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## COUNCIL OF THE CITY OF PHILADELPHIA

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## COMMITTEE ON TECHNOLOGY AND

4

## INFORMATION SERVICES

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Room 400, City Hall  
Philadelphia, Pennsylvania  
Thursday, May 8, 2008  
9:35 a.m.

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## PRESENT:

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COUNCILMAN BRIAN J. O'NEILL, CHAIR

12

COUNCILMAN FRANK DiCICCO

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COUNCILMAN BILL GREEN

14

COUNCILMAN CURTIS JONES, JR.

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COUNCILMAN JAMES F. KENNEY

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COUNCILWOMAN BLONDELL REYNOLDS BROWN

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COUNCILMAN FRANK RIZZO

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BILL 080407 - An ordinance authorizing the  
City's Chief Information Officer, on behalf of  
the City, to enter into multi-year contracts  
with one or more providers of on-line legal  
research services...

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22

V A R A L L O Incorporated

23

Litigation Support Services

24

Eleven Penn Center

25

1835 Market Street, Suite 600

Philadelphia, Pennsylvania 19103

215.561.2220 215.567.2670

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COUNCILMAN O'NEILL: Good

3

morning. I'd like to call the meeting to

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order of the Committee on Technology and

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Information Services. We'll be hearing

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Bill No. 080407.

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We have a quorum. For the

8

record, Councilman Rizzo to my far left,

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Councilman Jones, Councilman Green to my

10

right. And we'll get started.

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Could the Clerk read the bill,

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title of the bill.

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THE CLERK: Bill No. 080407, an

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ordinance authorizing the City's Chief

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Information Officer, on behalf of the

16

City, to enter into multi-year contracts

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with one or more providers of on-line

18

legal research services to be used by

19

various City and City-funded agencies,

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all under certain terms and conditions.

21

(Witnesses approached witness

22

table.)

23

COUNCILMAN O'NEILL: Please

24

state your name for the record.

25

MR. JAMES: Good morning. My

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           name is Joseph James. I'm the First  
3           Deputy Chief Information Officer for the  
4           Mayor's Office of Information Service.  
5           I'd like to provide testimony on behalf  
6           of the bill.

7                   COUNCILMAN O'NEILL: Okay.  
8           Proceed.

9                   MR. JAMES: Councilman O'Neill,  
10          members of the Committee, on behalf of  
11          Terry Phillis, the Chief Information  
12          Officer, it is my distinct pleasure to  
13          appear before the Committee today to  
14          express the Department's support for this  
15          bill. Based upon the historical nature  
16          of procuring both legal and non-legal  
17          research information, the Department  
18          recommends that City Council give its  
19          approval for this bill.

20                 The Department has since 1996  
21          been responsible for the procurement,  
22          administration and contract compliance  
23          associated with on-line research services  
24          in direct support of over 17 departments  
25          and agencies with approximately 1,200 end

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           users. This on-line research is critical  
3           for the operation of several key  
4           departments and agencies, such as Police,  
5           Courts, District Attorney, Law and City  
6           Council. The level of research in this  
7           new procurement has determined that the  
8           prospective bidders would provide the  
9           City with the highest level of  
10          cost-effective pricing and services if  
11          the contract was a multiple-year  
12          agreement.

13                   In conclusion, the terms  
14          proposed by this ordinance will not  
15          exceed four years, which is acceptable to  
16          the Department.

17                   I respectfully ask the  
18          Committee that the rules of Council be  
19          waived to allow this bill to be reported  
20          out of the Committee and have its first  
21          reading at the next Council session.

22                   I now stand available for any  
23          questions you may have.

24                   COUNCILMAN O'NEILL:  
25          Mr. Jones -- James. I'm sorry, Joe.

1                   5/8/08 - TECHNOLOGY - BILL 080407

2                   MR. JAMES: That's okay.

3                   COUNCILMAN O'NEILL: The  
4                   question I have right off the bat is, I  
5                   see you here. We have a very large city.  
6                   We have many users, many users that use  
7                   it a lot. I'm talking about frequent  
8                   users.

