

1
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 PUBLIC HEARING AND PUBLIC MEETING
4 BEFORE THE COUNCIL COMMITTEE ON FINANCE

5 - - -
6 Room 400, City Hall
7 Philadelphia, Pennsylvania
8 Monday, November 15, 1999
9 10:15 a.m.
10 - - -

11 BILL 990455 - Approving a Third Lease Amendment
12 Agreement between PGW by PFMC solely in its
13 capacity as operator and manager of the City-owned
14 PGW and the Philadelphia Regional Port Authority
15 for premises known as PGW Lot 1, located near the
16 intersection of Delaware Avenue and Tioga Street.
17 (Being held till call of the Chair.)

18 BILL 990555 - Amending Section 22-310 of The
19 Philadelphia Code, entitled "Deferred Retirement
20 Option Plan" ("DROP"), by specifying that the
21 maximum time an employee may remain in the DROP
22 before being required to separate from City
23 service and retire is four years, not three
24 years.

25 BILL 990679 - Amending Section 19-201 of The
Philadelphia Code, entitled "City Depositories,"
by authorizing the City Treasurer to deposit funds
in Pennsylvania Business Bank.

PRESENT: COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN B. TASCIO, Vice Chair
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN W. THACHER LONGSTRETH

22 - - -

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

3 COUNCILWOMAN BLACKWELL: Would all
4 Members come to chambers. We'd like to get
5 started. Would you please come to chambers.
6 Thank you very much.

7 - - -

8 COUNCILWOMAN BLACKWELL: Good morning.
9 This is Jannie Blackwell. We need two members to
10 have a quorum of the Finance Committee. If you
11 are in the building, would you please come to
12 chambers so we can have a quorum and begin our
13 hearing. Thank you very much.

14 - - -

15 COUNCILWOMAN BLACKWELL: Good morning.
16 Our Finance Committee is now in session. We
17 apologize for the delay. Apparently, this is one
18 of those mornings where people have many other
19 appointments.

20 We do have a quorum now. To my left is
21 Councilman Thacher Longstreth. To his right is
22 Councilwoman Marian Tasco, Vice Chair. And to my
23 right is Councilman Michael Nutter.

24 The first bill that we will hear is
25 Bill No. 990455. Will the clerk please read the

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2 bill.

3 THE CLERK: Bill No. 990455, an
4 ordinance approving a Third Lease Amendment
5 Agreement between Philadelphia Gas Works by
6 Philadelphia Facilities Management Corporation
7 solely in its capacity as operator and manager of
8 the City-owned Philadelphia Gas Works and the
9 Philadelphia Regional Port Authority for premises
10 known as PGW Lot No. 1, located near the
11 intersection of Delaware Avenue and Tioga Street.

12 COUNCILWOMAN BLACKWELL: Thank you.

13 Are there those present who would like
14 to testify? Thank you. Please come forward,
15 identify yourself for the record, and present your
16 testimony. Thank you.

17 (Come forward.)

18 MR. RAJAN: Good morning Councilwoman
19 Blackwell and Members of Council.

20 COUNCILWOMAN BLACKWELL: Good morning.

21 MR. RAJAN: My name is Ramanujam
22 Rajan. I'm Director of Engineering Facilities
23 with the Philadelphia Gas Works.

24 I'm here to testify today to --

25 COUNCILWOMAN BLACKWELL: Excuse me.

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2 Would you spell your name for the stenographer,
3 please.

4 MR. RAJAN: The first name is
5 R-A-M-A-N-U-J-A-N. The last name is R-A-J-A-N.

6 COUNCILWOMAN BLACKWELL: Thank you.

7 MR. RAJAN: I'm here today in support
8 of Bill No. 990455, which permits a Third Lease
9 Amendment to an existing lease agreement between
10 PGW and the Philadelphia Regional Port Authority.
11 The Lease Amendment pertains to a lease for 0.24
12 acres of land located at the intersection of Tioga
13 Street and Delaware Avenue.

14 (Brief interruption due to technical
15 difficulties.)

16 MR. RAJAN: This is land that was a
17 part of -- this is land that was part of the
18 Richmond Plant. Pursuant to its current lease
19 with PGW, the Port Authority uses this land for
20 parking across the street from its office building
21 located at the intersection of Delaware Avenue and
22 Tioga Street.

23 This Lease Amendment will extend the
24 lease for an additional four-year term beginning
25 as of July 1, 1999. However, the lease provides

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2 that PGW can terminate the lease at any time on 12
3 months' notice.

