

1
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 BEFORE THE COMMITTEE OF THE WHOLE
4 OPERATING BUDGET HEARINGS - CONTINUED
5

6 - - -
7 Room 400, City Hall
8 Philadelphia, Pennsylvania
9 Wednesday, 2/23/00
10 9:50 a.m.
11 - - -

12 BILL 00005 - An ordinance adopting the Operating
13 Budget for Fiscal Year 2001

14 PRESENT: COUNCIL PRESIDENT ANNA C. VERNA, Chair
15 COUNCILWOMAN JANNIE L. BLACKWELL
16 COUNCILWOMAN BLONDELL REYNOLDS BROWN
17 COUNCILMAN DARRELL L. CLARKE
18 COUNCILMAN DAVID COHEN
19 COUNCILMAN FRANK J. DICICCO
20 COUNCILMAN W. WILSON GOODE, JR.
21 COUNCILMAN JAMES F. KENNEY
22 COUNCILMAN W. THACHER LONGSTRETH
23 COUNCILMAN MICHAEL A. NUTTER
24 COUNCILMAN ANGEL L. ORTIZ
25 COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

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

3 COUNCIL PRESIDENT Verna: Good morning,
4 everyone. A delay, I'm sorry for the delay.

5 This is the continued public hearing of
6 the Committee of the Whole on the Operating Budget
7 Bill No. 005.

8 The first group to testify will be the
9 Civil Service Commission.

10 (Civil Service Commission come
11 forward.)

12 COUNCIL PRESIDENT Verna: Good morning.
13 Please identify yourself for the record and
14 proceed with your testimony.

15 MR. DIPIERO: Hi, good morning. My
16 name is Nicholas DiPiero, Chairman of the Civil
17 Service Commission, and I'm here to give you a
18 report on our budget.

19 And I want to congratulate you as
20 president.

21 COUNCIL PRESIDENT Verna: Thank you.

22 MR. DIPIERO: And I don't know -- I
23 seen the Mayor and I never congratulated him, so
24 I'll do it publicly to say congratulations.

25 Do you want me to start?

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2 COUNCIL PRESIDENT VERNA: Please
3 proceed.

4 MR. DIPIERO: Sure. President Verna
5 and Members of City Council, I'm Nicholas DiPiero,
6 Chairman of the Civil Service Commission, and I'm
7 pleased to testify on behalf of the Civil Service
8 Commission in support of the Commission's budget
9 request for Fiscal Year 2001.

10 Our total budget request of \$159,215
11 represents a 2,74 percent increase over our Fiscal
12 Year 2000 appropriation of \$154,957. This
13 increase is reflected in Class 100 and provides
14 for the negotiated salary increase for Civil
15 Service employees. The remainder of our request
16 is unchanged from the Fiscal Year 2000 level and
17 will provide funds for training necessary,
18 materials, and supplies in the purchase of minor
19 equipment.

20 Under the Home Rule Charter, the
21 commissioners are charged with approving or
22 disapproving a large variety of actions affecting
23 Civil Service employees, and these include the
24 establishment of job classes, position and pay
25 classifications, residency waivers, personal

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2 service contracts, Civil Service regulations and
3 exemptions from the Civil Service.

4 To date, in Fiscal Year 2000, the
5 Commission has approved 38 classifications and pay
6 actions, 10 changes to the regulations, 14
7 personnel services contracts, and 125 exemptions
8 from the Civil Service. Most -- and there were 90
9 of the exemptions -- were for summer food programs
10 run by the Recreation Department. The Commission
11 also approved two specific residence waivers for
12 positions in the Health Department.

13 The major role of the Civil Service
14 Commission is to function as an appellate body to
15 hear and decide on Civil Service employees'
16 appeals on personnel divisions. Most appeals are
17 regarding dismissals, suspensions of more than 10
18 days, and demotions, oral examinations denials of
19 requests for leaves of absence, denials of injury
20 on duty time, and appeals from back-to-work
21 orders. Fiscal Year to date, the commissioners
22 have received 114 appeals and have issued 92
23 opinions and orders resolving the appeals.

24 And with this budget, President Verna
25 and Members of City Council can continue its

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2 important work of assuring the preservation of the
3 Philadelphia merit system, as mandated by the
4 Philadelphia Home Rule Charter.

5 Thank you.

6 COUNCIL PRESIDENT VERNA: Thank you,
7 Mr. DiPiero.

8 You mentioned about two waivers that
9 were mentioned in the Health Department. Is that
10 for a year? Is the waiver for a year for
11 residency?

12 MR. DIPIERO: Oh, let me get my mouth
13 piece here.

14 (Linda Seyda comes forward.)

15 MS. SEYDA: Good morning.

16 COUNCIL PRESIDENT VERNA: Good morning.

17 MS. SEYDA: I am Linda Seyda, and I am
18 the City's the personnel director.

19 The Civil Service Commission approved
20 two specific residence waivers for the Health
21 Department, and that was to facilitate recruitment
22 for two positions. Those waivers were for the
23 period of the probationary period and six months
24 thereafter. The two individuals are required to
25 move into the city.

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2 COUNCIL PRESIDENT VERNA: Thank you.

3 What were those positions, if I may
4 ask?

5 MS. SEYDA: They were both for research
6 and information analysts in the Health Department.

7 COUNCIL PRESIDENT VERNA: Thank you.

8 The Chair recognizes Councilman Rizzo.

9 COUNCILMAN RIZZO: Thank you, Madam
10 Chair.

11 Every time this residency issue comes
12 up, someone just doesn't ask the question properly
13 and the question never gets answered, in my
14 opinion, properly. So I don't ask the question
15 with any confusion, can you just tell me as of
16 today anyone -- boards, commissions, housing
17 authorities, or whatever organizations that the
18 taxpayers of the City of Philadelphia support, can
19 you tell me how many people don't live in the City
20 of Philadelphia that are supported by the City
21 government?

22 And, again, I hope I'm asking the
23 question right.

24 MR. DIPIERO: Are you talking under our
25 Civil Service --

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2 COUNCILMAN RIZZO: Under civil service,
3 and to Linda Seyda, for other employees. Because
4 every time this question is asked, Well, you
5 didn't ask the question right, this doesn't apply
6 to the question that you asked.

7 How many people that work for this
8 government don't live in the City of
9 Philadelphia?

10 MR. DIPIERO: Well, Councilman, I work
11 very closely with the Personnel Department
12 because, as you know, we only have three Civil
13 Service commissioners and a secretary, and
14 anything like that, I usually bring it to Linda's
15 attention, but I just want you to know, so you
16 guys will feel assured here, and if it sounds like
17 I'm abrupt, but there was one case, and I don't
18 want to get into it, and it's just an idea to give
19 you of how serious we take that question.

20 We had one woman who was getting away
21 with it for 30 years, and we cracked down on it.
22 And then the first thing you get is what happens
23 in America today. Oh, my God, are you going to
24 hurt that poor lady? You know, she didn't know.
25 But we got rules and I adhere to the rules.

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2 COUNCIL PRESIDENT VERNA: When you say
3 you cracked down on her, what happened?

4 MR. DIPIERO: Well, I'll let Linda tell
5 you -- we made her move -- she had to move into
6 the city.

7 COUNCILMAN RIZZO: So, I guess, to
8 Linda Seyda. Last week, I sat, and I'm having
9 trouble recollecting, but there was a particular
10 department that came and said that there was no
11 residency requirement, a quasi government
12 department.

13 Again, I ask the question: Of the
14 whole global situation, how many people -- and
15 even though there's a real extreme effort to try
16 to correct it when it's discovered, how many
17 people today, including the people that are six --
18 have the six months to move in, how many people do
19 not reside in the City of Philadelphia that get
20 paid by the City of Philadelphia or an outside
21 agency that you're responsible for? I guess
22 that's the. . .

23 MS. SEYDA: Councilman, off the top of
24 my head, I cannot give you that number. We can
25 certainly provide that information. As you know,

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2 there are a number of job classes where there is a
3 waiver that permits individuals to reside outside
4 the city at the time they're appointed, but they
5 are required to move into the city. We can
6 provide to you, or to Council, the names and
7 classes of those individuals who are Civil Service
8 Commission employees and also exempt employees.

9 What we do not have the ability to
10 provide for you would be individuals who are
11 employees of quasi governmental agencies or
12 authorities, 'cause we just simply don't have that
13 information. But we certainly can get that
14 information for you as it relates to the City
15 government itself, both exempt employees and the
16 Civil Service Commission employees.

17 COUNCILMAN RIZZO: So there's quasi
18 agencies, your personnel department has no input,
19 no control, no policy, nothing.

20 MS. SEYDA: And we do not have the
21 personnel records for the quasi governmental
22 agencies, you know, such as the Parking Authority,
23 the Redevelopment Authority.

24 COUNCILMAN RIZZO: What do you do when
25 a person gets the six-month waiver? What does

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2 your organization do, or the employing officer do,
3 to verify that that person's moved in and not just
4 provided with you a change of address? Is there
5 any real look at that?

6 MS. SEYDA: Enforcement of the
7 residency requirement falls under the City
8 Controller, and they're the ones who have the
9 responsibility for monitoring compliance with the
10 residency requirements.

11 COUNCILMAN RIZZO: And to end this,
12 since this information is not readily available
13 today, does that suggest that this might be a
14 large group or a small group or just that you
15 don't know?

16 MS. SEYDA: I would believe that it --
17 it's a relatively small group because it's going
18 to -- the people who are covered by these waivers
19 are people who basically have one year to move in.

20 COUNCILMAN RIZZO: One year.

21 MS. SEYDA: Yes. It's for the
22 six-month probation -- it's for the probation
23 period and six months thereafter, so it's actually
24 a total of one year.

25 COUNCILMAN RIZZO: Well, if you could

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2 provide because, again, just to go back to my
3 opening remark, I constantly hear, Well, you
4 didn't ask the question right and you didn't
5 include this or -- I want a -- I would like to
6 know that just to -- the big picture, with no
7 trick questions or trick answers.

8 MS. SEYDA: Certainly. And certainly
9 -- and the broadest group that -- for which we
10 can provide information are those employees who
11 are Civil Service Commission and exempt employees
12 in the executive and legislative branch of
13 government.

14 COUNCILMAN RIZZO: Thank you.

15 MR. DIPIERO: And what I also wanted to
16 bring up too is, Miss Seyda, when I first came on
17 the Commission, you know, the departments are
18 responsible to tell us, we're not investigators.

19 COUNCILMAN RIZZO: Right.

20 MR. DIPIERO: And I'm not being, you
21 know, wise on that. We don't have the people to
22 do the investigating. The departments'
23 responsibility to follow these things and let us
24 know, and then they present a case against them in
25 front of us.

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2 And I'm going to say this: The last, I
3 think, since I've been chairman, I don't remember
4 one case coming in front of us about a residency
5 waiver for somebody that's working, outside of the
6 case that I mentioned. In the last couple of
7 years, I haven't had one case.

8 And why do I say that? I say that
9 because we've got an alert Council here, and
10 sometimes if you're interested in something, then
11 somebody's not doing their job, so it should be
12 looked into.

13 COUNCILMAN RIZZO: I appreciate that.
14 Thank you.

15 Thank you, Madam Chair.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 Are there any other questions from
18 members of the committee of Mr. DiPiero?

19 COUNCILMAN COHEN: (Off mike,
20 inaudible.)

21 COUNCIL PRESIDENT VERNA: Yes. Thank
22 you.

23 Are there any other questions from
24 members of the committee?

25 (No further questions.)

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2 COUNCIL PRESIDENT Verna: Thank you
3 very much, Mr. DiPiero.

4 MR. DIPIERO: Thanks a lot.

5 COUNCIL PRESIDENT Verna: The Water
6 Department.

7 (Water Department witnesses come
8 forward.)

9 COUNCIL PRESIDENT Verna: Good morning,
10 Commissioner.

11 COMMISSIONER KISHINCHAND: Good
12 morning, President Verna and good morning, Members
13 of City Council.

14 Would you like me to start my
15 testimony?

16 COUNCIL PRESIDENT Verna: Yes. We have
17 a copy of your testimony, which will be given to
18 the stenographer, and it will be typed in whole,
19 but if you would simply summarize your testimony,
20 we would appreciate it.

21 COMMISSIONER KISHINCHAND: Thank you
22 very much. I appreciate, you know, being brief on
23 this and I appreciate the opportunity of giving
24 you to testify on behalf of the Water Department
25 for its proposed 2001 Fiscal Year 2001 Operating

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2 Budget.

3 With me today to help me answer any
4 questions that you have are Susan Lior, who's on
5 my extreme left, she's Deputy Commissioner for
6 Information Technology; Dick Roy, who is Deputy
7 Commissioner for Operations; and on my right is
8 Bernie Brunwasser, who is Deputy Commissioner for
9 Finance.

10 We come before you to request an
11 Operating Budget of \$195.5 million, augmented by
12 \$232 million for other Water Fund activities, such
13 as Water Revenue Bureau, Law Department, and other
14 support agencies, as well as payment to the debt
15 service.

16 Generally, there are three issues that
17 this Council is very much interested in, and those
18 are:

19 Is our drinking water safe? Well, I
20 can assure you it's of the highest quality. In
21 fact, the U.S. EPA has commended us for having
22 finished Stage III of our Partnership for Safe
23 Water.

24 The other question that comes to mind
25 is, is our water clean when we discharge it into

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2 our rivers and streams? Our base water treatment
3 plants have been treating water to the point that
4 it's cleaner than the river water that we draw in
5 for drinking purposes. In fact, the three
6 waste-water treatment plants have won awards from
7 the Association of Metropolitan Sewerage agencies
8 consistently for over five years. One of our
9 plans, in fact, had absolutely perfect compliance
10 for five years in a row, and this year, we'll be
11 getting a platinum award for that.

12 The third area that I think the Council
13 is very much interested in is the financial
14 condition of the Department, and I can assure you
15 we are in very stable condition. In fact, we will
16 not be requesting any rate increase again for the
17 fifth time in a row that I've come before. There
18 will not be a rate request to this Council for
19 Fiscal Year 2001.

20 COUNCIL PRESIDENT VERA: I'm so happy
21 to hear that.

22 COMMISSIONER KISHINCHAND: Thank you
23 very much, and I think with that, I'll start -- if
24 you have any questions, I'll certainly answer
25 them.

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2 I do want to want to add that one of
3 the reasons why we are in such a good financial
4 condition is because of the great support we've
5 had and consistent support that we've had from
6 City Council, whether it was when we went to
7 monthly billing or developing the cogeneration and
8 standby facilities, which saved us millions of
9 dollars, the automatic meter-reading program that
10 you helped us with, and a number of other
11 initiatives. And I thank you and I appreciate
12 your support for that.

13 COUNCIL PRESIDENT Verna: I know that I
14 only speak for myself, but many of my colleagues.
15 We think do you a fabulous job. Thank you.

16 COMMISSIONER KISHINCHAND: Thank you.

17 COUNCIL PRESIDENT Verna: On page 1 of
18 your testimony, Commissioner, you indicate that
19 the Water Department provides drinking water to
20 more than 150,000 residents of Lower Bucks County
21 and treats waste water from approximately 700,000
22 residents of Bucks, Delaware, and Montgomery
23 counties. What does it cost to provide these
24 services, and do we receive -- and what do we
25 receive for these services?

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2 COMMISSIONER KISHINCHAND: Our
3 contracts are long-term contracts for drinking
4 water with Bucks County, and they're based on the
5 cost of service and an administrative fee.

6 I'll ask Bernie Brunwasser, our Deputy
7 Commissioner for Finance, to help expand on it.

8 COUNCIL PRESIDENT VERNA: Thank you.

9 MR. BRUNWASSER: I'm Bernie, Deputy
10 Commissioner for Water.

11 The -- all of our suburban contracts
12 are governed under actually ten separate
13 waste-water contracts and one water contract, and
14 they provide for the recovery of full cost of
15 service, plus a 10 percent management fee, and
16 this was passed under a 1987 ordinance by City
17 Council, which allowed us to do that.

18 So the actual cost may be somewhat
19 below what we have figured in our rates, but the
20 10 percent management fee certainly makes us whole
21 over and above all our costs.

22 COUNCIL PRESIDENT VERNA: Thank you.

23 Commissioner, what are the functions
24 and duties the of the Office of Water Sheds? And
25 who are the key stakeholders that you refer to?

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2 COMMISSIONER KISHINCHAND: The Office
3 of Water Sheds was created a little over a year
4 ago, and it was essentially in response to the
5 direction that the whole nation is headed in terms
6 of keeping the waters and the streams and the
7 rivers clean.

8 As you know, the Water Department and
9 many of the waste-water agencies have spent
10 millions and billions of dollars to clean up the
11 environment by treating the water in the
12 waste-water plants. Those plants, when they
13 discharge into the river, are called "point
14 sources."

15 We've done as much as -- the
16 municipalities have done as much as they can now
17 to clean up their streams and rivers. Their
18 remaining challenges really are for non-point
19 sources. Non-point sources are the runoff of
20 storm water, from farms, upstream areas, and even
21 from our streets, which go directly into the
22 river. And the Water Shed concept is essentially
23 to look wholistically at where this pollution is
24 coming from, not only from the waste-water
25 treatment plants but all other places that cannot

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2 identified as point sources.

3 And in view of the fact that there are
4 neighboring counties which have storm water being
5 discharged into the streams like the Cobbs Creek
6 or the Wissahickon, etc., we need to bring those
7 stakeholders -- those stakeholder are essentially
8 neighboring counties, and another stakeholder is
9 the Department of Environmental Protection, the
10 Pennsylvania Department of Environmental
11 Protection.

12 So those are the people that we need to
13 bring together to address these issues, together
14 because we as a city cannot take on the costs of
15 all the effort that is required to clean up the
16 streams to the point that the EPA wants them,
17 which is make them fishable and swimmable.

18 COUNCIL PRESIDENT Verna: Thank you, .
19 Councilwoman Blackwell. Did you want
20 to ask questions at this point?

21 COUNCILWOMAN BLACKWELL: I just wanted
22 to thank you, Commissioner. You always do a great
23 job for us. Thank you.

24 COMMISSIONER KISHINCHAND: Thank you
25 very much.

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2 COUNCIL PRESIDENT Verna: Thank you.

3 The Chair recognizes Councilman Rizzo.

4 COUNCILMAN RIZZO: Thank you, Madam
5 Chair.

6 Commissioner, can you give us an update
7 on the cross connection issue, the cross
8 connections with the sanitary and the storm.
9 Where are we with that, and just a little bit of
10 an update, please?

11 COMMISSIONER KISHINCHAND: Surely. As
12 you know, we started the program sometime back,
13 and essentially, the cross connection program
14 right now requires us to correct the true cross
15 connection -- in other words, the storm water
16 going into the sanitary and sanitary going into
17 the storm. Our focus has been to stop the
18 sanitary flow going into the storm system because
19 that goes directly into the river and it pollutes
20 it. And because they are true cross connection
21 and apparently erroneously for whatever the reason
22 might have been, and in order to prevent pollution
23 and to correct the situation quickly, the Water
24 Department agreed to take on the costs of those
25 repairs.

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2 So we are doing those, we test -- and
3 I'll ask Dick Roy, our Deputy Commissioner for
4 Operations see give you a little more detail in
5 that.

6 MR. ROY: Yes. My name is Richard Roy.
7 I'm Deputy Commissioner for Operations in the
8 Department.

9 In terms of the cross-connected lateral
10 program, our consent order with the State requires
11 us to do at least 2,000 screenings per year.
12 We're well above that number. Screenings just
13 give us an indication as to whether there's a
14 possible or not. And then if we had indication
15 there's a possible, we have to go back and do a
16 final test on an individual property. Once that's
17 determined, we issue an order to a plumber to make
18 the abatement on that.

19 We concentrated on four areas in the
20 city. There's, I think, somewhere around 260
21 out-falls that need attention. We're taking each
22 sewer shed at a time. We went after the top
23 four. One of those we were able to divert dry
24 weather flow to an interceptor and take to it a
25 plant and we were able to move into another area.

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2 The second area along Cheltenham
3 Avenue, between approximately Seventh Street and
4 Washington Lane, is a very large area. That has
5 been totally completed. And we're working now in
6 the Wissahickon area, the Roxborough-Manayunk
7 area.

8 COUNCILMAN RIZZO: And this was all
9 done at the expense of the Water Department and no
10 means or any reimbursement at all for the property
11 owner?

12 MR. ROY: Properties that had complied
13 with the order, prior to our accepting
14 responsibilities for the fixing, have all been
15 reimbursed, and all the other costs have been at
16 the Department's expense.

17 COUNCILMAN RIZZO: My final question
18 is, in your main replacement projects, and the one
19 that I think you're all aware of is the Lauriston
20 Street project there, where there was a
21 combination Streets Department and water main
22 replacement simultaneously.

23 In your contracts, in your contracts,
24 when you let out a contract to do excavation and
25 replace pipe, it appeared that that one job on

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2 Lauriston Street -- and I don't know exactly who
3 had the primarily responsibility, was it Water or
4 was it Streets. But when you send out a contract,
5 do you have time requirements in there where a
6 contractor can't start a job and get another job
7 and start digging a hole here, abandon that
8 project, move on to another project, and not
9 complete this one in a timely manner? What do you
10 do in area project management?

11 A perfect example is a job up on
12 Hillcrest Avenue, up in Chestnut Hill. That
13 honestly looks like a war zone up there, in my
14 opinion. Whoever is the inspector is trying to do
15 a good job, but the contractor, in my opinion, is
16 not leaving the job in the condition it should be
17 left in over weekends and things like that. And
18 that bothers me because some person hits those
19 holes and damages their vehicle, and it's all
20 unnecessary, in my opinion.

21 So, again, I'd like to know what we're
22 doing to make sure these contractors get in, do
23 the job properly, get out. And while these
24 projects are being conducted, who's watching the
25 job to make sure? Because the contractor put the

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2 money into the deal to make sure of work area
3 protection, the back filling at the end of the
4 work day covering plates, and everything that they
5 don't do is more money in the deep pockets.

6 So I'd like for you to respond to that,
7 maybe the Deputy Commissioner of Operations or the
8 Commissioner.

9 COMMISSIONER KISHINCHAND: I can
10 respond to that. Essentially, that's handled by
11 our engineering division, and we have an inspector
12 at every job to make sure that the contractor's
13 terms have been complied with. I don't know the
14 specifics about the Hillcrest Street. I can look
15 into it.

16 COUNCILMAN RIZZO: Lauriston Street.
17 Remember, that's the street, Commissioner, where
18 all the homes sank?

19 COMMISSIONER KISHINCHAND: Lauriston in
20 Roxborough?

21 COUNCILMAN RIZZO: Right off the
22 ridge?

23 COMMISSIONER KISHINCHAND: Sure.

24 COUNCILMAN RIZZO: And that --
25 apparently, that job was left open for months.

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2 The people said the contractor came in there
3 midsummer, and they didn't see him for months
4 later. The job never got completed.

5 COMMISSIONER KISHINCHAND: I'll look
6 into that. And on both those contracts, I'll
7 respond to you.

8 But our general practice is to have an
9 inspector onsite all the time that the contractor
10 is in place working over there, and our inspector
11 is supposed to make sure that he leaves the site
12 clear at the end of the day.

13 Now, to the extent that some of these
14 things have fallen through, we need to follow up
15 on it and make sure that the inspectors understand
16 that for public convenience, they need to be more
17 sensitive to the residents over there and to
18 follow up and make sure that the doing what's
19 required our contractor's doing what is required
20 'cause our contract requires the contractor to
21 essentially leave the site clear and safe at the
22 end of the day.

23 COUNCILMAN RIZZO: I only use those two
24 locations as examples, and you're correct, I'm
25 more interested in the big picture. And, again,

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2 it's not like we're asking the contractor to do us
3 a favor; the contractor is being paid.

4 COMMISSIONER KISHINCHAND: Absolutely.

5 COUNCILMAN RIZZO: Those extras to keep
6 that job site clean and neat and safe is something
7 they're being paid to do.

8 COMMISSIONER KISHINCHAND: Absolutely.

9 COUNCILMAN RIZZO: And if they're not
10 doing it, they're stealing from us.

11 COMMISSIONER KISHINCHAND: You're
12 absolutely right. We do follow up and I'll follow
13 up on that and make sure that this is done
14 throughout the city. We do have, in fact, an
15 engineer who oversees the inspector and does stop
16 over. These engineers have multiple jobs that
17 they go to during the daytime to make sure that
18 the inspector is following up on it. If in this
19 instance, something fell through the cracks, I'll
20 take a look at it and I'll get back to you on it.

21 COUNCILMAN RIZZO: Thank you. Thank
22 you, commissioner.

23 COMMISSIONER KISHINCHAND: You're
24 welcome.

25 COUNCIL PRESIDENT Verna: Thank you.

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2 The Chair recognizes Councilwoman

3 Miller.

4 COUNCILWOMAN MILLER: Thank you, Madam

5 Chair. Good morning, Mr. Commissioner.

6 COMMISSIONER KISHINCHAND: Good

7 morning.

8 COUNCILWOMAN MILLER: And your staff.

9 I have two questions. One is regarding
10 a block in my district that has had in the last 5
11 years 15 water-main breaks, and it's a block
12 that's not too far from me, so I do ride through
13 there a lot. It there appears to always be a
14 little leak, a little water coming out here, a
15 little water coming out there.

16 And the block captain states that they
17 put in plastic pipes 15 years ago but they did
18 that at the request of the City. They had no
19 choice as to what types of pipes they would put
20 in. And now they want them to pay again. And he
21 restates that in 5 years, they've had 15 water-
22 main breaks. This came up at the Town Meeting
23 that we had with Mayor John Street, and I know
24 that we have been calling and other people have
25 been calling.

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2 Could you forward to my office a report
3 that has looked at the block East Walnut Lane.

4 COMMISSIONER KISHINCHAND: Okay, yes,
5 we will.

6 COUNCILWOMAN MILLER: I know the Water
7 Department's been there a lot.

8 COMMISSIONER KISHINCHAND: I see.

9 COUNCILWOMAN MILLER: But we're not
10 quite sure, and this shouldn't be happening, so
11 many in five years.

12 COMMISSIONER KISHINCHAND: We will look
13 into that. That's a pipe -- generally, we do not
14 allow that pipe to be used. There are certain
15 instances where we do use the plastic pipe to
16 isolate the water main from any electrical
17 conduction from the homes or from, you know, let's
18 say, the street, cars, etc., because electric
19 currents cause corrosion on cast-iron and duct
20 line pipes. We try to protect them, but in some
21 instances, the soil is so corrosive that there's
22 really not much we can do unless we excavate and
23 dispose of all the soil and replace it, which is a
24 very expensive proposition.

25 COUNCILWOMAN MILLER: Okay.

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2 COMMISSIONER KISHINCHAND: And instead.

3 We isolate the mains.

4 Now, these plastic pipes are breaking
5 and we need to take a look at them to see if
6 they've met the spec requirements 'cause there a
7 couple of different kinds of plastic pipes that
8 are permitted for use. Some of them are high
9 density, some of them are low density
10 polyethylene.

11 When this was started some 25, 30 years
12 ago, initially the industry provided very
13 low-density polyethylene, which did not hold up
14 very well. So we need to take a look at this and
15 see what's involved.

16 COUNCILWOMAN MILLER: Mm-hmm, okay,
17 okay. Thank you.

18 COMMISSIONER KISHINCHAND: And then
19 we'll get back to you on that.

20 COUNCILWOMAN MILLER: Okay. One more
21 question.

22 In a part of my district, there are --
23 and I'm not talking about the Logan sinking homes
24 area or Feltonville. There's another part where
25 55 properties have been cited by L&I for

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2 structural damages. Their porches are leaning.
3 Lots of the residents have fixed those porches.
4 They believe that they're -- and I think your
5 department believes too that there needs to be
6 some water and sewage pipes. The ones that exist
7 there right now are old, they're deteriorating.

8 And we had a meeting, Risk Management,
9 L&I was there. And after the meeting, we wrote to
10 the Streets Department and your department about
11 doing a good assessment of what's going on over
12 there. We want to really determine whether it's
13 homeowner responsibility or whether the City has
14 some assistance in really creating this problem.

15 COMMISSIONER KISHINCHAND: Mm-hmm.
16 Okay, what was the address?

17 COUNCILWOMAN MILLER: I have to give
18 you a copy of the letter that we sent you.

19 COMMISSIONER KISHINCHAND: Okay.

20 COUNCILWOMAN MILLER: 'Cause it's 5
21 blocks, 55 properties.

22 COMMISSIONER KISHINCHAND: Okay.

23 COUNCILWOMAN MILLER: And I just called
24 my office and asked someone to bring it up so I
25 could give it to you before you leave.

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2 COMMISSIONER KISHINCHAND: Okay, Deputy
3 Commissioner Roy says we do have the letter, and
4 we'll respond.

5 COUNCILWOMAN MILLER: Okay, all right.
6 Thank you.

7 COMMISSIONER KISHINCHAND: You're
8 welcome.

9 COUNCILWOMAN MILLER: Thank you, Madam
10 President.

11 COUNCIL PRESIDENT Verna: Thank you.
12 The Chair recognizes Councilwoman
13 Brown.

14 COUNCILWOMAN BROWN: Thank you, Madam
15 Chair.

16 Good morning. Good morning,
17 Commissioner.

18 COMMISSIONER KISHINCHAND: Good
19 morning.

20 COUNCILWOMAN BROWN: You mention in
21 your testimony on Page 2, and I quote:
22 "Philadelphia's drinking water is safer than
23 ever." And that's a good thing, given the work
24 that you and your team are doing in the
25 Department.

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2 One revelation that we learned in the
3 proceedings with the Health Department is that
4 lead continues to be a problem, and recognizing
5 that lead is not your primary responsibility,
6 recently, we know that there was a write-up in the
7 Philadelphia Inquirer that mentioned that lead is
8 in the drinking water in Philadelphia public
9 schools, and I understand that it is a pipe
10 problem and not a water problem.

11 COMMISSIONER KISHINCHAND: Correct.

12 COUNCILWOMAN BROWN: So given that,
13 what is or has been or will continue to be goals
14 -- what do you mean when you say "safe drinking
15 water"?

16 COMMISSIONER KISHINCHAND: The Safe
17 Drinking Water Act actually requires us to do an
18 assessment of our drinking water and to put into
19 place corrosion control processes that will
20 protect the pipes, and that usually, for instance,
21 the copper pipe that you have --

22 COUNCILWOMAN BROWN: What kind of
23 control did you say?

24 COMMISSIONER KISHINCHAND: Corrosion
25 control.

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2 COUNCILWOMAN BROWN: Corrosion control,
3 okay.

4 COMMISSIONER KISHINCHAND: Right. And
5 we have done that. We are at the maximum, we are
6 within the regulation requirements.

7 What's happening in the public schools
8 is, many of the those schools either have lead
9 service lines, which may need to be replaced.
10 Many of them have water coolers, which have
11 mechanisms in them which has lead. There may be
12 new copper in there, and new copper does corrode
13 faster because there's no passivation. It takes
14 about five years to passivate the inside of a tube
15 before the lead dissolves.

16 So it may be a combination of things.
17 It's the type of materials that they're using in
18 the water coolers, it could be the lead pipe
19 that's coming in the system.

20 The solution, the short-term solution,
21 that would not be expensive is to flush any faucet
22 or any point of delivery in the school for a
23 period of time. They may need to test it. It may
24 take two minutes of flushing, it may take five
25 minutes, depending on the length of a pipe from

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2 the street into the building. So that's the
3 short-term solution.

4 And the long-term solution would be
5 slow replacement of some of these, you know,
6 underground infrastructure that they have in the
7 schools. They can work them from lead to copper,
8 and of course slow replacement of water fountains
9 etc., those that are particularly, you know,
10 corroding much faster than they ought to.

11 COUNCILWOMAN BROWN: Given your
12 short-term solution, internally, do you have
13 conversations, discussions with the School
14 District on this type of matter? Would you
15 consider in terms of follow-through and the
16 recommendation you just put on the record to the
17 appropriate parties within the School District to
18 specifically address that issue? Because it
19 remains a problem.

20 COMMISSIONER KISHINCHAND: Right. In
21 fact, we have had a number of conversations with
22 them, and we've been helping to sort of bring in
23 the EPA, which is essentially enforcing the
24 corrective measures at the schools and the School
25 Board folks to get together and resolve this. And

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2 we've even, in fact, offered to assist the School
3 Board and EPA in looking at the measures that they
4 are taking to protect the children from drinking
5 that water.

6 COUNCILWOMAN BROWN: Just from my own
7 knowledge base, as we look to the School District
8 kind of before us, how long ago or how recent ago,
9 what was the outcome of those conversations and
10 discussions, to your knowledge?

11 COMMISSIONER KISHINCHAND: The
12 conversations initiated were several months ago
13 and --

14 COUNCILWOMAN BROWN: For the first
15 time?

16 COMMISSIONER KISHINCHAND: I'm not sure
17 about that.

18 COUNCILWOMAN BROWN: Okay.

19 COMMISSIONER KISHINCHAND: Our Director
20 of Laboratories, Jeffrey (unintelligible), who is
21 not unfortunately here, really has a lot of detail
22 on this. We can provide you that detail.

23 COUNCILWOMAN BROWN: Please.

24 COMMISSIONER KISHINCHAND: But he has
25 been in touch with both the School Board personnel

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2 who are responsible for this project as well as
3 the EPA person who is responsible for enforcement
4 of the consent decree that they, I believe are
5 required to sign.

6 COUNCILWOMAN BROWN: Okay.

7 COMMISSIONER KISHINCHAND: Now, I'm not
8 sure whether the Health Department signed that
9 consent decree on behalf of the School Board or
10 whether the School Board signed it.

11 COUNCILWOMAN BROWN: Okay then.

12 COMMISSIONER KISHINCHAND: But the
13 Health Department is intimately involved with it.
14 Commissioner John Domzalski is very familiar with
15 it.

16 COUNCILWOMAN BROWN: Repeat those names
17 now.

18 COMMISSIONER KISHINCHAND: Pardon? Oh,
19 John Domzalski, he is the acting Health
20 Commissioner.

21 COUNCILWOMAN BROWN: Oh, sure, sure,
22 okay.

23 Secondly -- thank you. I'll do the
24 follow-up on that on my end of it.

25 COMMISSIONER KISHINCHAND: You're

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2 welcome.

3 COUNCILWOMAN BROWN: One thing we were
4 enlightened about yesterday --

5 COUNCIL PRESIDENT Verna: Councilwoman,
6 Councilwoman?

7 COUNCILWOMAN BROWN: I'm sorry.

8 COUNCIL PRESIDENT Verna: Your time is
9 up.

10 COUNCILWOMAN BROWN: Oh, my.

11 COUNCIL PRESIDENT Verna: We'll have to
12 have a second go-around.

13 COUNCILWOMAN BROWN: Okay, thank you.

14 COUNCIL PRESIDENT Verna: Thank you.

15 The Chair recognizes Councilman Cohen.

16 COUNCILMAN COHEN: Thank you very much,
17 Madam Chair.

18 Tell me in a simple little matter, when
19 water spurts out of the street, who do we call?

20 COMMISSIONER KISHINCHAND: You call the
21 Water Department.

22 COUNCILMAN COHEN: The Water
23 Department. Any particular unit?

24 COMMISSIONER KISHINCHAND: The Customer
25 Service Unit, 685-6300.

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2 COUNCILMAN COHEN: And will we get
3 quick service?

4 COMMISSIONER KISHINCHAND: Well, I
5 think we've been monitoring the response time.
6 And the latest numbers, if I recall, are about
7 less than three minutes.

8 This is on the phone call. I'm not
9 quite sure if your question referred to the phone
10 call or referred to the response time in the
11 street.

12 COUNCILMAN COHEN: To deal with the
13 situation.

14 COMMISSIONER KISHINCHAND: To deal with
15 the situation. Well, as soon as the call comes
16 in, as I said, in two or three minutes, we respond
17 and then --

18 COUNCILMAN COHEN: Do you usually reach
19 the homeowner? Because when we see it, we don't
20 know, you know, which house is involved, so we can
21 only report a situation.

22 COMMISSIONER KISHINCHAND: Exactly. So
23 we don't really know who's calling when the call
24 comes in unless the homeowner or the individual
25 who calls gives us a telephone number that we can

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2 reach, we don't.

3 But what we do is, we dispatch an
4 emergency crew out there to assess the situation,
5 and particularly, if it's spurting out on the
6 street, obviously, it's not a good situation. And
7 we take immediate action to shut the -- either
8 reduce the pressure in the pipes so that the flow
9 is reduced, particularly if that water is going
10 directly into the inlet. And if we see that there
11 is no impact on the neighborhood, you know, as far
12 as the safety is concerned, then we bring in a
13 crew to actually repair it.

14 Sometimes if it's really gushing out,
15 we send a couple of crews out there to shut off
16 that particular main and provide water through
17 some other means.

18 COUNCILMAN COHEN: All right, thank you
19 with respect to that.

20 COMMISSIONER KISHINCHAND: You're
21 welcome.

22 COUNCILMAN COHEN: With respect to
23 something known by initials MTBE, I think it's
24 methyl -- some substance, which, from an
25 environmental point of view, causes concern

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2 because, I think, in urban areas, it has an impact
3 on asthma or other health conditions, and it is an
4 additive to gasoline.

5 In the Philadelphia area, for example,
6 there's great concern with respect to whether it
7 pollutes water or air, and I understand there are
8 different groups of people who emphasize its
9 adverse effects -- some on water, some on air. A
10 few people think it's bad both ways.

11 COMMISSIONER KISHINCHAND: Yes.

12 COUNCILMAN COHEN: Now, I understand,
13 and correct me if I'm wrong, that there is no
14 regular testing mechanism with respect to
15 Philadelphia water, and that there's only been, I
16 believe, from information I have, one test made.

17 COMMISSIONER KISHINCHAND: Correct.

18 COUNCILMAN COHEN: And that showed the
19 water was not polluted, but that test has been
20 some years ago.

21 Could you give us some information on
22 that?

23 COMMISSIONER KISHINCHAND: Surely. MTB
24 essentially is a gasoline additive that reduces
25 the air pollution. It generally gets into the

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2 water system through percolation through the
3 street, etc., when there is unburned gasoline that
4 gets spilled under the streets, etc. It has an
5 impact on primarily ground water -- in fact, only
6 on ground water. That is the only place where
7 they have found MTB.

8 We do not draw our drinking water from
9 ground water. Our water comes from the rivers.
10 We've checked MTB in the rivers, we've checked MTB
11 in our plants. There is no indication that MTB is
12 getting in there at all. Generally, people who
13 live in the country side with no rivers close by,
14 they dig their wells and they draw water from the
15 wells, those are the folks that have an impact of
16 MTB on their drinking water.

17 COUNCILMAN COHEN: When was the last
18 time that Philadelphia water was checked?

19 COMMISSIONER KISHINCHAND: For MTB?

20 COUNCILMAN COHEN: For MTB.

21 COMMISSIONER KISHINCHAND: I'll have to
22 ask our laboratories. It may have been a couple
23 of years since we've done that test, yeah.

24 COUNCILMAN COHEN: Is your feeling that
25 it is something is of so little likelihood to ever

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2 be a problem, for the reasons you've stated, that
3 the water should not be checked? Or do you favor
4 a policy of checking it over certain periods of
5 time?

6 COMMISSIONER KISHINCHAND: It's very
7 unlikely that Philadelphia water will ever be
8 impacted by it. We've done that. In fact, the
9 EPA and all the regulators are focusing more on
10 ground water issues than on the surface water
11 issues.

12 COUNCILMAN COHEN: Well, that I
13 understand.

14 COMMISSIONER KISHINCHAND: But we can
15 certainly run a test maybe once a year on three
16 plants just to give some level of comfort to the
17 public.

18 COUNCILMAN COHEN: Could you, if you
19 arrive at a decision, notify the President of City
20 Council so that she can notify us of when you plan
21 to make a test? Or, if you plan never to make a
22 test, just let us know that, too. And then if
23 there is a test, give us the results.

