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COUNCIL OF THE CITY OF PHILADELPHIA

4

PUBLIC HEARING

5

COMMITTEE ON COMMERCE & ECONOMIC DEVELOPMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 4, 2005, 10:20 a.m.

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Bill 050234 - An Ordinance amending Title 17 of
The Philadelphia Code, entitled
"Contracts and Procurement," by
enacting a new Chapter 17-1100,
entitled "Philadelphia 21st Century
Minimum Wage Standard," requiring a
new minimum wage standard within the
City of Philadelphia, all under
certain terms and conditions.

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16 PRESENT:

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COUNCILMAN W. WILSON GOODE, JR., Chair
COUNCILMAN FRANK DiCICCO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN JUAN F. RAMOS
COUNCILWOMAN BLONDELL REYNOLDS-BROWN
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

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

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3 P R O C E E D I N G S

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5 CHAIRMAN GOODE: Good morning. This
6 hearing is called to order. This is a public
7 hearing of the Commerce and Economic
8 Development Committee on Bill No. 050234.

9 My name is W. Wilson Goode, Jr.,
10 Chair of this Committee. I note that a
11 quorum is present. To my far left is
12 Councilman Frank Rizzo. To my immediate left
13 is Councilwoman Marian Tasco. to my
14 immediate right is Councilwoman Blondell
15 Reynolds Brown.

16 Also present is Vice Chair
17 Councilman Michael Nutter, and Councilman
18 Frank DiCicco.

19 The title of the Bill Number 050234,
20 amending Title 17 of The Philadelphia Code,
21 entitled "Contracts and Procurement," by
22 enacting a new Chapter 17-1100, entitled
23 "Philadelphia 21st Century Minimum Wage
24 Standard," requiring a new minimum wage
25 standard within the City of Philadelphia, all

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2 under certain terms and conditions.

3 In lieu of making opening comments,
4 I'd like to read a letter from State Senator
5 Vincent Hughes.

6 Dear Councilman Goode: I'd like to
7 first commend you for your tireless efforts
8 to restore the value of the minimum wage on
9 the local level with your legislation, City
10 Council Bill 234.

11 With legislation such as this and
12 Senate Bill 369 which I am co-sponsoring,
13 that will ensure that Philadelphia's minimum
14 wage workers will finally have the means to
15 not only keep apace with inflation, but will
16 also have the ability to provide the basic
17 needs for their families without having to
18 work two or three jobs.

19 I stand with you at the hearing in
20 support of your legislation. Unfortunately,
21 due to my commitments with the state
22 legislature, I cannot physically be there.

23 However, you have my wholehearted
24 support of this legislation, your campaign to
25 provide a livable wage to the citizens of

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2 Philadelphia.

3 Since the recent refusal of the U.S.
4 Congress to take action on the minimum wage
5 issue has been left to lawmakers on the state
6 and local level like us, to take action and
7 to relieve the burden of our citizens who
8 earn minimum wage, to try to provide for
9 their families.

10 I am delighted to have seen the need
11 for action on a local level. It's in the
12 best interests of both the state and local
13 governments to restore the value of the
14 minimum wage.

15 Not only does it ensure that minimum
16 wage employees don't have to make a choice
17 between purchasing prescription drugs, buying
18 food or heating their home, but also fuels
19 the economy of putting money back into local
20 businesses, the community and the City.

21 A minimum wage that fails to keep up
22 with inflation lowers the living standards of
23 low income workers and contributes to overall
24 stagnant financial growth within the City of
25 Philadelphia.

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2 It is therefore critical that we
3 move quickly to restore the lost purchasing
4 power and dignity of the minimum wage worker.

5 With enactment of both of our
6 proposals, the minimum wage worker in
7 Philadelphia can immediately go from earning
8 \$5.15 an hour to \$8.77 an hour.

9 That's a great start to restoring
10 the value of the minimum wage, and I am proud
11 to join with you in guaranteeing that our
12 citizens can live in the dignified manner
13 that we all are entitled.

14 My Senate colleagues and I also plan
15 to take steps to ensure the minimum wage
16 legislation will be highly visible during
17 Senate proceedings.

