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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC MEETING

4

BEFORE THE COMMITTEE ON FINANCE

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6

Room 400, City Hall
 Philadelphia, Pennsylvania
 Wednesday, October 15, 1997
 10:40 a.m.

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9 BILL 970564 - An Ordinance amending Section 19-201
 of the Philadelphia Code, entitled "City
 10 Depositories," by authorizing the City to
 deposit funds in Progress Bank.

11 BILL 970584 - An Ordinance authorizing the
 Procurement Commissioner and the Director
 12 of Commerce to enter into a Lease and
 Service Agreement with the Phila.
 13 Municipal Authority, pursuant to which the
 City will undertake certain obligations
 14 under a contract the Authority will enter
 into with Caravan Transportation, Inc.

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16 PRESENT:

17

COUNCILWOMAN ANNA C. VERNA, Chair
 COUNCILWOMAN MARIAN B. TASCIO, Vice-Chair

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COUNCILWOMAN JANNIE L. BLACKWELL
 19 COUNCILWOMAN HAPPY FERNANDEZ
 COUNCILMAN JAMES F. KENNEY
 20 COUNCILMAN W. THACHER LONGSTRETH
 COUNCILMAN MICHAEL A. NUTTER
 21 COUNCILMAN BRIAN J. O'NEILL

22

KATHLEEN MURRAY, Clerk

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VINCENT VARALLO ASSOCIATES, INC.
 24 Registered Professional Reporters
 Eleven Penn Center Plaza, Suite 600
 25 Philadelphia, PA 19103
 (215) 561-2220

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Charles Isdell, First Deputy Director, Division of Aviation, City of Philadelphia-----	10
Abby L. Pozefsky, Chief Deputy Solicitor, Philadelphia Law Department-----	20
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1 BILL 970564

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

3 CHAIRWOMAN Verna: Good morning.

4 This is the Public Hearing on the Committee on
5 Finance.

6 I would like the record to reflect
7 that we do have a quorum. To my extreme left is
8 Councilman Kenney, Councilman O'Neill, and
9 Councilman Nutter is to my right. I'm sorry, and
10 Councilman Longstreth has been here, and he is
11 sitting in the back of the room.

12 The record should also reflect that
13 Bill No. 970396 is being held.

14 I would ask the clerk to please read
15 Bill No. 970564.

16 THE CLERK: Bill No. 970564, An
17 Ordinance amending Section 19-201 of the
18 Philadelphia Code, entitled "City Depositories," by
19 authorizing the City to deposit funds in Progress
20 Bank, under certain terms and conditions.

21 CHAIRWOMAN Verna: Would the City
22 Treasurer please approach the witness table.

23 Kindly identify yourself for the
24 record and proceed with your testimony.

25 COMMISSIONER THOMAS QUEENAN: Good

1 BILL 970564

2 morning. My name is Thomas Queenan, City Treasurer
3 of Philadelphia.

4 I am also accompanied by Douglas
5 Smith, who is the Deputy Treasurer of Operations for
6 the City of Philadelphia, as well.

7 For this particular ordinance that's
8 before the Committee today, I don't have any written
9 testimony.

10 However, I am here to say that my
11 office has reviewed the financial statements of
12 Progress Bank. We have also had an opportunity to
13 meet with representatives from the bank, as well.

14 And we have reviewed them in
15 accordance to the sort of four basic criteria that
16 is used to determine whether or not a bank is able
17 to meet the requirements to be an authorized
18 depository bank for the City of Philadelphia.

19 They being, that the bank has been in
20 business for at least five years. Progress Bank has
21 been in business for more than 25 years;

22 That they have been profitable for
23 the last two years. And Progress Bank, yes, has
24 been profitable for the last two years;

25 That they have FDIC insurance and

1 BILL 970564

2 other required insurance to perform the duties that
3 they provide in our communities. And they do;

4 And that they have at least \$100
5 million in assets. Which this bank does have in
6 excess of \$350 million in assets.

7 CHAIRWOMAN VERNA: Thank you.

8 Can you tell us what actions the City
9 is taking to modernize the list of depositories
10 shown in Section 19-203 of the Code.

11 COMMISSIONER QUEENAN: Well, that's
12 actually a very good question.

13 This past summer we took the
14 initiative to review this particular aspect of the
15 City Code. And I have been working with lawyers
16 from the City Law Department to bring before this
17 body an ordinance to modernize that list.

18 As you know, there are a number of
19 banks that are represented on that list that are no
20 longer in business and/or do not function under the
21 same name because they have been purchased or
22 acquired by other financial institutions in this
23 area.

24 So we hope to actually have an
25 ordinance before Council some time this session,

1 BILL 970564

2 before December.

3 CHAIRWOMAN VERNA: Thank you.

4 Are there any questions from members

5 of the Committee?

6 The Chair recognizes Councilman

7 Nutter.

8 COUNCILMAN NUTTER: Thank you, Madam

9 Chair.

10 Mr. Queenan, have you had discussions

11 with Progress Bank with regard to -- we get, I

12 believe, an annual report from the Finance Director

13 on various analyses of bank operations in the city

14 with regard to mortgages and lending practices.

15 Have you had any discussions with

16 Progress Bank about their participation in that

17 process?

18 COMMISSIONER QUEENAN: No, I have not

19 had any discussions with them in terms of their

20 community reinvestment activities and/or -- I

21 believe you are referring to HUMDA data that

22 actually calculates that information.

23 COUNCILMAN NUTTER: Right.

24 And there is a relatively, I think it

25 has been going on for at least three years or so

1 BILL 970564

2 now, we just received a report recently from them.

3 COMMISSIONER QUEENAN: I believe
4 that's correct, it has been ongoing for about three
5 years.

6 The Director of Finance manages that
7 out of his department.

8 COUNCILMAN NUTTER: Would you expect
9 that they would be participating in that process or
10 share the appropriate information?

11 COMMISSIONER QUEENAN: Yes, I believe
12 so.

13 If they are approved as a depository
14 bank, we certainly would make sure that they would
15 submit the information so that they can also be
16 evaluated along those lines.

17 COUNCILMAN NUTTER: Progress Bank, as
18 I understand it, is based outside of the City of
19 Philadelphia, but they have a branch office in the
20 Roxborough section of the city. Is that correct?

21 COMMISSIONER QUEENAN: That is
22 correct. They are based out of Blue Bell,
23 Pennsylvania, but they do have a branch office in
24 Roxborough.

25 COUNCILMAN NUTTER: Okay. And do you

1 BILL 970564

2 know whether they -- we can have this discussion in
3 another public hearing -- what their ATM fee charge
4 position is?

5 COMMISSIONER QUEENAN: No, I do not.
6 But I can get that information for the Council.

7 COUNCILMAN NUTTER: Okay. I would
8 appreciate it. We will talk with them about that at
9 another time.

10 Thank you, Madam Chair.

11 CHAIRWOMAN VERNA: You are welcome.

12 Are there any other questions from
13 members of the Committee?

14 Do we have anyone else to testify on
15 this bill?

16 Is there a need for a suspension of
17 the Rules on this, Mr. Queenan?

18 COMMISSIONER QUEENAN: No, there is
19 no need for a suspension of the Rules.

20 CHAIRWOMAN VERNA: Fine. Thank you
21 very much.

22 COMMISSIONER QUEENAN: Thank you.

23 CHAIRWOMAN VERNA: The clerk will
24 please read Bill No. 970584.

25 THE CLERK: Bill No. 970584, An

1 BILL 970584

2 Ordinance authorizing the Procurement Commissioner
3 and the Director of Commerce, on behalf of the City
4 of Philadelphia, to enter into a lease and service
5 agreement with the Philadelphia Municipal Authority,
6 pursuant to which the City will undertake certain
7 obligations under a contract the Authority will
8 enter into with Caravan Transportation,
9 Incorporated, to undertake a project to lease,
10 maintain, and operate equipment for ground
11 transportation bus services for the Department of
12 Commerce, Division of Aviation, in conjunction with
13 the operation of the Philadelphia International
14 Airport, all under certain terms and conditions.

