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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, October 20, 2009
10:15 a.m.

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PRESENT:

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COUNCILWOMAN MARIAN B. TASC0, CHAIR

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COUNCILMAN FRANK DiCICCO

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COUNCILMAN W. WILSON GOODE, JR.

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COUNCILMAN BILL GREEN

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COUNCILMAN WILLIAM GREENLEE

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COUNCILMAN CURTIS JONES, JR.

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COUNCILMAN JAMES F. KENNEY

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COUNCILWOMAN BLONDELL REYNOLDS BROWN

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BILLS 090570, 090661, 090663, 090687, 090688
and 090705

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V A R A L L O Incorporated

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Litigation Support Services

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Eleven Penn Center

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1835 Market Street, Suite 600

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Philadelphia, Pennsylvania 19103

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215.561.2220 215.567.2670

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COUNCILWOMAN TASC0: Good

3

morning, everyone. The Committee on

4

Finance will come to order.

5

Let me note that we have a

6

quorum here in the presence of Councilman

7

Bill Green, Councilman William Greenlee,

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Councilman Goode, Councilman Kenney and

9

myself.

10

We'll ask the Clerk to read the

11

first bill.

12

THE CLERK: Bill No. 090570, an

13

ordinance amending Section 19-203 of The

14

Philadelphia Code, entitled "Payroll

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Deductions," to add the United Service

16

Organizations to the list of designated

17

payees to whom an employee may direct

18

payroll deductions; all under certain

19

terms and conditions.

20

COUNCILWOMAN TASC0: Thank you.

21

Are there any witnesses to

22

testify relative to this bill?

23

Would you come forward, please.

24

(Witness approached witness

25

table.)

1 10/20/09 - FINANCE - BILL 090570, etc.

2 COUNCILWOMAN TASC0: Good

3 morning.

4 MS. PASTER: Good morning.

5 COUNCILWOMAN TASC0: Would you

6 identify yourself, please, for the

7 record.

8 MS. PASTER: Sure. Good

9 morning. My name is Catherine Paster and

10 I'm the First Deputy Director of Finance

11 for the City of Philadelphia.

12 COUNCILWOMAN TASC0: Proceed.

13 MS. PASTER: Thank you. I'm

14 here to testify in support of Bill No.

15 090570, which would amend Section 19-203

16 of The Philadelphia Code pertaining to

17 payroll deductions.

18 Section 19-203 of the Code, as

19 approved by Council, authorizes the

20 Director of Finance to deduct from

21 salaries such sums as employees may

22 request. The Code lists specifically

23 those entities for which payroll

24 deductions may be made. Bill No. 090570

25 would permit City employees to authorize

1 10/20/09 - FINANCE - BILL 090570, etc.
2 payroll deductions to be paid to the
3 United Service Organizations.

4 Any authorization for payroll
5 deduction is made voluntarily by the
6 employee and may be revoked by the
7 employee at any time.

8 This concludes my testimony. I
9 would be happy to answer any questions
10 that you might have.

11 COUNCILWOMAN TASC0: Thank you
12 very much for your testimony.

13 Are there any questions of this
14 witness?

15 (No response.)

16 COUNCILWOMAN TASC0: There
17 being none, is there anyone else here to
18 testify on this bill?

19 Please come forward to the
20 table and identify yourself.

21 (Witnesses approached witness
22 table.)

23 MAJOR GENERAL CRAIG: Hello,
24 Madam Councilwoman. I'm Major General
25 retired Wesley Craig. I'm the First

1 10/20/09 - FINANCE - BILL 090570, etc.
2 Vice-Chair of the Liberty USO here in
3 Philadelphia. And, if I may, just a
4 moment of introduction, I spent 38 years
5 in the Army and 31 of those as a
6 part-time soldier in the Pennsylvania
7 National Guard. My last five years of
8 service, I was in full-time active duty
9 and the Commanding General of the 28th
10 Infantry Division.

11 While a Division Commander, we
12 deployed probably 6,000 Pennsylvania
13 guardsmen overseas in the global war of
14 terror, including many hundreds of
15 Philadelphians. Many of your
16 constituents are members of the
17 Pennsylvania Guard. During this time of
18 conflict is when I ran into the USO
19 myself and was a recipient and customer
20 of their services.

21 When returning from
22 Afghanistan, when you've been there in a
23 dangerous place and you're dirty and
24 you're tired and you're finally coming
25 home, I left Afghanistan in my uniform

1 10/20/09 - FINANCE - BILL 090570, etc.
2 still with dirt from the dust of the base
3 where I was operating from, came home and
4 my first place where I was able to get
5 off an airplane and get a shower was the
6 USO in Germany, and what a tremendous
7 feeling that was to be in an oasis of
8 America there in Germany. And that's
9 what the USO does. And then again when
10 the Division headquarters went to Egypt
11 in the fall of 2005, we went through the
12 same place in Germany.

13 So when I retired, I joined the
14 USO to see what I could do to help here
15 in my local neighborhood. The USO here
16 in Philadelphia runs a tremendous
17 state-of-the-art center in the
18 Philadelphia Airport. It is brand new.
19 It's been operating for a year. It helps
20 service all of the returning soldiers
21 from the 56th Striker Brigade, which I'm
22 sure you've all seen in the news as they
23 returned from their year in Iraq. Both
24 our operations at the Airport, the Willow
25 Grove Naval Air Station and also at Fort

1 10/20/09 - FINANCE - BILL 090570, etc.
2 Dix, New Jersey all support the soldiers
3 and is a great way for the American
4 public, Philadelphians and Pennsylvanians
5 to reach out and say thank you and help
6 to all the soldiers as they come back,
7 because it's the personal touch that our
8 volunteers give that really make the
9 difference for all of us who have been in
10 harm's way. And this amendment to this
11 bill would allow Philadelphia workers to
12 donate as they wish, or if they wish, to
13 our organization, because we receive no
14 funding -- no federal funding at all.
15 Our entire budget is dependent on the
16 generosity of the American people.

17 Thank you very much. If you
18 have any questions.

19 COUNCILWOMAN TASC0: Thank you
20 very much.

21 Any questions?

22 (No response.)

23 COUNCILWOMAN TASC0: Thank you
24 so much for taking time to come in.

25 MAJOR GENERAL CRAIG: It's my

1 10/20/09 - FINANCE - BILL 090570, etc.
2 honor.

3 COUNCILWOMAN TASC0: Thank you
4 for the wonderful work that you do. I
5 have noticed the office in the Airport,
6 and I remember USO when I was a little
7 girl in Greensboro, North Caroline,
8 because the Army base was there.

9 Anyone else to testify?

10 Would you please come forward.

11 MR. BROOKS: Good morning and
12 thank you for your time. My name is
13 Joseph Brooks and I am the new President
14 and Chief Operating Officer for Liberty
15 USO here in Philadelphia.

16 My connection to the USO is, I
17 would not be here without the USO. My
18 mother and father met at a USO dance
19 50-some years ago. My mother was a
20 senior at Little Flower High School and
21 my father was a United States sailor from
22 Northern California. Without the USO, I
23 would not be here before you today.

24 I just started this job two
25 short weeks ago, and I came to it excited

1 10/20/09 - FINANCE - BILL 090570, etc.

2 by the challenges and opportunities that
3 I thought I would face, but I was also
4 humbled by the experiences that I've had
5 in a short time, humbled by the courage,
6 sacrifice and dedication of the women and
7 men in our armed forces and their
8 families for whom I'm now working.

9 Like most of the civilian
10 population, I assumed the USO was a not
11 insignificant line item in a
12 multi-trillion-dollar federal budget. I
13 could not have been more wrong. Our
14 operating revenue is derived solely from
15 contributions, whether they be corporate
16 or private. These donations pay for the
17 hot meals that we feed our young men and
18 young women seven days a week, 365 days a
19 year.

20 The USO terminal in
21 Philadelphia International is open
22 Christmas Eve, Christmas Day, New Year's
23 Eve, New Year's Day. If there's an
24 American soldier that needs a hot meal,
25 an opportunity to call home, a shower or

1 10/20/09 - FINANCE - BILL 090570, etc.
2 a bed to sleep in, Philadelphia
3 International's terminal at A-East is
4 open for them, and it's staffed
5 accordingly.

6 The donations that we also
7 receive also pay for many programs, two
8 of which I want to point out very briefly
9 to you. One is the Survivors Networking
10 Weekend. It's where families of those
11 soldiers killed in action are brought
12 together, share and learn from each
13 other, and the USO provides moral and
14 spiritual support through counseling
15 agencies that we engage and through
16 United States military chaplains.

17 The other program I wanted to
18 point out that the USO specifically
19 handles and Liberty USO specifically
20 handles is our Helping Hand Fund, where
21 we provide support for heating,
22 electricity and utilities for families of
23 service members who have been deployed.
24 Frequently when a soldier is deployed
25 overseas, especially if he's a reserve

1 10/20/09 - FINANCE - BILL 090570, etc.
2 unit, he loses that opportunity to
3 generate income and revenue for the
4 family he's left behind. The USO is
5 there to support them.