24 COMMISSIONER KISHINCHAND: Surely.

25 COUNCILMAN COHEN: I understand that

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2 there may be some shifting opinions, though I
3 gather that at this point in time, it's a question
4 of air pollution, which has an impact on
5 conditions like asthma that are of concern.

6 COMMISSIONER KISHINCHAND: Right.

7 COUNCILMAN COHEN: But I also
8 understand that the scientific community is not
9 fully united on the fact that there can no adverse
10 impact on water, so we'll be interested in
11 whatever conclusion you make.

12 COMMISSIONER KISHINCHAND: The
13 scientific community pretty much together.

14 COUNCILMAN COHEN: On the ground water.

15 COMMISSIONER KISHINCHAND: They believe
16 it does have an impact on water, but only on
17 ground water, not on surface water, because it's a
18 volatile compound, and it may very well have an
19 impact for, you know, in the air because there --
20 when the engines don't have complete combustion,
21 you're going to get some gasoline that comes out
22 with the exhaust that is unburned gasoline, and
23 that's going to have MTB to some degree.

24 It's possible, and I'm not an expert on
25 air, but it's possible that MTB could be in the

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2 air, but I wouldn't know at what extent or whether
3 it's below the threshold or whether it will have
4 impact on folks or not.

5 COUNCIL PRESIDENT VERNA: Councilman,
6 I'm sorry. Your time's up.

7 COUNCILMAN COHEN: All right.

8 COUNCIL PRESIDENT VERNA: Thank you, .
9 Councilwoman Brown?

10 COUNCILWOMAN BROWN: Thank you, Madam
11 Chair.

12 My second question was related to a
13 revelation we received yesterday during the
14 hearings with Fleet Management, and that is that
15 they have worked through an arrangement with
16 District Council 33 whereby young people are
17 learned with learning the -- are beginning a
18 career path but actually starting it in senior
19 high school.

20 So I was wondering if your department
21 has considered anything like that, if you have
22 young people involved in any way, shape, form or
23 fashion so that they can become familiar with all
24 the particulars around the industry and possibly
25 consider it as a career path as well.

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2 COMMISSIONER KISHINCHAND: Right. In
3 fact, we do have a program with the School Board
4 where we bring in high-school students to work in
5 our plants. We give them training for, I believe,
6 electrician and heating and ventilation and air
7 conditioning systems. And we do have a program
8 with the School Board. We work very closely with
9 the School Board in terms of sharing with them
10 what our needs are so that their graduate students
11 can then come into our organization and work
12 effectively.

13 As you know, hiring electricians, HVAC
14 instrumentation technicians, mechanics, it's very
15 difficult for the City to hire those because
16 there's a great deal of competition out there and
17 the private sector pay a lot more, and we've got
18 many vacancies that we would like to fill in those
19 particular categories, and the School Board is
20 working with us to help us do that. I believe
21 it's Mastbaum High School.

22 COUNCILWOMAN BROWN: That was my next
23 question. What schools are involved?

24 COMMISSIONER KISHINCHAND: It's on Page
25 5 in our testimony. It's from Mastbaum High

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2 School that we had about nine or ten students who
3 were working with us.

4 COUNCILWOMAN BROWN: So my hope and
5 expectation would be that that grows. That's ten
6 students out of X-number of students that are at
7 the senior high school level.

8 COMMISSIONER KISHINCHAND: Yeah. We
9 work with the School Board to encourage them to do
10 that, and we also go out and work with a number of
11 schools to make them aware of the opportunities
12 that are available in the water environment. And,
13 in fact, at Lincoln High School, we've been
14 partnering with them to work with some of their
15 students on water pollution control or testing of
16 water.

17 COUNCILWOMAN BROWN: So that's a
18 standard operating effort practiced within the
19 Water Department that you reach out to public
20 schools so that there's a relationship there that
21 runs deep within the school system?

22 COMMISSIONER KISHINCHAND: There's a
23 relationship; I don't know how deep it is. You
24 know, there's always room for improvement. We can
25 certainly try to see if we can interest them in

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2 other areas of the Department like chemistry,
3 chemical technicians.

4 I am not sure, for instance, whether
5 the schools in Philadelphia have enough facilities
6 to, say, train chemical technicians. We hire a
7 lot of chemical technicians to do the testing in
8 our drinking water as well as waste-water
9 treatment plants and also in our central
10 laboratories.

11 COUNCILWOMAN BROWN: The point is --

12 COMMISSIONER KISHINCHAND: There are a
13 number of opportunities that are available.
14 Chemical technicians, I think, requires a
15 post-high school study to some degree because of
16 the complexity of the jobs that they will have.

17 COUNCILWOMAN BROWN: The point person
18 on your staff that we could speak with for
19 additional follow-up on the school partnership
20 effort would be whom?

21 COMMISSIONER KISHINCHAND: It would be
22 Lorin Fields, who's our General Manager for Human
23 Resources. Lorin, L-O-R-I-N. Fields is
24 F-I-E-L-D-S. And Sheila Ireland. Sheila is the
25 one who's the point person for training purposes

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2 at Mastbaum.

3 COUNCILWOMAN BROWN: Okay.

4 COMMISSIONER KISHINCHAND: And Ireland
5 is I-R-E-L-A-N-D, Sheila Ireland.

6 I can have both of them get in touch
7 with your office if you'd like.

8 COUNCILWOMAN BROWN: I would certainly
9 appreciate that. I thank you.

10 COMMISSIONER KISHINCHAND: You're
11 welcome.

12 COUNCILWOMAN BROWN: Thank you, Madam
13 Chair.

14 COUNCIL PRESIDENT Verna: Thank you.

15 The Chair recognizes Councilman Cohen
16 again.

17 COUNCILMAN COHEN: Commissioner, one
18 other question on the Water Department. Is there
19 any arrangement -- do hospitals pay anything for
20 the use of water?

21 COMMISSIONER KISHINCHAND: Hospitals do
22 pay but they get a 25 percent discount.

23 COUNCILMAN COHEN: But they pay on --

24 COMMISSIONER KISHINCHAND: The
25 nonprofits. For instance, Tenet, when they took

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2 over the hospital, we converted them to a full
3 100 percent payment. It's the nonprofit hospitals
4 that get 25 percent discount, but they do pay.

5 COUNCILMAN COHEN: So that the amount
6 of water they use somehow reflects on how much
7 they have to pay?

8 COMMISSIONER KISHINCHAND: That's the
9 amount of water they use? Yeah, we --

10 COUNCILMAN COHEN: The reason I raise
11 it is, in my natural course of events, we do, you
12 know, we do a lot of hospital visitation of
13 people, and I've just noticed that hospitals
14 universally seem to have dripping faucets.

15 COMMISSIONER KISHINCHAND: Mm-hmm.

16 COUNCILMAN COHEN: And I may report it
17 and they say they'll take care of it. And if I
18 visit there again three weeks or maybe even two or
19 three months later, the faucets are still
20 dripping. It's as if it doesn't mean anything.

21 And it's kind of universal. It isn't
22 an occasional one, it's constant and pretty
23 universal amongst all the hospital, as if no one
24 is paying any attention, and I thought maybe
25 they're doing it --

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2 COMMISSIONER KISHINCHAND: There's
3 really not too much incentive on our part to do
4 that.

5 COUNCILMAN COHEN: -- because they pay
6 a fixed fee or no fee.

7 I would appreciate it if something
8 could be done as a notice to hospitals
9 particularly. I know they're busy with a lot of
10 other things, but it seems to me that there must
11 have a great deal of waste of water.

12 COMMISSIONER KISHINCHAND: I think the
13 hospital administration should take a look at
14 that, not only for the purpose of conservation but
15 expenses. To the extent that they use that water,
16 to the extent that it is going through the meter
17 and it is being metered and we are billing them, I
18 don't know that we have too much more incentive to
19 go back there and correct that. But I would
20 encourage them to do so, yes.

21 COUNCILMAN COHEN: All right, thank you
22 very much.

23 COMMISSIONER KISHINCHAND: You're
24 welcome.

25 COUNCILMAN COHEN: Thank you, Madam

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2 President.

3 COUNCIL PRESIDENT Verna: Thank you.

4 The Chair recognizes Councilman Nutter.

5 COUNCILMAN NUTTER: Good morning,
6 Commissioner.

7 COMMISSIONER KISHINCHAND: Good
8 morning.

9 COUNCILMAN NUTTER: I wanted to ask --
10 and technically this might be more of a Water
11 Revenue question, but I know you'll do your best
12 to respond.

13 People -- I mean, it's very easy, I
14 guess, to complain in many instances about the
15 various utilities -- water, electric, PGW in terms
16 of the gas, you complain about the phone company
17 and the like. And from time to time, you know, we
18 certainly get some calls.

19 But I wanted to get a sense from you in
20 your billing operation on the water side, the call
21 center operation. I just -- I don't seem to get
22 anywhere near as many complaints about that
23 operation as we do about some others that, you
24 know, may be getting some attention here recently.
25 And I guess I wanted to know how the place runs,

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2 what the level of calls are, the average wait
3 times, if you monitor and track that kind of
4 stuff. Do people get, you know, lost in the phone
5 loop or voice-mail loop, can you talk to a live
6 person when most people call, those kind of
7 issues.

8 And how is the Water Department set up
9 to deal with that as compared to some other
10 entities? Because all of you basically serve
11 pretty much the same number of people.

12 COMMISSIONER KISHINCHAND: We, in fact,
13 have a call center, which has the technology
14 embedded in it that measures the time that it
15 takes us to answer the phone call, the number of
16 phone calls that come in, the number of phone
17 calls that we answer, the number that is
18 abandoned. We track every bit of that.

19 You may or may not know, in the last
20 year, the combined both the Water Revenue Bureau
21 call center with the Water Department call center,
22 because when a customer calls, they really don't
23 know that those are two different agencies and
24 they're under two different heads.

25 COUNCILMAN NUTTER: Right.

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2 COMMISSIONER KISHINCHAND: And we
3 wanted to make them very seamless. And Denise
4 Garrett, who's, I believe, over here, she is the
5 deputy in charge of Water Revenue Bureau, and she
6 and our department have worked very hard to make
7 this thing as seamless as possible and be as
8 responsive to the customer as we possibly can.

9 That is not to say that there may not
10 be occasions where there are a few people that may
11 not get a response as quickly as they would like
12 because there are a few calls that are abandoned.
13 I do not have the numbers with me but we can
14 provide those for you.

15 COUNCILMAN NUTTER: Okay. Has this
16 particular system been in place for some period of
17 time, or was it upgraded to deal with all the Y2K
18 issues and those kinds of. . .

19 COMMISSIONER KISHINCHAND: With your
20 permission, I'd like to ask Denise Garrett to
21 answer that question, please.

22 COUNCILMAN NUTTER: I'd love to have
23 Denise Garrett at the table.

24 COUNCILWOMAN VERNA: We call her
25 enough.

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2 COUNCILMAN NUTTER: Absolutely. I know
3 her phone number by heart.

4 (Denise Garrett comes forward.)

5 MS. GARRETT: Good morning, Councilman.
6 I'm Denise Garrett. I am the Bureau Chief of
7 Water Revenue Bureau.

8 The system that we have in place is a
9 citywide system, of which the Water Revenue Bureau
10 and the Water Department is a partition off of
11 that system. The system is a system provided by
12 Lucent Technology. We installed that system in
13 1996. The Water Department installed the system
14 in 1998, and at that time, we began the
15 consolidation process in order to have our
16 customers contact one central number in order to
17 receive services from both operations.

18 When we installed that system, we also
19 began a project that involved monitoring in
20 conjunction with the development of our strategic
21 plan, which set specific goals for performance
22 from the system, from our employees. Right now,
23 we have met the majority of those goals.

24 One of those goals was to increase the
25 number -- increase the number of employees who

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2 respond to the calls. That was one goal, and we
3 did that by combining our systems. We also
4 developed staff support around the system, what we
5 call quality-assurance personnel assistance,
6 administration support personnel. We retrained
7 our supervisors.

8 We also had a goal of reducing the
9 customer wait time, which went from, in some
10 cases, as high as 25, 30 minutes, to less than 3
11 minutes. We've accomplished that.

12 We had a goal of reducing our
13 abandonment rate. At some point, it was as high
14 as 40, sometimes 50 percent. We reduced that, I'm
15 happy to say in my last reports, to under 7
16 percent.

17 We also have a goal of reducing our
18 talk time so that we could handle more calls when
19 they came in. And our talk time was in excess of
20 18 minutes at one point, and we've reduced that to
21 under 4 minutes so that we could get more calls
22 in.

23 In addition to that, we've done some
24 backroom operational support issues in terms of
25 changing our operations around so that when

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2 customers -- not only our call center, but also
3 when the other operations, when customers respond
4 to us either in writing or in person, that we
5 reduce those times as well to eliminate repeat
6 calls coming into the operation, so that if you
7 come in and visit us and you're not satisfied,
8 then you're going to call us. So we reduce the
9 repeat-call activity as well.

10 COUNCILMAN NUTTER: Do you recall when
11 those systems were installed? And I know this was
12 a few years ago, '96 and '98. Do you recall what
13 the cost was for those --

14 MS. GARRETT: Yes.

15 COUNCILMAN NUTTER: -- two systems?

16 MS. GARRETT: In 1996, the hardware
17 cost of our system was under \$250,000. The
18 hardware cost for the Water Department system was
19 under \$150,000.

20 COUNCIL PRESIDENT VERA: Councilman,
21 Councilman?

22 COUNCILMAN NUTTER: Was that --

23 COUNCIL PRESIDENT VERA: Councilman.

24 COUNCILMAN NUTTER: Was that beeping
25 for me?

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2 COUNCIL PRESIDENT VERNA: Councilman,
3 your time is up. But we will have you ask this
4 last question and then we'll have another
5 go-around please.

6 COUNCILMAN NUTTER: Thank you. This
7 will probably conclude my questions for the Water
8 Department.

9 The \$250,000 and \$150,000.

10 MS. GARRETT: Yes.

11 COUNCILMAN NUTTER: At some relatively
12 recent point in time prior to that, had you made
13 some other significant investment in either
14 computer systems or hardware or --

15 MS. GARRETT: Yes, we made -- that's
16 the call center system proper. The City purchased
17 the actual infrastructure of the system, so we
18 only had to purchase a partition. The switch was
19 actually purchased by the Revenue Department.

20 COUNCILMAN NUTTER: Okay.

21 MS. GARRETT: So rather than
22 duplicating that type of -- that technology in
23 every department, we partitioned off. So we have
24 a call center that seats approximately 40 people,
25 the Water Department has a call center that seats

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2 approximately 16 people. And so combined, we have
3 a call center that seats approximately 56 people.
4 The system actually, I believe, supports 1,000
5 seats.

6 COUNCILMAN NUTTER: Supports a 1,000
7 seats?

8 MS. GARRETT: Yes.

9 COUNCILMAN NUTTER: Interesting.

10 Okay, I was just somewhat surprised at
11 the numbers given, some of the dollars that we've
12 seen or heard about with regard to the call center
13 and computer operation and upgrade for PGW, which,
14 I think, is running now in excess of possibly
15 \$25 million. And I was just trying to understand
16 how you guys do what you do and what's going on in
17 that operation.

18 COMMISSIONER KISHINCHAND: Well, I'm
19 afraid I can't answer that.

20 COUNCILMAN NUTTER: I wouldn't try it.
21 That would be your best answer for the day. Just
22 let it go by.

23 (Laughter.)

24 COUNCILMAN NUTTER: Lastly -- and I'm
25 taking advantage of the Chair having a

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2 conversation.

3 (Laughter.)

4 COUNCILMAN NUTTER: Just seeing if
5 she's paying attention.

6 Commissioner, let me thank you for the
7 tremendous level of service during the course of
8 this year. Hopefully, you'll spare the District
9 any further water-main breaks for the year, we've
10 had enough.

11 But your -- the question was asked
12 earlier about response time, and I'm not exactly
13 sure of what examples Councilman Cohen may have
14 been raising, but I can say that whether it's
15 myself reporting or my constituents or whomever,
16 the response from the Water Department -- and we,
17 unfortunately, get a lot of water-main breaks in
18 the District, but whether it's yourself, Dick Roy,
19 and any host of other people in the Department, we
20 have received tremendous response and reaction to
21 situations out there.

22 Not that from time to time, there
23 aren't problems or unique circumstance. But
24 overall, the Water Department has been very good
25 to us, and the men and women that are out there in

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2 the field late at night, cold, dark, early in the
3 morning, whatever the case may be, they do a
4 tremendous job out there to either get the water
5 turned off, to stop the flow, get it turned back
6 on so that people in their homes have water, and
7 then get the situation cleaned up and cleared up.
8 And the employees out there, I greatly appreciate
9 what they do.

10 And if you could share that with them,
11 I'd appreciate it.

12 COMMISSIONER KISHINCHAND: We certainly
13 will. And thank you so much. I'm sure comments
14 of this nature are really very helpful in getting
15 their morale up, and that's essentially what has
16 helped us.

17 As I said earlier, this Council have
18 been very supportive, and our staff up and down
19 the line understands that, and I think that helps
20 a great deal in their performance.

21 COUNCILMAN NUTTER: Sure.

22 COMMISSIONER KISHINCHAND: Thank you.

23 COUNCILMAN NUTTER: Thank you.

24 COUNCIL PRESIDENT VERNA: Thank you.

25 The Chair recognizes Councilman Rizzo.

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2 COUNCILMAN RIZZO: Thank you, Madam

3 Chair.

4 Commissioner, I'd like to go back just
5 to two points. Could you go back over the
6 services that your department provides the
7 suburban communities in the area of waste
8 treatment, and also where specifically you supply
9 water service again?

10 COMMISSIONER KISHINCHAND: Okay. The
11 water service is -- the drinking-water service is
12 provided to the Bucks County Water and Sewer
13 Authority. That Bucks County connection comes
14 from our Baxter Water Treatment Plant, and I
15 believe that it's at State Road, the connection,
16 but there's a 45-inch pipeline that goes at -- the
17 border of Bucks County and Philadelphia County is
18 where we measure the amount of water that is
19 supplied. And we bill them on the basis of the
20 amount of water that is supplied.

21 COUNCILMAN RIZZO: And that's the --
22 Bucks County, is that the only county that we --

23 COMMISSIONER KISHINCHAND: For
24 drinking-water services.

25 COUNCILMAN RIZZO: That must be one of

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2 their lures, Commissioner, to attract
3 Philadelphians to Bucks County.

4 COMMISSIONER KISHINCHAND: Absolutely,
5 absolutely.

6 COUNCILMAN RIZZO: That they can
7 continue to drink Philadelphia water.

8 (Laughter.)

9 COMMISSIONER KISHINCHAND: Absolutely.
10 That's the biggest attraction in Bucks County and
11 that's why it's exploded in population.

12 COUNCILMAN RIZZO: I'll remind Charlie
13 Martin, one of the commissioner up there, of that.

14 And you indicated -- and we'll get to
15 the waste treatment in just a second.

16 COMMISSIONER KISHINCHAND: Sure.

17 COUNCILMAN RIZZO: You indicated that
18 -- was it in 1987? -- Council approved that
19 agreement to sell water, the ordinance?

20 COMMISSIONER KISHINCHAND: The
21 ordinance that governs that particular contract
22 was approved then.

23 COUNCILMAN RIZZO: When will we be able
24 to renegotiate that? Since '87 -- will we be able
25 to renegotiate and make that a little sweeter, or

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2 is --

3 COMMISSIONER KISHINCHAND: I believe
4 that contract was through 2019, I believe? No,
5 2011, 2011 is the contract period.

6 But that doesn't preclude our changing
7 their rates because as we, you know, as the
8 inflation impacts our costs, our rates need to
9 increase, and we make adjustments over time.

10 COUNCILMAN RIZZO: So you are permitted
11 to adjust that rate and you consider that a good
12 business arrangement?

13 COMMISSIONER KISHINCHAND: At this
14 time, yes, it is a good business arrangement.
15 Could we sell it for even a higher price? I think
16 as the supply diminishes in this area, the water
17 supply diminishes, as more population, you know,
18 goes into these suburban areas, perhaps we can get
19 more, you know, favorable rates.

20 But, yeah, we work on it, but at this
21 point, we are working with some other utilities to
22 see if we can sell more water, and it may be at a
23 higher rate than Bucks.

24 COUNCILMAN RIZZO: This business
25 arrangement, during the summer when we hear the

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2 Water Department, we hear Commissioner Hairston
3 warn the public about open hydrants and things
4 like that, does this business arrangement at all
5 contribute -- is there any negative impact on your
6 customers when we sell these thousands of gallons
7 of water during the summer to Bucks County? Does
8 this take away from the available water here in
9 the City of Philadelphia?

10 COMMISSIONER KISHINCHAND: No, it
11 doesn't, that has no impact, because we have a
12 capacity to treat a lot more water than, you know,
13 the public needs.

14 What happens is, when you open a fire
15 hydrant, no matter how much water you produce at
16 the plant, the water main itself gets emptied very
17 quickly, the pressure drops, the pressure may drop
18 greatly in that area. And what you're essentially
19 doing is reducing the pressure and diminishing the
20 firefighting capability of the Fire Department.
21 And that is one of reasons why we actually try to
22 educate the public not to open the fire hydrants.
23 In fact, in areas where the hydrants are being
24 abused, we've put in locks on them to prevent this
25 kind of activity from going on.

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2 And there are two other issues that
3 relate to the open fire hydrant. Number one, it
4 can create the water (unintelligible) that can
5 break the water main, and that can do a great deal
6 of damage to the street, to the residences. And
7 in addition to that, sometimes it creates a
8 suction in the main because of the sudden opening
9 of the fire hydrant, and if there are any cross
10 connections, you can get -- there's some
11 contaminants going into it.

12 COUNCILMAN RIZZO: I would like to
13 finish by saying that I would appreciate your
14 sending to the Chair the Water Department's
15 conservation effort. Maybe I'm not reading all of
16 the things that you put in the bill as carefully
17 as I should, but I don't really see a significant
18 effort to suggest water conservation.

19 I just recently saw an insert from
20 another water company where they were suggesting a
21 water circulator in the hot water line on new
22 construction, where all of us experience, when you
23 turn hot water on, you have to wait four, five,
24 maybe two minutes, a minute and a half -- it seems
25 forever when you're waiting for hot water. But

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2 there's technology now that the water is always
3 circulating in the pump, and during new
4 construction, it's very inexpensive. The minute
5 you turn the water faucet on, you have hot water.

6 So I would like to see maybe more of an
7 effort, like Councilman Cohen said, to conserve
8 the water that we have, and maybe the Water
9 Department being out front a little bit more, on
10 trying to suggest to developers, architects,
11 contractors that water is something that should be
12 taken -- should be handled very carefully and
13 preserved, but I'd like to see exactly what you do
14 in the area of your conservation effort.

15 COUNCIL PRESIDENT VERA: Thank you,
16 Councilman.

17 COMMISSIONER KISHINCHAND: The
18 environmental --

19 COUNCIL PRESIDENT VERA: Did you want
20 to respond to that, Commissioner?

21 COMMISSIONER KISHINCHAND: If I may
22 just very quickly.

23 The conservation effort pamphlet that
24 you saw probably came from one of the suburban
25 counties where they have a limited supply of water

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2 because of the ground water. They rely heavily on
3 ground water, they need to conserve that, and they
4 make a great deal of effort to do so. And when
5 they do conserve that, their rates go up because
6 they need to charge a certain amount for the
7 infrastructure that's already there. If you look
8 at the suburban counties and their water rates,
9 they are three times the water rate that
10 Philadelphians pay, three times.

11 And -- but, you know, if we were to
12 start conserving, let's assume we conserve
13 10 percent further, we would have to come to you
14 -- go to the public and get a 10 percent rate
15 increase.

16 COUNCILMAN RIZZO: I'm not --

17 COMMISSIONER KISHINCHAND: And I'm not
18 sure that this is being wasted because we are
19 putting it back into the river. We are taking it
20 out of the river and putting it back into the
21 river, so we are not really --

22 COUNCILMAN RIZZO: Commissioner, I'm
23 not suggesting that we don't suggest five-minute
24 showers, but I'm suggesting that when something's
25 being wasted, when you walk into a public building

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2 or here in City Hall and you see a faucet just
3 leaking, leaking, leaking, there's just something
4 about waste that just doesn't go right with me.
5 And again --

6 COMMISSIONER KISHINCHAND: The Water
7 Fund reimburses us for that.

8 COUNCILMAN RIZZO: I think that waste
9 is waste, and if it can be stopped, I think it
10 should be.

11 COMMISSIONER KISHINCHAND: I agree with
12 you, I agree.

13 COUNCILMAN RIZZO: Thank you, Madam
14 Chair.

15 COUNCIL PRESIDENT VERNA: Thank you.
16 The Chair recognizes Councilman Kenney.

17 COUNCILMAN KENNEY: Thank you, Madam
18 Chair.

19 Quickly. Commissioner, we've heard
20 some wonderful things about your department, and I
21 agree with all of them. You are a utility, you
22 deal with loads and loads and miles and miles of
23 pipe. You deal with street breakages and street
24 openings and closings, fixing facilities. You
25 collect your -- what's due and owing to you.

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2 Did you ever, like, lay in bed at night
3 or in the weekend on the couch and fantasize about
4 taking over the Gas Works?

5 (Laughter.)

6 COUNCILMAN KENNEY: I thought at some
7 point it was like silly even bringing it up, but
8 the more I sat here and thought about it, I'm
9 saying, it's a utility that does all the things
10 the Gas Works is supposed to do, and you guys do
11 it right and you're in the same city, dealing with
12 the same population base, dealing with the same
13 weather problems and your distribution network.

14 To me, it may be something worth
15 pursuing. I mean, you guys do a great job and
16 maybe you can straighten that place out.

17 COMMISSIONER KISHINCHAND: Uh, I'm not
18 going to recommend anything like that.

19 COUNCILMAN KENNEY: You mean you don't
20 want it?

21 (Laughter.)

22 COUNCILMAN KENNEY: Just one question,
23 and this is not an issue of criticism, but
24 Councilmember Ortiz, I think, was intending to be
25 here today, on an issue of -- he was going to ask

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2 a question about bilingual customer service
3 representatives, and there apparently is some lack
4 of them. And from time to time, his office gets
5 calls forwarded to his office for translation
6 relative to people who have problems with water
7 service and water bills.

8 And I'm wondering if there's any
9 recruitment effort or where our situation is as it
10 relates to not only Spanish speakers but to other
11 ethnic groups that speak different languages in
12 our city.

13 COMMISSIONER KISHINCHAND: An excellent
14 point. And because we have a population that is a
15 mix of various different languages -- Spanish
16 being, of course, the majority of the non-English-
17 speaking people -- what we find more effective is
18 to contract out to services, to translation
19 services, so that when a call comes into our
20 customer service and the individual is unable to
21 communicate, we take advantage of that particular
22 service that we have.

23 And Denise Garrett was responsible for
24 initiating that effort, and I believe it's working
25 very well. If you don't mind, I could ask her to

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2 explain --

3 COUNCILMAN KENNEY: Yeah, just to get
4 something on the record. I was really asking the
5 question at the request of the staff.

6 COMMISSIONER KISHINCHAND: Surely.

7 MS. GARRETT: Good morning, Councilman.

8 COUNCILMAN KENNEY: Good morning.

9 MS. GARRETT: Good morning, Council
10 President.

11 Yes, we've contracted with Bell
12 Atlantic for a service called "Language Line,"
13 which provides for translation services for -- I
14 believe it's about 144 languages. But we have
15 been speaking with a representative of Councilman
16 Ortiz's office in trying to recruit Latino
17 representatives as well as supervisors, because
18 sometimes there's a language barrier, even in the
19 management process.

20 I did request that as our vacancies
21 come up, that we make an attempt at trying to fill
22 them with -- at this point, our goal is to hire
23 two Latino representatives and one Latino
24 supervisor. The positions that we're hiring them
25 in are customer collections representative and

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2 customer collections representative supervisor.

3 They are quick turnover positions, so we still

4 have an opportunity to attempt to hire them.

5 We don't get as many responses, and his

6 office has offered his services in helping us to

7 recruit people into the organization.

8 COUNCILMAN KENNEY: Does it make any

9 sense to maybe take some of our more seasoned

10 employees in customer service and offer them the

11 opportunity to become bilingual?

12 MS. GARRETT: We have done that, we

13 have done that, and we have gotten some basic sort

14 of bilingual skills as a result of it. But we

15 also have employees who are hired, not as

16 bilingual, who provide bilingual services for us

17 within the Department. So it's not like we don't

18 have these services or we are not communicating.

19 We think we can do better.

20 If we have an employee who is hired as

21 a bilingual, what -- some of the feedback that I

22 get is that the multi-language employees want to

23 be paid more because they're providing additional

24 services besides customer services. That's not

25 something I can control, but when you look at the

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2 job specification, it doesn't pay -- there's no
3 pay difference between being an English-speaking
4 representative and being a bilingual
5 representative. However, you may be called off of
6 your job to provide bilingual services and then
7 you still have to go back and provide your job.

8 So there needs to be some equity in
9 looking at that, and that could be some of the
10 barrier to being able to hire --

11 COUNCILMAN KENNEY: But it's a priority
12 for you guys, and you're working on it.

13 MS. GARRETT: Yes, it is, it is a
14 priority.

15 COUNCILMAN KENNEY: Okay.

16 MS. GARRETT: In fact, I was approached
17 again about two months ago, and I have approached
18 our personnel director over at the Water
19 Department to ask him what his progress has been
20 in being able to recruit members from the
21 bilingual community.

22 COUNCILMAN KENNEY: Thank you very
23 much. I have no further questions.

24 COUNCIL PRESIDENT VERNA: Thank you.

25 Are there any other questions from

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2 members of the committee?

3 (No further questions.)

4 COUNCIL PRESIDENT Verna: Thank you
5 very much.

6 COMMISSIONER KISHINCHAND: Thank you
7 very much.

8 COUNCIL PRESIDENT Verna: Next is the
9 City Planning Commission.

10 Oh, I'm sorry, I'm sorry. The Office
11 of Housing and Community Development is next.

12 (OHCD witnesses come forward.)

13 COUNCIL PRESIDENT Verna: Good morning.

14 MR. KROMER: Good morning, President
15 Verna. I'm John Kromer, Director of Housing.
16 With me is Roderick Lyles and Raymond Cesario from
17 the Office House of Community Development Fiscal
18 Unit.

19 I believe you have my written
20 testimony.

21 COUNCIL PRESIDENT Verna: Yes.

22 MR. KROMER: And, as in prior years, I
23 anticipate that the proposed consolidated plan for
24 the coming fiscal year will be heard before the
25 Finance Committee this spring.

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2 Briefly, however, I wanted to indicate
3 that the proposed operating budget for OHCD is
4 \$139.1 million proposed for the coming fiscal
5 year. Of that amount, 74.8 million is proposed
6 for the Grants Revenue Fund, 60.1 million in the
7 Community Development Fund, and 4.1 million in the
8 General Fund. This funding pays for the staffing
9 for the Office of Housing and Community
10 Development as well as the two other primary
11 housing agencies -- the Redevelopment Authority
12 and the Philadelphia Housing Development
13 Corporation -- and for all program costs.

14 The testimony that I have submitted
15 also describes the proposed use of general funds
16 for traditional housing services. These are
17 services that have previously been administered
18 through the Office of Emergency Shelter and
19 Services, but transferred to the Office of Housing
20 and Community Development as part of their
21 divisional responsibility that has been in place
22 for several years, in which transitional housing
23 is handled by OHCD, while OESS continues to
24 maintain the emergency shelter system.

25 I'll be happy to answer any questions

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2 that Councilmembers may have at this time.

3 COUNCIL PRESIDENT Verna: Thank you.

4 Mr. Kromer, when will you be presenting
5 your Consolidated Plan authorizing the Community
6 Development Block Grant for Fiscal Year 2001?

7 MR. KROMER: The federal government,
8 the U.S. Department of Housing and Urban
9 Development, requires that an initial plan, a
10 first draft, called "the Preliminary Plan," be
11 published and made available for public comment.
12 We expect that that preliminary plan will be
13 published within a month. Within three or four
14 weeks, there will be public review of that
15 document.

16 And then I would anticipate that in
17 April, the so-called Proposed Consolidated Plan,
18 which is transmitted by the Mayor to City Council,
19 would be available, so that that hearing could be
20 scheduled in May.

21 COUNCIL PRESIDENT Verna: Thank you.

22 The Chair recognizes Councilman Goode.

23 COUNCILMAN GOODE: Thank you, Madam
24 President.

25 Good morning, Mr. Kromer.

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2 MR. KROMER: Good morning.

3 COUNCILMAN GOODE: I sent a letter to
4 your office asking a number of questions on
5 Monday, February 14th, we've had a discussion this
6 morning about the information being forthcoming,
7 but I wanted to ask you a few questions on the
8 record.

9 You recently cited a lack of change in
10 economic conditions of low- and moderate-income
11 neighborhoods through CDBG spending. I think it
12 was in response to your book. Could you please
13 elaborate?

14 MR. KROMER: At the end of last year, I
15 made some remarks here in City Hall in a
16 conversation in connection with -- sort of summing
17 up the Community Development Block Grant Program.
18 And I think it's very encouraging what has been
19 accomplished. We're the envy of other cities in a
20 number of respects -- housing counseling and
21 settlement assistance, the development in lower
22 North Philadelphia, the homeless and special-needs
23 housing. We've really come a long way, and we
24 have a lot to be proud of.

25 But at the same time, if you look

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2 around the city, there is no neighborhood that has
3 been decisively turned around that was declining
4 and falling in 1990 and that is a success story or
5 even measurably on the way up in the year 2000.
6 And, of course, you could say, Well, it's the
7 economy and we're still recovering from a long
8 history of the disinvestment. And, yes, that's
9 part of the problem.

10 But my purpose in stating that was to
11 say that we need to do even more in the future.
12 And by "more," I mean digging in deeper and
13 producing more value for these neighborhoods so
14 that we can have some success stories when
15 critical issue is continuing to integrate the
16 City-sponsored housing programs with the
17 Philadelphia Housing Authority programs, and we've
18 come a long way in doing that. And Carl Green has
19 been very responsive to that and has initiated
20 some new ideas, which have been very constructive,
21 but we've got to show a lot more progress in that
22 area.

23 Just quickly, one other area where I
24 think we need to improve is in the area of
25 workforce development. We need to be actively

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2 involved in training neighborhood residents for
3 the good jobs in the metropolitan economy, not
4 just the Work First jobs or the public service
5 jobs, we've got to get them into quality jobs, and
6 we've shown that that's doable.

7 COUNCILMAN GOODE: But in terms of
8 actually reversing economic conditions and
9 economic decline within these neighborhoods after
10 25 years of Community Development Block Grants
11 spending, in your opinion, is low-income housing
12 production more important in small-business
13 development as an anti-poverty strategy?

14 MR. KROMER: I think you can have a
15 very valuable housing program and a very valuable
16 small-business development program. I think this
17 is the time, rightly so, when every program needs
18 to be scrutinized.

19 There are many worthwhile activities
20 that we'd like to fund, but I think this first
21 year of the new administration is a great time for
22 a reevaluation, to ask questions like those that
23 you're asking, about the relative weight that
24 should be given to housing versus --

25 COUNCILMAN GOODE: But historically,

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2 OHCD has used only approximately 10 percent of
3 CDBG entitlement funds for economic development.
4 Can you tell us why the City historically has used
5 such a small percentage of block grant money for
6 economic development.

7 MR. KROMER: The area historically --
8 and I'm not speaking for Street Administration,
9 because the proposal for the coming fiscal year
10 has not yet been prepared, but historically, the
11 argument has been that unlike other cities -- New
12 York and Baltimore and Boston, for example --
13 there's been little or no funding from the city
14 budget or from the state to support affordable
15 housing. The Community Development Block Grant is
16 the only real resource to support affordable
17 housing and, therefore, the vast majority of block
18 grant funding should go into affordable housing.
19 That's been the argument in the past.

20 COUNCILMAN GOODE: Okay. Although
21 everything seems to be on the table for discussion
22 while we're still in a period of transition with
23 the new administration, after serving as housing
24 director for eight years, could you tell us, do
25 you yourself have any plans to increase his

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2 allocation particularly for neighborhood
3 small-business development or commercial corridor
4 revitalization?

5 MR. KROMER: I think -- I've had some
6 discussions with Mjenzi Traylor, and I think we
7 need to have more discussions and that there needs
8 to be the kind of reevaluation that I mentioned.
9 I'd be delighted to work with you and staff in
10 completing that evaluation.

11 COUNCILMAN GOODE: Okay, thank you. I
12 appreciate it.

13 I have no further questions, Madam
14 Chair.

15 COUNCIL PRESIDENT Verna: Thank you.
16 The Chair recognizes Councilman Kenney.

17 COUNCILMAN KENNEY: Thank you, Madam
18 Chair.

19 Mr. Kromer, good morning. And
20 gentlemen, good morning.

21 MR. KROMER: Good morning.

22 COUNCILMAN KENNEY: Again, this is -- I
23 mentioned this the other day, and I've had the
24 opportunity over the last eight years to raise
25 these issues a number of times, and I think maybe

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2 this is the third time I've raised this issue, and
3 I want to point to something that concerns me.

4 PHDC's annual report about their
5 activities during 1999 indicates to me -- unless
6 I'm reading or adding it up wrong -- that all of
7 the projects listed in that particular report
8 created 258 new homes in Philadelphia in
9 Philadelphia for low- and moderate-income people,
10 at a total cost of \$38,300,000, an average of
11 \$148,000 a house.

12 Now, ten years ago, I bought my house
13 in South Philadelphia for about \$80,000. Probably
14 I paid a little too much, but we wanted to move
15 and we went -- the average person in Philadelphia
16 is not living in a house that's worth \$150,000.
17 That is, the average working person, middle-class,
18 blue-color taxpayer is not living in a house of
19 that value.

20 How do we justify spending that kind of
21 money to house low- and moderate-income people
22 when middle-class taxpayers are not able to find a
23 program or a house of that value with amenities
24 unless they move into Washington Township or
25 Springfield, Delaware County. I mean, are --

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2 where's the emphasis and? Why are we spending
3 this much money for unit?

4 MR. KROMER: Most of the housing that
5 is produced or made available through the program
6 costs substantially less per unit. The Settlement
7 Assistance Grant Program has been widely
8 publicized. The cost per unit through that
9 program is \$1,000 per house. It's a sales housing
10 program that's linked to the private market. We
11 have a very successful moderate rehab program for
12 recently-vacated houses. The top subsidy is
13 \$25,000.

14 COUNCILMAN KENNEY: What's the deal
15 with this group?

16 MR. KROMER: The deal with that program
17 is that on the other end of the scale, there is
18 higher-cost rehabilitation, very higher-cost
19 rehabilitation that we have supported. And we
20 have supported that on a limited basis while
21 trying to keep costs as low as we can, because a
22 part of the mission of OHCD, as we've seen it in
23 the past, has been to rebuild neighborhoods in
24 North Philadelphia, west and south and elsewhere
25 that were previously industrial.

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2 And frequently, that means acquiring
3 land that was broken up into small parcels,
4 correcting environmental problems at great cost,
5 producing and building new streets, removing lead
6 from older houses to comply with federal regs.
7 And that's very costly. And in some cases where
8 we felt that the development has value as an
9 anchor for community, we've supported higher-cost
10 rehabilitation while trying to support an
11 underwriting that squeezes every dollar. The
12 result is a still very high cost.

13 COUNCILMAN KENNEY: How do you explain
14 -- or how do I explain to the family in Mayfair
15 or Mt. Airy or South Philadelphia, the Northeast,
16 who lives in a rowhouse, who wants to move up to a
17 \$150,000 home but can't find it because they work
18 and pay taxes under any program but wind up being
19 forced out the door to find a house, a single-
20 family home with a garage, and a lot of these
21 projects that are done that I've seen are \$150,000
22 rowhouses.

23 MR. KROMER: That's right.

24 COUNCILMAN KENNEY: They're not even
25 the single-family, better-amenity house that you

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2 would find in the suburbs. We're doing \$150,000
3 rehabs on rowhouses. I mean, how can we justify
4 that in the spending of tax dollars?

