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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, November 30, 2006
1:05 p.m.

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PRESENT:

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COUNCILWOMAN JANNIE BLACKWELL, CHAIR

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COUNCILWOMAN BLONDELL REYNOLDS BROWN

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COUNCIL PRESIDENT VERA

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COUNCILMAN DARRELL L. CLARKE

14

COUNCILMAN FRANK DiCICCO

15

COUNCILMAN W. WILSON GOODE, JR.

16

COUNCILMAN WILLIAM GREENLEE

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COUNCILMAN BRIAN J. O'NEILL

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COUNCILMAN JUAN RAMOS

19

COUNCILMAN DANIEL SAVAGE

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COUNCILWOMAN MARIAN B. TASCO

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COUNCILWOMAN BLACKWELL: Good

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afternoon, everyone.

4

AUDIENCE MEMBERS: Good

5

afternoon.

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COUNCILWOMAN BLACKWELL: Thank

7

you for being here. It's 1:05, and we

8

have to show our new Councilpeople that

9

we try to start on time. So we're trying

10

real good to give them a positive

11

impression.

12

The Finance Committee is now

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being called to order. Councilman Goode

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to my right, he's always here and always

15

on time. To my left, Councilman

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Greenlee, we welcome him or, as they said

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on the radio one day, Greentree. And to

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his left, Councilman Savage. And we have

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Councilman Clarke, who is providing us a

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quorum today. The majority of members

21

being present, we will begin our hearing.

22

We're going to ask the Clerk to

23

read the title of the bills.

24

THE CLERK: Bill 060005, an

25

ordinance amending Section 4.09 of the

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 Restated General Water and Wastewater
3 Revenue Bond Ordinance of 1989 to
4 authorize the Director of Finance to use
5 funds currently held in the Debt Reserve
6 Account established and maintained under
7 the said General Ordinance to purchase
8 appropriate surety bonds or insurance
9 policies for deposit in the said Debt
10 Reserve Account in lieu of current
11 deposits; further, directing the Director
12 of Finance to transfer all excess funds
13 remaining in the said Debt Reserve
14 Account after purchase of the said surety
15 bonds or insurance policies to the Water
16 and Wastewater Revenue Fund; and further,
17 amending Section 4.12 of the said
18 Restated General Water and Wastewater
19 Revenue Bond Ordinance of 1989, entitled
20 "Residual Fund," to establish a new
21 sub-account into which shall be deposited
22 all residual water and wastewater
23 operating revenues resulting from the
24 transfer of funds from the Debt Reserve
25 Account to the Revenue Fund and

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 thereafter to the Residual Fund, the
3 entire balance of the said new Residual
4 Fund sub-account to be used to finance
5 water-related infrastructure projects.

6 COUNCILWOMAN BLACKWELL: Thank
7 you.

8 Thank you all for being here.
9 We'll start with this hearing. We will
10 ask those who are here, we see our
11 Managing Director, Pedro Ramos, if you're
12 testifying on this bill. Our City
13 Solicitor, Mr. Diaz, are you testifying
14 here?

15 Thank you very much. Is there
16 anyone here other than yourself,
17 Ms. Gladstein, to testify on this bill?

18 MS. GLADSTEIN: I'm begging
19 your forbearance. We're expecting the
20 City Solicitor, as well as an amendment
21 that we'd like to offer today. So if we
22 could respectfully request that you put
23 another bill in front of this and give us
24 a few minutes, we'd appreciate it.

25 COUNCILWOMAN BLACKWELL: Thank

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 you very much. We would only request
3 that we be straight. We don't want four
4 or five amendments and changes during the
5 whole process.

6 MS. GLADSTEIN: We agree.

7 You're going to get one clean version.

8 COUNCILWOMAN BLACKWELL: Thank
9 you.

10 MS. GLADSTEIN: You're welcome.

11 COUNCILWOMAN BLACKWELL: Thank
12 you very much.

13 We will ask the Clerk to read
14 the title of -- do I assume then that
15 you're prepared for Bill No. 060504 and
16 all the other bills? Because we'll move
17 forward with whomever is here. We have a
18 lot of people here, too, and we don't
19 want to hold up anybody's time.

20 The Clerk then will read the
21 title of the bills in their order, Bill
22 No. 060504.

23 THE CLERK: Bill 060504, an
24 ordinance removing a portion of a
25 property in the 41st Ward of the City,

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 from the Philadelphia Keystone
3 Opportunity Zone, subject to the request
4 and consent of the owners of said
5 property, under certain terms and
6 conditions.

7 COUNCILWOMAN BLACKWELL: Is
8 Ms. Califano here?

9 (No response.)

10 COUNCILWOMAN BLACKWELL: We
11 will ask the Clerk to read the title of
12 Bill 060766. And we note that we expect
13 that when you ask to come, be ready. We
14 have Commissioners. We have people
15 around the City. We have our Managing
16 Director, all of these people, all of
17 those here from the unions, people across
18 the City. If you're not able to be here,
19 then why don't you call us and tell us.
20 That's all. You disrespect everybody's
21 time.

22 Bill No. 060766.

23 THE CLERK: Bill 060766, an
24 ordinance amending Chapter 19-1500 of The
25 Philadelphia Code, entitled "Wage and Net

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 Profits Tax," and Chapter 19-2800 of The
3 Philadelphia Code, entitled "Pennsylvania
4 Intergovernmental Cooperation Authority
5 Tax on Wages and Net Profits," by
6 excluding certain tuition reduction
7 benefits from the definition of taxable
8 compensation, under certain terms and
9 conditions.

10 COUNCILWOMAN BLACKWELL: Do we
11 have our Commissioner of Revenue or
12 Mr. Diaz here? We're prepared to move
13 forward.

14 The Chair likewise notes that
15 to my right is Councilman Frank DiCicco,
16 who is also here, and we thank him for
17 being a member of this Committee.

18 Please identify yourself for
19 the record and begin your testimony.

20 COMMISSIONER KAMMERDEINER:
21 Good afternoon, Councilwoman Blackwell
22 and members of the Committee on Finance.
23 I'm Nancy Kammerdeiner, Revenue
24 Commissioner, and I'm pleased to be here
25 with you today to present testimony

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 regarding Bill No. 060766.

3 This bill will amend Section
4 19-1500 of The Philadelphia Code,
5 entitled "Wage and Net Profits Tax," and
6 Chapter 19-2800 of The Philadelphia Code,
7 entitled "Pennsylvania Intergovernmental
8 Cooperation Tax Authority on Wages and
9 Net Profits," by excluding certain
10 tuition reduction benefits from the
11 definition of taxable compensation. If
12 enacted, this bill will exclude tuition
13 benefits received by employees of
14 not-for-profit healthcare systems that
15 are affiliated with not-for-profit
16 universities from taxable compensation
17 for purposes of the City wage tax. And
18 when I use "wage tax" from here on in,
19 I'm referring to both the City wage tax
20 and the PICA tax portions of the wage
21 tax.

22 Tuition remission or
23 reimbursement programs are often provided
24 as benefits for the employees of
25 educational organizations, and the

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 Internal Revenue Code in Section 117
3 provides that "qualified tuition
4 reductions are excluded from the
5 determination of federal gross income."
6 The City of Philadelphia mirrors the
7 federal treatment and excludes these
8 benefits from compensation for purposes
9 of City wage tax.

10 Philadelphia is fortunate to
11 have several medical schools and teaching
12 hospitals that are part of larger
13 universities. These educational
14 organizations offer "qualified tuition
15 reduction" programs for their employees
16 that are recognized as excluded from
17 compensation for City wage tax. However,
18 one of these universities has chosen to
19 establish a separate entity for its
20 healthcare system. While this entity
21 remains a not-for-profit healthcare
22 system and is affiliated with and 100
23 percent owned by a not-for-profit
24 university, it is no longer an
25 educational organization as defined by

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 the Internal Revenue Code and as
3 recognized by the City of Philadelphia.
4 As a result, its employees who
5 participate in the tuition reduction
6 program are now required to include these
7 benefits as part of their compensation
8 for calculation of City wage tax. The
9 bill before you would permit these
10 benefits to be treated as if these
11 employees worked for an educational
12 organization.

13 The financial impact of this
14 bill is limited. I'm advised that the
15 wage tax paid in 2005 included
16 approximately \$240,000 for tuition
17 reduction benefits received by employees
18 of this healthcare system. However, I've
19 also been advised that the maximum
20 benefit for participants in the tuition
21 reduction program have been reduced and
22 that this, in turn, will reduce the
23 amount of tax that would be paid if this
24 benefit remains part of taxable
25 compensation.

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 The description I have given of
3 this bill and its financial impact are
4 based on my understanding of the proposed
5 intent of this legislation. However, I
6 do have a concern about the way an
7 affiliate is defined in the bill before
8 you. The bill refers to a section of the
9 Pennsylvania Code regarding Non-Profit
10 Corporation Law for the definition. That
11 provision contains a much broader, more
12 ambiguous definition than the one that's
13 been described above. If indeed the
14 narrower interpretation is the one
15 desired by this Council, then I would
16 suggest that the bill be amended to
17 clarify that the not-for-profit
18 affiliates intended to be recognized here
19 are those that are wholly or 100 percent
20 owned and controlled by a not-for-profit
21 university. I have attached some draft
22 language for an amendment for your
23 consideration so that you could take this
24 into account in your deliberations.

25 This concludes my testimony.

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 I'd be happy to answer any questions you
3 might have.

4 COUNCILWOMAN BLACKWELL: Thank
5 you very much.

6 Are there questions from
7 members of the Committee with regard to
8 this legislation?

9 (No response.)

10 COUNCILWOMAN BLACKWELL: Thank
11 you, Commissioner.

12 The Chair notes to my left we
13 have Councilwoman Marian Tasco, who is
14 likewise present. We thank her.

15 We'll now ask the Clerk to read
16 the title of Bill Nos. 060108 and 109.
17 We welcome our Managing Director, thank
18 him for his patience, the Water
19 Commissioner, Bernie Brunwasser, and all
20 of those from Air Management. We
21 likewise will be hearing after that
22 Mr. Matthews, is he here, District
23 Council 33 and the union representative,
24 Andy Bond, Mike Keough, Louis Willis,
25 Dave Sharpanski, Mike Coia, Don Brindley,

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 and then we will hear from members of the
3 PAC and Donna Henry, Southwest CDC, with
4 regard to this bill.

5 We welcome you, Managing
6 Director, and whomever you would like to
7 bring forward. We'll ask the Clerk to
8 read the title of both bills.

9 THE CLERK: Bill 060108, an
10 ordinance authorizing the Water
11 Commissioner and the Procurement
12 Commissioner, on behalf of the City of
13 Philadelphia, to enter into a Service
14 Contract with the Philadelphia Municipal
15 Authority, pursuant to which the City
16 will assume certain obligations under an
17 agreement that the Authority will enter
18 into with Philadelphia Biosolids
19 Services, LLC to design, finance, build,
20 own and maintain facilities and
21 equipment, and provide operating
22 services, for the management of the
23 City's wastewater treatment solids, all
24 under certain terms and conditions; and
25 Bill 060109, an ordinance

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 approving an extension of the term of
3 existence of the Philadelphia Municipal
4 Authority and authorizing the Authority
5 to design, build, finance, own, operate,
6 maintain and lease facilities and
7 equipment, and provide related services,
8 for the management of the City's
9 wastewater treatment solids, all under
10 certain terms and conditions.

11 COUNCILWOMAN BLACKWELL: Thank
12 you very much. We welcome you and invite
13 you to begin your testimony.

14 MR. RAMOS: Good afternoon,
15 Councilwoman Blackwell and members of the
16 Finance Committee. I'm Pedro Ramos,
17 Managing Director. Thank you for the
18 opportunity to provide testimony in
19 support of the Biosolids Recycling Center
20 improvement project.

21 Water Commissioner Brunwasser
22 and his staff are prepared to provide you
23 with comprehensive testimony on the plan
24 to transform the existing 72 acres into a
25 clean, odor free processing facility,

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 with state-of-the-art pollution control
3 systems that will benefit our community
4 and our environment, while saving
5 ratepayers approximately \$190 million
6 over the life of the program without
7 anyone losing their job or getting
8 demoted.

9 The BRC improvement project
10 will benefit the surrounding community
11 and our City. As you will hear from
12 Commissioner Brunwasser, by implementing
13 the proposed technologies with the
14 improvement project, the City will become
15 compliant with air quality standards.
16 The new thermal-drying facility will be
17 enclosed and will produce 10 percent
18 Class A pathogen-free biosolids. Our
19 current facility produces 30 percent
20 Class A biosolids and 70 percent Class B
21 biosolids. Class A biosolids are
22 considered fertilizer, while Class B
23 biosolids are considered solid waste.

24 Unpleasant odors from the BRC
25 that have impacted our citizens for years

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 will be eliminated. Outdoor biosolids
3 storage piles will not be required with
4 this enclosed facility.

5 The absence of outdoor storage
6 piles will reduce the space required to
7 process materials by approximately
8 one-half and significantly improve site
9 aesthetics. Therefore, the space
10 occupied by the facility will be reduced
11 from approximately 72 acres in size to
12 approximately 35 acres.

13 The amount of truck traffic
14 will also be reduced. New technology
15 will result in the reduction of finished
16 product from 200,000 tons of material a
17 year to approximately 60,000 tons of
18 material, because the Class A pellets
19 that are produced are so much lower in
20 weight than currently produced de-watered
21 biosolids. Approximately 7,000 truck
22 trips will be averted under this
23 proposal. Of course, this will have a
24 positive impact on the surrounding
25 community and our City by reducing the

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 diesel truck air pollution and the
3 associated noise and other disturbances
4 associated with truck traffic.

5 I understand fully that DC 33
6 leadership at the plant continues to
7 oppose this project because it is a form
8 of privatization. However, I wish to
9 stress that we have committed that no
10 person will lose his or her job or be
11 demoted on account of this project. I
12 also want to make clear that with the
13 previously planned, apart from anything
14 happening with BRC, with the previously
15 planned elimination of composting at the
16 BRC, the number of workers that would be
17 transferred on account of this project is
18 approximately 60. All of the employees
19 at the BRC will be transferred to other
20 units in the Water Department or other
21 City departments. Again, no one would
22 lose their job and no one would be
23 demoted.

24 To summarize, again, no one
25 will be demoted or lose their job on

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 account of this project. Odor from the
3 BRC will be eliminated. Truck traffic
4 will be dramatically reduced. The space
5 occupied by the BRC will be reduced from
6 72 to 35 acres. Philadelphians will
7 benefit \$190 million over the life of the
8 transaction, with the present value of
9 \$102 million.

10 I think the issue here around
11 this transaction at the end of the day
12 boils down to the issue over the 60
13 positions that would be transferred but
14 not demoted or anybody lose their job and
15 the value of the transaction to the
16 ratepayers, regardless of any dispute
17 that may arise as to what that is, and we
18 believe the Water Department has budgeted
19 that responsibly.

20 Finally, I want to thank you
21 for the opportunity to present testimony.
22 We ask for a favorable recommendation and
23 action to vote this bill out of Committee
24 following today's testimony. And I'll
25 now ask Commissioner Brunwasser and his

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 staff to present testimony.

3 COUNCILWOMAN BLACKWELL: Thank
4 you.

5 Might I note, to my right we
6 have the Council President here. This is
7 her area and she's entertained community
8 meetings in this regard. She is here.
9 Councilwoman Blondell Reynolds Brown and
10 Councilman Juan Ramos, as well as
11 Councilman O'Neill, who are on this
12 Committee, are likewise present.

13 And let me say, Mr. Managing
14 Director, there are many aspects of this,
15 and Water Commissioner, of this
16 legislation that concern us. One is, of
17 course, the process, the odor, all of
18 that, and that we need to discuss. But
19 the whole issue of jobs and privatization
20 affects many of us who support labor
21 unions. Many of my colleagues came to me
22 this morning about the issue. And may I
23 also say that it really upsets us,
24 because we were told in housing reorg
25 that nobody would lose their job. Now

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2 they're even threatening to take Vacant
3 Property Review Committee. They've
4 already laid off John Coates and his
5 staff, and now they're threatening to
6 take the whole process away from us,
7 without me knowing it, so that by
8 December 10th, we won't even have a
9 Vacant Property Review Committee to use
10 to transfer properties into and to help
11 people in neighborhoods do side yards and
12 that sort of thing. So not only have
13 they taken the jobs away, they've also
14 taken a committee away, the function of
15 VPRC, a committee that Council formed in
16 1976.

17 So you know, we're really
18 concerned when we hear that no one will
19 be demoted, nobody will lose their job
20 and everything is going to be okay,
21 because we were told that likewise
22 through eight hearings in housing
23 reorganization, and it just hasn't
24 happened. So there are many aspects to
25 this.

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2 (Applause.)

3 COUNCILWOMAN BLACKWELL: So as
4 you know, we have union people here, we
5 have community people to likewise
6 testify. We have the President here,
7 whose area is affected by odor and other
8 aspects.

9 This is a tough one, and so I
10 think it is, in all fairness, it is up to
11 the Administration to kind of take us
12 there if you think we can get there given
13 the issues that are at stake. Thank you.

14 Commissioner?

15 MR. RAMOS: Councilwoman, may I
16 just have one comment --

17 COUNCILWOMAN BLACKWELL:

18 Absolutely.

19 MR. RAMOS: -- on the
20 credibility of the assertion about no one
21 losing their job or being demoted. We're
22 prepared to put that in whatever form is
23 acceptable to the union or this body.
24 That's a commitment that the Commissioner
25 has made publicly and privately, and

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 we're prepared to stand by in whatever
3 form is acceptable.

4 COUNCILWOMAN BLACKWELL: Thank
5 you. Thank you very much.

6 Commissioner Brunwasser?

7 COMMISSIONER BRUNWASSER: Good
8 afternoon, Councilwoman Blackwell and
9 members of the Finance Committee. My
10 name is Bernard Brunwasser and I'm the
11 Water Commissioner. I'm here today to
12 testify on Bill Nos. 060108 and 060109.

13 These bills will authorize the
14 City of Philadelphia, acting through the
15 Philadelphia Municipal Authority, to
16 engage in a long-term contract for the
17 operation of the City's Biosolids Recycle
18 Center. This project will make major
19 improvements to that facility, including
20 a significant reduction in odors.

21 Rather than read my testimony,
22 which I hope you all have and hope you'll
23 have a chance to review it if you haven't
24 already, I'd rather kind of just take you
25 quickly through our presentation booklet

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2 to kind of shorten the presentation and
3 leave more time for questions.

4 I do have one slight change to
5 one of the pages in the presentation
6 booklet, Page 15, and I have copies of
7 that change here.

8 Also, as you mentioned earlier,
9 Councilwoman Blackwell, we do have Morris
10 Fine from Air Management Services, who
11 will, I guess, be able to answer some of
12 the air pollution questions that you may
13 have.

14 Going through the presentation
15 booklet rather quickly, Slide No. 2 gives
16 you an aerial view of the Biosolids
17 Recycle Center as it's been generally in
18 the past 20 years or so. It's a 72-acre
19 site. Most of the time it has a large
20 amount of biosolids product, whether it's
21 sludge cake, the initial de-watered
22 product or compost. There's generally a
23 significant amount of product on site.

24 We're going to change the view.
25 This is obviously a site that people see

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 coming into Philadelphia from the south
3 from I-95, and that's also bounded by the
4 Platt Bridge, where you would probably
5 experience the worst of the odors.

6 Slide 3 is an artist's
7 rendition of what the new biosolids site
8 would look like, and that's an odor-free
9 enclosed processing facility and it has
10 state-of-the-art pollution control
11 systems and air scrubbers, which
12 virtually eliminate odors.

13 On Slide 4, just a quick
14 overview on what biosolids actually are,
15 we collect wastewater from all of
16 Philadelphia at our three wastewater
17 treatment plants and we pump that product
18 to the solids. We pump or barge to the
19 biosolids plant in Southwest
20 Philadelphia. Prior to 1980, we did not
21 have to dispose of biosolids on land, but
22 we got out of ocean dumping of biosolids
23 in the late '70s and early '80s.

24 Slide 5, another overview of
25 the plant. It's 72 acres. It's close to

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 the airport, next to the Platt Bridge
3 again, and it processes the biosolids
4 from all three plants. And the
5 de-watered biosolids are processed into
6 either Class A or Class B product.

7 The next slide tells you that
8 Class A is our compost product and it's
9 basically pathogen free and it's
10 regulated as a fertilizer. Class B
11 biosolids is not pathogen free and is
12 regulated as solid waste. And currently
13 we can only do about 30 percent Class A
14 on site, and that's done by composting,
15 and 70 percent, the rest of it, is Class
16 B product.

17 Slide 7 tells you how we
18 dispose of the product today. Class A,
19 60,000 tons per year is composted. Class
20 B, 140,000 tons go to agricultural
21 applications, strip mine reclamation and
22 landfill. And currently the site has
23 budgeted 108 positions and filled
24 approximately 93 employees.

25 COUNCILWOMAN BLACKWELL: Define

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 "compost" for us.

3 MR. BLAIR: Hi. My name is
4 Dennis Blair and I'm Manager of Planning
5 and Research.

6 Compost is a product where
7 biosolids have been placed in piles and
8 air has been drawn through the piles and
9 temperatures have elevated in those piles
10 and, as a result, the higher temperatures
11 have killed the pathogens. So it's a
12 process by which Class B biosolids can be
13 made into Class A biosolids.

14 COUNCILWOMAN BLACKWELL: Thank
15 you.

16 MR. RAMOS: I think it means
17 putting hot air through sludge until the
18 waste becomes fertilizer.

19 COUNCILWOMAN BLACKWELL: Thank
20 you.

21 COMMISSIONER BRUNWASSER: The
22 next slide gives you our annual BRC costs
23 currently, both operating and capital
24 combined. On the rehab and renewal,
25 you'll see \$3 million. That's actually

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 from our capital budget, and we base that
3 number on looking back the past 15 years
4 and seeing how much we had invested in
5 capital at that site, and it's averaged
6 about \$3 million. It can vary from year
7 to year, and, in fact, some of you may
8 have gotten a report as early as
9 yesterday afternoon. That's when we saw
10 a report from the City Controller, which
11 called into question some of our numbers.
12 The two basic numbers that the
13 Controller's report had question with was
14 the capital costs that we have been
15 expending out at the biosolids site, the
16 future costs. We believe that 3 million
17 is a conservative figure, because that's
18 what we've been spending for the past 15
19 years. The plan is now 25 years old.
20 The City Controller has allocated half a
21 million dollars per year for capital at
22 that site, and we think that's woefully
23 short of what we would need, based on our
24 past experience and based on our
25 experience on wastewater facility

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 maintenance as a whole. We'll be
3 responding in a letter shortly to the
4 Controller about our disagreements.

5 Page 9, these are the problems
6 that we've been facing for a number of
7 years actually, and some of these
8 problems, of course, have affected the
9 neighborhoods surrounding the plant.
10 First and foremost, odor issues. Our
11 Clean Act Air permit has not been renewed
12 because we have continuous odor problems
13 at that site.

14 The site aesthetics. As you
15 saw, it was a 72-acre site basically
16 covered with biosolids or sludge product,
17 and we certainly want to clean that up.

18 As I said earlier, 30 percent
19 of our biosolids gets composted into
20 Class A. The other 70 percent, Class B,
21 had a lot of opposition by environmental
22 groups and local ordinances within the
23 state and we're not sure of its future
24 and how long we'll be able to continue to
25 use land application for Class B.

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2 And we believe there is going
3 to be a pretty rapid landfill disposal
4 cost escalation. And that's the other
5 point that we differ with the City
6 Controller, if you've seen his report.
7 It's about a \$5 per ton difference in
8 what we estimate to be the costs going
9 out.

10 What I should tell you is that
11 this bid came to us through an RFQ/RFP
12 process. We had a group put together,
13 which included a member of City Council's
14 staff and folks from the Law Department,
15 MBEC and Procurement. We also hired a
16 technical expert to help us evaluate all
17 of the options, all of the options not
18 only in the United States but in the
19 world. This is a -- Camp, Dresser and
20 McKee has an international reputation and
21 expertise in the area of biosolids.

22 There are a lot of processes
23 out there. We have studied all of the
24 ones that we believe were feasible for a
25 city like Philadelphia, with the size and

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 the location of the site.

3 So we issued an RFQ and an RFP,
4 and PBS, Philadelphia Biosolids,
5 submitted a responsive proposal.

6 Now, Philadelphia Biosolids
7 Services is made up of Synagro, which is
8 the largest biosolids processor in the
9 United States; McKissack and McKissack, a
10 20 percent WBE equity member, also for
11 design and construction; and Len Parker
12 Associates, general contractor, and he's
13 a ten percent MBE equity member. The
14 other key component is Andritz-Ruther.
15 They're the builder of this
16 thermal-drying equipment, and CH2MHill,
17 which is an engineering firm that is on
18 board to design the plant.

19 Slide 12 gives you M/W/DBE
20 participation plan for the project, and
21 this was vetted all along through the
22 Procurement Department and MBEC. As you
23 can see, the interim operations portion,
24 which is the construction of the plant
25 and the getting rid of the biosolids on

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2 site, that's 50 percent participation.
3 Design of the plant is 40 percent MBE
4 participation; construction of the plant,
5 39 percent participation; and long-term
6 operations, 28 percent participation.

7 The plan is for PBS to manage
8 the current BRC operation for a three to
9 five-year interim construction period,
10 and they would shut down the composting
11 operation, which we all recognize needs
12 to be shut down. Unfortunately, that's
13 our Class A way of getting to the best
14 type of product, but it also has a major
15 effect on the odors there.

16 PBS is to finance, design,
17 build, operate and own this facility,
18 this-thermal drying facility at BRC, for
19 20 years, with a five-year extension
20 option by the City.

21 And what a thermal-drying
22 facility is, it evaporates water similar
23 to a clothes dryer, then forms fertilizer
24 pellets to use in agriculture. And some
25 of the pictures behind you there will

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2 show you what these plants look like, and
3 we actually have photographs of the
4 complexity of them inside, indoors. But
5 the technology has been around for a
6 while and it's been perfected. Every
7 year it gets even better.

8 The benefits of the project, it
9 eliminates the odors and achieves the
10 CAA, the Clean Air Act permit compliance.
11 It will all be Class A pathogen-free
12 biosolids or pellets, and it will be a
13 new enclosed facility and
14 state-of-the-art pollution controls. No
15 more outdoor storage of biosolids, no
16 more sludge, no more piles, and it
17 reduces the truck traffic in the area by
18 7,000 trips a year. Currently it's about
19 10,000 trips a year to handle 200,000
20 tons of product, and it will be
21 approximately 3,000 trips a year now, a
22 decline of 7,000, because there's 60,000
23 tons of product as opposed to 200,000.

