COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE OF THE WHOLE

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Tuesday, March 21, 2006

10:40 a.m.

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Room 400, City Hall

Philadelphia, Pennsylvania

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FY 2007 OPERATING BUDGET HEARINGS

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PRESENT:

ANNA C. VERNA, President
BLONDELL REYNOLDS BROWN
W. WILSON GOODE, JR.
JACK KELLY
JUAN F. RAMOS
FRANK RIZZO
JANNIE L. BLACKWELL
MICHAEL A. NUTTER
DARRELL L. CLARKE
DONNA REED MILLER

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PRESIDENT VERNA: Good morning, everyone. I am sorry for the delay.

I don't think that we ought to keep our witnesses waiting. So, therefore, I am going to start our hearing

This is a continued Public Hearing of the Committee of the Whole.

And I would ask Mr. McPherson to please call our first witness.

MR. McPHERSON: First Judicial District.

PRESIDENT VERNA: Your Honor, nice seeing you again, and I want to publicly congratulate you.

And we do have a copy of your testimony. It will be given to the stenographer. It will be transcribed in full.

So, if you will, sir, if you will merely abbreviate your testimony, we would appreciate it.

HONORABLE C. DARNELL JONES, II: Surely. Thank you very much, Madam President. Good morning.

I would like to initially allow our

Deputy Court Administrator, Mr. Kevin Cross, to address you, Madam President and members of Council, please.

PRESIDENT VERNA: Thank you. Mr. Cross.

MR. KEVIN A. CROSS: Thank you. Madam President, members of City Council, for the record, my name is Kevin Cross, Deputy Court Administrator for the First Judicial District.

With me today is the Honorable C. Darnell Jones, President Judge of the Court of Common Pleas and Chair of the First Judicial District's Administrative Governing Board.

Joseph A. Cairone, Court Administrator for the First Judicial District, is unable to attend today's hearing, he is attending to a family medical emergency.

Mr. Cairone expresses his apologies for not being here and appreciates the courtesies extended to us today.

At this time, I respectfully ask that if there are any questions from the members of City Council, the judiciary seeks another opportunity to appear before the Council to give the court administrator an opportunity to respond to the questions.

PRESIDENT VERNA: All right. I just have one question, and perhaps you will be able to respond to the question. If not, we will certainly call Mr. Cairone.

On Page 2 of the testimony, it is indicated that you expect to be cut $4.5 million in federal funds for child support in FY '08.

Have you notified the Administration of this? Because it appears they have not included it in the Five-Year Plan?

MR. CROSS: That's a good question, Madam President, and it is in our testimony. And I was going to briefly allude to that in my oral summary this morning.

There was legislation from the federal government, the Federal Budget Reduction Act of February 8, 2006, when it was enacted, that reduced the child support funding that we anticipate to cost approximately $4.5 million.

Therefore, it was not -- we could not give that information to the budget bureau in time for them to do their Five-Year Plan for the courts.

We don't know the full impact of that reduction; hopefully, there is going to be some bills or laws that may repeal or change that. We don't know how the state is going to respond to that and we don't know how it is going to affect us locally.

But we do want to make Council and the city Administration aware of this shortfall, in the hope that we can all plan for it in the next fiscal year.

PRESIDENT VERNA: Wonderful. Thank you.

Are there any questions from members?

We have no other questions. And, as I said, your testimony will be transcribed in full by the stenographer. And we thank you for coming in, Your Honor. We wish you luck.

PRESIDENT JUDGE JONES: Thank you so much.

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PRESIDENT VERNA: I must apologize you had to wait as long as you did. Thank you.

PRESIDENT JUDGE JONES: Thank you.

PRESIDENT VERNA: Thank you so much.

PRESIDENT JUDGE JONES: Madam President, may I just ask you for about two minutes?

PRESIDENT VERNA: Sure.

PRESIDENT JUDGE JONES: These remarks were not included in the package that was forwarded to the Council because we had the unexpected occurrence to Court Administrator Cairone.

So I just wanted to take a moment or two just to impart some things from my perspective as Chair of the Administrative Governing Board, as well as the President of the Board of Judges of the Court of Common Pleas.

PRESIDENT VERNA: That's fine.

PRESIDENT JUDGE JONES: Thank you.

First of all, on behalf of the First Judicial District, I thank you for the opportunity to come before you.

Those of us within the First Judicial District look upon our obligation to the citizens to perform in a highly competent, efficient and progressive and trustworthy manner, and that is paramount to us for the future success of Philadelphia.

There are just three things that I wanted to highlight as focus of my attention as President Judge and as Chair of the Administrative Governing Board.

First of all, I want to commend you, Madam President, and City Council for the ongoing efforts that you make to make the citizenry aware of what it is that all of us do collectively to improve the citizens' welfare in the City of Philadelphia.

As you know personally, we were out just a few nights ago in the public forum to impart that message to the community. And I want you to know that, as President Judge of the court, I plan to be out there all the time promoting that message; to let people know that we are here, that we have a vested interest in this community, as well as they do; and that we are responsive to the needs of the community.

I also wanted to pay acknowledgment to you, again, as Council President and to the Council and Administration. Because this past weekend, I had an opportunity to visit a couple of recreation centers with the Recreation Commissioner, Victor Richard.

And my comment to him, in looking at the Simon Recreation Center and the Dorothy Emanuel Recreation Center, was that the message really needs to get out to the public that this is what the Council, the government, is doing.

And it is a good story. A story that needs to be told. And if we can do more of that in terms of prevention, I think that we can address the staggering crime problem that we have, particularly with juveniles.

Lastly, I want to come to you to say that part of my vision as the President Judge, unlike in the past, I suppose, where we constantly come and ask you for allocation of funds, I come with a greater vision, to the extent that I am in the process and have gotten a commitment from the National Judicial College, where I am a faculty member, to bring a course to Philadelphia.

And in addition to bringing the course to Philadelphia, we are bringing judges from across the country and their families and their per diems to Philadelphia.

And I hope to have venues such as the Constitution Center, the Philadelphia Museum of Art, as well as the hotels, to share in the bounty that will hopefully bring Philadelphia to the forefront in that regard.

And, lastly, I want to highlight one other thing, and that is the Family Court and my desire to make a full commitment to the Family Court system.

As you may know, I was in my former life chief of the Defender Association's Family Court Division.  And having been the on the bench now for the past 18 to 19 years, I am acutely aware of the needs of the Family Court system.

And I really want to let this body know that I am determined to do all that I can do as President Judge and as Chair of the Administrative Governing Board to do all that we can do to improve the services rendered; to, frankly, address the overcrowded conditions, and the myriad of problems that confront our community in that regard.

And I am here to work with this Council in every way possible. And I thank you, therefore, for your time.

PRESIDENT VERNA: Thank you, Your Honor.

I will tell you that I think you are going to do an outstanding job. And as I said, I want to again congratulate you.

I know we attended a community meeting, and I know that the residents in that particular area were very, very impressed with you. So I think you are going to be great.

Councilman Ramos.

COUNCILMAN RAMOS: Thank you, Madam President.

I also want to take this opportunity

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to congratulate the President of our court system, and also to say that he has gotten off to a very impressive start.

He seems to know what are the issues in the system, because he served as a good jurist for a lot of years now, very much in tune with the public.

I knew of his name, but I had never gotten to know him. And one day I am loading a truck with water, and there is this guy with his hat tucked down, and he is loading the truck with me, and him and some of his friends were heading towards Louisiana to a town outside of New Orleans that got hit very hard and devastated, as well.

And then a few days later I saw his picture in the newspaper. I said, that looked like the guy with the hat tucked down and loading the truck with water. So I think it says a lot about the President of our courts.

And welcome, and I know you will do a fantastic job for this city.

PRESIDENT JUDGE JONES: Thank you very, very much, Councilman.

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PRESIDENT VERNA: The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam President.

I won't match the eloquence or recital of the history of my colleague, Councilman Ramos. He did a very fine job. But I just wanted to acknowledge the President Judge and thank him for his continued service.

I remember your election. And it is a pleasure to be here in this body with you at that table as the President Judge. And I just wanted to say congratulations and welcome.

PRESIDENT JUDGE JONES: Thank you, Mr. Councilman.

COUNCILMAN NUTTER: Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

Any other questions or comments by members of the committee? Seeing none. Again, Your Honor, I thank you and good luck.

PRESIDENT JUDGE JONES: Thank you so much. Have a great day.

PRESIDENT VERNA: Thank you.

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MR. McPHERSON: The next department is the Clerk of Quarter Sessions.

PRESIDENT VERNA: It is my understanding that the witness, the Honorable Vivian T. Miller, is on her way here. She should be here momentarily.

Ms. Reed, do you mind approaching the witness table, Councilman Nutter would like to, I guess, ask you a question or two or three.

COUNCILMAN NUTTER: We are in kind of a free recess period.

MS. DIANNE REED: Dianne Reed, Budget Director.

COUNCILMAN NUTTER: Good morning, Ms. Reed. I know you wouldn't want to miss an opportunity to be at the table, so I figured I would be the person to give you that opportunity. Good morning.

MS. REED: Much appreciated.

COUNCILMAN NUTTER: I'm sure.

Ms. Reed, I think it was either last week or the week before, there was discussion about the response to the Five-Year Plan by

PICA. And I believe I had asked if you might forward to the Chair a response to the five items that PICA has outlined as areas of concern.

Have you had an opportunity to do that?

MS. REED: No. We are still talking with PICA about that. So, various people are working on it; it is not completed.

COUNCILMAN NUTTER: Okay. The second is, I think, prior to that I may have asked you for a list of city employees who live outside the city.

Do you know if that's been put together?

MS. REED: I think that that has been put together.

COUNCILMAN NUTTER: Do you know if it has been sent over yet?

MS. REED: No. I haven't seen the final letter, so maybe it has not been. But we certainly should be getting that over, because we do have that list.

COUNCILMAN NUTTER: Okay. You will

forward that to the President?

MS. REED: Yes.

COUNCILMAN NUTTER: Thank you. That's all I have for the moment.

So when do you think there will be an actual response to the five items as outlined in the PICA report?

MS. REED: Probably by the end of the week.

COUNCILMAN NUTTER: End of the week. Okay. And then you will forward that to the Chair, as well?

MS. REED: Yes, sir.

COUNCILMAN NUTTER: Okay. Thank you very much.

MS. REED: You are welcome.

COUNCILMAN NUTTER: Thank you, Madam President.

PRESIDENT VERNA: Thank you. We will now hear from the Clerk of Quarter Sessions.

MS. VIVIAN T. MILLER: Good morning.

PRESIDENT VERNA: Good morning. I would ask you to identify yourself. We do have copies of your testimony. A copy of it will be given to the stenographer. It will be transcribed in full, so I would ask you to please abbreviate your remarks.

MS. MILLER: I didn't hear that.

PRESIDENT VERNA: I would ask you to abbreviate your remarks, but your testimony will be transcribed in full.

MS. MILLER: Good morning, President Verna and other distinguished Council Members. My name is Vivian Miller, I am the current elected Clerk of Quarter Sessions. I have with me my First Deputy, Lopez Jones; and my Second Deputy, Marc Gaillard.

I am here for Fiscal 2006 budget. And what I am asking --

PRESIDENT VERNA: 2007.

MS. MILLER: -- is that we be allowed to have 118 employees, as which was required of us -- given to us last fiscal.

We have a level of one hundred and maybe ten, twelve employees. We are down some employees. We were given monies to hire six new employees. We have not -- we have not received the money as of yet.

And I am asking this Council to please help us to get these monies so that we can come to our current level of staffing.

MS. MILLER: I see we have a --

PRESIDENT VERNA: Ms. Miller, while you are on the -- I would like to interrupt you for just a minute.

As we read the budget as presented to us, it would appear that you are running on an average of 11 vacancies.

MS. MILLER: That's true.

PRESIDENT VERNA: Now, I don't know whether that is a list problem, that there is not an existing list, or a finance problem that would not allow you to hire. Which problem is it?

MS. MILLER: It is both. What happens is, delayed hiring.

We submit -- I believe I have some examples here. We have someone who has been out, retired in 2004, June of 2004. They have not been approved as of yet. The monies is not there.

So, therefore, it is what you called delayed hiring. We cannot hire anyone, if we do not have the monies.

We were told that we would be given $174,000, that was last fiscal. We have not received that money. So, therefore, if the money is not there, we cannot hire the necessary --

PRESIDENT VERNA: The 174,000 that you are referring to, would that have allowed you to hire the 11 vacancy positions?

MS. MILLER: It was for six more, six more positions.

PRESIDENT VERNA: So it would have --

MS. MILLER: How the 11 came about --

PRESIDENT VERNA: Wouldn't that have been 17?

MS. MILLER: No. No; no.

PRESIDENT VERNA: What would it be for?

MS. MILLER: We are trying to go to the number of 118. We are 11 short. Those vacancies I believe we can hire, but we needed 6 more to make 118.