5 Now, granted, a lot of this money may
6 not be coming directly from the General Fund, if
7 any of it's coming from the General Fund, but it's
8 coming from their taxes. And when they get
9 paycheck and go down that line that takes out
10 federal taxes and state taxes, that money comes
11 back to programs and agencies like yours and we
12 wind up spending exorbitant amount of monies on
13 stuff that they don't even have an opportunity to
14 buy themselves. I mean, it. . .

15 MR. KROMER: Exactly. Well, I believe
16 that a number of families in Mayfair have been
17 assisted through the Settlement Grant Program and
18 have moved up to a higher-priced, better-quality
19 house.

20 Your question --

21 COUNCILMAN KENNEY: Where are they
22 doing that at? What higher-priced, better-quality
23 house are they moving to?

24 MR. KROMER: I can give you the
25 statistics, but I believe the answer is, in

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2 neighborhoods like Fox Chase, there is a movement
3 to the Northeast that we've supported through the
4 program.

5 But the question remains, how can we
6 justify this? My response has been, and it may
7 not be a response that plays well out there, that
8 housing production of this type, in strategic
9 locations to rebuild older industrial communities,
10 is a part of the City's economic development
11 policy. It's just as important in its way as the
12 Convention Center, which cost \$30 million per
13 acre. How do you justify that? You don't go
14 around --

15 COUNCILMAN KENNEY: I justify it in the
16 number of jobs it's produced, in the number of tax
17 revenues those jobs have produced. And my problem
18 is, and this is what I've been asking for now for
19 three years now, what is our program to invest
20 either state, federal or local dollars into
21 providing projects that appeal to people who make
22 50, 60, \$70,000 a year, 150,000 of which have left
23 the City over the last eight years?

24 Now, I mean, talking about economic
25 development issues and rebuilding North

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2 Philadelphia or other areas, that economic
3 development loss of taxpayers and their families
4 and their contribution to the City because we
5 haven't paid one iota of attention, in my mind, to
6 anything that their needs are about, and that's
7 why I have had people who have moved out of the
8 City who said, I never wanted to go, but my wife
9 drove me crazy for a house with a garage and a
10 family room, and I couldn't find it anywhere in
11 Philadelphia, so I had to move to Washington
12 Township. I would love to have stayed in the
13 City.

14 MR. KROMER: Mm-hmm.

15 COUNCILMAN KENNEY: So when I have low-
16 and moderate-income people living in \$150,000
17 homes and we don't have one program to build new
18 construction for people who want to stay in the
19 City and who are making 50, 60, \$70,000 a year,
20 we're going to lose that tax base, we're going to
21 have wonderful homes for poor- and moderate-income
22 people, but we're not going to have much of a tax
23 base left to pay for anything else.

24 And that's one of my real
25 disappointments in the last three or four years,

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2 is that I don't think we're doing anything to
3 approach that cohort of people, and I think we're
4 going to continue to lose them as long as we don't
5 give them choices.

6 MR. KROMER: Just a couple of comments.

7 The "Come Home to Philadelphia Program,"
8 cosponsored with PNC Bank with the Economic
9 Stimulus Program, is aimed at just that income
10 level and has produced many settlements for
11 middle-income people. Stimulus Funding, of
12 course, is supporting the Jefferson Square
13 Development, which is specifically designed to
14 address that problem, and a major commitment of
15 funding Spring Garden venture, which is a
16 mixed-income development. Clearly, it's not
17 enough.

18 But if I could just add, with respect
19 to the North Philadelphia, middle-income people
20 who make up to 120 percent of the City median are
21 now moving into the 18th and Oxford area, the
22 Cecil B. Moore area, and they're delighted to do
23 that because we made a substantial investment in
24 upgrading that area at a very, very high cost, but
25 we've got a mixed-income community there and we've

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2 got a middle class there that was not moving into
3 that area for 20 or 30 years.

4 COUNCILMAN KENNEY: And I'm not
5 contending that we stop doing that. What I'm
6 contending is, we've got to find a project or
7 program somewhere that takes vacant available
8 land, turns it over to a private suburban-style
9 developer, and then offers housing stock for
10 people who want to pay for a house between 120,
11 130, 150, 160, who can't forward to be
12 participants in any of the other programs that
13 come with low- and moderate-income requirements.

14 MR. KROMER: Absolutely.

15 COUNCILMAN KENNEY: But I can't point
16 to one of those projects that we've taken and
17 we've segregated some money and said, Let's take
18 40 acres, 50, 80 acres somewhere in Philadelphia,
19 let's find out about the environmental concerns,
20 turn it over to a Toll Brothers or somebody like
21 that and say, Build a suburban community here in
22 Philadelphia so that I don't have to have people
23 who are leaving the City. And what we could wind
24 up with is a middle- and upper- middle- community
25 that's integrated, that's ethnically diverse, that

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2 has the same income levels that are not now spread
3 all over Maple Shade, Turnersville, Springfield,
4 and everywhere else.

5 I mean, we have try to in some way deal
6 with that cohort of people, and I don't think
7 we're doing it. I think we're making some
8 particular developers rich who are involved in
9 low- and moderate-income housing development, and
10 I think that's where all the emphasis has been.
11 And I think it's a huge mistake, and we've
12 overlooking that group of people.

13 MR. KROMER: I think we'd probably
14 agree that Jefferson Square is the kind of venture
15 that we need to see more of on a larger scale.

16 Two points with regard to that. To do
17 more Jefferson Squares, we need more non-federal
18 money. We can't support a Jefferson Square with
19 the HUD money because of the income limits that go
20 with it. Secondly --

21 COUNCILMAN KENNEY: Have we attempted
22 to deal with the federal government or a
23 Congressional delegation with some of these issues
24 for some potential waivers or anything like that?

25 MR. KROMER: It's a statutory

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2 requirement which would take an act of Congress to
3 change, and I don't see --

4 COUNCILMAN KENNEY: Have we approached
5 any committee any Congressional people to change
6 any of these regulations or to give us a special
7 opportunity to deal with on a waiver situation
8 some dollars to deal with this kind of project?
9 Or do we just assume, Well, these are the rules,
10 and this is all we can do?

11 MR. KROMER: We have inquired into
12 that, but consistently, the response that has been
13 "no way."

14 COUNCILMAN KENNEY: Okay.

15 MR. KROMER: Secondly and more
16 important to me strategically is, where is the
17 site? As you know, with Jefferson Square, a lot
18 of discussion has taken place with regard to
19 relocation and the fact that we don't have 40
20 acres of cleared land but --

21 COUNCILMAN KENNEY: There is land that
22 I can identify for you privately. I don't want to
23 do it publicly --

24 MR. KROMER: Yes.

25 COUNCILMAN KENNEY: -- 'cause the

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2 prices will start skyrocketing, but there are
3 parcels of vacant area available along our
4 waterfront, in parts of Northeast Philadelphia and
5 other places like Southwest Philadelphia, that we
6 could deal with, but we're not even paying
7 attention to that.

8 MR. KROMER: I think it would be very
9 worth while to have that discussion so that we can
10 start doing some homework regarding those parcels
11 and see if we can't pursue them.

12 COUNCILMAN KENNEY: Thank you very
13 much.

14 And I'm sorry I went overtime. Thank
15 you.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 The Chair recognizes Councilman Nutter.

18 COUNCILMAN NUTTER: Thank you, Madam.

19 Chair good morning Mr. Kromer.

20 MR. KROMER: Good morning.

21 COUNCILMAN NUTTER: I was looking at
22 your testimony, and in the third paragraph on the
23 first page, you lay out that the Operating Budget
24 for OHCD is \$139 million, and then you go through
25 what the major components are in the 74.8 and the

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2 60.1 and the 4.1 million in the General Fund.

3 Now, my recollection from last year's
4 CDBG hearings, CDBG Year 25, was that for the
5 Consolidated Plan, it showed administrative costs
6 and program costs of a total, I believe, of
7 \$29 million. Is that your recollection?

8 MR. KROMER: That's right.

9 COUNCILMAN NUTTER: Can you explain the
10 difference between administrative costs and
11 program costs. And if your General Fund support
12 is \$4.1 million, where does the rest of that money
13 come from?

14 MR. KROMER: Yes. The basic division
15 that is set forth in the Consolidated Plan is
16 between general administration, the salaries of
17 people like myself and these gentlemen, who carry
18 out the overall administration of the program, and
19 so-called program delivery, in which a person's --
20 an individual's job is directly related to the
21 production of housing or the delivery of
22 services.

23 Program delivery would include, for
24 example, the construction inspections that the
25 Redevelopment Authority staff undertake, or the

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2 architectural work that the Authority's staff
3 architect completes. That's a -- there's basic
4 link between the work and the production of
5 housing.

6 COUNCILMAN NUTTER: And those positions
7 are not funded by General Fund dollars; they are
8 funded by what pool of dollars?

9 MR. KROMER: Most of those positions
10 are funded through the federal dollars, the
11 Community Development Block Grant.

12 The General Fund enters into the
13 picture only in connection with these programs
14 that are listed in my testimony. These are
15 programs, the transitional housing programs that
16 have always been funded by the City but had
17 previously been administered through the Office of
18 Emergency Shelter and Services.

19 So the administrative funding
20 associated with those programs, the Voucher
21 Program and the Homelessness Prevention Program,
22 continue to be funded through the General Fund,
23 and only those programs. All of the other
24 programs are proposed to be funded through the
25 Community Development Block Grant.

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2 COUNCILMAN NUTTER: All right. So let
3 me make sure I understand this. The total cost to
4 really run the operation, Housing, RDA, PHDC,
5 PIDC, there's even smaller sums of money for like
6 the Law Department, Planning Commission, other
7 entities, that total is \$29-plus million.

8 MR. KROMER: That's right.

9 COUNCILMAN NUTTER: 4.1 of which is
10 covered by the City General Fund.

11 MR. KROMER: Yes.

12 COUNCILMAN NUTTER: Which is for the
13 various Housing operations.

14 MR. KROMER: That's right.

15 COUNCILMAN NUTTER: So \$25 million in
16 essence comes off of the top --

17 MR. KROMER: Exactly.

18 COUNCILMAN NUTTER: -- of the federal
19 funding in either CDBG funds or home funds or any
20 of those --

21 MR. KROMER: That's right.

22 COUNCILMAN NUTTER: -- other federal
23 sources?

24 MR. KROMER: Yes.

25 COUNCILMAN NUTTER: All right. So the

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2 City, rather than using General Fund dollars to
3 support, in most cases, the salaries of City
4 employees, is off-loading those costs onto the
5 federal programs whose primary purpose is to
6 provide low- and moderate-income people with a
7 wide variety of services, whether it's housing or
8 any of the various eligible items, according to
9 the federal regulations; is that correct?

10 MR. KROMER: That's right, yes.

11 COUNCILMAN NUTTER: And if that's the
12 case, then is it accurate to say that for whatever
13 dollars the City might substitute in the cost of
14 administration and program services, those dollars
15 would then go into -- the substituted dollars
16 would then be able to provide more service or more
17 housing to low- and moderate-income people; is
18 that correct?

19 MR. KROMER: That is correct.

20 COUNCILMAN NUTTER: Now, why is it done
21 that way? Why are we off-loading our mostly
22 public employees, City of Philadelphia, or quasi
23 Authority people, why are we off-loading their
24 salary costs onto the programs that are supposed
25 to support low- and moderate-income people?

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2 MR. KROMER: I think the rationale in
3 Philadelphia and in other cities in the past has
4 been that the administrative costs are ineligible
5 program expense, and that it makes sense to
6 organize the program, complete with program costs
7 and administrative costs, as a single entity, as a
8 single unit, in the consolidated plan.

9 COUNCILMAN NUTTER: Was it always done
10 that way?

11 MR. KROMER: Yes, yes.

12 COUNCILMAN NUTTER: It's always been
13 done that way?

14 MR. KROMER: Yes, but it that doesn't
15 mean that it has to be done that way in the
16 future. But I think the feeling was that there's
17 a finite grant program that comes to the City from
18 HUD, and that that grant should pay for both the
19 program and its administration. It doesn't mean
20 that that is the only way that it can be done but
21 that, I believe, has been the rationale.

22 COUNCILMAN NUTTER: But you would, in
23 fact, have more dollars available for the
24 population for which the funds are sent to the
25 City. I mean, as I best understand this, the

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2 federal government has some kind of formula, they
3 figure out how many low- and moderate-income
4 people are here in the area, based on census data,
5 or however they figure it out, and they send the
6 City of Philadelphia a proportionate share?

7 MR. KROMER: Yes.

8 COUNCILMAN NUTTER: Isn't it true,
9 then, that to the extent that the City of
10 Philadelphia increases its support for
11 administrative and programmatic costs on the
12 General Fund side, you can then provide more
13 services to the people for whom the money was sent
14 here in the first place?

15 MR. KROMER: Yes, that would be
16 correct.

17 COUNCILMAN NUTTER: What percentage of
18 the federal dollars that come are, in my
19 terminology, "off-loaded" to pay salary costs for
20 public employees?

21 MR. KROMER: I can provide the exact
22 amount later, but the amount is roughly one-third
23 of the total grant, including both the
24 administrative and the program delivery.

25 COUNCILMAN NUTTER: Do you know of any

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2 other cities across the country that do it that
3 way? I mean, in an era of either stagnant
4 dollars, and when they increase its -- and you may
5 need a magnifying glass to see the increase, I
6 mean a third of the dollars that come never reach
7 the people that they're sent here for because
8 they're off-loaded on salaries. I mean, isn't
9 that a significant percentage?

10 MR. KROMER: I think the distinction
11 between admin. and program delivery is important
12 here. Program delivery, for example, includes the
13 salaries of the Redevelopment Authority's Home
14 Ownership Rehab Program staff, the Moderate Rehab
15 Program staff. That program is a very good entry
16 program for nonprofit groups that are just
17 starting, and the Redevelopment Authority staff
18 literally work with a new group on the first
19 deal. They package the deal together and they
20 spend a substantial amount of their time working
21 directly with the group to build that capacity.

22 So there are other kind of parts like
23 that in which the salary is being paid but there's
24 a substantial value that's being rendered to the
25 community.

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2 COUNCILMAN NUTTER: Well, your response
3 raises another interesting question, then.

4 The CDCs that make their application,
5 you know, they're going to great work and they
6 want to rebuild their communities and the like,
7 and they put forward, I guess, a budget proposal
8 for whatever it is that they want to do, how much
9 of the dollars that they receive from the City are
10 they allowed to show or account for administrative
11 costs of their work?

12 MR. KROMER: The only dollars that they
13 receive for -- through contracts, for example, for
14 housing counseling or for neighborhood advisory
15 committees, are dollars to deliver services or
16 administrative dollars --

17 COUNCILMAN NUTTER: I'm talking about
18 if somebody's going to build something.

19 MR. KROMER: Yes.

20 COUNCILMAN NUTTER: They're going to
21 do, you know, 50 units of housing, Councilman
22 Kenney was talking about some of those per-unit
23 costs, we don't need to have that discussion.

24 MR. KROMER: Right.

25 COUNCILMAN NUTTER: We're going to do

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2 50 units of housing and we're going to develop it
3 and it's a CDC that's either doing it on their own
4 or they're doing it with a third party, maybe a
5 for-profit entity. What amount of that money is
6 allowed to be used for administrative costs for
7 that project?

8 MR. KROMER: Well, there really isn't
9 any set-aside for administrative costs. All of
10 the development that is supported through the
11 program --

12 COUNCILMAN NUTTER: So does that mean
13 zero?

14 MR. KROMER: -- is awarded on a
15 performance basis, and the underwriting allows for
16 a 5 percent developer fee, which has to cover
17 everything -- you know, all of the overhead. And
18 that fee is released as the construction gets
19 completed. But there's no separate breakout for
20 admin.

21 COUNCILMAN NUTTER: I understand, but
22 admin. has to be covered by this 5 percent. So in
23 essence, at the most, it could be 5 percent for
24 what the CDCs do but the government is allowed to
25 use up to a third of what it gets to cover its

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2 costs, one, because part of it is allowed; and,
3 two, because the City government, then, gets to
4 not fund those public employees through general
5 tax fund dollars as opposed to the federal
6 dollars. Is that correct?

7 MR. KROMER: That's the approach that's
8 been taken. Again, as with the division between
9 housing and economic development, everything can
10 be reevaluated, and if this is a good time -- this
11 is an excellent time to do that reevaluation.

12 Philadelphia devotes a lot more of its
13 funding to contracts with community-based
14 organizations. And if we didn't have so many
15 contracts, we'd have a much lower cost -- much
16 less administrative overhead, but we'd have less
17 program delivery going out to the community and
18 less work being done by community people rather
19 than City employees.

20 COUNCIL PRESIDENT VERA: Councilman,
21 I'm not talking to anybody now, and I do know that
22 you've gone way beyond your five minutes, so we'll
23 have to recognize you with the next go-around.

24 The Chair recognizes Councilman Cohen.

25 COUNCILMAN COHEN: That cost of around

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2 \$150,000 per house that came up in the interplay
3 of question and answer between you and Councilman
4 Kenney before, is that \$150,000, is that the cost
5 just of building that house, not -- I'm trying to
6 eliminate the other items you mentioned, about
7 taking care of environmental problems, building
8 streets, doing other things that you have to do
9 when you deal with a badly polluted neighborhood,
10 polluted in a very broad sense, physically
11 polluted as a result of the neighborhood being run
12 down for many, many years and basically deserted
13 by most of its population?

14 What does that 150,000 represent? Does
15 it represent the total cost of putting everything
16 in order so that you can build? Or does it, in
17 fact, represent the cost of building a house?

18 MR. KROMER: That figure represents
19 everything, including land acquisition,
20 infrastructure, environmental work, and so on.
21 The actual construction costs are under \$100,000
22 for the most part, and in some cases,
23 substantially lower, down to 80,000 or so.

24 But really, Councilman Kenney's point
25 is still well taken, that's still a lot of money,

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2 there's no question about that.

3 COUNCILMAN COHEN: But it's not 150,000
4 per house.

5 MR. KROMER: For the house only, no.
6 It's the house plus all this other stuff.

7 COUNCILMAN COHEN: I mean, as
8 Councilman Kenney is pointing out to me, he's not
9 -- he did not develop that figure, he is using
10 the figure that PHDC used in its own report, and I
11 think it gives a misdirection.

12 I think there ought to be a figure --
13 I'd like to know it and I think we'd all like to
14 know, what does it cost? And why does it cost so
15 much? Because the common language is that it
16 costs many those thousands dollars more to build a
17 residential unit in the City than it does outside
18 the City, and I would like to know, why does it do
19 that and are their City policies to blame for it?
20 And if there are, let's find out what they are and
21 address those problems.

22 I don't think the people that live the
23 in the homes ought to be seen as the beneficiaries
24 of large sums of money that they're not, if it
25 costs 80 to \$100,000 to build a home, and I agree

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2 that's more than it ought to cost if the house has
3 a market value, say, of 45 to \$50,000.

4 Now, we all know one imbalance that
5 exists that nobody seems to be able to do anything
6 about, and that's what Realtors generally refer to
7 as a three-word slogan -- "location, location,
8 location," that the identical house in the City
9 will cost much more than outside the City. And
10 within the City, different areas will cost much
11 more. Fairmount, near the Art Museum, the houses
12 are far more expensive as well as other parts the
13 Center City. We can enumerate many areas where
14 the houses cost much more than similar structures,
15 maybe just as good structures, maybe better
16 structures in other areas of the City. That, I
17 don't know how you resolve.

18 But I think there is a need to address
19 middle-class needs in the City, and there's also
20 the need to address low-income needs. And I would
21 like the City to approach it in a way that doesn't
22 pit one group against the other. Because both
23 groups together, I think, form the bulk of people
24 in the City.

25 We haven't convinced corporations to

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2 whom we contribute in all kinds of funding to
3 induce them to come in, we contribute many
4 millions of dollars to them, but apparently, the
5 City either hasn't bothered to or has been unable
6 to convince them to give certain advantages to
7 their workers to live the City. I'm not sure that
8 it's just the wage tax. You know, they say you
9 lose 5 percent to your wages as soon as you come
10 into the City. It seems to me if we give
11 corporations many millions of dollars and
12 different kinds of benefits to come in, maybe
13 those benefits ought to increase an automatic
14 5 percent increase to the workers to make up for
15 the loss, you know, in some fashion or another.

16 But I think we need it. As a City, we
17 need every income level, and I think Philadelphia
18 physically houses and has sites that would
19 accommodate almost every conceivable need except
20 maybe -- well even, the super mansions, we have
21 many super mansions in the City. I don't know how
22 many of them still survive. So I would like to
23 see a breakdown.

24 Now, is PHDC under your general
25 jurisdiction?

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2 MR. KROMER: Yes. They produce that
3 housing under contract with us. And I will submit
4 to the Chair a breakdown.

5 COUNCILMAN COHEN: Would you do that so
6 we can all get it.

7 MR. KROMER: Yes.

8 COUNCILMAN COHEN: And then we at least
9 will have, I think, a basic comparison, though I
10 say we ought to find a way to address the needs of
11 every element of the population.

12 MR. KROMER: Mm-hmm.

13 COUNCILMAN COHEN: Maybe the fault lies
14 in the fact that when we cut the top levels of the
15 federal income taxes from 90 percent to 39
16 percent, maybe that's what has to be reconsidered
17 again, because the beneficiaries of that may be
18 able, if that condition were restored, to provide
19 the kind of income necessary to help level the
20 housing stock for everybody in the City.

21 MR. KROMER: Yes. I will also reopen,
22 based on your comment and Councilman Kenney's, I
23 will reopen with the Mayor's staff the issue of,
24 can we go to Washington, can we get some of the
25 policy raised, is there an opportunity to --

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2 COUNCILMAN COHEN: Yes. I think we
3 could develop a sound program that unites all
4 groups in Philadelphia. I think there certainly
5 ought to be programs for middle-class people
6 because I find in every community that there are a
7 lot of people who kind of don't understand why
8 they're excluded from so many governmental
9 programs because maybe they don't make -- I heard
10 the figure of 40, 50, 60,000, sometimes the
11 exclusions begin at 25 and \$30,000 in certain
12 programs.

13 I think we've got to -- and we're
14 looking for your office to suggest programs,
15 because you're the ones that are most familiar
16 with what exists now in the way of federal and
17 state regulations. But if you could come up with
18 the other kind that unite instead of pit one
19 element against another element, I think you could
20 get a lot of unified support.

21 And I sense the beginning in
22 communities throughout the country, I think the
23 election results are showing, there's something
24 going on in the country that none of us quite
25 realize. And I think what it basically is an

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2 awakening of interest by people in political
3 activity. For many years, they were satisfied the
4 economy seemed to be meeting all of their needs.
5 I think they're beginning to want to participate,
6 and I think we have a new opportunity to raise the
7 kind of issues that we're discussing this morning.

8 Thank you, Madam President.

9 COUNCIL PRESIDENT Verna: Thank you,
10 Councilman.

11 The Chair recognizes Councilman Ortiz.

12 COUNCILMAN ORTIZ: I go along the same
13 way, the same route, because I've been in most of
14 these houses that we, you know, I've attended most
15 of the openings, I supported most of the programs
16 that have gone.

17 And the thing that shocks me about it
18 is that these houses are not worth \$150,000, and
19 the rooms is too small, the materials that seem to
20 be used are not of the quality that seems -- for
21 \$150,000 you can get two fireplaces up in Mt.
22 Airy, East Oak Lane, and so on, you can get nice,
23 sturdy, big homes across the City. And the cost
24 of it, you know, for a very, very small
25 quantity. . .

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2 The question Jim Kenny asks is very
3 real. It has a sound to it because we all worry
4 about the cost. This is money that perhaps can
5 build more than one house. If we're going for
6 low-income housing for the cost that we're
7 spending, you know, and because the market value
8 of the house will never reach \$150,000. The
9 person who will move into that house will not be
10 able to sell that house for \$150,000. Is that
11 true, right?

12 MR. KROMER: That's true, but that
13 doesn't mean that market values won't go up at a
14 higher rate in neighborhoods than in other areas
15 of the City -- Yorktown has proved that -- and in
16 areas like Germantown, where we've made consistent
17 investments for more than a decade. The Greater
18 Germantown Housing Development Corporation is now
19 pricing some of its houses at more than \$100,000
20 per house. It's a breakthrough.

21 COUNCILMAN ORTIZ: Mr. Kromer, one of
22 the things that I've asked you across the years
23 is, as we build these developments and we spend
24 these huge amounts of monies in these
25 neighborhoods, minority contractors, what is the

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2 participation of minority contractors, one, in the
3 jobs that are created through these developments,
4 in the contracts that flow down to them? What is
5 the level of contracts that go to minority
6 contractors? And what is the level that goes to
7 the contractors that come in, the big contractors
8 the majority contractors that get the monies?

9 MR. KROMER: There's really a wide
10 variation in the level of neighborhood resident
11 and minority participation in the program. But I
12 expect, as we've discussed in the past, that
13 Council would not be satisfied, as I am not
14 satisfied, with the level of participation that we
15 see. In some developments, it's more than others.
16 Overall, I don't think we have reason to be
17 satisfied.

18 As I indicated in a memo that I
19 circulated to Council at the end of last year,
20 we've got a problem, a workforce problem in terms
21 of minority participation in the building trades
22 and in the prevailing wage and --

23 COUNCILMAN ORTIZ: We've had that
24 problem with the building trades for 30 years.

25 MR. KROMER: That's right, and it's

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2 being alleviated somewhat, but I don't think
3 anybody would be satisfied with the rate of
4 progress that's being made, and I think that's one
5 of the issues that we'll need to confront this
6 year, about either mixing up the prevailing-wage
7 jobs or getting --

8 COUNCILMAN ORTIZ: I'd like -- I'd like
9 -- I'd like it to see writing, for instance, the
10 amount of jobs and building that has gone on in
11 the last four years or five years and who has had
12 the majority contracts, the companies, and how
13 many minority contractors across the City. You
14 know, how many minority contractors have
15 participated and what has been the level of
16 participation of minority contractors in terms of
17 thousands of dollars or whatever? Okay?

18 The question, Councilman Goode asked
19 you before is, I think, a discussion we've had
20 about, how do we create jobs so that people can
21 then create the market, so that people can go in
22 and build homes and they can buy them? And it's a
23 question that has never been answered to our
24 satisfaction because job creation, business
25 development, for instance, up in the Fifth Street

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2 corridor, has not been what it should have been,
3 and I don't think any corridor, any neighborhood
4 corridor has gotten that type of development.
5 That is a discussion, I think, that is overdue.

6 But a shift in priorities has to begin
7 sometime, because it is the job market, the
8 entrepreneurial aspect, and if we can help
9 rebuild, housing will pop up around those
10 neighborhoods if people are working.

11 MR. KROMER: On the other hand, if an
12 aggressive housing development program will
13 produce more retail, as the APM experience shows,
14 with a supermarket having opened only because a
15 critical mass of housing development produced new
16 families in the neighborhood.

17 I think the other question too is, does
18 more public money make a difference? Is more
19 public money going to be decisive in substantially
20 increasing small-business development expansion?
21 I just don't know, because that's not my area of
22 expertise, but I think part of the discussion
23 should be, what is the value, what is the result
24 that we get out of a housing dollar compared to an
25 economic development dollar? And we've got time

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2 to have that discussion, and I'd certainly welcome
3 that.

4 COUNCILMAN ORTIZ: Thank you.

5 COUNCIL PRESIDENT VERNA: Thank you.

6 COUNCILMAN ORTIZ: Thank you, Madam
7 Chair.

8 COUNCIL PRESIDENT VERNA: The Chair
9 recognizes Councilman Kenney.

10 COUNCILMAN KENNEY: Thank you, Madam
11 Chair.

12 I just want to go back won't be one
13 more time to the PHDC report on developments. If
14 my numbers are correct of \$38,300,000 expended in
15 1999, \$22.1 million seemed to have gone into one
16 particular section of the City, which left
17 16.2 for the rest of the City. What process is
18 employed to determine that that level of available
19 dollars in this particular program goes into one
20 section of the City as opposed to the housing
21 needs in southwest or northwest or South
22 Philadelphia or West Philadelphia? How do we
23 determine that that bulk of that \$38.3 million got
24 put into one section of the City as opposed to
25 anyplace else?

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2 MR. KROMER: During recent years, PHDC
3 has been assigned by me, by the Office of Housing
4 and Community Development, to take responsibility
5 as a developer in areas where we have no community
6 development corporation, and we have either an
7 existing commitment to a community or a need to
8 produce some housing as part of the City's overall
9 strategy.

10 One example, the home ownership zoned
11 area and the Cecil B. Moore area was planned out
12 by the National Temple Non-Profit Corporation in
13 the 1980s. The group went out of business, PHDC
14 was assigned by me to take on that role, and the
15 result is, roughly, a \$20 million commitment of
16 development funding to PHDC to carry out. That
17 was true in a number of other smaller cases.

18 And in addition to those assignments,
19 PHDC takes responsibility for a relatively smaller
20 program, the Home Start Program, in which within
21 half a dozen target areas around the City, vacant
22 houses are rehabilitated. But the basic PHDC
23 activity over, the past five or six years, has
24 been the Cecil B. Moore area and lower North
25 Philadelphia area.

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2 COUNCILMAN KENNEY: What's the
3 rationale for that? And do other sections of the
4 City have less housing needs, less problems?

5 MR. KROMER: The Home Ownership Zone --

6 COUNCILMAN KENNEY: And -- I'm sorry --
7 is there a board that makes that decision, is it
8 you who makes that decision?

9 MR. KROMER: The decision is really
10 made by the Office of Housing and Community
11 Development, and PHDC carries out the assignment,
12 and the priorities and funding allocations by area
13 are a part of the consolidated plan, which is
14 submitted to City Council.

15 In the Cecil B. Moore area, we had an
16 opportunity to secure a substantial amount of
17 additional federal funding, more than \$12 million,
18 as part of a national competition, and that area
19 was the only area that was available in
20 Philadelphia, because we had a neighborhood plan,
21 we had some cite control, we owned some real
22 estate there, and it was the only area where we
23 could show the federal government that we were
24 ready to go, and we won that wared and --

25 COUNCILMAN KENNEY: Just so I

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2 understand how the process works, that is a
3 decision made by you?

4 MR. KROMER: That's right, based on --

5 COUNCILMAN KENNEY: Is there some board
6 or is there some process, I mean, or is that just
7 solely the decision or at the discretion of the
8 housing director?

9 MR. KROMER: The discussion is mine,
10 but it is, in every case, based on the
11 Consolidated Plan, which is authorized by the
12 Mayor and City Council.

13 COUNCILMAN KENNEY: What do we expect
14 to happen in various other sections of the City in
15 the future as we move forward into the future? I
16 mean, since we've put in such an emphasis on
17 housing development in one area, have we neglected
18 or in some way not done some of the work we needed
19 to do in other areas, and will that emphasis be
20 swinging back at some point in time?

21 MR. KROMER: Again, this is a good time
22 for reevaluation, and the answer is yes, because a
23 good deal has been accomplished in areas like
24 lower North Philadelphia.

25 I think a good example of going to

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2 another area is the substantial commitment that's
3 been made to the King Plaza Revitalization
4 Program. Which not only includes demolishing the
5 high-rises and building on site, but implementing
6 a very, very ambitious program of housing
7 rehabilitation east and west of Broad Street so
8 that there's a total improvement on either side of
9 the Avenue of the Arts.

10 The Community Development Block Grant
11 is funding a substantial amount of that have
12 area-wide improvement, and the result will be a
13 substantial improved real-estate market
14 reinforcing the middle- and upper-income
15 neighborhoods that surround that area and a
16 completed community that will be successful for
17 generations.

18 COUNCILMAN KENNEY: I'm just trying to
19 get an idea of how the process works. Thank you.

20 MR. KROMER: Thank you.

21 COUNCIL PRESIDENT VERA: The Chair
22 recognizes Councilman Nutter.

23 COUNCILMAN NUTTER: Thank you, Madam
24 Chair.

25 Mr. Kromer, let me just go back to

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2 where I was and I will hopefully finish up in that
3 area. In response to one of my questions, you
4 said that what seemed to be driving the high level
5 of administrative or administration in program
6 costs was the large number of contracts that you
7 have with the various CDCs. Now, is that
8 accurate? Is that what you said?

9 MR. KROMER: That's a substantial piece
10 of the program delivery element, yes.

11 COUNCILMAN NUTTER: So I mean, I took
12 from that in the last round, and then I had to
13 relinquish. I mean, that's almost, in essence,
14 saying that it's the CDCs' fault or comes as a
15 result of, Well, if we didn't have so many CDCs,
16 then our admin. and program costs wouldn't be so
17 high, but it's always been my impression that we
18 have actively kind of encouraged and promoted CDC
19 activity in Philadelphia. I must have sat through
20 a half a dozen budget hearings over the years
21 where it was proudly stated that Philadelphia has
22 a high proportion, maybe the highest in the
23 country, of CDC activity, and we like them and we
24 love them.

25 So I mean, now they take on the added

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2 responsibility that even though we pushed and
3 encouraged you and supported you to do things, it
4 now causes us to spend a third of our money that
5 comes from the feds on admin. costs to monitor you
6 and what you do. I mean, is that the deal?

7 MR. KROMER: It's well worth the
8 expenditure, and I think we can be proud of the
9 accomplishments we've achieved, and I believe we
10 should continue to support the role of CDCs.
11 Thinking, however, from a strictly --

12 COUNCILMAN NUTTER: That doesn't mean,
13 though, that we then have to add on that as a part
14 of that, we will also spend a disproportionate
15 share of the funding that you would normally get
16 to feed the government beast. Because the
17 government can be fed from somewhere else, right?

18 MR. KROMER: If "somewhere else" means
19 the General Fund, in theory, yes, if the money's
20 available.

21 COUNCILMAN NUTTER: Well, more than in
22 theory; in fact. I mean, you do factually have
23 some General Fund dollars that support your
24 operation.

25 MR. KROMER: That's right.

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2 COUNCILMAN NUTTER: You have a
3 \$139 million total budget, 4 million from the
4 General Fund.

5 MR. KROMER: That's right.

6 COUNCILMAN NUTTER: There is nothing to
7 stop, other than my good friend back there who
8 monitors the purse strings, there's nothing to
9 stop the City of Philadelphia from increasing its
10 share of covering the cost of these public
11 employees and not off-loading those costs out of
12 CDBG funds. There's no prohibition on that,
13 correct?

14 MR. KROMER: That's correct.

15 COUNCILMAN NUTTER: So if the City
16 decided that it could cover all of its public
17 employees as it normally covers all of its public
18 employees out of its money and not the federal
19 money, there's no prohibition on that, correct?

20 MR. KROMER: That's correct.

21 COUNCILMAN NUTTER: And if we did
22 something like that or changed the percentage mix,
23 we would, in fact, increase the amount of funding
24 that's available out on the street to do low- and
25 moderate-income housing, to do all of the items

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2 that are eligible by the way of CDBG guidelines;
3 isn't that correct?

4 MR. KROMER: That's right.

5 COUNCILMAN NUTTER: Okay. Let me ask
6 Mr. Dubow a quick question.

7 (Rob Dubow comes forward.)

8 MR. DUBOW: Good morning.

9 COUNCILMAN NUTTER: Good morning. How
10 are you today?

11 MR. DUBOW: Okay, how are you?

12 COUNCILMAN NUTTER: Very good.

13 Mr. Dubow, why does the City, in its
14 budget process, deal with OHCD and the various
15 other agencies and have such a small percentage of
16 funding from the General Fund to cover the regular
17 administration and programmatic costs of our
18 various housing programs and choose, rather, to
19 utilize the scarce federal dollars that are sent
20 here on the benefit low- and moderate-income
21 people, and pay public employees with those
22 dollars? Why do we do that?

23 MR. DUBOW: We do it because the --
24 those employees work exclusively on projects
25 funded with those dollars, and we do that with a

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2 number of grants.

3 COUNCILMAN NUTTER: Mm-hmm. Well,
4 isn't it true that when we revitalize housing or
5 put new housing in place, that eventually those
6 properties get on the tax rolls, and then the
7 Board of Revision of Taxes, I guess, send its
8 assessors out and they figure out what the taxes
9 are for that, and somebody starts paying property
10 taxes, whether it's on the home ownership units or
11 even on the rental units, I assume someone must be
12 paying real-estate taxes on those properties; is
13 that correct?

14 MR. DUBOW: Yeah, that's correct.

15 COUNCILMAN NUTTER: And where do those
16 tax dollars go?

17 MR. DUBOW: To the General Fund.

18 COUNCILMAN NUTTER: Okay. So we have
19 money from the feds to do housing, we off-load
20 from that money to pay public employees to help
21 with the production of that housing, the City puts
22 a very small amount of its General Fund dollars to
23 cover those costs. The houses then get built, and
24 taxes are generated, which only go to the General
25 Fund. Is that the circular process?

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2 MR. DUBOW: Well, they go to the
3 General Fund or they go to the School District,
4 but yes.

5 COUNCILMAN NUTTER: You understand.

6 MR. DUBOW: Yes.

7 COUNCILMAN NUTTER: Okay. Well, why
8 don't we at least at some proportionate level
9 increase the amount of General Fund support for
10 OHCD, given the fact that we know that what those
11 people do, and in the production of housing, we're
12 actually going to make money off of that? Isn't
13 that true?

14 MR. DUBOW: It is. And I don't think
15 we've ever done the economic analysis to see what
16 level of revenues we generate out of that, so I
17 don't know whether it's a substantial amount of
18 real-estate taxes. It's probably an analysis
19 that's worth looking at.

20 COUNCILMAN NUTTER: Well, let me more
21 formally make the request. Why don't we go back
22 over the last six CD years and take a look at all
23 of the housing that was produced during that time,
24 look at what the tax level was for that particular
25 property before it came on line, look at the tax

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2 assessment on that particular property when it
3 became occupied, and calculate what we've received
4 in the General Fund, the real-estate taxes from
5 the now-developed properties that were done
6 primarily with the federal dollars.

7 And even if it's not some incredibly
8 huge number, wouldn't it just be a better show of
9 the City's support for housing and housing
10 production services if the City paid its public
11 employees who do that work, and put the maximum
12 amount of low- and moderate-income dollars that
13 come to the City out on the street for the benefit
14 of the people that it was sent here for in the
15 first place?

16 MR. DUBOW: Again, the theory is that
17 those employees work on those projects so it's
18 justified to pay them out of the those revenues.
19 And also to the extent that --

20 COUNCILMAN NUTTER: I understand the
21 theory.

22 MR. DUBOW: And to the extent that we
23 shift those employees to the General Fund, it
24 replaces other General Fund dollars for other
25 services.

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2 COUNCILMAN NUTTER: Were many of those
3 employees already on the General Fund payroll in
4 the first place, and don't some of them do other
5 things beside the housing activity? All of the
6 people in that budget only work on CDBG-related
7 projects?

8 MR. KROMER: There may be a small
9 number of Redevelopment Authority staff who work
10 on downtown projects, but the vast majority are
11 exclusively CDBG.

12 COUNCILMAN NUTTER: I understand,
13 okay. You can do that kind of study?

14 MR. DUBOW: That analysis?

15 COUNCILMAN NUTTER: Yes.

16 MR. DUBOW: I think so yes.

17 COUNCILMAN NUTTER: Okay, I'd like to
18 see that. If you could forward it to the Chair,
19 I'm sure she will get it to us.

20 Lastly, Mr. Kromer, can you -- did it
21 go?

22 COUNCIL PRESIDENT VERNA: Oh, a long
23 time ago.

24 COUNCILMAN NUTTER: Madam Chair, I'm
25 having hearing problems over hear.

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2 COUNCIL PRESIDENT VERNA: Go ahead, be
3 our guest.

4 COUNCILMAN NUTTER: Mr. Kromer, can you
5 get some data on the top 15 cities in the country
6 and find out how they utilize their CDBG funds and
7 deal with the issue of the admin. costs and the
8 programmatic costs and what support those cities
9 provide for the comparable agency to the Office of
10 Housing and Community Development here in
11 Philadelphia through their own regular tax
12 dollars?

