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COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON LICENSES AND INSPECTIONS

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- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Monday, May 19, 2008, 10:14 a.m.
- - -

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Bill 080004 Requiring towers to accept
credit card and debit card payments.

7

8

Bill 080085 Providing for protection against
sale of cars in need of substantial repairs,
commonly known as "a lemon law."

9

10

Res. 080263 Authorizing L&I Committee to
hold hearings to investigate cause of large
numbers of false burglar alarm activations.

11

12

Bill 080301 Prohibiting junk dealers from
transacting bus. w/respect to certain items.

13

14

Bill 080373 Assess towing/storage fees in
accordance with provisions of Sec. 12-2406.

15

(Full text of all of above attached hereto.)

16

COMMITTEE MEMBERS PRESENT:
Maria D. Quinones-Sanchez, Chair
Joan L. Krajewski, Vice Chair
Blondell Reynolds Brown
Bill Green
William K. Greenlee
Jack Kelly

17

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OTHER COUNCILMEMBERS PRESENT:
Darrell L. Clarke
James F. Kenney

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- - -

23

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2 COUNCILWOMAN SANCHEZ: The
3 Committee on Licenses and Inspections
4 will now start its public hearing.
5 Having recognized -- we have a quorum
6 of the committee: Councilman Kelly,
7 Councilwoman Krajewski, Councilman
8 Green, Councilman Bill Greenlee, and
9 also joining us at the table is
10 Councilman Darrell Clarke, who has a
11 bill up this morning.

12 Will the clerk read the first
13 bill, please.

14 THE CLERK: Bill No. 080004, an
15 ordinance amending Section 9-605 of the
16 Philadelphia Code, entitled "Towing,"
17 by requiring every person licensed to
18 engage in the business of towing
19 vehicles to accept credit cards and
20 debit cards in payment of towing and
21 other charges, under certain terms and
22 conditions.

23 (Witnesses come forward.)

24 COUNCILWOMAN SANCHEZ: Thank
25 you.

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2 I have scheduled Commissioner

3 Verdi, Rick Dixon, and Joseph Parente.

4 Is there anybody else in the audience

5 who is going to be testifying on 080004?

6 (No response.)

7 COUNCILWOMAN SANCHEZ: Okay,

8 thank you.

9 State your name for the record.

10 COMMISSIONER VERDI: Dominic

11 Verdi, Deputy Commissioner for the

12 Department of Licenses and Inspections.

13 COUNCILWOMAN SANCHEZ: You can

14 begin.

15 COMMISSIONER VERDI: Good

16 morning, Chairwoman Sanchez and members

17 of the committee. I'm Dominic Verdi,

18 Deputy Commissioner of the Department

19 of Licenses and Inspections.

20 Today I'm here to provide

21 testimony on Bill No. 080004, which, if

22 enacted, will require persons licensed

23 by the City in the business of towing

24 vehicles to accept credit cards and/or

25 debit cards as payment to cover the

1 5/19/08 - L&I COMMITTEE - BILL 080004
2 charges incurred through the towing of
3 vehicles in the City.

4 The Department of Licenses and
5 Inspections is a local agency that is
6 charged with the enforcement of 9-605 of
7 the Philadelphia Code related to the
8 licensing of tow truck businesses that
9 tow private vehicles either from the
10 highway or from private property.

11 With respect to the provisions
12 of Bill 080004, we offer no objections
13 to the enactment of this bill, as this
14 will provide a benefit to the public we
15 serve, and we will enforce the bill's
16 provisions by ensuring that tow
17 businesses have and maintain the
18 necessary equipment to accept credit
19 and/or debit card payments from citizens
20 in order to reclaim their vehicles after
21 having been towed.

22 Thank you for the opportunity
23 to provide testimony on Bill No. 080004,
24 and I'd be happy to answer any questions
25 at this time.

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2 COUNCILWOMAN SANCHEZ: Any
3 questions from the committee?

4 I have one: What will be our
5 process for ensuring compliance? What's
6 going to be the process? If we're
7 saying we're going to accept credit
8 cards, how long are we going to give the
9 providers?

10 COMMISSIONER VERDI: To have
11 the equipment ready?

12 COUNCILWOMAN SANCHEZ: Mm-hmm.

13 COMMISSIONER VERDI: We'll have
14 to discuss that with the commissioner
15 and with Otis, our legislative person,
16 and we'll enact regulations to enforce.

17 COUNCILWOMAN SANCHEZ: Okay.
18 Could we get that over to the
19 Chairperson --

20 COMMISSIONER VERDI: We'll get
21 that over to the Chair.

22 COUNCILWOMAN SANCHEZ: -- in
23 terms of what your recommended time is
24 for enforcement?

25 COMMISSIONER VERDI: Yes.

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2 COUNCILWOMAN SANCHEZ: Okay,
3 thank you.

4 Anybody else?

5 COUNCILMAN KENNEY: Madam
6 Chair?

7 COUNCILWOMAN SANCHEZ: Sure.

8 Councilman Kenney, who is the author of
9 the bill.

10 COUNCILMAN KENNEY: Thank you
11 very much.

12 Just so the record's clear on
13 the genesis of this whole issue,
14 oftentimes, when people's cars are
15 towed, it's a major inconvenience for
16 them. It's often at night, later, and
17 where there's not a bank available.
18 They have to go to an ATM machine, which
19 is not safe. They don't have a car to
20 get there they're walking.

21 So there's a whole slew of
22 reasons in addition to us keeping count
23 of how many cars get towed and what
24 happens to the money, which was also
25 interesting aspect of it, but that's

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2 really how it got started.

3 So I just wanted to thank you
4 for your consideration.

5 COUNCILWOMAN SANCHEZ: Thank
6 you. Thank you, Councilman.

7 And we'll be ready for our next
8 witness, and I don't know if
9 Commissioner Verdi wants to stay there
10 since we're going to go (inaudible).

11 MR. DIXON: My name is Richard
12 Dixon. I'm the Senior Director of
13 Strategic Planning for the Philadelphia
14 Parking Authority. I do have written
15 testimony, but I'll summarize it in the
16 interest of brevity.

17 The reality is that we are
18 dealing less and less in a cash society;
19 people pay for coffee with a debit card
20 and a credit card. To expect people to
21 have a couple of hundred dollars to pay
22 for fees for towing and storage is
23 really not realistic. And the result of
24 that is, people end up paying more fees
25 because they are unable to get the car

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2 on the day that it's towed, so
3 additional storage fees are accrued,
4 which costs the public more money.

5 And it's always -- the
6 Councilman said it's usually
7 inconvenient; it's always inconvenient
8 when a person's car is towed, and to
9 further inconvenience that person and
10 charge them more money is really not in
11 the best interest of the service to the
12 public.

13 And, additionally, by having
14 tow operators or tow companies deal
15 exclusively in cash, we increase the
16 likelihood that they could be crime
17 victims as well.

18 There are adequate safeguards
19 in consumer-protection laws that would
20 ensure that fraudulent charge-backs
21 would not become the responsibility of
22 the tow company. If they require
23 signatures and identification when
24 charges are made, the likelihood of them
25 losing the fee for that tow is almost

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2 none.

3 We collect almost \$10 million
4 in tow storage and boot fees a year, and
5 less than 1 percent is ever rejected as
6 a charge-back, so the cost to the towing
7 company is really minimal in terms of
8 the possibility of fraudulent use of
9 credit cards.

10 So the Parking Authority would
11 support enactment of this bill in the
12 interest of the consumer and for the
13 safety of the people that are involved.

14 COUNCILWOMAN SANCHEZ: Any
15 questions of our witness from the
16 committee?

17 I have a question in terms of
18 the -- I'm expecting that the tow
19 truck operators are going to charge us
20 a transaction fee. Do we have a sense
21 of what that would be if they accept
22 the credit cards?

23 MR. DIXON: This bill, I
24 believe, prohibits using -- charging
25 any kind of a fee associated with that.

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2 COUNCILWOMAN SANCHEZ: Okay,
3 all right.

4 MR. DIXON: And, actually, I
5 think it -- I don't think it's legal
6 for a face-to-face transaction to
7 charge a convenience fee on credit
8 cards as well. That's only possible, I
9 think, in Web-based credit-card
10 transactions, but if a person is there,
11 presenting their card at the point of
12 sale, I don't think you're allowed to
13 charge a fee associated with that.

14 COUNCILWOMAN SANCHEZ: Okay.
15 Thank you.

16 Any other questions?
17 (No further questions.)

18 COUNCILWOMAN SANCHEZ: Thank
19 you for your testimony.

20 Mr. Joseph Parente.
21 (Witness comes forward.)

22 MR. PARENTE: Good morning
23 Council. My name is Joseph Parente.
24 I'm the owner of Morton Towing and
25 Recovery, and I'm here today to testify

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2 on behalf of Morton Towing and Recovery
3 and the Philadelphia Authorized Towers
4 and Salvors Association.

5 We are aware of the -- that
6 people are able to not have access to
7 credit cards at this time. Our company
8 does accept credit cards. The
9 Philadelphia Authorized Towers and
10 Salvors Association are aware that in
11 any reputable business, that the
12 consumer's best interest is taken into
13 consideration. There are many different
14 situations and circumstances where the
15 public is unable to have access to a
16 bank or obtain payment in cash.

17 Our towing association is in
18 favor of Bill No. 080004.

19 COUNCILWOMAN SANCHEZ: Any
20 questions from my colleagues?

21 The Chair recognizes Councilman
22 Kenney.

23 COUNCILMAN KENNEY: Thank you.

24 Over the years, we've been
25 debating a lot of issues relative to tow

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2 companies and towing problems and other
3 issues, and I think, as usual, with most
4 industries that have problems, it's
5 usually a small number of people who are
6 involved in the kind of bad activities
7 on the street when they get people's
8 cars.

9 These guys here are not those
10 people, and they are the ones that have
11 borne the brunt a lot of times of the
12 bad reputation that the industry has,
13 when they are just legitimate business
14 people who give people a fair shake.
15 Certainly they have to tow a car as part
16 of their jobs, but these are not the
17 guys that are going around, you know,
18 wreck-chasing and fighting with people.
19 They are legitimate businesspeople, they
20 employ people, they pay their taxes.

21 And I just -- it's important
22 for the committee and the City to see
23 the other side and the other face of
24 that industry, which is a good face.

25 So thank you.

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2 COUNCILWOMAN SANCHEZ: I want
3 to thank you all for being present this
4 morning and for supporting the bill.
5 Thank you.

6 Is there anybody else here
7 present to testify on Bill No. 080004?
8 Anyone who wasn't on our witness list?

9 (No response.)

10 COUNCILWOMAN SANCHEZ: Okay.
11 Having none, thank you very much.

12 Will the clerk read the title
13 of Bill No. 080373.

14 THE CLERK: Bill No. 080373, an
15 ordinance amending Section 12-1120 of
16 the Philadelphia Code, entitled
17 "Abandoned Vehicles," by providing that
18 towing and storage fees charged by
19 authorized salvors for the towing and
20 storage of abandoned vehicles be
21 assessed in accordance with the
22 provisions of Section 12-2406.1, under
23 certain terms and conditions.

24 COUNCILWOMAN SANCHEZ: We have
25 Commissioner Verdi. I don't know if he

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2 wanted to add anything.

3 COMMISSIONER VERDI: No, ma'am.

4 COUNCILWOMAN SANCHEZ: No?

5 COMMISSIONER VERDI: No.

6 COUNCILWOMAN SANCHEZ: Okay.

7 We should have done these jointly.

8 Is there anything added? How
9 about Mr. Dixon; anything you need to
10 add? No? Okay.

11 Oh, the towers? I'm sorry.

12 They should have stayed on. Hold on.

13 Mr. Joseph Parente, if you wanted to add
14 something related to the rates, Bill No.
15 080373?

16 (Witness comes forward.)

17 MR. PARENTE: The Philadelphia
18 Towers and Salvers Association would
19 like to also have our price increase
20 run concurrently with the Parking
21 Authority in respect to the pricing,
22 and as the prices change with the
23 Parking Authority, our price is equal
24 to what the Parking Authority's prices
25 are.

