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COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING - COMMITTEE OF THE WHOLE

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Room 400, City Hall

Philadelphia, Pennsylvania

Tuesday, April 5, 2005, 10:25 a.m.

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Bill Numbers 040767, 040789, 050002, 050003, 050007, 050008.

Resolution No. 050022.

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PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN FRANK DiCICCO
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN FRANK RIZZO

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Operating Budget - 4/5/05

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P R O C E E D I N G S

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COUNCIL PRESIDENT VERNA: Good morning, everyone.

This is the continued public hearing of the Committee of the Whole, regarding Bill Numbers 050001, 050002, 050003, 040789, 040767, 050007, 050008 and Resolution Number 050022.

The first department to testify this morning will be the First Judicial District.

Good morning, Your Honor. Welcome.

PRESIDENT JUDGE MASSIAH-JACKSON:

Good morning.

COUNCIL PRESIDENT VERNA: Please identify yourself for the record and kindly proceed with your testimony.

PRESIDENT JUDGE MASSIAH-JACKSON:

Good morning, Council President Verna and to the members of City Council.

My name is Frederica Massiah-Jackson. I'm Chair of the Administrative Governing Board of the three courts of the First Judicial District, and I'm also the President Judge of the Court of Common Pleas.

I would like to introduce you to Joseph Cairone, our FJD Court Administrator and to Kevin Cross, our Deputy Court Administrator for Financial Services. These two individuals are the architects of our FY'06 budget submissions.

This year for the first time in recent memory, the First Judicial District has reached a budget agreement with the City without resorting to litigation and without being forced to retain outside counsel.

The FJD budget in the amount of $108.8 million has been reluctantly approved by our administrative governing board.

We must acknowledge that the City's initial $102 million submission was extreme and unacceptable, but the $108.8 million is a recognition by the First Judicial District of its commitment to increasing revenues and services, and also whenever possible reducing expenditures.

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This year our court leadership confronted the daunting dilemma of whether we would have to eliminate court services and public safety programs.

We believe that the agreement will be sufficient to meet our daily operational requirements, and we have committed to attrition of 90 positions, and there will be no necessity for additional layoffs. You will hear more detail about this from Joseph Cairone.

But with that in mind, I wanted to respectfully comment about two matters of importance to our judges and in our courtrooms.

First, the tragic events of Chicago and Atlanta have evoked public responses from every corner of society. Privately among our judges and among court employees we hear expressions of outrage and fear. Our courts and our employees are located at multiple sites in Center City Philadelphia.

We, the FJD, are committed to the safety and personal security of our court staff. And our First Judicial District security committee has worked closely with the Sheriff and with others in this regard.

I wanted to take today as an opportunity to encourage City Council to press the city administration to move forward on City Hall security.

You can review at Page 11 of our written submission a summary of the recent upgrades that we have installed here in City Hall after receiving a very, very modest state appropriation.

But to each member of City Council, you and your staff, our civil courtrooms, our civil administrative offices, our court administrative offices and judicial chambers in City Hall, we share the safety concern.

The time is long overdue for metal detectors at the entrances, increased patrols in the hallways, and interior surveillance cameras. This is a matter that we share with City Council.

The second matter that I wanted to comment upon -- and I've done this in the past -- is, as you know, our judges and our employees come to court each day as part of a partnership with the police, the prisons, the Clerk of Quarter Sessions, Sheriff, the Department of Human Services and others.

The Office of the Clerk of Quarter Sessions supplies clerical staff in each courtroom. The Clerk has requested funding for 118 employees. However, the City has responded with an offer sufficient for only 111 employees.

The First Judicial District has increased the number of operational courtrooms and many courtrooms have very lengthy lists where more than one clerk is necessary to handle the documents.

Mr. Cross, Mr. Cairone and I met with Mrs. Vivian Miller just a few weeks ago. We discussed the critical shortage of funding proposed to the Office of the Clerk of Quarter Sessions.

This shortage of personnel will impact our judges in Municipal court, in Family court and in Adult Criminal court.

I urge you to increase the appropriations to the Clerk of Quarter Sessions. I've said this in the past, and I appreciate this opportunity to make this comment again.

At this time I'd like to turn the floor over to Court Administrator, Joseph Cairone, who will present the official testimony on behalf of the First Judicial District.

Thank you, Madam President.

MR. CAIRONE: Madam President, good morning.

For the record, my name is Joseph Cairone. I'm the Court Administrator for the First Judicial District.

Madam President, in the interests of expediency, may I ask that our written testimony, with supporting tables and charts and the attached overview provided by the district, to identify last year's accomplishments be made part of today's official record.

COUNCIL PRESIDENT VERNA: I'm sorry.

A copy will be given to the stenographer. Thank you.

MR. CAIRONE: Thank you.

And with your permission, may I offer some very brief comments to supplement our submission?

COUNCIL PRESIDENT VERNA: That would be wonderful.

MR. CAIRONE: Okay. Thank you.

Madam President, members of City Council, the First Judicial District once again submits its general funding grants revenue budget with a deep appreciation of the City's fiscal dilemma, and with the continued commitment to increase revenues and reduce costs.

We are pleased to advise this body that the First Judicial District and city administration have recently agreed to an FY'06 budget of $108.8 million.

We are aware of the mandated position reduction shared by all City departments and report that we are acting in a similar manner.

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The agreed to budget of $108.8 million includes the reduction of 90 First Judicial District positions. We make these voluntary reductions as a responsible business partner, and ask Council to note that the First Judicial District has voluntarily reduced its General Fund work force by 666 positions or 26 percent since 1990.

We also think it is important for Council to understand that the FY'06 budget of $108.8 million is not a mere reduction of $200,000 in expenditures compared to the current fiscal year budget.

Rather, this budget includes $2.9 million in reduced expenditures, as well as the funding for the two percent wage increase and the transfer of the A.C.S. Traffic Court contract from the City to the First Judicial District.

We are mindful and proud of the First Judicial District accomplishments achieved over this past year, in that in addition to the achievements noted in our written testimony, we adjudicated in excess of 800,000 matters court-wide.

We are also keenly aware that continuing increased and uncontrollable demands for court services require innovative initiatives and creative solutions. And to that end, we pledge to address all challenges with commitment and vigor.

On behalf of the Philadelphia judiciary, Administrative Governing Board, and employees of the First Judicial District, we respectfully seek City Council's consideration and approval of the First Judicial District FY'06 General Fund request for $108.8 million.

Madam President, City Council members, I thank you for your attention.

We are happy to respond to any questions at this time.

COUNCIL PRESIDENT VERNA: Thank you very much.

The Chair recognizes Councilman DiCicco.

COUNCILMAN DiCICCO: Thank you,

Madam President, and good morning, Your Honor. Good morning, gentlemen.

Your honor, in your closing remarks you mention the impact of the budget reductions in the Clerk of Quarter Sessions.

Could you just give a brief description of what that impact would mean to the court, in terms of whether it's a length in time in which cases will be heard or whatever. Could you explain that?

PRESIDENT JUDGE MASSIAH-JACKSON: Well, for example, the Clerks of Quarter Sessions prepare the transfer papers for a defendant to go from the courtroom to the prisons, whether it's a county prison or state prison.

The clerks of Quarter Sessions prepare all the paperwork for probation, any type of sentencing. They also mark in each file the actual result of every single court proceeding.

So, the overall problem with a decrease in the number of clerks in our courtrooms is that the paperwork and the defendants will not be processed as quickly.

It will eventually cause -- For example, if there are prisoners up in the county prison who should be released, they will not be released because the paperwork won't get there or there will be a delay.

In the past, the clerks as well as First Judicial District, have been the subject as defendants in Federal litigation when prisoners were not released in a timely fashion. And that's just a synopsis. Perhaps Mr. Cairone can give you additional information.

But it is a very, very serious impact. That's on the criminal Courts. We have clerks who work in our 1801 Family Court as well as 34 South 11th Street where stacks and stacks of files are handled every day. And without the manpower to actually fill in the paperwork... We are all in a partnership but it's a standstill. We all come to a standstill.

COUNCILMAN DiCICCO: Those actions that you referred to that take place in

Federal court as a result of the delay in processing...

PRESIDENT JUDGE MASSIAH-JACKSON: Yes.

COUNCILMAN DiCICCO: ...are they civil actions and do they cost -- Is there a monetary award given for those suits when we lose? I assume we lose most of them.

PRESIDENT JUDGE MASSIAH-JACKSON: Absolutely, yes, Councilman.

COUNCILMAN DiCICCO: And where does that money come from for the award? Is that out of your budget? Is that out of the City's General Fund?

PRESIDENT JUDGE MASSIAH-JACKSON: The City's General Fund, yeah.

COUNCILMAN DiCICCO: Does anyone have an idea what it may cost us generally on an annual basis in lawsuits?

I'm trying to see if we can compare what we're paying in lawsuits which we may be able to save if we had enough staffing in addition to the time, just the money alone.

PRESIDENT JUDGE MASSIAH-JACKSON:

Councilman DiCicco.

COUNCILMAN DiCICCO: Seems like a no-brainer.

PRESIDENT JUDGE MASSIAH-JACKSON: Well, Councilman DiCicco, I won't characterize it because I know Mrs. Miller will testify in a few minutes. But the difference here is $4.2 million that the Clerk has asked for that has not been recommended.

Mrs. Miller and the efforts of her office have resulted that we've been -- we have not been the subject of lawsuits in the past few years. But it's only through herculean efforts of the clerks, the ladies and the gentlemen who work in the courtrooms, that that has been accomplished.

COUNCILMAN DiCICCO: And with further reductions the job gets even more difficult.

PRESIDENT JUDGE MASSIAH-JACKSON: Absolutely.

COUNCILMAN DiCICCO: I have a question in the area of case load. And generally if a person were to file a lawsuit in Philadelphia County, how does that compare in the amount of time it takes for that case to be heard, compared to, say, Bucks or Montgomery County?

And I'm going down a path not to be critical of the courts, but I'm trying to establish some information for myself for some future action I may consider taking.

PRESIDENT JUDGE MASSIAH-JACKSON: Councilman, in Philadelphia we have been recognized by the National Center for State Courts and by the Committee of 70 as having nearly the best civil program anywhere in the county.

We meet and exceed the guidelines set forth by the American Bar Association for civil lawsuit filings. That is, if a case is $50,000 or less, which is arbitration, or a case could be a multi-million dollar case, we have a track system, what we call Day Backward, system where we have teams and we are able to achieve a very high level of success.

The other counties are not in the same position. And in fact, in the past year-and-a-half, I'd say past 18 months, where the Pennsylvania Supreme Court has changed some of our rules of civil procedure, more cases are being filed in the counties now than in Philadelphia. It has to do with the jurisdiction of where the location of the defendant is, where the plaintiffs are.

And as a result -- and I've attended meetings coordinated by our Philadelphia Bar Association, Montgomery County Bar Association, some of the county bar associations -- Philadelphia is far and away ahead of everyone else in the local area.

COUNCILMAN DiCICCO: So, are you suggesting that the time it takes for a lawsuit to reach a trial in Philadelphia is comparable to the counties?

PRESIDENT JUDGE MASSIAH-JACKSON: Less. Absolutely less.

COUNCILMAN DiCICCO: It's actually less.

PRESIDENT JUDGE MASSIAH-JACKSON:

The urban myths that you may be thinking of are at least ten years old.

COUNCILMAN DiCICCO: Okay. And then the jurisdictional issues which I was going to ask you -- I think you answered that -- we're having less of those cases being heard in Philadelphia.

I know it was one time that attorneys would look to Philadelphia, especially in civil cases, where they figured that the jury would be awarding higher -- awards would be higher than or greater than they were in the counties. We're not seeing as many of those as we used to?

PRESIDENT JUDGE MASSIAH-JACKSON: Oh, no. The verdicts are more than 50 percent defense verdicts; that is, the plaintiffs are losing.

COUNCILMAN DiCICCO: Well, my point is, if an incident -- if an attorney from a county outside of Philadelphia made a decision -- at one time they were making decisions to have their cases heard in Philadelphia, even though the action that prompted the lawsuit did not occur in Philadelphia. Is that still going on?

PRESIDENT JUDGE MASSIAH-JACKSON: It is not because of the Supreme Court rules of about 18 months ago.

COUNCILMAN DiCICCO: That changed?

PRESIDENT JUDGE MASSIAH-JACKSON: Absolutely.

COUNCILMAN DiCICCO: I think that's all. Thank you. Thank you for your testimony.

COUNCIL PRESIDENT VERNA: The chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Thank you, Madam President. Good morning.

PRESIDENT JUDGE MASSIAH-JACKSON: Good morning.

MR. CAIRONE: Good morning.

COUNCILWOMAN BROWN: On Page 8 of your testimony, you give some discussions of Family Court domestic relations developments and updates.

And I recognize that support orders, according to the written testimony, are up

7.48 percent. And there are a couple of numbers regarding collections, both current and arrears.

Could you please tell me where those collections go? Do they go back to the families or elsewhere?

MR. CAIRONE: The support collections go to the families.

COUNCILWOMAN BROWN: 100 percent.

MR. CAIRONE: That's correct.

COUNCILWOMAN BROWN: Okay. Any read on uncollected dollars?

MR. CAIRONE: I'm sorry, Councilwoman.

COUNCILWOMAN BROWN: Is there any estimate on outstanding dollars that are out there that you have not been able to collect? Just curious to know what that number may be.

MR. CAIRONE: Well, the interesting thing about Family Court support cases is they never seem to end.

So, there are some arrears. And if you look at the testimony that we provided, you'll see that our arrears collections have gone up 4.27 percent as well.

COUNCILWOMAN BROWN: Okay.

MR. CAIRONE: So, there are cases that are in arrears that we address on an ongoing basis.

That's one of the reasons why we've initiated a new case processing method in Family Court support operations, to address the areas of processing that will increase collections.

COUNCILWOMAN BROWN: That has been the one contributing factor to the increase in arrears?

MR. CAIRONE: That is correct.

COUNCILWOMAN BROWN: Tell us --

MR. CAIRONE: We started a night court which has been very helpful.

COUNCILWOMAN BROWN: Okay.

MR. CAIRONE: It's increased performance. We've had about 3600 people or 3700 people processed through that night court since its inception.

We've increased collections as a result because working parents can now come in in the evening on Wednesdays --

COUNCILWOMAN BROWN: Sure.

MR. CAIRONE: -- rather than having to take off work --

COUNCILWOMAN BROWN: Sure.

MR. CAIRONE: -- to come in and make payments.

COUNCILWOMAN BROWN: Sure.

MR. CAIRONE: So, Family Court support has taken an approach of reaching out to the individuals to try to provide better access.

COUNCILWOMAN BROWN: Yes.

MR. CAIRONE: And to increase collections.

COUNCILWOMAN BROWN: Sure.

Any other strategies that are sort of on the docket but time or money becomes a barrier to implementing them? Do you have any?

MR. CAIRONE: Not at this point, Councilwoman. As far as the Domestic Relations area is concerned?

COUNCILWOMAN BROWN: Yes.

MR. CAIRONE: As far as child support is concerned, we've received additional funding from the state.

COUNCILWOMAN BROWN: And that was due to what?

MR. CAIRONE: I'm sorry?

COUNCILWOMAN BROWN: That contributed to what?

MR. CAIRONE: That was to increase the case processing.

COUNCILWOMAN BROWN: Okay.

MR. CAIRONE: For the support orders that are issued.

We instituted an increased management -- case management program, and set up a team approach to try to address the cases more rapidly and in a more efficient manner.

And after the first year, we've had glowing results. And the state has provided additional funding to support that initiative.

COUNCILWOMAN BROWN: With no... With no tax... The City, not...

MR. CAIRONE: That is correct.

COUNCILWOMAN BROWN: Okay.

MR. CAIRONE: The idea is to increase incentive payments on the back end so that Family Court Support, Domestic Relations, can become fully operational on its own and self sufficient.

COUNCILWOMAN BROWN: Very good. Very good.

Tell me from my own knowledge base, what's the difference between a case with support orders and a paternity establishment case.

MR. CAIRONE: We have some cases where the parent will come in and suggest that they may or may not know who the father is. And in order to establish support payments, we have to establish paternity.

COUNCILWOMAN BROWN: Got it.

MR. CAIRONE: So, those are things that we have to work on before we can start processing the case.

COUNCILWOMAN BROWN: I see. Okay.

My second and final question is

related to your testimony on Page 10. The domestic violence DO IT Program.

MR. CAIRONE: Municipal Court.

COUNCILWOMAN BROWN: It sounds like a great strategy to deal with the issue that won't go away. That is the issue of recidivism. So, can you give me a percentage as to how many violators are sent back to court?

MR. CAIRONE: Actually, this has been a very successful program. Of the 395 people that have been referred to the program, only 19 have been returned, which is less than 5 percent. So, so far this has been very rewarding, and we hope to be able to expand it.

