 this city. The other strategy was to put
20 a person in good faith to do a job. In
21 this case, it was Angela Dowd-Burton as
22 the Director of Economic Opportunity.
23 Although a lovely lady, she failed in her
24 job to put the efforts of this Council --
25 and her efforts put this Council in a

1 10/26/16 - COMMERCE - RES. 160310
2 six-year hold where no solutions were
3 presented. The only often used phrase
4 was "let us start an apprentice program."
5 There was no significant achievement. In
6 fact, the Summary of Economic Opportunity
7 Plans Accessing Goal Achievement and
8 Compliance, 2009 to 2014, revealed the
9 City vendors failed to achieve compliance
10 on 68 percent of their contracts. Was
11 this continually for six years? And that
12 was only reviewing 300 of the 900
13 Economic Opportunity Plans.

14 As a frequent attendee of these
15 hearings, I know without a doubt that
16 this Council and previous Councils have
17 tried their best to fulfill their oaths
18 to do their jobs. You have put forth
19 numerous resolutions to close loopholes.

20 Economic opportunity is all
21 about numbers, and as my good friend
22 often says, numbers do not lie. I would
23 like to quote the words from you,
24 Chairman Jones, If it is not measured, it
25 is not managed, and good faith is

1 10/26/16 - COMMERCE - RES. 160310

2 improved by good monitoring.

3 In closing, let me again quote
4 the famous agitator, the Honorable
5 Frederick Douglass, 1857, I have said all
6 that I mean to say and the time will not
7 permit me to say more.

8 Thank you for allowing me to
9 testify.

10 COUNCILMAN JONES: So two
11 things. Name three things we can do in
12 this body to better improve minority and
13 female productivity and participation,
14 three things.

15 MR. ALI: The first thing is to
16 immediately have them ensure that all the
17 revised requirements of the Economic
18 Opportunity Plans are in all departments,
19 because right now they're using the 2011
20 form. The new form, the 2014 and the
21 2016 form, the 2014 form identifies
22 diversity. The developer/contractor has
23 to say what the diversity of the Board
24 is, the diversity of the employees, so
25 forth and so on.

1 10/26/16 - COMMERCE - RES. 160310

2 The other thing would be to
3 ensure that you have oversight in all
4 departments, because that's really what
5 we're talking about. Now, you asked the
6 previous panel -- OEO does provide
7 personnel in all departments. The
8 problem is, there's really no oversight.
9 They've been doing that at least for four
10 years. I've recently reviewed one of the
11 memos that they released to a contractor
12 who had zero participation of women, but
13 yet they awarded and said he was in
14 compliance and he was 7 percent women,
15 when the contractor said he had zero
16 women.

17 I think the third thing that we
18 should do is to put a -- maybe you could
19 have an attorney represent Council.
20 Because if the issue is -- I've learned
21 something here today, and what I've
22 learned was that OEO wasn't involved at
23 the highest level at least as a monitor
24 or as a participant in the Board
25 reviewing these bids. So one thing might

1 10/26/16 - COMMERCE - RES. 160310

2 be to hire an attorney and put him under
3 somebody like John Christmas, who has a
4 reputation to hold people accountable.
5 It's almost a play from Mayor Rendell's
6 Administration with Dave Cohen, to have
7 one person in charge of every committee
8 looking at everything on behalf of the
9 Mayor.

10 I think Council, what happens,
11 as I've said numerous times, you all have
12 done a great job in trying to move this
13 bar forward, but the minute we get out
14 that door, then department heads, as they
15 told you, Well, you know, we might not
16 consider that. I've seen bids after bids
17 with zero participation. How can it be
18 awarded at the procurement level?

19 So those are the things I think
20 that you can do immediately.

21 COUNCILMAN JONES: So to hire
22 an attorney type for compliance,
23 oversight of all departments, and update
24 the forms at the EEO compliance forms
25 that are currently outdated.

1 10/26/16 - COMMERCE - RES. 160310

2 MR. ALI: Yeah, because,
3 Chairman Jones, I attended a
4 Redevelopment Authority meeting last
5 week, and the Commerce Department, the
6 Chairman, sits on the Board. However, I
7 have been raising this issue since the
8 former Chairperson was there. And the
9 simple matter is, when developers come
10 in, they'll sign anything that they have
11 to sign to get what it is, but they'll
12 abide by it, but if the form itself
13 doesn't talk about diversity, which it
14 doesn't under 2011, it doesn't talk about
15 diversity, there's no follow-up and it's
16 only a prototype.

17 The law says that within 15
18 days of the contract, a plan should be
19 developed, and the plan should be
20 submitted to the Chief Clerk's Office.
21 What has happened is, they come and they
22 sign a prototype. It's just like
23 agreeing to say, Okay, I'm going to do
24 it, but as you said, if you don't measure
25 it and you don't monitor it, you're just

1 10/26/16 - COMMERCE - RES. 160310
2 going to get good faith. So what happens
3 is, they do these projects and then most
4 of the times your agency doesn't --
5 there's no follow-up. So we don't know
6 if whoever came in and said they're going
7 to build ten houses and give them to
8 affordable people, we don't know that
9 because we don't see it for two years
10 later when it comes out in the capital
11 report.

12 COUNCILMAN JONES: Particularly
13 as we start to climb out of the recession
14 and really start to boom and I remember
15 going up Delaware Avenue and there was
16 nothing but -- I had to dodge and
17 navigate the construction that's going
18 on. There's a greater need to monitor, a
19 greater need to monitor.

20 Thank you.

21 MR. ALI: One other thing I'd
22 like to add with the monitoring piece.
23 We had this back when we built the
24 Phillies stadium. If a firm hires a
25 monitor, the information is proprietary,

1 10/26/16 - COMMERCE - RES. 160310
2 because the firm that hires -- the
3 monitor will say to Council, I can't
4 release that until the firm that hired me
5 grants permission. So what we did on the
6 W Hotel through the efforts of
7 Councilwoman Blondell Reynolds Brown was,
8 we crossed out the phrase in the OEO
9 regulation that says that OEO -- that the
10 developer will have the information on
11 file until requested by OEO. So we
12 crossed out "until requested" and put the
13 developer will deliver the information to
14 the Chief Clerk, and that helps because
15 that gives us transparency. And once
16 again, John Christmas did that.

17 COUNCILMAN JONES: All in the
18 wording.

19 Thank you, Mr. Ali.
20 Pull the mic a little closer,
21 sir.

22 MR. VALLERY: Chairman Jones,
23 my name is Jerry Vallery.

24 I prepared two speeches, but
25 I've discovered that the one speech

1 10/26/16 - COMMERCE - RES. 160310
2 related to the program and contractors
3 dealing with the contractors' performance
4 and I also prepared one on the service
5 that we would bring and a relationship
6 dealing with current problems and those
7 future problems that will emerge in the
8 future. I would like to tell you about
9 the companies that we own, and we'll
10 offer the services that I'm proposing
11 here today and the advantages of working
12 with us to deliver those services.

13 Our company, Contract Support
14 System, was established in 1989 as a
15 result of a shortage of technical
16 assistance and bonding as well as
17 financing to minority contractors in the
18 City. Out of that relationship with the
19 City, we established a bonding program as
20 well as a training relationship with
21 Temple University that resulted in the
22 development of a construction management
23 program that we discovered was needed by
24 the contractors and the deficiencies that
25 they were suffering as a result of

10/26/16 - COMMERCE - RES. 160310

contracts awarded. That program is still
in operation today. We created a special
program for Hispanic contractors, and out
of that relationship there was one course
that was devoted exclusively to
contractors from that part of the City.
That program is still being conducted
today. The enrollment runs up to 30
students, and some of the most competent
contractors we have in Philadelphia are
graduates of that program, and for the
most part, we still maintain a
relationship with them as well as the
university.

Several years later when the
demolition program was established under
the administration of the Mayor at that
time, we approached the Mayor on the
possibility of creating a relationship
that we developed with the African
American Chamber of Commerce, and we
proposed the award of contracts in a
number of houses that we were contracted
with the contractors in that program.

1 10/26/16 - COMMERCE - RES. 160310

2 That program lasted three years and we
3 demolished over 3,000 houses. The
4 participants in the program came from the
5 various ethnic communities in the City.
6 The training was conducted -- was
7 developed by my company and we -- that
8 program, that training program, was
9 conducted at Temple University, and over
10 the three years the program operated, we
11 demolished over 3,000 houses, created
12 about 100 companies. The average family
13 was four people in a family, and the bulk
14 of the students were ex-offenders. Many
15 of those firms that were developed in
16 that program are still operating today,
17 some of the better contractors in the
18 City of Philadelphia.

19 We also formed an insurance
20 agency in the later years, JMAR Insurance
21 Agency. It still exists today and we're
22 housed for a long period of time at -- in
23 the area around 35th and -- 36th and
24 Market Street. We're now located at the
25 Technical Center out at 45th and Market.

1 10/26/16 - COMMERCE - RES. 160310

2 Both companies still operate, providing
3 surety bonds and commercial insurance
4 products for companies that are not
5 credit worthy, have tax liens, bankruptcy
6 and other negative items that would
7 hinder them to obtain these products in
8 the standard market.

9 My focus today is to recommend
10 a bonding program in the City of
11 Philadelphia that would provide these
12 services to minority contractors of all
13 denomination.

14 The advantages of a bonding
15 program in the City of Philadelphia, it
16 would provide a central place to obtain
17 bonds and insurance service that would
18 work with the City of Philadelphia to
19 screen, monitor, and assist these
20 contractors all in one place;

21 Office that would provide
22 financial assistance for contractors that
23 are unable to obtain funding. That could
24 be provided at The Enterprise Center;

25 Organization established to

1 10/26/16 - COMMERCE - RES. 160310

2 provide contract opportunities for all
3 minority and disadvantaged contractors
4 would be at The Enterprise Center;

5 Bonding for all levels of
6 contractors, small to large, with surety
7 companies established and willing to
8 assist them;

9 Rates that are affordable and
10 competitive;

11 Easy application process for
12 all contractors;

13 Turnaround time within 24
14 hours, and for the average time to
15 determine the contractor's qualification
16 to be bonded wouldn't be much more than
17 one hour. All the qualification would be
18 done on site, and whatever assistance is
19 necessary to achieve that would be
20 provided by our company;

21 Minority surety firms assisting
22 other minority businesses;

23 Additional training available
24 through Temple University construction
25 management certification program for any

1 10/26/16 - COMMERCE - RES. 160310

2 contractors that need training and
3 educational assistance.

4 We are capable of developing
5 whatever training assistance to overcome
6 deficiencies that may be discovered
7 during the course of our relationship
8 with contractors that come into the
9 program.

10 Disadvantages of not
11 establishing a program:

12 Continued disconnection of
13 minority participation on City projects
14 and the entire bidding process;

15 Continued disconnection between
16 minority contractors and prime
17 contractors on competitive contracts;

18 Continued disparity of the
19 growth of minority businesses in the City
20 of Philadelphia;

21 Continued unemployment of youth
22 who can be trained to do construction
23 trades in the City of Philadelphia with a
24 continued increase in prison and
25 drug-related incidences with African

1 10/26/16 - COMMERCE - RES. 160310

2 American demographics;

3 Continued lack of participation
4 on City projects for qualified minority
5 contractors and those contractors leaving
6 and going to other states for work.

7 The resolution that was passed
8 by the City Council for the PLAs is a
9 beginning to establish programs and
10 solutions to the problems facing minority
11 and disadvantaged contractors in the City
12 of Philadelphia. We would like to work
13 with you to provide the solution to these
14 programs that will benefit these
15 contractors.

16 I would like to suggest -- I
17 know the City is undergoing considerable
18 difficulty in dealing with the problem of
19 high unemployment in the City. We have
20 demonstrated the ability both in the
21 demolition program as well as the program
22 that we currently operate at Temple
23 University, the construction management
24 program. I think that one of the major
25 problems we've discovered long ago has

1 10/26/16 - COMMERCE - RES. 160310
2 been the inability of contractors to
3 function in a normal construction
4 environment. The training that we
5 provide in the construction management
6 program at Temple University equips the
7 contractor with the skills to function in
8 a formal construction environment. And I
9 would strongly recommend that dealing
10 with the future and attempting to
11 overcome some of the deficiencies, it's
12 imperative that a program of training at
13 least at the level that we conduct at
14 Temple University should be developed now
15 and contractors begin to be trained. The
16 cost of the training program could be
17 borne by the City, because these are
18 citizens of the City, and since there's
19 no training facility where they can be
20 paid -- where they can obtain this
21 training free, then it's to the advantage
22 of the City to step in and do something
23 about it. And I do -- I'm a civil
24 engineer by trade. I've worked for many
25 years in the profession, and I can assure

10/26/16 - COMMERCE - RES. 160310

you that if you're not trained with the complex records and other requirements of contractors today, we would be well served to include a training program at any cost, and we'd be willing to work with you to develop such a program. And I do think that we could do this at Temple or either Drexel. I'm not speaking of a full-year program. I'm talking about something that would run on Saturdays only over about nine months, and we could have contractors that could function and be much more profitable.

I know that we have deep-seated problems in trying to break the situation we have in Philadelphia, but the City without even beginning to reach that, we should proceed now to commence a training program to improve not only the training but financing of contractors as well. This could be done from funds that are currently available. There's a fund at PIDC and there's a fund out at the Technology Center. We could use that in

1 10/26/16 - COMMERCE - RES. 160310

2 both cases. In fact, it's being used
3 now, but the training is not available,
4 and I would be glad to assist with that.

5 Any further question?

6 COUNCILMAN JONES: More like a
7 statement, but some questions. First of
8 all, let me just go on record saying that
9 you, Hanford Jones, you, Mr. Ali, now
10 that you're getting older go in names
11 like John Macklin when it comes to this
12 struggle of inclusion.

13 I had an honor of working with
14 you at PCDC. You had a bonding program
15 then. You had an insurance program then.
16 You provided technical assistance then.
17 You have mentored and molded more
18 contractors in the City and the region
19 than many of us can possibly know. And
20 when you did the NTI program in
21 particular, I remember when we had the
22 hearings on the building collapses, that
23 if we only had the program that
24 Mr. Vallery had, this would not have
25 happened. If we only had this kind of

1 10/26/16 - COMMERCE - RES. 160310
2 technical assistance and contract
3 monitoring, we wouldn't have had this
4 problem.

5 So here we are again with a
6 third bite at the apple. Not since the
7 stimulus program, not since NTI has this
8 much opportunity showed up at the doors
9 of procurement. And if nothing else, we
10 need to make sure that individuals that
11 think they are coming to an opportunity
12 but wind up opening a door not to
13 opportunity but to a nightmare can be
14 trained and coached up not to have to go
15 through this.

16 I have experienced as head of
17 MBEC back in the day a contractor coming
18 to my office and sheepishly asked to be
19 let off a contract, saying it's killing
20 them, saying he didn't estimate it right.
21 He ran into certain things once he went
22 into the wall that he didn't anticipate,
23 shot his costs up. So being able to cost
24 estimate is an important part of this
25 thing.

1 10/26/16 - COMMERCE - RES. 160310

2 So all of this, technical
3 assistance, bonding, insurance, if we
4 have a turnkey program that's already in
5 place, you don't have to reinvent the
6 wheel. Done it, been there and done it
7 again. All I can say is that shame on us
8 if we don't take advantage of that
9 wisdom.

10 So I want to let -- are you
11 testifying?

12 UNIDENTIFIED SPEAKER: No, sir.

13 COUNCILMAN JONES: You're
14 the --

15 MR. VALLERY: My assistant.

16 COUNCILMAN JONES: The garment
17 of greatness, okay.

18 So I'm going to ask the same
19 question I asked Mr. Ali. Give us three
20 things that we can do to make this
21 process better.

22 MR. VALLERY: Repeat that.

23 COUNCILMAN JONES: Give us
24 three things -- I heard and listened
25 intently to your program, but pick three

1 10/26/16 - COMMERCE - RES. 160310

2 things out of them that we can do
3 immediately. If we could make three
4 wishes of you, what would it be?

5 MR. VALLERY: I understand that
6 you wanted three --

7 COUNCILMAN JONES: I just want
8 three, because I know you can give me
9 ten.

10 MR. VALLERY: I think as a --

11 COUNCILMAN JONES: Top three.

12 MR. VALLERY: I think at the
13 minimum, every contractor that is working
14 on a City contract, unless they have as a
15 minimum completed this nine-month
16 Saturday-only training program at Temple
17 University, is not capable of being
18 trusted to function in a construction
19 environment today.

20 COUNCILMAN JONES: So we need
21 to take a look at what the
22 pre-qualification process is and see if
23 it at least matches up to that. One.

24 MR. VALLERY: Well, one of the
25 major things that we found, that just the

1 10/26/16 - COMMERCE - RES. 160310
2 safety requirements alone require
3 specialized training. Now, when you look
4 at the other complex construction
5 activities that takes place on
6 construction sites today, you can't even
7 walk on a site without having some formal
8 training in construction management kind
9 of activities. Even the accounting
10 system has changed today. They no longer
11 refer to it as accounting. It's
12 construction accounting.

13 COUNCILMAN JONES: It's
14 specialized.

15 MR. VALLERY: Specialized.
16 Anyone who is functioning in a management
17 role that doesn't understand the need for
18 construction scheduling and the input of
19 the data that occurs in the field as a
20 result of those schedules that has to be
21 converted to a financial statement is
22 not -- just a gap in learning as a
23 manager who is interested in making a
24 profit on a job is not trained and he'll
25 fail in time.

1 10/26/16 - COMMERCE - RES. 160310

2 When we interview contractors
3 for bonding today, we do a full
4 interview, make sure that they're capable
5 of effectively managing a project,
6 effectively planning it, and that they
7 understand the result of the financial
8 statement that comes out of that
9 information. And if not -- I'll tell
10 you, I insist that people have an
11 understanding of that basic information.
12 Otherwise, you're not able to schedule it
13 and be successful. Why should we issue a
14 bond to someone who we know is doomed to
15 failure?