9                   MR. JAMES: Yes.

10                  COUNCILMAN O'NEILL: I would  
11                  think the Law Department would certainly  
12                  be one right off the top of my head.

13                  Do you know who our most  
14                  frequent users are by department?

15                  MR. JAMES: Sure. In addition  
16                  to myself, Christopher Lane is here, who  
17                  used to be with the Law Department, who  
18                  has been consulting and advising us on  
19                  the new procurement. He can speak  
20                  specifically to the details of what's  
21                  been the history of the users.

22                  COUNCILMAN O'NEILL: The reason  
23                  is, I'd like to know who is, but I'd also  
24                  like to note more than likely their  
25                  absence here at the hearing, I would like

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           to hear if people that use it feel --  
3           forgetting the price and how many years  
4           and who gets it, whether it has what they  
5           want, what they need, have they been  
6           satisfied with the service that they  
7           have, in case the incumbent is one of the  
8           bidders, and I assume that would be the  
9           case.

10                       So can we start with that?  
11           Because we may need more testimony.

12                       MR. JAMES: Well, I'll let  
13           Chris give more of the background, but  
14           through this RFP process, as we've gone  
15           through for procuring the service, we  
16           attended many of the meetings with all of  
17           the agencies and departments who are  
18           active users of it, and for the most  
19           part, everyone seems to be very pleased  
20           with the amount of services and research  
21           capabilities that we currently have  
22           through the services we get from  
23           LexisNexis and Westlaw. I think for the  
24           most part the information that we receive  
25           from the bidders is, this is probably one

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           of the top of the line research for  
3           on-line research for a lot of both public  
4           safety and non-public safety research.

5                     Chris?

6                     MR. LANE: Good morning. I'm  
7           Christopher Lane. I was former Director  
8           of Administration for the Law Department  
9           from 1980 through 2006, and during that  
10          time, I worked with MOIS to administer  
11          this contract from the standpoint of the  
12          legal users of the contract services.  
13          And we have done this as a four-year  
14          contract for most of the time that I was  
15          there because we found that the vendors  
16          would give us the most aggressive pricing  
17          if they knew we had a multi-year  
18          commitment.

19                    The other reason they wanted a  
20          multi-year commitment was that we asked  
21          them for certain things that was  
22          difficult for them to provide on a  
23          one-year-at-a-time basis, like a T1 line  
24          to make sure that we get maximum speed in  
25          transmitting data back and forth to their

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           services, for printers that they provide  
3           for on-line printing in the agencies that  
4           have the heaviest printing needs and  
5           various other things like that. It made  
6           it easier for them to give us aggressive  
7           pricing if we could guarantee a four-year  
8           agreement.

9                       We have included in the  
10          contract language in each of those  
11          four-year agreements that as they add new  
12          services, that if they fit into  
13          categories that we've included in our  
14          contract, that those services would be  
15          made available to us at no additional  
16          cost. So that, as you know, data  
17          services are rapidly changing field, and  
18          we did not want our contract to be  
19          obsolete after the first year because new  
20          things came in that we couldn't get. We  
21          do in fact include language in the  
22          contracts that they add these things to  
23          our agreement as they make them available  
24          to other customers.

25                       What we do each time this

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           four-year agreement comes due is put  
3           together a committee, a steering  
4           committee, which comprises the major user  
5           agencies, and that includes the Law  
6           Department, the Courts, the DA's Office,  
7           the Public Defenders, MOIS itself, Police  
8           Department, which is a very heavy user,  
9           and several other City agencies. DHS  
10          uses it to track dead-beat dads. Law  
11          uses it to track delinquent taxpayers and  
12          their assets.