COUNCILWOMAN BROWN: That's huge. They're referred by whom?

MR. CAIRONE: They are referred actually on a -- It's a combined referral. We're working with the District Attorney's Office and the Defender Association before referrals are made.

The Defender, of course, will confer

with their client --

COUNCILWOMAN BROWN: Mm-hmm.

MR. CAIRONE: -- and the District Attorney will confer with the victim. And if the victim --

COUNCILWOMAN BROWN: Excellent.

MR. CAIRONE: -- agrees, then we start the process in motion where they can attend the training sessions and the classes. And once they complete the classes, then they have an opportunity to have the record expunged --

COUNCILWOMAN BROWN: Mm-hmm.

MR. CAIRONE: -- or the case withdrawn.

COUNCILWOMAN BROWN: Would you consider this a systemic change or is it another program?

MR. CAIRONE: It's something that we've done in the past. But what we're doing now is, we're doing it early on in the case life cycle which much better.

COUNCILWOMAN BROWN: Sure.

MR. CAIRONE: Because what we find

traditionally is, what happens is, once the individuals get into court, then the party that initially filed the complaint no longer wants to move forward. They've reconciled their differences, and we've had a case that's gone through the processing cycle which costs money and time and effort.

COUNCILWOMAN BROWN: Sure.

MR. CAIRONE: And this way, if we can address these issues up front, and get some training and intervention --

COUNCILWOMAN BROWN: And give people options, I would imagine, as well, to how best to deal with issues that got them there. Would you agree?

MR. CAIRONE: That is correct.

COUNCILWOMAN BROWN: So, this is an option for all young people who come through misdemeanor charges.

MR. CAIRONE: This is an option... I don't want to say for all people.

COUNCILWOMAN BROWN: Okay.

MR. CAIRONE: They have to have an appropriate background --

COUNCILWOMAN BROWN: They have to have?

MR. CAIRONE: -- in order to be amenable to this.

COUNCILWOMAN BROWN: They have to have what?

MR. CAIRONE: An appropriate background.

COUNCILWOMAN BROWN: Okay. All right.

MR. CAIRONE: And the D.A. and the Defender have to...

COUNCILWOMAN BROWN: Agree?

MR. CAIRONE: Concur.

COUNCILWOMAN BROWN: I see.

MR. CAIRONE: And it's only for domestic violence cases.

COUNCILWOMAN BROWN: Okay, then. All right, then. Okay.

Well, thank you for your testimony. That's all that I have.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam President.

Good morning.

PRESIDENT JUDGE MASSIAH-JACKSON: Good morning.

MR. CAIRONE: Good morning, Councilman.

COUNCILMAN CLARKE: Earlier in your testimony you talked about the level of paperwork, in terms of processing cases, various issues as it relates to the operation of your department.

Can you kind of run me through that? What exactly is entailed in terms of processing of paperwork between your office, the --

PRESIDENT JUDGE MASSIAH-JACKSON: You mean the Clerk of Quarter Sessions?

COUNCILMAN CLARKE: Clerk of Quarter Sessions or would that be --

PRESIDENT JUDGE MASSIAH-JACKSON: I think -- I know the Clerk of Quarter Sessions has all the information. I have met with her over the years, and I had a packet of information.

Is it something like 50 different forms. The clerks have about 50 different forms that they need to fill out for almost every one of our criminal cases to get a defendant from point "A" to point "B".

And the Clerk would be in a better position to go through that than I.

COUNCILMAN CLARKE: What I wanted to talk to you about is the modernization of the court systems. I understand that there's actually physical paper.

PRESIDENT JUDGE MASSIAH-JACKSON: Well, we have...

MR. CAIRONE: There is a project that's currently in place as part of the Unified Judiciary for Pennsylvania. It's an Automated Common Pleas Case Management System. In Philadelphia it will also include Municipal Court, since they are not a part of the District Justice System. This is a case management system that will automate much of the current manual processes that occur today that the court and the Clerk of Court are forced to bear.

The implementation schedule for Philadelphia is for the spring of '06. There are currently somewhere in the area of 25 counties where the process has currently been implemented.

Montgomery County was the most recent to occur, on Monday. Philadelphia being the size that it is, is being held until the last county because when we enter our data, we will double the data that is in the statewide system.

So, they felt that it would be best to iron out any glitches in the system, and make sure that the system was operating appropriately before they tackled a jurisdiction of our size.

So, this will eliminate much of the paperwork that occurs, and it will electronically transfer information amongst courts.

Now, of course, that doesn't mean

that we won't have to build interfaces between the prisons and other agencies. And we're currently doing a gap analysis, to try to identify those areas that this system will affect.

We're working within the court to do that, of course, and then we're working with our criminal justice partners through the Mayor's Office of Information Services, with the Public Safety Portfolio Manager to address those issues.

Mr. Timmerman is meeting with our other criminal justice partners to identify gaps that they think will be created as a result of this automation project. And then we will meet with him and the other partners and then take that information back to the administrative office of the Pennsylvania courts.

So, the hope is that in the spring of '06 we'll have a much better working process that will supplement what we do today.

The interesting thing is -- and I

was going to comment on this when Councilman DiCicco asked for a follow-up information -- is that because of the cuts that have been made over the years in both the court and the Clerk's office, and because this will be a completely automated system, it's imperative that we have realtime data entry.

We can't wait two or three days for information to get into this system. This system will not only be viewed by those in Philadelphia but it will be viewed statewide.

And information will be passed to the state police for the criminal history record, and other agencies will use this information on a daily basis to make decisions. So it's imperative that the data get entered in a timely manner.

Toward that end, we need to develop and continue to develop our partnership with the Clerk. So, it's not like we're going to need less people to do this process. In fact, if we don't work together --

COUNCILMAN CLARKE: That was actually going to be my follow-up question.

MR. CAIRONE: Automation doesn't always create savings in the area of personnel. It does in the area of processing and can save sometimes in that area, but this is an intensive data entry process.

COUNCILMAN CLARKE: Are you suggesting that this will be more costlier?

PRESIDENT JUDGE MASSIAH-JACKSON: No.

MR. CAIRONE: No, I'm not suggesting that at all.

What I'm saying is that with the personnel we have, and a partnership that we develop, we'll be able to do this in a realtime manner but it's not like we can continue to do these things as staffs are reduced.

We need to maintain the services that we have now. And just because an automation project comes in doesn't mean that the Clerk can do without the manpower that she's asking for.

PRESIDENT JUDGE MASSIAH-JACKSON: Could I make a comment, Councilman?

Councilman, at this point on the Common Pleas side we have 93 spots. And in reality, there are 92 working judges.

The Municipal Court has 25 judges, plus we have another 12 senior judges at the Common Pleas level.

As we expand the number of courtrooms, we need to -- the Clerk of Quarter Sessions needs to have a full complement of 118 clerks.

The sheriffs will need increased sheriffs to man and staff each courtroom. So, as you heard from Mr. Cairone, this is a partnership. We call it a criminal justice partnership.

The more courtrooms that are working, the more support staff that are needed in every one of those courtrooms. It's not less staff. Even with automation, we need to fully staff each courtroom for safety, security, as well as the processing.

COUNCILMAN CLARKE: So, the automation program will essentially expedite the process but not be more cost effective.

Is that what you're telling me?

MR. CAIRONE: Well, I may agree in one part when you say it's not as cost effective, as it relates to personnel, but by expediting the process it's certainly much more cost effective, in that inmates will be released timely and processing will occur more timely than it has in the past. And that's the hope, of course, that we all have, as far as the automation process.

COUNCILMAN CLARKE: In terms of your existing employees, will there be a program to train employees?

PRESIDENT JUDGE MASSIAH-JACKSON: Oh, yeah.

MR. CAIRONE: Yes. We are currently in that process as we speak. Tipstaffs that are assigned to courtrooms are doing realtime data entry in Common Pleas courtrooms.

About six months before the implementation of the automation project, the A.O.P.C. will send in a team of trainers to train not only court personnel but the Clerk of Quarter Sessions as well. So, there is an implementation process that occurs in the schedule that they've released.

COUNCILMAN CLARKE: You said this has been done in 25 counties throughout the state?

MR. CAIRONE: That is correct.

COUNCILMAN CLARKE: What's the longest term operation in any of those counties? How long ago has the first -- the first implementation taken place?

PRESIDENT JUDGE MASSIAH-JACKSON: A year or two.

MR. CAIRONE: It's over a year. It's about a year-and-a-half. That was Westmoreland County.

PRESIDENT JUDGE MASSIAH-JACKSON: Right.

MR. CAIRONE: And in fact, we sent a team of people to visit Westmoreland County two weeks ago to see how it was working there, and they came back very impressed with the operation.

PRESIDENT JUDGE MASSIAH-JACKSON: It's a total of 60 counties. So, you know, the 60 is being rolled out a few counties at a time.

COUNCILMAN CLARKE: A year. I would think that a year is really not enough time to have done an analysis on the long-term effects, both in terms of expediting the process and in terms of the cost effectiveness of the project.

MR. CAIRONE: Well, certainly it will be an ongoing analysis in that area. And we'll be able to better determine what the impact is as we move forward. But initially the data has to be entered, and it has to be entered in a timely manner in the courtroom.

COUNCILMAN CLARKE: If there is a move by the Family Court, physical move of that operations, the brunt of the cost of that new location will be borne by whom?

MR. CAIRONE: Well, that's an interesting question. The agreement that we have on the table with the City is that it will be budget neutral.

And the only commitment, to my

knowledge, that the Mayor has made to the court and to Madam Justice Newman is that any monies that are currently budgeted for the current locations that we occupy can be used for the new facility, and any sales proceeds from the 1801 Vine Street site can be used for the new facility.

Barring those two agreements, there are no additional agreements that would have a negative impact on the City budget. It's incumbent upon us and others, of course, working together, to try to find alternate funding sources.

COUNCILMAN CLARKE: So, you're saying that the sale of the existing facility, that revenue will go towards the new facility?

MR. CAIRONE: That's the understanding we have.

COUNCILMAN CLARKE: Lease arrangement?

PRESIDENT JUDGE MASSIAH-JACKSON: It's just one time.

COUNCILMAN CLARKE: Yeah. So, the

City's General Fund will not benefit from the sale of that facility.

MR. CAIRONE: I guess that depends on whether you feel that a new Family Court facility is a benefit or not.

COUNCILMAN CLARKE: Well, it was suggested in informal conversations that the potential sale of the existing facility would benefit, and it was implied the City's General Fund. But if that's not the case, I'm just... That's not your interpretation of the quote unquote agreement?

MR. CAIRONE: I can only tell you what I understand the agreement to be.

COUNCILMAN CLARKE: Okay. So, if it's -- it being a one-time cost -- one time sale, the assumption is that revenue would not -- If, in fact, the Family Court had to lease space, that revenue would not pay for any ongoing costs?

MR. CAIRONE: Well, you could take the revenue and amortize it over the life of the lease. You could have it pay the lease the first year. I mean, those decisions are yet to be made.

The only thing that I'm suggesting is that we were advised that the proceeds from the sale could be used toward either a purchase or a lease of a new facility.

COUNCILMAN CLARKE: Interesting. Okay.

Thank you.

COUNCIL PRESIDENT VERNA: You're welcome.

I think we're sitting up here just wondering when it was suggested that 1801 Vine be sold. When did this all come about? And if they move, do they have another location in mind?

MR. CAIRONE: We're still in the early stages of reviewing this plan. I mean, we've looked at some facilities, but to combine the Family Court into one location is going to require somewhere in the area of 500,000 square feet, and there are few buildings that can accommodate such a need.

On the other hand, if there are facilities that can accommodate that, there are many of those facilities that consider us not the most desirable tenant. And for that reason, they're not interested in housing a Family Court facility.

So, we're still in the early stages of reviewing locations and areas. At one point we thought we did have a location narrowed. That did not work out.

And... We also discussed the possibility of a new build, as opposed to existing facility. And we even went through a stacking block diagram of three separate locations on City land that was owned.

None of those locations worked out in the long run. We also looked at the possibility of the site behind the Criminal Justice Center, and that proved to be too small to accommodate the facility.

So, we're still searching for the quote unquote perfect location or the perfect building that could accommodate us. There are a couple that we've looked at that are certainly appealing and interesting.

But we still have to get past the

issue of negotiating whether it will be a buy or a lease, and then again, where the money will come from.

COUNCIL PRESIDENT VERNA: In any event, before any determination is made, I'm sure you would come before City Council?

PRESIDENT JUDGE MASSIAH-JACKSON: Sure.

MR. CAIRONE: I would assume the City administration would do that, Madam President.

COUNCIL PRESIDENT VERNA: I would think so.

As I said, it's the first that, you know, I heard of it. And I assume that Councilman Clarke knows about it, since it's in his district. But it's the first that we have had any knowledge of it even being discussed.

At this time the Chair recognizes Councilwoman Miller.

COUNCILWOMAN MILLER: Thank you. Thank you, Madam President.

Good morning.

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MR. CAIRONE: Good morning, Councilwoman.

PRESIDENT JUDGE MASSIAH-JACKSON: Good morning.

COUNCILWOMAN MILLER: I just have a couple questions here. One is regarding the Juvenile Drug Court on Page 7 of your testimony. And I see it started in September '04.

How does a young person get assigned to that particular court? What's the process? Because you only have 20, and I was just wondering.

PRESIDENT JUDGE MASSIAH-JACKSON: Councilwoman, I'll just say briefly. And then if you have additional questions, Mr. Cairone will help.

But Drug Treatment Court, which is a specialized court, juvenile or adult court, is, again, a joint collaborative effort with the District Attorney, Department of Human Services, the defense counsel. There are -- and all of our social services.

It's -- The individuals who are

picked -- and as you see it's only 20 participants to date -- have to be specially selected based on their background and their, you know, the support structure.

COUNCILWOMAN MILLER: Okay. So, is this a pilot program? Will it -- The results you're looking for is that they remain drug free for at least one year and then you'll expand?

PRESIDENT JUDGE MASSIAH-JACKSON: That's correct, yes.

COUNCILWOMAN MILLER: Okay. All right. Also, we got a letter. And I really didn't read it thoroughly. What do you want us to do regarding the nuisance night court?

I got a letter from the First Judicial Court so I thought. I guess all Council members did. I think you want to bring it back but you're having some problems?

PRESIDENT JUDGE MASSIAH-JACKSON: No. It is --

COUNCILWOMAN MILLER: It's not in the testimony, but I did get a letter in my office.

MR. CAIRONE: Do you know who it came from?

COUNCILWOMAN MILLER: No, not off the top of my head.

PRESIDENT JUDGE MASSIAH-JACKSON: We do have the nuisance night court. I know judges have volunteered to sit in the night court around the City at various police districts around the City.

Maybe it was an announcement that it's happening.

COUNCILWOMAN MILLER: Well, actually, what the letter that I received kind of indicated that there were problems, and they wanted us to call the local police captains.

You got one, too, Councilwoman?

COUNCIL PRESIDENT VERNA: Yes. I think the letter that we received indicated that the police were not making nuisance arrests. Consequently, the judges sat there all night without...

PRESIDENT JUDGE MASSIAH-JACKSON:

Did that come from the First Judicial District?

COUNCILWOMAN MILLER: I think it did.

COUNCIL PRESIDENT VERNA: Yes.

And I know that I did send a copy of that to each of the captains in my district. And I know that one captain has been communicating.

MR. CAIRONE: I'd be kind of embarrassed to ask you to forward a copy to us.

PRESIDENT JUDGE MASSIAH-JACKSON: Yes.

MR. CAIRONE: But we could at least perhaps bring it --

COUNCIL PRESIDENT VERNA: I will give you the name of the individual --

PRESIDENT JUDGE MASSIAH-JACKSON: All right.

MR. CAIRONE: Okay. Thank you very much.

COUNCIL PRESIDENT VERNA: -- who sent the letter immediately after the hearing.

The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: All right, Councilwoman Miller?

I just have some additional information. Part of -- When we started this a number of years ago, it started kind of after the Vet Court got some publicity and Seamus McCaffrey agreed to go in and do the nuisance night court.

The coordination that was necessary was obviously between the captain and the court, because in order for it to be successful, there had to be a coordinated unit that was out on the street making those drinking arrests and the loitering arrests and the curfew arrests.

Because without the bulk of -- Part of the whole process was educating the parents, because when you had a minor that was out there with spray paint cans or beer cans or whatever, that parent had to come in at midnight, 1 o'clock, stand before the bar of the, court and explain why their 14-year-old is running the streets at 12 and 1 o'clock in the morning.

So, in order for it to be successful, you had to have a captain who was willing to coordinate with the judge and the judge's staff so that they will be bringing people in.

It wasn't just fining the people that was effective. It was getting the father off the couch and getting him to come to court and explain why his kid's doing what he's doing.