We are down, I guess our numbers was down, like, 112, 112 employees. So we needed 6 more, would be 118.

And that's what the $174,000 was for, was to cover those extra employees.

PRESIDENT VERNA: How many positions do you have filled today?

MR. LOPEZ JONES: Madam President, my name is Lopez Jones, First Deputy.

We have approximately 110 positions filled as we speak. What the clerk is trying to explain to you, when we got our fiscal budget, they appropriated approximately $4.3 million to hire employees for the Clerk of Quarter Sessions, but at that point the clerk wanted monies for 118 employees.

So then she had meetings to try to get the money to take our staffing level up to 118 employees, and that's where the $174,000 figure came from.

PRESIDENT VERNA: I find this very confusing. I don't know if anybody has been able to follow this through.

Presently you have 110 employees. In your testimony you say you are running an average of approximately 11 vacancies

MR. JONES: That's correct.

PRESIDENT VERNA: And yet you said earlier that you need 117 employees.

MS. MILLER: No. We were approved for 118 employees.

PRESIDENT VERNA: So were you given the money for the 118?

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

We were given money. And what happened was, it was for 107, I believe, employees. And we went and we had meetings, and we were appropriated more monies to accommodate the 118 employees.

But, we never received the monies. So, therefore, we could not hire the other employees.

PRESIDENT VERNA: You know, I think we have been going through this just about every year.

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MS. MILLER: Yes; yes. True.

PRESIDENT VERNA: And I think it's just so outrageous that you have projected revenues generated by your office for '07 in the amount of $8,425,000.

What is the Administration's recommended budget for your office in 2007? I have the answer, if you want me to give it to you.

Do you want to give it to me, or --

MS. MILLER: What is it you need?

MR. JONES: If I am not mistaken, Madam President, I believe it is approximately $4.5 million.

PRESIDENT VERNA: It is $4,655,000.

MS. MILLER: $4,655,293.

PRESIDENT VERNA: So this office produces almost $3.8 million more than they spend.

MS. MILLER: Exactly.

PRESIDENT VERNA: So I would like Ms. Reed to please come up to the witness table. And can you tell us the rationale for holding up the filling of the positions that

Ms. Miller has referred to?

I think it is absolutely absurd that we in fact could even be collecting more revenue, if we had the personnel to do it.

MS. REED: Dianne Reed, Budget Director.

We agreed to fund the 118 positions in the '06 budget. These were awarded at the time of the target budget. And the additional funds were provided in the mid-year transfer ordinance.

PRESIDENT VERNA: I am sorry. You are going to have to repeat that. I was distracted.

MS. REED: I said, the 118 positions were agreed to at the time of the target budget last summer, and the additional funds were provided in the mid-year transfer ordinance.

MS. MILLER: We never received them.

PRESIDENT VERNA: Well, why did you wait so long?

MS. REED: That was true for everyone else. Everyone got their money in the mid-year transfer ordinance, because we don't have another vehicle to do that.

PRESIDENT VERNA: I think you could do a transfer ordinance at any time.

MS. REED: Well, I wasn't aware that there was an issue, so this is the first that we are hearing about this issue.

PRESIDENT VERNA: Well, I think there has been an issue with the Clerk of Quarter Sessions office every year in the last several years, to my memory. And I think it is absurd.

I mean, remember last year when she came in, she had a box with her.

Vivian, do you want to explain what was in that box? It was monies that you could have been collecting, had you had the personnel to do it.

And I'm sure it involved several million dollars, did it not?

MR. JONES: If I may, Madam President, there were monies that was affiliated with the Clerk of Quarter Sessions that could have went to the City of

Philadelphia, if we would have had additional employees to do the job that was needed to do, that is correct.

PRESIDENT VERNA: And, as I said earlier, you are making more than $3.8 million in revenue, more than you spend.

MS. REED: If I might add, there has been a vendor that's been brought in to help put the collections, processing of all of this, into an electronic form.

And the clerk is part of the case management system gap analysis that's underway for all the justice partners with respect to what the state wants the city to do.

In May -- probably the First Judicial District will speak to this, as well -- the city has to comply with the statewide standards for data.

And there will be further suggestions for assisting the clerk to streamline processes electronically coming forward in the next month or so through this study, which is being managed out of MOIS.

PRESIDENT VERNA: Ms. Miller, is

this the first time you are hearing this, or do you have knowledge of what's been going on?

MS. MILLER: No, we are aware of it. We are aware of it.

They are trying to put into a system all this monies where they came in, we showed them, lie them out on the floor in boxes, that money can be put into the system and given to the city. So that's more revenue that we can generate, if it ever comes to pass. I don't know.

PRESIDENT VERNA: You are going to need somebody to enter that into the system, are you not?

MS. MILLER: Yes.

PRESIDENT VERNA: And do you have the personnel that would be able to do that?

MS. MILLER: We do not. We do not have the personnel. That's part of the problem.

MS. REED: She does have the authorization for the personnel and has had since the beginning of the year.

MS. MILLER: I am sorry, I don't

believe that's true.

I have here in front of me -- okay, maybe I can pass it up -- showing we had jobs back in June 2004 that has never been approved.

November 2004, never approved, a court clerk, a payroll clerk.

And October 2005, I believe we just got approved. So...

MS. REED: Well, '04 would not be in this fiscal year.

MS. MILLER: Jobs that we need to help generate revenue which has not been approved.

MS. REED: Well, the authorizations were there, the funding is there, the budget analyst approved the positions, and I approved the positions.

So, I mean, we can sit down and go over these, if you would like to, in a side meeting. I think that might help.

MS. MILLER: My understanding it was just approved since February? Yes.

PRESIDENT VERNA: I know. If it

weren't so sad, it would be...

I just don't understand why we would hold up positions with a department, as I said, that produces almost $3.8 million more than they spend.

And if, in fact, they had more personnel, they would be able to be generating that much more in revenue.

MS. REED: Council President, I think there is just a simple misunderstanding here.

We haven't held up any requests. I'm sure we can show exactly the time line when we received the requests, when the analysis and approval through the staff was completed, and when I approved the positions.

So I'm sure, to everyone's satisfaction, that can be determined.

MR. JONES: Madam President, no disrespect to Ms. Reed. But, again, the clerk specified, there was an employee that worked for the Clerk of Quarter Sessions that separated June of '04. And that position was just approved approximately three days ago.

So that speaks for itself.

PRESIDENT VERNA: When was the request made?

MR. JONES: The question was made.

PRESIDENT VERNA: In 2004?

MR. JONES: Yes. The initial request was made, if I am not mistaken my notes state here, June 11 of '04. And the position was just approved approximately three days ago.

PRESIDENT VERNA: What was the title for that employee?

MR. JONES: She was a pay processing clerk.

PRESIDENT VERNA: Why would it take so long, Ms. Reed?

MS. REED: Well, that was a prior fiscal year, so that was an entirely different set of approvals.

I will have to look and see when the '06 budget request for that position was made, and when we filled it.

PRESIDENT VERNA: I am not going to dominate this for the moment. I will recognize Councilman Kelly at this point.

COUNCILMAN KELLY: Thank you, Madam President.

Ms. Miller, according to your testimony, in 2005 you appropriate monies for the six additional employees. Could you tell me what the employees would be doing; in other words, what their job functions would be and what kind of impact this would have?

Evidently it would have a negative impact on the performance of your office.

MS. MILLER: I believe four would be court clerks and two would be clerks.

COUNCILMAN KELLY: Four would be court clerks?

MS. MILLER: Yes.

COUNCILMAN KELLY: Could you give me an estimate on how much additional revenue you would probably be receiving, if you did have the additional personnel that you requested? Just a ballpark figure. I am not holding you to it.

In other words, right now you are --

MS. MILLER: We estimate about

another couple million dollars.

COUNCILMAN KELLY: Couple million dollars, if you had the 11 or the 6?

MS. MILLER: If I had the complete staff of 118, meaning --

COUNCILMAN KELLY: So that would justify their being hired.

MS. MILLER: Yes, without a doubt.

COUNCILMAN KELLY: So it would be a plus for the city, if you had the whole complement of 118 people; is that correct?

MS. MILLER: That's correct.

COUNCILMAN KELLY: I just am bewildered at why we are just going through this. Each and every year we seem to hit this brick wall.

Was there a freeze on at the time? Was there a personnel freeze on at the time? I don't know if Ms. Reed would answer that.

MS. REED: Dianne Reed, Budget Director.

There has been a freeze in place since approximately Fiscal '01. And positions are only approved unless they are in the excepted categories; such as dispatchers, you know, health and safety positions, they are approved by exception.

And, so, that we meet with departments, we go over what their requirements are.

Last year, in addition to the hiring freeze, we also had the position reduction, which --

COUNCILMAN KELLY: Even though these positions can justify by actually increasing the revenue of the city? I mean, do you take that into account?

MS. REED: Yes, we did.

And as I recall, we held the clerk harmless. She did not receive a cut in her budget, compared -- the 5 percent that everyone else got. But, let me just verify that.

COUNCILMAN KELLY: Would you verify that.

MS. REED: Absolutely.

COUNCILMAN KELLY: Thank you.

Thank you, Madam President.

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PRESIDENT VERNA: You are welcome.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam President. Ms. Reed, why don't you stay.

Let's just walk through this issue from last fiscal year. You made reference to the budget for the clerk's office being approved for FY '06.

When was it approved, how much was it approved for, and what were the positions that you anticipated at that time?

MS. REED: Well, there was the budget approved by Council, as you know, last June.

And in July we met with departments regarding a target budget which requested a proposal for how departments would accommodate at least a 1 percent budgetary reduction.

Most departments took those requested reductions in spending into account.

We do that every year, and have done, you know --

COUNCILMAN NUTTER: You do the

target budget after we pass the budget?

MS. REED: Yes, we do. We ask people to come in under that, just to make sure we can get through the year in case our revenues might fall short.

COUNCILMAN NUTTER: Why wouldn't you make the target budget the budget?

MS. REED: Because we want to ensure that we will not end the year in a deficit, if we possibly can.

So this is a budgeting -- a prudent budgeting strategy that the city has been using for several years.

COUNCILMAN NUTTER: So you went through the target budget process, and the agreement was for --

MS. REED: For 118 positions, funded at the amount that you see shown for '06.

COUNCILMAN NUTTER: 4,347,650?

MS. REED: Yes. And then we transferred additional funding in the mid year to make sure that the court could --

COUNCILMAN NUTTER: Let's stop right there.

MS. REED: Fully fund those positions. And I don't have the transfer ordinance with me. I show what's shown in the December run that's here, which could be the same.

COUNCILMAN NUTTER: Let's back up a little bit.

We pass the budget in June, you have a target budget conversation in July, the department agrees to it. The agreement is for 118 positions, you are saying, again at $4,347,650?

MS. REED: I don't have the target budget with me, so I will have to take a look at that.

COUNCILMAN NUTTER: So, but, in any event, apparently the department needed additional funding to ensure that they would have the personnel level at 118 positions?

MS. REED: Right.

COUNCILMAN NUTTER: All right. Now, that was in July?

MS. REED: Yes. And that --

COUNCILMAN NUTTER: So when we

returned in September, why didn't you send us a transfer ordinance to ensure that they would be able to hire the people earlier in the fiscal year, as opposed to our just passing the mid year in February?

MS. REED: I would imagine the reason is that, at that point in time it may not have been clear that additional funding was needed.

I will have to see what the intervening number was. I don't know have it with me.

COUNCILMAN NUTTER: Wait a minute. You had the target budget meeting; right?

MS. REED: Yes.

COUNCILMAN NUTTER: You agreed to a personnel staff level; right?

MS. REED: Right. And they were authorized to hire those positions since July 1.

COUNCILMAN NUTTER: But I thought your testimony was, they didn't have the money? How do you hire people with no money?

MS. REED: We transferred in

additional money for them in the transfer ordinance. I do not have the target budget or the transfer ordinance with me, so I can't track every number for you.

COUNCILMAN NUTTER: But we didn't pass the transfer ordinance until February.

MS. REED: This often happens to departments. They have to fund these positions on a temporary basis out of their other internal funding sources, and then we fully fund all of this in the transfer ordinance so that they can get back to a whole position vis-a-vis their internal funds.

COUNCILMAN NUTTER: Are you saying, without the mid-term transfer, the department could have funded the positions from other dollars?

MS. REED: They probably could have done that, yes.

COUNCILMAN NUTTER: How?

MS. REED: I will have to look at the record and see what the exact transactions are.

COUNCILMAN NUTTER: Well, let me ask

this question: When you had the meeting on the target budget, and you agreed to the 118 positions, what was your recommendation at the time as to how they would go about hiring those individuals, if you also knew they needed additional funds, which you knew you were going to subsequently have to transfer to them?

MS. REED: What we said to the clerk at the time was, "Here is your budget, here is your authorized level. You figure out how to hire these out of your budget authorization, and we will hold you harmless in the mid-year transfer ordinance."