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2 COUNCILWOMAN SANCHEZ: Any
3 questions of this witness? Anything to
4 add?

5 COUNCILMAN KENNEY: If they
6 could -- Madam Chair, if they could
7 talk about the last time there was an
8 increase, which has been at least --

9 MR. PARENTE: It was 24 years
10 ago.

11 COUNCILMAN KENNEY: Yeah.

12 MR. PARENTE: 1984.

13 COUNCILMAN KENNEY: Inflation
14 has changed a little bit, I guess.

15 MR. PARENTE: Yes. Fuel's
16 more, et cetera.

17 COUNCILWOMAN SANCHEZ: Again,
18 thanks for your testimony this morning
19 and for the association in working with
20 the both Administration and our bill
21 sponsor, Councilman Kenney.

22 Any other witnesses on Bill No.
23 080373?

24 (No response.)

25 COUNCILWOMAN SANCHEZ: Thank

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2 you, Councilman Kenney.

3 If the clerk would read

4 Resolution 080263.

5 THE CLERK: A resolution
6 authorizing the Committee on Licenses
7 and Inspections to hold hearings to
8 investigate the causes of large numbers
9 of false burglar alarm activations
10 Philadelphia and to examine the fiscal
11 impact of these false activations and
12 to propose solutions to reduce the
13 number of false activations and their
14 negative impact on the City's financial
15 resources and policing capabilities.

16 (Witnesses come forward.)

17 COUNCILWOMAN SANCHEZ: Good
18 morning. If you could read your name
19 in for the record and proceed.

20 I have -- for the record, I
21 have Commissioner Eileen O'Brien, Deputy
22 Commissioner Gaittens, and Chief
23 Inspector Feeney.

24 MS. O'BRIEN: I defer to the
25 people who hold the titles of

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2 "Commissioner."

3 COUNCILWOMAN SANCHEZ: Excuse
4 me. Before you start your testimony,
5 we're going to have a brief statement
6 by Councilman Bill Green, who is the
7 author of this resolution.

8 COUNCILMAN GREEN: Before we
9 take public testimony regarding this
10 resolution, I just want to share a few
11 things.

12 There are two issues, I
13 believe, that will stand out regarding
14 the City's false burglar alarm problem.
15 First is the volume and rate of false
16 alarms. Second is the amount of money
17 it is costing the City each year.

18 In the 2007 fiscal year, the
19 police responded to 92,000 burglar
20 alarms; 99 percent of these alarm
21 activations were false. This is not an
22 anomaly but a troubling trend. Over the
23 last 10 years, 97 to 99 percent of the
24 activations have been false.

25 This results in a significant

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2 amount of police resources and time
3 being diverted to providing response to
4 a non-emergency. Given the City's high
5 crime rate, we can no longer afford such
6 insufficient allocation of our scare
7 police resources.

8 As to the cost of this problem,
9 based on the research my office has
10 done, I estimate conservatively that
11 false alarms cost taxpayers in excess of
12 a million dollars a year. If a
13 comprehensive study of costs responding
14 to alarms was performed, as was last
15 done in the early 1990s, I believe the
16 cost per activation would be
17 significantly higher than that number.

18 Between fiscal years 1997 and
19 2008, the total cost to the City, just
20 based on inflation adjustment from the
21 1990 studies, is 13.4 million. This
22 deficit results from the fact of the
23 high cost for police response, which is
24 far greater than the revenue generated
25 from registration fees and fines for

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2 false alarms.

3 We can quickly close this
4 deficit through adjusting fees or fines,
5 but that would not solve the overarching
6 number of false alarms, and, more
7 important, may not be the most
8 appropriate solution.

9 At this hearing, we are going
10 to present what data we have about the
11 false alarm problem in Philadelphia as
12 well as mention what other cities have
13 done to lower their number of false
14 alarm activations.

15 It is important to note that it
16 is not my intent to discourage burglar
17 alarm use. Burglar alarms play a
18 positive role in the development of our
19 city. Many people choose to leave the
20 City because of security concerns and
21 fear of crime. I am mindful that many
22 areas of the City experiencing growth
23 are doing so in part because of the
24 availability of alarms.

25 Therefore, when examining this

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2 problem and crafting an appropriate
3 solution, we should be mindful of the
4 benefits that affordable access to alarm
5 systems provide to the growth and
6 develop of our city.

7 Thanks.

8 COUNCILWOMAN SANCHEZ: Thank
9 you.

10 We can start with our first
11 witness.

12 INSPECTOR FEENEY: Good
13 morning, Madam Chairwoman Quinones-
14 Sanchez and other members of the
15 Committee of Licenses and Inspections.
16 My name is Chief Inspector Michael
17 Feeney. I am in charge of IT and
18 communication services for the
19 Philadelphia Police Department.

20 First, on behalf of
21 Commissioner Ramsey, please let me
22 extend this gratitude for allowing the
23 Police Department the opportunity to be
24 heard regarding this very important
25 resolution.

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2 I am here today to testify on
3 the impact that false burglar alarms
4 have on the Philadelphia Police
5 Department and the citizens we're sworn
6 to protect. There is currently both an
7 opportunity as well as a financial cost
8 to these responses.

9 Accordingly, the Philadelphia
10 Police Department appreciates the
11 efforts of Councilman Green and other
12 members of City Council to reduce the
13 number of false activations in
14 Philadelphia. Please let me explain how
15 such efforts can not only benefit the
16 Police Department but also the City as a
17 whole.

18 In 2007, 97 percent of alarm
19 calls were deemed to be false. Let me
20 just point out that on the testimony
21 that was submitted, there was a mistake.
22 It says "94 percent"; the correct number
23 is 97. This resulted in approximately
24 52,690 hours of police hours wasted
25 responding to these calls. This is time

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2 that officers were precluded from
3 responding to other priority assignments
4 or from actively patrolling their areas
5 of assignment.

6 As a police officer, this is
7 the most disturbing aspect of false
8 alarms, the opportunity costs of being
9 in the wrong place when a real emergency
10 erupts. This impacts our response time
11 for crimes and other legitimate service
12 needs, it impacts our ability to deter
13 crime, and, most important, it can
14 impact officers' safety. While the
15 Police Department fully accepts its
16 responsibilities to respond to crimes in
17 progress, the stakes are just too high
18 to waste valuable police resources.

19 While the inability to respond
20 to real emergencies is the most
21 disturbing aspect of false alarms, the
22 Philadelphia Police Department cannot
23 ignore the financial impact to the
24 department. Conservative estimates that
25 factor in simply average officer's

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2 salary and fringe benefits place the
3 cost of responding to false alarms at
4 over \$1 million annually.

5 As with all other agencies, the
6 department has a duty to be fiscally
7 responsible. So, as you can image, the
8 Police Department has a vested interest
9 in reducing the number of false alarms
10 activated in Philadelphia.

11 Please keep in mind that the
12 Philadelphia Police Department's new
13 mission, under Commissioner Ramsey, is
14 to fight crime and the fear of crime,
15 including terrorism, by working with our
16 partners to enforce the laws, apprehend
17 offenders, prevent crime from occurring,
18 and improving the quality of life for
19 all Philadelphians.

20 To accomplish this mission, the
21 Philadelphia Police Department must
22 clearly deploy all of its resources
23 intelligently. All efforts that can
24 reduce waste and inefficiency must be
25 explored with best practices identified

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2 and implemented. The citizens of
3 Philadelphia deserve nothing less.

4 So in closing, once again, on
5 behalf of Commissioner Ramsey, I would
6 like to thank Councilman Green and the
7 members of this committee for beginning
8 the process on how we as a team can
9 begin to reduce waste and inefficiencies
10 that result from responding to false
11 alarms in Philadelphia. The Police
12 Commissioner and the Police Department
13 look forward to working with City
14 Council to identify solutions and to
15 implement the very best practices
16 available here in Philadelphia.

17 This concludes my testimony,
18 and I would be happy to answer any
19 questions at this time.

20 Thank you.

21 COUNCILWOMAN SANCHEZ: We're
22 going to let everyone testify and then
23 ask questions of the panel.

24 Thank you.

25 MS. O'BRIEN: Good morning

1 5/19/08 L&I COMMITTEE - RES. 080263
2 Madam Chairwoman Quinones and members
3 of the committee. My name is Eileen
4 O'Brien. I'm an administrative analyst
5 in the Department of Finance. I serve
6 as the director of the Code Unit, which
7 is responsible for tracking, billing,
8 and collection of charges assessed for
9 code-violation notices issued to
10 violators of the Philadelphia Code
11 ordinances. This unit also maintains
12 the registry of alarm system users and
13 bills and collects annual registration
14 fees and charges for excessive false-
15 alarm activity.

16 The Code grants the authority
17 for enforcement of the alarm ordinance,
18 which is Section 9-305 of the
19 Philadelphia Code, to the Department of
20 Licenses and Inspections. In 1994, the
21 Department of L&I, by then-Commissioner
22 Bennett Levin, entered into a memorandum
23 of understanding with the Office of the
24 Director of Finance, then Ben Hayler, to
25 allow the Code Unit to undertake these

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2 responsibilities.

3 The current law stipulates that
4 alarm users must register with the City
5 and pay an annual registration fee of
6 \$35. The Code Unit currently has
7 approximately 105,000 registered alarm
8 system users. Each user is entitled to
9 three free false alarms in any given
10 registration year. The fourth and
11 subsequent false alarm results in a
12 violation for excessive false alarm
13 activity, upon which a charge of \$25 is
14 assessed.

15 Failure to pay this charge or
16 seek an administrative hearing to
17 dispute the charge causes penalties to
18 be added. Continued failure to pay
19 charges will result in the filing of a
20 code enforcement complaint in Municipal
21 Court, where a fine of \$300 per incident
22 is sought. If a judgment is entered for
23 such a code enforcement complaint, it
24 becomes a credit impediment.

25 Since the implementation and

1 5/19/08 L&I COMMITTEE - RES. 080263
2 enforcement of the requirement regarding
3 alarm systems began, the Code Unit has
4 collected over \$41 million, averaging
5 over \$3 million per year. Approximately
6 2 million per year comes from
7 registration fees and the remainder from
8 false-alarm charges.

9 I have attached to my testimony
10 a report prepared April 30, 2008, which
11 shows the revenue collected for each
12 category from fiscal year 1996 to the
13 present. Nevertheless, it is unlikely
14 that the City recovers the full cost of
15 alarm response.

16 In a study done in 1995,
17 Drs. Simon Hakeem and Irwin Blackstone,
18 professors of economics at Temple
19 University, conservatively estimated the
20 response cost at \$28 per alarm
21 activation. That cost has surely risen
22 in 13 years.

23 Councilman Green pegged the
24 cost at \$45 million based on
25 inflation -- I'm sorry, that should be

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2 4.5 million -- based on inflation
3 indices, which translates into
4 approximately \$4 million per year in
5 costs to the Police Department.

6 A more current study would be
7 in order to accurately determine the
8 actual cost of police response to alarms
9 and the Code Unit's cost in registering
10 users and billing and collecting for
11 false-alarm charges.

12 A new study might also review
13 the most successful techniques for cost
14 recovery. Some jurisdictions provide
15 fewer free calls or, in some instances,
16 none at all. Other jurisdictions demand
17 private response to alarm activations
18 and only send police when evidence of a
19 crime or an attempted crime is
20 uncovered.

21 The ultimate goal of all alarm
22 ordinances is to keep alarm incidents at
23 a minimum and recover the cost to
24 providing alarm response since over 97
25 percent of all alarm activations prove

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2 to be false.

3 The Administration stands ready
4 to work with City Council to fashion
5 improvements to our alarm ordinance to
6 achieve full cost recovery.

7 Thank you.

8 COUNCILWOMAN SANCHEZ: Are
9 there any question?

10 COUNCILMAN GREENLEE: Yes.

11 COUNCILWOMAN SANCHEZ: I want
12 to recognize Councilman Greenlee.

13 COUNCILMAN GREENLEE: Okay.
14 Thank you, Madam Chair.

15 Just a couple of questions of
16 the Chief Inspector. Has the amount of
17 incidents increased, decreased over the
18 years that the police have to respond?