And the other problem that was brought to my attention was an issue of funding. Although the judges volunteered, there was a need to pay the staff.

And I think there was some funding issues with staffing the court appropriately and how we were going to pay for it. And I think that's one of the reasons why it's... the use of the court as an effective tool has waned.

It's not as important, I think, in

the wintertime, but as we get into the spring now before -- Actually, the peak problem is normally when the weather breaks before July 4th.

For some reason after July 4th a lot of neighborhood people are not out or whatever it is. But that springtime period is the worst because their kids are getting excited about spring, and they're banging each others' heads and doing the things kids do. But that's what causes the complaints in the neighborhood.

So, I think it's the two issues. It's coordinating with the captain to make sure the captain buys into this as an effective tool and puts the police personnel assigned with a wagon and everything else to make it work.

And the second part of it was funding for the staff because the judges were willing to volunteer but the staff obviously can't.

COUNCIL PRESIDENT VERNA: Well, the letter I received made no mention of staff issues.

COUNCILWOMAN MILLER: No, it made no mention of staff. It was mainly --

COUNCILMAN KENNEY: I guess that was more anecdotally than it was in the letter. But the staffing issues were a concern.

COUNCILWOMAN MILLER: Okay. Well, that's one reason why I brought it up because the spring is coming. And when you drive through the districts, you see more and more people out loitering, particularly young men on corners. And, so I just wanted to be able to do whatever it is I needed to do to help in this whole effort.

PRESIDENT JUDGE MASSIAH-JACKSON: Right.

COUNCILWOMAN MILLER: I have one other question. I have a couple parents whose sons -- juvenile offenders -- were placed, sent away to various facilities. And I think what frustrates them is that to them there's no follow-up. Okay. Their child goes away. They come home. Most of these young men have stayed -- and most of them are young men -- have been away for about a year.

They come home. They're on probation. And maybe part of their probation is their requirement to go to some type of training program or go back to school. And they do that. But then they finish the training and then nothing else happens.

It's like... It's like... I just called one of the parents, actually, to find out, to get her to put it in words because she's very frustrated. She continues to voice this every time I see her. It's like... What she actually wanted was for her son to be sent back to placement. Okay.

PRESIDENT JUDGE MASSIAH-JACKSON: Well...

COUNCILWOMAN MILLER: Because, you know, he's right back out doing the same kind of things.

You know, what I'm wondering is, if a part of the probation up until they turn 18 can be that they're required to participate in some type of structured program. Can that happen through the courts?

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PRESIDENT JUDGE MASSIAH-JACKSON: Well, Councilwoman, one of the issues is, what was the period of probation? If it was a one-year or two-year period of probation, when the time ends, it ends.

COUNCILWOMAN MILLER: It just ends. Right.

PRESIDENT JUDGE MASSIAH-JACKSON: The courts -- Regretfully I have to say this, but the courts have been asked to take more and more of a social service role in our society. That is truly not the function of the courts.

And so, if an individual, a juvenile or adult, is on probation, at whatever point that time period ends, that's it.

And at that point, it's up to the parent, and possibly the school, to take that child and move that child forward to become a productive member of this society.

Our Family Court has parenting classes to teach parents how to become parents. Our family courts have Truancy Court. We have the School District that has an office in the basement of 1801 Vine Street.

These are social service issues and areas that we have taken on these responsibilities, but that's not the true role of the courts.

COUNCILWOMAN MILLER: Okay. Well, I understand that.

I said to her, I said, once he becomes 18, he's 18, and that's the end of it.

PRESIDENT JUDGE MASSIAH-JACKSON: That's right.

COUNCILWOMAN MILLER: And I guess what's frustrating for her -- This person is a good parent. She has two other sons. One just got his masters. He's teaching. The other is in engineering school.

PRESIDENT JUDGE MASSIAH-JACKSON: And this is the problem.

COUNCILWOMAN MILLER: But it's this last one that she just can't seem to get a grasp on.

PRESIDENT JUDGE MASSIAH-JACKSON:

Well, she doesn't want to have the child in the criminal justice system any longer than necessary either.

COUNCILWOMAN MILLER: Right. And that's what she's afraid.

She says, it's like when they turn 18, then they become adult criminals, go to adult prisons.

So, lots of parent are just looking for help and support. And maybe it's other ways we can do that and not so much through the courts.

PRESIDENT JUDGE MASSIAH-JACKSON: I think that would be a good response.

COUNCILWOMAN MILLER: Right. Thank you.

PRESIDENT JUDGE MASSIAH-JACKSON: Thank you.

COUNCILWOMAN MILLER: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam Chair.

Good morning.

PRESIDENT JUDGE MASSIAH-JACKSON: Good morning.

MR. CAIRONE: Good morning.

COUNCILMAN RIZZO: I think sometimes we forget about the... Word I'm looking for here... the state commitment to the courts.

Judge, could you please take us back and bring us current why we don't get assistance? I mean, the state doesn't want to pay for the police patrols on the expressway. They don't want to participate and, in my opinion, adequately fund the courts.

So, for the record, I think it would be nice to go back and explain the relationship between the state, the state and the court, the funding that you get, the funding that you don't get.

I just need maybe a few minutes to refresh my memory on exactly where some of this money that we're struggling to get is supposed to be coming from.

PRESIDENT JUDGE MASSIAH-JACKSON: Well, Councilman, I'll take you back just the one year ago when the three of us were sitting here before this body.

COUNCILMAN RIZZO: Could you pull that mike a little closer, please?

PRESIDENT JUDGE MASSIAH-JACKSON: Yes.

COUNCILMAN RIZZO: Thank you.

PRESIDENT JUDGE MASSIAH-JACKSON: Just one year ago, the very first comment in our testimony was, the funding of the courts, which is the third branch of the state government, should be taken up by the state legislature.

And the Supreme Court of Pennsylvania in the Allegheny decisions, have ordered the state legislature to fund the courts throughout the state.

And last year at this time, Councilman, you requested, and I joined with you, in a joint resolution that was passed by 17 members of City Council and by the First

Judicial District. We signed off on it, working my staff with your staff. And I sent a copy of that resolution to Chief Justice Ralph Cappy, and you sent a copy of the resolution to the state legislative leaders.

And I can tell you that I have not received any responses from the state legislative leaders at all.

But we agree with you that this is something that should be funded by the state. The Supreme Court itself has ordered that. And I believe this is a legislative issue which perhaps you may be in a better position to handle than the courts.

COUNCILMAN RIZZO: Judge, for the record, could you talk about the scope of the financial part of it.

In other words, I'm not suggesting that the state pay for all. But based on the Supreme Court's decision, what exactly should the state be doing? What should the City be doing? What kind of a balance is there here? What kind of financial budget would it be? If it was working the way it should work, would the state be funding 100 percent, 90 percent, 80 percent? Where exactly would we be?

COUNCILMAN DiCICCO: Point of information, Councilman.

I think I know exactly where you were going with this. I think that there was a decision that in lieu of the state assuming the full financial responsibility, that they did pick up a portion which I think was the court administrators, salaries of the court administrators.

I think that's -- I think that's what you may be looking for. I don't want to try to read your mind, but I do know a little bit about that. And maybe you might want to...

COUNCILMAN RIZZO: That's exactly where -- Out of this we did get something.

MR. CAIRONE: Yes.

COUNCILMAN RIZZO: From Councilman DiCicco's point.

But I'd like to know, in your opinion what should the state be contributing to your total budget? What should the City be contributing?

Based on a decision of a state supreme court, where exactly should we be today if the state complied with the Supreme Court's decision?

MR. CAIRONE: I think the -- If my memory serves me -- and that's what I'm going on here -- I think it was a four-phase process that was recommended by the committee that Justice Montemuro chaired.

And the first phase was all court administrators. And that has occurred.

COUNCILMAN RIZZO: How much is that?

MR. CAIRONE: Throughout the state.

COUNCILMAN RIZZO: How much is that?

MR. CAIRONE: I don't know what the total dollar amount is.

For our jurisdiction it's around $900,000. There's 13 individuals that are on our payroll that are paid by the state. And it's for court administrators and deputy court administrators throughout the state in other jurisdictions as well.

Phase II was to include, I believe, the judicial staff and court administrative staff.

And then I think Phase III included... I don't know if it was all other staff including probation. And I don't remember if they were in Phase IV or not. And then there was a Phase IV that included the remaining employees.

As part of Phase II, judicial staff, the City is getting some reimbursement from the state, in the form of about $10.7 million. That's money that is given directly to the City to support judicial staff that we have on our payroll.

COUNCILMAN RIZZO: That goes, what, to the --

MR. CAIRONE: That goes right into the General Fund.

COUNCILMAN RIZZO: General Fund?

MR. CAIRONE: Yes.

COUNCILMAN RIZZO: And our Budget Director can confirm that?

MS. REED: Yeah.

MR. CAIRONE: So, in that respect there is money that comes from the state for that purpose.

That's also a state grant in aid money that comes back for the support of probation staff. It's not a full 100 percent dollar for dollar.

I believe the last formula was either 52 or 58 percent is returned in the form of dollars to the General Fund to support probation.

There is, of course, state grant money that we receive for child support which fully supports the child support program.

And then there are other grants that we've applied for through the state that we receive, either through P.C.C.D. or other agencies, that will support programs or initiatives.

COUNCILMAN RIZZO: So, we're at what phase now?

MR. CAIRONE: We're still in Phase I.

(Laughter.)

MR. CAIRONE: They haven't officially released the money for Phase II yet.

COUNCILMAN RIZZO: So, the excitement that I was starting to...

(Laughter.)

MR. CAIRONE: So, it was actually 2000 is when we went on the state payroll. That's correct.

COUNCILMAN RIZZO: So, you believe that this is now a legislative issue?

PRESIDENT JUDGE MASSIAH-JACKSON: Oh, yeah.

MR. CAIRONE: I think we believed that last year also, and in fact suggested that in our comments.

COUNCILMAN RIZZO: Have we pulled together the Philadelphia... I don't think it would be inappropriate. Have we pulled together the Philadelphia delegation and expressed our need for this to be a legislative agenda?

PRESIDENT JUDGE MASSIAH-JACKSON: Well, Councilman, I'll make the same offer that I made last year. If your staff creates a resolution, I'll work with my staff.

If you pass it here in this body, I will forward it to the Chief Justice. And if you forward it to the legislative delegations, I think we can once again work together on that.

COUNCILMAN RIZZO: Okay. Maybe what we also could do is invite the delegation here to this chamber, and we can discuss a strategy in getting us beyond Phase I or at least call all the phases and get what we believe is most appropriate as soon as possible, because I'm sure that a lot of the programs that you would like to do, with the City's support and new state support, could be very, very helpful.

PRESIDENT JUDGE MASSIAH-JACKSON: I'll wait to hear from you, Councilman.

COUNCILMAN RIZZO: We will -- We will -- You will be hearing.

PRESIDENT JUDGE MASSIAH-JACKSON: Okay.

COUNCILMAN RIZZO: Thank you, Madam

Chair.

COUNCIL PRESIDENT VERNA: Okay. Thank you.

Are there any other questions?

(No response.)

COUNCIL PRESIDENT VERNA: Your honor.

PRESIDENT JUDGE MASSIAH-JACKSON: Yes.

COUNCIL PRESIDENT VERNA: The budget before us has $106.5 million for the courts in the General Fund. When did the administration agree to the $108.8 million?

PRESIDENT JUDGE MASSIAH-JACKSON: March 24th, Holy Thursday. I was working late.

COUNCIL PRESIDENT VERNA: Mm-hmm.

PRESIDENT JUDGE MASSIAH-JACKSON: Yes.

COUNCIL PRESIDENT VERNA: So you must have been praying at the same time.

Where is the additional $2.3 million coming from? Do you have any indication?

PRESIDENT JUDGE MASSIAH-JACKSON: I

suspect Diane Reed would have to answer that.

COUNCIL PRESIDENT VERNA: Yes. Is Miss Reed able to come forward to respond, please?

PRESIDENT JUDGE MASSIAH-JACKSON: Should we be excused or should we stay?

COUNCIL PRESIDENT VERNA: Just until she answers the question. You can stay, Judge.

MS. REED: Good morning. I'm Diane Reed, Budget Director.

COUNCIL PRESIDENT VERNA: Good morning.

MS. REED: In the agreement we have increased Class 100 for the courts by $2.271 million, and the courts have agreed to increase its revenue by $1.5 million, so that the overall impact of the increase on the General Fund is $771,755 to the General Fund above what we had budgeted.

COUNCIL PRESIDENT VERNA: Where is it coming from?

MS. REED: Well, we don't have a specific place for it to come from at the moment, but we expect that this increase will be resolved, with all the other adjustments that need to be made to the budget when we finalize it.

COUNCIL PRESIDENT VERNA: Thank you.

Your honor, thank you very much.

PRESIDENT JUDGE MASSIAH-JACKSON: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: I'm sorry. Just a minute, please. Ms. Reed.

COUNCILMAN KENNEY: The last sentence. The budget's not finalized? I thought with the document that was sent to us was the budget. And what areas of the budget are not finalized? Where are we going to get --

MS. REED: We're probably going to have to make a technical adjustment to the budget, to accommodate the higher number of uniformed officers for the Police Department. And there may be others, but nothing else specifically comes to mind at the moment.

COUNCILMAN KENNEY: That will incur spending additions?

MS. REED: No. That we will -- We will adjust that by reducing the overtime budget that was discussed in Council and transferring that to Class 100 wages and benefits in the Finance Department.

COUNCILMAN KENNEY: The Police Department thing's pretty clear. I mean, we understand the Commissioners did say they made a mistake. They re-submitted -- He's an honorable guy, and we're going to try to work with him.

But are there other areas of the budget that seem to need adjustment at some point before we pass it?

MS. REED: There may be, you know, several small changes that need to be made.

COUNCIL PRESIDENT VERNA: I think this is a perfect example.

COUNCILMAN KENNEY: Yeah. I mean, close to $1 million. I know it's not exactly small, but...

COUNCIL PRESIDENT VERNA: I don't know where it's coming from.

COUNCILMAN KENNEY: All right. I

just find it a bit disconcerting that there's anticipated changes that we don't know about.

MS. REED: Well, of course, we will be bringing that before Council. That will not happen in an information vacuum.

COUNCILMAN KENNEY: No; I understand. But I mean, I've been saying this for 14 years. This is a board of directors of this company.

And the C.E.O. of the company and their technical staff need to be open with the board. I mean, you can't just bring things the last minute without having consultation with the board of directors. I think no corporation in the world does that except here.

So, I mean, I guess we're going to be -- I guess we'll see when we see, but...

MS. REED: Well, since this is my first time, I'm assuming there's a point at which there's a discussion that occurs before the budget is finalized, and that that's going to happen before -- you know, it's not too long after the hearings.

COUNCILMAN KENNEY: It's your first time, and that's a big assumption.

So, thank you.

COUNCIL PRESIDENT VERNA: Thank you very much. Your honor, thank you so much, and thank you for all the wonderful work you do. Thank you.

PRESIDENT JUDGE MASSIAH-JACKSON: Thank you.

MR. CAIRONE: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Next department to testify is the Clerk of Quarter Sessions.

MS. MILLER: Good morning, Council President Verna and members of Council. My name is Vivian Miller, and I am the present Clerk of Quarter Sessions.

Before I give testimony I want to thank our President Judge Massiah-Jackson and the First Judicial District for coming to our rescue, that is, the Clerk of Quarter Sessions.

She said some fine words, and of

course you know they were true. And I just want to say thank you from the bottom of my heart.

I am respectfully requesting your support and understanding of the following budget request. While I am fully cognizant of the financial difficulties facing the City of Philadelphia at this time, I know that it is a certainty that we must experience cutbacks in order to make ends meet.

Specifically, as it relates to our fiscal 2006 budget request, we feel that we have absorbed those cuts by requesting a total of only 118 employees to address our needs.

We asked the administration for $4,388,117 for Class 100. That's 118 employees. They, in turn, offered us only $4,261,574 for approximately 111 employees. This office cannot function with this limited amount of employees.

Keep in mind there are approximately five new courtrooms that will be opening, and this office will not be able to provide the necessary court clerks if we are forced to live with only 111 employees.

In attempting to analyze these sets of numbers, the most important point that needs to be made is that the dollars appropriated for personal services never add up to the total positions requested, as submitted by our department.

For example, in fiscal 2005 the department list of positions budget forms showed a total of 128 employees. However, with the administration looking to impose an overall 5 percent reduction in our budget, this number quickly became perceived to be about 121 instead.

This perception has certainly turned into reality, as we struggle as a department to achieve numbers anywhere near this figure of 121.

It may seem that this department continually gives money back or we don't have use for the money provided. But when you have four or five positions open, the salaries just sit in our Class 100, and then is returned to the City's General Fund at the end of the fiscal year.