COUNCILMAN NUTTER: And that was the end of the conversation?

MS. REED: That's right. Because a lot of departments have to figure out how to make adjustments, if there are going to be some changes during the year.

COUNCILMAN NUTTER: Well, what's the role of the Budget Office in helping the departments to figure that out?

MS. REED: Every department has an

assigned budget analyst who works with them, you know, on a daily basis as needed.

COUNCILMAN NUTTER: So they either figure it out or they don't, and we either collect the additional revenues or we don't, and, I mean, life just goes on? I mean, is that the deal?

MS. REED: I would say it is not nonchalant or cavalier.

COUNCILMAN NUTTER: Did the people get hired?

MS. REED: Were the requests made?

COUNCILMAN NUTTER: Did we collect the money? We kind of need money; right?

MS. REED: I think that accommodations were made so that, in fact, the backlog of clerk receipts were dispatched.

COUNCILMAN NUTTER: Do I understand that was because you hired somebody to do it?

MS. REED: I don't remember exactly how that process was funded.

COUNCILMAN NUTTER: I thought you said someone was hired to assist in that process?

MS. REED: I think someone was. I will have to check. I don't remember the details on that.

COUNCILMAN NUTTER: How much did that cost?

MS. REED: I don't remember the details on that.

COUNCILMAN NUTTER: You will forward all of that to the Chair?

MS. REED: Sure.

COUNCILMAN NUTTER: Thank you.

Thank you, Madam President.

PRESIDENT VERNA: Ms. Reed, you keep going back to the target budget. Isn't that the estimated obligation for '06?

MS. REED: No. The target budget amounts for some departments might have been lower or higher. And the target budget level is now adjusted to the same thing as the obligation level as of December.

PRESIDENT VERNA: How does that affect the fund balance?

MS. REED: It all plays into what our current estimate of fund balance is, which is higher, as you know, than in the original budget.

This happens every year. There is nothing unusual in this process.

PRESIDENT VERNA: The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

I certainly agree with all that has been said here in terms of our Commissioner raising -- trying to raise money under very difficult circumstances.

And I, too, hope that we can find a way to process these issues and give her the help she needs to do a job. She does a wonderful job for us under trying situations, and it shouldn't be as trying as it is.

So I agree with all that has been said from my colleagues, and certainly commend Vivian Miller on the job shes does. Thank you.

PRESIDENT VERNA: You are welcome.

The Chair recognizes Councilman Nutter.

Ms. Reed, just bear with us a minute, please. I can't believe that year after year the Clerk of Quarter Sessions comes in here, and it is the same issue.

When the office is generating over $3.8 million, I don't understand what the problem is for her to get the employees to fill the vacancies that she has so that, in fact, we would be collecting more revenues. It just doesn't make sense to me.

Are there any other questions or comments from members of the committee?

I thought Councilman Nutter wanted to ask questions, but I understand his light was on and he has left.

I would suggest, Ms. Reed, that you get together with the Clerk of Quarter Sessions before the end of the day, resolve this issue.

Because I think we are all of the opinion that something has to be corrected here for not just the moment that we sit here and talk.

So would you please make certain

that this is corrected.

MS. REED: Absolutely.

PRESIDENT VERNA: Thank you.

I see no other questions. Ms. Miller, I would appreciate your getting back to us and let us know how this works out.

MS. MILLER: I most certainly will. Thank you very much.

PRESIDENT VERNA: The Register of Wills is next. Good morning again.

MR. RONALD R. DONATUCCI: Good morning again.

PRESIDENT VERNA: We do have copies of your testimony. It will be given to the stenographer and transcribed in full.

I would ask you, if you will, to please abbreviate your testimony.

MR. DONATUCCI: Good morning, Madam President and members of City Council. Before I start my testimony, I would like to introduce some of my staff.

To my left is Mr. Ralph Wynder, my Chief Deputy. To my right is Anthony DeRose, my Finance Director. We have Jim Tangert here, our Administrative Officer. And I have one of my new deputies here, who has been in my office for over 27 years, we just promoted her, Alba Collazo.

PRESIDENT VERNA: Congratulations.

MR. DONATUCCI: I submitted, as you stated earlier, my testimony.

And I am glad to report that this year we project, if I could just be very brief, revenues of approximately close to $3.8 million. And our total approved budget for this year is $3,304, 493.

We are going to be showing a profit to the city of almost close to half a million dollars.

Next year, keeping the same pattern, our present staffing level, but increasing our services, as you are aware -- and I want to personally thank the Council President and that gentleman to your right, Charlie, for arranging a meeting with Dianne Reed and everybody last year to help us get our productivity monies for the computerization of our office, which, if everything works out,

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hopefully in 60 days we will be up and running. We are just going through the little glitches right now, some last-minute items of machinery -- I mean, hardware.

If anybody wants to go online now, you can see, basically, our website. And it is under Philadelphia.gov/wills.

You can see -- any citizen can go on now. And there is questions that people always call our office, why should they have a will, and different questions which is very helpful to the citizens of Philadelphia.

Our next year budget, our request is within our present staffing levels, and it shows a 3 percent increase, which is a union -- or, I am sorry, all city employees, rank and file, will be receiving.

So we are not asking for any additional employees. We will be doing additional services. And if everything goes well, we will be showing another profit to the City and County of Philadelphia next year.

I just wanted to state that we are one of the most user-friendly offices, as you are aware. We are open Wednesday nights to the public for marriage licenses. And we still provide citizens to the citizens of North Philadelphia and Northeast Philadelphia, where we have our probate clerks go several times a week to make it easier for people to probate estates.

PRESIDENT VERNA: Great. So, based on your testimony, it appears that you are satisfied with the Administration's proposed budget; am I correct?

MR. DONATUCCI: Yes.

PRESIDENT VERNA: Great. I guess this is the first time in a long time.

MR. DONATUCCI: Well, I think this is my 26th time here, and I think we have -- with respect to our new Budget Director, Dianne, and Charlie from your staff, who is a former budget director, so, you know, we have opened up the line of communications.

And I think we all are on the same page. If you spend some money and fund an office correctly, you will make money.

PRESIDENT VERNA: Exactly.

MR. DONATUCCI: And this is not really affecting the citizens of Philadelphia directly.

So we get the proper funding, we will bring additional monies into the city.

PRESIDENT VERNA: Well, we congratulate you and your staff for a job well done.

MR. DONATUCCI: Thank you.

PRESIDENT VERNA: Do we have any questions from members of the committee?

MR. DONATUCCI: Let me get out of Dodge.

PRESIDENT VERNA: Congratulations. You better get out while you are ahead.

MR. DONATUCCI: I hope tonight's meeting is just as good.

MR. McPHERSON: The next department is the Sheriff's Office.

PRESIDENT VERNA: Councilman Kelly did you want a question?

COUNCILMAN KELLY: I just wanted to know how much a marriage license costs now?

PRESIDENT VERNA: What does it cost?

MR. DONATUCCI: $50.

COUNCILMAN KELLY: Maybe we should raise it to $1,000, and it will help a lot of people, I'm sure.

PRESIDENT VERNA: What are you trying to say?

Please identify yourself, proceed with your testimony. The stenographer has a copy of your testimony, it will be transcribed in full. I would ask you, if you will, to please abbreviate your testimony.

SHERIFF JOHN D. GREEN: Good morning, Madam President and members of City Council. My name is John Green, I am the Sheriff of the City and County of Philadelphia.

In brief, the Philadelphia Sheriff's Office is in need of additional personnel. When we opened up the Criminal Justice Center, we had an agreed number of deputies to be assigned to that facility at 156.

We are currently 27 positions short. And through reassignments, change of job classifications for new hires, we have -- we are in the position of hiring 11 new deputy sheriff officers, and we are in the process of doing that right now. We are going to need an additional 16 deputy sheriff officers.

So our formal request this morning is for an allocation of $14,398,362 for Fiscal Year 2007, of which $665,552 will be used for the hiring of 16 new deputy sheriff officers.

That concludes my testimony.

PRESIDENT VERNA: I believe you are requesting additional funding of $655,552 for 16 additional deputies.

SHERIFF GREEN: That's right.

PRESIDENT VERNA: Was this included in your budget request of the Administration?

SHERIFF GREEN: Initially we requested 57 additional deputies. We met with the finance department last week, and we agreed on the hiring of 16 new deputies.

PRESIDENT VERNA: Did you say 57, and then you agreed to 16? That's a big difference.

SHERIFF GREEN: It is a big difference. And sometimes when you are negotiating, you have to look at reality. And the fact of the matter is that our immediate concern is the Criminal Justice Center.

Without going into too many details about our staffing level and the processes we use to accommodate the needs at the justice center, that is our immediate need.

But the 57 deputies reflected being able to place additional personnel throughout our office.

PRESIDENT VERNA: So, with that being said, what did the Administration say about your 16 additional deputies request?

MS. REED: Dianne Reed, Budget Director.

We had a lengthy discussion about deployment of sheriffs to several offices. And it was my understanding that, in acquiring additional sheriff's deputies, that in fact the department would cut its overtime so that the additional staff would be budget neutral.

And some of that could include redeployment of staff from some of the places where they are posted which are not mission critical. So that it would be up to 16, but not necessarily 16, but the entire amount to be budget neutral through reduction of overtime.

PRESIDENT VERNA: What is your overtime?

SHERIFF GREEN: Right now we are running about $1.5 million.

PRESIDENT VERNA: I beg your pardon?

SHERIFF GREEN: I think we are running about $1.5 million. I will tell you in one second.

PRESIDENT VERNA: In the current year, I believe it is -- I am just being told it is 2 and a half million dollars, and 2.6 in '07. That's a lot of money for overtime.

So your 16 additional deputies could be taken from the overtime money, and you are still going to have plenty of overtime money in your budget.

SHERIFF GREEN: We are going to have overtime. And I was very candid when I met with the finance department that the Philadelphia Sheriff's Office does not control the amount of overtime that is needed in carrying out our functions.

For example, last week we received a phone call from a judge who had been threatened. That required using our sheriffs, our deputy sheriffs, to escort the person to and from home.

We may have judges who are working overtime; that is, beyond the traditional hours. We have had judges work on holidays. If they have a jury sitting and they didn't -- they do not want to inconvenience the jury by keeping the jury any longer than is necessary, they will work through the holidays.

So many times --

PRESIDENT VERNA: Does that happen very frequently?

SHERIFF GREEN: Not frequently, but it happens enough to impact on our overtime usage.

We also have a number of people who are requested in court. As you know, the more risks require more people coming into court. So whenever the police department enters into an aggressive approach to -- in arrest, the final byproduct of that is, you have more people actually going to court, more people being transported from the various correctional facilities, and that also requires the use of overtime.

COUNCILMAN RAMOS: Madam President, one point of clarification?

PRESIDENT VERNA: Yes, the Chair recognizes Councilman Ramos for a point of information.

COUNCILMAN RAMOS: Thank you, Madam President.

But, Mr. Sheriff, is not your overtime more in the transportation of prisoners? Is that where your overtime, big overtime, is at? Correct me if I am wrong.

SHERIFF GREEN: That's where the bulk of our overtime is, is in the transportation of prisoners.

And, as I stated, we do not control the number of people who are requested each and every day by the court system.

COUNCILMAN RAMOS: That's what I

suspected. That this is something you have no control because, when you have to move prisoners, you have to move them.

SHERIFF GREEN: That's correct.

COUNCILMAN RAMOS: And it could be before 5:00, it could be well after 5' clock. And, in addition, you have these other things that come up, the security of judges and other matters, that add to that burden.

Thank you, Madam President. I will ask some questions in round.

PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Miller.

COUNCILWOMAN MILLER: Hi. Good morning. Thank you, Madam President, good morning, Sheriff.

SHERIFF GREEN: Councilwoman.

COUNCILWOMAN MILLER: I have a followup question to Council President Verna's. And really just a question, actually.

Do you provide the same escort and security services to DHS workers that are --

feel threatened for some of the home visits? Because that's been a question that one of the supervisors actually has called and talked to me about. They say they need security.

Would the Sheriff's Office be the agency that would provide that type of security?

SHERIFF GREEN: Well, any law enforcement or security issue that is court related, we would handle.

So if a family has been adjudicated through the court system in any way, it would be the Sheriff's Office's responsibility to provide security.

Of course, we do not have enough people to provide security for DHS. And, in an ideal world, that would be an area of our responsibility.

Quite frankly, in the ideal world, it would be the responsibility of the Sheriff's Office to provide security for witnesses.

And recently we have seen a celebrated case where there was some criticism about the number of witnesses who felt insecure and were threatened by the mere nature that they would have to testify.

So in an ideal world, we would have enough people to provide adequate security and enforcement for the court system. Unfortunately, we do not have an ideal world.

