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COUNCIL OF THE CITY OF PHILADELPHIA
CONTINUED PUBLIC HEARING
COMMITTEE OF THE WHOLE
FY '04 OPERATING BUDGET

- - -

Room 696, City Hall
Philadelphia, Pennsylvania
Wednesday, March 12, 2003
9:55 a.m.

- - -

BILL 030004
BILL 030008
BILL 030010

- - -

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK J. DI CICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILMAN RICHARD T. MARIANO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN ANGEL L. ORTIZ
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

- - -

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2 COUNCILWOMAN VERNA: Good morning,
3 everyone. This is a continued public hearing of the
4 Committee of the Whole regarding Bill Nos. 030004,
5 030008 and 030010. The Law Department will be the
6 first to testify today.

7 Good morning, your honor.

8 MR. DIAZ: Good morning, Madam
9 President.

10 COUNCILWOMAN VERNA: We do have a copy
11 of your testimony. If you would like to summarize,
12 we'd be very happy, and we will make certain that
13 the stenographer gets a copy of your entire
14 testimony which will be transcribed in full. Thank
15 you.

16 MR. DIAZ: Thank you. I appreciate
17 that. I'd love the transcription of it completely
18 since I think we've had a wonderful year with regard
19 to the Law Department, and I will summarize for the
20 benefit of time.

21 We've had a record year, not only in
22 regard to tax collections, but we will continue to
23 have that record year. We've also had the third
24 year of low indemnity fund expenditures, and we will
25 continue that in the next Fiscal Year.

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2 Our contracting process is something
3 that I'm very proud of that I hope you look at. We
4 were serving you at 70 days and we are now down to
5 30 days in procedures with regard to getting
6 contracts out.

7 Our honors program is building a future
8 for the Law Department, and that is one of the areas
9 that I think will help create a great Law Department
10 for the future.

11 Lead Court has gotten great benefit.
12 Compliance is up 30 percent out in the City, and
13 that is something that I think all of you should be
14 proud of, not only our joint effort with the Court
15 Common Pleas, but with the Law Department.

16 We've had a staff reduction from 234 to
17 207, so we have continued the decrease in our budget
18 as required by the goals set forth by the
19 Administration.

20 We've reduced outside counsel
21 expenditures by 2.1 million, and we will continue to
22 do that in the coming fiscal year.

23 Overall, our budget essentially is about
24 10 percent under what was required. Outside of the
25 expenditures for DROP Program, we're within those

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2 parameters.

3 That essentially is a summary of some of
4 the things that I think the Law Department has
5 provided for you.

6 And in addition to that, we've continued
7 our minority contracting. I'm very proud of the
8 fact that my department contracts -- 53 percent of
9 our contracts go to minority and women. I don't
10 know of any other department in the City that has
11 that record, but I am very proud of it.

12 And also, with regard to the hiring, in
13 terms of hiring the predominate numbers, 68 are
14 women, 50 percent are minorities, 49 percent of the
15 154 attorneys on our staff are women and 35 percent
16 are minorities. At the management level, which is
17 where it counts, 3 of the 8 members of the executive
18 committee are women and 5 are minorities; 4 of the 8
19 chief deputies are women and 4 minorities; and 7 of
20 the 19 divisional deputies are women and 4
21 minorities.

22 So I would hope that you would be proud
23 of the service that I am trying to provide for you,
24 the Mayor, and all elected officials in the City.
25 Thank you, Madam President.

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2 (Written testimony attached.)

3 COUNCILWOMAN VERNA: You're welcome.

4 How many of your employees are under the
5 DROP Program; and when will they be leaving?

6 MR. DIAZ: Three members, and they will
7 leaving the coming year.

8 COUNCILWOMAN VERNA: Are they three
9 attorneys or are they clerical?

10 MR. DIAZ: One is an administrative
11 person, and two clerks.

12 COUNCIL PRESIDENT VERNA: One
13 administrative and two clerks?

14 MR. DIAZ: That's correct, Madam
15 President.

16 COUNCILWOMAN VERNA: And when will they
17 be leaving?

18 MR. DIAZ: This year.

19 COUNCILWOMAN VERNA: On page 22-40 of
20 the detail in FY '04, there's \$100,000 for TWA
21 National Airlines, US Air, United Airlines
22 bankruptcies. Can you tell us what's that for?

23 MR. DIAZ: Yes. The airline industry,
24 as you know, is going through tremendous decline,
25 and as a result, they are filing bankruptcies and we

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2 need to have representation to be able to get the
3 proper benefit as a result.

4 Let me give you an example. USA Airline
5 industry bankruptcy. We have an attorney who has
6 saved and followed through the process of keeping
7 our gates open and keeping Philadelphia the primary
8 responsible carrier for US Air. In addition to
9 that, we have proposed that a Philadelphian become a
10 member of the board of US Air, and that nomination
11 has gone forward and will give us representation
12 right on the corporate level. So we are on a
13 day-to-day process making sure that we protect the
14 interest of US Air in the airport.

15 COUNCILWOMAN VERNA: Also, on page --

16 MR. DIAZ: By the way, that will happen
17 with American Airline who's going to declare
18 bankruptcy, United Airline who has declared
19 bankruptcy, and we had TWA prior to that, if you
20 recall.

21 COUNCILWOMAN VERNA: Also, on page 22-20
22 you have \$60,000 for PGW pensions, et cetera. Can
23 you explain that, please? And why are we paying for
24 it?

25 MR. LANE: Council President Verna, my

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2 name is Christopher Lane. I'm Director of
3 Administration for the Law Department. That
4 contract -- there are multiple matters involved on
5 that contract. The PGW matter on that particular
6 contract is relatively inactive at this point. The
7 other matters you see listed there, pensions, domain
8 names, Penn Treaty, Park Pier, those are the matters
9 that those dollars will be spent for in the next
10 fiscal year.

11 MR. DIAZ: They've come to a conclusion,
12 as far as I understand, the Penn Treaty
13 particularly.

14 COUNCILWOMAN VERNA: Well, why do we
15 have it in FY '04 if we've already concluded it?

16 MR. DIAZ: In terms of closing it out.
17 They still are doing pension work, by the way.

18 COUNCILWOMAN VERNA: Also on that same
19 page, we have \$704,000 for labor, civil rights,
20 pensions, and the Parking Authority.

21 MR. DIAZ: Yes. As you know from prior
22 testimonies, Ballard has been traditionally the
23 attorneys for Act 111 issues which include both the
24 fire fighters and the Police Department. That's one
25 area they have continually been responsible for.

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2 Also, prior to my coming on, they were representing
3 the City in some of the Parking Authority litigation
4 issues. I have taken the Parking Authority
5 litigation issue in-house, so we are handling that
6 in-house now. But they are continuing to represent
7 us with regard to the Act 111. As you know, the
8 fire fighters negotiations are ongoing and have not
9 been completed. And that has been the cost of
10 representing us with regard to that area.

11 The domain name that is indicated there
12 is probably a minor expenditure because I would have
13 known where the money is going.

14 COUNCILWOMAN VERNA: Also, on page
15 22-21, we have \$50,000, police officer conflicts and
16 Eastwick condemnations. Is that for the area that
17 was flooded or are these for the sinking --

18 MR. DIAZ: It's a combination of two
19 representations. One is they are representing us in
20 a conflict situation with regard civil rights. As
21 you can tell from my budget and my presentation, we
22 are not contracting any work out. So they have one
23 case in civil rights.

24 Secondly, there are 70 properties that
25 need to have a transfer and to have someone do the

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2 transfer, and so we have hired them on real estate
3 to represent the City with regard to 70 transfers at
4 the Eastwick project.

5 COUNCILWOMAN VERNA: But which project
6 was that?

7 MR. DIAZ: I can't recall right now.

8 COUNCILWOMAN VERNA: The flooded area?
9 I know there are two different issues out in
10 Eastwick.

11 MR. DIAZ: It's the one near the
12 airport. Is that the one that's flooded? It's the
13 one near the airport where we have 70 properties
14 that need and require transfer. I can get you the
15 information exactly which property it is. We'll get
16 you that information right now.

17 COUNCILWOMAN VERNA: I would appreciate
18 it.

19 At this time, the Chair recognizes
20 Councilwoman Brown.

21 COUNCILWOMAN BROWN: Good morning, Madam
22 President.

23 Good morning.

24 MR. DIAZ: Good morning, Councilwoman.

25 COUNCILWOMAN BROWN: I believe, first of

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2 all, that paragraph 6, page 3, should probably be
3 highlighted and boldfaced and underlined because it
4 truly reflects what's possible. You're to be
5 congratulated for building a department that truly
6 reflects the diversity of this City.

7 My colleague Councilman Ortiz has
8 introduced an important piece of legislation and in
9 it proposes that MBEC should be moved from the
10 Finance Department to the Law Department. Have you
11 had a chance to review it at all yet?

12 MR. DIAZ: I have not been given notice
13 of that issue, but I would welcome it. We have some
14 excellent lawyers who have worked on that issue.
15 Michele Flamer, for example. We are very committed
16 to diversity, as you can tell, not only from our
17 hiring, but from our contracting.

18 But in addition to that, at your
19 request, we filed an amicus brief with the Supreme
20 Court with regard to the Michigan law case to
21 emphasize the fact that this City is in favor of
22 Affirmative Action. But I would welcome whatever
23 your pleasure.

24 COUNCILWOMAN BROWN: Well, the hearings,
25 I understand, are next Friday.

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2 COUNCILMAN ORTIZ: I don't know. I've
3 got to talk to -- Madam Chair, I did send --

4 COUNCIL PRESIDENT VERNA: Why don't you
5 put your microphone on, Councilman?

6 MR. DIAZ: Yes, I received it last night
7 5:07 p.m., and as a result, I will work on it as
8 soon as I have an opportunity to get to back to the
9 office.

10 COUNCILWOMAN BROWN: But again,
11 congratulations on your leadership because it really
12 does start with the leadership in a department to
13 send the message through the ranks what the mission
14 should be with regards to minority and female
15 contracting. Thank you for your testimony.

16 MR. DIAZ: I think a lot of people are
17 just afraid of the consequences of litigation which
18 occurs. And as you can tell from my background, I'm
19 not afraid of litigation when you have to do the
20 right thing. And I think it's important that you do
21 the right thing. I've had litigation following me
22 from HUD in terms of my Affirmative Action roles.
23 But that's the role that one who has commitment has
24 to conduct himself with.

25 COUNCILWOMAN BROWN: I agree completely.

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2 Thank you, Madam President.

3 COUNCILWOMAN VERNA: You're welcome.

4 At this time the Chair recognizes
5 Councilman Ortiz.

6 COUNCILMAN ORTIZ: Excuse me, City
7 Solicitor. I think I missed your beginning. Did
8 you state how many contracts that are given out by
9 the Law Department and how many of them go to black
10 and Latino law firms or latino lawyers and so on?

11 MR. DIAZ: I'd be happy to. In the
12 testimony that we presented, and it's codified in
13 the record, 53 percent of all of our contracts go to
14 minorities or women. We probably have the largest
15 Latino service contract --

16 COUNCILMAN ORTIZ: Could you give us a
17 listing of those by firm and so on?

18 MR. DIAZ: Sure. We can provide that.
19 We can give you all of them and then you'll be able
20 to dissect that.

21 In addition to that, even when we handle
22 matters with majority firms, we try to get the
23 majority firms to use minority attorneys so it's not
24 just sufficient that they're getting the work.

25 COUNCILMAN ORTIZ: I'd like those

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2 details on that, what are the subcontracts of those
3 firms.

4 MR. DIAZ: Let me give you an example.
5 What we're doing with Duane Morris, there are two
6 African Americans lawyers over there, so we ask them
7 that it would be important for them to have
8 representation provided to us from the two African
9 Americans lawyers. And thereby we utilize those
10 attorneys as primary contacts with us so that not
11 only do we do the minority contracting, but we make
12 sure the majorities are willing to respect the
13 minorities that are in those majority firms.

14 COUNCILMAN ORTIZ: And this is a
15 question I ask every year. How many lawyers do you
16 have?

17 MR. DIAZ: We have 154 lawyers.

18 COUNCILMAN ORTIZ: How many of those are
19 Latinos?

20 MR. DIAZ: There was only one when you
21 asked me the question a year ago. There are seven
22 Latino lawyers today, three are in the management
23 area, there's one that we have an offer out right
24 now, and there are two others that we are sending a
25 letter for the honest program. So hopefully, by the

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2 time you ask me this question next time, we will
3 have increased our population by a thousand percent.
4 I only committed 400.

5 COUNCILMAN ORTIZ: I like that because
6 I've been asking the question and this is the first
7 time we have increases.

8 MR. DIAZ: And the other thing you
9 should be aware of, Councilman, is that 50 percent
10 of them happen to be Puerto Rican of the Latino
11 lawyers. So that I don't discriminate against any
12 Latino, but you should know that the predominate
13 population also should be considered, and so 50
14 percent of the Latino lawyers happen to be Puerto
15 Rican.

16 COUNCILMAN ORTIZ: That's very good.
17 Thank you.

18 COUNCILWOMAN VERNA: Thank you. The
19 Chair again recognizes Councilwoman Brown.

20 COUNCILWOMAN BROWN: Follow-up to your
21 remark that you require that prime lawyer firms do
22 business with minority and female-owned firms that
23 are minority. Is there a monitoring piece in place
24 to ensure that they are indeed honoring that
25 stipulation?

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2 MR. DIAZ: It really is totally my
3 direct contact with them, and I control every
4 contract we have unless it comes to me as requested
5 by the City Council for me to hire someone or it
6 comes down from the Mayor that I hire someone. I
7 predominately hire nothing but minorities.

8 COUNCILWOMAN BROWN: Repeat your last
9 statement. You predominately --

10 MR. DIAZ: Hire nothing but minorities
11 and women.

12 COUNCILWOMAN BROWN: For the
13 subcontracting opportunities?

14 MR. DIAZ: No, for the contracting, for
15 the prime. And then let them do the subcontract if
16 they need to.

17 COUNCILWOMAN BROWN: I see. Thanks
18 again.

19 COUNCILWOMAN VERNA: Are there any other
20 questions or comments from Members of the Committee?

21 Councilman Nutter, do you have any
22 questions or comments of the Law Department.

23 COUNCILMAN NUTTER: Yes, I do, Madam
24 President.

25 I apologize for being late. Mr.

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2 Solicitor, one thing I wanted to talk about was a
3 topic we've had a fair amount of conversation about
4 in the past regarding code enforcement. And I also
5 notice that there is a new edition of the newsletter
6 which talks about the Code Enforcement Division, the
7 headline, "Law Department's Code Enforcement
8 Division Improving the Quality of Life Through Court
9 Action."

10 Could you talk to us a little bit about
11 what those activities are and, I guess, how they've
12 been improved over the past few years? Because I've
13 certainly had a number of situations involving code
14 enforcement, the results of which were not
15 necessarily the greatest.

16 MR. DIAZ: My testimony, Councilman,
17 indicates under the general revenue fund that the
18 Law Department reorganized last year, effective
19 July 1, 2002, a new regulatory government law group
20 was formed at no extra cost to the citizens through
21 improving the structure of the Code Enforcement
22 Division which is now part of this group. The Code
23 attorneys accelerate the rate at which attorneys
24 close matters involving management, building,
25 electric, fire prevention, health and property

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2 maintenance codes. A total of 739 such matters have
3 been closed in the first six months of FY '03, as
4 compared to 133 for all of FY '02. For FY '03, we
5 projected a \$400,000 increase in fines collected as
6 compared with the previous year and expect to
7 continue this same high level of collections
8 throughout FY '04.

9 The Division also inaugurated a clean
10 rails program to remediate nuisance conditions along
11 the numerous miles of railroad rights-of-way in the
12 City, which included a financial commitment from
13 Conrail for clean-up of the Richmond branch in
14 Kensington. The Regulatory Affairs Unit recovered
15 more than 1 million in fines and environmental
16 projects benefited Philadelphia and redirected
17 approximately 1 million from testing of non-drinking
18 water outlets in Philadelphia's public schools
19 towards a quicker resolution of active drinking
20 water outlets.

21 Other accomplishments of the regulatory
22 and government law group included the passage of Act
23 94 by the General Assembly to enhance redevelopment
24 of blighted properties and streamline condemnation
25 authorities.

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2 The Law Department continues to maintain
3 improved case analysis procedures to allow these
4 early assessments.

5 Does that help you, Councilman?

6 COUNCILMAN NUTTER: That actually was
7 slightly narrowly focused on some of the day-to-day
8 average life things that happen out in the community
9 with bad properties or people not being in
10 compliance with the code and what happens in terms
11 of those cases. There is the ongoing wonderful
12 circumstance of when you're working with L&I and
13 you're trying to get compliance and does a case end
14 up in court, does it go to Municipal Court, does it
15 go to Common Pleas Court, or the Equity Court, and
16 who makes those decisions? Just trying to get
17 things to a final conclusion.

18 We have that situation that I sent over
19 to you not too long ago, and I know your staff
20 responded, 6239 Laughton Street, as an example. I
21 mean, there are multiple examples too numerous to
22 burden this entire record with or zoning cases go on
23 forever. The people are denied it. The Zoning
24 Board or maybe they're approved and people appeal,
25 as is their right, and they go to Common Pleas or

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2 Common Wealth or Pennsylvania Supreme Court and we
3 still don't get complete compliance with the law.
4 And I guess it is not completely clear to me as to
5 who decides whether something goes to Municipal
6 Court or Common Pleas Court and stays on it to
7 conclusion. That's, unfortunately, been a bit of my
8 experience. And you and I have talked to this in
9 the past.

10 MR. DIAZ: Councilman, relating to 6239
11 Laughton Street, the property was on the Mayor's
12 walk on August 6, 2001. Almost immediately, L&I
13 cleaned up and sealed the vacant house. And the
14 Health Department abated the vermin. Inside the
15 house was total disarray with the floors covered
16 with several feet of discarded clothing and filled
17 plastic trash bags and open boxes. The amount
18 debris was astounding, and I have sample photos of
19 that. Subsequent to that, right now there was a
20 pending violation notice that had been placed
21 against 6239, calling for repairs to loose drains,
22 sprouts, repairs to loose window seals. These are
23 fairly minor violations but do contribute to noise
24 disturbance to the neighborhood. Deadline for
25 repairs on March 9th was given by the City Law

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2 Department. And the City's Law Department is in
3 contact with the owner's attorney to get those
4 repairs complied with.

5 COUNCILMAN NUTTER: I'm sorry, you went
6 a little fast for me. What happened on March 9th?

7 MR. DIAZ: Deadline for repairs was
8 scheduled for March 9th.

9 COUNCILMAN NUTTER: You're saying
10 deadlines?

11 MR. DIAZ: Yes, sir. As you know, we
12 are trying to avoid the fact that -- we want to
13 treat everybody the same, and the fact that this
14 owner is a City employee at the Recreation
15 Department is also embarrassing to us so we have to
16 make sure that the enforcement efforts regarding
17 this property is being imposed just as it would be
18 against any other property owner.

19 COUNCILMAN NUTTER: I'm not asking for
20 any extra enforcement because the person's a public
21 employee. Although, as you say, it is certainly
22 extra embarrassing and that's just something that
23 the government has to deal with. On the other hand,
24 there is certainly a perception in the community
25 that but for the fact that the person happens to be

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2 a public employee that they're actually getting a
3 bit of a break. I don't know where the line is. I
4 don't really care what the person's status is. What
5 I care more about in this particular example or any
6 other example is that we have good, fair, timely
7 enforcement. And this one has, as I say, bedeviled
8 us for an extended period of time, and I don't
9 really understand it. And as I mentioned, there are
10 many other situations.

11 MR. DIAZ: Now, one of the questions you
12 asked relating to whether you go to Municipal or
13 whether you go to Common Pleas Court, basically it's
14 an equity. And the Municipal Court judge is sitting
15 as an equity judge, which means he's sitting as a
16 Common Pleas judge assigned to that court by the
17 Common Pleas President Judge, therefore, he's acting
18 as a Common Pleas judge.

19 COUNCILMAN NUTTER: But don't some of
20 the L&I enforcement matters actually get processed
21 through the Municipal Court, not just the Equity
22 Court?

23 MR. DIAZ: That's as a result of the
24 President Judge procedures which allows a Municipal
25 Court to sit as an Equity Court.

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2 COUNCILMAN NUTTER: I'm not talking
3 about the Equity Court. My question is, I thought
4 that there were some violations that just
5 automatically went or were processed through
6 Municipal Court, having nothing to do with Equity
7 Court.

8 MR. DIAZ: Again, the Municipal Court
9 sits as an Equity Court. Now, the fact that there
10 are complied with through the Municipal Court and
11 the fact that L&I processes them without our
12 participation is something that has occurred.

13 COUNCILMAN NUTTER: Why is that? Why
14 would L&I be processing violations to court without
15 the Law Department?

16 MR. DIAZ: Because you can't afford the
17 amount of legal cost that they claim they want to
18 participate in that area.

19 COUNCILMAN NUTTER: What's the amount?

20 MR. DIAZ: I have no idea what it would
21 cost to staff a full time court.

22 COUNCILMAN NUTTER: To the best of my
23 knowledge, that issue has not been raised. And we
24 had L&I, I think, for four hours last week and that
25 particular issue never came up.

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2 MR. DIAZ: It is an additional cost to
3 staff the municipal courts.

4 COUNCILMAN NUTTER: Well, I think we
5 should at least have the opportunity to either
6 affirm or deny that kind of policy and procedure on
7 behalf of the citizens of this City who expect a
8 certain level of enforcement. I think they deserve
9 a certain level of enforcement. And if we can at
10 least know what's involved in making the system work
11 better and not either by omission or by design have
12 a system that functions at a less-than-decent level
13 because a decision was made away at least from the
14 Council about whether or not to have such a system
15 in place because of cost. I mean, I think that's,
16 quite honestly, a part of what the budget process is
17 all about.

18 MR. DIAZ: I would agree with you. I'll
19 give you that information because essentially the
20 ones in Municipal Court are low level matters, we'll
21 be happy to give you that information.

22 COUNCILMAN NUTTER: Okay. I'd
23 appreciate it.

24 Tell me a little bit about the
25 decision -- in the past there was a document that, I

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2 think, would actually cover much of the same
3 information here. It used to be called City of
4 Philadelphia Law Department Client News, which some
5 seem to be attributed to specific lawyers based on
6 their expertise and others were general in topic
7 matter. Tell me a little bit about the decision to
8 switch now to the Philly Solicitor and what was
9 involved in that.

10 MR. DIAZ: We didn't have a way of
11 communicating issues that related to importance to
12 the entire City. In particular, for example, so
13 many editions include public access to City records
14 under the Pennsylvania right to know. The
15 Philadelphia Law Department Civil Rights Unit in
16 terms of the fact that the's a national landmark and
17 a model for the Country based on the ability to
18 reduce cost to its citizens and ethics on boards and
19 non-profits. Those are utilizations that needed to
20 be disseminated to and within the government, and
21 that's why we created the Philadelphia Solicitor.

22 COUNCILMAN NUTTER: What was wrong with
23 the Client News?

24 MR. DIAZ: It only touched upon some
25 legal issues within the department and was not

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2 utilized in the same fashion.

3 COUNCILMAN NUTTER: And you pay for this
4 particular service now?

5 MR. DIAZ: Yes, we do.

6 COUNCILMAN NUTTER: Who provides that?

7 MR. DIAZ: We do it in-house much as
8 possible, in that we have a layout and consultant
9 that we use on an as-needed basis, which is Keel
10 Associates.

11 COUNCILMAN NUTTER: You mean Keel
12 Communications?

13 MR. DIAZ: Keel Communications.

14 COUNCILMAN NUTTER: And what exactly
15 does Keel do for the Law Department.

16 MR. DIAZ: Essentially, it provides to
17 our folks the layout and any editing that's
18 necessary and make sure that it's printed on time
19 and on schedule.

20 COUNCILMAN NUTTER: And this is viewed
21 as an essential service of Law Department to have
22 someone layout a newsletter?