13 MR. KROMER: Yes, I'd be glad to do
14 that.

15 COUNCILMAN NUTTER: Okay, thank you.
16 Thank you, Madam Chair.

17 COUNCIL PRESIDENT VERNA: Thank you.
18 The Chair recognizes Councilwoman
19 Tasco.

20 COUNCILWOMAN TASCO: Good morning.

21 MR. KROMER: Good morning.

22 COUNCILWOMAN TASCO: You know my
23 interest in the whole area of housing is in
24 preservation and maintenance.

25 MR. KROMER: Yes.

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2 COUNCILWOMAN TASC0: And I would like
3 to see in terms of dealing with middle-income
4 neighborhoods, which we have quite a number, and
5 to help those homeowners maintain their homes, to
6 cut down on future blight.

7 MR. KROMER: Mm-hmm.

8 COUNCILWOMAN TASC0: So my interest
9 would be in providing more money for systems
10 repair and going beyond that, in terms of maybe
11 paint up or some of those kinds of services that
12 could help senior citizens as well as
13 middle-income people. We have a program in the
14 northwest, as you know --

15 MR. KROMER: Yes.

16 COUNCILWOMAN TASC0: -- where we took
17 an entire block, we got some money from the State
18 to do this, and we surveyed the block and had a
19 meeting and asked the individual homeowners what
20 would they need. We replaced doors, we replaced
21 lighting, did some sockets, just some general
22 maintenance work, and which was greatly
23 appreciated. And, you know, we didn't do it all
24 over the place. I mean, it was a targeted area so
25 you could see the difference. Some of it was

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2 repainted, a house that needed painting.

3 And that's the kind of support we can
4 give those individuals who live in neighborhoods
5 where people are staying, that are paying taxes.
6 And in a lot of these neighborhoods, there are
7 single heads of households that could use the
8 support. We didn't ask for an income guidelines
9 'cause we could do that, but we were looking for
10 private money. And also part of it with sweat
11 equity.

12 MR. KROMER: Yes.

13 COUNCILWOMAN TASC0: But it's important
14 that we look at a new way of spending the money.
15 And I know that in other cities in some parts of
16 this country, Community Development Block Grant
17 dollars have been used to create golf courses and
18 boat marinas, so it's just not geared to
19 low-income neighborhoods. It can be appropriated
20 for the community in general.

21 I just think our money has been
22 targeted to probably those areas that require --
23 that have the greatest need, but I don't think
24 that we can continue to exclude the surrounding
25 communities that require some support. And I'm

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2 going to continue to seek that support for those
3 programs, which I do believe you support, but
4 we've got to put some dollars in the budget for
5 programs like that.

6 MR. KROMER: Great. I think this would
7 be a good time just to get back to the
8 Councilwoman, and I will, through the Chair, with
9 regard to the issue of eligibility, so that we can
10 comment on what other cities have done.

11 And I believe where community
12 development funding has been used for marinas, for
13 example, the kind of pretext has been, Well, this
14 is really job creation so it's okay. I don't know
15 of any instance in which the CDBG funding has been
16 used for middle-income housing, but we'll look at
17 that and get a report to Council through the
18 Chair.

19 The resource question really is
20 critical because unless we can get a waiver, as
21 Councilman Kenney indicated, or find a loophole in
22 the federal regulations, the only other sources of
23 funding are the City's General Fund, which is a
24 limited resource that hasn't been used in the past
25 to any great extent. The Economic Stimulus

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2 Program, again, is very limited, and the State,
3 which has not been very receptive to affordable
4 housing, our State funding was cut in half from a
5 fairly meager 4 million to 2 million. So I don't
6 think the State is a potentially big resource.

7 So the issue of what is the funding
8 base for this middle-income housing support is
9 critical. There's no question that we haven't
10 done enough and that we need to do a lot more.

11 COUNCILWOMAN TASC0: Okay, thank you.

12 COUNCIL PRESIDENT Verna: Thank you.

13 The Chair recognizes Councilwoman
14 Blackwell.

15 COUNCILWOMAN BLACKWELL: Thank you,
16 Madam President.

17 Good morning again, Mr. Kromer.

18 MR. KROMER: Good morning.

19 COUNCILWOMAN BLACKWELL: When I stepped
20 out of the office, I heard there were some
21 questions about PHDC. Now, I've been working
22 recently with PHA too because they've been doing a
23 lot of leveraging of public and private dollars
24 for mixed-income properties in various
25 neighborhoods. And the person we have who was

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2 really typically under OHCD, we did a lot of that
3 on our side with PHDC, and I'm wondering why we
4 can't back to that.

5 Now, my understanding also is that when
6 we were doing that, even when we were doing the
7 Men (ph.) Program, HUD recognized us for having
8 the highest production. And also, also a job
9 center was started and certified by the State, the
10 first job center. We did a lot of things when we
11 had we had cordon bleu (sic) over PHDC. We worked
12 a lot with them. We had records, we broke
13 records. In fact, the only reason I recognized
14 the style when I talked to Carl Green about some
15 things we were trying to do in the neighborhood,
16 and I found out that Cordell was over there.

17 So if we're having problems, can't we
18 get 'em back? What could we would do? What's
19 your suggest about PHDC at this point and programs
20 that we had in the past and what we can do? You
21 know, as they say, if it's not broken, don't fix
22 it. If we know what it takes to get us there,
23 wouldn't it make sense for us to move into that
24 direction? What do you think, Mr. Kromer?

25 MR. KROMER: Well, there's no question

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2 that there's always a need for improvement, but
3 I'm very pleased with PHDC's record over the past
4 decade. The Men Program, which was a national
5 success, was terminated by Congress, and the
6 funding with SCOFF (ph.), so the program died on
7 the spot.

8 Among PHDC's accomplishments in recent
9 years have been building up the Home Repair
10 Program, the basic systems repair program, to one
11 of the biggest, if not the biggest, one of its
12 kind in the country, and then rebuilding North
13 Philadelphia in the Cecil B. Moore area, the
14 biggest sales housing development program that the
15 City has undertaken since the 1960s.

16 So there's a lot that PHDC done and
17 doing that I think we have reason to be proud of.

18 COUNCILWOMAN BLACKWELL: Well, I'm not
19 saying we don't, nor am I criticizing the current
20 director. I'm only talking about the functions we
21 did, where we were absolutely very, very
22 successful.

23 MR. KROMER: Yes.

24 COUNCILWOMAN BLACKWELL: And that it
25 seems to me that we could do it again, given the

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2 talent that we have out there. And certainly,
3 we're absolutely supportive of that. Thank you.

4 Thank you, Madam Chair.

5 COUNCIL PRESIDENT Verna: You're
6 welcome.

7 The Chair recognizes Councilman Clarke.

8 COUNCILMAN CLARKE: Thank you, Madam
9 Chair.

10 Good afternoon, gentlemen.

11 MR. KROMER: Good afternoon.

12 COUNCILMAN CLARKE: Mr. Kromer, I
13 wanted to follow up on a question that was asked
14 earlier with respect to the targeting of certain
15 allocations of dollars -- in this particular case
16 PHDC. And I want to get a sense for the Community
17 Development Block Grant dollars generally.

18 I remember years back, in my infancy,
19 at least my political infancy, there was this
20 whole issue about monies coming into the City and
21 not necessarily being spent in the appropriate
22 manner, and this money was coming to the City as a
23 result of certain low-income people and the
24 population and targeted areas and it never found
25 its way.

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2 Can you tell me how that formally is --
3 first, why do we get this money for the City of
4 Philadelphia, what is that based on?

5 MR. KROMER: The funding that
6 Philadelphia and other cities get is based on a
7 formula that includes population, number of
8 families below the poverty level, vacancy, and so
9 on. So it's a formula that basically gets at the
10 usual of distress, is there economic distress in
11 the City. So it's very much based on the
12 statistics that come out of areas like North
13 Philadelphia, where most of the money is being --
14 or a substantial amount of the money is being
15 spent.

16 The issue of targeting is one over
17 which the City has a lot more flexibility than it
18 used to. In the 1980s, HUD required the City to
19 designate so-called neighborhood strategy areas,
20 and those were required to be the focus of
21 targeting.

22 Now cities have flexibility in
23 determining whether or not to target, and for some
24 limited programs, like the Home Ownership Zone
25 Program in the Cecil B. Moore area, we have to

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2 spend within a targeted area, but for nearly
3 everything else, we can decide to either target
4 and to encourage neighborhood groups to develop
5 strategic plans that are very focused, or we can
6 support citywide programs, like the Moderate Rehab
7 Program, where anyone can come in with any house
8 anywhere in the City and get support for
9 rehabilitation.

10 So we've tried to balance the citywide
11 programs with targeted programs, but not to be
12 inflexible about requiring targeting within --

13 COUNCILMAN CLARKE: So -- but in every
14 instance in the targeted programs and all of your
15 tragic initiatives, it has to fall within an
16 income level as it relates to that particular
17 neighborhood.

18 MR. KROMER: That's right. The
19 beneficiary has to be an area of low to moderate
20 income or a specific household that is within the
21 federal income standards, yes.

22 COUNCILMAN CLARKE: So a large part of
23 the reason, if not the sole reason, that that
24 level of funding went through PHDC for that
25 particular neighborhood was because we needed it?

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2 MR. KROMER: Because of the calculation
3 of the formula, which showed that a substantial
4 number of residents and a substantial number of
5 distress was being experienced in that area,
6 absolutely.

7 COUNCILMAN CLARKE: And was that
8 HUD-mandated.

9 MR. KROMER: Absolutely, yes.

10 COUNCILMAN CLARKE: Okay. That's
11 enough for now. I just wanted to get a sense for,
12 you know, the question was raised about this level
13 of money going into a particular section of the
14 City, and I just wanted to get some clarity as to
15 why it went into that area, other than just your
16 decision.

17 MR. KROMER: That's right, those
18 indicators of distress earn us the money that
19 we're getting.

20 COUNCILMAN CLARKE: Okay, thank you.

21 COUNCIL PRESIDENT VERNA: Thank you.

22 Are there any other questions from
23 members of the committee?

24 (No further questions.)

25 COUNCIL PRESIDENT VERNA: Thank you,

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2 gentlemen.

3 MR. KROMER: Thank you.

4 COUNCIL PRESIDENT Verna: Personnel
5 Department.

6 (Personnel Department witnesses come
7 forward.)

8 COUNCIL PRESIDENT Verna: Good
9 afternoon.

10 MS. SEYDA: Good afternoon.

11 COUNCIL PRESIDENT Verna: Please
12 identify yourself for the record and proceed with
13 your testimony. The stenographer does have copy
14 of your testimony, so if you would simply
15 summarize, I would appreciate it.

16 MS. SEYDA: Thank you. Good afternoon,
17 President Verna. My name is Linda Seyda. I am
18 the City's Personnel Director, and I am here to
19 present testimony in support of the Department's
20 \$4,901,618 Fiscal Year 2001 Operating Budget.
21 With me at the table today is my deputy, James
22 Kimpson, and Celia O'Leary, our Administrative
23 Services Director.

24 Our FY 2001 proposed budget contains
25 \$4,273,590 in Class 100, \$556,800 in Class 200,

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2 and \$71,228 in Classes 3 and 400. The 28 percent
3 decrease in Class 200 is related to nonrecurring
4 costs for police officer recruit testing. The
5 Department is establishing two police officer
6 recruit-eligible lists for this year. Our budget
7 for next year does not anticipate another holding.

8 Briefly, the mission of the Personnel
9 Department is to recruit and retain effective
10 employees in support of the goals of the City.
11 Various programs and initiatives have been
12 developed to accomplish our mission and to support
13 the City agencies. I will very briefly summarize
14 those for you.

15 Over the course of the last couple of
16 years, we have established a workforce planning
17 process, which enables us to work better with the
18 operating departments in terms of identifying
19 their manpower needs prior to and during the
20 course of the fiscal year and working with them to
21 establish target dates for accomplishment of their
22 staffing needs. This process has been in place
23 for the last two years and has been working very
24 well for us.

25 In the current fiscal year, we are very

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2 pleased in that we have been able to provide and
3 meet deadlines for 98 percent of the services that
4 we have committed for the operating departments as
5 part of our workforce plan. Also, as City
6 Councilmembers, know the number in candidates
7 tested for City employment varies year to year,
8 based upon the needs identified in the workforce
9 plan and the creation of our large-scale
10 entry-level and promotional-eligible lists.

11 In Fiscal Year 2000, to date, the
12 Personnel Department has received over 45,000
13 applications, tested over 31,000 individuals, and
14 placed 10,459 individuals on a total of 388
15 eligible lists.

16 In FY 2000, the Department has
17 established, or will soon establish, lists for
18 major job classes such as police officer recruit,
19 correctional officer, laborer, and entrance-level
20 clerical, and social worker positions. In FY
21 2000, in addition to requests on the workforce
22 plan, the testing program will focus on
23 supervisory and command-level jobs in the Police
24 and Fire Departments and also on the creation of a
25 new school crossing guard-eligible list.

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2 In today's tight labor market, the
3 Department has established a recruitment team
4 which works through an advisory committee to
5 identify the recruitment problems that the City is
6 having and to organize a program to better meet
7 the recruitment needs of the operating
8 departments. While this is, at this point, is a
9 very small group -- it's only two individuals --
10 they have been working closely with the operating
11 departments, particularly the Police Department
12 and Corrections, to identify ways to better meet
13 the City's manpower requirements.

14 Also, I would like to add that the
15 continuing efforts in recruitment and selection
16 have resulted in an increasingly diverse
17 workforce. At the end of Fiscal Year '99, the
18 workforce was 46 African-American, 3.2 percent
19 Hispanic, 1.8 percent Asian, Native-American, and
20 other races, and approximately one-third female.
21 Since we expect the diversity of the workforce to
22 continue to increase, the Personnel Department
23 plans to provide additional managerial training
24 related to managing a changing workforce, and this
25 is included as one of our projects for the next

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2 fiscal year.

3 Efforts continue to support the City's
4 goal of creating an equitable working advisement
5 for all of our employees. The Personnel
6 Department ensures that policies are in place that
7 support sound employment practices and minimize
8 the City's potential liability under employment
9 law. We provide training in applicable law for
10 supervisory and managers, consult with
11 departmental clients who are experiencing
12 problems, and provide informal and formal avenues
13 for employees to seek assistance.

14 The Personnel Department's training and
15 development efforts have focused on building
16 partnerships with City departments and providing
17 leadership in training initiatives. In Fiscal
18 Year 2000, we established citywide guiding
19 principles to articulate the overall mission goals
20 and objectives and commitment with the City of
21 Philadelphia to employee to government.

22 Moving forward into the future, one of
23 the priorities of the Department is to implement
24 an automated human resource system. At the
25 present time, the City spends over \$5 million

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2 annually on the processing of HR-related
3 transactions. It is our hope that we will be able
4 to identify funding for the implementation of a
5 new computerized system at some point in the near
6 future.

7 And, finally, I would like to comment
8 on the Personnel Department's customer service
9 center. During the last year, we have established
10 a new customer service center to provide
11 information to both applicants and employees on
12 vacancies, procedures, test schedules, etc. We
13 have an automated job hotline, which is available
14 24 hours a day to provide basic information on
15 available jobs, the Civil Service process, and for
16 candidates to make appointments to review
17 examinations.

18 Since July 1st of this year, the
19 hotline has received over 63,000 calls. The
20 Personnel Department also maintains job
21 information on the Internet, and we have had some
22 have good feedback in terms of how that's working.

23 This concludes my remarks, and I am
24 prepared to answer questions of Council.

25 COUNCIL PRESIDENT Verna: Thank you.

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2 The Chair recognizes Councilman Cohen.

3 COUNCILMAN COHEN: Miss Seyda, the
4 Personnel Department also has responsibility with
5 respect to the health insurance programs of the
6 City?

7 MS. SEYDA: The Department has
8 responsibility for administration of a medical
9 health and welfare program for those approximately
10 8,000 employees who are on City-administered
11 plans, that is correct.

12 COUNCILMAN COHEN: For approximately
13 8,000.

14 MS. SEYDA: That's correct.

15 COUNCILMAN COHEN: Right. When was the
16 last contract entered into?

17 MS. SEYDA: Excuse me? The last --

18 COUNCILMAN COHEN: When was the last
19 contract entered into by the City on behalf of
20 those 8,000 employees?

21 MS. SEYDA: That's basically -- every
22 few years as necessary, we go out on an RFP
23 process and to see what is available in the
24 provider community for employees, you know, for
25 our employees.

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2 COUNCILMAN COHEN: Now, of those 8,000
3 employees, are any of them Civil Service?

4 MS. SEYDA: Yes, a large number of them
5 are Civil Service.

6 COUNCILMAN COHEN: Could you --

7 MS. SEYDA: Of that 8,000 number, that
8 is made up of Civil Service employees, exempt
9 employees, Court employees, and District Council
10 -- some District Council 33-represented
11 employees.

12 COUNCILMAN COHEN: Are the District
13 Council 33 employees, are they people who are not
14 currently members of District Council 33 but have
15 opted to join our health plan, or do they remain
16 members?

17 MS. SEYDA: No, they are not members of
18 District Council 33.

19 COUNCILMAN COHEN: So they're former
20 members who had been in the District Council 33
21 plan, who then opt to come into the City plan and
22 give up their membership in the union?

23 MS. SEYDA: Right, they are represented
24 by District Council 33 but they are not members,
25 that is correct.

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2 COUNCILMAN COHEN: Now, does the health
3 plan consist of two basic components: one, a
4 prescription plan, and then also a vision and a
5 dental plan, and then a doctor and hospital plan?
6 I don't know how you phrase them. How do you
7 refer to them? How would you define the health
8 plan of the City? What components does it consist
9 of?

10 MS. SEYDA: There is a medical plan, a
11 dental optical and prescription component, as you
12 mentioned. There is also a provision for
13 employees to elect not to take medical coverage,
14 and in lieu of that, the City gives them a certain
15 amount of money that they can use for other
16 benefits or take in cash.

17 COUNCILMAN COHEN: Now, does that 8,000
18 also consist of recent retirees from City
19 employment? Isn't there a four-year period that
20 the retired employee continues to receive not all
21 but most of all of the benefits?

22 MS. SEYDA: That is correct, and that
23 is true, I guess, for most City employees, that
24 there is a provision for continuation of coverage
25 for four years immediately after retirement.

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2 COUNCILMAN COHEN: What happens where a
3 person is a member of the union plan and then
4 retires? Does the union continue to provide the
5 benefits, does the City provide the benefits?

6 MS. SEYDA: Under our contractual
7 agreements with the labor organizations, the City
8 provides a sum of money to each labor organization
9 for those active employees and for those
10 individuals who are within the first four years of
11 retirement.

12 COUNCILMAN COHEN: So, in effect, the
13 union continues to provide the benefits for the
14 retirees, and the City continues to make the
15 payments on behalf of them.

16 MS. SEYDA: The City's obligation is to
17 provide a sum of money, that's our contractual
18 obligation.

19 COUNCILMAN COHEN: Does the City
20 provide to the union membership sufficient funds
21 to maintain the same level of benefits to a
22 retiree as it does for a current worker?

23 MS. SEYDA: The City's contractual
24 obligation is to provide a sum of money. It is
25 then up to each union to determine how that money

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2 is going to be spent.

3 COUNCILMAN COHEN: How is the money
4 that is provided to the union computed? Is it
5 just taken out of the air? Does it have any
6 connection with the number of employees that the
7 union has to cover?

8 MS. SEYDA: The City's contribution,
9 which is established in our contracts, is based
10 upon the number of employees, and the amount for
11 each employee is determined based upon a formula
12 in each labor agreement. And the formula is --
13 varies somewhat from union to union.

14 COUNCILMAN COHEN: Well, let's take a
15 specific union. Now, you are -- before we go into
16 the provisions of the union, you are in a position
17 to be familiar, are you not, with every agreement
18 that exists? Because aren't you the City
19 representative on the boards of each union-
20 administered plan?

21 MS. SEYDA: That is correct.

22 COUNCILMAN COHEN: So you would have a
23 direct familiarity and an ability to examine
24 documents as any member of the board would?

25 MS. SEYDA: That is correct.

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2 COUNCILMAN COHEN: Now, when an
3 employee retires in a union-administered plan, is
4 the amount of money lessened or maintained the
5 same as when the employee was currently working
6 for the City? Or is it a different standard used
7 for a retired employee? Take District Council 47,
8 say.

9 MS. SEYDA: The same is true for all
10 four unions. Contractually, we are obligated to
11 provide a sum of money -- the same sum of money
12 for active employees and for retirees during their
13 initial four years of retirement.

14 COUNCILMAN COHEN: So you pay the same
15 for the first four years. Do you pay anything
16 beyond four years for union-covered employees?

17 MS. SEYDA: No, we do not.

18 COUNCILMAN COHEN: And that policy of
19 paying the same amount for the -- let me strike
20 that.

21 The four-year period of coverage is the
22 same whether a City employee is covered by a union
23 or not covered, is it not? I'm not talking about
24 the content of the policy, you know, of the
25 benefits provided, but any City employee who

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2 retires, is there a year requirement, do they have
3 to serve a certain number of years to be eligible
4 for the four-year coverage post-retirement?

5 MS. SEYDA: In order to be eligible for
6 the four-year retirement coverage, the City
7 employee must be -- must have ten years of
8 service, and there are some variations on that in
9 terms of whether or not that may be continuous
10 service or not, but it's the basic --

11 COUNCILMAN COHEN: The basic.

12 MS. SEYDA: Yeah, the basic rule is ten
13 years of service.

14 COUNCILMAN COHEN: And if somebody has
15 less than ten years, do they get any coverage at
16 all in the post-retirement period?

17 MS. SEYDA: No, they do not.

18 COUNCILMAN COHEN: So they have to
19 serve at least ten years.

20 MS. SEYDA: That's correct.

21 COUNCILMAN COHEN: Now, when a
22 non-represented City employee retires, say, after
23 a ten-year period, does that employee receive the
24 same benefits as the union rep -- as that employee
25 did during service?

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2 MS. SEYDA: The benefits --

3 COUNCILMAN COHEN: Could you just
4 answer that "yes" or "no"? Is there a change in
5 the coverage for a non-represented City employee
6 after retirement? And I'm speaking of an employee
7 that's served at least ten years.

8 MS. SEYDA: The coverage is provided
9 under the terms of the Civil Service regulations
10 and the Administrative Board rules that are
11 currently in effect.

12 COUNCILMAN COHEN: That was not the
13 question.

14 MS. SEYDA: And the benefits that are
15 provided under the Civil Service regulations and
16 the existing Ad. Board rule provide a continuation
17 of medical benefits and prescription benefits.

18 COUNCILMAN COHEN: And what does it not
19 provide for that was provided to the employee
20 during the period of employment?

21 MS. SEYDA: It does not provide for
22 dental benefits, for vision benefits, or the
23 opportunity to opt out of benefits, or the
24 opportunity, which some employees have, to elect
25 supplemental life insurance, or the ability to get

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2 payment for unused sick leave.

3 COUNCILMAN COHEN: So the result of
4 that means that as between union representation
5 and non-represented employees, the represented
6 employees maintain their benefits for a four-year
7 period. There may be exceptions here and there --
8 and I'm not dealing with that -- while the regular
9 City employee, who is not represented loses
10 certain benefits; is that right?

11 MS. SEYDA: Well, that's a decision
12 that each union makes terms of the benefits that
13 they're going to provide and how they are going to
14 fund those benefits.

15 COUNCILMAN COHEN: Well --

16 MS. SEYDA: And we have a situation --
17 we have situations where the unions may continue
18 to provide a benefit, and if there is not
19 sufficient funding available from the City, that
20 they will use other funding which may be available
21 to them. So it's not a -- you know, it's not a
22 simple apples-to-oranges comparison.

23 COUNCILMAN COHEN: Well, let me differ
24 with you. As far as the City's contribution, the
25 City's contribution to represented employees

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2 remains the same. You've testified to that.

3 MS. SEYDA: And that is correct.

4 COUNCILMAN COHEN: But the union's
5 contribution toward the payment of benefits for
6 non-represented employees is reduced, is it not?

7 MS. SEYDA: It's --

8 COUNCILMAN COHEN: 'Cause I'm sure we
9 don't get dental benefits provided free of charge
10 or vision benefits or any of the other benefits
11 that are lost upon retirement.

12 MS. SEYDA: What the City does is to
13 provide a continuation of the medical benefits and
14 the prescription benefits. And you have to take
15 into consideration that for a retiree, the cost of
16 that benefit may be greater for retirees than it
17 is for active employees, because utilization tends
18 to be higher among older employees than it is
19 among younger employees.

20 COUNCILMAN COHEN: Miss Seyda, maybe we
21 are not going to have enough time today to get you
22 to answer questions, but we're going to get the
23 answers to the questions, and I don't know why you
24 want to make it so difficult to get -- you don't
25 have to protect yourself by pointing out

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2 constantly that the Civil Service Commission and
3 the Administrative Board have set these
4 regulations.

5 I'm asking for the facts no matter who
6 set them up. You know, we're just trying to get
7 the facts. The fact is that a City employee who
8 is not represented and retires gets less benefits
9 than a represented employee gets, and that the
10 City continues the same expenditures for
11 represented employees but reduces the expenditures
12 for the unrepresented employees, for the 8,000
13 that it covers.

14 Isn't that plainly a fact? The
15 benefits are lowered.

16 MS. SEYDA: I agree that the benefit
17 level is not the same, but where I must take
18 exception is that I can't state that the City's
19 contribution to the union fully funds the same
20 level.

21 COUNCILMAN COHEN: I didn't ask that
22 question. I asked what happened? and you answered
23 the question before that all four unions basically
24 that represent City employees basically cover
25 their retirees for a four-year period, without

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2 lessening of any of their benefits. Now, how the
3 union -- I didn't ask how the union covers it
4 'cause all I asked was what the City
5 contributes. The City does not lower its
6 contributions as a result of represented employees
7 retiring. And that seems to many people to be
8 vastly unfair to the non-represented employees in
9 this city.

10 Now let me move on to another area. Is
11 isn't it true that even among current employees,
12 that the benefits vary and sometimes to the
13 disadvantage of the non-represented employee? And
14 I'll give you a precise example.

15 Tell me, what is the prescription
16 benefit that a District 47 employee receives. And
17 I'll point your attention to the prescription plan
18 in the City. A City-covered employee who takes a
19 prescription regularly, the same prescription
20 maybe for years, can only get that prescription
21 filled for one month under the Rite Aid plan that
22 we have. Isn't that right? Do you know that?

23 MS. SEYDA: I believe that's correct.

24 COUNCILMAN COHEN: And that's despite
25 the fact that there has been a 1,000 percent

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2 increase in the prescription price since the
3 original inception of the contract with Rite Aid,
4 isn't that right? Didn't it go from \$1 to \$10?

5 COUNCIL PRESIDENT VERNA: To 15.

6 COUNCILMAN COHEN: And that's a 1,000
7 percent increase?

8 MS. SEYDA: Well, actually --

9 COUNCILMAN COHEN: Couldn't you answer
10 that? Isn't it --

11 MS. SEYDA: Well, because the current
12 co-pay is \$5 for generics and \$10 for a brand, so
13 it's --

14 COUNCILMAN COHEN: No, it's not \$5 for
15 a generic.

16 MS. SEYDA: It's not true in all cases.

17 COUNCILMAN COHEN: It's \$10 in all
18 cases except very rare exceptions.

19 MS. SEYDA: No, the co-pay for generics
20 continues to be \$5.

21 COUNCILMAN COHEN: Well, I pay \$10 for
22 generics.

23 COUNCIL PRESIDENT VERNA: Isn't it 5,
24 10 and 15?

25 MS. SEYDA: Right.

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2 COUNCIL PRESIDENT VERNA: What is the
3 15 for?

4 MS. SEYDA: It's \$5 for generic, \$10
5 for a formulary brand, and \$15 for a non-formulary
6 brand.

7 COUNCILMAN COHEN: What's the
8 difference between a formulary and a generic?

9 MS. SEYDA: A brand prescription can be
10 a formulary or a non-formulary, okay. A generic
11 drug is one for whom there is an equivalent to the
12 brand, which, in almost all cases, is much less
13 expensive, so henceforth, the co-pay is less.
14 This is a very, very common co-pay structure.

15 COUNCILMAN COHEN: Well, I don't want
16 to take time in the budgetary hearing to get the
17 difference we can deal with that separately.

18 MS. SEYDA: Sure, I'd be happy to.

19 COUNCILMAN COHEN: So I will say the
20 increase has even been 500 percent or 1,000
21 percent with Rite Aid, because it's either you pay
22 \$5 instead of 1, or you pay \$10. I haven't --

23 COUNCIL PRESIDENT VERNA: Or you could
24 pay 15.

25 COUNCILMAN COHEN: What's that?

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2 COUNCIL PRESIDENT VERNA: It's 5, 10,
3 or 15.

4 COUNCILMAN COHEN: 15. Well, I haven't
5 found people that have gotten \$5, but we'll deal
6 with that later. I --

7 MS. SEYDA: And seriously -- I mean, if
8 you have a -- if there's a specific case or
9 incident where there's a problem, we would be more
10 than happy to look into it for you.

11 COUNCILMAN COHEN: Well, I've been
12 taking brands that are generic brands, they've
13 always been described as "generic," but I know the
14 cost is \$10, but I don't want to make that an
15 issue here because I want to deal broader
16 questions than that.

17 MS. SEYDA: Certainly.

18 COUNCILMAN COHEN: Now, isn't it true
19 that in District Council 47 -- and maybe the other
20 unions have the same thing -- a person can get a
21 -- with one prescription can get a three-months
22 supply with a single co-pay payment? Whereas in
23 the City-covered employee, that employee would
24 have to make three separate co-pay payments --
25 either, by your statement, \$15, or by mind, \$30,

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2 for what the union person pays \$10? And can you
3 tell me, is that true in District Council 47?
4 With the same company, Rite Aid.

5 MS. SEYDA: For some, that would be
6 true, in some cases where it is a medication that
7 is used on an ongoing basis. That is true in some
8 cases, yes.

9 COUNCILMAN COHEN: Well, I understand
10 it's true in the vast majority of cases.

11 How about --

12 MS. SEYDA: It's true in cases where
13 you have maintenance medications.

14 COUNCILMAN COHEN: Incidentally, who
15 negotiated the contract with Rite Aid? There is
16 vast discontent expressed about the Rite Aid
17 policies for years, they've been expressed at
18 every budget hearing. And, again, the policy was
19 renewed, there was no input given to anybody that
20 I know of, no one in City Council that I know of
21 had any input whatever.

22 Why would the City have, I'm going to
23 say, "dared" to reenter into a contract with Rite
24 Aid in view of all of the possibility about the
25 company, about strange goings-on, plus the

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2 discontent of employees? And who did the
3 negotiating?

4 MS. SEYDA: Actually, there was an RFP
5 process. There were a number of people in City
6 government who reviewed the RFPs, and I can
7 provide you with the names of those individuals.

8 What you are referring to as "the Rite
9 Aid contract" is not Rite Aid per se, but it is a
10 company called PCS. It's a benefits management
11 company, a large benefits management company.
12 They are currently a subsidiary of Rite Aid at
13 this point in time. But the PCS was the
14 respondent to the RFP, not Rite Aid itself.

15 The cost difference between Rite Aid
16 and the next lowest respondent was approximately
17 \$2 million on an annual basis.

18 COUNCILMAN COHEN: And what is the
19 total payment to Rite Aid on an annual basis? You
20 say it was 2 million lower. Give me the total
21 figure so that I have some basis of knowing what
22 percentage was allegedly being saved by that.

23 MS. SEYDA: I don't have the exact
24 figure off the top of my head.

25 COUNCILMAN COHEN: Do you have an

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2 approximate figure?

3 MS. SEYDA: It would be approximately,
4 oh, about \$7 million.

5 COUNCILMAN COHEN: How much?

6 MS. SEYDA: About \$7 million.

7 COUNCILMAN COHEN: 7 million.

8 MS. SEYDA: Maybe 8.

9 COUNCILMAN COHEN: All right, we'll
10 take that, 7 or 8 million.

11 Did the difference have anything to do
12 with the City's refusal to enter into an
13 exclusionary contract with one successful bidder?
14 Whereas the unions agreed that whoever would get,
15 you know, the contract, would be the sole company
16 servicing the people covered during the period of
17 the contract. And that's only one year each time,
18 I understand.

19 MS. SEYDA: I'm not sure I understand
20 your question.

21 COUNCILMAN COHEN: Well, the City of
22 Philadelphia, for its 8,000 employees, permits a
23 choice between two health-care companies, does it
24 not? U.S. Health Care or something like that and
25 Blue Cross Blue Shield?

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2 MS. SEYDA: That's correct.

3 COUNCILMAN COHEN: Doesn't District
4 Council 47 pick one company, and in the
5 negotiations, don't the companies afford lower
6 rates if one company gets the whole contract
7 instead of just a portion of the contract?

8 MS. SEYDA: Not necessarily. I mean,
9 that's part of the negotiation process.

10 COUNCILMAN COHEN: Who negotiates for
11 the City of Philadelphia?

12 MS. SEYDA: The negotiations would be
13 representatives from the Personnel Department,
14 from the Finance Department, and the City
15 Solicitor's Office.

16 COUNCILMAN COHEN: There's no people
17 with permanent positions in the health-care
18 industry?

19 MS. SEYDA: For example? There's no
20 one else -- not outside of the City government.

21 COUNCILMAN COHEN: It seems to me the
22 City hires all sorts of experts in all kinds of
23 areas, in all other areas. So why does the City
24 in this case feel that City employees who have
25 many -- you have many other duties. As you

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2 outlined in your opening remarks to us, you cover
3 a remarkable wide, diversified area of activities,
4 and I assume that that would be true of people in
5 the Finance Department and in the Solicitor's
6 Office, and you are competing with people who are
7 fully trained. It seems to me a very bad match.

8 Would you -- Madam President, what I'm
9 going to suggest is, because there are many
10 questions that are disturbing, because it seems
11 that City-represented employees are at a deep
12 disadvantage with respect to the health benefits
13 they get. I understand the labor organizations
14 hire experts in the health-care field to negotiate
15 for them because they spend all their time and
16 know the tricks of the trade.

17 And would you be prepared to meet with
18 Councilmembers and staff members of Council for a
19 fuller discussion of this, outside the budget
20 hearings here? Because we're very concerned, and
21 many Councilmembers believe that because of the
22 disadvantaged position they're put in, the fact
23 that they're given no rights and representation in
24 the negotiations, no knowledge about them at all,
25 and therefore have suffered, we think some of this

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2 at least are concerned about two aspects.

3 One we think that all City-represented
4 employees are being badly represented in this
5 area. And, secondly, City Council is a separate
6 body. It has the responsibility for all City
7 employees on one hand; it also has a separate
8 responsibility for its own employees. And we
9 would like to try to clear up many of these areas.

10 Would you and others that you feel are
11 knowledgeable in this area who have done the
12 negotiations, would you be prepared to meet with
13 Councilmembers and their staff members so that we
14 can accumulate the information? If we're wrong,
15 we'll learn the information. But we're told that
16 staff members have tried for several months now to
17 get information from your office and have not been
18 successful.

19 MS. SEYDA: Well, we would certainly be
20 willing to open a dialogue with Council or
21 representatives of Council in terms of discussing
22 these issues.

23 COUNCILMAN COHEN: Madam President, I'm
24 going to stop, then, at this point, and I would
25 like to be able to pursue this in a fashion with

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2 Council representatives and this office and the
3 Personnel Office and those representatives from
4 the Finance Department and Solicitor's Office that
5 have been dealing with this issue.

6 COUNCIL PRESIDENT VERNA: Fine.

7 COUNCILMAN COHEN: Thank you very much.

8 COUNCIL PRESIDENT VERNA: Thank you.

9 The Chair recognizes Councilman Ortiz.

10 COUNCILMAN ORTIZ: Thank you, Madam
11 Chair.

12 Now, we've been going through this,
13 and the other day I was at the Town Meeting at
14 Roberto Clemente, and around six of the questions
15 that were asked were related to that 1991 Human
16 Relations report after the hearings in terms of
17 Latino employment in the City and so on.

18 And you just said that Latino
19 employment is, at the present time, at 3.2, which
20 is very low, it's still very low. And that does
21 not take into consideration -- and you don't give
22 the numbers of -- Latinos in supervisory
23 positions, which would probably be much less than
24 3.2, much lower than that. And so I'd like to get
25 a clearer picture, a total picture, because I told

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2 the people that I will get back to them with
3 this.

4 And during the last ten years, the
5 population of the Latino community in the City has
6 grown over 50 percent. And I think right now,
7 probably in the census, with this under-count,
8 even, even with this under-count, the census will
9 still show that that has been the way that the
10 population growth has taken place.

11 So if you can give me a clearer picture
12 of Latino employment by departments in the City, I
13 really would appreciate that because I would like
14 to, at the next meeting that I have with community
15 groups, I'd like to take that, and that we do have
16 a plan of doing something about increasing the
17 number from 3.2 to a much more representative
18 number.

19 MS. SEYDA: We will be pleased to
20 provide that information to you.

21 Also, I would like to add that, you
22 know, together with -- part of our emphasis that
23 we're putting on recruiting now includes a focus
24 on the Latino community and, in fact, we are in
25 the process of establishing a relationship with

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2 the Congreso to work with them to develop ways to
3 enhance our recruitment activities in the Latino
4 community.

5 So I would like to add that this is an
6 employment issue that we are sensitive to and that
7 we are developing you, know, directing additional
8 resources toward enhancing those initiatives.

9 COUNCILMAN ORTIZ: Well, I'd like to
10 have those figures and I'd like to see that.

11 MS. SEYDA: Sure, I'd be happy to get
12 them to you.

13 COUNCILMAN ORTIZ: I would like to be
14 able to see what the plan looks like and to be
15 able to have some input into that.

16 MS. SEYDA: Yeah, we will be delighted
17 to provide that to you.

18 COUNCILMAN ORTIZ: Okay, thank you.

19 Thank you, Madam Chair.

20 COUNCIL PRESIDENT VERNA: Miss Seyda,
21 you state on Page 2 of your testimony that in
22 Fiscal 2001, a new school crossing guard-eligible
23 list will be created. Will all of the existing
24 school crossing guard positions be filled by the
25 time school opens in September?

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2 MS. SEYDA: That is certainly our
3 objective.

4 COUNCIL PRESIDENT VERNA: When the City
5 sends representatives to colleges and universities
6 for recruitment purposes, do they coordinate
7 activities with the School District?

8 MS. SEYDA: With the colleges and the
9 universities?

10 COUNCIL PRESIDENT VERNA: Mm-hmm.

11 MS. SEYDA: Well, the relationships
12 with the colleges and universities are primarily
13 the local universities. There are programs within
14 the City government in terms of working with the
15 School District. I mean, clearly, that is an area
16 where I think that we can -- need to and should
17 improve and upgrade our activities. There are a
18 number of apprenticeship-type of programs within
19 the City government, but certainly, there are
20 other opportunities there to work with the School
21 District itself.

22 And we certainly would be, you know,
23 endorse, you know, enhancing those types of
24 activities.

25 COUNCIL PRESIDENT VERNA: Could you

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2 provide us with a list of those job titles that
3 have been deemed critical to City operations?

4 MS. SEYDA: Yes. We have that, and we
5 can easily provide that to you.

6 COUNCIL PRESIDENT VERNA: And can you
7 also tell us how many waivers have been granted
8 during the last year, residency waivers? I know
9 that it was testified earlier today that there
10 were two in recent months.

11 MS. SEYDA: Yes. The Chairman of the
12 Civil Service Commission testified this morning
13 that there were two waivers for the Health
14 Department that were approved.

15 COUNCILWOMAN VERNA: Mm-hmm.

16 MS. SEYDA: I do not believe that there
17 were any additional waivers approved last year.
18 However, there are individuals who are hired in
19 the City government who are hired under existing
20 class waivers. And at this morning's hearing,
21 Councilman Rizzo asked for a listing of who those
22 individuals are, and we will be providing that to
23 your office.

24 COUNCIL PRESIDENT VERNA: What are the
25 job titles and how many are existing? And I would

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2 think that -- I thought that we had an
3 understanding that people who were exempted were
4 not being exempted, we are just are giving them a
5 waiver and they would have to move into the City
6 within a year's time.