18 Once again I extend my support of
19 your important legislation. I hope to work
20 beside you in the near future to see that
21 City Council Bill Number 234, as well as
22 Senate Bill 369 succeed in restoring the
23 value of the minimum wage and help our
24 minimum wage earning citizens break free of
25 the shackles of poverty that has become their

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2 only option. State Senator Vincent Hughes.

3 Our first panel this morning is
4 ACORN.

5 Let me note for the record that
6 Councilwoman Donna Reed Miller and Councilman
7 Juan Ramos are also present.

8 Please state your name for the
9 record.

10 MS. LITTLE: My name is Karen
11 Little. I'm an ACORN member.

12 I would like to thank Councilman
13 Goode for introducing this legislation, and
14 inviting ACORN to be part of the hearing.
15 And I would like to thank all of Council for
16 taking the time to listen to us.

17 Eleven years ago just 200 miles from
18 Philadelphia, Baltimore City Council passed
19 the first pieces of living wage legislation.

20 Right now we are ten years into this
21 movement designed to raise wages locally, in
22 the absence of state and federal action.

23 In the past ten years, 125 living
24 wage laws have been passed in cities and
25 states across the country. None of these

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2 laws have been repealed due to economic
3 considerations, and may have been expanded.

4 It is time for Philadelphia to take
5 action and join in this movement to support
6 families and raise wages locally.

7 The living wage legislation,
8 proposed by Councilman Goode, focuses
9 exclusively on workers that benefit from
10 public tax dollars.

11 It modestly raises wages to support
12 families here in Philadelphia. And for that
13 reason ACORN is proud to support it.

14 In addition to raising wages for
15 working families, living wage laws are good
16 for businesses. Living wage laws tend to
17 make it easier for business to hire and keep
18 good workers, cut down on absenteeism and
19 turnover, producing more experienced workers.
20 It also creates a level playing field for
21 many bidding on a City contract.

22 Many businesses already pay their
23 wage and have such a bill in place within the
24 practice of rewarding those who choose to pay
25 the lowest wage possible.

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2 Finally, ACORN strongly supports the
3 creation of a living wage task force or
4 review committee, with the power to review
5 and amend the wage as needed.

6 Several cities have established
7 review committees and have expanded the
8 living wage in the past years.

9 In short, the legislation is overdue
10 and ACORN is pleased to support it. We are
11 happy to answer any questions you might have.
12 Thank you very much.

13 CHAIRMAN GOODE: Thank you for your
14 testimony.

15 Any questions from members of the
16 committee?

17 (No response.)

18 CHAIRMAN GOODE: Seeing none, our
19 next witness is Dwayne Bumb, from the
20 Commerce Department, on behalf of the Street
21 administration.

22 MR. Bumb, please state your name for
23 the record.

24 MR. BUMB: Good morning. My name is
25 Dwayne Bumb, Deputy Commerce Director for the

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2 City. Good morning, Councilman Goode and
3 other members of Council.

4 And I'm here to provide testimony in
5 support of the proposed bill amending Title
6 17 of The Philadelphia Code, entitled
7 contracts and procurement, by enacting a new
8 Chapter 17-1100, entitled Philadelphia 21st
9 Century Minimum Wage Standard, requiring a
10 new minimum wage standard within the City of
11 Philadelphia, all under certain terms and
12 conditions.

13 First of all, I would like to
14 acknowledge that Councilman Goode's bill to
15 increase the minimum wage standard is very
16 timely, as it focuses on the ways to improve
17 the quality of life for Philadelphia workers.

18 As you may know, Pennsylvania's
19 minimum wage is tied to the federal minimum
20 wage that has not been increased since 1996.
21 This is the second longest stretch of time
22 that the minimum wage has remained stagnant
23 since it was established in 1938.

24 The administration recognizes the
25 need to address the current rate of \$5.15 per

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2 hour, a rate that has not kept pace with
3 inflation or increases in the average hourly
4 rates of American workers.

5 Councilman Goode's proposal
6 complements the administration's efforts to
7 create sustained career opportunities for
8 Philadelphia workers, as outlined in the
9 Economic Development Blueprint.