23 MR. DIAZ: It's essential to have a
24 newsletter. The question is we didn't have the
25 capacity. I tried to get a public relations type

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2 individual who would manage that hired inside, and
3 it was denied.

4 COUNCILMAN NUTTER: Well, who was doing
5 the Client News?

6 MR. DIAZ: The Client News was coming
7 out sporadically, as I indicated to you, and it was
8 not adequate in terms of providing the information
9 that was necessary to the City, and that's why we
10 created the Philly Solicitor.

11 COUNCILMAN NUTTER: Well, who writes the
12 copy for the Philly Solicitor.

13 MR. DIAZ: The lawyers in the office.

14 COUNCILMAN NUTTER: Who are the same
15 people who were writing the Client News.

16 MR. DIAZ: Not necessarily.

17 COUNCILMAN NUTTER: Well, there were
18 lawyers writing the Client News, right?

19 MR. DIAZ: Yes, sir.

20 COUNCILMAN NUTTER: It may not have been
21 the same people all the time, but they were lawyers.

22 MR. DIAZ: Well, it was not the same.
23 If you look at the prior one, it was really not
24 writing. A lot of it was just redacting what you
25 got from a case law. It was not necessarily a

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2 writing or an editing or a compilation or response
3 in English so people could understand. So that when
4 you pick one up, you know that you have to comply
5 with the Right to Know Act and whether or not you
6 have 5 days, 10 days, 12 days in which to file.
7 That information, whether you're involved in
8 non-profit organizations, you have the opportunity
9 to understand whether or not there is prohibition to
10 be involved in fund-raising with regard to
11 non-profit organizations and whether or not you can
12 hold yourself out in the participation of that and
13 what time and how to do it and what the limitations
14 were either within the Ethics Act of th State or the
15 Ethics Act of the local requirements under the
16 Charter.

17 COUNCILMAN NUTTER: How many of them are
18 printed?

19 MR. DIAZ: Just one issue a month.

20 COUNCILMAN NUTTER: I understand. How
21 many do you print.

22 MR. DIAZ: 800 to 1,000.

23 COUNCILMAN NUTTER: Who do they go to.

24 MR. DIAZ: They go to all the employees
25 in the City, essentially our mailing list within the

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2 City.

3 COUNCILMAN NUTTER: What was the last
4 part?

5 MR. DIAZ: The mailing list within the
6 City.

7 COUNCILMAN NUTTER: Within the City.

8 MR. DIAZ: Yes.

9 COUNCILMAN NUTTER: And who prints them?

10 MR. DIAZ: The City.

11 COUNCILMAN NUTTER: So we don't use any
12 outside printing service?

13 MR. DIAZ: No, sir.

14 COUNCILMAN NUTTER: And that is \$60,000
15 in the current fiscal year and \$40,000 next fiscal
16 year?

17 MR. DIAZ: Yes, sir.

18 COUNCILMAN NUTTER: There's a story in
19 today's Daily News that I'd like to ask you some
20 questions about regarding a meeting allegedly
21 regarding yourself, the Managing Director or the
22 Finance Director and the City
23 Representative/Commerce Director. Is the report in
24 today's paper accurate?

25 MR. DIAZ: I haven't read the paper.

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2 Would you please let me know what it is.

3 COUNCILMAN NUTTER: Sure. It's a Daily
4 News story on page 20, headline, "Mayor's Staff
5 Meets Campaign Team." The story goes on to talk
6 about seven high-level City officials gathered at
7 the Mayor's re-election headquarters for a meeting
8 with several campaign operatives, including the
9 poster communications consultant, field researcher,
10 and communications director approximately two weeks
11 ago. Is that accurate?

12 MR. DIAZ: There was a meeting held in
13 which that we were told parameters as to why we
14 should not communicate anything with regard to the
15 political part of the street operation and that we
16 are to organize ourselves with regard to the
17 governmental side and avoid any participation on the
18 political side.

19 COUNCILMAN NUTTER: Who told you that?

20 MR DIAZ: That was the meeting that we
21 went to, to tell us the parameters.

22 COUNCILMAN NUTTER: Who communicated
23 that message?

24 MR. DIAZ: We were all asked to attend
25 by the City, by the 2nd floor.

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2 COUNCILMAN NUTTER: Mr. Solicitor, the
3 City is a pretty big operation.

4 MR. DIAZ: It appeared on my calendar as
5 a request from people on the 2nd floor, and I showed
6 up.

7 COUNCILMAN NUTTER: And as City
8 Solicitor, you needed to go to a meeting about how
9 to function and operate in a political environment.

10 MR. DIAZ: I had no idea what the
11 meeting was about before I was invited. I was asked
12 to attend a meeting, and I attended the meeting.
13 When I found out what the meeting was about,
14 obviously it was an appropriate meeting for the
15 cabinet to know what the parameters were.

16 COUNCILMAN NUTTER: The parameters of
17 what?

18 MR. DIAZ: Of involvement in political
19 activities.

20 MR. DIAZ: Well, you advise the entire
21 government about the appropriate involvement of
22 political activities because you put out a political
23 guide.

24 Let me finish my question.

25 As the City Solicitor, and I think

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2 recently in the e-mail blast from MOIS, you're the
3 person that puts out the political activity guide,
4 right? And you advise all the public employees
5 about the nature of their involvement, what it can
6 and cannot be in political campaigns, don't you do
7 that?

8 MR. DIAZ: I put that out as a result of
9 that meeting.

10 COUNCILMAN NUTTER: Mr. Solicitor, we
11 get one of these like clockwork every year. This is
12 not a new service of the government.

13 MR. DIAZ: Not on MOIS it hasn't been.
14 It's the first time it's ever been on MOIS on
15 Internet web page, Councilman.

16 COUNCILMAN NUTTER: I'm sorry?

17 MR. DIAZ: The first time that it's been
18 on the web page.

19 COUNCILMAN NUTTER: I don't care whether
20 it's on the web page or not. What I'm telling you
21 is that every year under every Solicitor we've ever
22 had, at least during my time, somewhere around about
23 this time of year we get a fairly standard document
24 that lays out the do's and don'ts of political
25 activity. This is not a new phenomena. Whether

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2 it's on the web, whether it's available in other
3 parts of the universe is not unique to the current
4 situation, nor I would think particularly unique to
5 the fact that you had a meeting with campaign
6 consultants. Didn't you put out one of these guides
7 last year?

8 MR. DIAZ: I don't recall when it was
9 put out, but that triggered making sure that I put
10 it out.

11 COUNCILMAN NUTTER: What triggered it?

12 MR. DIAZ: The fact that we had the
13 meeting.

14 COUNCILMAN NUTTER: The fact that you
15 as City Solicitor and other officials had a meeting
16 with campaign staff inspired you to put out this
17 notice?

18 MR. DIAZ: Reminded me that the
19 political season is coming, we have to do it again.

20 COUNCILMAN NUTTER: Okay. But I think
21 when you check your records, you're going to -- I
22 mean, you were here this time last year, right?

23 MR. DIAZ: I've been here about 15
24 months.

25 COUNCILMAN NUTTER: So you were here

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2 this time last year?

3 MR. DIAZ: I started on December 2nd of
4 a year ago prior to the Governor's raise.

5 COUNCILMAN NUTTER: Right. December 2,
6 2001. But you're saying you don't have recollection
7 that probably within the first two months of 2002
8 the City Solicitor's Office would have put out a
9 guide to all public employees reminding them of what
10 their actions can and cannot be with regard to
11 politics?

12 MR. DIAZ: I may have because I wanted
13 to read it myself to understand what my limitations
14 were. I would have read it sometime during the
15 gubernatorial race, so I would have put it out soon
16 thereafter.

17 COUNCILMAN NUTTER: So whether you
18 participated in the meeting, again I'm going to say
19 to you, it is like clockwork that this document
20 comes out. Whether you had the meeting or not, the
21 Solicitor's Office would have sent out this
22 document.

23 MR. DIAZ: I can't tell you it's like
24 clockwork. I can only tell you what I do,
25 Councilman.

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2 COUNCILMAN NUTTER: Well, I understand
3 that. I can tell you from my experience it's like
4 clockwork.

5 So what did you learn at the meeting?

6 MR. DIAZ: That the political
7 individuals were the ones in charge of the political
8 issues and these were the individuals and we were to
9 stay away from our involvement.

10 COUNCILMAN NUTTER: And who explained
11 that to you?

12 MR. DIAZ: I don't know the names of the
13 parties that were there. They were from the -- I
14 don't know them. I've never met them before.

15 COUNCILMAN NUTTER: So your testimony is
16 is that the political aids explained to you as a
17 City Solicitor what you can and cannot do as a City
18 Solicitor for the City of Philadelphia?

19 MR. DIAZ: Not to me, to the party that
20 was congregated there.

21 COUNCILMAN NUTTER: Everyone else?

22 MR. DIAZ: Yes, sir.

23 COUNCILMAN NUTTER: And the final
24 determination was?

25 MR. DIAZ: I don't know the details.

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2 All I know they told us that they are involved in
3 the politics and we're involved in the government.

4 COUNCILMAN NUTTER: But you probably
5 knew that before you went to the meeting, right?

6 MR. DIAZ: I had no idea what the
7 meeting was about before I was invited to the
8 meeting, Councilman.

9 COUNCILMAN NUTTER: Forget about the
10 meeting. You knew that -- you didn't need to go to
11 that meeting to find out that you were involved in a
12 government and not involved in a campaign, right?

13 MR. DIAZ: I don't know, Councilman. I
14 can't answer that question because I don't know what
15 the details of the additional information that was
16 given to the other members of that group. When I
17 got there, the meeting was ongoing.

18 COUNCILMAN NUTTER: Well, I understand
19 that. But you did read the guide that you put out
20 last year on the one you put out this year or the
21 one that you read shortly after you came into the
22 government, and I know you must be familiar with the
23 Charter Section 10-107. I mean, you're familiar
24 with that?

25 MR. DIAZ: I'm familiar as a result of

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2 correspondence that I received that I responded to
3 it in which I have essentially been accused of
4 involvement in political activity, which is a lie.

5 COUNCILMAN NUTTER: Who accused you of
6 that?

7 MR. DIAZ: One of the republican members
8 of the Republican Party, I assume.

9 COUNCILMAN NUTTER: I have no knowledge
10 or idea what you're speaking about. But you're not
11 saying that I've accused you of being involved in
12 politics?

13 MR. DIAZ: You're enunciating that I've
14 been involved in political activities by going to
15 this meeting.

16 COUNCILMAN NUTTER: No, I'm asking
17 questions about the meeting. And I paid my 60 cents
18 and I got a newspaper today and I'm trying to
19 understand what happened.

20 MR. DIAZ: What I'm telling you is all
21 they talked about was the parameters between the
22 government and the politicians. They did not
23 discuss the law.

24 COUNCILMAN NUTTER: Okay. Who is Greg
25 McGarrity?

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2 MR. DIAZ: Greg McGarrity is my
3 attorney.

4 COUNCILMAN NUTTER: You have an
5 attorney?

6 MR. DIAZ: My personal attorney, yes,
7 sir.

8 COUNCILMAN NUTTER: Advising you in your
9 private citizen capacity, or advising you as the --

10 MR. DIAZ: Representing me in my private
11 capacity.

12 COUNCILMAN NUTTER: Let me finish the
13 question. Representing you in your private capacity
14 as a citizen or in your capacity as a City Solicitor
15 of Philadelphia?

16 MR. DIAZ: As a citizen.

17 COUNCILMAN NUTTER: And he is therefore
18 empowered to make or give opinion as to the City
19 Charter?

20 MR. DIAZ: As to my involvement, yes,
21 sir.

22 COUNCILMAN NUTTER: Why wouldn't you get
23 advise from the Law Department? I mean, you're a
24 public official.

25 MR. DIAZ: Because I'd like protect

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2 myself personally from any innuendos or anyone who's
3 trying to ruin my reputation and anyone who is
4 trying to defame me.

5 COUNCILMAN NUTTER: This is in general,
6 not specific to this particular situation?

7 MR. DIAZ: Specific to this innuendo.

8 COUNCILMAN NUTTER: What's the innuendo?

9 MR. DIAZ: That I went to a political
10 activity and that I violated the section that you
11 named in the Code.

12 COUNCILMAN NUTTER: Well, Mr. Solicitor,
13 I've made no charge or allegation. I've simply
14 asked you about a newspaper story reported in a
15 publication of general circulation in which a person
16 is quoted indirectly as being your attorney. And
17 I've not experience a situation where the City
18 Solicitor had a lawyer. And then I, maybe
19 incorrectly, assumed that like the rest of us when
20 we need legal advise or some question arises, we
21 usually go to the Law Department and ask for advice.

22 MR. DIAZ: Not when there's an attempt
23 to defame me.

24 COUNCILMAN NUTTER: Well, again, I'm
25 going to say for the record, I am not attempting to

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2 defame you. And you must have had some conversation
3 with him prior to this public hearing taking place
4 because the story is in the paper today and you had
5 no idea that, I'm assuming, either when the story
6 was going to run or that anyone, including myself,
7 was going to ask a question. But I do resent --

8 MR. DIAZ: We were called by the press.

9 COUNCILMAN NUTTER: If you're trying to
10 imply that I'm trying to defame you, 1, you are
11 wrong; 2, I think I have a right to ask a question;
12 3, I think if you go back and read the transcript no
13 charge or allegation has been made. I have asked
14 questions, which I think as a member of Council I
15 have a right to do.

16 MR. DIAZ: And I've responded to the
17 best of my capacity.

18 COUNCILMAN NUTTER: Okay. I appreciate
19 that. So what are the rules, just for the record,
20 on political activities by public employees?

21 MR. DIAZ: I assume this has nothing to
22 do with the budget.

23 COUNCILMAN NUTTER: I'm sorry?

24 MR. DIAZ: Because I'd be happy to send
25 you a written guidance on that issue.

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2 COUNCILMAN NUTTER: I think everything
3 we ask generally in a budget hearing has to do with
4 the budget. But you're at the table and I think
5 you're in a position to kind of generally answer
6 that question. What is the rule?

7 MR. DIAZ: It's more appropriate to
8 respond you in an opinion delineated each one of the
9 issues I don't miss anything regarding the area of
10 political activity, involvement of City employees.

11 COUNCILMAN NUTTER: Say that last part.
12 I'm sorry.

13 MR. DIAZ: Regarding City employees.

14 COUNCILMAN NUTTER: Okay, so you'll send
15 something over about that?

16 MR. DIAZ: And obviously, that's why we
17 put the web on so that people can go through the web
18 and if they have specific questions they can then
19 get specific opinions from the Law Department.

20 COUNCILMAN NUTTER: I understand.
21 Generally, unless you're going to radically change
22 our policy, I mean, more often times than not, I
23 think most of our opinions are probably going to
24 still come by way of document and paper.

25 MR. DIAZ: That's correct.

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2 COUNCILMAN NUTTER: And initial or
3 signature or something like that on the document.

4 MR. DIAZ: That's correct, Councilman.

5 COUNCILMAN NUTTER: Okay. I do
6 appreciate the information and your responsiveness.

7 MR. DIAZ: Thank you, Councilman.

8 COUNCILMAN NUTTER: Thank you.

9 Thank you, Madam Chair.

10 COUNCILWOMAN VERNA: Thank you.

11 The Chair recognizes Councilwoman Tasco.

12 COUNCILWOMAN TASCO: I just have a
13 question to ask you. The federal employees are
14 covered by the Hatch Act.

15 MR. DIAZ: Not any longer. It's
16 changed.

17 COUNCILWOMAN TASCO: I know that. Were
18 we under the Hatch Act?

19 MR. DIAZ: No, we're under the City
20 Charter. The Federal Hatch Act essentially has
21 allowed individuals now to be involved in political
22 activities as long it's their own time. And prior
23 to the amendment to the Hatch Act, they couldn't
24 participate at all. And now only senior executives
25 are limited from participating in political

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2 activities under the federal government. That's
3 what they call SESs.

4 COUNCILWOMAN TASC0: Thank you.

5 MR. DIAZ: And our Code essentially
6 totally limits us totally based upon the City
7 Charter. For example, your employees don't have the
8 same restrictions as the employees of the Mayor's
9 Office.

10 COUNCILWOMAN TASC0: So my Council
11 employees can engage in political activities?

12 MR. DIAZ: They have a totally different
13 requirement under the City Charter.

14 COUNCILWOMAN TASC0: Thank you.

15 Thank you, Madam President.

16 COUNCILWOMAN VERNA: You're welcome.

17 Are there any other questions or
18 comments of the Law Department?

19 (No response.)

20 COUNCIL PRESIDENT VERNA: Seeing none,
21 the Committee will stand in recess until 12:30,
22 today. Thank you.

23 (Hearing recessed.)

24 COUNCILWOMAN VERNA: Good afternoon. I
25 want to thank everybody for your patients. This is

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2 the continued public hearing Committee of the Whole.

3 We will now hear from the District Attorney.

4 MS. ABRAHAM: Council President Verna,
5 Members of the City Council, my name is Lynne
6 Abraham. I'm the District Attorney of Philadelphia.
7 I have previously distributed to this body a brief
8 statement of one and a half pages. Essentially,
9 this report says that last year I appeared before
10 you and requested a zero increase in all budget
11 categories except Class 100. And in that class, you
12 approved a request for 1.7 percent increase. This
13 figure, of course, was not sufficient to cover all
14 of the fully contracted cost of living increases
15 but, nevertheless, we were able through fiscal
16 prudence to live within our budget.

17 This year it appears as though the
18 City's financial picture has even worsened. Plus,
19 we are faced with the possible threat of war and the
20 national economy and City revenues have continued to
21 decline. On the other hand, our costs have
22 continued to rise. But as a result, I've been asked
23 by the Mayor to, again, exercise fiscal discipline
24 and restraint and to accept a budget decrease. At
25 the same time, I believe that our City's safety is

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2 my No. 1 priority and I'm sure it's the City's No. 1
3 priority. Therefore, I'm giving a budget to Council
4 that ensures that my office has a continued high
5 level of performance while recognizing the realities
6 of our fiscal City situation.

7 As last year, I am requesting no
8 increase in Class 200, 300 or 400, but what I am
9 seeking for personnel costs is a Class 100 situation
10 which will represent a 1.5 percent decrease, when
11 one factors into contracted cost of living increases
12 and the lump sum anticipated payments due to DROP
13 membership. In order to make this reduced budget
14 work appropriately, I'm requesting a no cost
15 transfer of 100,000 from Class 100 to Class 200. We
16 requested that this information be put in the -- by
17 the Budget Bureau in the budget detail and it was
18 timely submitted by us. However, the Budget Bureau
19 neglected to include it in the budget pages
20 submitted to Council. The Budget Bureau apologized
21 for their oversight and they have agreed to present
22 this transfer request to you in the fall. And
23 that's my entire statement, Councilwoman.

24 COUNCILWOMAN Verna: Thank you.

25 Mr. Dubow, you're taking care of this

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2 issue?

3 MR. DUBOW: Yes.

4 COUNCILWOMAN VERNA: Thank you.

5 Can you tell us how many of your
6 employees are in the DROP Program and if they will
7 be going out this year?

8 MS. ABRAHAM: We believe it's about
9 eight, eight to nine, and they are going out this
10 year.

11 COUNCILWOMAN VERNA: Are they all
12 attorneys or is that part of the clerical staff
13 also?

14 MS. ABRAHAM: It's mixture of attorneys
15 non-attorney personnel. There are, of course,
16 additional DROP people who do not go out this year.
17 If you need the specifics, we'll be happy to provide
18 them to you.

19 COUNCILWOMAN VERNA: No, I'm just
20 wondering. Wouldn't you have to replace most of
21 these people? And is that included in your budget
22 once you have paid them for their sick time and
23 vacation time?

24 MS. ABRAHAM: Yes, we have,
25 Councilwoman. In other words, it's all in there.

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2 COUNCILWOMAN VERNA: If you say it's
3 fine, it's fine.

4 MS. ABRAHAM: It's fine. I mean, if
5 you're asking do I want more; of course. But is it
6 fine the what it is; I accept the realities of the
7 City's financial situation. I want to help the
8 Mayor and Council do its appropriate work while
9 keeping the City safe.

10 COUNCILWOMAN VERNA: Thank you.
11 The Chair recognizes Councilwoman Brown.

12 COUNCILWOMAN BROWN: Thank you, Madam
13 President.

14 Good morning, District Attorney.

15 MS. ABRAHAM: Good morning,
16 Councilwoman.

17 COUNCILWOMAN BROWN: The first couple of
18 years I was here, you gave a lot discussion around
19 the truancy initiative by the District Attorney's
20 Office. And it's interesting in just today's Daily
21 News there's an editorial which speaks about the
22 15,000 truant students we still have. The School
23 District has undertaken some great initiatives. But
24 can you give me an update on the involvement of your
25 office? Is the 15,000 a decrease or an increase and

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2 what lies ahead around this whole truancy citywide
3 effort?

4 MS. ABRAHAM: Councilwoman, as you know,
5 we have been deeply concerned about truancy because
6 it is a marker -- it's not a predictor but it is a
7 marker of young people we see who are involved in
8 the criminal justice system and our juvenile
9 divisions. You show me a kid who is truant, and the
10 chances are enhanced that he or she while not in
11 school may get himself into criminal justice
12 problems; if not, just outright mischief and
13 incorrigibility in the home and in the community.

14 The truancy initiative in our office
15 still stands. And when Paul Vallas came to
16 Philadelphia, I can't say I'm the first, but one of
17 the first people he came to visit was my office.
18 And we had extensive discussions about truancy.
19 Sometime later on down the road, he wanted us to
20 come over and discuss with him and his staff our
21 truancy initiative and then further elicited our
22 help in training the parent truant officers, if
23 that's the right word. They used to be truant
24 officers, then they called them attendance officers.
25 They really are truant officers. And we have done

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2 that. And I personally went to the classes with the
3 parents and talked to them about their role and how
4 important their own input would be. And we continue
5 to be hopeful. We're hopeful because I think with
6 the new Administration, we're hopeful that the City
7 school system will not see the need to lie to us any
8 more about how many people are in school. As I
9 mentioned in my previous testimony, which I stand
10 by, we found that there were essentially two sets of
11 books. One that they gave to us and then the other
12 books. The ones they gave to us make it look as
13 though there were more kids going to school than
14 there were. But we found a way to find out the real
15 situation, and we have advised Mr. Vallas and his
16 staff about this. They have assured us that there's
17 not going to be anymore cooking the books, that they
18 will count the number of absentees correctly and
19 they agree with us that it is not appropriate for
20 the school system to wait 10, 15, 20, or 25 days.
21 They're jumping on it right away. And the extra
22 emphasis of parental involvement by these newly
23 trained men and women I think will add an extra
24 underscore to the emphasis about going to school and
25 staying in school.

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2 COUNCILWOMAN BROWN: And why it's
3 important.

4 Does any of your budget cover the cost
5 of these additional parent truant officers, or is
6 that strictly the School District?

7 MS. ABRAHAM: No, we did this as a
8 volunteer labor of love position because we want to
9 help the school system succeed so we went to the
10 School District and we entered into those training
11 Sessions just as a favor to Paul Vallas and his
12 staff.

13 COUNCILWOMAN BROWN: And is the 15,000
14 an increase or decrease from recent years, might you
15 recall? It's currently 15,000.

16 MS. ABRAHAM: I think that's the same,
17 isn't it?

18 It's a decrease, Councilwoman.

19 COUNCILWOMAN BROWN: A decrease?

20 MS. ABRAHAM: Yes.

21 COUNCILWOMAN BROWN: Which speaks to the
22 value of the program.

23 Finally, we heard earlier testimony from
24 the Mayor's Office of Community Services that they
25 run two truant programs, if you will. Do you know

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2 what the total number is?

3 MS. ABRAHAM: I certainly don't, I'm
4 sorry to say. You're asking me how many truancy
5 programs?

6 COUNCILWOMAN BROWN: Total truant
7 programs we have operating in the City.

8 MS. ABRAHAM: I don't know.

9 Our goal is obviously criminal justice
10 related and educationally related. In other words,
11 we're looking to decrease the number of kids who
12 wind up in front of youth aid panels or the courts
13 by emphasizing in all that we do the need to go to
14 school.