6 All of this is down to a staff
7 of only eight for all of Pennsylvania,
8 all of Southern New Jersey, eight
9 staffers. But our spine and our backbone
10 is our volunteer team estimated at just
11 over 500 volunteers. These 500
12 volunteers and eight staffers by the end
13 of 2009 will have accommodated 200,000
14 soldiers and their families and will have
15 logged in over 35,000 volunteer hours.
16 Most of those hours occur while we're
17 asleep or we're home with our families.

18 So I'd like to say to you
19 today, I urge you -- I urge your
20 consideration of passing Bill 090570.
21 This resolution's passing would be not
22 only appreciated by those of us who have
23 testified before you, but, most
24 importantly, the tens of thousands of
25 soldiers in harm's way and their families

1 10/20/09 - FINANCE - BILL 090570, etc.

2 here in Philadelphia that we assist.

3 So thank you for the
4 opportunity to speak here today. You can
5 count on Liberty USO to meet the needs of
6 your friends, your neighbors, your
7 nieces, nephews and sons and daughters
8 for the years to come.

9 Thank you for the opportunity
10 today, and be glad to answer any
11 questions you may have.

12 COUNCILWOMAN TASC0: Thank you
13 so much for your testimony. It's nice to
14 see you in that position.

15 Are there any questions or
16 comments?

17 Councilman Kenney.

18 COUNCILMAN KENNEY: Just one
19 comment. I think it's important for the
20 record to reflect that many of the people
21 who are deployed to Iraq and Afghanistan
22 are our own City employees, police
23 officers, firefighters and people from
24 all through the government, men and
25 women, who leave their families. And

1 10/20/09 - FINANCE - BILL 090570, etc.
2 we've done some other legislation in the
3 past to help them with their wage tax by
4 having the wage tax waived and some other
5 issues that keep coming to our attention
6 as a result of this ongoing battle
7 against terrorism in our world. So thank
8 you for your testimony, and it's a
9 pleasure to have you here.

10 MR. BROOKS: Thank you,
11 Councilman Kenney.

12 COUNCILWOMAN TASC0: Thank you
13 both for your testimony.

14 Let me recognize Councilwoman
15 Brown and Councilman DiCicco, who have
16 joined the Committee.

17 Are there any other comments or
18 questions?

19 (No response.)

20 COUNCILWOMAN TASC0: There
21 being none, thank you so much.

22 MR. BROOKS: Thank you.

23 COUNCILWOMAN TASC0: The Clerk
24 will please read the next bill.

25 THE CLERK: Bill No. 090661, an

1 10/20/09 - FINANCE - BILL 090570, etc.
2 ordinance amending Section 19-201 of The
3 Philadelphia Code, entitled "City
4 Depositories," by authorizing the City
5 Treasurer to deposit funds in M&T Bank,
6 under certain terms and conditions.

7 COUNCILWOMAN TASC0: Is there
8 anyone here to testify on behalf of this
9 bill?

10 (Witnesses approached witness
11 table.)

12 COUNCILWOMAN TASC0: Good
13 morning. Thank you for being here.
14 Would you please identify yourself,
15 please.

16 MS. RHYNHART: Good morning.
17 Rebecca Rhynhart, City Treasurer.

18 MR. MADISON: Joe Madison, M&T
19 Bank.

20 COUNCILWOMAN TASC0: Would you
21 please proceed with your testimony.

22 MS. RHYNHART: Sure. I'm here
23 to testify on behalf of Bill No. 090661.

24 Bill No. 090661 amends Section
25 19-201 of The Philadelphia Code, entitled

1 10/20/09 - FINANCE - BILL 090570, etc.
2 "City Depositories," by authorizing the
3 City Treasurer to deposit funds in M&T
4 Bank, under certain terms and conditions.
5 M&T Bank meets the requirements to become
6 an authorized depository. Therefore, the
7 Administration supports this bill.

8 This concludes my testimony.
9 I'm happy to answer any questions.

10 COUNCILWOMAN TASC0: Thank you
11 very much.

12 Would you like to testify?

13 MR. MADISON: I'm here
14 obviously to ask that M&T be given an
15 opportunity to provide retail and
16 commercial services to both City
17 employees and the City of Philadelphia.
18 I want to ask you to support the bill
19 090661, please.

20 COUNCILWOMAN TASC0: Would you
21 please tell me who you are and give me a
22 little information about M&T Bank.

23 MR. MADISON: Okay. My name is
24 Joseph Madison. I'm employed obviously
25 with M&T Bank in the M&T Government

1 10/20/09 - FINANCE - BILL 090570, etc.

2 Banking Division. I particularly support
3 the Philadelphia market.

4 M&T Bank is headquartered in
5 Buffalo, New York, with several branches
6 stemming from Buffalo, New York right
7 through Baltimore, Maryland. In the
8 Philadelphia market alone, we have over
9 20 branches, and, most importantly, we do
10 have an outstanding rating, CRA rating,
11 which stands for Community Reinvestment
12 Act. It's a federal policy that M&T
13 since 1982 has reached an outstanding
14 rating for all those years.

15 COUNCILWOMAN TASC0: Where are
16 some of your banks located?

17 MR. MADISON: Headquartered?

18 COUNCILWOMAN TASC0: No; in
19 Philadelphia.

20 MR. MADISON: We have a branch
21 right around the corner at Rittenhouse
22 Square, is one of our branches, which is
23 less than a mile away. We also have two
24 other branches within the three-mile
25 radius.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 COUNCILWOMAN TASC0: Any banks
3 in the neighborhoods?

4 MR. MADISON: Yeah.

5 Rittenhouse --

6 COUNCILWOMAN TASC0: Outside of
7 Center City.

8 MR. MADISON: Yeah, we do. We
9 do have branches in Horsham. We also
10 have branches in surrounding areas near
11 Horsham and in the market in
12 Philadelphia. I don't have the exact
13 names. I apologize.

14 COUNCILWOMAN TASC0: So the one
15 in Rittenhouse Square is the only one in
16 Philadelphia?

17 MR. MADISON: I'm sorry?

18 COUNCILWOMAN TASC0: The M&T
19 Bank in Rittenhouse Square is the only
20 one in Philadelphia proper, in the City
21 of Philadelphia?

22 MR. MADISON: Yes. Yes.

23 COUNCILWOMAN TASC0: Okay.

24 Thank you. Are there any other
25 questions?

1 10/20/09 - FINANCE - BILL 090570, etc.

2 MR. MADISON: Excuse me. We
3 also have a Port Richmond branch. I
4 apologize. And a Woodland Avenue branch.

5 COUNCILWOMAN TASC0: Okay. Beg
6 your pardon?

7 MR. MADISON: And a Woodland
8 Avenue branch.

9 COUNCILWOMAN TASC0: What part
10 of Woodland?

11 MR. MADISON: I apologize. I
12 don't have that with me right now.

13 COUNCILWOMAN TASC0: Okay. The
14 Chair recognizes Councilman Jones.

15 COUNCILMAN JONES: Thank you,
16 Madam Chair, and thank you for coming and
17 considering Philadelphia. I have a few
18 questions. I'm not on the Committee, but
19 as a courtesy, they allow other
20 Councilpeople that are impacted by this
21 move to say a few words.

22 Could you help me to understand
23 when you say that you have an outstanding
24 CRA participation record, what does that
25 mean in your mind?

1 10/20/09 - FINANCE - BILL 090570, etc.

2 MR. MADISON: Well, it's a
3 rating passed by the federal government
4 and it's a rating that all banks have,
5 and what that rating stands for is -- or
6 assessment of that rating is what the
7 bank does in the community, what type of
8 loans, does it lend to small businesses,
9 to low-to-medium-income areas, what does
10 the bank do to financially support those
11 low-to-medium-income neighborhoods. And
12 so that assessment, coupled with a lot of
13 other different criteria, the bank is
14 assigned that rating.

15 COUNCILMAN JONES: I'm familiar
16 with the Federal Reserve's definition of
17 CRA. I'm trying to get a better sense of
18 how that translates to Philadelphia and
19 your bank here in River City.

20 MR. MADISON: Well, M&T, since
21 we've had a presence in the Philadelphia
22 market, has continually sought ways to
23 offer our financial support, along with
24 our volunteer support, in different
25 community volunteer situations. I don't

1 10/20/09 - FINANCE - BILL 090570, etc.
2 have the list in front of me, but I can
3 tell you that we're certainly supportive
4 of different advertisements, monies that
5 would go to help these foundations
6 survive and operate. We're also -- in
7 the local branch area, our volunteer
8 support, anything we can do to help that
9 community achieve its goals.

10 COUNCILMAN JONES: Let me ask
11 some more specific questions. How many
12 loans have you done in Philadelphia to
13 small businesses?

14 MR. MADISON: I don't have
15 that --

16 COUNCILMAN JONES: In
17 particular, minority and female
18 businesses?

19 MR. MADISON: I don't have that
20 information in front of me.

21 COUNCILMAN JONES: Can you
22 provide that to the Chair?

23 MR. MADISON: I could, sure.

24 COUNCILMAN JONES: And how many
25 branches did you say you had in

1 10/20/09 - FINANCE - BILL 090570, etc.

2 neighborhoods other than Center City?

3 MR. MADISON: Four all

4 together.