15 CHAIRWOMAN VERNA: I notice that we
16 have several people from the Administration. If
17 they will all come to the witness table, I would
18 appreciate it.

19 And let the record also reflect that
20 Councilwoman Fernandez has joined us.

21 Good morning. Please identify
22 yourself for the record.

23 MR. ISDELL: Good morning. I am
24 Charles Isdell, First Deputy Director of Aviation.

25 CHAIRWOMAN VERNA: With a new look.

1 BILL 970584

2 What do you think of it, Brian?

3 MR. ISDELL: It was a photo
4 opportunity for my family. We all had the goatee
5 look this summer vacation.

6 CHAIRWOMAN Verna: It looks nice. I
7 think we agree, we like it.

8 MR. ISDELL: Would you like us each
9 to introduce ourselves?

10 CHAIRWOMAN Verna: Please.

11 COMMISSIONER APPLEBAUM: I am Louis
12 Applebaum, Procurement Commissioner, City of
13 Philadelphia.

14 CHAIRWOMAN Verna: Good morning.

15 MS. POZEFSKY: Good morning. Abby
16 Pozefsky, Chief Deputy City Solicitor with the
17 Philadelphia Law Department.

18 CHAIRWOMAN Verna: Please proceed.

19 MR. CHARLES ISDELL: Good morning,
20 Councilwoman Verna and members of the Finance
21 Committee.

22 I am Charles Isdell, Deputy Director
23 of Aviation for the City of Philadelphia, and I am
24 pleased to appear before you today to testify in
25 support of Bill No. 970584.

1 BILL 970584

2 This bill will authorize the City of
3 Philadelphia, through its Department of Commerce,
4 Division of Aviation, to enter into a six-year lease
5 and service agreement with the Philadelphia
6 Municipal Authority for a new fleet of shuttle buses
7 to be used at Philadelphia International Airport.

8 Pursuant to a separate contract
9 between the Authority and Caravan Transportation,
10 Inc., the Authority will lease buses from Caravan,
11 and Caravan will maintain and operate the shuttle
12 buses at the airport.

13 The Authority selected Caravan
14 Transportation pursuant to a competitive bid process
15 that was coordinated through the City's Procurement
16 Department and followed the City's usual competitive
17 bid procedures.

18 Caravan's bid also includes
19 commitments to disadvantaged business entities to
20 participate in this contract.

21 Based on the number of service hours
22 described in the bid, the total amount for this
23 lease and service agreement over the six-year term
24 is \$21,882,310.92.

25 The actual cost of the contract will

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2 vary, depending on the actual number of bus service
3 hours the Division of Aviation requires.

4 There is no minimum number of hours
5 guaranteed, and the City has the right to increase
6 or decrease the bus service hours by 850 hours per
7 month.

8 The entire cost of this contract is
9 being paid with monies from the City's Aviation
10 Fund, with no projected cost to the City's General
11 Fund.

12 Before I discuss details of the
13 agreement between the City and the Authority, I
14 would like to provide you with a description of the
15 shuttle bus services that are provided at
16 Philadelphia International Airport.

17 In the course of operating
18 Philadelphia International Airport, the City
19 requires shuttle bus services to transport
20 approximately 5,000 passengers and employees each
21 day along specific routes.

22 The bus service must be operated 24
23 hours a day, 7 days a week, in all weather
24 conditions, including snowstorms.

25 The bus routes include two separate

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2 routes to the airport terminal buildings from an
3 off-site employee parking lot and from the economy
4 parking lot.

5 A third route provides interterminal
6 transportation for passengers transferring between
7 Terminals A through E.

8 A fourth route transports airport
9 employees between the Cargo City facilities and
10 Terminals A through E.

11 In addition to the fixed routes
12 described above, the City may also require buses to
13 carry military personnel and their dependents
14 between the airport and Bayonne, New Jersey.

15 Further, the City sometimes needs
16 buses for miscellaneous transportation services at
17 the airport; such as, tours or emergencies.

18 These bus services, or very similar
19 ones, have been under contract with various vendors
20 for more than 15 years.

21 The agreement before you, however,
22 has three substantive differences from previous
23 vendor agreements.

24 First, the City is requiring 18 new
25 buses that are powered by compressed natural gas,

1 BILL 970584

2 also known as CNG.

3 The City has received federal and
4 state grant monies under the Congestion Mitigation
5 and Air Quality Program to offset the increased cost
6 of leasing CNG buses.

7 Use of cleaner-burning alternative
8 fuels is consistent with the City's policy to pursue
9 environmentally positive operating methods that
10 assist in improving the region's air quality.

11 The City's requirement of 18 buses
12 increases the airport shuttle bus fleet by 2 buses.

13 This increase provides the airport
14 with greater flexibility for expanding bus service
15 to accommodate the significant growth that the
16 airport is experiencing.

17 The shuttle bus service is an
18 integral part of the airport system, and is
19 important for ensuring that the passenger's overall
20 experience at the airport is a positive one.

21 The second difference from previous
22 bus lease agreements is that this agreement between
23 the City and the Authority is for a fixed six-year
24 period.

25 We have determined that the City's

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2 cost of leasing the buses is reduced by entering
3 into a longer-term contract, since it enables the
4 Authority's vendor to amortize its capital cost of
5 purchasing the buses over a period that more closely
6 parallels the useful life of the buses.

7 Further, the six-year term generated
8 more competition for this contract, since vendors
9 knew that the bus cost could be amortized over the
10 longer term.

11 Although the buses have an estimated
12 useful life of ten years, the Division of Aviation
13 did not want a term of longer than six years, since
14 the Division is committed to offering first-class
15 service to the passengers and employees using the
16 shuttle buses. And, after six years, the condition
17 of the buses may be unacceptable for those
18 services.

19 The contract between the Authority
20 and Caravan gives the Authority or the City the
21 right, but not the obligation, to purchase the buses
22 at the end of the contract for the unamortized value
23 of the buses.

24 The unamortized cost of the buses at
25 the end of six years is set forth in Caravan's

1 BILL 970584

2 contract as \$572,696 for all 18 buses.

3 If at the end of six years the buses
4 are in a condition that would make it advantageous
5 for the City to purchase them, the City will have
6 the right to do so for the unamortized value
7 described above.

8 On the other hand, if the buses are
9 in poor condition, or if the market for CNG buses
10 has changed so that it would be unreasonable for the
11 City to pay the unamortized value for the buses, the
12 Authority and the City have the option of walking
13 away.

14 The third difference from previous
15 leases is that the City, and not the vendor, will
16 pay the cost to fuel the buses with compressed
17 natural gas.