For example, it takes the Personnel Department months to allow us to interview a potential new employee. We have a laborer position open. This position has been opened since November of 2004. We submitted a request to fill this position in December of 2004. It is now April of 2005 and this position still has not been filled.

If we are able to hire or replace employees who leave our department in a timely fashion, the citizens of the City will get the services they need, and that should be our main focus.

In addition, we have a fines and costs unit which is responsible for the collection of all fines and costs. This money is given to the City's General Fund. This unit is currently understaffed and unable to complete the daily transactions.

If we have to minimize our staff by ten more employees, we will not be able to do the following: One, count and calculate the funds that are paid; two, key in important costs and fines information into the computer; three, key in information that we receive from the prisons.

When a prisoner has to pay their costs and fines, it is not put into the system as quickly as it should be. We are now a year behind.

Therefore, the prisons continue to take money from the prisoners because their payments are not registered in the system.

Sometimes the prisoners pay double the fines because this is not being done in a timely fashion. This could cause serious problems and possible lawsuits for the City.

I have a list showing you how many courtrooms and how many clerks are needed, but I'm not going to read that. That's self explanatory.

So, in conclusion, I'm seeking your support for assistance so that the Clerk of Quarter Sessions can properly sustain our operation.

I remain firm and fully committed to

you that nothing short of my best efforts will always be given to achieving the goals of our City.

Yet, we want to may be it abundantly clear that our department has always been and continues to be one that generates revenues each year that far exceeds the expenditures charged against us.

Continually being forced to experience a reduction in staffing levels is surely going to compromise our ability to process further revenues to the desired levels.

Thank you.

Are there any questions?

COUNCIL PRESIDENT VERNA: Thank you very much.

Am I correct that you're requesting an additional $126,543 for personnel services?

MS. MILLER: That's correct.

COUNCIL PRESIDENT VERNA: Ms. Miller, have you explained your requirements to the administration?

MS. MILLER: Yes, I have.

COUNCIL PRESIDENT VERNA: And if so, what was their reply?

MS. MILLER: They sent me a gentleman... What happened at the meeting, when I had... I'm sorry. Did I introduce you two guys? No. I'm sorry.

For the record, I have with me Lopez Jones, my First Deputy, and Tom Christian, my budget. I was so engrossed in trying to thank the President Judge.

What happened, we had a meeting with the administration. And it was agreed that they would give us the 118 employees, but the monies did not come with it.

I was told that they would send us another $85,000 or so. But when my budget director looked at the monies, it only was there for the bonuses, I believe.

So, Tom, if you want to...

MR. CRISMAN: Good morning, Council President.

COUNCIL PRESIDENT VERNA: Please identify yourself for the record.

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MR. CRISMAN: My name is Tom Crisman, budget officer for the Office of the Clerk of Quarter Sessions.

The questions you just addressed to Mrs. Miller and whether or not we've explained our position to the administration, yes, it did take place and it was in January of this year.

And at that time there was the general feeling on our part that the administration was in agreement that our request for 118, although less than what we're currently funded for in the current year, was something that we could -- could work with. However, the dollars appropriated for that 118 really didn't add up.

And as a result of what we did submit on the budget, we had to use figures in two categories called delays in filling positions and turnover reduction, that in actual terms far exceed what's necessary.

But they were the numbers that had to be used in order to achieve a balanced number as requested by the administration, but when we pointed out that we needed more money for the 118, we did get the feeling that that was going to be forthcoming and it hasn't.

COUNCIL PRESIDENT VERNA: Okay. I would ask Ms. Reed to please come to the witness stand.

Most of the positions are civil service positions; are they not?

MS. REED: Yes.

COUNCIL PRESIDENT VERNA: Which takes a great deal of time to go through a list and to interview. And is there an existing list? Are you aware?

MR. CRISMAN: Well, the majority of our vacancies currently deal in the Civil Service position called Court Clerk Trainee.

However, due to problems that have surfaced over the last numbers of years, the list that we use, through the direction of Central Personnel, is off of the Civil Service list called Clerk III. And that's --

COUNCIL PRESIDENT VERNA: I'm sorry. It's called what?

MR. CRISMAN: A Clerk III position is where we solicit names for the interviews against our vacancies of Court Clerk Trainees.

We just have been in a situation, I guess in the current fiscal year, where most of these just have not been approved.

We would take the position that if they were approved or whatever, that that causes the administration a problem going into the upcoming budget for the fiscal 2006.

But we feel like it's affordable now, and we want it to be affordable then. And we thought we made ourselves very clear back in January.

COUNCIL PRESIDENT VERNA: Ms. Reed, you know, I just don't understand. The Clerk of Quarter Sessions budget being proposed is for $4.4 million. It brings in $8.4 million in fines and court fees and whatever. Why are you even thinking of cutting them? When --

MS. REED: Diane Reed, Budget Director. I'm sorry. I didn't mean to interrupt you.

COUNCIL PRESIDENT VERNA: No. As I said, what they're bringing in is almost half of what you're cutting them.

MS. REED: I was in attendance at a meeting in January concerning the budget of Clerk of Quarter Sessions.

And it was my understanding that the clerk agreed to live with the overall budget which achieved the 5 percent reduction that we are asking everyone in the entire City to take.

And they said that they felt that they could manage 118 positions with that amount of money. So, that's really their responsibility.

To some degree we will have to manage through our approval of positions whether they, in fact, have more positions, because we cannot go over our budget limits.

There is also a project that's going to go forward, coordinated through the Criminal Justice Coordinating Committee, to provide assistance to the Clerk of Quarter

Sessions, as well as other court-related departments that will help them improve their processes through automation which should allow them to discharge their backlog and do --

COUNCIL PRESIDENT VERNA: I think you heard the -- I think you heard the -- And I don't mean to interrupt you. But I think that you did hear testimony from the President Judge and her staff. And they said even -- I believe, what is his name, Mr. Cairone?

He said even with automation they would not need less people. They would not need less employees. So, I just don't know what direction we're going here.

And aren't we supposed to be getting five new courts? When are they supposed to come into play? Vivian.

MS. MILLER: Yes. There are -- I believe there are ten slots open. We have ten new judges. And so, I'm calculating five are replacements and five are going to be brand new. And we haven't even included that into the 118.

COUNCIL PRESIDENT VERNA: You have not.

MS. MILLER: We have not. No, we have not.

COUNCIL PRESIDENT VERNA: So, if you had to include the five new courts, how many more employees would you require?

COUNCILWOMAN MILLER: Well, at least 122, at least. That would be four more.

COUNCIL PRESIDENT VERNA: I do believe, Vivian, that before we recess, you've got to sit with Finance and go over this, and --

COUNCILWOMAN MILLER: Yes.

COUNCIL PRESIDENT VERNA: -- I think we will have a callback, if need be.

The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Thank you, Madam President.

Ms. Miller, is it your contention that because of the lack of employees or the need for more employees, that your office is going to generate less money and could generate more money if you had the appropriate staff?

MS. MILLER: If we have the appropriate staff, it would generate more money.

COUNCILMAN KENNEY: Do you have the ability to determine how much more of an increase you would...

MS. MILLER: I believe at the meeting that we had in January with the administration, we stated that we had maybe over 100 boxes or so that's sitting on the floor that is nothing but monies that have to be put into the system. So, we explained all that. We don't have the personnel.

COUNCILMAN KENNEY: Do you have an idea what that represents in the way of numbers? You would be guessing or...

MS. MILLER: No.

COUNCILMAN KENNEY: Is it safe to say that even if you added the four additional people or five additional people, that it would -- what you would earn or what you would raise would offset the cost of the employees?

MS. MILLER: I would say yes. Yes.

COUNCILMAN KENNEY: Let me ask you a question. I mean, I've always been fascinated by this office because it's a really hard office to understand its not only jurisdiction but its relationship to the court and the City.

What court jurisdiction does the Supreme Court or does the First Judicial District have over your office? Do they have any jurisdiction at all in the running of your office or in the operation of your office?

MS. MILLER: Not really. The Clerk of Quarter Sessions is an independent office. We work in conjunction with the First Judicial District, and of course the Supreme Court. They would have mandate to tell us what to do and some, you know...

COUNCILMAN KENNEY: Well, the direction I'm going in is that it would seem to me that when the courts have had difficulties in dealing with budget issues relative to the City, they simply had an order issued mandamusing the money.

If there is an argument that could be made to the First Judicial District and/or the Supreme Court, that the operation of your office and the operation of the court is impaired by a reduction in staff, I mean, I could see the possibility that the Supreme Court, through the First Judicial District, may order the additional employees and require the City to simply provide them.

I mean, as the Council President's stated, I mean, it seems silly that we're strapped for cash, you're sitting on 100 boxes representing cash.

MS. MILLER: Exactly.

COUNCILMAN KENNEY: And if you hire more people you'll generate more money. Seems to me to be kind of a simple answer, is that the City administration won't cooperate. Perhaps you get your relief that you need from the court because obviously if your office can't operate properly, it affects the overall operation of the court.

And perhaps, you know, at the last -- as a last effort, perhaps you'll seek redress from the Supreme Court and the First Judicial District to get the people you need to generate the money for the City that you're obviously going to turn over once you find the revenue.

So, I mean, I would argue that probably considering -- And again, I'm not an attorney. But considering your relationship with the operation of the court, it would seem to me that the Supreme Court and the First Judicial District would have some jurisdiction or say in how your office is run and managed. So, just a recommendation. Perhaps you could find the relief you need there.

MS. REED: If I could also add to this, we did offer temporary staffing -- temporary staffing alternatives to Clerk of Quarter Sessions. We did not get a response back.

MS. MILLER: I don't recall that.

MR. CRISMAN: We're not aware of such.

MS. MILLER: When? When?

MS. REED: Well, this was discussed in the meeting, and we also made a follow-up phone call.

MS. MILLER: Do you know anything about that?

No, we're not aware of that.

MR. CRISMAN: Again, I'm sorry. We don't recall.

COUNCIL PRESIDENT VERNA: The three witnesses at the table apparently are not concurring with what you're saying.

MR. CRISMAN: I'm not aware of it at all.

MS. MILLER: Nor am I.

COUNCIL PRESIDENT VERNA: As I said, I would suggest... Ms. Miller.

MS. MILLER: I don't understand. I don't understand. I don't understand.

COUNCIL PRESIDENT VERNA: Ms. Miller?

MS. MILLER: I'm sorry.

Operating Budget - 4/5/05

COUNCIL PRESIDENT VERNA: I'm going to suggest we're going to hear testimony from the Register of Wills, whether it be today or tomorrow. You must in touch with the Finance Department.

And for the President Judge of Common Pleas Court to come in and make a plea for the Clerk of Quarter Sessions -- and it's the second year in a row, indeed -- it would certainly indicate to me and to anybody else listening to the testimony that the employees are desperately needed in the Clerk of Quarter Sessions.

So, I think that this certainly should be reviewed. And the revenue that they take in is -- and they could be taking in so much more if they had more employees.

They brought in $8.4 million in revenues. I think that this is being penny wise and dollar foolish. And we will never be able to man the courts the way they should be.

So, before the end of the day, I am suggesting that you all get together and come up with some type of solution. And let us know what that solution is. Okay.

MS. MILLER: Thank you.

COUNCIL PRESIDENT VERNA: Any other questions or comments?

(No response.)

COUNCIL PRESIDENT VERNA: Thank you, Ms. Miller. Thank you.

MR. CRISMAN: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: The next department. And as I said... Ms. Miller, don't leave the chamber unless you check with Ms. Reed as to when she's going to be meeting with you.

MS. MILLER: Yes.

COUNCIL PRESIDENT VERNA: Thank you.

The next department will be the Register of Wills.

MR. DONATUCCI: Good afternoon.

COUNCIL PRESIDENT VERNA: Please identify yourself for the record and proceed with your testimony.

MR. DONATUCCI: Ronald R. Donatucci,

the Register of Wills. To my right is my chief Deputy, Ralph Widener.

MR. WIDENER: Good morning.

MR. DONATUCCI: My Finance Director, Anthony DeRose, and my Administrative Services Officer, Jim Taggert.

COUNCIL PRESIDENT VERNA: Mr. Donatucci, we do have a copy of your testimony. It will be given to the stenographer. It will be transcribed in full. If you would be kind enough to simply summarize your testimony, we'd appreciate it.

MR. DONATUCCI: Thank you.

In our Class 100, Council President, we are basically trying to cooperate with the City.

And I'm not in agreement that we should try and reduce some of our employees, but in the spirit of trying to give it an effort we are, I believe, being funded for 68 positions. We're presently at 70.

As you know, we are a revenue-producing office. And listening to the prior testimony, we are in basically the same type of position. We make money for the City.

And hopefully -- And I want to publicly thank you for the help and getting our computerization money.

As you are aware, not to go on a tangent, we negotiated a settlement with the State of Pennsylvania for monies that we invested for over 25 years.

When I became Register of Wills over 25 years ago, we had over 200 separate checking accounts that were collecting no interest. And over the past 25 years we've been going back and forth to state, who was entitled to the interest.

Governor Casey when he was Governor, we at that time made a settlement with the State of Pennsylvania. The first wave of interest we approximately split which was over $600,000.

I'm glad to announce approximately... Within the last six months we gave the Commonwealth and the City of Philadelphia over another 220 some thousand which for a total in the past ten years the City was successful in getting an additional $927,000 from our office for the monies that we invested that were collecting no interest 25 years ago.

But our understanding when we did this -- And you know, Council President -- that $222,000 was supposed to go toward a computerization of our office.

COUNCIL PRESIDENT VERNA: Right.

MR. DONATUCCI: And... But at the City... Should I... But the City applied that in last year's revenue for our office and basically informed us that these monies were not available for our computerization.

And with your help and with Diane's help, we were successful in getting, through the Productivity Bank, the monies for our computerization.

The reason I'm mentioning all this, you'll see in our Class 200, 400 and 800, there's been a substantial increase in our request.

This is predicated on the Class 200.

This is the increase in our software. And in the Class 400, our hardware, and the Class 800, for the first time this would be our scheduled repayment for the money we're borrowing from the Productivity Bank.

I am mentioning all of this... It's great to have the latest computerization, and we're going to be able to go on the internet. And we're going to be charging different groups, the Bar Association members, an access fee, a licensing fee, to come in and access our records.

I'm only concerned that we're going to do all of this. I just hope I have the personnel to download and put all of this data which people will be paying, the public, the Bar, and I just hope it's not going to be a nightmare in the sense of cutting back.

We're not asking for any additional employees, because over the years we've made -- when I first became Register of Wills, we had 80 full-time positions.

We're now down to 70. And I'd like to mention at least in the last 10 years the

Supreme Court of Pennsylvania has mandated our office to implement safeguards for protecting the public in the area of status reports, inventory reports.

And 25 years ago, the Commonwealth of Pennsylvania, we were not -- we were always the agent for the Commonwealth but we never had to supply the employees to do the inheritance tax.

We now have our employees. The state took away their employees. So, we are now doing that job. We are now collecting and doing the Banner program monies and overseeing the Banner program with less employees and with additional duties.

So, we're going to give it a shot, Council President, and try and make do with what they're trying to put in our Class 100.

But again, if it doesn't work, we'll have to probably come back and try and ask Council's help to supplement our Class 100.

COUNCIL PRESIDENT VERNA: You're presently asking for more.

MR. DONATUCCI: Well, because

there's a two percent raise for all our employees, starting...

COUNCIL PRESIDENT VERNA: July?

MR. DONATUCCI: July.

COUNCIL PRESIDENT VERNA: All right. And you say you're budgeted for 68 positions?

MR. DONATUCCI: Yes.

COUNCIL PRESIDENT VERNA: And you presently have 70?

MR. DONATUCCI: Yes.

COUNCIL PRESIDENT VERNA: Are any of those positions vacant?

MR. DONATUCCI: Yes, right now, because we are in the process of trying to finish our fiscal year in the black.

COUNCIL PRESIDENT VERNA: So, how many positions do you have vacant, 2?

MR. DONATUCCI: Right now 3.

COUNCIL PRESIDENT VERNA: Oh, 3.

MR. DONATUCCI: It's been a very -- It's been very stressful on our staff. But I'm concerned, once this computerization is running, we have -- As you know, the history of our office goes back to the late 1600s, some of these records.

COUNCIL PRESIDENT VERNA: Okay. So, based on your testimony, you're requesting an additional $525,831 in FY'06; am I correct?

MR. DONATUCCI: And the majority of that is...

COUNCIL PRESIDENT VERNA: For computer.

MR. DONATUCCI: For the computerization.

COUNCIL PRESIDENT VERNA: On Page 19 of your budget in brief, you are projecting to generate $3,250,000 in fees, yet the administration is proposing to fund you for only $3,064,993 in FY'06.

Can you tell us why they would want to budget you for less than the amount of revenues that you're bringing in?