13                 What we found over the last  
14          four years is that more and more of the  
15          services are investigative in nature and  
16          less and less legal in nature. So, for  
17          example, four years ago, approximately 35  
18          percent of the usage was for legal -- I'm  
19          sorry; 35 was non-legal. Each year since  
20          then it's gone up five percent. So at  
21          the present, for Fiscal 2008,  
22          approximately 50 percent of the use of  
23          the service is for investigative  
24          purposes, and a lot of that is police  
25          detectives who are using it to track

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2           witnesses, criminals, their  
3           relationships. The service provides a  
4           very sophisticated way of tying a person  
5           to various other members of their family  
6           and friends, so the Police Department can  
7           track them down, and they found it to be  
8           a very essential tool.

9                     Of course, they have very  
10          restricted -- the number of people who  
11          have that kind of access is very  
12          specifically restricted, so that not  
13          everybody who has the service can do the  
14          kinds of things that the police  
15          detectives can do.

16                    So that provides some history.  
17          What we found is that by lumping all  
18          these City agencies together and going to  
19          the vendors and saying, Give us your best  
20          price, that we are getting -- we are  
21          paying approximately three percent of the  
22          full retail price of these services. In  
23          other words, a small law firm would come  
24          to these guys and say, Give us your  
25          services, and they would pay so much per

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           search or so much per hour. We're paying  
3           three percent of that retail price,  
4           because they're getting the benefits of  
5           economy of scale with our large number of  
6           users. And the fact is, adding users to  
7           a system that's mainframe based in  
8           Dayton, Ohio, for them the incremental  
9           cost of adding another 1,200 users is not  
10          that great, so they can afford to give us  
11          those very deep discounts.

12                   COUNCILMAN O'NEILL: In  
13          Commissioner James' last remark before  
14          you testified, he mentioned people have  
15          been pretty happy with LexisNexis and  
16          Westlaw.

17                   MR. LANE: Yes.

18                   COUNCILMAN O'NEILL: Do we have  
19          both right now?

20                   MR. LANE: What we have right  
21          now is LexisNexis for both legal and  
22          non-legal service. That's a citywide  
23          contract. And two agencies, maybe  
24          three -- I know the Law Department and  
25          the Courts -- choose to purchase a

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2           certain number of passwords from Westlaw  
3           for those types of higher-level legal  
4           research services that they feel Westlaw  
5           gives them a little more utility. The  
6           DA's Office uses it for some of their  
7           federal cases that they get involved in.  
8           Law Department does the same. Some of  
9           our appeals, our appellate guys, like to  
10          use Westlaw a little bit better.

11                   COUNCILMAN O'NEILL: That's a  
12          small piece of --

13                   MR. LANE: That's a relatively  
14          small piece, and it's more preference  
15          than an absolute need. They just find it  
16          a little more efficient for this specific  
17          type of law that they practice.

18                   COUNCILMAN O'NEILL: Let's go  
19          back to your steering committee of your  
20          major users. When you've had meetings on  
21          the renewal, I assume you also meet  
22          during the period of the contract on some  
23          regular basis. What complaints do you  
24          have? You mentioned that people are  
25          pretty well satisfied, but are there some

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2           things people say we wish we had, can we  
3           get it, and what are your views on  
4           reacting to that?

5                     MR. LANE: What we found is  
6           that certain people like the Headnotes  
7           feature on Westlaw, for example. Certain  
8           lawyers are used to having that feature.

9                     COUNCILMAN O'NEILL: The ones  
10          that used to do it by hand, yeah.

11                    MR. LANE: Yeah. They find  
12          that feature very nice. But there are  
13          others who like the Sheperd citation  
14          feature, and that used to be a Westlaw  
15          feature, now it's been purchased by  
16          LexisNexis.

17                    So what we found is that the  
18          consensus of the committee and after lots  
19          of discussion and debate and feedback  
20          that they got from their user community  
21          is that they get more value from a  
22          LexisNexis contract for all services,  
23          with a few supplemental passwords from  
24          Westlaw for those users that really need  
25          it.



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2           hooked up with the LexisNexis service and  
3           at no incremental cost to the City.