15 And just as an aside, again, as a labor
16 of love of my office, we have between 600 and 1,000
17 school children we invite to our office throughout
18 the year every year. We feed them lunch. We
19 introduce them to the criminal justice system from a
20 jobs perspective point of view. We mentor them and
21 offer them new ways to think about career options.
22 Their teachers love it. We love it. And it's a
23 good way to show youngsters to think universally
24 when you're thinking education and job
25 opportunities. So this is something that I started

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2 several years ago, and it's increased in popularity
3 and support throughout the School System of
4 Philadelphia.

5 COUNCILWOMAN BROWN: I'd like to speak
6 with you later about that in a smaller setting.

7 MS. ABRAHAM: Sure.

8 COUNCILWOMAN BROWN: Thank you very
9 much.

10 Thank you, Madam President.

11 COUNCILWOMAN VERNA: You're welcome.

12 The Chair recognizes Councilman Clarke.

13 COUNCILMAN CLARKE: Thank you, Madam
14 President.

15 Good afternoon.

16 MS. ABRAHAM: Good afternoon,
17 Councilman.

18 COUNCILMAN CLARKE: Just one quick
19 question. It's kind of somewhat related to
20 testimony that we had yesterday when we had the
21 courts in and the Clerk of Quarter Sessions and
22 there was some requests for additional funding in
23 part because of increased arrests, increase cases
24 associated with crack down on crime, drugs. And I
25 asked a question about some statistics that I didn't

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2 quite understand. And I got an explanation, but to
3 be honest with you, I still didn't understand that
4 particular explanation. Maybe you can shed some
5 light on that.

6 My understanding is that the prison
7 population is down from prior months. And I
8 basically asked if the increase in arrests and
9 cases, why do we have a decrease in the prison
10 population?

11 MS. ABRAHAM: I'm disadvantage because I
12 didn't hear what the Clerk of Quarter Sessions or
13 whoever the official was who appeared before the
14 committee. But the prison population can be
15 decreased for a variety of reasons. Number 1,
16 because of the offenders who are being arrested by
17 the police, many of them are capable of posting bail
18 because of the nature of the charges. There could
19 be increased paroling power of the court. There
20 could have been sentencing by our courts to state
21 prisons. There could be a variety of reasons why
22 the population is lower, although as I was given to
23 understand over the past several months, the prison
24 population was over 8,000. Now, that in and of
25 itself is a very high figure, and I don't know what

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2 the figure is today. And I'm just sort of
3 speculating or guessing what the decrease is, but
4 essentially if a person is arrested by the police
5 for possession of a small amount of drugs in his or
6 her possession, that's bailable. And a lot of our
7 bail commissioners would put that person out on
8 nominal bail or a figure of bail, say, 10,000, but
9 no money is posted. The defendant just signs his or
10 her name to this imaginary bail bond and says that
11 if they fail to appear, they'll pay \$10,000. Well,
12 they frequently fail to appear and there's no effort
13 to collect the \$10,000. So any number of things can
14 explain a diminution of population in the prison
15 without diminishing necessarily the numbers of
16 arrests.

17 COUNCILMAN CLARKE: But that's not
18 abnormal. Is there anything abnormal going on, to
19 your knowledge? People have been able to post bail.

20 MS. ABRAHAM: I'm not aware of anything
21 that's abnormal. Remember, the police arrests have
22 piqued and they go up and down, like anything else.
23 Prison populations go up and down, but I'm not aware
24 of anything, to use your term, abnormal about the
25 population decreasing. Obviously, one of the things

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2 is you have to be careful that prisons don't get too
3 overcrowded that we have another lawsuit on the
4 City's hands.

5 COUNCILMAN CLARKE: I'm comfortable with
6 the fact that the population is decreasing. I guess
7 what I'm trying to find out, are we accepting more
8 plea bargains or is there something going on with
9 individual's ability to now post bail as opposed to
10 in prior years?

11 MS. ABRAHAM: I haven't seen anything
12 abnormal, Councilman.

13 COUNCILMAN CLARKE: All right. I was
14 just trying to get an explanation. Thank you.

15 Thank you, Madam President.

16 COUNCILWOMAN VERNA: You're welcome.

17 At this time the Chair recognizes
18 Councilman Nutter.

19 COUNCILMAN NUTTER: Thank you, Madam
20 Chair.

21 Good afternoon, Madam District Attorney.

22 MS. ABRAHAM: Good afternoon.

23 COUNCILMAN NUTTER: I wanted to ask a
24 question about page 31-19 in the budget book.

25 MS. ABRAHAM: I don't have that before

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2 me, I'm sorry to say, Councilman.

3 Would you indulge me a moment while a
4 take a look at this so we can try to ascertain what
5 it is?

6 We have it. Thank you.

7 COUNCILMAN NUTTER: I didn't think Rob
8 and company were getting so cheap that they weren't
9 giving the departments the details of their own
10 budgets.

11 I just wanted to ask -- it makes mention
12 here the grants are basically passed through grants
13 to organizations that are assisting the office and
14 structural dealings with crime victims. Who are
15 these grants going to?

16 MS. ABRAHAM: These are essentially
17 community-based organizations, victim witnesses
18 assistance folks who work out in the community in
19 every neighborhood of the City.

20 COUNCILMAN NUTTER: Do we have a listing
21 of the recipients or participants in the program?

22 MS. ABRAHAM: Yes, sir, I think we do,
23 Councilman. Just give us a moment while we try to
24 find those names for you.

25 COUNCILMAN NUTTER: Okay.

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2 MS. ABRAHAM: We have a pass-through
3 from PCCD, the Pennsylvania Commission on Crime and
4 Delinquency, that gives the money to us and we pass
5 through to the Philadelphia Children's Alliance, for
6 example. We have another one, a grant as a
7 pass-through to the Anti-violence Partnership. Let
8 me just see if there are any others. We also have a
9 pass-through to St. Gabriel's Hall that does our
10 juvenile work. I think those are the three that
11 would cover that amount of money, Councilman.

12 COUNCILMAN NUTTER: Okay. If you could
13 provide to the Chair a detailed listing of the
14 organizations, who they are and what they do, that
15 would certainly be helpful.

16 MS. ABRAHAM: You mean people who come
17 from the Pennsylvania Commission on Crime and
18 delinquency that refer to this document, 31-19?

19 COUNCILMAN NUTTER: I'm sorry, I didn't
20 hear your question.

21 MS. ABRAHAM: Page 31-19, you want a
22 list of the groups who are getting that money and
23 source of the money?

24 COUNCILMAN NUTTER: Yes.

25 MS. ABRAHAM: We will provide that.

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2 COUNCILMAN NUTTER: We get materials
3 from your office from time to time, which I do
4 appreciate, with regard to the -- I don't want to
5 call it -- it's not a sheriff's sale, it's the
6 forfeiture of properties. And there are these, I
7 guess they call them, auctions.

8 MS. ABRAHAM: Auctions, it's a public
9 auction, yes. Ever state legislator,
10 representative, and senator, all elected officials
11 and the general public, these are all advertised
12 sales at public automation, yes.

13 COUNCILMAN NUTTER: Could you get us a
14 list for the past year and maybe categorize it by
15 ZIP code as to how many properties actually went
16 through the auction process and then the total
17 number that was at least available for auction? I
18 don't know if every property gets taken when you
19 have these auctions, but if you could also detail
20 which properties were actually acquired by people
21 through the forfeiture process, I'd appreciate it.

22 MS. ABRAHAM: Yes.

23 COUNCILMAN NUTTER: Thank you.

24 I wanted to ask you about a recent news
25 account regarding a State Supreme Court committee on

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2 the issue of moratorium regarding the death penalty.

3 Are you familiar with that committee and its work.

4 MS. ABRAHAM: I know the committee. I
5 haven't had a chance to read the report since it was
6 just issued, I think, two days ago.

7 COUNCILMAN NUTTER: All right. I think
8 the news account was Wednesday, March 5th, the story
9 ran, but I think it's actually a fairly large
10 report.

11 We've had some discussion about this
12 particular issue in the past. Are you aware of any
13 of the members of the committee, any of the people
14 who served on the committee?

15 MS. ABRAHAM: Councilman, I'm sorry, I
16 don't remember who was on the committee. I'm sure
17 that I know some of them by either name or some sort
18 of association, but I haven't yet received a copy of
19 the report.

20 COUNCILMAN NUTTER: Has anything,
21 whether it's this Pennsylvania report, and we
22 acknowledge that you haven't had a chance to read
23 it, but has anything happened in the course of past
24 year, given some of the other events are the actions
25 taken, for instance, in other states that has given

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2 you any concern with regard to the issue of the
3 death penalty in general or moratoriums specifically
4 with regard to Pennsylvania?

5 MS. ABRAHAM: Councilman, I am always
6 concerned about people to assassinate people on our
7 street and I'm always concerned about the pursuit of
8 justice. We, as I've told you previously, consider
9 the death penalty the last resort of our society,
10 and we seek it only in cases that we deem
11 appropriate rate and leave those decisions up to our
12 public. The debate about capital punishment has
13 existed in this country as long as there's been
14 capital punishment. And we are, obviously,
15 involved in the debate. So to that extent, we're
16 always concerned about how we best achieve justice.
17 And we believe that until or unless the Governor
18 says, "I'm going to agree on a moratorium," which he
19 has so far decided he is not in favor of or our
20 legislature decides the law or our courts decide to
21 strike down the law, we will follow the law of
22 Pennsylvania and the United States Constitution and
23 the Commonwealth of Pennsylvania.

24 COUNCILMAN NUTTER: But did I understand
25 you to say that if the Governor is in support of the

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2 moratorium, you would then be in support of the
3 moratorium?

4 MS. ABRAHAM: I don't know what he's
5 going to say and I'm not going to guess what the
6 governor is going to say until and unless he says
7 it.

8 COUNCILMAN NUTTER: I understand that,
9 and I'm not trying to guess either. I was taking it
10 based on the statement that you made and you made
11 reference to the Governor and what he might say.
12 And I understand that the dealt penalty can be
13 imposed in accordance with the State guidelines.
14 Some of our discussions in the past has been, I
15 think, in the area of whether or not it must be
16 imposed as opposed to either life with no parole or
17 other measures that can be taken. I think you've
18 characterized it more as, "It's the law and we're
19 going to follow the law," but you're not always
20 required to seek the death penalty; is that correct?

21 MS. ABRAHAM: We are not required to
22 seek the death penalty. It is discretionary, and we
23 exercise our discretion with care and caution and
24 with a lot of thought.

25 COUNCILMAN NUTTER: Lastly, as a part of

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2 this particular debate, and there was -- I don't
3 know if you saw the newspaper story. It was on the
4 front page of the Inquirer on Wednesday, the 5th,
5 the top of the fold, there was a chart, and I just
6 want to ask you about some of the figures in the
7 chart and what your views might be. From the
8 report, it indicates that percentage of inmates on
9 death row who are categorized as black is 62.4, but
10 that blacks comprise 9 percent of Pennsylvania's
11 general population and that whites on death row are
12 30.6 percent whereas the white population in
13 Pennsylvania is listed as 87 percent. Do those
14 numbers either surprise you or give you any pause
15 for concern as it relates to how death penalty cases
16 are either handled or how certain people end up on
17 death row? Do those numbers seem unusual to you?

18 MS. ABRAHAM: Well, they seem unusual in
19 this respect -- and again, I'm at a disadvantage. I
20 don't have the report. I haven't looked at the
21 methodology or --

22 COUNCILMAN NUTTER: I don't the report
23 either.

24 MS. ABRAHAM: I'm sorry, may I finish my
25 statement?

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2 COUNCILMAN NUTTER: Sure. I apologize.

3 MS. ABRAHAM: I haven't looked at the
4 report. I have received a report. No one sent it
5 to me yet. I haven't examined the methodology or
6 the reasons for the conclusions reached. But I will
7 state as an observation, and I can't go further than
8 that, I don't know why they would use as a
9 comparison the figure of the numbers of blacks in
10 the population, the general population of
11 Pennsylvania, and use that against the number of
12 prisoners in prison. I think that's the wrong way
13 to measure whether the death penalty is being sought
14 appropriately. So I can't think of a worse way to
15 make a comparison than to say, "Well, the general
16 population of the State is X, and the population of
17 death row is Y, so therefore this is the correct
18 measure." I think a better and more fruitful way
19 was to look at perhaps the prison population or
20 those of the prison population who commit murder,
21 not the general population, and then see if that's
22 an appropriate counterbalance. In other words,
23 vis-a-vis, the number of people on death row, how
24 many people commit murder, how many people are of
25 what race or another and to see if there's a

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2 correlation between those figures, not the general
3 population of the Commonwealth of Pennsylvania. The
4 general population is not committing murder, it's a
5 small percentage of that population, so you
6 comparing apples and oranges, frankly.

7 COUNCILMAN NUTTER: I understand. Do
8 you think that from a percentage basis, the
9 percentage of African Americans who commit murder
10 are on death row in the same percentage as the
11 percentage of whites who commit murder who are on
12 death row? Are those numbers flat?

13 MS. ABRAHAM: Councilman, unless I know
14 the numbers and have a chance to look at it, I'm not
15 in a position today to answer your questions.

16 COUNCILMAN NUTTER: But based on what
17 you said earlier in terms of an analysis or a
18 comparison, I think your premise is -- and I don't
19 want to state what your premise is, but --

20 MS. ABRAHAM: My premise is they used
21 the wrong way to compare population to population.

22 COUNCILMAN NUTTER: I understand that.
23 But you would think that the if the system is
24 operating fairly that the percentage of one race
25 that commits murder, a comparative number or number

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2 close to that should be the same percentage who are
3 on death row has compared to the other.

4 MS. ABRAHAM: I think that would be a
5 better way of measuring it, Councilman. I'm not
6 saying --

7 COUNCILMAN NUTTER: If there was an
8 imbalance between those two --

9 MS. ABRAHAM: We'd have to take a look
10 at that, Councilman, and see whether our methodology
11 and figures is a better measuring place than the
12 general population of Pennsylvania.

13 COUNCILMAN NUTTER: If there was a
14 disproportion between those two figures, would that
15 give you concern.

16 MS. ABRAHAM: Well, Councilman, I'll
17 tell you what, I am concerned about justice in
18 Philadelphia. And when the Supreme Court reviews
19 the report and shares it with us and we have a
20 chance to discuss it more fully, I'll be in better
21 position to answer your question. I don't think
22 that it's appropriate here to just stand up or sit
23 down and bandy things about without a full reading
24 of the report and an analysis of what was decided
25 and why. Only then when we analyze what the

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2 committee did and why can we then look at those
3 figures and say what is and what is not
4 disproportionate.

5 COUNCILMAN NUTTER: I can certainly
6 appreciate your a perspective, and I don't know why
7 the court didn't send you a copy. I don't have a
8 copy either. I just read the newspaper story. I at
9 least have access to that. And the jump of the
10 newspaper story actually apparently directs people
11 to the court's web site and I think anyone can get
12 it have access to it. At least from my perspective,
13 as taxpayers dollars are being used to potentially
14 send someone to prison and on death row and to, as
15 has been characterized I think the penalty of last
16 resort, it is at least from my perspective more than
17 appropriate to ask in a budget hearing how taxpayer
18 dollars are being used especially in light of some
19 of the controversy and increased the amount of
20 debate on that particular issue, not only from a
21 cost standpoint but also certainly from a human
22 standpoint. So I can appreciate that we won't have
23 a full debate and discussion about this. And if you
24 do have an opportunity to access the court's web
25 site, that might be the easiest way to get ahold of

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2 the document. But we have, as you know, had some of
3 this conversation in the past. I think it is an
4 important public issue. We're all public servants
5 trying to represent our respective constituents, and
6 it is an item of active conversation and debate as
7 late as last week out of a committee established by
8 the Pennsylvania Supreme Court. So, obviously, the
9 Court must care somewhat about this particular
10 issue. I don't know why they established a
11 committee, but when you look at the list of people
12 who are on the committee -- and I think you're
13 right, you'd probably recognize some of these names.
14 Judge Chen and Andre Dennis and our City Solicitor
15 Nelson Diaz, and Professor Haddon up at Temple and
16 Charisse Lillie and Lynn Marks, I mean, some fairly
17 well-known Philadelphians. There might be others.
18 I don't know some of the other people on the list.
19 Sounds like a fairly decent group of folks who were
20 serious about looking at this issue. So I'll b glad
21 to pass on any additional information I get. I
22 appreciate your viewpoint. Thank you.

23 MS. ABRAHAM: My pleasure.

24 COUNCILMAN NUTTER: Thank you, Madam
25 Chair.

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2 COUNCILWOMAN TASC0: Thank you.

3 Are there any other questions from
4 Members of City Council?

5 (No response.)

6 COUNCILWOMAN TASC0: There being no
7 further questions, you may be excused.

8 MS. ABRAHAM: Thank you very much.

9 COUNCILWOMAN TASC0: Next we have the
10 Defender Association. Good afternoon.

11 MS. GREENLEE: Good afternoon,
12 Councilwoman Tasco. Nice to see you.

13 COUNCILWOMAN TASC0: Good to see you
14 too. Welcome.

15 Would you like to proceed with your
16 testimony? I see it's quite extensive, but you'll
17 summarize it.

18 MS. GREENLEE: It will be a very brief
19 summary, Councilwoman, I assure you.

20 My thanks to you and to the Members of
21 City Council for allowing us to appear here today.
22 It gives us an opportunity to thank you for the
23 continuing support of the Defender Association over
24 the years, and most specifically this year we're
25 very grateful that the Mayor and City Council have

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2 agreed to an administrative pay plan that will help
3 us over a four-year period to gain parity with the
4 City support staff which will help us in terms of
5 stability and productivity.

6 We're also busy working with the various
7 Welfare to Work Programs to build a better work
8 force for Philadelphia. This is a tremendous help
9 to us.

10 The biggest news for us in 2002 and the
11 biggest dislocation we've had in a long time was our
12 move from the offices at 17th and Arch to 1441
13 Sansom Street which was accomplished at the
14 beginning of July in 2002. I must introduce my
15 first assistant Charles Cunningham on my left and
16 our Controller Salim Twardos on my right, and thank
17 those specifically as well our business manager
18 Linda Kozinski and my assistant Chris and our
19 Assistant Controller Christian Mule who along with
20 our Information Systems Manager Rus Tower were
21 responsible for probably as seamless a move as was
22 possible under the circumstances, but it was
23 extremely stressful. In addition to moving into a
24 building that was not completed and our elevators
25 weren't ready, we have a landlord who was building

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2 apartments over our heads, so it's been a daunting
3 to get relocated, to get our new voice over data
4 system in place and our computers converted to
5 windows 2000. So I express publicly a great deal of
6 thanks to the business manager as well as to our
7 information systems manager and his small staff for
8 completing this work.

9 We also worked extensively during this
10 year with City agencies, Capital Programs, Public
11 Property, and Finance to see that we're doing the
12 best with the money that we have and what we need to
13 be economical in this new very costly location we're
14 in as compared to where we were. We're in the midst
15 of having an energy audit done because our electric
16 bills have skyrocketed well beyond what was
17 expected. But we keep on trucking in terms of where
18 we are in trying to get things set up for our staff.

19 As a brief recap of the work over last
20 year and partly in answer to Councilman Clarke's
21 question, the reason why the prison population is
22 down is that there are fewer arrests. It's a very
23 simple equation. There were 3,000 fewer arrests in
24 2002 than in 2001. Right now, we have seen a drop
25 on a monthly basis to well below -- what had become

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2 the standard last year was about 4,000 arrests a
3 month. It's now slipping down about 300 a month,
4 which is why primarily the prison population has
5 fallen below 8,000, the high watermark it reached
6 just a month or so ago.

7 During last year we were appointed to
8 represent clients in 72,000 cases. We handled an
9 astronomical 377,000 court listings for our clients
10 and also produced 75,000 miscellaneous pieces of
11 work such as social service interventions,
12 investigations and interviews.

13 What we've seen, just a brief snapshot,
14 over the last is we have seen a levelling off in
15 terms of the numbers of cases except probably
16 homicide and our special defense. But Municipal
17 Court cases have leveled off at about, for us,
18 80,000 listings a year, which is a lot of cases, but
19 it's 6,000 below what it was the year before. So
20 the cases have leveled off. Not that it's not still
21 an extremely heavy load, but what we're seeing is a
22 very significant increase more in the social service
23 aspects of what we're doing for our clients, and
24 this, too, is part of why the prison population is
25 dropping is because more people are being released

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2 to go to treatment programs and on early parole
3 through the efforts of our Probation Department or
4 Adult Social Service.

5 Adult Social Service last year had an
6 increase of 40 percent in the numbers of cases that
7 they were handling. And our clients who were placed
8 into treatment programs jumped from 874 in 2001 to
9 2700 last year, so there's a threefold increase in
10 the number of people we're placing or being able to
11 place in treatment programs. Of those persons, 86
12 percent of them were in jail at the time they were
13 released to go into treatment.

14 So I think we're beginning to feel the
15 affect the FIR Program, the Forensic Intensive
16 Recovery Program, and the numbers of people we're
17 able to get out and into treatment. It's really
18 very encouraging how well we've done on alternatives
19 to incarceration.

20 The Probation Department, as I
21 mentioned, last year handled 50,000 probation
22 hearings and handled an additional 40,000 calls and
23 letters from clients and their family.

24 Our Juvenile Unit this past year was
25 honored with the American Bar Association's Juvenile

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2 Defender Leadership Award and also was busy during
3 this year producing a video with a grant that we
4 received. It's entitled "Protecting the Rights of
5 Philadelphia's Children," which we completed a
6 couple months ago and will be using in schools and
7 at the Youth Study Center to educate children on
8 what their rights are and how the judicial system
9 operates.

10 We've also done a lot of work in our
11 Juvenile Unit on the girl's initiative because
12 there has over the years been a disparate treatment
13 of young women because there have not been treatment
14 facilities available for girls. The Assistant Chief
15 of our unit, Sandra Sifkins (ph), has been very much
16 involved in this, not only the disparate treatment
17 issues, but also abuse issues. Many of the girls
18 who are arrested have been subjected to abuse,
19 whether it's physical or sexual. And a lot of the
20 things they get arrested for are acting as a result
21 of that abuse. So we've been working over probably
22 now three years on a girl's initiative. Our
23 Juvenile Social Services, I mentioned also has a
24 significant increase in the number of cases, a 27
25 percent increase in the cases that they're handling,

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2 so that piece of our work is really burgeoning.

3 Our Prison Services Unit has succeeded
4 in a program this year to bring down state prisoners
5 so that they may get a speedy trial. And also we
6 have succeeded in being able to bring them down to
7 Graterford. We did this on our initiative with
8 courts and the DA and everyone else to see that
9 there would be space for them to stay at Graterford
10 so they could be brought to Philadelphia just for
11 the day and not crowd the Philadelphia prisons, have
12 their trial heard, and then also if they have
13 preliminary hearings to take care of, preliminary
14 hearings as well. This was a new program, and there
15 were 350 state prisons who took advantage of this
16 opportunity.

17 The last two programs we've been very
18 involved with over the last year have been Community
19 Court which has actually had a one-year anniversary.
20 We've represented 600 clients in Community Court on
21 misdemeanor charges, and it's really been enormously
22 successful especially in terms of the wide variety
23 of treatment programs that have been available and
24 the social service piece has been very well
25 developed in community court and is working very

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2 well.

3 We're also involved and have been since
4 April '97 in Treatment Court which deals with the
5 persons involved in misdemeanors and felony
6 drug-related offenses. In that five-year plus time
7 since April '97, 85 percent of those who have gone
8 through Treatment Court, and it takes a full year,
9 85 percent of them have successfully completed a
10 year without any further involvement with the law.
11 That's 480 people and that's 480 people who might
12 otherwise be in prison but have taken advantage of
13 this program. It's been a wonderful success.

