

1

2

COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON FINANCE

4

- - -

5

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, June 3, 2008
10:20 a.m.

6

7

- - -

8

PRESENT:

9

COUNCILWOMAN MARIAN B. TASCO, CHAIR

10

COUNCIL PRESIDENT ANNA C. VERNA

COUNCILWOMAN JANNIE BLACKWELL

COUNCILMAN FRANK DiCICCO

11

COUNCILMAN W. WILSON GOODE, JR.

COUNCILMAN BILL GREEN

12

COUNCILMAN WILLIAM GREENLEE

COUNCILMAN BRIAN J. O'NEILL

13

COUNCILWOMAN BLONDELL REYNOLDS BROWN

14

BILL 080495 - An ordinance authorizing the
Philadelphia Municipal Authority, incorporated
pursuant to the "Municipality Authorities Act
of 1945," P.L. 382, as amended (the "Act"), to
design, build, finance, own, operate,
maintain, and lease facilities and equipment,
and provide related services, for the
management of the City's wastewater treatment
solids...

15

16

17

18

19

BILL 080498 - An ordinance authorizing the
Water Commissioner and the Procurement
Commissioner, on behalf of the City of
Philadelphia, to enter into a Service Contract
with the Philadelphia Municipal Authority...

20

21

22

23

24

25

V A R A L L O Incorporated
Litigation Support Services
Eleven Penn Center
1835 Market Street, Suite 600
Philadelphia, Pennsylvania 19103
215.561.2220 215.567.2670

1

2

COUNCILWOMAN TASC0: Good

3

morning. The Committee on Finance will

4

now come to order. I would note that we

5

do have a quorum in the presence of

6

Councilman William Greenlee, William

7

Green, Wilson Goode, Frank DiCicco and

8

President Verna and Blondell Reynolds

9

Brown.

10

We would have the Clerk please

11

read the bill.

12

THE CLERK: An ordinance

13

authorizing the Philadelphia Municipal

14

Authority, incorporated pursuant to the

15

"Municipality Authorities Act of 1945,"

16

as amended (the "Act"), to design, build,

17

finance, own, operate, maintain, and

18

lease facilities and equipment, and

19

provide related services, for the

20

management of the City's wastewater

21

treatment solids; all under certain terms

22

and conditions.

23

An ordinance authorizing the

24

Water Commissioner and the Procurement

25

Commissioner, on behalf of the City of

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 Philadelphia, to enter into a Service
3 Contract with the Philadelphia Municipal
4 Authority, pursuant to which the City
5 will assume certain obligations under an
6 agreement that the Authority will enter
7 into with Philadelphia Biosolids
8 Services, LLC to design, finance, build,
9 own and maintain facilities and
10 equipment, and provide operating services
11 for the management of the City's
12 wastewater treatment solids; all under
13 certain terms and conditions.

14 COUNCILWOMAN TASCO: Thank you
15 very much.

16 The Chair calls to testify from
17 the Administration Mr. Bernard
18 Brunwasser, Debra McCarty, John Donovan
19 and Pamela Racey from Synagro.

20 (Witnesses approached witness
21 table.)

22 COMMISSIONER BRUNWASSER: Good
23 morning, Councilwoman Tasco, Council
24 President Verna and members of the
25 Finance Committee. My name is Bernard

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Brunwasser and I am the Acting Water
3 Commissioner. With me today is Debra
4 McCarty, Deputy Water Commissioner for
5 Operations; Mr. John Donovan,
6 Vice-President with the international
7 environmental engineering firm of Camp,
8 Dresser, McKee where he serves as a
9 recognized national expert in residuals
10 and biosolids management. Finally, we
11 have Ms. Pam Racey of Synagro available
12 to answer questions about her company or
13 the proposed biosolids project.

14 We're all here today to testify
15 on behalf of Bill Nos. 080495 and 080498.
16 These bills will authorize the City of
17 Philadelphia, acting through the
18 Philadelphia Municipal Authority, to
19 engage in a long-term contract with
20 Philadelphia Biosolids Services for the
21 operation of the City's Biosolids
22 Recycling Center. I believe that this
23 major project will result in a number of
24 significant benefits to the City, its
25 water ratepayers and particularly the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 neighboring community in Southwest
3 Philadelphia.

4 Hopefully you've had an
5 opportunity to review my formal testimony
6 and that of Mr. Donovan that was
7 submitted earlier. Rather than reading
8 those testimonies here this morning, I am
9 requesting that they be entered in as
10 part of the record. I will take a few
11 moments to highlight some of the major
12 benefits of this outstanding project.

13 First of all, the project will
14 save the water ratepayers nearly \$200
15 million over the 23-year period of the
16 contract. The numbers are compelling,
17 and as Water Commissioner, I have a
18 fiduciary responsibility to preserve and
19 strengthen the finances of this utility.

20 The current 72-acre site will
21 be cleared of all outdoor-stored
22 biosolids products, assuring citizens and
23 visitors an end to odors emanating from
24 the plant. Carbon monoxide, nitrogen
25 oxide, carbon dioxide, volatile organic

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 compounds and particulates in the air
3 will be greatly reduced.

4 Truck traffic to and from the
5 site will be reduced by 7,000 truck trips
6 annually. All produced final product
7 will be Class A biosolids, which is a
8 pathogen-free product regulated as
9 fertilizer. A new aesthetically pleasing
10 plant, with state-of-the-art air
11 pollution controls, will be financed,
12 designed, built, owned and operated by
13 Philadelphia Biosolids Services. All
14 risk of final biosolids disposition
15 transfers from the City to Philadelphia
16 Biosolids Services. Synagro, the
17 guarantor of the contract, is the largest
18 biosolids handler in the United States
19 and has broad markets for all of its
20 products.

21 Finally, and perhaps most
22 importantly, no City employee will lose
23 his or her job. Each employee will be
24 placed in equivalent positions in other
25 units of the Water Department. No one

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 will be demoted or suffer any loss in
3 longevity or status.

4 For all of these reasons, I
5 believe this is the best and most
6 compelling project I have seen in my long
7 years with the Water Department. I urge
8 the Committee to approve this legislation
9 and to suspend the rules so as to allow
10 first reading at the next Council
11 session.

12 Thank you.

13 Now, before Deputy Commissioner
14 McCarty takes you through our
15 presentation booklet, I want to
16 reintroduce Mr. John Donovan of Camp,
17 Dresser, McKee, who served as the City's
18 expert in helping us to evaluate all of
19 the technology in the biosolids industry.
20 I believe you've all received a copy of
21 his brief testimony.

22 John.

23 MR. DONOVAN: Thank you,
24 Bernie.

25 Good morning, Councilwoman

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Tasco and members of the Finance
3 Committee. I work for CDM. I have for
4 nearly 35 years, and most of my efforts
5 over those years have been in wastewater
6 and biosolids projects.

7 A little bit of what CDM has
8 been asked to do for the Water
9 Department: Starting five years ago, we
10 assisted the Water Department in both the
11 RFQ and RFP phases. That means we set
12 minimum standards in those documents for
13 the financial strength of the proposer,
14 the technical experience, DBE
15 participation and technology guidelines,
16 which I'll refer to in just a moment. We
17 also set standards for selection criteria
18 so it is very clear how the Water
19 Department is going to select a firm.

20 So CDM was requested to do two
21 primary things: One, to recommend a
22 technology which would be appropriate for
23 the Water Department and later on to
24 review the Local 394 proposal, which I'll
25 get to in a moment.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 With regard to technology, we
3 first looked at where the product is
4 going. These are waste products, so we
5 wanted the absolute best product, because
6 public acceptance is a big issue. So we
7 wanted a product that had established
8 markets.

9 We also wanted a product that
10 could be produced at BRC in a way that
11 would be okay for the neighbors; namely,
12 inside a factory-type building with total
13 odor control. And coming out of that
14 analysis we selected two technologies,
15 composting, which the Water Department
16 has experience with, and thermal drying,
17 is acceptable at the BRC. We required
18 the composting to be inside a complete
19 building, as well as the thermal drying.
20 We also gave the proposers the
21 opportunity to suggest other technologies
22 if they were going to process the
23 biosolids at some other site other than
24 the one the Water Department owned.

25 The Synagro proposal that it's

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 received did in fact select thermal
3 drying and the marketing of a pellet.
4 Now, what about these pellets. Why is
5 that a good product? First of all, the
6 products are Class A. They meet all
7 federal and state standards. There's
8 essentially no moisture left in the
9 product. That means it can be stored and
10 transported easily, with reduced truck
11 traffic, and that's in comparison to the
12 present Class B product, which has nearly
13 70 percent moisture and, of course,
14 requires much more trucking.

15 These products, these pellet
16 products, have an established national
17 market on farmlands, on golf courses and
18 to fertilizer blenders, and,
19 interestingly, these products are being
20 discovered now as a fuel. This is
21 somewhat ironic since these pellets have
22 been used for over 20 years in Europe as
23 a fuel. But just a few years ago, the
24 Baltimore pellet, which is produced by
25 Synagro, was started to be used as a fuel

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 and a cement count, and I expect that
3 trend to continue in the future.

4 So that's the product. What
5 about the processing? The processing is
6 through a thermal dryer, and Synagro has
7 proposed an Andritz dryer. One of the
8 tasks the Department asked us to do was
9 to call around to Synagro entities where
10 Synagro is running a major municipal
11 operation for a city and basically check
12 references. We talked to the operators
13 who actually deal with Synagro, and to a
14 person. They basically said that they
15 got good cooperation, Synagro worked well
16 with their staff, and they thought it was
17 a good relationship.

18 The technology itself has been
19 around for many years. It is used by
20 over 75 U.S. cities. It's at Boston,
21 it's in New York, it's in Baltimore,
22 Tampa and coming online in Chicago.

23 The last point that I'll make
24 is with regard to the Local 394 proposal.
25 Last year, we were asked to look at that

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 proposal. In our opinion, the proposal
3 has numerous serious deficiencies. It's
4 likely to be more odorous, both at the
5 BRC and for the products that are
6 disposed on land. It's going to generate
7 higher truck traffic trips because
8 there's more moisture in that product,
9 and, of course, it costs more. But, most
10 importantly, of the three processes
11 proposed, two are unproven without any
12 long-term demonstrated experience.

13 So just in the way of a
14 summary, the Synagro proposal has been
15 thoroughly reviewed. We've worked
16 closely with your department. We have a
17 very good contract, one that looks at the
18 financial costs and other aspects and
19 properly shifts risk to the private
20 sector. That proposal is better than the
21 current operations at the BRC and is
22 superior to the Local 394 proposal.

23 There are three things going
24 for this proposal: One, it's from a
25 well-established company, Synagro; two,

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 it is produced in a tried and true
3 thermal dryer; and, three, the marketing
4 plan is sound. It is our opinion that
5 that is a process which is going to last
6 the City for years.

7 Thank you.

8 (Audience booing.)

9 COUNCILWOMAN TASCO: Please.

10 We ask your cooperation as we have this
11 hearing and that we know and feel your
12 passion for this issue, but hopefully --

13 (Audience yelling.)

14 COUNCILWOMAN TASCO: Would you
15 please proceed with your testimony.

16 DEPUTY COMMISSIONER McCARTY:

17 Thank you, Councilwoman Tasco, and good
18 morning, Committee. My name is Debra
19 McCarty. I'm the Deputy Commissioner of
20 the Water Department and --

21 (Audience booing.)

22 DEPUTY COMMISSIONER McCARTY:

23 Apparently many of my employees aren't
24 happy with me today, but I'm going to try
25 to get through --

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 (Audience yelling.)

3 COUNCILWOMAN TASC0: Would you
4 please. We're going to ask you to give
5 respect to the people who are testifying.
6 No matter how you may feel about that
7 person, they're here to present testimony
8 before this Committee and we do ask for
9 your cooperation. Thank you very much.

10 Proceed.

11 DEPUTY COMMISSIONER McCARTY:

12 I'm going to try to quickly go through
13 the PowerPoint presentation that you all
14 have.

15 We go to the first page. Right
16 now we're producing 100 percent Class B
17 biosolids cake, and so that's -- what you
18 see on that first picture is the cake as
19 we store it on site and move it around to
20 make high piles until we can move it off
21 site to our many outlets that I'll get
22 into in a minute.

23 The next page, Page 3, is an
24 artist's rendition of the heat-drying
25 facility built onto our current facility

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 where it would take the sludge right from
3 our current facility and into the heat
4 dryers. And the bridge in the back,
5 that's the George Platt Bridge if you
6 want to get your bearings.

7 The history of the biosolids,
8 believe it or not, we used to ocean dump,
9 as well as a lot of other folks, but we
10 did stop that in 1980, and currently the
11 facility at BRC was brought online around
12 1986 and in its final stages in 1988.

13 The facility is on Page 5. You
14 see an overview. At the top, that road
15 above is 95 and then the diagonal from
16 the right to the left is the George Platt
17 Bridge again. And it's a 72-acre site
18 close to the airport. And at this
19 facility, this is our main facility for
20 processing the biosolids or sludge, if
21 you will, from our three wastewater
22 treatment plants.

23 A hundred percent of that
24 material, again, is Class B right now.
25 Now, Class B contains pathogens and it's

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 not as accepted by the public at its
3 various outlets as is Class A. Class A
4 is pathogen-free, or disease-causing
5 origin pathogens. Additionally, Class B
6 is regulated as a solid waste and Class A
7 is considered a fertilizer.

8 The current operations at BRC,
9 we stopped composting, which was our only
10 Class A product, in 2007, and the reason
11 we did that is because it was a large
12 generator of odors in the community
13 beyond our fence line and consequently,
14 though, we are now 100 percent Class B.

15 Currently, we produce about 220
16 tons a year of this -- 220,000 -- I
17 always forget those other three zeroes --
18 of Class B product, and that includes a
19 labor-intensive process that has 68
20 employees budgeted, 60 of which are
21 members or can be members of District
22 Council 33, Local 394.

23 The annual cost to operate that
24 facility is around \$28 million, and
25 compared to what the comparative cost

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 with the Philadelphia Biosolids Services
3 is \$23.5 million. So it's a cost savings
4 of about four and a half million dollars
5 annually for the current cost.

6 Now, the problems we're facing
7 at the facility are the odors beyond our
8 fence line. We're not compliant with the
9 air management regulations. Site
10 aesthetics, we do at times store a lot
11 more material than at other times because
12 of the nature of our outlets.

13 The uncertain future of Class B
14 biosolids, more and more the public does
15 not want to see that in their backyard,
16 if you will, in the farm next door to
17 them, and that is one of the reasons we
18 look to go to 100 percent Class A and
19 move forward with this project.

20 The other outlet for us is, in
21 addition to agricultural application, is
22 landfill, and landfill costs are
23 uncontrollable and we're somewhat at the
24 mercy of whatever is going on with
25 landfills. So that's an uncertain future

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 for us. And then, of course, fuel costs
3 related to those 10,000 trucks per year
4 in and out of the facility.

5 So the project objectives for
6 moving forward with 100 percent Class A
7 was to ensure long-term integrity and
8 sustainability of our processing for
9 beneficial use. Landfill is not
10 considered beneficial use. And we
11 believe we do have a good product.

12 We want to eliminate the odors.
13 I can't emphasize that enough. I talked
14 to community folks. They're very anxious
15 to see things change out there. And we
16 don't like to be bad neighbors either.

17 We wanted a reliable product,
18 Class A pathogen-free again, and we want
19 to comply with all air management
20 regulations, site aesthetics, and then
21 the icing on the cake is the long-term
22 cost savings.

23 Criteria for a proven
24 technology -- and that was very important
25 for us to have a proven technology. We

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 don't want Philadelphia and our citizens,
3 the ratepayers, to be beta test cases --
4 is to have an established technology,
5 which is -- EPA has different definitions
6 for established and innovative and
7 embryonic. "Embryonic" are technologies
8 in demonstration or on bench-scale
9 operation, and they're really not -- some
10 of them are demonstrated overseas, but
11 there's really nothing full scale in this
12 country.

13 "Innovative," there is a
14 full-scale operation, but it's been less
15 than 25 facilities and it's been around
16 for less than five years.

17 And then "established" is
18 widely used, more than 25 facilities
19 throughout the U.S. So we're going again
20 with the established technology. And
21 that's for soundness of the proposal and
22 our future. The thermal drying system
23 then, of course, is the established
24 technology.

25 Now, as Mr. Donovan pointed

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 out, there was a lot of qualifications to
3 meet the criteria to be able to even
4 submit a proposal to the Department. You
5 had to have designed at least two
6 facilities that had 20 dry tons per day
7 of the proposed technology that you're
8 submitting. You had to have constructed
9 two projects greater than \$25 million,
10 and you had to operate and maintain a
11 facility of 20 dry tons a year or -- tons
12 per day or greater for at least five
13 years. And the primary contractor had to
14 have five years of direct biosolids
15 operation and maintenance experience.
16 They also needed to have minority
17 participation. We have at least ten
18 percent minority equity for minority
19 business enterprise and five percent for
20 women business enterprises. And they had
21 to have -- financially they had to be
22 very sound, and that is key if we're
23 going to enter into a long-term
24 relationship with this company. And,
25 again, Synagro met that qualifications.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 The procurement process for the
3 request for qualifications and the
4 request for proposals, the team was made
5 up of, in addition to folks from the
6 Water Department, Procurement, Law
7 Department, Minority Business Enterprise
8 Council, City Council staff, technical
9 staff, and our consultant, Camp, Dresser
10 and McKee. The RFQ was issued in June of
11 2003 and we got the RFP issued in May of
12 2004.

13 PBS, Philadelphia Biosolids,
14 was the only proposal that was submitted
15 as responsive and -- responsive. Three
16 other firms did not either meet the
17 qualifications or did not submit a
18 proposal.

19 The Philadelphia Biosolids
20 Services is -- the main guarantor, as
21 previously mentioned, is Synagro, and
22 McKissack and McKissack is the design and
23 construction. They're our 20 percent WBE
24 equity member, and Len Parker Associates,
25 the general contractor, is our ten

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 percent MBE equity member.

3 Andritz-Ruther will be the thermal drying
4 equipment, and CH2MHill will be the
5 design consultant for this company.

6 The Synagro qualifications,
7 again, our prime contractor, they're one
8 of the nation's largest biosolids
9 management company. They have over 600
10 municipal contracts whose material they
11 handle. They operate all of the proven
12 biosolids processing and recycling
13 technologies that are out there. They
14 maintain the largest product
15 marketing/distribution channels in the
16 industry. And the good thing is, they're
17 technology neutral. They didn't say, Oh,
18 Philadelphia, we're aligned with this
19 company, so that's why we want to go this
20 way. They looked at what would be best
21 for our site for the community to meet
22 all of our objectives, and that's why
23 they came up with the heat dryer.

24 The proposal is for a period of
25 about three to five years. They'll

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 maintain the current operation of Class B
3 biosolids and moving that material off
4 site to their many outlets while they
5 finance, design, build and start up the
6 Class A thermal drying facility for 20
7 years. They will operate that. And
8 there's also a five-year extension if all
9 goes well, at the City's sole discretion,
10 of course.

11 Basically, the thermal drying
12 process is a big heat dryer. And I did
13 bring some, if anybody wants any. Here
14 are the pellets. They're essentially
15 odorless. We have more if anybody wants
16 them. But very dry. And if you open the
17 packet, I think -- they might be a little
18 smaller than some folks had expected, but
19 that's what they are.

20 This project benefits us in
21 many ways. It saves the water ratepayers
22 nearly \$200 million over the 23-year life
23 of the contract, which should minimize
24 future rate increases. It eliminates the
25 odors and achieves compliance with our

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 air management regulations. It reduces
3 emissions of greenhouse gases, and it's
4 100 percent Class A pathogen-free
5 biosolids as opposed to in the long run,
6 after the three to five years, the Class
7 B biosolids product would be
8 discontinued.

9 It's a proven and reliable
10 technology operated by Synagro for many
11 years, and the new enclosed processing
12 facility will have state-of-the-art air
13 pollution controls on anything that could
14 enter into the atmosphere. There will
15 ultimately be no stored biosolids on
16 site, and truck traffic is reduced from
17 10,000 trips a year to 3,000, and the
18 risk of ultimate disposition of this
19 material transfers to the vendor, PBS.

20 We will pay PBS \$23.5 million a
21 year during that interim period and while
22 they're financing and raising the \$70
23 million to build this new
24 state-of-the-art facility. And after
25 that, when the heat drying is online, we

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 will be paying them \$26 million a year
3 for the heat drying and ultimate
4 disposition of that material.

5 The chart shows the anticipated
6 or projected cost of continuing with our
7 current operation compared to what the
8 PBS project would be, which is, again,
9 about \$194 million.

10 The labor issues, this is a
11 difficult one for me because these folks
12 work for me, but it's very important to
13 understand that there will be no layoffs
14 or demotions, and that's an important key
15 to this project for us. All of the
16 employees will be transferred to other
17 positions in the Department, will
18 maintain their job titles and their pay
19 for that job. The staff may also seek
20 jobs with PBS if they so choose. And we
21 have been meeting with DC 33, Local 394
22 for a few years, since January of '05.
23 And, additionally, this does create 75
24 construction jobs during the construction
25 and then 30 long-term jobs with the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 company, PBS.

3 So we do believe this is an
4 excellent project for the City, with many
5 benefits. It's good for the environment,
6 the community, the ratepayers and keeps
7 City workers employed with the City, and
8 we are hoping that we can move forward
9 with this project so we can realize these
10 savings and benefits.

11 Thank you very much.

12 (Audience booing.)

13 COUNCILWOMAN TASC0: All right.
14 Moving right along.

15 COMMISSIONER BRUNWASSER:
16 Chairwoman Tasco, I just wanted to repeat
17 that we're asking for the suspension of
18 the rules so as to allow first reading at
19 the next Council session, and we're now
20 prepared to answer questions.

21 COUNCILWOMAN TASC0: Thank you
22 very much.

23 (Audience yelling.)

24 COUNCILWOMAN TASC0: According
25 to this proposal, the City will be

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 responsible for paying \$6 million per
3 year in energy costs after the new
4 facility is completed. Do these costs
5 include water and wastewater services?

6 (Audience yelling "no.")

7 DEPUTY COMMISSIONER McCARTY:

8 That was factored into the price.

9 COUNCILWOMAN TASC0: Excuse me,
10 please. Now, we have people at the table
11 who are testifying. We can't hear them
12 if you're going to constantly interrupt.
13 So we appreciate your respect for the
14 people at the table, no matter how you
15 agree or disagree, or mostly disagree
16 with them and their answers. We have to
17 have this hearing, and we would like to
18 have it in an orderly fashion. So we
19 thank you for being here and understand
20 your passion, as I said before, but we
21 need to have this discussion.

22 Thank you.

23 (Witness yelling "point of
24 order for a question.")

25 COUNCILWOMAN TASC0: You cannot

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 have a question. This is not for the
3 public at this time. You can come when
4 we open the floor for discussion by other
5 parties after this panel is finished.

6 DEPUTY COMMISSIONER McCARTY:
7 Councilwoman, that was factored into the
8 price. In the proposal, the RFP, it was
9 stated that the successful vendor would
10 not have to pay for water and wastewater
11 services. I mean, it's a --

12 (Audience yelling.)

13 COUNCILWOMAN TASC0: When you
14 have an opportunity to testify, you will
15 have the opportunity to dispute whatever
16 is being said. We will be here until
17 this hearing is completed. So I ask your
18 indulgence. I ask you to respect the
19 people at the table and I ask you to
20 respect this Committee.

21 Thank you.

22 DEPUTY COMMISSIONER McCARTY:
23 If we had them pay for it, then they
24 would just put it in their price and we
25 would pay for it again. So it's pretty

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 much a wash.

3 COUNCILWOMAN TASC0: What is
4 the annual cost for water and wastewater
5 services?

6 (Audience yelling.)

7 DEPUTY COMMISSIONER McCARTY: I
8 don't know off the top of my head. We
9 could get you the price.

10 (Audience yelling.)

11 DEPUTY COMMISSIONER McCARTY:
12 If it's \$100,000 and the -- so we say,
13 Okay, Vendor, you owe us \$100,000, that's
14 going to be in their cost when they
15 charge us for the service that they
16 charge us for. So we'll either pay when
17 we charge them for it because they're
18 going to charge us back or if we -- the
19 way we handled that was to --

20 (Audience yelling.)

21 COUNCILWOMAN TASC0: So you say
22 the cost is built in the --

23 DEPUTY COMMISSIONER McCARTY:
24 Exactly.

25 COUNCILWOMAN TASC0: -- in the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 total cost of the proposal?

3 DEPUTY COMMISSIONER McCARTY:

4 Yes, ma'am.

5 COUNCILWOMAN TASC0: Can you
6 explain how the City will be saving money
7 under this proposal when the energy costs
8 can increase during the contract?

9 MS. RACEY: Synagro --

10 COUNCILWOMAN TASC0: Would you
11 identify yourself for the record.

12 MS. RACEY: I'm Pam Racey with
13 Synagro.

14 Our contract requires that we
15 guarantee a maximum consumption rate of
16 natural gas. So if we consume more than
17 that, we have to pay for it ourselves.
18 The City does not have to pay anything
19 over our maximum guarantee.

20 In addition, the City is giving
21 digester gas that's currently being
22 flared off at the wastewater treatment
23 plant, which is a big contributor to
24 greenhouse gas emissions. We are going
25 to take that digester gas, pipe it over

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 and use it so that we don't have as much
3 natural gas consumption. And, in fact,
4 John talked about how we're working with
5 both cement companies and electric
6 companies using the pellets as a fuel
7 source to replace coal. The BTU value of
8 the pellets we produce is twice as much
9 as energy as we consume in the project.
10 So overall, the project is a net green
11 energy, renewable energy gain.

12 COUNCILWOMAN TASCO: You talked
13 about natural gas when you build this
14 facility. Will it be fueled by natural
15 gas and where do you -- who will you have
16 your agreement with to provide the gas?

17 MS. RACEY: It's going to be
18 partially fueled by natural gas,
19 partially by digester gas. We also have
20 the ability to take a third fuel source.
21 If, for example, No. 2 diesel or
22 reclaimed oil becomes more cost
23 effective, we have a three-fuel burner
24 and can use any of those. But our normal
25 plan of operation would be to fire

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 partially with digester gas and partially
3 with natural gas, which we would be
4 buying from the Philadelphia Gas Works.

5 COUNCILWOMAN TASC0:
6 Councilwoman Blackwell has a follow-up
7 question relative to the gas.

8 COUNCILWOMAN BLACKWELL: Good
9 morning. I understand that the City will
10 provide the new plant with 85 decatherms
11 of gas per year. How much would that
12 cost?

13 MS. RACEY: That's not a
14 correct number. That's the total amount
15 of decatherms that the plant will use.
16 As I said, a portion of it, like 35
17 percent of that, will come from digester
18 gas. And when they did the savings
19 calculations, I think they assumed \$10,
20 and then they did sensitivities that
21 showed if it went double and triple that
22 cost, it still would not be more
23 expensive than what the City is spending
24 now. So that analysis was done.

25 COUNCILWOMAN BLACKWELL: Well,

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 has PGW been involved in estimating what
3 this cost would be at its current and
4 projected levels?

5 MS. RACEY: Pardon me,
6 Councilwoman. I didn't --

7 COUNCILWOMAN BLACKWELL: Has
8 PGW been involved in determining costs
9 and projected costs, current and
10 projected costs?

11 COMMISSIONER BRUNWASSER: Yes.
12 There were discussions with PGW.

13 COUNCILWOMAN BLACKWELL: Well,
14 PGW tells us they haven't visited this
15 issue in years.

16 (Applause.)

17 COUNCILWOMAN BLACKWELL: And
18 our concern is that this estimated 4.5
19 million, that should be less. If there's
20 no real, legitimate estimate, it could be
21 doubled or tripled, and it's a real
22 factor in terms of the savings that you
23 say we have.

24 (Witness approached witness
25 table.)

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MR. BOLNO: Good morning. I'm
3 Jim Bolno. I'm with the Finance Division
4 of the Water Department. I've worked on
5 a number of these cost estimates and
6 cost-benefit analyses.

7 We did meet with PGW back when
8 the project was initially proposed to
9 City Council. We determined with PGW
10 that the best way, on their advice, the
11 best way to provide the gas needed for
12 this project would be to purchase the gas
13 at the well head and to transport it
14 through the PGW system, paying them for
15 the transportation, not for the cost of
16 the gas.

17 We did assume about a \$10 price
18 per million BTU for the gas, which at the
19 time we were doing most of these analyses
20 was a very conservative number. And we
21 did do sensitivity analysis to see what
22 would happen to the project, how would
23 the project be affected if the cost of
24 gas were to increase, and we found that
25 the price of gas would have to triple

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 over the next three years to \$25 or \$30
3 per million BTU in order for the project
4 savings as estimated to begin -- to be
5 eroded. And even under that scenario,
6 this is extremely conservative because it
7 only looked at an increase in the gas to
8 the thermal drying system. It didn't
9 account for the fact that if gas were to
10 increase by that amount, it would also
11 have a substantial increase on the
12 current operation.