MR. DONATUCCI: I can't answer that, Council President.

COUNCIL PRESIDENT VERNA: Well, maybe Ms. Reed can. Do you mind coming up to the witness table, Ms. Reed? Maybe you can explain to us how that could be possible.

Operating Budget - 4/5/05

MS. REED: Diane Reed, Budget Director.

COUNCIL PRESIDENT VERNA: Okay.

MS. REED: The Register of Wills was budgeted for 67 positions for FY'05. They are currently at 69, positions and we have them budgeted for 68 positions for FY'06.

When I say currently at 69, that is as of the 12/31 position run. This has to do with the necessary 5 percent reduction that all -- we're asking all departments to share in. This is not with respect to revenue.

COUNCIL PRESIDENT VERNA: It's not with respect to revenue. However, are not fees imposed to cover costs and not to generate revenue?

MS. REED: Correct.

COUNCIL PRESIDENT VERNA: Hello.

MS. REED: Well, they will have to be paying back their Productivity Bank loan over the next five years as well. So, there are other costs. That has to cover all of their costs not just Class 100.

COUNCIL PRESIDENT VERNA: But that

is included with what the Register of Wills presented.

MS. REED: The amount that you have there, the $3,590,000 is their total funding, including grants revenue funding, not their General Fund.

COUNCIL PRESIDENT VERNA: I'm sorry. I don't quite understand what you're referring to.

MS. REED: The General Fund portion of the Register of Wills budget is $3,064,493. All funds budget is $3,350,413.

So there are $285,920 of General Fund funding in the total budget. If you look at Page -- section 31, Page 3 of the budget detail.

COUNCIL PRESIDENT VERNA: It doesn't make any sense. They are paying the loan back. So, are you charging them twice?

MS. REED: No.

COUNCIL PRESIDENT VERNA: Well, according to your explanation, I think that's as I understand it.

MS. REED: Well, there's no detail

attached to this, but the grants revenue, part of that is going to be the payback to the Productivity Bank.

COUNCIL PRESIDENT VERNA: I think there are some serious errors here. I really do.

It's my understanding that this General Fund supports exactly what your revenues are taking in. I mean, it goes to the General Fund. It doesn't go to the grants fund.

MS. REED: The grants revenue fund is where the Productivity Bank loans are also recognized and the payback obligations.

COUNCIL PRESIDENT VERNA: I guess I must have said it four times. I'll say it five times. I believe they're paying it back.

MS. REED: Correct.

COUNCIL PRESIDENT VERNA: So, what is the problem?

MS. REED: It gets recognized in terms of all funds. The General Fund portion is the $3,064,000.

COUNCIL PRESIDENT VERNA: Not for the revenue.

MS. REED: It's just the same as every other department.

COUNCIL PRESIDENT VERNA: Not for the revenue.

There's a problem here. And I think it has to be corrected. I don't know when you can meet, Mr. Donatucci, your staff. And if need be Mr. McPherson will be there, but I think there's a problem here. I don't think we ought to belabor it right now.

But are you going to be available --

MR. DONATUCCI: Yes.

COUNCIL PRESIDENT VERNA: -- this afternoon?

Ms. Reed, before the end of the week, I would like you to meet with Mr. Donatucci, his staff and Mr. McPherson so that we can rectify whatever problem there is here.

MS. REED: We'll do it.

COUNCIL PRESIDENT VERNA: I know you will. Okay. Thank you. Thank you very much.

MR. DONATUCCI: Thank you, Council President.

I'd just like to point out, this will be a real revenue enhancement for the City, this computerization. I mean, we're excited about it. And not to dwell, you know... And I know it was before she -- Diane came here.

But that money, when I met with the Governor last December, before he turned it over, he agreed to make a settlement of our office and the City because it was specifically earmarked for our computerization.

So, what I'm basically saying, we will never have -- we wouldn't have to pay back to the Productivity Bank these monies if -- if certain... you know, amnesia didn't set in, you know. But I just wanted to point that out.

COUNCIL PRESIDENT VERNA: And with the computerization, do you feel that you would be generating more revenues?

MR. DONATUCCI: Unequivocally, yeah. Give you an example. The Bar Association. There's so many times they contact our office.

And as you know, we worked to compromise that many years ago with the public, that we allow access for any given day, who walk in and check three records free.

The Bar Association and the lawyers, everybody, they will pay an annual fee for access. Instead of sending a paralegal over to our office, they will be able to go on line to see if an inheritance tax is paid, if an estate's been raised.

I mean, this is monies that if they walked in, a paralegal could walk in and not pay because they're entitled to look.

But on line we'll be charging an access fee. You know, if it's -- if they use their lawyer I.D., whatever, their licensing fee. There's so many different things that we could charge for additional revenue to the City.

COUNCIL PRESIDENT VERNA: Okay.

MR. DONATUCCI: Like I said, not to sound like a broken record. I just hope... It's only... Computers are only as good as the data you put into them.

COUNCIL PRESIDENT VERNA: Precisely. And it doesn't mean that you're going to need less employees.

MR. DONATUCCI: Well, I'm not looking for any more because we've learned to adapt.

COUNCIL PRESIDENT VERNA: What I'm saying is --

MR. DONATUCCI: Basically, if we can keep our --

COUNCIL PRESIDENT VERNA: -- just because you're computerized doesn't mean you're going to be able to function your office with a lot less employees.

MR. DONATUCCI: Well, example, we have an office in North Philly where we man, you know, not every day but certain days of the week, the northeast.

We're open Wednesday nights, and. I

believe we're probably the only department that we don't give overtime in our office, you know. We give comp time.

So, we try every possible way to keep our budget in line in the sense of working for our employees.

COUNCIL PRESIDENT VERNA: Well, my feeling is if we can generate more revenue --

MR. DONATUCCI: Oh.

COUNCIL PRESIDENT VERNA: -- then -- I think we're sitting on money. I really do. And I know that everybody has been asked to take some pain with this budget. And I think everybody's been willing to take their share of pain.

But at the same time, I don't think that we should be being so penny wise and dollar foolish that we're going to lose revenue as a result of taking the pain and cutting the budget.

MR. DONATUCCI: Well, there's an old expression in business. And I come from...

COUNCIL PRESIDENT VERNA: You have to spend money to make money.

MR. DONATUCCI: I come from a business family.

COUNCIL PRESIDENT VERNA: I know that one.

MR. DONATUCCI: Thank you.

COUNCIL PRESIDENT VERNA: You're welcome.

Any questions?

(No response.)

COUNCIL PRESIDENT VERNA: Thank you very much. And please get in touch with Ms. Reed, make an appointment. And I would ask Mr. McPherson to also attend that meeting.

MR. DONATUCCI: Thank you.

COUNCIL PRESIDENT VERNA: Okay. Thank you.

Sheriff is next.

Hello, Sheriff. How are you? Welcome.

MR. GREEN: Very well, Madam President. How are you?

COUNCIL PRESIDENT VERNA: Kindly identify yourself for the record. Proceed with your testimony.

May I say that we do have a copy of your testimony. It will be given to the stenographer. It will be transcribed in full. And if you would, I would request that you just summarize your testimony.

SHERIFF GREEN: Very well.

COUNCIL PRESIDENT VERNA: Thank you.

SHERIFF GREEN: My name is John Green. I'm Sheriff of the City and County of Philadelphia.

In summary, similar to the situation that is occurring in the Register of Wills Office, the Sheriff's Office is in the midst of computerization. We are at Phase II of our computerization program. We need an additional $115,000 in order to complete the computerization.

And so, the Sheriff's Office request is simply that we maintain the budget level that we had last fiscal year for the next fiscal year, meaning that we're requesting that our appropriation be $14,078,631.

COUNCIL PRESIDENT VERNA: That's $14 million.

SHERIFF GREEN: $14 million. I did read it.

COUNCIL PRESIDENT: You did read it.

COUNCIL PRESIDENT VERNA: Okay. $14 million...

SHERIFF GREEN: $14,078,631.

COUNCIL PRESIDENT VERNA: Thank you.

SHERIFF GREEN: That completes my testimony.

COUNCIL PRESIDENT VERNA: All right. Sheriff, you're requesting an additional $1.2 million.

SHERIFF GREEN: That's correct.

COUNCIL PRESIDENT VERNA: In FY'06 to be restored. So, it would be the same level as you received in FY'05.

SHERIFF GREEN: That's correct.

COUNCIL PRESIDENT VERNA: Do you mind giving us a breakdown for that $1.2 million?

SHERIFF GREEN: Well, we would use $115,000 to complete our computerization program.

As you know, the City of

Philadelphia across the board has been requested to reduce our personnel level. And we have complied with that request.

The additional money would be used for overtime that would be needed to compensate --

COUNCIL PRESIDENT VERNA: How much in overtime?

SHERIFF GREEN: Actually, remainder of the $1.2 million will be used for overtime.

COUNCIL PRESIDENT VERNA: $1 million for overtime?

SHERIFF GREEN: Madam Chair, if you look at -- if you look at our overtime schedule for the last six years, you'll see that we use close to that, if not more, in overtime because our overtime is driven by everything that occurs prior to getting to the Sheriff's Office.

For example, when a police officer makes an arrest, then that person is prosecuted by the District Attorney's office, and the trial is heard by the courts.

All of that falls on the Sheriff's Office at the end. And we do not have control over the level of overtime costs that are incurred through the actions of the Police Department and the court system.

COUNCIL PRESIDENT VERNA: According to Schedule 100, Section 33, Page 7 -- correct me if I'm wrong -- in FY'05 it was over $2 million for overtime. Now you're asking for an additional $1 million?

SHERIFF GREEN: Madam Chair, as I said, we anticipate -- Let me just back up on where we are.

I didn't want to get into the testimony, but if you look at the testimony, we describe what has happened on our civil side, and that is, the need for compensating for a tremendous increase in the amount of sheriff sales.

We have gone from 300 -- a little more than 300 sheriff sales a month to over 1,000 sheriff sales. We have gone from two sheriff sales per month to four sheriff sales per month.

In addition to that, we are being required to trace or to track, if you will, individual properties that are sold in order to expedite the distribution of the funds to the City, and of course the unclaimed money going to the state. That's on the civil side. In order to do that, we realize that we're not going to have as many people as possible.

And at this point in time, we are using temporary employees. And with temporary employees, you have additional overtime costs that you do not have with Civil Service exempt employees.

We also have on the criminal side, we anticipate that there will be even more arrests made during the next fiscal year.

We have had meetings with the Police Department, and of course with the court system. And the one thing that everyone agrees on is that there is a need for an increase in enforcement which will result in arrests in various areas.

I mean, if you pick up the paper,

you'll see what's going on in our various communities. And that requires the adjudication of court cases, and of course the deputy sheriffs will be handling that.

Now, there are solutions. And quite frankly, Madam Chair, we continuously try to develop solutions for the problem.

If you'll notice that at the end of the last fiscal year, you saw a tremendous drop. If you looked at the individual months, as far as overtime, you will see a tremendous drop in the amount of overtime.

Now, just because we're appropriated the money doesn't mean that we will use the money. But quite frankly, we have had experiences in the past where we got to March, April, May, and we were close to running out of money, and because of not -- because of the overtime usage. And during the next fiscal year I would like to avoid that.

COUNCIL PRESIDENT VERNA: I see that... What is it, $40,000 being appropriated for part-timers.

SHERIFF GREEN: That's correct.

COUNCIL PRESIDENT VERNA: What type of positions are they?

SHERIFF GREEN: They are working in our accounting unit and at the receiving desk where we receive all of the judicial papers, the writs, the warrants. And they're also working in our real estate department.

COUNCIL PRESIDENT VERNA: So, are they college students or just who are they? How do they get a part-time job such as you're describing?

SHERIFF GREEN: Well, these are people who are currently unemployed and they need employment.

They realize that they will not have benefits, but just having an hourly wage suffices at this point in their lives. And it has ranged... We have had college students, we have had older employees. And quite frankly, they work out very well.

The problem associated with having the temporary employees is a human one, where they want to make as much money as possible.

They're willing to work as hard as they possibly can, and they're willing to work on Saturdays and Sundays.

We have the work. And of course, we try to control the overtime, but when you look at the cost factor --

COUNCIL PRESIDENT VERNA: Part-time employees get overtime, too?

SHERIFF GREEN: Yes. Temporary employees. They receive overtime.

COUNCIL PRESIDENT VERNA: And how many temporary employees do you have?

SHERIFF GREEN: Three at the present time. We have had as many as six during any given time.

COUNCIL PRESIDENT VERNA: Mm-hmm. Okay.

The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Thank you, Madam President.

First of all, let me thank you for your testimony. And I have no questions. But I do want to commend the leadership of your office, you and your team, for the enormous escalation of outreach that I've witnessed and observed over the past many, many months.

With regards to... I mean, you gave some stats with regards to the number of sheriff sales you're doing and the housing workshops that you're offering, so that citizens understand what's required once they move -- want to move into that whole sheriff sale system.

So, the level of outreach is commendable, and I think that needs to be on the record.

SHERIFF GREEN: Thank you.

COUNCILWOMAN BROWN: Thank you very much.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

Councilwoman Blackwell, did you have any questions or comments?

COUNCILWOMAN BLACKWELL: I echo the sentiments of my colleague, Councilwoman

Brown, and also with yourself, in terms of the Clerk of Quarter Sessions and Mr. Donatucci, in trying to clarify what the -- what the prices are and where we should go from here.

COUNCIL PRESIDENT VERNA: Sheriff Green, what type of discussions did you have with Finance? Did you explain to them precisely what you have testified to today? And what was their reaction?

SHERIFF GREEN: We've had continuous discussions with M.O.I.S. and finance. M.O.I.S. has done a tremendous job in getting us to this point.

And I've sent a letter -- And I sent a letter last week to the Finance Director. Because of budget hearings and everything else that's going on, I'm sure she hasn't had time to get back to me.

Tyrone Bynum from my office has had continuous discussions with our budget officer about our needs. At this point I would categorize our discussions, if you will, as being midpoint, and that we haven't had an opportunity to talk completely because of budget hearings and because of scheduling.

COUNCIL PRESIDENT VERNA: Ms. Reed, time is running short. May I suggest that you meet with the Sheriff and his staff so that we could see how we can help him.

MS. REED: Will do.

COUNCIL PRESIDENT VERNA: Okay. As I said, I think everybody was asked to bear some pain, but we can't hemorrhage to the point that we can't operate either.

COUNCIL PRESIDENT VERNA: Okay. Thank you very much.

SHERIFF GREEN: Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: The committee will be in recess until 1:45, at which time the City Controller will be testifying.

Thank you very much.

(Public Hearing recessed from 12:18 p.m. to 2:05 p.m.)

COUNCIL PRESIDENT VERNA: Good afternoon, everyone.

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This is the continued public hearing of the Committee of the Whole.

We will now hear from the City Controller.

Good afternoon. Please identify yourself for the record and proceed with your testimony.

MR. SAIDEL: Thank you. Jonathan Saidel, S-a-i-d-e-l, at the present time the City Controller of Philadelphia.

Good afternoon, Madam President, members of City Council. I am City Controller Jonathan Saidel, and I'm here today to present testimony on the Office of City Controller's fiscal year 2006 operating budget.

I am joined by Deputy City Controller, Tony Radwanski and Albert Scaperotto, as well as our Director of Financial Policy and Analysis, Mercel Waxman and our Administrative Services Director Gene Laumer.

This is the 16th year that I have presented a budget to Council. And I'm deeply appreciative, on behalf of myself and my office, for the courtesies you have always shown me and for your willingness to work together for a better Philadelphia.

It has not always been easy, and this year in my last year as City Controller, we are challenged once again.

I will not be the only beneficiary or victim of what we do now, but I cannot emphasize this more strongly: Adequate funding to complete the professional responsibilities of the City Controller's Office is essential to the City's system of checks and balances and for properly safeguarding the City taxpayers' funds.

The person we elect to assume the Office of City Controller next January must be provided with the resources necessary to do the job.

Failure to provide the number of professionals needed will result in the office's not being able to fulfill its ever increasing mandates, and not being able to produce the family opinion audits that are essential when Wall Street and others view Philadelphia and determine its financial future.

I have spent the last 16 years of my life being an independent voice on City finances, and I intend to continue to fight to preserve the independence of the Controller's Office.

My fiscal year 2006 operating budget proposal includes a General Fund appropriation of $7,624,594. This is the funded total of 132 budgeted positions.

In the last few fiscal years I have attempted to fill the responsibilities of my office while accepting across-the-board budget cuts proposed by the administration. These cuts represent three percent in FY 2003, another three percent in FY 2004 and a very significant five percent in FY 2005.

An additional five percent was proposed to be cut from this year's operating budget. It is incumbent upon me this year to accept the strong advice of my staff of certified public accountants that it is just impossible to release even my mandated opinion audits in the time frame required by law with the resources offered.