19 INSPECTOR FEENEY: The numbers,
20 um... The numbers were actually higher
21 in '03 and then seemed to have leveled
22 off since then to about 85,000 -- 83 to
23 89,000 calls per year from '04 to '07.

24 COUNCILMAN GREEN: Councilman
25 Greenlee, in your package, you'll find

1 5/19/08 L&I COMMITTEE - RES. 080263
2 "False Alarm Hearing Committee on
3 Licenses and Inspections," and this is
4 a PowerPoint prepared by my staff that
5 shows the alarm activations on page 6
6 and 7.

7 COUNCILMAN GREENLEE: Oh, okay.
8 Okay. Thank you, Councilman.

9 One other question, if I could.
10 In Miss O'Brien's testimony, she says
11 other jurisdictions demand private
12 response to alarm activations and only
13 send police when evidence of a crime or
14 an attempted crime is uncovered.

15 I was wondering what the Police
16 Department's opinion was on that. Is
17 that something you've looked at? Do you
18 think that could be effective?

19 INSPECTOR FEENEY: Well, there
20 is a delay then in responding to an
21 alarm, and even it's only a --

22 COUNCILMAN GREENLEE: Right.

23 INSPECTOR FEENEY: It's my
24 belief that even it's only a 2 or 3
25 percent chance that the alarm is

1 5/19/08 L&I COMMITTEE - RES. 080263
2 founded, we should be responding to it
3 as quickly as possible.

4 COUNCILMAN GREENLEE: Mm-hmm.

5 INSPECTOR FEENEY: So I don't
6 think that that's the way to go.
7 That's just my opinion.

8 COUNCILMAN GREENLEE: I mean,
9 that was my general thought too, but I
10 was just wondering what you thought
11 because I guess when evidence of a
12 crime or an attempted crime is
13 uncovered, that could be a lot of
14 time -- you know, some valuable time in
15 between that and could --

16 INSPECTOR FEENEY: And there
17 could be a policeman nearby who could
18 be much faster than the alarm company.

19 COUNCILMAN GREENLEE: Right,
20 mm-hmm, okay. That was my general
21 thought too, but I was wondering what
22 you thought.

23 Okay. Thank you, Madam Chair.

24 COUNCILWOMAN SANCHEZ: Do you
25 have a question? Go ahead, Councilman

1 5/19/08 L&I COMMITTEE - RES. 080263

2 Green.

3 COUNCILMAN GREEN: Thank you.

4 The Seattle police did a
5 report; it's on page 24 of the
6 PowerPoint. For 2003, they responded to
7 24,000 burglar alarms; 325 were valid
8 and 46 suspects were sort of caught at
9 the scene, and the cost per arrest was
10 31,444.

11 If you look at page 21 of the
12 PowerPoint, which is Salt Lake City and
13 what their ordinance does, they did
14 something similar to Councilman
15 Greenlee's question, which is, required
16 alarm companies to essentially be the
17 first response. The volume of alarm-
18 related police calls, which free up
19 officers, dropped by 90 percent during
20 the first nine months. The average
21 private guard response times to alarm
22 activations has been much faster than
23 the previous police response. They've
24 actually -- the alarm people have caught
25 people on the scene.

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2 The average police response
3 time for other high-priority calls --
4 and given the large number of false
5 calls, it seems to make sense to me.
6 The average police response time from
7 other high-priority call service dropped
8 from five minutes to three minutes. So
9 in terms of responding to other high-
10 priority calls, it really increased the
11 police response time.

12 And I've mentioned this before:
13 The apprehension rate of burglars caught
14 on site increased.

15 And this is not in here, but it
16 costs the average homeowner in Seattle
17 \$5 more a month for this service to be
18 provided by their alarm companies versus
19 being -- as a first response versus
20 being provided by the police.

21 Just given these facts, does
22 that -- is it something that the Police
23 Department would look at with us?

24 INSPECTOR FEENEY: Yeah,
25 absolutely. You know, this is new

1 5/19/08 L&I COMMITTEE - RES. 080263
2 material to me. It's counterintuitive,
3 but, you know, we would be certainly
4 happy to look into it, and we'll
5 contact the people in Salt Lake and see
6 how they did their study and if there's
7 a benefit here.

8 COUNCILMAN GREEN: Great. Do
9 you know what percentage of police
10 dispatch are for alarm activations; in
11 other words, of overall dispatchers?

12 INSPECTOR FEENEY: I believe
13 it's 5.8 percent, sir.

14 COUNCILMAN GREEN: 5.8 percent?

15 INSPECTOR FEENEY: Yes.

16 COUNCILMAN GREEN: And how many
17 police are notified of an alarm
18 activation? How many units are sent
19 usually?

20 INSPECTOR FEENEY: For A
21 burglar alarm, it's a minimum of two.

22 COUNCILMAN GREEN: A minimum of
23 two?

24 INSPECTOR FEENEY: Yeah. Now,
25 you may have other units respond that

1 5/19/08 L&I COMMITTEE - RES. 080263

2 happen to be in the area.

3 COUNCILMAN GREEN: Most of this
4 cost data assumes only one car is sent
5 for the City of Philadelphia that we've
6 provided, so --

7 INSPECTOR FEENEY: Right.
8 (Indiscernible.)

9 COUNCILMAN GREEN: And that
10 would essentially double the City's
11 costs.

12 INSPECTOR FEENEY: Right. This
13 would be the number of hours that the
14 call was, you know, alive, so to speak.

15 COUNCILMAN GREEN: So 52,000
16 hours is for two people.

17 INSPECTOR FEENEY: Yes.

18 COUNCILMAN GREEN: So
19 essentially, it's really 104,000 man
20 hours.

21 INSPECTOR FEENEY: Well, that's
22 correct, yes, it would be. At least a
23 minimum of that.

24 COUNCILMAN GREEN: A minimum of
25 that.

1 5/19/08 L&I COMMITTEE - RES. 080263

2 INSPECTOR FEENEY: It would be
3 at least two cars responding.

4 COUNCILMAN GREEN: Okay. And
5 then -- so that's really 50 full-time
6 police officers a year is what --

7 DEPUTY COMMISSIONER GAITTENS:
8 Excuse me. Deputy Commissioner Jack
9 Gaittens.

10 The original figure we had said
11 was 26,345 hours. When you double that,
12 the 52,690 is based on two.

13 COUNCILMAN GREEN: Two.

14 DEPUTY COMMISSIONER GAITTENS:
15 Now, there are instances where, if it's
16 a robbery alarm, you may have seven or
17 eight officers respond. So we're
18 saying that the minimum would be two.

19 And looking at that figure,
20 it's approximately \$1.4 million in
21 straight-time salary. And if you
22 include another, say, half a million
23 dollars in fringe benefits, the total
24 cost is approximately \$2 million a year
25 just from responding to that, assuming

1 5/19/08 L&I COMMITTEE - RES. 080263

2 it's only two officers.

3 COUNCILMAN GREEN: Assuming
4 only two, and that's 25 full-time
5 police officers a year responding to
6 false alarms.

7 COUNCILWOMAN SANCHEZ: Point of
8 information.

9 DEPUTY COMMISSIONER GAITTENS:
10 That is correct, yes.

11 COUNCILMAN GREEN: Yes.

12 COUNCILWOMAN SANCHEZ: What is
13 the protocol when the officers go on
14 the scene in terms of -- okay, if you
15 have two or three cars and it's
16 determined that there's no incident,
17 it's a false, alarm, what's the
18 protocol? How much time are we really
19 talking about from scene arrival to --

20 DEPUTY COMMISSIONER GAITTENS:
21 Well, it depends on the location how
22 long it takes.

23 For burglar alarms, the average
24 response takes about 17 minutes, and for
25 robbery, the average is about 13 minutes

1 5/19/08 L&I COMMITTEE - RES. 080263
2 of the amount of time that they actually
3 spend out there. The first car on
4 location would determine what the
5 situation is and let police radio know.
6 If they find out that it is a tripped
7 alarm, a false alarm, they would just
8 let radio know FAL, false alarm. Any
9 other cars would resume.

10 If they get on location and
11 they see a widow is broken, a door is
12 pushed open, they would notify a
13 supervisor, they would contain the
14 premises, and then do a search once a
15 supervisor arrives on the scene, which
16 obviously then would take a lot longer.

17 COUNCILMAN GREEN: Okay. So
18 what happens when there's a false
19 alarm? Does the police officer fill
20 out paperwork, or does that happen once
21 it's reported back FA, back to
22 dispatch?

23 INSPECTOR FEENEY: Well, if
24 it's unfounded, the original officer
25 would make out an incident report, a

1 5/19/08 L&I COMMITTEE - RES. 080263
2 7548. If it's founded, there would be
3 a report to follow from the Detective
4 Division.

5 COUNCILMAN GREEN: Okay. So in
6 the amount of time that you've
7 estimated, that does not include the
8 time for filling out the 7548.

9 INSPECTOR FEENEY: No. He
10 would do that when he's back in service
11 normally.

12 COUNCILMAN GREEN: Okay.

13 INSPECTOR FEENEY: And that's
14 where the 17-minute figure is for
15 unfounded alarms.

16 COUNCILMAN GREEN: Not related
17 to the paperwork also.

18 INSPECTOR FEENEY: Right.

19 COUNCILMAN GREEN: Okay. So
20 then there's paperwork at the police
21 level and then paperwork at the Finance
22 Department level to enter that in, so
23 the total cost of false alarms in terms
24 of just the paperwork is, you know, we
25 don't know, but five or ten minutes?

1 5/19/08 L&I COMMITTEE - RES. 080263

2 INSPECTOR FEENEY: It would
3 take a few minutes to fill out a
4 report, yes.

5 COUNCILMAN GREEN: Okay. How
6 long does the average robbery take?

7 INSPECTOR FEENEY: You know,
8 Councilman, we tried to research that.
9 I did it personally, I've had Research
10 and Planning do it.

11 I did see a quote in Seattle
12 that it takes approximately two minutes.
13 I saw another quote that says less than
14 three. I couldn't get any cited source,
15 you know, the result of any real study;
16 it was just repeating what I was picking
17 up from what other departments said.
18 But no one had -- I couldn't find any
19 study that anyone actually did.

20 But that seems -- to my mind,
21 that's about right, less than three
22 minutes for a robbery.

23 COUNCILMAN GREEN: Okay. Do
24 you have any statistics on how many
25 arrests result from non-false

1 5/19/08 L&I COMMITTEE - RES. 080263
2 activations or from police arresting
3 somebody on the scene of a crime?

4 INSPECTOR FEENEY: No. That's
5 not a statistic we keep upfront. We
6 would have to -- you know, we could do
7 that going forward and start trying to
8 track that.

9 COUNCILMAN GREEN: Okay.

10 INSPECTOR FEENEY: But up to
11 now, there's no nature code for that.

12 COUNCILMAN GREEN: Thank you.

13 For Finance: How many alarm
14 companies operate in Philadelphia?

15 MS. O'BRIEN: We keep a list of
16 alarm companies. It's over 800 at
17 present, but some of those are actually
18 not active at the moment. I'd say
19 there are about 50 we're in regular
20 contact with.

21 COUNCILMAN GREEN: And how many
22 unregistered alarm users are out there;
23 do you have any idea?

24 MS. O'BRIEN: I wish I knew.
25 I'm sure it's substantial,

1 5/19/08 L&I COMMITTEE - RES. 080263
2 unfortunately.

3 COUNCILMAN GREEN: Can an
4 unregistered user receive service?

5 MS. O'BRIEN: Yes. There is
6 no, at the moment, restraint on that.

7 COUNCILMAN GREEN: What are the
8 licensing requirements for alarm
9 companies in Philadelphia? And I ask
10 this because a lot of the other
11 jurisdictions have specific licensing
12 requirements, and that's how they get
13 control of how things get through to
14 the Police Department.

15 MS. O'BRIEN: There's nothing
16 specific. I believe L&I did try to
17 make them comply with the requirement
18 to get a business-privilege license
19 when the initial ordinance was enacted
20 in 1992.