COUNCILWOMAN MILLER: So, then, only if a family is -- or the parents or caretaker is an adjudicated person --

SHERIFF GREEN: That's right

COUNCILWOMAN MILLER: -- would you be able to provide security for a caseworker

SHERIFF GREEN: That's right. Which means, if a DHS worker was going to a home as a result of a court order or some court regulations or some court supervision, then we would be responsible for that. Technically, we are responsible.

COUNCILWOMAN MILLER: Thank you.

Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

The Chair recognizes Councilman Ramos.

COUNCILMAN RAMOS: Thank you, Madam President.

Sheriff, are you requesting an additional $600,000 plus for the extra deputy sheriffs, apart from the response that -- or, at least the way I understood it from Ms. Reed, where the Administration has asked you to take -- bring down the overtime and use that money to be able to fill the 16 -- was it 16? 16 positions?

Or are you asking us that, apart from what we heard from Ms. Reed, that you still want $600,000 to add 16 more deputy sheriffs?

SHERIFF GREEN: Here is what my understanding of our agreement was: That we would request, and the Administration would support that request, for an additional 600,000 plus to hire additional deputy sheriff officers.

Of course, the more people you have, the less need you have for overtime. Meaning that, if you have an additional 16 deputy sheriff officers, then you may be able to put two vans, two additional vans, on the road. And the two additional vans will handle more prisoners, thus you will not need to have two vans doing three and four runs, which requires overtime.

And, so, needless to say, that, if you hire more people, of course your overtime should go down. And we have demonstrated that we can control our overtime.

I think the Administration would agree that, for a period of time, we really controlled our overtime as a result of a request by the Administration.

But sometimes it becomes problematic because of the nature of our job and the volume of work that comes from -- comes to us by way of the police department, by way of prosecutions by the District Attorney's Office, and by way of circumstances, as Councilwoman Miller raised, where you have families, you have children who are being affected by whatever, and there was a need for the Sheriff's Office to provide its services.

PRESIDENT VERNA: I am sorry. Would

you interrupt me a minute, please, because I didn't think your question was answered.

SHERIFF GREEN: The answer is, we want an additional 600,000 plus, specifically $665,552.

PRESIDENT VERNA: Understood.

SHERIFF GREEN: And then, as a result of hiring more people, the overtime should decrease.

PRESIDENT VERNA: So are we saying you are going to hire the 16 additional deputies, and you are going to subtract that amount from the 2 million whatever point 5 million dollars that you have in overtime? Is that going to come out of the overtime money? It is a simple question.

SHERIFF GREEN: Well, all things being equal, I can sit here and say that you should see a decrease in the overtime in proportion to the number of people that we hired, all things being equal. But that's not factoring in possible events that may occur.

For example, if we have a situation where there is a need for a more deputies to work in Family Court, or if there is a need to transport more prisoners, then, of course, you will not see that proportion in overtime to the number of people we hire.

COUNCILMAN RAMOS: Madam President. Sheriff, I am with you on that, if you need more deputy sheriffs, you need more deputy sheriffs. And at least I understand you have made this case before. I understand that.

What I am hearing is that you still want $600,000 in addition to your budget because you have a lot of overtime that comes, and some of it comes unexpected, the transportation, security, DHS, and so forth.

But I believe that what I heard from Ms. Reed -- and maybe Ms. Reed can come to the witness table -- that the Administration's response was -- Ms. Reed, you feel free to correct me.

What I heard was the Administration said, take it out of your over time money to be able to do the 16 new hires. Am I correct in that understanding of your statement, Ms. Reed?

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MS. REED: Dianne Reed, Budget Director. Yes, sir, you are.

The sheriff is running over $660,000 in overtime this year above budget. I mean, that money would pay for these positions.

As the sheriff stated, he can control his overtime. And we shared with him the fact that, because it is critical to the First Judicial District that the courtrooms over there at the level of 156 positions be manned, that it was important in this case, unlike the police department, to hire the people to man -- to person those courtrooms, or staff those courtrooms, rather, than to spend money in overtime.

COUNCILMAN RAMOS: Okay. So, Sheriff, are you still requesting an additional $600,000, apart from -- different than what the Administration is saying now?

They are telling you to use your OT money to bring in 16 new deputies, and you are saying -- and I am with your argument, Mr. Sheriff -- that you never know when -- there has to be -- there is overtime in the work that you do, and that overtime money has to be there.

PRESIDENT VERNA: The overtime money is there. There is $2.6 million for '07, and I believe in '06 it was over $2 million in overtime.

SHERIFF GREEN: May I just have a minute, please.

PRESIDENT VERNA: That's a lot of money in overtime. And I understand that a lot of things happen.

MR. GREEN: May I have a minute?

PRESIDENT VERNA: Yes. If you want to cut me short, go ahead.

MR. GREEN: Councilman Ramos, the answer to your question is that we are not asking for an additional $600,000. What we are going to do is hire people and use the -- part of the $2.5 million.

COUNCILMAN RAMOS: I just want to make sure that you have got what you need to do the work that you do.

MR. GREEN: I got what I need. I got the okay to hire 16 additional people, and that's the bottom line.

MS. REED: And we appreciate the sheriff working with us on this.

COUNCILMAN RAMOS: I yield to the Council President.

PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Kelly.

COUNCILMAN KELLY: Thank you, Madam President.

Sheriff Green, I just have a question about the 20 deputies that you had to remove from the Criminal Justice Center to take over the staffing of Community Court and Traffic Court.

Where are the Community Courts?

MR. GREEN: It is one Community Court. And, actually, the Community Court deals with, quote, unquote, nuisance crimes. And they are meeting in an office building, I think it is at Broad and Race.

COUNCILMAN KELLY: Broad and where?

MR. GREEN: Race.

COUNCILMAN KELLY: There is only one

Community Court?

MR. GREEN: Yes.

COUNCILMAN KELLY: And there is Traffic Court?

MR. GREEN: Yes.

COUNCILMAN KELLY: Now, it is my understanding that the police department were always -- they were always located in Traffic Court. Are they still there? In other words, the police liaison officer is in each courtroom.

MR. GREEN: There is a police liaison person who actually presents the police officer's case, if you will.

Police officers, as a rule, are not summoned to Traffic Court to present the case against the motorist, and that is the responsibility of the liaison person.

COUNCILMAN KELLY: But I don't know how they justify of having one of your deputies in there, when they have a police officer already present.

And you already have -- you just have one Community Court. How many officers, your officers, are scheduled for that Community Court?

MR. GREEN: For Community Court?

COUNCILMAN KELLY: Yes.

MR. GREEN: Two. Two police officers -- I mean, two deputy sheriff officers.

But, Councilman --

COUNCILMAN KELLY: How many in Traffic Court?

MR. GREEN: Councilman, I think I can answer your question by simply saying that we have revisited deployment of personnel to Traffic Court, and there will be a change in that scheme. We are going to have to make the hard decision about deployment.

And Traffic Court, of course, as you said, because there is a police presence in the form of a liaison person -- and while an argument can be made that if a person is busy presenting a case, he or she cannot monitor what's going on in the courtroom in terms of security -- the fact of the matter is that there is a police officer there.

And, because of that, we are going to, in essence, bottom line, reduce the number of people that we have at Traffic Court.

COUNCILMAN KELLY: I see.

MR. GREEN: Significantly.

COUNCILMAN RIZZO: Point of information on that subject, please. Madam President, point of information.

PRESIDENT VERNA: Yes. The Chair recognizes Councilman Rizzo for a point of information.

COUNCILMAN RIZZO: Isn't Traffic Court a state agency?

MR. GREEN: Yes, it is.

COUNCILMAN RIZZO: Why aren't we being reimbursed by the state for your services?

MR. GREEN: That is a good question.

I can tell you that in the past, when the Sheriff's Office does work that allows for reimbursement, we really do not see the money. The Philadelphia Sheriff's Office doesn't see the money; the money goes into the General Fund.

And, so, that will not impact on our individual budget. And, quite frankly, I don't know if it helps the city.

COUNCILMAN RIZZO: It is a state agency?

MR. GREEN: It is a state agency.

COUNCILMAN RIZZO: You are providing a service to the state agency --

PRESIDENT VERNA: But they come under the First Judicial District.

MR. GREEN: I think it is a separate court.

PRESIDENT VERNA: What's a separate court?

MR. GREEN: Traffic Court.

PRESIDENT VERNA: But they still come under the First Judicial District.

COUNCILMAN RIZZO: But there is no --

COUNCILMAN KELLY: They are city employees.

COUNCILMAN RIZZO: They are city employees?

I think there is some confusion on

who is on first, and whether it is -- I was always led to believe that it was a state agency, Traffic Court.

But it is under the -- Charlie, I would never question Mr. McPherson's knowledge of who is what and where.

But I think we will need to talk about it later to clear it up and see exactly what's what.  Because if we are entitled to some reimbursement -- but Mr. McPherson just pointed out to me that the state contribution has never really developed.

And I will come back around.  I apologize for taking Councilman Kelly's time.

COUNCILMAN KELLY:  That's quite all right.

MR. GREEN:  I got the impression from the past that Traffic Court is self-contained; that they raise their revenue, and that they have the ability to spend money.

COUNCILMAN RIZZO:  That's how I understood it.

MR. GREEN:  Now, of course, as you said, Mr. McPherson knows more about the budget than you and I put together tenfold. And, so, I would have to yield to him.

But the answer to the question, and the answer to the concept, is that we are going to move people out of Traffic Court and assign those people to the Criminal Justice Center.

COUNCILMAN KELLY: So you are going to be bringing them back to the Criminal Justice Center?

MR. GREEN: That's correct.

COUNCILMAN KELLY: When did you take over the responsibility of the Community Court and Traffic Court? Was that just recently?

MR. GREEN: Community Court was about a year ago. Traffic Court may have been about three years ago.

COUNCILMAN KELLY: What was the -- well, I would like to know what the rationale was in doing that.

In other words, was it the police department or was it the judges or who initiated that request that you, the Sheriff's Office, take over the responsibility of safeguarding the courts?

MR. GREEN: The request came from the Traffic Court judges.

And the argument was that it is a court, one; two, as I mentioned before, the police officers assigned to Traffic Court was there primarily to present the case of the police officer; three, that there was an increase in volume of people going to Traffic Court. And, so, those arguments were made.

And because we take our responsibility very seriously as far as being the enforcement arm of the court system, we agreed to handle Traffic Court's security.

We also, if I may add, we also have prisoners each and every day that we take to Traffic Court, and we maintain a cell room in Traffic Court.

Now, we would have done that regardless of this agreement that we made with Traffic Court. And the people who are taken to Traffic Court are people who are already incarcerated; but they have Traffic Court matter, as well as their criminal concerns.

So we will transport them many times from the CJC, if their subpoenas are coordinated, or, if necessary, from a correctional facility to Traffic Court.

COUNCILMAN KELLY: Now, I just have the opinion that Traffic Court does have city employees there, primarily.

And what happens is that, they do come to -- they come into City Council each and every year with their budget request and whatnot.

And I know that most years that I know of, that there has always been a surplus, and it goes right into the General Fund. And that has been happening over the years.

I just wanted to know why all of the sudden they wanted to shift the responsibility to the Sheriff's Office. Because I know for years they have had police presence in Traffic Court. And Community Court, I'm not too familiar with that.

But they still have police assigned to Traffic Court, I believe.

MR. GREEN: Yes.

COUNCILMAN KELLY: Liaison officers and additional officers.

So I think that maybe you could -- and I think you are doing it from your testimony today -- that you are bringing some of those officers back into the Justice Center.

MR. GREEN: That's right.

COUNCILMAN KELLY: Which we need them more so.

Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

Good morning, Sheriff.

MR. GREEN: Good morning, Councilman.

COUNCILMAN GOODE: In your testimony and in the following questioning and answers, you said the $665,000 will be used to hire 16 additional deputies, and after conversation said that is to be offset by a decrease in over time spending.

Are there any other additional increases in your personnel budget?

MR. GREEN: Well, there is the 3 percent that was mentioned earlier, that is going to all city employees. There is no other increase.

As a matter of fact, if you look at the personal service contract area of our budget, you will see where we have -- we went from -- and I am just approximating -- maybe six or seven vendors, to maybe three at this point.

So we are working real hard to decrease other aspects, the cost of other aspects of the Sheriff's Office, too.

Now --

COUNCILMAN GOODE: The reason I ask is --

MR. GREEN: -- quite frankly, I would love, I would love -- we have people who are not Civil Service appointees, people who have gone without a raise for five years. They are people who are Civil Service exempt.

And I would love to give those people a raise.

And, hopefully, if we demonstrate that we were able to do a better job with our overtime with the new hires, in some manner or form we will be able to get additional monies to give a raise to the people who have been without money for the past five years.

COUNCILMAN GOODE: The reason I ask is because I don't have the budget detail in front of me, it is not presented in your testimony.

So I was just wondering what was your budget last year and what is your budget this year, and what was your budget in terms of Class 100 last year and what's your budget this year.