24 What that also does for us, for
25 the City, is to basically make 35 to 40

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2 acres available for something else, and
3 since the plant will not give off odors,
4 there's a wider variety of things that
5 could go out there.

6 The City is going to pay PBS
7 \$20 million per year during the interim
8 period, and PBS is going to finance,
9 design, build and operate and own this
10 facility. They will have to -- they will
11 be investing \$66 million in that
12 facility. And we would pay 24.3 million
13 per year during the Class A period, and
14 19 million goes to PBS and 5.3 million
15 goes to energy.

16 Next there's a chart up there.
17 It also indicates the same thing. We
18 have projected savings over the 23-year
19 period of \$193 million. On a net present
20 value savings basis, if you -- we
21 acknowledge that 20 years from now a
22 dollar saved might be worth 50 cents to
23 us, and so net present value analysis
24 says \$102 million in net present value
25 savings in today's dollars basically if

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2 we go to this process. And that will
3 accrue to the benefit of our ratepayers,
4 because the increases of the future will
5 be moderated by the savings at this
6 facility.

7 This is another area where we
8 had a disagreement with the Controller's
9 estimates, and, again, he had assumed
10 that we would only be spending half a
11 million dollars for capital at the
12 current plant that we have as opposed to
13 3 million, which is up in our historic
14 number. So the facility is now 25 years
15 old and its replacement value is about
16 \$75 million. So \$500,000 per year would
17 provide less than one percent of the
18 replacement value of the facility. And
19 you have to remember, this is a biosolids
20 facility. This is not -- there's some
21 caustic -- this is not something that's
22 free from problems. And our experience
23 tells us that less than one percent is
24 just not enough to renew a plant.

25 One of the things that we have

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2 done because we have been looking at this
3 possibility of outsourcing this
4 particular plant, we did not invest
5 heavily in capital the last couple of
6 years, nor did we project to spend a lot
7 in capital, and that may have led to this
8 opinion that only half a million dollars
9 in capital would do it.

10 Now, one of the major -- one of
11 the most important things to us has been
12 the labor issues. As Managing Director
13 Ramos has said, there will be no layoffs
14 that will result from the project. We
15 will do whatever it takes to assure City
16 Council that that will be the fact. All
17 current employees will be transferred
18 within the Water Department to equivalent
19 positions, many with exact same title.
20 There will be no demotions. There will
21 be, again, no layoffs.

22 The staff at Biosolids
23 currently are free to seek jobs with PBS
24 if they like, and if they try it and
25 don't like it, we will guarantee that the

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2 Water Department will take them back
3 within one year. Whether they leave for
4 another City agency or another company,
5 if they choose, they will be welcomed
6 back into the Water Department.

7 We have had a number of
8 meetings with DC 33. We also met with DC
9 47. And we received this winning bid
10 from Synagro and Philadelphia Biosolids
11 in late 2004. We took several weeks to
12 evaluate the bid, and when we determined
13 that this was something we wanted to
14 pursue, we contacted the union and began
15 having meetings with them.

16 They had some options that they
17 wanted us to look at, including one that
18 was raised by the Controller's report
19 called thermophilic digestion, but I
20 wanted to assure you that the Department
21 and its experts have looked at
22 thermophilic digestion and have looked at
23 many other options out there.
24 Unfortunately, many of them are not
25 appropriate for Philadelphia, and we've

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2 evaluated them and we've decided that
3 they were not right for us.

4 What this project also does is,
5 it does create 75 construction jobs that
6 will be union run and 30 permanent jobs
7 at the new site.

8 So if I can summarize,
9 basically just repeating what Managing
10 Director Ramos has said, the project is
11 good for the environment. It's good for
12 the community. Very important, it's good
13 for the ratepayers. It keeps City
14 workers employed with the City. And
15 project approval now will allow us to
16 immediately begin implementation of these
17 benefits.

18 So I'm ready to take any
19 questions, unless you want to hear --

20 MR. RAMOS: I guess we'd like,
21 Madam Chairwoman, if you would accept the
22 long version of the Commissioner's
23 printed testimony into the record, we
24 request that and ask whether you would
25 prefer to have question and answer to the

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2 testimony thus far or take the testimony
3 of Morris Fine, the Director of Air
4 Management.

5 COUNCILWOMAN BLACKWELL: I
6 would like to, if the Committee will
7 agree, to entertain some questions now
8 based on the testimony that you've given,
9 and we're happy to submit the
10 Commissioner's full testimony as part of
11 the record for this Committee hearing.

12 I'll defer my questions. I'll
13 call on President Verna first.

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

16 COUNCILWOMAN BLACKWELL: You're
17 welcome.

18 COUNCIL PRESIDENT VERNA:
19 Commissioner, can you describe the
20 process and time line that was followed
21 in developing this proposed transaction?

22 COMMISSIONER BRUNWASSER: I
23 believe this particular transaction began
24 about 2002, but I'd like to turn that
25 over to Dennis Blair.

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2 MR. BLAIR: We first started
3 this process in late 2002. We were
4 approached by a company called U.S.
5 Filter. At the time, we had had a lot of
6 problems down at the site and were
7 beginning to think about alternatives to
8 control odors and to deal with the issues
9 there.

10 U.S. Filter proposed to us that
11 this technology was available, was
12 growing in use and that they could
13 implement it in a fashion that would
14 probably result in a savings to the City,
15 while at the same time giving us a Class
16 A product and an odor-free facility.
17 That began our process. And in 2003, we
18 issued a request for qualifications.
19 Based on that, we had four firms submit.
20 Two of those were qualified.

21 In 2004, we issued a request
22 for proposal. The two firms that
23 received that, only one of those actually
24 finished and submitted a proposal, and
25 that was the Synagro proposal creating

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2 the limited liability corporation,
3 Philadelphia Biosolids. And we received
4 that proposal shortly after Thanksgiving
5 at the end of 2004.

6 COUNCIL PRESIDENT Verna: Thank
7 you.

8 Commissioner, whenever I hear
9 scrubbers, I think of trash-to-steam, and
10 I know you said that this is an air
11 scrubber and I believe you indicated that
12 it's similar to a clothes dryer. I think
13 the record has to be very clear as to
14 precisely what this air scrubber is.
15 There is no burning; am I correct?

16 COMMISSIONER BRUNWASSER:
17 Correct. Correct. The biosolids are not
18 burned.

19 COUNCIL PRESIDENT Verna: I'd
20 like you to say that, please.

21 COMMISSIONER BRUNWASSER: Yes.
22 And, again, the dryer is a very good
23 analogy, we believe. In fact, I think
24 one of the large pictures that we have
25 does have a dryer, at least a portion of

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2 the dryer there.

3 COUNCIL PRESIDENT VERNA: Is it
4 here?

5 COMMISSIONER BRUNWASSER: Yes.
6 Let's see if we can point that out.

7 UNIDENTIFIED SPEAKER: These
8 are slides here that show the dryer, what
9 it looks like. This slide over there
10 shows the odor dispersion model. This
11 slide shows the odor dispersion model,
12 with the outer rings showing the current
13 odor dispersion on the max an average
14 day, and this little dot in the center
15 showing the dispersion of the odors with
16 the thermal-drying facility.

17 Thank you.

18 MR. BLAIR: Councilwoman, the
19 dryer is -- the analogy is perfect to a
20 clothes dryer. It's basically that.
21 It's a large rotating drum. It has
22 multiple channels by which the biosolids
23 can move through that drum, and hot air
24 is fed into there just as it is in your
25 dryer, and basically the biosolids are

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2 being dried through that process into a
3 small pellet that then can be used as a
4 fertilizer.

5 The air that goes through
6 there, the majority of it is recycled.
7 About 85 percent of it is recycled. The
8 15 percent that is not is going to be
9 discharged to the outside, and that's
10 where the scrubber comes in. The
11 scrubber is basically a pollution-control
12 device that removes essentially
13 everything from that air stream. It can
14 be scrubbed with water or it can be
15 scrubbed with chemicals, but it's a
16 process to remove all of the pollution
17 from that air stream before it's
18 discharged to the outside.

19 COUNCIL PRESIDENT VERNA: Thank
20 you very much.

21 Commissioner, can you tell us,
22 what involvement did the Water Department
23 have with District Council 33 through
24 this process?

25 COMMISSIONER BRUNWASSER: Yes.

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2 We initially had our first formal meeting
3 with District Council 33 in January of
4 2005. That doesn't include anything that
5 may have been -- informal meetings that
6 may have happened on the plant itself.
7 But we met at the beginning of 2005 and
8 we met later in March of that year. And
9 then actually since we introduced the
10 ordinance, we've met a number of times
11 and listened, tried to explain what this
12 project was all about. We did explain
13 that this project from the very beginning
14 would never have gone forward if layoffs
15 were part of the bargain. That was a
16 non-starter for me anyway. And we said
17 that we would absorb all employees at
18 their same level in other places within
19 the Department.

20 We discussed the details of the
21 financial comparison between going to
22 this Synagro or Philadelphia Biosolids
23 solution versus continuing with what we
24 have today and just eliminating the
25 composting, which is a large contributor

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2 of the odor problem. So we made those
3 kinds of explanations, and we listened
4 to -- received and listened to any other
5 alternatives that the union had.

6 COUNCIL PRESIDENT VERNA: Were
7 any other alternatives proposed?

8 COMMISSIONER BRUNWASSER: Yes.

9 COUNCIL PRESIDENT VERNA: How
10 many?

11 MR. BLAIR: I would say they
12 probably talked about four or five
13 different alternatives. By far, the
14 majority of those alternatives are things
15 that have never even been tried, not even
16 on a bench-scale application. And one of
17 the requirements that we clearly made
18 clear was that we weren't going to
19 implement a technology unless it had been
20 in practice in full scale in a number of
21 applications in cities of comparable size
22 to ours.

23 COUNCIL PRESIDENT VERNA: With
24 that being said, how many cities does the
25 company in question have, how many other

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2 cities do they have their facilities?

3 MR. BLAIR: They have them in a
4 number of large cities. They operate
5 thermal dryers in New York City;
6 Baltimore; Pinellas County, Florida;
7 Sacramento; Honolulu. And in addition,
8 this technology that we're talking about,
9 thermal drying, is also operated in
10 Houston, in Louisville, in Milwaukee and
11 Chicago and other cities like that. So
12 it's a widely used technology both here
13 and in Europe. It's been around in
14 Europe since the 1970s.

15 MR. RAMOS: Council President,
16 if I can add to that -- and I apologize,
17 and we'll make sure that we get
18 standard-size copies of the boards that
19 are up in Council Chambers for
20 distribution and for the record.

21 Okay. I understand you do have
22 them in your packet. If you look at the
23 second aisle from my left on the bottom,
24 that is a facility in Florida, and you
25 can see a facility right there in the

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2 middle of the footprint with a fair
3 amount of typical dense suburban
4 residential development right around the
5 plant.

6 COUNCIL PRESIDENT VERNA: Isn't
7 there one in New Jersey?

8 COMMISSIONER BRUNWASSER: Yes.
9 In fact, some of the members of Council
10 staff --

11 COUNCIL PRESIDENT VERNA: Did
12 attend.

13 COMMISSIONER BRUNWASSER: --
14 were taken out there, yes.

15 COUNCIL PRESIDENT VERNA:
16 Commissioner, if the Water Department
17 were to delay the implementation and
18 continue with your current process for 18
19 months -- it's my understanding that the
20 union is asking for an 18-month delay --
21 can you tell us what would the impact on
22 the Department and the water ratepayers
23 be?

24 COMMISSIONER BRUNWASSER: Well,
25 financially it would be significant. The

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2 delay would cost us about 250,000 a month
3 in additional costs to bring the facility
4 into compliance with the Clean Air Act,
5 another 250,000 a month in escalating
6 costs of construction at the facility.
7 Some of the capital plans that we have
8 delayed would have to be implemented,
9 because some of the equipment will fail.

10 We also would lose half a
11 million dollars per month in lost savings
12 because of the difference in costs
13 between the Philadelphia Biosolids
14 submission and our having to continue to
15 operate that plant pretty much as it is
16 and switch most of the compost to
17 landfill.

18 The other part of it -- so the
19 ratepayer really for an 18-month period,
20 that would be almost a million dollars a
21 month that they would be losing out, and
22 18 months is roughly \$18 million. So the
23 next set of rates that we would have to
24 look at to balance our books would be
25 that much higher.

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2 MR. RAMOS: Councilwoman, if I
3 may add in the context of that, again, if
4 it balanced out against some of the labor
5 issues, the number of people that would
6 be transferred but none of them laid off
7 or demoted at that point after composting
8 goes away as currently scheduled is 60
9 positions, 60 people.

10 COMMISSIONER BRUNWASSER: Sixty
11 people, yes. And I think the biggest
12 losers would actually be the community,
13 because the odors would continue. The
14 trucking -- the 10,000 trips would
15 continue, as opposed to 3,000 trips and
16 so air pollution from the trucks would
17 continue. So it would delay the benefits
18 to the area.

19 COUNCIL PRESIDENT VERNA:
20 Commissioner, I think you touched on it
21 very slightly, but I'd like you to
22 elaborate, what are the air quality
23 issues with the current process and how
24 will they be improved by your proposed
25 system.

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2 COMMISSIONER BRUNWASSER: Yes.

3 We do have Morris Fine here from Air
4 Management Services, but the key thing
5 would be -- it's also in this booklet,
6 but the air dispersion, the odor
7 dispersion study that was done by experts
8 indicate that there's approximately
9 eight-tenths of a mile, I believe, is the
10 average day of dispersion from the site.
11 And Mr. Bolno from my staff is pointing
12 out. And the further out ring, on worse
13 days, a larger swath of the neighborhoods
14 are affected. But with this
15 thermal-drying plant, it is really just a
16 very small part of the site that might
17 have some odor to it, but it's all on
18 site, not beyond the fence line. So all
19 of the neighborhoods would be improved.
20 They would not have odors from this
21 facility any longer.

22 And the next slide over, you
23 can see what the difference is. You can
24 hardly see the amount as far as the
25 amount of odor escaping. It's almost

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2 gone.

3 COUNCIL PRESIDENT VERNA: Would
4 you mind if we have someone from Air
5 Management come up to address that?

6 COMMISSIONER BRUNWASSER: Not
7 at all.

8 COUNCIL PRESIDENT VERNA: Is
9 Mr. Fine here?

10 MR. RAMOS: Yes. Councilwoman,
11 while Mr. Fine comes up, if I can just
12 reiterate that the description of that
13 chart, it looks like a target, with the
14 hazy blue outer and green center. The
15 little section, the little bull's eye in
16 the middle, is the difference between the
17 before and after, the little piece in the
18 middle being impact post project versus
19 the current situation by the outer
20 circles.

21 COUNCIL PRESIDENT VERNA: Thank
22 you.

23 Mr. Fine.

24 MR. FINE: Yes. Good
25 afternoon. I have testimony, if now

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2 would be appropriate to deliver it or if
3 you would like to ask questions. Either
4 way.

5 COUNCIL PRESIDENT VERNA: The
6 Chairwoman said it would be fine to
7 present your testimony.

8 MR. FINE: Thank you. Good
9 afternoon, Chairwoman Blackwell and
10 members of the Committee on Finance. I
11 am Morris Fine, Director of Air
12 Management Services in the Department of
13 Public Health. I appreciate the
14 opportunity to present comments today on
15 behalf of the Department regarding the
16 odor compliance status of the
17 Philadelphia Water Department's Biosolids
18 Recycling Center.

19 Air Management Services is
20 responsible for enforcing state, federal
21 and local air quality standards for
22 stationary sources of air pollutants in
23 Philadelphia, including the issuance of
24 operating permits to sources that emit
25 regulated pollutants.

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2 Air Management Services issued
3 an air operating permit to the Water
4 Department for this facility on June 1,
5 2001. Since the operating permit was
6 issued, Air Management Services has
7 received numerous odor complaints from
8 nearby residents and has cited the Water
9 Department on numerous occasions for
10 odors emanating from the facility.

11 The five-year term of the
12 permit expired on June 1, 2006.
13 Pennsylvania regulations currently
14 prevent Air Management Services from
15 reissuing an operating permit to any
16 party with outstanding violations against
17 it unless the party has entered into a
18 binding agreement that includes a
19 definitive correction plan and compliance
20 schedule. As a result, because of
21 outstanding issues that prevent the Water
22 Department from entering into such an
23 agreement, Air Management Services has
24 not been able to renew the Biosolids
25 Recycling Center air operating permit.

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2 Having neither a compliance plan nor a
3 current operating permit, this facility
4 continues to operate in violation of
5 federal, state and local laws.

6 The Water Department and Air
7 Management Services through the Law
8 Department have, however, been in
9 cooperative discussion for several years
10 regarding development of a plan to
11 implement odor controls at the BRC. Air
12 Management Services has taken into
13 consideration the planning complexities,
14 including the economic expenses, in
15 allowing additional time for concluding
16 the compliance process. In addition, the
17 Water Department has implemented some
18 interim control methods to reduce
19 off-site odors, including redesigning the
20 existing compost pile, treating emissions
21 from the main process building, reducing
22 the amount of stockpiled materials and
23 covering and relocating the cake storage
24 area further away from the residential
25 neighborhoods.

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2 Air Management Services

3 strongly believes that the only
4 reasonable long-term solution to
5 eliminate odors from the BRC would be by
6 applying additional appropriate
7 technologies and practices. Odor control
8 technologies for water pollution control
9 plants are available and in use in many
10 other areas of the country. The Boston,
11 New York City, Los Angeles and Sacramento
12 municipalities have successfully
13 addressed problem odors from biosolids
14 recycling operations by pelletizing to
15 produce fertilizer and installing
16 biofilter systems.

17 I would like to emphasize that
18 as an air enforcement agency, Air
19 Management Services has no preference as
20 to whether the odor mitigation strategy
21 pursued by the Water Department is
22 performed through outsourcing or by
23 traditional City services. Our concern
24 in this case is that whichever strategy
25 is finally chosen, it will be designed

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2 and operated in a manner that will
3 eliminate the current odor nuisance.

4 The odors from the BRC are well
5 known to the residents of the area, and
6 many visitors' first experience of
7 Philadelphia's air quality may very well
8 be the odors from this facility as they
9 travel from Philadelphia International
10 Airport into the City. Eliminating odor
11 emissions from the BRC would be
12 beneficial to Philadelphia's air quality
13 in general and perhaps also be a positive
14 influence to the City's image.

15 Thank you very much for your
16 attention. I'd be happy to answer your
17 questions at this time.

18 COUNCILWOMAN BLACKWELL: Madam
19 President, do you have more questions?

20 COUNCIL PRESIDENT Verna: No,
21 not for Air Management at this time.

22 I don't want to belabor this by
23 asking all of these questions, and I
24 think the Managing Director and the
25 Commissioner have made it eminently clear

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2 and they have repeated it at least three
3 or four times that there would be no City
4 employee from the Water Department laid
5 off.

6 MR. RAMOS: Or demoted.

7 COUNCIL PRESIDENT VERNA: Or
8 demoted. And I personally would feel a
9 lot more comfortable if in fact,
10 Mr. Director, we could get something in
11 writing from the Mayor stating that, so
12 if in the future something were to
13 happen, I think then the union members
14 and we could have something to hang our
15 hat on.

16 MR. RAMOS: On behalf of the
17 Administration, we'd be pleased to
18 provide that to City Council.

19 COUNCIL PRESIDENT VERNA: Thank
20 you.

21 COUNCILWOMAN BLACKWELL: Thank
22 you very much.

23 This is very important,
24 because, again, with regard to the
25 housing reorg, we have union people

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2 fighting union people. We have people
3 who are bumping down, fighting people
4 that they've worked with 20 and 30 and 35
5 and 38 years. It's a nightmare. We have
6 people who, since they come to City
7 Council, now get that deducted from their
8 pay, and just all kinds of measures that
9 are just insufferable. And now to be
10 told that they're even not only -- they
11 laid off 42 people and said they were
12 hiring 44, but obviously at lower
13 salaries. So that's union busting by any
14 definition.

15 (Applause.)

16 COUNCILWOMAN BLACKWELL: And
17 all of this concerns us, because not only
18 does the President have an area -- and
19 it's City-wide when you deal with air
20 pollution and odors and all of that --
21 but you have people who live -- we have a
22 requirement that people live in our City,
23 as you know. And when people live in our
24 City, work in our City, they deserve a
25 right to feel that they're protected by

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2 the officials they elect. It's very
3 disheartening to fight over and over and
4 over again for the same people who elect
5 us and who pay all of our taxes so that
6 we can sit here today.

7 So it really, really upsets us,
8 because as I said, we try to stay close
9 to these issues. We try to defend and
10 support our people. And the people here
11 and the people across the City who work
12 in the City and who are members of the
13 union are our neighbors, too. They're
14 somebody's neighbor. Somebody up there
15 has a neighbor. And they're all our
16 residents. And so we really, really are
17 concerned and we would really have to
18 have those assurances tightly written or
19 amended into the bill, as my colleague
20 said, so that we are sure that our people
21 are protected.

22 Those of us who are up here --
23 and we know we'll get a fuller discussion
24 as we go on and we know that as we go on,
25 we translate English into English, and

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2 the unions help us understand what we're
3 talking about here. And as much as all
4 of us, those of us who know people who
5 may work for Synagro or some other
6 company, we don't really know the -- at
7 least let me speak for myself. I don't
8 really know what makes this process or
9 this company better than some other. And
10 we'll ask the unions when they come. In
11 glancing through their document, AFSCME
12 District Council 33, Local 394, they're
13 asking for time themselves to come up
14 with a process. Why can't we do that? I
15 realize we'll save some monies, but in
16 terms of trying to work it out -- and we
17 have no problem with Synagro. Is this
18 the best process? Is there something
19 else that's not pellets or that's just
20 washing the stuff so it becomes something
21 else, some other process, for those of us
22 who don't know this? We realize all of
23 you who work with it, it's second nature,
24 but if it's not kind of poetry or
25 housing, I don't know what you're talking

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2 about.

3 So why is this best? Why is
4 this company best? And why shouldn't we
5 work with the unions and give them two
6 years to come up with a process?

7 (Applause.)

8 MR. RAMOS: Councilwoman, in
9 response to President Verna's question,
10 the Commissioner laid out the process
11 that's been going on for some time,
12 starting with legal and technical
13 objectives that the Water Department has
14 to fulfill, and described the process
15 that's been really several years in
16 getting to this point. Now, at the end
17 of the day, it's pretty much about
18 what -- at the end of the day, you're
19 absolutely correct. It's a policy
20 decision about whether this is a fair
21 deal for the ratepayers at this time.

22 The professionals that are in
23 the management of our Water Department
24 certainly believe that this is the best
25 proposal they have. Even if there were

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2 another proposal out there -- and I don't
3 think we encountered a better solution --
4 we are at a point with a very strong plan
5 for the life of this deal to save the
6 ratepayers, but in today's dollars it's
7 worth over \$100 million. And even the
8 people that want to argue with that still
9 are talking about tens of millions,
10 scores of millions of dollars at the end
11 of the day versus 60 positions, where
12 nobody loses their job or gets demoted.
13 So it's really a matter of what -- in
14 terms of what's fair overall.

15 COUNCILWOMAN BLACKWELL: Thank
16 you very much.

17 Councilman O'Neill, your light
18 has been on a while.

19 COUNCILMAN O'NEILL: I just
20 have two questions. One is a follow-up
21 to both the Council President and
22 Majority Leader. Is it possible to work
23 an amendment into this legislation? As
24 much as I appreciate that the Mayor,
25 Managing Director would abide by their

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2 letter -- and I don't have any doubt
3 about that -- the next Mayor and the next
4 Managing Director say, Hey, that was the
5 last Mayor and the last Managing
6 Director, assuming you move on to
7 something else, too. I know you're not
8 bound by the two-term limit as the Mayor
9 is.

10 Is it possible, has it been
11 looked at to do it that way so that it is
12 more binding than just a document that
13 would have 13 months' duration?

14 MR. RAMOS: We're prepared to
15 entertain any way of documenting and
16 institutionalizing the commitment that
17 we're making, and we'll be happy to talk
18 to the Law Department staff, Council's
19 tech staff and anybody else that wants to
20 be a part of that process, because we're
21 prepared to make that a solid commitment
22 as -- it's a solid commitment and we're
23 willing to document it any way that works
24 for you.

25 COUNCILMAN O'NEILL: My second

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2 question is, I know we're going to hear
3 about alternatives that weren't
4 considered, that language in the RFP that
5 excluded other alternatives, and I think
6 Mr. Blair mentioned one thing, that there
7 was this criteria of having seen it in
8 operation in other places. And we'll
9 hear more about that, but just looking at
10 this from the Commissioner's standpoint
11 and from the Administration's standpoint
12 that, hey, if this is what we want, we've
13 studied it, this is the best and it's
14 going to save us a lot of money, why
15 can't we do it ourselves and save the
16 money?

17 (Applause.)

18 COUNCILMAN O'NEILL:

19 Commissioner, I don't want to sound
20 like -- I mean, I'm pretty serious about
21 this question. We have treatment
22 facilities. Those treatment facilities
23 could have been farmed out. There's
24 nothing magical about the treatment
25 facilities' technology or anything that

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2 it couldn't be done by a private company.
3 There was a decision to do it. They're
4 being operated very well. Every time
5 there's a problem, it gets fixed. It's
6 just a matter of whether we're in control
7 of our environment or somebody else, and
8 that's what I'm driving at here. Because
9 we've in the past, not just in the water
10 treatment area but in other areas, we
11 could have brought Oracle in to run our
12 IT. We'll use Oracle's stuff, but we're
13 running it.

14 MR. RAMOS: And I'll have the
15 Water Commissioner describe it in greater
16 detail, but at the end of the day, it's
17 an opportunity for the City to -- well,
18 first of all, I think you acknowledge in
19 your question that there's a history in
20 the Water Department in particular of
21 wherever there's an opportunity for
22 collaboration around alternatives and
23 doing things in-house, I think
24 particularly Commissioner Brunwasser's
25 history is one where he and his team have

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2 found ways of doing things internally. I
3 don't think there's any dispute that
4 we've done that, that whenever -- and
5 it's not like they have a record of going
6 around and trying to find ways of doing
7 things non-union. That's not how this
8 Department has operated, and I think that
9 there's a history of discussion.