4 The Lease Amendment calls for the
5 rental of \$235 per month, increased from the rate
6 of \$213.29 per month. We believe this to be a
7 reasonable rental for the property in this area
8 and have obtained an estimate of value from Robert
9 Hess confirming this belief. The appraisal was
10 provided to you in the materials submitted with
11 the filing as Exhibit B. In addition to rent, the
12 Port Authority will continue to pay all utilities,
13 taxes, and maintenance associated with the
14 leasehold.

15 PGW believes that the lease, as
16 amended, is favorable to both PGW and the Port
17 Authority for a number of reasons. PGW receives
18 the benefit of income from an asset not currently
19 being used for its operations. It also enjoys the
20 ability to recapture the use of the property on a
21 year's notice, whenever the property's needed for
22 operations. The Port Authority receives the
23 benefit of a parking area for its employees.

24 For these reasons, PGW desires to enter
25 into the Lease Amendment and has received PFMC

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2 board approval for the Lease Amendment. The
3 Philadelphia Gas Commission has also recommended
4 the approval of the Lease Amendment to Council.

5 Thank you for your attention to this
6 matter. I'd be happy to answer any questions that
7 you might have.

8 I also have with me a representative
9 from PGW's legal department who can answer -- who
10 can assist in answering questions.

11 Given the company's desire to implement
12 this amendment as soon as possible, I respectfully
13 request that you move to suspend the rules so that
14 the first reading of the Bill No. 990455 can be at
15 the next meeting of the Council and the second
16 reading and vote the following week.

17 COUNCILWOMAN TASC0: Thank you.

18 Would you like to identify yourself,
19 please.

20 MS. GUZMAN: Yes. I'm Racquel Guzman,
21 with PGW's legal department.

22 COUNCILWOMAN BLACKWELL: Spell your
23 last name, please.

24 MS. GUZMAN: G-U-Z-M-A-N.

25 COUNCILWOMAN BLACKWELL: Thank you.

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2 MS. GUZMAN: You're welcome.

3 COUNCILWOMAN BLACKWELL: Do you have
4 any testimony that you would like to present?

5 MS. GUZMAN: No, I do not.

6 COUNCILWOMAN BLACKWELL: Thank you.

7 Are there any questions from members of
8 the committee?

9 (No questions.)

10 COUNCILWOMAN BLACKWELL: Thank you very
11 much. That will conclude our discussion on Bill
12 No. 990445.

13 MR. RAJAN: Thank you.

14 MS. GUZMAN: Thank you.

15 COUNCILWOMAN BLACKWELL: The clerk will
16 please read Bill No. 990555.

17 THE CLERK: Bill No. 990555, an
18 ordinance amending Section 22-310 of The
19 Philadelphia Code, entitled "Deferred Retirement
20 Option Plan" ("DROP") by specifying that the
21 maximum time an employee may remain in the DROP
22 before being required to separate from City
23 service and retire is four years -- not three
24 years -- thereby correcting an error in this
25 section by adding Bill No. 990288-A, approved June

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2 28, 1999, under certain terms and conditions.

3 COUNCILWOMAN BLACKWELL: Thank you. We
4 would like those involved in this to please come
5 forward, introduce yourself, and present your
6 testimony. Thank you.

7 (Joe Herkness comes forward.)

8 MR. HERKNESS: Good morning, Madam
9 Chair.

10 COUNCILWOMAN BLACKWELL: Good morning.

11 MR. HERKNESS: I'm Joe Herkness,
12 Executive Director of the Board of Pensions and
13 Retirement. I'm pleased to appear with testimony
14 before you today in support of Council Bill
15 990455.

16 COUNCILWOMAN BLACKWELL: Mr. Herkness,
17 try the other mike, maybe.

18 MR. HERKNESS: Okay.

19 COUNCILWOMAN BLACKWELL: And let's see
20 if we can get a break.

21 MR. HERKNESS: Okay, there we go.
22 Thank you.

23 COUNCILWOMAN BLACKWELL: Much better.

24 MR. HERKNESS: My testimony will be
25 brief since the sole purpose of the bill is to

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2 correct a minor and inadvertent error in the
3 Deferred Retirement Option Plan, or the DROP, as
4 it is called throughout City employment.

5 As enacted, the Bill 990288-A, which
6 was approved and signed by the Mayor on June 28,
7 1999, 990555, for its technical amendment.