5 COUNCILMAN JONES: Where?

6 MR. MADISON: Woodland.

7 COUNCILMAN JONES: What and

8 Woodland?

9 MR. MADISON: I don't have the
10 actual location at Woodland.

11 Rittenhouse, of course.

12 COUNCILMAN JONES: Rittenhouse
13 Square?

14 MR. MADISON: Yes.

15 COUNCILMAN JONES: Okay. By
16 way of your contracting -- and what I
17 mean by that is procurement
18 opportunities -- do you keep statistics
19 on minority and female participation in
20 contracting opportunities offered by your
21 bank?

22 MR. MADISON: We do.

23 COUNCILMAN JONES: And how are
24 you doing it?

25 MR. MADISON: Well, again, this

1 10/20/09 - FINANCE - BILL 090570, etc.
2 information you're asking all is coupled
3 with our CRA rating. So we are doing
4 well. That's one of the reasons we
5 continue --

6 COUNCILMAN JONES: When you say
7 "well," I mean, for me "well" is relative
8 and the specifics of "well" is what I'm
9 asking about.

10 Finally, by way of hiring
11 practices, your upper management, is
12 there adequate representation of females
13 and minorities in your management, and
14 what specifically is that ratio?

15 MR. MADISON: I don't have the
16 ratio in front of me. I can tell you
17 from a personal standpoint. I can't
18 speak from the bank. I can tell you I
19 think we do. That's not typically a
20 comment an employee will tell you. I
21 mean, those views and opinions can be
22 varied. I can tell you that M&T strives
23 to hire people of all races. We look for
24 the best qualified employee.

25 COUNCILMAN JONES: Well, I'm

1 10/20/09 - FINANCE - BILL 090570, etc.
2 going to preempt Councilwoman Blondell
3 Reynolds Brown by asking that, and I'm
4 sure I'll hear it again, but could you
5 provide that to the Chair and
6 particularly what SBA deals and PIDC
7 deals you've done in Philadelphia that
8 tend to be more urban-based deals?

9 MR. MADISON: Sure. I'd be
10 happy to.

11 COUNCILMAN JONES: I'd like to
12 know about that.

13 And then, finally, who begot
14 whom by way of mergers? Are you a
15 product of a merger? Who begot whom in
16 the bank mergers world?

17 MR. MADISON: M&T has never
18 been bought. I can tell you right now
19 within the last six years we've merged or
20 acquired First Bank, and just recently in
21 2009, we just acquired two banks in
22 Baltimore-based, Maryland. One,
23 Provident Bank, and that acquisition was
24 completed May 21st of this year. And we
25 are in the final stages of acquisition of

1 10/20/09 - FINANCE - BILL 090570, etc.

2 Bradford Bank, which is also based in

3 Baltimore.

4 COUNCILMAN JONES: Well, as we

5 get past the subprime meltdown that we've

6 experienced in the City, these questions

7 and many more would be helpful for me at

8 least to understand who we are giving

9 some large deposits to. And I'm sure the

10 spirit of what they're talking about is

11 adequate, but the specifics of what they

12 can demonstrate under CRA is something

13 I'd be interested in seeing, Madam Chair.

14 COUNCILWOMAN TASC0: Thank you

15 very much.

16 COUNCILMAN JONES: Thank you.

17 COUNCILWOMAN TASC0: Where are

18 you from, sir?

19 MR. MADISON: I live in Lehigh

20 Valley, Pennsylvania.

21 COUNCILWOMAN TASC0: So you

22 don't work in Philadelphia?

23 MR. MADISON: I do.

24 COUNCILWOMAN TASC0: So you

25 commute every day?

1 10/20/09 - FINANCE - BILL 090570, etc.

2 MR. MADISON: My region, I
3 cover the Lehigh Valley, Berks and
4 Philadelphia.

5 COUNCILWOMAN TASCO: Who is
6 your local manager? Do you have
7 another --

8 MR. MADISON: I am. For
9 government banking? I am.

10 COUNCILWOMAN TASCO: Okay. We
11 have a Councilman here who requires a lot
12 of information from banks that we're
13 doing business with. Evidently you're
14 not familiar with this City Council and
15 our effort to require extensive diversity
16 in employment and investment and
17 outreach, and so that's why you're
18 getting these questions. And I think it
19 would be -- if you provide all the
20 information that you've been asked to
21 provide to my office so that we can share
22 it with the members of this committee, it
23 would be quite helpful.

24 MR. MADISON: I'd love to. Be
25 happy to.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 COUNCILWOMAN TASCO:

3 Councilwoman Brown.

4 COUNCILWOMAN BROWN: Thank you,
5 Madam Chairwoman.

6 Good morning.

7 MR. MADISON: Good morning.

8 COUNCILWOMAN BROWN: Is this
9 your first opportunity speaking to a
10 legislative body of this type?

11 MR. MADISON: No.

12 COUNCILWOMAN BROWN: Is it
13 customary for you to speak to others
14 where you're building a case and not have
15 back-up documentation?

16 MR. MADISON: In this instance,
17 some of the information regarding the CRA
18 and minority-owned type of businesses
19 really haven't come up before.

20 COUNCILWOMAN BROWN: Okay.

21 MR. MADISON: But I will give
22 that information to you.

23 COUNCILWOMAN BROWN: Okay. I
24 need to underscore the remarks of the
25 Chairwoman, that there's several members

1 10/20/09 - FINANCE - BILL 090570, etc.
2 of this body who really look to those
3 expectations as expectations in terms of
4 information we need to have.

5 MR. MADISON: Okay.

6 COUNCILWOMAN BROWN: City
7 Treasurer, what type of advice,
8 communication, recommendations,
9 suggestions do you provide to testifiers
10 who are coming before this legislative
11 body and specifically to this committee
12 on bank-related matters?

13 MS. RHYNHART: In this case,
14 the ordinance came from City Council, so
15 what we did, I mean, in the Treasurer's
16 Office, we just check to make sure that
17 M&T Bank met the minimum requirements to
18 become an authorized depository. We did
19 not have any communication prior to this.

20 COUNCILWOMAN BROWN: And what
21 are the minimum requirements?

22 MS. RHYNHART: There's three
23 requirements: That the bank must be
24 established for five years, must have
25 profitability for the last two years, and

1 10/20/09 - FINANCE - BILL 090570, etc.
2 must have a minimum of 100 million in net
3 assets.

4 COUNCILWOMAN BROWN: And so
5 none of the requirements speak to
6 Councilman Goode's priority issue when it
7 comes to banks with CRA ratings or
8 rankings?

9 MS. RHYNHART: Well, once the
10 bank becomes an authorized depository,
11 then it has to meet very strict
12 requirements annually in terms of
13 providing community reinvestment goals,
14 providing a strategic plan each year that
15 highlights disparities in lending and how
16 they're going to improve. So once
17 they're on our authorized depository
18 list, that information needs to be
19 provided annually, and that's all
20 detailed in the City Code for the banks.

21 COUNCILWOMAN BROWN: Okay,
22 then.

23 Thank you, Madam Chairwoman.

24 COUNCILWOMAN TASC0: Councilman
25 Goode.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 COUNCILMAN GOODE: Thank you,
3 Madam Chair.

4 Mr. Madison, you've referenced
5 your CRA rating several times. Are you
6 familiar with how that rating is
7 obtained?

8 MR. MADISON: Yeah. Yes, I am.

9 COUNCILMAN GOODE: So what
10 percentage of those financial
11 institutions that are monitored receive
12 an outstanding rating?

13 MR. MADISON: What percentage?
14 That I don't have information on.

15 COUNCILMAN GOODE: You don't
16 have any information on it?

17 MR. MADISON: All I can testify
18 to is the fact that M&T --

19 COUNCILMAN GOODE: Would it be
20 fair to say that almost all financial
21 institutions that are monitored receive
22 an outstanding rating? In other words,
23 there's no teeth to the whole federal CRA
24 system.

25 MR. MADISON: Well, you know, I

1 10/20/09 - FINANCE - BILL 090570, etc.
2 can't comment to that. I can really
3 comment just to what M&T receives, and I
4 can tell you that our track record since
5 1982, we've received an outstanding
6 rating.

7 COUNCILMAN GOODE: And so has
8 just about every other bank that is
9 monitored.

10 What we do locally is, we
11 specifically require community
12 reinvestment goals in terms of how many
13 small business loans, how many home
14 mortgages, how many home refinance loans,
15 how many home improvement loans you would
16 make to low-and-moderate-income
17 neighborhoods, and require that on an
18 annual basis as one of our requirements.
19 So, for instance, Wachovia Bank has
20 committed to 477 small business loans in
21 low-and-moderate-income neighborhoods and
22 2,323 home improvement/home mortgage/home
23 refinance loans in
24 low-and-moderate-income neighborhoods.
25 Bank of America, 620 loans and 595 home

1 10/20/09 - FINANCE - BILL 090570, etc.
2 loans in low-and-moderate-income
3 neighborhoods. PNC, 500 and 285.
4 Citizens Bank, 150 and 950. Commerce
5 Bank, 100 and 329. And Citibank, which
6 actually came into the City system of
7 depositories after we passed this
8 legislation, has committed to 2,135 small
9 business loans in low-and-moderate-income
10 neighborhoods and 1,300 home
11 mortgage/home improvement/home finance
12 loans.