10 COUNCILMAN O'NEILL: I didn't
11 mean non-union. I assume the new
12 employees are going to be unionized.
13 They're in Philadelphia.

14 MR. RAMOS: Well, right.

15 COUNCILMAN O'NEILL: If we want
16 this operation to run, I don't think it's
17 going to run if it's not union.

18 MR. RAMOS: But the project
19 gives us an opportunity, gives the City
20 an opportunity, to get a substantial
21 capital investment done in a way that
22 caps our costs and contains our costs in
23 a predictable way over the long term.
24 Some variables, like energy is going to
25 be a variable, but they're going to be a

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2 variable regardless. But it is a way of
3 getting into compliance and getting a
4 more useful, more compliant, more
5 community-friendly facility in a short
6 period of time and starting to realize
7 the benefit to the ratepayers of what
8 we're doing now versus what we're doing
9 then. You can always go back to step one
10 and start all over again and get to the
11 end and start all over again.

12 COUNCILMAN O'NEILL: But I
13 think maybe my question wasn't made
14 clear. Assuming the savings are there,
15 if the savings are there, we do revenue
16 bonds and clearly justify them to
17 bondholders. We did that with these
18 other facilities. I mean, every one of
19 them could have been -- we could have
20 saved money if we had farmed them out to
21 the private sector. And that happens in
22 a lot of cases, but we have other reasons
23 for -- I mean, we own the airport.
24 There's companies that do that. I mean,
25 you can go on and on with -- and the risk

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2 and the responsibility goes somewhere
3 else. But there are a lot of good
4 reasons to have control of it. One, you
5 mentioned community friendly. I'd rather
6 have the City be community friendly than
7 a company headquartered somewhere else.
8 I mean, that's just --

9 (Applause.)

10 COUNCILMAN O'NEILL: I mean, is
11 the savings -- you don't have to answer
12 this. If it's a much bigger question,
13 don't consider just a yes or no. But is
14 the primary savings here someone else's
15 labor costs versus ours? Because if the
16 technology is going to be the same cost
17 whether we buy it or they buy it, I don't
18 understand where the savings are.

19 (Applause.)

20 MR. BLAIR: A lot of the
21 savings is in the number of people that
22 Synagro would use to operate this
23 facility, but the real reason I think --

24 COUNCILMAN O'NEILL: Why would
25 they have to use any more than us? And,

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2 again, I don't want to --

3 MR. BLAIR: I don't know. I
4 don't know why -- I mean, it's compared
5 to what we're doing now.

6 COUNCILMAN O'NEILL: I don't
7 care about what we're doing now. What
8 we're doing now, we're going to change.
9 Everybody agrees on that. Even the union
10 agrees on that, we got to do something
11 different.

12 MR. BLAIR: When you operate
13 this new facility, I think the real issue
14 here is it's this new complex technology
15 that we've never operated. It's not a
16 part of our core business. It's nothing
17 that we have experience with. And the
18 integration that's required between the
19 de-watering step, where the material must
20 be de-watered precisely to a certain
21 level when it enters this dryer or you
22 end up with something other than pellets
23 out the other end. You end up with
24 clumps. You end up with things that are
25 not marketable. And if that product is

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2 not marketable, it goes from something
3 that can generate a revenue to something
4 that might incur a large cost to just be
5 simply landfilled rather than sold to a
6 blender who is going blend those little
7 pellets in bagged fertilizer and sell
8 them at Lowe's.

9 So it's a very complex
10 technology that requires control and it
11 requires somebody with experience. We do
12 not have that experience. These folks
13 have that experience. They operate these
14 all over the country. And a really good
15 example to look at is Milwaukee. They
16 were famous for making Milorganite, their
17 product, but even Milwaukee has
18 contracted out the operation of their
19 facility. They, too, found that
20 competing with other pellets and the
21 complexity involved caused them to decide
22 to contract that out. And around the
23 country this is a technology that's
24 operated almost exclusively by the
25 private sector. As a matter of fact, I'm

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2 not aware of any utility that does all
3 aspects of this, including doing the
4 integrated design build, constructing the
5 facility, operating it and marketing the
6 product. What we get here with Synagro
7 is, we get linked into a national market
8 for the product. So the ability to take
9 it to Florida, to take it to many markets
10 throughout the country, to possibly
11 market it as an energy product, all of
12 that comes with that facility. All of
13 that is something that we would have to
14 try and develop on our own, and it would
15 be very difficult, very costly.

16 We had a lot of problems going
17 from ocean dumping to composting and we
18 incurred tremendous costs at that
19 facility for well over a decade before we
20 finally were able to figure out how to do
21 that, because it wasn't our core
22 competency. We don't want to repeat
23 that.

24 MR. RAMOS: Councilman, if I
25 could just add one other thing from a

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2 compliance perspective and sort of risk
3 of compliance, which is that one of the
4 elements of this transaction is that, in
5 a sense, the risk of the laws changing on
6 the end product is borne by the company,
7 as well as the risk of the market for the
8 end product, meaning that if nobody wants
9 to buy the pellets, the little fertilizer
10 pellets, as opposed to --

11 COUNCILMAN O'NEILL: They'll
12 eat them, but not literally.

13 MR. RAMOS: Synagro will have
14 to eat them. And also if the rules
15 change about what's a good enough pellet,
16 it's their problem, not the City's. So
17 the City is able to at least get some
18 predictability of cost and a little bit
19 more avoid some of the risk around
20 compliance.

21 COUNCILMAN O'NEILL: Thank you.

22 I have one more question, Madam
23 Chair, before I let somebody else go.

24 What you've said is clear and
25 both the different reasons you gave, and

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2 at least I understand them. I may not
3 know enough to disagree or agree with
4 them, but it involves this system. As
5 Mr. Blair said, this is in a lot of
6 places. A lot of cities, big cities, are
7 doing this, and they've been doing it
8 since the '70s.

9 Are there any facilities
10 dealing with compost, the biosolid area
11 here that we're dealing with, of any
12 size, other than a small town or a very
13 small jurisdiction, that are doing
14 something else? And the reason I ask
15 that is, a technology that's been around
16 since the '70s, it's reliable, a lot of
17 jurisdictions use it is comforting, but
18 I'd rather know what the cutting-edge
19 technologies are that somebody may be
20 using and maybe doesn't have the track
21 record of 1970s until now but might be
22 something that would be taken into
23 consideration.

24 I know if there is an answer,
25 it may be against your interest with my

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2 vote, but I just want to know, what else
3 is there and is anybody doing it, even if
4 it's not enough to satisfy the Water
5 Department's requirement that it be
6 pervasive?

7 MR. BLAIR: One of the things
8 that you hear -- and it was in the
9 Controller's report, and you probably
10 heard it in some of these others
11 things -- is thermophilic digestion.
12 This is a technology that's gaining a
13 little bit more use in the 2000s. The
14 Controller's report mentions that there
15 are four cities using this. However,
16 this is a technology that still does not
17 reduce odors. It still leaves you with
18 an odors problem. It still potentially
19 has an odors problem and a disposal of
20 the final product.

21 COUNCILMAN O'NEILL: You said
22 reduce. Doesn't the one you're talking
23 about eliminate odor?

24 MR. BLAIR: It doesn't
25 completely eliminate odor, no.

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2 We had taken a look at it. We
3 had estimated with the consultant that it
4 would cost us \$90 million just to
5 implement it at our wastewater treatment
6 plants. And really it's a process that's
7 implemented before the BRC facility.
8 It's actually implemented at the
9 wastewater treatment plant. And with
10 that kind of cost, it is certainly more
11 expensive than even our current
12 operations, let alone the technology that
13 we're proposing here.

14 So even though you hear this
15 technology now and you'll hear that a few
16 cities may be using it -- LA is, by far,
17 the biggest. LA, though, is having
18 constant challenges over the quality of
19 the product that it's trying to dispose
20 of from the surrounding communities.

21 COUNCILMAN O'NEILL: It's not
22 pellets?

23 MR. BLAIR: No. It's a
24 thermophilic-digested product that's then
25 further treated.

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2 COUNCILMAN O'NEILL: What's its
3 after life or next life? Where does it
4 go once they dispose of it?

5 MR. BLAIR: They form it into
6 various products that they can apply --

7 COUNCILWOMAN BLACKWELL: What's
8 it look like if it's not pellets, thermal
9 something?

10 MR. BLAIR: When you do
11 thermophilic digestion, you still end up
12 with a product that looks a lot like our
13 Class B cake. It's basically --

14 COUNCILMAN O'NEILL: Sludge.

15 MR. BLAIR: -- been heated and
16 killed the pathogens, but it still looks
17 like that sludge that we produce down at
18 this facility. So it still has the same
19 disposal problems.

20 The product has definite air
21 issues, and I'm aware of the fact that
22 facilities have been closed in Myrtle
23 Beach, South Carolina and in Mobile,
24 Alabama and I believe there are probably
25 a couple of other facilities in this

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2 country that went to that and --

3 COUNCILMAN O'NEILL: Mr. Blair,
4 I don't want to go on too much. That
5 doesn't sound too cutting edge to me. Is
6 there anything that's more of a
7 cutting-edge technology that's out there
8 that seems to have a lot of promise and,
9 for whatever reason, you decided not to
10 go with it?

11 MR. BLAIR: No. I'm not aware
12 of any other technology.

13 COUNCILMAN O'NEILL: So it's
14 pretty much this or something that isn't
15 close, based on what you just summarized?

16 MR. BLAIR: Barry just
17 mentioned to me -- I mean, I don't know
18 what you're thinking about. The Changing
19 World Technology facility that operated
20 our site for about five years and --

21 COUNCILMAN O'NEILL: I'm not
22 thinking of anything. I'm hoping you'll
23 think of something to tell me.

24 MR. BLAIR: That company has
25 gone bankrupt.

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2 Barry mentioned another one.

3 There's a turkey processing type facility
4 that supposedly turns biosolids into oil
5 that you may have read about. That's
6 never been proven to work.

7 I mean, I don't really consider
8 these kinds of technologies that are in a
9 small pilot scale that hasn't been able
10 to work as something that we can really
11 be considering at this time. They're
12 probably a decade away from ever being
13 implemented, if they work out. So I
14 don't really even consider those as the
15 kinds of things that you were asking
16 about. I still consider them to be
17 things like thermophilic digestion.

18 COUNCILMAN O'NEILL: Okay.

19 Thank you.

20 MR. RAMOS: Councilman, if I
21 can go back and just footnote the issue
22 of elimination versus reduction of odor.
23 I mean, we're really talking about impact
24 of any odor coming out of the process on
25 the community, and the board with the

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2 little targets on it represents that the
3 small little quarter-size image in yellow
4 being the after and the bigger green
5 circles being the current.

6 COUNCILMAN O'NEILL: So it's
7 significantly reduced.

8 MR. RAMOS: Virtually
9 eliminated, or the impact on --

10 COUNCILMAN O'NEILL: If you get
11 close enough, you'll still smell it, but
12 not many people will be that close.

13 MR. RAMOS: Right.

14 COUNCILMAN O'NEILL: Thank you.

15 COUNCILWOMAN BLACKWELL: Thank
16 you, Councilman.

17 Councilwoman Tasco.

18 COUNCILWOMAN TASCO: Thank you.

19 COUNCILWOMAN BLACKWELL: Thank
20 you for your patience.

21 COUNCILWOMAN TASCO: Good
22 afternoon. It's a very interesting
23 discussion, and I certainly understand
24 the need to try and reduce the odors and
25 beautify that site down near the airport.

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2 My questions, though, go back to the
3 labor issues. I am concerned about the
4 60 employees who might be transferred or
5 have the opportunity to go someplace
6 else. We sat here all spring and through
7 the fall as we watched the reorganization
8 of the housing department and we were
9 told over and over again that these
10 employees would not lose their jobs. But
11 what happened, even though we might want
12 to amend this bill and put some clause in
13 there that these people can't be fired or
14 they can't be -- they have their rights,
15 we don't have any jurisdiction over the
16 civil service rules, because --

17 (Applause.)

18 COUNCILWOMAN TASC0: Because
19 what happened -- and certainly I hear
20 both sides, and we do need the facility,
21 but you also have people we have to look
22 at and protect.

23 And so I want to know, how do
24 the seniority rights work when someone
25 else selects another position in another

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2 department? Certainly this
3 Administration won't be here. What's the
4 binding rule on future administrations?
5 And if there are layoffs in the
6 department where the employee is sent,
7 there are layoffs, what are the seniority
8 rights and are they the last one hired,
9 the first one to go?

10 I mean, those issues are very
11 important to me as we look at it. It's
12 more than just saying, Oh, well, they'll
13 have a job. That may be true for a
14 minute, but we know down the line there
15 could be cuts, there could be -- and what
16 are the bumping rights and all of that?
17 We don't control what the process is. We
18 can only come out and express our
19 concerns and give support, but we can't
20 change the rules.

21 MR. RAMOS: Councilwoman, those
22 are very important questions, and all of
23 them should be addressed. I'd like to,
24 first of all, offer to give you a very
25 prompt written response to all of these,

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2 but the short answer is that we're
3 prepared to make that commitment. The
4 rules about after somebody is transferred
5 and how the seniority for a person that
6 came from the plant stacks up against a
7 person of similar seniority, it's
8 something that I assume is -- there are
9 already rules under the collective
10 bargaining. If there are not, we'd be
11 prepared to clarify them.

12 COUNCILWOMAN TASCO: But right
13 now these employees are in an environment
14 where they are not threatened with
15 layoffs or cutbacks and they seem to know
16 that in 20 years, they're going to be
17 able to retire from their job. If they
18 go someplace else, that may not be so
19 comforting.

20 MS. VOLLMER: Hi. My name is
21 Teresa Vollmer. I'm the Human Resources
22 Manager for the Water Department and
23 petrified witness. Never done this
24 before, so bear with me if I stutter and
25 stumble.

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2 I also worked in the Personnel
3 Department for 25 years and I pretty much
4 know all the ins and outs of civil
5 service. Civil service rules will have
6 no impact on what happens with the people
7 at BRC. We have close to 200 vacancies,
8 all of which these people will fill, and
9 their seniority will stay exactly the
10 same. They'll be in the same department.
11 They'll be in the same job class. Their
12 performance reports are still going to be
13 done by the Water Department. There is
14 actually no impact on seniority
15 whatsoever. And we have never had
16 layoffs at all in the history of the
17 Water Department, and we don't foresee
18 any layoffs in the future, especially
19 with the number of vacancies we have.

20 COUNCILWOMAN TASC0: So you're
21 saying that these 60 employees would
22 still be employed within the Water
23 Department?

24 MS. VOLLMER: Right. We have
25 sufficient vacancies at this moment that

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2 we could place everybody and still have
3 vacancies left.

4 MR. RAMOS: Councilwoman,
5 another difference between the two
6 scenarios you've described is, when you
7 talk about the Water Department, you're
8 talking about a total population of
9 about --

10 MS. VOLLMER: Close to 2,000.

11 MR. RAMOS: -- 2,000 employees
12 in the Water Department. So when you're
13 talking about 60 people, you certainly
14 have a lot more -- it's not as difficult
15 a challenge as the other case that you've
16 cited.

17 COMMISSIONER BRUNWASSER: And
18 also your question about bumping, that
19 would not be an issue. No one of those
20 employees from BRC will be bumping anyone
21 else. There are existing vacancies for
22 all of those employees.

23 COUNCILWOMAN TASC0: But they
24 would not be working in the BRC, they
25 would go to other --

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2 MS. VOLLMER: They'll work in
3 similar situations in other parts of the
4 Department. They will use their skills.

5 MR. RAMOS: Within their job
6 class.

7 MS. VOLLMER: So if you are an
8 equipment operator right now at BRC, you
9 will be an equipment operator at another
10 site in the Water Department, same
11 salary, same seniority.

12 COUNCILWOMAN TASC0: Well, let
13 me just ask you another question about
14 the savings. Are you counting savings
15 also on the BRC relative to personnel?
16 Because if you place the employees in
17 other departments, there's not a savings,
18 because you still have to pay them their
19 salary, right?

20 COMMISSIONER BRUNWASSER:
21 That's correct, Councilwoman.

22 COUNCILWOMAN TASC0: So is that
23 counted in the savings that you have
24 calculated, the personnel issue?

25 COMMISSIONER BRUNWASSER: We

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2 have appropriations sufficient in Class
3 100 for personnel at other units of the
4 Water Department to take on people from
5 BRC or hire new people and that will not
6 count against the BRC. In other words --

7 MR. RAMOS: Councilwoman, the
8 bottom line is that the 60 positions that
9 would otherwise exist at the BRC would
10 not exist. The 60 people who are
11 currently filling all those positions
12 would be guaranteed that they'd have a
13 job and that they would not be demoted.
14 They'd be working within class.

15 So in a sense, I mean, what
16 you're getting at is, those 60 positions
17 do go away at the BRC, at least as far as
18 the City employment is concerned. The
19 private provider will run that plant with
20 about 30 people, and people that work for
21 the City would have a chance to also have
22 a chance for those employment
23 opportunities. Other savings from the
24 project come from the changes in
25 operating costs and efficiencies.

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2 COUNCILWOMAN TASC0: Would the
3 employees who might choose to stay with
4 BRC be City employees or would they work
5 for BRC?

6 MR. RAMOS: They would be
7 employees of the company. The
8 Commissioner has also made a commitment
9 that if within a year an employee who had
10 transferred to the private company wishes
11 to come back, that they would be brought
12 back. That's a separate guarantee and
13 separate promise from the one we've said
14 over and over again, which is that nobody
15 would lose their job and no one would get
16 demoted and everybody would have the
17 opportunity to stay within class inside
18 the City, and we expect them all to be in
19 the Water Department.

20 COUNCILWOMAN TASC0: Do the
21 employees at -- I guess this is not an
22 issue for us, but would the employees at
23 BRC be part of a collective bargaining
24 unit?

25 MS. VOLLMER: Yes.

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2 MR. RAMOS: That's probably a
3 question -- you're asking about whether
4 the employees of the private company
5 would be part of a collective bargaining
6 unit. That's something that we would
7 probably ask Mr. McKissack or somebody
8 from Synagro to answer. Our
9 understanding is that this is a company
10 that has experience with organized labor.

11 COUNCILWOMAN TASCO: Could you
12 come to the table, please.

13 MS. RACEY: I'm Pam Racey with
14 Philadelphia Biosolids Services. And we
15 certainly expect to be organized -- we
16 don't know which union yet. Typically we
17 use Operating Engineers, but we're open
18 to whatever unit our employees would like
19 to work with. We've priced this project
20 at union-scale wages and fully expect to
21 be represented by a bargaining unit.
22 Which one is unsure yet.

23 MR. RAMOS: Thank you. Were
24 there any other questions?

25 COUNCILWOMAN TASCO: I don't

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2 have any more questions around the labor
3 issue. Councilwoman Brown has, and I may
4 come back.

5 COUNCILWOMAN BLACKWELL: Thank
6 you.

7 Councilwoman Blondell Reynolds
8 Brown.

9 COUNCILWOMAN BROWN: Thank you,
10 Madam Chair.

11 I do have a follow-up to
12 Councilwoman Tasco's questions regarding
13 keeping the employees whole once the
14 transfer has been made. Could I please
15 trouble you to bring your Human Resource
16 Director back to the witness table.

17 MS. VOLLMER: I have written
18 something up. Is it okay if I read it?

19 MR. RAMOS: Why don't you wait
20 for her to ask a question.

21 MS. VOLLMER: Oh, sorry.

22 MR. RAMOS: You're here to
23 answer questions.

24 MS. VOLLMER: Sorry.

25 COUNCILWOMAN BROWN: Good

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2 afternoon. You mentioned in response to
3 Councilwoman Tasco's question that the
4 employees will be transferred and their
5 status remains untouched, correct?

6 MS. VOLLMER: Correct.

7 COUNCILWOMAN BROWN: Is this a
8 special accommodation specific for this
9 initiative or is that standard operating
10 procedure within the Department?

11 MS. VOLLMER: That's standard
12 operating procedure in civil service.
13 Even if a function that you have
14 performed is eliminated, if you are in a
15 current civil service title, you may be
16 moved to another position, but you do not
17 lose status or pay or benefits.

18 COUNCILWOMAN BROWN: Okay.

19 MR. RAMOS: And, Councilwoman,
20 in addition to that, as we've said
21 several times this morning, we're
22 prepared to document and make that part
23 of the record, the legislation, something
24 to the union. We're prepared to document
25 that in any way that gives you comfort.

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2 COUNCILWOMAN BROWN: Okay.

3 COMMISSIONER BRUNWASSER: We
4 also, I should mention, we are very
5 concerned about our employees, and we
6 have reached out to the union, and we
7 know that at least the composting
8 employees in any case will have to be
9 reassigned within the Department. And
10 what we would like to do is to work with
11 the union to determine the best way to do
12 this with the least amount of heartache
13 for anyone. And we have some ideas on
14 how to accomplish a smooth transition for
15 all employees, whether they just be the
16 ones that are affected by composting or
17 all of the employees, and Ms. Vollmer
18 here will be assigning someone full time
19 to help with any transition issues.

20 COUNCILWOMAN BROWN: That
21 raises two subsequent questions for me.
22 "Reached out" is a relative phrase, to
23 reach out, and it has different
24 definitions depending upon what side of
25 the table you're on, number one. And

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2 number two, to what Councilman Juan Ramos
3 and I were discussing, what you just
4 articulated, would it not have been in
5 order to have those very same discussions
6 prior to this hour?

7 (Applause.)

8 MS. VOLLMER: Actually --

9 MR. RAMOS: Councilwoman, if I
10 may respond, I believe that the Water
11 Department has made every effort.
12 Certainly has made every commitment that
13 it's made here, it's made before and will
14 be prepared to make again.

15 As for transition issues, you
16 have to get to a point where a transition
17 is on the table, and it has not been for
18 want of trying to have those discussions
19 that they haven't happened.

20 We're prepared -- we've made as
21 solid a commitment I think as anybody
22 could make on this issue of people not
23 losing their jobs, not getting demoted
24 and working, because I think anybody
25 would -- I think the leadership and

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2 management would agree that this is an
3 organization where today there's some
4 disagreement. On a day-to-day basis, I
5 think there's been an ability to work
6 through all issues together, and I think
7 this is one area where we're confident
8 that those transition issues would get
9 worked out. We're confident of that and
10 prepared to document that commitment.

11 COUNCILWOMAN BROWN: I thank
12 you all for your testimony.

13 Madam Chair.

14 COUNCILWOMAN BLACKWELL: Thank
15 you.

16 Councilwoman Tasco, a
17 follow-up.

18 COUNCILWOMAN TASCO: Thank you.

19 Commissioner, how many
20 vacancies did you tell me you have in the
21 Water Department? You have appropriation
22 power for how many vacancies, how many
23 positions?

24 COMMISSIONER BRUNWASSER: In
25 total, we have probably -- what we do is,

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2 we about half fund vacant positions, and
3 we have in excess of 300 vacancies right
4 now.

5 COUNCILWOMAN TASC0: So why
6 haven't you filled them?

7 COMMISSIONER BRUNWASSER: We --

8 COUNCILWOMAN TASC0: Is there a
9 budget issue with that?

10 COMMISSIONER BRUNWASSER: No,
11 there is no budget issue. We have had a
12 lot of folks leave on DROP in recent
13 years and we have had some difficulty in
14 getting eligibles for some of our
15 positions.

16 (Audience member yelling
17 "hiring fee.")

18 MS. VOLLMER: There's no hiring
19 fee.

20 COMMISSIONER BRUNWASSER: We
21 have been working with the Managing
22 Director's Office and hope to work with
23 Central Personnel to aggressively fill
24 many of our vacancies, but we do have
25 sufficient vacancies to take on everyone

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2 at BRC.

3 One thing I should mention,
4 I've said it in months past, we are not
5 saying anything negative about the union.
6 The union has done a fine job at that
7 site. We had issues back in the late
8 '80s and early '90s when that site was
9 very unpleasant and not operating as
10 nearly as efficiently as it's been
11 operating under in recent years, the past
12 12 years or so. What has happened is a
13 technology change. It's hard to walk
14 away from this new technology. It's
15 not -- although it's not new to -- it's
16 new to us. It's not new in the industry
17 per se, but this is what's happened. And
18 the union, we worked very well with the
19 union in the early '90s to come up with
20 better and better ways to be more
21 efficient with the type of operation
22 that's out there, and we have gone about
23 as far as we can with that operation in
24 efficiency. What we are looking at now
25 is this brand new technology to us, and

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2 that's where the differences lie. If you
3 switch technologies, you need a different
4 skill set in some cases. In other cases,
5 you don't need as many employees, et
6 cetera. And this is what we're dealing
7 with today.

8 COUNCILWOMAN TASC0: If you
9 had, let's say, a forklift driver -- I
10 don't know what the positions are. If
11 you had four positions vacant and they're
12 filled, but a forklift driver is going to
13 transfer from the BRC, so you have five,
14 would you increase it to five or would
15 that person have to do something else?

16 COMMISSIONER BRUNWASSER:
17 Right. It depends on the situation. We
18 know that we have exact same title
19 vacancies for many of the employees out
20 there, but we have also begun to look at
21 equivalent titles which are at the same
22 pay range. But in no case -- if we have
23 to have an overage, with the fact that
24 people have to take sick time from time
25 to time, they have to take vacation time

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2 from time to time, I don't think we'll
3 have a major problem, but I'll let Teresa
4 Vollmer answer that.

5 MS. VOLLMER: The question is
6 whether we'd have five equipment
7 operators rather than one? Yes, we would
8 have five. Number one, we have a lot of
9 people who will be attriting out shortly,
10 because we have lots of people in the
11 DROP program. So even if we had an
12 overage, it would be very temporary. We
13 don't see any issue absorbing people at
14 all. We actually have more vacancies
15 than we have people that are going to be
16 fitted into the vacancies.

17 MR. RAMOS: And we're prepared
18 to work with DC 33 around, again, any
19 transition issues, and we have -- I think
20 there's a good history of being able to
21 work through those issues once that's
22 where we are in the process.

23 COUNCILWOMAN TASC0: Thank you.

24 COUNCILWOMAN BLACKWELL:

25 Councilman Ramos.

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2 COUNCILMAN RAMOS: Thank you,
3 Madam Chair.

4 This is directed at the Water
5 Department. This sounds like a good
6 project, this Synagro project, but
7 something seems to have -- I don't know
8 if the word is "wrong," but it doesn't
9 seem like you had the union in the real
10 process deciding --

11 (Applause.)