18 This adds an estimated cost of
19 \$150,000 annually to the contract amount, which is
20 paid to the Philadelphia Gas Works.

21 The City benefits by paying the fuel
22 costs directly because it receives a special
23 discount from the Philadelphia Gas Works.

24 The contract between the City and the
25 Authority requires service using the new CNG buses

1 BILL 970584

2 to start on July 1, 1998.

3 The proposed manufacturer of the
4 buses has advised that he can deliver new CNG buses
5 to Caravan in time for this start date if a firm
6 order is placed before October 31, 1997.

7 Therefore, we respectfully request
8 that the Council vote on this bill prior to October
9 31, 1997.

10 The Division of Aviation believes
11 that the contract you are approving today has
12 numerous advantages to the City.

13 The contract's six-year term helps to
14 keep operating costs lower at the airport, which
15 benefits the annual carriers and is important to the
16 ongoing growth which is taking place at the
17 airport.

18 Providing new buses and first-class
19 bus service will also enhance service to the
20 traveling public and the employees at the airport.

21 Finally, the use of CNG buses is an
22 environmentally positive operating method that helps
23 to improve the quality of life for our citizens.

24 I greatly appreciate this opportunity
25 to speak to you today in support of Bill No.

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2 970584.

3 I will be happy to answer any
4 questions you may have. And I also have with me
5 today representatives from the Law Department, the
6 Procurement Department, the Authority, and Caravan
7 Transportation who can respond to questions you may
8 specifically apply to them.

9 I would also request a suspension of
10 the Rules in order to enable passage of the bill as
11 quickly as possible.

12 Thank you.

13 CHAIRWOMAN Verna: Can you tell the
14 Committee if any company from Philadelphia submitted
15 a bid?

16 MR. ISDELL: There was only one
17 potential bidder.

18 There was a pre-qualification process
19 prior to the opening of the bids. There was a
20 proposed joint venture from the Philadelphia area
21 named Metro Care/Keystone Bus Services.

22 That joint venture was determined to
23 be not qualified during the pre-qualification
24 process.

25 There were six proposers. Two of the

1 BILL 970584

2 six were disqualified prior to the bid opening, and
3 four were qualified.

4 None of the four qualified bidders is
5 from the Philadelphia area.

6 CHAIRWOMAN Verna: And Caravan is
7 from Long Island?

8 MR. ISDELL: That's correct.

9 CHAIRWOMAN Verna: Can you tell us
10 what, if any, reimbursement the City receives for
11 the military shuttle to Bayonne, New Jersey?

12 MR. ISDELL: We do not receive a
13 reimbursement for that service.

14 That service was offered, as I
15 understand it, as one of the enticements to have the
16 Air Mobility Command locate to Philadelphia and stay
17 in Philadelphia over the last 15 years or so.

18 CHAIRWOMAN Verna: You also mentioned
19 in your testimony that the City has received federal
20 and state grants.

21 Can you tell us the amount of the
22 grants that we have received for this program?

23 MR. ISDELL: The CMAQ grant, in terms
24 of the buses, will pay for the difference between
25 the cost of a diesel bus, which is what the airport

1 BILL 970584

2 uses now, and a CNG bus. And that cost is \$25,000
3 per bus, for a total of \$450,000.

4 In addition, I believe the discounted
5 rate from the Philadelphia Gas Works for the actual
6 fuel is a result of federal grant or some support --

7 MS. POZEFSKY: The discounted --

8 CHAIRWOMAN Verna: Identify yourself,
9 please.

10 MS. Abby L. POZEFSKY: I'm sorry.
11 Abby Pozefsky, with the City Solicitor's Office.

12 The discounted rate is a product of a
13 negotiated rate between the Gas Works and the
14 airport.

15 In addition, though, there are some
16 additional federal and state grant monies that have
17 been used in conjunction with the program.

18 And they would include federal and
19 state grant monies that are used to build a CNG
20 fueling station at the airport.

21 If you would like some more
22 information about the federal and state grant monies
23 that are being used, we have the person from the
24 airport who is in charge of the CNG program.

25 CHAIRWOMAN Verna: Well, I read that

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2 we did receive grants, but it didn't specify exactly
3 how much money we were receiving.

4 I don't know if anyone on the
5 Committee would like to see that written
6 information?

7 COUNCILMAN NUTTER: Yes.

8 CHAIRWOMAN VERNA: Please. Would you
9 have somebody from the airport come to the witness
10 table.

11 MR. MARC LICIADELLO: Good morning,
12 Council. I am Marc Liciardello. I am the Facility
13 Manager at Philadelphia International Airport.

14 Specifically for our Alternative Fuel
15 Program, which includes the buses we have presented
16 to you today, the airport will receive a total of
17 \$1.735 million in grant money as a combination of
18 both federal and state money.

19 The federal share, which is 80
20 percent, which Charles indicated, was the CMAQ
21 funds, totals 1.388 million.

22 The state's share, which is called
23 AFIG, that total is approximately \$347,000. And
24 that will be used for the City's in-kind or 20
25 percent share that we're committed to paying through

1 BILL 970584

2 this program.

3 So there is a total of \$1.735 million
4 in grant money specifically for the vehicles.

5 CHAIRWOMAN VERNA: Thank you.

6 COUNCILWOMAN FERNANDEZ: That's
7 different from the 450,000.

8 MR. LICIADELLO: That is a part of
9 the -- the program consists of 18 buses and 40
10 light-duty vehicles. Okay?

11 So the \$450,000 is a portion of the
12 overall program.

13 MS. POZEFSKY: Abby Pozefsky.

14 Councilwoman, we have a fact sheet,
15 if it would help you.

16 COUNCILWOMAN FERNANDEZ: Perhaps we
17 can have a copy of that.

18 MS. POZEFSKY: If it would help you
19 review, let us hand you a copy of that.

20 We have one for the alternative fuel
21 vehicles, which is what Marc Liciardello just
22 outlined, and we have a supplementary one, should
23 you so desire, that also describes the grant monies
24 that will be allocated to the CNG fueling station.

25 CHAIRWOMAN VERNA: Mr. Isdell.

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2 MR. ISDELL: Yes.

3 CHAIRWOMAN VERNA: I understand that
4 under this contract 18 new buses are required, but
5 there are also provisions in the contract for old
6 buses.

7 How many of the older or used buses
8 will be under the contract, and how old are the
9 buses?

10 MR. ISDELL: That provision in the
11 contract would only be used in the event that the
12 vendor is, or the manufacturer is, unable to meet
13 the deadline of July 1 next year.

14 Assuming that all goes well, and the
15 manufacturing schedule is maintained, we will not be
16 using anything but new CNG buses.

17 In order to exercise that provision,
18 the vendor would have to ask for the City's
19 approval. And we would weigh the situation based on
20 a good-faith effort and whatever understanding we
21 have of the manufacturing situation at that time, as
22 opposed to, there are also provisions for punitive
23 measures, I think up to \$500 per day, for late
24 delivery. It would be our desire at that time to
25 make a fair decision.

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2 And, if it would be appropriate, we
3 needed to have a specification in the contract for
4 what a used bus, what minimum standard it would have
5 to meet.

6 The standard is, essentially, in our
7 opinion, as good as a new bus. And in terms of the
8 age, the buses can be no older than eight years of
9 age in that alternate specification.