21 COUNCILMAN GREEN: Okay.

22 MS. O'BRIEN: But I don't know
23 the status of that at the moment.

24 COUNCILMAN GREEN: And is there
25 any information on the breakdown

1 5/19/08 L&I COMMITTEE - RES. 080263
2 between the number of residential alarm
3 activations and, say, commercial or
4 robbery alarm activations which would
5 result in, you know, seven or eight
6 cars going versus two?

7 INSPECTOR FEENEY: No, we don't
8 count them separate; it's just a
9 burglar alarm or a robbery alarm is,
10 you know, the way we separate them.

11 COUNCILMAN GREEN: Okay. Is
12 there any information on how many alarm
13 users have one activation a year, two
14 or three, et cetera?

15 MS. O'BRIEN: I'm working on
16 trying to provide that information. We
17 register alarm users at the beginning
18 of each month, meaning they could start
19 their year any month of the year and
20 run for, you know, twelve months. So
21 it's hard to do a figure based just on
22 a calendar year as a result.

23 But I'm working on trying to
24 extract a sample that would give us some
25 basis for making a determination about

1 5/19/08 L&I COMMITTEE - RES. 080263
2 approximately how many fall into each
3 category.

4 COUNCILMAN GREEN: Okay. And
5 from the Finance Department's
6 perspective, can you describe the
7 process of how an alarm activation is
8 identified as false, the alarm user is
9 identified, and then billed for the
10 activations?

11 MS. O'BRIEN: The determination
12 about the disposition of the incident
13 is made by the police officer at the
14 scene, recorded into the Police
15 Department's computer as FAL, for
16 false.

17 Each day, my office receives an
18 electronic file that gets transmitted at
19 approximately 3 o'clock in the morning,
20 and that data, of all of the calls from
21 the previous day, is searched against
22 our registry of users.

23 If the alarm registration
24 number was supplied when the call came
25 in, then there's usually a quick match.

1 5/19/08 L&I COMMITTEE - RES. 080263

2 We have programs that chart a match
3 based on address and name as well, and
4 then anything that cannot be matched has
5 to be handled manually by my staff.

6 COUNCILMAN GREEN: And what are
7 the costs in man hours of enforcing
8 these provisions of the current code in
9 your office in dollars?

10 MS. O'BRIEN: Well, I have
11 three full-time staff persons. I'd
12 have to get you a dollar figure for
13 that. And I have a person who spends
14 about half her time going to court on
15 these cases. And then there's some
16 additional staff who do -- part of
17 their day involves alarms.

18 But I could get you a figure at
19 some point of the dollar amount.

20 COUNCILMAN GREEN: Okay, 'cause
21 the cost-recovery figures we have
22 simply relate to the Police Department
23 at the moment and not Finance.

24 MS. O'BRIEN: Yes.

25 COUNCILMAN GREEN: So if you

1 5/19/08 L&I COMMITTEE - RES. 080263

2 could get us that information and
3 provide it to the Chair.

4 MS. O'BRIEN: I would be happy
5 to do that.

6 COUNCILMAN GREEN: Thank you
7 very much. I have no more questions.

8 I will say, anybody who would
9 like it can get a copy of the PowerPoint
10 presentation my staff put together,
11 which, I think, is excellent, and I want
12 to thank them for their hard work on
13 this.

14 Thank you.

15 COUNCILWOMAN SANCHEZ: Thank
16 you.

17 COUNCILMAN GREENLEE: I have a
18 question.

19 COUNCILWOMAN SANCHEZ: I have
20 Councilman Kelly and then I'll
21 recognize Councilman Greenlee.

22 COUNCILMAN KELLY: Thank you,
23 Madam Chair.

24 I just have a question, and it
25 has to do with, of course, the chart

1 5/19/08 L&I COMMITTEE - RES. 080263
2 which is in this PowerPoint presentation
3 by Councilman Green, and that's on page
4 6. Maybe Commissioner Gaittens or,
5 Chief Inspector, you can answer this.

6 Since 2001, there has been a
7 decrease in activations. Do you know
8 how -- why that's -- why that's been
9 decreasing? Is there any reason for
10 that? Is it something that you're doing
11 that...

12 MS. O'BRIEN: I hope it's
13 something I'm doing.

14 COUNCILMAN KELLY: Oh, okay.

15 MS. O'BRIEN: I think it might
16 have something to do with the fact that
17 the ordinance has been on the books
18 for, you know, 13, 14 years, and people
19 have begun to understand and appreciate
20 the purpose of it, which is to recover
21 the cost for providing police response,
22 that the failure to monitor their alarm
23 systems and prevent false alarms is
24 going to cost them some money so they
25 have begun to do that.

1 5/19/08 L&I COMMITTEE - RES. 080263

2 COUNCILMAN KELLY: Are these
3 the people that are on the fourth call?
4 In other words, they're being hit now
5 with a fine or whatever, and this is
6 getting them to get serious about
7 calling in?

8 MS. O'BRIEN: I think that's
9 probably what happened. I can't tell
10 you that, you know, a hundred percent,
11 but I believe that people who were
12 fined in the past found that
13 distasteful and preferred to do what
14 was needed to prevent fines from
15 occurring.

16 COUNCILMAN KELLY: Most of
17 these activations, are they commercial
18 establishments or are they private
19 residences?

20 MS. O'BRIEN: I do not have a
21 way to separate residential from
22 commercial.

23 COUNCILMAN KELLY: You don't?

24 MS. O'BRIEN: I do not.

25 COUNCILMAN GREEN: Can I have a

1 5/19/08 L&I COMMITTEE - RES. 080263

2 point of information on that?

3 COUNCILMAN KELLY: Certainly.

4 COUNCILMAN GREEN: Is that
5 information that is captured on the
6 form when people first sign up for the
7 false alarm registration?

8 MS. O'BRIEN: Many of the
9 individuals who are registered do not
10 actually execute the form. The form is
11 a convenience that we have for
12 individuals who want to, but we get
13 lists from alarm companies of new
14 users. We've determined who has an
15 alarm system based on calls that the
16 police receive without any form having
17 been obtained.

18 COUNCILMAN GREEN: Could you go
19 back to the alarm companies and ask
20 them for that breakdown by the
21 customers in the City so that we have
22 that data, even if it's just raw
23 numbers versus tied to our database for
24 the time being?

25 MS. O'BRIEN: I suppose we

1 5/19/08 L&I COMMITTEE - RES. 080263

2 could try that.

3 I do have one other thought
4 about how to do it, which might be, you
5 know, quick and dirty, but it might
6 produce an estimate, which would be to
7 look for indicators in the name field of
8 businesses, like "Co." or "Inc." or
9 "Corp.," you know, words that identify
10 it as a business. I could try to do
11 that as well.

12 COUNCILMAN GREEN: Thank you.

13 COUNCILMAN KELLY: Yeah, we'd
14 be very interested in that information.
15 We really would.

16 All right. Thank you, Madam
17 Chair.

18 COUNCILWOMAN SANCHEZ:

19 Councilman Greenlee.

20 I wanted to acknowledge that
21 Councilwoman Blondell Reynolds-Brown has
22 joined us.

23 COUNCILMAN GREENLEE: Just very
24 quickly. Thank you, Madam Chair.

25 I know my burglar alarms

1 5/19/08 L&I COMMITTEE - RES. 080263
2 company, when an alarm is set off, they
3 call to see if you're there. Do most
4 companies do that? And I don't know if
5 there's any way to figure how much that
6 cuts down, but I'm just wondering --

7 INSPECTOR FEENEY: Well, if we
8 get a call from the alarm company, we
9 do cancel -- we then cancel that. It
10 doesn't happen that often.

11 COUNCILMAN GREENLEE: Really?

12 INSPECTOR FEENEY: Yeah. I had
13 the statistics here, but it's very --

14 COUNCILMAN GREENLEE: I think
15 our company, they don't call the police
16 until they check.

17 MS. O'BRIEN: Councilman, that
18 is standard procedure for most of the
19 alarm-company monitoring stations.

20 COUNCILMAN GREENLEE: Is it?
21 Okay.

22 MS. O'BRIEN: They don't want
23 to dispatch police if they can
24 determine that they're not warranted.

25 COUNCILMAN GREENLEE: Right.

1 5/19/08 L&I COMMITTEE - RES. 080263

2 That's what I figured, but --

3 MS. O'BRIEN: So they call the
4 site, and some of them have a backup
5 number to call a cell phone number or
6 some other location where the person
7 can be reached.

8 COUNCILMAN GREENLEE: Or a
9 couple other people in the area, that
10 kind of thing. Okay. I was just
11 wondering. I figured that was kind of
12 standard, but I wasn't sure.

13 Thank you.

14 Thank you, Madam Chair.

15 COUNCILWOMAN SANCHEZ: Thank
16 you.

17 I had a couple questions before
18 we close this out. This is a resolution
19 and we won't be voting on it, but is
20 there any correlation -- I'm look at
21 your statistics -- about who has alarms,
22 and some of those being poorer
23 communities, high-crime areas. Is there
24 any correlation, or are we looking at
25 that data in terms of, you know, these

1 5/19/08 L&I COMMITTEE - RES. 080263
2 high-crime areas. I may have an alarm,
3 you know, someone goes through my ally.
4 Have we looked at that data?

5 INSPECTOR FEENEY: We haven't
6 separated it out, no. We could do it
7 by district; we could look at, you
8 know, what districts have the most
9 alarm activations. We could do it that
10 way.

11 COUNCILWOMAN SANCHEZ: I'd like
12 to see that data.

13 INSPECTOR FEENEY: Okay.

14 COUNCILWOMAN SANCHEZ: I'm very
15 concerned about adding costs to people
16 who are already struggling in paying
17 for their alarm, so I want to see if
18 there's a correlation between high-
19 crime areas. And, you know, if I
20 happen to live on a block that, you
21 know, has high crime, I take the burden
22 of having this alarm, and then I
23 potentially get all these fees. For
24 me, I'd be interested if you could
25 submit that to the Chair.

1 5/19/08 L&I COMMITTEE - RES. 080263

2 I see the zip codes and that's
3 why my concern, because, for instance,
4 in the 19120 zip code, if I were to look
5 at the median family income in there, it
6 would probably be on the lower scale of
7 the City, but it has the highest number
8 of registered false alarms, which I know
9 those folks in that area are making a
10 substantial payment in terms of trying
11 to keep that up as one of their monthly
12 expenses.

13 So if we could have that by
14 police districts and since now a lot of
15 what this administration is doing is
16 based on police districts in high crimes
17 area, I'd like to look at that date.

18 INSPECTOR FEENEY: I'll take
19 care of that right away.

20 MS. O'BRIEN: Well,
21 Councilwoman, it is -- on page 10 of
22 Councilman Green's handout is the
23 distribution of false alarms by police
24 district for the year 2007. I mean,
25 simply having an alarm system is not

1 5/19/08 L&I COMMITTEE - RES. 080263

2 going to cause you to have false
3 alarms.

4 COUNCILWOMAN SANCHEZ: Yeah,
5 I'm just trying to gauge as to what are
6 the types of false alarms that we're
7 having. You know, is it people
8 tripping it on alleyways, people who
9 have driveways, you know, those types
10 of things.

11 MS. O'BRIEN: No. Generally,
12 it's user problems. Either a person
13 who's using the system is not familiar
14 with the code, they're a visitor or,
15 you know, a family member who is not on
16 the property regularly. In businesses,
17 it's frequently new employees who
18 haven't been trained by the employer.

19 But most of the reasons for
20 false alarms is user error.

21 COUNCILWOMAN SANCHEZ: Okay.
22 Thank you. I don't have any other
23 questions.

24 COUNCILMAN GREEN: Thank you
25 very much for your testimony today. I

1 5/19/08 L&I COMMITTEE - RES. 080263
2 think this is something that we look
3 forward to working with both Finance
4 and the Police in coming up with a bill
5 that can lower the number of false
6 alarms for police to respond to and
7 also make sure the City's costs are
8 fully recovered in this regard
9 regardless of what we can do on the
10 lowering the number side.

11 So thank you very much for your
12 testimony, and I look forward to working
13 with you to come up with something to
14 try to solve this problem. Thank you.