4                   MR. JAMES: In addition to  
5           that, Councilman, in the past we had some  
6           concerns about the billing, and since  
7           this was a multi-year contract, from the  
8           time that they initially started, they've  
9           built a web portal that allows us to  
10          better administer that, and that came at  
11          no additional cost for us, so that we can  
12          actually get the billing information  
13          online, do the trending and analysis on  
14          our side and support verification of the  
15          billing, which is something they added,  
16          and, again, it was something that didn't  
17          have any additional cost for us.

18                   COUNCILMAN O'NEILL: I'd like  
19          the record to reflect that Councilwoman  
20          Blondell Reynolds Brown has joined the  
21          Committee and Councilman Frank DiCicco  
22          has joined us.

23                   Councilman Green.

24                   COUNCILMAN GREEN: So according  
25          to your working group, the services are

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           equivalent between the two major on-line  
3           research providers?

4                   MR. LANE: The legal services  
5           are very close with, like I said, a  
6           slight preference for Westlaw in certain  
7           specialized types of practices. The  
8           non-legal services, the investigative  
9           part, the public records part, which is  
10          now 50 percent of the City's total usage,  
11          is far superior with LexisNexis. The  
12          Police Department was quite concerned  
13          that if we were to switch to a total  
14          Westlaw package instead of a total  
15          LexisNexis package, that it would be a  
16          very serious problem for them and they  
17          would have to go out and buy additional  
18          services from LexisNexis at significant  
19          cost. So to date, it's been beneficial  
20          to have the LexisNexis package.

21                   COUNCILMAN GREEN: Are we  
22          getting equivalent -- I mean, our user  
23          base is such a large number of people.  
24          Would we get equivalent pricing by  
25          dividing it 50/50 or doing long-term

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           contracts with both services, similar  
3           pricing?

4                   MR. LANE: We asked the vendors  
5           to bid that way, to give us two options,  
6           to bid that they were getting everything  
7           and to give us a bid for if they only got  
8           one piece or another piece. And when we  
9           pieced it together, the additional cost  
10          to the City if we got a Lexis package for  
11          non-legal and a Westlaw package for  
12          legal, the additional cost would be  
13          approximately 80,000 more per year, and  
14          we just thought that was excessive.

15                   COUNCILMAN GREEN: Did that  
16          take into account the discounts or  
17          provision on other things the City buys  
18          from these two providers, including legal  
19          publications?

20                   MR. LANE: Yes. Westlaw quoted  
21          us deep discounts on the printed  
22          materials, as much as 50 percent, if they  
23          were to get a whole package or if they  
24          were to get the legal side of the  
25          package. On the other side of the

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2           coin --

3                   COUNCILMAN GREEN: And how much  
4           saving would that be for the City a year?

5                   MR. LANE: That provided, I  
6           think it was, slightly over a hundred  
7           thousand dollars of savings in print  
8           costs, but it would lock the librarians  
9           into keeping those print materials for  
10          the next four years, and they were very  
11          concerned about that, because as more and  
12          more becomes available online and more  
13          users get comfortable with using services  
14          online, they didn't want to be locked  
15          into having to keep those publications  
16          for a four-year period, especially since  
17          the prices tend to go up between eight  
18          and 12 percent a year on the printed  
19          materials.

20                   On the other side of the coin,  
21          the LexisNexis package included up to 25  
22          free Accurint passwords. LexisNexis  
23          purchased a service called Accurint,  
24          which is used, again, very heavily by the  
25          Police Department, and those 25 free

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           passwords would save the City  
3           approximately \$16,000 a year. So part of  
4           their package price was savings on the  
5           Accurint. Part of the Westlaw's was  
6           savings on the print.

7                   COUNCILMAN GREEN: But you're  
8           saying when you net it all out, net-net,  
9           it's 80,000 --

10                   MR. LANE: Approximately.

11                   COUNCILMAN GREEN: -- cheaper,  
12           including discount and legal  
13           publications, et cetera?

14                   MR. LANE: Yes. Yes.

15                   COUNCILMAN GREEN: Okay. So  
16           your testimony is then that we're going  
17           with the lowest bidder; the low bid is  
18           winning this contract?

19                   MR. LANE: It's both the lowest  
20           bidder and it's also the best combination  
21           of options, the best combination of  
22           service.