16 Well, that's one thing.
17 Financing is another. You can't be
18 bonded unless you have access to
19 financing, working capital. So we must
20 provide contractors with financing. We
21 have a loan program at the Technology
22 Center out in West Philadelphia where
23 we're building it, but there are other
24 contractors can establish a relationship
25 with a bank. But construction is a

1 10/26/16 - COMMERCE - RES. 160310
2 difficult and complex function today, and
3 contractors are managers and unless
4 they're capable of -- fully trained and
5 capable of developing work, scheduling
6 work, and successfully supervising it,
7 they're going to be doomed to failure.
8 And from our perspective, we're
9 running -- we have a bond program.

10 COUNCILMAN JONES: Yes, sir.

11 MR. VALLERY: And we're dooming
12 ourselves to failure on that side of the
13 business. So we want to be certain that
14 people have the resources to be
15 successful.

16 COUNCILMAN JONES: So first one
17 was training. Second one was access to
18 capital and bonding. What is your third?

19 MR. VALLERY: That's right.
20 The third is training. Did you cover
21 training?

22 COUNCILMAN JONES: You covered
23 training on your first one.

24 COUNCILWOMAN SANCHEZ: He said
25 training, technical assistance, and he

1 10/26/16 - COMMERCE - RES. 160310

2 referenced Temple; the insurance and
3 bonding with the accounting and
4 construction timeline management; and
5 then financing and working capital.

6 COUNCILMAN JONES: So you got
7 one more if you --

8 COUNCILWOMAN SANCHEZ: No. He
9 gave us three.

10 COUNCILMAN JONES: He gave us
11 three?

12 COUNCILWOMAN SANCHEZ: Yeah.

13 COUNCILMAN JONES: I went to
14 public school. I'm sorry.

15 MR. VALLERY: That's all right.

16 COUNCILWOMAN SANCHEZ: I have
17 one question, Mr. Chairman, that I think
18 is hugely important.

19 COUNCILMAN JONES: Councilwoman
20 Sanchez.

21 COUNCILWOMAN SANCHEZ: Because
22 Mr. Vallery was part of it. And he
23 referenced the NTI program and the
24 demolition piece that we've seen later.

25 And if you have the answer to

1 10/26/16 - COMMERCE - RES. 160310
2 this. There was a lot of thought that
3 went into supporting and building
4 capacity for those specific contractors.
5 Why weren't they -- why didn't they
6 create a local union for themselves? I
7 want to hear it. Somebody got to tell
8 me.

9 MR. ALI: Well, first of all,
10 you have -- most people aren't
11 knowledgeable that they can create a
12 union. That's really the simplest
13 answer.

14 COUNCILWOMAN SANCHEZ: So when
15 we did that NTI program, would you say,
16 Jihad, in your experience -- and you've
17 been doing this for a while -- was that a
18 missed opportunity?

19 MR. ALI: Yes, it was. That
20 wasn't even a discussion back then,
21 because I'd have to admit on the record,
22 at that time I didn't know that we could
23 have created a union. So that's
24 really -- and I believe the Bible says
25 the lack of knowledge will kill you. And

1 10/26/16 - COMMERCE - RES. 160310

2 it really did, you know, the lack of
3 knowledge. And that's really where we
4 have a disadvantage, because we're up
5 against multi-generational other
6 communities that have people that they
7 can go to to get this kind of
8 information. And if most people would
9 read the mission statement of most all
10 unions, you would say that they organize
11 for the good of themselves, their
12 families, and their communities. So
13 certainly we could have did that, but we
14 need to know the mechanism to do that.
15 We need to go down to the Department of
16 Labor and file the proper forms. It was
17 just that simple.

18 COUNCILWOMAN SANCHEZ: So I
19 think just as we talk about training and
20 technical assistance, and to Councilman
21 Jones's -- shame on us if we haven't
22 learned lessons and not used these
23 opportunities to say -- all of the things
24 that Mr. Vallery put into place is
25 important, but how do you sustain it and

1 10/26/16 - COMMERCE - RES. 160310
2 build its capacity, our ability to create
3 that common mission or purpose in a
4 statement as simple as what a union
5 forms.

6 MR. ALI: Well, we do need
7 leadership.

8 One thing I want to say on the
9 record. Chairman Jones, what you said
10 about Mr. Vallery is absolutely true. He
11 gave me my first bond and you were at
12 PCDC, and that set me up to become a
13 union contractor and I just kept growing.

14 COUNCILMAN JONES: He was the
15 only employee that wasn't -- I reported
16 to him. I kid you not.

17 MR. ALI: That's right. I
18 forgot about that. Yes, he did. And he
19 has helped a tremendous lot of people in
20 that NTI program. So I think that
21 program that he laid out is an excellent
22 program. I would just tweak it to say
23 you've passed some resolutions lately and
24 one of the exceptions in the resolutions
25 you passed is an on-the-job training

1 10/26/16 - COMMERCE - RES. 160310
2 program, and that's key to sidestep the
3 union issue. So if we get his program
4 and actually get them on a Saturday in
5 the class but have them on the job
6 learning with a more seasoned contractor,
7 we can get by the whole union issue, and
8 that's really what we have to do.

9 COUNCILMAN JONES: I just want
10 to thank the author of this resolution
11 for reminding us this is a heck of an
12 opportunity before us, that we don't
13 really have to reinvent the wheel. There
14 are existing tools and components that
15 can be brought together to do this. It
16 just takes a little bit of imagination, a
17 little bit of political will, and a lot
18 of work. But that's the purpose of these
19 opportunities.

20 Are there any other questions?
21 (No response.)

22 COUNCILMAN JONES: Seeing none,
23 this will conclude the public hearing of
24 the Committee of Commerce and Economic
25 Development to the call of the Chair.

Committee on Commerce and Economic Development
October 26, 2016

Page 172

1 10/26/16 - COMMERCE - RES. 160310
2 Thank you all for coming.
3 (Committee on Commerce and
4 Economic Development concluded at 4:15
5 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter, and that this is a true and
correct transcript of same.

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Committee on Commerce and Economic Development
October 26, 2016

Page 1

A	164:9,11,12	22:23 29:5	153:20,21	134:10	78:7	153:23	162:15
abide 148:12	167:3	29:17 55:20	agenda 56:20	amazing 53:3	anyway 117:4	areas 5:10	assisting
abilities	accurate	56:3 83:11	56:22,25	amending	apologize	26:19,21	155:21
86:10	48:24	84:16	agitator	142:4,12	89:14	43:6 45:8	associated
ability 6:12	accurately	102:11	145:4	amendment	apparently	50:10 68:16	110:11
6:13,17,19	173:5	113:2	ago 21:13	74:9 127:7	109:21	131:4	assume 72:13
6:24 21:12	achieve 144:9	114:12	43:24,24	American	applaud 6:4	arises 63:9	assumed
29:12	155:19	134:22	113:17	24:22 53:13	45:4	arrangeme...	24:18
133:13	achieved 8:24	135:23	129:15	152:22	applause	111:9	assure 10:14
157:20	63:21	147:6	157:25	157:2	59:24 60:2	arrived 63:6	14:15
170:2	achievement	152:18	agree 39:13	amount 22:5	60:22,25	112:24	158:25
able 34:11	144:5,7	Administra...	40:10 79:17	22:19 37:2	61:4,7,10	articulated	at-large 40:7
41:7 44:20	acknowledge	10:15	80:4 104:24	37:16 42:6	61:13,15,18	6:5 14:24	Atkinson
55:12 96:9	59:20 60:18	124:24	116:18	42:7,25	61:21 62:7	64:8	27:25 62:17
131:24	67:6	Administra...	117:20	88:21	apple 161:6	articulating	Atlanta 50:8
161:23	acquisition	113:17	127:9	110:25	applicants'	5:6 120:8	attempt 60:4
165:12	21:15	administrat...	133:11,24	116:15	79:9	asked 81:21	attempting
abolitionist	act 37:20	16:16 17:11	agreed 88:2	amounts	application	146:5	158:10
140:24	action 8:7	17:13 70:17	agreeing	87:17 128:5	155:11	161:18	attended
absolutely	51:11	112:4	106:10	analogy	applied 52:16	162:19	148:3
35:20 37:23	131:22	admit 168:21	148:23	62:16 99:15	apply 98:13	asking 24:21	attendee
39:7 40:19	134:3	admittedly	agreement	and/or 38:23	173:21	30:11 64:23	144:14
49:25 53:7	actionable	88:23	12:9 82:17	173:23	applying 88:9	67:18 71:19	attending
59:6 83:6	47:5	advance 5:7	111:6	anecdotal	appointment	120:10	56:23
92:12 96:2	activities 97:7	advantage	aid 34:11	38:6 40:22	98:21	127:22	attention
97:24 99:7	164:5,9	158:21	ain't 21:22,22	Angela	appraisers	136:16,17	28:13 30:22
170:10	actual 93:11	162:8	114:10	143:21	45:15,17	aspect 29:25	55:22
accept 81:18	110:5	advantages	airport 9:24	Angkor 60:16	appreciate	aspiration	attorney
81:19	adapt 111:11	151:11	85:3	annual 70:21	15:8 33:19	53:25 54:8	101:7
acceptable	add 5:4 7:13	154:14	AL 1:16	Annually	37:3 38:22	aspirational	146:19
64:19 116:5	57:12 59:7	advertising	Ali 138:6,15	69:11,12	111:21	64:20 71:15	147:2,22
access 6:19	93:21	25:11	138:16,21	answer 20:17	135:16	78:21 115:7	attract 20:7
31:4 135:3	126:24	affordable	139:3,6	20:24 48:20	appreciated	assessing	August 39:18
165:18	149:22	149:8 155:9	145:15	50:23,25	36:18	49:5	128:6 141:3
166:17	added 112:10	African 24:21	148:2	51:2 58:21	appreciative	assets 6:8	authentic
Accessing	adding 133:8	53:13	149:21	67:12 69:5	60:6	assigned	13:16,25
144:7	addition	152:21	150:19	70:3 75:8	apprentice	121:5,14	author 2:22
accomplish	19:25 39:15	156:25	160:9	104:23	144:4	assist 5:16	3:2 171:10
117:20	additional	afternoon 2:3	162:19	105:4 123:3	approach 6:4	154:19	authority
accomplished	58:15	8:22 11:21	168:9,19	123:4	124:19	155:8 160:4	113:25
89:23	155:23	13:8 14:9	170:6,17	167:25	125:13	assistance	148:4
120:14	Additionally	14:14 16:6	aligned 15:4	168:13	126:5	55:12 75:6	authorizing
accomplishes	18:19 143:2	16:10 36:12	108:11	answered	approached	134:13	1:18 2:10
24:10	address 25:8	36:14 43:18	ALLAN 1:11	58:2	15:22 138:7	143:5,11	automate
account	110:11	43:19 47:8	allow 18:11	answering	152:19	151:16	19:13
20:14 34:3	125:2	70:15 139:2	41:20 97:25	136:8	approaching	154:22	automating
94:10	addressed	139:3	allowed 72:5	answers 25:6	38:17	155:18	18:6
accountabil...	88:14	agencies	72:6 80:22	64:2	approvals	156:3,5	availability
36:4 101:2	adjustments	84:24 85:3	83:13	anticipate	19:13	160:16	37:2,8 40:4
102:13	112:4	85:8,15	allowing	161:22	area 12:3,16	161:2 162:3	available
accountable	administrat...	141:14	145:8	antiquated	35:7 38:14	166:25	54:19 59:5
35:10 147:4	4:17 7:7	agency 143:4	allows 34:2	36:18	46:4 49:3,6	169:20	63:24,25
accounting	8:21 17:24	149:4	92:8 93:3,7	anybody 78:6	66:10 82:9	assistant	86:19

Committee on Commerce and Economic Development
October 26, 2016

Page 2

111:22	21:8	14:8 83:10	41:2 53:10	74:22 85:10	151:5	135:7	businesses
155:23	bad 130:4	83:10 109:6	54:24 55:3	96:11	brings 4:12	budgeting	4:8 10:6
159:23	baked 62:17	believe 43:12	58:9 80:15	145:23	61:25	125:14	17:21 18:4
160:3	71:17	47:13 62:9	80:25 86:14	146:24	broaden	135:8	20:8 24:21
Avenue	bakery 29:22	85:25 89:20	92:5 115:19	148:6	97:22	budgets	25:2 26:3
149:15	29:23,24	104:6	116:7	BOBBY 1:13	broader	133:10,12	26:10 29:12
average 24:3	baking 30:9	114:18	133:20	body 10:23	83:18	build 10:5	29:14 30:11
66:20 69:7	102:9	168:24	bidders 57:7	11:4 89:22	broken 64:11	12:6 97:7	31:22 32:2
110:13	bang 10:10	believes	81:12	140:20	65:11 90:17	149:7 170:2	32:4,7,11
129:6	bank 165:25	122:19	bidding 8:13	145:12	134:17	building	34:6,7,22
153:12	bankruptcy	benefit 11:3	26:24 74:14	bond 165:14	brought	110:20	35:5,11,14
155:14	154:5	157:14	81:16	166:9	120:15	160:22	35:15,15
award 69:8	bar 140:21	best 6:21 14:7	156:14	170:11	171:15	165:23	38:13 40:15
73:4 152:23	147:13	20:11 32:5	bids 18:12	bonded	Brown 1:15	168:3	40:21 41:3
awarded 48:5	barber 28:22	32:8 33:25	73:9 75:2	155:16	2:21 11:18	built 149:23	41:3,10,13
48:12	based 37:13	34:15,20	99:4 116:4	165:18	13:6,7	bulk 153:13	41:14 52:11
141:17	42:6 63:7	35:13,17	141:17,25	bonding 8:13	46:25 47:2	bunch 45:13	54:15,19
146:13	63:14,24	50:3 76:7	142:9	77:25 94:23	48:7,19	bundle 26:22	55:16 85:25
147:18	79:15 93:9	76:16,19	146:25	134:11	49:7,19	27:3	86:5,24
152:2	93:13 128:5	78:25 83:9	147:16,16	151:16,19	50:2,18	bundled	94:24 96:18
awards 99:5	baseline	90:21,23	bifurcated	154:10,14	51:10,18	47:19	97:8,11
aware 85:6	130:8	91:3,4,11	100:23	155:5	52:2,18	bundling	98:4,13
141:22	basic 82:6	92:3,7,14	102:18	160:14	55:17 56:13	8:12	139:20
142:11	115:17,25	94:9 103:9	big 12:2 21:6	162:3 165:3	56:15 69:4	bureaucracy	155:22
	116:18	109:5 116:6	24:6,6	166:18	69:11,13,17	6:13,15	156:19
B	165:11	116:13	42:24 45:25	167:3	70:2 107:17	business 18:7	buyers 115:2
back 22:13	basically 87:6	144:17	46:8 115:11	bonds 132:20	107:20,24	18:14 25:4	buying 33:4
25:6 30:18	101:19	better 8:9	bigger 10:9	154:3,17	108:5 118:8	25:13 32:12	
33:8 36:16	basis 25:14	30:25 32:15	67:7 116:19	books 44:23	118:9,23	32:13,17,19	C
43:9 52:23	70:22 76:3	72:23 85:14	129:12	boom 149:14	119:4,21,24	32:21,23,25	cabinet
62:15 64:5	80:8 121:18	90:18 94:4	biggest	bore 122:18	121:7,11	35:12 39:19	102:22
71:21 74:24	Bass 1:10	94:4 98:18	127:10	boring 90:8	122:5 123:5	39:25 43:2	cake 30:2,4
77:6 78:6	15:17 43:14	104:24	Bill 142:4,12	borne 158:17	123:7	44:4,5,22	30:10 31:11
83:4,23	57:22,24	114:5 120:6	billion 9:19	bother 45:19	135:19,20	46:18 56:13	33:14,18
87:2 106:13	59:11,15	145:12	9:21 12:4	Bou 61:16	136:3 150:7	56:18 64:16	34:17 62:16
109:4	94:25	153:17	21:7 115:13	box 30:2,5	buck 10:10	65:6 67:5	64:6 71:16
112:18	bears 13:10	162:21	bills 98:22	33:13 102:6	118:17	78:12,20	99:14,16,18
113:12	beautiful	beyond 33:22	bit 58:22	107:3	Bucks 139:25	86:7,8 87:9	99:20 100:5
114:9,10	3:18 60:14	55:11	74:25 90:2	boys 95:22	budget 9:20	90:25 93:16	100:13,17
115:4	60:15	127:25	117:18	branch 7:22	15:11 42:7	93:19 95:8	102:8,9,14
117:16,24	beauty 28:22	Bible 168:24	171:16,17	7:22	45:15 49:11	95:10 96:12	106:6 107:2
121:25	began 19:5	bid 20:8	bite 161:6	brand 71:7,8	77:17 82:6	96:25 97:3	107:3,6
122:17	109:23	44:21 45:19	black 53:23	76:25	94:2 105:19	97:21	108:21
130:10	beginning	45:20,22	Blackwell	break 74:25	105:24	103:22	call 4:11
132:10,14	22:23 33:9	46:3,15,16	1:11 11:10	159:16	108:4,11	114:22	171:25
133:22	157:9	54:6,10	11:16,18,19	breaking	123:24	116:20	called 18:10
136:2	159:18	63:3 67:25	62:2	90:12	124:20	117:10	33:25 51:14
149:23	begun 57:18	71:21 80:22	blessing	breathe 52:6	125:7,13	130:7	56:18 65:22
161:17	behalf 60:11	81:19 82:3	40:16	brief 2:24	126:5 128:6	135:10	66:17 92:7
168:20	60:15	94:24 116:2	Blondell 1:15	17:6	129:25	139:14,15	calling 111:5
background	139:13,16	118:21	150:7	briefing 29:8	130:9,19	139:21	CAMA 46:3
79:10	147:8	142:24	Blurred 13:9	bring 41:7	131:3 133:6	143:11	46:7
backlog	behavior 14:8	bidder 33:23	board 28:19	138:23	133:24	166:13	Cambodia
13:19 21:7							60:20