14 That's just a brief snapshot of some of
15 the work we're involved in in addition to all the
16 daily courtrooms we are staffing.

17 This year, Councilwoman, the City has
18 asked for an appropriation for us of 3.6 million for
19 Fiscal Year 2004. We have been meeting with the
20 Budget Director and re continuing our meetings to
21 resolve some unresolved issues from Fiscal Year 2003
22 so that we can determine a proper base for Fiscal
23 Year '04. We're working on those issues and we met
24 probably, I guess, about a month ago now and our
25 discussions are ongoing with Budget Director Dubow.

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2 For Fiscal Year 2004, we will requesting
3 an additional amount of \$817,300 in recurring costs.
4 And it's divided into just two categories, \$760,000
5 for additional costs of benefits and insurance for
6 our staff, and \$57,300 for additional utilities
7 expenses that we have incurred in our new location.
8 The prediction by the landlord was that we would be
9 at \$1.50 per square foot, and we are presently at
10 \$2.90 per square foot. So you can see why we've
11 been working with Public Property to get an energy
12 audit and to find out exactly what's going on and if
13 that's what we're going to face. So that's what
14 that additional amount is.

15 In addition to that, there's only one
16 other non-recurring request, and that's for \$83,000
17 for a back-up generator for our telecommunications
18 system. We had allocated 50,000 for that, but the
19 estimate because it has to be now placed on the roof
20 of the building has skyrocketed and it's up to
21 \$133,000. So those are the requests that we are
22 making of City Council that we have made to the
23 Budget Director on behalf of the Mayor.

24 I can say at this point in time we will
25 certainly continue as we have over these many years

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2 to provide what we consider to be high-quality legal
3 representation in the most fiscally responsible way
4 we can. I thank you for all your support over the
5 years and thank you for hearing us out today.

6 COUNCILWOMAN TASCO: Thank you. And we
7 thank you for your support and your leadership
8 through the years. I think it's great that the
9 prison population is down and the arrests are down
10 and that clients are receiving drug treatment.

11 Are you working with the -- I guess the
12 question I really want to ask you, do you believe
13 that the state budget, Governor Rendell's budget and
14 the cutback in the drug and alcohol abuse funds will
15 have a serious impact on what your are trying to do?

16 MS. GREENLEE: My expectation will be
17 that it will. Because most of the funding for these
18 treatment is handled through Philadelphia's
19 Department of Health and I don't know where they
20 fair in the Governor's budget, but it seems as
21 though everyone who's engaged in anything to do with
22 the social services network is going to be hit. I
23 know we have already been told in terms of our work
24 in the Juvenile Unit, but this comes from the
25 Justice Department in Washington, that they will be

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2 cutting out some of the our grants that we have had
3 for work with juveniles for mental health cases, for
4 those who have special education problems. Those
5 grants will be disappearing right away at the end of
6 this fiscal year. I would expect certainly that
7 we're going to feel the impact of the budget as it
8 presently exists that the Governor has presented to
9 the House and Senate.

10 MR. CUNNINGHAM: Charles Cunningham. I
11 think you're rightfully concerned about the cutback
12 on these things. I think one of the things we need
13 take a look at is the success of programs such as
14 Treatment Court and the FIR Program because if these
15 programs are impacted, then what you're going to see
16 is you're going to see everything rise. The first
17 thing you're going to see is a rise in the prison
18 level again. So you're really looking at a
19 situation where people are going to have to say, you
20 can pay me a little bit now or you can pay me a lot
21 later. And I think there needs to be a
22 reexamination as to what needs to be cut because in
23 the end, if you cut these programs back and you
24 deprive these people of the means to get the
25 treatment, then you're only going to create a

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2 problem down the road. And that's what we're going
3 to be facing. And I think, once again, if you look
4 at the impact that these programs are having and the
5 success that they're having, then there's no -- what
6 we really should be talking about is expanding these
7 programs to make the treatment more available rather
8 than less available.

9 COUNCILWOMAN TASC0: We agree with you
10 on that.

11 Are you allowed to taken any action to
12 notify our Congressional Delegation about the
13 possible loss of those grants?

14 MS. GREENLEE: We have not yet. It's
15 pretty fresh news.

16 COUNCILWOMAN TASC0: Very happy to be
17 supportive of that.

18 The Chair now recognizes Councilman
19 Nutter.

20 COUNCILMAN NUTTER: I don't have don't
21 have a question. I do have a comment.

22 Ms. Greenlee, I was quite pleased after
23 at least all the little time that I've been here,
24 what I thought I heard you say was that as a result
25 of the ongoing discussions with the Budget Office

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2 which my recollection is -- and it may predate my
3 time, but I know this issue of pay parity with the
4 District Attorney's Office certainly came up during
5 my time in, I think, the early '90s. Did I
6 understand your statement to say that that parity
7 has now been reached and is not just the illusive
8 goal?

9 MS. GREENLEE: With the attorney staff
10 no, it has not -- the equality has not been reached.
11 The pay equity plan ended last year. I'm sure that
12 the District Attorney has stepped a bit of us
13 because she will never allow us to catch her. And I
14 know that their starting salary probably is at least
15 a thousand or 1500 more than ours.

16 What I was talking about, actually, was
17 the administrative pay plan today because we're just
18 starting that in the hopes of catching up with the
19 City. But we will start to fall behind the District
20 Attorney in terms of attorney salaries.

21 COUNCILMAN NUTTER: You will keep the
22 Council informed of that situation. I know it kind
23 of ebbs and flows, but there has been a concern over
24 at least the past 8, 9, 10 years about the pay
25 parity issue and access to a wide variety of

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2 resources so that you can do your part in the
3 administration of justice and the District Attorney
4 can do her part in the administration of justice.
5 And I think when the two parts are working together,
6 you actually have something that is close to what
7 any of us might think is a fair system of justice.
8 But both sides have to, I think, have adequate
9 resources.

10 I think on our side you've been working
11 with the President's office and Finance staff on
12 these kinds of issues over the past couple years?

13 MS. GREENLEE: Well, actually, we've
14 probably worked more with the City's Budget Office
15 than we have with Council.

16 COUNCILMAN NUTTER: I understand. Rob's
17 a good person to work with no matter what I say
18 about him from this particular vantage point. He
19 does track after the money. No better person to
20 look after your own funds because he treats the City
21 budget as if it is coming out his pocket personally.
22 So the answer is, "No. I'm sorry what was the
23 question?"

24 (Laughter.)

25 COUNCILMAN NUTTER: Seriously, you'll

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2 keep us informed as to what's going on?

3 MS. GREENLEE: We will. Actually, the
4 biggest difficulty is trying to get any accurate
5 information as to what the District Attorney is
6 paying people. So it's a little hard to know
7 exactly where we are, although that I am sure that
8 we are certainly a little bit behind if not a lot
9 behind.

10 COUNCILMAN NUTTER: Thank you.

11 Thank you, Madam Chair.

12 COUNCILWOMAN TASC0: Thank you.

13 The Chair recognizes Councilman Clarke.

14 COUNCILMAN CLARKE: Thank you, Madam
15 Chair.

16 Good afternoon.

17 MS. GREENLEE: Good afternoon.

18 COUNCILMAN CLARKE: Ms. Greenlee, I just
19 left your nephew. He told me to say hi.

20 MS. GREENLEE: Thank you.

21 COUNCILMAN CLARKE: I just got a page
22 from my legislative assistant about some earlier
23 question I had asked, actually, yesterday and as
24 recent as today. I had a question about this whole
25 issue of prison population, arrests. In earlier

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2 testimony from the First Judicial District and the
3 Clerk of Quarter Sessions. I think there was
4 actually a request for an increase because the
5 increased number of arrests as a result of the
6 crackdown on crime, Safe Streets, on and on and on.
7 And I asked about the fact that the information that
8 we had received that the prison population was down
9 to 7100 and to explain why that is the case. And I
10 was told that essentially people are able to make
11 bail now more so than they were in past. I've heard
12 that people were referred to state prison as opposed
13 to the county prison. There were a number of things
14 that were told to me that created that particular
15 scenario. I guess now I need to ask you since I've
16 talked to essentially three branches of government
17 as it relates to judicial system, the First Judicial
18 Clerk of Quarter Sessions, and the District Attorney
19 today. They all gave me similar responses.

20 Can you first clarify the prison
21 population, did that in fact go down?

22 MS. GREENLEE: Yes, it has gone down.
23 It reached a high point of 8,000 probably about two
24 months ago. And it has gone down. And two simple
25 reasons for that are there fewer arrests. Last year

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2 in January of 2002 the arrests were 5103 people who
3 were arraigned. In December, that number was 3672.
4 So that high point we reached in terms of arrests at
5 the beginning of last year and prior to that of
6 5,000 was like a huge number we'd never seen, has
7 now fallen on average to 4,000 or below in the last
8 -- probably only in the last 3, 4 months. Also,
9 there are a lot of people being released to
10 treatment programs. Last year there were almost
11 2700 people who were released to go to treatment
12 programs through the forensic intensive recovery
13 program. But it really is the drop in arrests. And
14 Safe Streets has not increased the number of arrest,
15 actually the number of arrests have dropped.

16 COUNCILMAN CLARKE: Decreased?

17 MS. GREENLEE: Yes.

18 COUNCILMAN CLARKE: Because of the
19 deterrent factor?

20 MS. GREENLEE: It's a deterrent. And I
21 think that Commissioner Johnson expressed it that
22 way. Their idea was not that they were going to be
23 making more arrests, but they were going to provide
24 a deterrent and drive people out and there would
25 not, in fact, be more arrests, and there are fewer

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2 arrest now.

3 MR. CUNNINGHAM: As a matter of fact, I
4 think that they thought that it would be considered
5 a success if the arrests went down because that
6 would indicate that the sellers were not out on the
7 street making sales.

8 COUNCILMAN CLARKE: With respect to the
9 Safe Streets program, the fact that we have a
10 deterrent, people are now not openly selling drugs
11 on the targeted drug corners and there's obviously a
12 shift in the focus of drugs, we assume -- or do you
13 think that there are less drugs being sold or do you
14 think they're shifting their method of operation?

15 MS. GREENLEE: I defer to Charlie. He's
16 the one that's out in the districts more than I am.

17 MR. CUNNINGHAM: Let me say this. My
18 thoughts on the matter are that there's probably a
19 shifting of how drugs are sold. I know that the
20 police philosophy in this matter is that by creating
21 a situation where the police are on the streets and
22 the drug sellers can't be in their open air market
23 situations that this, hopefully, will drive the drug
24 traffic out of Philadelphia. I'm not sure that
25 that's what takes place. People are very

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2 resourceful and most times people will resort to
3 other methods. I think, however, the police
4 themselves would probably be the best people to see
5 whether or not this has, in fact, led to a drop in
6 the actual sale of drugs in the City of
7 Philadelphia. I mean, you can say, yes, there's
8 been less sales of drugs in Philadelphia because now
9 we're not catching the people because they've gone
10 to a different method of selling the drugs or place
11 to sell the drugs. So I'm not sure that you can
12 really assess the validity of the program.

13 COUNCILMAN CLARKE: You're saying access
14 the validity to that degree?

15 MR. CUNNINGHAM: Yes. I really don't
16 know.

17 COUNCILMAN CLARKE: Have we -- and I
18 don't know if you have this information. I guess
19 the police will probably. Have we seen an increase
20 in drug sales in surrounding counties? I know at
21 one point there were some concerns raised by
22 outlying counties that some of the drug sales were
23 shifting to outlying counties.

24 MR. CUNNINGHAM: You're asking me a
25 question I don't have the answer to. I can't say

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2 that I've heard any outside public defenders office
3 calling us and saying "Boy, we got a lot more
4 clients."

5 COUNCILMAN CLARKE: I'm not asking you
6 to breach any --

7 MR. CUNNINGHAM: I'm not. It's not even
8 a question of breaching it. I just don't know that
9 I can speak on that issue because I haven't heard
10 one way or the other that this program has, in fact,
11 forced the drug sales out of Philadelphia and into
12 the outlying counties. I'm not sure that they have
13 the ability, to be honest with you, to really assess
14 whether or not Safe Streets is, in fact, cutting
15 down on the sales of drugs. I think they can say
16 that perhaps this program has turned the streets
17 back over to the neighborhoods. People might feel
18 safer walking down the street, because I know that
19 that's one of the things that the Mayor has talked
20 about. That may be happening. And there's nothing
21 to say that that's not a valid thing to happen. But
22 I don't know whether they have the ability or
23 whether anybody really has the ability to determine
24 whether this program has actually cut down on the
25 sales or use of drugs in the City of Philadelphia.

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2 COUNCILMAN CLARKE: Okay.

3 MS. GREENLEE: Just one figure for you,
4 Councilman, which I mentioned earlier when you
5 weren't here. From 2001 to 2002 there was a
6 reduction of 3132 arrests. So that's a fairly
7 substantial drop in that one year.

8 COUNCILMAN CLARKE: We've achieved step
9 one, we've got them off the corners. Now we've got
10 to figure out a way to enhance our ability to stop
11 that problem indoors, which we assume that they're
12 -- being as resourceful as they are, we assume that
13 they're probably to some degree --

14 MR. CUNNINGHAM: To be very honest with
15 you, I think the only way that you're really going
16 to be assured of cutting down on drug sales and drug
17 usage is you're going to have to commit yourself to
18 programs. One, teach about the use of drugs to our
19 children when they're in school at a young age. And
20 then commit to programs that are, in fact, going to
21 provide treatment for those who have become
22 afflicted with drug use. Until we are truly
23 committed to that and doing it on a wider basis,
24 then you're going to have drug problems. You're
25 going to have drug sales as long as people want drug

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2 sales. The way to clean up the drug problem is to
3 dry up the demand. And we will only dry up the
4 demand by teaching the youth of the country, the
5 youth of this city, about how destructive drugs can
6 be. Once we do that and we then provide treatment
7 for those who have become afflicted with it, I think
8 that's when you're really going to see a drop in
9 drug usage.

10 COUNCILMAN CLARKE: Since you're
11 bringing that point up. You're obviously familiar
12 with the Scared Straight Program.

13 MR. CUNNINGHAM: It's my understanding
14 -- and I know you're not in charge of the prison
15 system -- that the ability to have that program in
16 the prisons has been reduced or eliminated. Do you
17 have anything about that?

18 MR. CUNNINGHAM: I have not heard that
19 it has. I don't know. I honestly don't.

20 MS. GREENLEE: I think there were
21 serious questions raised about its efficacy, that it
22 really didn't seem to work.

23 COUNCILMAN CLARKE: Really?

24 MS. GREENLEE: Yes. And I'm sure there
25 are other problems attached to it as well.

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2 COUNCILMAN CLARKE: When you say the
3 educational component as it relates to young people
4 and older people not to get involved with drugs, do
5 you have any recommendations as to what strategy we
6 should take?

7 MR. CUNNINGHAM: I know that we have
8 some programs that go out to the schools. We have
9 to take steps and educate our children as to just
10 how destructive drugs can be. I'm fortunate because
11 I have the ability to talk to my sons and to give
12 them specific examples about how destructive it can
13 be. I've had the ability to bring home a picture
14 and show a woman at 19 and that same woman at 25 and
15 showed it to my sons and say, "Do you believe that
16 this is the same person?" And they couldn't believe
17 that it was the same person because they thought it
18 was the other person's mother. And I have the
19 ability to talk to my children and give them
20 examples of how destructive it can be. We need to
21 do those things. And we need to go out and we need
22 to -- and it's not a one-time program. It is a
23 persistent program. It is persistence in showing
24 and demonstrating how destructive it can be.

25 COUNCILMAN CLARKE: Unfortunately, in a

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2 lot of areas we don't have the family structure that
3 would provide that type of leadership, so we're left
4 with in too many cases government or some agency
5 taking the responsibility of providing that training
6 and that leadership. And I guess I'm asking you as
7 it relates to government agencies, if there is a
8 shift in the focus in terms of arrests and if there
9 are any cost savings associated with arrests? If
10 you believe drugs are still being sold, should we
11 target that cost savings to programs that would
12 ultimately decrease the demand for drugs as opposed
13 to simply driving it inside and it continuing to
14 destroy lives?

15 MR. CUNNINGHAM: I think we do need to
16 target more of the money. For instance, the
17 District Attorney's Office has money that they get
18 from confiscating and selling property. I think
19 some of that money could be used to be poured into
20 drug programs and to different programs.

21 You know, when you look at Treatment
22 Court, I think Treatment Court is amazing. I think
23 it's amazing for a number of reasons. One of the
24 reasons I think it's amazing is because of George
25 Mosley -- and I don't want to demean the District

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2 Attorney herself, but I think George Mosley who was
3 first involved in it from the District Attorney's
4 Office went into this program with the right
5 attitude. And the attitude was to understand that
6 people who have drug addiction are going to have
7 relapses and you can't just say once they have a
8 relapse to lock them up and throw away the key. It
9 is a realization about what it takes to recover from
10 drug addiction. And when you look at the success of
11 Treatment Court, if you're really concerned about
12 resolving the drug problem, you can't help but say
13 to yourself, "Why don't we begin to expand this
14 program? Why don't we begin to look at other
15 programs and understand what it is?"

16 So I think there are things that can be
17 done. There's money that can be obtained by
18 forfeitures from the district Attorney's Office.
19 I'm not saying take everything from them, but I'm
20 saying some of that money may be used for these
21 kinds programs. Why not use some of that money for
22 these types of programs?

23 COUNCILMAN CLARKE: Thank you.

24 Thank you, Madam Chair.

25 COUNCILWOMAN TASC0: Thank you.

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2 The Chair recognizes Councilwoman
3 Blondel Reynolds Brown.

4 COUNCILWOMAN BROWN: Thank you, Madam
5 Chair.

6 Good afternoon.

7 MS. GREENLEE: Good afternoon.

8 COUNCILWOMAN BROWN: You mention in your
9 testimony that there has been a 27 percent increase
10 juvenile crime.

11 MS. GREENLEE: No, not juvenile crime.
12 In social work; in the number of case being handled
13 by our Social Services Unit, not in the number of
14 arrest of juveniles.

15 COUNCILWOMAN BROWN: Okay. Restate your
16 statement because, clearly, I got it wrong.

17 MS. GREENLEE: I probably wasn't
18 communicating correctly. What I was talking about
19 was the increase in the number of cases on which
20 we're social service referrals. And the Juvenile
21 Social Services Unit, which is a specific unit of
22 about eight social workers, their work increased
23 over the last year by 27 percent. So they were
24 taking 27 percent more referrals and working with
25 the youngsters.

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2 There has not been -- I think with the
3 juvenile crime, it's leveled off. The number of
4 arrests have pretty well leveled off, the same as
5 with adults. Not that it's not high; it is high,
6 but there hasn't been sharp spike of the numbers of
7 juveniles arrested.

8 COUNCILWOMAN BROWN: And what might you
9 contribute the levelling off to, what factors?

10 MS. GREENLEE: I don't know other than
11 there really are fewer arrests being made. And I
12 guess substantially if you were arrest for drug
13 cases, that seems to have cut into that case load.

14 COUNCILWOMAN BROWN: You mention on page
15 4 of your testimony -- you give some discussion to
16 the Girls Conference.

17 MS. GREENLEE: Yes.

18 COUNCILWOMAN BROWN: Can you speak to
19 what the goals or outcomes have been as a result of
20 that initiative, and will it be ongoing?

21 MS. GREENLEE: It will be ongoing. One
22 of the primary reasons for this initiative was that
23 girls who were arrested were staying in custody
24 longer because there were fewer facilities that
25 would accept girls. So that has really,

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2 Councilwoman, been the focus of our efforts. And I
3 can't tell you specifically how much more we have
4 opened up in the way of treatment because I didn't i
5 inquire about that. But that has been the focus, to
6 find more treatment options for girls who are
7 arrested so that they do not stay in custody
8 comparatively so much longer than males do.

9 COUNCILWOMAN BROWN: By custody, do you
10 mean the Youth Study Center.

11 MS. GREENLEE: Youth Study Center,
12 that's correct.

13 COUNCILWOMAN BROWN: I see.

14 MS. GREENLEE: I think their average
15 stay when we started this two years was like 30 days
16 or 40 days. The boys were not staying anything like
17 that, and it was simply a matter of there not being
18 placement. So we've been working with court
19 administration and dispositional planning unit to
20 enhance that. I can't tell you specifically right
21 today what the results were, but I can certainly
22 find out from Sandra Simpkins who has spearheaded
23 our work and who has written a couple of articles
24 about it.

25 COUNCILWOMAN BROWN: Yes. You actually

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2 mention that in your testimony. That particular
3 document, Violence Against Women, is that available
4 through your office?

5 MS. GREENLEE: Yes, it is.

6 COUNCILWOMAN BROWN: Could you please
7 forward that to the President?

8 MS. GREENLEE: Certainly will.

9 COUNCILWOMAN BROWN: Thank you very much
10 for your testimony.

11 Thank you, Madam Chair.

12 COUNCILWOMAN TASC0: Councilman Ortiz.

13 COUNCILMAN ORTIZ: I'm interested. You
14 say that arrests are down?

15 MS. GREENLEE: Yes.

16 COUNCILMAN ORTIZ: The number of drugs
17 being sold is not down, is it, that you know about?
18 I think that's the statement that you just made.

19 MR. CUNNINGHAM: My statement is that I
20 don't know that you can say that the number of drug
21 sales has been down because I don't know whether or
22 not drug dealers have resorted alternative methods
23 to dispose of the drugs or sell the drugs. And I
24 don't know whether you're in a position to say that
25 drug usage is down in the City of Philadelphia.

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2 COUNCILMAN ORTIZ: Is the level arrested
3 are down across the board in terms of different
4 categories of crimes?

5 MR. CUNNINGHAM: Are you asking is it?

6 COUNCILMAN ORTIZ: Yes.

7 MS. GREENLEE: They kind of leveled off.
8 I wouldn't say that they're dropping so much, but
9 they've leveled off in most areas.

10 MR. CUNNINGHAM: I think your question
11 is whether or there has been a drop, for instance,
12 in burglaries, a drop in robberies, a drop in car
13 case; or are we just seeing more or less a drop in
14 drug sales.

15 I don't know if these figures that we
16 have here break it down in terms of the categories
17 of the crimes. My suspicions are --

18 COUNCILMAN ORTIZ: I'd be interested in
19 looking at that. Go ahead.

20 MR. CUNNINGHAM: I'd say that my
21 suspicions are that you may have seen a drop in the
22 number of people who are being arrested for
23 possession of drugs.

24 You may recall that former Police
25 Commissioner Timoney came in, he had an initiative

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2 and he was talking about the quality of life crimes.

3 And I think that his program was attempt to arrest
4 as many buyers as well as sellers.

5 I'd like to take a look -- and I don't
6 know what the figures look like with regards to
7 buyers and whether or not there's been a decrease in
8 the number of buyers, because perhaps in the past --
9 I know at one time it seemed as though before Police
10 Timoney's initiatives began, the police might look
11 and arrest two buyers as opposed to when the
12 initiative began arresting four or five buyers. So
13 if you're now returning back to a system where
14 you're just arresting maybe 1 or 2 buyers and not
15 waiting around to arrest five more buyers before you
16 arrest the seller, then that's certainly going to
17 produce a decrease in the number of arrests and
18 you're going to see that reflected MC. And I think
19 that we are seeing a decrease in the MC case load.
20 I don't have any specific figures myself. Court
21 Administration may be able to give you figures as to
22 what is the difference between the arrests of those
23 people who are just being arrested for possession
24 now as opposed to a year ago.

25 COUNCILMAN ORTIZ: Have we achieved

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2 equity between your office and the DA?

3 MS. GREENLEE: In salary?

4 COUNCILMAN ORTIZ: Yes.

5 MS. GREENLEE: No, not exactly, but
6 we've made significant headway.

7 COUNCILMAN ORTIZ: How far?

8 MS. GREENLEE: Well we don't have any
9 figures to compare because they don't allow access
10 to their figures. I would have to guess that it's
11 on average with our young attorneys fewer than 10
12 years experience it's probably a difference that
13 range from 1,500 to \$5,000 in what the district
14 attorneys are paid and what our -- and that's
15 probably a conservative figure.