13 So we feel comfortable, given
14 the risk-mitigating factors of the
15 contract that have been mentioned here,
16 the efficiency parameters, the incentives
17 for the efficient use of natural gas, the
18 fact that 25 percent of the gas will be
19 coming from a by-product of the
20 wastewater treatment process, which is
21 what we call digester gas, and the fact
22 that we have carefully looked at the
23 price, at how the price is going to
24 affect the overall economics. We feel
25 that this is a reasonable risk to take

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 moving forward with this project.

3 COUNCILWOMAN BLACKWELL: Madam
4 Chair, my last point on this is that we
5 would like to, since there are some
6 concerns, we would like to hear directly
7 from PGW their assessments on this,
8 especially to confirm current and
9 projected costs and how that affects this
10 whole issue of money and what the City
11 saves.

12 (Audience member yelling.)

13 COUNCILWOMAN TASC0: As we move
14 through this hearing, we will ask someone
15 from PGW to come and be prepared to
16 testify.

17 COUNCILWOMAN BLACKWELL: Thank
18 you.

19 COUNCILWOMAN TASC0:
20 Councilwoman Brown.

21 COUNCILWOMAN BROWN: Yes.
22 Thank you, Madam Chair.

23 Good morning. I have a number
24 of questions that are really all over the
25 place. Let's start with what some might

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 view is the primary issue around this.
3 On Page 21 of your testimony under Labor
4 Issues, you mention, and I quote, "All
5 current BRC employees will be transferred
6 to equivalent positions."

7 Define "equivalent." Does that
8 equal equivalent in terms of staff duties
9 or equivalent in terms of salary? What
10 exactly does that mean?

11 DEPUTY COMMISSIONER McCARTY:
12 It means that if you're a heavy equipment
13 operator 1 right now at BRC, you'll be
14 transferred somewhere else in the
15 department as a heavy equipment 1
16 operator. So you'll keep your same job
17 title, your same responsibilities and
18 you'll be operating heavy equipment that
19 a heavy equipment operator would operate.
20 Yes. So you'll keep your job title and
21 you'll be moved to another job where you
22 would be doing the same sorts of job --

23 COUNCILWOMAN BLACKWELL: Point
24 of order, if I might, Councilwoman.

25 COUNCILWOMAN BROWN: Please.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILWOMAN BLACKWELL: That's
3 one of our concerns, because we have been
4 told that there are hires that have never
5 been made and that they're not hiring in
6 many of these same positions. So if they
7 lose their jobs, there's no place to
8 transfer them to since they're not
9 hiring.

10 (Applause.)

11 COUNCILWOMAN BLACKWELL: That's
12 an important, very important point.

13 DEPUTY COMMISSIONER McCARTY:
14 Well --

15 COUNCILWOMAN BLACKWELL: If
16 you're not hiring a person doing that
17 job, how will these people be made whole?

18 DEPUTY COMMISSIONER McCARTY:
19 We, like some other departments, struggle
20 with filling our vacancies, and we will
21 be filling our vacancies with some of
22 these folks, as well as continuing to
23 hire and promote from within. There's
24 been no --

25 COUNCILWOMAN BLACKWELL: That

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 does not answer the question.

3 (Applause.)

4 DEPUTY COMMISSIONER McCARTY:

5 We are not eliminating --

6 COMMISSIONER BRUNWASSER:

7 Councilwoman, can you please repeat the
8 question again?

9 COUNCILWOMAN TASC0: I think
10 the question came from Councilwoman
11 Brown. Councilwoman Blackwell has a
12 point of order.

13 You want to ask your question
14 again?

15 COUNCILWOMAN BROWN: Continue
16 with my line of questioning.

17 So equivalence also equals
18 salaries, correct?

19 COMMISSIONER BRUNWASSER:
20 Correct.

21 COUNCILWOMAN BROWN: You state
22 in your testimony that BRC staff may seek
23 jobs with PBS. Any provisions in any of
24 their proposals that you're going to
25 allow opportunities for training for

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 prospective City employees who want the
3 opportunity to be skilled enough to seek
4 these jobs? So the question is, is there
5 any training at all for employees who
6 want to become acquainted with this type
7 of technology?

8 MS. RACEY: When we start a new
9 plant, typically what we do is, we would
10 bring in an experienced manager from
11 another facility so that we're sure
12 someone with the technical skills is
13 overseeing, and then we would look to
14 hire local. Some positions require
15 expertise right off the bat; others can
16 be trained from the ground up. And we
17 are certainly looking for local hires.

18 We're more than happy to talk
19 to the folks that are currently working
20 there, would love to have some people
21 that are experienced come on board.

22 COUNCILWOMAN BROWN: So that is
23 in the body of the proposal?

24 COMMISSIONER BRUNWASSER: Yes.
25 Now, the department has training for

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 many -- a lot of trades training, and we
3 certainly would help where we can, but
4 what I'm saying -- what I've told the
5 union -- and I'll go on record as saying
6 this today -- is if any DC 33 employee at
7 the Biosolids Center does choose to go
8 and work for Philadelphia Biosolids,
9 Inc., they have a full year to try it and
10 if they don't like it for any reason, the
11 Water Department guarantees them a job
12 back with them.

13 COUNCILWOMAN BROWN: Okay.

14 COMMISSIONER BRUNWASSER: With
15 us.

16 (Audience talking.)

17 COUNCILWOMAN TASC0: Please,
18 please, please.

19 COUNCILWOMAN BROWN: You're
20 saying that's on the record. So you're
21 telling me that that is in writing
22 someplace in the text of all this
23 paperwork we have? And I'm speaking
24 purely from my stadium experience in my
25 first year here. If it's not in writing,

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 it doesn't exist. So --

3 (Applause.)

4 COUNCILWOMAN BROWN: So --

5 COMMISSIONER BRUNWASSER: I
6 will be glad to put it in writing today.

7 COUNCILWOMAN BROWN: All right.

8 Let me continue, Madam Chair.

9 (Audience talking.)

10 COUNCILWOMAN TASC0: Let the
11 Councilwoman continue her line of
12 questioning, please.

13 COUNCILWOMAN BROWN: On this
14 you talked about the digested gas, that
15 that will be used. Can you just share
16 briefly how that will be used, this term
17 called "digester gas," please.

18 MS. RACEY: Right. Digester
19 gas is produced as part of the wastewater
20 treatment process. There's giant vessels
21 that actually act like a stomach and
22 break down the material into smaller
23 components, and just like a stomach, that
24 process produces gas. This is methane
25 gas that is compatible with the process

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 we're using. Right now it's just being
3 burnt off in a flare and the energy from
4 that is not being used or captured and --
5 well, a portion of it. A portion of it
6 is used to preheat the digesters and some
7 heat at the wastewater treatment plant,
8 but there's excess amount of gas
9 available. We're going to build a
10 pipeline over from the wastewater
11 treatment plant to the BRC and use that
12 gas as part of the process.

13 COUNCILWOMAN BROWN: Finally
14 for this round, you talk about MBE/WBE
15 enterprises, or at least opportunities
16 for MBE/WBE enterprises. Elaborate on
17 that. What does that mean?

18 MS. RACEY: Well, Philadelphia
19 Biosolids Services is made up of three
20 companies. So right from the get-go, the
21 entity that holds the contract is 30
22 percent minority owned. With us,
23 McKissack and McKissack and Len Parker
24 Associates. So they're an equity
25 participant in the project.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILWOMAN BROWN: Okay.

3 MS. RACEY: In addition, both
4 the construction portion of the work,
5 which we expect to be in that \$70 million
6 range, will have minimum minority and
7 woman business participation
8 requirements. They range, depending on
9 the category, from five to 30 percent.
10 Like disadvantaged may be five, women may
11 be ten and minority, 20. And then the
12 long-term operating agreement has the
13 same requirements.

14 So the fulfillment of this
15 contract and the carrying out over years
16 does have mandatory required
17 participation goals for the life of the
18 contract.

19 COUNCILWOMAN BROWN: That's it
20 for this round, Madam Chair, because
21 there may be other questions.

22 COUNCILWOMAN TASC0: Let me
23 just go back to one question that both
24 Councilwoman Brown and Councilwoman
25 Blackwell raised, and certainly

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 Councilwoman Blackwell may have some more
3 input on this issue.

4 There are 60 employees
5 presently involved with this process at
6 the plant currently now, and your
7 statement is that these employees will
8 not lose their jobs. They would be
9 transferred someplace else.

10 Now, did you calculate the -- I
11 guess at the end of the day, you have the
12 cost of running the plant over here and
13 suppose none of the 60 decide to go with
14 this company. What is the impact and do
15 you get the savings if you have to
16 continue to keep 60 employees?

17 COMMISSIONER BRUNWASSER: Well,
18 what we are, in effect, doing is filling
19 vacancies that we have appropriated funds
20 for. So the dollar amount that we spend
21 does not immediately go down, but what it
22 does, it gets transferred to the
23 operations that we want to fill positions
24 in anyway. So what we're doing is, we're
25 using our appropriation power in these

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 other units to fill positions.

3 COUNCILWOMAN TASC0: But the
4 question I have, if you have these
5 positions that you have wanted to fill,
6 what has been the delay in filling the
7 positions?

8 COMMISSIONER BRUNWASSER: Well,
9 a lot of it is the process itself, and
10 you know, it's gotten a lot of -- the
11 Mayor has gone on record as saying he was
12 not pleased with the speed of filling of
13 positions within the City. I know we now
14 have a new Personnel Director and I think
15 he's been given a mandate to improve the
16 process of filling positions. And this
17 is a way -- I mean, we are filling
18 positions that we have appropriated money
19 for and are approved in our budget.

20 What we're doing is, the BRC
21 process is just as we've outlined here.
22 On the other part -- in the other part of
23 the utility, we're actually filling
24 vacancies. That's all we're doing. And
25 so we will be spending more money than we

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 otherwise would in wastewater treatment,
3 water treatment, distribution, sewer
4 maintenance and like cleaning all these
5 other areas of the Water Department. We
6 actually will be spending the money
7 closer to the way Council allowed us to
8 appropriate the money so that we will be
9 able to perform these tasks.

10 COUNCILWOMAN TASC0: Now, will
11 these employees be qualified for some of
12 the positions that you have open and at
13 the level of status that they currently
14 have?

15 COMMISSIONER BRUNWASSER:
16 Absolutely. Absolutely.

17 COUNCILWOMAN TASC0: When we
18 dealt with the reorganization of the
19 Redevelopment Authority, it seemed to me
20 that a lot of those people were not
21 satisfied as we were told they would be.

22 (Applause.)

23 COUNCILWOMAN TASC0: And while
24 we're concerned with the overall economic
25 condition of the City, we do have 60

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 people who contribute to the fiber of
3 this City and are employees and pay taxes
4 and purchase and shop. So they're 60
5 important people to us in this City and
6 don't want to see them out of work.

7 COMMISSIONER BRUNWASSER:
8 Councilwoman, one of the ordinances
9 before you actually has language in there
10 that embodies exactly this fact, that we
11 will not lay anyone off and that they
12 will be offered positions within the
13 Water Department.

14 COUNCILWOMAN TASC0: And that's
15 real broad, because if I'm doing one job
16 and other offerings come available, do I
17 qualify? See, will they qualify for the
18 positions that you have available to
19 fill? That is the other issue.

20 I mean, we vote for this and
21 the 60 people decide they don't want to
22 be employed with this company, don't want
23 to work on this and you have 60 slots to
24 fill, how do we fill them with the -- do
25 the skill sets match the employees who

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 are being removed to the positions that
3 you have waiting to be filled?

4 COMMISSIONER BRUNWASSER: The
5 skill set that many of the employees; in
6 fact, most, if not at all, the employees
7 have at BRC are the same types of skill
8 sets that we employ in other sections of
9 the Water Department. Again, people move
10 in and out of various units of the Water
11 Department all the time by getting
12 promoted or even through transfer. Now,
13 these are City employees. They're part
14 of the civil service system. They are
15 also eligible to be hired by places like
16 the Streets Department or L&I and other
17 areas. But we are not counting on anyone
18 else. We are saying that we have
19 sufficient positions of the type that
20 these folks are qualified for, well
21 qualified for, within our own
22 organization. So we have the ability to
23 keep and hold on to each one of them.
24 They are valuable employees to us, and we
25 understand that, believe me.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 The one key thing in this whole
3 process from the time it started five or
4 six years ago was, this was a non-starter
5 if there would be any layoffs at all.
6 This would have been a non-starter with
7 us in the Water Department.

8 We are here to transfer and
9 keep these employees, offer them
10 additional training with our own staff
11 and --

12 COUNCILMAN GOODE: Point of
13 information.

14 COMMISSIONER BRUNWASSER: --
15 help them make the change. Change is
16 difficult. Change is difficult for
17 anybody, and we understand that, but we
18 want to hold on to these employees. We
19 want them to be gainfully employed within
20 the Water Department. We have a lot of
21 pride in the Water Department, all of us
22 do, and this -- there shouldn't be any
23 major concern about this. I understand
24 at first it's difficult, but we'll see
25 this thing through, and we look to work

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 with the DC 33 leadership in the best way
3 to manage this changeover. We had
4 composting people. We have people --

5 COUNCILMAN GOODE: Point of
6 information.

7 COMMISSIONER BRUNWASSER: When
8 the composting process stopped at the
9 plant last year, we worked very closely
10 with DC 33 and our HR people in shifting
11 those people to positions that they
12 wanted. We wanted to work very closely
13 with DC 33 on it, and we always want to
14 work closely with DC 33 on all our
15 issues.

16 COUNCILWOMAN TASCO: There are
17 two points of information, one from
18 Councilwoman Blackwell and a point of
19 information from Councilman Goode.

20 Councilwoman Blackwell.

21 COUNCILWOMAN BLACKWELL: Thank
22 you. Thank you.

23 But, Commissioner, some people
24 who have worked with the City for many
25 years are overqualified. They don't have

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 jobs for which -- even in our union
3 leadership, they don't have those
4 positions available with this other new
5 operation. So what happens to them? We
6 have some people even are overqualified
7 and who have been in the City many, many
8 years. What about them?

9 (Applause.)

10 COUNCILWOMAN BLACKWELL: And I
11 might add that we went through some eight
12 hearings with the housing reorganization,
13 and we know those people -- I still have
14 people coming to my office with degrees
15 who were not hired. And not only did it
16 hurt the employee, everybody at this
17 table knows for several years we haven't
18 had our projects move in housing. And
19 now with this NTI debacle, it's worse.

20 (Applause.)

21 COUNCILWOMAN BLACKWELL:
22 Everybody suffers. The employees suffer,
23 the City suffers and the people we are
24 elected to represent. Everybody suffers,
25 because everything stops.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 (Applause.)

3 COMMISSIONER BRUNWASSER:

4 Councilwoman, we were successful in
5 transferring the folks who worked in
6 composting at that site. We believe
7 we'll be successful going forward.

8 COUNCILWOMAN TASCO: Councilman
9 Goode.

10 COUNCILMAN GOODE: Thank you,
11 Madam Chair.

12 Commissioner, in response to
13 Councilwoman Reynolds Brown, you said
14 you'd be willing to put something in
15 writing; is that correct?

16 COMMISSIONER BRUNWASSER:
17 Correct.

18 COUNCILMAN GOODE: And in
19 response to Councilwoman Tasco, you said
20 it was already contained within the
21 legislation.

22 COMMISSIONER BRUNWASSER: No.
23 There were two separate --

24 COUNCILMAN GOODE: I don't
25 believe they were. You can explain how

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 they were two separate issues.

3 COMMISSIONER BRUNWASSER: Okay.

4 In the ordinance itself, we have
5 committed -- the City has committed that
6 there will be no layoffs.

7 COUNCILMAN GOODE: Where in the
8 ordinance does it say that?

9 COMMISSIONER BRUNWASSER:
10 Councilman, the no layoff, no demotion is
11 in the "whereas" clause of Bill 080498.

12 COUNCILMAN GOODE: And what
13 does it say?

14 COMMISSIONER BRUNWASSER:
15 "Whereas, the City, acting through the
16 Water Department, has committed to the
17 collective bargaining representative" --

18 COUNCILMAN GOODE:
19 Commissioner, that's before it says "the
20 Council of the City of Philadelphia
21 hereby ordains"; is that correct?

22 COMMISSIONER BRUNWASSER: I'm
23 not sure.

24 COUNCILMAN GOODE: In the body
25 of the bill, that comes before it says

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 "the Council of the City of Philadelphia
3 hereby ordains." That's actually not in
4 the -- that actually would not go inside
5 the Code.

6 COMMISSIONER BRUNWASSER: We
7 would be glad to -- if someone would
8 amend -- would offer an amendment to put
9 it in --

10 (Audience yelling.)

11 COMMISSIONER BRUNWASSER: We
12 would be glad for a Councilperson to --

13 COUNCILMAN GOODE: But I'm
14 still waiting for you to explain to me
15 how your two answers were related to two
16 separate issues. Councilwoman Reynolds
17 Brown asked you a question. You said
18 you'd be willing to put something in
19 writing. What was that you were willing
20 to put in writing?

21 COMMISSIONER BRUNWASSER:
22 Councilwoman Reynolds Brown, I believe,
23 asked about the provision for the Water
24 Department to take back any worker who
25 had gone over to work for the PBS

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 contractor within one year.

3 COUNCILMAN GOODE: So you
4 didn't assume that she wanted all the
5 labor issues put in writing?

6 COMMISSIONER BRUNWASSER: Yes.

7 COUNCILMAN GOODE: So you did
8 assume she wanted all the labor issues
9 put in writing?

10 COMMISSIONER BRUNWASSER: Yes.
11 I'll be glad to do that.

12 COUNCILMAN GOODE: But then in
13 response to Councilwoman Tasco, you said
14 it was already in the ordinance, and it
15 is not.

16 COMMISSIONER BRUNWASSER: That
17 was -- well, in the ordinance it's no
18 layoffs, no demotions.

19 COUNCILMAN GOODE: That is not
20 in the bill.

21 COMMISSIONER BRUNWASSER: Okay.
22 Well --

23 COUNCILMAN GOODE: In terms of
24 what would actually go in the Code. It's
25 simply in the "whereases." That's not

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 what would go in the Code. It would not
3 become law. It's not what this Council
4 would ordain in passing the bill, and you
5 are aware of that. I'm sure you're aware
6 of it because you responded to
7 Councilwoman Tasco second by saying it
8 was already there, but before that, you
9 said you're willing to put something in
10 writing, which means you knew it was not
11 already in writing.

12 COMMISSIONER BRUNWASSER:

13 The --

14 (Applause.)

15 COMMISSIONER BRUNWASSER: The
16 second point. We'll be glad to put
17 everything in writing to the satisfaction
18 of City Council.

19 COUNCILMAN GOODE: So it was
20 not already in legislation. It was not
21 already legally taken care of.

22 COMMISSIONER BRUNWASSER: We
23 believed that it was, yes.

24 COUNCILMAN GOODE: And how is
25 it legally taken care of if it doesn't go

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 in the portion of the bill that actually
3 becomes law?

4 COMMISSIONER BRUNWASSER: I'm
5 not --

6 COUNCILMAN GOODE: See, you
7 chose to first say that you would put it
8 in writing. Then you chose to try to
9 slip in there it's already in the bill,
10 which is not true.

11 COMMISSIONER BRUNWASSER: No.
12 There are two different issues,
13 Councilman.

14 COUNCILMAN GOODE: No. What
15 this Council, in particularly this
16 Committee, would require is that all the
17 labor issues be put in writing in
18 something that is attached to the bill
19 that actually will become law.

20 COMMISSIONER BRUNWASSER: Okay.

21 COUNCILMAN GOODE: Do you
22 understand that?

23 COMMISSIONER BRUNWASSER: Okay.

24 COUNCILMAN GOODE: Thank you,
25 Madam Chair.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 (Applause.)

3 COUNCILWOMAN TASC0: The Chair
4 recognizes Councilman Green.

5 COUNCILMAN GREEN: Thank you,
6 Madam Chair.

7 Deputy Commissioner McCarty, I
8 can't find in your testimony, but
9 somewhere I heard you mention or
10 referring to this PowerPoint that the
11 technologies have been in place for only
12 five years compared to this pellet
13 technology, which is older. Do you
14 recall --

15 DEPUTY COMMISSIONER McCARTY:
16 That was in the --

17 COUNCILMAN GREEN: When you
18 were comparing technologies.

19 DEPUTY COMMISSIONER McCARTY:
20 Well, I said that was part of the
21 qualifications for someone to be allowed
22 to bid on the project, had to have
23 operated the technology for five years.
24 Whatever they submitted to say, Hey, I'm
25 going to -- I'll do this for you,

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Philadelphia, and this is what I'm going

3 to use, I'm going to use heat dryer.

4 Well, that company had to have operated

5 and maintained heat drying for at least

6 five years.

7 COUNCILMAN GREEN: But those

8 were qualifications for the two

9 technologies that were identified by

10 Mr. Donovan. They weren't general

11 qualifications for any technology that

12 was available; is that correct? In other

13 words, the RFQ and RFP were limited to

14 two specific technologies, which

15 basically were a single source for

16 Synagro; is that correct or not?

17 (Applause.)

18 DEPUTY COMMISSIONER McCARTY:

19 The proposer could only bid in vessel

20 composting or thermal drying on site. If

21 they wanted to submit something for off

22 site, I believe Mr. Donovan's testimony

23 said that they could, but, again, part of

24 the qualification would be that they had

25 to have done it for five years.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN GREEN: So,

3 Mr. Donovan, in your testimony you said
4 that -- and I'm paraphrasing because I
5 probably can't recall exactly, but you
6 said that of all the other technologies
7 that you looked at in this entire
8 process, there is not one that currently
9 has an operating plant. In fact, I think
10 you say in your testimony that it's
11 currently -- there's only currently one
12 new facility under construction for a new
13 technology and so, therefore, it didn't
14 meet the RFP/RFQ criteria. Is that
15 correct? Is that your testimony?

16 MR. DONOVAN: I did not say
17 that. What I said is, of the Local 394
18 proposal, they basically proposed three
19 technologies: composting, tried and
20 true, the department did it for many
21 years; a slurry carb technique, which, as
22 you know, that facility is presently
23 under construction; and a lime
24 stabilization technique. Both of those
25 two technologies do not have long-term

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 experience.

3 COUNCILMAN GREEN: Okay. And
4 so why were -- is the one you mentioned
5 plasma arc? Are you familiar with that
6 technology?

7 MR. DONOVAN: Yes, I am, sir.

8 COUNCILMAN GREEN: And was that
9 technology one of the three mentioned by
10 394?

11 MR. DONOVAN: It was not.

12 COUNCILMAN GREEN: And so why
13 did we not have an RFQ that just said,
14 Hey, propose any kind of solution to us
15 and we'll look at it, rather than
16 narrowing it down in the beginning of the
17 process?

18 (Applause.)

19 MR. DONOVAN: Sir, that is an
20 excellent question and it's the question
21 that we were asked in 2003, and we were
22 asked again recently about that question,
23 and it all relates to this particular
24 site. This site when the facility was
25 put in in the mid '80s, it was a good

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 technology, and what the City found is
3 that they could not control odors. The
4 City went to a land application scheme
5 and a landfill scheme, and just because
6 of trucking and seasonal nature of those
7 projects, they had to start stockpiling
8 thousands of yards of product outside to
9 the detriment of the neighborhood.

10 COUNCILMAN GREEN: I
11 understand, but you're not answering my
12 question.

13 MR. DONOVAN: No. I'm getting
14 to the question.

15 So the charge that we were
16 given is, what technologies is the City
17 going to be able to live with and be able
18 to tell the public that they're not going
19 to have odor problems at BRC, and the two
20 technologies we came up with is, you can
21 build composting there and enclose it or
22 you can build thermal drying. And as I
23 said earlier, if a proposal came in from
24 a site other than BRC, we said we would
25 evaluate that. But at BRC we wanted to

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 make sure that that was done in a way to
3 satisfy the neighbors.

4 COUNCILMAN GREEN: I'm not
5 satisfied that you've answered my
6 question. Why was it limited to those
7 two technologies as opposed to just
8 saying, Hey, here's our problem, every
9 company out there in the business, if
10 you're interested, give us a proposal on
11 how you would solve this problem, and
12 letting the marketplace tell us what
13 technologies are out there and getting
14 all the information possible rather than
15 narrowing it down to the point where
16 really only one company was going to be
17 able to --

18 (Applause.)

19 MR. DONOVAN: Well, certainly
20 you understand that we made a judgment to
21 narrow it.

22 COUNCILMAN GREEN: In 2003.

23 MR. DONOVAN: What's that?

24 COUNCILMAN GREEN: In 2003.

25 MR. DONOVAN: Yes. And again

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 when we looked at it recently, we came to
3 the same conclusion.

4 There are scores of
5 technologies out there, sludge to oil,
6 been used all around the country. There
7 are many, many facilities which have
8 failed, Los Angeles, Camden County, right
9 up the road in Trenton. And so the
10 Department charged us with make sure if
11 they're going to spend \$50, \$60, \$70
12 million, if they're going to get somebody
13 in for a 25-year term, to make sure it
14 worked.

15 COUNCILMAN GREEN: I'm
16 confused.

17 MR. DONOVAN: That was the
18 charge.

19 COUNCILMAN GREEN: I'm
20 confused. I understand the Department to
21 be saving a hundred million dollars, not
22 spending any money as a result of us
23 entering in this contract, so --

24 MR. DONOVAN: I understand that
25 over the term of this contract the City

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 saves nearly 200,000.

3 COUNCILMAN GREEN: Not
4 according to the City Controller. It
5 saves a hundred million dollars over the
6 course of this contract. So I'm going to
7 rely on the Controller rather than the
8 Water Department as to what the savings
9 are.

10 (Applause.)

11 COUNCILMAN GREEN: I'm sorry.
12 I couldn't hear what you just whispered
13 to Mr. Donovan that caused him to laugh.
14 Would you please say it out loud?

15 COMMISSIONER BRUNWASSER: We do
16 disagree with the Controller's analysis,
17 but still in all, if you agree with the
18 Controller, it's still a very significant
19 amount of money.

20 COUNCILMAN GREEN: And what's
21 funny about that, Mr. Donovan?

22 (Applause.)

23 MR. DONOVAN: There's nothing
24 funny about a hundred million dollars,
25 sir.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN GREEN: If you have
3 something to say, please say it for the
4 record rather than whispers resulting in
5 chuckles. That's inappropriate. You're
6 before this body, City Council. Please
7 show us the due respect that we deserve.

8 (Applause.)

9 MS. RACEY: Councilman, could I
10 also add to the answer on the last
11 question?

12 COUNCILMAN GREEN: Please do.

13 MS. RACEY: Thank you.

14 As described about our company,
15 Synagro is not a company that has just
16 one technology. We offer all proven
17 commercially operating type biosolids
18 management. In fact, we've been
19 providing Class B services to
20 Philadelphia for over 15 years. And
21 every time there's a new technology that
22 comes out, the first place that those
23 people with the new technology come is to
24 Synagro to say, Hey, are you interested
25 in buying our technology, are you

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 interested in partnering with us, because
3 they know we have a 600 municipal base,
4 customer base, and that we have
5 credibility with the customers and that
6 we've performed.

7 What we see across the country,
8 not just in Philadelphia, is that
9 particularly on a large project like
10 this, which is 200,000 tons -- I mean,
11 this is one of the top 20 sized projects
12 in the country. Trying something new
13 typically isn't done unless you get grant
14 money from the EPA. A lot of the
15 projects Mr. Donovan referred to were
16 innovative technologies that the EPA used
17 to give out millions and millions of
18 dollars, and they're now with EPA grant
19 money dolled out taxpayer dollars of 50,
20 80 million and they never worked.

21 And so this city, along with
22 many other cities, when they're doing a
23 big project, wants to avoid something
24 that doesn't have a track record.
25 Usually as new things come, they start

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 smaller and then they work up from there.
3 And that was really the mindset that I
4 see not only here, but at many other
5 places across the country.

6 COUNCILMAN GREEN: Is there a
7 project this size that uses this
8 technology currently?

9 MS. RACEY: Yes. In Nashville,
10 Tennessee and Louisville, Kentucky and
11 then there's many over in Europe.

12 COUNCILMAN GREEN: So I'm still
13 really not satisfied that we have the
14 answer to the question that I first posed
15 to Mr. Donovan, and I just want to make
16 sure that there are no conflicts of
17 interest here.

18 Mr. Donovan, does your company
19 advise other municipalities in areas on
20 matters such as this? Are you primarily
21 a consulting company?

22 MR. DONOVAN: Yes. That's
23 correct, sir.

24 COUNCILMAN GREEN: And have you
25 recommended different technologies other

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 than a Synagro-type solution to other
3 municipalities?

4 MR. DONOVAN: That's correct.

5 COUNCILMAN GREEN: You have?

6 MR. DONOVAN: Yes.

7 COUNCILMAN GREEN: Of all the
8 people trying to solve the problem we
9 have, have you ever recommended a
10 different company or a different
11 technology?

12 MR. DONOVAN: Absolutely.

13 COUNCILMAN GREEN: Could you go
14 into what some of those are?

15 MR. DONOVAN: We've recommended
16 incineration in some instances. We've
17 recommended landfilling when there's no
18 capital available for further processing
19 and there's inexpensive and capacity
20 landfills available. We've recommended
21 land application, composting, lime
22 stabilization.