7 So how many are existing now that --
8 and how long have they been existing?

9 MS. SEYDA: Most of the individuals who
10 are not currently City residents are individuals
11 who are hired within the past year and are
12 obligated to move into the City. There still are
13 a few, and it's no more a handful of individuals
14 who live outside the City on an indefinite waiver,
15 but there's no more than a handful of those
16 people. You could probably count them on one
17 hand, and they will certainly be included in the
18 list.

19 COUNCIL PRESIDENT VERNA: What's your
20 reasoning for that?

21 MS. SEYDA: Excuse me?

22 COUNCIL PRESIDENT VERNA: Can you give
23 us your reasoning. What type of titles do they
24 have that we give them an indefinite waiver?

25 MS. SEYDA: They're -- the most -- the

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2 last waiver of that type that was granted was a
3 couple years ago, and it was a hardship waiver for
4 an individual who had undergone some serious
5 medical procedures and needed to reside with
6 family that lived outside of the City.

7 Aside from that waiver, I do not
8 believe that there have been any indefinite
9 waivers granted for the last, I would say, maybe
10 ten years. And, in fact, probably about ten years
11 ago, the City made a conscious effort to take a
12 hard look at all of the existing indefinite
13 waivers, and at that time, most of them were
14 withdrawn.

15 COUNCIL PRESIDENT Verna: Thank you.

16 Are there any other questions from
17 members of the committee?

18 (No further questions.)

19 COUNCIL PRESIDENT Verna: Thank you
20 Miss Seyda. Thank you.

21 MS. SEYDA: Thank you.

22 COUNCIL PRESIDENT Verna: City
23 Planning.

24 (City Planning witnesses come forward.)

25 COUNCIL PRESIDENT Verna: Good

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2 afternoon. Thank you for your patience.

3 MS. KAPLAN: I originally made a
4 mistake and said "good afternoon" and then I
5 changed it, but "good afternoon" turned out to be
6 correct.

7 Good afternoon, Council President Verna
8 and Members of Council. I'm Barbara Kaplan,
9 Executive Director of the City Planning. I have
10 with me this afternoon Carol Reba (ph.), who's our
11 Administrative Services Director for the agency.

12 I want to thank you for the opportunity
13 to discuss the Commission's proposed Operating
14 Budget for 2001. Our budget request totals about
15 \$3.1 million and has three parts: the General
16 Fund request, for about \$2.6 million; a Community
17 Development Block Grant request, for a little more
18 than \$242,000; and \$336,600 in federal
19 transportation grants.

20 This 2001 budget reflects an increase
21 over the present estimated obligations this year
22 in Class 100 in order to accommodate a negotiated
23 wage increase. As has been true in the past,
24 about 92 percent of our General Fund appropriation
25 and 100 percent of the Community Development Funds

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2 are devoted totally to personnel costs.

3 The three transportation grants that we
4 will receive are for three different
5 transportation projects. The first one is a
6 little over \$62,000, which is going to support
7 staff that undertakes basic capital programming
8 and transportation analysis. The second grant is
9 for a study of ways to improve public transit
10 service for the former Navy Base, now the Naval
11 Business Center in South Philadelphia, and the
12 largest grant is a continuation of a \$1.4 million
13 major investment study, which began in 1999 and
14 that will be funded over three years. And 2001
15 will be the last year of that study and the last
16 year of that grant, and that's to look at the
17 feasibility of extending rapid transit or other
18 significant transportation improvements in the
19 Roosevelt Boulevard corridor in the Northeast.

20 Over the past year, as has been true in
21 recent years, housing redevelopment activities
22 have continued at a record pace and have involved
23 a significant level of involvement from Commission
24 staff. We work closely with the Office of Housing
25 and Community Development and the Redevelopment

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2 Authority, and we've been involved in the planning
3 and in the site acquisition for housing
4 redevelopment projects in northwest and South
5 Philadelphia. In particular with the accelerated
6 effort that's been made by the Housing Authority
7 through their receipt of public housing
8 modernization funds, we've been involved with
9 OHCD, the Redevelopment Authority, and the Housing
10 Authority in planning and site acquisition and
11 zoning for the redevelopment of the Martin Luther
12 King public housing development, and more
13 recently, for public housing and publicly
14 subsidized housing in eastern North Philadelphia,
15 and that activity will continue.

16 In addition to the work we're involved
17 in in housing and redevelopment, we're also
18 working with a number of neighborhood
19 organizations on a variety of neighborhood
20 planning and zoning initiatives. For example, in
21 the East Falls neighborhood, we are completing the
22 analysis of a communitywide survey that we took in
23 cooperation with the East Falls Community Council
24 to describe the general characteristics of the
25 community and to determine public opinion on a

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2 wide range of local issues.

3 We also completed a community rezoning
4 process that resulted in the enactment of a zoning
5 overlay in the last session of Council for the
6 East Falls commercial area.

7 And we have begun more recently working
8 with neighborhood organizations in Northern
9 Liberties in southwest Philadelphia on rezoning
10 plans for those areas.

11 We're also involved in neighborhood
12 planning efforts in Chinatown North -- that's
13 north of Vine Street -- and in the East Parkside
14 neighborhood, in West Philadelphia.

15 And we've also began an effort with the
16 Mt. Airy USA group in the Northwest to work on a
17 zoning overlay for a portion of Germantown Avenue
18 that is their commercial district.

19 In the past year, our urban design
20 unit, which we had established several years ago,
21 has completed a long-range plan for the Avenue of
22 the Arts South, and we've begun work on a plan for
23 the Avenue of the Arts North, which is targeted
24 for completion next fall. The urban design unit
25 also has been providing design assistance to the

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2 Commerce Department by developing conceptual
3 designs for the improvement of neighbor commercial
4 strips, the funding for which comes from the
5 Capital Budget. We prepare the concept design and
6 then the Commerce Department and PCDC hire
7 landscape architects to do the bid documents
8 following the general concept prepared by our
9 staff.

10 We also continue to work toward the
11 implementation of recommendations that we made in
12 our vacant land study several years ago. We've
13 been working close with the Pennsylvania
14 Horticultural Society with funding they've
15 received from the William Penn Foundation and with
16 the Office of Housing and the Redevelopment
17 Authority. We really would like to see this work
18 contribute to the implementation of the proposed
19 Blight Removal Program from this administration.
20 And we've also been involved in another aspect of
21 vacant land, which has been the managing of work
22 Army Corps of Engineers in the Logan neighborhood.

23 We also will, in the coming year,
24 continue our involvement in some major development
25 projects, such as the Penn's Landing Family

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2 Entertainment Center, the redevelopment of
3 Independence Mall, and the continuing process of
4 transforming the Navy Base into the Naval Business
5 Center in South Philadelphia.

6 As this new administration begins to
7 take shape, we're looking forward to undertaking a
8 series of new initiatives. For example, now that
9 the Family Entertainment Center is proceeding at
10 Penn's Landing, there's renewed interest in the
11 redevelopment of the Delaware waterfront, and it's
12 time to go back and revisit and update the
13 comprehensive plan that we had done for the
14 Delaware waterfront in the 1980s in the light of
15 new developments and new development pressures.

16 In a similar fashion, what we've seen
17 downtown, through the conversion of office
18 buildings to apartments and hotels and the great
19 boom in restaurant and other entertainment uses
20 that were stimulated by the Convention Center,
21 this has placed a demand on our existing parking
22 facilities. And I think one of the things we
23 wanted to take a look at is taking another look
24 back at the recommendations that we made in the
25 Center City plan, and among those recommendations,

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2 probably parking recommendations -- the
3 recommendations we had made for parking is one of
4 the most pressing, but we intend to take a broader
5 look at Center City issues as well.

6 We've also been undertaking
7 considerable work on examining the whole issue of
8 the City's population loss, in particular the
9 decline in the middle-income population. We're
10 the agency that really keeps tabs on what's
11 happening in terms of census data and monitoring
12 demographic trends. So I think we may have seen
13 what was start to go happen maybe sooner than it
14 hit the popular press, and we have been working on
15 trying to understand who is leaving, why they're
16 leaving, and what opportunities there are for
17 public actions that can make the -- make City
18 neighborhoods more competitive with suburban
19 communities. This work we're referring to as kind
20 of "the liveable city study," and it's intended to
21 improve the quality of neighborhoods through a
22 variety of not only public incentives, but also
23 the use of public incentives to stimulate some
24 private investment in these neighborhoods.

25 We're -- I sat here through the

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2 hearings this morning and I heard the comments of
3 Councilman Kenney and some others with regard to
4 the issue of the middle class and what could we do
5 for middle-class housing, and I think we're
6 looking forward to using this information, working
7 with the new administration and Council to fashion
8 some specific strategies and programs to focus on
9 these kinds of objectives.

10 We have been involved in preparations
11 for the 2000 census, working at a technical level
12 to provide information for the outreach effort
13 undertaken by United Way and to complete the
14 various technical procedures that were necessary
15 to ensure that the Census Bureau had the best
16 address list from which to conduct the census.

17 One of the more significant
18 accomplishments of the Commission over the last
19 years has been the development of a geographic
20 information system for automated mapping and data
21 analysis. And while a number of other agencies
22 have been able to make use of this system and
23 enhance it by adding additional attributes to it
24 -- such as the Police Department, the Water
25 Department, the Records Department, and the

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2 Streets Department -- we're the only agency that
3 provides the service of producing maps for the
4 Mayor, for City Council, for other City agencies,
5 and for various nonprofit organizations. And we
6 -- over the past year, we've fulfilled over 120
7 separate mapping requests, not only from City
8 departments but from nonprofits, neighborhood
9 groups, and federal agencies as well.

10 This geographic information system has
11 really become very essential to the day-to-day
12 operations of the Commission's staff. And in
13 fact, this year, for the first time, because of a
14 change in federal law, we had the opportunity to
15 review the master address list that the Census
16 Bureau was going to use for the 2000 census.
17 Actually, we did this work a year ago, and because
18 of our -- because we had this geographic
19 information system at our disposal for this work,
20 with relatively little staff time, we were able to
21 identify 14,000 addresses that the Census Bureau
22 has agreed to add to its master address list.

23 So -- and during this work and in the
24 past -- in the past, we weren't even able to look
25 at their master address list but whatever

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2 information they did give us that we were able to
3 review was a far more laborious, much more labor-
4 intensive operation, and I don't think we were
5 able to do it as effectively either. So I just
6 wanted to point that out that that's kind of side
7 benefit of having this GIS.

8 We continue our traditional
9 responsibilities in neighborhood planning and in
10 zoning and in environmental review and in
11 development activities generally and in the
12 preparing of the Capital Program, and I would be
13 pleased to answer any questions you may have at
14 this time.

15 COUNCILWOMAN BLACKWELL: Thank you very
16 much.

17 You mentioned blight remediation, but I
18 didn't hear all that you said. President Verna is
19 really interested in learning whether or not the
20 Planning Commission will be participating in the
21 Mayor's blight program.

22 MS. KAPLAN: Well, I certainly hope
23 that we will. I think we've done a very
24 significant body of work regarding vacant land and
25 vacant buildings and the circumstances under which

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2 they exist. Our 1995 study on vacant land made
3 quite a number of recommendations, some of which
4 have been implemented, others have not. And we
5 certainly hope that that work and the continuing
6 work we have undertaken since then with the
7 Horticulture Society and OHCD will have -- you
8 know, will have a very positive impact and
9 certainly influence the development of that
10 program.

11 COUNCILWOMAN BLACKWELL: Thank you.
12 Councilman Nutter?

13 COUNCILMAN NUTTER: Thank you, Madam
14 Chair. Madam Chair, it appears that we are
15 slightly ahead of schedule. Therefore, I would
16 like to request that I have at least one hour to
17 question Miss Kaplan on the planning.

18 (Laughter.)

19 COUNCILMAN NUTTER: Good afternoon,
20 Miss Kaplan.

21 MS. KAPLAN: Good afternoon.

22 COUNCILMAN NUTTER: On Page 2 of your
23 testimony, you make mention of the vacant land
24 study, of which I'm familiar, and the coordination
25 with the Horticultural Society, OHCD and the

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2 Redevelopment Authority. Could you share with us
3 out of that study, which my recollection is, was
4 done a couple years ago.

5 MS. KAPLAN: June of '95, I think.

6 COUNCILMAN NUTTER: Right. Which of
7 the recommendations, to your knowledge, have
8 either been implemented or are in the process of
9 being implemented or were utilized to better
10 enable us to deal with the vacant land issue in
11 Philadelphia?

12 MS. KAPLAN: Well, I think one
13 recommendation, which, I think, has been put into
14 effect, has been the concept of lowering the
15 density of neighborhoods when we redevelop them
16 through, you know, through the City.

17 You know, as we're losing population,
18 we have an opportunity not to put rowhouses back,
19 you know, 40 units to the acre, the way they had
20 been, you know, at the turn of the century. You
21 know, we ought to take advantage of the loss in
22 population and use it in a positive way to reduce
23 the density and provide people with more outside
24 space, off-street parking, you know, where that's
25 feasible, and other amenities.

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2 And even when we're doing rowhouses,
3 there's a way to do rowhouses with larger lots and
4 off-street parking as well.

5 COUNCILMAN NUTTER: Mm-hmm.

6 MS. KAPLAN: And I think that the
7 Office of Housing and the Redevelopment Authority
8 have done at a very good job of that. The new
9 sales housing in East and West Poplar
10 neighborhood, I think, is an excellent example of
11 that, the Home Ownership Zone and Cecil B. Moore
12 on the other side of Broad. And we continue to
13 try to influence the plans of community-based
14 sponsors, the CDCs, and other providers of
15 low-income housing, the for-profit developers that
16 do the tax credit housing.

17 COUNCILMAN NUTTER: Mm-hmm.

18 MS. KAPLAN: And I think they're
19 listening. I mean, one of the obstacles is that
20 the process of, you know, acquiring property is
21 very cumbersome, the process of getting financing
22 sometimes is even worse. And so you get a
23 developer ready to go and they present a plan, and
24 we say, Gee, that's really too dense. You know,
25 you ought to acquire -- you know, there's five

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2 vacant lots across the street and two down the
3 block and, you know, you ought to encompass all of
4 this. And they know that's the right thing to do
5 but they don't want to stop, you know, for nine
6 months while that property's acquired, and they
7 may lose financing commitment in the meantime.

8 COUNCILMAN NUTTER: Mm-hmm.

9 MS. KAPLAN: So there are barriers to
10 doing that, but I think if we were more proactive
11 about assembling vacant land for use in redevelop,
12 some of those barriers would come down, and I
13 think that's one of the biggest -- and I think
14 that was one of the most important recommendations
15 in the vacant land study and one that has not yet
16 been implemented and that I would like to see
17 incorporated into the blight removal plan, and
18 that is to assemble sites, you know, for
19 redevelopment even if we don't have a specific
20 plan or redeveloper in sight.

21 COUNCILMAN NUTTER: Mm-hmm.

22 MS. KAPLAN: Because unless we control
23 that land, unless we own it, unless it's cleared
24 and prepared for development, we will not be able
25 to get that vacant land reused. Most people have

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2 a perception that the vacant land is owned by the
3 City. Most of the vacant land and most of the
4 vacant houses are not owned by the City.

5 COUNCILMAN NUTTER: Right.

6 MS. KAPLAN: So you get a developer
7 that comes along -- actually, there's a real
8 example in LISC, the Local Initiative support
9 Corporation, which was on a national program to
10 find sites for supermarkets, and they wanted a
11 five- or six-acre site in the inner city. And we
12 did not have a five- or six-acre site, and we had
13 all of this -- it's sort of like water, water
14 everywhere and not a drop to drink.

15 I mean, all this vacant land, but we
16 could not say to LISC, Yes, it's ready to go.
17 We'd say, Well, maybe we can get it in nine months
18 to a year. And when you have a developer in hand
19 or somebody with a vision in mind, nine months to
20 a year is not enough.

21 COUNCILMAN NUTTER: Mm-hmm.

22 MS. KAPLAN: And so I think that, you
23 know, the answer to dealing with a lot of this is
24 to control it. And until it's within our control,
25 we can't -- it's very hard for us to do anything

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2 with it. In some cases, I think it would be a
3 good idea to give it to somebody to redevelop and
4 put back it on tax rolls, an attractive
5 development, whether it's housing or commercial
6 development or, in some cases, industrial
7 development, depending on the circumstance. You
8 know, it enhances and encourages everything around
9 it.

10 COUNCILMAN NUTTER: Mm-hmm.

11 MS. KAPLAN: And we're having the
12 opposite effect in too many of our neighborhoods
13 where the presence of vacant buildings and vacant
14 lands discourages investment and discourages
15 people who are already there from even making
16 minimal investments in the upkeep of their
17 property. So I think that that's a real important
18 thing.

19 COUNCILMAN NUTTER: Mm-hmm.

20 MS. KAPLAN: And it's not --
21 unfortunately, it's not cheap. You look at this
22 land, which looks like, gee, it has no value,
23 nobody's interested in it, people are dumping all
24 over it. But in reality, you know, when you start
25 to assemble it and observe due process that you

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2 have to observe because of the property rights, it
3 winds up costing us more money than, you know,
4 certainly we would like.

5 It's almost as bad as the discussion
6 earlier about why it costs so much to produce a
7 house for a low-income household. It will cost us
8 something to assemble this land, but by the same
9 token, there's a big cost in letting it sit there
10 and not getting any taxes from it and tearing down
11 the value of everything around it so that that's
12 devalued as well.

13 COUNCILMAN NUTTER: Right. Well, that
14 did lead into --

15 MS. KAPLAN: That's the short answer.

16 COUNCILMAN NUTTER: Yes, all right, I
17 know.

18 You raised, though, the other question
19 that I wanted to ask in this regard, which is, I
20 guess, kind of the age-old dilemma of the chicken
21 and egg. Do you acquire the property and worry
22 about what to do with it later, or do you develop
23 even preliminary plans of if I had this property,
24 five acres, ten acres, whatever this site is,
25 these are some of the things that I would do with

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2 it, and use that as the incentive or the tool to
3 either spark someone's imagination or even show to
4 the community what the possibilities are.

5 MS. KAPLAN: I --

6 COUNCILMAN NUTTER: But I understand,
7 as you said, that until you actually own it, I
8 mean, you could have ten plans for it but they're
9 not going anywhere.

10 And I was concerned as to what the
11 Commission's role, if not responsibility, would be
12 as it relates to the blight elimination program,
13 which, I understand, is not complete yet but, you
14 know, the news information is that we're just
15 going to kind of go out and demolish a whole lot
16 of sites all over the place, flatten them,
17 technically make them available, but at that
18 moment, we don't own them either. And so what --

19 MS. KAPLAN: Well, I don't know the
20 details at this point of what the blight removal
21 program is. I have talked to the transition
22 committee that's helping to shape some of those
23 ideas for the Mayor and provide them with
24 considerable information.

25 I -- a couple of things. I don't think

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2 we can, or should, acquire everything you, know,
3 everything that's vacant. I think we have to be
4 strategic in terms of what we acquire. But I
5 think we do have a lot of plans already that
6 provide the guidance as to what we -- the kinds of
7 things we should be acquiring, the kinds of sites
8 we should be assembling.

9 COUNCILMAN NUTTER: Mm-hmm.

10 MS. KAPLAN: You know, the Office of
11 Housing has sponsored the development, and some
12 foundations have participated in this as well for
13 a lot of neighborhood plans, you know,
14 particularly in North Philadelphia but also in
15 other parts of City. So there are a lot of plans
16 in existence where neighborhood groups have said,
17 This is what we would like to happen in our
18 neighborhood.

19 COUNCILMAN NUTTER: Mm-hmm.

20 MS. KAPLAN: Some of it, you know, may
21 not be realistic, some of it may be quite
22 realistic, you know, quite possible to do, and
23 we've certain seen a lot of neighborhoods, you
24 know, come up with a plan and begin on a positive
25 implementation.

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2 COUNCILMAN NUTTER: Mm-hmm.

3 MS. KAPLAN: So, I mean I think there
4 is some guidance. You know, we've provided some
5 overall framework when we did the North
6 Philadelphia plan, when we did the West
7 Philadelphia plan. We have done plans for
8 neighborhoods and we can do, you know, additional
9 plans for neighborhoods.

10 So I think, you know, there are
11 certainly places to begin that acquisition
12 process. We don't have an infinite amount of
13 money so we can't get it all, but I think we
14 certainly could begin the process of identifying
15 what should be acquired, you know, particularly in
16 areas where there has already been some
17 redevelopment and some repopulation of the area,
18 as John Kromer indicated earlier, which then
19 creates the need for more neighborhood services.

20 And increasingly, you do find chain
21 retailers who are interested in coming into inner
22 city neighborhoods that they had been turning
23 their back on. They recognize that people need,
24 you know, greeting cards, drycleaners, tooth
25 paste. And, you know, there is a market.

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2 COUNCILMAN NUTTER: Sure.

3 MS. KAPLAN: And I think if we can
4 provide, you know, the opportunities, I think we
5 will have some people interested.

6 The other thing is that the Housing
7 Authority, in the process of tearing down
8 high-rise public housing and going into lower-
9 density housing plans, needs a lot of land in
10 order to rehouse people that have, you know, been
11 temporarily relocated.

12 COUNCILMAN NUTTER: Right.

13 MS. KAPLAN: I mean, if you're going to
14 tear down Martin Luther King, you're not going to
15 put all those low-rise units back on the site.
16 Some of those units will be elsewhere in the
17 neighborhood or elsewhere in the City.

18 COUNCILMAN NUTTER: Mm-hmm.

19 MS. KAPLAN: And so there is a demand,
20 even from our own agencies for land. There's
21 demand from other agencies when we want to build a
22 new police station or when we want to, you know,
23 build a new library. And there are opportunities
24 to reuse a lot of this land, even in a city with a
25 declining population.

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2 I mean, if we think about it in terms
3 of, first of all, going to a lower density, trying
4 to get more sort of private caretakership of the
5 land, so to speak. In other words, if somebody's
6 building rental housing, build in as much open
7 space as possible and make that housing manager of
8 that rental property responsible for that open
9 space, anything to get it cared for and out of the
10 public responsibility because we can't do it.

11 COUNCILMAN NUTTER: Right. Two last
12 questions, Madam Chair.

13 One, Miss Kaplan, has there been much
14 involvement by the Planning Commission around the
15 issue of promoting maintenance and preservation of
16 housing and the housing stock we have versus what
17 ultimately ends up being virtually demolition by
18 neglect, that we clean and seal a place, we
19 brought it up for a while. I mean, actually,
20 first it becomes vacant after some event -- the
21 homeowner dies or the systems are starting to fail
22 -- and then eventually, people move out. People
23 break in, we clean and seal, they break in again,
24 we brick it up. Eventually, the roof caves in,
25 there's water in the basement, and the home is

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2 demolished and, in most instances, not replaced by
3 anything, and maybe we're fortunate to get a
4 fence.

5 It seems to me that before you get
6 maybe even to the first clean-and-seal, what steps
7 are taken to preserve that place? We've talked
8 about some encapsulation with L&I yesterday. But,
9 I mean, do we have an active, aggressive policy?

10 MS. KAPLAN: I don't --

11 COUNCILMAN NUTTER: That's focused on
12 preservation?

13 MS. KAPLAN: I don't think we do enough
14 in the city on that issue. I think, you know, in
15 the old days of urban renewal, when we used to
16 have more money for low-interest loans and even
17 outright grants to the lowest-income homeowners
18 and we had more resources to devote to the
19 preservation of the homeowner-occupied existing
20 housing stock, I think, you know, we did better.
21 We have some money available, but I don't think
22 it's nearly enough for a city with such an aging
23 housing stock.

24 The other thing is, we have -- I think
25 the last census had about 25 percent of all the

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2 households were headed by somebody over 65. That
3 is not a good statistic for home maintenance
4 because those people typically not only tend to
5 have fixed incomes or more limited incomes, but
6 they're not going to get up on the roof and fix it
7 themselves -- in most cases. I don't want to, you
8 know, underestimate people.

9 COUNCILMAN NUTTER: I've never been on
10 my roof, I can assure you of that.

11 (Laughter.)

12 MS. KAPLAN: I've never been on mine,
13 either.

14 COUNCILMAN NUTTER: And I have no
15 intentions of going on the roof.

16 MS. KAPLAN: And it's not going to get
17 better as you get older.

18 Anyway, so I think that that -- and
19 this -- I think it overlaps with a lot of other
20 issues. I mean, I think it is part of more
21 assistance to help people maintain themselves in
22 their homes. I think it's important because we
23 have a significant elderly population.

24 I think it also relates to the issue of
25 middle-income people and what they can do

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2 themselves to modernize their housing stock, and
3 this goes beyond maintenance.

4 COUNCILMAN NUTTER: Mm-hmm.

5 MS. KAPLAN: We did a survey recently,
6 a mail-out survey of people who recently bought
7 houses in the city and people who recently sold
8 houses in the city to find out why they bought and
9 why they sold and where they went and all of
10 that.

11 And in addition to the kind of things
12 that we've traditionally heard about why people
13 are leaving the city -- you know, the school
14 system, taxes, crime, those kinds of things --
15 people did surprisingly mention, more than we
16 expected, the physical obsolescence of their house
17 and of their neighborhood. I mean, they're
18 looking for, you know, gee, we can't live in this
19 house, there's one bathroom, we have no place to
20 park. You know, other kinds of issues like that.
21 No place for my children to play.

22 COUNCILMAN NUTTER: Okay.

23 MS. KAPLAN: So, you know, not all of
24 those issues would be dealt with -- could be dealt
25 with by, you know, increasing access or assistance

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2 for home improvement loans, but I think there are
3 some incentives that we ought to think about in
4 that area. You know, we can't do everything for
5 everybody or respond to all the concerns, but I
6 think we could, you know, make more of an effort
7 than we're making.

8 The other area that I think is
9 neglected is the small rental properties which are
10 typically owned by people who don't have a whole
11 lot of money themselves, and when those properties
12 start to have a lot of defects and the tenants can
13 only pay a certainly amount of money, those people
14 are out of there, and those do become abandoned
15 properties, I think, all too often. And I think
16 we need to find some way to assist the owners of
17 some of these small rental properties within
18 certain, you know, boundaries. But I think
19 that's, you know, important.

20 COUNCILMAN NUTTER: Mm-hmm.

21 MS. KAPLAN: The other thing that we
22 recommended -- I don't know, it was probably in the
23 mid-'80s when we did a study of vacant
24 properties, before we did vacant land. And I
25 think one of the ways that properties become

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2 abandoned is when some elderly person dies and
3 nobody really in that family is interested in that
4 property or there isn't anybody to leave it to,
5 and then the house gets stripped very quickly so
6 that -- in certain neighborhoods, and then has no
7 value.

8 And one of the recommendations we had
9 made at that time a preventive measure is a vacant
10 house hotline so that, you know -- and
11 neighborhood organizations would have to be
12 organized and take the responsibility to kind of
13 keep their eyes open and, you know, have some kind
14 of an internal communication system in the
15 neighborhood to notice when a property is vacant
16 and to call it in and have L&I quickly seal it or
17 board it up.

18 COUNCILMAN NUTTER: Mm-hmm.

19 MS. KAPLAN: Or maybe even have a way
20 to place a family in there temporarily so that the
21 house doesn't really -- I mean, somebody was
22 living in there, it was a habitable house.

23 COUNCILMAN NUTTER: Okay, right.

24 MS. KAPLAN: And then, you know, a
25 month later or two months later, there's no

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2 plumbing, you know, and the windows are broken and
3 the rain comes in, and it's gone.

4 COUNCILMAN NUTTER: Right.

5 MS. KAPLAN: And so, you know, there is
6 a cost to that, but it seems to me that that's a
7 minimal cost compared to what we might be able to
8 prevent.

9 COUNCILMAN NUTTER: Sure. Thank you.

10 Thank you, Madam Chair.

11 COUNCILWOMAN BLACKWELL: Thank you,
12 Councilman.

13 Councilman Rizzo, did you want to ask a
14 question at this time?

15 COUNCILMAN RIZZO: Miss Kaplan answered
16 my question.

17 COUNCILWOMAN BLACKWELL: Thank you.

18 All right, this committee will be in
19 recess until 2:15. Thank you.

20 (Recess taken.)

21 - - -

22 (Proceedings resume.)

23 COUNCIL PRESIDENT VERNA: Thanks for
24 your patience. We were down in the Mayor's office
25 for Congressman Brady, and I thought we would all

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2 be back long before this hour.

3 I believe the next department to be
4 heard is the Free Library. Planning was finished,
5 I believe? Thank you. The Free Library.

6 (Free Library witnesses come forward.)

7 COUNCIL PRESIDENT Verna: The
8 stenographer has been provided a copy of your
9 testimony for the record, so we would appreciate
10 your summarizing your testimony, please.

11 MR. SHELKROT: Sure, I'd be happy to do
12 that.

13 I'm Elliot Shelkrot, the President and
14 Director of Free Library. With me this afternoon
15 is Helen Miller, who's our Director of Public
16 Services, and Bill Fleming, who's our
17 Administrative Services Director for the Library.

18 President Verna, members of the
19 committee, I'm very pleased to be here this
20 afternoon. I do want to extend my greetings from
21 Alec Kerr (ph.), the Chair of our Board of
22 Trustees, who could not be with us today. He is
23 traveling on business and couldn't adjust his
24 schedule.

25 There have been many exciting things in

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2 our libraries over this last year, and I just want
3 you to know how much I look forward to working
4 with you and Mayor Street, as we are a partner in
5 this Year of the Child and working with children
6 and families by providing information and
7 inspiration and education to youngsters and
8 families.

9 Today, the Library's requesting a total
10 of some \$46 million for Fiscal 2001. That
11 includes a little over 36 million in City General
12 Funds and approximately 10 million in Grants
13 Revenue Funds. This request includes a 3.1,
14 almost 3.2 million increase over the Library's
15 Fiscal 2000 budget, General Fund budget, and
16 represents the ability now to fund the operations
17 in every one of our 55 locations, including the
18 new Independence Branch, the expansion of
19 after-school programming for children into 41
20 libraries throughout the City, and outreach
21 efforts to reach and provide services to the
22 charter schools, just as we do to public,
23 parochial, and private schools.

24 On January 4th, Governor Ridge visited
25 the Library and announced a new plan for

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2 increasing State expenditures on literacy
3 programs. And during that visit, he said, "I
4 don't believe there's another government
5 organization that stretches the public dollar
6 further and maximizes the benefit of the
7 investment better than libraries."

8 So I'd like to take just a few minute
9 to see briefly summarize some of those
10 investments, and if you will, the return on that
11 investment for libraries.

12 I want you to know that this year, nine
13 libraries have reopened with renovations since
14 July 1st, and those renovations were extensive
15 remodeling of the children's area, as well as some
16 remodeling in the adult sections, there is
17 Internet access provided on state-of-the-art
18 equipment, and that brings us up to 41 libraries
19 renovated last four and a half years, and we
20 expect to have another seven by the end of June.

21 Community response has been absolutely
22 outstanding to these reopenings. As a matter of
23 fact, the circulation of books, the number of
24 books, and other materials that have been borrowed
25 throughout the Free Library system, at the end of

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2 this year, will reach an all-time high of 6.7
3 million items. And I think it's interesting to
4 note that that's higher than it has ever been,
5 ever been. The last peak was back in '64, when
6 Philadelphia had over 2 million people, and here
7 we are with roughly a million and a half people,
8 and more items are being borrowed from our
9 libraries than ever before.

10 I also want you to know it's not only
11 more people borrowing and using the library in
12 that way, but more than 8 million hits on the
13 Internet have come to our library sites in the
14 first six months of this year, and that represents
15 some 30,000 different, different computers that
16 are coming to our library's Web site.

17 This area -- and I just want to digress
18 for just a second on the area of our Web site
19 hits. The area of technology and the area of
20 worldwide web is of concern to many people. It
21 brings great riches, but it also has some dangers
22 and some concern that I know is felt by some
23 Members of Council regarding the Internet and how
24 we can protect children and how we can educate
25 them, and this is also true about some of the

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2 videos that are available in our libraries, some
3 of which happen to have R ratings. And we know
4 that these are areas of concern, and we'd be happy
5 to sit and meet with Council to discuss those
6 issues at a future time, if that is Council's
7 wish.

8 We are especially excited about the
9 plans for the 55 library locations and the long
10 awaited Independence Branch. You know, that
11 branch will be on the first floor of the Balch
12 Institute. With the help of Councilman DiCicco,
13 and certainly of the Administration and of all
14 you, the neighborhoods of Chinatown, Old City,
15 Queen Village, Society Hill, and Washington Square
16 will finally have a neighborhood library of their
17 own.

18 Council and the Administration made an
19 investment in our library's after-school programs
20 by funding this current year 12 Library
21 after-school programs, 12 LEAP programs, in the
22 most distressed neighborhoods. That, plus two
23 short-term grants, enabled us this year to have 37
24 libraries with the after-school LEAP Program.

25 Additionally, LEAP is now being offered

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2 five days a week. This is the first year that we
3 have had LEAP available five days a week as well
4 as year-round. Perhaps the most exciting aspect
5 of LEAP is that we are including 7th-graders
6 through 12-graders in that program, and we now
7 have created a team leadership assistant corps
8 with teenagers hired from local communities around
9 their branches to help other children, and
10 sometimes the adults, with computers and homework
11 help.

12 Other major initiatives this year. The
13 Summer Reading Program this past year, "Dive Into
14 Reading," saw 45,000 youngsters in the program,
15 including over 5,000 who were youngsters in
16 homeless centers and PAL centers and recreation
17 centers. "Science in the Summer," a week-long
18 science camp that's funded, in part, by SmithKline
19 Beecham, was expanded to 37 libraries and 1600
20 participants. And "Books Aloud," our early
21 literacy program brought books and training on how
22 to read to young children and more than 640
23 day-care workers and 100 day-care centers, and
24 this really means that some 5,000 little people,
25 preschools, have begun to learn the joys of books

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2 and reading in day-care settings.

3 A very important initiative this year
4 has been the drive to get library cards in the
5 hand of every youngster. Our goal is that in
6 three years, every child in the City of
7 Philadelphia will have a library card. The result
8 of a great deal of work on the part of the staff
9 and volunteers is that we now have 45,500 new
10 library cardholders. In April, we'll launch
11 another aspect of that campaign, and I'm hoping
12 that City Council will be participants as we
13 spread the word out to get an additional 45,000
14 new library card registrants.

15 As we look forward to this coming year,
16 I first want to thank Council and the
17 Administration for supporting the request in
18 restoring capital dollars for the renovation of
19 neighborhood dollars. With your backing, the
20 George Institute Library, the Haddington Library,
21 the Walnut Street West Library, and the Widener
22 branches will also become 21st-century libraries.

23 The \$3 million in our Class 100 General
24 Fund will provide staff for the full operation of
25 all 49 branches 6 days a week, and the 3 regional

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2 libraries and the Central Library, 7 days a week
3 during school year. Additionally, this money, as
4 I said earlier, will support the Independence
5 Library staff to open this fall.

6 Class 100 Funds will provide staff for
7 29 additional after-school programs, and this will
8 bring to 41 the number of after-school programs
9 funded by the City. Class 100 Funds will also
10 make it possible for our Teen Leadership Assistant
11 Corps to continue to employ community teenagers.
12 And this money will also enable us to reach out to
13 the charter schools and provide the kind of
14 services that we provide elsewhere. Requests for
15 186, almost 187,000 in Class 100 -- excuse me, in
16 Class 200 and 300 is essential as we provide the
17 materials and the budgets for these new programs.

18 Challenges that lie ahead. I'd like to
19 briefly indicate some of the things that we see on
20 the horizon. The massive branch renovation
21 program is now nearly complete, and we must turn
22 our attention to the Central Library. Today our
23 Central Library, once the jewel of the Free
24 Library system, offers its users the least
25 sophisticated information technology of any of our

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2 libraries. It's horribly overcrowded and offers
3 one-quarter of the seats for the public that were
4 available when it opened in 1927. Planning is now
5 underway to make the Central Library as exciting a
6 destination for families and children from all
7 over the City as our branches have become in their
8 own neighborhoods.

9 And I do want to say that we musn't
10 forget that the Central Library is also a
11 neighborhood library for the people in the Spring
12 Garden, Fairmount, Logan Square, and Art Museum
13 neighborhoods. And they, too, deserve as
14 up-to-date a library as their neighbors on the
15 north at the Cecil B. Moore Avenue and the
16 neighbors on the south in Rittenhouse Square.

17 Madam President and Members of Council,
18 I want to thank you for your outstanding support
19 of libraries in the City of Philadelphia. And
20 with your continued help, we will keep every one
21 of our handsomely renovated branches open six days
22 week to enrich the lives, provide educational
23 opportunities, and promote economic development in
24 our neighborhoods and throughout the region. And
25 I thank you for giving me this opportunity.

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2 COUNCIL PRESIDENT VERNA: Thank you.

3 Thank you very much.

4 How will the Library participate in the
5 Mayor's KIDS Initiative? And can you tell us what
6 are the hours of the KIDS Program? And will it
7 operate throughout the year?

8 MR. SHELKROT: The LEAP after-school
9 program -- I think Helen has a great deal more
10 information. Helen, why don't you talk about
11 that.

12 MS. MILLER: Sure. The LEAP Program --

13 COUNCIL PRESIDENT VERNA: Excuse me,
14 Helen, you're going to have to identify yourself
15 for the record.

16 MS. MILLER: Sure. My name is Helen
17 Miller, and I'm Director of Public Services at the
18 Free Library.

19 The after-school program is our
20 initiative that I think you referred to, which
21 will be in all of our branch and regional
22 libraries. Right now, the City currently funds 12
23 programs. Starting in September, we will have 41
24 programs funded by the City.

25 In terms of the hours, the program is

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2 from 3 to 6 on Monday and Wednesdays, and then it
3 runs from 3 to 5 on Tuesdays, Thursdays, and
4 Saturdays. And the program will -- on Tuesdays,
5 Thursdays, and Fridays. What did I say?

6 MR. SHELKROT: Saturdays.

7 MS. MILLER: Tuesday, Thursday,
8 Friday. We are not quite there on Saturday yet.

9 And the program will run from September
10 through June, the full school year.

11 And then we have our Summer Reading
12 Program that starts in the summer and, you know,
13 goes for the entire summer.

14 COUNCIL PRESIDENT VERNA: Will all of
15 the branch libraries be operational in Fiscal
16 2001?

17 MR. SHELKROT: They will all be
18 operational except -- well, the Haddington will be
19 undergoing renovation, so that one is the only one
20 that won't be operational -- at least in the
21 temporary quarters. The branch at 40th and
22 Walnut, although it is not in the full building,
23 it's in a temporary storefront, and so there is
24 some service to that neighborhood.

25 COUNCIL PRESIDENT VERNA: Thank you.

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2 Have you had to close any libraries
3 during the year due to staff shortages?

4 MR. SHELKROT: There was only an
5 original hour or two here and there. There was no
6 need to close any libraries for more than an hour
7 or two here or there. And I could get the
8 specifics for you on the number of those, if you
9 will like.

10 COUNCILWOMAN VERNA: Well, do you have
11 any staff shortages?

12 MR. SHELKROT: The reason we don't have
13 -- no, we have no staff shortages right now, but
14 please keep in mind that we've got --

15 COUNCIL PRESIDENT VERNA: Seven
16 libraries closed.

17 MR. SHELKROT: -- seven libraries that
18 are closed for renovations, so that allows us to
19 have fewer than the total number of staff that we
20 require.

21 COUNCIL PRESIDENT VERNA: But you are
22 taking the necessary steps to ensure that when the
23 libraries are open, that they will be fully
24 staffed?

25 MR. SHELKROT: Yes, and that's exactly

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2 what the Class 100 money is for.

3 COUNCIL PRESIDENT Verna: Thank you.

4 The Chair recognizes Councilman Rizzo.

5 COUNCILMAN RIZZO: Thank you, Madam
6 Chair.

7 First of all, I'd like to congratulate
8 you on all of the good work that you do and -- but
9 there's a couple things that, as you know, trouble
10 me personally and, I think, require an
11 explanation.