Committee on Commerce and Economic Development
October 26, 2016

Page 3

Cambodian 59:20	cede 117:24	107:21	changing 24:9 95:5	19:2 20:8	65:22 66:15	4:10	commenda... 140:19
candy 21:6	Center 3:14	108:6 123:9	Channdath 61:6	20:11 22:11	citywide 12:16	colleagues 4:25 7:15	comments 36:16 99:13
CAO 90:3	11:6 57:15	123:14	Chap 61:3	25:4 29:15	civil 158:23	7:19 8:20	122:17
132:25	153:25	139:4	Chapter 142:5	30:14 31:14	clarification 88:20	21:4,5 45:5	commerce 1:3,18 2:4
CAO's 17:17	154:24	141:22	charge 28:5	32:3,5,9,16	class 35:11	72:22	2:10 3:1 4:1
91:19	155:4	142:11	118:12,16	32:20,20,21	171:5	collect 135:6	5:1 6:1 7:1
capable 156:4	159:25	144:24	147:7	33:3,3,5,17	clean 45:23	collective 39:12	8:1 9:1,10
163:17	165:22	148:3,6	Cheam 60:24	34:2 35:12	cleaning/re... 58:6	college 5:21	10:1 11:1
165:4 166:4	centers 28:20	150:22	check 25:14	35:17 39:25	clear 25:20	color 32:2,13	11:24 12:1
166:5	central 154:16	167:17	check-offs 21:16	45:22 47:20	34:13 56:9	35:15 87:10	13:1 14:1
capacities 39:21	centralized 103:15	170:9	Cherelle 1:14	53:21 56:5	66:6 87:7	column 110:3	15:1 16:1
capacity 6:22	certain 26:19	Chairperson 148:8	47:9	57:9 59:24	88:7 108:7	combination 37:16	16:11,24
134:13	26:21 36:25	challenge 7:11 30:20	Chicago 50:7	60:11,14	108:8 137:6	come 12:11	17:1 18:1
168:4 170:2	37:8 72:15	65:2 78:17	109:20	67:24 76:4	143:14	40:18 41:15	19:1 20:1
capacity-bu... 40:13 97:6	76:11	130:13	111:13	81:22 86:2	clearly 47:10	41:20 43:9	21:1 22:1
capital 1:20	129:21	challenges 71:13	112:12	87:15,20	53:2 86:16	49:10 57:8	23:1 24:1
2:16 3:12	161:21	challenging 32:22 86:4	Chicago's 110:18	93:24 95:17	Clerk 2:9	64:19 78:20	24:22,23
5:15,16	166:13	Chamber 24:22,23	chicken 26:24	96:24 97:3	15:19 138:5	83:14,23	25:1 26:1
9:13,21	12:16,21	53:13,15	27:2 36:19	101:20	150:14	93:20,25	27:1,9,12
16:22 21:8	15:2 58:9	152:22	Chief 16:15	109:11	Clerk's 148:20	95:5 106:13	27:15,19,21
77:10,13	59:4 169:13	chambers 15:18 59:22	17:10 70:17	110:19	climb 149:13	117:8,24	28:1,7 29:1
115:11	CERTIFIC... 173:2	62:2 95:12	148:20	111:2,7	close 9:8	123:25	30:1 31:1
134:12	certification 85:5 87:8	141:12	150:14	115:13	93:25	132:10	32:1 33:1
140:17	88:8 155:25	chance 11:6	Chim 60:20	121:6	108:20	133:22	34:1 35:1
141:10	173:20	26:6 95:8	choice 42:13	122:10	138:24	135:25	36:1 37:1
142:25	certified 86:5	change 8:24	116:12	125:16	144:19	138:12	38:1 39:1
149:10	CERTIFY 173:3	30:25 31:13	Christmas 147:3	139:15	closely 27:11	141:11	40:1 41:1
165:19	certifying 84:23 85:2	46:18 65:23	150:16	140:9	closer 38:9	148:9,21	42:1 43:1
166:18	173:24	72:5 73:8	chronically 5:19	142:15,16	41:17 48:8	156:8	44:1 45:1
167:5	cetera 49:24	73:21 74:4	CINDY 1:10	143:6,12,19	150:20	comes 8:25	46:1 47:1
capture 65:14	Chair 1:10	74:16 78:15	cities 50:4,7	144:9	closing 145:3	13:18 34:25	48:1 49:1
captured 55:21 113:3	29:3 36:8	79:12 89:19	76:9	151:18,19	co-sponsor 98:22	116:2	50:1 51:1
capturing 109:23	36:11 43:9	94:2 101:19	citizen 7:3	152:7 153:5	coached 161:14	123:18	52:1,9 53:1
112:22	43:17 62:14	104:16	citizens 4:8	153:18	Code 142:5	125:22	53:13 54:1
Carpenters 139:24	83:4 99:11	114:19,21	32:16	154:10,15	142:13	149:10	55:1 56:1
carpentry 140:6	109:2 113:8	46:20 75:16	158:18	154:18	codes 3:22	160:11	57:1 58:1
carry 44:22	126:24	77:22	city 1:2,6,20	156:13,19	11:4 55:5	165:8	59:1 60:1
case 78:10	127:3	107:13	2:13 3:14	157:4,8,11	125:20,20	comfortable 16:8	61:1 62:1
80:17	129:24	164:10	3:18,23 4:4	157:17,19	cogent 13:11	coming 3:17	63:1 64:1
143:21	171:25	changes 13:22 14:11	7:8 8:18,22	158:17,18	Cohen 147:6	15:11 73:10	65:1 66:1
cases 44:8	chaired 142:3	14:20 35:24	9:2 10:14	158:22	coincidence 75:4	82:17	67:1 68:1
134:3 160:2	Chairman 4:23 10:19	105:15,17	11:6 12:18	159:17	collapses 160:22	161:11,17	69:1 70:1
cash 130:21	15:6 16:10	105:21	12:23 16:16	160:18	colleague 60:4 122:6	172:2	71:1 72:1
cause 23:2	60:10 89:5	108:9 112:5	17:16,18	163:14	colleague's	commence 159:19	73:1 74:1
53:6	89:14	133:5 143:3	18:8,11,15	City's 17:13		commend 10:22 29:4	75:1 76:1
causing 45:21				20:3 110:9		29:16	77:1 78:1
				City-funded 140:7			79:1 80:1
				Citymart			81:1 82:1
							83:1 84:1
							85:1 86:1

Committee on Commerce and Economic Development
October 26, 2016

Page 4

87:1 88:1	Commissio...	common	128:3,11	72:3 127:12	141:17	163:14	20:9 23:8
89:1 90:1	17:3 40:23	88:13	144:8,9	127:15	144:11	contracted	25:17 29:13
91:1 92:1	47:12,15	113:23,24	146:14	130:6,22	continue 7:13	8:12 152:24	47:22 48:4
93:1 94:1	48:10,25	170:3	147:22,24	conforming	68:16 79:25	contracting	48:11 51:15
95:1,12	50:5 51:3	communica...	compliant	128:7 134:4	80:3 102:2	17:4,18,22	54:23 55:7
96:1 97:1	57:11 67:11	86:16	8:16 81:24	connect 54:14	104:6	18:23 19:14	62:21,25
98:1 99:1	68:12,20,22	communica...	82:5	55:16	108:15	23:3 30:20	68:20,24,25
100:1 101:1	69:7,12,15	50:11	complicated	connecting	115:6	31:7 33:21	69:8,10
102:1 103:1	69:20 70:9	communica...	89:18 91:9	41:9	117:15	34:19 72:7	70:19,21,22
104:1 105:1	73:24 74:4	25:21 82:22	components	consider 8:8	continued	75:16 76:21	70:25 71:2
106:1 107:1	81:4,8,25	96:22	91:10	132:23	103:17	115:15	72:8 73:2,2
108:1 109:1	82:7,14	communities	171:14	147:16	156:12,15	134:4	74:2,6
110:1 111:1	83:20	3:7 153:5	comprehen...	considerable	156:18,21	contractor	75:15 81:22
112:1 113:1	111:14	169:6,12	8:14	157:17	156:24	53:3 86:13	95:18 100:3
114:1 115:1	112:16	community	concedes	considered	157:3	87:13,19,23	101:16
116:1 117:1	118:14,19	40:6 95:11	140:25	41:5	continues	87:24	103:20
118:1 119:1	119:12	96:17 97:20	concept 34:15	considering	57:3 76:4	101:16	104:5,18
120:1,5	128:20	companies	concepts	91:11	76:20	142:19	106:5,24
121:1 122:1	129:14	37:14 39:21	34:24	consistency	continuous	143:4	127:12,16
123:1 124:1	Commissio...	57:7 151:9	concern 30:9	15:9 125:21	49:11	146:11,15	128:7,13
125:1 126:1	119:2,5	153:12	30:14 34:16	consistent	contract 19:2	158:7	130:5,22
127:1 128:1	128:22	154:2,4	45:3 58:13	15:13 96:22	19:6,10	161:17	134:5
129:1 130:1	commit 49:15	155:7	79:18	120:16,22	22:8,9,16	163:13	136:23
131:1 132:1	commitment	company	103:19	121:2	29:6,16,19	170:13	143:5
133:1 134:1	3:25 6:7	40:25 65:22	concerning	125:17,19	31:8,9,10	171:6	144:10
135:1 136:1	7:14,17	66:15,22	84:13	constantly	33:11 49:5	contractor's	152:2,23
137:1 138:1	31:12 84:9	73:17,19	concerns	74:19	52:20 63:3	155:15	156:17
139:1,5,12	89:19	140:6	115:10	constituents'	71:2,4,22	contractors	control 94:4
140:1 141:1	committed	151:13	concerted	124:25	72:2,2	23:21 43:23	173:23
142:1 143:1	17:24 39:5	153:7	67:21	construction	73:17,19	50:21 74:13	Controller
144:1 145:1	113:21	155:20	conclude	139:19	74:10 78:6	139:7,13,19	21:18
146:1 147:1	committee	comparison	171:23	149:17	79:14 80:24	140:3,4	Controller's
148:1,5	1:3,18 2:4	109:19	concluded	151:22	81:11 82:25	142:14,24	77:19
149:1 150:1	2:10 4:24	compete	172:4	155:24	86:3,20,21	151:2,17,24	convened
151:1 152:1	9:11 11:14	32:14	concludes	156:22	87:15,15	152:4,7,11	77:10
152:22	16:11 108:6	competent	20:16	157:23	101:17,21	152:25	convening
153:1 154:1	120:3,4	152:10	concur 21:3	158:3,5,8	102:4	153:17	2:3
155:1 156:1	124:5 139:5	competitive	condensed	163:18	103:21	154:12,20	convergence
157:1 158:1	139:11	98:2 155:10	30:6	164:4,6,8	104:13	154:22	7:5
159:1 160:1	142:2 143:8	156:17	conduct 1:19	164:12,18	110:12,14	155:3,6,12	conversation
161:1 162:1	147:7	complaints	2:11 158:13	165:25	124:9,10,18	156:2,8,16	7:13 9:7,11
163:1 164:1	171:24	88:13,16	conducted	167:4	125:10	156:17	9:15 35:6
165:1 166:1	172:3	complete	152:8 153:6	Consul 61:20	126:2	157:5,5,11	49:18 71:24
167:1 168:1	committees	19:14	153:9	consulted	127:15,17	157:15	103:17
169:1 170:1	119:8	completed	confession	77:3,3,5	127:25	158:2,15	107:25
171:1,24	committing	163:15	88:3	contained	128:3,11	159:4,13,21	117:15
172:1,3	107:15	completely	confidence	173:5	129:4,7	160:18	120:24
commercial	commodities	49:15	95:4	contingencies	134:9	165:2,20,24	123:21
45:16	1:21 2:16	complex	conflicts	79:13	142:17	166:3 168:4	conversations
110:20	9:13 16:23	159:3 164:4	125:22	contingency	148:18	contractors'	4:18 41:19
154:3	54:23	166:2	conformance	74:7 78:14	151:13	151:3	94:14 124:2
commission...	commodity	compliance	129:2	continually	155:2 161:2	contracts	125:9 126:2
60:4	55:4	82:6 127:17	conformed	97:18	161:19	18:10,19	converted

Committee on Commerce and Economic Development
October 26, 2016

Page 5

164:21 convinced 14:5 copy 39:17 corporations 139:21 correct 69:21 70:8 100:21 141:13 173:8 correctly 64:23 correlation 74:12 cost 158:16 159:6 161:23 costs 161:23 Council 1:2 3:4,21 4:25 5:24 16:13 20:11 52:4 54:23 89:21 93:18 132:23 143:16,24 143:25 144:16 146:19 147:10 150:3 157:8 Council's 39:11 Councilman 1:10,11,12 1:13,13,14 1:16 2:2,17 2:19,20 3:15 10:20 11:7,9,11 11:17 13:4 15:7,24 16:5 20:19 20:25 23:11 24:5,14 27:7,13,17 27:20,24 28:3,25 29:2 34:14 35:25 36:5 36:6,8 37:5 42:3 43:11 43:12,15,16	43:20 44:3 44:10,25 46:7,23,24 48:15 54:21 55:2 57:20 59:18 60:3 61:22 62:8 62:10,12,15 71:25 72:17 74:3,11 83:24 84:3 84:5,6,7,8,9 84:11,12,20 85:16,19 86:23 88:17 89:3,6,7,8 89:10,11,13 92:10,16 94:8,12 95:24 97:19 97:25 98:19 98:20 99:8 99:9,10,19 99:23 100:7 100:9,20 103:18 104:9,21 105:5,11,18 106:2,11,18 107:5,11,22 108:17,19 108:22,23 113:6 117:25 118:3,5,6 118:11 123:10,12 123:13,21 124:14 126:9 127:3 131:7,13,17 135:13 136:5,13,17 136:22 137:4,7,11 137:19,22 138:2,9,18 138:23 142:3 145:10 147:21 149:12 150:17	160:6 162:13,16 162:23 163:7,11,20 164:13 166:10,16 166:22 167:6,10,13 167:19 169:20 170:14 171:9,22 councilmanic 49:23 Councilme... 49:21 55:19 59:8 93:19 97:12 Councilmen 141:7 Councilpeo... 28:10 58:18 132:16 Councilper... 14:4 52:8 Councils 144:16 Councilwo... 1:10,11,12 1:14,15,15 2:20,21,23 4:19,22 10:21 11:10 11:16,17,18 11:19,25 13:5,6,7,11 15:8,17 16:12 24:11 36:7,10,15 38:21 39:8 39:14 40:9 41:22 43:8 43:14 46:25 47:2,9 48:7 48:19 49:7 49:19 50:2 50:18 51:10 51:18 52:2 52:18 54:22 55:17 56:12 56:15 57:21 57:22,23,24 59:11,15	60:8,9,23 61:2,5,8,11 61:14,16,19 62:2,9,13 64:4,25 65:9 67:3 68:10,19 69:2,4,11 69:13,17 70:2 71:10 75:10,11,20 75:21 76:6 78:4 80:11 81:6,20 82:4,12 83:3,22 94:25 99:13 107:17,20 107:23,24 108:5,24,25 111:20 112:20 113:7,9,10 117:23 118:2,3,8,9 118:23 119:4,21,24 121:7,10,11 122:5,25 123:5,7,11 126:23 127:4,5 129:23 130:10 131:8,11,15 131:18,19 132:13 135:14,18 135:20,21 136:3 137:2 137:5,8,14 150:7 166:24 167:8,12,16 167:19,21 168:14 169:18 Councilwo... 141:7 counselors 45:12 counties 91:2 92:13	country 66:12 92:6 County 139:25 couple 21:2 72:21 82:15 131:20 133:21 course 38:6 51:6 152:5 156:7 cousin 55:9 covenant 126:14 cover 166:20 covered 166:22 covering 47:7 cracks 132:8 cream 21:6 crease 6:17 create 5:7 6:16 7:25 9:2 48:3 94:22 114:14 115:16 128:10 133:16 134:9 168:6 168:11 170:2 created 17:11 25:16 50:21 51:5 137:9 137:12 152:3 153:11 168:23 creates 10:13 creating 3:8 4:2 10:10 67:8 114:3 133:14 134:15 152:20 creation 4:6 91:19 credibility 85:20 credit 154:5 crews 139:20 criminal	140:11 criteria 48:22 critical 90:10 cross-depar... 91:23 cross-refere... 39:24 crossed 150:8 150:12 crux 99:25 cumbersome 21:10 25:7 26:8 curious 121:12 current 6:9 39:18 92:24 124:22 143:12 151:6 currently 13:19 48:4 82:18 105:13 147:25 157:22 159:23 CURTIS 1:10 customers 79:5 80:17 cut 22:19 23:25 24:3 96:8,10 cutting 23:6,7 cynic 52:19 D data 36:23 37:23 72:23 109:23 111:12,18 112:22,25 128:17 129:16,25 130:8 135:6 164:19 datasets 114:14 115:8 date 19:21 109:15,23 109:25 110:5,16 dated 141:25	Dave 147:6 David 1:14 65:8 70:14 70:16 128:18 day 9:19 11:22 13:9 15:21 17:2 31:24 32:18 40:23 47:15 48:10,25 50:5 51:3 57:11 62:20 67:11 68:12 68:22 69:7 69:12,15,20 70:9 73:24 74:4 81:4,8 81:25 82:7 82:14 83:20 100:10 104:2,4 111:14 112:16 115:6 131:16 132:4 138:10,20 161:17 days 22:8,14 22:18 23:4 23:4,6,10 24:3,4 44:7 44:7,14,15 44:16 52:7 95:7 96:11 96:13 129:7 132:10 133:22 135:23 136:2 148:18 de-bundle 26:20 27:5 36:22 37:13 48:23 de-bundled 38:12 47:18 de-bundling 36:17 37:13 37:20 47:11 47:13,21 48:2,14	49:13,24 58:2,25 134:6 deal 12:13 dealing 151:3 151:6 157:18 158:9 debar 82:10 debarment 109:13,15 109:25 110:5,6,16 debarred 82:16 debt 44:22 decades 3:4 December 127:12 129:9 130:6 decentralized 76:2 101:9 103:4 118:22,24 124:4 decided 65:12 deciding 35:3 100:2 decision 31:21,22 36:22 80:19 83:12 101:3 101:8,13 104:15 106:20,23 114:23,23 119:10 decision-ma... 36:23 113:24 114:4,19 115:3 121:23 135:11 decisions 30:19 76:22 83:13 103:8 114:7 115:5 118:13 119:6,9 120:2,9,15 121:21 128:5 132:5
--	---	---	--	--	---	--	--