8 To put it in context, when the
9 Retirement Code was enacted by Bill 980843, which
10 was approved in January of 1999, it did not
11 include a complete deferred retirement option
12 plan. Instead, the bill directed the Pension
13 Board to draft and submit to Council for its
14 consideration a proposed ordinance setting forth
15 the details of a test Deferred Retirement Option
16 Plan. The Board submitted this test DROP, and on
17 April 29, 1999,, Bill 990288-A was introduced, and
18 it provided the specific details of a Deferred
19 Retirement Option Plan.

20 One element of a DROP is the length of
21 time an employee may remain in a DROP before
22 retiring. Bill 990288-A would have permitted an
23 employee to remain in a DROP for a period of three
24 years. However, that bill was amended on the
25 floor to increase that period, from three years to

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2 four years. It was one of several amendments to
3 that bill, but this specific one increased the
4 length of time of what would be referred to as the
5 "DROP period."

6 Unfortunately, while most of the City
7 Council four amendments were incorporated, due to
8 inadvertent error, Bill 990288-A, as printed and
9 transmitted to the Mayor for signature, failed to
10 include the four-year provision, as cited above.
11 Throughout bill, there was about three or four
12 places that it would be cited. And one or two
13 were included, and in an inadvertent error, we
14 missed certain sections.

15 The purpose of 990555 is simply to
16 correct this inadvertent error by increasing from
17 three to four years the period in which employees
18 may remain in the DROP. Under Section 2 of the
19 bill, the correction would be retroactively
20 effective to the date of the 99288-A, which became
21 law on June 29, 1999 -- I'm sorry, on June 28,
22 1999.

23 I thank you again for affording me the
24 opportunity to testify, and I would be happy to
25 answer any questions that you might have at this

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2 time.

3 COUNCILWOMAN BLACKWELL: Thank you very
4 much, Mr. Herkness.

5 Are there any questions from members of
6 the committee?

7 (No questions.)

8 COUNCILWOMAN BLACKWELL: All right.
9 That will end the hearing part of the discussion
10 on the DROP program. Thank you, Mr. Herkness.

11 MR. HERKNESS: Thank you.

12 COUNCILWOMAN BLACKWELL: We will now
13 enter into discussion Bill No. 990679. Will the
14 clerk please read the title of the bill.

15 THE CLERK: Bill No. 990679, an
16 ordinance amending Section 19-201 of The
17 Philadelphia Code, entitled "City Depositories,"
18 by authorizing the City Treasurer to deposit funds
19 in Pennsylvania Business Bank, under certain terms
20 and conditions.

21 COUNCILWOMAN BLACKWELL: Thank you.
22 Will those who are here and ready to testify for
23 this bill please come forward, introduce your name
24 to the record, and begin your testimony.

25 (Joe Faraldo comes forward.)

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2 MR. FARALDO: Good morning, Madam
3 Chairperson. My name is Joe Faraldo. And I'm
4 here to testify on Bill No. 990679.

5 However, I'd like to point out, before
6 I review my written testimony, I'd like to mention
7 that there were a couple of proposed amendments
8 that we've included in a marked-up bill that I
9 gave you before the hearing. These amendments
10 were due to an omission and the incorrect
11 numbering of a subsection in the original bill I
12 submitted.

13 COUNCILWOMAN BLACKWELL: Thank you.

14 MR. FARALDO: Would you like me to read
15 these into the record.

16 COUNCILWOMAN BLACKWELL: Please, would
17 you please enter these changes for the record.

18 MR. FARALDO: On Page 1 in the blank
19 parentheses, we've inserted the letter Z.

20 Below that, we've added the letters
21 double A in Summit Bank.

22 We've changed Subsection 2 to
23 Subsection 3.

24 And on Page 2, the letter X was changed
25 to letter Y, and the letter Y was changed to

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2 letter Z.

3 Again, these changes were proposed
4 because a letter was omitted, and the subsection
5 paragraph number was incorrect.

6 So if you would like, I'll give you
7 read my written testimony now.

8 COUNCILWOMAN BLACKWELL: Please do.

9 MR. FARALDO: Hello. I'm Joseph
10 Faraldo, Deputy City Treasurer. I'm here today to
11 testify in support of amended Bill No. 990679,
12 which amends Section 19-201 of the Philadelphia
13 Code relating to authorize City depositories
14 specifically to update the list of financial
15 institutions that the City is authorized to
16 deposit fund.