10 Correcting the minimum wage is a
11 first step toward improving opportunities for
12 all Philadelphia residents to support their
13 families in the 21st century economy.

14 The blueprint calls for increased
15 educational opportunities and access to
16 literacy services, to help residents pursue
17 careers in growth industries such as the
18 knowledge industry.

19 In addition, the blueprint states
20 the objectives of job creation in growth
21 industries and targeted work force training
22 to these growth industries, in order to
23 create long-term job opportunities for all
24 City residents.

25 In order to help Philadelphia

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2 residents support their families, Councilman
3 Goode's bill makes an immediate impact on the
4 hourly wage of Philadelphia workers, while
5 the blueprint puts the administration's
6 resources behind efforts to create long-term
7 employment in growth industries for these
8 workers at levels above the minimum wage.

9 And for those reasons, we are very
10 much in support of this bill.

11 I thank you for opportunity to
12 testify, and would be happy to answer any
13 questions.

14 CHAIRMAN GOODE: Thank you, Mr.
15 Bumb.

16 Questions from members of the
17 committee?

18 Councilman Ramos.

19 COUNCILMAN RAMOS: Thank you,
20 Councilman Goode, for your initiative in
21 introducing this very important bill for the
22 working people of the City of Philadelphia.

23 I'm also very glad to hear that the
24 administration is in support of this bill.
25 Is that correct?

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2 MR. BUMB: That's correct.

3 COUNCILMAN RAMOS: Okay. It is very
4 good, a very, very important first step in
5 the right direction to correct a wrong, when
6 it comes to minimum wage.

7 And I see that Councilman Goode and
8 the administration have included some
9 amendments, one of them which I had talked to
10 the good Councilman about, that took it a
11 little further when it comes to enforcing
12 this bill.

13 And I look forward to voting this
14 bill out of committee today and voting for it
15 when it comes on the floor of the City
16 Council.

17 Thank you.

18 CHAIRMAN GOODE: Thank you,
19 Councilman.

20 Questions from other members of the
21 committee?

22 COUNCILWOMAN TASCO: I don't know if
23 you can answer this question or not; but, you
24 know, I have a real concern about the social
25 service agencies that receive funding from

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2 the federal government and the state to
3 provide social services to our constituents.

4 What impact do you see is this
5 having on the rise in the cost to them to do
6 business under these contracts?

7 MR. BUMB: As I understand the bill,
8 it does exempt... There's a threshold set
9 for the level of the contract. So a very
10 small contract by the social service
11 providers would be excluded from the bill.

12 But I think, to answer your larger
13 question, it's my understanding that the bill
14 would not negatively impact the provision of
15 those social service contracts to City
16 residents; that, in fact, those contractors
17 by and large already meet the threshold that
18 we've surveyed, and therefore would not be
19 negatively impacted by this bill.

20 CHAIRMAN GOODE: Just to add to Mr.
21 Bumb's comments, only non-profit contractors
22 that receive over a hundred thousand dollars
23 in contracts for the 12-month period are
24 covered by the bill.

25 We believe, as Mr. Bumb said, that

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2 most of them already pay this wage. There
3 are also a host of provisions within it for
4 waivers, to be administered by the Office of
5 Labor Standards. And so in hardship cases
6 the wage standard can be waived.

7 COUNCILWOMAN TASC0: Who would this
8 bill mostly impact, as you see it, from the
9 Commerce Department? Would it impact all of
10 the contractors that we do business with?
11 Would it impact PIDC and the contracts they
12 give out?

13 MR. BUMB: I...

14 COUNCILWOMAN TASC0: I'll let the
15 Councilman explain it for me.

16 COUNCILMAN GOODE: According to our
17 contracting system, there are approximately
18 1526 contracts totally. Only 39 fall under
19 the \$10,000 threshold. So, it would affect
20 all the contracts. And we actually have an
21 amendment that would have it apply to all
22 contracts.

23 It also applies to anywhere that
24 public money flows, except for those
25 employers who are not covered. But it

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2 definitely flows to economic development
3 dollars like PIDC.