10 CHAIRWOMAN VERNA: Thank you.

11 The Chair recognizes Councilwoman
12 Fernandez.

13 COUNCILWOMAN FERNANDEZ: Well,
14 actually, in response to the other questions, you
15 provided some information about the refueling
16 station.

17 And, also, I was wondering if there
18 were penalties if the vehicles were late. Because I
19 know SEPTA, they had serious problems with late
20 delivery of vehicles. So I am glad there are
21 penalties in that contract.

22 I would just like to say, for the
23 record, that I think I am very pleased that we both
24 got the federal and state money, and that the
25 airport is undertaking this way to have cleaner

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2 fueled vehicles out at the airport.

3 I was thinking as you were talking,
4 last Christmas I had to go to Boston for a family
5 medical problem. And got to the airport at the
6 night in Boston, and stood waiting for this bus that
7 was going to take me out to my next stop.

8 And I waited probably 20 minutes or a
9 half hour. And I thought I was going to be
10 asphyxiated by all these buses going by. It just
11 was choking me to death, with all these fumes
12 spewing as I waited there.

13 So for us to have especially
14 clean-burning compressed natural gas vehicles I
15 think will be a very positive addition both to air
16 quality and then also for comfort of customers and
17 health of customers.

18 And I'd say the other very positive
19 part of this proposal is to get an additional
20 compressed natural gas refueling station. Because
21 right now there are only two in the city, and this
22 would add a third.

23 Because we do face this problem of,
24 if the City and other businesses want to use
25 compressed natural gas or an alternative fuel,

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2 having accessible refueling stations is a major
3 issue.

4 So I think it sounds like a very good
5 project, and I'm glad the airport and the City are
6 going in this direction.

7 CHAIRWOMAN VERNA: I would also like
8 the record to reflect that Councilwoman Blackwell,
9 who is also a member of the Committee, has joined
10 us.

11 COUNCILWOMAN TASCO: And Councilwoman
12 Tasco.

13 CHAIRWOMAN VERNA: I thought I
14 mentioned you earlier.

15 I'm sorry. And Councilwoman Tasco is
16 also here. I thought I had indicated that earlier.

17 The Chair recognizes Councilman
18 Nutter.

19 COUNCILMAN NUTTER: Thank you, Madam
20 Chair.

21 Mr. Isdell, I would like to go back
22 to some of your testimony.

23 You indicated in response to
24 Councilwoman Verna's question that this Caravan
25 Transportation is based in Long Island City, New

1 BILL 970584

2 York; is that correct?

3 MR. ISDELL: Yes.

4 COUNCILMAN NUTTER: As a result of
5 this contract, will they have an office in
6 Philadelphia to provide this service?

7 MR. ISDELL: Yes. They are required
8 to have an office and a maintenance facility in the
9 Philadelphia -- in the vicinity of the airport.

10 COUNCILMAN NUTTER: Where exactly
11 will it be?

12 MR. ISDELL: Well, currently, the
13 office that's maintained by the current vendor, is
14 literally a trailer that we provide space on the
15 airport property for. And that is provided for in
16 the contract.

17 I think the maintenance facility
18 would be more significant in terms of a local
19 investment, if that's what you are interested in.

20 COUNCILMAN NUTTER: Yes. And where
21 will it be?

22 MR. ISDELL: I'm not sure if I can
23 get the answer for you. I think one of the
24 representatives at the table can answer the
25 question.

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2 The proposed maintenance facility
3 would be located at 6823 Norwitch Drive in
4 Philadelphia.

5 And if you would like more
6 information, the representative from Caravan can
7 answer questions directly.

8 COUNCILMAN NUTTER: That's okay.

9 And how many employees will be hired
10 as a result of this contract?

11 MR. ISDELL: I will get the answer to
12 that question for you. I don't know about that.

13 COUNCILMAN NUTTER: And who will they
14 work for?

15 MR. ISDELL: Seven employees -- 70
16 employees, I'm sorry.

17 COUNCILMAN NUTTER: 17?

18 MR. ISDELL: 70, seven zero.

19 And they will work for Caravan.

20 CHAIRWOMAN VERNA: How many of them
21 will be bus drivers and how many will be working
22 with maintenance?

23 Please come up to the table and
24 identify yourself.

25 MR. LAWRENCE GREENE: Good morning.

1 BILL 970584

2 My name is Lawrence Greene. I am with Caravan
3 Transportation, Incorporated.

4 We plan to have approximately 70 bus
5 drivers, full and part time. And we're anticipating
6 the need for 3 mechanics to maintain the 18 buses.

7 COUNCILMAN NUTTER: And are any of
8 those people in your employ today, or will you have
9 to hire 70 new employees?

10 MR. GREENE: We plan to offer
11 employment to those people doing the services at the
12 present time.

13 COUNCILMAN NUTTER: I'm sorry?

14 MR. GREENE: We plan to offer
15 employment to all those employees that are presently
16 doing the service.

17 COUNCILMAN NUTTER: Okay.

18 MR. GREENE: And to fill in any
19 vacancies with people from the Philadelphia area.
20 We're not going to import employees for this
21 project.

22 COUNCILMAN NUTTER: Okay. Thank
23 you.

24 Mr. Isdell, in your testimony, again
25 in response to questions from Councilwoman Verna,

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2 you indicated that there were some local companies
3 that possibly did put forward bids, but they may
4 have been disqualified.

5 And then I seem to remember you
6 mentioning four other companies, for a total of six
7 or seven, that got through the initial bidding
8 process, but they also may have been disqualified.

9 If I'm not correct on the numbers,
10 can you make the correction, and then tell me why or
11 what happened?

12 MR. ISDELL: You are almost correct.

13 There were six proposers. And the
14 bid process, which was coordinated by the
15 Procurement Department, included a pre-qualification
16 segment and then a bid price opening segment.

17 So the six proposers, in their
18 pre-qualification packages, had to present their
19 financial and experience wherewithal.

20 And of the six, two were
21 disqualified. One of those was a proposed local
22 joint venture called Metro Care/Keystone. The other
23 disqualified company was ATC Van Com.

24 The four companies that were
25 qualified prior to the actual bid price opening were

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2 Caravan; Hudson General Corporation, which is a
3 New-York-based company; Laidlaw Transit Services,
4 which is based in Kansas City -- and that's our
5 current vendor -- and Coach USA, which I believe is
6 based in North Jersey in the Newark area. But none
7 of them were from this area.

8 So they were the four for whom we
9 opened the pricing.

10 COUNCILMAN NUTTER: So they were not
11 disqualified. Your testimony just was that they
12 also were not from the area?

13 MR. ISDELL: Right. Right.

14 COUNCILMAN NUTTER: Okay. Just off
15 to the side, do you have any idea of why there are
16 no Philadelphia based -- I mean, put the joint
17 venture issue aside, why is it that no one from
18 Philadelphia seems to be in this business?

19 I assume this is a rather lucrative
20 business?

21 MR. ISDELL: It would be -- I mean,
22 my answer would be speculative.

23 Did you want Mr. Greene to speculate
24 on that?

25 COUNCILMAN NUTTER: No. I would like

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2 Mr. Greene to move his company to Philadelphia. But
3 if he has a perspective, he can share it.

4 No. It's fine.

5 Your testimony on Page 1 talks about
6 commitments to disadvantaged business entities to
7 participate in this contract.