Committee on Commerce and Economic Development
October 26, 2016

Page 6

deck 28:15	167:24	21:17 30:18	159:7	differently	49:12	18:14 19:20	161:12
deep 80:8,9	demonstrate	31:20 42:2	developed	24:24 31:2	132:20	20:3 23:10	doors 161:8
140:12	117:9	43:4 65:3,6	148:19	66:24 68:2	disparity	24:15,24	doubt 144:15
deep-seated	demonstrat...	69:19 70:5	152:21	difficult	37:6 156:18	32:4 35:12	Douglass
159:15	7:16 157:20	70:7 76:14	153:7,15	25:13 166:2	disregard	35:23 39:4	140:25
deeper 11:2	Denise's	76:16 77:17	158:14	difficulty	143:17	39:5,25	145:5
72:20 77:20	100:11	79:20 80:18	developer	157:18	disrespect	43:5 45:5	Dowd-Burt...
79:3,9 80:5	denominati...	82:23 83:12	143:4	diligence	11:7 28:8	53:8 54:7	143:21
default 82:10	154:13	103:10	150:10,13	136:7	disrespectful	56:13,18	dozen 53:4
deficiencies	deny 52:22	114:2,17	developer/c...	direct 173:23	130:17	59:14 60:6	draft 31:18
151:24	department	117:19	145:22	direction	distribution	62:18,20,22	dramatically
156:6	8:23 15:3	119:3,5	developers	122:22	19:6,8	67:4,15,21	29:11
158:11	15:12 18:16	120:17	139:13	123:17	district 12:12	68:3,9	Drexel 159:9
define 80:24	19:5,22	121:15	140:4 148:9	132:23	14:4 28:21	71:14 75:14	drilled 130:3
113:23	21:19 23:17	123:18	developing	directly 87:19	49:20 52:8	77:8 78:7	drilling
114:16	23:18,20	124:6,7,13	84:24,25	Director	54:16 58:4	78:18 79:19	129:18
definitely	36:24 42:12	124:19	156:4 166:5	16:24 27:10	districts 38:9	80:8 81:2,5	drug-related
35:21 38:14	42:15,19	129:11,19	development	27:12,19,21	49:23 52:12	81:18 82:18	156:25
109:9	48:5 65:13	130:4,11,15	1:4,18 2:5	28:7 52:10	dive 11:2	87:9 97:2	Duch 61:8
111:15	65:14 68:23	132:25	2:11 3:6 6:2	70:16,18	72:20 77:21	101:25	duties 87:17
defrauding	71:6 76:22	133:9,12,18	16:12 17:23	143:22	79:3 80:8	102:3,12	
101:19	77:2 90:4	135:2 143:6	125:15	disabilities	diverse 5:13	104:2 105:9	E
degrees 5:21	94:16 96:23	145:18	139:6,12	84:14,18	8:16 35:11	105:12	eager 42:20
26:17	100:2,15,15	146:4,7	151:22	disadvantage	diversifying	106:5	eagle 122:7
Delaware	101:4,6	147:23	171:25	169:4	35:19	109:21	earlier 26:23
45:12	106:21	deputies 28:8	172:4	disadvanta...	diversity 4:12	112:2	99:14
149:15	110:15	122:23	devoted	155:3	6:16 24:10	127:14	122:17
delegation	111:4	Deputy 16:24	152:6	157:11	27:22 62:5	128:12	134:14
59:21 60:5	114:24	27:19,20	DHS 23:19	Disadvanta...	62:6 92:22	135:12	earliest
60:13,19	115:21	52:9 65:8	41:25 42:5	156:10	93:14 94:6	136:9,12	109:22
delegations	116:25	70:16,17	42:17 43:7	disconnection	140:9	138:11	easier 18:8
61:25	118:15	120:4	115:13	156:12,15	142:18,20	143:18	31:3,6,8
deliberate 8:7	119:2,12	derail 143:15	130:23	discontinue	145:22,23	146:9	97:3 116:12
deliberative	121:6	DEREK 1:12	dialogue	81:7	145:24	168:17	easily 91:7
6:3 10:8	122:14	deserve 9:3	120:19	discovered	148:13,15	dollar 9:22	easy 42:12
delinquent	124:3	designed 97:7	DiBerardin...	52:15	document	37:2,16	113:15
110:21	128:17,22	desperately	128:19	150:25	19:8 122:13	dollars 9:4,18	155:11
deliver	129:2 141:9	10:11	difference	151:23	documents	24:7 33:2,4	economic 1:3
150:13	141:11,16	detailed	12:14	156:6	19:7 122:11	35:17 46:8	1:18 2:4,11
151:12	141:17,23	105:3,6	differences	157:25	143:13	132:5	3:6 5:11,25
delivery	142:8,25	details 86:18	108:9	discussed	DocuSign	Domb 1:11	16:11,25
20:13	143:18	determinati...	different	98:24	19:12 22:6	2:20 3:15	17:23 34:4
demand	147:14	37:18	24:15 25:10	discussing	22:16 29:8	11:8 36:9	109:8 139:6
141:2,5,5	148:5	determine	25:10,12	89:25	29:19,24	43:12,16,20	139:12
democracy	169:15	37:12 42:4	29:23 50:6	119:19	30:8 33:11	44:3,10,25	140:16
59:22	Departmen...	42:8 65:3	50:19,21,22	discussion 5:2	42:14 45:6	46:7 71:25	141:24
demograph...	109:12	79:24	67:9 80:18	5:3 8:4 9:16	45:9 47:5	doomed	142:6,10,22
157:2	department...	155:15	81:22 84:15	10:16 14:3	94:25 95:15	165:14	143:9,22
demolished	76:3	determines	88:12 90:6	60:17 108:2	102:4	166:7	144:6,13,20
153:3,11	Departmen...	64:6	91:2 92:9	121:21	103:19	dooming	145:17
demolition	9:23	develop 40:4	93:12,12	168:20	dodge 149:16	166:11	171:24
152:17	departments	85:14	103:25	discussions	dog 28:16	door 40:18	172:4
157:21	13:24 14:13	132:12	123:18	11:23 14:9	doing 18:5,7	147:14	economy 5:17
							10:12

Committee on Commerce and Economic Development
October 26, 2016

Page 7

educated 49:17	3:20 129:12	Enterprise 57:15	event 53:14	exercising 81:2	facility 158:19	75:18 98:12	firm 87:13
educating 109:9	employ 5:20	154:24	events 54:16	exist 55:10	facing 157:10	98:14	149:24
education 5:11	employee 170:15	155:4	54:17	124:9 126:3	fact 5:14 64:9	feel 12:23	150:2,4
educational 156:3	employees 87:9,10	enthusiasm 15:9	everybody 72:4,13	existed 78:10	64:14 77:18	25:3 109:9	firms 8:17
EEO 147:24	126:15	entire 11:4	78:5 125:7	existence 122:3	113:22,24	feels 3:23	39:25 63:7
effective 5:12	145:24	156:14	126:20	existing 51:19	142:2 144:6	fellow 20:20	63:11,17,18
119:16	employing 10:4	entirely 141:15	evidence 47:6	80:24	160:2	female	63:24
effectively 165:5,6	employment 47:24	entities 30:11	108:8 173:4	exists 13:19	factors 34:5	145:13	109:14
effectiveness 17:15	empty 122:22	entitled 142:6	evolved 3:15	171:14	92:9	field 41:12	111:4
efficiencies 125:4	enables 63:18	142:13	ex-offenders 153:14	expands 119:16	fail 164:25	72:12 141:8	112:10
efficiency 1:19 2:13	encourage 4:5 39:3	entity 110:2,3	exact 60:5	expansion 9:25	failed 98:9	164:19	141:19
6:14 16:20	95:16	entrepreneur 7:4	exactly 37:21	expect 9:17	143:23	fighting	153:15
17:14 18:2	encouraged 3:25	entreprene... 3:9	39:4 51:22	23:17,24	144:9	140:20	155:21
90:11	encouraging 18:17 19:3	environment 6:18 158:4	92:18	63:20,21	failure	figure 34:8	first 4:16 8:4
efficient 5:12	encumbering 132:6	158:8	103:14	64:12	142:19	38:15 48:21	15:15,19
119:15	endeavor 77:20	163:19	106:17	expectation 8:6	165:15	49:9 56:5	22:16 23:18
134:17	ends 109:15	equipment 18:13 68:25	examine 1:19	expectations 98:9	166:7,12	80:6 103:9	26:15 29:4
effort 13:14	enforce 8:10	69:9	2:12 74:21	expecting 51:14	fair 11:5	115:16	42:2,10,12
47:6	142:16	equips 158:6	140:13	19:15	fairly 112:24	120:13	42:16 44:11
efforts 57:19	enforcement 87:3	ESNBC 85:2	examining 16:18	experience 31:16 85:23	faith 6:12 9:4	figured 93:10	47:11,21
67:21 112:3	engage 72:16	especially 30:15 32:13	example 22:18 23:12	90:23 92:21	142:19	figuring	49:4 57:17
141:6	engagement 97:21	58:25 96:16	23:15,16	exceed 74:8	143:20	37:21	91:17
143:16,24	106:22	98:11	26:23 29:22	exceedingly 108:7	144:25	103:13	102:19
150:6	engagements 97:21	essentially 72:8	36:19 37:7	excellent 127:2	149:2	file 150:11	109:25
eight 6:11	engineer 158:24	establish 63:13 157:9	40:22 66:14	170:21	faith-based 95:11 96:17	169:16	110:3
134:22	enormous 56:2	165:24	86:13 92:20	experts 10:24	familiar	final 106:23	145:15
either 95:11	enrollment 152:9	established 151:14,19	94:20	explain 91:8	110:13	110:7	160:7
95:17 104:9	143:9	152:17	110:18	extension 6:15	finally 36:2	110:7	166:16,23
104:10	ensure 8:23	155:7	exceed 74:8	extensive 57:25	41:23	finance 21:18	168:9
120:4 159:9	13:14,25	132:24	exceedingly 108:7	externally 98:25	financial	132:20	170:11
elected 85:24	62:22 65:14	156:11	excellent 170:21	extremely 25:13	family 153:12	financing	firsthand 3:7
electronic 19:6,12	67:7 71:17	estate 45:11	exceptions 170:24	facilitate 4:6	153:13	93:22,23	fiscal 106:3
electronically 18:11 22:17	et 49:24	estimate 161:20,24	excited 90:3		family-sust... 8:17 10:11	143:5,11	fits 98:23
111:23	ethnic 153:5	evenings 54:18	excluded 80:19		famous 145:4	154:22	five 5:9,10
Eleven 28:10	enter 87:14		exclusively 152:6		far 19:9	164:21	66:21 73:3
eliminating 19:7			executing 75:3		55:11 86:9	165:7	73:5,18,20
Em 61:5			executive 7:21 87:5		farmer 27:2	165:7	81:13,22
embrace 6:14			executives 87:11		faster 19:19	financing	five-year 9:21
emerge 151:7			exercise 49:16		fault 102:25	75:7 136:10	fix 6:13 7:17
emphasis					feasible 45:2	136:12,14	42:18,21
					February	136:21	51:9 64:12
					128:13	151:17	83:18
					130:7	159:21	113:15
					federal 92:17	165:17,19	fixed 83:25
					92:19	165:20	113:16
					fee 45:20	167:5	flag 73:15,23
					feedback	find 22:22	flaws 140:13
					40:5 55:24	40:2,20	floor 14:25
					59:10 67:13	44:17	122:19
					68:5,13,17	130:24	flour 64:5
						finding 81:17	65:12
						finished	flow 26:13
						49:15 91:16	130:21

Committee on Commerce and Economic Development
October 26, 2016

Page 8

focus 5:18 8:2 8:15 17:12 17:17 35:8 49:12 99:16 154:9 focused 46:11 focusing 103:2 135:16 folks 41:9 58:10 63:2 128:3 follow 94:9 98:20 99:12 121:15 follow-up 91:15 148:15 149:5 following 72:23 food 67:22 force 102:10 foregoing 173:7,20 forgot 75:11 170:18 form 87:15 91:13 109:24 110:9 145:20,20 145:21,21 148:12 formal 158:8 164:7 format 111:13 formed 153:19 former 37:4 122:5 141:7 148:8 forms 147:24 147:24 169:16 170:5 formula 40:3 formulating 39:2 forth 24:12 122:9 133:3 144:18	145:25 forums 67:22 forward 8:19 9:7 12:23 13:2 14:11 27:5 33:17 64:18 85:12 90:20 93:3 104:13 114:12,16 115:3,4 123:24 125:24 140:21 147:13 foster 17:22 found 23:2 50:4 73:12 74:5 82:2 163:25 founding 140:2 four 71:3,5 94:21 146:9 153:13 frame 5:2 65:17 67:25 83:13 117:4 120:21 framework 119:18 137:10 framing 64:24 65:6 65:15 67:6 116:3 117:6 135:12 frankly 76:8 87:21 fraud 112:12 Frederick 140:24 145:5 free 158:21 frequent 41:18 144:14 frequently 141:19 freshman 15:11 friend 144:21 friendly	127:7 fruit 80:14,20 113:20 115:19 132:17 frustrated 25:3 frustrating 33:7 frustration 5:23 127:10 fulfill 144:17 full 165:3 full-year 159:10 fully 58:23 166:4 173:5 function 44:20 158:3 158:7 159:14 163:18 166:2 functioning 164:16 functions 17:14 fund 159:23 159:24 funding 154:23 funds 31:9 159:22 further 17:8 136:6 160:5 future 6:9 14:7 43:5 83:9 151:7 151:8 158:10	generating 57:17 gentrified 12:20 getting 11:6 22:10,11,25 23:9 25:23 25:25 32:8 32:10 34:20 42:21 53:17 55:6 67:14 67:19 68:5 68:13 70:11 85:21 95:9 95:13 103:20 104:5 115:5 116:6 126:6 130:8 131:5 160:10 gift 60:14 give 13:23 14:10 32:14 34:5 39:9 55:14 60:5 72:23 81:21 83:4 91:3 92:8,25 95:4 98:2 132:11 133:13 149:7 162:19,23 163:8 given 42:25 86:25 88:11 142:23 gives 14:21 37:9 110:9 110:11,16 150:15 giving 33:3 34:21 59:23 94:23,23 95:8 glad 16:4 59:15 160:4 go 7:15 9:18 22:16 23:18 32:23 33:8 36:7,16 41:14 43:13 47:4 50:14 56:22	51:24 54:2 54:18 55:11 57:23 62:15 71:21 74:24 77:6 82:16 84:3 90:6 91:6 94:17 95:9 103:22 106:3 112:6 113:12 114:9 115:4 116:8,10 118:5 121:17 128:21 132:14 160:8,10 161:14 169:7,15 goal 20:6 23:7,12 49:9 64:20 144:7 goals 7:14,23 10:13 62:24 63:6 71:15 78:21 93:2 113:24 114:17 115:7 122:9 122:13 133:11 134:19 137:16,18 142:20 goes 30:18 34:16 65:8 71:3 104:13 113:22 121:22 going 14:10 14:22 20:21 22:9 24:20 28:14 37:12 43:13 44:17 44:18 46:9 50:15 52:24 53:11 54:4 58:14,16 64:5,17 65:5 74:8,9 74:23 75:6 78:11,13,14	78:19 81:15 81:23,25 83:4,11,11 83:15 85:11 88:8 92:4 93:2,9 95:6 95:9,21,21 96:19 97:2 102:10,13 105:14,14 105:19 113:25 114:13,18 116:11 117:3,10 122:17 123:22,23 128:19,24 129:11 130:10 132:18 133:8,17,17 134:21 135:9 148:23 149:2,6,15 149:17 157:6 162:18 166:7 good 2:2 10:23 11:21 13:3,8,8 15:25 16:3 16:5,9 21:15 23:15 33:16 36:12 36:14 43:18 43:19 44:18 55:18 70:15 88:11 98:11 102:16 105:9,12 113:6 120:20,25 126:21 133:2 136:3 137:24 139:2,3 142:19 143:20 144:21,25 145:2 149:2	169:11 good-old 95:22 Goode 37:5 122:6 142:4 goods 17:19 33:4 119:15 government 4:5 5:13 14:21 17:15 45:8 90:12 91:21 92:17 92:19 127:11 governments 66:4,12 graduates 152:12 grant 65:21 grants 150:5 great 16:9 30:12 31:10 33:10,12 34:15 45:6 55:14 101:25 102:5,24 103:24 104:3 113:4 122:18 123:15,16 140:23 147:12 greater 7:5 24:22 45:12 53:14 94:10 133:14 149:18,19 greatness 162:17 Green 1:12 11:10 28:25 29:2 34:14 35:25 84:9 98:21 99:9 99:10,19,23 100:9,20 103:18 104:9,21 105:5,11,18 106:2,11,18 107:5,11 108:19	118:11 123:21 Green's 48:15 62:16 group 7:18 15:15 77:11 77:11 78:3 groups 119:8 grow 6:25 8:17 growing 170:13 grown 3:19 growth 5:16 5:25 6:21 7:24 156:19 GSA 92:17 guarantee 84:2 guess 41:4 58:12 71:19 90:16,24 92:23 guidance 3:13 guide 10:3 guys 28:21 64:12 GYM 1:12 60:9,23 61:2,5,8,11 61:14,16,19
H							
							Hall 1:6 61:24 62:3 hammer 78:9 handful 68:15 handle 105:9 105:12 hands 28:15 80:9 Hanford 160:9 hanging 80:14 happen 13:3 14:23 49:22 49:22 63:20 121:4 happened 41:2 148:21 160:25