MR. GREEN: Excuse me. This is Tyrone Bynum, who is the Finance Director in the Sheriff's Office.

MR. TYRONE BYNUM: Good afternoon. Tyrone Bynum, Finance Director, Philadelphia Sheriff's Office.

PRESIDENT VERNA: Good afternoon.

MR. BYNUM: Last Fiscal Year, 2006,

our total appropriations was $12,580,038.

COUNCILMAN GOODE: A little slower.

MR. BYNUM: $12,580,038.

COUNCILMAN GOODE: What was the Class 100?

MR. BYNUM: The Class 100 was $9,887,795.

COUNCILMAN GOODE: And the Class 100 for next fiscal year?

MR. BYNUM: Next fiscal year would be $10,238,668. And that's without the additional deputies.

PRESIDENT VERNA: Sorry. I don't know where you are getting your information.

MR. BYNUM: That's just the full time.

PRESIDENT VERNA: But we are looking at the budget in brief, and the figures that you are giving are --

MR. BYNUM: I am generally speaking in terms of salaries. I am not including the overtime or the temporary seasonal. I think that was the question. In Class 100.

MR. GREEN: Actually, in Fiscal Year

2006, we were appropriated, it looks like, $12,982,075.

MR. BYNUM: That's includes Class 200, 300, and 400. I thought you were asking just in terms of Class 100.

COUNCILMAN GOODE: The budget in brief we have shows $13.3 million last year and $13.7 million proposed for next year.

MR. GREEN: I am sorry. That's right. Yes, that's right.

COUNCILMAN GOODE: Let's just deal with personnel services right now. And let's, actually, just deal with your numbers.

And if we use your numbers for a second, the increase of 9 point -- roughly $9.8 to $10.23, it is an increase in Class 100 of approximately how much?

MR. GREEN: I don't know. What is the increase?

COUNCILMAN GOODE: What's the increase in Class 100, according to you?

MR. GREEN: 350,000.

COUNCILMAN GOODE: And all of that is attributable to the 3 percent increase?

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MR. BYNUM: Yes.

MR. GREEN: Is that right?

MR. BYNUM: Yes.

SHERIFF GREEN: Yes.

COUNCILMAN GOODE: 100 percent of that?

MR. GREEN: Is that correct?

MR. BYNUM: Yes.

COUNCILMAN GOODE: Now let's deal with the discrepancy between the budget book and your numbers.

If it was $13.3 in the budget in brief for the last fiscal year, why are your numbers at $9.8? Because even for personnel services, it is at $12.5.

MR. BYNUM: Could you please repeat that question.

COUNCILMAN GOODE: According to the budget in brief book for Fiscal Year '06, the total was $13.3. But even the personnel services is at $12.5, almost $12.6, but the numbers you gave us were $9.8.

MR. BYNUM: Yes. That's including the overtime. I thought we were talking about strictly salaries. But including overtime, yes, it is $12.5.

COUNCILMAN GOODE: So overtime is included in the personnel services?

MR. BYNUM: Yes.

COUNCILMAN GOODE: Who is entitled to the 3 percent increase, again?

MR. BYNUM: The uniformed personnel and the civilian personnel. That would be city employees, Civil Service, through arbitration.

COUNCILMAN GOODE: So in terms of the increase in overtime, how can you spend that money?

MR. GREEN: I'm sorry?

COUNCILMAN GOODE: In terms of overtime costs, how can that money be spent?

MR. GREEN: How can the overtime money be spent?

COUNCILMAN GOODE: Yes.

MR. GREEN: When, next fiscal year?

COUNCILMAN GOODE: Yes. If there is seemingly not necessarily -- well, the numbers for last year say $12.58 in terms of personnel services. The numbers for next year say $12.95. But you are looking for $665,000 to hire 16 additional deputies.

MR. GREEN: Right.

COUNCILMAN GOODE: But there is not $665,000 more money.

MR. GREEN: You said there is not --

COUNCILMAN GOODE: There is not, according to the budget in brief book or according to your numbers.

Even if you are going from $9.8 for last year, to $10.23 for next year, that's still only $350,000. That's not $665,000.

MR. GREEN: As I stated, we met on -- we met last week with the city.

And this document reflects what was going to be presented and what was the city's projection prior to the meeting that we had last week.

Now, if your question is, how is the overtime going to be spent, it appears that --

COUNCILMAN GOODE: I guess my question is real simple, I am just trying to figure out, because some of the budget detail wasn't in front of us, if you can convert overtime for the hiring of those 16 additional deputies, can you convert overtime for other personnel services?

Because clearly your overtime costs are increasing to hire 16 -- clearly your personnel costs are increasing for the hiring of 16 additional deputies, but it is not 665,000 more money in your budget, according to your numbers or according to the budget in brief.

MR. GREEN: You want to know if we can use the overtime -- if we are going to use the overtime to hire 16 additional deputies, can we use the overtime in another capacity?

COUNCILMAN GOODE: For other personnel services.

MR. GREEN: For other personnel services.

Dianne, can we do that? If we are using the overtime to hire 16 additional deputies, can we use the remainder of the overtime or a portion of the remainder of the overtime for other personnel services?

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MS. REED: Dianne Reed, Budget Director.

We are hoping that the sheriff will work with us to achieve a bottom line that is the same as what we have budgeted, that that is the critical issue for us.

COUNCILMAN GOODE: I got that part, Ms. Reed.

But if the number in the budget testimony says $665,000 for 16 additional deputies, the budget for personnel services does not increase by that amount from the current fiscal year to the next fiscal year.

What has been said is that somehow the $665,000 will be used to hire 16 additional deputies, hopefully will be offset by a decrease in overtime.

MS. REED: Correct

COUNCILMAN GOODE: The implication there is that, one way or the other, it will be covered.

So my question is that, clearly in terms of the budget in brief, you are saying somehow you are going to provide money between overtime and the other cost to hire your 16 additional deputies. I am asking -- and this is supposed to be offset by decreases in overtime.

I am saying, whatever other overtime can be decreased, is that money available or should it be available for other personnel services?

MS. REED: It would depend on whether the services are justified.

I mean, we are trying to keep our work force costs down overall because of all the nonwage costs that go along with new positions.

So that, really, to agree in the case of the sheriff to increase the number of positions, you know, kind of flies in the face of our general approach to other departments. And that is because of the assistance that the First Judicial District really does need from the original agreement in the courtrooms.

So I would hope that there would not be additional hiring. Although, since every position would have to come through the budget office, we would look on it on a case-by-case basis.

COUNCILMAN GOODE: Case-by-case basis.

I understand the need for the 16 deputies. I am not questioning the need for the 16 deputies. I am not questioning the 665,000. I am not questioning an overtime figure because, of course, that's not totally predictable.

What I am questioning is why a personnel budget cannot be increased for exempt employees who haven't received a raise in five years, when exempt employees within other parts of the government, who seemingly work overtime, but are not paid for overtime, are compensated in a number of other ways and, more importantly, have received increases.

MS. REED: Well, I am a little confused by that. Because our records show that the department got a 7/1/04 3 percent increase. There was a 2 percent increase on 7/1/05. There is a planned 3 percent increase for 7/1/04 and a 4 percent increased for 2007.

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So I do not know who those people are who did not receive increases.

COUNCILMAN GOODE: That's for exempt employees or nonexempt employees?

MS. REED: My record doesn't show who received it, just that these -- this in the aggregate was granted.

MR. GREEN: I can clear that up.

That was -- they were, actually, changes in positions. They were not salary increases; they were, actually, people who changed positions and changed responsibility, and there was an increase.

And those increases were made possible because we had -- we would have someone resign or leave the Sheriff's Office. And we would take a portion of the person who has left, their salary, and give it to the new appointee; that is, for someone who is taking on additional responsibility.

But, in answer to your question, if the Administration agrees, I would be more than glad to use the remainder or a portion of the remainder of the overtime costs for other personnel services, as you described.

COUNCILMAN GOODE: Just in general, I mean, I am just really trying to look at what the budget detail is and what the increases are.

And if there is a 3 percent -- if there is budgeted a 3 percent for nonexempt and exempt, I think that it could be included or should be included. Or, as we approve a budget, we know what's budgeted and what's not budgeted in terms of personnel costs.

MS. REED: The raises that have been budgeted are for all Class 100 positions, which would be all the positions.

And, you know, the difference between the budget in brief and the detail really is indemnities in Class 500, which don't show up in the budget in brief.

COUNCILMAN GOODE: So a 3 percent increase is budgeted across the board?

MS. REED: Yes.

COUNCILMAN GOODE: Thank you.

Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

Are there any other questions or comments from members of the committee of these witnesses?

Thank you all very much.

MR. GREEN: Thank you.

PRESIDENT VERNA: The County Commissioners Office was supposed to come in at 1:15. We received communication that something has come up, and they have asked us to schedule them for another day.

Therefore, this committee will stand in recess until 1:45, at which time the City Controller will be in and, at 2:15, the Board of Revision of Taxes.

So we will stand in recess until 1:45.

(Short recess.)

PRESIDENT VERNA: The Committee of the Whole will now reconvene with the Public Hearing.

MR. McPHERSON: Our first department is the City Controller's Office.

PRESIDENT VERNA: Good afternoon. Welcome. Please identify yourself for the record, proceed with your testimony.

THE HONORABLE ALAN BUTKOVITZ: Good afternoon, Madam President.

PRESIDENT VERNA: And, excuse me, before you commence. We do have a copy of your testimony, it has been given to the stenographer. She will transcribe it in full.

I would ask you to please abbreviate your testimony.

MR. BUTKOVITZ: Good afternoon, Madam President. I am joined today by my First Deputy Controller Harvey Rice, our Post-Audit Deputy Al Scaperotto and Pre-Audit Deputy John Thomas, as well as the Administrative Services Director Andrea Rose.

The Mayor's proposed budget for our department is $7,835,000, which was, essentially, a repeat of last year's budget, with a 3 percent increase for nonexempt employee salaries.

That proposal doesn't allow for any of the new initiatives that I am interested in embarking on as the new controller, first initiative being an increase in the number of annual performance audits.

Controller Saidel brought the performance audit to Philadelphia, and the office has been performing two a year. New York City, by contrast, performs 36 a year.

It is our goal, since we audit 40 agencies, financial audit during the year, to, during the course of my term, get around to performing a performance audit on each of those agencies; therefore, the objective is to get to ten performance audits a year.

We are making efforts to contribute towards this goal by reducing the number of hours that we are investing in other audits. Right now we do a single audit, we do a citywide audit, we do departmental audits, and there is some duplication in that process.

The managers in our office have developed a plan which will result in a reduction of 9,000 man-hours a year on the departmental audits, which will be contributed towards this performance audit goal.

We would probably need about 20,000 hours to reach our performance goal audit, of which we have developed almost half out of those cuts.

The office has had a highly successful record of accomplishment in the performance audits that it has performed.

For example, in its audit of the recycling program, we found that only 6 percent -- 6 percent diversion unit in terms of recyclables that were recycled; whereas, 40 percent was the achievable goal.

The difference between those two figures yielded a potential savings of $17 million a year, if the city was able to achieve that goal.

In the audit -- in the performance audit of Board of Pensions, we uncovered 119 deceased people were getting pensions and saved the Board $1.6 million.  It has been a rule of thumb in our office that an investment in an auditor generally achieves multiples of that employee's salary in savings to the city.

By the same token, the review of the $60 million homeless program demonstrated the lack of certain long-term solutions for the homeless with mental and substance abuse problems, and our audit served as a template for significant reforms in that program.

Secondly, we are interested in getting a better handle in my role as a member of the city's Board of Pensions.

Not only with respect to enabling the Pension Board to have a very sophisticated approach to investment decisions, but also making use of the city's ability to use proxies in corporate governance battles.

There has been an increasing trend in the country to regress from the defined benefit pension, for example, and there is even some discussion of that being a goal in city government.

We are highly critical of that approach. We believe those funds have been earned and are part of the compensation that has been promised by corporate America to employees in the future for work that they have already performed.

And that the forum for these battles will be moving out of legislative chambers and into corporate Board and shareholder meetings. And Philadelphia should be prepared to move forward along with other progressive pension funds, like New York City and California, and be a very aggressive actor on those situations.

As school controller, we are engaged in a pretty extensive audit of the school district right now, which has not been performed for many years.

There is a very ambitious school construction program underway. There are many hundreds of millions of dollars that are being invested until the building construction program, which is really substantially behind schedule, gets moving. And that requires a redirection of resources of the office to work on that project.

Controller Saidel had indicated that 96 percent of the office's time was completely committed to mandated routine work of the office, so the accomplishment of any of these new initiatives requires some growth in our budget.

We are requesting that the number of auditor positions be increased to 82. And we have created both a fraud unit and a community affairs unit. And we are asking for funding in both of those departments, including the creation of some forensic audit positions in the fraud unit.