13 So we take this very seriously.
14 The first year we required this was 2003,
15 and we had commitments for slightly over
16 5,000 loans in low-and-moderate-income
17 neighborhoods. This year we have almost
18 10,000 loans committed in
19 low-and-moderate-income neighborhoods.
20 When we started this process, one of our
21 focuses was absolutely small business,
22 and about 40 percent of the lending was
23 being done in low-and-moderate-income
24 neighborhoods. When 60 percent of the
25 neighborhoods are

1 10/20/09 - FINANCE - BILL 090570, etc.

2 low-and-moderate-income, we are now
3 between 55 and 60 percent, almost at
4 parity.

5 If we choose to authorize you,
6 not only will you have to fulfill this
7 annual requirement, we will ask the
8 question of how many loans you're going
9 to make the following year. It won't be
10 as easy as to say that your CRA rating is
11 outstanding. You will actually have to
12 give us a number. And if the amount of
13 loans you've made in
14 low-and-moderate-income neighborhoods is
15 currently zero and you know it's zero,
16 don't expect to come before this body
17 again, except maybe if you're getting
18 axed from the list of City depositories,
19 and simply say that you have an
20 outstanding rating.

21 Thank you, Madam Chair.

22 COUNCILWOMAN TASC0: Thank you.

23 Councilman Kenney.

24 COUNCILMAN KENNEY: Thank you,
25 Madam Chair.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 It's apparent that in
3 preparation for your attendance here, you
4 were not aware of the depth of the
5 questions and you didn't have the
6 information that you probably should have
7 had to paint a picture of your bank that
8 you think should be painted in this
9 Chamber. So knowing all these questions
10 are being asked now, perhaps maybe the
11 next time you come you can do a better
12 job since you know what's going to be
13 asked of figuring out where the Council
14 is going and where Councilmembers are
15 interested in putting our City money
16 into. So maybe next time you come back
17 you can kind of lay out better what you
18 guys do, what you have done and what you
19 intend to do.

20 MR. MADISON: Okay.

21 COUNCILMAN KENNEY: Thanks.

22 COUNCILWOMAN BROWN: Madam
23 Chairwoman?

24 COUNCILWOMAN TASC0:

25 Councilwoman Brown.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 COUNCILWOMAN BROWN: Yes.

3 Thank you.

4 I would offer a friendly
5 amendment, and that I believe also that
6 the Administration has a responsibility
7 in making sure that on bank-related
8 matters, anybody who steps to the table
9 is made fully aware of what the
10 expectations are going to be in terms of
11 questioning from members of this
12 committee so that you do not come before
13 us somewhat unprepared and unaware of
14 what our interests are. Because it's not
15 the first, second, third, fourth or tenth
16 time that we've had banks at the table
17 with the City Treasurer and the very same
18 consistent questions are posed every
19 single time.

20 So that would be the ask to the
21 Administration, to help our citizens come
22 fully prepared, especially on matters
23 related to those institutions like banks
24 who want to do business with the City of
25 Philadelphia.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 MS. RHYNHART: Okay.

3 COUNCILWOMAN BROWN: Thank you.

4 COUNCILWOMAN TASC0: Thank you.

5 Any other questions or

6 comments?

7 (No response.)

8 COUNCILWOMAN TASC0: Thank you
9 very much. Would you please see that you
10 get that information to the Chair. We
11 don't know what's going to happen with
12 this bill at this point. The Committee
13 will decide whether to report it out of
14 committee. If it is reported out of
15 committee, then you should get that
16 information to the Chair prior to the
17 bill being brought up for a vote. Thank
18 you.

19 MR. MADISON: Thank you.

20 COUNCILWOMAN TASC0: All right.

21 Anyone else to testify on this bill?

22 (No response.)

23 COUNCILWOMAN TASC0: The Clerk
24 will read the next bill, please.

25 THE CLERK: 090663, an

1 10/20/09 - FINANCE - BILL 090570, etc.
2 ordinance amending Chapter 19-200 of The
3 Philadelphia Code, entitled "City Funds -
4 Deposits, Investments, Disbursements," by
5 revising the list of City depositories
6 because of non-compliance with certain
7 provisions of that Chapter, under certain
8 terms and conditions.

9 COUNCILWOMAN TASC0: Good
10 morning.

11 MS. RHYNHART: Good morning.

12 COUNCILWOMAN TASC0: Would you
13 state your name for the record and
14 proceed with your testimony.

15 MS. RHYNHART: Rebecca
16 Rhyhart, City Treasurer. I'm here to
17 testify on behalf of Bill No. 090663.

18 Bill No. 090663 amends Section
19 19-201 of The Philadelphia Code, entitled
20 "City Depositories," by removing Advance
21 Bank, Mellon Bank and Sovereign Bank from
22 the list of authorized depositories.

23 These three banks are not in compliance
24 with Section 19-201(2)(f), which requires
25 each authorized depository to provide the

1 10/20/09 - FINANCE - BILL 090570, etc.
2 City annually with a statement of
3 community reinvestment goals, including
4 the number of small business loans, home
5 mortgages, home improvement loans and
6 community development investments to be
7 made within low-and-moderate-income
8 neighborhoods in the City. In addition,
9 each authorized depository must provide a
10 long-term strategic plan to address
11 disparities in its lending and investment
12 activities. The City Code requires the
13 City Treasurer to withdraw all City funds
14 from any bank or institution that has not
15 complied with these requirements.

16 Bank of New York Mellon,
17 previously called Mellon Bank, currently
18 provides the City's pension banking
19 services. Because Mellon did not provide
20 either of the above requirements, the
21 City Treasurer's Office began the process
22 of replacing it in March 2009. An RFP
23 was issued and Bank of America was
24 selected to provide these services. The
25 process is currently underway to move

1 10/20/09 - FINANCE - BILL 090570, etc.
2 these funds to Bank of America. This is
3 expected to be completed in November.
4 There are no City funds in Advance or
5 Sovereign Bank at this time.

6 The Administration has no
7 objection to removing Advance Bank,
8 Mellon Bank and Sovereign Bank from the
9 list of authorized depositories.

10 This concludes my testimony.
11 I'm happy to answer any questions.

12 COUNCILWOMAN TASC0: Thank you
13 very much.

14 Are there questions from
15 members of the Committee?

16 Councilman Goode.

17 COUNCILMAN GOODE: Thank you,
18 Madam Chair.

19 I don't have a question. I
20 will be offering an amendment that simply
21 clarifies the bill. The version that was
22 introduced did not show which banks were
23 being eliminated. The amended version
24 does.

25 COUNCILWOMAN TASC0: Thank you

1 10/20/09 - FINANCE - BILL 090570, etc.

2 very much.

3 Anybody else here to testify on
4 that bill?

5 (No response.)

6 COUNCILWOMAN TASC0: There
7 being none, the Clerk will read the next
8 bill.

9 Boy, it's a tough meeting
10 today.

11 THE CLERK: Bill No. 090687, an
12 ordinance amending Bill No. 090212,
13 approved May 27, 2009, entitled "An
14 ordinance to adopt a Capital Program for
15 the six Fiscal Years 2010 through 2015
16 inclusive," by revising and adding
17 certain projects, amounts and sources.

18 Bill No. 090688, an ordinance
19 amending Bill No. 090213, approved May
20 27, 2009, entitled "An ordinance to adopt
21 a Fiscal 2010 Capital Budget," by
22 revising and adding certain projects,
23 amounts and sources.

24 (Witnesses approached witness
25 table.)

1 10/20/09 - FINANCE - BILL 090570, etc.

2 COUNCILWOMAN TASCO: Good
3 morning. Thank you for coming. Would
4 you please state your name for the record
5 and begin your testimony.

6 MR. UREK: Good morning,
7 Chairwoman Tasco and members of the
8 Committee on Finance. My name is Alan
9 Urek. I am the Director of Strategic
10 Planning and Policy at the City Planning
11 Commission. I am here today representing
12 our Executive Director, Alan Greenberger,
13 who was unexpectedly not able to attend,
14 and I'm here to present for your review
15 and consideration amendments to the
16 Fiscal Year 2010 to 2015 Capital Program
17 and Fiscal Year 2010 Capital Budget as
18 approved by the City Planning Commission
19 at its meeting on September 15th of this
20 year. And with me is Chris Donato,
21 Deputy Budget Director from the Budget
22 Office as well.

23 As you know, the Philadelphia
24 Home Rule Charter stipulates that the
25 City Planning Commission prepare and

1 10/20/09 - FINANCE - BILL 090570, etc.
2 submits to the Mayor a Recommended
3 Capital Program and Budget. The Capital
4 Program is a six-year plan for investing
5 in the City's physical infrastructure,
6 community facilities and public
7 buildings. The Capital Budget is the
8 first year's spending recommendation.

9 You'll recall that the
10 Administration introduced the recommended
11 FY 2010 to FY 2015 Capital Program and
12 the Recommended FY 2010 Capital Budget,
13 which were known as Bills 090212 and
14 090213 respectively, in the spring of
15 this year, and City Council subsequently
16 adopted both the Capital Program and
17 Budget on September 17th, 2009. Since
18 Council's adoption of the Capital Program
19 and Budget, we have made minor changes to
20 seven projects within four departments
21 necessitating amending the previously
22 adopted bills. I would like to emphasize
23 that none of these changes stipulates
24 additional City general obligation
25 funding whatsoever.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 There are three basic reasons
3 for the changes. First is the addition
4 of new state appropriations to projects
5 in the Departments of Public Property and
6 Water that we became aware of after the
7 Recommended Capital Program and Budget
8 were complete.