23 We serve literally thousands of
24 municipalities throughout the country.

25 We have 4,000 employees. We've served --

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 I'm working right now with the City of
3 New York. They are very concerned about
4 their biosolids disposal techniques,
5 because they're transporting biosolids
6 halfway across the country. So they're
7 looking for advice on how to be more
8 sustainable.

9 COUNCILMAN GREEN: And what
10 have you recommended to them?

11 MR. DONOVAN: We haven't got to
12 a recommendation yet, but it probably
13 will be a combination of improving the
14 thermal drying they have now as well as
15 perhaps eliminating their Class B
16 program.

17 COUNCILMAN GREEN: And
18 replacing it with?

19 MR. DONOVAN: Haven't got a
20 recommendation yet for them. They have
21 14 wastewater treatment facilities. They
22 process biosolids by various means,
23 including hauling Class B material as far
24 as Colorado. And they know they're in a
25 difficult position with the gas prices

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 and everything else, and the trend we're
3 seeing, and Pam touched on it, is every
4 city the size of Philadelphia has the
5 same dilemma, and I think, to reiterate,
6 that this thermal dryer is a good
7 solution for the City.

8 COUNCILMAN GREEN: I'd just
9 like to get a couple things on the record
10 so we're clear.

11 Has your company ever been paid
12 by Synagro?

13 MR. DONOVAN: Yes, we have.

14 COUNCILMAN GREEN: How much of
15 your annual revenues come from Synagro?

16 MR. DONOVAN: Less than one
17 percent in any one year. We've done two
18 small projects for them where we've
19 installed equipment in facilities that
20 they operate. And we serve all of their
21 major competitors as well. We're a
22 full-service company.

23 COUNCILMAN GREEN: Okay. I
24 just think it's important to have those
25 conflicts reflected.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MR. DONOVAN: I agree.

3 COUNCILMAN GREEN: I would like
4 for the record to know what the City's
5 energy costs are capped at? There was a
6 statement made earlier that the City's
7 energy costs are capped. What number are
8 they capped at and how does that compare
9 to the model that you've shown us?

10 MR. BOLNO: The energy usage
11 for the facility, according to the
12 contract, is capped at 85 therms per dry
13 ton.

14 COUNCILMAN GREEN: That's a
15 different statement than our costs are
16 capped, because what you're saying is
17 they'll just stop burning gas once
18 they've reached 85 therms and then we'll
19 have sludge mess.

20 MR. BOLNO: No. Well --

21 COUNCILMAN GREEN: Are the
22 costs capped or is the amount of gas used
23 capped?

24 MR. BOLNO: Well, I'm
25 addressing the amount of use now.

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 Anything over 85 therms would be paid for
3 by Synagro as a deduct from their service
4 fee.

5 COUNCILMAN GREEN: So that's
6 not really --

7 MR. BOLNO: Well, we wanted to
8 make sure that they weren't inefficient
9 in their process, so we felt that we
10 needed to have --

11 COUNCILMAN GREEN: So really
12 the City is paying for all the gas that
13 Synagro is expected to use. It is not
14 capped, as you were earlier implying or
15 as was earlier implied; is that correct?
16 I mean, let's get these things correctly
17 on the record so that we understand.

18 MR. BOLNO: There is only a cap
19 on the energy usage, not on the cost.

20 COUNCILMAN GREEN: Right. And
21 who pays the cost?

22 MR. BOLNO: The City pays for
23 all of the energy costs for the project.

24 COUNCILMAN GREEN: That's
25 right. Thank you.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 (Applause.)

3 MR. BOLNO: May I add a
4 comment, please? I just want to state
5 for the record that all of the energy
6 costs are included in the figures that
7 are provided in our economic analysis.

8 COUNCILMAN GREEN: At what
9 dollar amount per BTU, or whatever, per
10 therm?

11 MR. BOLNO: We assumed \$10 per
12 million BTU.

13 COUNCILMAN GREEN: And what's
14 the price of natural gas right now?

15 MR. BOLNO: It's probably about
16 \$11 per million BTU. We did a
17 sensitivity analysis and looked at the
18 gas prices up to \$30 per million BTU, and
19 the prices would have to increase over
20 the next three years --

21 COUNCILMAN GREEN: Now change
22 that to a hundred million savings, not
23 200 million. In other words, the figures
24 you're quoting, they'd have to triple in
25 order for us to not break even here, but

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 the fact of the matter is, the City
3 Controller says you're only saving net
4 present value \$42 million with these
5 savings or about a hundred million over
6 the 20-year life versus the 200 million
7 over the 20-year life you're saying. So
8 you've only got net present value 42
9 million of savings that you're playing
10 with.

11 So I just want you to be very,
12 very clear so that when we vote on this,
13 we know exactly what we're voting on,
14 because so far, I haven't gotten clear
15 answers to questions.

16 MR. BOLNO: Well, I think that
17 the Water Department disagrees with the
18 Controller's analysis. The Controller
19 estimated that we would only have to
20 spend a very minimal amount on an annual
21 basis for the renewal and replacement of
22 equipment at the Biosolids Recycling
23 facility, and the Water Department does
24 not agree with that and --

25 COUNCILMAN GREEN: Since the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Controller issued his report -- I checked
3 with him this morning -- he's received no
4 new information from the Water Department
5 that would challenge it or refute it, and
6 basically he stands by it.

7 MR. BOLNO: Well, that's fine.

8 DEPUTY COMMISSIONER McCARTY:

9 If I --

10 COUNCILWOMAN BLACKWELL: Madam
11 Chair, if I might make a point of order
12 on that issue. Not only does the -- not
13 only -- the Controller's report figures
14 and savings are also those that the union
15 agrees with we can make. So you may not
16 agree, but we have the Controller of our
17 City and the union who agree we can make
18 these cost savings as is.

19 (Applause.)

20 DEPUTY COMMISSIONER McCARTY:

21 If I may.

22 COUNCILWOMAN BLACKWELL: And
23 that's without firing all these people.
24 We can maintain that savings and keep the
25 union people employed.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 (Applause.)

3 DEPUTY COMMISSIONER McCARTY:

4 If I may, no one will be fired. That's
5 not the intent of this. But to get back
6 to what Councilman Green was saying, we
7 did not go into this project because of
8 the cost savings. The cost savings was
9 an added benefit. We went into it
10 because we needed a Class A product and
11 we need a tried and true technology.
12 Cost savings is an added benefit and it's
13 something that we can't ignore.

14 COUNCILMAN GREEN: The
15 testimony is focusing on cost savings and
16 technology and --

17 (Applause.)

18 COUNCILMAN GREEN: -- and the
19 number one priority that people are
20 focusing on here is eliminating odor as
21 one of the reasons that Synagro -- I'll
22 get it right eventually -- one of the
23 reasons that Synagro's technology was one
24 of only two we could use in terms of
25 solving this problem, was because of the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 odor problem.

3 DEPUTY COMMISSIONER McCARTY:

4 Right. That's a very important part of
5 this whole project.

6 COUNCILMAN GREEN: Has the
7 Water Department in terms of
8 sustainability, which was also mentioned
9 as a goal, has the Water Department
10 compared the effect on replacing VOCs
11 with greenhouse gas emissions from
12 burning 85 therms of natural gas in
13 Southwest Philadelphia and the impact
14 that's going to have on the local
15 community and compared the greenhouse gas
16 emissions that will be burned versus the
17 trucking costs? If maybe Synagro can
18 answer that question.

19 MS. RACEY: We absolutely did
20 that analysis, and it is by far less
21 greenhouse gas emitting to move forward
22 with the process.

23 COUNCILMAN GREEN: When you say
24 "by far," can you provide specific
25 information?

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MS. RACEY: I have a chart that
3 I'd be happy to provide you afterwards
4 from one of my folks where we --

5 COUNCILMAN GREEN: Could you
6 please provide that to the Chair so it's
7 part of the record?

8 MS. RACEY: -- when we went
9 through the Council. Sure.

10 But you have to remember that
11 if the material isn't being processed on
12 site, it's going to be trucked off site
13 and it's going to be applied to farm
14 fields and put in the landfills.
15 Landfills are pretty big emitters of
16 greenhouse gases because they produce a
17 lot of methane. Methane has 21 times the
18 impact on greenhouse gas emissions as CO2
19 does.

20 COUNCILMAN GREEN: Unless it's
21 captured like the Philadelphia Water
22 Department's plant or this facility
23 currently captures methane, and you can
24 burn it and use it.

25 MS. RACEY: That's assuming a

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 landfill that has methane capture.

3 Because even if you have methane

4 capture -- I'm talking about the

5 landfill, not at the wastewater treatment

6 plant.

7 COUNCILMAN GREEN: Okay.

8 MS. RACEY: Because no matter

9 what you do with biosolids, you use

10 fossil fuels in every option. So you

11 have to add together the fossil fuel

12 impact of driving it away --

13 COUNCILMAN GREEN: Do you use

14 fossil fuels in plasma arc?

15 MS. RACEY: John, I'm not

16 familiar with plasma arc.

17 But plasma arc isn't operating

18 anywhere in the world with biosolids.

19 It's not a proven technology.

20 COUNCILMAN GREEN: Okay.

21 COUNCILWOMAN TASC0: Your time

22 is up.

23 COUNCILMAN GREEN: My time is

24 up?

25 COUNCILWOMAN TASC0: Yes, your

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 time is up. You can come back.

3 The Chair recognizes Councilman
4 Greenlee.

5 COUNCILMAN GREENLEE: Thank
6 you, Madam Chair.

7 Just a little bit on the same
8 lines of Councilman Green's, particularly
9 his earlier questions. Mr. Donovan, just
10 so I'm clear for the record, I know you
11 said you looked at this in, what, 2003
12 originally?

13 MR. DONOVAN: Right.

14 COUNCILMAN GREENLEE: And then
15 you said was it this year or the end of
16 last year did you say? I'm sorry.

17 MR. DONOVAN: I believe it was
18 early this year, sir.

19 COUNCILMAN GREENLEE: And
20 during that time, your testimony is
21 really nothing changed as far as what
22 could be done, in your opinion, at this
23 site?

24 MR. DONOVAN: That's correct.

25 COUNCILMAN GREENLEE: And so

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 these other technologies, none of them
3 grew enough, in your opinion, or there
4 was no proof that any of them worked?

5 MR. DONOVAN: There were many
6 reasons, sir. Grew is a good term. They
7 weren't run at the scale of this
8 facility. Some of them were in
9 demonstration. But we did look at
10 various methods, and we could not
11 identify a single new one that met all of
12 the criteria we had established in 2003.

13 COUNCILMAN GREENLEE: And I
14 know you in your written testimony say
15 two to three proposed technologies was
16 unproven without any long-term
17 demonstrated experience. Long term was
18 the five years, I think we were -- is
19 that what you were calling long term?
20 What was long term?

21 MR. DONOVAN: Long term -- five
22 would be a good definition of that. Yes,
23 I agree with that.

24 COUNCILMAN GREENLEE: Because I
25 know the Deputy Commissioner, I think it

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 was you, mentioned a five-year window.
3 So, in your opinion, nothing has changed
4 there.

5 Ms. Racey, just one question.
6 I know this came up at previous hearings
7 last year. One of your sites, I think
8 it's the one in New York, there were
9 allegations at least or reports that
10 there were some problems in it.

11 MS. RACEY: Right.

12 COUNCILMAN GREENLEE: Could you
13 describe that and tell us what they were?

14 MS. RACEY: Sure. Synagro
15 acquired a company in 2001 that already
16 had an existing ESP heat drying and
17 pelletization facility in New York.

18 COUNCILMAN GREENLEE: Is that
19 what this is?

20 MS. RACEY: This is an Andritz
21 system. So they're in the same category,
22 but they're different manufacturers and
23 different generations of the technology.
24 And, in fact, this is a great example of
25 why you want to go with something that's

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 been operating for a while. Because when
3 something first comes out, it gets
4 better. You get it working and you
5 figure out how to make it better and then
6 it's perfected.

7 So this is an older version of
8 a heat drying and pelletization system.
9 It has a lot higher emissions because it
10 doesn't recirculate the air, a lot lower
11 energy efficiency, and this particular
12 facility had some design flaws in the
13 odor control system from the get-go.

14 What Synagro did is, they came
15 in, assessed the situation, worked with
16 the community to figure out some of the
17 issues and what we could do to solve the
18 odor issues, and we spent \$5 million of
19 our own money, with no reimbursement from
20 New York City, to enclose the
21 truck-receiving bay, put in odor
22 scrubbing and retrofit some of the trains
23 with air recirculation. And this has
24 greatly improve the situation there.
25 We've gotten a positive response from the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 community. And, in fact, we have just
3 started discussions with the city about
4 taking the final step to really make it
5 as good as it can get and ripping out the
6 old equipment and putting in the Andritz,
7 what we're proposing here for
8 Philadelphia. The city is very
9 interested in taking that step to bring
10 that first-generation technology up to
11 snuff with the current available
12 technology.

13 COUNCILMAN GREENLEE: Thank
14 you. And one last question. Again, back
15 to Mr. Donovan, on one of the proposed
16 technologies by Local 394, just so I'm
17 clear by your testimony, you're saying
18 the biggest problem with that is the odor
19 issue if it was proposed for this site?

20 MR. DONOVAN: Which technology?

21 COUNCILMAN GREENLEE: Well,
22 let's see. Because you say, most
23 importantly, two of the three proposed
24 technologies are unproven. The one
25 that's proven. There must be --

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MR. DONOVAN: The one that's
3 proven -- yes, sir. The one that's
4 proven is the composting process.

5 COUNCILMAN GREENLEE: Right.
6 That's the composting.

7 MR. DONOVAN: Obviously the
8 Water Department has had many years of
9 experience with that out of doors. The
10 company that has been proposed by Local
11 394 would haul the cake long distance to
12 existing composting facilities, and then
13 at a point in time they would build
14 on-site facilities. Now, the details of
15 their proposal weren't enough so we knew
16 whether or not all of the on-site
17 facilities would be totally enclosed.
18 But one of the things we were asked to do
19 is to speculate what would be the
20 reaction of long distance hauling, and
21 their facilities are in rural Virginia
22 and North Carolina, and in our analysis
23 of it, we said that that might well be
24 problematic, to bring Philadelphia
25 biosolids to those locations. And as I

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 just said, we weren't sure whether all of
3 the facilities would be enclosed.

4 In order to conduct composting,
5 you need acres and acres of buildings,
6 and it's very cost prohibitive to treat
7 all the air, and that's really why
8 Synagro chose not to propose composting.
9 Not that it's not allowed and not that
10 it's not a good process, but just massive
11 costs in order to do it properly.

12 COUNCILMAN GREENLEE: I was
13 going to say what was the cost factor in
14 that.

15 MR. DONOVAN: Much more than 70
16 million.

17 MS. RACEY: We actually,
18 Councilman, if I may, we have indoor
19 compost facilities and, in fact, over in
20 Burlington County, New Jersey, we operate
21 an enclosed composting facility, and we
22 did an analysis of that, because it was
23 allowed here. So what we said is, what
24 can we do? Should we do all composting
25 enclosed, all drying enclosed or one of

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 each, split the baby, and what we found
3 in our analysis -- we hired an outside
4 odor expert to work with us, Odor Science
5 & Engineering -- is that the best odor
6 control and the best cost could be
7 attained with the single heat drying
8 system, and that's why --

9 COUNCILMAN GREENLEE: The
10 thermal drying? Okay.

11 I saw Ms. Cutler. Were you
12 going to address --

13 DEPUTY MAYOR CUTLER: I have a
14 response to your question. I'll wait
15 until you're finished, Councilman.

16 COUNCILMAN GREENLEE: No. That
17 was it.

18 DEPUTY MAYOR CUTLER: May I?

19 COUNCILMAN GREENLEE: That's it
20 for me.

21 Thank you, Madam Chair.

22 COUNCILWOMAN TASC0: The Chair
23 recognizes Ms. Cutler. Would you state
24 your name for the record, please.

25 DEPUTY MAYOR CUTLER: For the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 record, Rina Cutler, Deputy Mayor for
3 Transportation and Utilities.

4 I've been listening to the
5 hearing since it began, and I guess I'd
6 like to clarify a few points, if I may.

7 When the new Administration
8 came in, we also had many of the same
9 questions that have been raised today by
10 both the employees as well as the
11 Councilpeople. So I want to just give
12 you a perspective that I have as to how
13 we got back in front of you today.

14 The first piece that I want to
15 talk about is really the employees of the
16 Water Department. This is not an attack
17 on those employees. In fact, many of the
18 employees, particularly here but also
19 back at work, have spent the majority of
20 their life working for the Water
21 Department, and this is family for them.
22 This is not something that has been
23 viewed as an attack on those employees in
24 any way. In fact, we think the employees
25 of the Water Department are some of the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 best employees in the country, and we
3 applaud them for the work they've put
4 into the Water Department in the past 30
5 years.

6 So I don't want this to be
7 viewed as, first of all, an attack on
8 those employees. They've done a great
9 job. We expect to continue to have them
10 do a great job. And so I want to be
11 clear on that.

12 Secondarily, we also had the
13 same major issue, which is what happens
14 to the employees in question here. I
15 don't want to leave their impression on
16 the record that in any way are these
17 employees to be harmed, either
18 economically or in terms of their work
19 set. We met with the union recently, the
20 Mayor, myself, and I met with the union
21 prior to that. They absolutely have the
22 Administration's commitment that they
23 will not be harmed. And I have someone,
24 I believe, now going to draft that in
25 response to Councilman Goode's issue. I

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 agree, if it isn't in writing, it doesn't
3 exist, and we will put that in writing.

4 There is no way we are going to sacrifice
5 those employees.

6 Secondarily, I want to talk for
7 a minute about the issue that's been
8 raised here which is the Water
9 Department's contention that it's a \$200
10 million savings versus the Comptroller's
11 assertion that it's a hundred million
12 dollar savings. First of all, a hundred
13 million dollar savings -- I will stand by
14 the Comptroller's number for the first
15 part of this discussion -- is an amazing
16 amount of money, and that money, frankly,
17 saves the ratepayers money. As you know,
18 we are going through a rate increase
19 piece right now for water rates. While I
20 have no idea and do not wish to get
21 involved in that process, as it is a
22 legal one, it is certainly our belief
23 that saving dollars, whether it's a
24 hundred million or 200 million, is in the
25 best interest of the ratepayers of

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Philadelphia.

3 But the distinction between
4 that hundred million, at some point we
5 are going to argue -- and I will do it to
6 some degree. The hearing is the
7 opportunity for us to present why we
8 believe those numbers are not accurate,
9 and at the point the Comptroller put that
10 together, one of the pieces I'd like to
11 point out -- and I do concede I'm new at
12 this, so please bear with me.

13 The cost of gasoline at the
14 point that argument was made several
15 years ago is not at all relevant to what
16 it is today. So whether it's a hundred
17 million dollar savings or whether it's a
18 200 million dollar savings, it's a great
19 deal of money, and while it isn't the
20 driving force behind this, even if we
21 concede we agree with the hundred million
22 dollar number, it would not be fair of us
23 to deal with the ratepayers and say that
24 is not significant to people who pay
25 water bills.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 And the third piece I want to
3 talk about here a minute is really the
4 issue of where do we go in the future,
5 because the current process for all of
6 its use and for a long time it was
7 acceptable, albeit with a lot of problems
8 in the community, the union is absolutely
9 correct that since the City stopped
10 composting, there is a severe reduction
11 in odor, and they are absolutely correct.
12 It is not at all what it was five years
13 ago.

14 (Applause.)

15 DEPUTY MAYOR CUTLER: It does
16 not mean, however, that there are, A, no
17 odors nor, B, that we are using a process
18 that is sustainable in the future. So
19 when we have a company coming in saying
20 we've looked at the technology, when we
21 have one of the utmost expert companies
22 in the field tell us that they have also
23 looked at the technology, we would not be
24 managing our responsibilities if we did
25 not deal with only acceptable, proven

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 technology. We cannot afford it. We
3 cannot afford for there to be a mistake
4 ten years from now or five years from
5 now, and we are in fact planning for the
6 future of technology. We're looking to
7 go into a sustainable model for how we
8 manage waste, and that is, as been
9 pointed out by a number of Councilpeople
10 as well as a number of people at this
11 table, a problem that almost every major
12 municipality in the country is facing.

13 So the issue here is really do
14 we have a proven technology that we
15 believe is sustainable and, that is,
16 sustainable not only in terms of the
17 environment but also in terms of risk and
18 liability. One of the issues that exists
19 currently is that all of the product that
20 we currently manage in the Water
21 Department makes the City liable for it
22 cradle to grave. Wherever it gets
23 deposited, whatever process is used for
24 it, it is our liability cradle to grave.

25 What the new contract allows is

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 in its entirety that liability to be
3 shifted to the vendor. If we do not
4 touch the product, that liability is not
5 the City's. And so going forward, that
6 is a fairly big deal as to how we got
7 here.

8 Please understand, even though
9 the new Administration has only been in
10 for several months, we did the due
11 diligence here, because our initial
12 inclination was why would we move this
13 proposal forward, and in doing that due
14 diligence, while we did not agree with
15 all of the previous assessments that had
16 been done, we really believed both from
17 an aesthetic perspective, from an
18 environmental perspective, for a
19 long-term issue in terms of protecting
20 the work of our employees and in terms of
21 finances and in terms of liability, that
22 this is the best deal we could find for
23 the City.

24 I thank you.

25 COUNCILWOMAN TASC0: Don't

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 leave the table. I want to recognize
3 Councilman DiCicco, because he has his
4 light on. But I do understand that
5 Councilman Goode and Councilman Green
6 have questions for you.

7 Is your question for --

8 COUNCIL PRESIDENT Verna: My
9 light has been on, too.

10 COUNCILWOMAN Tascio: Oh, I'm
11 sorry.

12 COUNCILMAN DiCicco: I'll yield
13 to the President.

14 COUNCILWOMAN Tascio: Councilman
15 DiCicco yields to the President. I'm
16 sorry. I thought the light was for
17 Councilman DiCicco.

18 COUNCIL PRESIDENT Verna: Thank
19 you.

20 I want to have the record
21 eminently clear. If for any reason there
22 is a problem at the plant and the
23 biosolids cannot be processed, what
24 happens and who is financially
25 responsible?

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 DEPUTY MAYOR CUTLER: Council
3 President, one of the benefits of using a
4 vendor that has 600 municipal outlets is
5 that they can move that product anywhere
6 they need to to dispose of it. The
7 liability is entirely theirs and the
8 financial problem is entirely theirs.

9 COUNCIL PRESIDENT VERNA: Thank
10 you. I have another question, but that's
11 for the Commissioner.

12 Councilman DiCicco.

13 COUNCILMAN DiCICCO: Thank you.
14 Thank you, Madam Chair.

15 Earlier this morning there was
16 some concern about the fuel consumption.
17 I believe the Chair was attempting to
18 call someone from PGW, but they're not
19 able to, I understand, today.

20 COUNCILWOMAN TASCO: We had
21 originally scheduled PGW to have a
22 hearing on a bill that they have before
23 the Council, but they couldn't appear
24 because they're doing -- they have
25 another project going on that involves

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 the Commission and the staff of PGW. So
3 there's no one there to come here. The
4 purpose -- I mean, there are people
5 there, but the person to testify is not
6 there.

7 COUNCILMAN DiCICCO: And with
8 that, there was also some concerns raised
9 about -- and I think Ms. Cutler answered
10 many of the questions or concerns I would
11 have had -- about the differential
12 between savings of a hundred million
13 versus 200 million, and I think everyone
14 would agree that a hundred million dollar
15 savings is certainly significant, and
16 with that, I was just wondering if we
17 might want to consider bringing the
18 Controller over, because I'd like to
19 know, A, when was his last audit, how did
20 he get to this decision that it's only a
21 hundred million dollars as compared to
22 200 million dollars, and I think there's
23 some questions that were raised earlier
24 that he may be able to answer for us, in
25 addition to what Ms. Cutler spoke to

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 about the due diligence, and I do
3 appreciate that. But I'm wondering where
4 he gets his knowledge and how he arrived
5 at that number and whether he doesn't
6 think that this is a worthwhile project
7 because it's only saving us \$100 million.

8 COUNCILWOMAN TASCO: We will
9 ask the staff to see if we could contact
10 the Controller if the Committee would
11 like to have him come.

12 COUNCILMAN O'NEILL: Madam
13 Chair, we have PGW coming in a week from
14 yesterday, the 9th, for their capital
15 budget.

16 COUNCILWOMAN TASCO: We
17 probably could get an answer from them in
18 writing. We'll figure it out. We'll get
19 some response from them.

20 Councilman Green.

21 COUNCILMAN GREEN: Thank you,
22 Madam Chair. I have --

23 COUNCILWOMAN TASCO: I'm sorry.
24 Hold it. Hold it.

25 Councilman Goode. I'm sorry.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN GOODE: Thank you,
3 Madam Chair.

4 Ms. Racey, would you walk
5 through the goals for disadvantaged
6 business participation again.

7 MS. RACEY: There's three
8 components to the disadvantaged business
9 enterprise on the project. There is an
10 equity partnership in the ownership of
11 the company. Philadelphia Biosolids
12 Services is owned 20 percent by McKissack
13 and McKissack, ten percent by Len Parker
14 Associates and 70 percent by Synagro.
15 That's the first -- and each of those
16 teams has a role in the project, which I
17 can cover, if you'd like.

18 McKissack and McKissack is the
19 owner's agent overseeing the design/build
20 portion of the work, and Len Parker
21 Associates is going to be doing both some
22 mechanical contracting as well as some
23 machine maintenance support throughout
24 the life of the project.

25 COUNCILMAN GOODE: So that's 30

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 percent of what?

3 MS. RACEY: Thirty percent
4 ownership of the company. It's a limited
5 liability corporation.

6 COUNCILMAN GOODE: Okay. In
7 terms of the business contracting that
8 will be done on the project.

9 MS. RACEY: Okay. Then the
10 next phase where we'll be subcontracting
11 out work, again, the project is around 60
12 million in construction, plus financing
13 costs and --

14 COUNCILMAN GOODE: You're
15 talking in generalities. The reason why
16 I ask the question again is because I
17 want to know what the total project costs
18 are and then I want to know how it's
19 broken down in terms of participation
20 goals.

21 MS. RACEY: Okay. I don't have
22 everything memorized, but I do have
23 also -- I have that chart you asked for.

24 COUNCILMAN GOODE: If you don't
25 have it memorized, does that also mean

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 it's not attached to the legislation?

3 MS. RACEY: No. It's part of
4 our contract and the contract is part of
5 the legislation.

6 COUNCILMAN GOODE: So it's one
7 of the exhibits?

8 MS. RACEY: Yes. And so we
9 could get the exhibit. We also put
10 together a more detailed booklet for the
11 Minority Department.

12 COUNCILMAN GOODE: The exhibit
13 should be in the Chief Clerk's Office.

14 MS. RACEY: Yes, it should be.

15 COUNCILMAN GOODE: Before the
16 end of this hearing, I need to know
17 specifically what the goals are for
18 minority and women participation.

19 MS. RACEY: Sure. We'll get
20 those and I can review those. Again, my
21 memory is it's overall about 30 percent,
22 but to give you the exact breakdown of
23 how much is woman, how much is
24 disadvantaged and how much is minority, I
25 need to have the paper in front of me.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 But there is a component in the
3 construction and then in the long-term
4 operating contract for each year of the
5 contract. And, again, my recollection is
6 that overall the goals are between 20 and
7 30 percent. Let me get the exhibit so we
8 can be exact.

9 COUNCILMAN GOODE: Once
10 again -- and let's leave it in
11 generalities. 30 percent of what?

12 MS. RACEY: Okay. I have the
13 chart in front of me. For example -- I
14 have the chart and I'll read right off of
15 it. For the interim ops period --

16 COUNCILMAN GOODE: What are the
17 total contract dollars that will be
18 contracted out in terms of the
19 businesses? At the end of the day, what
20 I need to know is the percentage of total
21 contract dollars that will go to
22 minority-owned businesses and the
23 percentage of total contract dollars that
24 will go to women-owned businesses, and I
25 need it in a form that's attached to the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 legislation.

3 MS. RACEY: I'd like to submit
4 this for you to look at.

5 COUNCILMAN GOODE: Is there a
6 total there?

7 MS. RACEY: Yes. It's very
8 detailed.

9 COUNCILMAN GOODE: You can say
10 it for the record as well.

11 MS. RACEY: All right. In the
12 interim ops period, the total project
13 costs are 16 million. The eligible costs
14 are 5.5 million. The DBE dollars are 2.8
15 million. This is over a four-year
16 period. And it totals \$11 million.

17 The design project dollars are
18 2.8 million. The eligible costs are 2.8
19 million. The DBE dollars is a million.
20 Our participation is 40 percent.

21 Construction costs that don't
22 include the Andritz equipment, because we
23 can only --

24 COUNCILMAN GOODE: Ms. Racey,
25 is there a total in terms of total

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 contract dollars and is there a total in
3 terms of total contract dollars that
4 would go to minority-owned businesses?