Much of the work, the investigative work, done by our office has been in the area of residency and disability. And we are, really, required to be operating at a more sophisticated basis and at a quicker pace.

We are investing in training of our investigators and of our other professionals, which is going to be requiring the use of certain professionals in law enforcement to come in and upgrade the skills of our staff.

The bottom line is that we are respectfully requesting an increase of $450,000 in Class 100 funds and an increase of $180,000 in Class 200 funds, for a total requested increase of $630,000 above the Mayor's proposal for Fiscal Year 2007 budget.

Thank you very much for this

opportunity.

PRESIDENT VERNA: You are welcome.

Mr. Controller, have you discussed your request for additional funding with the Administration? And, if so, what has their response been?

MR. BUTKOVITZ: Yes. I met with the Mayor yesterday, and they are studying our proposed changes.

They would like as much of it -- they would like to see us shift more of it into one-time expenditures, or into Class 200, and we are working to see to what extent we can accommodate that request.

But, overall, I would say that we received very good response and I am optimistic of receiving support from the Mayor and the Administration on our request.

PRESIDENT VERNA: Very good.

City Council and PICA have both raised concerns with regard to the city's pension fund. I see that you are asking for an additional hire to assist you with the pension-related issues.

Can you tell us what these issues are and what benefits you believe will accrue to the pension fund?

MR. BUTKOVITZ: I have just attended my first two Pension Board meetings since becoming the controller. And it has been my impression that the Board is operating under what I think is an unrealistically optimistic set of assumptions in making investment decisions, and that that is a potential danger.

First of all, the high rate of return that the Philadelphia Pension Fund has traditionally operated on, 9 percent, is something that has not been achieved for a long time.

And in a race to constantly catch up with that proposed rate of return, there is a requirement to take more risky investments than funds that are overfunded, such as California, do.

California, I think, has a 7 percent expectation on their returns.

I am concerned that we could -- we

right now have a $4.2 billion pension obligation. I am sorry, we have $4.2 billion in pension assets. We have a $7.3 billion pension obligation. And there is a lot of pressure to try to make those figures come together.

I am concerned that, in the race for higher and higher returns, that we risk substantial losses in taking a nonconservative approach.

For the first time, the Pension Board has made investments in hedge funds, which we don't even know what the composition of the portfolio is.

It has become popular now to push for investment in real estate, because there is a generally accepted view that Philadelphia missed -- Philadelphia's Pension Fund missed the boat on real estate investments, where many other large cities were riding that bubble.

My concern is that we are coming in at the tail end, and we will be paying good money just before there is a slide.

And in addition, I am raising this issue about corporate governance issues. No one is paying attention to these proxy issues in Philadelphia right now.

New York City is -- Philadelphia owns stock in large corporations. And, in conjunction with other pension funds -- other city governments, State of Pennsylvania, other state governments, and unions -- we have an opportunity to try to move corporate policy in a way that would be friendlier to American workers on issues like outsourcing or issues like the protection of workers' pensions in corporations. I think that entire area has been unexplored.

And there is just a tremendous amount of activity that I have during the day. And when we go to a Pension Board meeting, that's a whole day a fair to begin with.

It is going to require -- we are going to have to go over to the Pension Board and spend three days just watching them do what they do at the Board, three days watching the financial advisors do what they do, watch the fund managers, and so on, to really get an understanding of this.

Right now we are very highly dependent on the advice of the financial advisors, and I don't think that we are living up to our responsibilities as pension trustees by doing that.

PRESIDENT VERNA: Thank you.

I was wondering if you are familiar with the letter that City Council received from PICA that outlined their concerns of the Five-Year Plan with regard to speculative items that total $386.5 million and risks of almost $100 million, for a total in excess of $480 million, which doesn't even include or address future employees' pay raises.

Would you care to comment as to the viability of the Mayor's proposed Five-Year Plan that is before us?

MR. BUTKOVITZ: Yes. Our office does share many of those concerns, particularly in the period Fiscal Year 2008 and beyond.

I mean, for example, there is an

expectation or there is a projection that Philadelphia Gas Works will be paying us $45 million in 2009. We don't think that there is any basis for anticipating a reversal of the Gas Works' fortunes so that that is likely.

The social worker reimbursement figure of $19.3 million is not in the Governor's budget this year. It is down here in the Five-Year Plan for 2009. I mean, there is no foundation for assuming that the Governor will have a change of heart in later budget years on that item.

We concur pretty much with PICA's view of the gross dollar amount of the questionable revenue sources.

But we are hopeful that the process will work as it has in prior years, and that there will be ongoing discussions between the Administration and PICA; and that the issues which are of concern will be narrowed, or hopefully eliminated, before the budget enactment.

PRESIDENT VERNA: Thank you very much.

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The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam President.

Welcome to our Council chamber.

MR. BUTKOVITZ: Thank you.

COUNCILMAN RIZZO: You are the new controller. Is there anything that we should know, or the public know, that you have changed or eliminated?

I know there was a hotline for the controller to investigate various issues. Are you going to continue with that? Is there anything you think we need to know about changes in policy?

MR. BUTKOVITZ: We trying to become more interactive technologically.

We were successful in January in being the first office to get the campaign finance reports online, and we were able to do that within 24 hours of the filing deadline.

That raised the number of computer contacts with our office from 500 a day to 2,700 a day.

We are interested -- some of you may remember Mayor Tate was in office. There used to be a TV program on Sunday mornings in which people would call in and tell him that they had a hole in the street or a problem in the neighborhood.

COUNCILMAN RIZZO: Mayor Rizzo did that, too.

MR. BUTKOVITZ: I was going to get to that. I was working it up chronologically.

But in this era, we have something like 60 percent computer usage in the City of Philadelphia.

We think that we want to make the internet more of a point of contact with city government, with our office, as a way of identifying whether there are systemic problems in some of the departments, and whether certain neighborhoods are getting preferential or discriminatory treatment in the provision of services.

We are building a very substantial database of local community leaders, so that we can hook them in the loop with our office in terms of newsletters and communications. We want to be a better ear in terms of finding where the gaps are in service.

We are -- we want to do more short-term turnarounds. Traditionally our office does a very thorough and professional job; but it takes a long time to do a thorough review and then to review it with the department and accommodate their comments.

And, frequently, by the time the report is issued, it is not timely. It may be issued in the following year, the issue isn't a big issue anymore.

We are interested in breaking these things down into smaller packages, also, so that we can quickly come to grips.

And we will be doing some things in the next week with regard to traffic control, for example, that will be along these lines. So that we can identify serious hazards or problems for citizens in Philadelphia, and package it in a way that we can, hopefully, get a quick response and remediation of this, rather than just issue a report that might lie on somebody's shelf for a few years. We're not interested at all in doing that.

COUNCILMAN RIZZO: Well, good luck and thank you.

MR. BUTKOVITZ: Thank you.

COUNCILMAN RIZZO: Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

Good afternoon, Mr. Controller.

MR. BUTKOVITZ: Good afternoon.

COUNCILWOMAN BLACKWELL: We wanted to only applaud you on the work you have begun. You really came on, you really came aboard moving quick, and fast and you have been very informed, and you have really dug into the jobs.

I am looking forward to the reports we receive and how they relate to the issues in each department, and again wish you the best. And thank you for all you're trying to do.

MR. BUTKOVITZ: I appreciate that, Councilwoman. That's very good to hear. Thank you.

PRESIDENT VERNA: The Chair recognizes Councilman Ramos.

COUNCILMAN RAMOS: Thank you, Madam President. I echo the same sentiments, Mr. Controller.

On the person that will be your Pension Fund Board person, that person would not be the proxy, or --

MR. BUTKOVITZ: Well, right now -- I usually attend the investment committee meetings personally. My First Deputy Harvey Rice is usually there for the disability meetings, and he continues to be my deputy or agent on the Pension Board.

There is someone new that will be coming onboard, Mark Jones, who will be devoting most of his time to pension issues, so he will be another proxy.

COUNCILMAN RAMOS: So the additional allocation that you are requesting is to fund that person?

MR. BUTKOVITZ: Yes.

COUNCILMAN RAMOS: I know this proxy, I know that Pension Boards in the public and private sector are now very careful in selecting proxies.

Because the proxy is supposed to be -- correct me if I am wrong -- more or less as the advocate, you know, for the pensioners on that -- on behalf of that group of pensioners through the Board.

Do you think that we are doing a good job with proxies? Because I know that there are private entities that you hire to serve as your proxy.

Can you enlighten me a little bit about that? Give me your thoughts on it.

MR. BUTKOVITZ: I think the Pension Trustees are all trying very hard to do a really good job. I think they are all really interested in this and they put a lot of time in for the meetings.

I think they need more support and for sophisticated advice, and not to be approached as a rubber stamp when presented with something because the financial advisor says, here, the choice is obvious. And they have to be helped to ask better questions.

And I think my outlook is just a little bit different. I am kind of out of sync with my generation, I am kind of a depression baby in attitude. And it was that way when I got out of law school.

I have always assumed that the economy will function more poorly than most people around me; and, therefore, I get nervous when there are a lot of optimistic assumptions.

And I would say right now, since the stock market has been performing very well for the last three or four years, that that kind of optimism is occurring again.

And the kind of points that we're hearing discussed at Pension Board meetings is, for example, that this manager has a good record because they had a good record last year or they had a good record two years ago.

But what goes up, goes down. It is

not a sufficient way of analyzing these problems. So I think eventually we could take some bumps with an overoptimistic attitude.

And I also, as a lawyer, I always felt -- if we had an accident, I always went to the scene of the accident. I wanted to see where the person fell or exactly what happened, because I don't think reading about things or having them explained to you by somebody else is the same as getting your hands into it.

So I think that the trustees could benefit by having more of that kind of sophisticated support. And I think they are all trying very, very hard -- they take very seriously their responsibility to the pensioners.

But it is a lot. It is a lot of sophisticated data to process. And there are people who make a lot of money whose job it is to come in here and sell you whatever the flavor of the month is.

And you need, as a Pension Trustee, to be equipped to meet them on an equal playing field.

COUNCILMAN RAMOS: I am glad you are looking into this issue, and you think that it is important enough to require having someone on your staff to be of help and to be of advice to our Pension Board.

I Chair the Committee of Labor and Civil Service, and the Pension Board is one area that my committee can take a look at. So I have been, since I got here, studying and meeting with folks in this area of work.

The most I have known is, I got a pension through my union. And I know I would take a look at it every once in a while, see how it is holding up.

And people, as we -- you know, baby boomers like myself we are always looking, well, is my pension going to be around. So I am glad that, as the watch dog of our monies, that you are looking into this area.

You also mentioned that you need a staff for, I believe you referred to it as, a forensic audit person?

MR. BUTKOVITZ: Yes.

COUNCILMAN RAMOS: What would that person do, and why do you need it?

MR. BUTKOVITZ: One of the things the controller has done well in the last few years is, really expedited the process of payments.

Small vendors particularly are hurt by -- you used to have to wait six months to be paid by the city, and right now that's down to six days. Our pre-audit department is doing an excellent job on that.

But frequently the other side of the coin is that the unit gets wind of something or suspects a practice or they have seen a pattern before that makes them suspect that there might be fraud in that, but they don't have the evidence to really hold somebody's check or to get in the middle of it.

One of the things we want to do is get our investigators retrained so that they are able to be more accessible as arms and legs for the pre-audit unit.

They also need people who are specialized in looking at patterns by which --

fraud frequently happens, you will see the same kind of pattern from one city to the next, or the same type of pattern that is occurring in a business being applied in a government context.

There is no need to have to have people rediscover the wheel each time. A higher level of education and skill in auditing and looking -- in all honesty, our office gives a lot of -- gives people a lot of the benefit of the doubt on a lot of stuff.

And we are assuming everybody is operating above board and truthfully, but possibly not as efficiently as possible.

But the reality is that there is also -- there is a significant amount of fraud occurring, also. And that takes skill and training and expertise.

And we don't think that we should need the federal government in here to clean things up for us. We think we have got an adequate structure in the city government, and we have got to beef up our resources.

If we can catch it before we pay the

bills, if we can identify contractors that are not performing their work in a timely manner, or providing substandard work, or cheating us, we are better off accomplishing that before they get paid or disqualifying them before they stay on the city list, than we are catching that as a criminal problem later.

So I need people who know what they are looking for.

COUNCILMAN RAMOS: So you are going to be hiring someone that will speed up the process of claimants; but also looking out for, you know, for fraud, that we --

MR. BUTKOVITZ: The process of payment is already pretty speedy. But within that six-day period, we also want to be able to run down leads, without holding up checks. We want to be able to make a decision in that period as to whether there is reason really to investigate this further.

COUNCILMAN RAMOS: Okay. Well, thank you.

Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

Are there any other questions or comments from members of the committee?

Seeing none, I thank you very much. Thank you.

We will now hear from the Board of Revision of Taxes.