4 COUNCILWOMAN TASC0: So if we had
5 had this bill in place, it probably wouldn't
6 impact the stadiums. But would it have
7 impacted the stadiums?

8 COUNCILMAN GOODE: Absolutely.

9 COUNCILWOMAN TASC0: What about the
10 Convention Center?

11 MR. BUMB: I think that for projects
12 moving forward, it would impact the
13 convention or development to the extent that
14 the City is providing financial resources to
15 the development.

16 COUNCILWOMAN TASC0: So any entity
17 that receives a hundred thousand dollars or
18 more that receives City funding would be
19 covered by this bill. Are there any
20 exceptions?

21 COUNCILMAN GOODE: It applies to
22 anyone who receives City financial aid. So
23 it applies to all financial -- all economic
24 development financial aid. So we give money,
25 land, or any other consideration to an

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2 economic development project, it
3 automatically kicks in.

4 COUNCILWOMAN TASC0: Okay. Does
5 anybody have a downside to that? I'm just
6 asking the question. I mean, I'm not...

7 COUNCILMAN GOODE: It's a standard
8 that already is applied to our job creation
9 tax credit program.

10 And our job creation tax credit
11 program is generally being used for most of
12 the projects, as it is. So, it is a
13 standard, wage standard, in terms of economic
14 development, not just on a local level but on
15 a state level.

16 COUNCILWOMAN TASC0: Who would be
17 against this bill, other than the people on
18 this Council? I mean, what public entity
19 would be against this bill?

20 CHAIRMAN GOODE: Normally you would
21 have the Chamber of Commerce come in and
22 testify against this bill. They're not here.

23 COUNCILWOMAN TASC0: Thank you.
24 Just establishing a record.

25 CHAIRMAN GOODE: Any other questions

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2 from members of the committee?

3 COUNCILMAN DiCICCO: Questions for
4 you, Mr. Chairman.

5 CHAIRMAN GOODE: Councilman DiCicco.

6 COUNCILMAN DiCICCO: Do you see in
7 bold type tax incentives. A Ten-year tax
8 abasement is a tax incentive that we allow
9 for development. Most jobs are done by
10 unions, so there's probably...

11 CHAIRMAN GOODE: In terms of
12 construction jobs, it's already covered by
13 prevailing wage law.

14 COUNCILMAN DiCICCO: Prevailing
15 wage.

16 But if it wasn't a big job; it was a
17 smaller job with a more local contractor...

18 CHAIRMAN GOODE: Covers all economic
19 development, financial.

20 CHAIRMAN GOODE: Just want to make
21 sure of that. Thanks.

22 Councilwoman Miller.

23 COUNCILWOMAN MILLER: Yes. This
24 question is for you. Does this also cover
25 loans?

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2 CHAIRMAN GOODE: Absolutely.

3 COUNCILWOMAN TASC0: This bill is
4 called a minimum wage standard, a bill.

5 How does it differ from a living
6 wage or is it -- can be -- because I know the
7 young lady testified to a living wage. I
8 want to be clear what we're doing. Is there
9 a difference?

10 CHAIRMAN GOODE: It is constructed
11 as a living wage bill. Only state and
12 federal legislatures can actually set a
13 living wage across the board.

14 When it's done on a local level,
15 there's two ways that it can be done; one, if
16 it covers industries that are not covered by
17 federal minimum wage law which is a most --
18 no industry, or if it directly relates to the
19 government itself and people contracted with
20 the government. And therefore, it's
21 constructed as a living wage bill but called
22 a minimum wage bill.

23 COUNCILWOMAN TASC0: Thank you.

24 CHAIRMAN GOODE: Any more questions
25 from members of the committee?

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2 (No response.)

3 CHAIRMAN GOODE: Is there anyone
4 else to testify on this bill?

5 (No response.)

6 CHAIRMAN GOODE: All right. Before
7 we move into a public meeting, I'd like to go
8 over the amendments.

9 The amendments as circulated, you'll
10 find in your folders, are essentially ACORN
11 amendments related to best practices or
12 living wage legislation nationwide and some
13 minor technical re-drafting by the Law
14 Department.