Committee on Commerce and Economic Development
October 26, 2016

Page 9

happening 69:18 70:4 70:7 84:22	135:22 168:7 heard 19:17 25:19 48:20 49:8,20 52:22 86:15 88:15 162:24 hearing 2:5 11:24 13:21 15:12 28:6 38:3,5,15 49:13 53:3 171:23 hearings 1:19 2:11 12:13 144:15 160:22 heck 171:11 HELEN 1:12 help 6:25 31:18 45:17 55:7,15 94:7 116:22 130:20 132:12 134:23 137:17 helped 5:2 66:15 170:19 helpful 91:13 helping 10:4 17:16 30:25 120:21 helps 150:14 Henon 1:13 62:10,12 84:8 89:8 89:10,13 92:10,16 94:8 95:24 97:19,25 98:19 118:4 118:5 123:12,13 124:14 126:9 hey 53:24 95:5 high 75:3 157:19 highest	146:23 highlighting 20:2 highly 58:5 hinder 154:7 hire 147:2,21 hired 150:4 hires 149:24 150:2 hiring 135:4 Hispanic 152:4 historic 87:8 historically 30:13 34:23 66:4 75:25 128:12 history 79:10 86:11 94:19 94:22 hit 51:11 58:12 hold 36:3 72:18 144:2 147:4 holding 35:9 126:14 hole 53:23 honest 84:20 honestly 26:22 Hong 61:3 honor 139:10 160:13 honorable 139:4 140:24 142:3 145:4 Honorary 61:19 hope 5:3 7:12 8:4 14:8,16 41:6 45:6 81:14 hopeful 41:17 46:19 55:23 hopefulness 14:10,22 hopes 15:5 hospital 12:7 Hotel 150:6 hour 155:17 hours 155:14	housed 153:22 houses 149:7 152:24 153:3,11 Hub 18:19 25:17 29:7 29:19 51:15 102:4 103:21 huge 46:11 46:11 89:19 hugely 134:24,25 167:18 Human 19:22 23:20 hundreds 142:9 hungry 100:8 I ice 21:6 idea 92:3 120:25 ideas 34:24 66:16 102:12 108:16 identification 86:10 identified 86:7 103:11 identifies 87:16 145:21 identify 63:11 identifying 97:20 ignore 143:16 illegality 74:20 imagination 55:22 171:16 imagine 130:24 immediate 114:8 immediately 36:20 71:14 83:6,18 111:3,8 116:24	145:16 147:20 163:3 impact 42:24 47:23 impasse 130:19 impassioned 7:3 imperative 158:12 implement 20:11 implementa... 22:15 implemented 18:9 19:11 42:9 important 11:22,22,23 45:24 47:13 63:16 127:8 129:16,17 134:25 137:15 142:21 161:24 167:18 169:25 impossible 44:6 improve 12:16 29:11 48:18 49:3 50:10,13 84:16 88:25 98:16 145:12 159:20 improved 145:2 improvement 66:10 107:16,19 107:25 improveme... 50:15 106:9 improving 17:14 82:8 82:22 inability 158:2 incarceration	5:22 incidences 156:25 include 8:9 159:5 included 59:16 includes 70:23 134:5 134:7 including 5:20 59:8 59:12 inclusion 4:12 6:17 8:11 13:15 14:2 17:23 140:21 141:14 143:16 160:12 inclusive 6:3 10:8,12 71:18 127:22 134:15 inclusiveness 1:19 2:12 16:19 income 46:12 increase 17:25 18:2 26:9 63:19 156:24 increased 19:25 incredible 7:16 independent 65:13 indication 56:9 individual 14:3 52:21 76:14 77:17 110:2,4 individually 39:9 132:15 individuals 85:11 161:10 industry 55:4 inefficient	51:6,8 influence 3:5 information 17:8 18:22 26:13 30:17 31:4,6 52:14 53:20 57:3,4,16 97:11,12,14 107:21 127:6 149:25 150:10,13 165:9,11 169:8 informed 114:5 informing 36:23 infrastruct... 10:2 infusions 24:6 inherited 137:13 initial 108:16 initially 88:24 Innovation 19:21 innovative 13:14 input 164:18 inroads 91:22 insight 72:24 104:12 insist 115:21 165:10 instance 76:10 instances 52:15 76:11 insurance 77:25 134:11 153:19,20 154:3,17 160:15 162:3 167:2 intend 18:20 58:24 intended 18:25 intent 127:14 intentionally	17:5 97:5 intently 162:25 interdepart... 90:16 interest 19:3 53:18 57:18 interested 11:14 13:20 14:18,19 37:24 38:4 58:19,20 112:21 164:23 interesting 65:18 74:21 interim 67:4 internally 42:14 98:25 Internet 66:17 interrupt 59:19 intervention 121:24 interview 165:2,4 introduced 95:2 investments 9:17 10:2,9 invited 28:23 inviting 67:23 involved 41:19 87:18 103:5 104:15 107:7 146:22 involves 86:18 involving 35:22 Iola 15:21 16:24 issue 5:10 11:22 28:4 29:13 36:17 45:25 47:7 52:3 65:11 68:21 82:25 85:21 87:3 95:14 99:25
--	--	--	--	---	--	--	--

Committee on Commerce and Economic Development
October 26, 2016

Page 10

122:7	Jones 1:10	167:19	100:17	159:15	101:4,6	liability 72:14	124:5
140:22	2:2,17 4:23	170:9,14	102:7	160:19	111:25	liable 72:4	150:20
146:20	10:20 11:17	171:9,22	knew 59:9	163:8	125:18,18	libraries	171:16,17
148:7	13:4 15:7	Jones's	know 12:6,22	165:14	125:19	28:20	live 32:19
165:13	15:24 16:5	169:21	21:23 25:8	168:22	143:17	lie 144:22	52:6
171:3,7	16:10 20:19	Journal	25:15 26:3	169:2,14	148:17	liens 154:5	living 122:23
issued 142:9	20:25 23:11	39:19	26:5,10	knowing	lay 61:11	lies 79:18	loan 165:21
issues 12:8	24:5,14	JR 1:10	36:25 37:14	74:15	87:7	128:9	local 6:20
49:24 68:23	27:7,13,17	judgment	38:5,7,8,11	knowledge	laying 62:24	lieutenants	8:16 18:3
73:14 89:21	27:20,24	88:4	40:11,15,20	168:25	leader 14:25	122:23	20:7 32:3
101:13	28:3 36:5	July 129:4	41:2,15,16	169:3	16:25 89:9	life 40:12	34:8 35:14
115:24	42:3 43:11	130:5	42:3 43:6	knowledgea...	leadership	lift 53:18	93:19 168:6
item 131:22	46:23 54:21	June 19:4	46:3,12	168:11	7:5 170:7	light 58:13	localities 92:6
items 154:6	55:2 57:20	129:5	48:16 50:24	knows 78:5	leads 65:15	64:9,14	located
	59:18 60:3		51:2 53:24	122:20	learned	71:11	153:24
J	61:22 62:8	K	53:25 54:11	kudos 47:3	146:20,22	lights 131:9	location
JANNIE 1:11	72:17 74:3	keep 83:15	55:3,4,10		169:22	limited 72:8	103:23
January	74:11 83:24	Keeping	56:8,24	L	learning	140:16	long 22:25
17:12 24:17	84:6 89:6	118:10	57:17 58:18	L 1:11,14	164:22	line 124:22	23:3,23
127:13	89:11 99:8	Kenney 4:3	58:19,20	173:14	171:6	125:8,13	29:15 46:13
128:13	100:7	5:9 102:20	59:2 62:17	LA 50:9	leaving 157:5	linked 55:19	102:3
130:6	107:22	122:16	64:2,10	labor 12:8	left 2:19	links 90:6	106:12
Jerry 138:6	108:17,22	129:13	66:20,23	37:9 142:16	123:22	list 38:18	113:18
150:23	113:6	KENYATTA	68:19 72:18	169:16	legalities 88:6	39:17,18,23	122:2
Jersey 139:25	117:25	1:13	72:25 75:17	Labor-Man...	legislated	51:11,11	131:16
Jihad 138:6	118:6	kept 113:25	76:9,10,19	142:14	116:23	53:9 54:4	138:15,18
139:6	123:10	170:13	78:13,17	lack 120:6	legislation	55:15	153:22
168:16	127:3 131:7	ketchup	82:8,24	140:14	95:3	109:13,17	157:25
JMAR	131:13,17	116:9	83:5 84:8	157:3	legislative	109:18,20	longer 7:25
153:20	135:13	key 5:10	87:21 95:5	168:25	7:22 89:22	109:20	64:18
job 4:6 10:18	136:5,13,17	171:2	95:20 96:10	169:2	134:3	110:17,18	164:10
32:5 33:10	136:22	Khunath	96:20,24	ladies 28:21	length 22:7	110:20	look 8:19 9:7
86:17 88:12	137:4,7,11	60:24	97:9,16	lady 143:23	43:22,25	111:6,11,15	25:5 29:23
143:20,24	137:19,22	kickoff	98:4,5,20	laid 88:4	110:6	112:6,6,11	30:7 37:23
147:12	138:2,9,18	108:12	104:17	170:21	lengthy 86:6	112:17	38:2 46:3
164:24	138:23	kid 170:16	106:17	land 62:6	127:18	138:22	47:17 51:22
171:5	139:4	kill 168:25	110:14	language	lessons	listed 39:20	63:10 74:18
jobs 3:8 5:7	141:22	killing 161:19	111:7	126:19	169:22	93:17	74:24 75:5
8:17 10:11	142:11	kind 13:9	112:14,19	135:3	Let's 52:22	110:24	76:23 77:21
144:18	144:24	29:25 30:6	113:17	large 42:25	letters 127:14	listen 17:6	79:2,8,24
Joe 110:13	145:10	44:22 45:23	115:25	155:6	level 30:15,23	listened	80:5,9
John 147:3	147:21	58:17,21	116:5,13	laser-beam	35:19 36:3	162:24	89:16 93:23
150:16	148:3	77:23 78:24	121:12	122:7	36:4 72:12	lists 25:24	95:17 96:9
160:11	149:12	85:14	122:2 128:4	lasted 153:2	76:23	109:24,25	111:15
Johnson 1:13	150:17,22	113:13	130:11,12	Lastly 20:10	121:22	110:3	112:17
2:19	160:6,9	116:11,15	131:16,19	late 89:15	141:8	112:12	114:11
join 10:3 56:4	162:13,16	116:21	132:22	lately 96:4	146:23	lit 131:9	117:19
59:23	162:23	131:22	134:8,21	170:23	147:18	litmus 15:13	120:18
joined 3:4	163:7,11,20	160:25	135:9,20	laudable	158:13	little 3:11	125:11,23
11:12 15:17	164:13	164:8 169:7	144:15	23:12	levels 155:5	58:22 74:25	129:3,16
16:14,23	166:10,16	kinds 124:2	147:15	launch 18:20	leverage 6:20	79:13 81:2	130:9
59:21 62:10	166:22	Kingdom	149:5,8	law 21:11	leveraging	89:15 90:2	133:22
joining 2:18	167:6,10,13	60:20	157:17	54:7 77:2	17:21	117:18	138:10
4:17 77:19		kitchen		77:15 79:15			

Committee on Commerce and Economic Development
October 26, 2016

Page 11

163:21	Ly 61:3	manager	MBEC	129:14	mics 138:24	160:17	moved 48:13
164:3		164:23	161:17	148:4	mid 139:18	moment	movement
looked 39:16	M	managers	mean 30:23	meetings	middle 74:15	84:21	12:24
39:22 50:3	M/W/DBE	124:12	47:15,16,22	68:14	Mike 128:19	money 24:6	moving 33:17
51:7 76:9	94:11,18	129:2 166:3	48:3 50:20	121:22	milk 26:24,25	44:20 65:21	64:17 90:20
78:2 111:17	M/W/DSBE	managing	57:14 67:13	122:4	36:20	74:16 86:17	109:5
looking 13:2	20:13	165:5	68:12,15	129:19	millions 9:18	87:18 88:22	114:12,16
26:19 27:5	M/WBE	mandates	69:3 73:23	meets 107:12	62:21 132:4	94:5 116:15	115:3,4
29:18 32:14	112:13	34:25	73:24 94:19	member	mind 39:12	130:24	132:22
33:21 36:2	Macklin	manner	95:24	102:22	72:2,6	133:7	multi-billion
47:19 50:16	160:11	87:20	103:19	139:23	73:22	monitor	9:22
54:5 57:13	magnificent	119:16	108:15	140:2	118:10	113:4	multi-gener...
65:17 66:19	55:21	MARIA 1:15	111:24	members	minimum	133:17	169:5
67:24 72:10	mailed 22:11	market 48:16	112:16	4:11,15,24	133:15	146:23	multiple
77:12 79:4	main 17:17	57:6 153:24	115:18	9:10 10:25	163:13,15	148:25	101:16
80:10	maintain	153:25	116:6	11:13 16:10	minorities	149:18,19	municipal
109:11,19	152:13	154:8	117:16	16:13 33:24	84:17	149:25	136:12
116:14	major 29:13	marketing	120:19,23	39:6 52:4	140:10	150:3	MURPHY
125:5,14	38:18 45:2	50:11	125:17	54:22 55:20	minority 18:3	154:19	173:14
127:16	63:2 139:20	marry 40:3	130:7 145:6	60:19 90:14	20:7 34:6	monitoring	
128:2,8	157:24	massaged	meaningful	121:16	84:13 85:25	114:20	N
147:8	163:25	57:2	8:24	139:5	86:7,8,24	145:2	name 16:6,14
looks 26:18	majority	master 11:3	means 6:15	memory	87:19,24	149:22	40:25
56:8 103:11	86:13 87:13	matches	82:5 105:19	106:12	93:16	161:3	138:13,22
loop 98:12	89:8	163:23	106:12,20	memos	145:12	monopolize	138:24
loopholes	making 6:7	matrix 83:7	129:6	146:11	151:17	80:12	145:11
144:19	18:7 26:8	92:2,2	173:22	mentioned	154:12	month 56:7	150:23
lost 6:12	30:19 31:3	114:3	meant 58:23	41:24,24	155:3,21,22	monthly	names 41:10
lot 3:12 12:2	31:5,8,21	116:18	measure 8:10	43:21	156:13,16	56:13,15,17	41:13 55:3
19:17 27:4	31:21 33:14	117:18	22:3 114:4	102:17	156:19	121:17	60:5 160:10
38:8 42:22	34:16,17	128:10	148:24	134:14	157:4,10	months 7:12	narrative
49:21 80:9	35:14,16	132:17	measured	mentioning	minority-o...	23:5 38:20	141:13
82:11 86:18	36:21 91:22	133:16	21:22	91:19	39:21	43:23 44:2	national 6:20
89:20 93:4	100:8,17	134:5	144:24	mentored	minute	44:5 49:9	Nations 61:24
96:3 98:25	101:8,13	matter 88:12	measurement	160:17	147:13	49:16 50:17	nature 21:11
120:15	102:7 114:6	104:17	133:9	mere 6:14	missed 5:25	51:12,16	87:12
168:2	120:25	148:9 173:7	measuring	merely 17:18	48:8 168:18	54:5 64:13	navigate
170:19	132:4	Mayor 4:3	135:3,4,5	message	mission 169:9	64:13 96:15	149:17
171:17	134:16	5:5,9 7:10	mechanism	78:12,19	170:3	105:8	necessarily
loud 25:19	164:23	8:20 13:14	44:13	116:25	mix 93:21	127:24	66:2 82:10
love 54:11	man 138:14	14:23 45:15	169:14	134:25	101:21	129:15	necessary
lovely 143:23	manage 8:10	87:5 102:20	MED 55:18	metaphor	mixing 78:24	159:12	25:22 143:8
low 74:14	127:24	122:16	56:8	118:10	100:5	morning 13:8	155:19
75:2	managed	129:13	median 73:21	methodology	Mm-hmm	45:11	necessity
low-hanging	21:23	142:7 147:5	meet 7:10	106:4	44:9	move 26:17	90:19
80:20	144:25	147:9	82:21	metrics	model 76:4	33:25 82:10	need 10:12
113:20	management	152:18,19	121:18	129:21	modernize	92:7 122:15	28:15 29:9
115:18	8:14 9:24	Mayor's 3:25	142:20	mic 28:14	17:16 19:9	122:21	35:23 37:22
132:17	77:4 151:22	6:5	meeting 12:5	48:8 150:20	20:3 90:4	123:24	40:7 47:3,3
lowest 33:22	155:25	MBE 52:11	13:22 35:2	Michael	91:21	125:6,24	48:17,22,23
80:14,15	157:23	141:19,20	94:15,15	142:7	modernizing	135:7	50:13 51:8
92:5 98:5	158:5 164:8	MBE/WBEs	121:20	MICHELE	17:25	140:20	51:22 64:6
115:19	164:16	55:22	128:20,25	173:14	molded	147:12	64:7 65:7
	167:4						66:24 71:21