Fortunately, the framers of the Philadelphia Home Rule Charter and Philadelphia voters realize and appreciated this dilemma when they enacted Section 8-102 estimates of current expenditures by departments, boards and commissions.

This section gives the Mayor the power to approve the budgets of all City agencies within his purview but recognizes the Controller's unique responsibility within the government to function as an independent watchdog, just as it recognized the City Council's independence by prescribing the Mayor shall not reduce the estimates of City Council or the auditing department without their consent.

In order to preserve and protect the Office of City Controller for those who come after me, I find it necessary to accept and act on the guidance of my professional staff, make my best and most conservative estimate of what we are requiring to accomplish our mandated responsibilities and draw this line in the sand.

To put the current situation in perspective, the last year before I took office, FY 1989, found the Controller's Office with 147 budgeted positions, 98 of which were professional post audit positions.

After three consecutive years of budget deductions we now find ourselves with only 132 budgeted positions, of which 75 are professional post audit positions, a 22 percent decline.

For FY 2006 the administration is seeking to even further reduce the Controller's Office to a maximum of 116 budgeted positions, and has yet to approve our request for four auditor trainee positions which we are requesting, using existing funds appropriated to us by City Council last year.

During my years in office we have continued to be inundated with increasingly complex and high risk audits.

Our audits have increased in size and scope, due to the additional work required by professional accounting pronouncements, principally Government Accounting Standards Board Statement Number 34, and ordering standards there were put in place in response to financial statements fraud and alleged auditor negligence by WorldCom, Arthur Anderson and other companies.

Our work is further complicated by budget cuts in other departments which make the City's financial statements much more difficult and time-consuming to put in order.

While my office has cut 11 percent over three years, other auditing costs have skyrocketed.

In the private sector, for example, we were advised by two major accounting firms that nationnwide auditing costs have risen by 20 percent last year alone.

A full 93 percent of our staff resources are expended conducting mandatory auditing activities, leaving very few

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resources to exercise any of the discretionary but usually profitable performance and palpable audits I hope to discuss with you and would like to do more of.

Some of our current mandatory responsibilities include the comprehensive annual financial portion of both the City and School District, the annual financial and compliance audits of Federal and State Department of Public Welfare awards for the City and School District, in accordance with the Federal Single Audit Act amendments of 1996, annual audits of Philadelphia Intermediate Unit Number 26, in accordance with the Pennsylvania Department of Education requirements, annual audits of the financial affairs of each department and agency receiving appropriation in the City, audits of 9-1-1 funds received and expended in accordance with the Pennsylvania Public Safety Emergency Telephone Act of 1990, annual audits of E.M.S. funds received under the Pennsylvania Emergency Medical Services of 1985, consent letters and bond offerings, certifications of City's capital budget under the First Class Cities Act, brief calculation of the City's debt limit, review of the City's annual five-year plan required by the Pennsylvania Intergovernmental Cooperation Authority Legislation, the annual lending report required by Council ordinance, tax increment finance and analysis required by City Council ordinance.

As you can see from this sampling, there are many duties and responsibilities that are either much more complex or that didn't even exist when the funding for the Controller's Office was at a much higher level.

Accomplishing these obligations leaves precious little resources to pursue many of the discretionary aspects inherent in the mission of the Controller, not to mention the 2003 chart amendments giving the office the right to audit quasi-governmental and City board appointed entities.

This amendment was passed by Council

and approved by a three to one margin by Philadelphia voters.

Despite these obstacles this year, we still managed to perform two important reviews which will soon be released. One is the study of the City's recycling program, and the second is the examination of the problem-ridden police and fire emergency communications systems.

On the pre-audit side the number of payment vouchers processed by my office has increased from approximately 150,000 per year to well over 190,000.

Through operating efficiencies and the cooperation of our employee unions and fine staff, we have managed to handle this increase with no corresponding increase in staffing.

Through negotiations with the administration, we have also been successful in obtaining some limited funds to help us conduct an independent inspection of properties being demolished as part of the Mayor's Neighborhood Transformation

Initiative.

I would like to thank the Mayor and Managing Director's Office for their cooperation in this area, but I must strongly emphasize that a project of this magnitude, involving the expenditure of over $290 million, requires an independent post-audit.

The $75,000 we have received, while helpful in the pre-audit side, does not come close to accomplishing the full post audit need to insure proper internal controls and to guard against wasteful expenditures. I will continue to fight for funding to accomplish this essential component of this project.

Additionally, our Financial and Policy Analysis Unit which we had to cut back in staff, continues working with you and your staffs in producing its award-winning reports and approving 21st Century Philadelphia.

Believe me when I tell you that we have to cut the office to the bone. Yet my office has won six national awards in the last nine years and achieved the respect of our peers.

It simply doesn't make sense to allow across-the-board budget cuts to eliminate auditors in the time of financial stress.

Auditors save taxpayers money in many ways. For example, between January 1, 2002, and March 30, 2005, my auditors made 986 recommendations, identifying approximately $660 million in financial benefits for the citizens of Philadelphia.

Please give them the tools they need to do the job, by approving my conservative budget submission of $7,624,594 which is supported by the Charter, instead of the administration blanket across-the-board cuts.

The best way to stifle an independent watchdog is to cut off his funding. The taxpayers of Philadelphia need and deserve this vital check and balance.

In closing, I want to thank my great staff for the dedication and professionalism they bring to government service.

Once again, I would also like to

express my sincere gratitude to this Council for the cooperation and courtesy they have extended to me and to my staff.

And I'm happy to answer any questions that you may have and anyone else.

COUNCIL PRESIDENT VERNA: Do you have a tear in your eye that this is the last budget hearing that you're going to be attending?

MR. SAIDEL: Yes. This is my 400th year as Controller of Philadelphia.

(Laughter.)

MR. SAIDEL: Let me just state for the record how proud I am of every member of Council and my workings with you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

MR. SAIDEL: All 17 members, even those that are not here today, and thank them for their courtesy and their support all these years.

COUNCIL PRESIDENT VERNA: Thank you very much.

It's my understanding that you are

requesting an increase of $523,261 from the administration's recommended budget; is that correct?

MR. SAIDEL: Yes, Madam President.

COUNCIL PRESIDENT VERNA: Have you, in fact, spoken to the administration about this? And if so, what is their position?

MR. SAIDEL: I have spoken countless times to a variety of members of the administration; and to give you an update on that, Tony Radwanski, who is the Deputy Controller for Administration. Tony.

MR. RADWANSKI: Yes. Hello. We have met just recently.

COUNCIL PRESIDENT VERNA: Please identify yourself.

MR. RADWANSKI: My name is Tony Radwanski. I'm Deputy city controller.

We met as recently as two weeks ago with the members of the Budget Bureau, and they have indicated a willingness to work with us on this matter.

COUNCIL PRESIDENT VERNA: How much of a willingness? Is it $523,261?

MR. RADWANSKI: A little willingness. A little push in the right direction would do us a great deal of good.

COUNCIL PRESIDENT VERNA: When will you know definitely?

MR. RADWANSKI: Well, it depends on what happens as a result of this budget hearing, what Council has to say, and we'll go back to them.

I figured it would be better if we found out what happened at these hearings first, and then go back to them to negotiate.

COUNCIL PRESIDENT VERNA: Thank you.

I would ask the Controller: During the M.D.O. budget hearings, we raised the issue as to why the M.D.O. has salaries budgeted in his office that get transferred to the Fairmount Park, L & I and MOCKS.

He said it was the recommendation of both Finance and the Controller. Can you explain why you prefer it budgeted in this way?

MR. SAIDEL: I don't. And I never -- I never opined on the consolidation of that funding. I think it's for vacant property and vacant lots that you're talking about, Madam President.

I never opined on it, nor was I asked for a recommendation one way or another. Historically the Managing Director's Office has not been in control of operating departments. That's why we have operating departments.

It's always been my recommendation to Mr. Goldsmith and whenever I'm asked, that salaries be paid out of the departments that are doing the service, and that the responsibilities for each one of the departments be run by the commissioner. So, it's -- it's -- I don't know where he gets that from.

COUNCIL PRESIDENT VERNA: Well, the M.D.O. budgeted $75,000 in both FY'05 and FY'06 for your office for N.T.I. inspection work to be done by the Controller's Office. Why would the M.D.O. budget for this work? And who actually controls the contract?

MR. SAIDEL: I had originally asked

for $250,000. The Mayor had... When I met with the Mayor, he said he would give me $100,000.

In the end, the only way that I could get the utilization of $75,000 for, you know, a $390 million project, was that the money was left in the Managing Director's Office.

We set up the contracts. And it's my understanding that there hasn't been any interference, as of today, in relationship to examinations that we are attempting to do through statistical sampling.

We do a sampling, and then we send out investigators and engineers to look at the progress that's being done.

Would I rather have that money to a transfer ordinance within this office so that there is no hint of any kind of pressure? Absolutely.

But, you know, when you ask for $250,000 and then you're told you're going to get a hundred, and then you get 75, I'd rather get the 75 somehow than nothing. So, that's the system that was set up.

COUNCIL PRESIDENT VERNA: I know that your office issued a report concerning the City's debt obligations.

The administration is now considering a ten year lease/purchase of vehicles worth over $100,000 each. Do you think this is a prudent choice in our current financial condition?

MR. SAIDEL: The problem... I'm not in favor of leasing vehicles. You usually, through the Capital Program, match the life expectancy of a vehicle with the bond, so that we own them.

Leasing ends up being an opportunity to evade the responsibility that you have for owning your own property. And I'd much rather us own our own property. So, I'm not in favor of leasing.

I think we have to accept our responsibility, match the life expectancy of any asset with bond proceeds, and move forward as we always have moved forward.

But I understand he's trying to --

the Mayor is trying to use leasing in the administration, leasing to avoid having to go through a bond and not -- and avoid having to put any up-front money.

But the reality is that that's the way it should be done and that's the way I would -- I would approve it.

And so, I'm not in favor of the current administration's proposal to lease vehicles that are over $100,000 apiece that are effectively real assets that the City should own and operate.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Good afternoon.

MR. SAIDEL: Afternoon.

COUNCILMAN NUTTER: Afternoon, Controller Saidel.

Should I take it that the fact that the full budget for your office was not included in the book is in some way connected to the... I guess the dispute between your office and either the Mayor's Office or the Budget Office with regard to what the budget should be?

MR. SAIDEL: Well, I think you can certainly take it that way. I have always, as you know, attempted to negotiate... I'm sorry.

COUNCILMAN NUTTER: Pull the mike a little closer, please. Thanks.

MR. SAIDEL: As you know, for the last number of years that I've known you, I've always attempted to negotiate what I thought was a fair and responsible budget with the administration before I came before Council.

In this particular case, you know, I lived within the means of a multitude of cuts. But this final cut, I think, would leave this office to the next City Controller with not having the available resources to do what I think is a responsible thing to do.

So, the fact that we are presenting what our view of what the office should have which is a little over $7.6 million and have 132 appropriated positions, I think is a responsible statement for me in my last presentation before you as the Controller of Philadelphia.

COUNCILMAN NUTTER: Right. No, I understand that and I appreciate that. I was just trying to understand.

It wasn't in the budget book. So, we didn't get -- We apparently didn't get it until either yesterday or today or possibly the tail end of last week.

MR. SAIDEL: Yeah, I wanted to --

COUNCILMAN NUTTER: It was not included in the book. I'm just trying to understand that.

MR. SAIDEL: Yeah. I would assume that is the reason, because of the ongoing statements.

COUNCILMAN NUTTER: And the difference between the proposed budget and what you're, I guess, in essence kind of re-submitting is the 132 versus 116?

MR. SAIDEL: Right. That's exactly

right.

COUNCILMAN NUTTER: Okay. All right. No problem.

Let's go back to... You had a response to the Council President with regard to the N.T.I. dollars and the inspections. How many inspections were conducted under that contract for the N.T.I. program?

MR. SAIDEL: So far 165, Councilman.

COUNCILMAN NUTTER: 165? These are of demolished properties? Is that the issue?

MR. SAIDEL: Yeah. One of the biggest concerns I've had, as you know, is that the... I think it's been -- I think the cost of demolition has doubled. So...

COUNCILMAN NUTTER: It has.

MR. SAIDEL: One of the things -- The priorities that we've been looking at is the demolition costs, where the property is, where the dumping is being done, and a variety of other things.

And we are -- And we'll issue a report effectively when I run out of money. And I don't know necessarily when I'm going to get any more money to continue the process as it moves forward.

COUNCILMAN NUTTER: Okay. What conclusion have you reached with regard to why the costs of demolition has doubled, based on your inspections?

MR. SAIDEL: Do we have any statements on it?

MR. RADWANSKI: Councilman, I could probably respond a little bit, although I just took control over that particular area of our office recently.

I've been trying to get a handle on that same issue. And it seems like the fact that there were union restrictions, prevailing wage that didn't exist before, a number of other issues, including the fact that N.T.I. was originally designed to tear down a block of homes at the same time.

Now that they're doing it on a gap tooth basis, it raised the cost of demolition. The original estimate was, I believe, $11,000 a house. It's now up to $22,000 a house.

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COUNCILMAN NUTTER: You made reference to the prevailing wage issue. Why would that be any different now than it was before? We've had prevailing wage requirements for a long time.

MR. SAIDEL: I will tell you, I don't think that, though I think N.T.I. in theory, if done properly and as utilized, the outstanding funds from the bond proceeds and sell off the vacant land that you demolish and then move forward and replenish is a wonderful concept.

The problem is in running it on a day-to-day basis. And I think that some of the estimates of what the administration thought were going to be the costs were undervalued, in relationship to the reality they find themselves in.

I would rather not comment in public until I have all the facts and figures so we can make an accurate presentation, but prices shouldn't double for anything.

COUNCILMAN NUTTER: Well, yeah. I mean, that's what we've been trying to understand to some extent.

I mean, whatever rules were in place at the time N.T.I. started, I don't know that we've made any changes since the beginning of the program.

So, the costs have been what the costs have been. But it does slightly defy at least one of the things that I recall from a fairly early economics course which is we've demolished more houses than ever before in any one year. So, it's been a tremendous amount of supply of these properties.

I don't understand why the costs under that circumstance would go up and literally double.

So, we've made no changes in law to affect what we do or how we do it or who has to pay what for what. We've had, as I mentioned, the prevailing wage law has been in place for some time.

So, and we've done string demolitions and we've done individual properties, as they become imminently dangerous.

I mean, is there anything that's come out of this inspection process, 165 properties that have been inspected, that would give you any indication as to why the price would double?

MR. SAIDEL: Nothing that I would like to say in the public forum at the present time.

But I can tell you that if you look at the original estimates, that the reality that the administration found themselves in is different than the original estimates.

And Mr. Radwanski mentioned, which I can opine on, is that in many cases when the estimates were created, they thought that they would be able to effectively demolish an entire block, when it is much more costly to pick and choose.

So, in some cases of the 165 that we examined, there was better initial planning, so that you waited until five out of ten homes that were only separated by party walls, could be demolished at one time. It would have kept the cost down.

I don't like -- As you know, I don't like commenting before an investigation is completed. But I think sometimes in theory, when something looks good in theory, unless you have a hands-on daily basis to make sure that money is not being used improperly, it does happen. But we'll be -- we'll be issuing a report soon that will go through a variety of...

COUNCILMAN NUTTER: I'm not going to go down that path for the moment.

165 demolition inspections. How many properties have been demolished so far?

MR. SAIDEL: Do we have any idea?

I don't have that information available for this hearing.

COUNCILMAN NUTTER: Okay. Madam President, are we operating under the normal rules or the clock or... I have a few more questions, but I think the Councilman might have. Is your light on?

COUNCIL PRESIDENT VERNA: Councilman? Councilman Clarke.

COUNCILMAN CLARKE: Actually, I was

actually going to piggy-back as a part of a follow-up on Councilman Nutter's questions, as it relates to the N.T.I. demolition. So, I probably should wait until he finishes up that line of questioning.

COUNCILMAN NUTTER: I'm done with that.

COUNCILMAN CLARKE: Okay. All right. Then I can...

Good afternoon.

MR. SAIDEL: Afternoon.

COUNCILMAN CLARKE: With respects to the cost of demolition -- And I agree with you, Mr. Controller, that the estimates were probably better than the best case scenario early on in the process, understanding somewhat about dealing with that process.

MR. SAIDEL: Right.

COUNCILMAN CLARKE: When I saw the original estimates, I thought they were extremely, extremely optimistic.

But I understand that there were a number of things that added to the costs, certainly not a hundred percent increase.

But there were a number of things, as it related to the type of demolitions and the subsequent aftermath of the demolitions that I think is related to cost, such as the party wall treatment was different than we traditionally do.

MR. SAIDEL: Right.