9 The second reason is the
10 reassignment of sources of funds for
11 certain projects within the Water
12 Department from federal to
13 self-sustaining, previously believed to
14 be direct American Recovery and
15 Reinvestment Act or stimulus funds, but
16 are instead low-interest Pennvest loans.

17 And the last reason for the
18 change is inclusion of two projects in
19 the Health and Streets budgets that were
20 identified in the six-year program
21 ordinance, but inadvertently excluded
22 from the budget-year ordinance, although
23 these projects were included in the
24 totals for those departments in the
25 budget year.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 I have attached to the written
3 testimony the changes with more detail
4 for your information. Overall, these
5 changes amount to an increase of \$10.4
6 million in state funds to the FY 2010 to
7 2015 Capital Program and FY 2010 Capital
8 Budget, which now total \$7,964,291,000 --
9 and I want to point out that's a
10 correction to the written testimony; it's
11 291,000 rather than the 491 -- and
12 \$2,552,629,000 respectively, the latter
13 number being for the budget.

14 Thank you and I'm happy to
15 address any questions that you may have.

16 COUNCILWOMAN TASCO: Thank you.

17 Are there any questions on
18 behalf of the Committee?

19 Councilman Green.

20 COUNCILMAN GREEN: Thank you,
21 Madam Chair.

22 I'd like to understand where
23 the additional -- exactly where the
24 additional \$8.4 million in state funds
25 came from from the communication system

1 10/20/09 - FINANCE - BILL 090570, etc.
2 and what they were specifically -- what
3 categories or projects could they have
4 gone into.

5 MR. UREK: The 8.4 million is
6 for the 800 megahertz system upgrade,
7 which is part of communications projects,
8 and we have a representative from the
9 Division of Technology that can answer
10 your questions.

11 COUNCILMAN GREEN: Okay,
12 because it's not -- there's a contract
13 with Motorola for that project, which we
14 approved, which has certain dollar
15 amounts in it. This is an increase, and
16 I want to understand where the money came
17 from and where the money is going.

18 (Witness approached witness
19 table.)

20 MR. JAMES: Good morning. My
21 name is Joseph James. I'm Deputy Chief
22 Information Officer with the Division of
23 Technology.

24 Councilman Green, as I
25 understand the question you're asking

1 10/20/09 - FINANCE - BILL 090570, etc.
2 about is the \$8 million that was
3 appropriated through the public safety
4 interoperability grant. It was a federal
5 grant program that was established to
6 allow municipalities throughout the
7 country to invest money through this
8 program for interoperability projects
9 like our 800 megahertz radio system. It
10 is a reimbursable grant, where the City
11 has to invest the money initially and
12 reimburse themselves.

13 As I understand from the
14 information that I have obtained, the
15 grant money has been used to purchase
16 radios for the 800 megahertz projects.
17 The initial down payment for the project
18 is funded through the reimbursable
19 portion of the grant, as well as money
20 has been used for purchase of radios for
21 the School District, which will be
22 joining the City's radio system, as well
23 as the Port Authority.

24 COUNCILMAN GREEN: When did we
25 apply for this grant?

1 10/20/09 - FINANCE - BILL 090570, etc.

2 MR. JAMES: I don't have the
3 actual grant application when it was
4 submitted. It seems the grant was
5 approved in 2007. The money was
6 appropriated shortly thereafter through
7 PEMA. It was about 35 million was in the
8 statewide program and we received \$8.3
9 million.

10 COUNCILMAN GREEN: I'm sorry.
11 I don't know what PEMA is.

12 MR. JAMES: Pennsylvania
13 Emergency Management Association. I
14 apologize for that.

15 COUNCILMAN GREEN: That's okay.
16 So we are spending these
17 dollars on things that were specifically
18 requested in a grant written in 2007?

19 MR. JAMES: As I understand it,
20 there was specific details of the grant.
21 I don't have, like I said, the
22 application, but it appears that we were
23 allocated money for projects around
24 interoperability, including the 800
25 megahertz system, and it appears that we

1 10/20/09 - FINANCE - BILL 090570, etc.
2 have projected in the upgrade project for
3 the 800 megahertz system to spend the
4 money, you know, to purchase the new
5 radio system.

6 COUNCILMAN GREEN: So the grant
7 was not written for radios. The grant
8 was -- you don't know what the grant was
9 written for?

10 MR. JAMES: As what I could see
11 from what I found so far is that the
12 grant is broad enough to say it's for the
13 800 megahertz for interoperability
14 projects. It's also for the use of
15 portable repeater systems, and it appears
16 that it has an allocation that would
17 allow us to invest some of the money if
18 we wanted to do anything with the
19 underground radio system.

20 COUNCILMAN GREEN: But it could
21 be used for any interoperability project?

22 MR. JAMES: It appears that
23 it's broad enough to any, yeah,
24 interoperability projects.

25 COUNCILMAN GREEN: And the

1 10/20/09 - FINANCE - BILL 090570, etc.
2 original Capital Budget and Plan included
3 all the money you needed for the contract
4 with Motorola, didn't it?

5 MR. JAMES: The project for the
6 new upgraded system?

7 COUNCILMAN GREEN: Yes.

8 MR. JAMES: Yes. As I
9 understand it, yes.

10 COUNCILMAN GREEN: So this is
11 really found money?

12 MR. JAMES: Yes.

13 COUNCILMAN GREEN: Okay. I
14 would like a complete, before I vote on
15 this bill, I would like a complete list
16 of what you actually intend to spend it
17 on, because there are lots of
18 interoperability projects. I have an
19 interest in some; other Councilpeople may
20 have interests in others. I don't know.
21 But without knowing specifically what
22 you're going to spend the money on, it is
23 found money. I don't want to authorize
24 it and have it go to things that I didn't
25 know about or approve of. I think it's a

1 10/20/09 - FINANCE - BILL 090570, etc.

2 reasonable request to say, Here is

3 exactly how we're going to spend this

4 extra \$8.4 million for interoperability.

5 MR. JAMES: I understand. I'll

6 provide you the --

7 COUNCILMAN GREEN: So I'd like

8 to hold this bill until we have full

9 details so that we know where the \$8

10 million is going before we move it out of

11 this committee. I don't see any reason

12 to just sort of approve things

13 willy-nilly without actually knowing how

14 the money is being spent. That would be

15 irresponsible of us, don't you think?

16 MR. JAMES: Right, but I

17 understand the way the grant has been

18 managed is that we have projects that are

19 approved through the Capital Program and

20 that we identify them as something that

21 would be able to be reimbursed from the

22 PSIC grant, and then we seek

23 reimbursement from the PSIC --

24 COUNCILMAN GREEN: And I'm

25 asking what projects those are so that I

1 10/20/09 - FINANCE - BILL 090570, etc.
2 can know whether or not I approve of
3 those priorities with my vote or have an
4 opportunity to talk to the Administration
5 about different priorities that would
6 also be eligible for this funding. And
7 you can't tell me today what those
8 projects are?

9 MR. JAMES: I can --

10 COUNCILMAN GREEN: You're just
11 going to pull some off the shelf and --

12 MR. JAMES: I can only tell you
13 the projects that I understand that have
14 already been earmarked for reimbursement
15 from the grant, and that's for the 800
16 megahertz.

17 COUNCILMAN GREEN: I
18 understand, and it's no disrespect to
19 you, but what you're asking us for is a
20 blank check, and you don't know where the
21 money is going to go yet, but you're
22 going to use it on some kind of
23 interoperability things. And I don't
24 want to give you a blank check. I want
25 to know where the money is going, which I

1 10/20/09 - FINANCE - BILL 090570, etc.
2 don't think -- frankly, it would be
3 irresponsible of us to not know where the
4 money is going.

5 MR. JAMES: I will provide you
6 the details that I can find on it.

7 COUNCILMAN GREEN: Okay. I
8 don't have any more questions.

9 COUNCILWOMAN TASC0: Any other
10 questions?

11 (No response.)

12 COUNCILWOMAN TASC0: Is anyone
13 here from the Water Department?

14 (Witness approached witness
15 table.)

16 MR. MOHL: Good morning. My
17 name is Brian Mohl, Capital Program
18 Manager for the Water Department.

19 COUNCILWOMAN TASC0: Could you
20 just explain the three areas where you're
21 reassigning funds and what that means to
22 us? You're reassigning approximately
23 42.8 million of federal funds to City
24 self-sustaining new loans for projects,
25 73 improvements to collector system.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 Does that mean that you were looking for
3 \$42 million and you're not going to get
4 it, so now we have to pick it up through
5 the City's capital borrowing?

6 MR. MOHL: This is the Pennvest
7 applications that we submitted. Under
8 the -- when we first put in for these
9 applications through Pennvest, through
10 the state, it was our understanding that
11 these would be federal stimulus dollars,
12 grants, when we put in the applications.
13 So it was a federal source code.

14 We found out that that is not
15 the case, that these are low-interest
16 loans. All of the grants that we -- or
17 all of the applications that we put in,
18 we put in a loan application or a grant
19 application for our water piping and our
20 sewer piping and our treatment plants.