16 COUNCILMAN ORTIZ: What's the average
17 case load right now of your staff.

18 MS. GREENLEE: Well, the average case
19 load depends on -- because we have a zone system, it
20 depends on what courtroom you're in. If you're
21 doing preliminary hearings, it's probably 30 cases a
22 day. If you're doing misdemeanor trials, it's
23 probably 25. With felony waiver work we try to cap
24 it at 8 a day. Major trials is probably 15 a month.

25 MR. CUNNINGHAM: Those figures can

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2 fluctuate. I mean, there are times when you can
3 actually have more than 8 felony waiver cases listed
4 on any given day. There are times when we have more
5 than 25 misdemeanor trials listed in a courtroom on
6 a given day. And there are times we have had lawyers
7 that have walked into preliminary courtrooms with as
8 many 40 files that they had to be prepared to put a
9 preliminary hearing on. And each of those files not
10 only has to be prepared the night before, but once
11 you return to the office you are required to write
12 up a summary. So there is an awful lot of paperwork
13 that these young people have to take care of.

14 COUNCILMAN ORTIZ: Be there. Thank you.

15 COUNCILWOMAN TASCO: Thank you very
16 much.

17 Are there any other questions for
18 Defender Association?

19 (No response.)

20 COUNCILWOMAN TASCO: There being none,
21 we thank you for coming in to testify.

22 MS. GREENLEE: Thank you very kindly.
23 We appreciate it.

24 COUNCILWOMAN TASCO: Next we have the
25 City's Representative's Office and the Department of

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2 Commerce.

3 Good afternoon, Mr. Cuorato. Would you
4 state your name for the record and begin your
5 testimony?

6 MR. CUORATO: Good afternoon,
7 Councilwoman Tasco. Good afternoon Members of City
8 Council. My name is James J. Cuorato, and I am City
9 Representative and Director of Commerce for the City
10 of Philadelphia. Seated with me at the table today
11 is Duane Bumb, Deputy Director of Commerce. Also
12 available today to answer questions are other
13 representatives from our department, the Division of
14 Aviation and our quasi public agencies, PIDC and
15 PCDC.

16 I'm here today to present testimony on
17 behalf of the Department's FY 2004 operating
18 Operating Budget request of \$230.1 million which is
19 composed of the General Fund at \$41.4 million, the
20 Grants Fund at \$10.3 million, the Hotel Tax Fund at
21 \$38 million, the Aviation Fund \$131.2 million, and a
22 Community Development Fund at \$9.2 million.

23 Of the General Fund amount of
24 \$41,372,050, 77 percent or \$31,995,000 consists of
25 the Convention Center lease service fee. The

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2 remaining \$9,377,050 consists of \$4,631,250 in
3 economic stimulus funds and \$4,745,800 for basic
4 department operations which will be carried out with
5 three fewer staff than Fiscal Year 2003.

6 I would like to briefly highlight a
7 number of items from our 2004 budget and also
8 certain projects and programs in which we have been
9 engaged over the past year. I will begin with the
10 Office of City Representative which, as you know,
11 contains the Office of Arts and Culture and the
12 Office of Ceremonial and Special Events. The
13 proposed General Fund budget includes \$1.5 million
14 for the Philadelphia Cultural Fund. Along with an
15 additional \$250,000 in the Finance Department's
16 budget, the Cultural Fund allocation for FY 2004
17 will be \$1.75 million. I would note that this
18 \$1.75 million figure is the highest in the Cultural
19 Fund's history and the \$250,000 was added during
20 this Administration as a reflection of our
21 commitment to supporting arts and cultural
22 organizations. Utilizing a substantive review
23 process, the Philadelphia Cultural Fund made grants
24 during FY 2003 to 214 local arts d cultural
25 institutions.

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2 Our office is also responsible for the
3 Art Commission, Art in City Hall, and the Percent
4 for Art Program. In 2001 we launched a new program
5 called "Try on the Arts." This program is designed
6 to encourage Philadelphia residents and visitors to
7 attend more arts and cultural events citywide
8 throughout the year. The program involves the
9 publication of a calendar which catalogs and
10 promotes all arts and cultural events in
11 neighborhoods throughout the City. In 2002, we
12 tripled our distribution of this calendar.

13 Our Office of Ceremonial and Special
14 Events plans and implements official City
15 ceremonies. In addition, our office either produces
16 or is involved in the production of a number of
17 special events and tourism initiatives including the
18 Philadelphia Holiday Festival, the Philadelphia
19 College Festival, the City Hall Ball which funds the
20 City Hall tour program, the Philadelphia Marathon,
21 and the Book in the Cook. Our office is also
22 responsible for coordinating public relations and
23 City services for festivals and parades and for
24 distribution of official City gifts, proclamations,
25 tributes, and citations.

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2 Moving to Department of Commerce side of
3 our office, we function as the coordinating entity
4 for the City's economic development programs and
5 initiatives. Commerce directly manages the Keystone
6 Opportunity Zone Program, City's Neighborhood
7 Economic Development programs including those funded
8 through community development block grant contracts.
9 Economic development related capital improvements,
10 international business development, including the
11 sister cities program and business services through
12 the Mayor's Business Action Team.

13 Commerce also contracts and works
14 closely with the Philadelphia Industrial Development
15 Corporation and Philadelphia Commercial Development
16 Corporation on loan programs and other business
17 services. In addition, the economic development arm
18 of the Empowerment Zone and the newly designated
19 Renewal Community is housed within our offices to
20 better coordinate economic development efforts
21 throughout the City.

22 Regarding the CDBG portion of our
23 budget, we are still in discussions with the Office
24 of Housing and Community Development and the Mayor's
25 Office concerning our economic development

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2 allocation for FY '04. We have agreed to reduce our
3 administrative costs by 10 percent across the board
4 at Commerce, PIDC, and PCDC. Further reductions in
5 programs are still being discussed and we will be in
6 a position to present our final economic development
7 plan as part of the CDBG budget that is presented to
8 Council.

9 Some of the highlights of our activities
10 over the past year follows:

11 The new stadiums in South Philadelphia
12 are both under construction. Having Lincoln
13 Financial Field has enable us to submit a very
14 competitive and aggressive proposal to host the
15 Army/Navy game during the years 2004 to 2008. A
16 decision from the academies on where the game will
17 be played during those years is expected by the end
18 of this month.

19 Residential development has continued at
20 brisk pace. New projects have included Phoenix, the
21 St. James, 2121 Market Street, and Dock Side. We
22 are moving ahead with development plans for the old
23 Byberry Hospital site in Northeast Philadelphia
24 which has sat dormant for years. We have developed
25 a master plan that has received community support.

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2 We continue to support expansion of our
3 major healthcare and research institutions,
4 including the ambitious billion dollar put forth by
5 the University of Pennsylvania and Children's
6 Hospital in West Philadelphia.

7 Turning to retail development, we
8 continue to foster an environment in which retailers
9 can flourish both downtown and in our neighborhoods.
10 Examples include Burlington Coat Factory which will
11 replace JC Penney as an anchor department store at
12 the Gallery, and the announcement by Ikea that they
13 will construct a flagship store and anchor a major
14 600,000 square foot retail commercial project in
15 South Philadelphia. This project will also include
16 the first Lowes Home Center in the City of
17 Philadelphia and will create 1,000 new permanent
18 jobs, approximately 350 construction jobs, and over
19 \$4.2 million per year in new tax revenues. I would
20 point out that Ikea was heavily courted by New
21 Jersey. However, we were able to work with the
22 developer of this project and complete agreements
23 for Ikea to build in Philadelphia. Although, he's
24 not here today, I would also mention that Councilman
25 DiCicco played a key role in helping us to secure

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2 Ikea for the City.

3 A major new shopping complex will be
4 developed on the site on the Whitman's Chocolate
5 factory in Northeast Philadelphia. This project
6 will create over 1100 new permanent jobs and
7 approximately \$2.8 million in new taxes for the
8 City. I would also comment that Councilman O'Neill
9 played a key role in helping us complete this
10 transaction.

11 A new Borders Flagship store has just
12 opened at Broad and Chestnut Streets.

13 Rittenhouse Row continues to thrive as
14 the hottest retail area in the region with new shops
15 and restaurants opening regularly.

16 Goldman Properties Development of the
17 13th Street corridor in Center City continues to
18 move forward.

19 Development is about to begin on another
20 major retail development at 23rd Street and Oregon
21 Avenue South Philadelphia on the site of a former
22 Defense Department facility.

23 And finally, in November of last year,
24 Philadelphia welcomed it's first Krispy Kreme
25 location to Northeast Philadelphia. One of the

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2 fastest food chains in the country, Krispy Kreme is
3 looking for additional locations in the City.

4 We have also spent considerable time and
5 resources in spurring economic development projects
6 in our neighborhoods. Some examples include Avenue
7 of the Arts North, which has become a major focal
8 point for this Administration and has a number of
9 projects at various stages. These include the
10 renovation of the historic Blue Horizon, the
11 expansion of the Pennsylvania Academy for the Fine
12 Arts, the revitalization of Progress Plaza, and the
13 development of a major entertainment center at 1600
14 North Broad Street to be developed by Craft Co. and
15 Canyon Johnson.

16 Our staff worked on a number of
17 neighborhood projects throughout the City, including
18 a new Flyers Skate Zone in the Northeast, the Draft
19 on Cecil B. Moore Avenue, land acquisition in the
20 Frankford, and the People for People development at
21 800 North Broad Street, just to name a few. All of
22 these projects will help to revitalize and
23 strengthen neighborhoods and create jobs for
24 residents.

25 We also continued our highly successful

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2 marketing planning and community festival program.

3 To date, this program has supported 67 community
4 events and 13 neighborhood planning efforts. By
5 utilizing a portion of our economic stimulus funds
6 and dispensing grants in small amounts with a
7 matching funds requirement, we have been able to
8 support these efforts in virtually every
9 neighborhood in the City.

10 We will also continue our unprecedented
11 outreach programs to businesses, both large and
12 small in an effort to help them grow in
13 Philadelphia. Within the next 60 days we will begin
14 the next phase of our business outreach program.
15 Under this program, our representatives visit
16 businesses selected at random throughout the City.
17 Our goal this year is to visit 300 to 400 businesses
18 distributed proportionately throughout the City by
19 council district. Our representatives bring with
20 them a survey to asses each business' feelings about
21 doing business in the City and assess their needs
22 for continued growth in Philadelphia.

23 We will also continue our Center City
24 office retention program. We have compiled a list
25 of approximately 60 businesses in Center City who

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employ more than 200 people and whose leases expire in the next five years. Peter Longstreth of PIDC, Paul Levy of the Center City District, and I visit each of these businesses to determine their future plans and hopefully convince them to stay and grow in Philadelphia. We have visited approximately half of the businesses on our list and will look to complete our visitations this year. We are also planning to extend the program to business in the 100 to 200 employee range. This program has been successful in identifying several companies who had been leaning towards moving out of Philadelphia and has given us an opportunity to keep them here in the City. All tolled, the businesses on our list account for approximately \$100 million in City wage taxes.

Briefly, other highlights from the past year have included our assistance to a number of small businesses who are Philadelphia institutions, including old original Bookbinders, I. Goldberg Army Navy Store, and Esposito's Meats in the Italian Market.

And then perhaps the most significant economic development transaction of 2002, American

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2 business financial services announced that by
3 mid-2003 it will relocate its headquarters and 750
4 employees from Bala Cynwyd to 234,000 square feet in
5 Center City's Wannamaker building. This company was
6 heavily targeted by New Jersey and the suburbs but
7 chose Philadelphia as a result of a creative
8 incentive package developed by the City.

9 Touching briefly on several other areas
10 of development in which we have been involved, I
11 would note the following: We have worked closely
12 with the newly formed Innovation Philadelphia in
13 order to enhance the global innovation economy of
14 Philadelphia by providing the resources to grow,
15 attract, and retain human and investment capital.
16 While it has only been operational for a little over
17 a year, Innovation Philadelphia has achieved a
18 number of accomplishments in setting Philadelphia on
19 the course to become a leader in the knowledge
20 economy sector.

21 From the hospitality and tourism sector,
22 we have continued our Philly's More Fun When You
23 Sleep Over Program which is now in its second year.
24 This highly successful program has been directly
25 responsible for the booking of over 54,000

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2 additional room nights since its inception. Due in
3 large part to this initiative, Philadelphia was
4 named by travel magazine as the top city in the
5 country from post-September 11th recovery in the
6 hospitality industry.

7 On the waterfront, which has received a
8 great deal of attention lately, we are working
9 diligently through a process to select a new
10 development plan for Penns Landing. We currently
11 have a request for proposals that is being prepared
12 and will be issued to seven qualified development
13 teams. The process that we have undertaken contains
14 an unprecedented amount of public participation
15 through our special Penns Landing web site and
16 numerous forums and community meetings. I am
17 confident that we will select a quality development
18 team that will bring us the right project for Penns
19 Landing. I would also note that the delay of Penns
20 Landing should not obscure the fact that tens of
21 millions of dollars have been invested in a number
22 of quality project, including the \$75 million
23 Dockside Apartment Complex; the Moushulu, which will
24 stay on the Philadelphia waterfront and has move
25 into the Penns Landing Marina with a reopening

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2 scheduled for May 1, 2003; and the complete
3 demolition of the former incinerator at Delaware
4 Avenue and Spring Garden Street, creating an
5 attractive 8-acre development parcel at a key
6 waterfront location.

7 We will be devoting additional time and
8 resources to the development along the Schuylkill
9 River. This Administration and the Commonwealth of
10 Pennsylvania have fully endorsed a master plan for
11 the title Schuylkill which represents what could be
12 the next great frontier for development in the City.
13 The planning includes a mix of recreational and
14 commercial development and will be highlighted y a
15 riverside trail and park. This heretofore untapped
16 resource will be used to its full advantage for the
17 benefit of all Philadelphians.

18 We will also be launching a major new
19 student retention program called the Knowledge
20 Industry Partnership which will be chaired by Dr.
21 Judith Roden, the President of the University of
22 Pennsylvania. This partnership includes our
23 Department, business and tourism leaders, and
24 representatives of the major academic institutions
25 in our region. Working together, we will achieve

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2 the goal of keeping our best brightest young people
3 here in Philadelphia to live and continue their
4 careers.

5 To complete my testimony, I will just
6 briefly summarize activities at the airport. I am
7 pleased to report that during calendar year 2002,
8 passenger traffic rebounded more quickly at our
9 airport than in the nation as a whole. While total
10 US passenger traffic dropped 4.6 percent during this
11 period, our airport experienced a 1 percent
12 increase. Traffic at the airport rose to 24.8
13 million passengers, including a record 3.2 million
14 international passengers. Other major developments
15 at the airport over the last year have included the
16 near completion of the new International Terminal
17 which will open next month, a \$20 million expansion
18 of Terminal D, a new \$53 million aircraft de-icing
19 station, a new \$10 million aircraft rescue and
20 fire-fighting training facility and two new garages
21 which have added 5,000 additional spaces at the
22 airport.

23 We are also in the midst of a
24 comprehensive master plan study that will identify
25 facility improvement needs for the next 20 years.

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2 This master plan will focus on new runway
3 configurations which will greatly increase our
4 airline capacity and enable us to continue to grow
5 this great regional asset.

6 This concludes my testimony. I would
7 like to take this opportunity to thank all of the
8 members of City Council for their support for our
9 activities over the past year. And myself and the
10 staffs of the Division of Aviation and our
11 development agencies are available to answer any
12 questions that you may have. Thank you very much.

13 COUNCILWOMAN VERNA: Thank you, Mr.
14 Cuorato.

15 The Chair recognizes Councilwoman Brown.

16 COUNCILWOMAN BROWN: Thank you, Madam
17 President.

18 Good morning, Commerce Director and to
19 your team. Let me start out first by saying
20 congratulations to the Commerce Department and your
21 Division of Aviation for the extraordinary
22 showcasing of both fine and performing artists out
23 at the airport. It's a nice way embrace tourists
24 who come to the City and a welcome surprise for
25 someone like me who lives here and was not aware of

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2 that wonderful addition, so it's definitely
3 something that should continue.

4 We know that the arts are thriving in
5 Philadelphia and Philadelphia thrives because of the
6 arts. And we also know that there's been
7 substantial increase in the cultural fund. That's
8 the good news. The bad news is that there are many
9 more new and emerging organizations that are getting
10 support from the cultural fund and because of that
11 the per organization cost has dropped. Based on my
12 homework, in FY '02, the number was 8929 per
13 organization. And now with the support of the
14 Commerce Department funding so many more
15 organizations, that cost has dropped to 7980. So
16 you should know because of that reality, I plan on
17 introducing a budget amendment and hope to work
18 closely with both the Administration and my
19 colleagues who sit on the cultural fund board to
20 come up with a number I hope will be both reasonable
21 and responsible, given the City's budget dilemma
22 that hopefully will achieve two things: One,
23 provide a cost of living increase for those
24 organizations; and two, move us back to FY '02 level
25 of funding. So I share that with you as an FY I

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2 knowing that at a later hour I will doing that.

3 Secondly, with regards to NTI and PCDC
4 and the work that the Philadelphia Commercial
5 Development Corporation is doing in the
6 neighborhoods, can you or a member of your team
7 speak to how NTI -- we know the dramatic impact it's
8 having on the residential side. I'm curious to know
9 how the neighborhood corridors are being integrated
10 into the NTI initiative. Could you or a member of
11 your team speak to that?

12 MR. CUORATO: Yes, Councilwoman. I'll
13 ask Curtis Jones to come up here. And while he's
14 coming up, let me just make two comments on your
15 first point. One is to thank you for your support
16 for all that we do in the Office of Arts and Culture
17 and we appreciate your support. Certainly, from a
18 budget standpoint, as with virtually every area of
19 my budget, I'd like to be able to do more. We're
20 trying to do the best we can with resources and stay
21 within the guidelines that we're given. And also, I
22 cannot let the comment about the airport go without
23 acknowledging the wonderful job that Charlie Isdell
24 does in every facet of airport operations. And you
25 mentioned the arts program. I don't think it is an

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2 overstatement to say that we have the finest arts
3 program that any airport in the country has. And it
4 really has generated so much interest and so much
5 positive publicity for us. It is not a place that
6 you would traditionally find the types of exhibits
7 that Charlie and his team display there, and it's
8 just another touch that makes our airport special.

9 COUNCILWOMAN BROWN: Yes. It's
10 extraordinary. And I couch my interest in the
11 budget amendment, I couch it with the words
12 "reasonable and responsible," because I'm well aware
13 of the directives that you're receiving from the
14 Administration. But to the extent we can bring this
15 world, the arts an cultural world, up to where we
16 used to be, that would be great.

17 MR. JONES: Chairman Verna and
18 Councilwoman Brown, thank you all for that question.
19 When it comes to NTI, as you are aware, we're in the
20 first phases of that which have been resulting in a
21 number of clean-ups, a number of demolitions, and
22 that process moving along. What I think also is
23 happening is there are major plans for housing
24 development in place of those vacant lots. What we
25 are hoping to do is meet the development ahead of

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2 the curve and be on the commercial corridors that
3 are directly impacted by that new construction and
4 rehabilitation so that we can bring existing
5 residents and possibly new residents a good mix of
6 business-related services so that the quality of
7 life can be enjoyed.

8 COUNCILWOMAN BROWN: Is not compromised.

9 MR. JONES: Absolutely. So what we're
10 doing IS we have a voting membership on the Vacant
11 Property Review Committee, as you're aware,
12 Councilman Goode. We are trying to make sure that a
13 lot of those properties that get picked up by the
14 City of Philadelphia are at least landbanked and
15 with future development purposes in mind so that at
16 the time that commercial development catches up with
17 housing and residential development, we're able to
18 offer small businesses an opportunity to take
19 advantage of some of that prosperity.

20 COUNCILWOMAN BROWN: Regarding the
21 dramatic change in shift or the impact the
22 development of that Market Street El is going to
23 have on 52nd Street and what that means for all of
24 those businesses on that corridor -- and the
25 District Councilperson Councilwoman Jannie Blackwell

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2 is intimately involved with that, but given the
3 mission of PCDC and given that particular corridor,
4 what is your prognosis? Has SEPTA approached your
5 agency to be a part of those discussions to help
6 those businesses there so that they're not
7 sacrificed at the risk of making that technological
8 transportation improvement?

9 MR. JONES: The impact of the
10 construction has been dramatic, I mean, pedestrian
11 traffic, vehicular traffic has been impacted by it.
12 What we've attempted to do in our small way is to
13 work with the businesses along with SEPTA
14 consultants to try to work with them. We've also
15 down promotional campaigns by which SEPTA has also
16 contributed a portion of funds to that to try to
17 encourage shoppers, for example, Spend the Holidays
18 in Your Neighborhood Campaign, to come into those
19 areas through receiving discounts and other
20 encouragements to actually shop in neighborhoods as
21 opposed to going to malls and other locations to
22 spend their dollars. That has been successful, and
23 we are going continue that effort throughout the
24 construction period.

25 COUNCILWOMAN BROWN: Is the City through

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2 your agency a partner in that advertising
3 initiative?

4 MR. JONES: Absolutely. As a matter of
5 fact, historically, we were probably initiators of
6 that initiative some 10 years ago and now have
7 sought out partners. Public Utility Commission has
8 been a partner, SEPTA has been a partner. Trying to
9 encourage the consumer to think "shopping in your
10 neighborhood" and how important that is to
11 maintaining viability along those corridors.

12 COUNCILWOMAN BROWN: Well, there's a lot
13 of interest on SEPTA specifically and the businesses
14 and how those worlds are colliding and what we as a
15 City have to do to the extent possible keep them
16 thriving and surviving, if you will. The thriving
17 quotient has dropped dramatically, but there's an
18 interest now to help them survive through this major
19 transportation phase. So I'm pleased to hear that
20 PCDC is at least the table with SEPTA to play a role
21 in assisting those agencies on those business
22 corridor.

23 My final question goes back to arts and
24 culture and the role of arts and culture with the
25 NTI initiative. I know Pittsburgh has a wonderful

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2 model where artists -- and actually, Philadelphia.
3 PhilaDanco is probably one of the first arts
4 institutions in the City to work with the City, take
5 blighted residences, convert them into artist
6 housing and bring life back to a block. Is that
7 discussion happening at the NTI table on how we can
8 more intimately involve the arts and culture
9 community around NTI?

10 MR. CUORATO: Councilwoman, let me ask
11 my Deputy City Representative for arts and culture
12 to respond to that for you, Carol Lawrence.

13 COUNCILWOMAN BROWN: Thank you. Please
14 state your name again for the record.

15 MS. LAWRENCE: Good afternoon,
16 Councilwoman Brown. Yes, we have been at the table
17 with the NTI to discuss different opportunities for
18 the arts and cultural community to be involved in
19 those conversations, especially artist housing. And
20 as the conversation proceed with the NTI Committee,
21 especially under Maxine Griffith, we are involved in
22 neighborhood outreach programs. So we are at the
23 table to discuss with the community as well as with
24 the planning programs to figure out what we can do.
25 So it's in the planning stages at this point.

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2 COUNCILWOMAN BROWN: So we don't have a
3 document, a strategic plan of sorts that will guide
4 us on how arts or artist housing is included in the
5 NTI initiative?

6 MS LAWRENCE: My understanding is we
7 will be moving in that direction. We have not
8 reached that point yet. But there is a plan to
9 create a plan in the future to address those needs.

10 COUNCILWOMAN BROWN: Have we had any
11 discussion with the arts and cultural advocacy
12 community? Have they approached you to register
13 that this is a good thing and something that needs
14 to be included in the NTI discussions?

15 MS. LAWRENCE: Absolutely.

16 COUNCILWOMAN BROWN: Well, we'll look
17 forward to the written document because my colleague
18 here Councilman Goode reminds me that Frankford also
19 is allowing artists to make a difference around NTI
20 and community development. So we'll look to see how
21 we can do that system-wide citywide.