5 MS. RACEY: 58 million.

6 COUNCILMAN GOODE: 58 million
7 represents what?

8 MS. RACEY: Well, it doesn't
9 have a percentage on the bottom line, so
10 I'd have to add them up.

11 COUNCILMAN GOODE: Can you show
12 me a copy of what you have?

13 MS. RACEY: Sure. Absolutely.

14 COUNCILMAN GOODE: Thank you,
15 Madam Chair.

16 COUNCILWOMAN TASCO: The Chair
17 recognizes Councilman Green.

18 COUNCILMAN GREEN: Thank you,
19 Madam Chair.

20 I want to say, Deputy Mayor,
21 that we, I think, are all sitting here
22 with the full knowledge and understanding
23 that the Administration has gone over
24 this and reviewed what the past
25 Administration did and, quite frankly,

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 given that fact, the fact that you're
3 sitting here testifying for it and the
4 Administration is asking for it, gives me
5 a great deal of comfort that I would not
6 otherwise have with this project, and I
7 start with the disadvantage that I
8 haven't been going through this for three
9 or four years, so some of my questions
10 are some of the same questions that
11 you've been asking and I just want to try
12 to get some of those things on the
13 record.

14 So has there been an opinion
15 from the Law Department regarding the
16 City's liability under the owner/operator
17 Superfund law? I understand that under
18 the contract, Synagro is required to pay
19 for it, but if they -- I'll get it right.
20 If they go out of business or this
21 becomes no longer financially viable for
22 them, who is the obligor under the
23 contract? Is it Philadelphia Biosolids,
24 which would have a corporate veil that
25 couldn't be pierced, or is it the parent

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 company, Synagro, that is going to be
3 responsible? And then also since we are
4 the owner of the property, I don't think
5 we can avoid liability under a Superfund
6 law. All we can have is indemnification.

7 So if we could get on the
8 record what really our liability is, I'd
9 appreciate that.

10 (Witness approached witness
11 table.)

12 DEPUTY MAYOR CUTLER: Although
13 I have been known occasionally to
14 practice law without a license in front
15 of my lawyers, I will add, I have asked
16 the Law Department to come up to give you
17 a legal answer.

18 COUNCILMAN GREEN: Thank you.

19 MR. DAVIS: Hi. I'm Barry
20 Davis. I'm the Chief Deputy for
21 Regulatory Affairs in the City's Law
22 Department and I've actually been
23 involved in this contract for probably
24 about seven years, since the beginning of
25 discussions about the RFQ. So I feel

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 like I've been living with this for quite
3 some time.

4 With regard to the liability,
5 particularly associated with Superfund
6 liability, one of the big differences
7 between what will happen under this
8 contract and what is currently the status
9 quo at the BRC is that we are producing
10 these Class B biosolids, which are
11 municipal solid waste, and so when we
12 take municipal solid waste to a landfill
13 or to another site, there is some
14 potential liability associated with that
15 material. If it goes to a landfill and
16 subsequently that landfill gets in
17 trouble for one reason or another, we
18 would be part of the Superfund process at
19 that facility, one of the potentially
20 responsible parties, as they're called.

21 COUNCILMAN GREEN: Right.

22 MR. DAVIS: The big difference
23 under this contract, though, is that when
24 you make Class A biosolids, you're not
25 making municipal solid waste. You're

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 transforming that material into something
3 that is no longer regulated as a waste
4 material. So when that material leaves
5 the dryer and goes out into the world, it
6 is now fertilizer, and so it's not going
7 out with the stigma associated with being
8 a waste product.

9 COUNCILMAN GREEN: So Class A
10 biosolids don't have things like heavy
11 metals or other things in them that could
12 end up on people's property or in
13 landfills?

14 MR. DAVIS: Well, there are
15 going to be trace amounts of metals in
16 the pellets as well.

17 COUNCILMAN GREEN: Wouldn't
18 that give you Superfund liability going
19 forward?

20 MR. DAVIS: It's the same kind
21 of liability that a fertilizer
22 manufacturer would have for trace amount.
23 I mean, it's not going to be
24 classified --

25 COUNCILMAN GREEN: I

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 understand. I'm just trying to get a
3 clear understanding of the fact that we
4 will continue to have owner liability
5 under CERCLA for everything that comes
6 out of that plant forever. Is that
7 correct?

8 MR. DAVIS: I would disagree,
9 because I don't think we're the owner of
10 a generated waste material.

11 COUNCILMAN GREEN: We're the
12 owner of the facility where the
13 manufacturing process is.

14 MR. DAVIS: Well, we're
15 actually not -- under this -- we will be
16 the -- it's --

17 COUNCILMAN GREEN: We won't be
18 the operator, but we're going to own the
19 land.

20 MR. DAVIS: We're not going to
21 be the owner either, because under this
22 contract, Synagro is the owner of the
23 facility. I'm trying to think exactly
24 whether there is any residual liability
25 that we would have as the provider of the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 material before processing, and I don't
3 really think that there is.

4 The other fact of this is that
5 you're not going to see this material
6 ending up in a landfill very regularly.
7 I mean, it could potentially get into a
8 landfill in some way or another. It
9 could go there as cover for a landfill,
10 but when it goes there, it's going there
11 not as a waste material. So the
12 liability that you could --

13 COUNCILMAN GREEN: Other than
14 for metals.

15 MR. DAVIS: Other than for very
16 small trace amounts of metals. The
17 biosolids that the City produces is
18 actually very low in metals. One of the
19 reasons for that is that we have a very
20 good industrial pre-treatment program
21 that requires the industrial polluters to
22 remove those kinds of pollutants before
23 they go into the wastewater system.

24 So one of the reasons that we
25 had a successful composting program was

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 that we had very low metals and that
3 didn't disqualify our compost from being
4 a fertilizer.

5 COUNCILMAN GREEN: Okay. So
6 who is on the hook for indemnification of
7 the City? Is it Philadelphia Biosolids
8 or is it Synagro?

9 MR. DAVIS: Under the
10 agreement, Synagro is the guarantor. So
11 there's a separate guarantee agreement
12 which is part of the contract, which it's
13 one of the many, many attachments to this
14 contract, but it is an executed
15 guarantee.

16 COUNCILMAN GREEN: So we have
17 the guarantee of Synagro for all of the
18 obligations of Philadelphia Biosolids?

19 MR. DAVIS: That's correct.

20 COUNCILMAN GREEN: Okay. Do we
21 have a listing down to direct ownership
22 by individuals rather than other LLCs of
23 who exactly will own percentage interests
24 in biosolids?

25 MR. DAVIS: In the --

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN GREEN: In
3 Philadelphia Biosolids, the company we're
4 entering into --

5 MR. DAVIS: Philadelphia
6 Biosolids Services. They're our equity
7 part -- I guess it's an LLC. So there
8 are equity agreements in the LLC that
9 provide for an equity ownership to
10 McKissack and McKissack for 20 percent of
11 the total shares of this corporation and
12 ten percent to Len Parker Associates.

13 COUNCILMAN GREEN: And they're
14 holding directly rather than through a
15 separate entity? In other words,
16 McKissack is holding directly interest in
17 Philadelphia Biosolids, Len Parker
18 Associates is holding directly in
19 Philadelphia Biosolids?

20 MR. DAVIS: That's correct.

21 COUNCILMAN GREEN: Okay. So we
22 know who 100 percent of our partners in
23 this project are?

24 MR. DAVIS: That's correct,
25 yes.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN GREEN: Okay. And I
3 found it interesting that one of the
4 advantages to having Synagro be our
5 partner is that if there's any trouble
6 with the process or the way things work,
7 they are at 600 municipalities and they
8 can take our waste elsewhere to be dealt
9 with. I'd like some assurances from the
10 Law Department that our contract, given
11 the discussion about metals we just had
12 and everything else, our contract will
13 prevent them from bringing waste from
14 other cities into Philadelphia to be
15 treated here.

16 (Applause.)

17 MR. DAVIS: This contract does
18 not allow Synagro to process other
19 biosolids at the facility.

20 COUNCILMAN GREEN: I'm sorry.
21 Say that again.

22 MR. DAVIS: This contract does
23 not allow Synagro to process other
24 biosolids at this facility.

25 COUNCILMAN GREEN: Okay.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Great.

3 MR. DAVIS: That actually was
4 an issue and one that we discussed and
5 decided that it was one that we were not
6 interested in.

7 COUNCILMAN GREEN: Thank you
8 very much.

9 COUNCILWOMAN TASCO: Councilman
10 Goode.

11 COUNCILMAN GOODE: Thank you,
12 Madam Chair.

13 Ms. Racey, I've reviewed the
14 information. It is very complete. It is
15 something that's contained within the
16 legislation. The only question is the
17 same question I was asking before. Do we
18 know, not based upon this document
19 because this document does not tell us,
20 what percentage is actually going to
21 minority-owned businesses and what
22 percentage is going to women-owned
23 businesses? It is actually combined into
24 just a DBE goal in general, and what I
25 find very significant about this is, it

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 looks as if all the firms have already
3 been selected. And so to some extent, it
4 suggests that we already know what the
5 participation rates will be.

6 MS. RACEY: We definitely have
7 not selected all the firms. What we've
8 done is put in a list of qualified firms.
9 For example, under construction, these
10 are firms that we've talked to and that
11 are qualified. And we will be hiring a
12 general contractor. We haven't selected
13 a general contractor yet, and they will
14 be, for example, picking from the list of
15 minorities. These minorities will have
16 to compete for the work. Say we may take
17 bids from four companies.

18 COUNCILMAN GOODE: And so since
19 the contractors have not been selected
20 and since you have identified a pool of
21 qualified contractors, you can set
22 specific goals for the project.

23 MS. RACEY: Pardon me?

24 COUNCILMAN GOODE: You can set
25 specific goals for the --

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MS. RACEY: We do that all the
3 time. We --

4 COUNCILMAN GOODE: I'm talking
5 about within this document.

6 MS. RACEY: Right. They're not
7 exact, because the nature of a
8 design/build/operate facility is that
9 it's only 15 percent design now. So the
10 final design, whether it ends up costing
11 us 58 million or 62 million, won't be
12 determined until we finish our design,
13 but that's our risk. Those costs are our
14 risk. So during the design --

15 COUNCILMAN GOODE: That's not
16 my point. My point is that you can
17 actually break it down in terms of the
18 various disadvantaged businesses in terms
19 of what's going to go toward minority
20 businesses and what's going to go toward
21 women businesses and what's going to go
22 toward disabled businesses. You can
23 further define the goals within here.

24 MS. RACEY: Right.

25 COUNCILMAN GOODE: So since you

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 already know that you have a qualified
3 pool of disadvantaged firms here, you can
4 set specific goals within this document.

5 MS. RACEY: Yeah. Yes. I
6 believe I agree with what you said. We
7 have identified the pool. When the work
8 comes out, we're going to bid them. At
9 that time, we have to clear with the
10 Minority Office our program and report
11 what our actual achieved --

12 COUNCILMAN GOODE: I'm not
13 talking about actual achieved. I'm
14 talking about goals that are set within
15 the legislation. This is actually pretty
16 good.

17 MS. RACEY: This is --

18 COUNCILMAN GOODE: But it's not
19 enough.

20 MS. RACEY: Okay.

21 COUNCILMAN GOODE: I want it
22 broken down more.

23 MS. RACEY: Into what? I'm
24 sorry.

25 COUNCILMAN GOODE: Do you

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 really want to know?

3 MS. RACEY: Sure.

4 COUNCILMAN GOODE: I'd like it
5 broken down by each racial, ethnic group,
6 women and disabled, Philadelphia
7 businesses versus non-Philadelphia
8 businesses. I would like it to be
9 comparable to what we do at the City
10 level, which is break down each category
11 of disadvantaged business and look at
12 Philadelphia businesses versus
13 non-Philadelphia businesses across the
14 board, set goals across the board for who
15 is going to benefit from this in terms of
16 businesses. And MBEC should be able to
17 provide you with that type of template,
18 because essentially per the Charter, per
19 an amendment that was made a couple of
20 years ago, MBEC actually is due to submit
21 annual participation goals for City
22 contracting, which are not done yet,
23 which should be done. So they know
24 exactly what is due to us from their
25 agency. So essentially they can provide

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 you the template for what we would
3 expect.

4 MS. RACEY: Okay.

5 COUNCILMAN GOODE: Thank you,
6 Madam Chair.

7 COUNCILWOMAN TASCO: Councilman
8 O'Neill.

9 COUNCILMAN O'NEILL: Madam
10 Chair, I'd like to state for the record I
11 hope the Administration appreciates this,
12 as well as my colleagues. We're sitting
13 here almost half the Council on this
14 Committee and we have a very difficult
15 issue, both financially, both in terms of
16 technology and also in terms of human
17 issues.

18 The human issues we understand,
19 but particularly the technology issues.
20 I get the distinct impression -- and it's
21 no knock on anybody in the
22 Administration -- that you could not be
23 presenting this testimony without a
24 consultant and the vendor. A lot of
25 questions are answered by them. A lot of

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 exchanges are made quietly to get an
3 answer from them. And that's the way the
4 process works. What I believe, though,
5 is that this City Council is seriously or
6 has seriously handcuffed itself on
7 difficult issues that are beyond our
8 reach where we don't have similar
9 expertise. We don't have a consultant.
10 We are making judgments based on what the
11 union can tell us about technology -- and
12 they know as much about it as we do.
13 They don't have the range of expertise
14 here -- and what the Controller has told
15 us, and the Controller's information is
16 18 months old almost, November of '06.
17 I think it's a flawed process,
18 us trying to decide a 25-year contract,
19 whether it's a \$200 million savings,
20 whether it rises to 300 because of gas
21 price increases, heaven forbid, or the
22 100 that is the bottom level is off by \$4
23 million a year and there's no savings.
24 That's really where the number gets
25 smaller, and you divide it by 25, the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 error factor becomes much larger.

3 So I mention that because I
4 really think in this case we should have
5 somebody who is independent of Synagro,
6 independent of relationships with the
7 Water Department that can tell us this
8 technology is the best or, as Councilman
9 Green was alluding to and the Controller
10 alluded to in their report very
11 specifically, other technologies should
12 have been considered, it shouldn't have
13 been such a narrow window of one
14 company's recommendations.

15 So I find it difficult. I will
16 try to ask some questions, but I do find
17 this to be a very difficult process. And
18 even for the Administration. The
19 Administration has come in, fresh look,
20 but they're basically relying on the same
21 consultants and the same experts that we
22 have and to the experts from 2003, 4, 5,
23 6, 7 that have done on this.

24 And I say that to start with
25 because I'll try to limit my questions as

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 much as possible to what we can
3 understand.

4 There's 60 employees at the
5 plant. How many unfilled positions are
6 at the plant right now? I guess that's a
7 Water Department question.

8 (Audience member yelling
9 "zero.")

10 COUNCILMAN O'NEILL: Zero? So
11 the plant is running full levels of
12 personnel?

13 (Audience member speaking
14 without microphone.)

15 COUNCILMAN O'NEILL: Okay. The
16 composting stopped a little over a year
17 ago?

18 DEPUTY MAYOR CUTLER:
19 Councilman, I just want to clarify
20 because I'm not sure I understood your
21 question.

22 COUNCILMAN O'NEILL: There's no
23 openings at the biosolids.

24 DEPUTY MAYOR CUTLER: In the 60
25 jobs that are in question here, they are

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 all full. If you're asking me how many
3 vacancies there are in the Water
4 Department --

5 COUNCILMAN O'NEILL: No, no. I
6 was not asking. I understand there's a
7 lot of vacancies. And it's a good thing
8 probably if you're going to need spaces
9 for people. But that would just be good
10 planning.

11 But something was mentioned and
12 I guess I'm missing the point. We
13 stopped composting in March of '07, and I
14 understand why. There are serious
15 community problems, and we went through
16 this at other hearings last year. But
17 did I hear correctly that Synagro will
18 compost for five years? And maybe I just
19 missed something. Synagro is going to
20 compost for five years?

21 DEPUTY COMMISSIONER McCARTY:
22 No. No. They will continue with moving
23 Class B product off site, but they will
24 not compost. They will not start
25 composting on the site.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN O'NEILL: Okay. I
3 had a question no matter what the answer
4 was, but it's a different question. If
5 Synagro is basically for five years going
6 to be doing what we're doing now while
7 the plant is being constructed, why can't
8 we be doing for five years what we're
9 doing now?

10 (Applause.)

11 DEPUTY COMMISSIONER McCARTY:
12 I'm going to pass it to --

13 COUNCILMAN O'NEILL: The icing
14 is -- you have to understand, I don't
15 need a consultant for that question.
16 Some of these are just basic human
17 questions and --

18 DEPUTY COMMISSIONER McCARTY:
19 Right. It's a very reasonable question
20 and I can understand the question, and
21 what I'd like to do is answer it and turn
22 it over to Synagro, if that's all right.
23 But basically the answer is that --

24 DEPUTY MAYOR CUTLER: I think I
25 can answer it without a consultant as

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 well, at least I hope so.

3 I think the majority of the
4 reason why we wish to have Synagro take
5 over the current process while they're
6 building the new facility is because a
7 portion of the current building is going
8 to be used as part of the new facility.
9 So it will, in essence, become a
10 construction zone. And so part of what
11 needs to happen is, they need to be able
12 to get to the site unfettered, because
13 the design and construction are going to
14 incorporate a portion of the current
15 site.

16 Now, that's my understanding of
17 that, and if there's a different answer,
18 someone should jump in.

19 DEPUTY COMMISSIONER McCARTY:
20 In addition to that, they will not need
21 to store as much cake as we currently
22 store on site, the Class B product on
23 site. They'll be able to move it out to
24 the many outlets that they have more so
25 than we can.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN O'NEILL: Okay. I
3 can't comment.

4 Does Synagro agree with that,
5 since you were almost going to answer?

6 MS. RACEY: Yes. We're doing
7 improvements to the de-watering building,
8 and that's part of our construction
9 process. And in addition, we have lots
10 of outlets, so we intend to reduce the
11 amount of material stockpiled on the site
12 in the interim to bring --

13 COUNCILMAN O'NEILL: Well,
14 let's keep Synagro there for a minute.
15 If this contract and this Water
16 Department issuing it had said to you,
17 Until you start construction, our people
18 are going to continue to do the
19 composting, would you have walked?

20 MS. RACEY: No.

21 DEPUTY MAYOR CUTLER: Not the
22 composting, Councilman.

23 COUNCILMAN O'NEILL: I know.
24 Whatever they're doing. What used to be
25 composting, now it's being done somewhere

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 else.

3 MS. RACEY: No, we wouldn't
4 have, but I do want --

5 COUNCILMAN O'NEILL: No, you
6 wouldn't have what?

7 MS. RACEY: We would not have
8 walked. But I do want you to understand
9 that part of the savings you are getting
10 involves the fact that we have those
11 years of operation as well, and that
12 helps us to front-end load the financing
13 costs as we put up the money for the
14 facility.

15 COUNCILMAN O'NEILL: Right, but
16 one of my concerns from the beginning
17 here has been that unless absolutely
18 necessary -- and I understand, there's a
19 liability question later on, and the
20 attorney spoke to it very clearly -- that
21 we not be replacing or having our savings
22 replacing municipal jobs, City jobs, with
23 private jobs that are paid less. I don't
24 know if that's the case or not, but I
25 want to hear more about it, because even

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 if it's just for a five-year period built
3 into these savings, I don't know if this
4 city is ready to establish a policy that
5 we want to save money on the backs of our
6 workers.

7 (Applause.)

8 DEPUTY MAYOR CUTLER:

9 Councilman, if I may respond to that.
10 The Administration shares the question as
11 well, and we do not believe that allowing
12 Synagro to begin to operate our current
13 facility in any way harms our employees.
14 The savings benefit and the liability
15 question -- although I'm not sure the
16 liability question applies as long as
17 we're the owner, going back to what
18 Councilman Green had referenced earlier.
19 So I don't know that the liability
20 question is in play until the new
21 facility is built.

22 But I certainly think that the
23 savings piece is a very big deal, and the
24 sooner the savings can happen, the less
25 impact there are to the ratepayers in the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 City.

3 So I don't think it is being
4 done, however, on the backs of the
5 employees because I believe we have
6 crafted an agreement which, of course, we
7 will put in writing and that there is a
8 commitment that we will not in fact harm
9 current employees, and I believe --

10 COUNCILMAN O'NEILL: That
11 wasn't my point. I'm sorry.

12 DEPUTY MAYOR CUTLER: When you
13 said save money on the backs of them --

14 COUNCILMAN O'NEILL: No, but I
15 think you're misunderstanding me. I
16 absolutely and I think everyone here
17 understands that 60 people are not going
18 to lose their jobs. Let's get that off
19 the table.

20 DEPUTY MAYOR CUTLER: Okay.

21 COUNCILMAN O'NEILL: There are
22 60 positions that they will fill.
23 There's 60 positions that we won't have
24 to hire somebody else to fill that they
25 will fill. There will be 60 positions

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 that Synagro employees will be doing for
3 five years. There are savings to Synagro
4 and to us that was just explained because
5 of those 60 positions that Synagro will
6 fill rather than us. That is a savings
7 that maybe some people think it's a
8 strong word, but it's being done at the
9 expense of our employees and --

10 (Applause.)

11 COUNCILMAN O'NEILL: That may
12 be a policy that the last Administration
13 wanted to focus on. It may be a policy
14 that this Administration wants to focus
15 on. But with 60 employees in that
16 position for a five-year period, I can
17 show you all kinds of areas around this
18 city that we could -- right in the Water
19 Department, I can find cheaper people to
20 do their work. We never think about
21 doing that. Why are we carving out areas
22 where we think about doing it? That's
23 all I'm saying. You can find it in
24 Streets, L&I. There's companies out
25 there that just don't pay our wage

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 scales, have our pension benefits, our
3 health benefits, our union benefits, and
4 I just hate to see us go down that road
5 even for five years, even for 60
6 positions if we don't have to, if this
7 company had said, We couldn't do it
8 otherwise. They didn't say that. They
9 said it helps us tremendously. Well, I
10 understand that. Any company we brought
11 in and did the same thing would help them
12 tremendously. They'd have work where
13 they didn't have work otherwise.

14 (Applause.)

15 COUNCILMAN O'NEILL: But it is
16 a policy question that I think is a
17 serious one, I think we all have to look
18 at. Not just are the individuals -- are
19 we finding spaces for them. I mean, it's
20 good management if you're doing this to
21 make sure that you haven't been hiring so
22 you have spaces for them, and it seems
23 like we have plenty of spaces because we
24 have a lot of openings, but it doesn't
25 change the fact that 60 private company,

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 more than not non-residents -- certainly
3 have no control over that -- come in and
4 take City jobs for a period of five
5 years. That's the only point I want to
6 make on that. I think it's a serious
7 one.

8 (Applause.)

9 COUNCILMAN O'NEILL: And I
10 understand that going beyond that, we'd
11 have liability issues if we touched the
12 product, and that I'll leave to the
13 lawyers that specialize.

14 The --

15 COUNCILWOMAN TASC0: Do you
16 want her to respond to your statement?

17 COUNCILMAN O'NEILL: I thought
18 we had -- I don't know if there's any
19 more we can talk about on this. I
20 understand what you're saying. I hope
21 you understand what I'm saying.

22 DEPUTY MAYOR CUTLER: I do,
23 Councilman. Just two quick points. I
24 believe Synagro will not be replacing 60
25 employees. I believe it's half that.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 (Audience booing.)

3 COUNCILMAN O'NEILL: I can say
4 that about some City jobs, too.

5 DEPUTY MAYOR CUTLER: We could,
6 but I just -- I guess we're going -- we
7 can reasonably disagree on a policy
8 perspective. That was the only other
9 point I wish to make.

10 COUNCILMAN O'NEILL: Okay.

11 In the City Solicitor's report
12 or analysis that we've been focusing on
13 on the numbers and the differences in the
14 numbers and -- City Controller. I'm
15 sorry. The City Controller's numbers are
16 quite different. It's more than a
17 hundred percent overestimate of our
18 savings, which is a lot. But still
19 there's a lot of savings. I can't argue
20 that point. But it's also enormous to go
21 over a hundred percent above what the
22 City Controller believes to be the
23 savings.

24 They talk about that, and I
25 think it was Councilman Green, but I

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 think all of us would agree, for 18
3 months to go by and for the Water
4 Department knowing this serious issue is
5 before us so many times in the last
6 Administration, still coming back five
7 months into the new Administration, to
8 not have sat down, maybe not with the
9 Controller, but at least have their
10 people talk to his people, try to work
11 out the disparities, I think would make
12 this an easier decision to make. And I
13 think that's an important point, because
14 we're all supposed to be on the same team
15 here in the end and we sound like we're
16 wearing different uniforms when we don't
17 talk for that period of time over some
18 fairly simple data issues that could be
19 maybe compromised, agreed on, whatever.
20 And so I wish that it happened. I hope
21 it happens in the future, because that's
22 not a small issue, that there has been no
23 contact between those two departments
24 over that period of time over those
25 numbers, which leads me to another thing

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 that I think is more important even than
3 the savings in the Controller's report,
4 and, that is, the hardest thing we have
5 to deal with, we don't have an expert
6 right now. You guys do. And could I
7 just ask the Water Department to tell me
8 how much this expert has been paid up to
9 now on this issue? I think it might be
10 big, but that's okay. I just want a
11 number. I think the best person probably
12 to ask is Mr. Donovan. The lawyer
13 usually knows and the consultant usually
14 knows. The client necessarily doesn't.

15 MR. DONOVAN: CDM has been
16 working continuously since 2003. I
17 believe our contract is something in the
18 order of a half a million dollars over
19 that period of time.

20 COUNCILMAN O'NEILL: Okay. Can
21 you get us some specifics on that after
22 you leave here today?

23 MR. DONOVAN: Of course.

24 COUNCILMAN O'NEILL: Thank you.

25 So you can see where we're

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 strapped here. We have zero consultant
3 fees and we're trying to match our
4 knowledge and judgment against a half a
5 million dollars of consultant fees, plus
6 whatever Synagro has been able to add to
7 the discussion from a value standpoint,
8 because they've been the vendor for a
9 long time that's been the vendor in this
10 project. It makes it very difficult. So
11 one of the questions we would have asked
12 our consultant -- and if we get one, I
13 believe we would -- is other than this
14 drying -- what's it called? Thermal
15 drying process which the Water
16 Department's consultant has said, This is
17 it, you did the right thing, we would say
18 to our consultant hopefully, There are
19 other municipalities out there, there are
20 other sludge sewage treatment facilities,
21 what are they using? What are people
22 migrating to? What are they starting to
23 use instead of composting where they've
24 had a problem with that for different
25 reasons? And surely one of them would be

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 the proposal in front of us today, but
3 other than the Controller's report, we
4 really don't have any other name. And,
5 again, working on the same team, when the
6 Controller says that the majority are the
7 most popular that they scanned when they
8 were talking to other municipalities,
9 their staff, was thermophilic anaerobic
10 digestion.

11 Now, the reason I mention it as
12 the same team versus acting like we're on
13 different teams is, it would have been
14 nice since this has been around for 17
15 months, 18 months for the Water
16 Department to have met with them,
17 explained it to them, came in today,
18 saying, We understand there was an
19 alternative. I mean, this is serious,
20 serious business, and to have ignored
21 this other more popular, 18 months ago at
22 least, alternative to me is a failure in
23 this process of Council deliberation and
24 the Administration's presentation.

25 So can somebody at least today

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 tell me first what thermophilic anaerobic
3 digestion is and why it wasn't even
4 considered for an RFQ as what may have
5 been among other alternatives?

6 DEPUTY MAYOR CUTLER: Yes.

7 Councilman, I will turn it over to the
8 experts to explain it to you. It is a
9 little outside of my bailiwick.

10 COUNCILMAN O'NEILL: I know
11 they already concluded, which makes it a
12 little more difficult.

13 DEPUTY MAYOR CUTLER: But I
14 would like to say it's agencies of the
15 City acting on behalf of the City, which
16 of course includes the City Council,
17 often bring in subject matter experts.
18 We do think we're playing on the same
19 team and, therefore, our experts are in
20 fact your experts.

21 So we do not want to -- we're
22 not going to shop consultants to try to
23 get the answer that somebody thinks we
24 ought to have. If we have undeniably one
25 of the best consultants in the world on

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 this topic, it would seem to me that that
3 consultant's expertise serves not only
4 the Administration but also serves
5 members of Council.

6 COUNCILMAN O'NEILL: Yes, but
7 there is a difference. I think we have
8 failed, not you. They have an opinion
9 and it's a very strong opinion.
10 Mr. Donovan couldn't have been clearer
11 that he firmly believes this. He may
12 also have -- and I don't mean this in any
13 unethical way. He may have a bias. He
14 believes in this so much that he doesn't
15 go too far away from it. We may get a
16 consultant who has the same bias
17 somewhere else or has equal opinions
18 about whatever. I'm not going to mention
19 that again until somebody answers me, but
20 that could help us with this very, very
21 serious deliberation. And, yes, the
22 Water Department would be remiss if they
23 didn't have a consultant. I'm just
24 saying, I don't think we would be
25 spending a half a million because we

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 would be reviewing, not going through
3 five years of work with you.