15 MS. O'BRIEN: Thank you,
16 Councilman.

17 INSPECTOR FEENEY: Thank you.

18 DEPUTY COMMISSIONER GAITTENS:
19 Thank you.

20 COUNCILWOMAN SANCHEZ: Thank
21 you.

22 Our next panel on the next
23 bill -- if the clerk can read the bill,
24 please.

25 THE CLERK: Bill No. 080165, an

1 5/19/08 - L&I COMMITTEE - BILL 080165
2 ordinance amending Subcode A (The
3 Philadelphia Administrative Code) of
4 Title 4 of the Philadelphia Code,
5 entitled "The Philadelphia Building
6 Construction and Occupation code," by
7 amending the fee schedule for various
8 construction-related activities, and
9 amending Section 14-1706 of the
10 Philadelphia Code, entitled "Schedule
11 of Fees," by amending the fees for the
12 issuance of real estate certifications,
13 all under certain terms and conditions.

14 (Witness comes forward.)

15 COUNCILWOMAN SANCHEZ: Thank
16 you.

17 Identify yourself for the
18 record, please, and begin your
19 testimony.

20 MR. FINK: My name is Michael
21 Fink. I'm from the Department of
22 Licenses and Inspection.

23 Good morning, Chairwoman
24 Sanchez. I am Michael Fink, Director of
25 Construction Services for the Department

1 5/19/08 - L&I COMMITTEE - BILL 080165
2 of Licenses and Inspections. Today I'm
3 here to provide testimony on Bill No.
4 080165, which, if enacted, will amend
5 provisions of the administrative and
6 zoning codes related to the fees the
7 department charges for the issuance of
8 certain construction permits and real
9 estate seller certificates in order to
10 cover its costs to administer and
11 enforce provisions involving these
12 activities.

13 The department proposes to
14 increase the fee for construction
15 permits that are issued for one- and
16 two-family dwellings from the current
17 minimum of \$25 to \$50 to adequately
18 cover the costs involved with the permit
19 issuance, plan review, and inspections
20 of this activity to ensure compliance
21 with safety codes.

22 This \$50 fee is comparable to
23 fees charged by other urban
24 municipalities in the country: In
25 particular, Baltimore and Pittsburgh,

1 5/19/08 - L&I COMMITTEE - BILL 080165
2 which charge similar fees of \$50 and \$40
3 respectively for the administration and
4 enforcement of a regulatory program
5 geared toward the issuance of
6 construction permits involving one and
7 two families.

8 We have conducted a survey of
9 eight other large municipalities in
10 addition to Baltimore and Pittsburgh to
11 compare our fees for this activity with
12 theirs and found that our proposed fee
13 increase is equal to or less than the
14 fees charged by many of these
15 municipalities. The proposed fee
16 increase would generate \$236,850 in
17 additional revenue for the City.

18 With regard to the increase in
19 the fees related to the processing of
20 real estate seller certificates from the
21 current \$50 to \$100, we propose the
22 change in order to align the fees that
23 are charged for this service with the
24 fees charged for the automated process
25 of real estate certificates.

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2 The issuance of real estate
3 certifications is mandated by
4 Pennsylvania Law Act 652 of 1961, which
5 requires the current property owner or
6 seller to obtain a certification
7 statement from the City and provide it
8 to the buyer prior to settlement, which
9 indicates the legal zoning
10 classification of the property as well
11 as if the department has any recorded
12 code violations related to the property.
13 Act 652 does not prohibit municipalities
14 from charging a fee for the issuance of
15 the certificate.

16 The fee increase for the
17 processing of seller certifications that
18 is proposed mirrors the fees charged by
19 the City of Pittsburgh, which is the
20 only other comparable municipality in
21 the Commonwealth that is subject to the
22 same requirements for the issuance of
23 real estate certification statements.

24 We estimate that the proposed
25 increase in fees for this activity will

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2 generate \$313,330 in additional revenue
3 for the City.

4 Thank you for the opportunity
5 to provide testimony on this bill, and I
6 will be happy to answer any questions
7 you may have.

8 COUNCILWOMAN SANCHEZ: Are
9 there questions from the committee?

10 This is a rhetorical question.
11 Does that mean we're going to process
12 this quicker for people?

13 MR. FINK: Excuse me?

14 COUNCILWOMAN SANCHEZ: Are we
15 going to put the money back in there
16 and process these permits quicker fer
17 people?

18 MR. FINK: We are processing
19 these permits for single families much
20 quicker than we have in the past ten
21 years.

22 COUNCILWOMAN SANCHEZ: What's
23 the time frame?

24 MR. FINK: Many of these
25 permits are issued without a plan

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2 review so they're issued the same day;
3 and in some cases, they take two days
4 because they're issued out of our
5 district offices, so when the inspector
6 comes back from the field, he can
7 actually process the permit and have it
8 ready for the applicant the next day.

9 When it involves a plan review
10 such as an addition or structural
11 changes to the interior of the property,
12 those are done within 15 business days.

13 COUNCILWOMAN SANCHEZ: Okay,
14 thank you. Thank you.

15 MR. FINK: Thank you.

16 COUNCILWOMAN SANCHEZ: Will the
17 clerk read the title of the next bill.

18 THE CLERK: Bill No. 080301, an
19 ordinance amending Section 9-613 of the
20 Philadelphia Code, entitled "Junk
21 Dealers," by prohibiting junk dealers
22 from transacting business with respect
23 to certain items, making certain
24 technical changes, and providing for
25 penalties, all under certain terms and

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2 conditions.

3 (Witnesses come forward.)

4 COUNCILWOMAN SANCHEZ: Thank
5 you.

6 Our panel consists of
7 Commissioner Verdi, Miss Debra McCarty.
8 We'll proceed with the commissioner
9 first.

10 MS. McCARTY: Good morning,
11 Councilperson Quinones-Sanchez and
12 members of the Committee on Licenses
13 and Inspections. I'm Debra McCarty,
14 Deputy Commissioner for Operations for
15 the Philadelphia Water Department. I'm
16 here to testify on Bill No. 080301.

17 The Water Department is pleased
18 to support this bill, which prohibits
19 junk dealers from handling, storing,
20 buying, selling, picking, or otherwise
21 processing any utility cover in the City
22 of Philadelphia. Last year, the theft
23 of over 500 of our utility covers cost
24 the Water Department and its customers
25 approximately \$50,000, including funds

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2 spent for manhole cover locks.

3 Unfortunately, this is an
4 international problem, with thefts of
5 50,000 stolen each year in Beijing,
6 China; 20,000 in Bogotá, Columbia; and a
7 wide range of thefts in the United
8 States cities of Chicago, Long Beach,
9 and even Greensboro, North Carolina.

10 While the dollar-value of these
11 manhole covers for scrap is less than
12 \$15 per cover, the danger to public
13 safety is significant. Missing covers
14 can cause injury to pedestrians and
15 damage to motor vehicles.

16 The Water Department thanks
17 Councilman Greenlee for introducing this
18 bill and supporting its passage.

19 This concludes my testimony. I
20 appreciate the opportunity to appear
21 before you today and would be happy to
22 answer any questions that you may have.

23 COUNCILWOMAN SANCHEZ: We'll go
24 to the next testimony.

25 COMMISSIONER VERDI: Good

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2 morning, Chairwoman Sanchez and members
3 of the Committee. I'm Dominic Verdi,
4 Deputy Commissioner of the Department
5 of Licenses and Inspections.

6 Today I am here to provide
7 testimony on Bill No. 080301, which, if
8 enacted, will amend 9-613 of the
9 Philadelphia Code to establish a
10 definition for utility covers and
11 prohibit junk dealers from possessing
12 such covers in any manner during their
13 business transactions.

14 The Department of Licenses and
15 Inspections is the local agency that is
16 charged with the responsibility to
17 license persons who are engaged in the
18 business of selling materials classified
19 as junk and to take action when
20 warranted against a licensed entity for
21 violations of 9-613 of the Philadelphia
22 Code.

23 In accordance with our
24 authority, we will take appropriate
25 action as prescribed under the penalties

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2 provisions of this section, which
3 includes license suspension and the
4 issuance of a cease-operations order
5 against the licensed entity that is
6 found to be in possession of prohibited
7 materials, as mentioned in Bill No.
8 080301, should this bill be enacted into
9 law.

10 Thank you for the opportunity
11 to testify on Bill No. 080301, and I
12 would be happy to answers any questions
13 at this time.

14 COUNCILWOMAN SANCHEZ: Is there
15 any questions of the Administration
16 before we allow our next witness?

17 COUNCILMAN KELLY: I just have
18 one.

19 COUNCILWOMAN SANCHEZ:
20 Councilman Kelly.

21 COUNCILMAN KELLY: Thank you,
22 Madam Chair.

23 Commissioner Verdi, I just want
24 to know one thing: Do you periodically
25 inspect these junk dealers now? In

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2 other words --

3 COMMISSIONER VERDI:

4 Periodically, in most cases,
5 Councilman, there's fire inspections
6 conducted of these locations. In
7 relationship to issues that -- we have
8 been called in the past either from the
9 Police Department, from the Streets
10 Department or other City agencies where
11 they have found materials belonging to
12 the City that were found at these junk
13 locations.

14 COUNCILMAN KELLY: So, in other
15 words, it's reported to you that --

16 COMMISSIONER VERDI: There may
17 be a complaint.

18 COUNCILMAN KELLY: And,
19 actually, by them having possession
20 now, if we pass this bill, they would
21 be -- what's the penalty on that?

22 COMMISSIONER VERDI: I'm not
23 quite sure of the penalty, but in this
24 case, there would be a hearing -- just
25 similar to other issues that happen

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2 with licensed owners or licensed
3 businesses, there would be an
4 administrative hearing. There may be,
5 based upon the consequences, an intent
6 to cease operations, which would bring
7 them before the L&I Review Board, or
8 there may be an immediate cease-
9 operations based on the amount.

10 COUNCILMAN KELLY: Mm-hmm.

11 COMMISSIONER VERDI: I'm sure
12 it's just -- similar to other areas
13 that we enforce, it's based upon the
14 severity of the licensed infraction.

15 If there's one manhole cover
16 found that, for some reason, got through
17 to the system, there may be a warning
18 issued or a CVN issued. If the Streets
19 Department or any other agency goes in
20 or our agency goes in and finds 10,000
21 pounds of manhole covers, it would
22 probably warrant an immediate
23 cease-operations and a call to the
24 police for the further prosecution.

25 COUNCILMAN KELLY: And a

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2 cease-and-desist order, probably.

3 COMMISSIONER VERDI: Yes,

4 Councilman.

5 COUNCILMAN KELLY: Okay, thank

6 you.

7 COUNCILWOMAN SANCHEZ: The

8 Chair recognizes Councilman Green.

9 COUNCILMAN GREEN: Sorry. I

10 can't find a copy of this bill in front

11 of me.

12 THE CLERK: Here, Councilman.

13 COUNCILMAN GREEN: Does this

14 just prohibit the sale, or does it also

15 prohibit the possession?

16 COMMISSIONER VERDI: From my

17 understanding, it basically says:

18 "... prohibited conduct. No

19 junk dealer shall handle, store, buy,

20 sell, sort or otherwise process any

21 utility cover."

22 COUNCILMAN GREEN: Okay, thank

23 you.

24 COUNCILWOMAN SANCHEZ: Any

25 other questions from our committee?

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2 (No further questions.)

3 COUNCILWOMAN SANCHEZ: We have
4 one more testimony. Please proceed.

5 MR. AXELROD: Thank you, Madam
6 Chair. Good morning. I am Michael
7 Axelrod, the President of HAPCO.

8 In 1954, twelve real estate
9 investors came together and founded our
10 organization. We have steadily grown
11 and now represent 2,500 owners and
12 managers of rental properties in
13 Philadelphia.

14 HAPCO wishes to thank the
15 committee for being invited to testify
16 an affirmation of Bill No. 080301, an
17 ordinance that makes it illegal for junk
18 dealers to purchase utility covers.