8 What are the commitments, and who are
9 the companies?

10 MR. ISDELL: Okay. There are a total
11 of five.

12 The first is Anderson Travel from
13 Elmwood Avenue in Philadelphia. Their specific
14 subcontract would be for the military shuttle
15 service to Bayonne, New Jersey, estimated at \$50,000
16 annually.

17 Multi-National Electronics from
18 Cinnaminson, New Jersey. Their subcontract would be
19 for two-way radio communications. Estimated annual
20 value of \$10,000, in addition to initial equipment
21 purchase of approximately \$15,000.

22 COUNCILMAN NUTTER: 15?

23 MR. ISDELL: 15,000.

24 COUNCILMAN NUTTER: All right.

25 MR. ISDELL: Third is Philly Oil,

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2 Inc., from Huntingdon Valley, for petroleum
3 products. Annual estimated requirement for motor
4 oil, automatic transmission fluid of \$5,000.

5 The fourth company is Tri-State
6 Leasing, Incorporated, from Villanova, for the
7 equipment leasing and financing. Estimated at a
8 million-dollar value over the term of the contract.

9 And the fifth --

10 COUNCILMAN NUTTER: That's a million
11 dollars over six years?

12 MR. ISDELL: Yes.

13 COUNCILMAN NUTTER: So we're talking,
14 okay, like \$150,000, \$175,000 a year?

15 MR. ISDELL: Closer to 175 a year.

16 COUNCILMAN NUTTER: Okay.

17 MR. ISDELL: And the fifth company is
18 Jamar Insurance Company, 3508 Market Street,
19 Philadelphia, as the insurance agency for workers'
20 compensation. Estimated at \$100,000 per year.

21 COUNCILMAN NUTTER: Okay.

22 MR. ISDELL: And this information
23 that I just summarized is included in Attachment D
24 in the package that you have.

25 COUNCILMAN NUTTER: And all of those

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2 figures were annual?

3 MR. ISDELL: All except the leasing
4 financing, the million-dollar number for Tri-State;
5 that's over the six-year term.

6 COUNCILMAN NUTTER: Right.

7 That seems to come to \$345,000 a year
8 for those five companies.

9 And I guess over the six-year term
10 what are we talking, a million eight, a million
11 nine?

12 MR. ISDELL: We have a number of
13 1.989 million over the term.

14 COUNCILMAN NUTTER: I will give you
15 the benefit of the doubt. We will go with two.

16 So we are talking a little less than
17 10 percent of the contract?

18 MR. ISDELL: A little less than 10,
19 yes.

20 COUNCILMAN NUTTER: We don't have to
21 burden the record with it today, but I would like
22 all of that material that you read out to be handed
23 up to the Chair either today or subsequent, but
24 prior to vote on this bill, so we have some better
25 details on minority and female participation in this

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2 contract.

3 MR. ISDELL: Okay.

4 Councilman, if I may, you do have
5 that material that I just read in Attachment D in
6 your package.

7 COUNCILMAN NUTTER: Attachment B?

8 MR. ISDELL: B as in boy; I'm sorry.

9 COUNCILMAN NUTTER: No problem.

10 MR. ISDELL: And, also, the MBEC
11 commitment, if you have a copy of the actual bid,
12 which was in the package. Caravan's MBEC response
13 is in that package in more detail.

14 COUNCILMAN NUTTER: Actually, I
15 understand that this is a lease for six years
16 through the Philadelphia Municipal Authority.

17 Just very quickly, can you tell me
18 what the actual cash value, if you just went out and
19 bought these 18 buses today, as opposed to a lease,
20 what do they cost?

21 MR. ISDELL: I do have that number.

22 We have the cost, for all 18, as
23 \$2,863,481.

24 COUNCILMAN NUTTER: \$2,863 --

25 MR. ISDELL: 481.

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2 COUNCILMAN NUTTER: -- 481. That's
3 for 18 buses?

4 MR. ISDELL: Yes. That's the
5 unamortized cost of the equipment at the beginning
6 of the term.

7 And this is, I'm looking at
8 Attachment C to Exhibit A in your package, which is
9 the Vehicle Amortization Schedule.

10 COUNCILMAN NUTTER: Well, then, I
11 know I said that that was my last question, but this
12 will be my last question.

13 The cash value of buying the buses
14 today, if we just decided to go out and order these
15 buses and cut a check, is \$2.8 million, versus a
16 six-year lease for which you are saying we are going
17 to spend \$21 million.

18 And, at the end of the lease term, we
19 will decide at our option, depending on the
20 condition of the buses, whether to buy them or not.

21 And if we did, we would then pay, I
22 guess, a balloon note of a half a million dollars,
23 is that the number on the -- \$572,000?

24 MR. ISDELL: Yes, that would be the
25 remaining unamortized value of the buses at the

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2 conclusion of the term, \$572,696.43.

3 But the contract is not only for the
4 purchase of equipment; it also involves maintenance
5 and operation of the entire bus service.

6 So the total \$21 million is not just
7 a balloon cost of financing the equipment; there is
8 a lot more in the contract than that.

9 COUNCILMAN NUTTER: Okay.

10 Between now and the time that we vote
11 on this, I would be interested in seeing a cash deal
12 for purchase of buses, and what the value of the
13 service is, versus a lease deal.

14 If you could provide that
15 information, I would be very interested in it.

16 MR. ISDELL: Okay.

17 CHAIRWOMAN VERNA: Commissioner, I
18 think you want to respond to that, do you not?

19 COMMISSIONER LOUIS APPLEBAUM: Louis
20 Applebaum, Procurement Commissioner.

21 Councilman Nutter, the major part,
22 the major cost of the contract, is not the
23 procurement of the buses; it is a complete service
24 that is billed at a certain price per hour for the
25 economy lots, for the military lots, for Cargo City,

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2 for additional.

3 So there is an hourly rate that we
4 are paying, which is an overall rate which includes
5 the cost of the labor, the management, the overhead,
6 the maintenance, repairs of the total package.

7 The lease part of it that relates to
8 the vehicles is the amortization at a cost of buying
9 the equipment of \$2.8 million.

10 The balance of the cost, which is
11 approximately \$20 million over the term, is for the
12 operation of the service.

13 COUNCILMAN NUTTER: Okay. So, I
14 mean, it is your argument, Mr. Applebaum, that if we
15 just went out and bought the buses, we would not be
16 in a position to still provide a service.

17 And someone has to provide that
18 service, and it is either going to be Caravan or,
19 probably, in the worst-case scenario, it would be
20 us?

21 COMMISSIONER APPLEBAUM: You said
22 that, not me.

23 COUNCILMAN NUTTER: I understand
24 that.

25 I mean, you have 18 buses, you have

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2 17 Council members and the Mayor. I mean, we can
3 each take a bus.

4 COMMISSIONER APPLEBAUM: I will drive
5 one, too.

6 COUNCILMAN NUTTER: We can take a bus
7 a night. And no one would get anywhere.

8 All right. I understand.

9 COMMISSIONER APPLEBAUM: It is a very
10 competitive bid. The amount of profit or markup on
11 the buses is minimal.

12 COUNCILMAN NUTTER: Okay.

13 COMMISSIONER APPLEBAUM: And the best
14 part of the program is, at the end of the program,
15 at the end of six years, the City has an option. We
16 can buy those buses for, I think --

17 COUNCILMAN NUTTER: It is like a car
18 lease.

19 You lease a car. As long as you
20 don't drive it over 15,000 miles a year, you do
21 whatever you want to do with it, and you keep it or
22 you get rid of it.