4 But that is just the facts, and
5 it makes it very, very difficult. And
6 even whether we go to -- I'll try it
7 again -- thermophilic anaerobic
8 digestion, we may have the same issues
9 about the five-year period or something
10 else. It may not be any different. It
11 may have the same liability issue that if
12 you touch it, it's yours, that kind of --
13 you break it, it's yours.

14 But I would like to know from
15 someone, at least to have something on
16 the record, other than the Controller,
17 who is not here today, but it is in that
18 analysis what that other process is, how
19 long it's been around, why at least the
20 Controller may have found it popular when
21 they were doing their scan probably 18
22 months to two years ago.

23 MR. DONOVAN: Thermophilic
24 digestion was around in 2003 when we
25 looked at the technologies. Basically

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 thermophilic digestion looks exactly like
3 your current digestion process, but
4 instead of temperatures of 100 degrees
5 Fahrenheit in the digesters, the
6 temperatures are in the 140, 150 range.
7 What that accomplishes is better kill of
8 the disease-causing pathogenic bacteria
9 such that you get to a Class A material.
10 You can produce a Class A material. So
11 that technology is appropriate if you're
12 only worried about getting to Class A.
13 And, in fact, Los Angeles has adopted
14 that. But our problem out in Carbon
15 County and Schuylkill County and the
16 rural areas this material is being
17 brought to is not just about the fecal
18 coliforms in the product. It is about
19 the odor of the product and it is about
20 the truck trips. If we didn't have those
21 other products and we were merely looking
22 for pathogen, that would be on the table.
23 But there's a myriad of other issues and
24 public concerns about biosolids, and
25 that's the difficult part that the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Department is trying to work with.

3 COUNCILMAN O'NEILL: Okay.

4 Thank you.

5 There is an energy cost that --
6 we didn't have the numbers today of what
7 our expected costs are, but somewhere we
8 have them and we know we're going to be
9 paying them. So that was established
10 today, that we're going to be paying the
11 energy costs of this project, the City.
12 And then it was mentioned that with that
13 cap of the expected gas usage -- I forget
14 what the terminology is -- it was 80-some
15 somethings, that now digester gas, which
16 is just going into the air, would be used
17 and it would reduce the costs we had
18 originally estimated without the digester
19 gas. Is that correct? Did I hear that
20 correctly?

21 I have a question. How much
22 will the savings of the digester gas mean
23 to us per year and over the contract,
24 however you want to say that?

25 DEPUTY MAYOR CUTLER: You all

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 want to talk into the mikes here. I
3 don't want Councilman Green getting
4 upset.

5 COUNCILMAN O'NEILL: Or
6 Councilman O'Neill, for that matter. As
7 long as nobody is laughing, I won't get
8 upset.

9 DEPUTY MAYOR CUTLER: I want
10 you all to hear what they're talking
11 about.

12 MR. DONOVAN: Energy costs are
13 in the order of four and a half million
14 dollars. Approximately 25 percent can be
15 satisfied through the use of this
16 digester gas, which is currently being
17 flared into the atmosphere.

18 COUNCILMAN O'NEILL: Okay.
19 That's a good number, and I appreciate
20 it. But as a Councilmember, knowing that
21 this plant has been around for a long
22 time producing digester gas that's been
23 flaring into the atmosphere, we could
24 have saved as much by reusing it up to
25 now as we're -- or can we only use it on

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 this project?

3 (Applause.)

4 COUNCILMAN O'NEILL: I'm just
5 curious. That's a large number.

6 DEPUTY COMMISSIONER McCARTY:
7 May I speak to that?

8 COUNCILMAN O'NEILL: Oh, anyone
9 can speak to it.

10 DEPUTY COMMISSIONER McCARTY:
11 What is being flared is excess gas, and
12 that might sound like a play with words,
13 but we use a majority of the gas, and in
14 the winter months during the heating
15 season, we actually -- you should see
16 those flares very infrequently, because
17 we're typically using a hundred percent
18 of that gas for our boilers for heating
19 and we do use it in the -- all year round
20 to keep those digesters, which I think
21 Ms. Racey mentioned earlier, just like
22 our stomachs, keep them at the
23 temperature they need to be.

24 So there is some gas that we
25 can't use right now that gets flared.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 We're looking at having --

3 COUNCILMAN O'NEILL: But my
4 question is -- I understand all that and
5 I think I understood it before.

6 DEPUTY COMMISSIONER McCARTY:
7 Why haven't we used it --

8 COUNCILMAN O'NEILL: Why have
9 we not been taking advantage of over a
10 million dollars of gas being blown or
11 flared off and not using it or selling it
12 or getting the value of it somewhere when
13 we're so concerned about our ratepayers?
14 I mean, that's a lot money. It's not a
15 hundred million over, but it's pretty
16 close to a quarter of our savings that
17 the Controller per year says.

18 (Applause.)

19 DEPUTY COMMISSIONER McCARTY:
20 We have been looking at it. We're
21 looking at a project at our Northeast
22 wastewater treatment facility. It is a
23 capital investment, so we have to go
24 cautiously. You want to make sure that
25 you're going to get the payback you hope

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 to get and it makes sense financially.

3 So --

4 COUNCILMAN O'NEILL: Is the
5 airport a potential user or it's not?

6 DEPUTY COMMISSIONER McCARTY:
7 That is one of the areas we're exploring.

8 COUNCILMAN O'NEILL: Because
9 they're pretty close by, and they have
10 money.

11 DEPUTY COMMISSIONER McCARTY:
12 That is one of the areas that we are
13 looking into, sir.

14 COUNCILMAN O'NEILL: Other than
15 the Water Department, they're the only
16 other people that have money in the City
17 because they have separate funds.

18 Okay. You might want to talk
19 to the airport. We have the head of the
20 airport here.

21 DEPUTY COMMISSIONER McCARTY:
22 We recognize --

23 COUNCILMAN O'NEILL: You're
24 talking to the airport.

25 DEPUTY MAYOR CUTLER: I'll

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 speak on behalf of the airport, yes.

3 DEPUTY COMMISSIONER McCARTY:

4 We recognize it's a resource going up in
5 flames, if you will.

6 COUNCILMAN O'NEILL: That's all
7 I wanted to get at.

8 DEPUTY COMMISSIONER McCARTY:

9 And we want to harness it.

10 COUNCILMAN O'NEILL: Okay.

11 There is a provision, I understand, in
12 the contract that the City could
13 terminate the contract due to an
14 extraordinary increase in cost if it
15 would have to -- that it could terminate
16 the contract due to an extraordinary
17 increase in cost and it would have to
18 sustain more than a 20 percent increase
19 in one year.

20 Can somebody -- and then my
21 follow-up is, do we actually project that
22 we could have up to 20 percent a year in
23 increased costs? The Controller might be
24 right.

25 MR. DAVIS: That provision was

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 put in to not anticipate but to protect
3 the City in the event that there was a
4 very, very dramatic increase in costs,
5 particularly in the area of energy. I
6 think as was stated earlier today, we
7 looked in terms of the analysis on this
8 project where the break point might be
9 with regard to does this project have
10 savings or doesn't it have savings, and
11 that looks -- I think as it was
12 presented, it looked only really at the
13 natural gas side and didn't really factor
14 in all the other increase in costs that
15 would go along with increasing natural
16 gas costs. So we all know that if
17 natural gas prices go up, the cost of
18 diesel fuel is going to be going up at
19 the same time.
20 So it's pretty difficult to do
21 an analysis that factors in every
22 possible cost that could be moving and
23 potentially moving in different
24 directions, but at any rate, we tried to
25 do a simple study, and what we came up

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 with is if the price of gas were to go
3 from what it is today, which is about, I
4 think it was said, \$11 -- it was recently
5 9, so it's gone up recently. If it went
6 to 25 and, again, not looking at all the
7 other costs that would be increasing but
8 looking at natural gas costs in
9 isolation, at that point that would zero
10 out the savings.

11 So that's -- so we felt that
12 looking at where the gas markets were,
13 looking out at gas futures, which are --
14 it's very interesting to go -- you can go
15 online now and you can look out to, say,
16 2015 and see what's being projected in
17 terms of gas costs, and they're basically
18 in and around that \$10 figure.

19 So no one right now is saying
20 that five years from now we're going to
21 be looking at gas costs that are two and
22 a half times as high as they are today,
23 but it could happen, and let's say it
24 happened in a way that other costs were
25 not also increasing and that this seemed

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 to be not a good deal for the City any
3 longer. The idea was that if we had this
4 sort of precipitous climb in these costs,
5 that we would be able to get out of the
6 contract.

7 COUNCILMAN O'NEILL: And
8 assuming that, assuming that we got out
9 of the contract because of precipitous
10 cost increases, what is in the contract
11 in terms of what happens to the plant?
12 Does Synagro then use it, continue to
13 have it? Do they turn it over to the
14 City? Do they tear it down? I mean,
15 what can we learn about the "what if" on
16 us cancelling?

17 MR. DAVIS: Well, the --

18 COUNCILMAN O'NEILL: I think
19 that was a pretty clear answer. I
20 appreciate that on the --

21 MR. DAVIS: What we would
22 anticipate is that if it's uneconomical
23 for the City to use it, since our
24 biosolids are right there, it's going to
25 be uneconomical for anybody to use it.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 And we've gone into this contract asking
3 that they would finance this project and
4 that they would incur the capital costs
5 associated with it. So the buyout
6 essentially gives the City a liability
7 for the capital cost of the plant. If we
8 decide that we want to abandon the plant,
9 we buy out the then-current capital cost
10 that's there.

11 COUNCILMAN O'NEILL: So we
12 don't just walk. It costs us a whole lot
13 of money --

14 MR. DAVIS: No, of course not.

15 COUNCILMAN O'NEILL: -- to get
16 out. And even with that, we could have
17 19 percent increases a year without even
18 being able to make this decision.

19 MR. DAVIS: Yeah. This was in
20 the area of trying to say that we
21 wouldn't be stuck with a facility that
22 was not economical to run in the long
23 term, that we could say, Okay, we're not
24 tied into this operation, we can walk.
25 We can pay and walk.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN O'NEILL: Okay. The
3 last question I have is sort of a
4 threshold question. I think I know the
5 answer.

6 Part of this discussion has
7 been are we saving this, are we saving
8 that, is the Controller right, is the
9 Water Department right, are they both
10 wrong and it might be a lot more because
11 of gas costs and things. Would we be
12 looking at this project even if it were a
13 break-even? It seems to me we would be
14 and that this would be presented to us as
15 a break-even. It's nice to have
16 projected savings, but we know how they
17 could slip away, because I know there's
18 other issues. I don't represent this
19 area, but there were strong odor issues
20 down there and I know that's why it was
21 shut down from the composting last year,
22 and everybody heard all about that. But
23 would we be presenting this cost neutral
24 just as we're presenting with savings?

25 DEPUTY MAYOR CUTLER:

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Absolutely.

3 COUNCILMAN O'NEILL: That was
4 my strong guess. Thank you for being so
5 straightforward with that.

6 COUNCILWOMAN TASC0: Councilman
7 Green.

8 COUNCILMAN GREEN: Thank you,
9 Madam Chair.

10 Just the method that Councilman
11 O'Neill mentioned, anaerobic digestion
12 something, does increasing the current
13 process to 140 to 150 degrees decrease
14 the volume of sludge that would leave the
15 facility and, if so, by how much?

16 MR. DONOVAN: The volume of
17 sludge that leaves the facility compared
18 to the originally produced at the plants
19 is something on the order of one-third of
20 the total solids are converted to a gas.
21 So two-thirds is leaving the plant.
22 There's a five or ten percent increase in
23 that one-third if you go to a process
24 that is higher temperature, so-called
25 advanced digestion. You can get higher

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 destruction and, therefore, more gas
3 production.

4 COUNCILMAN GREEN: And less
5 solid.

6 MR. DONOVAN: Correct. By five
7 or --

8 COUNCILMAN GREEN: Ten percent
9 less solid?

10 MR. DONOVAN: Five or ten
11 percent additional reduction, in that
12 order, yes.

13 COUNCILMAN GREEN: Even though
14 there's more evaporation just of the
15 water from the sludge because of the
16 increased heat, it's only five or ten
17 percent?

18 MR. DONOVAN: There is more gas
19 being produced and there's, therefore,
20 less solids leaving the plant.

21 COUNCILMAN GREEN: Okay. But
22 some of the gas is H₂O. Are you
23 including that in the calculation of the
24 sludge material that's going to be
25 transferred?

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MR. DONOVAN: I'm sorry. I
3 didn't follow the question, sir.

4 COUNCILMAN GREEN: Some of the
5 gases are H2O. Some of it is water,
6 right? Or are those the gases you're
7 referring to?

8 MR. DONOVAN: I'm saying that a
9 third of it is converted to gas, correct.

10 COUNCILMAN GREEN: So that's
11 not just methane, but it's all gases.

12 MR. DONOVAN: Correct.

13 COUNCILMAN GREEN: Got it.

14 Now, the City is paying Synagro
15 to develop and manage the plant, and
16 presumably that's at a margin that
17 Synagro thinks it can make a profit on.
18 It's less than our cost, but I understand
19 under the contract that the pellet
20 profits or the sale of the pellets is
21 entirely a profit to Synagro. Do we get
22 any compensation for the transfer of our
23 solids now and was that calculated into
24 the cost-benefit analysis here?

25 MR. DONOVAN: Sir, I'll try to

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 answer that. That indeed was debated by
3 staff over whether or not the Department
4 should seek some type of a formula that
5 if Synagro was indeed making money, there
6 would be some cost sharing. We
7 considered the merits of that and we
8 ultimately decided to put the entire risk
9 of product disposal or marketing with
10 them because of the very real concern
11 that in any one year there may be lost
12 revenues and not able to move the product
13 either through transportation issues or
14 other issues. And this is a technique
15 which has been used elsewhere at other
16 large cities such as New York, but also
17 some have used a cost-sharing as well.
18 What we didn't want Synagro
19 doing, because we're looking for
20 sustainability, we didn't want them
21 modifying their marketing to try to
22 reduce the costs they would pay to the
23 City. We wanted them to have the
24 sustainable outlets. That was the most
25 important thing, that that was assured.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN GREEN: Is there in
3 fact a market for pellets right now?

4 MR. DONOVAN: Right now there
5 is outlets for pellets. I mentioned golf
6 courses, fertilizer blenders, but some of
7 those, sir, are distant markets. For
8 example, ten years ago I would have told
9 you that the Florida citrus market would
10 take all of the product that Philadelphia
11 would produce. That's no longer the
12 case, because we now have Tampa producing
13 a product. West Palm Beach is going to
14 have a new facility and the like. So you
15 have to consider the competition.

16 But, as I said earlier, I do
17 firmly believe that many of these pellet
18 products are going to be fuels because
19 they have high BTU value and they're
20 equivalent to a coal.

21 COUNCILMAN GREEN: How much are
22 they worth as a fuel that's burnt, and
23 can we use it to power the plant instead
24 of pay -- to recycle the material right
25 here rather than burn natural gas?

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MR. DONOVAN: I don't know what
3 a good figure is.

4 Pam, do you?

5 MS. RACEY: Yeah. I'd like to
6 expand on that, if I could.

7 Synagro markets 45 percent of
8 all the heat-dried pellets that are
9 marketed in the country. It's about
10 150,000 tons of pellets a year. And we
11 have a mix of fertilizer markets and
12 recently, about three years ago, we
13 started with the fuel market.

14 Right at this point in time,
15 the demand for the product is increasing
16 because two things. There's a big push
17 for renewable energy sources. Both
18 electric -- coal-burning electric
19 companies and cement companies have to
20 show some renewable energy production.
21 They're mandated. The pellets have the
22 same fuel value as soft coal. So the
23 demand is that fuel has gone up.
24 However, we still get more money for the
25 fuel as a fertilizer, and that demand has

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 recently increased because regular
3 chemical fertilizer uses a lot of fuel to
4 be manufactured. So fertilizer costs for
5 farmers have recently skyrocketed. And
6 so we typically sell at a discount to
7 fertilizer costs. So right now the
8 demand is pretty strong. But there's ups
9 and downs over a 20-year period.

10 COUNCILMAN GREEN: But every
11 pellet you produce you sell?

12 MS. RACEY: We sell, but
13 sometimes at a loss. For example -- and
14 we have contracts both ways, where we
15 split the revenue and where we bring it
16 all in. Sometimes we may sell it for \$20
17 but it may cost us 30 to get there.

18 COUNCILMAN GREEN: Okay. So is
19 it the testimony here today from the
20 Water Department that we, the City of
21 Philadelphia, has no responsibility with
22 respect to pellet disposal, et cetera?
23 If they have to go store the pellets
24 somewhere else, they'll do that and it
25 won't be on City of Philadelphia

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 property?

3 DEPUTY MAYOR CUTLER: Yes. We
4 have no upside on the sale of the
5 product, Councilman, and no risk or
6 liability on the financial side.

7 COUNCILMAN GREEN: Okay. And
8 also Councilman O'Neill pointed out that
9 provision in the contract, that the only
10 place basically that we could take the
11 plant back if we gave them back their cap
12 ex, if there's huge price disparities.
13 I'm just curious what that does for us if
14 the cost of running the plant is 20
15 percent higher because it's now the only
16 place we have to treat the sewage. In
17 other words, like we're trapping
18 ourselves in this situation where, yes,
19 we can take it back, but we have no other
20 way to treat the sewage except for the
21 way that they put in there.

22 (Applause.)

23 MS. RACEY: Perhaps after I
24 talk, Barry or Ms. Cutler would, but our
25 contract only allows that clause really

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 to kick in. We can't just come through
3 and say, Hey, it's costing us more, you
4 got to pay us more. There is gas and
5 there's some kind of change in law, but
6 other than those two things, we can't
7 pass through added costs to the City.
8 It's those two things.

9 COUNCILMAN GREEN: Okay. And
10 that brings me to my, I'm sure you'll be
11 happy to hear, my final question. What
12 is Plan B if Synagro decides the project
13 is unprofitable and pulls out and says,
14 We're walking away, we're going bankrupt,
15 this has become way too expensive for us.
16 In fact, all over our 600 municipal
17 facilities all over the country, we can't
18 afford to do this anymore and we are
19 going bankrupt, out of business, and we
20 now have a very expensive process that
21 was constructed there. We end up taking
22 it back. What is Plan B for the City if
23 we're left holding the bag and they go
24 out of business? Is there a letter of
25 credit or a bond that ensures that we'll

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 be able to run this cheaper? I'd like to
3 get that on the record.

4 MS. RACEY: There are several
5 protections in the contract. One, we
6 have to provide a construction bond, an
7 annual performance bond, a parent
8 guarantee, and we are going to be doing
9 tax-exempt bonds and our lenders have
10 required the contract for them to have
11 step-in rights. So if, for example,
12 Synagro is bankrupt and we're not
13 performing, the bank can substitute
14 another company to come in and run it for
15 us.

16 COUNCILMAN GREEN: But if it's
17 an unprofitable process, that's a
18 meaningless provision, and the
19 construction bond is just for the
20 construction of the facility. So if the
21 operating costs are so expensive that
22 they put your industry or your company
23 out of business, then the City is left
24 holding the bag with a very expensive
25 plant to run and there's no letter of

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 credit to cover our operating expenses or
3 to cover -- I understand annual
4 performance bond, but that's one year,
5 not all the years that we're going to be
6 left treating sewage with the plant you
7 leave behind. It seems to me that the
8 City could really be left, if this turns
9 out not to work in ten years, becomes
10 expensive, we're stuck with a very
11 expensive plant and we're holding the bag
12 and there's nothing we can do about it.

13 (Applause.)

14 MR. DAVIS: Councilman, one of
15 the things about this contract is that we
16 are not stuck with an expensive plant,
17 that the liability associated with the
18 cost of this facility, all the borrowing
19 that's done, will be the Philadelphia
20 Biosolids Services and Synagro. So that
21 is one of the best things about this
22 contract, is that we have not accepted
23 the responsibility for this technology in
24 terms of the capital costs.

25 When we looked at what kinds of

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 protections we would need, I think it's
3 going to be pretty clear to us for a long
4 time before a system like this fails that
5 we're going to be needing to find
6 alternatives to this, if it's energy or
7 whatever it is that makes this an
8 expensive plant. One of the reasons,
9 again, why we thought Synagro was a good
10 partner for this project was because of
11 the breadth of their operations in terms
12 of the different kinds of biosolids
13 disposition disposal operations that
14 they're involved with.

15 But Synagro could go away, we
16 understand that, and I think like any
17 business, we have to be looking ahead at
18 what is -- what can affect the operation
19 of this facility. One of the reasons --
20 and there's been talk off and on about
21 why it is that we only have one proposal
22 for this project, and one of the reasons
23 for that was that the other vendor that
24 qualified for this project, a company
25 called U.S. Filter, came very close to

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 submitting their proposal to us, but
3 ultimately in the end refused to submit a
4 proposal that the City didn't back the
5 financing and capital costs. The City
6 felt that that was not a wise idea, and
7 that was really one of the big
8 distinctions between U.S. Filter and
9 Synagro, was Synagro's -- their
10 willingness to step forward and say, We
11 are financially responsible for this \$70
12 million facility.

13 COUNCILMAN GREEN: Okay.
14 Finally, so they're going to construct it
15 and that's sort of limiting our downside,
16 is what you're saying. Is this being
17 constructed in such a way that if this
18 technology or if this process doesn't end
19 up working, can we go back to our old
20 processes, because that equipment and
21 everything will still be there and
22 maintained, or are we now stuck with this
23 process once we take back the plant or
24 once they -- once somebody goes bankrupt
25 and we end up with the only -- we have to

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 treat the sewage somewhere and the pipes
3 all lead there.

4 MR. DAVIS: It was touched on
5 earlier that the construction of this
6 facility is essentially the back end onto
7 an existing facility.

8 COUNCILMAN GREEN: So is that
9 yes?

10 MR. DAVIS: It's a yes, yes.

11 COUNCILMAN GREEN: Okay. Thank
12 you very much.

13 COUNCILWOMAN TASC0: Councilman
14 Goode.

15 COUNCILMAN GOODE: Thank you,
16 Madam Chair.

17 Ms. Racey, before I get to some
18 of the specifics that we need done before
19 we can go to a final vote on this
20 regarding business contracting, still on
21 the issue of diversity, can you tell me
22 why there are no workforce utilization
23 goals in here with regard to the
24 construction work?

25 MS. RACEY: We typically leave

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 that to the general contractor --

3 COUNCILMAN GOODE: We typically
4 don't.

5 MS. RACEY: -- that we hire.

6 COUNCILMAN GOODE: We typically
7 don't.

8 MS. RACEY: This is a design --
9 the contract is a little different
10 because it's a design/build/own/operate.
11 So it's not something that there's an
12 already existing design and we're bidding
13 out to a GC.

14 COUNCILMAN GOODE: I understand
15 all that.

16 MS. RACEY: Okay.

17 COUNCILMAN GOODE: And I
18 understand you did a lot of due diligence
19 in terms of finding qualified firms that
20 would bring some diversity to the
21 project. I need that broken down a
22 little bit more. More specifically, I
23 need it broken down in terms of
24 African-American businesses, Latino
25 businesses, Asian businesses,

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 Philadelphia-based businesses, the same
3 model we use for the City now per the
4 Charter amendment and subsequent
5 ordinance. But in addition to that, in
6 terms of an economic opportunity plan, it
7 should be workforce goals in terms of
8 construction work. The diversity should
9 be reflected in that portion of the
10 project as well.

11 MS. RACEY: Yeah. I'm sorry.
12 I'm not familiar with that, but we don't
13 have any issue. We intend to construct
14 union using the Philly trades and they
15 have a standard set of work rules, so...

16 DEPUTY MAYOR CUTLER:
17 Councilman, are you looking for a
18 specific commitment? Is that what you're
19 looking to do here?

20 COUNCILMAN GOODE: I'm looking
21 for what is standard for us in City
22 Council in terms of an economic
23 opportunity plan policy that's consistent
24 with what we do across the board when we
25 approve projects. Basically, we want

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 diversity to be reflected in both the
3 business contracting and in the workforce
4 utilization, in the building of it.

5 DEPUTY MAYOR CUTLER: Okay. We
6 will put that in front of you.

7 COUNCILWOMAN TASC0:
8 Councilwoman Brown.

9 COUNCILWOMAN BROWN: Thank you,
10 Madam Chair.

11 (Off-the-record discussion
12 between Committee members.)

13 COUNCILWOMAN TASC0: What we're
14 going to do now is just ask you to not
15 leave. We have more questions, but there
16 are two community groups that have to
17 testify. They have to go. We want them
18 to come testify. We will have you come
19 back or we will have the union testify
20 and then we'll have you come back to
21 respond.

22 We'd like to have the Southwest
23 CDC come forward.

24 (Witnesses approached witness
25 table.)

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILWOMAN TASC0: I guess
3 it's afternoon now, isn't it? Good
4 afternoon and thank you so much for your
5 patience, but certainly you got a wealth
6 of information from the testimony this
7 morning. I hope it has been helpful.

8 Would you identify yourself for
9 the record, please.

10 MS. HENRY: I'm Donna Henry,
11 Executive Director --

12 COUNCILWOMAN TASC0: Could you
13 speak into the microphone.

14 MS. HENRY: I'm Donna Henry,
15 the Executive Director at the Southwest
16 Community Development Corporation.

17 MS. DIXON: And I'm Edith
18 Dixon. I'm the Community Organizer under
19 the NAC office at Southwest CDC.

20 COUNCILWOMAN TASC0: Speak into
21 the mike, please.

22 MS. HENRY: Southwest CDC
23 supports Bill Nos. 080495, 080498 and
24 080499. Southwest Philadelphia has more
25 than its fair share of pollutants. While

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 we understand that jobs come with the
3 pollution, those jobs are not being held
4 by many Southwest residents. At times,
5 mostly in the past, there was an awful
6 stench coming from the existing Biosolids
7 Recycling Center in Southwest, and we
8 understand that bad odors aren't
9 necessarily dangerous to our health.

10 Southwest CDC has concerns about
11 potential effects to the health of
12 Southwest residents, but has confidence
13 that the Water Department will monitor
14 levels of pathogens, aspergillus fungi
15 and heavy metals, such as arsenic and
16 cadmium, to ensure that they are safe.

17 Southwest CDC has heard
18 presentations held by the Water
19 Department employees affected by the
20 proposed change and has weighed the
21 information against how it will affect
22 the residents of Southwest Philadelphia.

23 Southwest CDC has attended
24 several Eastwick PAC meetings where
25 Synagro representatives joined Water

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Department employees in discussing the
3 plant operations and address the concerns
4 of the community.

5 Southwest CDC supports the
6 Southwest Philadelphia environmental
7 activists who have researched the new
8 process and determined that the noxious
9 emissions will be reduced, decreasing or
10 eliminating the unpleasant odors that
11 drift across Southwest Philadelphia.

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

21 Southwest CDC also supports the
22 process that will reduce truck traffic in
23 and around Southwest Philadelphia and the
24 pollution that comes with them. We
25 understand this action will be minor

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 compared with all trucks coming and going
3 throughout Southwest, but it is a step in
4 the right direction.

5 MS. DIXON: We're concerned
6 about the health of the people who live
7 in Southwest --

8 COUNCILWOMAN TASC0: Could you
9 identify yourself, please, for the
10 record?

11 MS. DIXON: I'm sorry?

12 COUNCILWOMAN TASC0: Would you
13 again identify yourself.

14 MS. DIXON: Yes. Edith Dixon.
15 I'm the Community Organizer at Southwest
16 CDC.

17 We are concerned about the
18 people who live in Southwest and who are
19 affected by the pollutants in the air,
20 water and soil. There are toxic
21 chemicals that are brought in by rail
22 and, of course, the airport is in
23 Southwest Philadelphia. According to the
24 Pennsylvania Department of Health, people
25 who live in that area have consistently

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 suffered from a higher incidence of
3 cancer and respiratory illnesses. For
4 example, Southwest CDC runs an
5 after-school program at the Patterson
6 Elementary School. That's at 70th and
7 Buist. There are 85 children in that
8 program. Of that number, more than half
9 suffer from asthma or another respiratory
10 illness. The school is about a mile from
11 that plant.

12 Now, I don't think you have to
13 be a scientist to pass through that area
14 by car, overhead in a plane or just sit
15 in Eastwick downwind of the filtration
16 plant to know that the smell coming from
17 that plant is unhealthy. It poses risks
18 to the children in the area more so than
19 anyone else.

20 And I think that's basically
21 what I wanted to get across, that
22 everyone should be concerned about what's
23 going on at the plant currently. I know
24 that the smell has been -- there's been a
25 reduction in the smell in the last two

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 years, but even workers at the plant
3 should be concerned I think about what
4 they're taking in while they're there.

5 Thank you.

6 COUNCILWOMAN TASC0: Thank you
7 very much.

8 Any questions on behalf of the
9 Committee?

10 (No response.)