Committee on Commerce and Economic Development
October 26, 2016

Page 12

75:8 80:3	102:12	73:8 110:12	124:17	117:23	opportunities	168:18	76:11
83:6 98:7	106:3,4	110:14	146:6,22	119:25	3:6 4:2,6	171:12	overall 19:13
108:13	112:24	122:9	150:8,9,11	121:13	5:8,25 6:16	opposed 30:4	23:24 45:25
114:7,15	121:8	152:24	offer 105:2	123:5 136:5	8:11,15 9:2	31:5	119:14,18
115:8	122:11	numbers	151:10	138:23	17:22 18:3	options 116:9	overcome
117:17,17	125:18	144:21,22	offhand	148:23	18:24 19:2	order 6:23	156:5
120:18	139:25	numerous	112:19	162:17	20:5 25:9	16:8 74:5	158:11
125:2	145:20	140:7	120:16	Okhna 61:2	25:11,18,23	74:16 87:5	oversight
128:24	news 55:18	144:19	office 16:25	Okuha 60:23	25:25 26:11	orders 73:9	140:15
130:11	nightmare	147:11	19:21 41:6	old 95:22	31:7 34:22	73:21 78:15	146:3,8
132:16	161:13	Nutter 142:7	77:18,19	121:12	38:7,11	79:12 94:2	147:23
133:10	nine 52:7		91:20 93:5	122:24	40:16 47:24	101:19	owed 110:25
149:18,19	64:12	O	94:15	older 138:10	47:25 51:25	ordinances	owner 25:13
156:2	159:12	oaths 144:17	118:15	160:10	52:13 53:4	132:21	32:23
161:10	nine-month	objections	120:5,5	on-the-job	53:10,17	organization	103:22
163:20	163:15	173:4	141:10	170:25	54:3 56:12	139:8	139:21
164:17	Nolan 27:23	observation	143:2	once 33:13	57:5 58:10	154:25	140:5
169:14,15	27:24,25	28:4 52:14	148:20	34:16 55:25	59:5 67:16	organizations	owners 32:17
170:6	28:2 62:17	observations	154:21	73:9 102:5	68:6 71:8,9	30:24 33:16	32:19
needed 3:10	non-compli...	27:8	161:18	150:15	75:15 88:25	34:18 57:13	110:21
17:9 19:18	80:16,23	obstacle 63:2	officer 16:16	161:21	91:4 93:12	organize	139:14
151:23	115:24	obstacles	17:11 27:22	one-year	93:24 98:3	169:10	
needs 30:22	non-profits	7:24 134:20	70:18 120:7	79:16	98:13	organized 5:9	P
35:8 46:10	23:22 43:2	obtain 154:7	122:4	ones 7:24	115:15	original	p.m 1:7 172:5
47:17 48:2	95:13	154:16,23	124:17	30:19	118:20	73:11 93:25	page 47:10
76:17 77:22	127:23	158:20	128:11	100:16	132:7 155:2	Oudam 61:9	paid 5:19
80:5 101:10	130:21	obvious 12:17	officers 30:16	118:20	169:23	ounces	22:21,25
104:24	non-union	obviously	35:3,9	ongoing 17:4	171:19	116:14	23:9,23
116:23	139:23	39:22	121:5,14,18	86:20 96:22	opportunity	outcomes 8:8	42:21 43:23
negative	Nora 61:12	111:22	124:9,10,18	onus 115:22	3:10 4:14	8:23 89:20	44:5 86:24
154:6	norm 23:13	112:23	125:11	133:18	5:11 6:19	125:5	87:19 88:10
neighborho...	normal 73:23	115:11	126:3	OPA 45:17	7:6 17:2	outdated	95:9 111:3
4:3	158:3	occur 73:16	127:17	open 35:21	25:15 26:6	142:9	158:20
neighborho...	Northern	occurred	official 85:24	38:3,14	32:2 34:4	147:25	painted
41:15	139:25	34:23	officials 31:20	40:18 56:25	35:16 38:13	outline 8:5	118:11
net 130:16	note 9:9	occurring	oh 1:14 51:13	59:9 85:12	40:24 41:5	outlines 17:3	pan 100:5
network	39:15	88:20	73:12 84:3	98:3 99:3	42:7,24	outreach	panel 9:10
95:22	notes 72:19	occurs 164:19	84:5,8,11	115:20	48:16 53:24	19:18 20:2	15:19 138:3
networks	112:24	October 1:7	84:12 85:16	opening 2:24	57:9 63:9	20:6 21:12	138:5 146:6
55:10	140:8 173:6	109:15,16	85:19 86:23	4:21 5:14	64:9,24	26:9 30:10	Panha 61:17
never 7:4	November	142:8	88:17 89:3	161:12	65:15 67:8	52:3,25	paper 14:20
78:5,6,8,8	105:10,10	OEO 34:18	89:7 99:21	operate 14:6	67:25 81:16	53:2,11	19:7
141:2,3	NTI 24:7	35:22 63:5	OHCD 101:5	127:24	94:24 104:7	56:6 58:15	Parker 1:14
new 3:25 6:16	160:20	63:10 77:3	okay 20:25	154:2	107:8 109:8	67:15 84:23	2:20 36:8
8:15 12:7	161:7	85:6,8	44:3 62:8	157:22	128:10	85:11 94:16	36:10,15
16:25 18:8	167:23	86:19 97:5	67:23 84:12	operated	139:11	95:10 96:5	38:21 39:8
18:10,20	168:15	101:11,22	85:18 86:22	153:10	140:16	96:6,7,16	39:14 40:10
20:7 47:4	170:20	102:8 103:4	88:17 91:17	operating	141:24	97:22	41:22 43:8
51:14 57:3	number 14:3	104:15	94:8 98:5	9:20 13:18	142:6,10,22	101:25	47:9 108:24
70:25 71:2	14:19 21:20	106:16,22	99:22	13:18	143:9,22	104:3	108:25
71:3,7,9	23:21 37:10	106:24	103:12	153:16	144:6,13,20	outreach-b...	111:20
76:10,25	37:14 55:19	120:14	108:5,14	operation	145:18	97:6	112:20
90:3 102:11	63:7,11,24	121:5,14	112:20	152:3	161:8,11,13	outside 33:5	Parker's
		122:3,14					130:11

Committee on Commerce and Economic Development
October 26, 2016

Page 13

132:14 parks 28:20 58:6 part 12:23,23 20:15 26:7 29:21 40:7 48:13 58:4 58:4,21 65:2,11 77:11,15 78:2,17 79:18 82:21 90:24 96:23 127:16 128:2,8 130:12 131:3 132:3 152:7,13 161:24 167:22 participant 146:24 participants 153:4 participate 58:11 86:3 participation 20:14 84:17 85:22 94:10 141:18,20 145:13 146:12 147:17 156:13 157:3 particular 7:7,18 37:15 40:24 52:21 62:24 63:8,22 71:9 115:22 132:25 160:21 particularly 4:7 14:12 109:7 135:11 149:12 partner 57:14 partnered 86:12 partnering 88:9	partnership 88:3 parts 14:13 29:24 77:7 party 28:23 28:24 73:13 108:8,20 pass 15:12 28:17,18 111:25 passed 71:6 157:7 170:23,25 passionate 3:9 path 83:2 patience 89:12 136:7 pattern 74:21 101:18 pay 19:18 44:13,14,16 95:3,7,14 96:13 paying 28:12 32:24 payment 19:15 44:19 129:8 PCDC 137:12 160:14 170:12 peer 126:16 penalties 142:18 penalty 117:5 Penn 12:6 Pennsylvania 1:6 92:11 people 4:7 10:25 12:19 12:20,21 30:4 32:19 45:21 46:14 56:23,24 58:18 72:15 78:13 90:6 94:20 95:16 98:2,8 100:15 101:22 103:20	104:4,5,17 106:5 111:8 119:8 124:16 126:5,10,12 127:13,14 131:21 133:13 134:10 147:4 149:8 153:13 165:10 166:14 168:10 169:6,8 170:19 people's 22:10 percent 26:6 48:3,11 63:19,20,23 63:23,23 73:11,20 74:7,8 93:8 140:9,10,11 140:12 141:18 144:10 146:14 percentage 63:14 88:22 perception 31:2 perfect 7:20 performance 20:12 34:3 79:4 92:22 92:25 93:23 94:17 109:7 124:12 151:3 performanc... 135:8 performed 49:6 period 153:22 permission 150:5 permit 145:7 person 28:5 30:7 32:24 52:16 73:4 80:15	109:18 116:4 126:12 131:22 143:20 147:7 personal 32:25 76:15 personally 41:7 personnel 139:22,23 146:7 persons 84:14 84:18 perspective 63:6 75:20 75:24 78:24 166:8 Peter 61:20 PGW 9:25 phase 19:23 phased 51:20 Philadelphia 1:2,6 3:23 7:8 8:18 11:5 16:17 17:20 24:23 31:15 32:3 33:6 35:18 45:13 53:15 55:11 56:14 56:19 57:10 59:25 62:5 101:20 110:19 111:2 136:23 139:15,24 142:5,13 143:6 152:11 153:18 154:11,15 154:18 156:20,23 157:12 159:17 165:22 Philadelphi... 1:20 2:14 5:17,19,24 6:8 16:20	109:12 Philadelphi... 10:5 Philadelphi... 5:8 6:10,24 9:3 10:4 17:20 Phillies 149:24 philosophic... 15:4 47:14 philosophy 14:7 PHL 18:10 phrase 144:3 150:8 physically 106:19 pick 162:25 picked 23:19 43:7 picture 83:19 PIDC 136:10 136:14,15 137:9 159:24 piece 72:11 77:24 78:25 149:22 167:24 pieces 77:25 115:7 134:7 135:5 pilot 12:12 19:23 23:16 23:18 place 51:16 64:15 89:24 91:5 97:10 126:18 154:16,20 162:5 164:5 169:24 places 21:9 25:12 92:14 130:2 plainly 85:20 plan 5:10 9:14,21,24 39:11 64:20 75:14 105:3 105:6,6 107:16,17	107:18,24 129:22 141:24 148:18,19 planning 50:12 133:25 165:6 Plans 34:4 142:6,23 143:10 144:7,13 145:18 plaque 60:16 PLAs 157:8 platform 8:5 133:3 play 52:8 147:5 playing 72:12 141:8 please 2:7 69:5 138:12 138:25 plenty 58:10 point 28:3 48:15,22 64:16 71:20 71:22 83:9 96:21 97:16 98:11 99:24 100:12 102:7,16 107:20 116:7 121:24 127:2,6 130:11 points 17:17 police 120:7 policies 8:8 8:12,15 policy 79:15 politeness 118:7 political 7:6 134:23 171:17 politically 141:13 pond 58:5 pony 28:16 pop 74:17	portfolio 49:5 position 15:2 17:10 24:18 46:19 90:3 90:19 positive 53:19 55:23 120:24 positively 83:6 possibility 152:20 possible 9:5 44:12 56:10 52:20 121:24 160:19 post 18:12 potential 56:2 113:13 132:11 potentially 47:24 poverty 140:12 power 3:8 4:4 94:5 140:25 practice 76:7 76:19,20 121:12 practices 6:21 20:4 50:3 122:24 124:23 135:4 pre-K 94:19 pre-qualific... 81:10,13 163:22 predictor 14:7 83:9 prepare 59:3 prepared 10:16 20:23 150:24 151:4 preparing 40:15 present 1:9 39:10 141:6 presented 144:3	President 139:7 pretty 114:10 previous 70:23 90:25 144:16 146:6 price 32:8,10 32:15 44:14 44:15,16,18 73:11 pricing 44:13 primary 112:11 prime 4:20 86:12 87:13 87:22 156:16 printed 39:19 printing 67:22 prior 84:9 107:25 priorities 6:6 8:6 17:7 prioritize 42:9 68:18 prioritized 68:11 prison 156:24 private 6:23 10:3 privately 28:18 probably 26:22 32:14 40:12 46:10 70:24 71:8 93:11 problem 29:21 31:15 33:15 42:19 65:25 66:23 67:7 72:15 82:13 87:22 96:10 103:12 128:14 146:8 157:18 161:4 problematic 86:15
---	---	---	---	--	---	--	--

Committee on Commerce and Economic Development
October 26, 2016

Page 14

problems 91:23 151:6 151:7 157:10,25 159:16 proceed 159:19 proceedings 59:19 173:4 process 7:17 17:9 18:12 18:16 19:11 19:14 20:15 21:10,10 22:17 23:3 23:25 24:4 26:16 29:19 30:10 34:11 34:19 36:3 37:21 38:23 38:25 40:8 44:6 45:8 46:13,17 47:4 71:18 77:21,22 79:21 81:10 82:17 84:15 86:6 87:7 88:8 89:2 99:5 100:23 100:25 101:10 102:18 105:13,20 105:24 106:4,9 107:7 108:4 114:6,19 117:2 123:20 127:19 129:5,10 133:25 134:15,17 134:19 140:14 155:11 156:14 162:21 163:22 processes 1:20 2:14 16:20 18:7	25:7 26:8 89:24 119:14 processing 19:16 procured 118:20 procurement 1:20 2:15 6:4 8:25 9:13 12:9 14:12 16:21 17:2,16,25 18:6,9,15 18:22 19:5 20:4,5,12 21:15,19 24:20 26:18 29:7,20 30:14,16,17 31:17,19 33:11,20 34:2,10 35:3,9,19 36:4 41:9 47:12 48:5 48:11 67:12 68:23 69:14 69:16,23 70:8 76:12 77:13 78:25 80:20 82:23 82:24 83:14 89:17 90:9 90:22 91:5 92:4 95:19 100:3,14,23 101:12,14 102:4,8,18 102:21 103:6,23 104:14 106:16,22 106:25 109:12 114:2,24 118:13,14 118:19 124:3,5 140:14,17 141:9,16,23 142:25 147:18	161:9 procuring 17:19 producer 27:2 product 136:16,20 137:3,9,16 productivity 145:13 products 154:4,7 profession 158:25 professional 1:20 2:15 16:21 19:10 30:15 65:7 69:24 70:13 70:19,20 75:22,24,25 76:13 77:14 79:7,11 90:9,25 95:19 100:18,21 100:22,24 102:20 103:7 118:21 125:15 professionals 122:14 profit 164:24 profitable 159:14 program 5:15 5:16 12:5 144:4 151:2 151:19,23 152:2,4,8 152:12,17 152:25 153:2,4,8,8 153:10,16 154:10,15 155:25 156:9,11 157:21,21 157:24 158:6,12,16 159:5,7,10 159:20	160:14,15 160:20,23 161:7 162:4 162:25 163:16 165:21 166:9 167:23 168:15 170:20,21 170:22 171:2,3 programs 1:21 2:16 16:22 112:13 130:16 140:18 141:10 143:2 157:9 157:14 progressed 3:16 progressive 13:13 project 8:14 12:8 19:24 20:13 58:3 63:22 165:5 projected 24:8 projects 12:3 14:18 21:8 24:6 44:21 45:22 77:10 77:13 140:7 140:17 149:3 156:13 157:4 prompt 95:3 95:14 proper 125:3 169:16 property 110:21,25 prophetic 140:23 propose 131:24 proposed 17:4 152:23 proposing	151:10 proprietary 149:25 prospective 79:9 prosperity 3:24 11:7 protocol 56:7 protocols 52:25 53:6 prototype 141:24 148:16,22 provide 4:14 31:25 54:22 72:22 102:13 103:9 114:15 130:15,20 134:12 146:6 154:11,16 154:21 155:2 157:13 158:5 165:20 provided 37:5 143:3 143:10 154:24 155:20 160:16 provides 100:3,14 141:23 providing 37:15 87:23 100:4 142:18 154:2 public 2:5 5:11 6:8,22 8:3 18:13 31:17 68:23 69:8 73:25 74:6 81:11 112:7 167:14 171:23 173:15 publicize	18:23 20:4 publicly 10:21 110:24 published 110:20 111:16 publishing 111:19 pull 48:8 73:7 73:14,22 150:20 pulled 73:6 128:16 pulling 6:21 pulls 51:15 purchase 50:12 119:14 purchases 47:20 purchasing 69:23 94:5 pure 76:11 purpose 170:3 171:18 purposeful 8:7 pushing 62:21 79:20 put 6:23 24:12 30:2 34:11 44:12 45:19,20 107:3 133:3 133:18 138:21 143:19,24 143:25 144:18 146:18 147:2 150:12 169:24 puts 64:5 71:6 90:18 115:13 putting 30:5 64:15 Q qualification 155:15,17	qualified 63:8 81:14,17 82:3 157:4 quality 34:21 79:3 question 23:15 31:11 42:16 48:20 53:6 64:3 64:23 67:19 71:11 75:8 75:12 77:7 78:11,16 84:13 91:16 101:7 103:6 103:8 113:7 122:12 160:5 162:19 167:17 questioning 57:25 89:16 questions 20:17,24 43:21 47:10 58:3 80:13 123:16 124:20 131:14 136:6,8 160:7 171:20 quick 27:7 43:21 117:9 136:9 quicker 30:8 103:20 quickly 36:15 42:25 135:2 QUINONE... 1:15 quite 25:21 41:10 76:8 87:21 111:17 118:11 quote 21:4,23 144:23 145:3 R raise 102:16 raises 28:4 raising 148:7	ran 161:21 range 66:21 ranging 21:17 24:6 rank 42:8 Rates 155:9 reach 24:25 39:6 159:18 reached 96:18 reaching 30:23 33:15 reaction 53:20 read 2:8 15:14 47:10 138:3 169:9 ready 6:9 58:25 real 13:15 14:2,11,21 45:11 46:2 86:10 91:3 91:22 115:25 132:17 134:2 137:15 realistically 134:10 really 3:16,17 11:2 31:13 32:22 41:18 42:18 44:18 53:19,25 57:16 60:17 65:18 77:21 77:23 91:20 97:7 113:19 114:8,11 120:20 126:25 127:21,21 129:12,15 129:17 130:3,3 132:2,16 133:3,22 134:18,19 135:16 146:4,8 149:14 168:12,24
---	--	--	--	--	--	---	---