19 Crimes against all types of
20 property -- residential, rental, and
21 commercial -- continue to plague our
22 city. If left unchecked, the effects
23 will be the blighting of our
24 neighborhoods and overall lowering of
25 property values and an assault on the

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2 quality of life in our communities.

3 Particularly troubling is the
4 trafficking-in of metals stolen from
5 these properties, and Philadelphia, like
6 all other major cities in our nation,
7 suffers from the buying and selling of
8 these illicit materials.

9 Nationally and locally the
10 crime has reached pandemic proportions.
11 It has even attracted international
12 attention. And I've included for you a
13 copy of an article that appeared in the
14 London Daily Telegraph two months ago.

15 HAPCO applauds Councilman
16 Greenlee's effort to help curb the
17 looting of Philadelphia's real estate,
18 and HAPCO urges Council to pass this
19 bill.

20 Thank you.

21 COUNCILWOMAN SANCHEZ: Thank
22 you.

23 Any questions?

24 COUNCILMAN GREENLEE: Just a
25 comment.

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2 COUNCILWOMAN SANCHEZ: Yes,
3 Councilman Greenlee?

4 COUNCILMAN GREENLEE: Thank
5 you, Madam Chair. And thank you for
6 testifying.

7 Just to add one thing to the
8 record that I think is also the concern
9 when we first started looking into this
10 is the safety factor of people literally
11 walking the streets. I mean, there are
12 some blocks -- and I'm going to give
13 credit to the person who first brought
14 this to my attention. He's not shy but
15 he's not testifying today.

16 Jim Schryer, who is sitting
17 over there, is a committee person in the
18 15th Ward, and he brought that -- what
19 the number of these covers that are
20 missing. Just in his particular area,
21 there's like almost a whole block that
22 was taken away. And that provides a
23 real danger to people walking on the
24 street, particularly at night, when they
25 can't see.

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2 So in Mr. Axelrod's case, it
3 could be a problem with lawsuits, that
4 kind of things.

5 So it's a problem in a number
6 of ways, and hopefully this will help
7 cut down what is a real problem. And,
8 again, I thank all of the departments
9 and Mr. Axelrod for coming in and
10 testifying, and you too, Mr. Schryer.

11 COUNCILWOMAN SANCHEZ: Thank
12 you.

13 Commissioner, if you want to
14 stay there, I believe you're testifying
15 on the next bill.

16 Thanks to our witnesses. Thank
17 you.

18 COUNCILMAN KENNEY: Madam
19 Chair?

20 COUNCILWOMAN SANCHEZ: I'm
21 going to recognize Councilman Kenney.

22 COUNCILMAN KENNEY: Thank you.

23 And I'm sorry to interrupt, but
24 I was sitting in my office listening to
25 the testimony, and I was wondering why

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2 we use the metal in the first place.

3 Wouldn't there be -- and what
4 made me think about it was the work we
5 did on the rubber sidewalks. The
6 material is thick enough and strong
7 enough to be safe and less noisy and
8 less valuable not only on the manhole
9 covers but on the storm-water inlets.
10 It seems to be -- I don't know if
11 they're stolen or they're broken up
12 'cause trucks drive over them and that
13 kind of stuff.

14 Is there anything that's ever
15 been examined to see if we could find
16 another material to replace this?

17 MS. MCCARTY: We've begun,
18 particularly given this recent -- in
19 the past year, there have been so many
20 thefts, and, as the Councilman pointed
21 out, you know, it's blocks at a time
22 that are disappearing.

23 We have not found anything out
24 there yet that replaces the metal. You
25 do worry about durability and strength

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2 and --

3 COUNCILMAN KENNEY: Would you
4 be willing to talk to the manufacturer
5 of the sidewalk people --

6 MS. McCARTY: Sure.

7 COUNCILMAN KENNEY: -- to see
8 if you could -- even if they could come
9 up with a prototype for us, we could
10 take all of our metal ones up and
11 replace 'em and not have to worry about
12 it; they're not going to steal the
13 rubber. It just seems to be -- the
14 material that I've held and had
15 presented to us seems strong enough to
16 be able to do that, and that's all
17 recycled tires anyway.

18 So I was wondering if we could
19 make that --

20 MS. McCARTY: Right. If the
21 strength is there and the durability,
22 yes.

23 COUNCILMAN KENNEY: So what
24 would --

25 MS. McCARTY: And you want it

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2 to not blow away --

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

5 COMMISSIONER McCARTY: Yes. If
6 I could get the information, that would
7 be great.

8 COUNCILMAN KENNEY: Okay, thank
9 you.

10 MS. McCARTY: Okay, thank you.

11 COUNCILWOMAN SANCHEZ: Thank
12 you, Councilman Kenney. Thank you.

13 Will the clerk please read the
14 title of the bill, Bill No. 080085.

15 THE CLERK: An ordinance
16 amending Title 9 of the Philadelphia
17 Code, entitled "Regulation of
18 Regulation of Business, Trades and
19 Professions," by adding a new section,
20 9-630, entitled "Sale of Used Cars,"
21 providing for protection against sale
22 of cars in need of substantial repairs,
23 commonly known as "a lemon law," all
24 under certain terms and conditions.

25 (Witness comes forward.)

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2 COUNCILWOMAN SANCHEZ: Thank
3 you.

4 I have scheduled Mr. Haver
5 first and then our commissioner and then
6 a Victoria Piersol, who's a consumer.
7 She's not here? And Kevin Mezzacola.

8 Let's start with Mr. Haver.

9 MR. HAVER: Good morning, Madam
10 Chair and members of Council. Thank
11 you very much for this opportunity to
12 testify.

13 My name is Lance Haver, and I'm
14 the Director of Consumer Affairs for the
15 City of Philadelphia. I'm here to
16 testify in support of Bill 080085, the
17 used-car lemon law.

18 I understand that there may be
19 some people who do not understand the
20 need for this bill. All too often, many
21 people believe that the Pennsylvania
22 lemon law covers used cars; it does not.
23 The Pennsylvania law only covers new
24 cars. In some strange way, the current
25 law only provides protection for

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2 consumers who are in the fortunate
3 position to be able to buy a new car.

4 Consumers who have fewer
5 resources, under the current law, have
6 less protection. This bill limits the
7 disparity between protection offered
8 those who can afford a new car and those
9 who can only afford cars previously
10 owned.

11 The number-two complaint our
12 office receives after contractors is
13 used cars. The number of people we have
14 to tell that the lemon law does not
15 pertain to a used car is overwhelming.

16 The second reason why some
17 people may not see the need for this
18 bill is the State law that requires
19 dealerships to clearly post if a car
20 comes with a warranty or is sold as is.

21 What I believe those who
22 question the need for this bill fail to
23 understand is that even a car sold as is
24 is still supposed to be a car; that is
25 to say, there is an implied warranty

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2 that comes when a dealership calls what
3 they're selling "a car" and not a
4 collection of used parts.

5 To call something "a car," it
6 must at least function as a car when it
7 is sold. It must be roadworthy and able
8 to pass inspection. If it cannot be
9 safely driven, it is not a car but a
10 collection of parts and should be sold
11 not as is but as parts.

12 No store would be allowed to
13 sell a toaster that doesn't toast, a
14 coffee-maker that doesn't make coffee,
15 or a washing machine that doesn't wash.
16 Why should a used car dealer be allowed
17 to sell a car that cannot be driven.

18 By requiring a consumer to have
19 a licensed mechanic evaluate the car
20 within 72 hours, the bill protects
21 dealerships from consumers who simply
22 are suffering from buyer's remorse or,
23 for whatever reason, are attempting to
24 return a car that has met the
25 requirements to be sold as a car.

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2 I believe our office will be
3 able to handle all of the complaints and
4 make sure that the consumer has gone to
5 the right mechanic who is licensed to do
6 inspections and that we can evaluate
7 that, and then, if the complaint is
8 legitimate, forward it to Licenses and
9 Inspections for the appropriate actions.

10 I recognize that, like all new
11 laws, there may be some problems in
12 implementing this. I believe that we
13 will have to look at it and make sure
14 that we continue to improve our services
15 to the consumers and the citizens of
16 Philadelphia, and after a year, look and
17 see how the bill is being implemented
18 and see if we can improve that
19 implementation.

20 Bill 080058, if passed and
21 signed into law, gives consumers who do
22 not have the resources to buy more
23 expensive cars some protection that
24 until now had only been available to
25 wealthier consumers. In essence, the

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2 bill says to a used car dealership one
3 thing: If you say it is a car you're
4 selling, it must be able to operate as a
5 car; and if it does not, then the
6 dealership must either refund the money
7 or fix the car.

8 Thank you very much, and I'll
9 be happy to answer any questions.

10 COUNCILWOMAN SANCHEZ: Thank
11 you.

12 About how many calls do you
13 estimate your office gets?

14 MR. HAVER: We think we get ten
15 calls a week; I looked it up. There is
16 a large number where we currently
17 cannot help people because people buy
18 cars and it says "as is."

19 In my previous life, when I did
20 not feel the limits of the law, we would
21 have picketed these dealerships, but now
22 I feel a responsibility to inform people
23 that, unfortunately, there is no law
24 that protects people when a car is sold
25 as is and they're just without luck.

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2 There is a State law that
3 requires the Attorney General to make
4 sure that cars that are sold are
5 roadworthy, but until this bill was
6 introduced, the City had no ability to
7 take any action against dealerships that
8 were continually selling cars that were
9 sold as is but were not roadworthy.

10 COUNCILWOMAN SANCHEZ: Any
11 questions?

12 Councilman Green?

13 COUNCILMAN GREEN: This seems
14 like -- I guess my question is why we
15 wouldn't mirror the State law so that
16 we would just have the ability to -- so
17 there would be one regulatory standard
18 in Pennsylvania and we'd have the
19 ability to do essentially the local
20 enforcement of that law. Or why aren't
21 we enforcing the State law if we have
22 the powers to do it today?

23 MR. HAVER: Well, in my
24 opinion, we don't have the powers to do
25 it today, which is what this law is,

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2 and we have worked as carefully as we
3 can with the automobile dealerships to
4 try and adopt the same language, as you
5 will see in the amendments. So we are
6 taking the language from the State law
7 and putting it into City ordinance and
8 giving Licenses and Inspections the
9 ability to remove a business-privilege
10 license.

11 I'm sorry, Councilman, if I
12 failed to get you the amendments. It's
13 my fault, I'm sorry.

14 But do you see the six
15 categories? And that language is,
16 again, adopted from the State law.

17 COUNCILMAN GREEN: Okay. So
18 you've essentially taken the State law
19 and used their definitions and language
20 and put it in here.

21 MR. HAVER: That is correct.

22 COUNCILMAN GREEN: But the
23 State law is really more of an Attorney
24 General enforcement rather than
25 permitting a person to return the car.

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2 MR. HAVER: That's correct.

3 COUNCILMAN GREEN: So the
4 difference here is that in
5 Philadelphia, people have the right to
6 return the car.

7 MR. HAVER: Or give the
8 dealership the right to make the
9 repairs; the dealership would have the
10 choice.

11 COUNCILMAN GREEN: Did you
12 consider taking any dollar-value sort
13 of limits on it? If the car is sold
14 for less than \$2,000 or \$1,000, then
15 this law would not apply? Or,
16 alternatively, define major sort of --
17 I think your language is "undisclosed
18 major structural defect" as something
19 that is 10 percent of the value of the
20 car or 5 percent of the value of the
21 car but not less than \$500, say, for a
22 car that's very inexpensive.

23 MR. HAVER: We have given the
24 dealership the opportunity to sell the
25 car and clearly say it's not

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2 roadworthy.

3 So if there's a sophisticated
4 consumer who is buying a car for parts,
5 they're collectors, they like cars and
6 they're buying a '64 Camaro that they
7 understand is not going to run, they're
8 just buying it to get the parts, that
9 would be a different category.

10 The problem that comes up is
11 that many people when they buy cars at
12 these lots are people who are struggling
13 economically and are believing that the
14 car will pass inspection.

15 So what we're saying is, if a
16 dealership wants to sell a car to a
17 sophisticated buyer, all they have to do
18 is clearly state that it's not
19 roadworthy, it's not a car, it's not for
20 transportation.