11 COUNCILWOMAN TASC0: Thank you
12 very much.

13 How many community meetings
14 have you had regarding this process?

15 MS. DIXON: I'm sorry?

16 COUNCILWOMAN TASC0: How many
17 community meetings have you had regarding
18 this issue?

19 MS. DIXON: I can't hear you.
20 I'm sorry.

21 COUNCILWOMAN TASC0: How many
22 community meetings have you had regarding
23 this issue?

24 MS. DIXON: It's hard to say.
25 Most of the meetings have come at the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 Eastwick PAC. I've attended three
3 meetings where Synagro has been there
4 giving testimony and telling about their
5 process, and I believe that's about how
6 many I've attended, three, at the PAC,
7 but I know that they've been to the PAC.
8 Members of the Eastwick PAC have visited
9 Synagro plants. This has been ongoing
10 for about two years, I believe.

11 COUNCILWOMAN TASC0: Ms. Henry,
12 how many meetings have you had with the
13 unions regarding this issue?

14 MS. HENRY: We've had
15 discussions with the Sunoco Community
16 Advisory Panel where community activists,
17 particularly those interested in
18 environmental health of the residents of
19 Southwest, there was discussion about the
20 process. People who had visited the
21 plants passed around a jar full of
22 pellets for others to see, and they spoke
23 on behalf of Synagro and the process and
24 how it would be a cleaner, safer process
25 for the residents of Southwest.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Water Department workers
3 attended the Southwest Business
4 Partnership meeting that Southwest CDC
5 organizes for businesses in Southwest
6 Philadelphia, particularly those in
7 Eastwick, and they explained their
8 concerns about job losses. So we've
9 taken those meetings and the information
10 that was provided into consideration when
11 coming up with our testimony today.

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

14 MS. HENRY: Thank you.

15 COUNCILWOMAN TASC0: The Chair
16 recognizes Penrose Area Civic
17 Association. Are they still here?

18 (Witnesses approached witness
19 table.)

20 MR. STEWART: Good morning,
21 Madam Chairwoman and members of the
22 Committee. My name is Robert Stewart and
23 I represent the Penrose Area Civic
24 Association in Southwest Philadelphia.

25 Let me start by saying that our

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 community group recognizes the position
3 of the union and understands their
4 issues, but we as the most affected
5 residents to the Philadelphia Water
6 Department's waste treatment center have
7 issues beyond that of the union.

8 Over the years, residents of
9 the area have had to put up with the
10 odors emitting from this facility that
11 most people find when they enter the City
12 either driving over the George Platt
13 Bridge or the Girard Point Bridge or by
14 passing the Philadelphia International
15 Airport. Unfortunately, these odors have
16 been known as the "welcome to
17 Philadelphia" sign.

18 These odors have been
19 unbearable for many years. On Thursday,
20 May 29th, we had a community meeting with
21 the Water Department and Synagro, both of
22 whom gave our community group the
23 presentations of what the proposal is for
24 the new building and site and how it
25 affects the community. The Water

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Department showed our group why they
3 chose Synagro to head their project,
4 since Synagro was the most experienced
5 managing firm in the biosolids processing
6 and their commitment to continue the
7 technology in the processing of
8 biosolids. Our group felt that this
9 project -- I'm sorry. Our group felt
10 that the Water Department found the most
11 qualified company to head this project.

12 They also explained in detail
13 why the technology of heat drying and
14 pelletization of the waste is the best
15 way to reduce the odors that we have had
16 to live with over the years. The only
17 other method would include what we
18 already lived with, and that would be
19 composting and mixing the compost with
20 lime. This would reduce the odors, but
21 not stop the odors.

22 Synagro has agreed to work with
23 the neighbors and community and have
24 agreed to monthly meetings with us to
25 discuss any problems the community may

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 have with their facility or operations if
3 this project is permitted to go forward.

4 At the conclusion of our
5 community meeting, we had offered
6 petitions to be signed for and against
7 this project. I want to report that
8 everyone in attendance signed in favor of
9 this project. No one opposed the
10 project. And I have copies of the
11 petitions and our sign-in sheets to be
12 handed up.

13 COUNCILWOMAN TASC0: Thank you.

14 MR. STEWART: It is for these
15 reasons the community does not object to
16 this project and welcomes this type of
17 improvement for the betterment of the
18 community and environment. Furthermore,
19 we believe the use would have no adverse
20 impact on the health, safety or welfare
21 or traffic issues of our community. If
22 all companies coming into the community
23 would sit down and work out their
24 differences the way Philadelphia Water
25 Department and Synagro have done with

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 this project, it would be a lot easier
3 welcoming businesses into communities.

4 And I want to thank you for
5 giving the opportunity for us to come and
6 let the community's voice be heard.

7 Thank you.

8 COUNCILWOMAN TASC0: Thank you
9 very much. This will be entered into the
10 record.

11 Next we have Mr. Jim Gilliam,
12 Business Agent for Local 394.

13 (Applause.)

14 COUNCILWOMAN TASC0: And Mike
15 Keough, Shop Steward, Local 394.

16 (Applause.)

17 (Witnesses approached witness
18 table.)

19 COUNCILWOMAN TASC0: Would you
20 please identify yourself for the record
21 and proceed with your testimony.

22 MR. GILLIAM: Good afternoon.

23 My name is Jeff Gilliam and I am the
24 Business Agent for Water Department
25 employees, Local 394.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILWOMAN TASCO: Why don't
3 we just wait. As you testify, then you
4 can introduce yourself, please.

5 MR. GILLIAM: Great. No
6 problem.

7 Before I get started, Madam
8 Chairwoman Tasco, I just wanted to say
9 for the record we have zero consultant
10 dollars here at this table. Just good,
11 old-fashioned Water Department employees.

12 Good afternoon, Chairwoman
13 Tasco, Vice-Chairwoman Blackwell and
14 members of the Finance Committee. Thank
15 you for this opportunity to testify
16 today. Again, my name is Jeff Gilliam
17 and I am the Business Agent for Local
18 394. With me here today are members of
19 Local 394 who work at the Water
20 Department's Biosolids Recycling Center,
21 BRC.

22 I want to start off by saying
23 that Local 394 and District Council 33
24 are not opposed to making improvements at
25 BRC. In fact, Local 394 has worked with

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 the City many times in the past to make
3 necessary improvements in service
4 delivery, and the results have saved the
5 City millions of dollars in costs.

6 I also want to say that all of
7 the members of Local 394 are taxpayers
8 and City residents. We live in the City,
9 vote in every election and are very
10 committed to this City, both as citizens
11 and City employees.

12 Local 394 members, like the
13 ones here in Council Chambers today, have
14 won numerous prestigious national awards
15 for the work that we do for the citizens
16 of Philadelphia, and we are very proud of
17 our accomplishments.

18 My message to you today is, the
19 proposal under consideration in this
20 hearing today has been proposed to City
21 Council already in your last session.
22 There is nothing new in this proposal.
23 It is the same old lies, the same old
24 propaganda that the Water Department has
25 been pushing for the past four to five

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 years.

3 The numbers still don't work.

4 The arguments are still the same
5 manufactured logic that has been
6 disproved in the past.

7 It is time for us to go in a
8 new direction. Our Mayor has stated it's
9 a new day, time for a new way. Well,
10 that day should start today.

11 In spite of what you may have
12 heard or read in newspapers, Local 394
13 was never included in the process of
14 developing this proposal when it was
15 first put together. We have been
16 excluded from the current process as
17 well.

18 The fact of the matter is that
19 if the Water Department had honored the
20 RGI language in our contract, which is
21 Redefining Government Initiative, we
22 wouldn't even be sitting here today. But
23 the Water Department has continued to
24 treat Local 394 like a problem stepchild
25 instead of a partner in developing a

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 policy that would actually work for the
3 citizens and ratepayers of Philadelphia.

4 Local 394 has a long history of
5 working cooperatively with the Water
6 Department. In the past, Local 394 sat
7 down with the management of the
8 Distribution Unit of the Water Department
9 and worked out a winter schedule that has
10 saved the Department at least \$1 million
11 for the last ten years.

12 This was money that the
13 Department used to pay to contractors,
14 who would then do such poor work that our
15 Local 349 members would have to go back
16 at even more cost and fix the problems
17 the contractors created.

18 Back in the mid '90s during the
19 Rendell Administration, we also worked
20 with the Water Department to save \$15 to
21 \$16 million in costs at the very same BRC
22 facility we are talking about today.

23 Our concerns with the current
24 proposal to give control of BRC to a
25 private contractor owned by the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Synagro/Carlisle Group are based on the
3 fact that the RFP process used to
4 generate this proposal was deeply flawed
5 and Local 394 was deliberately kept out
6 of the discussions as the RFP was being
7 developed.

8 The result was a proposal that
9 we have already testified against in past
10 City Council sessions because we believe
11 it does not benefit the City, the
12 citizens in the immediate area or our
13 union.

14 For the past few years, the
15 Water Department has been promoting
16 privatization as the best option for the
17 City. Their claims have been based on
18 statements about the need to reduce costs
19 and the aesthetic and environmental
20 impacts on surrounding communities that
21 originate in the operations at BRC.

22 Most of the reasons being cited
23 for promoting this proposal is either no
24 longer an issue, unsupportable with facts
25 or simply false, and we are here today to

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 present testimony that supports our
3 position.

4 I would like to remind the
5 members of the Finance Committee that
6 Local 394 is categorically opposed to any
7 attempts to privatize the positions of
8 our members.

9 We hold this position because
10 we know that our members perform vital
11 public services that are best delivered
12 by the highly trained and qualified
13 employees of the Water Department, not a
14 company like Synagro.

15 We also believe the City has an
16 obligation to the citizens and taxpayers
17 to fulfill its mission to provide basic
18 City services in the most efficient
19 manner possible.

20 With that in mind, we believe
21 that there are a number of flaws with the
22 proposal under consideration in this
23 hearing that go far beyond our immediate
24 concerns about protecting the jobs of our
25 members.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Now, I would like for you to
3 hear from some of our own BRC experts who
4 can tell you speaking from their
5 experience and knowledge why the
6 Synagro/Carlisle Group deal just doesn't
7 add up.

8 MR. KEOUGH: Good afternoon,
9 Chairwoman Tasco and members of the
10 Finance Committee. My name is Michael
11 Keough. I'm a 20-year employee of the
12 Biosolids Recycling Center and the Shop
13 Steward. Thank you for the opportunity
14 today to testify against Bill Nos.
15 080495, 498 and 499.

16 The purpose of my testimony
17 today is to put in the record relevant
18 pollution and energy data that will prove
19 the operation of the proposed pelletizer
20 will result in potential total pollution
21 levels that actually exceed BRC current
22 emissions, along with the risk of higher
23 energy costs.

24 Now, would you please allow me
25 to familiarize Council with a few

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 pollution terms.

3 The term "potential to emit"
4 refers to the estimate of an operation's
5 potential to emit pollutions as if it was
6 operating at 100 percent capacity, 24
7 hours a day, seven days a week. The term
8 "estimated actual emissions" refers to
9 the calculation of emissions using actual
10 operating parameters. And the term
11 "criteria pollutants" refer to the six
12 common pollutants that the EPA uses as
13 indicators of air quality. These six
14 pollutants are ozone, nitrogen oxide,
15 sulfur dioxide, particulate matter, lead
16 and carbon monoxide.

17 The only pollution data that
18 the Water Department wanted to discuss
19 was outdated VOC and odor
20 representations. If the Department
21 wanted to shoot straight with Council and
22 the public, they would have illustrated
23 the VOC reductions relative to the
24 substantial increase in other criteria
25 pollutants. Of course, though, this

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 would not have supported their position
3 that contract operations will result in
4 air quality improvements.

5 The BRC during compost
6 operations had the potential to emit a
7 total of 112 tons of criteria pollutants
8 per year. This included truck emissions.
9 Actual BRC compost emissions were really
10 in the range of 70 tons per year, and our
11 current has actual emissions of about 42
12 tons per year. This includes truck
13 traffic. Actual site emissions are
14 really around 28 tons.

15 Now, the estimated actual
16 emissions for the proposed contract
17 operations with the pelletizer are about
18 83 tons per year, including truck
19 traffic. Seventy-eight tons of the
20 emissions are at the stack. That's
21 nearly 20 percent more than the compost
22 operations and nearly 200 percent more in
23 total actual emissions of BRC's current
24 operating mode.

25 Now, if you would, I'd like you

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 to please focus attention on Exhibit-2A.
3 And I'm sorry I forgot to put page
4 numbers. It's about ten pages away from
5 where I'm at now.

6 Exhibit-2 is a graphical
7 comparison of total emissions produced by
8 BRC compost operations compared to
9 estimated emission levels of the current
10 operation and proposed contract
11 operations. This comparison was compiled
12 with data from PSB's (sic) "Technical
13 Proposal for the PWD Biosolids Recycling
14 Center" dated November 24, 2004, as well
15 as data from the Department of
16 Transportation Federal Highway
17 Administration website.

18 As you can see, there's a
19 difference in the total emission
20 generated by each scenario. The total at
21 the top of the column reflects both plant
22 and truck emissions combined. Notice the
23 total estimated actual emissions
24 generated is about 42 tons per year as
25 compared to 70 tons per year for compost

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 operations and 83 tons per year for Class
3 A contract operations.

4 The Department and PSB both
5 tout environmental benefits that may
6 result from 7,000 truck trip reduction
7 per year. However, they both neglect to
8 fully discuss how this reduction will be
9 achieved. The BRC currently must
10 transport about 200,000 tons of material
11 annually. The Department will project
12 PSB will transport about 60,000 tons
13 annually after the pelletizer is built.
14 Ten thousand truck trips down to 3,000.
15 But in order for PSB to reduce the weight
16 of the material handled from 200,000 to
17 60,000 tons, they must burn nearly 510
18 billion BTUs of natural gas.

19 Of course, when PSB burns that
20 quantity of fossil fuel, there will be a
21 substantial increase in the amount of
22 nitrogen oxide, particulate matter and
23 carbon monoxide emitted. These
24 additional emissions will cause the
25 contract operations Class A period

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 emissions to be higher and slightly more
3 than 40 tons per year. This equates to
4 over 28,000 50-mile truck trips per year.
5 And that would be about a net increase of
6 21,000 50-mile trips annually. Keep in
7 mind, this is not disbursed over a
8 50-mile path. It will be localized at
9 the stack of the pelletizer directly
10 adjacent to the Platt Bridge in South
11 Philly.

12 The Department has
13 overestimated the significance of odor
14 and emissions at BRC as one of its
15 criteria for requesting contract
16 operations of the plant. The BRC has
17 always operated with the philosophy of
18 continuous improvement and has
19 implemented practices to reduce odors.

20 Before 1995, during the time
21 when the plant smelled its worse, the
22 site had 19 identified sources of odors.
23 With the cooperation of the Department,
24 current BRC operations has resulted in
25 only four identified sources of odors, a

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 79 percent reduction of 1995 levels.

3 These reductions in odors have been
4 achieved without major capital investment
5 through existing disposal contracts and
6 improved handling practices.

7 The union and the Department
8 both agree that a reduction in the amount
9 of VOCs emitted from BRC will benefit
10 local air quality. However, the
11 purported benefits of the proposed
12 contract operations reduction in VOCs
13 would be negated by the fact that the
14 proposed pelletized operations will cause
15 the amount of criteria pollutants emitted
16 to increase substantially.

17 BRC has achieved the reductions
18 of VOCs without increasing emissions of
19 any other pollutant, whereby enabling AMS
20 to renew BRC Title V permitting, and I
21 call for a new odor study to be done at
22 BRC.

23 Again, total estimated actual
24 emissions, including transportation
25 during current operations, minus

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 composting, will only be 42 tons per
3 year. However, estimated actual total
4 emissions during the Class A period of
5 contract operations will be nearly 83
6 tons per year.

7 If everyone's environmental
8 concerns focused on one pollutant item,
9 it would be easy to support this
10 position. But if you're going to analyze
11 objectively, you must take all parameters
12 into account when you do this. It is
13 clear that the proposed contract
14 operations of BRC will actually worsen
15 current air quality. Our current
16 operating mode vastly improves the
17 current pollution situation and does so
18 in a cost-effective manner.

19 If we are truly serious about
20 this topic, this 25-year deal with
21 Synagro needs to be more seriously
22 scrutinized and compared to our most
23 current program and other emerging
24 technologies. Synagro's pellet plant,
25 said simply, is a giant energy hog. It

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 will use, at PWD's expense, \$6 to \$7
3 million worth of natural gas to drive
4 biosolids into pellets and have a smoke
5 stack that will emit an enormous amount
6 of greenhouse gases.

7 This past April, Philadelphia
8 hosted the wastewater industry's annual
9 biosolids conference. Biosolids experts
10 from around the country and, for that
11 matter, around the world met in our
12 Convention Center to discuss the
13 direction of the industry. The hot topic
14 at this conference very appropriately, an
15 evaluation of carbon footprint for the
16 various proven technologies to process
17 and dispose of biosolids and how we can
18 uncap the potential energy value of
19 biosolids to reduce our carbon footprint.

20 Interestingly enough, all of
21 our different techniques used today to
22 treat and dispose biosolids, the worst
23 carbon footprint and the worst of a long
24 list of proven programs was pellet
25 plants, the same pellet plant that

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Synagro is proposing for Philadelphia for
3 the next 25 years. Even landfills were
4 considered greener than pellet plants.
5 If you are serious about the City's
6 carbon footprint, you must read the
7 technical papers that were presented at
8 the conference.

9 Here's a CD of the conference.
10 If anybody is interested, I'll make you a
11 copy and deliver it to you as soon as
12 possible. Just let me know.

13 Another important topic at the
14 conference was new emerging technologies
15 to actually get energy out of biosolids.
16 Yes, biosolids actually have an energy
17 value, as Synagro attested to. With the
18 price of oil exploding, it is said that
19 it was only a matter of time before
20 investors would be pouring money into
21 developing these technologies.

22 Already the Water Department
23 has gotten proposals for venture
24 capitalists to experiment with
25 gasification and to use enhanced

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 digestion to produce more usable methane
3 gas. It was evident from the conference
4 proceedings that the whole new wave of
5 new energy-producing technologies was
6 just around the corner and how can this
7 City possibly consider a 25-year deal to
8 build an energy hog such as Synagro's
9 pelletizer when it was clear to me that
10 the biosolids industry is so close to
11 actually producing renewable energy for
12 our country.

13 So the question now becomes,
14 what should we be doing with our
15 biosolids? Everything I have learned
16 from my years of working at the plant and
17 from the conference points to having a
18 diversified program. As any good
19 financial planner will tell you,
20 diversification reduces your overall
21 risk. This has been and still is what I
22 see happening at many departments'
23 biosolids plants today. We send our
24 biosolids to farms in Pennsylvania,
25 Maryland and we also help reclaim old

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 strip mines in Pennsylvania. We also use
3 a landfill. When the decision was
4 recently made to eliminate our biosolids
5 composting operations and the 60 jobs to
6 go with it for what I'm convinced been a
7 perceived odor issue, the managers
8 involved in the operation didn't just
9 increase the amount sent to other farm
10 programs and landfill, they created a new
11 program to spread on farms in Virginia.
12 These big commercial farms in Virginia
13 will use our biosolids to grow corn, corn
14 that will likely go into ethanol
15 production. Our biosolids are being used
16 to produce ethanol. It can't get any
17 greener than this, and the cost of this
18 program is much less than landfill.

19 So today we send biosolids to
20 farms in Pennsylvania, Maryland and now
21 Virginia. We also send material to help
22 reclaim old strip mines in Pennsylvania
23 where we help the landowners plant trees
24 and grow meadows on land that can best be
25 described as moonscapes. And, finally,

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 we use a landfill to dispose of our
3 biosolids when the farms are covered with
4 crops or snow. What I didn't know until
5 the biosolids conference was that
6 landfills are becoming energy producers
7 and, therefore, have a better carbon
8 footprint than pellet plants. The waste
9 management landfill we use today mixes
10 our biosolids with trash and collects the
11 methane gas from the rotting material to
12 generate electricity. This sure seems
13 like a good thing to be done if we truly
14 want to become an energy-independent
15 country.

16 So just to recap, today we have
17 very green, diversified programs for
18 getting rid of our biosolids that reduce
19 risk, reduce cost and is very
20 sustainable. So why would we want to
21 build a pellet plant that's anti-green
22 or, as we call it, an energy hog?

23 Why is the City willing to take
24 the risk at the rising price of natural
25 gas? Everyone in this room needs to know

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 that all utility costs, natural gas,
3 water and electricity, for the operation
4 and proposed Synagro pellet plant are
5 passed directly through to the Water
6 Department for payment. How can the
7 Water Commissioner claim that this
8 contract with Synagro has little risk?
9 Does he not know the price for natural
10 gas has gone up more than 60 percent
11 since January? Does he know that since
12 this contract was pushed through the
13 Water Department four years ago the price
14 of natural gas has doubled? This should
15 really worry Councilmembers and the
16 citizens of this city.

17 And I've attached bar charts
18 for natural gas futures with that.

19 There is one last thing that I
20 would like to make. Synagro and the
21 Water Department would like you to
22 make -- to make you believe that the
23 price of diesel fuel used in the trucks
24 that haul our biosolids to the farms are
25 of the same order of magnitude as the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 natural gas used to run the pelletizer.

3 The truth is, the amount of diesel fuel
4 needed to transport our biosolids is only
5 a small fraction of the equivalent amount
6 of natural gas needed to make pellets.

7 In the end, those 60 or 70 thousand tons
8 of pellets still need to be driven where
9 and how far?

10 The math is very simple.

11 200,000 tons divided by 22 tons per load
12 is 10,000 truck loads. The average load
13 for Fiscal '05 (sic) goes about 145
14 miles, and this means the truck will
15 travel 1,455,000 miles. At eight miles a
16 gallon, they will use in total 181,875
17 gallons of diesel. The cost of diesel is
18 \$5 a gallon. That's \$900,000.

19 Synagro's pellet plant reduces
20 the tons of biosolids by 70 percent.
21 Their diesel costs, assuming they will
22 travel the same distance to dispose of
23 the pellets, is \$270,000. So they save
24 the Department \$600,000 in diesel. But
25 this pellet plant will use 85 therms of

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 energy per dry ton to reduce the tons.

3 So 66,000 annual dry tons of biosolids

4 multiplied by 85 therms is 5,610,000

5 therms or 561,000 decatherms.

6 With today's price being

7 approximately \$11 per decatherm, the cost

8 of the energy used to dry biosolids is

9 \$6,171,000.

10 To compare apples to apples,

11 the City currently pays \$900,000 for

12 diesel to move their biosolids, and

13 Synagro will use \$270,000 worth of diesel

14 to move their pellets, but the Water

15 Department is on the hook for \$6,171,000

16 in natural gas to reduce that volume.

17 The Department is paying \$5,541,000 more

18 for energy.

19 The Water Department should

20 stop the spin to make this project look

21 like an energy savor when it's obviously

22 not. Just to heat the dryer and dispose

23 of the biosolids uses \$6 million of

24 energy, and the Water Department today is

25 using \$900,000 to run the current

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 disposal programs. So you tell me, which
3 program exposes the Department to greater
4 risk from higher energy costs?

5 Now, very quickly, I'd like to
6 introduce details regarding the manner in
7 which another community addressed their
8 biosolids management concerns. The
9 nationally recognized Orange County
10 Sanitary District produces approximately
11 650 tons of Class B biosolids per day --
12 and that is similar to Philadelphia --
13 their disposition through combined land
14 application, composting and landfill
15 contracts.

16 In December 2003, Orange County
17 compiled its long-range biosolids
18 management plan, which emphasized the
19 immediate needs for diversification of
20 biosolids products, markets and
21 contractors. A comprehensive procurement
22 effort was initiated and an expert in the
23 RFP process was hired to ensure the
24 process was fair and open and that the
25 process would be handled in a manner that

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 would pass public scrutiny.

3 On July 29, 2004, Orange County
4 released five separate RFPs, each
5 soliciting proposals to manage 200 tons
6 per day through five separate
7 technologies; namely, energy production,
8 off-site thermal drying for pellets,
9 on-site thermal drying for pellets, heat
10 drying with processed soils, and
11 manufacture of compost products.

12 More than 80 RFPs were issued
13 to potential vendors. Nine proposals
14 were received, including at least one
15 proposal for each RFP. Four of the nine
16 proposals were considered viable and
17 headed to a head-to-head evaluation,
18 which was initiated at that time, and the
19 best final offers were received on
20 January 10th of 2005.

21 Our question for City Council
22 is this: How is it that Orange County
23 was able to solicit nine bids for only
24 200 tons, but the Philadelphia Water
25 Department was only able to solicit one

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 bid for 600 tons?

3 Thank you.

4 (Applause.)

5 MR. RAMOS: Good afternoon,

6 Chairwoman Tasco and members of the

7 Finance Committee. My name is Jose

8 Ramos. I am a 19-year veteran of the

9 Department, all of them at the BRC unit.

10 I want to thank you for the
11 opportunity today to testify against Bill
12 Nos. 080495 and 080498. The purpose of
13 my testimony today is to put on the
14 record critical information that exposes
15 the Department's true agenda, and, that
16 is, to privatize at any cost. This
17 became evident during the prior testimony
18 on November 30th of last year. During
19 the Department's testimony that day, it
20 was stated that biosolids management is
21 not a core function of the Department.
22 But the fact is that the Department has
23 handled biosolids since they first became
24 a by-product of the secondary treatment
25 process that was introduced back in the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 1950s.

3 The Department has a proud
4 history of innovation and leading the
5 development of cutting-edge technologies
6 and responding successfully to any
7 challenge.

8 Today, however, the current
9 Department administration has refused to
10 accept ordinary challenges in managing
11 the City's biosolids. Instead, they have
12 focused all of their effort on finding a
13 company that would allow them to avoid
14 this responsibility, but at a hefty
15 premium to the ratepayer.

16 Removing responsibility for
17 biosolids management does not eliminate
18 the risk, however. Removing
19 responsibility equals convenience for the
20 Department, but convenience costs money,
21 convenience for the Department that costs
22 huge amount of money paid for by the
23 ratepayer.

24 This proposal is the only
25 method currently available to the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Department that will achieve their true
3 goal, and, that is, to trade
4 responsibility for an added cost to the
5 ratepayer. That's you and me.

6 When key assumptions on the
7 Department's cost analysis are replaced
8 with more objective and realistic
9 projections, the proposed contract's best
10 case is clearly more expensive than if we
11 were to simply continue operating as we
12 are now.

13 For instance, the Department
14 naively downplays the volatility of
15 natural gas. The Department is
16 projecting that natural gas will actually
17 go down in price in five years. How is
18 that believable? Just yesterday PGW
19 announced a 15 percent rate increase. I
20 think we can all agree that this
21 projection might not be realistic
22 considering PECO also announced a 20
23 percent rate increase.

24 The Department's planning basis
25 appears to have been to privatize first

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 and then to see if we can make it appear
3 cost effective to City Council. A
4 careful examination of the Department's
5 cost analysis by our own City Controller,
6 as previously mentioned, has revealed
7 that several of the Department's
8 assumptions are very unlikely, possibly
9 even intentionally skewed. They have
10 assigned a worst possible case scenario
11 for continued operations while assigning
12 a pie-in-the-sky scenario for contract
13 operations. This has been done not
14 because these scenarios are likely,
15 rather because they support the
16 Department's position.

17 The Department has provided
18 multiple scenarios with very different
19 numbers. Which one is accurate? Their
20 projections have been a moving target
21 that makes it nearly impossible to nail
22 down their exact costs. Add to that the
23 lack of stakeholder involvement as well
24 as the lack of an independent
25 environmental impact study, which I think

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 is very important. It makes it clear
3 that the Department is being less than
4 forthright with you, members of Council,
5 and you are the elected representatives
6 of the community.

7 The Department has also
8 testified to the rapidly escalating
9 landfill costs. While these costs have
10 increased, they are far from rapidly
11 escalating. Competition continues to
12 keep these costs reasonable.

13 And, of course, the Department
14 fails to mention that landfills are
15 increasingly becoming energy producers
16 with methane as being a valuable
17 renewable energy source.

18 The original reasons given by
19 the Department for privatization no
20 longer exist. There are no odors coming
21 from the site outside that fence line.
22 Composting has been gone for over a year
23 now. The site will be in compliance with
24 AMS regulations if those officials were
25 unbiased. Even the proposed contract

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 calls for a separate air permit for the
3 proposed drying facility, separate from
4 the Southwest treatment plant. If the
5 BRC were to get its own air permit today,
6 it wouldn't be considered a major source
7 for Title V permitting, because it no
8 longer meets the threshold to be
9 considered a major source of those
10 emissions.

11 Site aesthetics have already
12 improved dramatically. You would not
13 know it from the ten-year-old photograph
14 that they used in their presentation.
15 Their PowerPoint uses old information.
16 They try to paint an ugly picture when in
17 fact the situation is totally different.

18 They would have you believe
19 that the entire site is covered with
20 semi-dried human waste. Of course, this
21 is demonstrably false. The site is
22 nearly empty compared to what those
23 photographs looked like ten years ago
24 when the composting was in full capacity.

25 We agree that our city needs a

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 long-term biosolids management plan.
3 However, we vehemently disagree with the
4 Department's philosophy. Again, with the
5 basic philosophy that the Water
6 Department has no business managing
7 biosolids, that began their flawed RFP
8 process. In a thorough and effective
9 planning model, all stakeholders will be
10 involved from the beginning rather than
11 after the Department, with their ulterior
12 motives, decides what's good for us and
13 demands that we take it. An effective
14 planning process will ensure that
15 well-thought-out RFPs will be advanced,
16 proposals that could be supported by all
17 stakeholders instead of just those in
18 power.