23 COMMISSIONER APPLEBAUM: Depending on
24 the market at that time, the risk is not with the
25 City, but the risk is with Caravan. So we don't

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2 have the risk at the end of the time.

3 COUNCILMAN NUTTER: All right. Thank
4 you.

5 CHAIRWOMAN VERNA: The Chair
6 recognizes Councilman O'Neill.

7 COUNCILMAN O'NEILL: Charley, this
8 has nothing directly to do with these purchases.

9 But in one of the descriptions of
10 what the buses do is, take people around the airport
11 that want to go from B to A, they have to circulate
12 on the back road?

13 MR. ISDELL: Yes.

14 COUNCILMAN O'NEILL: Circulation
15 road? Or what is the proper definition for that
16 road?

17 MR. ISDELL: The recirculation road.

18 COUNCILMAN O'NEILL: Recirculation
19 road.

20 It is totally inadequate, that road.
21 And while you are doing this, which is a major
22 effort to improve the situation generally at the
23 airport with transit, sometimes it takes 20 minutes
24 to a half hour to go around that road, particularly
25 when the buses that the rental car companies use

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2 just decide to slow down because they are mad at
3 something.

4 Maybe they are mad at you; I don't
5 know. But they are upset, maybe because you
6 wouldn't let them triple park or something. They
7 tie up the whole line, they just drag down.

8 It is one of the irritating things,
9 because you are not sure you are going to make your
10 plane, because you had to drop somebody off and then
11 go to park the car, or something.

12 It seems like it is a solvable
13 problem with an extra lane or something there.

14 Is there anything on the table right
15 now to deal with that?

16 MR. ISDELL: Yes. We are looking at
17 widening the recirculation road.

18 The land to the north of the road, I
19 believe, is currently owned by PennDOT. That is one
20 of the hurtles that we would have to deal with,
21 would be the acquisition of that land or permission
22 to use the land. The other thing that we're looking
23 at is a more effective system.

24 At the end of the recirculation road,
25 you are probably familiar -- it sounds like you are

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2 very familiar with the recirculation road -- there
3 are a couple of stop signs that tend to create sort
4 of a false traffic jam that does not have to occur.

5 We believe that traffic signals at
6 those locations and occasional use of actual police
7 officers directing traffic there during peak hours
8 might alleviate some of the problems.

9 We have also targeted the rental car
10 agencies, because they are frequent causes of
11 complaint.

12 For their own particular reasons,
13 they tend to cruise very slowly, particularly if
14 there is one right behind the other. The bus in the
15 back is actually trying to go slow, aggravating all
16 the cars behind them.

17 We have already, our Operations
18 Department, has gone to the rent-a-car managers and
19 asked them to work on a more sympathetic schedule to
20 the rest of the passengers who are trying to get
21 back around to the arrival road.

22 But we are looking at that. And I
23 think the real fix is that the road needs to have
24 more than just one lane.

25 We did also look at whether in its

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2 present consideration, could it be striped for two
3 lanes of traffic. And, unfortunately, that's not
4 possible.

5 COUNCILMAN O'NEILL: Now, I hate to
6 pin you down, but is there anything actually going
7 on with PennDOT, or are we just kind of talking
8 about it in-house?

9 MR. ISDELL: As far as I know -- we
10 don't have our Engineering Department with us today
11 or representative, I don't think.

12 But does anyone know? Is there
13 anything going on with the recirculation road
14 presently, that you are aware of?

15 We don't know if there has been a
16 contact with PennDOT, but there is a design to widen
17 the road being worked on as we speak.

18 And Mr. Buoy is extremely anxious to
19 make that happen, which means that it will be
20 accelerated.

21 COUNCILMAN O'NEILL: I would just
22 like to suggest, Councilman Longstreth has a contact
23 there. He is very close to the Governor. All the
24 secretaries pick up the phone as soon as they hear
25 he is on the phone. You would probably get it done

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2 like that.

3 I don't know if he is in the room,
4 but you may want to talk to him.

5 MR. ISDELL: We may have to take
6 advantage of that. Thank you.

7 COUNCILMAN O'NEILL: He has given a
8 lot of money, apparently. He is a big contributor.

9 CHAIRWOMAN VERNA: The Chair
10 recognizes Councilman Kenney.

11 COUNCILMAN KENNEY: Thank you, Madam
12 Chair.

13 What other airports, if any, does
14 Caravan operate in today?

15 MR. ISDELL: JFK. And Mr. Greene
16 will elaborate.

17 MR. GREENE: In actuality, we operate
18 two separate contracts at JFK. And we started
19 services there in 1987, with bus services for
20 employee parking lot.

21 That was a six-year contract. It
22 went -- well, it was two years with -- two, two year
23 extensions, as I recall, and the contract went full
24 term.

25 Before the termination of that

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2 contract, another contract was let by the Port
3 Authority for services at JFK called the CTA, or
4 Central Terminal Area, contract, which consists of
5 36 buses providing shuttle services for long-term
6 parking lot services and inter-terminal services at
7 JFK.

8 That contract requires 36 new Flier
9 buses, which are 40-foot transit coaches. They are
10 diesel powered, but they are unique in that they are
11 low-fuel design.

12 And, in addition to that service,
13 there are also -- we also operate five cars on a VIP
14 service, primarily geared to those people coming off
15 the Concord that have to go from one terminal
16 building to another.

17 That contract has an initial term of
18 three years, with one three-year extension which we
19 are currently in. And it has the option of three,
20 one-year extensions, for a total of nine years.

21 Shortly after that contract started,
22 we re-bid an employee parking portion. And we were
23 victorious in that bid, as well.

24 And that has 14 buses operating --
25 they relocated the employee parking area. 14 buses

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2 for a seven-year contract full term. We're up to 20
3 on that.

4 So, in total, we operate 60 buses at
5 Kennedy.

6 I would like to add, however, that we
7 have been bidding for airport operation contracts,
8 that's on airport sites, we have bid Logan, which we
9 were second or third in 1993. We bid Newark
10 Airport, which we were second on to Red and Tan,
11 which was one of the bidders on this project. I
12 believe we were second in Los Angeles for 50 buses.

13 We have bid for Philadelphia in 1992,
14 so we're not new to Philadelphia.

15 We have been looking to expand our
16 airport operations and school bus operations into
17 other states for a long period of time.

18 We're in business for 26 years.

19 COUNCILMAN KENNEY: The company is
20 primarily school bus transportation?

21 MR. GREENE: We are primarily school
22 bus, but we do service one of the word's largest
23 airports.

24 COUNCILMAN KENNEY: Do you
25 anticipate, or what number of employees do you

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2 anticipate, now retaining?

3 Is that process begun or has it been
4 projected, as to what employees are working there
5 now for the current vendor and how many you
6 anticipate bringing over? Or has that discussion
7 not happened yet?

8 MR. GREENE: Well, that has not
9 happened, as we have not been awarded the contract,
10 and we haven't been able to take that step forward.

11 It is my desire, as I have done with
12 other contracts in the past, to go to the existing
13 work force and offer them positions, offer that work
14 force positions, if they are qualified under our
15 guidelines.

16 For instance, we do drug testing.
17 Although it may not be required, we do it. We
18 require annual physicals, although the federal
19 statute might require biannual physicals.