22 MS. LAWRENCE: We will. And I think it
23 is important to acknowledge that within the entire
24 City, every community with artist base, they are
25 very interested in elaborating on a plan. So we

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2 will work very closely with the Planning Commission
3 and NTI.

4 COUNCILWOMAN BROWN: Thank you very much
5 for your testimony.

6 MR. CUORATO: And we will keep your
7 office apprised of your developments in that regard,
8 Councilwoman.

9 COUNCILWOMAN BROWN: Thank you for your
10 testimony, Commerce Director.

11 Thank you, Madam Chair.

12 COUNCILWOMAN Verna: You're welcome.

13 The Chair recognizes Councilman Goode.

14 COUNCILMAN GOODE: Thank you, Madam
15 Chair.

16 Good afternoon, Mr. Cuorato.

17 MR. CUORATO: Good afternoon, Councilman
18 Goode.

19 COUNCILMAN GOODE: Let me start by
20 thanking the Commerce Department and PIDC and PCDC
21 for their continued support of my legislative
22 initiative and implementation of those initiatives
23 and you in particular for your consistent support.
24 And, of course, I have numerous requests to your
25 department because this is my area of special

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2 interest and so I just want to go through a number
3 of additional requests.

4 First, as relates to the Community
5 Capital Works Program, can you tell me what is
6 projected allocation to that program in the next
7 Fiscal Year?

8 MR. CUORATO: Councilman, I believe the
9 request that it come to us was for \$300,000, if I'm
10 not mistaken. Perhaps you can correct me if I'm
11 wrong.

12 COUNCILMAN GOODE: Actually, I don't
13 know.

14 MR. CUORATO: I thought the request that
15 had come to us was for \$300,000 and we were looking
16 to see if we could rather than provide that out of
17 community development block grant funds, provide
18 that in-kind services, basically services that our
19 staffs would provide because the CDBG budget is so
20 tight.

21 COUNCILMAN GOODE: Actually, I'm
22 referring to Philadelphia Partnerships Program,
23 Community Capital Works.

24 MR. CUORATO: I'm sorry. Let's start
25 over. The program that you were referring to is?

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2 COUNCILMAN GOODE: Community Capital
3 Works. The micro entrepreneurship program housed at
4 the Philadelphia Development Partnership.

5 MR. CUORATO: I'm sorry. \$250,000. I
6 was confusing the two programs. The answer to your
7 question is \$250,000.

8 COUNCILMAN GOODE: Okay. Has there been
9 a request for an increase?

10 MR. CUORATO: There has not -- I
11 shouldn't say that. I believe they did ask for more
12 money, but we told them given funding levels
13 throughout our budget we were more than likely would
14 have to just keep them at the current level of
15 \$250,000.

16 COUNCILMAN GOODE: Because this program
17 is actually a self-employment program, have you
18 considered seeking Workforce Development funds for
19 the program or utilizing Workforce Development
20 programs for a portion of the funding?

21 MR. CUORATO: I don't know if -- that
22 request has not come from us. I don't know if it's
23 come from PDP, but it's certainly an avenue that we
24 can explore.

25 COUNCILMAN GOODE: I think actual

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2 service providers get used to the same source of
3 funding. I think it's something that should be
4 suggested to them in terms of -- particularly if
5 they're seeking an increase. But I'm thinking
6 specifically about the work that they're doing
7 particularly with ex-offenders and the fact that the
8 Mayor has embraced economic development initiatives
9 for ex-offenders trying to reduce prison recidivism
10 and the fact that the Mayor has actually identified
11 economic development dollars through Workforce
12 Development dollars for that type of development.
13 So I was thinking maybe it's something we should
14 suggest to them in a way that we can get some
15 funding to that program and actually fulfill some of
16 the Mayor's recent commitments in an that regard.

17 MR. CUORATO: Agreed. And we will reach
18 out to Workforce Development Corporation along those
19 lines.

20 COUNCILMAN GOODE: Thank you.

21 Second question is regarding LISC.

22 MR. CUORATO: Okay, now I can give you
23 the answer that I gave you previously, which is the
24 request had been for \$300,000. And we were looking
25 to see if we could provide the services, basically

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2 in-kind services, in lieu of actual dollars because
3 our CDBG funding is so tight. If all of that
4 doesn't work, there's a possibility we may be able
5 to do a portion of in-kind and a portion of cash.
6 But we will, either way, try to reach that \$300,000
7 mark.

8 COUNCILMAN GOODE: I know in the past --
9 I guess in this year, Year 28, OHCD was actually
10 funding LISC to do both housing and economic
11 development in terms of capacity of building for
12 community development corporations. Do you know if
13 they plan on continuing funding directly?

14 MR. CUORATO: I do not, Councilman, but
15 we can certainly check that.

16 COUNCILMAN GOODE: Can you sort of find
17 out whether that's something that could be split? I
18 know it's the same pot of money in terms of
19 community development block grant, but what they're
20 planning on doing?

21 MR. CUORATO: Yes.

22 COUNCILMAN GOODE: And lastly, what's
23 the status of the acquisition grant program at PCDC?
24 My understand from several community development
25 corporations that are involved in Commerce

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2 Department's Program and the CDC Tax Credit Program
3 that has been frozen, can you tell me why it's been
4 frozen?

5 MR. CUORATO: I'll ask Mr. Jones to
6 respond to that.

7 (Pause.)

8 MR. CUORATO: Councilman, any additional
9 money that would have to get added from that
10 program, I believe, would have to come from our
11 economic stimulus program, and that's the request
12 that we're reviewing right now because there are no
13 other CDBG dollars that are available. So we're
14 looking to see if we can fund that program
15 additionally through our economic stimulus program.

16 COUNCILMAN GOODE: That wouldn't fall
17 into -- I know through legislation passed by this
18 Council that's being implemented by OHCD, there is a
19 mandate of at least 5 percent of all CDBG dollars be
20 spent on community development by community
21 development corporations. That wouldn't fall within
22 that 5 percent?

23 MR. CUORATO: I believe it would. But I
24 don't think the 5 percent amount is an issue. I
25 think it's dollar availability is what I think the

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2 issue is.

3 COUNCILMAN GOODE: Well, my
4 understanding is 5 percent is roughly \$4 million and
5 this is a program that has a hundred thousand or 2
6 within it.

7 MR. CUORATO: But the 5 percent covers
8 all economic development activities, not just PCDC's
9 acquisition program.

10 COUNCILMAN GOODE: I understand that.
11 I'm just assuming there's probably room there, given
12 the nature that there's \$4 million being spent by a
13 number of different programs, I would just think
14 that that program wouldn't be eliminated; there are
15 other programs that probably can be reduced to make
16 room for that program. And I actually believe that
17 the CDC community will probably rather prioritize
18 that program before some of the other funding that
19 it receives from the community development block
20 grant program.

21 MR. CUORATO: I think you're right. And
22 we are going to take a look at Year 29 as to how we
23 allocate our economic development funds because I
24 think we can allocate them and get more money to
25 programs that are working better at the neighborhood

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2 and CDC level as opposed to putting further funds
3 into some programs that are not being used as
4 efficiently or in as great a volume as we'd like.

5 COUNCILMAN GOODE: One of the things I
6 have impressed upon the CDC community is that now
7 that it has the 5 percent mandate, now that we have
8 a CDC tax credit program, now that we have
9 consistent funding over the next 10 years that
10 amounts to probably \$50 million investment or more,
11 that they come up with some industry standards that
12 they decide how they're going to evaluate their own
13 performance and that they make suggestions for how
14 we spend that 5 percent. And I think they probably
15 would rank that acquisition grant program as a
16 priority in terms of what they're looking to do in
17 terms of redevelopment of commercial corridors.

18 MR. CUORATO: Point well taken,
19 Councilman. Thank you.

20 COUNCILMAN GOODE: Thank you, Mr.
21 Cuorato.

22 Thank you, Madam Chair.

23 COUNCILWOMAN VERNA: Thank you.

24 At this time the Chair recognizes
25 Councilman Nutter.

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2 COUNCILMAN NUTTER: Thank you, Madam
3 Chair.

4 Mr. Cuorato, I just two issues that I
5 want to raise with you. One is, you mention in your
6 testimony about a development project. And I just
7 received a letter recently from one of our unions,
8 Local 1776, page 5 of the testimony regarding the
9 issue of Wal-Mart. I have no personal issue with
10 that particular company, but they have apparently
11 attracted the attention over some time, not just
12 recently, of Local 1776 here in Philadelphia. And I
13 just wanted to know what the Administration's view
14 was on the Wal-Mart situation and their apparent
15 conflict with unions?

16 MR. CUORATO: Well, as with any dispute
17 involving a major employer and unions of the City, I
18 hope that it can be resolved.

19 COUNCILMAN NUTTER: I think their
20 corporate philosophy is that they're anti-union. So
21 I don't know that the City of Philadelphia is going
22 to change their philosophy. It's kind of a big
23 company.

24 MR. CUORATO: Understood, Councilman. I
25 guess the reference in my testimony is to the

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2 project in Northeast Philadelphia, the Whitman's
3 Chocolate factory.

4 COUNCILMAN NUTTER: I remember when the
5 zoning came through for that.

6 MR. CUORATO: Right.

7 COUNCILMAN NUTTER: Although I think
8 Wal-Mart was not mentioned at that time.

9 MR. CUORATO: I thought there were,
10 since they and Barnes and Noble are supposed to be
11 the two anchors.

12 COUNCILMAN NUTTER: It could have got by
13 me.

14 MR. CUORATO: It is unfortunate. I
15 don't think we want to be in a position of
16 discouraging the expansion of stores like Wal-Mart
17 in Philadelphia. They are huge job generators, and
18 I don't think we want to be in a situation where
19 we're discouraging them from coming in.

20 COUNCILMAN NUTTER: I understand that
21 and I'm not suggesting that. What I'm trying to
22 figure out is, what's the -- how do we balance the
23 interest of -- I mean, we are obviously a very
24 supportive government of unions here in Philadelphia
25 at a variety of levels. And o I'm just trying to

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2 figure out from a policy standpoint how we deal with
3 this kind of issue. I mean, it's not some like Joe
4 and Jane store on the corner. This is an a massive
5 national, possibly international corporate entity
6 that has that particular corporate philosophy, and
7 we have many citizens in the City who are members of
8 Local 1776 and who are expressing concern. I mean,
9 I've receiving letters. So I'm just trying to
10 figure out what the City's posture is in that kind
11 of situation.

12 MR. CUORATO: Councilman, I don't know
13 what we as a City can do. I mean, a corporation
14 like Wal-Mart will look at a situation in
15 Philadelphia, assess how much of a problem they
16 foresee in employing people and how they're going to
17 react with the unions and make a decision as to
18 whether they're going to build further stores in the
19 City of Philadelphia.

20 For the Whitman site, there is no
21 financial assistance being provided. The only
22 approvals that were requested and received through
23 City Council and the City were for zoning changes.
24 So it is, for all intents and purposes, it is now a
25 private development on a site that is now zoned in

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2 accordance with what's being planned there.

3 COUNCILMAN NUTTER: I understand that,
4 but we're always going to be free and open and
5 honest with each other. I mean, if not for the
6 action of the government, the development doesn't
7 happen, right?

8 MR. CUORATO: Yes.

9 COUNCILMAN NUTTER: No money on the
10 table, doesn't seem like a big thing, but sometimes
11 getting a bill passed by Council is actually
12 somewhat significant.

13 MR. CUORATO: And in this case it
14 certainly was because without the zoning change,
15 that project doesn't happen; you're correct.

16 COUNCILMAN NUTTER: Okay. Just thought
17 I'd ask. I need to respond to the letter that was
18 sent to me recently, so I figured I'd ask you.

19 Let's talk about Keystone Opportunity
20 Improvement Zones. It's my understanding that
21 State Statute was passed not too long ago allowing
22 for expansion of Keystone Opportunity Zones and I
23 think a new program Keystone Opportunity Improvement
24 Zone, which the City is required to, and Council and
25 the Mayor specifically are required to pass an

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2 ordinance authorizing the establishment of these
3 zones. It is my understanding that there is
4 actually a deadline by which this action must be
5 taken. And I would only express to you concern,
6 this year will by its own force of events be a
7 fairly busy and active year for a variety of
8 reasons, and I want to make sure that we meet the
9 statutory deadline. But I'd also like to get out on
10 the record, to the extent that you can share
11 information about the areas that we may be looking
12 at for these new zones and any planned or
13 perspective projects that may be affected by having
14 these zones in place or that may benefit from having
15 these zones in place, to give some context to the
16 importance of this legislation, because I think it
17 does actually involve some live projects. Could you
18 share that with us for the record?

19 MR. CUORATO: Sure, Councilman. Just
20 before the end of 2002, acting on legislation that
21 was approved by the General Assembly in Harrisburg,
22 Governor Schweiker had the ability to authorize a
23 new set of zones called Keystone Opportunity
24 Improvement Zones or KOIZs, as we call them. These
25 are add-ons to existing KOZs and KOEZs, so we're

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2 going to keep going until we exhaust every vowel.

3 COUNCILMAN NUTTER: Right, and then you
4 start doubling back and do the double A and
5 double B.

6 MR. CUORATO: Yes. The Governor
7 designated three new Keystone Opportunity
8 Improvement Zones. These provide -- and again,
9 these opportunity zones are areas in which
10 businesses that move in pay no city or state
11 business taxes for a period of years. The advantage
12 of the Keystone Opportunity Improvement Zones, the
13 new ones, are that they get a fresh 15-year clock
14 starting in the year 2004. It is a tremendous
15 incentive. This program overall has been a
16 tremendous incentive to bring businesses into
17 Philadelphia, and we've got examples both large and
18 small.

19 The three new areas that were designated
20 by the Governor in Philadelphia are 300 acres at the
21 Philadelphia Naval Business Center, a site up in
22 Northeast Philadelphia that was specifically
23 tailored for us to bring in the Vanguard Company.
24 That's a company that we've wanted to bring into
25 Philadelphia for a long period of time. And a

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2 cluster of properties in West Philadelphia generally
3 around the area of the University of Pennsylvania
4 and Drexel and 30th Street Station. Those three
5 areas have been designated by the Governor as
6 Keystone Opportunity Improvement Zones. However,
7 they must now be approved by this Council. And then
8 following -- if Council approves that legislation,
9 it must be filed with the State by no later than
10 June 1st of this year. So that's the deadline to
11 which you were referring, and we will meet that
12 deadline.

13 COUNCILMAN NUTTER: Well, let's talk
14 about a timetable. But also when you mentioned the
15 site out in West Philadelphia similar to specific
16 mention being made of Vanguard at a potential site
17 in the northeast. It's my understanding that, for
18 instance, the Sera Center building proposed to
19 literally be placed right across the street from
20 30th Street Station, I've seen some of the drawings
21 and materials for that particular building, it seems
22 like it represents an incredible new opportunity,
23 not only for a high-rise office building but
24 tremendous access to the train system, the
25 expressway and bringing a new high-tech office

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2 building to West Philadelphia on the west side of
3 the Schuylkill River. It seems to me that given a
4 number of projects including, certainly, the Sera
5 Center, the importance of getting the KOIZ
6 legislation passed is important and unless there are
7 some significant complications or additions -- and I
8 have at least one addition that I'd like to propose
9 to you -- can you give us a sense of when the
10 legislation will be coming over to City Council?

11 MR. CUORATO: Councilman, I will answer
12 that question for you in just a second. Let me just
13 add that the legislation that we will be bringing to
14 you will not only include a recommendation for
15 approval of these three new Keystone Opportunity
16 Improvement Zones, but the state legislation also
17 gives us the ability to add to existing KOZs and
18 KOEZs. It's a great opportunity for us now to come
19 back and pick up some properties that we either
20 missed the first round or where circumstances have
21 changed and now it would definitely be a great
22 benefit to have them in a zone. And the first
23 example that comes to my mind I believe is in your
24 district which is the Bud Company.

25 COUNCILMAN NUTTER: That's what I was

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2 going to suggest to you.

3 MR. CUORATO: Which unfortunately is
4 moving out but that property which is nearly 50
5 acres is going to need the kind of incentive that
6 the Keystone Opportunity Zones to bring.

7 To answer your question, we have to have
8 our application filed with the state by June 1st. I
9 would hope that we would have legislation ready to
10 be introduced into City Council within the next
11 three weeks. That would give us virtually all of
12 April and all of May to have the process discussed
13 and hopefully approved.

14 COUNCILMAN NUTTER: Thank you.

15 Councilwoman Miller has a point of
16 information.

17 COUNCILWOMAN MILLER: Good afternoon.

18 MR. CUORATO: Good afternoon,
19 Councilwoman.

20 COUNCILWOMAN MILLER: I just have a
21 further question about the KOEZ. What is KOEZ?
22 What is the "E" for?

23 MR. CUORATO: The "E" stands for
24 expansion. The State Legislature in Harrisburg
25 actually has acted on these zones three times. The

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2 first time was the original program called Keystone
3 Opportunity Zones. Then they came back and did a
4 second round called Keystone Opportunity Expansion
5 Zones. And we did 12 the first round and then the
6 second round we added 8, so we now have 20. This
7 final round gives us the ability to add three new
8 areas. Those are KOIZs. And I know this gets
9 confusing. And also add properties to exist KOZs
10 and KOEZs as long as they are contiguous to existing
11 zones. In other words, we couldn't just go to an
12 area of the City that is not designated and pull a
13 property out and designate it now.

14 COUNCILWOMAN MILLER: Well, that's
15 exactly what I wanted to find out because I do know
16 about the legislation, but I just never heard the
17 term "KOE." Maybe I missed it. Because I was
18 interested in finding out if we could in fact expand
19 the zone that's in my district, but it's not
20 contiguous to the one that already exists.

21 MR. CUORATO: We can take a look at it,
22 Councilwoman. Vince Dougherty of my staff who
23 manages the Keystone Opportunity Zone program, we
24 can talk to you about the property or if there are
25 any other properties in your district that you think

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2 might fit the criteria that we might have. And if
3 there's a way we can do it, we'd be glad to.

4 COUNCILWOMAN MILLER: Okay. Thank you.

5 COUNCILWOMAN VERNA: Excuse me. If you
6 don't mind, at this time the stenographer is asking
7 for a five minute break. Thank you.

8 (Brief recess.)

9 COUNCIL PRESIDENT VERNA: We can now
10 proceed with the hearing.

11 Councilman Nutter, you were questioning
12 Mr. Cuorato.

13 COUNCILMAN NUTTER: Yes. Mr. Cuorato,
14 that you anticipate having legislation for KOIZ over
15 in about three weeks. A quick look at the calendar
16 would indicate that that would have you sending
17 legislation over in anticipation of the April 3rd
18 Council Session. Do you think you can use that as a
19 deadline, including having conversations with
20 Councilmembers if they want to have expansions of
21 existing empowerment zones or other projects?
22 That's three weeks from tomorrow.

23 MR. CUORATO: Yes.

24 COUNCILMAN NUTTER: And I appreciate
25 that. And along with that, do you think we could

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2 then use as a goal basically the month of April to
3 get the legislation completed? I'm going to make
4 the -- this is the kind of thing that -- I mean,
5 it's a good thing all away around. If we spend the
6 time during the next three weeks getting the
7 legislation ready, the hearing should be pretty much
8 a fairly smooth process. We have a public hearing
9 scheduled relatively soon, get a first reading, get
10 final passage. The last Thursday in April is April
11 24th, and that's another three weeks in the course
12 of April. Do you think that's a timetable that we
13 might be able to meet?

14 MR. CUORATO: Yes.

15 COUNCILMAN NUTTER: I deeply appreciate
16 it because, certain, I think all of us care about
17 this. And the opportunity to provide these economic
18 incentives and benefits as quickly as possible meet
19 the state deadline even, quite honestly, a little
20 early, would certainly demonstrate to the State our
21 enthusiasm about the program and that we're ready to
22 go and trying to get something done.

23 MR. CUORATO: Totally agree, Councilman.

24 COUNCILMAN NUTTER: Thank you. Thank
25 you Mr. Cuorato.

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2 Thank you, Madam Chair.

3 COUNCILWOMAN VERNA: You're welcome.

4 The Chair recognizes Councilwoman Tasco.

5 COUNCILWOMAN TASC0: Thank you.

6 Good afternoon.

7 MR. CUORATO: Good afternoon,
8 Councilwoman.

9 COUNCILWOMAN TASC0: First, before I
10 begin I'd like to say that enjoy working with
11 Eleanor Hider (ph).

12 MR. CUORATO: Actually, she's down in
13 your office right now meeting with your staff.

14 COUNCILWOMAN TASC0: She's been very
15 supportive, very helpful, and very thorough.

16 MR. CUORATO: Thank you.

17 COUNCILWOMAN TASC0: Especially with our
18 Rising Sun Avenue Project. We appreciate her very
19 much and the hard work she does.

20 MR. CUORATO: I will pass along your
21 kind words. Thank you, Councilwoman.

22 COUNCILWOMAN TASC0: I have a couple of
23 questions. But first, I want to talk about an issue
24 that's in my district now that's really causing us
25 some real problems. We found out that the Mayor's

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2 Business Action Team had assisted a company to
3 operate at Seventh and Grange in a residential area,
4 an industrial factory which has caused and is still
5 causing me agida. The lack of enforcement by L&I to
6 get to cease and desist. It took us numerous
7 community meetings to address many of the problems
8 that were raised. They tore away shrubbery and land
9 and just weren't very cooperative with the
10 community, very hostile to the community. We had to
11 go to court. And the Zoning Board has granted them
12 the okay to still operate there. And it is still
13 causing the community a lot problems. A lady called
14 the other day; she couldn't get out of her house
15 because the trucks blocked the drive. And these are
16 issues that we raised on the zoning hearing, issues
17 we raised on the court case. But my concern is that
18 before any activity goes on in a council district,
19 certainly we ought to be made aware of what's
20 happening. No one from the Mayor's Business Action
21 Center contact us to let us know they were working
22 with the business to go on that site.

23 And the other question I want to know,
24 is there any effort in their research or support of
25 a business going into a community, do they check to

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2 see if the company has any prior code violations?

3 Because this company certainly had a number of those
4 violations and it really has been very, very -- and
5 they're up in arms about it. We met with this
6 gentleman here to talk to him about. Do you have
7 any update?

8 MR. CUORATO: That's Vince Dougherty,
9 Director of the Mayor's Business Action Team.

10 Councilwoman, we will go back and check
11 to see if there are any violations that are
12 currently pending at this time. We were not aware
13 that they were causing such problems in the
14 neighborhood, quite frankly. I know they employ
15 about 150 people, and I mean --

16 COUNCILWOMAN TASC0: Listen, they may
17 employ 150 people and that's fine and we want
18 encourage business to come into the community. But
19 an industrial site in a residential community should
20 not exist. And we don't know yet what they're
21 doing. And these tractor trailers -- first you have
22 to see if the market can bear what they're planning
23 to do. Never can figure out what they're doing.
24 Commerce Department, you all know. MBEC knows
25 exactly who they are and what they're doing. And

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2 what we need is some effort on behalf of your office
3 to go talk to those people, find out exactly what
4 they're doing, what their plans are and report that
5 back to us, because we can't a clear answer.

6 The residents are ready to go to court.
7 They're going to appeal the zoning variance.

8 And what you ought to do is try and find
9 them another site. That's what you need to do
10 because it does not belong at Seventh and Grange.
11 Seventh and Grange is a residential site. And the
12 people enjoyed having the greenery in the back of
13 their yards. They tore that up. And now they're
14 just causing all kinds of problems.

15 I had a lady the other day who refused
16 to sign my petition because she just said, "That
17 factory." And so they don't know that I don't have
18 any responsibility for that factory, that it comes
19 from the Administration. And I want the
20 Administration to do something about it. I want to
21 action taken on it. I want you all to go over and
22 talk to those people and I want you to try and find
23 them another site. They have to go. Otherwise
24 we'll be out there demonstrating, and it's not the
25 time to do that.