12 COUNCILMAN RAMOS: And I say
13 that because if you would have -- and I'm
14 not saying you didn't try, but if you
15 would have, I don't think we'd now be
16 confronted with a partner in this
17 government, which are our municipal
18 unions, getting ready to sit there at the
19 witness table and say that they're
20 opposed to this.

21 I mean, if we look at our
22 unions as partners, then we have to make
23 sure that we walk out as partners and
24 that their concerns are reconciled to the
25 point where we won't have this type of

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2 almost adversarial hearing of the
3 government, the Administration presenting
4 a project. And to a certain extent, it's
5 almost unfair to Synagro, that there is a
6 project and that at least what I'm
7 hearing is that, Yeah, we reached out to
8 the unions, but now we have to move on.
9 And you're not saying it, but I'm
10 interpreting correctly is that you go
11 ahead with them or without them. And as
12 partners, we can't have that type of
13 approach in government, or at least in my
14 view of governing.

15 What are you proposing so that
16 the union can come back into partnership
17 with this idea that here this afternoon
18 sounds like something that is a serious
19 proposition being made by the
20 Administration?

21 COMMISSIONER BRUNWASSER: Well,
22 I do understand the point. Again, we
23 have been in conversation with the union
24 for nearly two years, but --

25 COUNCILMAN RAMOS:

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2 Conversation, you mean meetings where you
3 have exchanged proposals and you've gone
4 back and forth on the details. Because I
5 can have a conversation on the phone with
6 anyone about anything and sometimes it
7 might, either my fault or the other side,
8 the conversation doesn't get anywhere.
9 I'm just conversing. I'm not
10 negotiating. I'm not being necessarily
11 in a conversation being meticulous about
12 sentence two in this contract, in the
13 second paragraph, sentence number two. I
14 mean, was it that exhausting that finally
15 you had to say, We have to move on, or
16 was it just conversations?

17 COMMISSIONER BRUNWASSER: Well,
18 Councilman, again, we started the project
19 back in late 2002, as Mr. Blair has
20 spoken about, and first of all, that was
21 the beginning of evaluating what was out
22 in the marketplace. And we ourselves,
23 although we have lots of engineers and we
24 were into wastewater treatment and we've
25 been involved with the BRC, are not

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2 necessarily experts on what is out in the
3 marketplace, and that's why we contracted
4 with the company Camp, Dresser and McKee
5 as an international expert on biosolids
6 to help us evaluate what was out in the
7 marketplace. It's more of an engineering
8 scientific thing. This is why I made the
9 point that --

10 COUNCILMAN RAMOS: Well,
11 because it was engineering scientific,
12 you left maybe the union out of that part
13 of the process?

14 COMMISSIONER BRUNWASSER: Well,
15 at that point in time, we knew that we
16 wanted to move to all Class A biosolids
17 and we knew that our method of going to
18 Class A biosolids with the technology
19 that we had was composting, which
20 exacerbated an existing odor problem. We
21 could not see, and we cannot today, that
22 we can continue with the process that we
23 have now and meet all of our objectives.
24 And so what we did is hire an expert,
25 worked with a team and do an RFQ/RFP

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2 process to see what was out there. And
3 when we got a proposal that we knew could
4 work, that's when we began to talk to the
5 union and inform them of what we were
6 considering and where it was going.

7 Now, we had eliminated many of
8 these other processes simply from they
9 would not work in Philadelphia or if they
10 have not been proven to work elsewhere,
11 and that's kind of the approach that we
12 took. It's kind of hard to go to the
13 union at the outset and say, Hey, look,
14 we have to change this process. They are
15 experts at the current process, just as
16 we had some people who are experts at the
17 current process, but they probably, most
18 cases, would not know what was out in all
19 of the areas in the country and in the
20 world in doing an efficient job of
21 converting biosolids to Class A and then
22 ultimate disposal.

23 COUNCILMAN RAMOS: I
24 understand. I can follow your answer. I
25 worked in the environmental business, not

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2 in this particular area of the
3 environmental work, but I understand it a
4 little bit. It still doesn't answer my
5 question.

6 What my concern is, why is it
7 that it is not resolved by now? If we
8 started in 2002 to talk to the unions and
9 you treated them as partners, how come
10 we're now hearing an adversarial -- or
11 you guys are in adversarial respective
12 roles?

13 MR. RAMOS: Well, Councilman,
14 if I may add, I mean, I think on this
15 particular issue, there's just a
16 fundamental difference that while we're
17 talking about, whether it's 190 million
18 or 100 million forbearance to the
19 ratepayers to avoid transferring 60
20 positions to equivalent roles or not,
21 there is the fundamental issue, which we
22 understand and respect and track record
23 in this department of working around, and
24 that's that privatization historically is
25 a bad term. We understand it and have

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2 tried to consider other alternatives.
3 The professionals, the engineers, the
4 finance folks in the Water Department
5 have tried to do that.

6 I guess I want to also for the
7 record make one other offer, and I
8 stepped aside for a minute to consult
9 with the City Solicitor, who had been in
10 the corner, and that's that we're
11 prepared to, either by side letter or
12 through mutual agreement with DC 33, to
13 also document as part of our agreement
14 with DC 33 the commitment we've made here
15 today about no layoffs and no demotions.

16 COUNCILMAN RAMOS: Are you
17 referring to within the collective
18 bargaining agreement?

19 MR. RAMOS: Within the
20 framework of the collective bargaining
21 agreement, either by side letter or by
22 mutual agreement, we're prepared to do
23 that.

24 COUNCILMAN RAMOS: Thank you,
25 Madam Chair.

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2 COUNCILWOMAN BLACKWELL: Thank
3 you very much.

4 Are there questions?

5 Councilwoman Tasco, was your
6 mike on?

7 COUNCILWOMAN TASCO: No.

8 COUNCILWOMAN BLACKWELL: Thank
9 you.

10 MR. RAMOS: And I believe,
11 Councilman, if it's by letter, if what's
12 deemed appropriate is a side letter,
13 we're prepared to offer that up today.

14 COUNCILWOMAN TASCO: What is
15 the total cost of the project?

16 COMMISSIONER BRUNWASSER: Do
17 you mean over the 23-year period?

18 COUNCILWOMAN TASCO: What is it
19 going to cost to build and construct?

20 COMMISSIONER BRUNWASSER: The
21 plant itself will cost approximately \$66
22 million, but that is going to be built by
23 Philadelphia Biosolids.

24 COUNCILWOMAN TASCO: Then I
25 have another question. It says that the

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2 City would pay PBS 24.3 million per year
3 during Class A period. What's Class A
4 period?

5 COMMISSIONER BRUNWASSER: Class
6 A period is after the new building is
7 built and is operational.

8 MR. RAMOS: It's 19 to Synagro,
9 plus the energy costs. That's the page
10 that was corrected.

11 MR. BLAIR: I believe that
12 you're looking at the old version of Page
13 15. It says we would pay PBS 25 -- I
14 forget the exact number. We handed out a
15 new version today that splits that number
16 between a payment to PBS of, I believe,
17 19 million and a direct payment of energy
18 costs of about 5.3 million.

19 COUNCILWOMAN TASC0: For the
20 entire years of operation? For what
21 period?

22 MR. BLAIR: That's for the
23 Class A period, the first year of it,
24 which would be around 2010, 2011.
25 Obviously the contract has escalators

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2 that would change those costs over time.
3 No one can hold the same cost for 20-some
4 years. So the contract has built-in
5 escalators that generally follow the
6 Consumer Price Index that would increase
7 the price each year that Synagro -- the
8 price that they would charge us for those
9 services.

10 COUNCILWOMAN TASC0: And it's
11 costing us now how much?

12 MR. BLAIR: Right now it's
13 costing us about \$26-some million to
14 operate BRC.

15 COMMISSIONER BRUNWASSER: 26.2,
16 I believe.

17 MR. BLAIR: Our current costs
18 of operation are shown on Page 8 of the
19 handout, and they're about 26.2 million,
20 and that's for operating costs for
21 capital, for renewal and replacement of
22 the facility, amortized vehicle purchase,
23 for a total of 26.2.

24 COUNCILWOMAN TASC0: Thank you.

25 COUNCILWOMAN BLACKWELL: Thank

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2 you, Councilwoman.

3 We'll ask that you remain.

4 We'd like to now bring forward the union,
5 Sherman Harris, District Council 33, Andy
6 Bond, Mike Keough, Louis Willis and Dave
7 Sharpanski.

8 The Chair would also like to
9 note the presence of Wendell Young from
10 the Retail Clerks and also from Talking
11 Unions. We hear you. Welcome.

12 (Applause.)

13 MR. RAMOS: Councilwoman, thank
14 you for letting us testify. With respect
15 to the letter agreement or that side
16 agreement, we are also prepared to amend
17 our resolution so that the existence of
18 that agreement is recognized in the bill.

19 COUNCILWOMAN BLACKWELL: Thank
20 you. We'll look forward to receiving the
21 document, the letter, and amending the
22 document. Thank you, Mr. Managing
23 Director.

24 COUNCIL PRESIDENT VERNA:
25 Mr. Director, you're staying with us?

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2 Mr. Director?

3 COUNCILWOMAN BLACKWELL:

4 Mr. Ramos?

5 COUNCIL PRESIDENT VERNA:

6 You're staying with us?

7 MR. RAMOS: Yes.

8 COUNCILWOMAN BLACKWELL: Thank
9 you.

10 COUNCIL PRESIDENT VERNA: When
11 do you anticipate that letter will be
12 received?

13 MR. RAMOS: I understand the
14 Solicitor is working on it right now.

15 COUNCILWOMAN BLACKWELL: Thank
16 you. See, the Solicitor thought he was
17 here on another bill.

18 Thank you very much for your
19 patience. We'll ask you to identify
20 yourself for our record, then begin your
21 testimony. Thank you very much.

22 MR. HARRIS: Thank you. Good
23 afternoon, Madam Chairperson and the
24 Committee. My name is Sherman Harris.
25 I'm the Assistant to the President of

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2 AFSCME District Council 33. I'm here on
3 behalf of Mr. Matthews in support of
4 Local 394's position in this Synagro
5 debacle.

6 Originally I was only here to
7 introduce them and thank you for being
8 here, but in sitting here and listening
9 to this testimony, I ask that the Council
10 would just allow me a point of privilege,
11 because as a 20-year member of the Water
12 Department, I'm insulted, I'm upset and,
13 in union terms, pissed off, because this
14 is a bunch of rhetoric that's attacked
15 our members.

16 One of the first questions I
17 asked was the relationship between the
18 Water Department and the Administration
19 of the Water Department. In 1980 when I
20 came to the Water Department, there was
21 labor unrest to holy hell. We fought
22 everything. We came against everything
23 the Department tried to do. Over the
24 years, we got smart. We developed a
25 relationship with the Department where we

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2 partnered with them in trying to resolve
3 the issues that was causing labor unrest.
4 I personally was in one of the first
5 labor management groups at the BRC
6 southwest facility where we sacrificed
7 our attitudes and our positions to walk
8 along with this Department to make
9 changes. During that time, between the
10 '80s and early '90s, we developed a calm
11 workplace where everybody got along. We
12 did what we had to do to make the
13 changes.

14 In 1992, the Department
15 started -- I'm sorry; early '80s, excuse
16 me. In the early '80s when the
17 Department started the de-watering
18 facility, which is the crust of this
19 sludge processing plant, we came in as
20 unknown new technology that they're
21 talking about today. Every member -- you
22 have some that have been here 20. I've
23 got 20-something years. You have quite a
24 few here that's been here. We were all
25 brand new and we became experts in this

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2 field. We learned this process. We
3 helped the Department win award after
4 award after award. For them to sit here
5 today and call us dumb and ignorant
6 because we can't understand technology --

7 (Applause.)

8 MR. HARRIS: -- is insulting.
9 It is very insulting.

10 I personally was a maintenance
11 supervisor during the big crucial '92
12 campaign when they had the same song and
13 dance, if we don't make repairs, we got
14 to lay off or transfer or close this
15 facility. In 1992, union rep, as well as
16 maintenance supervisor, went against the
17 union on some issues, went with the union
18 on some issues, but we sat down and we
19 rolled up our sleeves and we knuckled it
20 out and we made changes that saved the
21 Department \$15 million. Now you come
22 along with a new process. You wait until
23 the end of the process to call us into
24 the room and tell us to eat the process
25 or go along with it, which has been the

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2 attitude they've had the whole time, and
3 now you want to call us dumb and ignorant
4 and we know the process, we are the
5 process. You're looking around this
6 room, there's a hundred some people in
7 here. I believe about a good 50 of them
8 work there. They know the process. The
9 plant manager there, who we have gained a
10 lot of confidence in, he trusts us. This
11 Administration has left him out of the
12 process, as well as us. We're insulted.
13 It's a problem.

14 All we asked from the beginning
15 until now was to let us sit down, look at
16 some alternatives that we believe that
17 will save the City money, will impact the
18 environment of the community and help our
19 union also. They have refused. We were
20 just in a PAC meeting where they
21 specifically said they will not accept
22 any other alternatives. That was the
23 question I asked on the floor. They
24 danced and danced. I asked for a yes or
25 no. Their answer was no, it's Synagro or

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2 nothing.

3 We've had a little passing
4 discussion with Synagro. Synagro, the
5 company, is not our problem. The problem
6 for us is the process that this
7 Administration has brought to the table
8 that has excluded us. That is the issue
9 for us. We know if we sit down six
10 months, 18 months, we will resolve the
11 problems.

12 We agree that changes need to
13 be made. We've been there. We know what
14 has to be done. We agree. We disagree
15 with the way they're doing it. That's
16 the first thing.

17 I need to also talk about the
18 layoffs. And all this will be supported
19 in testimony from Local 394. The layoffs
20 are a shell game. Let's not kid nobody.
21 You got 300 positions that the Department
22 has refused to fill for the last, what,
23 good year, six months to a year. Six
24 months to a year. They've held these
25 positions because they're determined to

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2 shove the Synagro contract down our
3 throat and move our people into
4 positions. If, in fact, however you look
5 at it, if I moved the 92 people, the
6 bottom total on the union side is 92 jobs
7 lost, no matter how you look at it,
8 period.

9 All right. I want to calm down
10 and introduce to my right Mr. Andy Bond,
11 who is the business agent of Local 394.
12 Beside him I have two of a team of
13 employees who presented this package to
14 you. They've researched this package.
15 They've talked with you on numerous
16 occasions. Two employees that are part
17 of a team that I'm proud of, that I've
18 watched work in the last eight months,
19 work diligently. I think 11 o'clock last
20 night, 12 o'clock some nights. They're
21 dedicated employees, and for this
22 Administration to insult them, it hurts
23 my feelings. But there's Mike Keough and
24 Joe Ramos sitting with us.

25 (Applause.)

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2 MR. HARRIS: We also have to my
3 left, we have a few of our stewards that
4 are part of this process. We have our
5 President, Mr. Randall Grove, is sitting
6 there, and our Eastwick PAC member.

7 Just in the front here, it's
8 easy to say we got 150 years of
9 experience. For a department to tell me
10 I don't know what's going on and I can't
11 understand technology, it's crazy.

12 Thank you.

13 Mr. Andy Bond.

14 (Applause.)

15 MR. BOND: Good afternoon,
16 Councilwoman Blackwell and members of the
17 Committee. Before I read my statement, I
18 would also like to make a comment that
19 time and time again we have went to the
20 Water Department to try to work this out.
21 I am not going to say as they said many
22 times, because like they said, they
23 started this process in 2002 and we
24 didn't sit down to start talking until
25 2005. And if we talked a good six or

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2 seven times, then it's not known to me.

3 Now, they keep saying that they
4 hired expert after expert to come in and
5 give them all these analysis. We have
6 the whole AFSCME international behind us.
7 They have research teams. They have
8 municipalities that have the same process
9 that we have that we could have gone, sat
10 down and worked with. We met, but it was
11 more just like Councilman Ramos said, it
12 was just a word game. You sit down. If
13 we say black, they say white. It just
14 went nowhere. It was just, I guess, to
15 hold us off bay until we got to this
16 point, it seemed to me.

17 I took this office ten years
18 ago when Pete Matthews, President
19 Matthews, became President of District
20 Council 33, and at that time, we have a
21 unit in the Water Department called the
22 Distribution Unit. They're the people
23 that fix the water mains that pop in the
24 street.

25 Now, what the Water Department

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2 used to do was, they used to put a
3 million dollars aside for the private
4 contractors to come in at that time of
5 the year to work with us, which at the
6 end of the year we would have to go back
7 and clean up what they messed up. But we
8 sat down and negotiated and worked out
9 what we call a winter schedule. We've
10 been doing that for the last ten years,
11 where we sat down and we have saved this
12 City \$10 million alone, because they
13 would have to put that million dollars up
14 every year.

15 So for them to sit down and
16 just to say -- it's a slap in our face
17 for them to keep saying how dumb we are.
18 These are the people -- there's an old
19 saying down at District Council 33: This
20 City works because we do.

21 (Applause.)

22 MR. BOND: Local 394 has a long
23 history of working cooperatively with the
24 Water Department. Well, then it goes
25 back to ten years ago, which we have

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2 saved them the \$10 million. This was
3 money that the Department always put
4 aside for the contractors to come in and
5 work with us. But at the end of the
6 year, we would have to go back and fix
7 what they messed up. And that was every
8 year, and it would be at cost, because we
9 usually do it on overtime. During the
10 Rendell Administration, we sat down with
11 the people at the BRC and worked and
12 worked and worked diligently and saved
13 the City \$15 million.

14 Our concerns with the current
15 situation are because both Local 394 and
16 concerned citizens in the community
17 surrounding the BRC facility have been
18 deliberately kept out of the loop. And
19 that's what we've been saying all along.
20 They knew that this was coming about.
21 They sat down in 2002, came up with
22 whatever they was and worked on it,
23 worked on it, and kept the union out of
24 this loop. They never sat down and
25 talked to us until 2005.

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2 And all we are asking for is
3 for them to come back and sit down
4 earnestly with us and listen to some of
5 the ideas that we have with modern
6 technology, just as -- I forget his
7 name -- Councilman --

8 COUNCIL PRESIDENT VERNA:
9 O'Neill.

10 MR. BOND: -- O'Neill asked was
11 there other technologies out there that's
12 suitable to what the Water Department
13 needs, and we know firsthand that there
14 are. And one of them was what they
15 talked about, the digestive system, which
16 when I introduce Mike and Joe, they will
17 elaborate on that and explain it to you
18 diligently.

19 So Mike.

20 MR. KEOUGH: Hi. My name is
21 Mike Keough, spelled K-E-O-U-G-H.

22 COUNCILMAN O'NEILL: Get the
23 mike closer.

24 MR. KEOUGH: Sorry. My name is
25 Mike Keough. Thanks for having me.

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2 Please bear with me. It's the first time
3 I testified before Council. I'm going to
4 read a prepared statement.

5 To risk a change in biosolids
6 regulation is low, not high. No
7 significant regulatory changes are on the
8 horizon. PWD administrators continue to
9 overstate the risk. The Water Department
10 also expects the public support for
11 current programs to decrease.

12 In speaking with Pennsylvania
13 and Maryland regulators, there are no
14 plans to halt any land application of
15 Class B biosolids or change any
16 regulations concerning land application.

17 The City's biosolids program
18 has increased land applications in both
19 states and have an excellent record of
20 community cooperation. These land
21 applications have increased 13 percent
22 since Fiscal 2004.

23 These programs are operated by
24 contractors and have been in operation
25 since the Water Department stopped ocean

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2 dumping in 1980. The cost of these
3 programs compare favorably to other east
4 coast cities.

5 Even if regulations affecting
6 land application of Class B biosolids
7 change, we would still not be facing any
8 environmental crisis. The DEP would give
9 the Water Department at least ten years
10 to move out of Class B land application
11 and into new technology. Regulators
12 realize there are hundreds of
13 Pennsylvania municipalities using the
14 same disposal methods and would give them
15 time to make changes.

16 The odors at BRC are
17 manageable. PWD administrators have
18 overstated the significance of odor
19 emissions at BRC as one of the criteria
20 for requesting the contract operations of
21 the plant. The BRC has always operated
22 with the philosophy of continuous
23 improvement and has implemented practices
24 to reduce odors. Before 1995, the site
25 had 19 identified sources of odors.

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2 Currently, BRC has 12 identified sources,
3 and with cooperation from Water
4 Department management and if we implement
5 what we call Plan B, the BRC would only
6 have four identified odor sources, and
7 that's a 79 percent reduction of 1995
8 levels.

9 These reductions in odors will
10 be achieved without major capital
11 investment through existing disposal
12 contracts and improving handling
13 practices. The concern is increasing for
14 the impact of greenhouse gases on global
15 climate change. The Synagro dryer is not
16 the right technology for the Water
17 Department to use if the City is going to
18 make any positive contribution to the
19 reducing of greenhouse gases. The
20 proposed pelletizer will emit large
21 amounts of greenhouse gases and will
22 surpass current BRC emissions as a total.

23 Pelletizer emissions will
24 substantially increase the amount of
25 nitrous oxide, carbon monoxide in the

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2 community already taxed with similar
3 emissions generated by the Sunoco
4 Refinery. These additional emissions
5 will increase the creation of
6 ground-level ozone, acid rain and lead to
7 poor water quality. It is well known
8 that these conditions contribute to
9 respiratory distress and can be seen as a
10 neighborhood complaint of the Synagro's
11 NYOFCo plant in the South Bronx where
12 there was a disproportionate number of
13 childhood asthma cases.

14 Contract operation will save
15 the City money. The original pitch to
16 the City by U.S. Filter for contract
17 operation of BRC was contract operations
18 would save the City money. U.S. Filter
19 decided to pull out of the process when
20 they realized they could not compete with
21 the cost-effective programs ran by BRC.
22 U.S. Filter could not save the City
23 money. Any savings this proposed
24 contract may realize is highly
25 speculative. The Water Department can

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2 only show savings by fabricating
3 scenarios of continued public employee
4 operations that are exaggerated in their
5 assumptions.

6 Water Department administrators
7 jumped to conclusions about the desired
8 technology. The Water Department failed
9 to involve the stakeholders from the very
10 start of the process, a necessary
11 component of a successful long-term plan.
12 Water Department administrators continue
13 to only limit the view of technology
14 options before they develop an RFP for
15 contract operations.

16 There are many good examples of
17 wastewater agencies making serious
18 searches for technologies that best serve
19 their communities. PWD did not do this.
20 Evidence of the inefficiency of this
21 planning process is the City received
22 only one proposal for the operation of
23 BRC. Water Department administrators
24 should have gone back to the drawing
25 board when only one bidder responded to

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2 the RFP.

3 Water Department administrators
4 wrongfully failed to examine options to
5 make improvements through its own staff.
6 The Water Department has been fully
7 capable in the past of carrying out
8 complicated programs and accomplishing
9 cost-effective improvements. Why not in
10 biosolids? The following statement is
11 taken directly from the Water
12 Commissioner's Fiscal 2007 operating
13 budget testimony, Page 13, March 7, 2006.
14 "Our Biosolids Recycling Center has
15 reduced its annual budget from 31.6
16 million in Fiscal '93 to 17.6 million in
17 Fiscal 2000, and 16 million in Fiscal
18 '01. Costs for Fiscal '03 and '04 remain
19 in the \$17 to \$18 million range.
20 Beginning in 1993, an aggressive strategy
21 has been implemented at the facility,
22 including investment in more efficient
23 equipment, the implementation of
24 streamlined work processes negotiated
25 with AFSCME District Council 33, partial

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2 outsourcing of functions we could no
3 longer perform cost effectively, and the
4 adoption of a total quality management
5 program."

6 The Water Department issued a
7 flawed RFP at an unfavorable time,
8 yielding only one proposal. Not only did
9 the Water Department issue a flawed RFP,
10 the Water Department issued an RFP at a
11 time when major firms in wastewater
12 business were reorganizing or had not yet
13 established full capabilities. Several
14 firms today would be able to provide
15 long-term services. Since there are no
16 emergency conditions driving the City to
17 make changes to its biosolids program,
18 the City can take the opportunity to work
19 with Local 394 to implement innovative
20 and cost-effective solutions.

21 Water Department administrators
22 have not fully explored the opportunity
23 to upgrade digesters. Water Department
24 wastewater plants have sufficient
25 capacity in their digester to support

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2 innovative processes that would produce
3 Class A biosolids with low odors. The
4 innovations might also produce more
5 digester gas with energy benefits to
6 reduce the quality of biosolids and save
7 utilization expenses.

8 Opportunities to use digester
9 gas for electricity production will not
10 be possible if the gases have to be used
11 for drying. New types of electrical
12 generation systems and new kinds of
13 combined heat and power systems are being
14 developed in response to new energy
15 conservation goals. If major changes in
16 fuel costs occur or if taxes are imposed
17 on carbon emissions, then benefits to the
18 City using digester gas for maximum
19 electricity production will grow. The
20 proposed Synagro contract will interfere
21 with making optimal use of digester gas.

22 Alternative biosolids processes
23 could be installed with little capital
24 expense to produce improved biosolids.
25 The BRC managers and operators have

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2 experimented successfully with using lime
3 and other materials to make a Class A
4 biosolids and reduce odors. These
5 alternatives are cost-effective
6 alternatives to a dryer.

7 Technology innovations could
8 provide future benefits not seen today.
9 Many innovations have been introduced in
10 the wastewater industry over the past
11 decade. These innovations will most
12 likely allow the City to produce better
13 biosolids products at lower costs in the
14 future, but if the City signs up with a
15 25-year contract with Synagro, then the
16 City will not be able to benefit from
17 these future innovations.

18 I'd like to turn this over now
19 to Joe Ramos.

20 MR. JOE RAMOS: Good afternoon,
21 Councilwoman Blackwell and members of the
22 Finance Committee. I have a few more
23 points to make. My name is Joe Ramos
24 again, as I said.

25 Number one, the Water

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2 Department administrators understated the
3 risk of the dryer technology. They
4 failed to mention the fire hazards and
5 the explosions that have been experienced
6 by many of the pelletizers that have been
7 built across the country and had been
8 occurring with alarming frequency. The
9 media has carried stories about fires and
10 explosions in New York; Toronto; Ocean
11 County, New Jersey; and Lakeland,
12 Florida. This is not a fool-proof
13 technology. In New York City and
14 Baltimore, the dryer operations have had
15 odor problems. Several community groups
16 in the Hunts Point section of the Bronx
17 have organized around their concerns
18 regarding odors and pollution coming from
19 the New York pelletizer. Some of these
20 organizations include the sustainable
21 South Bronx, the Point Community
22 Development Corporation, South Bronx
23 Clean Air Coalition and Mothers on the
24 Move.