20 So there are qualifications that we
21 have at Caravan that might be a step above others.
22 So the applicants still have to meet our criteria
23 for selection.

24 COUNCILMAN KENNEY: What's the
25 average hourly wage?

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2 MR. GREENE: We are anticipating
3 approximately \$9.

4 COUNCILMAN KENNEY: And is that
5 similar to what it is at Kennedy? Or I guess the
6 standard of living, cost of living, at New York is
7 different.

8 MR. GREENE: The starting wage at
9 Kennedy is 7.40 an hour.

10 COUNCILMAN KENNEY: Okay.

11 Is your operation union or non-union,
12 just for information sake?

13 MR. GREENE: Everything I have is
14 union.

15 COUNCILMAN KENNEY: Everything?
16 What union is it?

17 MR. GREENE: Our airport operations
18 are under Local 447 of the IAM, which is aerospace
19 and machinists.

20 COUNCILMAN KENNEY: Have the airlines
21 been involved in this discussion of the award of
22 this contract, or potential award of this contract?

23 And have they expressed an opinion
24 either publicly or privately as to -- Mr. Isdell.

25 MR. ISDELL: I am sorry, Councilman.

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2 COUNCILMAN KENNEY: Have the airlines
3 been involved at all in the discussions relative to
4 this potential award, and have they expressed an
5 opinion?

6 MR. ISDELL: Not the specific award
7 to this vendor since the bid opening.

8 But the airlines have approved the
9 concept of the six-year lease agreement and also
10 their expressed desire, if there is a choice between
11 the purchase option, which tends to put a big lump
12 in your annual budget in a particular year, versus
13 the spreading of payments out, it is preferable to
14 them to spread the payments out over the longer
15 term. So they supported that notion, as well.

16 COUNCILMAN KENNEY: So they have been
17 involved in the general philosophy of lease versus
18 purchase?

19 MR. ISDELL: Yes.

20 COUNCILMAN KENNEY: What, in
21 general -- and I don't want to go through each
22 individual company that was disqualified -- but, in
23 general, are there general reasons for
24 disqualification?

25 Are there certain things that seem to

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2 be recurring that disqualify a company, generally?

3 MR. ISDELL: Well, in the two
4 instances that we had, one was very simple, they did
5 not bid the right equipment, according to
6 specification.

7 COUNCILMAN KENNEY: That will do it.

8 MR. ISDELL: The second one, which
9 was the joint venture, was really -- we spent a
10 great deal of time reviewing the experience, the
11 financial capability, and the familiarity with the
12 technology, including the CNG buses.

13 And it was our feeling -- in fact, we
14 went through a formal hearing procedure at the end
15 of that process -- that the joint venture was not
16 qualified.

17 So there really isn't a general
18 answer to your question. Each one was specific.

19 COUNCILMAN KENNEY: In relation to
20 the minority or disadvantaged business firms and the
21 selection process, how are those firms selected, how
22 are they solicited? Is it a bid process within that
23 particular process? And, you know, how does that
24 work?

25 MR. ISDELL: Commissioner Applebaum

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2 would like to respond to that.

3 COMMISSIONER APPLEBAUM: I will
4 answer that, Councilman Kenney.

5 Under the Executive Order 193, there
6 is a specific program that all vendors, all bidders
7 must adhere to. And that is, commitments and
8 solicitations of companies that are certified in the
9 City of Philadelphia MBEC directly.

10 The vendors solicit the companies.
11 In some cases they make commitments, if they win
12 it. In other cases, the pricing may not be correct,
13 so they may not make a commitment.

14 And there is a form, a specific form,
15 that they fill out indicating all of the minority
16 companies, W's, M's, et cetera, that they have
17 contacted and the results of that solicitation.

18 I must note, in this particular bid,
19 of the four bidders that we opened envelopes for,
20 only two, the first -- the Caravan and Coach, which
21 was the highest price, actually had MBEC
22 commitments.

23 The middle two companies had zero
24 commitments from minority companies, but yet were
25 ruled responsive by MBEC because they followed the

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2 rules. But they didn't bring any minority
3 participation to the table.

4 So, fortunately, in this particular
5 award, Caravan followed the rules, so they were
6 responsive and, also, brought to us almost 10
7 percent in dollars.

8 COUNCILMAN KENNEY: So the actual
9 solicitation for the disadvantaged business is done
10 by the potential vendor.

11 COMMISSIONER APPLEBAUM: Absolutely.

12 COUNCILMAN KENNEY: They are given a
13 list of qualified minority businesses.

14 COMMISSIONER APPLEBAUM: They are
15 given a list of what we call Certified Minority
16 Companies that have been certified by Philadelphia,
17 our MBEC. That's a book that they get.

18 COUNCILMAN KENNEY: And they go and
19 make the deal with them?

20 COMMISSIONER APPLEBAUM: Then they go
21 out.

22 The list gives them the various
23 commodities that these companies are involved in,
24 and they go out and make their deals, yes.

25 COUNCILMAN KENNEY: Thank you very

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2 much.

3 CHAIRWOMAN VERNA: The Chair
4 recognizes Councilwoman Tasco.

5 Councilwoman Fernandez.

6 COUNCILWOMAN FERNANDEZ: Madam Chair,
7 I had needed to leave for a previously arranged
8 meeting.

9 I would like to be recorded as voting
10 yes on all three bills.

11 CHAIRWOMAN VERNA: Two bills. One
12 was held.

13 COUNCILWOMAN FERNANDEZ: Okay.

14 CHAIRWOMAN VERNA: Councilwoman
15 Tasco.

16 COUNCILMAN LONGSTRETH: Madam
17 Chairwoman, may I ask for the same thing?

18 COUNCILWOMAN TASCO: Thank you.

19 Following up on that question, I
20 noticed that in the MBEC form, there are two
21 companies --

22 CHAIRWOMAN VERNA: Excuse me,
23 Councilwoman. I believe Councilman Longstreth wants
24 to make an announcement.

25 COUNCILMAN LONGSTRETH: I would just

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2 like to leave the room at this time and be recorded
3 as voting yes on all two bills.

4 CHAIRWOMAN VERNA: Thank you.

5 I am sorry, Councilwoman.

6 COUNCILWOMAN TASC0: Okay.

7 Just following up on the issue of the
8 disadvantaged commitment. I noticed that the
9 Keystone Bus Service -- have these commitments been
10 confirmed?

11 This sheet is dated July '97. But I
12 noticed that Keystone Bus Service, there is no
13 commitment yet because they didn't respond to the
14 phone calls.

15 Will you just use Anderson Travel, or
16 are you going to try to contact Keystone Bus
17 Service, or substitute another bus service for the
18 subcontracting of military shuttle services to
19 Bayonne?

20 MR. GREENE: If I may. I guess the
21 reason that Keystone didn't respond is because
22 Keystone became a bidder themselves.

23 COUNCILWOMAN TASC0: Okay.

24 MR. GREENE: We did our best to
25 contact as many M and WBE firms as we could who

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2 would be able to provide goods and services that we
3 need.

4 But I must add that, in this
5 particular contract, the City's commitment to
6 provide the fuel for the buses, to pay for the fuel,
7 actually took away a very good source for minority
8 participation.

9 So it has made it much more difficult
10 for us to come anywhere near the percentage of
11 participation that the City would like.