19 At this point, I'd like to turn
20 it back to Jeff.

21 (Applause.)

22 MR. GILLIAM: As you can see
23 from the evidence that we have brought to
24 your attention, the Synagro/Carlisle
25 Group proposal is more expensive for the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 City than other alternatives. It
3 addresses supposed problems that have
4 already been solved. Their technology is
5 becoming obsolete, and due to the fact
6 that Synagro wants an exclusive deal, the
7 City will have no other options for the
8 treatment and disposal of biosolids if
9 Synagro's operations go off line.

10 Local 394 has been researching
11 other alternatives that meet the City's
12 needs in terms of cost and efficiency and
13 still offer our members job security.

14 We have met with a number of
15 companies with non-competing, mutually
16 beneficial technologies which we believe
17 are superior to Synagro's technology and
18 can meet the City's needs at a much lower
19 projected cost. These companies offer
20 solutions that we believe are superior to
21 the current proposal.

22 None of the alternatives we
23 have found were able to respond to the
24 RFP that generated this current proposal
25 being circulated by the Water Department

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 because the RFP was specifically designed
3 to eliminate most potential bidders from
4 consideration. Since then, the Water
5 Department has made it clear that they
6 are only considering and promoting the
7 Synagro/Carlisle Group's proposal.

8 The other companies have the
9 ability to offer technologies that will
10 present viable alternatives to
11 privatizing the BRC operations that could
12 turn this vital city service into a
13 profit center for the City.

14 You have heard from Local 394
15 and the members of our union who are the
16 people on the front line delivering
17 service to the citizens and taxpayers of
18 the City at the BRC facility.

19 I am here to ask you to vote
20 against the Synagro/Carlisle Group
21 proposal.

22 Let's end this charade once and
23 for all and tell the Water Department to
24 go back to the drawing board and do what
25 they have refused to do up to this point

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 in time, work with Local 394 in a
3 cooperative manner to come up with
4 solutions that work better for the City
5 and its citizens than this flawed and
6 problematic scheme.

7 (Applause.)

8 MR. GILLIAM: Specifically, I
9 would respectfully ask City Council to
10 request that the Water Department do two
11 things.

12 No. 1, instruct the Water
13 Department to sit down with Local 394 and
14 take advantage of the expertise our
15 members bring to the table. This follows
16 past precedents that by working with
17 Local 394, together we can develop new
18 alternatives that will be less costly and
19 more efficient.

20 No. 2, and most important, tell
21 the Water Department to come up with a
22 new and more expansive RFP that will
23 allow the City to benefit from more
24 advanced and more cost-efficient
25 technologies that are currently on the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 market.

3 (Applause.)

4 MR. GILLIAM: The

5 Synagro/Carlisle Group proposal, if you
6 were to accept it today and they started
7 before the end of the year, would still
8 have a period of five years where nothing
9 will change.

10 The only change will be that
11 this proposal before you now will cost
12 the City much more than it is currently
13 spending. The City can easily afford the
14 time we are asking to come up with a
15 better set of alternatives.

16 In conclusion, I would just
17 like to remind this Committee and the
18 rest of City Council that the members of
19 Local 394, AFSCME District Council 33 are
20 not just union members. We are also
21 taxpayers and ratepayers and our
22 so-called vested interest in this issue
23 is greater than our role as union
24 members.

25 (Applause.)

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MR. GILLIAM: We've invested in
3 this city because we love Philadelphia.
4 I'm going to say this again. We've
5 invested in this city because we love
6 Philadelphia.

7 (Applause.)

8 MR. GILLIAM: And that is why
9 we choose to live here. The very
10 services we provide to our fellow
11 citizens are part of the reason why we
12 live here, we play here, we love here and
13 we stay here.

14 (Applause.)

15 MR. GILLIAM: That is why we
16 take this issue and any proposal that we
17 think would harm the City as much as this
18 one very seriously.

19 Thank you for hearing our
20 concerns and listening to the information
21 we have brought before you about other
22 alternatives and that our union believes
23 would be better for the city that we
24 love. Philadelphia only works because we
25 do.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 (Applause.)

3 (Standing ovation.)

4 MR. HARRIS: Good afternoon,
5 Madam Chair and to Committee. I come
6 before you on two issues. You will note
7 that there was no reference in
8 testimony --

9 COUNCILWOMAN TASCO: Would you
10 identify yourself.

11 MR. HARRIS: Sherman Harris.
12 I'm sorry.

13 There was no reference in the
14 testimony from Local 394 as to jobs. The
15 reason being that the job issue is a
16 collective bargaining issue, period.
17 First of all, the Water Department has
18 testified how they're not going to lay us
19 off, and we appreciate that they're
20 honoring our contract, but it is in our
21 contract. We've never come to Council
22 about jobs. We've come as respectable
23 citizens of the City as well as
24 taxpayers. We've come as committee
25 members.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 The job issue, first of all,
3 states in RGI that they can't lay us off
4 during contracting out. That's not an
5 issue. We appreciate them honoring that.

6 The other part of the job issue
7 for us, though, is as a shell game. They
8 tell you that 60 people at BRC will not
9 be laid off. There are at least 250
10 positions in the Water Department that's
11 not being filled, and you can have any
12 aide walk out this door and call any
13 Water Department head right now and
14 they'll tell you that the rule is that
15 we're not hiring or filling positions
16 pending the outcome of this proposal
17 before City Council now that's been going
18 on for four years, one.

19 But on that, even if they
20 decide -- they win this and they moved us
21 out of here, we still are going to lose
22 60 jobs through attrition. We don't lose
23 those people, but we never fill 60 jobs
24 that are sitting there waiting to be
25 filled. So we still lose the 60

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 positions no matter how you look at it.

3 Just by race, the 60 people working are

4 going to lose their jobs. There's 60

5 jobs we never fill. So our bargaining

6 positions lose 60 jobs no matter how you

7 do it. So for them to tell you there's

8 no job loss, it's a lie.

9 It's a shell game they've been

10 playing. We've been saying this since

11 the last Council meeting, Council term.

12 We said it before. There's still 60

13 positions that will not be filled if

14 Synagro comes in. So that's a joke.

15 (Applause.)

16 MR. HARRIS: During the last

17 Council session, we testified -- and I

18 think it was Councilman O'Neill that

19 brought it up -- that no matter how you

20 look at it, if they're going to save the

21 60 positions, it's still part of the

22 budget. So that's a savings that when

23 they're doing the calculating on our

24 side, they add that cost to our numbers,

25 but they take it away off of the proposal

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 side. The money is going to still cost
3 the Department whatever it costs them for
4 60 positions. It doesn't go away. So
5 that money is not being saved. So moving
6 us saves no money for the Department, and
7 for them to say that is a falsehood.

8 The other issue for us is that
9 the de-watering are our bargaining unit
10 jobs and do not believe that it costs
11 Council anybody to give Synagro the right
12 to come in that we will not fight for
13 these jobs. These are bargaining unit
14 jobs that we will not give away with
15 ease.

16 So there's all kinds of issues
17 still going on concerning their jobs. We
18 didn't bring these to you, because that
19 wasn't our concern. We are capable of
20 handling our business on the job side.
21 And I know that you know we will. The
22 point for us is that we're citizens,
23 we're taxpayers, and there was some
24 community testimony, by the way -- excuse
25 me. That's another point. I'm a

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 resident of that community. I'm an
3 Eastwick resident. I'm part of the
4 Eastwick PAC. For the South Philadelphia
5 group to come in and the Penrose group to
6 come in, who we've reached out to on
7 numerous occasions to talk to, have
8 refused to talk to us, and to testify on
9 behalf of Eastwick PAC is a slap in the
10 face. I go to the meetings. I live in
11 the neighborhood, as well as some of the
12 other people that deal with this
13 situation.

14 There's been a change. The
15 Eastwick PAC, if we had a thought, we
16 would have brought them with us. They
17 support our position, and our position is
18 basically to go back to the table and
19 find other alternatives.

20 Nobody is here to say don't do
21 anything. We're all here to say that we
22 want to work with the Water Department,
23 but they refuse to. They're a lure to
24 our past proposal, I think it was in '96,
25 when we had the same issue come up on

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 different terms. We were told in '96
3 that if we didn't change our plant, we
4 had to sell the plant and get rid of all
5 the jobs. We sat down. I being there as
6 the maintenance supervisor. We sat down,
7 along with Mike and a few other people,
8 and we talked to the Department. They
9 talked to us, and we came to some
10 agreement.

11 Now, if you read -- in the
12 packet, there's a reference to the
13 article that was done by the Inquirer.
14 We didn't agree at first to sit down and
15 talk to them, but we did, and it became
16 innovative. And since then, we've always
17 worked with the Department. For some
18 reason, I say it every time I talk, this
19 Administration has refused to talk to us,
20 and we find that a slap in the face.

21 Thank you.

22 (Applause.)

23 MR. GILLIAM: We're happy to
24 answer any questions you may have.

25 COUNCILWOMAN TASCO: Thank you.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 The Chair recognizes Councilman
3 O'Neill.

4 COUNCILMAN O'NEILL: I just
5 want to have questions for the Water
6 Department when this group finishes.

7 COUNCILWOMAN TASC0: Any
8 questions of the union?

9 (No response.)

10 COUNCILWOMAN TASC0: When we
11 talked about this I think in the last
12 term, you said you had alternatives to
13 this proposal, but you never brought any
14 of them to us. Do you have alternatives
15 to this proposal?

16 MR. GILLIAM: What was the last
17 part, Madam Chairwoman?

18 COUNCILWOMAN TASC0: The last
19 session, the union said that you all had
20 alternative projects to this project, but
21 to my knowledge, I have not seen any
22 alternatives. Do you have alternatives
23 to this project?

24 MR. KEOUGH: Yes, ma'am. We're
25 looking at off-site composting, plasma

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 arc technology, a process called biomass.
3 And then we still have an energy
4 component that we're working on.

5 COUNCILWOMAN TASC0: Now, tell
6 me, what does that mean?

7 MR. KEOUGH: Which one, ma'am?

8 COUNCILWOMAN TASC0: Any of
9 that.

10 MR. KEOUGH: Any of them.

11 COUNCILWOMAN TASC0: In terms
12 of, I guess, in all fairness, what is it
13 that you're working on?

14 MR. KEOUGH: Instead of using
15 tons of natural gas to dry our sludge, we
16 are trying to find ways to make energy
17 from our processes. We're talking to
18 companies that are in the business. I
19 use, for example, our biomass company
20 that we've spoke to has numerous
21 facilities around the country, military
22 bases. They even do Disney World.

23 These are viable options that
24 we haven't been able to get on the floor.

25 The energy component, we're

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 still working with that. We're looking
3 at doing a biodiesel plant with drying
4 our sludge, using that as energy, to make
5 biodiesel. The off-site composting
6 facility is basically a program that we
7 could take our Class B biosolids to.
8 They would take it, make a Class A
9 product and market it.

10 The plasma arc technology is
11 new technology, and I still don't fully
12 understand it. We've just recently --
13 they've just recently reached out to us,
14 and I find it interesting and hopefully
15 something can be developed from that.

16 Another issue that comes up is
17 some of the companies that we've
18 approached will not really talk to us
19 because Synagro is still on the table,
20 and as long as Synagro is on the table,
21 some of these larger players are shying
22 away. Once the RFP process becomes
23 transparent for a better term, there will
24 be other processes knocking on the door.

25 COUNCILWOMAN TASCO: Thank you.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Councilman Green.

3 COUNCILMAN GREEN: One quick
4 question. Thank you all for your
5 testimony. I found it raised a lot of
6 questions that I guess we can put back to
7 the Water Department.

8 I'm curious to know if you've
9 raised these exact figures and
10 information with the Water Department
11 previously yourself.

12 MR. KEOUGH: Yes.

13 COUNCILMAN GREEN: Because what
14 you're saying essentially in your
15 testimony if you boil it down is, they're
16 not telling the truth.

17 MR. GILLIAM: Yes. Exactly.
18 That's exactly what we're saying.

19 COUNCILMAN GREEN: I just
20 wanted --

21 MR. KEOUGH: I've always found
22 that we were fighting a moving target.
23 If we could discredit a financial
24 statement, another financial statement
25 was issued.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILMAN GREEN: Okay. But
3 you have discussed all these issues with
4 them and so they should be aware of them
5 and be able to give us answers to the --

6 MR. KEOUGH: No, sir, that's
7 not true. We've been asking to sit down
8 and meet since the last time we've met
9 last year. That's when biomass came in.
10 Plasma arc we were talking to. And they
11 haven't talked to us.

12 COUNCILMAN GREEN: Okay. So
13 what was the one technology that you
14 mentioned in response to Councilwoman
15 Tasco's question that you said is in
16 current use today?

17 MR. KEOUGH: Biomass.

18 COUNCILMAN GREEN: Biomass. At
19 different plants and other stuff?

20 MR. KEOUGH: Right.

21 COUNCILMAN GREEN: Thank you.
22 I'm going to want to hear from
23 Mr. Donovan on that.

24 And, finally, if you could just
25 comment on this chart that was provided

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 by Synagro. I'll bring it to you myself.

3 MR. GILLIAM: Also, while he's
4 looking over the chart, Chairwoman Tasco,
5 just to add, we here being the union, we
6 don't feel wholly that it was our
7 responsibility to go out and solicit
8 companies to come in to form a
9 public-private partnership with us or to
10 make a bid for a City service. We feel
11 as though if the Water Department had put
12 out the correct RFP which was all
13 inclusive for all technologies out there,
14 then we would have had more than just one
15 bidder on this particular proposal. The
16 reason why we talked to other companies
17 and tried to develop new alternatives,
18 because we didn't want to come to you and
19 seem like, Well, they were saying they're
20 just concerned about their 60 jobs.
21 Well, of course. We're union. We're
22 always going to be concerned about jobs
23 and we're always going to be opposed to
24 privatization, but we did due diligence
25 to show City Council and this Committee

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 and the City and the Mayor that there are
3 other alternatives out there other than
4 this one that is currently being, for
5 sake of a better term, shoved down our
6 throats. So that's why we presented
7 these proposals.

8 (Applause.)

9 MR. GILLIAM: And for them to
10 say that what has the union done, well,
11 we've done a lot if they would have sat
12 down and talked to us like they say they
13 have, but they haven't. And we've given
14 up a lot. Since 1995 at BRC alone, we've
15 lost 190 jobs. So we were willing to
16 sacrifice 195 positions to keep 60 or
17 whatever the number is out there. I'd
18 say we sacrificed a lot on our end. What
19 has the Water Department done to
20 sacrifice on their end to talk to us to
21 keep the 60 positions that we have out
22 there? And just for the record, we're
23 budgeted for 68 positions at BRC and
24 we're down to 60 by mandate from the
25 Commissioners.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILWOMAN TASC0:

3 Councilwoman Blackwell.

4 COUNCILWOMAN BLACKWELL: Thank
5 you very much.

6 Certainly I would like to thank
7 you, all of you, for your testimony, and
8 I would like to note that when we chaired
9 this Committee, we had these many debates
10 and questions on these issues, and it
11 appears that every time we have a
12 hearing, we're always left with more
13 questions than are answered. I mean, we
14 talked today about the Controller, about
15 the gas company, about many issues that
16 weren't answered, and I note that for
17 those especially new members on this
18 Committee who say Synagro won't stay,
19 they threatened for the last several
20 years they were going to leave, from our
21 first hearing until now. So that's not a
22 legitimate issue.

23 I would only hope that my
24 colleagues would realize that we have a
25 lot of questions on this issue that

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 remain unanswered, and I hope you will
3 consider that as you deliberate about
4 these hearings today.

5 Thank you again.

6 MR. GILLIAM: Thank you.

7 COUNCILWOMAN TASCO: Thank you
8 very much for your testimony.

9 MR. GILLIAM: Thank you.

10 (Applause.)

11 MR. KEOUGH: In response to
12 Councilman Green, on the sixth page of
13 Exhibit-2 at the bottom, there's a chart.

14 COUNCILMAN GREEN: Is this
15 your --

16 MR. KEOUGH: This is our
17 Exhibit-2. It's the sixth page. I'm
18 sorry I didn't do a good enough job
19 marking that.

20 Correct. Go six more pages and
21 it's marked -- at the bottom there's page
22 numbers. It's Page 9-9.

23 COUNCILMAN GREEN: Okay.

24 MR. KEOUGH: These are air
25 numbers that were generated through a

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 PBS&J air study that was done at BRC that
3 I was personally involved with. You will
4 see the existing PTE. That was based on
5 compost numbers. And as you have on your
6 baseline compost, you will see the
7 numbers don't match.

8 COUNCILMAN GREEN: So the
9 Synagro chart is not accurate.

10 MR. KEOUGH: Not accurate in my
11 mind.

12 COUNCILMAN GREEN: Thank you.

13 MR. KEOUGH: Thank you.

14 MR. GILLIAM: Thank you very
15 much.

16 (Applause.)

17 COUNCILWOMAN TASC0: Thank you.

18 Before the Water Department
19 returns, we have a John Paxton (sic) and
20 a Steven Thompson. And then we'll have
21 the Water Department return.

22 (Witnesses approached witness
23 table.)

24 COUNCILWOMAN TASC0: Good
25 afternoon.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MR. PEYTON: Good afternoon.

3 My name is John Peyton. I'm a resident
4 of Southwest Philadelphia.

5 Notwithstanding the questions,
6 important questions, that the Council
7 asked the Synagro group this morning and
8 also some of the very important issues
9 that the union raised, as a resident of
10 the area, what I'm concerned with
11 basically is the safety, the health and
12 environmental concerns. There's
13 constantly a stench in that area. It's
14 constantly there. You have a lot of
15 truck traffic that's moving through the
16 area constantly. It involves -- it's a
17 risk to our kids in the area. And those
18 are the things that some of the
19 residents, including myself, are
20 concerned with. Not to say that the
21 issues raised this morning by both the
22 union and Councilmembers are important
23 issues.

24 What I would say is that
25 Council -- this issue needs to be pursued

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 to some result, and I think it would make
3 a better situation for all, including the
4 community itself and Philadelphia as a
5 whole.

6 Thank you.

7 COUNCILWOMAN TASCO: Thank you
8 very much for your testimony.

9 Mr. Thompson.

10 MR. THOMPSON: Yes. How are
11 you doing? I'm Steven Thompson. I'm
12 here on behalf of the Eastwick community.
13 It's where I live. Actually, I'm not far
14 from where that plant is and the waste.

15 We have to suffer with that
16 every day. So like what Mr. Peyton was
17 saying, I want to see the issue resolved
18 where it's beneficial for both sides, for
19 the community, us that live there, as
20 well as the Water workers. Because what
21 happens is, we're out there doing our
22 lawns or just out there, the kids are
23 playing, this stench is coming through
24 all day long. It's really strong,
25 because I live really close to it, right

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 off of Island Avenue.

3 But I'm also a major part of
4 the community, because I work with
5 Penrose, over at Penrose as a volunteer
6 as well with the students. We have that
7 stench comes over to there on 78th Street
8 as well when the kids are outside
9 playing. So it's really a bad odor. We
10 have it like almost daily.

11 So, I mean, really, I'm just
12 asking if Council could find some kind of
13 way to resolve this issue to help both
14 sides, the community, the people for our
15 health reasons, because we don't know
16 what type of effect it's having on us or
17 our children in the long run. So I
18 really would appreciate it.

19 Thank you.

20 COUNCILWOMAN TASC0: Thank you
21 very much for your testimony.

22 Any questions or comments?

23 COUNCIL PRESIDENT VERNA: I
24 just want to thank the gentlemen for
25 coming in to testify. Apparently you've

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 been here since early this morning.

3 MR. THOMPSON: Yes.

4 MR. PEYTON: Yes.

5 COUNCIL PRESIDENT VERNA: And
6 you have been very patient. So thank you
7 for coming in.

8 MR. THOMPSON: Thank you.

9 COUNCILWOMAN TASC0: Thank you
10 for your patience.

11 Now we ask the Water Department
12 to come return to the table.

13 (Witnesses approached witness
14 table.)

15 COUNCILWOMAN TASC0: Just a
16 minute, please.

17 (Pause.)

18 COUNCILWOMAN TASC0: The Chair
19 recognizes Councilman O'Neill.

20 COUNCILMAN O'NEILL: Yes, Madam
21 Chair.

22 This is not a part of the
23 Committee's request for rebuttal after
24 the union's testimony. This is a
25 separate issue.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 The five years -- this is going
3 back to earlier testimony and some
4 questions I had. The five-year period
5 where Synagro under the contract will do
6 the same thing the Water Department is
7 doing now at the site and the savings are
8 built in and the financing and everything
9 else, can somebody calculate for me the
10 five-year savings to the Water Department
11 during the period where Synagro will be
12 doing the work instead of the Water
13 Department that's currently going on
14 there now?

15 COMMISSIONER BRUNWASSER: I
16 believe right now we're calculating that
17 at about four and a half million per year
18 during the interim period.

19 COUNCILMAN O'NEILL: So the
20 savings of four and a half million
21 dollars per year during the interim
22 period is about the same as the City
23 Controller's estimate of savings during
24 the entire period of the contract per
25 year if you average it out?

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COMMISSIONER BRUNWASSER: I
3 guess so.

4 COUNCILMAN O'NEILL: Okay. It
5 occurs to me that if you're saving a
6 hundred million dollars just by bringing
7 Synagro in to do the same thing we're
8 doing now and if you save a hundred
9 million dollars going through this whole
10 25-year contract with the buildout and
11 everything else with the pellets and the
12 risk of higher costs and everything else
13 with energy that was stated and is pretty
14 obvious -- I think even your attorneys
15 talked about it -- that there's at least
16 a possibility that the building never
17 gets finished and we keep Synagro there
18 doing the same thing that the Water
19 Department is doing and we're saving a
20 lot of money, four and a half million
21 dollars a year, a hundred million plus
22 over 25 years.

23 What protections does the City
24 have, that the City Council now have,
25 because the City Administration in the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 future, another Administration may decide
3 that's a better way to go. The plant is
4 not working. Let's not buy the plant
5 back, because that isn't our only option.
6 We'll just continue with the current
7 process down there with Synagro in it and
8 we're still saving a lot of money.

9 How are we protecting the
10 citizens and the Council from that kind
11 of thing happening as opposed to what we
12 all expect to happen based on the
13 testimony today in front of us, that the
14 plant will get built and that the savings
15 with the building will basically be the
16 same as the savings without the building
17 in the next five years?

18 MR. DAVIS: Well, the project
19 is based on constructing the facility,
20 and the interim period is designed as a
21 period of time for construction. That's
22 the main purpose of that interim period.
23 And there is in the contract a five-year
24 limit on the -- if they don't build the
25 project within five years, they're in

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 default, and there are some other
3 milestones in the contract which require
4 Synagro to have its financing in place or
5 requires it to have its air permits
6 approved.

7 So there are steps along the
8 way that will let us know how Synagro is
9 doing in terms of moving forward with the
10 project. If it isn't built within five
11 years, then they're in default and we can
12 terminate the contract.

13 COUNCILMAN O'NEILL: Well,
14 there's just a difference between the
15 termination of this contract, Synagro's
16 operation of the plant and circumstances
17 changing to the point where the same
18 thing that's going on there now winds up
19 going on again and with significant
20 savings to the City if Synagro is doing
21 it or a company like Synagro.

22 What protections are there that
23 if something doesn't turn out as well as
24 the Water Department hopes it will with
25 the plant -- and there's many

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 possibilities of that happening. Synagro
3 going under. I mean, we've had bigger
4 companies than Synagro go bust in this
5 country just recently -- and that this
6 will go back to being a municipal
7 operation and not a private operation,
8 which would save us money, but, again,
9 would just be replacing public jobs with
10 private jobs, which we're doing for the
11 first five years anyway.

12 I'm just looking for that -- is
13 there anything that will provide that
14 kind of protection beyond just the
15 default language? Because that still
16 doesn't prevent people working for
17 Synagro or some other private vendor
18 doing the same work the Water Department
19 is doing now with the same process.

20 MR. DAVIS: I think we have to
21 go back to what the objectives were of
22 the project, and really the odors and the
23 Class A material were the two primary
24 motivators for this project. And
25 obviously cost is a very big issue,

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 particularly if the costs were to exceed
3 what we anticipate we would be paying if
4 we were continuing the same operation.

5 So the contract was structured
6 around building the facility such that
7 the -- and the anticipated time period
8 for building the facility is really three
9 years and not five years. The five years
10 was a contractual arrangement with
11 Synagro to give them some additional time
12 in the event that there were bumps along
13 the way, and they felt that five years
14 was a period that they could make that
15 absolute commitment to that if they
16 hadn't built the facility.

17 COUNCILMAN O'NEILL: See,
18 you're talking about the contract with
19 Synagro, and I understand that. You're
20 halfway through the building. Synagro
21 decides we got to renegotiate this.
22 There's no more -- I'll just use an
23 example, because they've come up to that.
24 The market has just fallen apart for
25 pellets or natural gas is beyond

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 anybody's expectation price-wise.

3 Instead of continuing the
4 construction of this project, we'd like
5 to just go back to what we were doing,
6 and it was profitable for us, it was
7 profitable for you. And what I'm getting
8 at is, the very people that are sitting
9 here are usually affected by that
10 discussion, because the discussion
11 wouldn't be about returning our employees
12 to do the same thing. It would be a
13 discussion and negotiation between
14 Synagro and the City over doing the
15 current thing, because something changed.
16 I mean, gas costs can change. The pellet
17 market can change. I guess there could
18 be other things.

19 But I'm just saying, what are
20 the protections that these people have
21 that if for some reason this plant either
22 doesn't get finished, gets built and
23 becomes a white elephant that they will
24 get the jobs back doing the same thing if
25 it's going on there now?

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 I don't think that's too much
3 to ask in terms of something that's
4 reasonable, and I don't think from what
5 you say it's anywhere in the documents
6 now, and I don't think it's that much to
7 expect the City, Water Department,
8 Administration to be able to put in
9 writing, that if for some reason -- it
10 doesn't just have to be after the
11 five-year period. It could be any time
12 during the contract -- that this will go
13 back if it's the same process as we're
14 using today, it will go back to a
15 municipal operation.

16 DEPUTY MAYOR CUTLER:

17 Councilman, Rina Cutler.

18 I am not sure that it is a good
19 thing to decide today what the
20 alternatives might be tomorrow. There is
21 certainly risk on any contract the City
22 would ever put out that the vendor we're
23 going to do business with is not going to
24 exist five years from now. There's also
25 the -- I mean, there are a lot of "what

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 if's" and I think --

3 COUNCILMAN O'NEILL: Well, I'm
4 only talking about one.

5 DEPUTY MAYOR CUTLER: Well, no.
6 You're talking about a couple. What if
7 the pellet market goes out, what if --

8 COUNCILMAN O'NEILL: No, no.
9 There could be many reasons for that, but
10 the absolute "what if" that I'm asking is
11 if a private company, Synagro or another
12 one, winds up doing the same thing that's
13 going on there now, for whatever
14 reason -- and you can name more possible
15 "what if" reasons than I have, but
16 there's really only one end of the day
17 that I'm concerned about, that they wind
18 up doing what we're doing now, except
19 they're doing it instead of us, all
20 because of this process and there was
21 nothing put in there to protect the
22 workers getting those jobs back. That's
23 all.

24 DEPUTY MAYOR CUTLER: I guess
25 from my perspective, I think there is

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 little or no chance that they will do in
3 their plant what we currently do in our
4 facility. I think the technology is very
5 different. I think the ability to change
6 the marketplace, I totally agree, but I
7 do not believe that what they will do in
8 the new facility in any way resembles
9 what we currently do, what the process --

10 COUNCILMAN O'NEILL: So it
11 really isn't difficult to put that
12 language in the document then? Because
13 if the "what if" is not going to happen,
14 it's a protection that we're not too
15 concerned about ever having to enforce.

16 MR. DAVIS: Councilman, the
17 reason that I wanted to go back to the
18 beginning of what the objectives were is
19 because this is not a contract with
20 Philadelphia Biosolids Services to do
21 whatever. It's a contract to build this
22 particular facility. And if this
23 facility doesn't get built, then beyond
24 that five-year period I don't believe
25 that the Water Department has

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 authorization to be in that contract.

3 DEPUTY MAYOR CUTLER: No. I'm
4 sorry. That's not the question. So let
5 me make sure I understand it.

6 We are contracting to build the
7 facility with very specific type
8 technology.

9 COUNCILMAN O'NEILL: Right, but
10 you're also contracting for the first
11 five years to do the same thing we're
12 doing there now.

13 DEPUTY MAYOR CUTLER: Okay.

14 COUNCILMAN O'NEILL: And many
15 things can change during those five years
16 that --

17 DEPUTY MAYOR CUTLER: Oh, so
18 your concern is on the front end of that,
19 Councilman?

20 COUNCILMAN O'NEILL: Or during
21 construction or when the building may
22 become a white elephant because of
23 something out of our foresight today.