12 You recall the controversy here last
13 year when it was learned that the library has
14 R-rated videos in the library, and I didn't have a
15 problem too much with that, but then we learned
16 that young people as young as the age 14 had
17 access to those R-rated videos when they can't go
18 to a video store at that age and rent a video, or
19 they can't get into a movie theater, according to
20 some voluntary standards that the motion picture
21 industry has instituted, but at the age 14, a
22 young person could come and check an R-rated video
23 out.

24 And then we learned that there was
25 access to the Internet where they could even get

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2 worse than R-rated information -- as a matter of
3 fact pornography -- out of the Internet, and you
4 solely rely on librarians to manage that, which I
5 talked to many librarians and they wish they had
6 the time to manage that process. So that was bad
7 enough, as far as I was concerned, at 14.

8 And then I learned -- and I learned
9 just this week and I'm, I guess, disappointed that
10 there was -- knowing that I had an interest in
11 this issue, that no one ever told me, and I was
12 then made available a document referred to as PS
13 No. 12, Policies and Procedures of the Free
14 Library of the City of Philadelphia Public
15 Services. And apparently, at age 14, and I'll
16 read:

17 "Adult Registration Through Your
18 Library Card. An adult. . . " -- and I was
19 concerned about it being 14. An adult is now 12
20 years of age or older or has completed the sixth
21 grade of school.

22 Do you think that it's appropriate for
23 a 12-year-old to be able to come into the
24 library, to go into the Internet, and review the
25 most violent information, also have the ability to

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2 check pornography, to go into porno pages, or to
3 take home -- to take out a R-rated video from the
4 library. I guess I need to know, do we have
5 anything in the collection beyond R-rated or
6 X-rated? Is that the next step? Do you plan on
7 X-rated videos for the library?

8 MR. SHELKROT: Councilman, no, we don't
9 plan on X-rated videos for the library, but I
10 would like to try to respond.

11 These are issues that we regard as very
12 serious issues and challenges, if you will, for
13 the library. The Internet, as we all know, has
14 opened up an enormous array of fine and excellent
15 and important sources of information for
16 youngsters and for adults and for families. It
17 also has opened up an opportunity for a lot of
18 other kinds of things. And granted, the vast
19 majority of what is on the Internet is of high
20 quality, but there is no way to -- you know, it is
21 not a very controllable resource. Whatever
22 someone decides to put on it is on that Internet.

23 We have looked, and we continue to
24 look, at the various things that are published --
25 or that are promoted, I should say -- to restrict

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2 youngsters. "Filters," they're called, and
3 they're often advertised as being simple and quick
4 solutions. Our explorations -- and we've looked
5 at many and we continue to look at many, 'cause
6 this is a major concern. They block off so many
7 good resources and they allow through so many bad
8 ones. Furthermore, they are extremely difficult
9 to put onto a system, a system such as ours which
10 has well over 1,000 computers all on one network
11 system. They are perhaps useful for individual
12 homes and individual small clusters but very, very
13 difficult to use on a broad system.

14 We still continue to hook for ways that
15 we can provide that, but so far, we believe that
16 the best thing is for our staff to work with
17 youngsters, to monitor. All of our computers are
18 in open public spaces on purpose. When youngsters
19 see things that they are, you know, that are --
20 can I say outrageous or -- they start to carry on
21 and giggle, and we know right away there's
22 something going on.

23 But it is an area that is of concern,
24 and it took a great deal of time for our board to
25 issue the policy that was issued last year on the

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2 access to electronic resources because it is a
3 very, very tough issue.

4 On the R-rated videos, if I may for
5 just a second this, too is a complicated
6 situation. The restriction that you talk about
7 that requires the parent's signature for borrowing
8 library resources outside, you know, borrowing
9 things is a policy that requires that every
10 youngster who is in 7th grade -- or excuse me,
11 below 7th grade, below the 7th grade is required
12 to have a parent permission slip signed. Their
13 parent may say that they can borrow anything they
14 want to from the library, or their parent can
15 restrict them to only those things that have been
16 purchased specifically, specifically for children.

17 Once someone is in 7th grade or over,
18 as you pointed out, age 13 -- 12 and up, that
19 would be 7th grade and up, they are treated as an
20 adult in the library in that they can borrow
21 anything that they want. This was a response to
22 what has occurred in our communities over the last
23 50 years. The initial age was established in the
24 1950s, but youngsters, through class assignments,
25 through reading assignments, through their own

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2 interests, and their own sophistication, are
3 reading a so much broader array that the
4 restriction was changed from age 14, or 9th grade,
5 to age 12, or 7th grade. And that applies to all
6 of the resources of the library.

7 COUNCILMAN RIZZO: The restrictions to
8 the Internet -- I believe we've had a conversation
9 where the Archdiocese of the City of Philadelphia
10 has been able to restrict pornography from their
11 computer network but I don't think there's is
12 equal or much smaller than yours. If they've been
13 able to do it, you sound like this is a challenge
14 for you to do it.

15 Do you recall want to do it? Or is
16 that just an answer that -- I've gotten dozens of
17 letters from people saying that what you say is
18 impossible is easily accomplished.

19 MR. SHELKROT: Well, I'd be happy -- I
20 will, as a matter of fact, get in touch with the
21 Archdiocese to find out what system they're using.
22 I do know that we have looked at dozens of
23 different systems. Each one initially had great
24 promise, but when we got down to it, it just
25 wouldn't work.

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2 Now, I don't know that we've checked
3 that system, but we'll be happy to look at it.

4 COUNCILMAN RIZZO: And I'm not just not
5 -- I'm just not referring to only pornography.
6 I'm talking about other information that's on the
7 Internet, like how to make a bomb and all the
8 other things that we don't really -- that I don't
9 think a 12-year-old should have access to. That's
10 just an example.

11 But I just don't understand the
12 rationale to change it from 14, which I,
13 basically, after speaking with you, backed off and
14 agreed that -- to leave it alone, and then I find
15 out it's changed from 14 to 12, so I'm just
16 concerned. Where are we heading here? And I
17 asked you if you're going to consider in the
18 future going from R to X-rated 'cause if we went
19 from 14 to 12, nothing would surprise me.

20 MR. SHELKROT: Well, I can assure you
21 that we have no intention to deliberately change a
22 policy to purchase X-rated videos. We don't have
23 a policy on the motion picture industry's rating.
24 What we do is, we carefully evaluate the
25 qualities, the artistic quality, just as do with

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2 books -- the literary merit of books, the
3 publisher, the information about it. We do that
4 same thing with videos. And then only those
5 things that meet the standards of quality are the
6 things that we purchase. Some of them happen to
7 have R ratings, but I can, you know, assure you
8 that our quality standards remain in effect.

9 COUNCILMAN RIZZO: Well, again, when we
10 met and basically had this conversation, I
11 learned, through many parents, that they were not
12 aware that their children could go -- they send
13 their child to the library, a safe haven, that
14 they could go there and check out while they're at
15 work an R-rated video, take it home, and view this
16 without their knowledge. I would hope that there
17 would be some communication device where you could
18 make sure that the parents of 12-year-olds that
19 have adult cards at least know.

20 And then to go back to what you said
21 earlier, you want to put the responsibility on the
22 parent to decide what their child could see and
23 not see, but I was surprised to find out how many
24 parents were not aware of the policy, maybe they
25 should be, but I don't think that they would

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2 expect 12-year-old to go to the library and have
3 unlimited access to the Internet or to have the
4 availability or the access to R-rated videos
5 without their knowledge. And I think if anything
6 we can accomplish, it's let's make sure that that
7 information gets communicated, and then we go on
8 from here.

9 MR. SHELKROT: I'd be, as I said
10 before, I'd be happy to sit down and talk with you
11 and with other members of Council and review those
12 kinds of things and see what we can do that would
13 be satisfactory.

14 COUNCILMAN RIZZO: Again, just to end
15 this, after the flap last year at this time, I got
16 phone calls and letters from moms, parents, moms
17 and dads, saying, We had no idea that our children
18 were exposed to this in the library. Thank you
19 for bringing this to their attention.

20 And I think that's what we really have
21 to do more of to make this policy, because there's
22 many parents that don't know.

23 MR. SHELKROT: That's right. And we do
24 believe that it is the parents' responsibility and
25 so we'd be happy to do that and to talk with you

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2 about the best way to do that.

3 COUNCILMAN RIZZO: Okay. Thank you,
4 Madam Chair.

5 COUNCIL PRESIDENT VERNA: Thank you.

6 The Chair recognizes Councilman Cohen.

7 COUNCILMAN COHEN: Mr. Shelkrot, just
8 to briefly continue this discussion, I just wanted
9 to say that I very much appreciate the approach
10 that the Library has been using. I have not had a
11 complaint in all my years in City Council from a
12 constituent who felt, to use Councilman Rizzo's
13 words, that a child was exposed to a harmful
14 influence. I think you're working in a very
15 thoughtful, careful way.

16 I was stunned the other night to see on
17 C-Span David Duke making what to me seemed like a
18 wholly inflammatory statement about the dangers
19 produced in this country by the existence of
20 African-Americans, just by their presence here. I
21 wanted to, you know, destroy the TV, but then I
22 realized, I guess, are we going to cut out all
23 cable companies? You know, are we going to
24 eliminate that as an area of information and
25 knowledge for people?

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2 It's very difficult. Democracy is not
3 an easy process, and I think the main effort still
4 has to be not to frighten parents about the
5 dangers their children may encounter in a library,
6 because really realistically, I think they're
7 very, very limited, if they exist at all, and I
8 don't believe they exist. I think the real drive
9 is to get children more and more into the
10 libraries, reading more.

11 I know since we've had this Ogontz
12 library, because for years, we had to fight the
13 library system -- do you remember? -- because
14 there was a feeling that in the community of West
15 Oak Lane, there would be no need for a library,
16 there would be no interest. And from the moment
17 it's opened, it's been overcrowded, and we're
18 fighting.

19 And I'm going to ask you some questions
20 about what you're doing about it 'cause I've
21 raised several times with you the question of the
22 expansion possibilities and what I think is a
23 desirability of the City to be again ready to
24 expand, because there are three schools, there are
25 two public schools, there's one Catholic school,

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2 there's a library in the area that's now too small
3 because it's overused constantly. We'd like to
4 expand the availability of the library facilities.

5 And have you been able to start the
6 progress of investigating if there's land
7 available? I think it will only be available for
8 a very brief period of time. Because of zoning
9 problems that have arisen, I think the owner is in
10 the mood to sell, and then if you wait very long
11 someone's going to pick it up and at some time
12 later when we need it, we're going to have to pay
13 two or three times the value for which I think it
14 could be bought now.

15 So I'm urging and I would like to get a
16 response. Are you doing anything, do you agree
17 with the community's feeling that expansion is
18 desperately needed? Because it can't hold the
19 people that it holds now, and I tell you, they
20 want more and more facilities, not fewer ones.

21 MR. SHELKROT: We're in the process, as
22 you know, of completing the renovation process.
23 We've got four more branches -- after June, we
24 have four more: the George institute one, which
25 is even much smaller than the Ogontz Library, and

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2 in order to put a handicapped entrance and a this
3 a little meeting room there, we have to expand
4 that. And that is -- you know, these are things
5 in the budget. These are, you know, these are not
6 things that are brand new.

7 And Walnut West and Haddington needs a
8 new library there. It is closed. It's open only
9 at temporary quarters. And those things are
10 underway, and we need to get through that
11 process. But, we have looked and --

12 Bill, do you want to -- Bill Fleming
13 did on the properties that are around just to see
14 what was on, you know, what was there, and perhaps
15 you can respond to that.

16 MR. FLEMING: Yeah. Councilman, my
17 name is Bill Fleming, Administrative Services
18 Director for the Library.

19 We did a check on ownership of the
20 properties on either side of the Ogontz Library,
21 and the City does not own property on either side;
22 they own property, some lots, a little further
23 down the street. But on either side, the City
24 does not own those properties.

25 Now, there is a lot directly adjacent

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2 to the library, which is owned by a gentleman, if
3 that's the property you're speaking of?

4 COUNCILMAN COHEN: I think so because
5 the community was involved in years in the zoning
6 matter because that lot, owned by one individual,
7 was just full of trash, abandoned cars, it was a
8 junk yard literally. And the community finally
9 won after participating in the zoning matter for
10 years, and that is the area that I'm speaking of.
11 It's immediately in back of -- its face is on
12 Limekiln Turnpike, just to the north of where our
13 library is.

14 MR. SHELKROT: I just want you to know
15 that we have looked at those properties and we
16 will now go take it to Public Property and have
17 them begin the process of seeing how we could
18 expand, you know, and if sites are there that are
19 owned by other people, but we do have -- as we
20 said, we do have to get through the completion of
21 the projects that are --

22 COUNCILMAN COHEN: No, I understand
23 that, but it would seem to me if you made studies
24 and they justified the expansion, and this
25 property seemed as it were one, wouldn't the City

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2 be interested? I know we stockpile -- I see the
3 acting Director of Commerce here, and I know we
4 stockpile land sometimes for business
5 developments.

6 Don't we stockpile for future needs if
7 they seem obvious? That's what I'm suggesting --
8 that it would be much less expensive now than if
9 we have to go later through a process of
10 condemnation.

11 MR. SHELKROT: Well, we will get those
12 discussions underway with the people in Public
13 Property and the other agencies of City government
14 that enter into those negotiations.

15 COUNCILMAN COHEN: All right, one last
16 question.

17 COUNCIL PRESIDENT VERNA: All right,
18 then.

19 COUNCIL PRESIDENT VERNA: Excuse me.
20 Is the Ogontz Library the one that we in Council
21 call the "Cohen Library"?

22 (Laughter.)

23 COUNCILMAN COHEN: Well, it took 32
24 years to --

25 COUNCIL PRESIDENT VERNA: I would just

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2 hope that it doesn't take 22 years for the
3 expansion as it did for the library to be built.

4 COUNCILMAN COHEN: Yeah, and then my
5 grandchildren may celebrate the expansion, and I'd
6 like to kind of celebrate it while I'm still here
7 -- on the extension that the good Lord has given
8 me.

9 MR. SHELKROT: I hear you.

10 COUNCILMAN COHEN: But I really would
11 like to follow through, 'cause government seems to
12 so many times to hurt itself by not taking
13 advantage of opportunities. I know the man was so
14 angry at the community, he just wanted to get rid
15 of it when I first spoke to you a year ago. And I
16 thought the City could get it at a very, very low
17 price, and I'm just fearful that it's going to be
18 seized.

19 It's right across from Prince Hall
20 School, right next to the Holy Prayer Church.
21 It's a wonderful area, and I just would like to
22 see the City move on it and make a decision, and
23 if you decide that it ought to be stockpiled, that
24 you move ahead on it.

25 The last thing on that is, there have

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2 been a few break-ins in that library in the rear,
3 and several months ago, our office called the
4 service department of the Library, and we were
5 told -- we suggested that some bars might be put
6 in to at least make it a little more difficult.
7 You know, you can't be break-proof absolutely, but
8 we were sure that it would be done but nothing's
9 happened in the last couple of months. There were
10 several break-ins thereafter, and we're fearful
11 that some very valuable technical equipment could
12 get damaged or stolen. And I'm wondering if you
13 could look into that and. . . .

14 MR. SHELKROT: Well, I will look into
15 that. You're right, that has not been done, we
16 have not put the new bars in, but let me look and
17 find out how far away that is and what we can do
18 to make that building more secure.

19 I do know that we had some problems
20 with our contract with the security firm that
21 we're using, and we -- it was very difficult
22 because other departments of City government were
23 being serviced quite well, and it was difficult to
24 apply the kind of pressure just for the Library,
25 but we are continuing to work on that and I'll

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2 look in to see whether that has had an effect on
3 Ogontz also.

4 COUNCILMAN COHEN: And I can just let
5 you know that in our community, in the West Oak
6 Lane portion, the lower portion of West Oak Lane,
7 near the Central High, LaSalle, the library is in
8 very high estimation. The library has produced a
9 whole change of attitude in the community. And I
10 want to congratulate you, as leader of the
11 library, for achieving that kind of support in the
12 community.

13 MR. SHELKROT: Thank you.

14 COUNCILMAN COHEN: Thank you, Madam
15 Chair.

16 COUNCIL PRESIDENT VERNA: You're
17 welcome.

18 The Chair recognizes Councilman Nutter.

19 COUNCILMAN NUTTER: Thank you, Madam
20 Chair.

21 Good afternoon, Mr. Shelkrot and
22 Ms. Miller. I engage in research from time to
23 time myself, although, for the record, none of
24 which gets anywhere near the concerns that
25 Councilman Rizzo raised earlier, but I have

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2 occasion to use the database center and find their
3 services to be just superior.

4 And through the work to be done at the
5 main or the central branch and any other
6 renovations, can you tell me about that unit, the
7 room that they're in. The conditions, at least
8 for the few times that I've gone in there, as
9 opposed to the mostly phone work don't necessarily
10 seem to be the most conducive particularly in a
11 work environment. They do tremendous work.

12 Can you tell me how the benefits of the
13 work to be done at the central branch will affect
14 them? And what's the long-term future for that
15 unit?

16 MR. SHELKROT: The conditions you
17 describe in that database research center are, you
18 know, are typical of many of the staff areas of
19 the Central Library areas that were carved out of
20 spaces that were never intended to be used for
21 that purpose at all.

22 I wish I could tell you that that were
23 the worst of the spaces. We have an automobile
24 history collection that's one of the finest in the
25 world, of owners manuals and workbooks and

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2 advertising literature from the beginning of cars,
3 and we can't let the public into that because it
4 is so crowded and on a balcony that's just not
5 strong enough.

6 COUNCILMAN NUTTER: Mm-hmm.

7 MR. SHELKROT: A world-class theater
8 collection is a public area, but it's an
9 embarrassment when somebody says, How do I find
10 it? because it's almost like you can't get there
11 from here, you have to go up and down so many
12 steps and duck your head to get into it.

13 That is exactly the kind of area where
14 our services could be so much more widely
15 available, so much more accessible. There are
16 collections in that building and resources in that
17 building that Philadelphia is denied access to
18 because it is just so crowded, we can't get to it
19 for people.

20 COUNCILMAN NUTTER: Mm-hmm.

21 MR. SHELKROT: So that's a perfect
22 example of the kind of space and kind of working
23 conditions and the kind of access that the public
24 needs. You know, our staff willing to, you know,
25 work in what are not the best environments, but

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2 we're denying access to the public, and that's
3 what concerns me.

4 COUNCILMAN NUTTER: Tell me a little
5 bit about the unit itself, and obviously, you've
6 expanded computer access, and people can come in
7 and do a fair amount of their own research, but
8 for the more research-challenged individuals, the
9 database center becomes a great resource.

10 What is the longer-term --

11 MR. SHELKROT: Let me ask Helen to talk
12 to that a little bit.

13 MS. MILLER: Okay. Councilman Nutter,
14 the database center is a part of our newspaper and
15 database department, and it's a service that we
16 used to provide before we had the level of
17 technology that we have, even in the Central
18 Library. It was a service that we provided for
19 the public when people didn't have the time or
20 didn't have access to computers for themselves.
21 We would do the search, and for a nominal fee,
22 send the information off.

23 We certainly could, as Mr. Shelkrot
24 mentioned, expand that service if we were in
25 different surroundings. What is happening,

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2 however, is that we have added some new technology
3 to the newspaper department, per se, so what we
4 can provide now is an opportunity or access for
5 the public to come in and do some of their own
6 research with the computers that are in that
7 particular department, as we intend to expand
8 throughout the Central Library. So that's what's
9 happening now.

10 In terms of what would be designed in
11 the future, I mean, the sky's kind of the limit.
12 Depending on the dollars we would have, we would
13 be able to provide just the best resources, we
14 would be able to provide training for the public
15 in terms of them learning how to access some of
16 the resources that we have, and we do some of that
17 now on a limited basis.

18 COUNCILMAN NUTTER: Right, but you do
19 anticipate -- I mean is the unit going to stay?

20 MS. MILLER: Yes.

21 COUNCILMAN NUTTER: That are part of
22 the services that are provided by the Library?

23 MS. MILLER: Absolutely. Not only will
24 they stay, but we also expect to expand those
25 services.

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2 COUNCILMAN NUTTER: Okay.

3 MS. MILLER: As much as we possibly
4 can.

5 COUNCILMAN NUTTER: Great. Thank you.
6 Thank you very much.

7 COUNCIL PRESIDENT VERNA: Are you
8 finished, Councilman?

9 COUNCILMAN NUTTER: Yes.

10 COUNCIL PRESIDENT VERNA: The Chair
11 recognizes Councilwoman Brown.

12 COUNCILWOMAN BROWN: Thank you, Madam
13 Chair.

14 Good afternoon. Hello.

15 MR. SHELKROT: Hello.

16 COUNCILWOMAN BROWN: I, too, would like
17 to go on record as another member of this body who
18 does have a concern and an interest in the young
19 people having access to inappropriate material and
20 will look closely and prepare to work with you,
21 including being a part of the dialogue and
22 discussions of meetings that move you towards a
23 strategy which safeguards and protects what we
24 want after-school programs to be, and that's a
25 structured, safe, stimulating, supervised

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2 environment.

3 So for the record, include me in those
4 kinds of meetings as we move forward.

5 MR. SHELKROT: Okay.

6 COUNCILWOMAN BROWN: Okay? I do have
7 an interest, of course, in some details with
8 regards to after-school programs, and I'm always
9 concerned about outreach. So we'll turn to Page 5
10 of your testimony, third paragraph, the Science
11 Camp Program. I know this only from past
12 experience, that come March and April, parents
13 call wanting to know where the programs are.

14 Give me some sense on how you do
15 outreach to get vital information like this in the
16 hands of parents so that they have information to
17 act on during the spring part of the year for the
18 coming summer months.

19 MR. SHELKROT: Briefly, I can tell, and
20 then you perhaps Helen Miller would like to come
21 up. Briefly, we are overrun with applicants for
22 the program.

23 COUNCILWOMAN BROWN: Okay.

24 MR. SHELKROT: So our challenge hasn't
25 been outreach, but Helen, perhaps you -- there are

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2 things that we can do to make sure people know
3 about it.

4 COUNCILWOMAN BROWN: Across the board,
5 then, just a sampling of the kinds of things you
6 do with regards to outreach.

7 MS. MILLER: Yes, Councilwoman. Are
8 you familiar with our calendar of events?

9 COUNCILWOMAN BROWN: I am, yes.

10 MS. MILLER: Well, we do announce in
11 that medium the program, explaining where it's
12 going to be located, because it's not in all of
13 our libraries; it's at least three quarters of
14 them. But we do announce where those programs
15 are, when the preregistration period is, when it's
16 going to end. There are so many students who are
17 accepted in each program. We do generally make
18 that announcement early in the spring.

19 COUNCILWOMAN BROWN: Okay.

20 MS. MILLER: And we will do that. And
21 what we will try to do this year in addition to
22 that is to put the message on our Web page so that
23 you can, you know, when you look at our other
24 programs, you'll also become aware of the Science
25 in Summer Program.

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2 COUNCILWOMAN BROWN: As well?

3 MS. MILLER: As well, yes.

4 COUNCILWOMAN BROWN: One particular
5 population, last paragraph, Page 5 of your
6 testimony, young people that are in homeless
7 shelters.

8 MR. SHELKROT: Yes.

9 COUNCILWOMAN BROWN: What opportunities
10 exist for them?

11 MR. SHELKROT: What we have done for
12 the last two years, and will be expanding, is our
13 Summer Reading Program as we reach youngsters in
14 the homeless shelters. We -- you know, the Summer
15 Reading Program will have -- this last year, had
16 almost 45,000 kids in it, and we expect it to go
17 up to perhaps 48,000.

18 COUNCILWOMAN BROWN: From homeless?

19 MR. SHELKROT: From -- oh, no, no, no,
20 in total. I don't have how many youngsters in the
21 shelters are a part of program, but we go to the
22 shelters as part of that Summer Reading Program.

23 COUNCILWOMAN BROWN: Okay.

24 MR. SHELKROT: I can get information on
25 how many shelters or how many youngsters there are

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2 for you. I don't have that at this time.

3 COUNCILWOMAN BROWN: That would be
4 helpful only in the -- the intent is only to know
5 that there is -- that each homeless shelter, where
6 there are children, has a tie, a direct link with
7 the Free Library or a recreation center so that
8 their lives can be as rich as those who are not
9 there.

10 MS. MILLER: That's right, and we don't
11 only invite them to our Summer Reading Program,
12 but we also do programs directly in homeless
13 shelter.

14 COUNCILWOMAN BROWN: Very well.

15 MS. MILLER: We go right into the
16 shelters and do programs. Depending upon the age
17 level of the children, programs are devoted to
18 that particular population and age.

19 COUNCILWOMAN BROWN: On page 6, you
20 mention, in the second paragraph from the bottom,
21 that you have a goal of registering 40,000 people
22 -- it says "people" -- by the end of the calendar
23 year. So give me some sense of the kinds of
24 strategies you have in place that would move you
25 to attaining that goal.

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2 MR. SHELKROT: The programs so far have
3 been a program to mail out to every youngster in
4 the City schools an invitation to the Library,
5 with an offer to get a token of appreciation, a
6 little reward, if they come in and sign up for a
7 library card. We've had a program early this year
8 whereby every kindergarten teacher in the City
9 schools presented a library card application to
10 the parents when they first met the parents as a
11 part of that interview process.

12 In the spring, we have another campaign
13 that we are working on. And, Helen, can you talk
14 about what that's going to look like?

15 MS. MILLER: Yes, of course. I don't
16 know if you remember in the fall when every City
17 employee got an application in their paycheck --

18 COUNCILWOMAN BROWN: Please try to talk
19 into the mike for us.

20 MS. MILLER: -- to sign up for a
21 library card. We're going to do something similar
22 to that in the spring. This time, we're
23 partnering with about 15 large businesses in the
24 City to get them to sign up their own staff, their
25 own employees for library cards, and we will go to

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2 any number of agencies, any number of
3 organizations doing outreach, community fairs,
4 wherever there are large numbers of people we
5 intend to show up and to invite people to sign up
6 for library cards.

7 COUNCILWOMAN BROWN: Okay. Is there
8 any intergenerational activity of any kind,
9 working with senior citizen homes? 'Cause both
10 lives win: young people win and those in their
11 senior wins win with that kind of interaction.

12 MS. MILLER: Yes, yes. We have done
13 some work in this area. We have not expanded that
14 program as much as we anticipate we will in the
15 future, but we've done programs whereby we've
16 invited senior citizens to participate in poetry
17 sessions with teenagers, and that has worked very
18 well.

19 We've had some oral history programs
20 whereby senior citizens are sharing some of their
21 experiences with our children. And it's really
22 history for the children, but it's very rewarding
23 for the seniors as well because it's something for
24 them to do. It's an opportunity to talk about the
25 past experiences they've had. So that has been a

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2 good interchange as well.

3 And we do look forward to doing more
4 work, particularly with the senior citizens. And
5 when we can do it with the intergenerational
6 theme, we will take the opportunity to do that as
7 well.

8 COUNCILWOMAN BROWN: And one other
9 community, before I getting to a closing comment
10 -- faith-based institutions.

11 MS. MILLER: Yes. We have worked
12 directly with the Black Clergy, encouraging them
13 to help us with our library registration card
14 campaign. We've also encouraged them just to
15 participate in their neighborhood libraries, to
16 get their parishioners, their members to use the
17 library, to help get them to help us to get their
18 parishioners and members aware of the library and
19 the opportunities that are available at the
20 library.

21 So we do rely and hope to develop
22 relationships even more with the clergy across the
23 City, not just the Black Clergy but, you know,
24 churches overall.

25 COUNCILWOMAN BROWN: I asked about

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2 those various worlds because we know that this is
3 "The Year of the Child," and we know that
4 Commissioner Richman and her department will be
5 working closely with those of you who are
6 intimately involved with after-school programs,
7 and we know that the standards need to be
8 developed with regards to what's a good-quality
9 after-school program for young people. So those
10 types of worlds can be factored in as you move to
11 develop standards on what constitutes a quality
12 after-school program.

13 MS. MILLER: Yes.

14 COUNCILWOMAN BROWN: And I would hope
15 and expect that you engage yourselves in those
16 dialogues.

17 MS. MILLER: Yes. And --

18 COUNCILWOMAN BROWN: Finally -- I'm
19 sorry hall.

20 MS. MILLER: Oh, I just was going to
21 mention one other program that we do. A lot of
22 churches have after-school programs. We will send
23 our staff to their programs to do programs, even
24 though we have after-school programs of our own,
25 but we have outreach staff who go into churches

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2 and do things with their after-school programs as
3 well.

4 COUNCILWOMAN BROWN: Have you moved to
5 the step of measuring? And that's a relative
6 term, but assessing what's good and what's not?
7 Because there are a lot of after-school programs
8 out there.

9 MS. MILLER: Yes.

10 COUNCILWOMAN BROWN: That's the
11 upside. The downside is that not all of them are
12 of quality, and that's where we want to move to.

13 MS. MILLER: Yes.

14 COUNCILWOMAN BROWN: Okay? Finally, we
15 learned in public testimony in the hearings that
16 both the Fleet Management and the Water Department
17 currently have programs in place where they
18 involve high-school students in those departments,
19 whereby, you know what happens, you hope to spark
20 their imagination about career opportunities and
21 then inspire them to consider that career path.

22 Is the public library involved in
23 anything like that?

24 MR. SHELKROT: Well, that's exactly
25 what our Teen Leadership Assistant Program is

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2 about whereby we work with youngsters that we hire
3 on a, you know, part-time basis, youngsters, high
4 school kids in the communities. We give them
5 training on the use of technology by some
6 wonderful trainers who are often from those
7 communities but who are in college now, and we
8 find some wonderful activities and growth
9 opportunities for them as they help others use the
10 technology and use the libraries better.

11 COUNCILWOMAN BROWN: So we can have
12 something to learn from you. Now there are three
13 City departments, or three public agencies, that
14 are doing that kind of thing.

15 Thank you very much.

16 Thank you Madam Chair.

17 COUNCIL PRESIDENT VERA: Thank you.

18 Are there any other questions from
19 members of the committee?

20 (No further questions.)

21 COUNCIL PRESIDENT VERA: Thank you
22 very much.

23 MR. SHELKROT: Thank you.

24 COUNCIL PRESIDENT VERA: Human
25 Relations Commission is next.

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2 (Human Relations Commission witness
3 comes forward.)

4 COUNCIL PRESIDENT Verna: Welcome and
5 thank you for your patience. Sorry you had to be
6 kept waiting.

7 MR. VAUGHAN: Not at all. Thank you
8 very much.

9 COUNCIL PRESIDENT Verna: The
10 stenographer has been given a copy of your
11 testimony, so if you will summarize, we will
12 appreciate it.

13 MR. VAUGHAN: Absolutely. Thank you.

14 COUNCIL PRESIDENT Verna: Thank you.

15 MR. VAUGHAN: Thank you.

16 My name is Kevin Vaughan. I'm the
17 Executive Director of the Philadelphia Commission
18 on Human Relations and the Philadelphia Fair
19 Housing Commission. I welcome the opportunity to
20 be here, and I want to thank President Verna and
21 other Members of Council who have been so
22 supportive of the Commission over the past eight
23 years that I've been Executive Director, and I
24 have always enjoyed the wonderful opportunity to
25 serve you and your districts and the people of

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2 this city and the great working relationship that
3 we've all shared all over those years.

4 I know that time is of the essence and
5 to cut to the chase, the Commission on Human
6 Relations and the Fair Housing Commission are
7 requesting a combined budget of \$2,153,581 in
8 Fiscal Year 2001, an increase of \$57,844 due
9 primarily to negotiated wage increases. Of the
10 total budget, \$1,997,398 funds 45 positions. And
11 so it's basically salaries for the staff.

12 The Commission is engaged in a number
13 of items that are listed in here. There are a
14 couple of things that I'd just like to draw
15 attention to very briefly. The first is our
16 technology innovations. We have, through a joint
17 partnership with IBM, put together a new intake
18 system for the Commission that uses IBM and Lotus
19 Notes -- IBM, Domino, and Lotus Notes technology,
20 that is pretty much a state-of-the-art system. We
21 are actually helping to load the system into other
22 agencies around the country and have been asked to
23 give a demonstration of this for all of the human
24 rights agencies across the country this summer, so
25 we're looking forward to doing that as a model for

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2 things that can be done.

3 And the other thing that I wanted to
4 point out is our Focus Philadelphia Project, which
5 has come to a close. We've done it for the last
6 five years, and I think that we've done terrific
7 work in the neighborhoods. We are going to
8 continue to look for additional money from
9 foundations to continue that work, and while we're
10 doing it, the learnings that we've had from this
11 are, of course, that in situations where hate
12 crimes are committed, we know that hate crimes are
13 committed generally by young people between the
14 ages of 13 and 22, and those young people are
15 usually under the influence of alcohol or drugs.
16 We would like to spend some considerable time and
17 money from some wonderful foundation who would
18 like to fund us for doing this, to try to perfect
19 programs to address those issues of youth and
20 alcohol abuse, and to make sure that we are not
21 only dealing with the hate crimes after they
22 happen but trying to do some preventative work
23 with the young people and try to get ahead of the
24 curve on some of that.

25 So we look forward to your help on that

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2 as well as the other issues that are mentioned in
3 our testimony. Thank you very much.

4 COUNCIL PRESIDENT Verna: Thank you.

5 The Chair recognizes Councilwoman
6 Tasco.

7 COUNCILWOMAN TESCO: Thank you very
8 much.

9 Good afternoon.

10 MR. VAUGHAN: Good afternoon.

11 COUNCILWOMAN TESCO: I would just like
12 to offer my support for this young man and the
13 Commission on Human Relations. As you know, we
14 have a quite diverse in the 9th Councilmatic
15 District, and his staff has been very, very
16 supportive and very helpful to us in working with
17 the different cultures and different groups in the
18 Olney, Feltonville area. So we appreciate their
19 support and want to continue with them.

20 COUNCIL PRESIDENT Verna: And I would
21 certainly echo your comments because I know that
22 he worked very, very closely with members in my
23 community also at a very, very hostile time.

24 COUNCILWOMAN TESCO: Mm-hmm, mm-hmm.

25 MR. VAUGHAN: Thank you very much.

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2 COUNCIL PRESIDENT Verna: The Chair
3 recognizes Councilwoman Brown.

4 COUNCILWOMAN BROWN: Thank you.
5 Good afternoon.

6 MR. VAUGHAN: Good afternoon.

7 COUNCILWOMAN BROWN: In the short while
8 that I've been here, I've learned that the School
9 District does not have in a systemic kind of way a
10 conflict resolution curriculum that has building
11 blocks from K through 12. And so I'm interested
12 in hearing more about the effort you have underway
13 in the Grays Ferry area that deals with that
14 issue. Just a few additional details.

15 MR. VAUGHAN: Okay. Our staff, which
16 has been working in Grays Ferry for some number of
17 years, has been working through the churches and
18 through the recreation centers in Grays Ferry to
19 try to bring together a number of different
20 programs around youth issues, especially working
21 with the Recreation Department, which has done a
22 terrific job of beginning to integrate those
23 neighborhoods.

24 This summer, one of the programs that
25 we're interested in implementing -- and we're

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2 hoping to work with the Recreation Department to
3 do that -- is a non- -- I'm trying to think of how
4 you would say that -- is a non-combative gaming
5 process. It comes from the Native Americans,
6 actually, and they have a whole system of learning
7 to do games and to play without actually getting
8 people to compete against each other but learning
9 how to cooperate, and we're developing that with
10 the Native Americans help to implement that in
11 Grays Ferry this summer.

12 COUNCILWOMAN BROWN: And that involves
13 the schools in that area as well?

14 MR. VAUGHAN: No, it doesn't.

15 COUNCILWOMAN BROWN: It does not.

16 MR. VAUGHAN: The schools -- we don't
17 have jurisdiction over the schools, the Commission
18 doesn't have jurisdiction over the schools. We
19 have to be invited in to work with the schools.
20 And we get invited in occasionally when there's a
21 particular issue or problem, but we can't -- we'd
22 love to be invited in more often, but we don't --
23 we can't impose a particular curriculum or a
24 program on a school unless we're invited in, and
25 Grays Ferry, we have the great fortune and

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2 opportunity, because of an opportunity created by
3 some of the troubles that took place in Grays
4 Ferry, to work with some of the principals and
5 some of the church-related schools.

6 COUNCILWOMAN BROWN: So you're invited
7 in at a time of crises to react.

8 MR. VAUGHAN: And after a crisis
9 sometimes, to help put things back together. But
10 generally, we are not invited in any --

11 COUNCILWOMAN BROWN: Proactive way.

12 MR. VAUGHAN: -- way prior to an event
13 taking place.

14 COUNCIL PRESIDENT VERNA: Councilwoman,
15 would you excuse me a moment, please.

16 COUNCILWOMAN BROWN: Sure.

17 COUNCIL PRESIDENT VERNA: I was
18 distracted. Did you say that you're going to have
19 a program this summer in Grays Ferry?

20 MR. VAUGHAN: Yes.

21 COUNCIL PRESIDENT VERNA: And can you
22 tell me what it's going to be.

23 MR. VAUGHAN: Yes. We're working with
24 the Native American community in developing a
25 whole series of noncompetitive games where the

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2 whole point of the exercise is to teach children
3 how to work together, and that you win when you
4 have a circumstance in which everyone is
5 cooperative and things are developing because
6 there is a connection between people to work
7 together.

8 And we're working with the Native
9 American community in Philadelphia to develop
10 that. We want to take that to the recreation
11 centers this summer and try to help implement such
12 a program so that in addition to all the normal
13 recreational activities that they have, there will
14 be this other piece that will help to try to bring
15 people together in that way.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 COUNCILWOMAN BROWN: Unless I missed it
18 in the testimony, who's funding that kind of
19 initiative; do you recall?

20 MR. VAUGHAN: That's not -- that
21 initiative isn't being -- I mean, it's a voluntary
22 effort on the part of the Native Americans and our
23 staff to work together to do that, and we're
24 hoping that the Recreation Department will be able
25 to work with us to implement it, but it doesn't --

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2 I mean, it just takes volunteers.

3 COUNCILWOMAN BROWN: So imagine what we
4 could do with that funding, to take it citywide in
5 the School District.

6 MR. VAUGHAN: Yeah, that would be very
7 nice.

8 COUNCILWOMAN BROWN: The Internet Teach
9 Program, that combines the arts and young people.
10 A bit more about that and the fact that there's a
11 partnership that's happening within the School
12 District, please .

13 MR. VAUGHAN: The Internet Teach
14 Program is a program that we're working with the
15 School District but not in any -- and it's a very
16 small program, it's not a large, district-wide
17 program. So we can work from school to school as
18 the School District permits.

19 COUNCILWOMAN BROWN: Define what that
20 means.

21 MR. VAUGHAN: Well, if the School
22 District determines that they have a school that's
23 -- that would need to have that program
24 implemented with our help --

25 COUNCILWOMAN BROWN: Okay, okay.

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2 MR. VAUGHAN: -- they would invite us
3 in to do that, but it's up to them to make those
4 decisions and to figure out where they would like
5 us to help.

6 COUNCILWOMAN BROWN: Very well. Thank
7 you.

8 MR. VAUGHAN: Thanks.

9 COUNCILWOMAN BROWN: Thank you, Madam
10 Chair.

11 COUNCILWOMAN BLACKWELL: You're
12 welcome.

13 Are there any other questions for the
14 Human Relations Commissioner?

15 (No further questions.)

16 COUNCILWOMAN BLACKWELL: Let me say
17 that you absolutely do an excellent job, and we
18 appreciate your efforts.

19 MR. VAUGHAN: Thank you very much.

20 COUNCILWOMAN BLACKWELL: Certainly.

21 There are no other questions?

22 Thank you very much.

23 City Rep and Director of Commerce.

24 (Witnesses come forward.)

25 MR. TRAYLOR: Good afternoon.

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2 COUNCILWOMAN BLACKWELL: Good

3 afternoon. We're very glad to have you. Thank
4 you for your patience.