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2 MR. CUORATO: We will talk to them,
3 Councilwoman, and we will report back to you.

4 COUNCILWOMAN TASC0: The other issue I
5 want to talk about is the neighborhood commercial
6 revitalization corridors. Mr. Jones. He said that
7 have he would -- I'm looking upper end of Ogontz
8 Avenue from Walnut Lane up to Cheltenham because
9 that Ogontz Avenue is the gateway to the City from
10 Montgomery County. Montgomery County is doing a lot
11 of economic development on their side of the street,
12 and we look very, very shabby. In addition to
13 Ogontz Avenue which we've been having problems with
14 for the last five or six years just trying to figure
15 out when they're going to pave that street. And
16 papers have for the three days had articles in the
17 newspaper about the potholes on Ogontz Avenue and
18 the terrible condition. But we want that area
19 declared a Neighborhood Commercial Revitalization
20 Area. And I asked about this. I keep asking about
21 it. I get told that it's based on the census
22 numbers. Well, I said, there are new census
23 numbers. "Well, we don't have the detail." I think
24 somebody must have the details on the census
25 numbers.

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2 I will tell you until I met Eleanore, I
3 just got nothing but the run-around in the Commerce
4 Department. It's very frustrating when you're
5 trying to do something for the citizens, not just my
6 constituents, but the constituents who are the
7 Mayor's constituents, for them to feel left out and
8 not included in what's going on in this City.

9 So I want to know what we're going to do
10 about Ogontz Avenue in terms of declaring that a
11 Neighborhood Revitalization Area so we can get some
12 of the amenities that come along with that
13 designation and help those businesses up there. I'm
14 inundated with clubs that are opening. You can't
15 get L&I to enforce the club opening in a residential
16 neighborhood without the proper licenses. You have
17 bars up there where you have drugs, you have
18 take-outs. And it's just very frustrating for those
19 people who live around there in that district.

20 MR. JONES: Councilwoman, we will
21 absolutely assign a corridor manager to Ogontz
22 Avenue upper end. As you know, historically we've
23 done some things with Ogontz Avenue Revitalization
24 Corporation with the mall awhile ago. But we will
25 revise that. And whether the numbers of the census

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2 dictate or not, we will have an involvement with
3 that corridor and with that business association
4 trying to work on a revitalization plan.

5 COUNCILWOMAN TASC0: The ORC, the upper
6 half is not a part of the Ogontz revitalization. We
7 have another group that is responsible for that
8 area. Not that we don't work with ORC and we've
9 talked to ORC about that.

10 I just want some action. People up
11 there vote the highest rate in the City. They also
12 work and they pay taxes. They ought to be able to
13 get something for the money they invest into City.
14 We shouldn't see the money going into all other
15 neighborhoods and we can't get a small dose of
16 return. We want some economic stimulus money for
17 that area. I want some action Ogontz Avenue. I
18 want some action on Vernon Road. We're working on
19 Rising Sun, and I'm very appreciative to the young
20 lady and Jim for assigning us working with Mark
21 Ohouski up there on Rising Sun Avenue. Because
22 that's the neighborhood, where unlike the
23 neighborhoods, the businesses are moving and we have
24 vacancies. In the other corridors, the business has
25 just changed ethnic groups, this area and Rising

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2 Sun, so they have a plan and they're working that
3 plan.

4 But Ogontz, I've been talking about this
5 I think ever since I became a Councilperson. We
6 have stimulus dollars. We have other kinds of
7 dollars. And we're not asking for a lot of money.
8 We put a budget in, we've given it to the Mayor, and
9 we want to see some results.

10 MR. JONES: The good news is that we've
11 been working with non-CDBG dollars to find a source
12 of dollars that we could actually apply to corridors
13 outside of the low and moderate-income designation.
14 Congressman Fattah has worked with the American
15 Cities Foundation raise some of those dollars. And
16 we just were written in to the budget to be able to
17 do some beautification, do some of the traditional
18 things we do in low and moderate-income areas.

19 So, again, my commitment to you is that
20 we will indeed work with the upper end of Ogontz
21 Avenue like we've done with the lower end to try to
22 come up with a plan that businesses there, the
23 business association there can live with and we work
24 together on it. That is my commitment to you.

25 COUNCILWOMAN TASC0: Now, you know that

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2 is the Congressman's district.

3 MR. JONES: Yes, I do know.

4 COUNCILWOMAN TASC0: We do exist in the
5 Northwest. It may not be West Philadelphia, but we
6 still vote pretty high up there.

7 MR JONES: Highest numbers in the City,
8 50th Ward, yes, ma'am.

9 COUNCILWOMAN TASC0: Thank you very
10 much.

11 The other thing, I want to make a point.
12 And I think we've talked about this before. In
13 other cities -- you know, I'm very active with the
14 National League of Cities. In other cities,
15 community development block grant dollars are used
16 for the elimination of blight and slums. And so we
17 don't use that here in the City that way. We target
18 and we say that the dollars are targeted to those
19 areas come in some kind of economic guidelines based
20 on the census track. They have built golf courses
21 with this money in Tennessee. And they have built
22 boat marinas in other cities. And when I talk to
23 Congressman Fattah, he said that is not true; that
24 the money can go outside of areas that don't have
25 low-income designations. So I just thing we are

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2 misinterpreting or interpreting the laws based on
3 our convenience or the convenience of certain parts
4 of the City. And my constituents are asking what
5 are they getting for their vote and for their tax
6 dollars.

7 There is an issue I want to raise on
8 page 14-34 of your budget. And this comes under the
9 airport, because I have a couple questions for the
10 airport.

11 I know we require lobbying in Washington
12 and Harrisburg. That is certainly necessary. I'm
13 not asking about that issue. I'm asking about the
14 2004 appropriations. You go from \$50,000 in 2002 to
15 \$200,000 in 2004, \$200,000 for other lobbying
16 services. What is that for?

17 Also, why don't you address all of those
18 areas? You have \$100,000 -- you go from \$25,000 in
19 2002 to \$100,000 in bankruptcy proceeding. And then
20 you go for Pepper Hamilton, 2003 you were up
21 \$192,500 in 2002. And in 2003 you had \$10,000, but
22 now you go to \$150,000. So your budget has
23 increased from 2002 to 2004, \$710,000 from \$320,000.
24 What is the cause for the increase?

25 MR. CUORATO: Councilwoman, I'm going to

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2 ask a little help from the Budget Officer, if I may,
3 just for one second. He's right back here.

4 MR. ISDELL: I apologize for the delay.
5 If you want to go down that list that you did one
6 item at a time, the first one, of course, there is
7 no increase in the Washington lobbying services from
8 150 to 150.

9 COUNCILWOMAN TASCO: I told you I wasn't
10 questioning those two.

11 MR. ISDELL: The first one that's an
12 increase is the 50 to 200,000. We had simply -- we
13 were budgeting for what we anticipate will be
14 additional needs for lobbying for two specific
15 reasons. One is security funding from Washington.
16 There's a great deal of competition, there's a great
17 deal of uncertainty as to what Congress is going to
18 do in terms of reimbursing cities both for operating
19 fund typ security needs that have been mandated but
20 not fully funded by Congress, such as additional
21 police services and also some capital improvements
22 that are required for the full 100 percent screening
23 of baggage that's now mandated. We have temporary
24 solutions in place for that right now, but the final
25 solutions will be significantly more expensive and

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2 will probably involve both construction and funding
3 over a period of years, I would say three to five
4 years out.

5 And the other thing is that we believe
6 that within the next year we will have reached a
7 conclusion about our preferred alternative for our
8 new airfield and get federal approval for that.
9 That will also require significant long-term
10 funding. Our objective is to get a letter of intent
11 from the federal government for a multi-year funding
12 for airfield improvements. And our sense was that
13 we would budget for additional lobbying services in
14 order to achieve those goals. And we do not have a
15 specific -- as it says here, "to be determined."
16 There isn't a specific firm that's been identified
17 as yet. That is generally done through the Mayor's
18 Office.

19 COUNCILWOMAN TASC0: And the services at
20 Washington and Harrisburg, have those firms been
21 identified? Who are you using now?

22 MR. ISDELL: Currently in Washington we
23 use Whitan & Diamond.

24 COUNCILWOMAN TASC0: And in Harrisburg
25 who do you use?

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2 MR. ISDELL: The Washington lobbying is
3 split between Whitan & Diamond and Patten Boggs.
4 And the Harrisburg I think is -- these are our
5 contributions to citywide contracts, both for the
6 Washington and Harrisburg lobbying. And I believe
7 the Harrisburg is Wojack Associates.

8 COUNCILWOMAN TASC0: So as you move to
9 require the services to meet the needs of the areas
10 you outline, you would probably have to have
11 additional dollars for these companies, or would you
12 hire other outside firms.

13 MR. ISDELL: In some cases there are
14 specific firms that specialize in aviation-type
15 lobbying and have experience in that area. Again,
16 whenever we hire outside counsel, it's actually done
17 with the review and approval and I think it's done
18 through the City Solicitor's Office. So we would
19 work with the Commerce Director to identify
20 appropriate firms. We will most likely recommend
21 for specific funding objectives that we're trying to
22 get for these security and capital program
23 objectives. We would recommend probably a number of
24 firms and then seek some consensus about which is
25 the best, but that has not been done yet.

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2 COUNCILWOMAN TASC0: Now, what about the
3 \$100,000 for bankruptcy, what does that mean?

4 MR. ISDELL: Well, there's been a
5 tremendous increase in the legal services required
6 for us to monitor and manage, from our perspective,
7 the US Airways bankruptcy in particular. Also
8 United Airlines is currently in bankruptcy. And
9 it's quite possible that other major carriers will
10 go into bankruptcy during the upcoming fiscal year,
11 at least based on what we read. We use a
12 combination of both in-house, City Solicitor staff,
13 and some outside counsel for the bankruptcy
14 expertise that we need. And I would say that they
15 have done a tremendous job. The City Solicitor's
16 Office in particular was successful in having the
17 City named as ex officio member of the Creditors
18 Committee that's been meeting on a regular basis
19 during the US Airways procedure. And it's really
20 put us in a good position, not only so that we are
21 aware of what's being contemplated by US Airways for
22 their entire network, but specifically for
23 Philadelphia. And it's given us, I think, a leg up
24 on some of the other airports who have been affected
25 by the bankruptcy. So we think that that's been a

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2 good investment, and we anticipate that there will
3 be some additional costs spilling into the new
4 fiscal year. It's somewhat uncertain right now that
5 US airways is publicly stating they intend to come
6 out of bankruptcy on or about March 31st, but there
7 will be some ongoing monitoring services that we'll
8 require beyond that.

9 COUNCILWOMAN TASC0: What about the next
10 one, from 10,000 to 150,000?

11 MR. ISDELL: This specific item, I
12 believe, is for outside counsel which, again, was
13 hired by the City Solicitor's Office to defend the
14 City. I think it's primarily for one specific
15 lawsuit, but there may be some others that are part
16 of the appropriation request. And I can confirm
17 very quickly if you wanted to know which specific
18 lawsuit that was for.

19 COUNCILWOMAN TASC0: You can let the
20 President know.

21 MR. ISDELL: But again, the City
22 Solicitor selects the firm, and we basically
23 reimburse the Law Department for the cost.

24 COUNCILWOMAN TASC0: You can give that
25 information to the President.

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2 MR. ISDELL: Okay. Very well.

3 COUNCILWOMAN TASC0: And other,
4 miscellaneous? That's just a slush fund?

5 MR. ISDELL: No, not really. We have
6 been -- obviously, from looking at the rest of the
7 column, we have been using additional legal
8 services, significantly more legal services over the
9 last year or two than we have in the past. And we
10 always have an appropriation for unanticipated
11 litigation, unanticipated legal services. And
12 again, this is done through the City Solicitor's
13 Office, but we thought it appropriate in line some
14 of the other increases we've been looking at that we
15 wanted to be prepared to have some money in the
16 budget, if needed, to fund that type of work.

17 COUNCILWOMAN TASC0: Let's look up under
18 item 250 where it says "To be determined, 600,000
19 for advertising contract," page 14-34 at the top.

20 MR. ISDELL: Our intention is to do an
21 advertising program which is modeled after what some
22 other airports have done around the country where
23 they do joint marketing with the airlines. We
24 needed to have an appropriation of money to do that.
25 Before we got to this point, we needed a City

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2 Solicitor's opinion telling us that it was legal and
3 that there are appropriate controls and policies
4 over how we do that. For example, we can
5 specifically work with an airline that offers new
6 service to Philadelphia by doing joint promotion
7 with them of that service so that we can be
8 supportive of, not only obviously the hub carrier,
9 US Airways, but any other carrier that wants to
10 bring us some new service as well. In order to do
11 that, we did need to set aside some advertising
12 money, and that's what this appropriation is for.

13 COUNCILWOMAN TASC0: How would you
14 select the firms to do the work? Is there a process
15 for doing that?

16 MR. ISDELL: It would depend on whether
17 we're talking about -- I think this particular
18 class, 250, would be specialized services that you
19 would get in an advisory capacity but it would also
20 include within this allotment money for specific ad
21 placements. And from our past experience, I mean,
22 if we hired an advertising firm, we would do that
23 through a competitive RFP or RFQ process. And as
24 part of the negotiation for that contract, I think
25 it would determined whether they would do specific

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2 ad placements for us. Or if we would do that, we
3 always have the opportunity, I think, to do that
4 also through the City, the City's own advertising
5 agency in the Procurement Department. My guess
6 would be ultimately you'd see some of each.

7 COUNCILWOMAN TASC0: Let's move down to
8 251, Elliott Lewis. What is CISM?

9 MR. ISDELL: That is Communication and
10 Information Systems Management contract which
11 incorporates both management and some maintenance of
12 all of our -- what we call our high-tech systems.
13 The biggest single piece of that contract has to do
14 with maintaining our access control system which is
15 a giant computer network that essentially controls
16 all the doors and access points to the airport from
17 a central computer room. It's like a local area
18 network, but it's, obviously, much more
19 sophisticated. At the present time, I think we have
20 about 350 doors. And with the new International
21 Terminal opening, that number will be substantially
22 increased. We also through that system we manage
23 all the cameras that we have throughout the airport.
24 With the opening of the new terminal, we'll have
25 about a thousand cameras throughout the airport.

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2 Many people don't realize that because they're not
3 obvious always to the naked eye. And also we
4 digitally record all the activity that's captured by
5 those cameras for review by law enforcement in the
6 event of any incidents. That system, as well as our
7 telephone systems, our own local area network for
8 all of your staff that has computers and
9 participates on network, and cabling is also a big
10 piece of contract. We have massive cabling
11 infrastructure at the airport. We inherited a
12 number of problems some years back when the phone
13 company abandoned the cabling they had installed and
14 made it essentially a house maintenance problem.
15 That's all been incorporated into this contract, and
16 that's the kind of work that that Elliott Lewis has
17 been doing for us.

18 COUNCILWOMAN TASC0: Now, let's go on
19 page 14-33 and let's look at your budget for
20 miscellaneous training. What kind of training?

21 And you also have up there various
22 contractor training services.

23 MR. ISDELL: Are we looking at the
24 \$125,000 appropriation under miscellaneous training,
25 or a differ line?

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2 COUNCILWOMAN TASC0: There are two.

3 MR. ISDELL: Specialized maintenance
4 training?

5 COUNCILWOMAN TASC0: 125,000 maintenance
6 training and then you have another one for 158,000
7 contracted training service and specialized
8 training. Just explain the training budget.

9 MR. ISDELL: Well, we have -- obviously,
10 we have about 800 employees, so there are a number
11 of different training initiatives that we do. One
12 of our big training initiatives over the last few
13 years has been customer service training, which we
14 do on a regular basis. And particularly, we've
15 tried to tie that training in anticipation of the
16 summer months when we generally have large
17 conventions like the Republican National Convention
18 and the National Baptist Convention.

19 We also do a lot of specialized training
20 for our maintenance staff that has to be familiar
21 with some of the electronic systems that we have at
22 the airport, as well as things that may sound
23 simple, but doors, sliding doors, revolving doors.
24 A lot of these systems currently are driven by
25 software, by sensors and things like that. So there

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2 is an ongoing need for that type of technical
3 training.

4 We have an excellent HVAC staff at the
5 airport that keeps us at comfortable temperatures
6 throughout all kinds of weather with, obviously,
7 lots of doors opening and closing throughout the
8 facility all the time and garage doors left open by
9 airline employees in the wintertime when it's 20
10 degrees outside. In order for them to do their job,
11 they do need to be updated periodically.

12 Right now, of course, with the
13 anticipated change, we're about to enter the City's
14 800 megahertz radio system. We're anticipating a
15 significant training requirement to get all of our
16 employees who have radios to be familiar with that
17 system and able to use it in a professional way.

18 We have emergency training that's
19 required by the FAA on an annual basis. You're
20 probably familiar with the public exercise that we
21 do once every three years. A mass casualty type
22 exercise. We had a major exercise like that this
23 past fall where we christened our new fire training
24 facility. We have a mock aircraft as part of that
25 facility that literally catches on fire and has to

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2 be extinguished by the fire department unit which we
3 call our Aircraft Rescue and Fire Fighting Unit.

4 Those are some examples. I could get
5 you more in-depth analysis.

6 COUNCILWOMAN TASCO: That's fine. Thank
7 you. I wanted it for the record.

8 Could you just give me an update on
9 where you are with your resolution of the labor
10 issues that we talked about on the phone?

11 MR. ISDELL: Yes. We are actually
12 working on more than one front. Internally, we have
13 reassigned the labor management responsibility to a
14 deputy rather than higher level person than the
15 human resource manager who was handling before. And
16 at the same, we're going to use the services of the
17 Philadelphia Area Labor Management Council to assist
18 us in working with both District Council 33 and
19 District Council 47 to improve the environment. We
20 think that we have a very good relationship with our
21 employees and with our unions. I'm aware that you
22 received a letter with some specific complaints in
23 it, from the phone call that you placed to me. I
24 think that that's clearly the exception rather than
25 the rule. But nevertheless, we will review all of

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2 those practices and try to do a better job of
3 working with our people and our unions.

4 COUNCILWOMAN TASC0: Thank you very
5 much.

6 And also, Mr. Cuorato, I think those are
7 the end of my comments. While I highlighted Eleanor
8 in helping us, I also want to talk about some of the
9 staff in your department that have been helpful.
10 And Jim O'Toole and Gillian Pollard, they certainly
11 worked with us when we were doing the Wadsworth
12 Avenue project. So we do have other staff over
13 there who have been very helpful. Not that they're
14 not cooperative. We understand some of the stuff
15 goes on that may be beyond some controls that you
16 have that things don't get done. But I just have to
17 vent my frustration since you're the Commerce
18 Director.

19 But we still want to have that Mutual
20 Industries dealt with. That's been my most
21 frustrating issue in dealing with the department.
22 The other one has to do with the whole issue of the
23 neighborhood corridor on Ogontz Avenue. Thank you.

24 Thank you, Mr. Isdell and thank you for
25 the work you're doing at the airport.

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2 COUNCILMAN ORTIZ: Mr. Cuorato,
3 Councilman Nutter asked you about Wal-Mart, and you
4 said Wal-Mart was a engine of employment as our
5 jobs, is that what you said?

6 MR. CUORATO: I believe I referred to
7 them as a major employer. They employ a lot of
8 people.

9 COUNCILMAN ORTIZ: At minium wage levels
10 and with very few benefits, if any, and with a
11 horrific labor situation in which many of the
12 workers, if you have read the literature on
13 Wal-Mart, are forced to work off the clock after the
14 shift has ended and don't get compensated for it.
15 Are you aware of those practices?

16 MR. CUORATO: I am aware that union
17 issues have been raised with Wal-Mart.

18 COUNCILMAN ORTIZ: These are not union
19 issues. These are issues about workplace conditions
20 and the manner in which a worker gets treated. This
21 is not union issues at all. There's people being
22 forced to work off the clock for hours without
23 getting any compensation. If they don't do it, they
24 will loss their jobs. That has nothing to do with
25 union issues.

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2 And do you also make an analysis of the
3 impact that it has on other supermarkets around the
4 area, the Acmes and the Pathmarks and so on?

5 MR. CUORATO: Councilman, is there a
6 specific Wal-Mart that's either built or proposed in
7 the City to which you're referring?

8 COUNCILMAN ORTIZ: I'm just following
9 the questioning of Councilman Nutter. You were
10 referring to a Wal-Mart that is being projected in
11 the City of Philadelphia and you said that the issue
12 was that it is a jobs engine or --

13 MR. CUORATO: Major employer.

14 COUNCILMAN ORTIZ: A major employer.
15 But a major employer at minimum wage, minimum
16 benefits, and exploitative job conditions. And then
17 the impact that it has on the Acmes and Pathmarks
18 who have workers that are well paid and have good
19 health benefits, do we measure what it is? I mean,
20 do we just give an okay because they're willing to
21 come in, build something without us planning as to
22 the ripple effects that it may have on other
23 businesses around the City or in the area?

24 MR. CUORATO: Councilman, I believe,
25 other than the Whitman's site for which we requested

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2 and received a rezoning from this Council, I believe
3 the other Wal-Marts in the City were done by
4 Wal-Mart selecting sites and coming in and building
5 stores.

6 COUNCILMAN ORTIZ: I will fight that. I
7 will fight that zoning for Wal-Mart. If it is a
8 Wal-Mart, I will fight unless and if and when they
9 begin treating their workers the way they should be
10 treated. One Wal-Mart mistake we made down at
11 Delaware. We made that mistake.

12 MR. CUORATO: I mentioned --

13 COUNCILMAN ORTIZ: I think it had a very
14 bad impact on the small retailers in South
15 Philadelphia. And I think it was in the wrong
16 place.

17 But I think we have to look at work
18 conditions, the policies that these people adhere to
19 and follow. They're a giant, they don't need
20 Philadelphia. In fact, I heard a statement by one
21 of them that "we're above government."

22 I like for us to generate jobs. But I
23 like us to generate jobs that pay and give benefits
24 and treat people decently and companies that treat
25 people in a humane way. This company does neither.

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2 That's not the type of company we need. Thank you.

3 COUNCILWOMAN VERNA: Thank you. The
4 Chair Councilman Kenney.

5 COUNCILMAN KENNEY: Thank you.

6 Thank you, Mr. Cuorato. I'd like to
7 have Mr. Isdell come back for a second, if possible.

8 This initial comment and question --
9 actually more of a comment. I don't need a response
10 to it, but I just want to make it very clear. I
11 think that Charlie Isdell and the people who work
12 for him are doing a tremendous job at our airport
13 and have been doing a tremendous job since the first
14 day you started. And I'm talking about operations,
15 snow removal, keeping that place running as late as
16 possible in bad weather and opening it up as soon as
17 possible when the weather starts to clear. My
18 experience there on an operational basis and even
19 constrained areas like parking and other things,
20 you've really done a great job in making everything
21 work as best as possible, considering all the
22 constraints, considering the proximity of the
23 runways, delays that are caused because we're
24 sandwiched between New York and Washington. All
25 those things that really kind of reflect on the

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2 airport as a whole, I think are generally very well
3 handled and very well done. And I commend you for
4 your job. I hope you stay there as long as
5 possible. I just wanted to make sure that it was
6 clear for the record.

7 MR. ISDELL: Thank you very much,
8 Councilman.

9 COUNCILMAN KENNEY: My only concerns and
10 my only questions and criticisms has been as a
11 result of, not at your operations at the airport,
12 not of your people doing the day-to-day jobs there,
13 but what I believe happens from the 2nd floor which
14 is I believe a meddling in that airport, the use of
15 that airport as some type of political play thing
16 and it gets bandied based on political consideration
17 more than operational consideration. And when I
18 raise my voice regarding contract awards, vending
19 contracts, other types of professional services, it
20 is the result of decisions made on the 2nd floor,
21 not made down at One Terminal Road. And I want to
22 make clear that the record is clear on that also.