12 As we begin doing business in
13 Philadelphia, I have no problem giving all of the
14 business to minority vendors.

15 It is a situation where it is a low
16 bid that wins the bid. And we will be out there
17 seeking competitive bids in our own right for goods
18 and services that we require.

19 To directly answer your question
20 about the military shuttle service, no, I would like
21 not to give service to Keystone. I would prefer
22 giving it all to Anderson. And we will give them as
23 much of the military shuttle service as we possibly
24 can.

25 COUNCILWOMAN TASC0: Also on the

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2 Multi-National Electronics, I noticed that you have
3 a commitment -- I'm sorry. That's not the
4 question.

5 Tri-State Leasing, cannot make
6 commitment until equipment is ready for delivery and
7 interest rates can be established.

8 Have you since that time confirmed a
9 commitment with them?

10 MR. GREENE: No. In fact, I spoke
11 with Tri-State yesterday, Mr. Henderson, Gerald
12 Henderson.

13 We are not going to be able to reach
14 a commitment until the eve of the delivery of the
15 buses.

16 What I did ask him to do was to
17 provide me with various alternatives to financing
18 and/or leasing that we can look at with some
19 benchmark figures on them, X number of basis points
20 over T bill, so many percentage points over prime.

21 He has not been able to give me
22 anything concrete, that I could take to the bank, to
23 use that expression.

24 We are talking about \$3 million in
25 equipment. And every basis point is a lot of --

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2 equates to a lot of dollars.

3 I do believe that we will be able to
4 come to a conclusion, though, and that he will be
5 able to be as competitive as anyone else on the
6 financing.

7 COUNCILWOMAN TASC0: Suppose he
8 isn't? What would your alternative be? Are there
9 other companies that you could go to?

10 MR. GREENE: We financed \$7 million
11 in buses for our J.F. Kennedy project with Fleet
12 Credit Corp., and they have been doing quite a bit
13 of our financing for us. And, in all probability,
14 we would go there.

15 We could also look at other minority
16 participants. We're not against doing that. But we
17 need -- we need the commitment back to us at the
18 lowest possible price.

19 And not to be redundant. It is our
20 low price that won the bid, so we can't just afford
21 just to give away free.

22 COUNCILWOMAN TASC0: No one expects
23 you to.

24 MR. GREENE: Thank you.

25 COUNCILWOMAN TASC0: We just know

1 BILL 970584

2 that sometimes the vendors are sought in order to
3 gain the contract.

4 Once the contract is signed, then the
5 vendor doesn't use the minority vendors, as proposed
6 in the contract.

7 So that is really what I'm getting
8 at, is, will the commitment follow through once the
9 contract is signed, or do you find a way to -- not
10 just you individually, but you all vendors find
11 other ways -- to get out of the commitment.

12 MR. GREENE: We have to buy goods and
13 services. And if Vendor A, who we may have selected
14 as a minority vendor, or subcontractor, if you will,
15 cannot provide those goods or services, we have to
16 find other vendors that will. We need those goods
17 and services to conduct business.

18 Where we have made commitments for
19 minority participation or women's participation, we
20 will continue in that vein, until we exhaust the
21 possibility of having a minority or a women's
22 business enterprise provide that good or service.

23 For instance, if, for one that we
24 have already made a commitment, if Anderson can't
25 produce the military shuttle to us, we will continue

1 BILL 970584

2 in the minority, what do you call it, guide, the
3 directory, the minority directory, to every single
4 bus company to subcontract that portion of our
5 contract.

6 When we exhaust that, then we are
7 left with no choice either to go to a nonminority or
8 to provide the service ourselves.

9 And the same thing will hold true
10 for -- I believe we have also made commitments for
11 workers' comp insurance to Jamar.

12 If Jamar can't provide it to us at a
13 reasonable rate, we will go to another minority
14 company.

15 COUNCILWOMAN TASC0: That's
16 interesting. You use their bid to you to develop
17 your bid for the City --

18 MR. GREENE: Yes.

19 COUNCILWOMAN TASC0: -- right?

20 MR. GREENE: Yes.

21 COUNCILWOMAN TASC0: Okay.

22 Who will maintain the buses? Who
23 will provide maintenance to the buses?

24 MR. GREENE: We will employ the
25 mechanics necessary to maintain the buses.

1 BILL 970584

2 COUNCILWOMAN TASC0: And you have a
3 repair shop at the airport?

4 MR. GREENE: We have a site that we
5 have selected at 6823 Norwitch Drive, which is
6 approximately a mile out of the airport.

7 COUNCILWOMAN TASC0: Okay. Thank you
8 very much.

9 MR. GREENE: You are welcome.

10 CHAIRWOMAN VERNA: Are there any
11 other questions from members of the Committee?

12 Do we have anyone else to testify on
13 this bill?

14 Seeing none, this will conclude the
15 Public Hearing. We will now go into our Public
16 Meeting.

17 (Public Hearing adjourned.)

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3 COUNCIL OF THE CITY OF PHILADELPHIA
4 PUBLIC MEETING
5 of the
6 COMMITTEE ON FINANCE
7 - - -
8 Wednesday, October 15, 1997
9 - - -
10 Public Meeting conducted by the Committee
11 on Finance, held in Room 400, City Hall,
12 Philadelphia, Pennsylvania, on the above date, to
13 consider action on the following:
14 BILLS 970564, 970584
15 - - -
16 PRESENT:
17 COUNCILWOMAN ANNA C. VERNA, Chair
18 COUNCILWOMAN MARIAN B. TASCIO, Vice-Chair
19 COUNCILWOMAN JANNIE L. BLACKWELL
20 COUNCILMAN JAMES F. KENNEY
21 COUNCILMAN MICHAEL A. NUTTER
22 COUNCILMAN BRIAN J. O'NEILL
23
24
25

1 PUBLIC MEETING

2 CHAIRWOMAN VERNA: The Chair
3 recognizes Councilman Nutter regarding Bill No.
4 970564.

5 COUNCILMAN NUTTER: Madam Chair, I
6 move that Bill 970564 be reported out of this
7 Committee with a favorable recommendation.

8 (Duly seconded.)

9 CHAIRWOMAN VERNA: Properly moved and
10 seconded that Bill No. 970564 be reported out of
11 Committee with a favorable recommendation.

12 All in favor will signify by saying
13 aye.

14 Those opposed.

15 The ayes have it. The motion is
16 carried.

17 The Chair recognizes Councilman
18 Nutter regarding Bill No. 970584.

19 COUNCILMAN NUTTER: Madam Chair, I
20 move that Bill 970584 be reported out of Committee
21 with a favorable recommendation, and a further
22 recommendation that the Rules of Council be
23 suspended so as to permit first reading at our next
24 session.

25 (Duly seconded.)

1 PUBLIC MEETING

2 CHAIRWOMAN VERNA: Properly moved and
3 seconded that Bill No. 970584 be reported out of
4 Committee with a favorable recommendation, also a
5 recommendation that the Rules of Council be
6 suspended so as to permit first reading at our next
7 session of Council.

8 All in favor will signify by saying
9 aye.

10 Those opposed.

11 The ayes have it.

12 This concludes the Public Meeting.

13 Thank you.

14 (Public Meeting adjourned at 11:45
15 a.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 Wednesday, October 15, 1997, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COMMITTEE ON FINANCE

DEBRA A. WHITEHEAD, RPR