COUNCILMAN CLARKE: In addition to which the actual land where the property was demolished, there's a different type of treatment for that land, where traditionally we'll essentially either knock that house down or remove the bricks.

But more often than not, we knock the house down, and put the bricks in the hole and walk away from them.

I understand now that there's a different type of fill put in the hole, clean fill, and subsequently there's a treatment to those vacant lots. More often than not, I believe it's soil.

MR. SAIDEL: Right.

COUNCILMAN CLARKE: So, there is a difference. But I don't think it should cost a 100 percent increase. But I know that there was some factors associated with that.

COUNCIL PRESIDENT VERNA: I think you could also add the fencing and the removal of asbestos.

COUNCILMAN CLARKE: Yeah. There was -- Which was required by law prior to the N.T.I. program being implemented.

So, there are a number of things, as it relates to the pure demolition. The question is, should it increase it by 100 percent. Now, you know, your investigation will determine that.

But there are some substantive issues, as at relates to why demolition costs more than it did prior to that.

I just want to ask you a couple questions about your testimony, one, as it related to the City's recycling program in the police and fire emergency communication system.

Let me ask you about the latter. Is this comparable to the Councilman Rizzo investigation on the communication systems, for lack of a better term?

MR. SAIDEL: I can't tell you, Councilman, what Councilman Rizzo is doing, with all due respect to Councilman Rizzo.

I mean, we were asked to by the unions. And I felt that it was important to see what our process was, to require Motorola, which was actually acquired under Mayor Rendell, and move forward and look at comparable cities in relationship to their 9-1-1 communication system. And we are in the process of finalizing that audit, and then we'll publish that audit. And I think that the recycling audit which was --

COUNCILMAN CLARKE: Let me respond to that. The reason I asked that question about the communication systems, we yesterday, hopefully had our last public hearing on a series of public hearings about this issue.

And there was actually substantial information provided to us at the public hearing, as it related to the cause and effects of those issues with Motorola, Verizon, and the Deputy Commissioner of Public Property, Mr. James.

And I'm wondering if that information could either be helpful to you. And I know that you have to do your own investigation. But it was quite a bit of information that came out of those hearings. And you know, not to suggest that you shouldn't do your own investigation, but...

MR. SAIDEL: Oh, no.

COUNCILMAN CLARKE: If there's information out there that assists you, I think we need to take advantage of.

MR. SAIDEL: Absolutely.

I had present people at all those hearings. And we interview, obviously, members of MOCKS, as well as Deputy Commissioners that were involved in the procurement process, as well as the insulation process.

And then for outside help we look at comparable cities that have had communication systems: Baltimore, Kansas City, and a variety of others, not only for police but for the Fire Department in somewhat comparable size.

Each city has its own topography and its own population mixes. And that creates a little bit of a problem when you try to see what their system is, but just to look for a process as to see what kind of problems they've had and how they rectify those problems.

But we have been in communication with all the members of the administration that are forthcoming, as well as the Firefighters Union and the F.O.P. of this City as well as others. And that report should be out in a few weeks.

But I've always had people here at your hearings so that -- because that's valuable information in a public way.

COUNCILMAN CLARKE: Okay. Can you kind of give me a little more detail about the recycling program? First, the reason why you're investigating that; and second, what we're looking to determine.

MR. SAIDEL: Albert.

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MR. SCAPEROTTO: My name is Albert Scaperotto.

We had a request to look into the recycling program, and it was decided that we would look into it.

COUNCILMAN CLARKE: Where did the request come from?

MR. SCAPEROTTO: Where did the request come from? One of the advocacy groups. I'm not sure.

MR. SAIDEL: A number of advocacy groups came forward and wanted to know the process upon which the City was doing recycling.

And I thought it's something I've never looked at for a number of years. So, we decided to do a performance audit on the recycling program.

MR. SCAPEROTTO: The draft report has been sent to the Streets Department, and the exit conference on that report is scheduled for tomorrow.

Usually within two weeks after the exit, we ask for the written response from the agency, and the report should be published shortly thereafter.

But it looked at the current rate of recycling in the City and offered suggestions to improve that diversion rate.

COUNCILMAN CLARKE: Is there a criteria associated with the triggering of an investigation by your department?

And you said an advocacy group requested that you investigate.

Is there a certain --

MR. SAIDEL: As you know --

COUNCILMAN CLARKE: I mean, I'm assuming that -- Everybody's asking for me to investigate everything. And that's not my job.

MR. SAIDEL: In the last couple years, if everything else fails, people ask me to send 10,000 employees in to look at something, which I don't have.

But I've always tried to segregate some of the funds and some of the key auditors that when something topical comes up, that we would look at it.

And if you would have asked me last year would I be looking at the communications system of the police and Fire Department, I wouldn't know.

But it's a topical thing, and we were asked to involve. Advocacy groups from all over the City came, asked me look at the recycling program, which I've never looked at with any kind of depth.

So, I just -- We thought it was something topical and something that was important to the City, and I assigned a few people to it.

And the Streets Department's been very responsive because no one's really looked at it. So, we'll be issuing a joint release with them in a couple weeks.

COUNCILMAN CLARKE: So, there is no particular criteria.

MR. SAIDEL: No. It's based upon impact. It's based -- The financial impact, an impact on the City of Philadelphia, as well as, you know, the reality of how much funds we have available at any given point in time to see what we should be looking at.

I usually do that in communication with a variety of people and in the government itself, so that, you know, it's not a blind side, and then move forward, depending upon what's topical, in any particular month or any particular week.

COUNCILMAN CLARKE: Okay. Thank you.

COUNCIL PRESIDENT VERNA: You're welcome.

Councilman Nutter, do you have any further questions?

COUNCILMAN NUTTER: Yes, Madam Chair, just a couple.

Mr. Controller, just kind of quickly back to the N.T.I. situation. Do you have any sense of -- Since, as you've articulated, maybe there were less of what are often referred to as string demolitions which are usually rather massive.

And you can kind of bring in the largest equipment, wrecking balls and the like, which I assume must be a lot cheaper than the individual, what's often referred to as hand demolitions.

Do you have a sense that so far because of this -- I don't know whether it's a change in strategy or a change from what was anticipated.

Are there more people working on these demolitions? And is the cost of the actual demolition activity, the renting of equipment and the like, is that what's driving the cost or are there more people working and therefore higher payrolls --

MR. SAIDEL: I haven't seen --

COUNCILMAN NUTTER: -- than may have been anticipated?

MR. SAIDEL: I'm sorry. I apologize.

COUNCILMAN NUTTER: Higher payrolls than may have been anticipated by the string demolitions, which I assume require more people because you have more hand-to-hand activity.

MR. SAIDEL: Just in general, and I haven't -- I don't -- I'm not prepared to answer your specific questions on N.T.I. today at a budget hearing.

But I can only tell you in general that when N.T.I. was laid out, it was looked at in broad scope; that the government I think, and in a proper way, wanted to attack the problem on a regional area.

So that when they wanted to demolish, they would demolish, say, ten homes at one particular time or five homes and a corner property, and then try to set up property that was contiguous to each other when, you know, development could occur because those properties were contiguous.

I think what happened during the process is that you ended up demolishing homes that were not located next to each other, so that it was a party wall situation as well as an asbestos cleanup, which I don't think was anticipated, as far as the dollar amounts are concerned.

There is more people involved because they're not using -- there's no wrecking ball system because a lot of this is done in isolated circumstances throughout the City in a variety of the Councilmanic districts.

But I don't have -- If you're asking me for specific numbers and indications, I didn't bring that here for the budget hearing.

COUNCILMAN NUTTER: I understand.

Now, how many investigators do you have?

MR. SAIDEL: We have ten investigators that are paid for by the School District.

COUNCILMAN NUTTER: What do they investigate?

MR. SAIDEL: The relationship with the School District and the City Controller's Office was that -- I believe it was 30 years ago -- the School District would pay the City of Philadelphia for the Controller's Office coming in and doing a variety of audits. The money went to the General Fund, and then never --

COUNCILMAN NUTTER: Related to the

School District.

MR. SAIDEL: Right. Money went to be recompensed for outlaid expenditures would go into the General Fund. The money never went back to the Controller's Office.

So the School District, through agreement with the City of Philadelphia, said they would fund a certain amount of positions and paid for out of the School District. And those are where the investigators come from.

COUNCILMAN NUTTER: But those aren't the only investigators you have.

MR. SAIDEL: No. We have three investigators in the pre-audit. And the $75,000 that was given to me that's being held by the Managing Director's is for an outside company that we use, to be involved with the investigators that we do have.

COUNCILMAN NUTTER: This is in pre-audit. This is of contracts?

MR. SAIDEL: Yes.

COUNCILMAN NUTTER: Okay. But now, I mean, you also have investigators, for instance, in the past who look into issues involving residency and those kinds of issues.

MR. SAIDEL: Yeah. The ten that I mentioned, the School District, do residency. They do residency for the City so that there's no... The way... Historically it was set up that they would do residency investigations. And they're School District employees, so there would be no conflict that they be investigating City employees. And that was the theory 30 years ago.

COUNCILMAN NUTTER: And the School District pays them?

MR. SAIDEL: Yes. Yes. It's a way of being recompensed for the amount of auditing activity that we do almost on a continuous basis in the basement of the School District headquarters.

COUNCILMAN NUTTER: Okay. All right. So, do they not even show up on -- They're not even on your budget.

MR. SAIDEL: No.

COUNCILMAN NUTTER: Gotcha. How many investigations did they conduct in the last fiscal year?

MR. SAIDEL: Well, I don't just use them -- That's difficult to say. I don't have those numbers. But I don't -- I don't just use them for residency.

I use them because they effectively act as plainclothes investigators. I use them for a variety of things.

I use them when we investigate things in pre-audit. I use them in conjunction with post audit review, to go out and take photographs because they have photography equipment.

So, I don't know exactly how many residency investigations they do. My priority has been to use them for pre-audit and post audit investigations in which they can acquire information.

If you remember, we did an audit of the Rec Department and had visual aids of all the swimming pools that were dilapidated.

They were the ones that took the films and did the investigations of, and took the pictures, and interviewed the witnesses.

COUNCILMAN NUTTER: Well, even if it was just pre-audit and post audit, I mean, is there a general -- do you have a general number of how many investigations they would have conducted in the last fiscal year.

MR. SAIDEL: Last year they did approximately a little over 30 residency cases.

COUNCILMAN NUTTER: 30 residency cases?

MR. SAIDEL: Right.

COUNCILMAN NUTTER: How many were found to be out of the City?

MR. SAIDEL: 16. And three are pending.

COUNCILMAN NUTTER: He's kind of whispering.

MR. RADWANSKI: Yes. I'm sorry.

COUNCILMAN NUTTER: You have 30 residency investigations.

MR. RADWANSKI: If I may respond, we 16 have resigned or terminated, and another 3. 19 have resigned or terminated.

I'm sorry. 16 have resigned or

terminated, 3 are pending, pending adjudication. And another 7 are inconclusive, and they're scheduled to be reinvestigated at some point.

COUNCILMAN NUTTER: Okay. Well, that's 26.

MR. SAIDEL: There's probably at least ten that are in the -- what they call in the bank, which means that they're investigating them right now.

COUNCILMAN NUTTER: They're what?

MR. SAIDEL: There's ten that they're probably ongoing investigations.

COUNCILMAN NUTTER: I thought that was the three that were pending.

MR. SAIDEL: Well, there's different terminologies. I mean, it's about... you can say 26 is 26.

MR. RADWANSKI: I'm sorry, Councilman. Three that are pending. In those cases the investigation has been completed, and they're in some state of adjudication, in that they're waiting for an administrative hearing within the department, an arbitration or a Civil Service Commission determination.

COUNCILMAN NUTTER: Okay. If you want to forward something later to the Chair... You gave me 30. You've accounted for 16 have resigned and done whatever they've done, 3 pending and 7 inconclusive. It just adds up to 26. I'm just trying to understand where the other 4 are.

MR. SAIDEL: Okay. We can say 26.

COUNCIL PRESIDENT VERNA: Mr. Controller, you can say whatever you want. If it's 30, then I just want to know what happened to the 30. I mean, it can be whatever number you want it to be.

MR. SAIDEL: We can say 26 residency requirement.

COUNCILMAN NUTTER: Okay. All right.

There's been some discussion in the past about increasing the number of investigators for the Inspector General. Could you share with us in the course of this budget process your perspective on that?

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MR. SAIDEL: I've always been concerned that an Inspector General that is -- can be terminated at will, what they call an at-will employee, by the Mayor of Philadelphia, has the proper independence to investigate his own boss.

And one of the important things about having an independently elected Controller, as well as the District Attorney that is not elected in the same municipal election as the members of Council and some of the row offices, as well as the Mayor, is that there is a level of independence that I think creates a bully pulpit and to the general public creates an opportunity for them to believe and should believe that whatever decisions are made by an independent Controller can be believed in relationship to an I.G. that works at will within the administration's central office.

So, I am -- I have been concerned, as you know, for a number of months of the growing budgetary appropriations to the I.G.'s office as well as what the I.G. plans on doing, in relationship to investigations.

I also believe, Councilman, that --

COUNCILMAN NUTTER: Well, is money better spent either giving it to the Inspector General or is it better spent over at the Controller's Office.

MR. SAIDEL: Well, I think just -- I think that it certainly is better spent in the Controller's Office because it's an independent branch of government that is separately elected.

I also think that there is a cloud over the level of independence. If the I.G. attempts to do any kind of audit or any kind of statement, the fact that there was a lack of independence under accounting guidelines destroys the whole idea of third parties believing in the statements that are being made.

And I'm not casting aspersions on the I.G. But the reality of -- You know, the reality of independence is that third parties have to believe what is being said, and it is very difficult for third parties to believe something that is being done by an at-will employee of the Mayor in an investigation of an administration that the Mayor and the I.G. are part of.

COUNCILMAN NUTTER: Okay. We received here in the Council monthly economic forecast reports by your office. We're again in the middle of the budget process.

Toward its conclusion, I'm sure we will have a quite exciting discussion about continued either tax reform or tax reduction.

Based on your analysis over the past few years and year to date, what is your position with regard to continuation of specifically Business Privilege Tax reductions?

MR. SAIDEL: I think they're absolutely essential. You know, as you well know, because you and I have been involved and so has Councilman Goode, who's not here, have been involved for a number of years as proponents of reducing the onerous tax burden, not only for residents that exist here, businesses that exist here, but an attempt to bring businesses to Philadelphia, that we have to have a long-term view that those are extremely important decision-making tools, when it comes to whether a company comes here or Scottsdale, Arizona or Phoenix or anywhere else.

So, I think that we have to confine the explosion of tax liability in the City to attract new businesses here, and I think that that's a responsibility that we all have to face.

COUNCILMAN NUTTER: Okay. From a cost effectiveness standpoint, do you have any particular views on the issue of competitive bidding, with regard to the contracting process here in the City?

MR. SAIDEL: Well, I think that what's fundamentally important is the City has to be transparent in all aspects, and that bidding requirements, I think, are an effective way to open up the process to be as transparent as possible. So, I think that everything should be bid.

COUNCILMAN NUTTER: I don't know how

these are numbered. For the document that we received attached to the testimony, why don't I just call it the last page.

Could we go to the last page? Can you tell me what process you utilize for these professional services contracts from the Controller's Office?

They're about, it looks like, about 11 of them. Maybe 12 or 13 in the current fiscal year, but it looks like 11 for FY'06. What's the process that you utilize?

MR. SAIDEL: Many of these are people that have or companies that have done work in certain areas for two or three years.

Usually about -- I usually circulate and we go through our process upon which accounting firms are submitted every three years, so that we don't have the same firm doing economic forecasting for more than three years, computer training for more than three years.

Some of these are listed as to be determined, that the largest one is the $180,000 for performance audits which is done where post audit asked for solicitations for -- depending upon the topic, the categories that we have in the office for firms in the City and in the region who do that type of work.

COUNCILMAN NUTTER: Now, are any of these contracts competitively bid?

MR. SAIDEL: The performance audits are competitively bid. Some of them...

COUNCILMAN NUTTER: That's the one that's the...

MR. SAIDEL: The big one.

COUNCILMAN NUTTER: ...the $180,000 line item. That's the firms to be determined?

MR. SAIDEL: Yeah.

COUNCILMAN NUTTER: Okay.

MR. SAIDEL: I mean, University of Pennsylvania is... I just use University of Pennsylvania. Sometimes I use Drexel for economic models.

COUNCILMAN NUTTER: So, in terms of whether any of the contracts are competitively bid, what's...

MR. SAIDEL: I would say over 50 percent of them are competitively bid, as the process moves forward.

COUNCILMAN NUTTER: Okay. And what; do you put them out either through an R.F.P. or you advertise the contract is available?

MR. SAIDEL: Yeah. And we have an ongoing system with the Pennsylvania C.P.A.s as to what is available.