Committee on Commerce and Economic Development
October 26, 2016

Page 15

169:2,3	140:11	129:18	report 102:21	39:1 40:1	145:1 146:1	133:19	66:5,9,20
171:8,13	160:8	regulation	149:11	41:1 42:1	147:1 148:1	responsible	76:23 99:4
reason 76:14	168:21	150:9	reported	43:1 44:1	149:1 150:1	80:15,25	RFQ 31:19
110:7,8	170:9	reinvent	111:4	45:1 46:1	151:1 152:1	88:2 92:5	Rhynhart
114:21	records 159:3	162:5	170:15	47:1 48:1	153:1 154:1	98:6 102:23	15:20,25
124:15	Recreation	171:13	reporter	49:1 50:1	155:1 156:1	115:19	16:3,9,15
135:14	58:7	related 14:13	173:24	51:1 52:1	157:1 158:1	118:19	20:20,22
reasons 25:16	red 73:15,22	109:7	reports 122:9	53:1 54:1	159:1 160:1	119:13	22:2 23:14
112:11	99:16,19,21	112:12	124:7	55:1 56:1	161:1 162:1	123:19	24:13,16
reassurance	Redevelop...	151:2	represent 6:6	57:1 58:1	163:1 164:1	133:20	27:11,15,18
13:24	148:4	relationship	146:19	59:1 60:1	165:1 166:1	result 32:15	27:23 28:2
Rebecca	reduce 19:13	41:18 85:14	represented	61:1 62:1	167:1 168:1	151:15,25	33:19 35:20
15:20 16:14	reduced	85:15 151:5	3:22 11:5	63:1 64:1	169:1 170:1	164:20	36:14 37:19
41:24 47:16	21:24	151:18,20	14:14 27:16	65:1 66:1	171:1 172:1	165:7	39:7,13
77:10 127:9	redundant	152:5,14,20	101:11	67:1 68:1	research	resulted	42:11 43:19
Rebecca's	89:15	156:7	reproduction	69:1 70:1	22:22 93:4	151:21	43:25 44:9
130:2 131:4	refer 164:11	165:24	173:21	71:1 72:1	resolution	rethinking	44:24 46:5
132:10	reference	relationships	reputation	73:1 74:1	1:18,18 2:6	108:13	46:22 49:14
Rebuild 9:12	29:6 33:10	26:12 84:24	147:4	75:1 76:1	2:8,9,22 3:2	return 9:17	49:25 50:24
9:15 13:12	35:2 99:14	84:25 97:8	request 61:25	77:1 78:1	4:10,20	returning 4:8	51:4,13,21
14:15,17,22	105:13	142:15	66:16	79:1 80:1	16:18 28:11	5:21 7:3	52:17 53:7
21:3,5 24:8	106:5	relative	135:22	81:1 82:1	95:2 131:18	revealed	54:25 55:13
28:17,17	referenced	112:25	143:7	83:1 84:1	139:9,17	144:8	59:6,13
59:2,3,3	167:2,23	release 150:4	requested	85:1 86:1	140:8 141:4	Revenue	64:21 65:4
108:2,10,12	referencing	released	150:11,12	87:1 88:1	157:7	111:4	65:16 69:22
rec 28:20	2:6	146:11	requesting	89:1 90:1	171:10	revenue-ge...	70:6,10
recall 112:9	reflected	remarks 2:25	133:10	91:1 92:1	resolutions	39:20	91:17 92:12
receivable	120:9 133:6	4:21 13:11	require 164:2	93:1 94:1	144:19	reviewed	92:18 95:23
136:9,20	reflects	20:23 41:25	requirements	95:1 96:1	170:23,24	146:10	96:2 97:23
receivables	111:11	remember	142:10,17	97:1 98:1	resource 97:9	reviewing	98:10 99:7
75:7 136:14	reform 26:18	15:10	145:17	99:1 100:1	resources	65:10	99:17,21
receive 18:12	114:15	110:22	159:3 164:2	101:1 102:1	6:20 31:13	144:12	100:18
receives 85:5	134:2	111:8 124:8	requires 46:2	103:1 104:1	32:6 166:14	146:25	102:15
recession	reforms 17:4	149:14	134:3	105:1 106:1	respectfully	reviews	104:8,19,22
149:13	113:13	160:21	requiring	107:1 108:1	143:7	126:18	105:7,16,22
recognize 4:9	116:17	reminder	142:15	109:1 110:1	respond 17:7	revised 142:2	106:8,15
4:19 15:16	132:12	37:4	RES 3:1 4:1	111:1 112:1	26:5,14	143:12	107:4,9,14
71:12,23	regard 4:16	reminding	5:1 6:1 7:1	113:1 114:1	47:23 67:17	145:17	107:18
95:15 126:3	19:20 109:5	171:11	8:1 9:1 10:1	115:1 116:1	responding	revisions	108:3,14
recognizes	regarding	Rendell's	11:1 12:1	117:1 118:1	68:7	142:22	117:11
5:22 113:8	36:17	147:5	13:1 14:1	119:1 120:1	response 26:2	reward 6:25	118:18,25
127:4	regards 47:4	renewal 71:4	15:1 16:1	121:1 122:1	38:22 49:18	Reynolds	119:7,23
recommend	region 39:22	129:5	17:1 18:1	123:1 124:1	53:18 54:9	1:15 2:21	120:11
132:9 154:9	160:18	renewals	19:1 20:1	125:1 126:1	54:11 58:14	13:6 43:13	124:11
158:9	register 18:17	70:23 79:16	21:1 22:1	127:1 128:1	58:16 66:20	46:25 56:12	126:8,21
recommend...	registered	renewed 7:14	23:1 24:1	129:1 130:1	109:4	118:8	128:15
39:10	85:7	renewing	25:1 26:1	131:1 132:1	135:22	135:18	135:24
105:15,16	registers	79:21	27:1 28:1	133:1 134:1	171:21	150:7	136:11
105:20	87:14	repeat 48:7	29:1 30:1	135:1 136:1	responses	RFI 66:18	137:21,24
record 11:11	registry	73:2 162:22	31:1 32:1	137:1 138:1	25:24 66:19	RFP 31:18	right 2:18
16:7 39:16	63:10,17,18	repeated 69:5	33:1 34:1	139:1 140:1	45:14	45:14	7:19 24:13
62:11	85:6,8 99:3	repeating	35:1 36:1	141:1 142:1	RFPs 44:12	RFPs 44:12	26:4 27:2
138:14,25	regular 25:14	13:10	37:1 38:1	143:1 144:1	46:9 65:23	46:9 65:23	38:10,23

Committee on Commerce and Economic Development
October 26, 2016

Page 16

40:19 42:23	rolling 43:3	99:13 113:9	scheduling	seen 7:4	95:19	shot 161:23	9:19 56:7
44:24 46:13	80:7	113:10	164:18	147:16	100:19,21	show 28:17	62:20 99:3
51:7 62:3	room 1:6	117:23	166:5	167:24	100:22,24	showed 161:8	117:2,4,6
62:25 64:7	62:11 66:9	122:25	school 167:14	segments	102:21	showing	sir 138:17
65:4 68:13	82:8 101:2	126:23	Schuylkill	57:6	103:7	57:16	150:21
71:25 72:3	101:8,12,15	127:4,5	12:4	select 34:12	115:12,14	103:24	162:12
72:4 74:17	102:9 103:7	129:23	scoring 93:9	selecting 35:4	118:21	shows 44:13	166:10
75:14 76:18	104:11	131:11,15	screen 154:19	35:4	151:10,12	side 33:20	sit 49:20 55:5
78:18 82:19	106:6,16,19	131:19	screening	selection	154:12	34:10 40:13	90:8
83:16 85:21	round 43:10	135:21	64:7	20:15 68:11	session 45:11	40:17 52:4	site 18:21
89:3 90:16	59:23	137:2,5,8	search 18:25	selling 90:24	set 38:24 98:9	63:3 65:7	155:18
92:18	roundabout	137:14	seasoned	send 78:12,18	122:8	69:23,24,25	164:7
100:20	21:20	166:24	171:6	88:6 116:25	123:20	70:8,12,21	sites 164:6
102:25	Roundtable	167:8,12,16	seat 138:13	sending 22:13	170:12	72:19 77:13	sits 148:6
104:8 107:4	139:7 140:3	167:20,21	second 11:24	30:17	seven 22:18	77:15 78:25	sitting 40:23
108:23	row 73:5,18	168:14	14:25 23:19	sense 42:15	24:2 45:18	79:8,11,14	situation
109:10,17	73:20	169:18	59:19 72:18	85:22 95:25	Seward	166:12	81:15
111:25	royal 59:20	Sanchez's	73:7 110:4	96:3 105:23	100:10	sidestep	159:16
112:7 114:3	60:12	13:11	122:19	107:15	shame 162:7	171:2	six 23:4 25:10
114:25	RPR-Notary	Saturday	138:5	117:13	169:21	sign 22:12	25:10,14
115:9,25	173:15	171:4	166:17	120:12,13	share 40:10	72:2 148:10	31:5 38:19
116:9,24	rubber 34:25	Saturday-o...	section	132:3	53:16 56:19	148:11,22	43:23 44:2
117:3,11	107:12	163:16	109:13	sent 56:7	shared 5:23	signal 88:7	44:5 45:17
118:21	rubric 36:24	Saturdays	142:12	135:2	7:14,23 8:5	signature	49:9,16
119:12	38:24	159:12	sector 10:3	separately	10:13 52:14	19:12	50:16,19,20
121:3	run 44:4	save 44:19	31:17	26:24	53:12,14,22	signatures	51:12 66:21
122:20	85:24	Save-A-Lot	sectors 5:18	SEPTA 85:3	93:18	22:10	90:5 127:24
123:2,3	159:11	116:10,11	security 95:4	serious 28:13	122:13	signed 22:8	144:11
124:4,10,12	running	Savoen 61:20	see 11:9	46:2 47:6	134:18	23:8 28:10	six-year
124:17	109:20	saw 100:9	12:10 15:25	seriously	sharing 53:9	142:7	144:2
126:8	166:9	saying 11:14	16:3 28:9	46:16	53:20	significant	size 42:6
136:24	runs 152:9	22:24 30:24	31:12 36:2	serve 6:9	sheepishly	22:19 144:5	86:17
145:19		65:10 66:2	51:25 54:11	97:10 120:6	161:18	significantly	skills 158:7
161:20	S	67:23 68:4	59:22 72:14	served 159:5	sheer 42:6,6,7	48:14	skyline 3:14
166:19	S 1:12	72:11 74:19	74:12,18	serves 17:20	sheet 93:17	silos 90:12,16	3:19
167:15	sadness 55:24	79:5 103:12	88:24 108:8	service 21:16	shift 66:3	similar 89:17	sleeves 10:17
170:17	safety 5:12	106:15,24	109:14,24	37:15 65:7	shock 110:23	simple 28:4	slipping
risk 72:9,10	130:16	106:25	131:9 133:4	71:5 77:2	shop 119:25	148:9	132:7
77:4,9,16	164:2	111:5,24	135:18	79:22 80:3	shops 28:22	169:17	slowly 42:21
77:24	salons 28:22	124:16	137:22	110:15	short-term	170:4	small 4:8
road 35:2	Sanchez 2:23	160:8	138:15,19	151:4	13:13	simplest	14:18 24:21
107:12	4:19,22	161:19,20	140:19	154:17	113:13,19	168:12	25:12 26:3
robust 5:3 9:7	16:12 24:12	says 22:20	149:9	services 1:20	116:17	simplicity	29:11,14
9:15 71:18	57:23 62:9	110:9	163:22	2:15 16:22	117:21	111:12	30:11 32:17
role 52:10,10	62:13 64:4	144:22	seeing 3:18	17:19 19:10	132:11	simplify	32:18,23
76:12,24	64:25 65:9	148:17	99:2 112:22	19:23 23:20	133:21	18:25	34:22 35:14
85:23 128:2	67:3 68:10	150:9	136:6	30:16 33:5	136:21	simplifying	38:13 44:4
164:17	68:19 69:2	168:24	171:22	69:24 70:13	shortage	18:14	44:21 94:23
roles 87:16	71:10 75:11	SBDCs 57:15	seek 139:14	70:19,20	151:15	simplistic	95:7 103:22
roll 70:24	75:21 76:6	schedule	143:11	75:22,24,25	shortchangi...	91:13	139:14,20
119:11,19	78:4 80:11	165:12	seeking	76:13,15	32:9,16	simply 76:25	155:6
119:22	81:6,20	schedules	142:24	77:14 79:7	shortly	91:8	snail 22:11
rolled 10:17	82:4,12	164:20	143:4,10	79:11 90:9	137:23	single 8:22	snapshot 37:4
	83:3,22						

Committee on Commerce and Economic Development
October 26, 2016

Page 17

Socheata 60:21 social 115:14 sole 40:25 55:6 solicit 55:8 solution 66:2 93:6 104:25 157:13 solutions 91:24 144:2 157:10 solve 120:22 somebody 73:9 75:2 113:14 126:17 147:3 168:7 somewhat 95:14 sooner 108:16 sorry 46:5 70:17 99:17 123:6 136:11 167:14 sort 36:18 37:3,11 38:24 39:11 39:16,20 41:25 42:2 42:4 49:4 50:14 53:18 53:22,25 66:3 67:20 109:3 110:17,23 113:3 119:10 132:24 Sounds 137:24 source 46:12 55:6 117:4 sourcing 117:3,7 Sovann 61:9 spatula 100:4 speak 69:18 70:3,14 76:18 84:20 139:11	SPEAKER 162:12 speaking 88:19 159:10 speaks 55:25 70:6 130:4 special 5:18 152:3 specialists 63:10 specialized 58:5,7 164:3,14,15 specific 38:5 38:7,11 43:6 72:20 128:21 168:4 specifically 50:8 136:20 speech 150:25 speeches 150:24 speeding 45:7 spelled 87:25 88:22 spent 30:22 40:11 41:12 86:2 88:7 94:6 spirit 24:11 72:21 91:14 124:23 spoke 53:12 spoken 122:25 sponsor 4:20 sponsors 4:10 spot 105:4 spring 13:23 stadium 149:24 staffers 93:18 stakeholder 130:17,25 stakeholders 6:23 40:6 99:2 130:14 stand 11:5 standard 142:16	154:8 standpoint 67:12 star 94:21,21 94:22 start 102:16 106:3 116:14 128:4,7 129:4 130:5 133:8 144:4 149:13,14 started 24:17 24:18,19,20 25:4 103:3 109:21 123:21 starting 66:7 82:20 129:18 132:18 starts 23:9 89:23 129:4 state 14:25 16:6 124:15 130:18 136:21 138:13,24 stated 52:9 140:25 statement 5:14 160:7 164:21 165:8 169:9 170:4 states 50:7 157:6 statute 21:11 stays 114:23 stemming 125:25 stenographic 173:6 step 47:21 57:17 158:22 steps 21:14 22:4 26:16 29:5 49:4 117:21 143:8 stimulus 24:7 161:7	stone 38:24 stop 74:23 80:21 104:12 118:17 stopped 78:7 stories 52:22 86:14 stormwater 9:23 strategic 47:17 68:4 strategically 47:20 strategies 143:15 strategy 48:2 143:19 Straughter 61:23 Street 153:24 strengthen 110:17 strengthened 20:6 112:3 strengtheni... 17:13 string 30:3,5 33:13 102:6 strive 122:10 stroll 109:3 strong 7:16 strongly 39:3 158:9 struck 52:13 structural 73:13 structure 92:24 128:9 struggle 160:12 student 7:2 students 152:10 153:14 study 37:6 62:18 stuff 45:24 71:16 78:22 113:20 115:20 116:15,22 116:24	132:21 133:22 sub 88:21 subject 11:3 submit 81:12 submitted 135:15 148:20 success 90:11 successful 3:11 165:13 166:15 successfully 166:6 suffer 140:12 suffering 151:25 suggest 131:21 132:13 157:16 suggestion 44:11 126:22 132:14 suggestions 56:21 59:10 85:12,17 Summary 144:6 supermarket 116:8 supervising 166:6 supervision 173:23 suppliers 141:21 supplies 18:13 68:24 supply 69:9 support 4:5 103:10 139:9,17 141:13 151:13 supported 4:11 supporting 168:3 supports 134:19 sure 3:21 6:7	22:2 26:9 34:17,20 35:10,12,14 35:16 42:11 48:10 54:25 57:2 59:4,8 64:22 72:11 76:25 79:20 84:7,10,21 85:4 88:5 110:22 118:25 119:13 120:16 121:9,19,25 125:7,19 126:4 135:24 161:10 165:4 surety 154:3 155:6,21 suspension 109:17 sustain 6:18 169:25 sweeping 5:6 Sylvie 27:18 system 13:17 18:9,10,18 19:12 24:9 29:7,20 33:12 64:10 65:11 89:17 91:5 102:5 103:23 114:8 134:17 151:14 164:10 systematic 41:21 systemic 13:21 14:11 14:19 38:17 108:9 133:5 134:2 systemically 21:9 52:24 56:6 systems 13:17 95:6	T 70:13,16 128:18 table 15:23 16:23 41:8 52:5 138:8 138:12,19 tad 89:15 tail 48:9 take 11:2 18:22 34:3 46:15 72:9 72:19,20 74:18 75:4 77:20 95:17 109:3 125:11,17 125:23 129:6 132:13 143:8 162:8 163:21 taken 20:14 78:5 80:5 117:22 173:6 takes 22:5,7 23:3,4 29:15 89:19 164:5 171:16 talk 46:8 54:7 80:14 90:8 90:21 92:2 115:6,12 122:22 137:15 148:13,14 169:19 talked 33:24 50:8 57:14 90:13 94:12 94:13 103:21 109:6 115:12 talking 9:12 37:25 40:24 50:6 62:4 71:12 73:25 85:9 89:22 90:15 91:2 125:8 126:19	146:5 159:11 talks 5:15 37:8 122:16 tangible 47:5 targeted 6:2 10:7 Taubenber... 1:16 11:11 tax 9:4 89:17 154:5 taxes 32:24 32:25 110:22 111:2 team 7:11 10:15 24:19 121:17 130:2 131:5 131:25 132:10,24 technical 75:6 112:5 134:13 151:15 153:25 160:16 161:2 162:2 166:25 169:20 technically 36:21 technologic... 51:23 technologies 125:4 technology 19:22 21:11 90:18 159:25 165:21 tee 75:9 tell 28:15 37:3 81:23 82:2 84:22 86:9 90:2 112:9 114:9 115:23 151:8 165:9 168:7 Temple 151:21 153:9
--	---	---	--	---	---	---	--