5 Would you identify yourself for the
6 record and begin your testimony.

7 MR. TRAYLOR: Yes. Councilwoman
8 Blackwell, my name is Mjenzi Traylor, and I
9 currently serve as the acting City Representative
10 and Director of the Department of Commerce.

11 Seated with me at the table at the
12 table today is: Alfred Testa, the City's Director
13 of Aviation; William Hankowsky, President of the
14 Philadelphia Industrial Development Corporation;
15 and Curtis Jones, President of Philadelphia
16 Commercial Development Corporation.

17 My colleagues and I are here today to
18 present testimony on behalf of the Department's
19 \$183 million Fiscal Year 2001 Operating Budget.
20 This budget is composed of the General Fund at
21 \$38 million, the Grants Fund at \$10 million, the
22 Hotel Tax Fund at \$29 million, and the Aviation
23 Fund at \$100 million, and the Community
24 Development Fund at \$5.8 million.

25 The Fiscal Year 2001 Operating Budget

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2 represents a 13 percent decrease from Fiscal Year
3 2000. The Department functions as the
4 coordinating entity for the City's economic
5 development programs and initiatives. We directly
6 manage the Community Development Block Grants,
7 Economic Development Programs, the State's
8 Enterprise Zone Program, and the Keystone
9 Opportunity Zone Program, Neighborhood Economic
10 Development Programs, and the Mayor's Business
11 Action Team. We also contract and work closely
12 with PIDC and PCDC to deliver loan programs and
13 other business services on behalf of the City.

14 Our Office of the City Representative
15 implements special events and tourism initiatives,
16 official proclamations and citations, staffs the
17 Art Commission, and operates the Percent For Art
18 Program, Art in City Hall, and the City Sculpture
19 Conservation Program.

20 The \$38 million General Fund part of
21 the budget is allocated as follows: \$28 million
22 -- that's 74 percent -- for the Convention Center
23 lease service fee; \$5 million, or 13 percent, for
24 the Economic Stimulus Program; \$1.5 million, or
25 4 percent, for the Philadelphia Cultural Fund

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2 Grants to arts and culture institutions;
3 \$0.5 million, or 1 percent, for Historic
4 Philadelphia; and \$3 million, or 8 percent, for
5 basic Department operations.

6 For Fiscal Year 2001, we have requested
7 an allocation of \$5.84 million of Community
8 Development Block Grant Funds. The distribution
9 of these funds is consistent with our current-year
10 appropriation.

11 The total Fiscal Year 2001 Aviation
12 Fund request is \$227.1 million. This includes a
13 appropriations of \$100.4 million for direct
14 airport operations and \$126.7 million in the
15 Police, Fire, Fleet Management, Public Property,
16 Law, and Finance departments, which will be fully
17 funded by revenues from the operation of the
18 City's two airport facilities -- the Philadelphia
19 International Airport and the Northeast
20 Philadelphia Airport. These non-tax revenue
21 sources include terminal building space rentals,
22 landing fees, net parking revenue, concession
23 fees, and other revenue sources. As in previous
24 years, no General Fund resources will be used to
25 support operations at either Division of Aviation

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2 facility.

3 I would like to take this opportunity
4 to thank the Members of Council for their support
5 throughout the year, and my colleagues and I are
6 available to answer any questions that you might
7 have.

8 COUNCILWOMAN BLACKWELL: Thank you very
9 much.

10 Mr. Traylor, you mentioned Art in City
11 Hall, did you not?

12 MR. TRAYLOR: Yes, I did.

13 COUNCILWOMAN BLACKWELL: We would like
14 to know if it is possible, since we have student
15 art on the seventh floor and modern art on the
16 second and fourth floor, if we can't flip it
17 50 percent of the time -- that requires no money,
18 just the way we organize it -- so that each
19 interest gets equal exposure.

20 MR. TRAYLOR: I will take this back to
21 the department that deals with this and come back
22 to you with a response on the ability to do this
23 just as soon as we can.

24 COUNCILWOMAN BLACKWELL: Thank you very
25 much.

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2 Councilman Goode?

3 COUNCILMAN GOODE: Thank you, Madam
4 Chair.

5 COUNCILWOMAN BLACKWELL: Certainly.

6 COUNCILMAN GOODE: Let me first say to
7 Mr. Jones that I appreciate my seven years at
8 PCDC. I think it gave me not only a background in
9 community economic development, but also a passion
10 for it. I look forward in my years in this body
11 in helping to increase the financial and technical
12 capacity to enable your efforts.

13 To Mr. Traylor and Mr. Hankowsky, I
14 have a series of question. Mr. Traylor, on
15 February 8th I sent memo to you and Mr. Hankowsky
16 asking four questions, the first being, what was
17 the level of economic investment from 1994 to 1999
18 versus 1984 to 1989, the same six-year the
19 preceding decade?

20 The second being, what were the levels
21 of job growth from 1994 to 1999 versus 1984 to
22 1999?

23 The third being, what is the projected
24 level of job growth over the next six years, from
25 2000 to 2006?

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2 And the fourth being, what was the cost
3 per job by category for the Economic Stimulus
4 Program during the period from 1994 to 1999?

5 I only received a partial response to
6 the last question. In fact, I received a
7 cost-per-job estimate for only \$40 million worth
8 of projects. I did not receive those figures for
9 \$103 million worth of projects. Can you tell this
10 Council why we don't have cost-per-job figures for
11 over 70 percent of the Economic Stimulus dollars
12 spent?

13 MR. TRAYLOR: Yes. I have the part of
14 that report that we prepared for you. And if --
15 and you are correct, it's dealing with
16 \$40 million, Councilman Goode. Let me call in --
17 call up the person who helped prepare that report,
18 while maybe Mr. Hankowsky has some part of the
19 other response to other parts of your question.
20 Do you, Bill?

21 MR. HANKOWSKY: Yep.

22 TRAYLOR: Okay.

23 MR. HANKOWSKY: If I may. I'm not
24 sure.

25 COUNCILWOMAN BLACKWELL: Please

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2 identify yourself for the record.

3 MR. HANKOWSKY: Yes, thank you. I'm
4 sorry, Madam Chair. I'm Bill Hankowsky, President
5 of the Philadelphia Industrial Development
6 Corporation.

7 I think on a couple of these -- I
8 think, candidly by Friday, you'll have the answers
9 to the ones you didn't get an answer to. I think
10 we're just a day or two away from finishing and
11 wrapping that up. I had one problem that one
12 person away for a week and I just didn't
13 mechanically have the capacity to get an answer.

14 COUNCILMAN GOODE: Okay. On the fourth
15 question, do we have a full accounting for job
16 creation related to the Economic Stimulus
17 Program?

18 MR. HANKOWSKY: Yeah, I think -- I
19 believe we do. I mean, I believe we -- and when I
20 say that, I just want to be precise about it. For
21 those transactions where we lent or granted money
22 into a kind of a business enterprise or a project
23 of that nature, we do have job data. There are
24 some uses of those funds. An example might be
25 Stimulus Funds to support the Small-Business

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2 Center at 13th and Walnut, where there's not a job
3 in a precise sense. You know, it wasn't a
4 transaction that created X-number of jobs. It was
5 to support an ongoing effort where there was not a
6 job.

7 Now, we could -- what might be helpful
8 is, we could helpful simply differentiate those
9 type of support dollars, you know, where it wasn't
10 tied to job creation effort, per se.

11 COUNCILMAN GOODE: Excuse me.

12 MR. HANKOWSKY: From those not tied to
13 a job creation effort per say.

14 COUNCILMAN GOODE: The information I
15 received of the dollars spent on hospitality and
16 tourism, the report accounted for about \$8 million
17 and did not account for \$31 million, in terms of
18 job creation.

19 MR. HANKOWSKY: There might be some
20 confusion on -- the \$8 million, I believe, was the
21 portion of the Economic Stimulus Funding, those
22 funds, per se, spent on hospitality. I think
23 perhaps what you're referencing is the use of
24 either 108 or UDAGs or other funding sources.

25 COUNCILMAN GOODE: Well, this is

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2 specifically Economic Stimulus Funding provided by
3 the Commerce Department a couple days ago that
4 references a total amount of about \$40 million
5 spent on hospitality and tourism. It says there
6 are no job figures available for \$31 million of
7 that.

8 The reason I ask this question is,
9 there has been a contention made that there's been
10 too much emphasis on hospitality and tourism at
11 the expense of neighborhood economic development,
12 so how can you account for the fact that
13 75 percent of the money spent on hospitality and
14 tourism has no job figures, has no public
15 benefit?

16 MR. TRAYLOR: The way the report reads,
17 Councilman Goode, is -- and I'm very sorry that I
18 don't have the complete rationale for it -- was
19 that the figures were not available at this time.
20 We wanted to make certain that the dollars were
21 accounted for even though we're weren't able to
22 attach job figures to it.

23 COUNCILMAN GOODE: The problem I had
24 with that is, the figure \$103 million is kind of
25 conspicuous to us because we've been asked by this

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2 administration to, at a first deadline of
3 tomorrow, pass a legislative package related
4 stadiums, with a \$103 million figure, \$23 million
5 to buy out a practice facility, \$80 million for
6 renovations to Vets Stadium, yet we can't account
7 for \$103 million that was spent over the last six
8 years in terms of job creation.

9 MR. TRAYLOR: Well, that's certainly --

10 COUNCILMAN GOODE: And we were asked to
11 do our due diligence between the time when I came
12 here as a freshman member and as a first day
13 tomorrow to account for spending \$103 million, yet
14 you can't account for \$103 million spent over the
15 last six years.

16 MR. TRAYLOR: Well, I want to make
17 certain that we're not saying that the dollars
18 cannot be accounted for. They cannot be accounted
19 for in terms of job creation.

20 COUNCILMAN GOODE: Well, in terms of
21 job creation, which is, I think, the most
22 important public benefit to the City and the
23 taxpayers, we should be able to account for job
24 creation related to spending \$103 million. If you
25 don't have those job figures available, I can move

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2 on.

3 Mr. Hankowsky, are you familiar with
4 the Greater Philadelphia Capital Access Report?

5 MR. HANKOWSKY: Yes.

6 COUNCILMAN GOODE: Among the
7 disparities revealed in that report with respect
8 to private --

9 MR. HANKOWSKY: I'm sorry, I just
10 didn't hear the very beginning of your second
11 question.

12 COUNCILMAN GOODE: Among the
13 disparities revealed in that report with respect
14 to --

15 COUNCILWOMAN BLACKWELL: Mr. Hankowsky
16 -- excuse me a moment, Councilman Goode -- would
17 you make those figures available to the Chair as
18 well? We want to make sure that those questions
19 are answered.

20 MR. HANKOWSKY: Yes, yes.

21 COUNCILWOMAN BLACKWELL: And that
22 everyone has the answers to those questions. He's
23 asked two questions --

24 MR. HANKOWSKY: Yes.

25 COUNCILWOMAN BLACKWELL: -- so far that

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2 need additional information. Thank you.

3 Thank you, Councilman.

4 COUNCILMAN GOODE: And among the
5 disparities revealed in that report were with
6 respect to private-sector lending.

7 MR. HANKOWSKY: I can't cite -- I mean,
8 I'm not so familiar with it that I'll be able to
9 respond here.

10 COUNCILMAN GOODE: Okay. In your loan
11 portfolio report, it appears as though over
12 two-thirds of loans that PIDC settled in 1998
13 flowed into neighborhoods where the population was
14 less than 20 percent black. Can you explain
15 that?

16 MR. HANKOWSKY: Well, PIDC -- you're
17 talking about our overall loan activity in 1998?

18 COUNCILMAN GOODE: Yes, I am.

19 MR. HANKOWSKY: Our overall loan
20 activity.

21 COUNCILMAN GOODE: Yes.

22 MR. HANKOWSKY: PIDC, I'll use the
23 term, "operates" or "administers" 20 different
24 loan programs that are available either by the
25 federal government, the state government, or

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2 locally. A number of these programs have very
3 specific criteria that are given to us to
4 administer them by -- pursuant to the funders of
5 the program.

6 COUNCILMAN GOODE: So that it's
7 possible that two-thirds of --

8 MR. HANKOWSKY: If I could just
9 respond, I'd appreciate it.

10 COUNCILMAN GOODE: Well, the question
11 was, can you explain it.

12 MR. HANKOWSKY: I'm in the midst of
13 doing that.

14 COUNCILMAN GOODE: Okay.

15 MR. HANKOWSKY: So the programs have
16 very specific criteria. So an example might be
17 the Pennsylvania Industrial Development Authority,
18 or PIDA Program. The PIDA Program is specific to
19 what type of project it will fund. So, for
20 example, it won't fund a retail project, but it
21 will fund basically manufacturing and warehouse
22 distribution kinds of projects. It only will fund
23 real estate; it won't fund machinery and
24 equipment. And there are programs like that.

25 So we basically are working to take the

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2 programs, given the rules, regulations, and
3 requirements that are there, and make them
4 available as best as we can to the firms that
5 approach us.

6 So when you look at it, most of our
7 programs end up -- we do the transactions
8 throughout the City, and somewhat indicative by
9 our name, they tend to be clustered towards
10 industrial manufacturing and other kind of firms
11 who are located where they are located. And so
12 they tend to be clustered in areas where the City
13 has zoned it G2 industrial.

14 COUNCILMAN GOODE: So it's very
15 possible that two-thirds of your loans settled in
16 1998 flowed to neighborhoods where there were less
17 than 20 percent black. And I guess it's also
18 possible that a majority of your lending was done
19 in middle- and upper-income neighborhoods rather
20 than in low- and moderate-income neighborhoods.
21 Is that possible?

22 MR. HANKOWSKY: Well, I don't want to
23 say what's possible or not. I mean, I'd be happy
24 to take a look at that, which we can do. I mean,
25 we keep track by census tract and we keep track by

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2 zip code, etc.

3 But, again, we to some extent react to
4 firms bringing us transactions that meet the
5 programs we have. And so for example, when you're
6 in the industrial-manufacturing area, you're in
7 various quarters. There's a concentration of
8 those firms in Eastwick, there's a concentration
9 of those firms along the river wards, there's a
10 concentration of those firms in the far Northeast,
11 so they tend to -- the transactions will cluster
12 where the G2 industrial land is, and then
13 obviously, the census data that goes along with
14 that.

15 COUNCILMAN GOODE: We'll provide you
16 with a copy of that data.

17 Let me ask you a more general question
18 now. Do you believe that it's the role of public
19 investment to equalize economic opportunity?

20 MR. HANKOWSKY: I believe the goal of
21 public investment -- I believe public investment
22 has a multitude of goals, of which that is one.

23 COUNCILMAN GOODE: If there is lending
24 disparity in the private sector, should there be
25 the same type of lending disparity in the public

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2 sector by neighborhood race and by neighborhood
3 income? Or is there a role in terms of public
4 investment to equalize economic opportunity?

5 MR. HANKOWSKY: I think that there is a
6 role. As I said, that should be one of the
7 goals,, and I think, obviously, we're also trying
8 to achieve other goals at the same time, so we're
9 trying to create job creation and tax ratables and
10 keep businesses here and have businesses grow
11 here. And so you're trying to deal with multiple
12 goals at one time.

13 So, for example, you know, PIDC
14 developed a few years back the Neighborhood
15 Development Fund as an attempt to have a specific
16 category of dollars that would be targeted in
17 neighborhoods where, in fact, there was a gap, a
18 funding gap that prevented projects from
19 occurring. So we're trying to be responsive to
20 that but we don't have the capacity to reprogram,
21 so to speak, all the dollars that are out there.
22 I mean, we can't reprogram PIDA, we can't --

23 COUNCILMAN GOODE: And the real-estate
24 redevelopment loans are included within the loan
25 portfolio, or else, I guess, the numbers would be

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2 even worse. Can you tell me what the overall
3 economic development strategy is of PIDC is then?
4 If it is not to use public capital to expand
5 economic opportunity in every section of the City,
6 if it is not the goal to equalize opportunity,
7 then what exactly is the economic strategy of
8 PIDC?

9 MR. HANKOWSKY: Well, I didn't say
10 that. I didn't say what you just said I said. I,
11 in fact, agreed with you that that is one of the
12 goals that we attempt to achieve. So, one, I just
13 take exception to that categorization.

14 PIDC's goals, in terms of economic
15 development, I'll start with a fairly simple
16 premise, which is that we are an agency that is
17 attempting to retain and create jobs and create
18 tax revenue or tax ratables in the City of
19 Philadelphia by fostering the overall growth of
20 the City's economy, and we attempt to do that,
21 given policy direction by the City Administration,
22 given resources that are available and what you
23 can do with those resources, and to attempt to
24 leverage those public dollars, and in addition to
25 using them, to get private dollars and other kinds

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 2 of dollars into transactions. We try to do that
 3 within the confines of the dollars and the
 4 programs that are available.

5 COUNCILMAN GOODE: Let me ask you a
 6 question about a very specific deal. The final
 7 matter. On January 6th, I sent a letter to you,
 8 to which I still have not received a reply, with
 9 regard to the new agreement with the Eagles, and
 10 now it's no longer a conceptual agreement but a
 11 new agreement, so you should have a better answer
 12 for these questions.

13 The first is, what's the percentage of
 14 jobs guaranteed for Philadelphia residents?

15 MR. HANKOWSKY: I just need to
 16 understand what I'm responding to. You're asking
 17 me with regard to the Eagles --

18 COUNCILMAN GOODE: Practice facility.

19 MR. HANKOWSKY: You're talking about
 20 the jobs that will be inside the facility? I just
 21 want to know what I'm responding to.

22 COUNCILMAN GOODE: With regard to the
 23 new agreement with the Eagles, which says that we
 24 will buy back the practice facility at \$22
 25 million.

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2 MR. HANKOWSKY: Right, right.

3 COUNCILMAN GOODE: And do \$80 million
4 in renovations and an expenditure of \$103 million
5 if this legislative body does not do a stadium
6 deal by November 3rd, what would be, as according
7 to the new agreement right now, the percentage of
8 jobs guaranteed for Philadelphia residents?

9 MR. HANKOWSKY: There is no -- as I
10 think you know, the proposal envisions the
11 development of a new practice facility for the
12 Eagles, so the people that will work there or be
13 there is the football team itself, the actual
14 players.

15 COUNCILMAN GOODE: Is there a guarantee
16 of jobs for --

17 MR. HANKOWSKY: Again, if I could be
18 responsive, I'd love to be.

19 COUNCILMAN GOODE: But you're not being
20 responsive, though. Is there a guarantee for a
21 percentage of jobs or not?

22 MR. HANKOWSKY: There is not a
23 guarantee because basically what you're doing is,
24 you're --

25 COUNCILMAN GOODE: That's it.

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2 MR. HANKOWSKY: You're moving the
3 existing corporate offices and players and
4 coaching staff into this facility, so these jobs
5 are filled today.

6 COUNCILMAN GOODE: So there is no
7 guarantee of new jobs.

8 MR. HANKOWSKY: There is not.

9 COUNCILMAN GOODE: Okay. The second
10 question is, so there are also no welfare-to-work
11 opportunities, and is there an affirmative action
12 plan?

13 MR. HANKOWSKY: There is an affirmative
14 action plan as it relates to the construction of
15 the Philadelphia facility. There is not a
16 welfare-to-to work plan.

17 COUNCILMAN GOODE: Are your affirmative
18 action policies consistent with the policies of
19 the City?

20 MR. HANKOWSKY: Our --

21 COUNCILMAN GOODE: PIDC.

22 MR. HANKOWSKY: I believe they're
23 consistent with the City and the legal -- the laws
24 that stand today in the United States, yeah.

25 COUNCILMAN GOODE: Your affirmative

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2 action policies are as aggressive as the City's
3 executive order?

4 MR. HANKOWSKY: Our policies -- again,
5 we have funding from a variety of sources. In
6 some cases, we cannot impose requirements on top
7 of the requirements from the sources that give us
8 the funds. In those cases where we have a
9 capacity -- so, for example TIFs or places we have
10 the capacity to interpose requirements, we do
11 attempt to do that and establish goals.

12 COUNCILMAN GOODE: Mr. Traylor, do you
13 support City's affirmative action policy?

14 MR. TRAYLOR: Yes.

15 COUNCILMAN GOODE: Do you believe that
16 PIDC affirmative action policy should match the
17 City's?

18 MR. TRAYLOR: Yes.

19 COUNCILMAN GOODE: And as a board
20 member, are you willing to lobby the board on this
21 matter.

22 MR. TRAYLOR: Yes.

23 COUNCILMAN GOODE: Thank you.

24 No further questions, Madam Chair.

25 COUNCILWOMAN BLACKWELL: Thank you very

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2 much.

3 The Councilman asked a lot of questions
4 with regard to minority participation in many
5 ways, and we would hope that Mr. Hankowsky would
6 respond in writing to each and every question.

7 MR. HANKOWSKY: We will do that, Madam
8 Chair.

9 COUNCILWOMAN BLACKWELL: And when he
10 mentioned the 20 percent as the maximum as what we
11 have now, we would hope that in your response that
12 PIDC would list some plans it has to certainly
13 improve that where the goals are absolutely
14 abysmal, dismal goals.

15 Councilman Clark?

16 COUNCILMAN CLARKE: Thank you, Madam
17 Chair.

18 COUNCILWOMAN BLACKWELL: Can we have
19 Councilman Clarke's mike on, please.

20 COUNCILMAN CLARKE: It's okay. It's
21 been a long day for us all.

22 Good afternoon, gentlemen.

23 MR. TRAYLOR: Good afternoon.

24 COUNCILMAN CLARKE: I want to ask a
25 question relating to some experiences that I've

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2 had as a staff person and recently as a
3 Councilperson and some of the frustrations I've
4 had in dealing with community organizations and
5 economic development.

6 In the past, and I know some of you
7 gentlemen have some housing knowledge to various
8 degrees. In the past, in the community, when we
9 had a local nonprofit that would like to do some
10 sort of a housing development and they didn't have
11 the technical expertise, we would assign the
12 Philadelphia Housing Development Corporation to
13 form a joint venture of some sort, called an
14 "LDC," a local development corporation, and it
15 gave the community an opportunity to participate
16 in the housing initiative but it also brought to
17 the table a technical expertise with PHDC to make
18 sure that the project got done most of the time
19 within budget, and at the end of the day, we had a
20 reasonable and affordable housing development.

21 And I guess the question I'm asking is,
22 in certain instances, we've had community
23 organizations that wanted to get involved in
24 economic development but just did not have the
25 technical expertise. There was one very famous

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2 hole that was talked about over the last year or
3 two throughout the campaign process. Fortunately,
4 it is no longer a hole; it is now a lot, so we've
5 gotten beyond that.

6 And it was always felt that if that
7 community organization had an opportunity to form
8 some sort of a joint venture with the quasi-
9 government agency that had economic development
10 expertise, we wouldn't have had that situation
11 that we've had up this on the avenue.

12 Could you tell me, what would happen
13 currently within the existing system if "ABC"
14 community organization wanted to be a developer
15 but didn't have the expertise and they came to the
16 City, they came to the Commerce Department or PIDC
17 or PCDC and wanted to do a small strip small?
18 What happens in that instance now?

19 MR. TRAYLOR: All right. Both
20 Mr. Jones and I will respond to your question,
21 Councilman.

22 But let me start off by saying that
23 some of the technical assistance that would be
24 available to the community development
25 corporations would come from the private nonprofit

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2 sector. In other words, the neighborhood
3 collaborative group often provides certain levels,
4 especially, you know, in terms of start-up
5 activity on the part of these CDCs. There is some
6 limited amount of technical assistance that we're
7 able and do provide from our staff.

8 Now, unfortunately in the case that you
9 mention, this was a case where had that technical
10 assistance been sought, I think we could have had
11 a much better-- you know, a good response to their
12 need either from the NED staff of the Commerce
13 Department, or we could have assisted in guiding
14 them to assistance outside by way of consultant
15 services.

16 I think Mr. Jones also had some
17 comments.

18 MR. JONES: Curtis Jones, President of
19 the Philadelphia Commercial Development
20 Corporation. I apologize for having to speak to
21 you with my back.

22 COUNCILMAN CLARKE: That's quite all
23 right.

24 MR. JONES: One of the things that the
25 Commerce Department cluster -- and I include my

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2 colleagues from PIDC and the Commerce Department
3 in that cluster. One of the things we're talking
4 about doing is developing what is called a
5 developer's round table. In that process, we
6 would bring together community groups, CDCs that
7 may have less than adequate capacity to develop a
8 strip mall in concert with City quasi-agencies
9 that may have experience doing that.

10 Some positive examples of where that
11 has worked positively is Ogontz Avenue
12 Revitalization Corporation up on 71st and Ogontz
13 where they developed a strip mall and done it
14 successfully, which empowered the CDC in the area
15 to not only gain the technical capacity to do it
16 but also revenue streams in the future to enable
17 them to do new projects as time went on. We'd
18 like to take a page from that book and involve
19 both private developers, City agencies, also
20 public utilities in that process because the
21 public utilities play an important role in that
22 development.

23 We have unfortunately seen in the past
24 streets renovated, torn up on four different
25 occasions by the gas company, the electric

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2 company, the Water Department. And as opposed to
3 doing that, we need to get them at a table and
4 kind of synchronize that along with other
5 departments such as L&I and Zoning, to kind of
6 look at a neighborhood and say that we've
7 determined that this is a feasible place to
8 develop a strip mall and we're going to make a
9 concerted effort over a specific period of time to
10 make that development come into fruition.

11 So what we're looking at in this
12 administration is developing those kinds of
13 clusters or development round tables to implement
14 projects and include the CDCs in the process so
15 that they can: A, gain technical capacity; B,
16 possibly even strike a deal with the private
17 sector to provide services such as maintenance,
18 such as security, that would provide them ongoing
19 streams of income and serve as fee capital for
20 future development.

21 MR. TRAYLOR: Councilman, let me just
22 add one other thing quickly, too. I wanted to
23 make sure that it didn't sound like I was saying
24 that we would just refer groups to private
25 consultants. The Commerce Department also makes

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2 pre-development dollars available to help pay for
3 those services. And I just wanted to bring that
4 out.

5 COUNCILMAN CLARKE: All right, I hear
6 what you're saying, and thank you for that
7 information, but I don't think you quite
8 understood what I was asking. Let me ask it in a
9 more simpler way.

10 PHDC, a quasi-government agency,
11 developer forms a relationship with the community
12 organization. They joint-venture, that
13 development entity goes to a location, builds the
14 house from pre-development to the hiring of
15 architects and consultant services to the ribbon-
16 cutting for the grand opening. And what I'm
17 hearing from you is the City providing technical
18 support on the front end.

19 Where we run into problems -- and I
20 know that you provide that service to a lot of
21 organizations. Where we run into problems is when
22 these organizations don't have the ability
23 sometimes not even to receive that technical
24 assistance. Because, I mean, we have -- a lot of
25 these organizations are just are not about that.

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2 They are basically service and human service-
3 oriented type of entities, but they wanted to be
4 involved in development.

5 What I'm asking is, is there a
6 possibility of a quasi-government economic
7 development entity, such as PHDC, where they can
8 come in and form this relationship, this
9 development relationship with "ABC" community
10 group, go in from pre-development to the
11 ribbon-cutting ceremony and actually be a
12 developer and have that nonprofit as a development
13 partner, and not just providing certain -- hiring
14 consultants and, you know, getting paid to provide
15 certain technical information?

16 MR. TRAYLOR: Well, I think, of course,
17 the obvious answer to that is that it does not
18 exist currently, but I think that is definitely a
19 concept worth exploring and trying to identify
20 where it could most appropriately, you know, take
21 place. Whether or not it would be done with RDA,
22 for instance, is one possibility, or whether or
23 not we would have to create something brand new in
24 order to have that kind of relationship.

25 MR. HANKOWSKY: Councilman, if I could

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2 just augment those comments. I think your
3 question's very good one because you're exactly
4 right, that part of what is a barrier for many
5 CDCs to participate in economic-type transactions
6 is, in fact, a technical capacity to do that.

7 And an example of us trying to, I'll
8 use the term, be "more proactive" in that regard
9 perhaps is to take a look, for example, at the
10 retail project on 52nd Street in the Westpark
11 Center Empowerment Zone, over, a course of time,
12 you know, we actually developed a plan, we sort of
13 laid out a scenario that could be done, worked
14 with the Empowerment Zone to, you know, acquire
15 the property. And so we did that instead of
16 saying, Why don't you do that. We'll do that
17 'cause maybe we can do it, you know, and deal
18 with environmental studies that you do when you
19 buy property and those kinds of necessary steps
20 and demolish it and then help to work with the
21 community about how they, in this scenario,
22 hopefully will become a partner with a
23 private-sector developer in a transaction that
24 will give them a revenue stream and
25 sustainability.

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2 And I think there are lessons to be
3 learned from working in that model. One is, I do
4 think it can work. Two is, I think it's very
5 labor-intensive on both sides -- the CDC side and
6 the public side.

7 And so I think part of it and part of
8 how I think the Commerce Department has tried to
9 respond is, in fact, by providing these
10 pre-development grants because, in effect, you
11 have to add capacity. And I think clearly one of
12 the goals, which is, I think, implicit in your
13 question is the attempt to not just do it once but
14 to sort of grow the capacity in the CDC.

15 COUNCILMAN CLARKE: Right.

16 MR. HANKOWSKY: So that perhaps the
17 next time, they are more able to undertake
18 transactions on their own.

19 COUNCILMAN CLARKE: Exactly.

20 MR. HANKOWSKY: And as Mr. Traylor
21 said, I think it's something worth taking a look
22 at, as to whether, you know, we can replicate
23 that.

24 COUNCILMAN CLARKE: Yeah, exactly.

25 MR. HANKOWSKY: And I think there will

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2 a point where if somebody said, Could we do 50 of
3 those a year? it probably would be tax in current
4 capacity.

5 COUNCILMAN CLARKE: Yeah, I understand.
6 And I say that because I know in certain
7 instances, one in particular in my district, in
8 the Cecil B. Moore Development Corporation, and we
9 have now, as a result of that relationship between
10 them and PHDC, there are individuals within that
11 organization who have grown in the capacity to get
12 development done is, frankly speaking, quite,
13 quite good, and I'm very happy about their ability
14 to grow on the job as a result of that
15 relationship between PHDC.

16 So I'd like to see that on the
17 commercial side because a lot of people want to
18 work in these job-creation, you know, endeavors
19 within our community. So, you know, anything that
20 you could provide would be very helpful to me.
21 And you if you need a call to the Mayor, I'd say
22 that's a great idea and I think I'll help you with
23 that.

24 MR. HANKOWSKY: Right.

25 COUNCILMAN CLARKE: All right, thank

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2 you.

3 Thank you, Madam Chair.

4 COUNCILWOMAN BLACKWELL: You're
5 welcome.

6 Certainly let me add, though, that we
7 request that in all your dealings with the
8 community groups and CDCs that you deal with that
9 District Councilperson. I've said this every
10 year, and nothing can be worse than to have the
11 Councilpeople put in a position to be working at
12 cross purposes with a community organization who
13 then feel as if they have a relationship with the
14 City that we don't, and we're here and we have to
15 do your budget and then when we're not included
16 and then you create a political fight for us with
17 our neighborhood.

18 So in all things, it's very, very
19 important to us that you always work with that
20 District Councilperson. Then we all start out
21 together, everything's clean, it's cool with the
22 community group, the City, the Councilperson, and
23 everybody on the same page at the same time. And
24 we have what we call "a win-win" for all concern.

25 Thank you.

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2 Councilman, are you finished?

3 COUNCILMAN CLARKE: Yes, I am.

4 COUNCILWOMAN BLACKWELL: All right.

5 Thank you, Councilman.

6 Councilwoman Tasco?

7 COUNCILWOMAN TASC0: Thank you very

8 much.

9 COUNCILWOMAN BLACKWELL: Certainly.

10 COUNCILWOMAN TASC0: On Page 14-4 of
11 the budget book, there a \$36 million-plus decrease
12 in economic development funding. Would you tell
13 me what that is, please. It's under economic
14 development, a decrease.

15 MR. TRAYLOR: Oh, yeah. That's a
16 decrease in the Stimulus Funding for this budget.

17 COUNCILWOMAN TASC0: Okay. So how much
18 is in the Stimulus Funding?

19 MR. TRAYLOR: For this year, it's
20 \$5 million.

21 COUNCILWOMAN TASC0: Okay. So we've
22 spent \$36 million in Economic Stimulus money. And
23 what does the decrease represent?

24 MR. HANKOWSKY: Let me try to answer.

25 The -- within the budget, in terms of the

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2 document, I believe -- and someone will tap me on
3 the shoulder if I get this wrong -- that it's he
4 comparison of how much money was appropriated, the
5 appropriations for Stimulus last year, which, I
6 think, was in the category of roughly, I guess,
7 the 40 or whatever, and then since this year it's
8 5, the difference is the decrease.

9 COUNCILWOMAN TASC0: Oh, okay.

10 MR. HANKOWSKY: In appropriation power.

11 COUNCILWOMAN TASC0: Oh, okay. Let me
12 follow up on a question that was raised by
13 Councilman Goode.

14 When you present your contracts to us,
15 Mr. Hankowsky, each time for Economic Stimulus
16 Funds, you tell us at that time that there is
17 going to be so many jobs created, right? When
18 we're giving away Economic Stimulus money, during
19 the course of the hearings, don't you tell us how
20 many jobs will be created?

21 MR. HANKOWSKY: Well, we actually --

22 COUNCILWOMAN TASC0: Where you factor
23 in the number of jobs that would be created as you
24 calculate the number of dollars that you then
25 spend.

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2 MR. HANKOWSKY: I want to make sure
3 that I answer the question correctly.

4 COUNCILWOMAN TASC0: Okay.

5 MR. HANKOWSKY: The City, I guess --
6 and perhaps somebody else can actually answer this
7 better than I can -- has provided Stimulus Funds
8 in either transfer ordinances or via the budget
9 appropriation process, and then it is provided to
10 PIDC via contract. And in the contract, it is
11 divided into categories of use, which are
12 determined by the City.

13 So, for example, one category's
14 housing, just to give you an example. And
15 actually, that money is actually allocated into
16 projects or whatever by the Office of Housing and
17 Community Development. So we report job
18 information based on how the money's allocated and
19 then what transactions we put the money in, and
20 some create jobs and some don't. I mean, some
21 create housing or some provide technical
22 assistance or whatever.

23 But we do that, and I just want to be
24 clear that every dollar isn't, quote/unquote, a
25 job creation dollar. We used Stimulus dollars in

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2 the past, at the City's request, for alley
3 lighting at that one point in time, Partners for
4 Progress and --

5 COUNCILMAN COHEN: I couldn't hear. I
6 heard you say that that you did money for, and
7 then the voice disappeared.

8 MR. HANKOWSKY: Sorry, sorry. It's
9 been used in the past for things like alley
10 lighting or Partners for Progress, which weren't
11 specific job-creation transactions. They were
12 determinations by the City that those were
13 worthwhile things to undertake, but a portion is
14 allocated for transactions that are job-related,
15 yes.

16 COUNCILWOMAN TASCO: Okay. We were
17 granted some Economic Stimulus dollars on the
18 Wadsworth Avenue business corridor for facades and
19 sign removal and new signage. What is the status
20 of that program? Is it going to continue? I
21 think -- what was his name? Dwayne Bumb was the
22 head of that program. Will it continue?

23 MR. TRAYLOR: Yes, that program will
24 continue. And although I don't have the figure of
25 dollars that's still left in that program, there

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2 are some dollars left so that we would be able to
3 do at least some other corridors.

4 COUNCILWOMAN TASC0: So would you let
5 us know?

6 MR. TRAYLOR: Yes.

7 COUNCILWOMAN TASC0: Do you all plan to
8 appropriate more dollars for that kind of
9 program?

10 MR. TRAYLOR: Not in the current -- I
11 don't think in the current budget there is any
12 additional dollars allocated.

13 COUNCILWOMAN TASC0: Okay. The Mayor's
14 Business Action Center, is that going to be an
15 ongoing operating program, to your knowledge?

16 MR. TRAYLOR: The --

17 COUNCILWOMAN BLACKWELL: The Mayor's
18 Business Action Center.

19 MR. TRAYLOR: Oh, yes. We are
20 definitely going to continue that service. The
21 level of staffing still is not clear at this
22 point. They continue to -- they have made
23 successfully the transition and the
24 Administration's continued to do some excellent
25 work. And so it is the intention of the

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2 Administration at this point for that program to
3 continue.

4 COUNCILWOMAN TASC0: Well, we've had a
5 nice relationship with some of the representatives
6 in my district who work with some of business
7 associations in the 9th, but our problem district
8 is Fifth Street. And I believe PIDC -- PCDC hired
9 a Mr. Peck to give us some assistance on Fifth
10 Street. And I want to say that I think that there
11 needs to be better coordination with him and the
12 representative who represents the Business Action
13 Center because we have an ongoing problem there
14 with zoning as related to wholesale versus
15 retail.

16 And we have introduced special
17 legislation to prevent that strip, from the
18 Boulevard to Cheltenham Avenue, from becoming a
19 wholesale strip, which the community cannot
20 support. The infrastructure won't support it,
21 plus the community wants the strip to remain
22 retail, but there has to be work with the
23 representative from MBAT and with the
24 representative, Mr. Peck. Is he still with you?

25 MR. JONES: Yes. Mr. Peck was out on

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2 medical leave, he had a medical procedure
3 performed, but he is indeed back with us.

4 I got your message very clearly last
5 year when we funded a wholesale establishment
6 along that corridor, and it was made clear to me
7 that that had become an increasing problem by way
8 of wholesale versus a retail establishment. And
9 we pretty much had been very cautious about moving
10 forward on any other types of business like that.

11 But I agree that there needs to be
12 greater coordination on the zoning and with MBAT
13 as it relates to any further congestion within
14 that area, and I understand your concerns,
15 Councilwoman.

16 COUNCILWOMAN TASCO: So I would like
17 for Mr. Peck to talk to MBAT and you, and then we
18 can talk so that we have a clear understanding of
19 what's going to happen on Fifth Street.

20 I have another question. I want to go
21 to the Airport. Mr. Testa, you're in the process
22 of developing a master plan, which, I understand,
23 we will see soon?

24 MR. TESTA: Yes, ma'am.

25 I'm Alfred Testa, Jr., Director of the

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2 Philadelphia International Airport.

3 COUNCILWOMAN BLACKWELL: Thank you.

4 MR. TESTA: I'm sorry.

5 COUNCILWOMAN TASC0: I sent you a
6 letter regarding the affirmative action or
7 minority participation.

8 MR. TESTA: Yes.

9 COUNCILWOMAN TASC0: In that overall
10 plan.

11 MR. TESTA: Yes.

12 COUNCILWOMAN TASC0: And we're waiting
13 to hear regarding what that --

14 MR. TESTA: I spoke with a staff member
15 of yours and read the letter again because the
16 letter that you sent me was not looking for a
17 response but said, "I hope to discuss these things
18 with you the next time we meet," and you had made
19 an appointment with me and --

20 COUNCILWOMAN TASC0: But in the
21 meantime, I did call and ask for a report on
22 minority participation.

23 MR. TESTA: From my office?

24 COUNCILWOMAN TASC0: Yes. On
25 specifically the one around the contract for

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2 advertising. And, two, I asked at the meeting,
3 the last Airport full board meeting we had, for a
4 report on minority participation of Mr. Beratan
5 Jay Beratan?

6 MR. TESTA: Yes.

7 COUNCILWOMAN TASC0: I asked for a
8 report on the minority participation at that
9 time. And since then, I asked Tom Moore for an
10 affirmative action on a minority participation
11 plan for the advertising and including the master
12 plan.

13 MR. TESTA: Okay. So advertising
14 master plan and construction?

15 COUNCILWOMAN TASC0: We have had in the
16 past, since I've been on the Airport Advisory
17 Board, a very -- a pretty good record of minority
18 participation.

19 MR. TESTA: And we still do.

20 COUNCILWOMAN TASC0: I asked who was at
21 the table when you put out RFPs for response, and
22 when those responses come back, who is at the
23 table to determine who will receive the contract.
24 I have been informed that MBEC, Minority Business
25 Enterprise Council, is not at the table.

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2 MR. TESTA: No, they aren't.