15 The first change you will find is
16 the chapters actually being re-numbered. The
17 chapter as stated in the original bill was
18 Chapter 17-1100.

19 There was already a 17-1100 and a
20 17-1200, so the chapter will be re-numbered
21 to Chapter 17-1300 which, you know, presents
22 no legal problems.

23 COUNCILWOMAN TASC0: What about the
24 hire...

25 CHAIRMAN GOODE: Doesn't present any

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2 problems with the technical staff and Law
3 Department, so we don't have to change it.

4 Technically, even if there's a
5 problem with a number, as a bill's passed it
6 will be changed by the code editor anyway.

7 COUNCILWOMAN TASC0: Can it be
8 changed in the title? It says amended. This
9 is the title. And the Chapter 17-1100 is in
10 the title.

11 CHAIRMAN GOODE: It is still legal
12 to pass a bill that says Chapter 17-1100. If
13 we passed it even as Chapter 17-1100, the
14 code editor could still change to it 17-1300
15 after our action is taken.

16 So technically we don't have to
17 amend it at all, but I chose to amend the
18 body of the bill to change it to 17-1300.

19 And subsection 17-1302 is being
20 amended to deal with specific language
21 related to tax incentives which was discussed
22 already. Those amendments were suggested by
23 ACORN.

24 It's also amended to provide a more
25 complete definition of the term employee, as

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2 suggested by ACORN.

3 Furthermore, the administration has
4 asked to put a definition of the Office of
5 Labor Standards, so there is some
6 governmental authority listed within the
7 bill.

8 And lastly, within that subsection
9 there's a definition of subcontract which is
10 added to be covered as a service contract.

11 In other words, any work that is
12 subcontracted also has to apply to... has to
13 be covered bit bill. It's suggested by both
14 ACORN and the administration.

15 In subsection 17-1304, there's an
16 amendment that actually establishes the
17 Office of Labor Standards as the authority to
18 give the waivers.

19 And the rest of the amendments are
20 just minor language re-drafting by the Law
21 Department, other than subsection 17-1311
22 which is being added to the bill to create a
23 living wage advisory committee, as suggested
24 by ACORN.

25 Any questions on these amendments?

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2 (No response.)

3 CHAIRMAN GOODE: Seeing none, we
4 will move from our public hearing into a
5 public meeting.

6 The Chair recognizes Councilman
7 Nutter for a motion on amendments to Bill
8 Number 050234.

9 COUNCILMAN NUTTER: Thank you, Mr.
10 Chairman.

11 I move that the amendments as
12 offered to Bill 050234 be adopted.

13 COUNCILMAN RAMOS: Second.

14 CHAIRMAN GOODE: All in favor of the
15 amendments?

16 (Chorus of "ayes.")

17 CHAIRMAN GOODE: Those opposed?

18 (No response.)

19 CHAIRMAN GOODE: Seeing none, the
20 amendments are adapted.

21 Chair recognizes Councilman Nutter
22 for a motion on Bill Number 050234 as
23 amended.

24 COUNCILMAN NUTTER: Thank you, Mr.
25 Chairman.

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2 I move that Bill 050234 as amended
3 be reported out of this committee with a
4 favorable recommendation, and a further
5 recommendation that the rules of Council be
6 suspended so as to permit first reading at
7 our reflection session.

8 COUNCILMAN RAMOS: Second.

9 CHAIRMAN GOODE: All in favor?

10 (Chorus of "ayes.")

11 CHAIRMAN GOODE: Those opposed?

12 (No response.)

13 CHAIRMAN GOODE: Ayes have it. Bill
14 050234 as amended is reported out of
15 committee with a favorable recommendation; a
16 further recommendation that the rules of
17 Council be suspended to allow first reading
18 at our next Council session.

19 Thank you all very much. This
20 meeting is adjourned.

21 (Public hearing and meeting
22 concluded at 10:40 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings and evidence are contained fully and accurately in the stenographic notes taken by me upon the public hearing and meeting of The Philadelphia City Council, taken on May 4, 2005, and that this is a true and correct transcript of same.

DAVID A. DEIK, RPR and
Commissioner of Deeds

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