23                   COUNCILMAN GREEN: So it's  
24           both?

25                   MR. LANE: So it's a win-win.

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2                   MR. JAMES: Right. It's both  
3 areas.

4                   COUNCILMAN GREEN: Okay. Thank  
5 you very much.

6                   MR. LANE: Thank you,  
7 Councilman.

8                   COUNCILMAN O'NEILL: When  
9 you're coming here to update us for the  
10 legal contract that you've put out an RFP  
11 for, you're not coming back with the  
12 contract asking us to approve it. This  
13 takes --

14                  MR. JAMES: No. We're asking  
15 for the authorization to be able to have  
16 a four-year contract and negotiate and  
17 sign a contract for four years.

18                  COUNCILMAN O'NEILL: Okay.

19                  COUNCILMAN GREEN: I know that  
20 we're required under the Charter to  
21 approve any contract longer than a year,  
22 and I assume that's why you're asking for  
23 this authorization.

24                  MR. JAMES: Yes.

25                  COUNCILMAN GREEN: I note that

1           5/8/08 - TECHNOLOGY - BILL 080407  
2           this resolution -- or this ordinance. I  
3           guess this is a bill. This ordinance  
4           does not mention a provider. Can we  
5           approve a contract when we don't know who  
6           the other party is? Have you checked  
7           with the legal department about that?

8                     MR. JAMES: This is, as I  
9           understand it, this is how we've approved  
10          this in the past in the previous  
11          procurements for these services.

12                    COUNCILMAN GREEN: I mean,  
13          because technically we have to approve a  
14          contract that unless you know who the  
15          other party is and what the contract  
16          terms are, I don't see how City Council  
17          can approve a contract within the meaning  
18          of the Charter without that information  
19          being available.

20                    COUNCILMAN O'NEILL: Mr. James,  
21          can you get the Law Department to give us  
22          an opinion on that?

23                    MR. JAMES: Yes.

24                    COUNCILMAN O'NEILL: We can  
25          move the bill out and hold it until --

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2                   MR. JAMES: We will get back to  
3 the Chair on that.

4                   COUNCILMAN O'NEILL: Thank you.

5                   Any other questions from the  
6 Committee?

7                   (No response.)

8                   COUNCILMAN O'NEILL: Thank you,  
9 gentlemen.

10                  MR. JAMES: Thank you.

11                  MR. LANE: Thank you.

12                  COUNCILMAN O'NEILL: We'll now  
13 move into our public meeting. That's the  
14 end of the public hearing. And the Chair  
15 recognizes Councilman Green for a motion.

16                  COUNCILMAN GREEN: I move that  
17 we approve Bill No. 080407 and report it  
18 out of Committee and request a suspension  
19 of the rules to allow it to have first  
20 reading.

21                  (Duly seconded.)

22                  COUNCILMAN O'NEILL: Councilman  
23 DiCicco and Councilwoman Brown is the  
24 second.

25                  All those in favor indicate by

1                   5/8/08 - TECHNOLOGY - BILL 080407

2                   saying aye.

3                   (Aye.)

4                   COUNCILMAN O'NEILL: Nays?

5                   (No response.)

6                   COUNCILMAN O'NEILL: The ayes  
7                   have it, and the bill will be on our next  
8                   Calendar for first reading.

9                   I just want to put on the  
10                  record again that while this will come up  
11                  for a vote next week based on that  
12                  schedule, we hope to have the opinion  
13                  from the Law Department by that time.

14                  Thank you.

15                  (Committee on Technology and  
16                  Information Services adjourned at 9:55  
17                  a.m.)

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## CERTIFICATE

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I HEREBY CERTIFY that the

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proceedings, evidence and objections are

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contained fully and accurately in the

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stenographic notes taken by me upon the

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foregoing matter on May 8, 2008, and that this

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is a true and correct transcript of same.

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\_\_\_\_\_  
MICHELE L. MURPHY

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RPR-Notary Public

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(The foregoing certification of this

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certifying reporter.)

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