25 Point No. 2, the risk of

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2 putting all our eggs in one basket has
3 not really been considered. Very few
4 large cities, including Philadelphia,
5 until now have chosen to put all these
6 processing and distribution programs for
7 biosolids into one outlet. When only one
8 outlet is available in the event of an
9 accident, then the agency is vulnerable
10 to serious disruption. The dryer
11 contract operation makes the City very
12 vulnerable to problems with dryer
13 equipment. The City should be expanding
14 the number of companies participating in
15 its biosolids program, not reducing that
16 number.

17 Poor contractor performance
18 elsewhere has not been adequately
19 considered as a risk factor. Synagro's
20 performance has been attacked by
21 communities in New York City and has been
22 attacked by government officials in
23 Rockland County, New York. Two farming
24 districts in Pennsylvania that have
25 experienced community upset over the

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2 biosolids have been due to Synagro
3 operations. Synagro's reputation in some
4 areas is that the company is heavy-handed
5 and unresponsive to community complaints.

6 The risk to Philadelphia Water
7 Department's wastewater treatment if the
8 contractor fails to perform has not been
9 properly evaluated. The Water
10 Department's compliance with effluent
11 standards depends on removing sludge
12 consistently from its process tanks. If
13 the contractor would ever fail at being
14 able to accept sludges from the three
15 wastewater treatment plants, then
16 Philadelphia would be at risk of
17 non-compliance with its effluent
18 criteria.

19 If the Water Department
20 administrators reassign the entire staff
21 out of BRC, then the experienced Water
22 Department employees would no longer be
23 available to step in and resume
24 operations in a situation of contractor
25 non-performance. Since Philadelphia is a

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2 uniquely large contract, no alternate
3 private contractor is likely to be found
4 by the City to replace Synagro in the
5 event that the Synagro contract is
6 terminated for non-performance. This
7 fact itself might interfere with the
8 possibility the City could successfully
9 deal with contract non-performance. The
10 City might be forced to accept inferior
11 service or pay additional costs.

12 The risk of the cost of energy
13 is another factor. The dryer technology
14 will use a vast quantity of natural gas
15 to dry these biosolids. Over the past
16 two years, gas prices have varied by 60
17 cents a therm. Since the dryer may use
18 up to 5 million therms a year, this is a
19 variable cost of up to \$3 million a year.
20 The risk for this unpredictable cost is
21 borne entirely by the City's ratepayers,
22 as stated within the contract proposal.
23 Because of the potentially high cost of
24 gas in the future, many other cities in
25 the world have avoided using dryer

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2 technology.

3 The cost savings of the
4 contract are exaggerated vastly. The
5 administrators have falsely projected
6 high savings by making unreasonable
7 claims for future costs of the current
8 program. These false projections cause
9 the current operation to appear expensive
10 in comparison. Water Department
11 administrators have made no allowance for
12 change orders that the contractor may
13 seek from the City in the case of
14 unforeseen cost increases. Elsewhere
15 Synagro has aggressively sought such
16 changes when the contract has been lean.

17 The price offered by Synagro to
18 Philadelphia may be falsely low to
19 capture the contract. As the old saying
20 goes, if the deal looks too good to be
21 true, then it probably is.

22 (Applause.)

23 MR. JOE RAMOS: The cost to the
24 City of Baltimore of its contract for
25 de-watering and drying its sludge is

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2 about \$600 a dry ton. Sacramento is
3 paying about \$700 a dry ton. How can
4 Synagro offer to do it for Philadelphia
5 for \$350 a dry ton? You have to ask
6 yourself.

7 The Water Department
8 administrators have not adequately
9 considered the possibility that Synagro
10 may have low-balled its costs in order to
11 get the contract first and then dismantle
12 our ability to operate the facility so
13 they can negotiate a better deal.

14 Finally, the benefits of the
15 pellets themselves are exaggerated.
16 Biosolids pellets themselves can cause
17 community problems, as they can catch
18 fire, they emit odors when they are
19 re-wetted and they are not of high value
20 to farmers as fertilizers. The existing
21 supply of biosolids pellets from New
22 York, Boston and Baltimore has already
23 overwhelmed the market, so that the
24 pellets can no longer be sold for a
25 positive cash flow. Every day around the

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2 country large quantities of pellets end
3 up in landfills anyway.

4 And that concludes my comments.

5 I will turn it back to Andy.

6 (Applause.)

7 MR. BOND: Thank you. Before I
8 go back to my statement, I just want to
9 elaborate a little bit on this about them
10 talking about filtering District Council
11 33 into different spots in the Water
12 Department. I want you to get a clear
13 understanding here. We are down by 300
14 employees in the Water Department. A few
15 months ago, talking to Bernie Brunwasser
16 back and forth, the Managing Director had
17 allotted us 180 positions to be filled.
18 So that left 120. Where do you think the
19 120 is supposed to come from? BRC.

20 They are playing a shell game.
21 And those are 120 positions that will
22 never be filled again if you contract
23 this facility out. See, nobody is
24 looking at that. We are losing those
25 jobs. They will never be filled again.

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2 So for them to sit here and say
3 no one is going to be laid off, no,
4 they're not going to be laid off. We're
5 going to lose the positions, and that's
6 the problem. See, they come here and say
7 this Synagro like it's the pie in the
8 sky, but they're not telling you
9 everything.

10 We have two vendors that's
11 going to testify here today that will
12 show you that they can do it more
13 efficiently and cost effective.

14 (Applause.)

15 COUNCILWOMAN BLACKWELL: Good
16 afternoon.

17 MR. COIA: Good afternoon.

18 COUNCILWOMAN BLACKWELL: Please
19 identify yourself for the record before
20 you make your testimony and let us know
21 the name of your company.

22 MR. COIA: It would be a
23 pleasure to do so.

24 I want to thank you. My name
25 is Michael Coia. I'm the General Manager

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2 of a company Applied Reclamation
3 Techniques. I'm a civil and
4 environmental engineer with over 25 years
5 experience in various aspects of
6 environmental consulting and construction
7 operations. I practiced in the greater
8 Philadelphia for the majority of my
9 career. I've been involved in the last
10 five years with a number of projects
11 involving Philadelphia, as well as the
12 anthracite region of the coal industry
13 and I've met a number of you folks and
14 Council representatives trying to bring
15 dredge materials up to reclaimed mine
16 sites up in the anthracite region.

17 We've also been working with
18 the Philadelphia Water Department for a
19 number of years in looking at options
20 that currently exist. One of the
21 premises that was discussed earlier today
22 is odd as professional servicing
23 environmental activities. Councilperson
24 asked about high technology, cutting-edge
25 technology. There's low-end technology

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2 that is just as proven effective and
3 being applied elsewhere in this country
4 to make Class A product. Class A product
5 is not only done by composting and it's
6 not only done by pellets. There's plenty
7 of other ways to do it that are proven,
8 and other cities are doing it every day
9 of the week.

10 The approach that we developed
11 in concert with the Philadelphia Water
12 Department's BRC staff -- and we actually
13 worked with the BRC staff and with
14 Philadelphia Water Department engineering
15 management staff in technology
16 development. These are people that,
17 curiously, didn't testify today, but they
18 have been involved with looking at a
19 number of different technologies. Those
20 technologies have been referred to as
21 Plan B. You've heard some discussion
22 about Plan B earlier today.

23 That Plan B set of options
24 continues to be seen as technically
25 acceptable within the Water Department,

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2 within the BRC staff, environmentally
3 superior to the current operations that
4 are there. Everyone knows that the
5 current operations of composting need to
6 change. These technologies that can be
7 applied are technically and
8 environmentally superior and will be far
9 less costly, both with comparison of the
10 existing prices that are being paid by
11 the Water Department and the proposed
12 pricing that is in front of you with this
13 privatization approach.

14 We believe that under Plan B
15 there are plenty of opportunities for
16 Class A low-odor, treated product to be
17 taken up for reclamation of mine sites
18 and other impacted areas as cover soils.
19 It's being done elsewhere. It can be
20 done here. The technology was
21 demonstrated at the bench level and at
22 pilot scale level with the BRC staff over
23 the past few months in concert with
24 trying to get an alternative to this
25 privatization approach.

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2 So the BRC themselves has a
3 plan and has an opportunity to do another
4 alternative besides making pellets or
5 doing composting. It's just not in the
6 management plan that seems to be moving
7 forward as being reflected in this
8 privatization approach.

9 My company, Applied Reclamation
10 Techniques, previously submitted a
11 proposal to the Philadelphia Water
12 Department to manage Class A biosolids
13 for the production of manufactured soils.
14 This would be used in mine reclamation
15 and other environmental reclamation
16 programs. Our proposal will implement
17 Class A biosolids treatment and produce
18 manufactured soils at far less costs than
19 the current Philadelphia Water Department
20 composting costs and far less costs than
21 what is in front of you with the
22 privatization proposal.

23 As I understand privatization
24 in general -- and I'm not an economist.
25 I'm a civil and environmental engineer --

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2 the City is supposed to pay less and it's
3 supposed to have less risk and it's
4 supposed to have longer-term benefits to
5 the City than currently doing it
6 themselves or, as was earlier described,
7 revamping your own internal processes to
8 do it better yourselves with your own
9 staff. I believe that in review of this
10 privatization proposal that's in front of
11 you, that it neither captures a financial
12 benefit nor does it capture any kind of
13 risk benefit for the City.

14 Privatization in some cases may
15 represent a sound municipal contracting
16 policy when total costs and operational
17 risks are reduced below those of current
18 or anticipated operations. The Synagro
19 Biosolids privatization contract
20 accomplishes neither of these objectives.
21 We believe that the privatization
22 approach would contractually obligate the
23 City to pay significantly higher costs,
24 while bearing the same or perhaps even
25 higher risks.

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2 A thorough evaluation of
3 current Class A biosolids management
4 approaches which can be implemented over
5 the next 12 to 24 months should be
6 considered in light of the poor choice
7 that is currently in front of the
8 Department. In particular, I would like
9 to highlight some positive considerations
10 from our proposal and that of the work
11 that was done by numerous professionals
12 with the BRC staff and the Philadelphia
13 Water Department's engineering staff over
14 the past two years.

15 First off, significantly lower
16 costs. It is estimated that the future
17 total costs for the City implementing
18 biosolids management in the manner in
19 which the very union staff and BRC
20 operating people at the plant want to do
21 would put costs in the range of \$80 to
22 \$90 per wet ton, not the \$26 million
23 that's the bogey that's set up in the
24 current privatization spreadsheet that
25 you see.

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2 The Controller's own report has
3 demonstrated to you that these numbers
4 that are in that tabular summary probably
5 owe themselves to be reinvestigated
6 further. I'm not saying they're wrong,
7 but they ought to be reinvestigated
8 further.

9 I believe that the \$80 to \$90
10 per ton bogey is really the bogey that
11 somebody should be shooting at. And when
12 you look at 200,000 tons a year that the
13 Water Department worries about, we're
14 talking about \$18 to \$19 million. That's
15 the target that the very staff that are
16 sitting here, these professionals that
17 have been operating the plant very
18 successfully, are shooting at to get at.
19 I don't know where \$26 million comes
20 from, but it's tabulated as being a
21 number.

22 The projected biosolids costs
23 are significantly less than Synagro's
24 proposed service fee, not to mention the
25 additional requirement of the City to pay

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2 the Synagro natural gas fuel costs. And
3 it was previously discussed about what is
4 the real price of natural gas as we move
5 forward, what price per therm should we
6 be talking about.

7 We believe that the overall
8 privatization proposal that are in the
9 range of about \$122 a ton, \$125 a ton are
10 way over the cost of what it should be to
11 implement a Class A alternative strategy.
12 Our proposed Class A manufactured soils
13 program would cost the City a total
14 projected long-range cost of about \$80 to
15 \$90 a ton, and that assumes that the
16 current Philadelphia Water Department BRC
17 staff are doing the Class A treatment
18 approach and then the materials are moved
19 up from manufactured soils placement.
20 That's a total cost of \$80 to \$90 a ton.

21 It's been stated earlier that
22 the City placed a requirement that these
23 operations be already demonstrated having
24 been done by the contractors that are
25 doing work and with a technology that's

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2 proven. I'm certain that the
3 Philadelphia Water Department with a
4 properly-put-on-the-street RFP for
5 manufactured soils would be able to
6 garner a total cost of \$80 to \$90 a ton,
7 not \$120 a ton. That's 50 percent
8 difference in cost. Well, my world of
9 privatization, as an environmental
10 engineer, I'm not sure a \$50 increase in
11 the bogey is necessarily a target that
12 one should be putting up on a pedestal as
13 being the best opportunity that someone
14 could have gone and solicited.

15 Next topic, preservation of
16 business activities and jobs in the City
17 and in the region. Under the current
18 high-cost privatization scheme, job
19 losses in the City would include, but are
20 not limited to, the union staff at the
21 BRC. We've heard a lot of discussion
22 about the union jobs that are going to be
23 lost at the BRC. What about the related
24 jobs of the industry that moves materials
25 out? What about the related jobs that

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2 could be in the ultimate location where
3 this material could be placed?

4 We project that at least 100
5 jobs could be cut at the BRC alone and
6 another 120 to 200 jobs in the region,
7 which is not just Philadelphia, it's
8 other counties adjacent to Philadelphia.
9 Those jobs in directly related industries
10 will be adversely affected.

11 Under privatization, income to
12 the local and regional companies whose
13 services currently support the BRC
14 services will be impacted negatively.
15 Our proposed alternative for Class A
16 manufactured soils production preserves
17 many of the BRC jobs expected to be cut
18 by the Synagro contract and would
19 preserve and expand other related jobs,
20 not only in the City of Philadelphia but
21 in other related areas. The City and the
22 regional economy will be improved by
23 another alternative for Class A
24 production of materials that's not
25 pelletization.

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2 Another topic, decreased risks
3 of sole sourcing biosolids management.
4 The City's BRC program has consistently
5 and effectively managed the risks
6 associated with biosolids management by
7 not allowing a single contractor to be
8 responsible for either land application
9 or other ways that the City currently
10 disposes of their materials.

11 The City's BRC has successfully
12 utilized a flexible program with multiple
13 contractors and multiple outlets of
14 biosolids management and maintains a
15 proven program. There's already
16 discussion of the BRC folks limiting and
17 eliminating composting. The elimination
18 of composting and the replacement with
19 another alternative is one of the avenues
20 that the union supports moving forward
21 with. Acceptance of the Synagro
22 privatization scheme will render the City
23 completely dependent on one single
24 contractor.

25 As recent history has shown,

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2 even corporations that appear to be the
3 most effective and financially sound and
4 have done the project in multiple cities
5 and have success in multiple cities, even
6 those companies can fail and do something
7 unexpectedly. If significant problems
8 arise with future privatized operations,
9 the City will incur all of the risks
10 without any of the available biosolids
11 management personnel in experienced
12 positions that currently are being
13 successfully implemented.

14 Our proposed Class A mine
15 reclamation program would fit very well
16 in the current BRC mixture of biosolids
17 management approaches and contractors.
18 Flexibility will be maintained and
19 shorter term, ten-year perhaps,
20 contracting vehicles will be available.
21 It is highly likely that multiple
22 contractors, not only my company but
23 multiple contractors, will be capable and
24 interested in bidding on the bringing up
25 of Class A biosolids for mine

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2 reclamation.

3 Finally, when this Class A
4 manufactured soils program can be
5 implemented with a number of other
6 biosolids management alternatives, such
7 as the EnerTech technology that is going
8 to be discussed next, this will offer the
9 ability for the Philadelphia Water
10 Department management to continue in
11 their current operations.

12 Last topic. It was talked
13 about earlier that approximately 70 acres
14 of this site could be made available and
15 a number of those acres could be made
16 available for other activities. We
17 believe that there's availability of
18 additional long-term public/private
19 partnerships that can arise and should
20 arise once an alternative set of programs
21 are being implemented by the Philadelphia
22 Water Department.

23 Under our proposed Class A
24 manufactured soils program, the City will
25 benefit from additional public/private

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2 partnerships, which can be implemented at
3 the BRC site. It is not necessary to
4 wholistically say that it's either a
5 public work or a private contractor doing
6 the work. There's opportunities for
7 public/private partnerships that can
8 evolve as long as all parties are willing
9 to sit and talk to each other at the
10 table.

11 Under a program that we are
12 currently developing with District
13 Council 33 and EnerTech, additional City
14 jobs would be created by the development
15 of a large renewable energy production
16 facility. Why look at this vacant land
17 as just vacant land? Why not consider
18 the production of renewable energy,
19 biodiesel and ethanol, right in our own
20 backyard in a facility that is already on
21 Philadelphia land, where there will be
22 the ability to utilize additional
23 District Council 33 jobs that could
24 create additional revenues for the City
25 and additional ratables from that

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2 industry?

3 We're currently working with
4 AFSCME District Council 33, along with
5 Pennsylvania and federal government
6 authorities, for the development of this
7 facility, which would utilize portions of
8 the current BRC site as part of a
9 successful implementation of alternate
10 Class A technologies discussed here
11 today.

12 Once again, I thank you for the
13 opportunity to speak on behalf the
14 union's position.

15 (Applause.)

16 COUNCILWOMAN BLACKWELL: Thank
17 you very much.

18 Please identify yourself for
19 the record.

20 MR. BRINDLEY: Good afternoon,
21 Councilwoman and members of the Finance
22 Committee. My name is Don Brindley. I'm
23 the Vice-President of Eastern Projects
24 with EnerTech Environmental. The company
25 is based in Atlanta, Georgia, and despite

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2 the fact that we've been in existence
3 since 1994, we probably fall into the
4 cutting-edge technology piece of the
5 evaluation.

6 In the interest of time, I
7 promise to be brief.

8 I am currently employed by
9 EnerTech Environmental as Vice-President
10 of Eastern Projects. I am a life-long
11 resident of the Philadelphia area and
12 hold a BS degree in chemical engineering
13 from Drexel University and have over 20
14 years of experience in the water and
15 wastewater industry.

16 In July of 2005, our
17 Vice-President of Biosolids Projects,
18 Mr. Ray Kearney, submitted a proposal for
19 an alternative long-term biosolids
20 management plan to the Philadelphia Water
21 Department. Ray is a nationally
22 recognized expert in the regulation and
23 management of biosolids with over 35
24 years of engineering experience. That
25 proposal detailed plans to construct an

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2 EnerTech SlurryCarb Facility at the
3 Philadelphia Biosolids Recycling Center,
4 similar to the plant that we are
5 currently constructing in Rialto,
6 California. The Rialto facility will
7 process 675 wet tons per day of
8 biosolids -- very similar in size to the
9 facility we're talking about in
10 Philadelphia -- from five regional
11 municipal authorities and will produce
12 120 tons per day of E-fuel, a coal-like
13 product certified by both the California
14 Energy Commission and the Green-E
15 Renewable Electricity Certification
16 Program as a renewable fuel.

17 Our proposal in July detailed
18 the following benefits for the
19 Philadelphia Water Department versus the
20 privatization plan that is currently
21 being considered: Number one, an
22 environmentally friendly, long-term
23 biosolids recycling solution that places
24 the Philadelphia Water Department at the
25 forefront of advanced technological

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2 solutions;

3 Number two, a biosolids
4 recycling solution that aligns well with
5 industry trends and eliminates
6 agricultural land application of the end
7 product. Very important;

8 A method of biosolids
9 utilization that renders no by-product
10 and, therefore, no long-term contingent
11 liability for the Philadelphia Water
12 Department;

13 Another very important issue as
14 well, a process that will consume 60
15 percent less energy and mitigate the risk
16 of natural gas price escalation;

17 A renewable energy component
18 that will generate E-fuel to support
19 biodiesel and ethanol production at the
20 envisioned renewable energy production
21 facility at the Philadelphia BRC site;

22 The retention of all existing
23 BRC personnel and the addition of 15 to
24 20 Philadelphia Water Department
25 operations staff;

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2 And in conjunction with our
3 partners at Applied Reclamation
4 Techniques, we'll provide the City with a
5 diversified portfolio of Class A
6 biosolids disposition strategies and
7 renewable energy alternatives.

8 Thus, we see real potential for
9 synergy between the financial,
10 environmental and societal objectives of
11 the City of Philadelphia and what our
12 company has to offer.

13 We very much appreciate your
14 time and consideration today and are
15 committed to speaking or meeting with
16 anyone that this Committee thinks
17 appropriate to consider and evaluate the
18 EnerTech and Applied Reclamation
19 Techniques' offering that we would like
20 to develop. I would be glad to answer
21 any questions at this time.

22 COUNCILWOMAN BLACKWELL: Thank
23 you very much.

24 Are you prepared for questions
25 now, gentlemen?

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2 MR. BOND: Sure.

3 COUNCILWOMAN BLACKWELL: Thank
4 you.

5 Councilman O'Neill.

6 COUNCILMAN O'NEILL: I think
7 the Council President was just stating
8 that this is really something the Water
9 Department has to respond to, but I just
10 want to make sure I understand, because I
11 was very interested in reading through
12 this whole package that the union had
13 presented. Plan B really drew me in
14 because it's the Water Department's Plan
15 B. It's not the union's Plan B. And so
16 I was interested in it. And then going
17 to the conclusion page, No. 2 and No. 7
18 particularly deal with odors from
19 composting going away, because there's
20 not going to be any composting.

21 MR. HARRIS: No composting at
22 all.

23 COUNCILMAN O'NEILL: So
24 composting/odors, no longer an issue
25 under Plan B.

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2 MR. HARRIS: Correct.

3 COUNCILMAN O'NEILL: I just
4 want to make sure that's clear.

5 MR. BOND: That's correct.

6 COUNCILMAN O'NEILL: I also
7 want to make sure it's clear, because the
8 Council President also asked me, were
9 these two proposals that we just heard
10 from submitted to the Water Department?
11 And there's a difference, as I explained,
12 between something that was submitted to
13 the Water Department, which I believe
14 both of yours have been, and the RFP,
15 which you couldn't respond to because it
16 was targeted to a different technology
17 than yours. So only somebody with the
18 pellet technology could respond to it.

19 So, one, no composting, no
20 odors. Two, the two distinct and
21 different but both using City forces, one
22 may actually increase the jobs that the
23 City has before the Water Department and
24 the Water Department has actually worked
25 with those proposals, but were rejected

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2 clearly by the RFP, which limited itself
3 to a particular technology that neither
4 of those could respond to legitimately.

5 MR. HARRIS: That's correct.

6 COUNCILMAN O'NEILL: Just as a
7 sort of laying a foundation I'm just
8 trying to do here, because I think the
9 Water Department really has to respond to
10 this. Because as I look at what has been
11 described as the problem, the smell, the
12 odors, which we know are coming from
13 compost, the union officials that are
14 here and their employees from the BRC,
15 you understand that composting could be
16 yesterday's news, but it doesn't mean
17 that you have to be yesterday's news.

18 MR. HARRIS: That's correct.

19 COUNCILMAN O'NEILL: And it
20 doesn't mean that there isn't a better
21 alternative to -- forgetting the
22 privatization issue -- to the pellet
23 proposal.

24 MR. HARRIS: That's correct.

25 MR. BOND: That's correct.

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2 MR. COIA: Can I respond to
3 that quickly?

4 COUNCILMAN O'NEILL: Yes.

5 MR. COIA: In fact, the plans
6 that are Plan B have composting out of
7 the equation, have the staff reductions
8 that would have been according to the
9 composting being eliminated. Those staff
10 positions, I believe the union has
11 already clarified that they have accepted
12 that that's going to be. So if one sets
13 as the bogey, if you will, of the target
14 and says that all the staff are still
15 there and that composting is still there
16 and the attendant costs and risks and
17 odors and all issues associated with it
18 are still in the equation, I submit that
19 that's the wrong bogey to be putting --

20 COUNCILMAN O'NEILL: So what
21 you're saying, I believe, is that we
22 shouldn't be comparing in all the cost
23 savings and what will happen if this
24 legislation is passed, we shouldn't be
25 comparing it to what's going on today

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2 with composting and a number of employees
3 needed to make it work. It should be
4 something different, like comparing the
5 proposal that's in front of us in the
6 legislation with Plan B.

7 MR. BOND: Correct.

8 MR. COIA: That's correct.

9 COUNCILMAN O'NEILL: And that's
10 not been presented to us by the Water
11 Department.

12 MR. COIA: As I understand
13 it --

14 COUNCILMAN O'NEILL: And the
15 savings, for instance, that we heard
16 about, whether we go by the Water
17 Department's numbers of 90 million or the
18 Controller's numbers of 40 million, the
19 present value savings over the period of
20 this contract, we don't have the present
21 value savings of going to either of your
22 technologies.

23 MR. COIA: Correct.

24 COUNCILMAN O'NEILL: Which you
25 had mentioned 80 to 90 on the one. I

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2 mean, in other words, your position is
3 that there would be more savings and we
4 shouldn't be comparing it to something
5 that we know isn't going to stay with us,
6 because something is going to change.

7 MR. COIA: Yes. Our specific
8 proposal --

9 MR. BOND: Let me make --

10 COUNCILMAN O'NEILL: And how
11 many positions, while I'm on it, because
12 I'll just leave it with this, how many
13 positions are involved in the reduced
14 number of employees that the union has
15 already agreed to if we do away with the
16 composting, as we are doing now, and go
17 to Plan B?

18 MR. HARRIS: Thirty-three
19 minimum, no more than 40.

20 COUNCILMAN O'NEILL: That would
21 be doing the job at that time?

22 MR. HARRIS: Right.

23 COUNCILMAN O'NEILL: Thank you.

24 MR. BOND: Let me clarify one
25 thing. No matter what happens, no matter

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2 what happens, there's already been an
3 agreement that compost is gone --

4 COUNCILMAN O'NEILL: Okay.

5 MR. BOND: -- as of February.

6 They will start to eliminate the
7 composting.

8 COUNCILMAN O'NEILL: But all
9 these numbers are compared to composting.

10 MR. BOND: See, and that's what
11 we were saying all along. Why wouldn't
12 they bring the numbers in from when we
13 already downsized? That's where they
14 should have started the numbers at.

15 COUNCILMAN O'NEILL: Right.

16 MR. BOND: Because those would
17 be the true numbers. Because starting
18 February, the composting is supposed to
19 be gone. Those employees that work there
20 will be infiltrated into the Water
21 Department.