21 After the loans -- or after the
22 grant -- or the application was approved,
23 we found out that only \$100,000 of the
24 water piping application is federal
25 stimulus and \$100,000 is the water

1 10/20/09 - FINANCE - BILL 090570, etc.
2 treatment plant stimulus. The loans
3 totaled \$184 million, or the applications
4 were put in for \$184 million. So
5 that's...

6 COUNCILWOMAN TASC0: So you're
7 applying for a loan now?

8 MR. MOHL: Well, we were
9 granted a loan instead of grants. So
10 these are low-interest loans, one to two
11 percent loans, as opposed to under the
12 federal stimulus grants, which would have
13 been zero. It would have been a grant.

14 COUNCILMAN JONES: Point of...

15 COUNCILWOMAN TASC0: Councilman
16 Jones.

17 COUNCILMAN JONES: Thank you,
18 Madam Chair.

19 In an extensive hearing earlier
20 this year, we did a Water Department
21 briefing on infrastructure repair, and
22 one of the things that we found out --
23 and I don't know if it's fair to
24 characterize it as that the state viewed
25 the financial condition of the Water

1 10/20/09 - FINANCE - BILL 090570, etc.
2 Department as being better than most, so
3 they only made them eligible for loans as
4 opposed to the grants that other
5 departments were able to get. And that's
6 a generalization, but from what I've been
7 able to garner, they said, You're doing
8 so well that this money, this stimulus
9 money, could be better served in
10 departments' projects that were in less
11 of a financial condition, so we're going
12 to make you apply for a low-interest loan
13 to pay us back this money. And if that's
14 a fair characterization of it?

15 MR. MOHL: Well, I don't know
16 that for a fact. I believe that to be
17 the case.

18 COUNCILMAN JONES: Thank you,
19 Madam Chair.

20 COUNCILWOMAN TASC0: Councilman
21 Green.

22 COUNCILMAN GREEN: Just one
23 more quick question about the
24 interoperability funds. I don't know
25 whether you can answer it or Mr. James

1 10/20/09 - FINANCE - BILL 090570, etc.
2 can, but have these priorities been
3 discussed with Allan Frank, the City's
4 Chief Technology Officer? Has he been
5 involved?

6 COUNCILWOMAN TASC0: We're
7 talking about water right now.

8 COUNCILMAN GREEN: Oh, I'm so
9 sorry.

10 COUNCILWOMAN TASC0: Let's
11 finish with water. We'll come back to
12 technology. I can't go that fast. I
13 can't think that way. I'm having a
14 problem with the water.

15 Okay. I have some more
16 questions about that, but I think we need
17 some one-on-one and someone who can
18 answer these questions about the loan,
19 what does it mean when you go from a
20 grant to a loan. Does that increase the
21 cost to the project and have you
22 accounted for that? Have you calculated
23 the cost of repaying the loan?

24 MR. MOHL: Well, of course, if
25 a grant is a zero loan basically or

1 10/20/09 - FINANCE - BILL 090570, etc.

2 forgiveness, then we don't have to pay it
3 back.

4 COUNCILWOMAN TASC0: You don't
5 have to pay it back?

6 MR. MOHL: That's if it's a
7 grant. But if we're going from a grant
8 to a low-interest loan, obviously we have
9 to account for those payback costs.

10 Now, keep in mind that these
11 were projects that were deemed
12 shovel-ready, and that's why we put them
13 in the application. We would have paid
14 for these projects out of our Capital
15 Program anyway at our regular bond rate,
16 which was substantially higher than the
17 Pennvest loan rate. So we are actually
18 saving I believe on the order of three to
19 four percent.

20 COUNCILWOMAN TASC0: Okay.

21 Thank you.

22 Any other questions?

23 Councilman DiCicco.

24 COUNCILMAN DiCICCO: Thank you,
25 Madam Chair.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 Is this time sensitive? Do you
3 have to get approval from this committee
4 to move on this legislation by a certain
5 time or would you -- then would you lose
6 the ability to make the low-interest
7 loans?

8 MR. MOHL: No. I don't think
9 one is tied to the other. We have
10 settled on the loan on Friday. We have
11 actually issued approximately \$106
12 million worth of projects that are out
13 the door and contractors are working
14 right now, thanks to Councilman Kenney.
15 He was a big help on that. So those
16 projects are out and are moving forward
17 right now.

18 COUNCILMAN DiCICCO: Okay.

19 Thank you.

20 No other questions. Thanks.

21 COUNCILWOMAN TASC0: Okay.

22 Thank you very much.

23 Any other questions?

24 (No response.)

25 COUNCILWOMAN TASC0: Thank you.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 The next bill, the Clerk will read the
3 bill.

4 MR. MOHL: Thank you.

5 COUNCILWOMAN TASC0: Are you
6 going to testify on Bill 88 also, sir?

7 MR. UREK: My testimony was for
8 both of the bills.

9 COUNCILWOMAN TASC0: Okay.
10 Thank you very much.

11 MR. UREK: Thank you.

12 COUNCILWOMAN TASC0: Next will
13 be Bill 090705.

14 THE CLERK: Bill No. 090705, an
15 ordinance amending Bill No. 090325,
16 entitled "An ordinance approving the
17 Fiscal Year 2010 Capital Budget providing
18 for expenditures for the capital purposes
19 of the Philadelphia Gas Works (including
20 the supplying of funds in connection
21 therewith) subject to certain constraints
22 and conditions, and acknowledging receipt
23 of the Forecast of Capital Budgets for
24 Fiscal Years 2011 through 2015" by
25 approving a revised Capital Budget for

1 10/20/09 - FINANCE - BILL 090570, etc.

2 Fiscal Year 2010.

3 (Witnesses approached witness
4 table.)

5 COUNCILWOMAN TASCO: Good
6 morning.

7 MS. PARRISH: Good morning.

8 COUNCILWOMAN TASCO: Would you
9 identify yourself for the record.

10 MS. PARRISH: Thank you.

11 Chairwoman Tasco, members of the
12 Committee, I'm Janet Parrish, the
13 Executive Director of the Philadelphia
14 Gas Commission.

15 MR. GALLAGHER: Good morning.
16 I'm William Gallagher. I'm Director of
17 Budget and Reporting for the Philadelphia
18 Gas Works.

19 MS. PASTER: And also with us
20 today?

21 MR. MOSER: Good morning. I'm
22 Doug Moser, Vice-President of Gas
23 Management.

24 MS. PASTER: Mr. White, who was
25 scheduled to testify, the Acting Chief

1 10/20/09 - FINANCE - BILL 090570, etc.

2 Operating Officer, was unable to be here
3 today.

4 COUNCILWOMAN TASCO: Would you
5 proceed, please.

6 MS. PARRISH: Thank you. We're
7 very pleased to be here today to have the
8 opportunity to testify in support of Bill
9 090705, which proposes that Council
10 approve a \$2.5 million amendment to
11 Philadelphia Gas Works' approved Fiscal
12 Year 2010 Capital Budget, and the bill
13 does embody the recommendations of the
14 Philadelphia Gas Commission, which were
15 adopted at its meeting on September 22nd
16 of this year. You have attached to my
17 written testimony the copy of the
18 Resolution and Order duly issued by the
19 Commission and reflecting that action.

20 We are here today to recommend
21 that Council support this amendment to
22 enable PGW to complete a Consolidated
23 Fire and Hazard Protection/Detection
24 System at its Richmond liquid natural gas
25 facility. It's a project that's already

1 10/20/09 - FINANCE - BILL 090570, etc.
2 in process and will require additional
3 funding in order for it to be completed
4 in accordance with the requirements of
5 engineering consultants. So we do ask
6 for your approval, as well as if you
7 would report the bill out of Committee
8 today with a favorable recommendation and
9 a suspension of the rules so we may have
10 first reading at the next session of
11 Council.

12 COUNCILWOMAN TASC0: Thank you
13 very much.

14 Are there any questions?

15 COUNCILWOMAN BROWN: Yes.

16 COUNCILWOMAN TASC0:
17 Councilwoman Brown.

18 COUNCILWOMAN BROWN: Good
19 morning.

20 MS. PASTER: Good morning.

21 COUNCILWOMAN BROWN: Please
22 speak to the process by which you went
23 through to identify your engineering
24 consultants.

25 MR. GALLAGHER: An RFP was

1 10/20/09 - FINANCE - BILL 090570, etc.
2 prepared and put out on the street, and
3 bids were obtained and are evaluated and
4 we made a selection.

5 MS. PASTER: Just to add to
6 that, if I may, Councilwoman,
7 Philadelphia Gas Works does follow the
8 City's procedures for non-competitively
9 bid contracts. So those RFPs are
10 typically posted on the Philadelphia Gas
11 Works website in a process that is
12 parallel to that used by the City. My
13 understanding is that that was done in
14 conjunction with an agreement with the
15 City Law Department.

16 COUNCILWOMAN BROWN: Okay.
17 Could you attach a timeframe to what you
18 just stipulated, sir?

19 MR. GALLAGHER: Timeframe?

20 COUNCILWOMAN BROWN: For the
21 bids went out, you reviewed the bids, you
22 made a selection. Just attach a line, a
23 timeframe to that.