24 DEPUTY MAYOR CUTLER: I don't
25 know that the Water Department would or

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 could or should go back to the current
3 status quo. I think five years from now
4 just as five years before now --

5 COUNCILMAN O'NEILL: It's not a
6 question of whether they should, Rina.
7 It's if they do, what -- we would be in
8 the position where we have private
9 employees doing what otherwise City
10 employees would be doing. I'm not saying
11 we should.

12 DEPUTY MAYOR CUTLER: Okay.

13 COUNCILMAN O'NEILL: I'm saying
14 it could happen.

15 DEPUTY MAYOR CUTLER: So I just
16 want to make sure I understand what
17 you're asking. You're saying if at any
18 point from day one on, either during
19 construction or during operation, the
20 technology reverts to the current process
21 that the City uses to get rid of its
22 biosolids, would we in fact bring our
23 employees back to do that work; is
24 that --

25 COUNCILMAN O'NEILL: That's

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 correct.

3 DEPUTY MAYOR CUTLER: I don't
4 see why we wouldn't, because we don't
5 expect that to occur.

6 COUNCILMAN O'NEILL: Okay. I'm
7 sure you don't, and I wasn't suggesting
8 that there's a master plan out there.

9 DEPUTY MAYOR CUTLER: No. I
10 don't see why we would object to that.

11 COUNCILMAN O'NEILL: Okay.
12 That's fine. We'll need an amendment to
13 that effect, I'm sure.

14 DEPUTY MAYOR CUTLER: I'll have
15 it written while we're talking.

16 COUNCILMAN O'NEILL: Okay.

17 COUNCILWOMAN TASCO: Councilman
18 Green.

19 COUNCILMAN GREEN: I'm sorry.
20 Thanks for coming back.

21 With respect to the original
22 question, Mr. Donovan, that I asked that
23 I didn't really -- wasn't satisfied with
24 the answer about why the RFQ was so
25 limited, I'd like to ask you to look at

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 the information provided in the testimony
3 by the union that talks about the Orange
4 County Sanitation District and the fact
5 that they got nine RFPs, and the one
6 question that they posed -- the question
7 that they posed to us which I'm now going
8 to ask back to you is, how is it that
9 Orange County was able to solicit nine
10 bids, but the Philadelphia Water
11 Department was only able to solicit one
12 bid? What's the answer to that question?

13 MR. DONOVAN: Sir, I don't have
14 the documents, but even if I did, I
15 couldn't respond right away. The
16 question that needs to be asked is, what
17 were the requirements of Orange County.
18 Did they in fact limit that technology to
19 on site, in which case they may have
20 higher standards, or did they in fact
21 allow off site.

22 COUNCILMAN GREEN: That's
23 exactly, though, turning my question back
24 around in a circle, because my question
25 is why was our RFQ and RFP so limited.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 You can't in answer to that question say,
3 Well, maybe they got nine because their
4 RFQ or RFP was not so limited. So my
5 question is, why was it so limited? Why
6 couldn't we have said any existing
7 technology, tell us how you meet this
8 criteria, and even though you're the
9 expert and you know nobody else but
10 Synagro will be able to do it --

11 DEPUTY MAYOR CUTLER: Synagro.

12 COUNCILMAN GREEN: Synagro.

13 Nobody but Synagro will be able to do it,
14 but why not -- why was it limited? In
15 other words, why not put a broad thing
16 out there and learn something maybe or
17 not? But if you're convinced it's going
18 to end up being in this narrow field,
19 that doesn't mean you have to limit the
20 RFQ to that narrow field. And I still
21 don't have an answer to the question of
22 why that decision was taken versus a
23 broad RFQ that allows the City to learn
24 what everybody who thinks they have a
25 solution to this problem thinks. That's

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 the question.

3 MR. DONOVAN: I've got the
4 question and I'm going to let Pam Racey
5 address the Orange County issue, because
6 she knows it better than I do, but I was
7 there when this department decided to
8 require a Class A material for 100
9 percent of the production, and they took
10 very seriously the issue of trucking
11 whatever from the site, liquid, cake,
12 didn't matter. They wanted to make sure
13 that those truck traffic were absolutely
14 minimized, and that's why they narrowed
15 down the options. It was a clear choice
16 on their part, but they took that charge
17 very seriously.

18 COUNCILMAN GREEN: Thank you.
19 So it's your testimony that the Water
20 Department are the people, not you, the
21 expert. The Water Department are the
22 people that put together the criteria --

23 (Applause.)

24 COUNCILMAN GREEN: -- that put
25 together the criteria that limited the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 RFQ to specific technologies?

3 MR. DONOVAN: For on site. And
4 don't forget, as I mentioned in my
5 testimony earlier, we also allowed
6 proposers to take the material to another
7 site if they so choose. They decided not
8 to do that for cost reasons probably.

9 COUNCILMAN GREEN: But that's
10 not the only other criteria -- that's the
11 only other thing -- on site or off site
12 is not the only other things that could
13 have been requested in an RFQ. We could
14 have gotten broad proposals from lots of
15 people that could have taught us
16 something and we chose not to, and I want
17 to understand why we would choose not to,
18 why the City of Philadelphia in an RFQ
19 process doesn't cast the field wide, cast
20 the net wide and then -- that's what RFQs
21 are for. Then after the RFQ, then do a
22 more limited RFP based on the findings of
23 the RFQ. That is a proper procurement
24 process. Limiting it up front doesn't
25 teach us anything. And it's clear that

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 that came from the Water Department.

3 (Applause.)

4 DEPUTY MAYOR CUTLER:

5 Councilman, if I may respond to pieces of
6 that. I don't agree, although I will not
7 cast dispersions on people's honesty or
8 declare lies, but we do not agree that
9 there is proven technology, and that is
10 in fact the bottom line here, that there
11 is proven technology in the setting that
12 we have in Philadelphia, which is
13 different.

14 There is a lot of technology.

15 In fact, there is incubating technology
16 on these issues all over the place, and
17 there is even some that has been used in
18 much smaller plants in terms of volume,
19 but the issue still came down to proven
20 technology.

21 So while we could have learned,
22 using your issue, we could have learned
23 what some of the new technology was, what
24 some of the successes and in fact misses
25 that have occurred in the field, that

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 information is available and it is -- I'm
3 assuming the folks whose business this is
4 go to conferences and learn it. But the
5 Water Department did not believe -- and
6 we may agree to disagree on this -- that
7 it was a responsible thing to do to try
8 to use technology that did not have a
9 proven track record, that did not have a
10 proven fact record in terms of
11 construction of facility, operation of
12 facility and that was willing to use
13 their money.

14 COUNCILMAN GREEN: Well, I
15 don't see why this Administration feels
16 the need to defend the process that
17 happened in 2003, but I certainly accept
18 what you have to say.

19 (Applause.)

20 COUNCILMAN GREEN: It's my view
21 that the process was flawed because what
22 you have is a 15-year contractual
23 relationship with Synagro and the Water
24 Department, a very cozy relationship.
25 They end up -- the Water Department then

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 ends up writing an RFQ that limits other
3 possible responses, and in my view,
4 that's not the way business should be
5 conducted in an open, transparent and
6 accountable government.

7 (Applause.)

8 DEPUTY MAYOR CUTLER: I would
9 just like to assure the Councilman that I
10 have no dog in the fight of the proposal
11 that was done five years ago. The fact
12 that I'm standing here and that this
13 Administration has decided to endorse it
14 actually indicates we've done a little
15 work in terms of is it -- was it a good
16 RFP, is the technology viable, is it the
17 best financial deal for the City. So
18 when you say you don't know why I'm going
19 to defend it, I'm going to defend it
20 because I think it's the best deal.

21 COUNCILMAN GREEN: Well, I made
22 that statement earlier today in
23 acknowledgment of that fact.

24 So that brings us to biomass,
25 Mr. Donovan, which was --

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 MS. RACEY: Councilman, if I
3 could, we participated in the Orange
4 County RFP. We manage two-thirds of the
5 biosolids from Orange County. We were
6 successfully selected there.

7 The only thing they allowed to
8 be built on their own site was heat
9 drying and pelletization. You weren't
10 allowed to propose anything else on their
11 own site. The other options were for you
12 to take it somewhere else and do
13 something with it. That's the exact same
14 thing Philadelphia did. Philadelphia
15 said if you're going to do it on our
16 site, you have to do heat drying or
17 composting. If you're going somewhere
18 else, you can do whatever you want.
19 That's exactly what Orange County did,
20 except they didn't allow composting on
21 site.

22 COUNCILMAN GREEN: So, once
23 again, Philadelphia set the criteria, the
24 Water Department. Yeah. Okay. Very
25 good.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Now, what's wrong with the
3 technology of biomass as a consideration
4 that was mentioned as an alternative
5 that's in use on Army bases and other
6 places? Is that a viable technology
7 that's an alternative?

8 MR. DONOVAN: I do not know
9 whether or not that technology has been
10 used in biosolids, and I am surprised to
11 hear that it is, because it's my job at
12 CDM to stay on top of these things. I
13 will be shocked if we find out -- and
14 we'll find out very soon -- whether or
15 not that technology has the track record
16 that would have qualified for thermal
17 drying. I'll be absolutely stunned.

18 COUNCILMAN GREEN: Okay. Well,
19 I guess we'll all be stunned too after
20 \$500,000 if that is in fact a viable
21 alternative in use in Army bases, et
22 cetera. So, frankly, I ask you to
23 provide the Chair with an answer to that
24 question if you're not able to do so
25 today. And those are my only questions.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 Thank you.

3 COUNCILWOMAN TASCO: Thank you.

4 Councilwoman Brown.

5 COUNCILWOMAN BROWN: Yes.

6 Thank you, Madam Chair.

7 I'm trying to follow the line
8 of questioning, and I need to make sure
9 what I heard was what I thought I heard.
10 Are you saying the biomass or the
11 biosolid?

12 COUNCILMAN GREEN: Biomass.

13 COUNCILWOMAN BROWN: Biomass,
14 that there's no other municipality like
15 Philadelphia in the country that is using
16 biomass? Is that what I heard?

17 MR. DONOVAN: I said I do not
18 know the answer to that question.

19 COUNCILWOMAN BROWN: When it
20 comes to biosolids, to make sure we are
21 comparing apples with apples, are there
22 any other municipalities like
23 Philadelphia in the country using
24 biosolids?

25 DEPUTY MAYOR CUTLER: Biosolids

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 is not a technology.

3 COUNCILWOMAN BROWN: Okay.

4 COMMISSIONER BRUNWASSER:

5 Councilwoman, do you mean the heat drying
6 pelletization plan?

7 COUNCILWOMAN BROWN: Yes, yes,
8 yes, yes.

9 MS. RACEY: No. She means
10 biomass.

11 There is no municipal
12 commercial operations of biomass, which
13 converts sludge, biosolids, on a full
14 scale into gas or oil, which is what I
15 believe they're talking about, but I
16 haven't seen anything. There's lots --
17 right now there's a huge amount of grants
18 and innovative technology money being
19 pumped into renewable energy projects,
20 and this is one of the things that is
21 being looked at. Biomass technology
22 works in other areas like with soy beans
23 or organic wood waste and things like
24 that, but it hasn't been done or proven
25 with biosolids. In fact, this is

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 something that I mentioned earlier as a
3 company. Any time something innovative
4 comes up, we take a look at it. We have
5 a team of our own engineers that we send
6 out and say, Hey, is this something we
7 want to add into our stable, something we
8 want to represent. And our policy is
9 until something is commercial or proven,
10 we're not going to take the risk on it.
11 Somebody has to show us that it works,
12 and there isn't such a facility that you
13 can go to.

14 COUNCILWOMAN BROWN: So let me
15 do a rewind. Let's go back to the
16 initial discussion talking about the
17 technology currently in this debate
18 today. Is there any other municipality
19 in the nation using the very technology
20 that is up for consideration today?
21 That's what I need to know.

22 MR. DONOVAN: The answer is
23 yes, and if you recall the conversation,
24 the testimony this morning, there are
25 something on the order of 75

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 municipalities in the U.S --

3 COUNCILWOMAN BROWN: That look
4 like Philadelphia.

5 MR. DONOVAN: -- with thermal
6 drying.

7 COUNCILWOMAN BROWN: Let me
8 further clarify that so that we're
9 comparing apples with apples. That look
10 like Philadelphia in terms of size and
11 metropolis.

12 MR. DONOVAN: The ones I would
13 compare size-wise to Philadelphia that
14 have or are going to install drying
15 facilities are Boston, New York,
16 Baltimore, Tampa, Louisville and Chicago.

17 COUNCILWOMAN BROWN: Of those,
18 were there any discussions around what
19 Councilman Goode referenced and all of us
20 continue to be concerned about, workforce
21 development, in any of those agreements
22 in any of those other cities?

23 MS. RACEY: I can't speak to
24 all the cities because they're not all
25 our contracts, but I think I

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 misunderstood what the Councilman was
3 asking, and I've asked the Administration
4 about it. We'll be happy to submit an
5 expanded EOP plan with the Administration
6 tomorrow. Or are you talking about
7 training?

8 COUNCILWOMAN BROWN: Well, I'm
9 going to get to training, because I think
10 that that should be required in any kind
11 of --

12 MS. RACEY: But if you're
13 talking about EOP participation and work
14 rules, we'll be happy to make sure that
15 the plan we have given is expanded on to
16 address what Councilman Goode asked for.

17 COUNCILWOMAN BROWN: So in
18 those cities that the consultant, forgive
19 me, Mr. Donovan, just stipulated, has
20 Synagro been a part of any of those
21 agreements in any of the cities you just
22 mentioned that look like Philadelphia?

23 MS. RACEY: New York was built
24 by another company. Synagro bought it.

25 I'm not clear if you're talking

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 about during construction or during
3 operation.

4 COUNCILWOMAN BROWN: Both.

5 MS. RACEY: Okay. Our recent
6 plants using this technology and this
7 process are in Honolulu, Sacramento and
8 the Tampa area of Florida and --

9 COUNCILWOMAN BROWN: So the
10 answer to the question is, no, Synagro
11 has not participated in the cities
12 stipulated by Mr. Donovan, right?

13 MS. RACEY: Except for New York
14 and Baltimore. That's right.

15 COUNCILWOMAN BROWN: So in New
16 York and Baltimore, did Synagro
17 participate in making sure that there was
18 workforce development agreements?

19 MS. RACEY: I don't know
20 what -- I'm sorry. I don't know what you
21 mean by workforce development agreement.
22 That's not a term that's familiar to me.

23 COUNCILWOMAN BROWN: Okay.

24 MS. RACEY: Are you talking
25 about hiring and training of local

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 employees?

3 COUNCILWOMAN BROWN: All of
4 that, yes.

5 MS. RACEY: Yes. I mean, we do
6 that at every facility. It's just not
7 called that. I mean, typically every
8 city has a different type of plan or a
9 different requirement, and we work with
10 them to comply with whatever their city
11 charter is on local hiring and
12 implementation and training programs,
13 including down to the high school
14 shadowing, apprenticeship, scholarship.
15 At our standing facilities we get
16 involved in all of that very early on.

17 COUNCILWOMAN BROWN: That's
18 new, important information. Thank you
19 very much.

20 COUNCILMAN GREEN: If you could
21 please submit to the Chair your responses
22 to the comments raised in the union's
23 report or testimony and exhibits with
24 respect to emissions, et cetera,
25 basically the issues they raised. If you

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 could address them in writing to the
3 Chair, I would appreciate that.

4 COMMISSIONER BRUNWASSER: We
5 would --

6 DEPUTY MAYOR CUTLER: We have
7 not seen that.

8 COMMISSIONER BRUNWASSER: We
9 have not seen that document, I don't
10 believe, unless it's --

11 COUNCILMAN GREEN: We will give
12 you a copy.

13 COMMISSIONER BRUNWASSER: Okay.

14 COUNCILWOMAN TASC0: Any other
15 questions?

16 COUNCILWOMAN BROWN:
17 Councilwoman Blackwell indicated that a
18 number of considerations for and on all
19 sides have been raised that have not been
20 adequately answered. So know that I'm
21 stuck on the one thing that I care about
22 here. Councilman Goode already raised
23 the issue around workforce development,
24 et cetera. Training matters for me,
25 particularly if we put this in the

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 context of green-collar jobs, which is
3 really the next phase of employment
4 opportunities for large cities. So I
5 want to know and want in writing language
6 that speaks to the availability of and
7 access to and training for green-collar
8 jobs, period.

9 DEPUTY MAYOR CUTLER:
10 Councilwoman, I'm just looking for
11 clarification. I recognize what
12 workforce development means as it relates
13 to training and promoting internally once
14 folks are trained. Is there a different
15 definition that you're using for
16 workforce development?

17 COUNCILWOMAN BROWN: The Chair
18 of our Committee just reminded me that we
19 call it equal opportunity plans. So all
20 of what that means for us in compliance
21 with laws that have been passed will
22 stipulate that when the City is
23 participating in these kind of
24 discussions, that that is a firm, written
25 part of any type of document.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 DEPUTY MAYOR CUTLER: So you
3 want an EEO plan that is part of the
4 contract?

5 COUNCILWOMAN BROWN: Exactly.

6 DEPUTY MAYOR CUTLER: Okay.
7 We're fine with that.

8 COUNCILWOMAN TASC0: Council
9 introduced and passed an equal
10 opportunity plan, and that plan is to be
11 included in all of the contracts
12 negotiated by the City. Do you have one,
13 Ms. Deputy Commissioner? Do you know if
14 there is or the Water Department when you
15 were developing this deal --

16 DEPUTY COMMISSIONER McCARTY: I
17 was looking for our lawyer, who is much
18 more familiar with the contract. I know
19 that it should comply with all of the
20 requirements of City Council, but we can
21 confirm that for you.

22 COUNCILWOMAN TASC0: Right. So
23 have you submitted an equal opportunity
24 plan to the City Council, as is required
25 on all contracts negotiated by this

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 Council?

3 MR. DAVIS: There has not been
4 a new EOP submitted with this proposed
5 contract. The proposed contract was, as
6 you know, negotiated sometime ago and
7 included a very substantial commitment on
8 the part of the Philadelphia Biosolids
9 Services to both an equity participation
10 and also to the services of minority and
11 women-owned and disabled-owned businesses
12 during the course of both the
13 construction of the facility and
14 thereafter in the operation of the
15 facility.

16 COUNCILWOMAN TASCO: Is the Law
17 Department, all lawyers and members of
18 the Law Department, familiar with the
19 ordinance passed by City Council that all
20 contracts of this nature have to have
21 accompanying it an equal opportunity
22 plan? There is a template that is a part
23 of the business that we do that is the
24 same information that Councilman Goode is
25 asking for, is to be part of all

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 contracts that come before this City, the
3 Council.

4 MR. DAVIS: I was not aware
5 that that applied to contracts that had
6 been substantially negotiated in advance
7 of the passage of that ordinance, but I
8 will check with the Law Department to
9 make sure that that is --

10 COUNCILWOMAN BROWN: Madam
11 Chair, to Director Cutler, former
12 colleague Nutter, now Mayor Nutter, was a
13 part of and strongly supported what
14 Councilwoman Tasco has referenced. It
15 starts at the top and it starts with
16 leadership.

17 So to the Water Commissioner,
18 in discussions that you had with -- what
19 is the standard operating procedure
20 within your department when it comes to
21 sitting down with anybody who wants to do
22 business with the City of Philadelphia
23 knowing that this new law is in place?
24 Because it's clear and one of our fears
25 has been if it doesn't filter down to the

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 staff, then we might as well take this
3 law and put it on a shelf. It's an
4 expectation here that when it comes to
5 people of color and women and folks who
6 are disabled, it's leadership's
7 responsibility to make sure that those
8 segments of our population are included.

9 (Applause.)

10 DEPUTY MAYOR CUTLER:

11 Councilwoman, before I turn the
12 microphone over to the Commissioner, I
13 think there's -- I think the current
14 standard and that current law was not in
15 place at the point the contract was
16 negotiated. What I've said to Councilman
17 Green and I will also assure you that we
18 will -- so there was no violation. The
19 law did not exist. And with all due
20 respect, the City attorney has basically
21 said he will go back and check to see
22 whether it can be grandfathered. I'm
23 telling you, it will be grandfathered and
24 that there will be an EOP plan submitted
25 as part of this contract.

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILWOMAN BROWN: That's
3 consistent with what I just said to
4 Councilwoman Tasco. Then we need to make
5 matters like this retroactive.

6 DEPUTY MAYOR CUTLER: That may
7 be a legal question. I'm giving you a
8 commitment that as part of this one, we
9 will submit one.

10 COUNCILWOMAN TASCO: The plan
11 has to be provided before this is voted
12 on, before the final passage.

13 DEPUTY MAYOR CUTLER: Yes. And
14 I don't know whether this suggestion
15 would work or not, but is it possible
16 that we just make it part of the
17 ordinance that an approved EOP plan must
18 be submitted with the contract?

19 (Audience yelling "no.")

20 DEPUTY MAYOR CUTLER: Excuse
21 me. Excuse me.

22 COUNCILWOMAN TASCO: Let me
23 just say this: If we should vote this
24 out of Committee, we will not suspend the
25 rules. So you will have to get it to us

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 before there's any vote taken on this
3 matter.

4 DEPUTY MAYOR CUTLER: In the
5 full Council.

6 COUNCILWOMAN TASC0: In the
7 full Council.

8 (Applause.)

9 COUNCILWOMAN TASC0: Is there
10 anyone else here to testify on this bill?

11 Yes. Mr. Gilliam and
12 Mr. Keough.

13 (Witnesses approached witness
14 table.)

15 COUNCILWOMAN TASC0: Yes.
16 Thank you.

17 MR. KEOUGH: Thank you,
18 Ms. Tasco. My name is Mike Keough again.

19 We're here to rebut the truck
20 traffic issue. The gentleman from
21 Southwest stated that trucks are driving
22 all through the neighborhood. All 10,000
23 truck loads that come out of BRC leave
24 the plant and get on 95 north or 95
25 south. Not a single biosolids truck

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 drives through the community of
3 Southwest. And I just wanted to put that
4 on record. That's a fact.

5 Again, the gentleman from
6 Southwest, the issue with odors, there is
7 an air management report that states no
8 odor extends past the fence line at BRC.
9 It goes to Southwest plant, Island Avenue
10 and Bartram Avenue, 70th Street and
11 Lindbergh. All those places are no
12 odors. They ran that study from March of
13 '07 through October of '07. The issues
14 with odors are at the fence line, with
15 some mild odors coming across the Platt
16 Bridge, and I will stress that the odors
17 have been labeled as minimal to mild.

18 Thank you.

19 COUNCILWOMAN TASC0: Thank you
20 very much for your information.

21 MR. KEOUGH: One other item.
22 If the Synagro plant goes off line, the
23 question is how is that going to affect
24 our treatment plants. Every day that
25 they cannot process their sludge is a day

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 that our treatment plants are out of
3 compliance, with huge fines. It must be
4 noted that the perceived risk for
5 disposal is -- there's still a portion of
6 risk attributed to the City of
7 Philadelphia.

8 MR. GILLIAM: And we have three
9 wastewater treatment plants that our
10 current biosolids facility actually
11 treats. For instance, I think they gave
12 you an exhibit earlier of the pellets
13 that they will be producing. I don't
14 think it's come up in this hearing today
15 that if those pellets were to become
16 wetted or got moist for some reason, that
17 they could cause -- they could
18 spontaneous combust.

19 So there are myriad of reasons
20 why if they went to this pelletizer --
21 and they always like to liken it to a
22 dryer such as in your home where you dry
23 your clothes. Well, you're talking about
24 anywhere from a 30 to 60 foot structure.
25 That's not a dryer that you would dry

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 your clothes with.

3 And I also like to take issue
4 with the fact that what Councilman
5 O'Neill had asked earlier about what
6 would be the savings once Synagro took
7 over our site, and they estimated that
8 \$4.5 million. That is because the
9 numbers that the Water Department
10 submitted that it costs for us to be out
11 there, us, our 60 employees, is at \$28
12 million and that they will be paying
13 23.5, while we have it on good authority
14 that it only costs anywhere from \$17 to
15 \$19 million to run operations at BRC as
16 it currently stands. So that 28 million
17 that they gave in their package is
18 totally false.

19 (Applause.)

20 COUNCILWOMAN TASC0: Councilman
21 Green.

22 COUNCILMAN GREEN: Thank you,
23 Madam Chair.

24 If you do have evidence that
25 demonstrates that the true cost of

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 operation of the plant is \$17 to \$19
3 million, will you please submit it to the
4 Chair in writing so that we can have a
5 chance to look at it before final
6 passage?

7 MR. GILLIAM: Yes.

8 COUNCILWOMAN TASC0: Thank you
9 very much.

10 MR. KEOUGH: Thank you.

11 COUNCILWOMAN TASC0: Is there
12 anyone else here to testify on this bill?

13 (No response.)

14 COUNCILWOMAN TASC0: Okay.

15 We'll move from the public hearing and go
16 into our public meeting.

17 The Chair recognizes Councilman
18 Greenlee to offer an amendment.

19 COUNCILMAN GREENLEE: Thank
20 you, Madam Chair. I move the adoption of
21 the amendment to Bill No. 080498, which
22 was circulated to the Committee, dealing
23 with any adverse employment consequences.
24 The amendment reads as follows: "Section
25 4. The City shall not lay off, demote or

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 otherwise impose any adverse employment
3 consequences on employees now assigned to
4 the Biosolids Recycling Center as a
5 result of the project authorized by this
6 ordinance, absent just cause. Provided
7 further that, upon completion of the
8 project, City employees assigned to the
9 BRC will be provided an opportunity to
10 apply for a job at the new facility. If
11 employed at the new facility, such
12 employee may return to an equivalent
13 position with the same job title and
14 seniority within the Water Department up
15 to one year later for no reason
16 whatsoever."

17 COUNCILWOMAN TASC0: Can I get
18 a second, please.

19 (Duly seconded.)

20 COUNCILWOMAN TASC0: It has
21 been moved and seconded that we accept
22 the amendment.

23 All in favor of the amendment
24 will say aye.

25 (Aye.)

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILWOMAN TASC0: Is there
3 any opposition?

4 (No response.)

5 COUNCILWOMAN TASC0: There
6 being none, the amendment is carried.

7 Now the Chair recognizes
8 Councilman Greenlee to move the amended
9 bill out of Committee.

10 We are going to suspend the
11 rules. However, this bill will not be
12 voted on for final passage until all of
13 the contingent information that has been
14 requested by Councilman Goode,
15 Councilwoman Brown and anybody else has
16 been accepted as requested.

17 COUNCILMAN GREENLEE: Thank
18 you, Madam Chair. I move that Bill No.
19 080498, as amended, be reported out of
20 this Committee with a favorable
21 recommendation and that the rules of
22 Council be suspended to allow for first
23 reading at our next session of Council.

24 (Duly seconded.)

25 COUNCILWOMAN TASC0: It has

1 6/3/08 - FINANCE - BILLS 080495 and 080498
2 been moved and seconded that Bill 080498
3 be reported out of Committee with a
4 favorable recommendation and that the
5 rules of Council be suspended to have
6 first reading of this bill at the next
7 Council session.

8 All in favor will say aye.
9 (Aye.)

10 COUNCILWOMAN TASCO: Any
11 opposition?

12 COUNCILWOMAN BLACKWELL:
13 Opposed. Nay.
14 (Applause.)

15 COUNCILWOMAN TASCO: All right.
16 The Chair recognizes Councilman Greenlee
17 to report out Bill 080495.

18 COUNCILMAN GREENLEE: Thank
19 you, Madam Chair. I move that Bill
20 080495 be reported out of this Committee
21 with a favorable recommendation and that
22 the rules of Council be suspended to
23 allow for first reading at our next
24 session of Council.

25 (Duly seconded.)

1 6/3/08 - FINANCE - BILLS 080495 and 080498

2 COUNCILWOMAN TASC0: It has
3 been moved and seconded that Bill 080495
4 be reported out of Committee with a
5 favorable recommendation and that the
6 Council rules be suspended so that this
7 bill can have its first reading at the
8 next session of Council.

9 All in favor will say aye.

10 (Aye.)

11 COUNCILWOMAN TASC0:

12 Opposition?

13 COUNCILWOMAN BLACKWELL: Nay.

14 COUNCILWOMAN TASC0: There's
15 one nay vote.

16 Thank you very much. Thank you
17 for your testimony. Thank you for your
18 time. Thank you for your patience.
19 Thank you for your passion, and thank
20 you.

21 The Public Property bill, which
22 is a companion to this bill, will be held
23 in about ten minutes.

24 (Committee on Finance adjourned
25 at 2:55 p.m.)

1

2

CERTIFICATE

3

I HEREBY CERTIFY that the

4

proceedings, evidence and objections are

5

contained fully and accurately in the

6

stenographic notes taken by me upon the

7

foregoing matter on June 3, 2008, and that

8

this is a true and correct transcript of same.

9

10

11

12

13

14

15

MICHELE L. MURPHY

16

RPR-Notary Public

17

18

19

(The foregoing certification of this

20

transcript does not apply to any reproduction

21

of the same by any means, unless under the

22

direct control and/or supervision of the

23

certifying reporter.)

24

25