22 See, one thing about this that
23 we haven't discussed, the first five
24 years of this contract, nothing changes.
25 Nothing changes. They will still be

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2 doing what's going on. And plus they're
3 kind of going in reverse because they're
4 going to use a solution that's called
5 mine mixing that has a worser smell than
6 you ever --

7 COUNCILMAN O'NEILL: That's No.
8 7 on your conclusions.

9 MR. BOND: Yes.

10 COUNCILMAN O'NEILL: Okay.

11 MR. BOND: So composting is
12 gone regardless.

13 COUNCILMAN O'NEILL: Now, let
14 me make sure I understand what you just
15 said. If this legislation doesn't pass,
16 composting is gone in February and the
17 odor associated with composting is gone
18 in February.

19 MR. BOND: Yes.

20 MR. HARRIS: Odor and cost.

21 COUNCILMAN O'NEILL: And cost,
22 but particularly the odor. Councilwoman
23 Verna's constituents are not concerned
24 about the costs, from what I understand.
25 They're concerned about the odor.

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2 MR. BOND: There's going to be
3 three issues: Odor, cost and aesthetics.

4 COUNCILMAN O'NEILL: Okay.

5 Now, if we pass this and the pellet
6 operation comes in, that composting with
7 its attendant odor will continue for five
8 years?

9 MR. HARRIS: No.

10 COUNCILMAN O'NEILL: Or
11 something else will happen?

12 MR. HARRIS: No. What we're
13 saying nothing changes, basically the
14 first three to five years of the contract
15 allows the contractor to come in and
16 build his building. While he's building
17 that building, he's going to do what
18 we're going to be doing anyhow.

19 COUNCILMAN O'NEILL: Oh, okay.

20 MR. HARRIS: The current staff
21 anyhow is going to stop composting and
22 clean the site. Now they're going to
23 move out 60 people or say 92 people and
24 put in 25 people to do the same thing
25 we're going to be doing anyhow, and I'm

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2 not sure --

3 COUNCILMAN O'NEILL: So for
4 five years, the same thing is going to be
5 going on. There won't be any odor, but
6 there also won't be any pellet operation.

7 MR. HARRIS: Right.

8 COUNCILMAN O'NEILL: So if the
9 biggest issue is odor -- and for people
10 that live around there, I'm sure that's
11 the biggest issue. Aesthetics probably
12 isn't a bad item either, but it's gone in
13 February.

14 MR. HARRIS: That's correct.

15 MR. COIA: Mr. Councilman, if
16 you would look at other technologies that
17 have been proven and are being used
18 around the country to make Class A
19 materials, odors are solved with those
20 techniques as well.

21 COUNCILMAN O'NEILL: All right.

22 MR. COIA: So eliminating
23 composting and eliminating odors still
24 requires something else to be done or
25 else there's going to be 60,000 tons of

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2 stuff that has to go to the landfill.

3 COUNCILMAN O'NEILL: I
4 understand. It doesn't disappear. Okay.

5 COUNCILWOMAN TASC0:
6 Councilman, what's happening? Where is
7 the composting going?

8 COUNCILMAN O'NEILL: Go ahead.

9 MR. HARRIS: Composting is a
10 process that it's become costly and, of
11 course, an odor problem.

12 COUNCILWOMAN TASC0: So what
13 happens to it?

14 MR. HARRIS: So basically you
15 change the way you do your sludge.
16 You'll do more of landfill and more of
17 what they call land applications, which
18 is farmland applications. Now, of
19 course, what we all agree with, the
20 Department as well as us, is that you
21 need a good Class A. And we want to
22 clarify something. Pellets is not the
23 issue. It's Class A. And Class A just
24 simply takes more pathogens out of the
25 sludge and it will be used for more

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2 things and applied more places, create a
3 bigger market for disposal. That's all
4 that's going on here.

5 So the pellets are pretty and
6 everything. That's fine. But if it's
7 not a Class A, the pellet doesn't mean
8 anything. Class A is the crucial thing
9 here.

10 Composting is the current way
11 of making a Class A. It has become
12 obsolete, period. We all agree. We
13 don't disagree with that. The problem is
14 that they're selling you pellets is the
15 only way to make a Class A. We're saying
16 it's not. That's not true. As you can
17 see in our packet, we've become --
18 they're educating us every day. As we
19 research this contract, we're finding
20 there's plenty of other ways to make
21 Class A. They are trying to smoke screen
22 that system and tell you there's only one
23 way, is these pellets. These pellets are
24 just a process that Synagro uses to make
25 money, which we have no problem with.

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2 But we do agree Class A has to be a
3 definite part of the problem, period.

4 MR. COIA: In fact, internally
5 within the Philadelphia Water
6 Department's own staff capabilities, I'm
7 very impressed as a consultant/contractor
8 with the capabilities of the engineering
9 and development personnel who sit here in
10 Philadelphia, as well as the people that,
11 as you say, make it work every day out at
12 the BRC. Those very people who have been
13 in the developmental stage are experts in
14 the country and the world on
15 innovative --

16 COUNCILMAN O'NEILL: Can I just
17 ask you to take a break? I think it
18 might be helpful.

19 MR. COIA: Sure.

20 (Short recess.)

21 COUNCILWOMAN BLACKWELL: We
22 will resume our hearing. Thank you for
23 your patience, and we will resume our
24 testimony.

25 Are there any other questions

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2 from members of the Committee?

3 (No response.)

4 COUNCILWOMAN BLACKWELL: And I

5 know, Councilwoman, that you wanted to

6 ask the Water Commissioner a question.

7 So we'll ask Commissioner Brunwasser to

8 be available as soon as we're finished

9 here, and then we'll hear from PAC,

10 Tyrone. And is Donna Henry here? I

11 don't think I saw her. Oh, there you

12 are. Then we'll hear that testimony.

13 MR. BOND: You had heard from

14 Local 394 and the members of District

15 Council 33. I am here today to ask you

16 to put off voting the Synagro proposal

17 out of Committee for these three reasons.

18 We would like for you to follow the past

19 procedures allowing Local 394 to sit at

20 the table during discussions about

21 solutions to the City's biosolids

22 recycling needs, instruct the Water

23 Department to earnestly sit down with

24 Local 394 and take advantage of the

25 experience members bring to the table,

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2 and to work with the union to develop new
3 alternatives that will be less costly and
4 more effective, more efficient, and, most
5 importantly allow Local 394 at least two
6 years to work with the Water Department
7 to come up with an alternate plan. And
8 that's all we're asking for. We're
9 asking for them to sit down with us for
10 two years, because for the first five
11 years, nothing happens. So why they
12 can't give us two years, why is it a
13 great rush for this? That is something
14 we just don't understand.

15 And we'd like to thank you for
16 hearing our concerns.

17 COUNCILWOMAN BLACKWELL: Thank
18 you very much. We appreciate your
19 testimony and your patience and the
20 attendance of you, the union and all who
21 are here. Thank you very much.

22 MR. HARRIS: Thank you.

23 COUNCILWOMAN BLACKWELL: We
24 would now like to hear from Eastwick PAC
25 and Southwest CDC. I'm sorry. After

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2 them, I did promise -- I'm sorry.
3 Commissioner, would you come forward as
4 well.

5 That's all right.
6 Commissioner, the Councilwoman is happy
7 to wait until after the community
8 testifies. So we have two more
9 individuals to testify and then we'll
10 call you. Thank you.

11 Welcome.

12 MR. BEVERLY: Good afternoon,
13 Councilwoman Blackwell, Chairman, and
14 Councilmembers. I'm from the Eastwick
15 PAC, Project Area Committee, which is one
16 of the largest community groups of --

17 COUNCILWOMAN BLACKWELL: Please
18 identify yourself for the record.

19 MR. BEVERLY: My name is Tyrone
20 Beverly. I'm a member of the Eastwick
21 PAC, on the Board. Also, I am a resident
22 in the area and I did experience the
23 smell at the plant.

24 For several years -- I've been
25 there for 23 years, and during that time,

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2 I have seen where the City had worked
3 very diligently to try to curb that
4 smell. As of now, we are experiencing a
5 better condition out there in Eastwick in
6 reference to the smell. There was a time
7 at your dinner hour you could not have
8 dinner, but that particular problem has
9 sort of subsided over the years.

10 I would like to say that we
11 attended a meeting in reference to
12 Council President Verna whereby the
13 community had some questions. I don't
14 think we have enough information for us
15 to go forward to entertaining anything
16 from Synagro at this time. We need more
17 time, more data, and we need to have a
18 clear understanding where Synagro is
19 going. For us to have lack of
20 information to know whether this
21 particular new plant is going to be
22 combustible, how will it fit in with
23 Runway 1735 with the new airplanes coming
24 over, what's going to be much closer,
25 what will be the effect. We're the

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2 highest cancer rate area in the City, and
3 I'm saying that we need to be looked at
4 in a different way than what we're being
5 looked at as far as us having a new plant
6 and don't have the data.

7 We cannot support at this time
8 not having them coming to a PAC meeting
9 whereby we can sit down and get the
10 information that we need to be a viable
11 community that will not have these health
12 issues, will not have this new smell.
13 And we need to know who we're going to
14 talk to when we have the problem. Right
15 now we can call you, the Council-At-Large
16 and I call our Councilperson in reference
17 to the problem. How will we talk with
18 Synagro? What, are we going to have a
19 third-party system? And we're concerned
20 about that. We're your constituents.
21 We're the residents, and as a resident
22 and one that lives on Lindbergh very
23 close to the plant, I'm concerned. And I
24 do have a wife that has cancer, and I
25 have a major concern out there.

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2 When I moved there -- I'm not
3 saying cancer couldn't have come to my
4 wife, but I know now my wife has cancer
5 and she has cancer of the throat, and I'm
6 very concerned. My mother-in-law just
7 died with brain cancer on Chester Avenue.

8 So we have some major concerns.
9 Look at the data in reference to Eastwick
10 and the cancer population. This Council
11 here has a real obligation to us, to talk
12 to us about our medical problems, about
13 our needs out there. And we at the PAC,
14 we have lost our funding. I have to put
15 this in there. We have lost our funding,
16 but we have not lost our drive. We will
17 continue on to be the Project Area
18 Committee. We are going to speak for our
19 community and we're going to speak about
20 our needs.

21 At this time, we're asking that
22 you back off and don't fast-track this
23 legislation. Give us a chance to talk
24 with Synagro. Give us a chance to
25 investigate Synagro. Give us a chance to

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2 get the information.

3 I understand our President did
4 go down to Synagro and looked at the
5 facility, but when the questions was
6 asked, he couldn't answer. We need to
7 have direct communication with Synagro at
8 the Eastwick PAC.

9 I thank you for the time. I'm
10 asking you, please, think of it as a
11 health issue, a smell issue, as a
12 community issue.

13 Thank you.

14 (Applause.)

15 COUNCILWOMAN BLACKWELL: Thank
16 you, Mr. Beverly.

17 Any questions?

18 COUNCIL PRESIDENT Verna: I
19 just have a statement, if I may.

20 COUNCILWOMAN BLACKWELL:
21 Certainly.

22 COUNCIL PRESIDENT Verna:
23 Tyrone, I certainly want to thank you for
24 taking the time to come in. I know that
25 you're very active in the community.

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2 Have you been in touch or has
3 Eastwick PAC been in touch with Synagro
4 to invite them to a meeting to try to get
5 the answers that you're seeking?

6 MR. BEVERLY: At the end of the
7 meeting, Councilwoman Verna, that you
8 had, the town meeting, Craig Maladoshan
9 (ph) talked with Synagro. Synagro was
10 supposed to get back with us and we would
11 keep that dialogue going. We have not
12 heard from Synagro. You know we're
13 really having problems in our office, but
14 we do have staff there for eight hours a
15 day, and we have not heard from Synagro
16 at all. And I'm saying that I think that
17 it's like a disrespect not to talk to us,
18 because we are the affected community.
19 We are the Eastwick area.

20 COUNCIL PRESIDENT VERNA: Well,
21 I certainly would agree with you that
22 they certainly should have met with the
23 community, if that was the community's
24 desire. And if Synagro is still here, I
25 would suggest that we're going to be

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2 considering this and that you go before
3 the committee and explain what this
4 process is going to be about.

5 Looking at this, we know about
6 the horrible odors that once existed out
7 in that community, and I recall several
8 years ago there had been a convention in
9 the City and conventioners were staying
10 at a hotel by the airport. It was during
11 the summer months and, of course, they
12 had their air conditioners on. The
13 stench was so bad, I am told, that all of
14 the conventioners decided to leave
15 because they thought this was going to be
16 another Bellevue Stratford incident. So
17 they left.

18 I heard from many of my
19 constituents. We could smell it
20 sometimes in South Philadelphia if the
21 wind were blowing in that direction.

22 So that has, I agree with you,
23 that has improved a great deal, because I
24 understand that line was put on to much
25 of what was out there.

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2 We talk about all of the
3 problems with traffic and we hear that 70
4 percent less traffic will be in place if
5 in fact this bill and Councilman Clarke's
6 bill were to pass Council. I'm saying
7 "if it were to pass." With that being
8 said, do you think the community would be
9 a loser or a winner?

10 MR. BEVERLY: Well, as you
11 know, Councilwoman Verna, in dealing with
12 some of the problems in some of the
13 redevelopment of Eastwick, we were at
14 least fortunate enough to have that
15 dialogue with you when the post office
16 come that we weren't going to allow
17 certain traffic out there. That's why we
18 made them -- not made them, but that's
19 why we requested that that cut would come
20 into the Island Avenue bridge to make
21 sure that the trucks didn't run on
22 Lindbergh.

23 In our particular area, you
24 have a couple things going on, in which
25 you know. 291 has been cut off, all for

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2 expansion of the airport, and that's why
3 I said to you, now that you're going to
4 have 1735 come directly over top the
5 houses, get that close with that vacuum
6 of exhaust from the planes, what do we
7 know that's going to really do to the
8 community? How do we know what's going
9 to happen there?

10 COUNCIL PRESIDENT VERNA: Well,
11 Tyrone, I know you call my office quite
12 frequently and I'm sorry that you did not
13 call before today to advise me that you
14 had this conversation at our last meeting
15 with the people from Synagro and they
16 ignored you. Had you called me, perhaps
17 there could have been a scheduled meeting
18 and they would have been there to address
19 your interests and concerns. However,
20 with that being said, I have nothing
21 further.

22 MR. BEVERLY: I would just like
23 to say, no disrespect to you,
24 Councilwoman Verna, I think you know me
25 well enough to know if I have a concern,

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2 I'm definitely coming in your office. I
3 have no problems with a dialogue with
4 you, and I would never ever talk with
5 anyone without talking with you.

6 COUNCIL PRESIDENT VERNA: I
7 know.

8 MR. BEVERLY: But in saying
9 that, I would like to say that we have to
10 be very clear, that it seems like there's
11 a shutting down of Eastwick, and I'm
12 saying that we're not going to shut down.
13 We have real problems out there, and I
14 don't think that a fast-track legislation
15 is the answer to anything. That's all
16 I'm saying. I'm saying to you, Synagro
17 needs to sit down and talk to us, and I'm
18 hoping, I'm asking you as my
19 Councilperson that you don't put this on
20 the fast-track legislation and run this
21 through on December like that project
22 went on 63rd Street.

23 COUNCIL PRESIDENT VERNA: Which
24 project are you referring to?

25 MR. BEVERLY: Transfreight.

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2 That went in on the last of the bill, and
3 that was a \$2 million project, ending up
4 costing 7 million. So if we're talking
5 about price cuts, I hope that you don't
6 do that on the end of the Calendar.

7 COUNCIL PRESIDENT VERNA: Thank
8 you. I believe --

9 MR. BEVERLY: I hope you do
10 something next year, give us a chance to
11 talk to them.

12 COUNCIL PRESIDENT VERNA: I
13 believe the woman from Synagro, she
14 raised her hand.

15 You heard this gentleman speak
16 and I would like you to please talk to
17 him before he leaves the Chamber. Thank
18 you.

19 MR. BEVERLY: Thank you.

20 COUNCILWOMAN BLACKWELL: Thank
21 you, Madam President.

22 Any other questions for
23 Mr. Beverly?

24 (No response.)

25 COUNCILWOMAN BLACKWELL:

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2 Ms. Henry, please identify yourself for
3 the record.

4 MS. HENRY: Good afternoon. I
5 am Donna Henry, Executive Director of the
6 Southwest Community Development
7 Corporation.

8 The Southwest Development
9 Corporation supports Bill 060108 as it
10 was proposed.

11 Southwest Philadelphia has more
12 than its fair share of pollutants. While
13 we understand that jobs come with
14 pollution, those jobs are not being held
15 by many Southwest residents. At times,
16 there is an awful stench coming from the
17 existing Biosolids Recycling Center in
18 Southwest, and we understand that bad
19 odors aren't necessarily harmful to our
20 health.

21 Southwest CDC has concerns
22 about potential effects to the health of
23 Southwest residents, but has confidence
24 that the Water Department will monitor
25 levels of pathogens, Aspergillus fungi

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2 and heavy metals, such arsenic and
3 cadmium, to ensure that they are safe.

4 Southwest CDC has heard
5 presentations held by the Water
6 Department employees affected by the
7 proposed change and has weighed the
8 information against how it will affect
9 the residents of Southwest Philadelphia.

10 Southwest CDC supports the
11 Southwest Philadelphia environmental
12 activists who have researched the new
13 process and determined that the noxious
14 emissions will be reduced, decreasing or
15 eliminating the unpleasant odors that
16 drift across Southwest Philadelphia.

17 Southwest CDC supports the
18 process that will create Class A
19 biosolids which can be reused without
20 known health threats. After visiting a
21 comparative plant to understand the
22 process, Southwest residents and
23 environmental activists shared their
24 views and were impressed with the process
25 and the final product.

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2 Southwest CDC also supports the
3 process that will reduce truck traffic in
4 and around Southwest Philadelphia and the
5 pollution that comes with them. We
6 understand that this action will be minor
7 compared with all trucks coming and going
8 throughout Southwest, but it is a step in
9 the right direction.

10 Thank you for the opportunity
11 to present this testimony.

12 COUNCILWOMAN BLACKWELL: Thank
13 you very much.

14 Councilman O'Neill.

15 COUNCILMAN O'NEILL: Ma'am, I
16 understand your testimony from your
17 organization and I just want to know, it
18 sounded like you were comparing what
19 you're now in favor of to what we were
20 just told by the panel of witnesses that
21 were up here, including the gentleman
22 that's still sitting in the middle from
23 the union, that that's all gone in
24 February regardless of whether Synagro or
25 Plan B takes effect.

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2 Did your organization and the
3 environmentalists you mentioned, were
4 they comparing the Synagro to the current
5 composting or were they comparing it also
6 to Plan B? "Plan B" being everything
7 that was testified to, including the two
8 gentlemen that were sitting right on the
9 side you were on.

10 MS. HENRY: My --

11 COUNCILMAN O'NEILL: Because
12 the odor is gone, from what they
13 testified to, either way.

14 MS. HENRY: Right.

15 COUNCILMAN O'NEILL: There's no
16 more composting come February.

17 MS. HENRY: My understanding
18 was that they looked at the Synagro
19 product, the pellet product, with being
20 Class A and that they were satisfied and
21 impressed that product in what would be
22 coming into Southwest, not necessarily
23 comparing it to the existing process,
24 which we know will go away, the
25 composting.

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2 COUNCILMAN O'NEILL: I'm not
3 talking about the existing process,
4 because that is going away, but I'm
5 thinking the two alternatives that are in
6 Plan B within the Water Department's
7 alternative plan.

8 MS. HENRY: I'm not aware that
9 they compared it to Plan B, no.

10 COUNCILMAN O'NEILL: Okay.
11 Thank you.

12 COUNCILWOMAN BLACKWELL: Thank
13 you very much.

14 Are there further questions?

15 (No response.)

16 COUNCILWOMAN BLACKWELL: Thank
17 you very much.

18 Commissioner Brunwasser, would
19 you come forward. Councilwoman Tasco has
20 a question.

21 COUNCIL PRESIDENT Verna: And,
22 Madam Chair, I do have a letter here from
23 Robert Stewart, who is a Committeeman in
24 the 40th Ward, the 11th Division in
25 Southwest Philadelphia. I will give it

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2 to the stenographer so it will be made
3 part of the record.

4 COUNCILWOMAN BLACKWELL: Thank
5 you, Madam President. He was here and
6 had to leave.

7 COUNCIL PRESIDENT VERNA: I
8 know. He had to leave because we were
9 running rather late. And he does in his
10 letter testify that he is in favor of
11 both bills.

12 COUNCILWOMAN BLACKWELL: Thank
13 you. Thank you, Madam President.

14 So as part of the record, we
15 will have a statement from Mr. Robert
16 Stewart from the 40th Ward stating his
17 support for both bills. Thank you very
18 much.

19 Councilwoman Tasco.

20 COUNCILWOMAN TASCO: I just
21 have a question to clarify Class A and
22 Class B. The discussion has been around
23 Class A. What happens to the Class B
24 biosolids?

25 COMMISSIONER BRUNWASSER: At

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2 the present time, what happens to Class B
3 biosolids is, there are some land
4 application programs.

5 COUNCILWOMAN TASC0: I mean,
6 what's going to happen going forward?
7 Does everything now become Class A?

8 COMMISSIONER BRUNWASSER: Under
9 the proposal from Philadelphia Biosolids,
10 yes.

11 COUNCILWOMAN TASC0: All the
12 Class A and Class B will be dried out and
13 produced as pellets?

14 COMMISSIONER BRUNWASSER: Yes.
15 That's the proposed plan, yes.

16 COUNCILWOMAN TASC0: So you
17 don't have a separate operation for Class
18 B biosolids under your new proposal?

19 COMMISSIONER BRUNWASSER:
20 That's correct. We're transforming it
21 all to Class A, which we believe is a
22 more acceptable process, more acceptable
23 product, I should say.

24 COUNCILWOMAN TASC0: The
25 gentleman from the union testified that

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2 beginning in February you're not going to
3 do any more composting. So what's going
4 to happen and what's going to happen to
5 the Class B biosolids?

6 COMMISSIONER BRUNWASSER: Well,
7 at the time that there's no composting,
8 then we won't be making any Class A
9 product. It will all be Class B.

10 MR. BLAIR: Well, the material
11 will essentially have to be landfilled.
12 It will end up going to a landfill at a
13 fairly expensive price. You know, you
14 can't step up the farm application or
15 some of the other applications of Class
16 B. You have to take it to landfill.

17 COUNCILWOMAN TASC0: Okay.
18 Thank you.

19 COUNCILWOMAN BLACKWELL:
20 Councilman O'Neill.

21 COUNCILMAN O'NEILL: I think
22 what you just said at least conflicts
23 with what is in the materials before us
24 as Philadelphia Water Department's Plan
25 B, because that is something different

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2 than landfilling all of the material.
3 Could you comment on, one, is there a
4 Plan B, and what is your position on it?
5 Because it would seem to me from what I
6 read that if we don't pass these bills,
7 Plan B is the alternative, but Plan B
8 isn't described by what Mr. Blair said on
9 everything being Class B going out to
10 wherever you can take it, landfilling it
11 or whatever, but something that the Water
12 Department's own staff has been working
13 on for several years with the two
14 gentlemen that were sitting here.

15 I think we need a lot more
16 dialogue about Plan B before we can
17 appreciate Plan A. And if there is a
18 Plan B and all we've been hearing about
19 are comparisons to an obsolete composting
20 that has two months left, shame on you
21 for presenting it and shame on us for
22 having to listen to it.

23 (Applause.)

24 COUNCILMAN O'NEILL: Because I
25 really don't want to hear about

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2 comparisons to composting if it's not
3 going to be around past February. But if
4 there's a Plan B, I do want to hear
5 comparisons between what is obviously
6 Plan A that's before us and Plan B, which
7 is what has been described as what will
8 happen if this legislation doesn't pass.
9 That would be a legitimate comparison.

10 COMMISSIONER BRUNWASSER: First
11 of all, Councilman, the comparison that
12 you have in front of you on those charts
13 that we presented is a comparison between
14 the proposal from Synagro and what the
15 Department is doing now but without
16 composting. So it is a proper
17 comparison.

18 COUNCILMAN O'NEILL: So it is
19 Plan B?

20 COMMISSIONER BRUNWASSER: No.
21 Plan B is not -- the Plan B that the
22 gentleman was speaking to --

23 COUNCILMAN O'NEILL: The
24 "gentleman" being the head of the union?

25 COMMISSIONER BRUNWASSER: Yes.

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2 COUNCILMAN O'NEILL: Okay. He
3 has a name, I think, and you work with
4 him all the time. Why don't you just
5 identify him.

6 COMMISSIONER BRUNWASSER: Well,
7 there were references to Plan B --

8 COUNCILMAN O'NEILL: Well,
9 there were union officials there and
10 there were a couple of private people.
11 The union officials introduced Plan B.
12 I'd really like it to be clear that this
13 wasn't two private entrepreneurs that
14 introduced Plan B, but your own union.

15 (Applause.)

16 MR. BLAIR: Let me speak to
17 Plan B.

18 COUNCILMAN O'NEILL: And why do
19 we have to hear it from them? Why don't
20 we get the full discussion from the first
21 panel? If there's a Plan B, why don't we
22 hear about it?

23 COUNCILMAN GOODE: Point of
24 information.

25 COUNCILWOMAN BLACKWELL: Pardon

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 2 me. We have a point of information on
 3 the table. Excuse me.

4 COUNCILMAN O'NEILL: Question
 5 withdrawn.

6 COUNCILWOMAN BLACKWELL: Point
 7 of information on the table.

8 Councilman Goode.

9 COUNCILMAN GOODE:
 10 Commissioner, did you just say that the
 11 comparison that we have is a comparison
 12 between Plan A and no plan at all?

13 COMMISSIONER BRUNWASSER: No.
 14 No. What I said --

15 COUNCILMAN GOODE: It's not a
 16 comparison between Plan A and Plan B.
 17 It's a comparison between Plan A --

18 COMMISSIONER BRUNWASSER: First
 19 of all, I have to address Plan B so
 20 you'll understand what my position is.

21 COUNCILMAN GOODE: My question
 22 was, what did you say the comparison was
 23 between?

24 COMMISSIONER BRUNWASSER: It's
 25 between the proposal from Philadelphia

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2 Biosolids compared to what is happening
3 at the site today, our current operation,
4 with a change from composting to
5 landfilling.