21 If they are selling it as a car
22 for transportation, then it has to pass
23 inspection. It should, when it leaves
24 the lot, be drivable.

25 COUNCILMAN GREEN: Well,

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2 obviously, they were able to drive it
3 off the lot.

4 MR. HAVER: Well, I don't mean
5 to be difficult, sir --

6 COUNCILMAN GREEN: No, no.

7 MR. HAVER: -- but some cars
8 that were driven off the lot shouldn't
9 have been and they wouldn't pass
10 inspection, and if they're pulled over
11 by a police officer, they're going to
12 end up with a number of tickets on a
13 car they just purchased. The car may
14 be drivable off the lot; it doesn't
15 mean the frame's intact, it doesn't
16 mean that it's safe to drive.

17 COUNCILMAN GREEN: Oh, I see.
18 You've changed the definition of --
19 you've limited the definition of "major
20 structural defect" in your amendment to
21 be far more specific.

22 MR. HAVER: Yes, sir. Again,
23 that's --

24 COUNCILMAN GREEN: Okay, that's
25 fine.

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2 My problem was, it was so out
3 there that I just envisioned people with
4 buyer's remorse or not quite happy, you
5 know, causing a lot more activity in
6 this area than what would otherwise be
7 --

8 MR. HAVER: I don't think you
9 were the only one with that criticism
10 of me, so we changed it.

11 COUNCILMAN GREEN: Okay. I see
12 that in the amendment.

13 Thank you.

14 COUNCILWOMAN SANCHEZ: Thank
15 you.

16 Councilman Kelly.

17 COUNCILMAN KELLY: Thank you,
18 Madam Chair.

19 You just mentioned, Mr. Haver,
20 that when you find problems with any of
21 these car dealerships or whatever, you
22 pass it off onto L&I for the appropriate
23 action.

24 Could you tell me, Commissioner
25 Verdi, what would be the appropriate

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2 action?

3 COMMISSIONER VERDI: It's
4 similar again, Councilman, to any other
5 license issue that we have where you
6 have an outside agency that does
7 somewhat the enforcement.

8 To give you an example, it
9 would be similar to the Health
10 Department referring either a restaurant
11 to us that has been investigated to have
12 bad health issues or an issue with their
13 license, and then we take the
14 enforcement action. Again, such as an
15 administrative hearing, an intent to
16 cease a revocation of their sales
17 license for cars, things of that nature.
18 Again, it would be based upon the
19 recommendations of, in this case,
20 Consumer Affairs.

21 COUNCILMAN KELLY: But what
22 relief would a person receive that
23 purchased one of these cars? Would
24 they still be stuck with this car or...

25 COMMISSIONER VERDI: In some

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2 cases, we can go to a court issue where
3 we would bring this before a judge who
4 can order that that person be given
5 some relief.

6 The only thing that we could do
7 is, our department would do -- we'd be
8 able to attach that person's license and
9 revoke it so as to the person not being
10 able to sell any further cars until this
11 problem was resolved.

12 COUNCILMAN KELLY: So it would
13 go to a court proceeding more or less.

14 COMMISSIONER VERDI: It can,
15 yes.

16 COUNCILMAN KELLY: Okay, thank
17 you.

18 Thank you, Madam Chair.

19 COUNCILWOMAN SANCHEZ: Thank
20 you.

21 Commissioner, are you going to
22 give your testimony?

23 COMMISSIONER VERDI: Good
24 morning, Chairwoman Sanchez and members
25 of the committee. I'm Dominic Verdi,

1 5/19/08 - L&I COMMITTEE - BILL 080085
2 Deputy Commissioner of the Department
3 of Licenses and Inspections. Today I'm
4 here to provide testimony on Bill No.
5 080085, which, if enacted, will add a
6 new 9-630 to the Philadelphia Code to
7 establish requirements relating to the
8 sale of used vehicles to the public.

9 As a result of meetings and
10 discussions that we've had with
11 Councilman Clarke regarding amendments
12 he will be proposing to the bill, we
13 offer no objections to the bill as
14 amended, as this bill will be in the
15 interest of the public and will make
16 this bill manageable for L&I to address
17 issues related to auto sales lot and
18 showroom licenses, as required under
19 9-601(4) and (5) of the Philadelphia
20 Code.

21 Thank you for the opportunity
22 to provide testimony on Bill No. 080085.

23 COUNCILWOMAN SANCHEZ: Any
24 other questions for the Administration?
25 Councilman Green?

1 5/19/08 - L&I COMMITTEE - BILL 080085

2 COUNCILMAN GREEN: Just looking
3 at "undisclosed major structural
4 defect" definitions, I still think this
5 is a bit vague.

6 For example, I can't imagine
7 that my frame is not cracked a little
8 bit. I mean, there are non-structural
9 things that happen to a car after it's
10 been used and on the road for a long
11 period of time, and to say that it's --
12 or even if it's bent somewhere, because
13 it's perfectly safe, I don't -- I'm not
14 sure I'm comfortable not saying -- you
15 know, having "unsafe" in some of these
16 definitions.

17 I'll give you another example:
18 engine block. You know, an engine -- if
19 a car is sold for 700 bucks and the
20 engine is cracked and the engine block
21 is cracked, it could be slightly cracked
22 and could go for two years, and that
23 could be perfectly fine and there's no
24 way for the dealer to sell that car now
25 unless he tells them that it's not

1 5/19/08 - L&I COMMITTEE - BILL 080085

2 roadworthy.

3 Let me give you another
4 example: transmission defective as to
5 require replacement. Well, you know, is
6 that -- it just requires replacement
7 when, within what kind of time period?
8 Immediate? Would the word "immediate"
9 there be objectionable to you?

10 MR. HAVER: Not at all. The
11 word "immediate" would not be
12 objectionable. There is no promise
13 that that car is going to last. It's a
14 problem when it's sold that it
15 functions as a car.

16 And, Councilman, if you look,
17 you'll see that the decision as to
18 whether the structural damage is severe
19 and whether it makes a car not
20 roadworthy, it's going to be done by the
21 same person who puts the safety
22 inspection on your car. A certified
23 inspection mechanic.

24 So it's not -- you can't go up
25 to the street to your friend who may or

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2 may not say there's something wrong with
3 the car. This is a licensed, certified
4 inspections mechanic who is empowered by
5 the Commonwealth to decide whether a car
6 is safe to drive or not.

7 COUNCILMAN GREEN: Why not just
8 have six only be the standard?

9 MR. HAVER: Well, we tried that
10 originally, and there were complaints
11 on the other side that it was, again,
12 not specific enough.

13 COUNCILMAN GREEN: Well, it
14 either gets an inspection sticker or
15 not.

16 MR. HAVER: Again, I can only
17 put forward my argument, which was:
18 This is specific, it tells people what
19 to expect and puts a certified
20 mechanic, an inspection mechanic, in as
21 the person who is going to say this car
22 is safe, it's okay, or no, this car
23 doesn't qualify as a car.

24 COUNCILMAN GREEN: "Flood
25 damage," what does that mean?

1 5/19/08 - L&I COMMITTEE - BILL 080085

2 MR. HAVER: I'm sorry?

3 COUNCILMAN GREEN: What does
4 "flood damage" mean?

5 MR. HAVER: Cars that are
6 salvaged, if the car is flooded and the
7 insurance company has decided the car
8 has no value because of the flood
9 damage and it's sold as a reclaimed
10 car. That would be what "flood damage"
11 means.

12 COUNCILMAN GREEN: Couldn't
13 that be far more specific?

14 MR. HAVER: Um --

15 COUNCILMAN GREEN: If what
16 you're talking about is, like, cars
17 from New Orleans that are salvaged and
18 have been reclaimed and then are being
19 retitled and sold as used cars, don't
20 you think that -- I mean, my car has,
21 you know, been in high water and that
22 may have caused some rust in the -- you
23 know, somewhere that's not necessarily
24 visible to the naked eye. Is that
25 flood-damaged?

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2 This just doesn't seem specific
3 enough to me to be --

4 MR. HAVER: You know, it would
5 not be for me to suggest that Council
6 should write in more specific language
7 if that's what you thought was
8 necessary. I would not argue that I'm
9 the final arbitrator of exactly what
10 the language should be; I think that's
11 the role of Council.

12 What I'm here to say is that
13 there is no lemon-law protection now in
14 the Commonwealth.

15 COUNCILMAN GREEN: No, I
16 understand.

17 MR. HAVER: And whether I've
18 done a great job or not, it's not a
19 perfect job of perfecting the language.
20 I would certainly say we can always
21 improve, and another set of eyes is
22 always helpful.

23 COUNCILMAN GREEN: Would you
24 have any objection to changing "flood
25 damage" to be as specific as you just

1 5/19/08 - L&I COMMITTEE - BILL 080085

2 mentioned?

3 MR. HAVER: I would not, no.

4 COUNCILMAN GREEN: Okay, thank
5 you.

6 COUNCILWOMAN SANCHEZ: We have
7 one more testifier.

8 Any more questions?

9 I have a question for
10 Commissioner Verdi, who has to enforce
11 this: Should we want to get more
12 specific, or do we want to give
13 ourselves room?

14 COMMISSIONER VERDI: That's
15 entirely up to the Consumer Affairs
16 people. We're going to get
17 recommendations from their office as to
18 what happened prior to them turning it
19 into enforcement.

20 Enforcement is going to be the
21 last line of defense when they can't
22 work out some type of agreement with the
23 car dealer.

24 COUNCILWOMAN SANCHEZ: Okay,
25 thank you. Thank you, panel.

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2 We have one more person to
3 testify. Kevin Mazzacola, if you could
4 come forward, please.

5 (Witness comes forward.)

6 COUNCILWOMAN SANCHEZ: This is
7 our last witness. We're going to take
8 a five-minute recess before we go into
9 our public meeting.

10 MR. MAZZACOLA: Good morning.

11 COUNCILWOMAN SANCHEZ: Good
12 morning.

13 MR. MAZZACOLA: Thank you,
14 Madam Chairwoman. I want to thank all
15 of the members -- the City Council
16 members for allowing me to testify
17 today. My name is Kevin Mazzacola, and
18 I'm the Executive Director of the Auto
19 Dealers Association of Greater
20 Philadelphia.

21 I'm here today on behalf of my
22 members to testify regarding Councilman
23 Clarke's legislation, Bill No. 080085,
24 that would attempt to protect consumers
25 from unknowingly purchasing damaged used

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2 vehicles.

3 The Automobile Dealers
4 Association and its state affiliate, the
5 Pennsylvania Automotive Association, in
6 the past has supported various versions
7 of statewide used-cars lemon laws. We
8 appreciate Councilman Clarke's interest
9 in these issues and the automotive
10 concerns in general. It is certainly in
11 the industry's best interest that
12 consumers have every confidence in their
13 purchases from the dealers.

14 While the auto dealers want to
15 be helpful in addressing the
16 Councilman's concerns, we don't want to
17 see dealers in Philadelphia held to a
18 different standard in the City than
19 outside the City limits. Pennsylvania
20 already has a tough lemon law that is
21 working regarding used cars from the
22 AG's office with notification
23 requirements and punishments.

24 The Automobile Dealers
25 Association of Greater Philadelphia is a

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2 regional organization of 220 new-car
3 franchise dealers, and we have 27
4 franchised dealers in Philadelphia who
5 sold over 40,000 new and used vehicles
6 in 2007. These dealers employ over
7 2200, most of whom live in Philadelphia
8 as well. And these dealers represent
9 significant tax revenues through City
10 government, especially wage taxes, close
11 to 5 million, and in gross receipts,
12 over 1.5.

13 Several decades ago, most of
14 our dealerships were located within the
15 City, but today, the vast majority of
16 these dealerships have closed or moved
17 to the suburbs. Various City policies
18 over these decades helped accelerate
19 that exodus, and I ask not to increase
20 the burden on dealers who have chosen to
21 stay in Philadelphia.

22 Councilman Clarke and the
23 Mayor's consumer advocate have
24 graciously reached out to us as an
25 industry in an effort to determine if a

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2 compromised bill could be worked out.