COUNCILMAN NUTTER: Okay. Can you tell me or could you forward to the Chair recent audits with regard to the Finance Department? Has there been a recent audit of the Finance Department?

MR. SAIDEL: Well, it's an operational department, and we do an annual audit of the Finance Department, in relationship to its operational side, yes.

COUNCILMAN NUTTER: Okay. And the Treasurer, Procurement, Airport?

MR. SAIDEL: Yes.

COUNCILMAN NUTTER: All of those agencies every year?

MR. SAIDEL: Yes. Yes, sir.

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COUNCILMAN NUTTER: Okay. That's a part of the annual...

MR. SAIDEL: Exactly.

COUNCILMAN NUTTER: Okay. All right.

And, so, how many of these audits does the office actually conduct each year?

MR. SAIDEL: On an annual basis? How much? 26. How many audits?

MR. SCAPEROTTO: Approximately 40.

COUNCILMAN NUTTER: I'm sorry?

MR. SCAPEROTTO: 40 audits per year.

COUNCILMAN NUTTER: 40 audits a year? But all the operating departments every year?

MR. SCAPEROTTO: Our goal is every department every year.

COUNCILMAN NUTTER: Okay. And for any of these departments, given some of the current public activities swirling around a couple of them, did any of these audits raise any red flags about some of the operational aspects of those departments?

MR. SCAPEROTTO: We had findings in

a good number of them. The most recent audit of the Treasurer's Office, we've made a couple good recommendations on their operating process.

COUNCILMAN NUTTER: What were they?

MR. SCAPEROTTO: One was to... I have it right here. We made recommendations to the Treasurer to more accurately present the cost of departmental operations, that off-the-book activity be budgeted and expended through the City's normal disbursement process, and subject to the City's centralized accounting and internal control systems.

We also identified in the Treasurer's Office about $15 million in unclaimed bond proceeds that are being held by a custodial bank.

The City's policy says that after two years that money should be returned to the City and could be used for normal operating -- to meet normal operating expenses. We recommended that the Treasurer pursue that also.

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COUNCILMAN NUTTER: When will the two-year statute expire?

MR. SCAPEROTTO: Two years unclaimed.

COUNCILMAN NUTTER: Two years.

MR. SCAPEROTTO: Unclaimed.

COUNCILMAN NUTTER: When will the two years be up.

MR. SCAPEROTTO: It's on a sliding scale. Every two years additional money sits in the bank.

COUNCILMAN NUTTER: So you're saying that presently there's $15 million available to the City.

MR. SCAPEROTTO: There was at the time of our last audit. It's down now to about $12 million. I don't have the exact number, but I sent it over to Council.

COUNCILMAN NUTTER: Okay. Okay. Did I understand Councilman Clarke's question earlier, with regard to the recycling investigation, that there are no particular guidelines or criteria, I'm assuming other than good judgment, that determines whether an investigation is conducted or not?

MR. SAIDEL: The guidelines of what are topical during the year and what is occurring within the City of Philadelphia so that the office can be relevant to your decision-making, the public's decision-making, and the Mayor's decision-making.

COUNCILMAN NUTTER: Okay. Last question. You've expressed fairly loudly a concern over the past few years about our debt service level and borrowings, any number of borrowings, because of the -- and I know you issued a report on this particular issue.

When these bond deals come forward, now, because of your position, there is something called a bond committee?

MR. SAIDEL: The bond committee only exists when you pass an ordinance. The bond committee has never been part of the City Charter.

COUNCILMAN NUTTER: Okay.

MR. SAIDEL: So, the bond committee which has never met, technically when you pass an ordinance based upon habit, when Council passes these ordinances, based upon habit --

COUNCILMAN NUTTER: Based upon?

MR. SAIDEL: Based upon habit.

COUNCILMAN NUTTER: Habit.

MR. SAIDEL: Habit in the sense of tradition. I mean, tradition is probably a nicer word. But it's the Mayor, the Controller and the City Solicitor.

COUNCILMAN NUTTER: All right.

MR. SAIDEL: Which in the 16 years that I've been Controller, and I also went back. I can't find any meeting that was ever held of the bond committee.

So, it is -- When I -- When the Controller signs off on a variety of bonds, it's ministerial in effect, by me stating that the debt limit has not been reached, that the City's statements are correct based upon accounting standards. And then I sign a statement saying that whatever disbursements were made were the amount of the disbursements that were made.

COUNCILMAN NUTTER: Well, have you ever not signed one?

MR. SAIDEL: Yes. In 1990 I didn't sign a bond deal because I believed the City did not have the ability to pay it back.

COUNCILMAN NUTTER: Okay. In your --

MR. SAIDEL: Which forced the creation of P.I.C.A.

COUNCILMAN NUTTER: Right. No; I understand that. I recall.

Remembering that, and I guess juxtaposing that with your publicly expressed concern with regard to increasing debt level or are we at the right debt level or should we slow down in the borrowings, I guess I'm just trying to understand. Given the previous action, I mean, you've -- I mean, you've signed off on each of the line numbers.

MR. SAIDEL: I've signed off that the statements were correct.

COUNCILMAN NUTTER: Okay.

MR. SAIDEL: And that it was below

the debt limit.

COUNCILMAN NUTTER: Okay. Do you think similar to the 1990 action any refusal to sign off may have triggered other actions by the government or possibly cause... I don't know... the other two parties who get to weigh in on this to reevaluate their position?

MR. SAIDEL: Yeah. I take the fact that I didn't sign off, even though it's ministerial, but because of my background and my relationship as a lawyer and a C.P.A. with the rating agencies in New York prior to me becoming Controller, was a dramatic and meaningful step that I had to take in 1990 because the City was going down completely.

COUNCILMAN NUTTER: Right. Right.

MR. SAIDEL: What I have always said is that Council and the Mayor should say that there was a certain amount of money that we're going to put out on bond.

And then you ought to prioritize that list, and then there has to be somewhere where you say no.

The problem with the way that the bond issuances are done is that each independent bond, you can say that it's for a good cause.

But the problem always is that when you look at the totality of the bond issuance, that it straps the City for generations to come.

I have not -- I have always felt that unless it affects the immediate payment system and ability to pay back very quickly, that the City doesn't have enough cash, what I trigger the mechanism where I wouldn't sign, even though ministerial, the fact that I didn't sign created the last nail in the coffin for the creation of P.I.C.A.

So that I take very seriously. But it's really based upon my background and my experiences, more than it is the Office of Controller. And that's the way I've looked at it.

COUNCILMAN NUTTER: Right. No. I understand. But, I mean, obviously the cumulative effect of all of those deals over time leads to the conclusion that you and the office have reached, with regard to the level and the amount, and what that does in terms of strain on the current operating budget. I mean --

MR. SAIDEL: That's exactly --

COUNCILMAN NUTTER: -- each deal is separate in and of itself, but it's added onto what we already know to be the fact. And we know that there will be future borrowings.

At some point in time --

MR. SAIDEL: I think you're absolutely right. That's also what--

COUNCILMAN NUTTER: I mean, you've got to draw a line and say you're not doing it any more.

MR. SAIDEL: Council needed to draw a line, too, before it even got to me. I mean, Council has to pass -- It goes through City Council.

What my job and my responsibility is to broadcast the facts as I see them. And the legislative body has a responsibility to decide whether they want to move forward on a bond issuance or not.

COUNCILMAN NUTTER: Well, I mean, that is certainly true. And at the same time, we have slightly different roles.

MR. SAIDEL: Pardon me?

COUNCILMAN NUTTER: And at the same time we have slightly different roles.

MR. SAIDEL: We do. But it only gets to me for a verification of debt limit and the statements.

And in 1990 it was my firm belief that I couldn't sign that we were a going concern. And by not being a going concern, we don't have a right to issue debt.

COUNCILMAN NUTTER: Okay. All right.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions.

(No response.)

COUNCIL PRESIDENT VERNA: Seeing none, thank you very much.

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MR. SAIDEL: Again, I want to thank all members of Council for my years of being Controller, and thank you for your friendship and being part of the family.

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

MR. SAIDEL: God bless all. Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

We will now hear from the Board of Revision of Taxes.

COUNCIL PRESIDENT VERNA: Good afternoon, everyone.

Mr. Glancey, we do have a copy of your testimony. We will give it to the stenographer. It will be transcribed in full. And so I would respectfully ask you to summarize your testimony, please.

MR. GLANCEY: Thank you.

Good afternoon, Madam President and members of City Council.

Let me just introduce the folks who are with me before I begin the summary. We have board members Deveril Silverstein, and our newest board member, Joseph Russo. Glad to have you here.

We have the Executive Director, Rick Foglia. We have the Secretary of the Board, Bob Nix, and I might add, our newly elected just a month ago Vice Chairperson of the Board, Charles Runnymede.

COUNCIL PRESIDENT VERNA: Welcome. Congratulations.

MR. GLANCEY: If you don't mind, Madam President, rather than summarize the testimony that I have presented, in the last couple of days I just wrote a few notes concerning going forward, concerning the full value project that we have.

I'd be happy to answer any questions anybody has about obviously about the budget, and obviously about that testimony.

But this will be a very short summary of where I think we're going and what it might mean to City Council, and it might be of some interest to you.

As you know, I normally spend some time discussing the prior and current taxable assessments. We're not going to do that this year.

This year I thought it might be best, however, to devote time allotted for my direct testimony to the current reorganization and re-engineering of our department, which will culminate in valuing all City real estate at its full market value, and that is the price that a property will realize in the open market targeted for tax year '07.

And I'd like to approach this by kind of summarizing this in three ways. What does full market value mean to the property owners of Philadelphia? What does it mean to our department? And finally, what does it mean to you as City Council members?

First the property owners of the City. This change offers to our citizens a property valuation system that is clear, transparent and understandable.

Properties will be valued based on their sales and sales of comparable properties using real world prices. No more fractions of market values, no more fractions of assessed values.

Market value will be the assessed value. If your market value is $100,000, that figure will be multiplied by the millage rate to calculate real estate taxes. No more calculated -- No more complicated formulas.

What does it mean to the B.R.T.? Well, let me give you a little history. We started this in January 2004 with the public announcement. We've been doing lots of due diligence ever since then.

In May of 2004, we began looking at about the ten companies in North America that can do this kind of project. We interviewed nine of them twice, each of them twice. And we also had demonstrations in our office of what this project can do, and we haven't stopped that due diligence.

As you know, we have a substantial R.F.P. out for this. We've received responses back from five vendors. We are now in the process of reviewing all five of those responses to the proposals.

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There's any number of other projects that we have put around this, and I'm not going to go into too much detail on those projects, but to say that all of it has to do with the technological changes that we need in order to make this full valuation project reach its goal.

Finally, what does it mean to City Council? Which is really an important part, I think, of this short summary testimony. And not only you, but your partners in fiscal policy in the School District and the administration.

It means that instead of passing a budget in June, without knowing what the taxable assessed values are until July or August, after you've already passed the budget, you'll have those numbers by February or March, so that you and your technical staff can analyze those values and plot various scenarios, using various millage rates, and you can develop various property tax yield outcomes, all of which you can do in conjunction with our staff.

In the first year of full market value, target year 2007, you'll have the opportunity to lower millage rates. While it will be your decision to make, we at the B.R.T. believe that the increase in market values accompanying the full market value project should be offset by lowering millage rates in order to produce a revenue neutral outcome.

Some caveats, however about revenue neutrality, in that allowances should be made for delinquencies, appeal losses, new and rehabilitated construction and abated properties coming on line.

We at the B.R.T. offer to meet with you, your staff, your constituent groups, whomever it is you wish us to meet with, to go over this full market value project in order to explain the processes, the concepts, and to answer any and all questions.

We will share with you preliminary values as we get them, both City-wide and by Councilmanic district.

And finally, on October 1, 2002, I

testified before the Finance Committee of this Council, and stated that we must find a way of unbinding this confusing, overlapping relationship between property values on one hand, and property taxes on the other.

I would assume Council agreed with me because that's why we had that hearing, was to talk about that very problem.

Full market valuation is the way to begin doing this. The B.R.T. values properties. The Council and the Mayor set revenue and spending policy.

The B.R.T.'s role in property taxation policies is to set the table, if you will, by presenting to you and your partners in policy-making good, fair, uniform, dependable taxable assessments that are understandable to the property owners of the City of Philadelphia.

And with that, we're happy to answer any questions you might have about that testimony or anything else that we've submitted to you this morning.

COUNCIL PRESIDENT VERNA: Thank you.

Mr. Glancey, when do you anticipate going to the 100 percent of market price?

MR. GLANCEY: 2007 which really means what we're trying to do is to give you values that you can use to calculate in February, March of 2006.

It's a pretty aggressive schedule, but we think we can make it.

COUNCIL PRESIDENT VERNA: I'm thinking that's when Council is up for re-election.

(Laughter.)

COUNCIL PRESIDENT VERNA: Has the Act 46 problem been addressed? And if not, when will it be?

MR. GLANCEY: It has only been addressed within these confines, I believe. Yeah, I have talked to the Law Department. I guess I started talking to them in December of '04 concerning this.

I have been informed that there will be a -- I guess in combination with the Finance Department -- there will be a draft technical amendment to Act 46.

And I'm assuming that -- and I don't know this for sure -- but I'm assuming that that will also be in conjunction with the School District, knowing full well what we're doing. And in conversations I've had with Mr. Fader about this.

When I've looked at Act 46, I think you can look at it and say, well, maybe you don't need one. But he and I both agree that it would be safer to have an amendment to Act 46 in order to have this take place.

So, the answer to your question is, yes, we've begun to address it, but it has not yet gotten to Harrisburg.

COUNCIL PRESIDENT VERNA: And if that is not addressed, will you be able to go to the 100 percent?

MR. GLANCEY: Well, I think we should go to the values. And it will be up to Council and all of us to talk about what we should do at that point.

I don't think there's anything wrong with getting the correct values on the properties. Clearly, we will work hand in hand with you and the administration.

One of the things we don't want to have happen is what has happened in Allegheny County. If you recall, what happened in Allegheny County, and I think what Mr. Onorato is not doing in the right way or the county executive out there, although maybe politically he's doing it the right way. But for purposes, it seems to me the merits he's not doing it the right way.

They increased the values, I guess initially in year 2002, but none of the local jurisdictions reduced the millage rate.

So, there was this incredible windfall, the school districts and some of the municipalities. That is something that we shouldn't do here. We agree with you with that.

COUNCIL PRESIDENT VERNA: Okay. Are there any questions from any members of the committee?

Councilwoman Blackwell, do you have any questions? No.

Thank you.

MR. GLANCEY: Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you. Thank you all for your patience.

Oh, before you leave.

MR. GLANCEY: Yes.

COUNCIL PRESIDENT VERNA: I would like to ask you, what was the total amount of productivity loans the B.R.T. has been awarded?

MR. GLANCEY: The total that we currently have or what we're anticipating? I'll give you both.

COUNCIL PRESIDENT VERNA: What were they?

MR. GLANCEY: What we've already received and what we are anticipating, once we get all of the projects that we're talking about.

We have currently received roughly about $3.1 million. And outstanding, as we go through the next year, we're looking at an estimated -- and this is purely estimated, to fill out the rest of the project -- somewhere between $3 million and $5 million.

COUNCIL PRESIDENT VERNA: So, it's actually upwards of $8 million? Close to it?

MR. GLANCEY: Well, if you go to the maximum. It could very well be lower. As I said, I'm giving you roughly. It's about $3.1 million.

COUNCIL PRESIDENT VERNA: $3 million to $5 million.

MR. GLANCEY: Yeah. It could be $6 million.

COUNCIL PRESIDENT VERNA: Mm-hmm.

MR. GLANCEY: The reason I'm trying not to be so specific is because I don't know exactly when we will put the applications in and what the costs will be of items that will cost today that might change in the future.

COUNCIL PRESIDENT VERNA: Very well. Thank you.

MR. GLANCEY: Thank you.

COUNCIL PRESIDENT VERNA: I just asked that question because I wanted Ms. Reed, if she's in the room -- Is she still here -- to hear that because when we had hearings regarding Fleet Management it was indicated that there were only small loans that were given to departments.

Here's one that worked out very well. And we'll talk about that privately. But I want to thank you again. Thank you very much.

MR. GLANCEY: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: This committee will stand in recess until tomorrow, Wednesday, April 6th, at 10:00 a.m. at which time the Free Library will testify.

Thank you all very much.

(Public Hearing concluded at 3:13 p.m.)

CERTIFICATE

I HEREBY CERTIFY that the proceedings and evidence are contained fully and accurately in the stenographic notes taken by me upon the public hearing of The Philadelphia City Council, taken on April 5, 2005, and that this is a true and correct transcript of same.

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DAVID A. DEIK, RPR and
Commissioner of Deeds

(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)