24 MR. GALLAGHER: I don't have
25 that specific one. We can provide it for

1 10/20/09 - FINANCE - BILL 090570, etc.

2 you.

3 COUNCILWOMAN BROWN: So are you
4 at liberty to say who the awardee is?

5 MS. PASTER: Yes.

6 COUNCILWOMAN BROWN: Are they
7 local?

8 MR. GALLAGHER: Flemington.
9 They are local.

10 COUNCILWOMAN BROWN: Let me
11 define "local." Are they Philadelphia
12 based?

13 MR. GALLAGHER: I don't believe
14 so. I think they're Jersey based,
15 Flemington Construction.

16 COUNCILWOMAN BROWN: Were any
17 of the applicants Philadelphia based?

18 MR. GALLAGHER: We'll
19 double-check. I don't believe so. I
20 mean, this is specialized work as far as
21 that's concerned. It was a large
22 project. I'll check who was the bidders,
23 but I think there was only two bidders
24 that responded to this.

25 COUNCILWOMAN BROWN: Forgive

1 10/20/09 - FINANCE - BILL 090570, etc.

2 me. There were only two?

3 MR. GALLAGHER: I believe so.

4 I'll double-check that.

5 COUNCILWOMAN BROWN: So the
6 stipulation and the request and the
7 expectation will be the same as the
8 preceding witnesses going forward. In
9 instances where we're being asked to do
10 business with any entity in government or
11 out of government where Philadelphia,
12 this body, our Mayor, is being asked to
13 put X number of dollars on the line, we
14 want detailed information with who we're
15 ultimately going to do business with.

16 MR. GALLAGHER: Understood.

17 COUNCILWOMAN BROWN: Because
18 the concern remains local businesspeople.
19 I believe the former Councilman
20 introduced a measure around that. People
21 of color and women. If we are putting
22 out whatever the amount you just
23 stipulated, Blondell Reynolds Brown is
24 not comfortable with seeing those dollars
25 go to a Jersey firm. And it's helpful to

1 10/20/09 - FINANCE - BILL 090570, etc.
2 bring the back-up documentation, because
3 I have come from a school of thought, if
4 it's not written, it doesn't exist,
5 wherein we have to rely purely on verbal
6 testimony with no back-up documentation.

7 MR. GALLAGHER: Understood,
8 ma'am. I'll make sure that happens next
9 time and we will --

10 COUNCILWOMAN BROWN: Is this
11 your first time speaking before this
12 legislative body?

13 MR. GALLAGHER: No, ma'am.

14 COUNCILWOMAN BROWN: Is this
15 your first time speaking before this
16 legislative body?

17 MS. PASTER: No, it's not.

18 COUNCILWOMAN BROWN: So it's
19 not a surprise that we are going to be
20 very, very consistent with this
21 information, or else the downside becomes
22 I won't act on the bill in a favorable
23 manner.

24 Thank you, Madam Chair.

25 MS. PASTER: Fair enough.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 Thank you very much.

3 COUNCILWOMAN TASC0: Let me
4 just say this, and I appreciate your
5 concern, Councilwoman Brown. Certainly
6 we at the Gas Commission, two of us serve
7 on that Commission and are mindful of
8 minority participation. Recently PGW was
9 cited for their record of minority
10 participation.

11 A lot of the contracts that are
12 let are highly technical and you will
13 find a limited number of companies doing
14 business in this area, because it is
15 related to pipes and all that kind of
16 stuff. But to the extent that they can,
17 I have to give PGW credit for being very
18 mindful of diversity.

19 Councilman Kenney.

20 But they will when they come
21 next time to testify, particularly when
22 we have the Capital Budget -- they're in
23 the process or will be in the process of
24 presenting the Capital Budget to the Gas
25 Commission. Once that -- and that

1 10/20/09 - FINANCE - BILL 090570, etc.
2 process is vetted very thoroughly and
3 then we bring it to the Council. Usually
4 when we come to the Council, we've kind
5 of chewed it up, spit it out about 20
6 times, especially with Janet sitting over
7 there giving them a hard time. But she
8 is cooperative and she's very mindful of
9 what we talk about here in the Council.

10 But it would be helpful the
11 next time just to add that information to
12 your testimony about the effort to reach
13 out, what happened and who got the
14 contract and all that, because that is
15 what this committee is interested in.

16 So it's not that they don't
17 have it, that they don't try to do it.

18 We'd like for you to put it on
19 the record when you come to Council,
20 particularly, Janet, when we do the
21 Capital Budget.

22 MS. PARRISH: Yes. I think
23 that will be the place that will pick it
24 up, and that way it will carry right
25 through to the recommendation over here

1 10/20/09 - FINANCE - BILL 090570, etc.
2 to Council, and we can comment if it is a
3 very highly technical or specialized
4 area, where perhaps the options may be
5 more limited than with respect to other
6 contracts, but we can lay that out and
7 ensure the identity of all the applicants
8 is there.

9 COUNCILWOMAN TASC0: Sometimes
10 if the companies are able, we'd like to
11 know who they subcontract with and who
12 else they do business with could be
13 helpful and if their track record is a
14 track record that includes diversity.

15 MR. GALLAGHER: When the PFMC
16 Board approves their contracts, that's
17 one of their major concerns that we
18 outline, if there's any participation,
19 before we do have a contract. So it is a
20 major issue with the company as well as
21 the PFMC Board.

22 COUNCILWOMAN TASC0: Right.
23 The PFMC Board has to approve the budget
24 before it comes to -- so it's a lot of
25 oversight. But they understand that.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 COUNCILMAN KENNEY: Madam

3 Chair?

4 COUNCILWOMAN BROWN: Can I just
5 follow up?

6 COUNCILWOMAN TASC0: Go ahead.

7 COUNCILWOMAN BROWN: Let me
8 comment as a follow-up. That back story,
9 that backdrop in context is extremely
10 important, that you've already made it
11 through a couple of levels prior to us
12 asking those type of important questions.
13 So I thank you for that, Madam Chair.

14 COUNCILWOMAN TASC0: By the
15 time they get here, they've been vetted.
16 They've been asked so many questions
17 that -- certainly you know Sharmain
18 Matlock-Turner, David Seltzer, other
19 members are on that PFMC Board, and they
20 really are committed to inclusion at PGW,
21 so they ask the questions. Janet is our
22 Executive Director of the Gas Commission.
23 They have to present their budget to the
24 Gas Commission. There are days of public
25 hearings where all kinds of questions are

1 10/20/09 - FINANCE - BILL 090570, etc.

2 asked. Then the Commission has to have a
3 briefing and then we vote on it, and by
4 the time we get it here, it's pretty much
5 done. But it doesn't stop you from
6 asking your question.

7 Councilman Kenney.

8 COUNCILMAN KENNEY: Thank you,
9 Madam Chair.

10 Just a comment relative to my
11 experience in private sector with
12 architecture and engineering over the
13 last eight years. If you have a large
14 project where you have two bidders, it is
15 extremely specialized work. Usually
16 you'll have a large number of engineering
17 firms and architecture firms bidding on
18 public work like that. If it is only two
19 bidders, it's probably very specialized.

20 The other issue generally is --
21 and I've come across this in an effort to
22 put a team together to go after
23 public-sector work trying to find women
24 and minority-owned businesses that are in
25 the engineering and architecture field.

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2 It is very, very difficult. One of the
3 things we've not done a good job on as
4 educational institutions go is getting
5 more women and minority engineers and
6 architects, because it is very difficult
7 to find them to team with, because they
8 don't exist. And I think from -- I mean,
9 I've spoken in front of architecture
10 classes at Philadelphia University, for
11 example, and there's not one person of
12 color in the class. We really need to do
13 a better job in urging our kids out of
14 high school to go into college and to get
15 into those specialized careers of
16 architecture and engineering, because the
17 opportunities there are astounding.
18 There's always public-sector work going
19 on, especially even in the down economy,
20 the governments are investing in capital
21 projects, and for young people of color,
22 women who are architects and engineers --
23 and we need to urge more of them to go
24 there -- the opportunities will be
25 endless.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 So that's one of the things we
3 maybe should look at with some of our
4 educational institutions in the region,
5 to try to urge more activity when it
6 comes to kids, young people looking at
7 architecture and engineering as a career.

8 COUNCILWOMAN TASCO: Thank you.
9 Councilman Jones.

10 COUNCILMAN JONES: Thank you,
11 Madam Chair.

12 I would echo two things. One,
13 that President Knutzen actually came to
14 the MBE firm and DBE firm MED Week
15 celebration and didn't just stay as a
16 jester, but stayed the entire workshop
17 and then met with firms afterwards.

18 So as a Commissioner on the Gas
19 Commission, I understand your commitment,
20 but let me just speak to for a second
21 Councilwoman Brown's comments and why
22 they are particularly important.

23 Councilman Kenney is absolutely
24 right, that we don't place a high enough
25 emphasis on recruitment of minority

1 10/20/09 - FINANCE - BILL 090570, etc.
2 engineers and in those particular
3 disciplines, but if the question doesn't
4 get asked by Councilwoman Blackwell -- I
5 mean Reynolds Brown -- I'm so used to
6 Blackwell being the champion of it. But
7 if you don't ask those tough questions,
8 there won't be a demand that people won't
9 recruit to bring to those institutions.
10 So it's important even though they have a
11 good record to keep asking that hard
12 question of everyone that comes before
13 this Council.