Committee on Commerce and Economic Development
October 26, 2016

Page 18

155:24	108:25	145:11,11	117:17,17	163:3,6,8	134:8	159:5,19,20	try 30:25
157:22	113:5,10	145:14	119:19	163:11	140:13	160:3	trying 12:6
158:6,14	117:25	147:19	120:11,12	167:9,11	146:21	163:16	12:10,15
159:9	118:9 123:9	161:21	120:14,17	threshold	151:11	164:3,8	38:15 48:21
163:16	123:10,13	162:20,24	120:19,21	115:17	152:3,9	166:17,20	65:14 86:2
167:2	131:7	163:2,25	120:23,24	tied 51:23	153:16,21	166:21,23	90:4 91:20
ten 7:12	135:13	169:23	123:20,24	105:24	154:9 159:4	166:25	94:20 103:9
56:23 81:11	136:4,6	think 3:20	126:9,25	time 3:18 7:8	163:19	169:19	147:12
116:10,12	137:20,21	7:9 13:10	127:8,9,20	19:14,16	164:6,10	170:25	159:16
149:7 163:9	137:25	16:4 22:3	129:20,23	20:18 21:24	165:3 166:2	transcript	Tub 33:11
ten-year 21:7	145:8	24:10 25:21	129:24,25	22:5,7,19	told 53:21	173:8,21	turn 2:25
tenure 122:8	149:20	26:7,15,16	130:23	22:25 41:11	147:15	transfer	97:13,13
terminology	150:19	27:15 29:9	131:3 132:2	43:22 44:2	tomorrow	132:21	Turnaround
74:5	171:10	29:10,22	133:2,8	49:11 51:6	80:21	translated	155:13
terms 41:8	172:2	30:21 31:2	134:13,24	54:6,10,12	tool 81:3	64:8	turnkey
42:20 43:3	Thanks 99:6	33:9 34:9	136:8	62:4 72:6	tools 100:4,6	transparency	162:4
58:24 65:16	thing 10:23	34:15 35:8	137:15	73:15 82:5	100:13	1:19 2:13	tweak 56:21
71:7 85:21	14:24 25:19	35:21 37:19	146:17	83:5 86:2,4	107:2 133:9	16:19 18:2	170:22
88:20 91:25	63:8 73:7	37:22 40:19	147:10,19	86:20,25	171:14	99:4 133:15	tweaked 57:2
111:18	86:11 87:2	42:12,16	157:24	88:7 92:4	top 10:22	140:15	tweaks 13:21
test 15:13	87:11 93:17	43:4 44:17	159:8	96:8,21	163:11	150:15	52:23 108:9
testify 15:15	93:22 96:3	45:23,24	161:11	97:16 98:8	tough 127:21	transparent	two 25:23
16:17 20:21	122:20	46:2 47:16	163:10,12	102:3,19	track 8:10	34:9 81:9	27:7 41:3
138:4 139:8	145:15	47:19,25	167:17	111:17	71:16	98:4 141:15	42:2 62:19
145:9	146:2,17,25	48:12,15,17	169:19	126:18	114:13	traveling	79:23 94:21
testifying	149:21	48:20 49:2	170:20	127:23	tracking	83:2	98:22
162:11	161:25	49:2,3,17	thinking 96:4	133:24	62:23 83:8	treat 130:13	109:14,14
testimonies	165:16	50:9,12	100:10	138:15,19	99:4 114:8	130:17	124:20
16:7 21:13	170:8	57:24 58:15	103:15	145:6	115:2	treatment	125:2
testimony	things 12:10	58:22 66:11	third 110:5	152:19	trade 158:24	110:24	126:12
17:3,5	13:3 21:2	66:25 67:18	146:17	153:22	trades 156:23	treats 130:24	129:14
20:16	24:17 27:4	71:24 72:21	161:6	155:13,14	train 124:21	tremendous	132:6
131:20	30:24 31:14	78:9 79:2	166:18,20	164:25	126:10	6:22 170:19	145:10
139:2	38:18 42:14	81:4 82:8	thought	168:22	trained	tranches	149:9
thank 2:17	45:7,21	85:20 88:5	36:20 39:12	timeline	125:12	40:14	150:24
4:16,22,23	51:5 53:8	88:6 90:10	42:22 168:2	108:11	126:6,12,13	Trevor 15:21	two-week
5:5 9:6	62:18,19	90:19 91:12	thoughts	133:4 167:4	156:22	17:2	44:19
10:19,20	63:15 65:19	91:21 92:13	85:13	timely 87:20	158:15	tried 130:23	type 3:24
11:19,25	66:17,22	94:3 96:14	thousands	times 6:12	159:2	141:8	37:9 41:16
12:25 13:4	76:24 77:9	96:15,20,21	19:7	38:8 46:16	161:14	144:17	71:4 86:11
15:6,7	77:23 90:5	97:15 98:12	three 30:4	73:5 147:11	164:24	trigger 38:25	86:25 87:11
20:19 29:2	91:6,9	98:16,23	38:19 41:2	149:4	166:4	48:23	101:23
36:5,10	92:21 97:2	102:15	49:8,16	title 2:8	training	triggers	104:12
43:8,11,16	97:4 98:24	103:3,4,16	50:16 51:12	today 3:21	123:25	64:14 77:24	147:22
46:21,22,23	104:16	104:22,25	62:19 73:3	4:13,17 5:4	124:22	134:6	types 45:21
57:20 59:11	107:13	105:2,22,23	73:4,17,19	16:14,17	125:3,15	troubling	53:16 77:9
59:17 60:9	112:2	106:8 107:9	79:16 94:21	24:12 27:14	126:6,15,16	143:17	typically 71:2
60:13 61:23	116:19	107:14	112:17	27:16 37:5	151:20	truck 21:6,6	74:5
62:12,13	121:4	110:17	132:6	39:23 60:19	153:6,8	true 170:10	
89:4,5,6,10	123:25	111:16,21	145:11,14	62:22	155:23	173:7	U
89:11,13	131:23	116:16	153:2,10	119:19	156:2,5	truly 60:6	ultimately
91:18,24	133:23	117:12,12	162:19,24	120:8	158:4,12,16	trusted	118:12,13
99:8,10	134:11	117:13,14	162:25	133:16	158:19,21	163:18	118:16
							119:6

Committee on Commerce and Economic Development
October 26, 2016

Page 19

123:19	universe 53:5	value-based	Vinny 55:9	119:17	22:3 33:20	120:8 125:5	weeds 131:6
124:6 133:7	university	8:13	vision 5:6 6:5	124:14	WBE 141:19	125:8	week 52:7
umbrella	151:21	values 7:15	124:23,24	125:18	141:20	126:19	55:18 56:9
8:13	152:15	7:23 8:5	124:24,25	126:4,24	WBEs 52:11	127:22,25	128:20,21
unable	153:9	10:13 34:12	125:3	127:21	we'll 7:19	128:24	148:5
154:23	155:24	113:23	126:14	129:24	26:18 44:19	129:10,17	weeks 85:9
unacceptable	157:23	114:17	visions 125:2	131:2 133:4	49:17 51:21	131:18	weight 34:5,6
115:18	158:6,14	119:16	visit 60:15	162:10	55:14 57:23	132:4,18,19	92:25 93:15
undergoing	163:17	120:8,23	vital 52:10	163:7	99:16 106:3	132:22	weighted
157:17	update	122:16	vitality 127:8	166:13	108:15	133:8	91:11
underscore	147:23	134:18	vividly	168:7 170:8	133:25	134:14	127:19
47:3	urgency	137:16	118:12	171:9	137:22	135:3,4,5	weighting
understand	132:3	various 18:22	W	wanted 29:4	151:9	146:5	92:9,21
17:8 44:7	use 32:5	26:17 30:11	W 122:6	39:15 59:7	we're 12:17	153:21,24	94:11
52:5 87:12	42:16 48:23	30:23 33:16	150:6	60:12 84:7	12:18,19,21	165:23	weightings
91:14 163:5	78:13,14	34:5 153:5	wait 22:21	110:8	13:2 14:17	166:8,11	34:10 93:11
164:17	94:19	vast 23:21	71:15 128:6	130:20	14:19 19:20	169:4	welcome
165:7	159:25	velvet 99:16	129:3	131:21	23:6 25:7	we've 21:24	15:25 60:12
understand...	uses 76:5	99:19,21	waiting 23:5	163:6	25:23,25	24:5 25:16	62:5
66:6	109:21	vending	23:22,22	wants 115:21	26:23 28:10	26:2 30:13	welcoming
understand...	usual 64:16	115:22	walk 164:7	122:21	32:4,6,8,9	33:23 50:6	59:24
58:23 64:22	67:5 78:13	vendor 19:3	wall 73:13,13	wasn't 93:17	33:21 34:21	52:21 53:8	went 39:17
76:17	78:20 96:25	20:2 22:12	161:22	146:22	35:11,21	53:11,21	161:21
101:24	116:20	22:12 51:24	want 3:3 4:9	168:20	37:20 38:3	54:16 57:14	167:13
107:6	117:10	67:21 79:24	4:18,23 5:4	170:15	38:14 44:18	57:18 65:19	168:3
165:11	135:10	80:2 81:21	5:5 9:6,8	Wat 60:16	47:7 50:11	67:9,14,15	weren't 86:25
understands	usually 22:7	82:19,20	10:21 11:25	Water 9:23	50:15 51:13	71:13 72:8	138:19
4:3	utilization	110:10	12:25 15:16	141:16	53:15,17	78:5,6,8,8	168:5
understood	37:10	129:8	21:21,23	way 13:16	54:4,13,18	78:10,15	West 165:22
91:7	utilized 31:18	vendor's	25:2,3 33:8	14:2,16,23	58:16 59:9	96:4,6,8,10	wheel 162:6
unemployed	143:15	110:10	33:16 36:16	22:13 23:3	59:14 62:4	98:24 102:2	171:13
12:19	V	vendors	40:10 42:18	24:2,9	62:19,20,22	102:3 103:3	whispered
unemploy...	Vallery 138:6	18:17 19:16	45:4,22	29:15 30:7	64:17 65:10	112:14,22	42:3
156:21	138:9	19:19 22:20	46:14 49:14	38:17 39:23	65:17,24	123:25	wholeheart...
157:19	150:22,23	22:24 23:5	55:3,4,8	40:2,20	66:7,19	125:9	139:16
unfortunate	160:24	34:13 38:8	59:4 60:18	55:21 57:2	67:2 68:4,9	157:25	Williams 2:7
14:6	162:15,22	38:10 42:21	61:22 62:15	59:14 65:23	68:14 71:12	167:24	15:14 65:8
unfortunat...	163:5,10,12	47:23 53:23	64:21 72:13	65:24 66:5	71:14 72:5	wealth 3:9	70:14,15,16
14:5	163:24	58:19 67:14	72:16,25	68:4,8 72:3	72:19 75:5	10:5	75:19,23
UNIDENTI...	164:15	67:23 68:5	73:5,7,14	74:9 77:12	78:24 79:19	web-based	76:8 78:23
162:12	166:11,19	75:18 82:11	74:11,12,17	92:24 95:16	81:14,17	18:8	99:24
union 139:22	167:15,22	82:15,18	74:24 75:4	95:20 98:8	82:18,20,25	WeBank	128:18
139:24	169:24	109:14	77:6 79:25	101:11	83:10,17	84:25	138:3
140:6,21	170:10	130:14	80:12 84:10	103:15	89:25 91:14	website 18:20	Willie 100:9
168:6,12,23	Valley 45:12	144:9	90:20,21	104:11,11	91:21 94:20	18:24 25:17	willing 7:10
170:4,13	value 20:11	verifies	94:7 96:9	114:22	95:5 96:7	31:5 50:22	11:2 56:3
171:3,7	33:25 34:15	Vice 36:8	96:15 99:12	117:9	97:4 98:17	51:14,24	72:9 83:17
unions	35:13 78:25	view 42:17	109:3,8	122:18	102:12	websites	155:7 159:6
169:10	90:21,23	90:10	111:6 112:5	123:15	103:8,13	18:23 25:10	Wilson 122:6
unique 90:22	91:3,4,12	120:22	113:12	125:16	104:2 105:9	25:11,14	142:4
Unit 142:16	92:3,8,14	122:6	114:9,11,16	126:13	111:18	50:19 51:20	wind 161:12
united 6:7	94:9 109:5	Vin 61:14	115:4	130:8,25	116:6	Wednesday	winds 73:10
50:7 61:24	116:6,13		116:21,21	ways 18:5	119:18	1:7	75:2

Committee on Commerce and Economic Development
October 26, 2016

Page 20

winning 26:7	159:6 166:5	wrapping	York 76:10	72:1 73:1	153:12	78:1 79:1	142:5
wisdom 162:9	166:6	30:5	young 4:7 7:2	74:1 75:1	100,000	80:1 81:1	18 64:13
wishes 163:4	171:18	write 65:23	138:14	76:1 77:1	73:10	82:1 83:1	1857 141:3
witness 15:22	worked 7:11	65:24 66:5	youth 156:21	78:1 79:1	105 66:18,21	84:1 85:1	145:5
138:7	31:23 66:14	66:16,24		80:1 81:1	11 4:10	86:1 87:1	1951 26:25
witnessed 3:7	140:6	writing 65:25	Z	82:1 83:1	13 140:11	88:1 89:1	1980s 139:18
witnesses	158:24	67:16	zero 141:18	84:1 85:1	130 23:4,4	90:1 91:1	1989 151:14
15:15,20,22	workers	written 52:20	146:12,15	86:1 87:1	129:7	92:1 93:1	1st 130:5
20:20 138:7	111:7	66:4 68:8	147:17	88:1 89:1	140640 142:4	94:1 95:1	2
women 84:13	workforce	79:14	zip 3:22 11:4	90:1 91:1	15 44:14 93:8	96:1 97:1	2,000 70:22
84:17 87:10	5:13 92:22	wrong 91:6	0	92:1 93:1	148:17	98:1 99:1	2.63 115:13
140:10	93:14 94:6	X	1	94:1 95:1	158 139:24	100:1 101:1	20 40:12
146:12,14	142:17,20	Y	1 110:3 129:4	96:1 97:1	15th 129:5	102:1 103:1	78:10 93:8
146:16	working 7:22	yards 12:4	1,900 70:22	98:1 99:1	160003	104:1 105:1	140:10
women-own...	8:19 20:10	Yeah 51:21	1:25 1:7	100:1 101:1	142:12	106:1 107:1	20-plus 140:5
18:4 20:8	25:8 27:6	96:19	10 9:21 21:7	102:1 103:1	160310 1:18	108:1 109:1	20-year 9:22
34:7 93:16	31:16 37:24	120:11	73:11,20	104:1 105:1	2:6 3:1 4:1	110:1 111:1	200 21:14,20
won 31:10	40:14 42:23	131:15	74:7,8	106:1 107:1	5:1 6:1 7:1	112:1 113:1	45:20 68:24
wonder 87:4	54:14 63:13	148:2	10/26/16 3:1	108:1 109:1	8:1 9:1 10:1	114:1 115:1	69:9
wonderful	63:15 65:20	167:12	4:1 5:1 6:1	110:1 111:1	11:1 12:1	116:1 117:1	200-some
56:4 60:17	65:21 66:13	year 5:10	7:1 8:1 9:1	112:1 113:1	13:1 14:1	118:1 119:1	21:16
wondering	67:2 77:11	17:12 18:21	10:1 11:1	114:1 115:1	15:1 16:1	120:1 121:1	2008 109:22
37:11	77:15,16,16	35:6,7	12:1 13:1	116:1 117:1	16:18 17:1	122:1 123:1	2009 144:8
word 29:10	78:3 80:2	43:24 55:25	14:1 15:1	118:1 119:1	20:1 21:1	124:1 125:1	2011 141:25
95:13	85:15 90:23	68:21 71:9	16:1 17:1	120:1 121:1	22:1 23:1	126:1 127:1	145:19
111:24	96:7 97:4	73:2 79:16	18:1 19:1	122:1 123:1	24:1 25:1	128:1 129:1	148:14
120:6	98:17	79:23 106:3	20:1 21:1	124:1 125:1	26:1 27:1	130:1 131:1	2014 142:8
wording	103:16	115:14	22:1 23:1	126:1 127:1	28:1 29:1	132:1 133:1	144:8
150:18	119:15	135:9	24:1 25:1	128:1 129:1	30:1 31:1	134:1 135:1	145:20,21
words 4:15	131:5,25	year's 105:19	26:1 27:1	130:1 131:1	32:1 33:1	136:1 137:1	2016 1:7
140:23	139:19,22	108:10	28:1 29:1	132:1 133:1	34:1 35:1	138:1 139:1	39:18
144:23	151:11	year-by-year	30:1 31:1	134:1 135:1	36:1 37:1	139:9,17	109:16
work 6:24,25	160:13	80:8	32:1 33:1	136:1 137:1	38:1 39:1	140:1,8	145:21
8:2 19:9	163:13	years 6:11	34:1 35:1	138:1 139:1	40:1 41:1	141:1 142:1	2017 109:16
20:3 23:8	165:19	40:12 46:10	36:1 37:1	140:1 141:1	42:1 43:1	143:1 144:1	24 155:13
23:10 24:19	167:5	64:11 70:24	38:1 39:1	142:1 143:1	44:1 45:1	145:1 146:1	250 68:24
27:11 32:20	works 18:13	71:3,5 73:3	40:1 41:1	144:1 145:1	46:1 47:1	147:1 148:1	69:9
38:16 41:16	68:24 69:8	73:18,20	42:1 43:1	146:1 147:1	48:1 49:1	149:1 150:1	26 1:7
42:20 49:2	73:25 74:6	78:10 79:23	44:1 45:1	148:1 149:1	50:1 51:1	151:1 152:1	270 95:7
57:9 59:22	81:11	89:23 90:13	46:1 47:1	150:1 151:1	52:1 53:1	153:1 154:1	29th 142:8
66:8 74:9	workshop	132:7	48:1 49:1	152:1 153:1	54:1 55:1	155:1 156:1	3
86:25 87:23	56:17	134:21,22	50:1 51:1	154:1 155:1	56:1 57:1	157:1 158:1	3,000 153:3
88:9 98:7	world 12:15	140:5,16,22	52:1 53:1	156:1 157:1	58:1 59:1	159:1 160:1	153:11
101:23	63:12,14	144:11	54:1 55:1	158:1 159:1	60:1 61:1	161:1 162:1	3.5 12:4
116:3,19	worries 123:8	146:10	56:1 57:1	160:1 161:1	62:1 63:1	163:1 164:1	3:00 12:5
127:15,20	worth 86:3	149:9	58:1 59:1	162:1 163:1	64:1 65:1	165:1 166:1	30 24:3 44:7
132:24	worthy 154:5	152:16	60:1 61:1	164:1 165:1	66:1 67:1	167:1 168:1	44:15
134:23	wouldn't	153:2,10,20	62:1 63:1	166:1 167:1	68:1 69:1	169:1 170:1	140:16,22
135:12	126:11	158:25	64:1 65:1	168:1 169:1	70:1 71:1	171:1 172:1	152:9
137:17	155:16	yesterday	66:1 67:1	170:1 171:1	72:1 73:1	172:1	300 144:12
142:24	161:3	138:20	68:1 69:1	100 68:23	74:1 75:1	174:1 75:1	35 63:23
154:18	wrap 30:3	yield 28:14	70:1 71:1	69:8 71:8	76:1 77:1	17-107	35th 153:23
157:6,12						17-1600	

Committee on Commerce and Economic Development
October 26, 2016

Page 21

36th 153:23
3rd 141:3

4

4 9:19
4:15 172:4
40 24:4
400 1:6
45 63:23
45th 153:25
48 3:22 11:4

5

5 63:22
50 26:6 56:24
500 70:25
500,000 48:6
48:12
53 140:10
59 140:9

6

60 23:10 44:7
44:16 96:13
116:9,12
132:10
133:22
135:23
136:2
60-some 23:6
600,000
45:16
68 144:10

7

7 146:14
70 22:8,13
700,000
45:16
72 48:3,10

8

80 96:11

9

900 144:12
95 3:17