6 COUNCILMAN GOODE: Is that
7 actually a serious option, in your mind?

8 COMMISSIONER BRUNWASSER: Yes.
9 I mean, that is the back-stop position
10 for us.

11 COUNCILMAN O'NEILL: That's
12 your Plan B.

13 COMMISSIONER BRUNWASSER:
14 That's our Plan B. That's the comparison
15 that you have. We have not discussed
16 this alternate Plan B that was brought up
17 by --

18 COUNCILMAN GOODE: That is
19 actually worse than not presenting the
20 other Plan B.

21 COUNCILMAN O'NEILL: Was what
22 the union brought to us as Plan B, now
23 that there's two Plan B's, was it --

24 COMMISSIONER BRUNWASSER: No.
25 We've discussed --

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2 COUNCILMAN O'NEILL: That's not
3 foreign to you, is it?

4 COMMISSIONER BRUNWASSER: No.
5 No. That was an internal internally --
6 that was an internal document and what we
7 would consider more of a brainstorming
8 session inside the Water Department. And
9 we evaluated that and we've spoken to the
10 union on several occasions about that
11 particular proposal, which is known now
12 as Plan B. It's not the Water
13 Department's Plan B. It's not our
14 proposal.

15 COUNCILMAN O'NEILL: I'll tell
16 you what, the union's Plan B sounded a
17 lot better than yours.

18 (Applause.)

19 MS. McCARTY: I'd like to speak
20 to that. I'm Debra McCarty. I'm the
21 Deputy Commissioner of the Water
22 Department of Operations. The employees
23 we're talking about are under my charge,
24 and I am very concerned about what
25 happens with our employees, and we've met

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2 several times, as has been mentioned.

3 The Plan B that I believe -- I
4 didn't get a packet, but what I believe
5 that you all have that was presented by
6 the union is, as the Commissioner said,
7 an internal document that someone
8 generated. No one was asked to do this.
9 This is something that was developed.

10 We looked at it. We went
11 through it with a fine-tooth comb and
12 we've developed a different -- and Plan B
13 is maybe a bad name, but we've developed
14 something other than what the Plan B I
15 believe you have, and it is, as the
16 Commissioner said, basically it is when
17 we stop composting in March, not in
18 February but in March, we're going to
19 have to go to landfill, because there
20 just aren't the outlets that the most
21 optimistic person would want out there.
22 There just aren't for this Class B. It
23 will not be Class A sludge biosolid. It
24 will be Class B.

25 COUNCILMAN O'NEILL: So the

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2 mine mix that Synagro would be doing for
3 five years that was described to us by
4 the previous panel is not going to
5 happen. It's going to be the landfilling
6 of the material after you stop
7 composting. Because they're not going to
8 have the plant built for five years, so
9 something has got to happen starting
10 February.

11 MS. McCARTY: Well, it will be
12 three to five years.

13 COUNCILMAN O'NEILL: What
14 happens then in the interim?

15 MS. McCARTY: Well --

16 COUNCILMAN O'NEILL: They're
17 going to landfill everything?

18 MS. McCARTY: No. I was
19 telling you what our fact -- our stop
20 gap, what our Plan B is. What the Water
21 Department's Plan B is, it's a Plan B if
22 we don't go forward with PBS.

23 COUNCILMAN O'NEILL: Go ahead.
24 What do you do for three to five years --

25 MS. McCARTY: We won't. That

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2 will be Synagro.

3 COUNCILMAN O'NEILL: What will
4 Synagro do?

5 MS. MCCARTY: Pam Racey from
6 Synagro, I believe, wants to speak to
7 that.

8 MS. RACEY: I would really like
9 to address that. And first, I'd also
10 like to say that our contract allows us
11 up to five years to be fully operational,
12 but our intent is to be fully operational
13 with a new plant in three years. And
14 that's one year of permitting and two
15 years of construction. And Synagro has
16 the discretion to do multiple things with
17 it in the interim, and our plan is to do
18 a combination of land application in
19 Virginia, Maryland, Pennsylvania and mine
20 reclamation in Pennsylvania as well as
21 landfilling. Synagro has been a
22 contractor for the City for over ten
23 years. We previously provided mine
24 reclamation and we're currently providing
25 agricultural land application in

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2 Maryland.

3 And our company, just to give
4 you a flavor, we have 600 municipal
5 contracts across the country, and we
6 don't just offer pelletization. We offer
7 every commercially proven biosolids
8 management option that's available. So
9 we don't have to come to Philadelphia and
10 say, Gee, Councilman O'Neill, drying is
11 right for you, because that's all we do
12 is drying. We could offer you
13 thermophilic digestion, in-vessel
14 composting, reclamation, land
15 application, but truly when you look at
16 it with an objective hat, heat drying and
17 pelletization is what makes the most
18 sense for the City.

19 There's huge opposition to
20 reclamation in the Pennsylvania mines.
21 We could give you a website with tons of
22 articles associated even with Mr. Coia's
23 company where they've been kicked out of
24 Hazleton. There's no sludge, no dredge
25 signs. That's why we're saying this

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2 isn't a realistic, sustainable option to
3 flip the switch in March, shut down the
4 composting and say, I'm going to ship
5 60,000 tons up to the mine sites in
6 Pennsylvania. It just won't happen.

7 COUNCILMAN O'NEILL: Is that
8 whether it's Class B or Class A?

9 MS. RACEY: That's right.

10 COUNCILMAN O'NEILL: I just
11 want to make the record clear.

12 MS. RACEY: Right. When you're
13 doing pelletizing, you get to reduce the
14 volume by 90 percent. So instead of
15 having 200,000 tons to deal with, you
16 have much less material to move out into
17 the market. So that's one of the reasons
18 we're anxious to get this thing online in
19 three years instead of five, is because
20 it's going to be a big effort for us over
21 this three years to move this out. We're
22 going to Virginia, Maryland, Pennsylvania
23 landfill, and we're anxious to get it
24 into the process facility where we're
25 going to make a product that people

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2 actually want to buy instead of --

3 COUNCILMAN O'NEILL: What would
4 be during the three-year period when you
5 won't have a plan and you have those
6 other options that you mentioned, I think
7 there were three --

8 MS. RACEY: Four.

9 COUNCILMAN O'NEILL: --
10 agricultural mining, landfilling --

11 MS. RACEY: Well, land app in
12 Virginia, Maryland and Pennsylvania.
13 That's agricultural land app in those
14 three states. We are going to do some
15 mine reclamation in Pennsylvania.

16 COUNCILMAN O'NEILL: That's
17 two.

18 MS. RACEY: And landfilling.

19 COUNCILMAN O'NEILL: That's
20 three. You said four.

21 MS. RACEY: I was counting
22 states.

23 COUNCILMAN O'NEILL: Okay. But
24 I just wanted to know which is more
25 expensive, doing what you just described

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2 in some percentages between the ag, the
3 mining and the landfill, or doing all
4 landfill during those three years?

5 MS. RACEY: Well, it depends
6 how far you have to go. Okay? I mean,
7 the more land application you do, the
8 further out you have to go, because
9 there's limited sites. So if you're
10 doing a small amount of land application,
11 it's more cost effective than
12 landfilling. But, for example, for me to
13 do land application in Virginia is just
14 as costly as landfilling, because I've
15 got to drive it. I've got a \$40 haul to
16 get to Virginia.

17 COUNCILMAN O'NEILL: Why are
18 you not doing all landfill then?

19 MS. RACEY: Because the costs
20 stay more with us than the landfill. We
21 internalize more of the costs than giving
22 it to the landfill.

23 COUNCILMAN O'NEILL: Doesn't it
24 cost you the same thing whether you
25 internalize it or not? Explain that.

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2 MS. RACEY: Okay. Say it's our
3 trucks, it's our transportation and
4 whatnot. So even though the cost is
5 greater, the profit to us is greater -- I
6 mean, the cost is the same. We make more
7 profit going to land app than we do
8 paying a landfill tip fee, because we
9 ourselves are doing the land app.

10 COUNCILMAN O'NEILL: Wouldn't
11 that be for anybody that was doing that?

12 MS. RACEY: Well, not for the
13 City, because you're contracting out with
14 a private contractor. So, in other
15 words, I'm saying to you if you did a bid
16 for --

17 COUNCILMAN O'NEILL: No, but if
18 we contracted out with a private
19 contractor, whether it was you or anyone
20 else, they would still have the same
21 better choice of doing the land app
22 rather than the landfill.

23 MS. RACEY: To a certain
24 extent, that's true.

25 COUNCILMAN O'NEILL: So why are

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2 we sitting here saying we're going to do
3 100 percent? Because it sounds a lot
4 worse to me doing 100 percent landfill.

5 MS. RACEY: I don't think
6 they're saying 100 percent landfilling.
7 They're saying they're going to keep --

8 COUNCILMAN O'NEILL: That is
9 what they said, by the way. Sorry.

10 MS. RACEY: They're going to
11 keep doing land app with the piece that's
12 land applied now. With the piece that
13 was composted, they're going to landfill
14 it. So they would have a similar split.

15 COUNCILMAN O'NEILL: That's all
16 we're talking about is the composting
17 part, aren't we?

18 MS. RACEY: We're doing it all,
19 everything.

20 COUNCILMAN O'NEILL: No, but
21 the part that we've been talking about,
22 are you doing landfill, land app or
23 mining?

24 MS. RACEY: No. It's with
25 everything.

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2 COUNCILMAN O'NEILL: But it's
3 only the compost that will change in
4 those three years, and that's all we're
5 limiting our question to here.

6 MS. RACEY: Well, actually, the
7 way the contract is structured, we come
8 in and take over all of that business,
9 land application, mine reclamation and
10 landfilling.

11 COUNCILMAN O'NEILL: Right.
12 But the only thing that's going to change
13 for the City if you don't come in is
14 going to be the compost part.

15 MS. RACEY: That's correct.

16 COUNCILMAN O'NEILL: I'm not
17 sure we're getting anywhere, but thank
18 you.

19 COMMISSIONER BRUNWASSER: It's
20 100 percent of the compost part.

21 MS. RACEY: Synagro has more --
22 in order to do this Class B land
23 application, you have to have each site
24 permitted. Unlike Class A, where you're
25 having compost or pellets, you can sell

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2 it in the grocery store if you want to.

3 COUNCILMAN O'NEILL: What is
4 mine mix?

5 MS. RACEY: Mine mix is mixing
6 compost with cake sludge to make a
7 product that really does a good job
8 reclaiming the mines. So part of what
9 we're --

10 COUNCILMAN O'NEILL: You're not
11 going to do any of that?

12 MS. RACEY: Part of what we're
13 going to do is take -- you guys are going
14 to have a lot of compost left on site.
15 We're going to take that to the mine
16 sites with us and apply both the compost
17 and the cake sludge on the mines, because
18 the mines need the organic matter.

19 COUNCILMAN O'NEILL: So there
20 is a K mix to this, K mix in the mix if
21 you guys come in?

22 MS. RACEY: Yes. We are going
23 to do some of that.

24 COUNCILMAN O'NEILL: Okay. So
25 there's a fifth thing or a fourth thing?

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2 MS. RACEY: Well, that's part
3 of reclamation. That's part of mine
4 reclamation.

5 COUNCILMAN O'NEILL: Okay. K
6 mix.

7 MS. RACEY: It's mine mix.
8 It's part of mine reclamation.

9 COUNCILMAN O'NEILL: Mine mix.
10 And how much of it will be mine mix?

11 MS. RACEY: Well, we don't have
12 any standard -- we don't have to allocate
13 it in any way, but our plan would be
14 between 40,000 and 50,000 tons.

15 COUNCILMAN O'NEILL: Out of
16 200?

17 MS. RACEY: Right.

18 COUNCILMAN O'NEILL: Okay. So
19 20 to 25 percent would be --

20 MS. RACEY: Right.

21 COUNCILMAN O'NEILL: -- mine
22 mix? And that will stop at what point?
23 Once the compost is all used up that's
24 out there?

25 MS. RACEY: Right, which we

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 were going to do that -- again, our plan
3 is three years. In three years we'll
4 have the new facility.

5 COUNCILMAN O'NEILL: How much
6 compost are you going to inherit?
7 Because there's not going to be any
8 composting after you get there, right?

9 MS. RACEY: But there's a lot
10 out there on the site.

11 MR. BLAIR: It will be over
12 55,000 tons when they walk on site.

13 COUNCILMAN O'NEILL: Of compost
14 that you'll inherit?

15 MS. RACEY: Right.

16 COUNCILMAN O'NEILL: And so
17 that will only be for the first year
18 you'll get rid of that?

19 MS. RACEY: No. We're going to
20 take that 55,000 tons and split it over
21 three years as we go to the mine sites,
22 and the reason why is, there just isn't
23 enough available permitted mine sites
24 that will take it to do more than that.

25 COUNCILMAN O'NEILL: To take

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2 the mine mix?

3 MS. RACEY: Exactly. And
4 that's kind of the point of why you can't
5 just shut down mine mix and suddenly say,
6 Oh, I'm going to take it all to
7 reclamation. You need a permit for every
8 site, and you have to go through public
9 hearing. And believe it or not, it's not
10 always the most popular thing to go up to
11 Hazleton and say, We're bringing you a
12 bunch of biosolids from Philadelphia.
13 And so getting permits isn't easy. We
14 have more permits than any other company
15 in the country.

16 COUNCILMAN O'NEILL: It sounds
17 like you need them.

18 MS. RACEY: Exactly.

19 COUNCILMAN O'NEILL: Okay.
20 Thank you.

21 MS. RACEY: And I see President
22 Verna isn't here, but I did want to
23 address Mr. Beverly's comments.

24 We took Kenny Green, the
25 Reverend and Joe, three members of the

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2 Eastwick PAC, to one of our plants in
3 July. They all have our cards and our
4 information. We begged them to follow
5 up. We are happy to go out. At the
6 community meeting we gave Greg our card.
7 We don't have any contact information
8 from them. We gave them our information
9 and said, Please call us.

10 We are happy to meet with them.
11 We want to meet with them. We want to be
12 part of the community we're in. I did
13 see Mr. Beverly. I gave him my card, my
14 800 number. I'm happy to go out there
15 Monday or Tuesday. I'm having surgery
16 tomorrow, so I can't do it, but I'd be
17 happy to go out, and I want to.

18 COUNCILWOMAN BLACKWELL: Thank
19 you. Mr. Beverly is there. He just
20 heard you, and you two can connect at the
21 side of the Chambers.

22 Questions?

23 (No response.)

24 COUNCILWOMAN BLACKWELL:

25 Questions?

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2 (No response.)

3 COUNCILWOMAN BLACKWELL: Thank
4 you very much. All right. Thank you.

5 COUNCILMAN O'NEILL: Just to
6 make sure the record is clear, Plan B,
7 the Water Department's Plan B, is not
8 what the union presented. It is what
9 management just presented a few minutes
10 ago.

11 COMMISSIONER BRUNWASSER:
12 Right. We analyzed that and we
13 responded.

14 COUNCILMAN O'NEILL: Which is
15 100 percent landfilling come February.
16 And that internal document, or whatever
17 it was that the union presented as Plan
18 B, is not being considered at all?

19 COMMISSIONER BRUNWASSER: It
20 was considered. It was analyzed, and we
21 had conversations and we did send a
22 response. We gave a response to the
23 union on that Plan B.

24 COUNCILMAN O'NEILL: But, see,
25 one of the problems we have is that from

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2 a strategic standpoint, the Water
3 Department is much better off having Plan
4 B versus what's in front of us be
5 landfilling. If the Water Department --

6 COMMISSIONER BRUNWASSER: We
7 don't necessarily agree with that.

8 COUNCILMAN O'NEILL: -- is
9 serious about landfilling -- well, the
10 testimony that was presented is a lot
11 closer to -- while there's fewer jobs,
12 and they admitted that, so there's been
13 discussions about how many jobs did we
14 give up if we do what isn't Plan B,
15 whatever that plan was that -- call it
16 Plan U at this point. They have
17 apparently been in some pretty serious
18 discussions when they have numbers that
19 Sherman Harris talked about that they
20 know their numbers will drop to if you do
21 that, but we don't have that in front of
22 us now. They presented this. You said,
23 We've disregarded it. It sounded, I'm
24 going to tell you, Commissioner, what
25 they presented as Plan B, at least

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 sitting here, sounded a lot better than

3 100 percent landfilling. Could you

4 explain why it's not?

5 COMMISSIONER BRUNWASSER: Yes,

6 we will explain it, but we will also

7 provide you with the response that we

8 gave to the union, the written response.

9 But Dennis Blair, head of Planning and

10 Engineering, can speak to that right now.

11 MR. BLAIR: First of all, that

12 Plan B that we're talking about here

13 didn't rely on just the technology that

14 Mr. Coia described here. It actually had

15 a number of technologies. The first one

16 that it relied on was called Eco

17 Technology. That was a technology that

18 was tried for the last five years at our

19 site down at BRC. That technology has

20 failed, and Eco Tech has gone bankrupt.

21 So, number one, the number one technology

22 in that plan, the company is now

23 bankrupt.

24 The second one is reclamation

25 of dredge material, what Mr. Coia talked

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2 about. There is tremendous opposition to
3 that in Schuylkill County. There's an
4 organization called the Army for a Clean
5 Environment. They have a website. It's
6 www.armyforcleanenvironment.org. You can
7 go there. They are extremely opposed to
8 bringing dredge spoils to Schuylkill
9 County, and, in fact, they are extremely
10 disturbed by the idea that it might
11 contain Philadelphia biosolids. Two
12 communities, Tamakwa and East Brunswick
13 Township, have passed ordinances to stop
14 that from happening.

15 The company that we're talking
16 about there is Applied Reclamation
17 Technologies. This company is very
18 small. They have no experience doing
19 what they're telling you they can do.
20 There's no history of doing this.

21 COUNCILMAN O'NEILL: Is that
22 the company in California that was here?

23 MR. BLAIR: I don't know
24 exactly where they're based from.

25 They're based in Bucks County.

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2 They certainly don't have the
3 financial capability to carry out a
4 project. They could never meet the kind
5 of criteria that we have for the
6 financial stability of the company. I
7 believe that company and Mr. Coia has
8 been charged in Schuylkill County with
9 passing bad checks. And I think the size
10 of the checks, according to the newspaper
11 articles, were \$128.48 and \$915. So I
12 think that is not the kind of company
13 that the City of Philadelphia wants to
14 rely on to be able to dispose of 200,000
15 tons of biosolids.

16 The third technology that was
17 in that Plan B, Landfill Bioreactors,
18 there are these types of facilities in
19 Atlanta. People from Suffolk County out
20 in Long Island take some of their
21 material down there for disposal, but the
22 cost is very high. The cost that they
23 pay are in the upper \$80 per ton to get
24 it down there. That's just to get it
25 down there. These are just the disposal

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2 end of the process.

3 Same way with taking stuff up
4 to Schuylkill County to dispose of it.
5 There's still a tremendous cost to
6 process that material here in
7 Philadelphia, and to be able to mix it
8 with dredge spoils, you got to get it to
9 Class A, and the technology that they're
10 proposing to get it to Class A would be
11 lime stabilization. We completely
12 dismissed the idea of lime stabilization.
13 Our consultant, CDM, dismissed it. It's
14 not appropriate for an urban area.
15 There's a facility shut down in England
16 because of lime dust which accumulates
17 all over everything in the community.
18 This material is caustic. It adds 30 to
19 40 percent to the weight of the biosolid.
20 You're adding lime to that biosolids,
21 because you're using that lime to raise
22 the pH to kill the organisms in that
23 biosolid to make it a Class A product,
24 but you're adding 30 to 40 percent to the
25 weight. So you now got even more

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2 material that you've got to remove from
3 the sites, more trucks to remove it and
4 more trucks to bring the lime in to use
5 in the process. It's just not a viable
6 technology for that community.

7 I don't know anything about the
8 numbers that are thrown out here today.
9 The letter that I saw on this was a
10 couple of pages long, gave absolutely no
11 details. It's impossible to know whether
12 any of the numbers that are being talked
13 about have any validity whatsoever.

14 So that Plan B was fully
15 reviewed by the Water Department when it
16 was being proposed back in 2005, and it
17 was vetted and dismissed, and the
18 Department moved on to the plan that we
19 used in our financial analysis, which is
20 a plan that we believe can be eliminated.
21 It's dominated by landfilling, but
22 landfilling is the only technology if
23 you're not going to do something like
24 what we're proposing with Synagro and you
25 want to stay at Class B, it's the only

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2 technology where you aren't putting it on
3 the land and you aren't risking that
4 potential. I mean, there are many
5 organizations out there that are opposed
6 to the land application of biosolids.
7 This stuff has pathogens in it. There
8 are lawsuits flying over people that
9 claim that their children have died
10 because they've come into contact with
11 that.

12 COMMISSIONER BRUNWASSER: I
13 just wanted to say that ultimately the
14 biggest challenge that we've had for many
15 years is the ultimate disposition of the
16 biosolids, and the proposal from the
17 vendor here, our proposal, takes that out
18 of our -- that takes it out of our hands.
19 It's a product that has value in the
20 industry, the pelletization, and we don't
21 have to worry about it anymore. We are
22 interested in water treatment, wastewater
23 treatment, storm water management. Those
24 are our core missions.

25 I go back to a time before we

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2 had to land dispose biosolids. We used
3 to dump it in the ocean. As bad as that
4 sounds, that was a reasonable thing back
5 in the '70s, '60s and '70s, and it was
6 very inexpensive. Well, we couldn't do
7 that anymore because the EPA came down on
8 all ocean dumping and it was eliminated,
9 and we have done our best to handle the
10 solids, the enormous amount of solids,
11 200,000 tons each year. And the
12 difficulty, when push comes to shove, is
13 getting rid of it in a way that we can
14 depend on and that we know what the cost
15 will be to us, and that's what we have
16 with this proposal.

17 COUNCILWOMAN BLACKWELL: Thank
18 you very much.

19 Are there further questions?

20 (No response.)

21 COUNCILWOMAN BLACKWELL: Thank
22 you. I understand the union wants to
23 respond to this issue.

24 Please come forward.

25 MR. HARRIS: Thank you.

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2 COUNCILWOMAN BLACKWELL:

3 Certainly, Mr. Harris.

4 MR. HARRIS: Yes. Thank you.

5 Not to belabor the hearings, but we want
6 to state one thing. The Plan B in its
7 current stage was presented and developed
8 by the Water Department as a contingency
9 to the Synagro plan. At the time they
10 made Plan B, they realized they weren't
11 sure that Synagro would go through with
12 the deal that they wanted to go through.
13 In our discussions with the Commissioner,
14 he clearly stated that this was just a
15 contingency plan that they have not fully
16 developed. We understand there's some
17 questions. There's some assumptions we
18 agree with Dennis on, but there's a
19 footprint that we believe will take us to
20 the same place that the Synagro track
21 will take. That's the bottom line.

22 Mike has a few things on the
23 chart that -- he's the technical expert,
24 but basically the union agrees that with
25 Plan B we can arrive at the same place

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 that they're purporting Synagro will take
3 us. We believe it's a more efficient
4 plan and it's developed by their
5 engineers that they like to brag are
6 smarter than us union members. It's
7 developed by them and it was developed to
8 help in case there was no major
9 contractor to come in. So basically they
10 laid out a plan on their own. We didn't
11 solicit it or anything. They made it up.
12 They laid it out, and it basically helps
13 them get to the three issues they have,
14 the aesthetics, the cost and the odors.
15 And that's all we agree with. We're just
16 saying that that Plan B in its current
17 stage in progress of further development
18 will arrive at those things just as
19 efficiently, if not cheaper.

20 Mike.

21 COUNCILWOMAN BLACKWELL: Thank
22 you.

23 MR. KEOUGH: First, you'll
24 notice that Dennis mentioned the plan is
25 based on Eco Tech. That is not true. It

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 states clearly in here that there's no
3 Eco Tech Class A product at all in Fiscal
4 '07, and nothing forward. We're quite
5 aware that Eco Tech is out of business.

6 We look at this as a
7 conservative plan to do the current land
8 application programs, the farmland
9 applications, the Maryland applications,
10 landfill and strip mine reclamation.
11 We've been doing it for 30 years and we
12 look at it as a continue to go.

13 MR. HARRIS: Thank you.

14 COUNCILWOMAN BLACKWELL: Thank
15 you very much.

16 Commissioner.

17 COMMISSIONER BRUNWASSER:

18 Before we adjourn, I wanted to introduce
19 a side letter agreement between AFSCME
20 District Council 33 and the City and the
21 proposed amendments to Bill No. 060108.

22 MR. HARRIS: Proposed
23 agreement. It's not an agreement. It's
24 a proposal we'll look into.

25 Thank you.

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 (Applause.)

3 COUNCILWOMAN BLACKWELL: Thank
4 you very much.

5 Any further discussion on it
6 for this day?

7 (No response.)

8 COUNCILWOMAN BLACKWELL: Thank
9 you very much to everyone.

10 (Applause.)

11 COUNCILWOMAN BLACKWELL: We
12 will now continue.

13 MR. RAMOS: Ms. Blackwell, if I
14 may.

15 COUNCILWOMAN BLACKWELL: Yes,
16 Mr. Managing Director.

17 MR. RAMOS: To make it clear,
18 since we testified last, we have drafted
19 language that comports with everything
20 that we represented to City Council
21 earlier that we're prepared to share with
22 DC 33. This is obviously not the
23 appropriate venue to do that, and we'll
24 do it through their elected
25 representatives.

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2 We are asking for your
3 favorable consideration on this bill and
4 to move on it expeditiously. As you've
5 heard, this is a project of significant
6 benefit to the ratepayers. You've heard
7 a lot of going back and forth on
8 Alternative B. It's something, as you've
9 heard, is not unfamiliar. It's something
10 that there have been several written
11 responses about, which we're prepared to
12 provide copies of to members of Council,
13 but it's been fully considered, and we
14 hope for a consideration of this bill and
15 action at your earlier convenience. We
16 do hope to be able to move forward on
17 this bill before the holiday break, given
18 the impact to the ratepayers here and the
19 detriment to the ratepayers that would
20 occur from any delays at this point. And
21 we're, again, very committed to making
22 sure that the 60 persons that are
23 impacted by this are not demoted or laid
24 off in any way, and we're willing to do
25 that by contract. And we think that this

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 is of great benefit, great enhancement
3 not only to the community surrounding the
4 BRC plant but financially to the
5 ratepayers for years to come.

6 If there's any room -- we will
7 be reaching out again on any transition
8 issues with the representatives from DC
9 33, and we're confident that if
10 there's any consideration that they're
11 willing to give to this project, that we
12 could get something done. Otherwise, we
13 hope that the ratepayers prevail here
14 over the 60 positions that are really the
15 issue.

16 Thank you.

17 COUNCILWOMAN BLACKWELL: Thank
18 you, Mr. Managing Director. We are
19 confirming a time and date for a
20 continuation on this issue.