Good afternoon. Welcome. Please identify yourself, for the record.

MR. DAVID B. GLANCEY: Good afternoon, Madam President. I am David Glancey, Chairman of the Board of Revision of Taxes.

And with me today is the Executive Director of the Board, Ricky Follia; Board Secretary Robert Nix, who is here every day, from what I can understand; and also Board members Jim Dentino and Harvey Levin.

I might add that Board Member Cheryl Retta-Meade, our Vice-Chairperson, would be here, except she had some minor surgery on Friday and is unavailable.

And we had hearings this morning. And board member Diveril Silverstein was suffering, just under the weather, and she begged forgiveness

PRESIDENT VERNA: I hope they are both feeling better.

Mr. Glancey, the stenographer does have a copy of your testimony. It will be transcribed in full.

I would ask, if you would, a -- we would appreciate it, really, the three of us, four of us, if you --

MR. GLANCEY: I will be brief.

PRESIDENT VERNA: Thank you.

MR. GLANCEY: The testimony is lengthy, but I will be brief.

I guess the first thing that we would say is that, from last year to this, there was an increase of about 3.5 percent in taxable market value from last to this. A couple of the initiatives I would like to speak about very quickly.

We are still in the process of converting our old legacy deed of processing system into a new platform. It will be the repository of all of our information.

The website 2 project that we are

working on should be completed by the end of April of this year. And we will have kind of a soft launch of all of that; which would include documents, we will have a document library, some news links, and other things. We will be interactive, hopefully, before the end of '06.

We have started our citizen service center. And last month, for example, there were about 1,900 requests that have been taken in by that group. And I am sure those requests will grow as folks understand we have a citizen service center.

The abatement information is on the last page. And I can get to that, probably, after I complete the one final thing. I am going to do this very quickly, as well.

There is a section, as you would well imagine, on our full valuation project. And, quite frankly, you can all read that section.

But I know it is off the table for right now, because of kind of the reshaping of the goals that we had. However, our staff is still compiling and analyzing data.

We have begun at least the training to begin modeling of the new values as they come in. We have begun training of the staff.

We are utilizing, which I think is a very important part of that process, we are utilizing the redesigning government initiative that has been around for a while for our work flows and our organization.

And it has the full support -- what we are doing has the full support of District Council 47 and Locals 2186 and 2187 in that district.

Obviously it affects jobs, and that's why folks are very interested in being involved with this.

We intend to have Council -- have values for Council review by the end of the summer 2006, a full year away from when it would really be necessary for valuations to go out.

That's our intention, for Council and the Administration. That could be public at some time thereafter.

And most importantly, I suppose -- and this is maybe I should have said it at the very beginning -- but this is not about raising anybody's taxes.

We have no intention of implementing this project in the absence of property tax relief measures that are studied, debated, and considered by the legislature and by City Council.

We will implement this project in a way to protect taxpayers, even as it encourages the setting of accurate property values.

And, with that, I will conclude and answer any questions that you may have.

PRESIDENT VERNA: Thank you very much.

When do you anticipate the completion of the full valuation of all, all city properties?

MR. GLANCEY: Right. We are expecting that that would be by the end of the summer 2006. And, again, we will give you those numbers at that time. We will give you those valuations at that time.

PRESIDENT VERNA: Once full valuation is completed, how do you propose to notify the property owners? And can you tell us, to the extent that a property owner disagrees with your valuation, what will their appeal rights be?

MR. GLANCEY: Sure. There are, really, two answers to that.

The first answer is that unofficially -- and we will have that marked and disclaimed as many ways as possible -- unofficially we hope by the end of this year to put on our website the new value for all 569,000 properties that will have no impact whatsoever on the 2007 taxes. Again, we will make sure that everybody tries to understand that. So, that's one way of notifying taxpayers.

The other way will take place in the traditional manner. Once again, slowly and methodically. And this is our time line: Once the legislature and Council have put in place property tax relief measures -- and I will repeat, we will not implement this without property tax relief measures -- once that is done, the notifications will go out in the mail, along that time line, approximately after the Council passes the budget in June of '07 for '08. So it would be the summertime of '08, that's the notification process.

As to the appeal process, that won't change. The only thing that will change is, we probably will get a significant, many more appeals than we have had. Our biggest year was about 12 or 13 thousand.

We have -- we will be prepared to handle appeals at that point in time. It will be free, it will still be the same way it has been. Folks will have their day in court. There will always be respect and all of the kind of safeguards that we have initiated as our Board.

We may have to break up into panels, given if there is an extraordinary amount of appeals. We will do that. I mean, we will figure out a way to get that done.

But the appeal process as a core

won't change at all.

PRESIDENT VERNA: Okay. So I guess what I am hearing you say is that you do not expect to go to full valuation until FY '08 budget?

MR. GLANCEY: That is absolutely correct.

PRESIDENT VERNA: That should be a fun time.

Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam President.

Well, I guess I just have to dust off my little note from last year and the year after that. But I just want to make sure I say this again publicly, because I think sometimes we take it for granted.

That one of the best processes that I have seen in government, the reaction from the constituents that return after going through the process, they feel they have been treated well. And, as you know, I have had a staffer at most of the sessions.

And I can just tell you that I

personally appreciate how well all the Board, and you particularly, treat the people that come there. Because it is very intimidated.

They come there -- one lady told me she didn't sleep all night before she got there. And she meant it. I guess we get familiar with the process.

And all I say is, thanks, because most of the times you resolve things satisfactorily. You can't win them all, but in many cases -- in most cases people leave there feeling good that they have been treated well.

MR. GLANCEY: I appreciate that, Councilman. One anecdote I was at Action Alliance for senior citizens. And a lady came up to me, after I finished a presentation, and said one of the things about filing an appeal -- just as you indicated, she was very afraid and felt intimidated.

She said, "Well, when I walked into your office just to file the appeal, I felt like I won the lottery, that's how I was treated." So, I mean, I think that's what we want to try to get into all of our employees, and that's what has happened.

COUNCILMAN RIZZO: It is one of the more human processes that I think exist in our government. And I think that, again, it has been a good experience for me.

MR. GLANCEY: Thank you.

COUNCILMAN RIZZO: Thank everyone.

PRESIDENT VERNA: The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam President.

Good afternoon, gentlemen.

MR. GLANCEY: Good afternoon.

COUNCILMAN CLARKE: I would like to also say that your department and yourself have been very good about being available for us in the community. I understand you were in the Francisville community.

MR. GLANCEY: I am headed there Monday.

COUNCILMAN CLARKE: Interesting community, so beware.

And you have been very, very

responsive, and I want to thank you for that.

Actually, I just have a couple of questions. One, I want to get information on categories of properties that are assessed.

In last year's testimony, or maybe at some point when we had a hearing relating to taxes, there was -- I brought up an issue with respect to properties being assessed, be it affordable housing versus market-rate housing, properties that were subsidized by government.

Can you give me a category of properties and how they are assessed? Say, for instance, properties that are subsidized, properties that are market values, new construction versus rehabs versus traditional housing?

Because then I can have a better sense of how all these things --

MR. GLANCEY: Let me try to break it does the way you described it.

What we try to do is the very same thing an appraiser will try to do. We have an MAI on our Board with Mr. Levin. And what we attempt to do is always try to compare apples to apples.

If it is subsidized housing, we are always going -- we are never going to compare it to market-rate housing, we are obviously never going to compare it to new construction.

We will look for sales, generally, because I think that's the best way for housing, for residences, the best way to get a value, to extrapolate a value from that which sells to that which doesn't sell -- which is the hardest part of this job, is to try and get that value -- is always to look at sales.

And we will try to find comparable sales within the subsidized housing category. And usually that can be broken down, Councilman, by the unit price.

If there's 500 units in one and only 25 in another, if you can see what the unit prices are, you know, in a sense, if something sells for a million bucks, and you figure out how many units are there, and, therefore, what the unit price is, that's really the unit of comparison for subsidized housing.

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For market-rate housing, it is pretty clear that sale price -- the sale price of other market-rate properties is the best way to go.

COUNCILMAN CLARKE: Hold on a second. On the subsidized housing.

In terms of the values, the appraised values, at what point do you no longer appraise it based on the subsidization of that particular property?

Say, for instance, a property is subsidized, and for a ten-year period that property must remain low/moderate income, that ten-year period passes. Is that property then assessed at a market-rate value?

MR. GLANCEY: That's a good question. You are talking about individually owned subsidized housing, not as a development?

COUNCILMAN CLARKE: A few years that subsidy is going to burn off. What happens?

MR. GLANCEY: Yes, it is a very good question. We try to not have that subsidy, once it is expired, really be part of the value. But the only way to do that is, if we can, is to find other individual units where the second mortgage has been forgiven to try and compare those apples to those apples.

COUNCILMAN CLARKE: So my question is, for an individual who purchases subsidized housing, low/moderate income individual, first period of time, after the ten-year tax abatement and the subsidy amortizes, so it is no longer a subsidized house, per se, you now say this value of this property is comparable to a property of, a market rate property that was sold in that area, does that property now have that higher appraised value; therefore, the much higher tax value?

MR. GLANCEY: Not really. I mean, the answer is yes and no.

If there are no other sales of those particular subsidized houses, then of course we are going to have to look at what the market says.

But, there's always -- again, one of the tools that an appraiser uses is the ability, when they look at the history of a property, and they look at the intent of the sellers, is there some -- is there a discount, should there be a discount there.

So the answer is, to that specific example you gave us, it could be that it is purely market rate, or it could be that there would be an additional discount put to that.

So I think a lot of it depends on the circumstances of that sale or of the comparability of sales to the house that hasn't sold.

COUNCILMAN CLARKE: Because the neighborhood that you are going to visit on Monday, you will see examples of that.

Because over the period of 10, 12 years, we have systematically supported affordable housing. And those properties, the second is getting ready to amortize.

And in that particular neighborhood, as a result of the aggressive strategy of putting affordable housing, all of the sudden it is a very viable place for market-rate housing, so you now have properties four or five hundred thousand being built in

Francisville.

And the concern, you will hear it on Monday, is that, will my properties now be taxed at the rate that these $500,000 houses are.

MR. GLANCEY: There has to be some relief for that. I absolutely agree.

I know you and some other Council Members are working on some ways to do gentrification in a laser-like fashion, as opposed to a citywide fashion.

Because I think if you do it citywide, it is not going to result in the kind of relief that you are looking for, if it is able to be done on kind of a laser-like way.

And we would be happy to supply whatever data or information, historically, that's necessary, and whatever expertise we can give you going forward with that.

But I do think that that problem that you are describing really revolves around the gentrification.

COUNCILMAN CLARKE: That actually

leads to my second question.

On the first part, if you can just give me a list of those various categories, that will help.

PRESIDENT VERNA: Councilman Clarke, if I could have a point of information, please.

COUNCILMAN CLARKE: Absolutely.

PRESIDENT VERNA: Mr. Glancey, how would you know if a property is subsidized?

MR. GLANCEY: Well, usually I think it is in the deed, isn't it? Or the settlement sheet. Yes, there is usually a restriction in the deed that would show that.

COUNCILMAN CLARKE: Or sales. If you sell it, you have to pay back.

MR. GLANCEY: And sometimes it depends on who is doing the lending.

If you can see the lender, you know that that lender is -- it is from the Delaware Valley Mortgage Fund, or something like that, you know that that second mortgage at some point in time really just -- as the Councilman said, it just dissolves.

It is more of a loan -- it is more of a grant than it is, actually, a loan. It is usually ten years, too.

COUNCILMAN CLARKE: 10 or 15, depending on the type of financing, yes.

PRESIDENT VERNA: Thank you.

COUNCILMAN CLARKE: You are welcome.

Yes, if you could give me those categories of properties that you appraise.

MR. GLANCEY: With the market to market, that's pretty obvious, you would take market rates. Subsidy market --

COUNCILMAN CLARKE: You don't have to give them to me now. If you could give them to the Chair, because I want to have something to reference.

MR. GLANCEY: I'm sorry. Yes.

COUNCILMAN CLARKE: Second part. Are you familiar with the bill that Senator Fumo passed that authorized -- on the state level 15, 20 years ago that was, for lack of a better term, called the gentrification bill? Are you familiar with that bill?

MR. GLANCEY: Yes, I am. It is,

actually, state law now.

COUNCILMAN CLARKE: Correct.

The definition -- and one of the reasons why I don't think it was implemented, because the definition of gentrification couldn't be determined in order to implement.

Could you tell me, from your perspective, how would you define areas that were gentrified in relationship to that bill?

MR. GLANCEY: A couple of things.

The initial -- about the bill itself, I mean, it has no age -- it disallows any age or income qualifications, which I think has been the major reason why there has been no enabling -- that's enabled the Council to do things.

But, without age or income qualifications, Council has not reacted to that.

And, to a certain degree, the other side, I understand that we are looking at trying to help middle-class taxpayers, as well.