23 Also I raised some issues in the past
24 relative to US Air. And I want to just explore it a
25 little bit, and that's why I want Charlie here from

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an operation standpoint. And Jim, you can also answer this question as it relates just the overall philosophy of this economic engine which is so important to the City of Philadelphia. And we know how important it is, and we don't really need to go through all the economic issues relating to that. I raised some issues relative to US Air and I recognized that years when this airport wasn't really on the map, we needed some ability to get a hub in there to have the investment opportunities and capabilities necessary to grow the airport and to make it into the world class airport it is today. But part of that problem has been, despite 911 and despite the economic problems that US Air and other airlines are having, the question is whether or not having almost exclusivity at a particular facility makes sense as it relates to the flying public. And not only the flying public, but how it relates to our commerce and ability to do commerce because our City depends so much on the airport.

I mean, when I raised issues of route availability and pricing, I still can't figure out airline pricing. I can't figure out why it costs 500 to \$600 to fly from one hub in Philadelphia to

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2 another hub Pittsburgh -- I mean, by the time the
3 plane levels off, it's starting to descend into the
4 airport. It's 500 to \$600 to fly to between two
5 different hubs.

6 And when I raised issues about gate
7 presence, a particular airline, not necessarily to
8 demean or to damage US Air, but to simply talk about
9 how we utilize this facility in the best way
10 possible. Are we losing business to BWI and to
11 Lehigh County? Are we losing business to Atlantic
12 City? How do we create an environment there that
13 allows US Air to thrive and to come back while at
14 the same time opening up opportunities on the
15 domestic side for some type of price competition and
16 some type of competition in general. Because I
17 believe that despite the fact that I think US Air is
18 a great corporate citizen, I want them to be
19 successful and I want them to stay here; I do think
20 sometimes it's just by nature because "We're the
21 only one here, you're going take these flights when
22 we have them at this price and that's just tough.
23 If you don't like it, you can go somewhere else,"
24 but there's really not that many places else to go.

25 I just would like you to comment a

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2 little bit on the domestic side on what we can do to
3 kind of make this airport more competitive from a
4 price standpoint and from route availability
5 standpoint. And in the worse case scenario, which
6 we all hope never happens, US air does not make it,
7 what do we do to try to replace that entity or to
8 supplement that entity with carriers that are
9 competitive, give good service, give good route
10 choices, and give good prices? I just kind of want
11 in a general philosophical discussion what you think
12 about the future of our airport and where we're
13 going and what constraints and problems we need to
14 deal with.

15 MR. ISDELL: I have a couple thoughts.
16 One is that one of our main impediments to getting
17 some viable competition in airport for a long time
18 was simply the fact that we did not have any free
19 gates. What gates we had, which was a relatively
20 small number, about 63, 65 gates, were almost all
21 exclusively leased long-term to a small group of
22 signatory airlines on a lease that was signed back
23 in the '70s.

24 We have significantly increased our gate
25 capacity at the airport. We added 38 gates in 2001.

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2 We just added 4 additional gates in Terminal D in
3 2002. The international gates we're going to add
4 next month will give us 13 additional. So that's
5 one thing that we definitely needed to do.

6 And we also are in a process right now,
7 and it's been a multi-year process, but we're
8 looking at what happens when the existing 32-year
9 agreement expires on June 30th of 2006. In most
10 cases, similar long-term leases that have expired
11 over the last few years, and a number of them have
12 at major airports, have been replaced with
13 shorter-term and non-exclusive type leases. That's
14 not going to solve your problem overnight,
15 obviously, but we are moving in that direction and
16 we clearly moved in that direction with the
17 amendment to the long-term lease that was put
18 together with Council support for the two new
19 terminals because those two new terminals are not
20 leased exclusively to US Airways. We have a lot
21 more flexibility to take gates back and to get other
22 airlines on gates based on usage primarily.

23 The other thing that always comes to my
24 mind when we talk about viability is what do we want
25 to be as an airport into the future to serve our

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2 community in the ways that you have just described,
3 by providing some reasonable fares and service to as
4 many destinations as possible. And the model that
5 we tend to look at is Atlanta, which has over the
6 past 5 to 10 years grown in to be the busiest
7 airport in the world. And Atlanta obviously has a
8 strong hub presence from Delta Airlines, one of the
9 strongest of the major carriers financially, but
10 they also have had healthy competition over a
11 relatively long term now from AirTran Airways which
12 started out as Value Jet.

13 COUNCILMAN KENNEY: Is Atlanta also a US
14 Air hub?

15 MR. ISDELL: It is not a US Air hub, no.

16 COUNCILMAN KENNEY: US Air has presence
17 there?

18 MR. ISDELL: Small presence.

19 COUNCILMAN KENNEY: So Delta is the
20 dominant?

21 MR. ISDELL: Yes. And we have
22 information, which I could provide to the Council
23 and yourself, specifically showing some of the major
24 airports in the top 20, which is where we are, and
25 which ones are dominated and to what extent they're

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2 dominated by what airlines.

3 Relatively speaking, having US Airways
4 dominate Philadelphia, 65 percent of our activity,
5 roughly, is not anywhere near as bad as some of the
6 airports like Minneapolis St. Paul being dominated
7 by Northwest; Charlotte and Pittsburgh, for example,
8 being significantly much more dominated by US
9 Airways than Philadelphia is.

10 But the model that we'd like to follow
11 is to have an airport that has the benefits of a hub
12 which generally means a huge network of easy access
13 domestically and internationally, certain amount of
14 financial stability -- although that might seem
15 almost ludicrous at the moment. But relative to the
16 small carriers, traditionally the majors have had
17 more staying power, which is important for us to be
18 able to have a long-term capital program and be able
19 to get commitments so that we can meet debt service
20 on new construction. But to have a low-fare carrier
21 like AirTran -- and AirTran is here and we're trying
22 to nurture them in Philadelphia -- that really
23 presents some viable competition over the long term
24 and disciplines the fare structure of the major
25 carriers in the, let's say, the top 5 to 10

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2 destinations that the two airlines would compete on.

3 AirTran isn't there yet. They're
4 currently occupying three gates in Terminal F.
5 We're ready to move them. It's really up to them at
6 this point when they're ready to move over to
7 Terminal D where we just built the four new gates.
8 We've provided some great amenities in Terminal D so
9 that their passengers, a lot of whom are families
10 making Florida-type vacation travel arrangements,
11 that they will have a nice experience. We have our
12 Please Touch Museum in Terminal D now, a brand-new,
13 very nice facility. AirTran, although I haven't
14 read it in the paper, they've indicated to us that
15 they're going to announce flights to Boston from
16 Philadelphia, which is one of our top designations
17 at -- I think the fare was \$59. That's the kind of
18 thing that we need from an AirTran, but we also need
19 the community and particularly the business
20 community to use that service when it's made
21 available.

22 We had a negative experience with
23 Pittsburgh. It's something we can't really explain.
24 But AirTran back in 2001 came out with service to
25 Pittsburgh in competition with US Airways at very

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2 low prices, but the business community, which has in
3 many case contractual relationships either with
4 travel agents or US Airways directly, did not really
5 jump into that and support it. So after about a
6 year, they pulled out of the Pittsburgh market.
7 That's a very bad thing and we don't want that to
8 happen again if they start this Boston service.

9 Those are some of the things that we
10 consider. So facilities, gates is part of it. And
11 the one thing I didn't mention, which I'm sure is on
12 the tip of your tongue is the airfield. Low-fare
13 carriers to be viable need to be able to get in and
14 out of an airport quickly. It has a major impact on
15 their cost structure. And our airport traditionally
16 is one of the most delayed in the country. We have
17 an airfield that was designed probably not in the
18 best way. And right now, we're facing major
19 decisions about whether to continue to tweak the
20 existing runway structure or build some new runways
21 in a different configuration ultimately to get
22 planes in on out of here more quickly in all kinds
23 of weather, even low visibility. That's another
24 long-term fix. It's not going to happen overnight,
25 but I think we will be moving in that direction over

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2 the next year or two.

3 COUNCILMAN KENNEY: How in this industry
4 do we attempt to attract or to reach out to low-cost
5 airlines or to any other airlines, that we have
6 gates available or that we would like to talk to
7 them about coming in it? Do we initiate it? Do
8 they initiate it?

9 MR. ISDELL: We make sales calls
10 literally. We do put together, with some of the
11 professional services contracts that we have,
12 packages. There is a real specialty consulting area
13 that has to do with analyzing markets for airlines.
14 A lot of the people who work in that industry are
15 former airline planners and schedulers. We have a
16 really good one on board right now who's helped us
17 to get the service to Ireland. You need to put
18 together a package that shows the benefits of our
19 market and the great things that we have in
20 Philadelphia. But also, you really need to show the
21 airlines that they can make money if they fly
22 certain routes. That could be done in a very
23 scientific way. The sales calls are the follow-up
24 that we do. And we have within the last year we've
25 had visits with every one of the viable low-fare

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2 carriers; frontier, Jet Blue, Southwest and AirTran,
3 in fact. You need to keep your face in front of
4 them just like in any other competitive industry.
5 There are other airports out there vying for their
6 service. But the real proof of the pudding is if
7 they don't make money in a market, they're not going
8 to stay in the market, especially these days.

9 We have a great market here, a
10 tremendous population mass around a single airport,
11 very different from New York, very different from
12 Washington. So it's both an opportunity to bring
13 service here because they know that there is an
14 origination-destination market here. They don't
15 have to support service substantially with
16 connecting traffic. The connecting traffic here is
17 sort of the icing on top of very nice cake that we
18 provide. But the downside of us being the only
19 major airport in this metropolitan area is the
20 congestion that we experience.

21 So, again, those are my thoughts.

22 COUNCILMAN KENNEY: When the amendment
23 to the leases was accomplished, I guess, freeing up
24 or making the gates a little more free or less
25 exclusive than they've been, what are the standards

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2 for usage that allows US Air or any airline -- US
3 Air in this case -- to retain exclusive control of a
4 gate? What are the benchmarks they have to meet on
5 usage that would allow them to keep that gate under
6 their control?

7 MR. ISDELL: A specific number of uses
8 of the gate per day.

9 COUNCILMAN KENNEY: How many?

10 MR. ISDELL: The preferential agreements
11 that we've entered into for Terminal F and
12 International Terminal and the new gates at Terminal
13 D require a minium of four aircraft turnarounds per
14 day.

15 COUNCILMAN KENNEY: B and C are the ones
16 that are being negotiated will end when?

17 MR. ISDELL: B and C are part of the
18 2006 --

19 COUNCILMAN KENNEY: So B and C is the
20 bulk that are in the process of starting to
21 renegotiate for 2006?

22 MR. ISDELL: Yes.

23 COUNCILMAN KENNEY: So that the gates
24 that were given a different designation are the ones
25 in F and D, correct?

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2 MR. ISDELL: Yes. The new gates in D.

3 COUNCILMAN KENNEY: The new gates and
4 the overseas terminal are the amended model?

5 MR. ISDELL: Yes.

6 COUNCILMAN KENNEY: So as long as
7 they're moving four flights out of there a day, they
8 can control that gate exclusively?

9 MR. ISDELL: Yes. And one of your worst
10 case scenarios is to have an airline -- for example,
11 TWA which monopolizing gates but not using them
12 effectively. It's basically a piece of real estate
13 where you're not maximizing your investment and your
14 not maximizing your return. So what we like to do
15 is be able to monitor gate usage. And we actually
16 are, as part of our capital program right now, we're
17 installing a system as part of the new International
18 Terminal that will eventually spread through the
19 other terminals that enables us to monitor gate
20 usage. Currently, that's done by a self-reporting
21 by the airlines. So all we know, for the most part,
22 is that for all the gates that US Airways has, they
23 did X number of flights per day. We want to be able
24 to monitor specific use of each gate so that we can
25 target areas where we feel like our asset isn't

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2 being maximized.

3 COUNCILMAN KENNEY: These are four moves
4 a day over what period of time? When would they
5 theoretically hit the point where they would have to
6 -- the consideration could be given to taking the
7 gate from them? So it's four moves a day over a
8 30-day period?

9 MR. ISDELL: In terminal F, it's a
10 six-month review. Every six months, we look at US
11 Airway's schedule and we look at their usage over
12 the previous six months and we make allocations to
13 them accordingly. And we have the right to take
14 gates back if they're being under-utilized.

15 COUNCILMAN KENNEY: Would it seem
16 natural that US Air playing the numbers game based
17 on the scenario or constraints that we've placed on
18 it in the amended version and self-reporting,
19 wouldn't really be too thrilled about having
20 additional competition and would either -- not
21 miscount, not misrepresent, but count in a way that
22 keeps those four moves a day over a six-month period
23 in play. So that in though in effect there may be
24 one or two gates that aren't being utilized hardly
25 at all that they still can meet those goals or

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2 benchmarks to control the gate? To keep out -- if
3 I'm providing a service, I don't necessarily want my
4 competitor in the gate next door to me. I think
5 it's a natural -- It doesn't make US Air evil, it
6 just makes them competitive and trying to figure out
7 within the contract that they're living under now
8 how they maintain controlling as many gates as
9 possible even though the traffic isn't going through
10 it.

11 MR. ISDELL: Of course, I know what
12 you're saying is true in a business model, but the
13 fact is that in the years that I've been at the
14 airport, US Airways has repeatedly told us that they
15 would like to have more gates, that they really
16 don't have enough gates. We believe that they are
17 -- our own audits have indicated that they're
18 turning over gates between 7 and 8 times a day,
19 which is very high for a major carrier. It's kind
20 of up in the range that southwest does. And
21 southwest is the best at turning a gate.

22 I think one of the issues that we deal
23 with is the notion that you're describing where
24 obviously a major hub tenant is not encouraged to
25 bring in competition for itself has to do with the

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2 construction of new gates, which in their opinion
3 are not always needed if they don't need them. But
4 we've been very successful. And I have to give
5 particularly Dennis Bouey a lot of credit for this
6 when he put together the deal in 1998 for the two
7 new terminals. He did it in such a way that we were
8 able to get this flexibility into the language of
9 the leases. But also since then, there was an
10 accept bond terminal for an expansion of Terminal E.
11 Frankly, that was something US Airways did not want
12 to support initially. It was clearly to build gates
13 to bring in competition for them, but we used the
14 leverage that we had in knowing that they had a
15 desire to finish building the International Terminal
16 and we were successful in getting their support for
17 a bond issue. So you do have to be aggressive
18 whenever you see the opportunity and work with your
19 tenants to, at times, force them to enable you, the
20 landlord, to have competition under one roof.

21 COUNCILMAN KENNEY: Just let me move
22 quickly for a moment if I can to the Overseas
23 Terminal. When it opens, how many new gates are
24 going to be there?

25 MR. ISDELL: Thirteen new international

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2 gates.

3 COUNCILMAN KENNEY: And how many will US
4 Air control under amended contract giving us more
5 flexibility?

6 MR. ISDELL: Nine, nine out of thirteen.

7 COUNCILMAN KENNEY: And the other three
8 are slated for anyone in particular, or they're
9 flexible?

10 MR. ISDELL: Not at this time. We've
11 got to get the gates open. We've got to show that
12 the building works, I think, and then you'll find
13 that the foreign flight carriers will be --

14 COUNCILMAN KENNEY: So the three are
15 available for marketing?

16 MR. ISDELL: Yes. And a single
17 international gate is a significant commodity to
18 have.

19 COUNCILMAN KENNEY: One of the things
20 that happened today -- and I've experienced this in
21 the past and I, again, want to in bringing this up
22 commend Mr. Cuorato and the staff at the Commerce
23 Department on the ceremony we had today at the Naval
24 Shipyard with Rotim (ph), the railcar manufacturing
25 that's going to be a significant benefit and

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1
2 addition to Philadelphia and to the naval base. One
3 of the things I discussed with Mr. Kim who is the
4 president of the company today at lunch was I asked
5 him how he got to Philadelphia. And he flew in from
6 Seoul to Chicago, from Chicago to New York, and then
7 took a train down to Philadelphia. And I've had
8 this discussion with other business people,
9 international business people, especially in Ireland
10 which is what raised one of the issues that raised
11 in the Ireland discussions, one of the strongest
12 economies in Europe in the last decade or more,
13 great opportunities from a historical standpoint in
14 having business relationships with Philadelphia, you
15 can't get here from there. You can't get from the
16 Pacific Rim or Central America or Eastern Europe or
17 Western Africa where we have opportunities to really
18 do business and to attract new residents because a
19 lot of times we understand immigration patterns are
20 based on where you can fly direct to. And I also
21 understand from a business component, direct flight
22 is a godsend when it comes to doing business in the
23 area you're going to.

24 Is there any discussion, consideration,
25 or investigation into what our opportunities are in

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2 doing international business here in Philadelphia
3 and then going out and attracting a carrier that can
4 get people from where we're doing business with
5 direct to Philadelphia without having to go through
6 New York and Chicago? It really does seem that
7 we're missing the boat sometimes. And again, I
8 don't want to go back and pick on US Air, but the
9 fact of the matter is that US Air flies
10 internationally to locations that are great for
11 business and for tourism, but not the kind and size
12 of business we're trying to create or the type of
13 immigration patterns we may be trying to create. I
14 mean, flying to Berlin, flying to London, flying to
15 Paris, it's a terrific opportunity to have daily
16 flights to those cities, but when you're trying to
17 get from anywhere in the Pacific here, it's a
18 nightmare. And you really can't develop business
19 opportunities in South America or Central America if
20 you can't get here direct.

21 Have we determined what our
22 opportunities are from an international business
23 perspective and then tried to match up those three
24 gates or other gates with direct flights to and from
25 those countries?

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2 MR. ISDELL: I would say not
3 specifically as you've just described it. One thing
4 that has happened in the last several months is that
5 with the US Airways United cochairing arrangement,
6 there's been a significant number of co-chairing
7 applications submitted to the US Department of
8 Transportation for US Airways to fly what
9 essentially would be one-stop flights to some of the
10 destinations you're talking about on the Pacific
11 Rim, which is something we have not had before. You
12 could, theoretically, if you were going to go to a
13 place like Australia or Tokyo, Hong Kong, you would
14 might have to fly US Airways to the West Coast and
15 then change airlines. With the co-chairing with
16 United, you do have some additional global
17 opportunities there. As far as linking some of the
18 business opportunities that you see around the globe
19 that may either already be -- the seeds have already
20 sown or perhaps haven't even started yet, I think
21 that is an area that we'd like to work more closely
22 with the Commerce Director and Innovation
23 Philadelphia to find what some of those markets
24 might be that we should be concentrating on. And
25 then it is a bit of a challenge sometimes to figure

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2 out which carrier is the one that can serve the
3 market. And then, as I said, you have to convince
4 them that they can make money.

5 What we have here that's been successful
6 on the flights we've done to Europe and the flights
7 we've done to the Caribbean, is you have this base
8 of passengers that fills two-thirds of a plane and
9 they can fill up the rest of the plane with some
10 connecting traffic that US Airways brings in from
11 other domestic cities. We have to put together
12 packages like that for the designations that you're
13 talking about. And if you have some in mind, I
14 would be very interested in trying to pursue those.

15 COUNCILMAN KENNEY: I think this is a
16 great airport, I think we have opportunities in the
17 City to make the City more international than it is.
18 Certainly, New York is what it is because it's New
19 York. But I think cities like Boston and Chicago
20 and other cities have really done a better job than
21 we have in making themselves more international in
22 flavor and in business attraction and some other
23 things. And I think, again, there's a big market
24 outside of this country that I think we're beginning
25 to tap in -- just today in bringing a company the

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2 size of Rotim to Philadelphia. I just think we can
3 utilize our airport as a resource to do that and to
4 facilitate those relationships back and forth. The
5 Ireland flights are tremendous. Hopefully, that
6 seasonable business, basically tourism business,
7 will be able to at some point in time be able to
8 carry business opportunities also into Shannon and
9 Dublin where people don't have to -- they can do
10 business in Philadelphia without having to take an
11 hour and a half train from New York from JFK down.

12 MR. ISDELL: We need to put people in
13 those seats so that the service grows.

14 COUNCILMAN KENNEY: I guess the question
15 is, what comes first, the chicken or the egg? We
16 don't do business with these places, don't have
17 direct flights there. Is it cause and effect or is
18 it component parts put together to make it
19 attractive to both come here, use the air service,
20 and to do business in Philadelphia?

21 MR. ISDELL: We do believe, too, that
22 the new management team at US Airways recognizes the
23 value of this hub and its potential for
24 international growth. Mr. Segal has said repeatedly
25 that he would like to model once he's out of

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2 bankruptcy -- and of course we've got all the
3 international economics to contend with right now.
4 But once they're past that point, he was
5 instrumental in the development of Newark as a
6 continental international hub that now clearly
7 rivals JFK, and he would like to use some of that
8 experience and he has some ideas about some new
9 international destinations for Philadelphia that we
10 are pursuing with him.

11 COUNCILMAN KENNEY: Great. Thank you
12 very much. Thanks for the dialog. I appreciate
13 your insight. And again, please keep up the good
14 work.

15 MR. ISDELL: Thank you very much.

16 COUNCIL PRESIDENT VERNA: Thank you.
17 Are there any other questions from Members of the
18 Committee? Any comments?

19 (No response.)

20 COUNCILWOMAN VERNA: Seeing no one, I
21 thank you. Thank you for your patience. Thank you
22 for your testimony.

23 The Civic Center is next.

24 Good afternoon. Thank you for your
25 patience. Please proceed with your testimony.

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2 MR. COLEMAN: President Verna, Honorable
3 Members of City Council, good afternoon. I am James
4 L. Coleman, Jr., the Executive Director of the
5 Philadelphia Civic Center. As I have indicated in
6 prior testimony, the Civic Center has not been used
7 for conventions, trade shows, athletic events or the
8 like since shortly after the Pennsylvania Convention
9 Center opened. It is currently set up as a sound
10 stage and has been the location of many films which
11 the Philadelphia Film Office works so diligently to
12 bring to our City.

13 This time last year I advised you that
14 the Film Office was about to close a deal on a TV
15 pilot which, if successful, would result in the
16 whole series being shot at the Civic Center and
17 around Philadelphia. That pilot was "Hack," and the
18 series shown on prime time television on a weekend
19 evening has been very successful. The series enjoys
20 the highest ratings ever for CBS in that time slot.
21 Although we will not know for sure for another month
22 or so, we're very optimistic that series will be
23 renewed.

24 While the Film Office is working on a
25 number of other projects, it is confident of also

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2 landing at least one other full-length film in the
3 very near future. In fact, that film to be produced
4 by Lee Daniels is almost a done deal. When I wrote
5 this it was almost a done deal. It may have been
6 done by now.

7 COUNCIL PRESIDENT VERNA: Will that be a
8 series?

9 MR. COLEMAN: That's a full length film.
10 Lee Daniels is a native Philadelphian, and I might
11 say parenthetically his father was a police officer
12 who died in the line of duty. And he produced
13 "Monster's Ball," which won best actress Oscar for
14 Halle Berry.

15 Today, I'm here to address the Civic
16 Center's Fiscal Year 2004 Operating Budget request.
17 The total request is for \$271,427 which is \$15,937
18 less than the current appropriation of \$287,364 and
19 \$1,569 less than the Fiscal Year '03 estimated
20 obligations. This request breaks down to \$124,000
21 to \$128,000 for personnel service; \$123,649 for
22 purchase of services and \$23,650 for materials and
23 supplies.

24 That concludes my testimony, and I will
25 pleased to answer any questions that you might have

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2 at this time.

3 COUNCILWOMAN Verna: Thank you.

4 How many employees are at the Civic
5 Center?

6 MR. COLEMAN: Three, ma'am.

7 COUNCILWOMAN Verna: Fine. Thank you
8 very much.

9 MR. COLEMAN: Thank you.

10 COUNCIL PRESIDENT Verna: The committee
11 will stand in recess until Monday, March the 17th at
12 9:30 a.m. Thank you.

13 (Council adjourned at 4:25 p.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of March 12, 2003, were reported fully
and accurately by me, and that this is a correct
transcript of the same.

RE: COMMITTEE OF THE WHOLE

Lisa C. Bradley, RPR
and Notary Public