21 Sir?

22 MR. SPENCE: Yes. Can I speak
23 after the --

24 COUNCILWOMAN BLACKWELL: Yes.
25 Please come forward.

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 MR. SPENCE: Thank you.

3 COUNCILWOMAN BLACKWELL: Thank
4 you. Identify yourself.

5 MR. SPENCE: Yes. My name is
6 Thurman Spence. I don't work in
7 biosolids. I work in inlets, but --

8 COUNCILWOMAN BLACKWELL: You
9 work for Water?

10 MR. SPENCE: I work for Water.
11 That means jobs lost. I've been sitting
12 here listening and listening and
13 listening. It don't take a rocket
14 scientist to figure out somebody is
15 trying to bamboozle somebody. Okay?
16 Like he said, the ploy or whatever you
17 want to call it. If there's so strong of
18 a firm plan, then why are they trying to
19 do it so expeditiously? No. You take
20 your time, you review the opposite.

21 You didn't give the union the
22 right from the jump street, which we are
23 the union, we make the Water Department.
24 And as fellow Water Department people, we
25 should have had a little say-so, because,

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 yes, you're taking 60 jobs, you're
3 putting it there, but you also lost 60
4 jobs. In other words, you held us back.
5 You're working us to death. Like in
6 inlets, we're like nine to ten drivers
7 down. Nobody is getting hired. We're
8 working double and harder to keep up the
9 quota, and they expect you to do it. You
10 can't do that and keep on surviving.
11 Something is going to give. Your people
12 are going to give out on you or your
13 equipment is going to give out on you,
14 because you're using the same equipment
15 instead of spreading it out with the
16 right amount of people. You're working
17 the equipment like horses. You're
18 working the human beings like horses.
19 It's not fair, when I can get five more
20 drivers or I can get 60 jobs, plus
21 another 200 people back and still get the
22 job done and maybe even produce more
23 because there's no rush, there's no sweat
24 on nobody. Everybody is working at a
25 safe level. And it's a common factor,

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 when you're stressed out, safety goes
3 down the toilet, and that's what's
4 happening. Accidents occurring and
5 occurring and occurring because people
6 are tired.

7 As you know, the Water
8 Department helps with snow removal, too.
9 If you take those jobs from there, that's
10 60 less people that can go work on the
11 snow keeping the City moving and alive.
12 That's what they got to look at. They
13 got to take this in perspective. You cut
14 your workforce back, you cut your
15 production back. And that's all I have
16 to say.

17 COUNCILWOMAN BLACKWELL: Thank
18 you very much, Mr. Spence. Thank you
19 very much.

20 (Applause.)

21 COUNCILWOMAN BLACKWELL: Thank
22 you very much. We will now begin
23 discussion on Bill No. 060005. This is
24 the River City legislation.

25 For the benefit of our two new

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 Councilmembers, Savage and Greenlee, we
3 held hearings on this issue before.
4 There were problems with regard to the
5 Equal Opportunity Plan, and that is why
6 we are resuming discussions.

7 Certainly if either of you
8 would like a review or if you have
9 questions that you would like to discuss
10 now, this is commonly called the River
11 City legislation, and the bills are in
12 your packet. And certainly we have our
13 City Solicitor, Romy Diaz, here, and we
14 invite anyone else who is here to
15 testify. We see Eva Gladstein, Director
16 of Neighborhood Transformation. Will it
17 be the two of you?

18 MR. DIAZ: Yes.

19 COUNCILWOMAN BLACKWELL: And we
20 see Vince Jannetti, Acting Director of
21 Finance. Mr. Jannetti, thank you.

22 Mr. Brunwasser, Commissioner, I
23 guess you must want to wear another hat
24 today.

25 And Mr. Hanna. Is Kevin Hanna

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 in the room? I haven't seen him today.

3 (No response.)

4 COUNCILWOMAN BLACKWELL: Thank
5 you very much. We will recognize you and
6 hope that you have worked out these
7 issues with regard to the Equal
8 Opportunity Plan.

9 MR. DIAZ: Thank you,
10 Councilwoman. Romulo L. Diaz, Jr., City
11 Solicitor. I apologize for my voice.
12 I'm recovering from a Thanksgiving cold.

13 Thank you for the opportunity
14 to come back and talk about the Economic
15 Opportunity Plan. We believe that it
16 will be responsive to the concerns that
17 have been expressed to the Administration
18 with regard to this particular bill.

19 Let me just quickly provide the
20 context. To facilitate the goals of the
21 Neighborhood Transformation Initiative
22 Economic Opportunity Plan of 2002, the
23 City remains committed to provide
24 meaningful and substantial opportunities
25 for minority-owned, women-owned and

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 disabled-owned business enterprises. It
3 is expected that all program participants
4 at all levels of the effort will make the
5 same commitment, and it is through the
6 Economic Opportunity Plan that we will
7 also provide for meaningful employment
8 opportunity for minority persons and
9 women in connection with the
10 implementation of the program.
11 Participants will include consultants,
12 construction management, prime
13 contractors, subcontractors and vendors
14 of supplies, equipment and material.

15 We have provided to the
16 Committee an Economic Opportunity Plan
17 for you to review. There is a revised
18 Page 17 that makes a minor but meaningful
19 change in connection with the expansion
20 of those who are authorized to be
21 included in the count of minority and
22 women and disabled-owned business
23 enterprises at the time the bid
24 submission occurs.

25 Let me quickly give you an

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 overview of what the Economic Opportunity
3 Plan, or EOP, includes. It provides for
4 good-faith efforts by all plan
5 participants regarding contracting and
6 employment. It establishes monitoring
7 and compliance procedures. It provides
8 for the establishment of a program
9 oversight committee, with Council
10 involvement. Failure to comply will
11 result in accountability and could lead
12 to corrective or punitive action being
13 taken against plan participants after
14 notice and opportunity to be heard.

15 The good-faith efforts with
16 regard to contracting actions is
17 referenced on Page 3 of the Economic
18 Opportunity Plan before you. It presumes
19 the following levels of commitment in
20 connection with meeting good-faith
21 efforts: A 35 percent goal with respect
22 to minority business enterprises, 12
23 percent with regard to women business
24 enterprises and two percent with regard
25 to disabled business enterprises. And

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 there are substantial subcontractor and
3 subconsultant goals which are referenced
4 on Page 10 of the EOP before you.

5 With regard to employment,
6 there are very, very aggressive targets
7 included in the plan. These are the same
8 as those included in the Cultural and
9 Commercial Corridors Bond deal previously
10 before Council. And with regard to the
11 employment goals, it is presumed that
12 participants in the plan are compliant
13 with good-faith efforts if they meet
14 goals of 43 percent minority employment
15 and women and -- I'm sorry; 43 percent
16 with regard to minority employment and
17 seven percent with regard to women.

18 In addition, contractors must
19 also make good-faith efforts to maximize
20 employment for apprentices and
21 pre-apprentices, with the first year goal
22 of 25 percent for minorities and ten
23 percent for females.

24 In connection with the
25 employment goals in terms of the

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 categories and the breakout, those occur
3 and are reflected on Page 17 on the EOP
4 before you.

5 I'd like to lastly mention that
6 with regard to the procedures that are
7 reflected in the EOP for Bill 060005 that
8 we have, I believe, worked hard not only
9 to provide for aggressive goals, because
10 the Administration shares the interest of
11 Council in having that level of
12 substantial meaning after participation,
13 but in addition, we've come up with
14 process improvements to the MBEC process
15 with regard to certification, in
16 coordination with the Finance Department,
17 the MBEC office as well as the
18 Neighborhood Transformation Initiative.
19 MBEC is going to begin to utilize,
20 through reciprocity agreements with
21 regional jurisdictions that also have
22 similar programs, will start utilizing a
23 streamlined application process before
24 MBEC for those contractors wishing to do
25 business as part of this particular

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 program effort, and we will be
3 considering those to be certifiable under
4 the MBEC process. There will be a
5 streamlined application. There will be
6 an expeditious review of those
7 reciprocity applications.

8 There is a requirement we think
9 only in fairness to Philadelphia
10 craftspersons and others wishing to do
11 business in regional jurisdictions, we
12 believe it only fair to expect that those
13 that receive this streamlined opportunity
14 through reciprocity to be certified by
15 MBEC should also expect to have similar
16 opportunities for Philadelphia workers in
17 those reciprocal jurisdictions. And the
18 MBEC Director and I have spoken, and she
19 has committed to reaching out to the
20 regional jurisdictions and has already
21 begun that effort to make sure that they
22 understand that part of the reciprocity
23 expectations on their part will be to
24 provide opportunities in their
25 jurisdictions for Philadelphia workers.

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 But in connection with this
3 expeditious process, in order to cast the
4 net widely, we will allow contractors who
5 are primes under this program to get the
6 benefit of counting the subcontractors
7 and subconsultants as MBEC certified if
8 they are certifiable and an application
9 has been filed with MBEC and within ten
10 days of the bid opening that the
11 certification by MBEC is completed, and
12 the MBEC Director has committed to
13 assuring that in those situations where
14 certifiable subcontractors and
15 subconsultants are included, that that
16 streamlined application review process
17 will be completed within that ten days.

18 We believe that we have
19 hopefully complied with the concerns
20 expressed previously on this program by
21 Committee and Councilmembers. We are
22 prepared to respond to any questions you
23 have before you, but we see this as a
24 shared goal to see that we have
25 substantial and meaningful participation

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 by minority and women and disabled
3 business enterprise owners through this
4 program that would be authorized by Bill
5 060005.

6 Thank you, Madam Chair.

7 COUNCILWOMAN BLACKWELL: Thank
8 you very much.

9 Does anybody else want to
10 testify or shall we entertain questions?
11 Are you prepared for us to just entertain
12 questions?

13 MR. DIAZ: Yes.

14 COUNCILWOMAN BLACKWELL:
15 Councilwoman Blondell Reynolds Brown.

16 COUNCILWOMAN BROWN: Thank you,
17 Madam Chair.

18 Good evening now.

19 MR. DIAZ: Good evening.

20 COUNCILWOMAN BROWN: First, let
21 me say thank you for responding to the
22 issues that were raised most notably by
23 Councilman Goode and echoed by other
24 members of this Committee.

25 Two questions. When you say

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 streamline, you had moved to streamline
3 the application process, what does that
4 mean, and effective when?

5 MR. DIAZ: I'm going to ask the
6 MBEC Director to join us, but the MBEC
7 Director has already begun developing a
8 shorter application just for those
9 reciprocal jurisdictions that I mentioned
10 earlier, so that we do not delay the
11 possibility that some who might be
12 certified by MBEC under this process
13 might get counted. If they have a
14 reciprocal jurisdiction certification,
15 have made application to MBEC at the time
16 that the sealed bid is opened, we will
17 count them so long as within ten days
18 MBEC certifies.

19 I'll ask Carolyn Nichols to
20 address how the streamlining application
21 process would work.

22 MS. NICHOLS: Yes. Good
23 evening, Councilwoman. For the record,
24 Carolyn Nichols, Minority Business
25 Enterprise Council Director.

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 What we've been able to do --
3 and, actually, we've had the process in
4 place for a while, actually since 2005.
5 If we're going to grant reciprocal
6 recognition, all the applicant needs to
7 do is fill out three sections of the
8 application and submit the certificate
9 showing that they are certified with a
10 governmental entity, and that's all that
11 they need. So no tax returns, none of
12 the other documents that would be
13 required for the full process would be
14 required, because the applicant has
15 already undergone that process in the
16 other jurisdiction.

17 COUNCILWOMAN BROWN: And you
18 stated that what you just described has
19 been in place since 2005?

20 MS. NICHOLS: Yes. Actually,
21 the whole idea of reciprocity came out of
22 the City Controller's 2004 audit of MBEC
23 and recommended that MBEC look at
24 reciprocal recognition to address the
25 backlog and be able to move applications

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 through, and it's been extremely helpful.
3 It's been in place at MBEC actually since
4 2005, and we've been able to actually cut
5 our backlog almost in half with
6 reciprocal list certifications.

7 COUNCILWOMAN BROWN: City
8 Solicitor also stated that what you just
9 described, or the reciprocity of
10 applications, will be within ten days.

11 Is that accurate, City
12 Solicitor?

13 MR. DIAZ: That the MBEC
14 certification would be completed within
15 ten days after the bid opening. If for
16 any reason -- and we've talked, Carolyn
17 and I, about some potential issues. If,
18 for example, a certification in a
19 reciprocal jurisdiction has lapsed, if it
20 turns out that the work to be done under
21 the program is different from that
22 certified by the reciprocal jurisdiction,
23 there might be some issue related to
24 their eligibility for this particular
25 kind of work under this particular

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 program for this particular entity. But
3 putting aside those kinds of potential
4 problems, we would anticipate that MBEC
5 would certify it solely on the basis that
6 Carolyn Nichols just mentioned, that they
7 have been certified in a reciprocal
8 jurisdiction and they have gone through
9 whatever eligibility reviews would have
10 been appropriate for this kind of
11 qualification.

12 COUNCILWOMAN BROWN: And so --

13 MS. NICHOLS: So for it to
14 work, the application would have had to
15 have been pending, even though it's a
16 very streamlined application. What we
17 don't want is people to run in and then
18 want the thing completed within ten days.
19 I think the EOP addresses that the
20 application has already been submitted
21 and it would be completed, the review
22 process completed, ten days after the bid
23 opening.

24 COUNCILWOMAN BROWN: Is that an
25 improvement from the past? What's been

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 the trigger factor where there's that
3 kind of improvement now? Is it more
4 staff? What is it?

5 MS. NICHOLS: Well, we wanted
6 to respond particularly to particular
7 Councilpeople's concerns that because of
8 the size of the directory and the
9 limitations, that we wanted to open up
10 and maximize opportunities so that a
11 bidder could look at certifiable firms
12 that have not completed the process yet
13 but they are minority, women or
14 disabled-owned persons, and then if they
15 have certificates in another jurisdiction
16 or with another governmental entity
17 within Pennsylvania, then we can offer
18 the streamlined process.

19 The other thing that we agreed
20 to do as well and what we've been doing
21 is, we expedite the applications of
22 vendors that are on City work. Typically
23 bid language says that you have to be
24 certified at the time of bid opening. So
25 what we did in this particular case in

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 response to the concerns was to expand
3 beyond the bid opening and giving the
4 certifiable firms another ten days to
5 complete their certification. So that is
6 different. That's new. We've never done
7 that before.

8 COUNCILMAN GOODE: Point of
9 information.

10 COUNCILWOMAN BLACKWELL: Point
11 of information. Councilman Goode.

12 COUNCILMAN GOODE: Just very
13 quickly. Where in the EOP does it say
14 that the application has to have been
15 submitted?

16 COUNCILWOMAN BROWN: Repeat
17 your question, Councilman.

18 MR. DIAZ: It does not say
19 that. I described that, and obviously it
20 would be helpful if the certification
21 application has been filed by then. But
22 the EOP does require that the MBEC
23 certification be given by the tenth
24 calendar day after the bid opening. So,
25 yes, you are correct, Councilman.

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 COUNCILMAN GOODE: I will add
3 that it does not say that.

4 MS. NICHOLS: I was
5 following -- I'm sorry. I was following
6 City Solicitor's testimony.

7 COUNCILMAN GOODE: I just want
8 to make sure for clarity of record that
9 it does not say that because it's not
10 meant to say that.

11 MS. NICHOLS: Correct.

12 MR. DIAZ: That is correct.
13 And if I could just follow up on the
14 earlier answer, Councilwoman Reynolds
15 Brown, the ten days we thought was an
16 appropriate balance between the desire
17 expressed to us by Councilman Goode and
18 others to give more opportunity for
19 casting the net more widely and balancing
20 that against a certain amount of risk
21 which we think is manageable that in fact
22 we need to know before we give credit for
23 the minority, women and disabled business
24 enterprise participation, we need to have
25 finality about that. We also have

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 deadlines with regard to the procurement
3 process and in certain instances we have
4 deadlines relative to the expiration of
5 bid prices.

6 So taking all of that into
7 consideration and talking to the Finance
8 Department, Procurement and MBEC in
9 particular and the Program Office, we
10 thought this was an appropriate balanced
11 approach and we're happy to have done it.

12 COUNCILWOMAN BROWN: My final
13 question speaks to always us working to
14 help government work smarter, number one,
15 and, number two, having systems that are
16 in the same line of business talking to
17 each other, specifically the School
18 District of Philadelphia and PHA, whom I
19 know having spoken with your counterparts
20 in those systems, there still appears to
21 be a gap in terms of communication in
22 sharing information and minimizing the
23 hoops that MBEs and WBEs have to jump
24 when you're all looking for the same
25 information.

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 MR. DIAZ: I totally agree with
3 you, Councilwoman, and the MBEC Director
4 and I have been talking about this. In
5 fact, I sort of hinted at this to her
6 since yesterday, but I think we're going
7 to have a road show soon and visit nearby
8 certifying jurisdictions. But from her
9 initial analysis yesterday as we were
10 trying to develop the EOP before you, we
11 believe that just on a regional basis,
12 given the certified entities that these
13 other jurisdictions and other groups that
14 you alluded to have in their databases,
15 that we can probably increase the number
16 of business enterprises who would be
17 eligible to compete at the time of the
18 bid opening by a factor of 20. So when
19 we looked at it from that perspective, it
20 seemed that the issue that was raised to
21 our attention by Councilman Goode and
22 others was one that was worthy of serious
23 review, subject to the fact that what's
24 good for the goose has got to be good for
25 the gander. If we're going to be giving

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 credit to other certifying jurisdictions,
3 we want to have that same kind of credit
4 being given to Philadelphia businesses,
5 and for that purpose, Carolyn and I and
6 others, I'm sure, are going to be going
7 on the road soon in the region to make
8 sure that we let our reciprocal
9 jurisdictions know what the expectations
10 are. We've gotten preliminary positive
11 responses from the State of Delaware,
12 among others. We now want to nail that
13 down with regard to the other
14 jurisdictions as well.

15 COUNCILWOMAN BROWN: Thank you.
16 Thank you. Thank you.

17 MS. NICHOLS: I just wanted to
18 add as well, Councilwoman --

19 COUNCILWOMAN BROWN: It's
20 overdue.

21 MS. NICHOLS: -- that we do the
22 certification for the School District.
23 We also set participation ranges in their
24 contract. So we work very, very closely
25 with the School District, PHA and PIDC

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 and PHDC, all of the quasi governmental
3 agencies.

4 COUNCILWOMAN BROWN: I don't
5 doubt that. The concern remains, as City
6 Solicitor just aptly articulated, we need
7 to do what we can to make sure that
8 businesses do not have to jump through
9 16,000 hoops when you have three or four
10 agencies right here in Philadelphia
11 looking for the same information. It's
12 simply not right. It doesn't speak well
13 to government functioning in a smart
14 manner.

15 MS. NICHOLS: Absolutely.

16 COUNCILWOMAN BROWN: Thank you
17 very much. Thank you for your testimony.

18 COUNCILWOMAN BLACKWELL: Thank
19 you very much.

20 Any other questions or comments
21 with regard to 060005?

22 Councilman Goode.

23 COUNCILMAN GOODE: Just one
24 quick question. How many reciprocal
25 certifications has MBEC done to date?

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 MS. NICHOLS: Approximately
3 200, or in that neighborhood.

4 COUNCILMAN GOODE: Thank you.

5 COUNCILWOMAN BLACKWELL: Thank
6 you very much.

7 Well, we're now to Bill No.
8 060504. I don't know, Water
9 Commissioner, why you just don't stay for
10 this since you've been in all the rest.
11 Thank you very much.

12 Ms. Califano, please identify
13 yourself for the record and make your
14 testimony. This we have heard. So this
15 is the only one it looks like we may have
16 to spend a little time on, but it should
17 be short since it is regarding removing a
18 portion of a property in the 41st Ward.
19 So we expect you'll make it short for us.

20 MS. CALIFANO: Yes.

21 COUNCILWOMAN BLACKWELL: Thank
22 you.

23 MS. CALIFANO: Good evening,
24 Councilwoman Blackwell. My name is
25 Catherine Califano. I'm here on behalf

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 of the Office of Housing and Community
3 Development to testify in support of Bill
4 060504.

5 This bill removes 13 acres of
6 the former Tacony warehouse site from the
7 Keystone Opportunity Zone program.
8 Originally this site was seen as an
9 industrial commercial site. As part of
10 the new River City initiative and as more
11 sites have -- more sites for reuse have
12 looked for residential, the current
13 developer, Transactionable Properties and
14 Kaplan Companies, propose to construct
15 over 400 market-rate residential units on
16 this site, and in working in concert with
17 them, we jointly ask that this site be
18 removed from the Keystone Opportunity
19 Zone program.

20 COUNCILWOMAN BLACKWELL: Thank
21 you very much.

22 Is there any discussion on this
23 bill?

24 (No response.)

25 MS. CALIFANO: I just ask that

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 if the rules could be suspended to permit
3 the first reading at the next regularly
4 scheduled meeting of Council. That's it.
5 Thank you.

6 COUNCILWOMAN BLACKWELL: Thank
7 you. Thank you very much.

8 We need one moment for
9 discussion on one date. We're done.
10 Hold on. Thank you.

11 (Pause.)

12 COUNCILWOMAN BLACKWELL: Thank
13 you very much. That will conclude our
14 hearing, and we will enter into our
15 stated meeting.

16 Bill Nos. 060108 and 109, the
17 biosolid discussions, those two bills
18 will be continued until December 12th at
19 9:00 a.m.

20 We will now entertain a motion
21 with regard to Bill No. 060504. Wilson,
22 would you give me a motion to report this
23 out of Committee and also a suspension of
24 the rules.

25 COUNCILMAN GOODE: Thank you,

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 Madam Chair. I move that Bill 060504 be
3 reported out of Committee with a
4 favorable recommendation and that the
5 rules of Council be suspended so as to
6 permit first reading at our next Council
7 session.

8 (Duly seconded.)

9 COUNCILWOMAN BLACKWELL: It's
10 been moved and seconded that Bill No.
11 060504 be reported out of Committee with
12 a favorable recommendation and,
13 furthermore, that the rules be suspended
14 in order to permit first reading at our
15 next session of Council.

16 All in favor will say aye.

17 (Aye.)

18 COUNCILWOMAN BLACKWELL:

19 Opposed?

20 (No response.)

21 COUNCILWOMAN BLACKWELL: The
22 ayes have it, and so Bill 060504 is
23 reported out.

24 The Chair will now entertain a
25 motion with regard to an amendment, that

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 an amendment be adopted to Bill No.
3 060766.

4 Councilman DiCicco.

5 COUNCILMAN DiCICCO: Thank you,
6 Madam Chair. I move that the amendment
7 that has been circulated to the members
8 of this Committee on behalf of the
9 sponsor, Councilman Clarke, to Bill No.
10 060766 be approved.

11 (Duly seconded.)

12 COUNCILWOMAN BLACKWELL: It has
13 been moved and seconded that the
14 amendment to 060766 be adopted.

15 All in favor will say aye.

16 (Aye.)

17 COUNCILWOMAN BLACKWELL:

18 Opposed?

19 (No response.)

20 COUNCILWOMAN BLACKWELL: The
21 ayes have it, and so the amendment is
22 adopted.

23 The Chair now recognizes
24 Councilman DiCicco.

25 COUNCILMAN DiCICCO: Thank you,

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 Madam Chair. I move that Bill No. 060766
3 as amended be reported out of this
4 Committee with a favorable recommendation
5 and a further recommendation that the
6 rules of Council be suspended.

7 (Duly seconded.)

8 COUNCILWOMAN BLACKWELL: It has
9 been moved and seconded that Bill No.
10 060766 as amended be reported out of
11 Committee with a favorable recommendation
12 and, furthermore, that the rules of
13 Council be suspended so as to permit
14 first reading at our next session of
15 Council.

16 All in favor will say aye.

17 (Aye.)

18 COUNCILWOMAN BLACKWELL:

19 Opposed?

20 (No response.)

21 COUNCILWOMAN BLACKWELL: The
22 ayes have it, and so the bill is reported
23 out.

24 (Pause.)

25 COUNCILWOMAN BLACKWELL: Tough

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 day, ladies and gentlemen. Now, let me
3 see. We're in the middle of our meeting
4 passing out these bills. We will now
5 entertain a motion, Mr. Goode, with
6 regard to the River City bill, Bill No.
7 060005, that the Equal Opportunity Plan
8 be adopted.

9 COUNCILMAN GOODE: Thank you,
10 Madam Chair. I move that the Economic
11 Opportunity Plan with the new Page 17 be
12 approved as an amendment to Bill No.
13 060005.

14 (Duly seconded.)

15 COUNCILWOMAN BLACKWELL: Thank
16 you. It has been moved and seconded that
17 the Equal Opportunity Plan as just
18 described be adopted.

19 All in favor will say aye.

20 (Aye.)

21 COUNCILWOMAN BLACKWELL: All
22 opposed?

23 (No response.)

24 COUNCILWOMAN BLACKWELL: The
25 ayes have it, and so the amendment is

1 11/30/06 - FINANCE - BILL 060108, ETC.
2 adopted.

3 The Chair now recognizes
4 Councilman Goode with a motion with
5 regard to this bill.

6 COUNCILMAN GOODE: Thank you,
7 Madam Chair. I move that Bill No. 060005
8 as amended be reported out of Committee
9 with a favorable recommendation and that
10 the rules of Council be suspended so as
11 to permit first reading at our next
12 Council session.

13 (Duly seconded.)

14 COUNCILWOMAN BLACKWELL: It has
15 been moved and seconded that Bill No.
16 060005 be reported out of Committee as
17 amended and, furthermore, that the rules
18 of Council be suspended so as to permit
19 first reading at our next session of
20 Council.

21 All in favor will say aye.

22 (Aye.)

23 COUNCILWOMAN BLACKWELL:

24 Opposed?

25 (No response.)

1 11/30/06 - FINANCE - BILL 060108, ETC.

2 COUNCILWOMAN BLACKWELL: The
3 ayes have it.

4 We have one further
5 announcement. I will correct my earlier
6 statement. The biosolid bills, Bill No.
7 060108 and 109, will be continued until
8 December 5th at 11:00 a.m.

9 That concludes our meeting for
10 today. Thank you, everyone. Thank you.

11 (Committee on Finance adjourned
12 at 6:00 p.m.)

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CERTIFICATE

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I HEREBY CERTIFY that the

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proceedings, evidence and objections are

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contained fully and accurately in the

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stenographic notes taken by me upon the

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foregoing matter on November 30, 2006, and

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that this is a true and correct transcript of

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same.

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RPR-Notary Public

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