3 We've had several productive meetings,

4 and it's our hope that we can come up

5 with an agreement on language that can

6 protect Philadelphia consumers without

7 overburdening the Philadelphia

8 dealerships.

9 Hopefully, these negotiations

10 will be resolved soon, and we ask

11 Council to allow the Dealer Association

12 an opportunity to provide input again

13 after these negotiations are completed,

14 before the legislation is given a final

15 vote.

16 Thank you for your time and

17 consideration.

18 And if I could be permitted a

19 couple of comments outside the written

20 testimony.

21 Some of the testimony was

22 written prior to understanding that they

23 would agree to those amendments, those

24 amendments mirroring the AG's office,

25 which was what was important to us.

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2 What you see in front of you in regards
3 to the six areas defining "major
4 structural damage" is what dealers
5 throughout the Commonwealth live with
6 today and (indiscernible) protection to
7 the consumers when they purchase the
8 vehicle. We're fine with those areas.

9 It's our understanding and our
10 support that it's more about enforcement
11 and having the ability locally to be
12 able to enforce and protect these
13 consumers. In that way, we are
14 supportive of what the legislation does.

15 With the expedited meetings in
16 negotiating these languages, I'm
17 speaking somewhat from "I" instead of
18 "we," meaning all our members, so I will
19 go back to them. I perceive us being
20 very supportive of the direction of the
21 bill and a couple of other areas that we
22 need to solidify.

23 But overall, we appreciate the
24 Councilman's efforts to absorb important
25 language for us.

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2 COUNCILWOMAN SANCHEZ: Thank
3 you.

4 Councilman Greenlee.

5 COUNCILMAN GREENLEE: Thank
6 you, Madam Chair.

7 Sir, just so I'm clear for the
8 record, so you're association supports
9 these amendments as they're put in
10 there? You feel that's the proper
11 language; is that it?

12 MR. MAZZACOLA: Yeah. I mean,
13 we didn't want different stipulations
14 in Philadelphia than there is in other
15 areas of the State. And so, although I
16 have not asked all of the members yet,
17 I've asked several. We've haven't had
18 an opportunity to voice all of their
19 concerns or whatever concerns, but I
20 foresee being supportive in what's
21 being amended.

22 COUNCILMAN GREENLEE: As those
23 amendments are written out, okay.

24 MR. MAZZACOLA: Correct.

25 COUNCILMAN GREENLEE: Okay.

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2 MR. MAZZACOLA: 'Cause what's
3 going on is what is abided to
4 currently.

5 COUNCILMAN GREENLEE: Gotcha.
6 Thank you, sir.

7 COUNCILWOMAN SANCHEZ:
8 Councilman Green.

9 COUNCILMAN GREEN: So you are
10 okay with us reporting this out of
11 Council Committee today as amended?

12 MR. MAZZACOLA: With the
13 amendments, although there's one
14 section that we just saw this morning
15 that I really am not able to make
16 comment, but considering how the
17 Councilman and the staff has worked
18 with us on the previous amendments, I'm
19 confident that we will come up with
20 something that is viable in that area.

21 COUNCILMAN GREEN: Do you know,
22 of the State regs for what is flood-
23 damaged, is there a further definition
24 in the State regulations for flood-
25 damaged? In other words, is this

1 5/19/08 - L&I COMMITTEE - BILL 080085
2 referencing one section that doesn't
3 have the full definition of what
4 "flood-damaged" means under the State?

5 MR. MAZZACOLA: There is
6 definitions, and we can get back to you
7 on that. It also depends on the state
8 in which the flood occurs.

9 COUNCILMAN GREEN: No, no,
10 that's not what I mean.

11 MR. MAZZACOLA: Okay.

12 COUNCILMAN GREEN: In other
13 words, in the State regulations
14 regarding this, is there a definition
15 of "flood-damaged"?

16 MR. MAZZACOLA: It's my
17 understanding --

18 COUNCILMAN GREEN: -- the
19 phrase "flood-damaged"?

20 MR. MAZZACOLA: From my
21 understanding, there is. Let me check.

22 But it is poignant in the sense
23 of, if a vehicle's in New Orleans and
24 flooded, these vehicles can go all over
25 the country. So it's also pertinent on

1 5/19/08 - L&I COMMITTEE - BILL 080085
2 wherever they have been flooded in
3 regards of whether their title is
4 notified that it has been a flood
5 vehicle. So there's some dependent --
6 depending on whatever state it occurred.

7 COUNCILMAN GREEN: Okay. So
8 what I would like to do is just -- I'm
9 going to support this bill out of
10 committee based on what you're saying,
11 but also, I'd like to consider amending
12 this bill prior to final passage to
13 include specific references to the
14 definitions in the State regs rather
15 than just having undefined, quote/
16 unquote, flood-damaged without a
17 reference to State regs.

18 MR. MAZZACOLA: And we would be
19 supportive. I'll make sure that you
20 have the information, whatever's in the
21 State regs, so you know where you are
22 and what you would like to change.

23 COUNCILWOMAN SANCHEZ: Thank
24 you.

25 Councilman Clarke, did you want

1 5/19/08 - L&I COMMITTEE - BILL 080085
2 to add something since this is your
3 bill?

4 COUNCILMAN CLARKE: Yes. Thank
5 you, Madam Chair.

6 First, I would just like to
7 thank all of the participants in the
8 discussion. The auto dealers
9 association has been very good in
10 working with us and along with the staff
11 and L&I and the Office of Consumer
12 Affairs.

13 One of the issues, I'm sure you
14 heard during the course of the
15 testimony, was our ability to enforce in
16 a meaningful way. We crafted a process.
17 It's probably going to cost a little
18 money so people know we will probably
19 come back for a transfer ordinance at
20 some point or moving some staff around
21 to help Mr. Haver implement the program.
22 But I think that based on our
23 conversations with the industry, this
24 will be a bill that is much needed.

25 We have actually had some

1 5/19/08 - L&I COMMITTEE - BILL 080085
2 instances where individuals came into
3 our office, and that's what precipitated
4 us into getting involved in this
5 process. And once we found out that
6 people really had no ability beyond
7 trying to get someone at the State
8 level -- and that was -- and my
9 understanding is that the State is --
10 that's really not their primary focus.
11 It predominantly deals with new
12 vehicles. We needed a local entity to
13 ensure that people had the appropriate
14 opportunity to go to an agency that
15 would make sure that they're not subject
16 to some of the irresponsible car
17 dealers.

18 Fortunately, the
19 overwhelming -- and I want to emphasize
20 the overwhelming -- majority of car
21 dealers in the City and surrounding
22 areas are, in fact, extremely
23 responsible, have been very helpful in
24 crafting language to support this bill.

25 So I would ask for the members

1 5/19/08 - L&I COMMITTEE - BILL 080085
2 of committee to support the amendment
3 and move the bill out of committee. If
4 there needs to be any further discussion
5 of all the pertinent parties, including
6 the committee, we would be more than
7 willing to entertain any further
8 amendments.

9 COUNCILWOMAN SANCHEZ: Okay.
10 Thank you.

11 COUNCILMAN CLARKE: Thank you.

12 COUNCILWOMAN SANCHEZ: With
13 that, that concludes the public hearing
14 portion of our hearing. We're going to
15 take a five-minute recess and then
16 we'll come to our public meeting to
17 vote the bills out.

18 Thank you.

19 (Committee stands in recess.)

20 * * *

21 (Committee reconvenes.)

22 COUNCILWOMAN SANCHEZ: The
23 Committee on Licenses and Inspections
24 will go into public meeting, having
25 obtained a quorum with Councilwoman

1 5/19/08 L&I COMMITTEE - PUBLIC MEETING
2 Blondell Reynolds-Brown, Councilman
3 Bill Greenlee, Councilman Bill Green,
4 Councilwoman Krajewski, and Councilman
5 Jack Kelly.

6 We'll start off with a motion.
7 I will recognize Councilman Bill
8 Greenlee.

9 COUNCILMAN GREENLEE: Thank
10 you, Madam Chair. Regarding Bill No.
11 080004, I move the amendment which was
12 proposed by the sponsor, Councilman
13 Kenney.

14 (Motion duly seconded.)

15 COUNCILWOMAN SANCHEZ: All in
16 favor?

17 Any opposed?

18 Abstentions?

19 Okay, so we're accepting the
20 amendment for Bill No. 080004.

21 A motion to move the bill?

22 COUNCILMAN GREENLEE: Thank
23 you, Madam Chair.

24 I move that Bill No. 080004, as
25 amended, be reported out of this

1 5/19/08 L&I COMMITTEE - PUBLIC MEETING
2 committee with a favorable
3 recommendation, and further, that the
4 rules of Council be suspended to allow
5 for first reading at our next session of
6 Council.

7 (Motion duly seconded.)

8 COUNCILWOMAN SANCHEZ: All in
9 favor?

10 Any abstentions or against?

11 Thank you.

12 I recognize Councilman Bill
13 Greenlee for a motion on Bill No.
14 080373.

15 COUNCILMAN GREENLEE: Thank
16 you, Madam Chair.

17 I move that Bill No. 080373 be
18 reported out of committee with a
19 favorable recommendation, and further,
20 that the rules of Council be suspended
21 to allow for first reading at our next
22 session of Council.

23 (Motion duly seconded.)

24 COUNCILWOMAN SANCHEZ: Thank
25 you.

1 5/19/08 L&I COMMITTEE - PUBLIC MEETING

2 All in favor?

3 Any abstention or opposed?

4 Thank you.

5 I'll recognize Councilwoman

6 Blondell Reynolds-Brown for a motion for

7 Bill No. 080165.

8 COUNCILWOMAN BROWN: Madam

9 Chair, I move that Bill No. 080165 be

10 reported out of committee with a

11 favorable recommendation and further

12 move that the rules of Council be

13 suspended so as to permit first

14 reading.

15 (Motion duly seconded.)

16 COUNCILWOMAN SANCHEZ: All in

17 favor?

18 Any abstentions or against?

19 Thank you.

20 I recognize Councilman Bill

21 Greenlee for Bill No. 080301.

22 COUNCILMAN GREENLEE: Thank

23 you, Madam Chair.

24 I move that Bill 080301 be

25 reported out this committee with a

1 5/19/08 L&I COMMITTEE - PUBLIC MEETING
2 favorable recommendation, and further,
3 that the rules of Council be suspended
4 to allow first reading at our next
5 session of Council.

6 (Motion duly seconded.)

7 COUNCILWOMAN SANCHEZ: All in
8 favor?

9 Any abstentions or opposition?

10 Thank you.

11 The Chair recognizes Bill
12 Greenlee for an amendment to Bill No.
13 080085.

14 COUNCILMAN GREENLEE: Thank
15 you, Madam Chair.

16 I move the approval amendment
17 to Bill 080085 as proposed by the
18 sponsor.

19 (Motion duly seconded.)

20 COUNCILWOMAN SANCHEZ: All in
21 favor?

22 Any abstentions or opposed?

23 Okay, I recognize Councilman
24 Greenlee for a motion for Bill No.
25 080085.

1 5/19/08 L&I COMMITTEE - PUBLIC MEETING

2 COUNCILMAN GREENLEE: Thank
3 you, Madam Chair.

4 I move that Bill No. 080085, as
5 amended, be reported out of this
6 committee with a favorable
7 recommendation and that the rules of
8 Council be suspended to allow for first
9 reading at our next session of Council.

10 (Motion duly seconded.)

11 COUNCILWOMAN SANCHEZ: All in
12 favor?

13 Any abstentions or opposition?

14 Thank you.

15 That concludes business of the
16 Committee on Licenses and Inspections.

17 I want to thank all of our witnesses and
18 my Council colleagues. Thank you.

19 (Proceedings end at

20 11:40 a.m.)

21 * * *

22

23

24

25

C E R T I F I C A T E

I HEREBY CERTIFY that the proceedings of the City of Philadelphia Council Committee on Licenses and Inspections are contained fully and accurately in the stenographic notes taken by me on Monday, May 19, 2008, and that this is a true and correct statement of same.

JOSEPHINE CARDILLO
Registered Professional Reporter

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