14 But having said that, my
15 question is more of a technical one, and
16 I raised this as a Commissioner. I'll
17 put it on record here in Council.

18 In this engineering agreement,
19 is there ever in the present or the
20 future going to be a study done on our
21 infrastructure to see if hydrogen energy
22 can go through the same infrastructure
23 that the natural gas goes through?
24 Because every time I hear that it can be
25 done and that this could revolutionize

1 10/20/09 - FINANCE - BILL 090570, etc.

2 and put the Gas Works in a position to be
3 a profitable organization, if we could
4 just get the answer to that question.

5 And part two is, did anyone ever get back
6 to Councilman Kenney on the natural gas
7 that could be found in the Poconos?

8 Did anybody ever get back to
9 you on that?

10 COUNCILMAN KENNEY: It's empty.

11 COUNCILMAN JONES: Oh, you
12 checked?

13 COUNCILMAN KENNEY: Believe it
14 or not, it's right on the edge of
15 Marcellus Shale. There's nothing under
16 there. There may be some, a little bit,
17 but it would be so expensive to pull it
18 out. So it's sad, but it's not true.

19 COUNCILMAN JONES: All right.
20 Thank you.

21 MS. PARRISH: Thank you for
22 that.

23 COUNCILMAN JONES: So about the
24 hydrogen question.

25 MS. PARRISH: On your first

1 10/20/09 - FINANCE - BILL 090570, etc.
2 question I would defer to Mr. Moser, the
3 Vice-President of Gas Management to
4 respond to that. I believe that
5 Mr. White has responded to that question
6 previously in these Chambers.

7 Mr. Moser.

8 MR. MOSER: The question of the
9 hydrogen being able to go through our
10 piping, we did some initial studies on
11 that. Where it stands right now is, the
12 hydrogen is a very speculative
13 proposition. It's a discussion that if
14 indeed the country moves to a
15 hydrogen-based energy, then it would be
16 something that would be looked at closer.
17 But what we'd have to do right now is due
18 to our system, we don't think it's the
19 appropriate thing to do. We have some
20 infrastructure issues with the cast iron
21 piping and the joints that are there.
22 Basically what you're doing is converting
23 from a natural gas system over to a
24 hydrogen-based system. It's not that you
25 can transport both products through the

1 10/20/09 - FINANCE - BILL 090570, etc.

2 same pipes.

3 COUNCILMAN JONES: I am not an
4 engineer, nor do I ever intend to be, but
5 there are several engineers that have
6 said to me and to in particular
7 Mr. Knutzen that in fact that
8 infrastructure can be dual-purposed, that
9 natural gas and hydrogen can go through
10 it at the same time, and, in fact, it can
11 improve the movement of natural gas more
12 efficiently because it compacts into a
13 smaller space and they can co-exist.

14 I do not know all of the
15 engineering answers to that, but it is
16 something that is worthwhile us
17 exploring, because if in fact we get
18 ahead of the curve and if in fact this
19 country goes in that direction, we go
20 overnight into a more favorable financial
21 situation by being able to provide dual
22 energy to a source such as the private
23 sector.

24 MS. PARRISH: Could you provide
25 contact information for those engineers

1 10/20/09 - FINANCE - BILL 090570, etc.

2 perhaps after the hearing to Mr. Moser --

3 COUNCILMAN JONES: Sure will.

4 MS. PARRISH: -- so they can
5 actually speak directly?

6 COUNCILMAN JONES: Sure will.

7 Because there was, dare I say, some
8 speculation about getting rid of the Gas
9 Works, which I would never vote for, by
10 the way, but if we could overnight make
11 it profitable, that would make a lot of
12 our citizens happy.

13 Thank you, Madam Chair.

14 COUNCILWOMAN TASC0: That's a
15 whole discussion for the Gas Commission.

16 Thank you very much.

17 Any other questions of these
18 witnesses?

19 (No response.)

20 COUNCILWOMAN TASC0: Thank you
21 for coming.

22 MS. PARRISH: Thank you.

23 COUNCILWOMAN TASC0: I think
24 they are all the bills that we have
25 before us today. We will now adjourn our

1 10/20/09 - FINANCE - BILL 090570, etc.
2 public hearing and go into our public
3 meeting.

4 The Chair recognizes Councilman
5 Kenney for an amendment to Bill 090570.

6 COUNCILMAN KENNEY: Thank you,
7 Madam Chair. The amendment I think has
8 been circulated to the Committee. It's a
9 technical amendment adding actually
10 verbiage, the United Service
11 Organizations of Pennsylvania and
12 Southern New Jersey, Incorporated, also
13 known as Liberty US0. It's the addition
14 of those words, and I move the amendment.

15 (Duly seconded.)

16 COUNCILWOMAN TASC0: It has
17 been moved and seconded that we adopt the
18 amendment to Bill 090570.

19 All in favor will say aye.

20 (Aye.)

21 COUNCILWOMAN TASC0: Is there
22 any opposition?

23 (No response.)

24 COUNCILWOMAN TASC0: There
25 being none, the bill is amended.

1 10/20/09 - FINANCE - BILL 090570, etc.

2 The Chair recognizes Councilman
3 Kenney to move Bill 090570 out of
4 Committee.

5 COUNCILMAN KENNEY: Thank you,
6 Madam Chair. I move that Bill No.
7 090570, as amended, be reported out of
8 this committee with a favorable
9 recommendation and a request made for
10 rules suspension to allow for first
11 reading at our next Council session.

12 (Duly seconded.)

13 COUNCILWOMAN TASC0: It has
14 been moved that Bill No. 090570, as
15 amended, be reported out of Committee
16 with a favorable recommendation and a
17 recommendation that the rules of Council
18 be suspended so that this bill can be
19 heard at Council's next session.

20 All in favor will say aye.

21 (Aye.)

22 COUNCILWOMAN TASC0: There is
23 no opposition. The motion is carried.

24 Bill 090661, I'm asking
25 Councilman Greenlee to report that bill

1 10/20/09 - FINANCE - BILL 090570, etc.
2 out of committee.

3 COUNCILMAN GREENLEE: Thank
4 you, Madam Chair. I move that Bill
5 090661 be reported out of this committee
6 with a favorable recommendation.

7 (Duly seconded.)

8 COUNCILWOMAN TASC0: It has
9 been moved and seconded that Bill 090661
10 be reported out of committee with a
11 favorable recommendation.

12 All in favor will say aye.

13 (Aye.)

14 COUNCILWOMAN TASC0: There
15 being no opposition, this motion is
16 carried.

17 Councilwoman recognizes
18 Councilman Goode for an amendment to Bill
19 090663.

20 COUNCILMAN GOODE: Thank you,
21 Madam Chair. An amendment has been
22 circulated to members of the Committee.
23 The amendment simply shows which banks
24 are being deleted from the authorized
25 list of City depositories. I move the

1 10/20/09 - FINANCE - BILL 090570, etc.

2 amendment be approved.

3 (Duly seconded.)

4 COUNCILWOMAN TASC0: It has
5 been moved and seconded that Bill 090663
6 be amended.

7 All in favor?

8 (Aye.)

9 COUNCILWOMAN TASC0: Any
10 opposition?

11 (No response.)

12 COUNCILWOMAN TASC0: There
13 being none, the bill is amended.

14 The Chair now calls on
15 Councilman Goode to report the bill out
16 as amended.

17 COUNCILMAN GOODE: Thank you,
18 Madam Chair. I move that Bill 090663, as
19 amended, be reported out of committee
20 with a favorable recommendation and that
21 the rules of Council be suspended so as
22 to permit first reading at our next
23 Council session.

24 (Duly seconded.)

25 COUNCILWOMAN TASC0: It has

1 10/20/09 - FINANCE - BILL 090570, etc.
2 been moved and seconded that Bill 090663,
3 as amended, be reported out of committee
4 with a favorable recommendation and that
5 the rules of Council be suspended so that
6 this bill can be heard at Council's next
7 session.

8 All in favor?

9 (Aye.)

10 COUNCILWOMAN TASC0: There
11 being no opposition, the motion is
12 carried.

13 Let the record show that Bill
14 No. 090687 and 090688 are being held.

15 The Chair recognizes Councilman
16 Green to report out Bill 090705.

17 COUNCILMAN GREEN: Madam
18 Chairwoman, I move that Bill No. 090705
19 be reported out of this committee with a
20 favorable recommendation and with a
21 suspension of the rules so that it may be
22 heard at our next meeting of Council.

23 (Duly seconded.)

24 COUNCILWOMAN TASC0: It has
25 been moved and seconded that Bill No.

1 10/20/09 - FINANCE - BILL 090570, etc.
2 090705 be reported out of committee with
3 a favorable recommendation and that the
4 rules of Council be suspended so that
5 this bill can be heard at Council's next
6 session.

7 All in favor?

8 (Aye.)

9 COUNCILWOMAN TASC0: There
10 being no opposition, the motion is
11 carried.

12 This will conclude our public
13 meeting. Thank you.

14 (Committee on Finance concluded
15 at 11:25 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter on October 20, 2009, and that
this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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