17 To this end, I have reviewed financial
18 information provided by Pennsylvania Business Bank
19 and have determined that they meet the
20 requirements as described in Section 19-201,
21 Subsection 3, as amended.

22 This concludes my written testimony.
23 And I'm available to answer any questions you may
24 have at this time. Thank you.

25 COUNCILWOMAN BLACKWELL: Thank you very

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2 much.

3 Are there any questions from members of
4 the committee?

5 Councilwoman Tasco?

6 COUNCILWOMAN TASCO: We do a number of
7 these transactions in terms of adding banks to the
8 City depositories. Are they automatically -- what
9 is the process for you now depositing monies into
10 these banks? Is it a guarantee that you will
11 deposit money, or you do it when you probably
12 think you ought to? Or what happens now that
13 these banks have been identified as banks to
14 receive City funds?

15 MR. FARALDO: Well, quite frankly, it
16 doesn't happen very often. Once the banks are
17 added to the list, I guess they can approach the
18 City, and then the City at that point would
19 entertain whether or not to do business with them
20 at that time.

21 COUNCILWOMAN TASCO: Then why do we
22 continue to add them?

23 MR. FARALDO: Pardon?

24 COUNCILWOMAN TASCO: It just adds them
25 to the list of banks that you could deposit your

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2 funds.

3 MR. FARALDO: Yes, that's correct,
4 that's correct.

5 COUNCILWOMAN TASC0: So then they have
6 to come back and lobby the Administration --

7 MR. FARALDO: Yes, that's correct.

8 COUNCILWOMAN TASC0: -- to get the
9 money into the bank?

10 MR. FARALDO: Yes, that is correct.

11 COUNCILWOMAN TASC0: Okay.

12 COUNCILWOMAN BLACKWELL: Are there any
13 other questions from members of the committee?

14 (No further questions.)

15 COUNCILWOMAN BLACKWELL: All right.

16 This will end our public hearing part of our
17 morning session.

18 - - -

19 COUNCILWOMAN BLACKWELL: We will now
20 enter into our stated meeting.

21 With regard to -- we call up Bill No.
22 990455, and we are requesting that this bill be
23 held subject to the call of the Chair at another
24 hearing.

25 The next bill is 990555, and the Chair

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2 will entertain a motion. Do we need a suspension
3 on this, Mr. Herkness?

4 MR. HERKNESS: We would like to request
5 that, Madam Chair.

6 COUNCILWOMAN BLACKWELL: The Chair will
7 entertain a motion that this bill be passed with a
8 suspension so that we can hear it at the next
9 session of Council.

10 COUNCILWOMAN TASCIO: I move that Bill
11 No. 990555 be reported out of committee with a
12 favorable recommendation and a request for a
13 suspension of the rules.

14 (Duly seconded.)

15 COUNCILWOMAN BLACKWELL: All in favor,
16 aye?

17 Opposed?

18 The ayes have it, and so Bill 990555
19 will be reported out of this committee with a
20 favorable recommendation and also with a
21 suspension so that it may be heard at our next
22 session of Council.

23 I will now entertain a motion with
24 regard to Bill No. 990679. Do we need a
25 suspension on this?

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2 MR. FARALDO: No.

3 COUNCILWOMAN BLACKWELL: Thank you.

4 That it be reported out of committee with a
5 favorable recommendation.

6 COUNCILWOMAN TASCO: Madam Chair, I
7 move that Bill No. 990679 be reported out of
8 committee with a favorable recommendation.

9 (Duly seconded.)

10 COUNCILWOMAN BLACKWELL: All in favor,
11 aye?

12 Opposed?

13 The ayes have it and Bill 990679 is
14 being reported out of committee with a favorable
15 recommendation.

16 Let me say that this committee hearing
17 is now -- Mr. Nutter, do you have any questions?

18 COUNCILMAN NUTTER: I just wanted to be
19 recorded as voting aye.

20 COUNCILWOMAN BLACKWELL: So moved. Mr.
21 Nutter is reported as having voted aye on Bills
22 990555 and 990679.

23 And as we said, 990455 is being held
24 subject to the call of the Chair.

25 So this will now end our committee

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2 hearing is now adjourned, and let me thank
3 everyone for attending. And I thank you all for
4 your patience. Thank you.

5 (Adjourned at 10:50 a.m.)

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RE: COUNCIL COMMITTEE ON FINANCE

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BILL NO.'S 990455, 990555, 990679

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JOSEPHINE CARDILLO,

Registered Professional Reporter