I do think within those definitions,

however, you can help lower-income and middle-class taxpayers. And I think that's a problem the way it is. Pittsburgh does allow that, the second-class counties allow that.

So having said the little discussion about the bill -- about the law, I mean, my sense is that what has to happen for gentrification, really is to take -- let's take Francisville, or we can take Brewerytown or a place where anecdotally we all feel that there is gentrification going on. Okay? That's the anecdote.

COUNCILMAN CLARKE: Not Brewerytown yet, that's just some guy out there making a lot of noise about it. But, it didn't happen there yet.

MR. GLANCEY: Whatever. Back 25 years ago, it was Fairmount. Whatever it might be.

My sense is that what has happened, and I certainly understand it, our local lawmakers feel that, why should that particular area be in, and in my district that's not going to be. I mean, it is a difficult problem for our local lawmakers.

I must say, however, if you are going to have a successful gentrification program, you might have to bite the bullet and, as I said, to be as specific geographically as you can.

The first thing you want to look at is what were the homes selling to prior to whatever the reason was that new people are now coming in. What were they? What is the home selling for today. Okay? And I think then you start to look -- you start to see some of the economic shift.

I think maybe more important than anything is, are people moving out, moving in, because they are forced to. That is the piece of the data that no one can really answer definitively.

People move in and move out all the time. If I were living in a home that was worth $25,000 when I moved in, and I can get $500,000 for it today, I may want to move out just to get the money.

It doesn't mean I am being

gentrified; it means I want to cash in on my house, and that's a good reason to move. But we need to kind of get more granular and see what happens under that. Is somebody in fact being forced out.

I don't know how you do that. And maybe -- there must be some geniuses in this world that will be able to help us, but I would like to find out.

COUNCILMAN CLARKE: One of these defining terms, in your estimation, is folks being moved out of that area not necessarily by choice, but by the fact they can't afford no longer afford to live there, as relates to the gentrification language in that bill?

MR. GLANCEY: That would be a factor, that's for sure.

Another factor is -- and, again, I am saying this kind of as an umpire -- that the nature of the neighborhood in fact has changed.

It may be changing for the good. But as you know and I know from going to various civic meetings, folks who see it change for the good sometimes don't feel it changing for the good, they miss the old way. I think that's also a factor that has to be analyzed. So those are the kinds of things.

I think another demographic is -- we don't collect this information -- what's the median income of the folks that were there before and the folks who are now moving in. Another piece of information that has to be done.

But I think that this is really a think-tank kind of a question. I know Econsult was doing some of this. Or, I am sorry, not Econsult. The Wharton School was looking at this in some way.

But it is a problem that I really believe can be answered 85 percent of the way by looking at data, as opposed to just going with what we feel in our gut.

And our gut may be correct, but it would be sure nice to have the data to back up what we feel.

But it does, I believe, have to always be within -- looking at a limited geographic area. If we say -- nobody is going to buy into the fact that the entire City of Philadelphia is gentrified.

Values have gone up in the entire City of Philadelphia. That's not because of gentrification. Gentrification is an entirely different story.

COUNCILMAN CLARKE: Right. Okay. One last question.

With respect to your appraisers, in an area where there are no recent sales, so, therefore, it is difficult to get an accurate appraisal, does your appraiser expand the scope of his appraisal to get a comp, or does the appraiser go back in time to see when a less recent sale? What's the process?

MR. GLANCEY: The ideal thing would be to try and stay in the location.

What we have done in the past, and will continue to do, is to say our cutoff is three years prior to the current year.

A sale that takes place three years ago could be helpful. I mean, you can then, depending on which way the market has gone over those four years, you can -- as opposed to making a discount as I talked about before, you can make additions to that.

You can bring it up to what would this home -- this four-year-old sale, what would it sell for today. You can have a current-year addition to that.

What we do in mass appraisals --

COUNCILMAN CLARKE: You are saying you would estimate what the property --

MR. GLANCEY: Sure. If you are going to estimate a discount, you can certainly estimate what the current year sale would be.

And, again, you are estimating, but you are estimating based on real data; you know, what has been the percentage of housing cost increase in that given location. So it is real data that you are using.

The other thing is, I think as a mass appraiser, what -- and I think other appraisers do this for a living. But, as a mass appraiser, I really would rather our folks simply use the most current three years, if at all possible.

And that does mean that they have to -- if there is not a sale on your block, they have to go in concentric circles around your block to see where those sales are.

COUNCILMAN CLARKE: How far do they go?

MR. GLANCEY: Not that far. I mean, it is not that we are going to go from North Philadelphia to Overbrook, that's not going to happen. Because there are plenty of sales.

I mean, we have never run into the -- as far as I have been on the Board, we have never run into the situation where we have run out of sales.

One thing that we have to be very careful about, and we have to have our evaluators be careful about, is housing types.

You know, you can have sales on the block next to you, but it could be an entirely different property.

In my street, sales of houses across the street from me are entirely different from my house because I am an entirely different

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house.

COUNCILMAN CLARKE: Let me ask you this: Give you an example. In Strawberry Mansion, we are looking at -- and I think it was for purposes of either disposition of property or condemnation -- there were no recent sales in that immediate area. So -- but there had been some sales maybe six, seven years ago.

The appraiser decided to expand the scope of his area. And he ended up appraising properties at 15th and Oxford, and came up with a number for a three-story apartment building of $300,000.

And if you know anything about 15th and Oxford, it is clear that that is student housing in that apartment building.

You try to use that number to justify a number in Strawberry Mansion over near 33rd Street, which is clearly not a reasonable basis to suspect that it is $300,000.

So my -- I asked that question, does it make more sense to go back. If you can't find a comp in recent years, would you just go back in prior years to determine the most recent sale, or the less recent sale in that area, or just keep simply expanding to an area where there are clearly different demographics as relates to the end use of the property?

MR. GLANCEY: I think reasonable people can differ on that question. However, I think six or seven years of sales are stale. I mean, I think that's too old. Four years would be my stretch, it seems to me, the way we are looking at it now.

But we see that every day of the week, when we have commercial appraisers come in. And we look at their comparable sales, and we question them as to whether -- why they think that sale is a valid sale, in comparison to the subject property.

It happens. I mean, I think that, really, the expertise of the individual appraiser sometimes we question, as well as you do.

COUNCILMAN CLARKE: Yes, I question them quite a bit. Okay. All right. Thank you. Thank you, Mr. Glancey.

Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam President.

Chairman Glancey, do you have data that you could provide to the Chair? I am just curious, because I don't want to lose touch with this tax abatement issue.

Do you know how many properties right now are eligible or are getting a tax abatement?

MR. GLANCEY: I will tell you what we have right now, and that's the last page of this testimony, what we are looking at right now.

Eligible, I don't know. I can tell you what we hear is -- what projects that at least are on the drawing board. Some are in the pipeline, and some are not. And somewhere in the vicinity of 6,000 units, over and above what we are showing here.

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On this last page, we have a number of properties, 3,448 properties under abatement. Of that, about 3,200 are of the ten-year variety. The older ones are from the older abatements.

Remember, the abatement program has been around since 1976, when somebody you know was Mayor of the City of Philadelphia.

And the market value, the total market value on those roughly 3,200 -- if this is any help to you, I can give you this data -- is about $997 million, almost a billion dollars in market value.

And it is about $26.4 million in foregone real property taxes for this, at this snapshot in time.

The number that you see on the page includes the $137 million of Keystone Opportunity Zone properties. We don't, you know, administer that, but I keep that as a record here.

So I have extracted that $137 million out of the abatement process, because that's really not an abatement that -- under the normal abatement program.

So 3,200 today. The first group will come off, about 200 will come off, in the Year 2009.

The first group of abatements -- Council authorized the first ten-year tax abatement in 1997 for what was known as the Conversion Bill, converting older office buildings or institutions into apartments, into residences. About 200 of those will come off in the Year 2009.

And what will happen every year thereafter -- and that's what makes this always a moving target, so the snapshot makes some sense -- is that some will come off and some will go on.

So you don't want to double count, you know, the numbers as you go through this. So it is always best, I think, just to take a look at it this way.

COUNCILMAN RIZZO: Chairman Glancey, what are we doing? You hear constantly one of the concerns about a person that buys a property that receives a tax abatement is, some day they have to get ready to pay the tab.

Are you going to communicate with them a year or so out to say, hey, get ready, you know?

MR. GLANCEY: We are.

COUNCILMAN RIZZO: Buy your new car now?

MR. GLANCEY: We are.

And I think the best way to communicate, or what we have talked about this being on the notices that we would send out -- and I am not talking about the full valuation, even notices after that was done, which would say, this is the benefit that you have received from the City of Philadelphia to date, or yearly -- we haven't decided on that, you know -- and this abatement will end on whatever year it is.

So that folks will understand that there has been a benefit that they have received, and also understand that Year 11 is coming, and be prepared for Year 11.

COUNCILMAN RIZZO: Can you at that

time prepare them for what their tax is going to be? Will you be able to do an assessment?

MR. GLANCEY: Not really. I mean, I don't think that would be fair.

I mean, we can say to them that this is your value -- look, if it is Year 9, then I think they have a pretty good idea that it is going to be close to what they are paying. If it is Year 1 --

COUNCILMAN RIZZO: No. I don't suggest Year 1.

I am talking about when it is getting close, when it is in Year 8, we start communicating with them, and I think they need to see a number.

MR. GLANCEY: I hear you.

COUNCILMAN RIZZO: For budget purposes.

MR. GLANCEY: They will see a number.

I think, Councilman, the best way to communicate on those that are aging or almost at the end of the aging period would be, please look at the value of your property and appeal this value, if you believe that it is too high.

COUNCILMAN RIZZO: So they will receive something that will give you --

MR. GLANCEY: To remind them. Yes, that's really our intention. We have talked about that for the last four or five months.

When we do new notices -- and we are in the process now of getting notices similar to the ones that you had showed us, actually -- we will make sure that that notification takes place. Thank you.

COUNCILMAN RIZZO: Thank you, sir.

Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

I realize you have appraisers, but do you have -- assessors, but do you have appraisers, too, who work for you?

MR. GLANCEY: We do.

COUNCILWOMAN BLACKWELL: How do they

compare with those of the Redevelopment Authority? Would they have the same ability to --

MR. GLANCEY: Well, we have as consultants, and it is in the budget, we have an MAI and three other appraisers.

What they do for us is, they're not the ones who go out every day and look at properties, that's what our assessors do.

What these appraisers do for us, appear at every hearing -- all three of them don't, but one at a time they will be at every hearing we have.

They teach classes for what's called an AAP certification to our evaluators. We are paying for that in-house for all of our evaluators, for professional training. We also have them doing various other special projects.

If I wanted somebody to appraise a particular property, they would do that for me, as the Redevelopment Authority appraiser would.

They are folks who appraise in

private business, and they are contracted with us to act as appraisers for the reasons we need them.

COUNCILWOMAN BLACKWELL: So we contract with them.

I raised this because the Redevelopment Authority, before it can convey property, has to have two appraisals of the property, but they only have one assessor for the whole authority. And we have a lot of problems, because they don't have assessors, and need them.

And, for whatever reason, that's part of our whole housing debate and housing reorganization issue, one of the issues therein. We are concerned about who they are and where they come from.

But you are saying you contract with them privately?

MR. GLANCEY: That's correct. And very reasonably.

I mean, we are asking for a small increment this year. But it has been about $14,000 a year for each of three appraisers, and for our -- the appraiser, who is the person who oversees the three, it has been, like, $25,000 a year.

And he also was the former -- the first Chairman of the Real Estate Appraisal Board in the Commonwealth of Pennsylvania. So we have a good staff of contract appraisers for very little money.

COUNCILWOMAN BLACKWELL: Do you find them difficult to attract or --

MR. GLANCEY: We have never had a problem. Let me just give you a little history, Councilwoman.

When I first came on the Board in 1983, there were three appraisers that were already -- that were there. Two of them were based in Center City, I can't remember where the third one was based.

But any time -- and we have kind of shuffled around the money so we can have more than three.

Any time we have had a vacancy, we have never had any problem getting somebody, even for that little bit of money, wanted to work for that little bit of money. Because it is -- they are doing other work, obviously.

But, you know, we found that people were very interested in that contract.

COUNCILWOMAN BLACKWELL: Thank you very much.

Thank you, Madam President.

PRESIDENT VERNA: You are welcome.

Are there any other questions from members of the committee?

Seeing none, gentlemen, I thank you.

MR. GLANCEY: Thank you.

PRESIDENT VERNA: And this will conclude our Public Hearing for today. And we will stand in recess until tomorrow at 10:00 a.m. Thank you all very much.

(Public Hearing adjourned at 3:15 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 Tuesday, March 21, 2006, were reported fully and accurately by me, and that this is a correct transcript of same.

RE: COMMITTEE OF THE WHOLE

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DEBRA A. WHITEHEAD