3 COUNCILWOMAN TASC0: But should be.

4 They have been in the past.

5 MR. TESTA: No, they haven't.

6 COUNCILWOMAN TASC0: Well, they were
7 there prior to your coming.

8 MR. TESTA: We have a procedure in
9 which I was -- I've been here ten and a half
10 months, ma'am. So when I first came here, we --
11 I'm used to setting minority goals according to
12 whatever the trade will allow in a particular area
13 because of who dominates the area and whatever.
14 When I came here, I was told that that is not my
15 duty, that I am to submit all of the contracts to
16 MBEC, which we do. MBEC then sets all the goals
17 for us, which we either meet or exceed in every
18 single instance since I've been here.

19 I have some numbers that I can show you
20 but I am confident of the fact that I didn't know
21 -- well, I'll put it this way. MBEC sets the
22 goals for us and we submit every single request
23 for proposal or contract for bid. MBEC is very
24 much involved in the concession program. They set
25 the goals, and we then meet or exceed every single

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2 one -- I take that back. Probably 99.5 percent of
3 those goals are either met or exceeded in every
4 instance.

5 On the advertising, I think you're
6 talking about the advertising that went out for in
7 the airport advertising?

8 COUNCILWOMAN TASC0: I'm not sure.
9 Probably.

10 MR. TESTA: That is a 100 percent
11 DBE-owned firm.

12 COUNCILWOMAN TASC0: No -- okay,
13 mm-hmm.

14 MR. TESTA: And that -- the DBE is a
15 woman-owned firm and that is from Pennsylvania.
16 The other three are -- and if I can explain it to
17 you. The Airport's in-house advertising --

18 COUNCILWOMAN TASC0: Were there two
19 contracts?

20 MR. TESTA: Yes.

21 COUNCILWOMAN TASC0: Okay.

22 MR. TESTA: Yes. One contract is for
23 advertising in the Airport.

24 COUNCILWOMAN TASC0: Right.

25 MR. TESTA: Of which there's a goodly

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2 percentage of Beach (ph.) advertising in that
3 one. George, in fact, is in many of the contracts
4 that we have because he just does an excellent
5 job. I would probably hire George whether he met
6 MBE requirements or not, only because that firm
7 has done an excellent job for us. Since I've been
8 there, anyway.

9 The other advertising contract is --
10 there's only four firms in the country that do
11 it. Two dominate the industry and two are very
12 minor players. One's from the State of
13 Washington, one is from Los Angeles, one is from
14 Chicago, and one is from Allentown, Pennsylvania.
15 The Allentown, Pennsylvania firm is a 100 percent
16 woman-owned firm.

17 We asked them, with MBEC, by the way,
18 to increase the minority portion of her proposal,
19 which she did, and she has met every single one of
20 those goals. Their legal team is headed by
21 Mr. Singley, and it goes on and on, and a lot of
22 the construction of the -- and that's a very
23 difficult one to meet. The construction of the
24 display advertising, the maintenance of the
25 display advertising and some of the sales. So she

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2 has far exceeded MBEC's request. And MBEC was
3 working with her, and that's pretty much done.

4 The other advertising contract hasn't
5 been finished yet because we're still negotiating
6 that. We don't have money in this year's budget
7 for that so it's in the current year budget that
8 we're going forward with, which will have
9 significant -- and is set by MBEC also, and MBEC
10 does -- if we have a respondent to a bid that
11 can't seem to meet whatever goal MBEC sets, MBEC
12 then gets involved with us to try to find specific
13 contracts to meet those goals in every instance.

14 COUNCILWOMAN TASC0: Okay. In terms of
15 this major construction that we're going to embark
16 on, what level -- have we reached a point where
17 you're discussing minority participation?

18 MR. TESTA: No. We don't even have a
19 plan net.

20 COUNCILWOMAN TASC0: Mm-hmm.

21 MR. TESTA: The minority participation
22 -- again, I don't know the market that well. As
23 I said, I'm ten and a half months in the area. I
24 don't know.

25 There are some instances where we may

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2 be able to do 100 percent, some instances where we
3 do 50 percent, and some instances probably not
4 very many percent because of the differences. In
5 airport planning, for instance, there are so many
6 firms in the country that do airport planning, and
7 we have to rework how they are meeting those
8 goals.

9 As far as the master plan is concerned,
10 when we implement it, each project goes to MBEC to
11 determine if -- if it's an air strip instrument
12 system, that can only be supplied by a company
13 like Rafion (ph.) and some of the others. So that
14 would be an area where we probably wouldn't meet,
15 although MBEC would set the goals a little bit
16 lower. But an area for airfield lighting might
17 certainly be 100 percent.

18 So we work in those areas very closely
19 in that area, but we don't have any goals yet.
20 The master plan itself won't be finished until a
21 year from now, a little bit more.

22 COUNCILWOMAN TASC0: Thank you very
23 much.

24 MR. TESTA: You're welcome.

25 COUNCILWOMAN TASC0: You'll let me know

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2 how much money's in the budget for the
3 Neighborhood Stimulus Program, the Duane Bumb
4 program. What is in that program?

5 MR. TRAYLOR: It's the Expanded
6 Corridor Program, and we'll get that figure for
7 you Councilwoman.

8 COUNCILWOMAN TASC0: Thank you very
9 much.

10 COUNCILWOMAN BLACKWELL: Thank you,
11 Councilwoman.

12 We had a follow-up question on the same
13 issue from Councilman Rizzo.

14 COUNCILMAN RIZZO: I'd like to follow
15 up if I could, Madam Chair, in regard to the
16 Airport. Thank you.

17 Mr. Testa, how are you today?

18 MR. TESTA: Not bad. And yourself,
19 Councilman?

20 COUNCILMAN RIZZO: A few months back,
21 we had some conversations about -- you were here
22 about airport expansion. There was supposed to be
23 a bill coming to Council, and it was withdrawn or
24 cancelled. Could you give us a little bit of
25 information about what's going on and what is the

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2 status of airport expansion?

3 MR. TESTA: You mean the property we
4 were looking to acquire in Councilwoman Verna's
5 district?

6 COUNCILMAN RIZZO: (Nods.)

7 MR. TESTA: We withdrew the bill only
8 because we hadn't spent enough time in the
9 community, and we are doing that right now with
10 some community groups in the area with what can we
11 do to invest in the local community within the
12 law, clean up some areas that have become dumping
13 grounds, and do some things in the area of -- and
14 I really am not at liberty to say much more than
15 that, except that we're working with those groups,
16 trying to find a way that we can satisfy
17 everybody's needs in the area.

18 And that was the reason that -- it was
19 done too quickly.

20 COUNCILMAN RIZZO: So the airport
21 expansion's on track, then.

22 MR. TESTA: Airport improvement is on
23 track, yes.

24 COUNCILMAN RIZZO: But not expansion.

25 MR. TESTA: Well, yes, both. The term

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2 "airport expansion" has certain connotations that
3 some people --

4 COUNCILMAN RIZZO: You're making the
5 airport bigger?

6 MR. TESTA: Yes, we are. We're trying.
7 I mean, we've been thwarted in one instance just
8 the other day, so. . .

9 COUNCILMAN RIZZO: Okay, just one more
10 question about the runway. You have a new runway
11 at the airport?

12 MR. TESTA: Yes, we do.

13 COUNCILMAN RIZZO: Well, what's the --
14 I've heard a lot of criticism on the radio and TV
15 and print media that it's not been a good
16 investment. Is that true?

17 MR. TESTA: Hindsight's always 20/20.
18 And I am not here to be here ten months and cast
19 aspersions on anybody else.

20 COUNCILMAN RIZZO: So we have a runway
21 that's too short to accommodate the modern
22 aircraft; is that the bottom line?

23 MR. TESTA: Yes. However -- let me
24 explain, please, because --

25 COUNCILMAN COHEN: Point of order,

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2 Madam Chair.

3 COUNCILWOMAN BLACKWELL: Yes.

4 COUNCILMAN COHEN: I thought this was
5 just a yield on the follow-up question. This is a
6 whole new area of questions now.

7 COUNCILWOMAN BLACKWELL: Councilman
8 Rizzo, was this the end of your questioning?

9 COUNCILMAN RIZZO: Yes.

10 COUNCILWOMAN BLACKWELL: Okay.

11 MR. TESTA: May I explain that though?

12 COUNCILWOMAN BLACKWELL: Yes.

13 MR. TESTA: Okay, thank you.

14 COUNCILWOMAN BLACKWELL: And then we'll
15 call on Councilman Cohen and Councilwoman Brown.
16 They've been waiting for a long time.

17 COUNCILMAN RIZZO: Councilman Cohen, I
18 learned that from you.

19 COUNCILMAN COHEN: No, no. When I ask
20 to yield, it's rarely, and it's on the specific
21 point last discussed.

22 COUNCILMAN RIZZO: Thank you.

23 MR. TESTA: The runway was the brain
24 child of --

25 COUNCILMAN COHEN: He's explaining

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2 whole new areas on the airport. They're going to
3 be here all during this time.

4 MR. TESTA: The runway that was
5 designed first became a thought in someone's mind
6 about 10 or 11 years ago. At that time, the focus
7 on technology was on short takeoff and landing
8 aircraft. It was the high-wind aircraft, two
9 turbo prop engines, and used very short runways.
10 And Philadelphia has been in mild cardiac arrest
11 for the past ten years at the Airport, in that it
12 is a very delay-prone airport, especially lately.

13 This runway was supposed to relieve
14 some of the pressure off of the main two air
15 carrier runways by putting a short takeoff and
16 landing runway. When it was designed ten years
17 ago, it was made for that. However, in 1997, the
18 regional jet -- after this thing was designed and
19 started, the regional jet -- a revolution came,
20 and it's technology catching up before the
21 ten-year period of building a runway.

22 Is it totally useless? No. We still
23 get some delay response. We may be able to
24 lengthen it enough the other way. I can't
25 lengthen it towards the water, towards the

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2 Schuylkill anymore because the Kvaerner Crane's in
3 the way.

4 COUNCILMAN RIZZO: We'll come back to
5 that 'cause that was a little more than I was
6 supposed to get into, sorry.

7 MR. TESTA: Okay.

8 COUNCILMAN RIZZO: And we'll come back
9 to that okay, okay?

10 MR. TESTA: Sure.

11 COUNCILWOMAN BLACKWELL: Councilman
12 Cohen and then Councilwoman Brown. You've both
13 been waiting a long time.

14 Councilman Rizzo, we'll put you back
15 down for the next round.

16 COUNCILMAN COHEN: Thank you, Madam
17 Chair.

18 COUNCILWOMAN BLACKWELL: You're
19 welcome.

20 COUNCILMAN COHEN: Does the Department
21 of Commerce have anything to do with the conflict
22 that seems to exist constantly between prime
23 contractors and subcontractors on City work, in
24 which the subcontractor at the end says, when
25 they're about to get the last check, they only get

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2 maybe a quarter of it or a half of it or a tenth
3 of it, or sometimes no part of it, on the grounds
4 that they haven't done the work properly or
5 haven't completed their work and that, therefore,
6 the contractor's going to have to expend funds.

7 Does your department get involved in
8 that?

9 MR. TRAYLOR: No, we have not been
10 involved in any of those issues, Councilman.

11 COUNCILMAN COHEN: All right.
12 Secondly, in large developments, there are a lot
13 of developers around. In small neighborhood
14 needed facilities, there don't seem to be many
15 developers around because there's not much money
16 there. Developers are interested in developing
17 something that's going to yield a profit to them.

18 Does the Commerce Department spend any
19 time planning on what's needed in a commercial
20 strip and come up with ideas as to how to
21 strengthen it and then have some operation ready
22 to, on its own initiative, to go out to the
23 community and see how it can work with the
24 community to build a viable commercial strip?
25 And.

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2 I address two strips to your attention
3 and would like to know what, if anything, has been
4 done along the lines of the question. The Broad
5 and Olney business strip and the Cheltenham Avenue
6 business strip.

7 MR. JONES: To answer your question,
8 the answer is yes. We have worked with over the
9 last couple of years with the ICSC, International
10 Council of Shopping Centers, that are a major
11 organization for shopping center development.
12 What we have done is produced detailed
13 descriptions of our commercial corridors and
14 offered them to them for development, i.e., we've
15 looked at available land that the City has, we've
16 looked at the demographics by way of population
17 and income in order to encourage the private
18 sector to take advantage of some of those
19 inner-city developments.

20 As I mentioned before, one of the
21 things that we are proposing within this
22 administration is to take that a step further and
23 create a developers' round table and to identify
24 particular neighborhoods around the City of
25 Philadelphia with that type of potential for

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2 expansion.

3 And there are some positive examples
4 where that has happened. If you look at North
5 22nd Street, where the development of the church
6 was enhanced by the development of the strip mall
7 next to it, it was a win-win situation, where the
8 existing commercial corridor was able to take
9 advantage of new development and coexist and
10 actually thrive. We can look at Ogontz Avenue
11 where that occurred as well.

12 We're now looking at different
13 corridors where we can achieve that same kind of
14 synergy, as the Councilman mentioned earlier,
15 where we include community groups as a part of
16 that development to create a partnership and/or a
17 joint venture.

18 And when you speak of the specific
19 strips Cheltenham Avenue and Olney Avenue, we have
20 not been as active a partner in those two
21 commercial corridors. Let me say this, though.
22 That the vacancy situation is not acute in those
23 particular corridors. We've had a lot of
24 involvement in the past, and to some degree, have
25 been successful in alleviating a lot of the

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2 blight.

3 There are CDCs, however, that we are
4 prepared to partner with. If you look at the
5 initiative that has been developed by Einstein and
6 the development of that CDC, we have worked with
7 them. And as a matter of fact, Francis Folk (ph.)
8 is the corridor manager, I believe. Is Dave still
9 here? Francis Folk is the corridor manager for
10 that area and is looking at future development
11 and, as a matter of fact, has some prospects for
12 that corridor.

13 MR. TRAYLOR: And, Councilman, let me
14 add this. The Commerce Department is currently
15 funding a market study for Broad and Olney, so I
16 just wanted you to be aware of that.

17 MR. JONES: Yes, and Francis is working
18 with that group.

19 COUNCILMAN COHEN: Well, I could just
20 say that I just think the Commerce Department has
21 done almost zero. Even when presented with a
22 specific problem at Broad and Godfrey, on the fact
23 that a site had been used as a supermarket for 50
24 years no longer existed, that land was purchased
25 by Rite Aid, that the community had great

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2 objections to the elimination of the supermarket
3 and sought help from the City to develop maybe a
4 joint site with Rite Aid, 'cause the community was
5 scheduled to fight the Rite-Aid development all
6 the way, 'cause we were surrounded by Rite Aids
7 but not by supermarkets. People have to leave the
8 community to go into other communities to shop at
9 a supermarket.

10 We had a few smatterings of interest
11 shown by the Commerce Department or PIDC -- I
12 never can tell quite who's doing what between
13 Commerce and PIDC. But there nothing of any
14 substance and never of any real interest in it to
15 make something happen.

16 When there are big defendants involved,
17 the City offers all kinds of assistance in loans,
18 in contributions, in tax abatements. Nothing was
19 done to try to encourage any supermarket to come
20 into the area. And if there was space, additional
21 space needed, nobody offered at Broad and Godfrey,
22 We'll build a little garage or get the Parking
23 Authority to produce something for the Community
24 College so the Community College, which is the
25 next-door neighbor, there can provide some of its

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2 ground, you know, to make a larger space, if a
3 larger space is needed.

4 The City just let the -- and this is a
5 viable neighborhood, with substantial incomes --
6 not an affluent neighbor, but a very viable
7 working-class neighborhood, largely a minority
8 neighborhood, but very stable over many, many
9 years. The City just lets it lie there, shows no
10 interest unless we call. We hear nothing.

11 What kind of planning do you do when
12 you leave that happen? On Cheltenham Avenue, you
13 have no vacancies because all of the stores are
14 shut and boarded up. That's why there's no
15 vacancies; there's hardly any business there.
16 Cheltenham Avenue, in the heart of Germantown, used
17 to be one of the finest areas in the City. It
18 struggled, but now there are a half a dozen
19 businesses in Cheltenham Avenue, from Wistar Street,
20 which is the equivalent of 22nd Street east of
21 Broad, that would be a lot. And there are a lot
22 of places just shuttered up, but nobody's ever
23 shown any interest. That was a very viable area.

24 And that's the reason I'm raising the
25 question. What kind of planning and participation

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2 do we do? And why can't community get the same
3 kind of level of interest that the big business
4 developments get? You know, for DisneyQuest,
5 everybody comes in and says it's so urgent, and
6 the Parking Authority does something I've never
7 heard of -- to put all the money into it and ready
8 to build a whole structure for many millions. And
9 it's ready and the City's ready, apparently, to
10 invest another \$38 million. Maybe we're going to
11 become the developer, and we'll call it the City
12 of Philadelphia instead of DisneyQuest.

13 But I think we need attention. I think
14 Councilman Clarke raised this kind of a question
15 from one point of view, I'm raising it from
16 another point of view. What can we expect in this
17 administration?

18 MR. TRAYLOR: In reference to Broad and
19 Godfrey, the Commerce Department was very much
20 involved in trying to bring some relief to that
21 situation by making certain that food services
22 were available to the residents of that
23 community. And the way we did this was to
24 negotiate with Rite Aid to find out the amount,
25 the maximum amount of square footage that would be

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2 available for a grocery store operation, and then
3 we went out and looked for operators that would be
4 willing to come in for that square footage. It
5 was not adequate for a major supermarket.

6 However, most recently, considering
7 some of the problems that Rite Aid is having, we
8 are -- we have been checking to find out whether
9 or not the entire site might be available for a
10 supermarket, a larger supermarket. The footprint
11 there could probably accommodate, at most, 30,000
12 square feet, which would be adequate for that
13 area. However, it will depend completely upon
14 whether or not Rite Aid is moving forward with its
15 plans to build. If it is not, then we are going
16 to try once again to put or to see if we can help
17 a supermarket to develop there.

18 There has been almost no supermarket
19 development, Councilman, in the City, in
20 inner-city locations that has been developed
21 without the assistance of the Commerce
22 Department. In fact, just a few blocks away from
23 the location that you are talking about is a
24 superb new supermarket that was developed by
25 Triumph Baptist Church, and the Commerce

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2 Department and PIDC played key roles in the
3 development of that supermarket. The same thing
4 with the supermarket at Fifth and Berks, the APM
5 project.

6 So -- and we will continue that work.
7 And I'm not even trying to say that all of that
8 work has been adequate, but we will continue
9 working in the way that we have in the past.

10 COUNCILMAN COHEN: Well, let me deal
11 with that. Why would you only talk to Rite Aid as
12 to what space is available? Why wouldn't you
13 involve the community? 'Cause the community's got
14 much more space involved than the Commerce
15 Department ever thought that it was able to
16 because we got approval of the Liquor Control
17 Board. They were willing -- happy to move to
18 another site, relocated to a another site for
19 them, but nothing ever happened.

20 Rite Aid -- why doesn't the City talk
21 to Rite Aid and say, You've got one place about
22 three blocks way, at Champlost and York Road and
23 you have another site about six blocks away, at
24 Broad and Chew. We need that site for a place,
25 you need some cash, why don't we make an

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2 arrangement? Why don't you agree to sell that to
3 somebody, to the City of Philadelphia or to some
4 company?

5 And why didn't you go to the -- why
6 doesn't the City of Philadelphia go to Pathmark,
7 Shoprite, the whole string of supermarkets and
8 say, We need a supermarket here, you're located in
9 other areas. We do all kinds of things for you,
10 because we do, and this community needs one and it
11 can afford one. Why don't we get that kind of
12 participation by the City?

13 MR. TRAYLOR: Well, I think,
14 Councilman, you have that kind of participation.
15 And by that, I mean that we did talk to Rite Aid
16 about whether or not they would be willing to give
17 that site up for a supermarket. They were not
18 willing.

19 And by the way we did not choose who we
20 were to negotiate with. At that point, Rite Aid
21 owned that site and so we had no choice, we had to
22 negotiate with Rite Aid. But what we are trying
23 to do with them, as the owners of the site, was to
24 get them to maximize of amount of square footage
25 that could be made available to a food operator.

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2 The amount that they were able to commit to was
3 not sufficient for a Pathmark or a Shoprite or any
4 other operators.

5 COUNCILMAN COHEN: But there are all
6 kinds of ways to enlarge that space. There's an
7 enormous amount of space that Community College
8 just got. It took over the old eye area, the
9 optometry college that was there. And if somebody
10 would spend some time with Community College,
11 which we support, and assist them with whatever
12 problems they think they might have by giving up a
13 small amount of space to a large space, which is
14 right next door, we could move somewhere.

15 MR. TRAYLOR: There were two land
16 owners that your office suggested that we
17 negotiate with, and we did with both of them.
18 Community College, to find out how much of that
19 parking area could be given up to the site. We
20 were told none. The other suggestion that came
21 from your office was for us to get the site that
22 is now operated by the gas station Merit, and they
23 indicated no interest in selling their very viable
24 business location.

25 COUNCILMAN COHEN: Why didn't you

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2 arrange meetings with the community and them?
3 Because all, apparently, the City's negotiation
4 consist of is a request for something available.
5 And when the answer is no, that ends it. But that
6 doesn't end it with the community, the community
7 needs to have some creative ideas and is showing
8 by the City that it's really interested and the
9 City is prepared to do things.

10 MR. TRAYLOR: All right, well we will
11 take that recommendation under consideration.
12 Thank you.

13 COUNCILMAN COHEN: All right.
14 Thank you, Madam Chair.

15 COUNCILWOMAN BLACKWELL: Thank you
16 Councilman.

17 Yes, ma'am, Councilwoman?

18 COUNCILWOMAN TASC0: I have to say to
19 my colleague that since that is my district, we
20 have worked very closely with them, and I know
21 that they have worked very hard to try to
22 accommodate the idea of a supermarket on that
23 space.

24 I mean, sometimes you've got to be
25 realistic. It is not realistic to expect Merit to

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2 sell their gas station, it is not realistic for
3 Community College to give up parking space, which
4 they requested, more parking space. So while we
5 are -- and we have been in touch with Rite Aid,
6 and they're in the process of determining what
7 they're going to do with that property, which
8 still leaves us with the thought of how do we get
9 a supermarket in a space that is there and is not
10 going to be enlarged. So there's a realistic
11 factor here we have to deal with.

12 And I must say that the Commerce
13 Department and PCDC did work very hard to help us
14 resolve this issue. It may be ongoing, but I have
15 to give you that support.

16 MR. TRAYLOR: Thank you.

17 COUNCILWOMAN BLACKWELL: Thank you,
18 Councilwoman.

19 Were you involved with anything on 56th
20 and Chestnut? You know, we have a new Rite Aid
21 there. What was your level of involvement there?

22 MR. JONES: That is not one of our
23 commercial corridors that we are involved with.

24 COUNCILWOMAN BLACKWELL: So in other
25 words, you have no level of involvement in that.

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2 I will tell you, because as I said
3 earlier, I have mentioned in the past that I have
4 problems with not being included in plans in my
5 area. Therefore, I went to Rite Aid. I have a
6 supermarket, a Save-All coming in the spring.
7 We'll break ground in spring. So what it has
8 forced me to do, I have a ten-year economic plan
9 for my district, but it has forced me to learn
10 more about development overall and to certainly
11 forge all kinds of meetings of my own with private
12 entities when we assume we have your departments
13 and MBAT and we assume we have the City to do that
14 for us.

15 So it's forced me to try to deal with
16 my own issue of supermarkets. Penn has one coming
17 at 49th and Walnut, and I have one 52nd and
18 Chestnut. We held out a year. I had Rite Aid
19 hold out a year. They built their Rite-Aid, we
20 held the other half of the land for a supermarket,
21 and we will have a Save-All there. But I've met
22 with the developer, I've, you know, gone through
23 all of these things, and this is what I'm doing in
24 my district because I would like to see some
25 things happen before I'm old enough to retire.

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2 But we really, really believe that if
3 you work with us, it makes it so much easier, and
4 we need what you bring. But it puts us in an
5 awkward position if an agency or a CDC or somebody
6 in our area comes in says, I've been there and
7 they're giving me this. It always puts us at a
8 disadvantage. We're elected, we're the leadership
9 in our area try. I try to provide that. I'm
10 working on the other.

11 As you know, my Raspino's (ph.) closed.
12 There are a lot of rumor about the one at 58th and
13 Baltimore, and I don't have anything going for
14 52nd. We need supermarkets. So I managed to do
15 that, you know, we managed to get that done at
16 56th and Chestnut to bring that supermarket there.
17 And then we were supposed to be a Pathmark at 40th
18 Market, but that has fallen through since they
19 want to wait and see what happens on their
20 Glenwood Avenue site.

21 But, you know, we're involved, we've
22 involved in every -- we have formed, for example,
23 a public-private institutional partnership with
24 one of our parks, where I have \$200,000 that is
25 committed to a park. I have a private developer

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2 who's going to invest private funds to do 75
3 houses around the park. And in the spring, my
4 CDBG application will reflect that we want to
5 focus on our neighborhood corridors, and that's on
6 52nd Street, so we do 52nd Street, we do housing
7 and the park. We're across from the school, we've
8 done it all.

9 But it really has forced me to learn
10 and tough it up when it would be a lot easier. If
11 we were working more closely together, then you
12 don't have to feel you have to tough it up. I
13 mean, I physically go around my institutions,
14 around the private entities, and do all of these
15 things when it would be a lot easier if I didn't
16 feel that I kind of have to tough it up by myself.

17 MR. JONES: Well, I'm very sensitive to
18 that and we'll absolutely make sure that we are a
19 little more communicative in the future, but not
20 to neglect that we have done things with you and
21 are --

22 COUNCILWOMAN BLACKWELL: Oh,
23 absolutely, absolutely. One thing that stands out
24 in my mind is when we wanted an area fenced on
25 52nd Street, when Checkers fell out, when Checkers

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2 decided they were not coming to Philadelphia and
3 the company fell apart somewhere in New Orleans or
4 wherever they were. And so in spite of all the
5 work we had done a couple years to get a site
6 ready for them on Market Street, they weren't
7 coming. So we said, Okay, can we get it fenced?
8 And PCDC said, Well, we have a fence, we could do
9 it there or down the street. I said need the
10 Checkers site fenced. So you fenced the one you
11 chose.

12 Please, you know. So what is the
13 point. If you have a fence where, in one block,
14 and I say that I need it here and you say that you
15 need it there and we fund your agency, we expect a
16 little consideration. That's all, that's all
17 that's about. We're both in the business of
18 trying to improve neighborhoods and trying to
19 improve our city overall and our commercial
20 corridors, and we just want a closer relationship
21 so that we move ahead, and it helps everybody.
22 You know, maybe I don't have to work so hard in
23 that area if you have the expertise. It saves me
24 time, saves me energy so that we can do other
25 things.

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2 And that's all we want. We want a
3 close relationship so that when we move forward,
4 we move forward with the City, we move forward
5 with the community and the institutions. And
6 everybody wins. Thank you.

7 Councilwoman Reynolds-Brown?

8 COUNCILWOMAN BROWN: Thank you, Madam
9 Chair.

10 If you could please turn your attention
11 to your testimony, the last paragraph on Page 1
12 and the top paragraph on Page 2 and Page 14-14 of
13 the Operating Budget, you give some discussion to
14 the Cultural Fund. Well, implicit in the top
15 paragraph is that the arts and culture do
16 contribute to economic boom in the City.

17 My question is, one, who offers up or
18 makes the recommendation on the funding level for
19 the Cultural Fund? And let me hear that answer
20 first.

21 MR. TRAYLOR: The recommendation would
22 be -- would come with the City Representative's
23 Office dealing with arts and culture.

24 COUNCILWOMAN BROWN: Okay. The Culture
25 Fund is how old, how many years old?

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2 MR. TRAYLOR: About five or six years
3 old.

4 COUNCILWOMAN BROWN: Okay. And the
5 funding level for the past six years has been
6 approximately . . . ?

7 'Cause for the last two years,
8 according to this information, it's been 1.5. Has
9 there been an increase over the last six years?

10 MR. TRAYLOR: I'm told that two years
11 ago, it was at a million, and it's at and a
12 million five now.

13 COUNCILWOMAN BROWN: So it has been an
14 increase over the last two years. It remains at
15 1.5 for the Fiscal 2000-2001.

16 Can you provide, if not at this hour,
17 to the Chair a listing of those cultural
18 organizations that are benefiting in terms of
19 support grants from the Cultural Fund and the
20 dollar amount they are given?

21 MR. TRAYLOR: Yes.

22 COUNCILWOMAN BROWN: That would
23 helpful, just to add some meat onto the
24 information you provided in our your testimony.

25 MR. TRAYLOR: All right, we'll do that.

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2 COUNCILWOMAN BROWN: Thank you very
3 much.

4 MR. TRAYLOR: Thank you.

5 COUNCILWOMAN BROWN: Thank you, Madam
6 Chair.

7 COUNCILWOMAN BLACKWELL: Thank you,
8 Councilwoman.

9 Councilman Nutter didn't get his first
10 go-round. We'll call on him next and then we'll
11 go back.

12 COUNCILMAN NUTTER: Thank you.

13 Good afternoon, gentlemen.

14 Mr. Traylor, I preface my question by
15 saying I understand that you're presently serving
16 in the acting capacity, but I wanted to share with
17 you a concern. I received a letter from one of my
18 constituents dated January 3rd, and I received it
19 on January 5th. A lady by the name of Joyce
20 Cutler. She's in business in my district, on
21 Ridge Avenue, in Roxborough. And she was trying
22 to get some funding to help her get some of her
23 affairs in order at the business. And,
24 apparently, she was seeking somewhere in the
25 neighborhood of 5 to maybe \$15,000.

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2 And I wrote a letter about a week or so
3 later to D. Kaplan, at the Mayor's Business Action
4 Team, sharing a copy of Miss Cutler's letter and
5 what her needs were and some financial assistance
6 she was trying to get for interior repairs and
7 some capital needs for merchandise.

8 Miss Cutler then -- or maybe the MBAT,
9 sent a response back to Miss Cutler on January
10 28th saying, "Councilman Nutter has forwarded your
11 letter requesting information about a grant for
12 your business to the Mayor's Business Action
13 Team. As I mentioned when we spoke on the phone,
14 there are no grants available. We also discussed
15 a small-business loan and the Neighborhood Facade
16 Revitalization Program, in which you were not
17 interested.

18 "I am enclosing a copy of our
19 services, the business directory, and some other
20 materials you might find useful. If you'd like
21 any other information, please contact me.

22 "Sincerely, Shirley Simmons, MBAT
23 Business Representative."

24 Now, I wanted to share that with you in
25 the context, this is a small-business owner in a

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2 commercial strip that's having certainly some
3 problems. You're very familiar with Ridge Avenue
4 and a number of things that we're trying to do up
5 there, and I guess it just becomes very
6 frustrating, especially to the small-business
7 owners, when they read about some of the things
8 that we do here in the government and some of the
9 businesses that we do, in fact, support at some
10 fairly significant levels, but that we've
11 apparently told a person no and there's nothing
12 available for you because you, you know, want to
13 pursue the measly sum of 5 to \$15,000.

14 I'd be glad to give you copies of this
15 material, but I guess, could you just shed some
16 light on this and share some perspective as to how
17 we help people who don't necessarily either want
18 or need a TIF or don't necessarily need a couple
19 hundred thousand dollars or a Section 108 loan,
20 and all the various other large incentive programs
21 that we have for other businesses?

22 MR. TRAYLOR: Now, I think that --
23 first of all, let me just say outright that I
24 think that was an unfortunate response. I don't
25 think the response -- even though I know where it

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2 was -- the basic position that was being taken is,
3 we do not give grants to for-profit businesses.
4 And I understand that. However, I do think that
5 that person should have been contacted and worked
6 with in a way where we could meet that need in the
7 best way that we have available to meet the need.

8 I would appreciate it very much if I
9 could -- if I could -- well, actually, I don't
10 need it. I'll be able to get a copy of that
11 correspondence from MBAT, and we'll make certain
12 that there is a follow-up with Miss Cutler.

13 COUNCILMAN NUTTER: I would greatly
14 appreciate it. Thank you very much.

15 Thank you, Madam Chair.

16 COUNCILWOMAN BLACKWELL: Thank you,
17 Councilman.

18 Councilman Clarke, do you have any
19 further questions?

20 COUNCILMAN CLARKE: Thank you, Madam
21 Chair.

22 COUNCILWOMAN BLACKWELL: You're
23 welcome.

24 COUNCILMAN CLARKE: I have a question
25 of Mr. Testa.

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2 MR. TESTA: Yes.

3 COUNCILWOMAN CLARK: It's kind of a
4 customer-oriented type of question.

5 MR. TESTA: Yes.

6 COUNCILWOMAN CLARK: What type of
7 contractual relationship do we have with US Air
8 and the other carriers at the Airport?

9 MR. TESTA: Carriers have a 30-year
10 lease and operating agreement with the Airport
11 that was renewed once before in, I think, 1984 for
12 another 30 years -- I'm sorry, 20 more years. It
13 is ending in the year 2006.

14 COUNCILMAN CLARKE: 2006?

15 MR. TESTA: Not all the gates and all
16 of the areas are leased in that way. There are
17 some old ones. All the new gates that we build
18 are leased on a preferential basis so that we can
19 make better use of them.

20 COUNCILMAN CLARKE: And what's in the
21 language in that contract? Give me a summary. I
22 know can't talk about all of it. I mean, what do
23 we talk about in those contracts?

24 MR. TESTA: We talk about leases for
25 space, their counter space, their airline ticket

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2 office space behind the counters, the gates they
3 rent, the operation space they rent, the amount of
4 ramp that they part their aircraft on, and they
5 pay landing fees every time they land. That's
6 just some of the things.

7 There are also all sorts of federal
8 requirements that they must follow up because the
9 Airport really is run under federal law mostly.
10 And that contract describes the relationship
11 between the Airport as the landlord and the
12 airline as the tenant for airlines.

13 Now, some of those airlines are the old
14 -- signers of the old documents, which originally
15 started in the '40s and then just kept re-upping.
16 Some of the newer agreements we have with some of
17 the later airlines do not contain such restrictive
18 language.

19 Some of that language has what's known
20 as "a majority and interest clause," in which they
21 have the right to pass on any capital development
22 of a million dollar or more. I think it's a
23 million. It's called "a majority in interest
24 clause." It's old-fashioned clause, which will be
25 phased out into 2006. And if I'm still here,

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2 we've already talked to the airlines and said
3 they'll never get it back again.

4 COUNCILWOMAN CLARK: Okay. When we
5 have those types of discussions leading up to the
6 ultimate signing of the contracts, do we talk
7 about the operation of the airline itself? As an
8 example, US Air right now is the dominant carrier
9 out of our --

10 MR. TESTA: It's not as dominant as
11 everybody thinks but, yes, they are the dominant
12 carrier.

13 COUNCILMAN CLARKE: Okay. But there
14 appears to be a disparity in the rates.

15 MR. TESTA: You mean ticket prices.

16 COUNCILMAN CLARKE: Yeah, you know.

17 MR. TESTA: You're right. Okay, we'll
18 talk about ticket prices, Councilman.

19 MR. TESTA: That's the layman's, the
20 ticket prices. I'm saying "the rates." I'm a
21 councilman now, I'm supposed to say "rates."

22 COUNCILMAN CLARKE: Oh, okay, rates and
23 charges.

24 COUNCILMAN CLARKE: The rates, not only
25 in the Airport itself, US Air versus Delta versus

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2 some other carrier, but when it -- what I'm told
3 that if I go to --

4 MR. TESTA: Baltimore.

5 COUNCILMAN CLARKE: -- Baltimore, BWI,
6 if I go to Newark, it's like half the price and as
7 a result of continuing negotiations. Is that
8 going to be a part of the discussion with --

9 MR. TESTA: No. We cannot -- under
10 federal law, we cannot interfere in or dictate
11 rates, routes, and charges of the airlines. That
12 is an absolute since 1958.

13 However, in my past and former life in
14 Manchester, we were one of the highest-priced
15 airports going, and before I left, we were one of
16 the ten cheapest airports in the country going
17 coast to coast on \$99.

18 And solution to that is competition.
19 And we, as a staff and an airport, are very much
20 involved in bringing in competitive airlines, or
21 trying to bring in low-cost service to compete
22 with the higher-cost airlines.

23 In some routes -- on some routes, we do
24 have lots of competition. To Orlando, you can get
25 a ticket for under 200 bucks.

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2 COUNCILMAN CLARKE: Where?

3 MR. TESTA: Orlando, if you stay a
4 Saturday night -- no, not during vacation time.

5 COUNCILMAN CLARKE: I've been trying to
6 get tickets to Orlando for the last two weeks, and
7 I cannot get below \$500.

8 MR. TESTA: There are no -- well, when
9 do you want to travel?

10 COUNCILMAN CLARKE: Any day.

11 MR. TESTA: I hear you. If you wish to
12 travel in March, April, please look for -- AirTran
13 has announced --.

14 COUNCILMAN CLARKE: AirTran -- oh, no,
15 no.

16 MR. TESTA: They have all brand-new
17 aircraft. I mean, AirTran has announced five new
18 flights --

19 COUNCILMAN CLARKE: I was talking about
20 US Air 'cause I --

21 MR. TESTA: Oh, US Air can make its own
22 prices, and it does so because it has most of the
23 flights.

24 However, you can fly ATA to Florida for
25 inexpensive dollars, AirTran for inexpensive

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2 dollars, and hopefully, when you get done, you'll
3 fly many airlines to many routes, and --

4 COUNCILMAN CLARKE: So do I -- I guess
5 what I'm trying to get at is, when we negotiate
6 the --

7 MR. TESTA: I cannot dictate --

8 COUNCILMAN CLARKE: -- every individual
9 carrier, I mean, do we do a blanket lease where
10 everybody pays the same? Or do we take into
11 account how much --

12 MR. TESTA: Under our federal law,
13 every airline and every tenant must be treated
14 equally. It's called "the most favored nations
15 clause" in airline leases. You have to charge
16 exactly the same rate to all airlines -- same
17 landing rate, same lease rate, same --

18 COUNCILMAN CLARKE: Regardless of their
19 profit margin and the ability to pay --

20 MR. TESTA: Regardless of what their
21 profit margin and their ability to pay, yes.

22 COUNCILMAN CLARKE: That's interesting.

23 MR. TESTA: Well, it was to try to
24 provide a level playing field for airlines, both
25 entrant and long-established. At one time,

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2 dominant airlines in the '40s and '50s had a very
3 varied structure, and if they controlled an area,
4 the rates for new-entrant airlines were up here,
5 and it was very difficult to bring in entrant
6 carriers. Since 1958, when the first Federal
7 Aviation Act was introduced, that has said no, you
8 must charge the same, you must treat everybody
9 equally under federal law. And that, we must do
10 under federal law.

11 Now, believe me when I tell you,
12 competition is the king. Capitalism works very
13 well in airports, and when you have enough demand
14 and there's enough competition bringing in, if
15 you'll give me some time, and I'm talking a couple
16 of years, you may see all of those rates drop to
17 comfortable levels.

18 As far as other airports are concerned,
19 yes, the disparity to fly from certain airports is
20 very, very high when they're dominant hubs, like
21 Atlanta, which is 90 percent Delta, or Chicago,
22 which is between American and United. We're only
23 60 percent US Air, so we have a much better --

24 COUNCILMAN CLARKE: By also encouraging
25 the expansion of US Air, we'll probably hurt

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2 ourselves as it related to having a competitive
3 edge.

4 MR. TESTA: Yes and no.

5 COUNCILMAN CLARKE: And not having
6 another carrier.

7 MR. TESTA: I don't want to carry on a
8 long conversation, but yes and no, because if we
9 have --

10 COUNCILMAN CLARKE: We have time.

11 MR. TESTA: Okay. I have all the
12 time.

13 If we encourage US Air international,
14 and I will tell you, Air France is starting a
15 rival route to Paris this March because of US
16 Air's routes to Paris, two a day, so we'll have
17 three a day to Paris. And because of competition,
18 the more US Air competes in the international
19 field, the more we can encourage them to do more,
20 which they are doing. We will encourage foreign
21 airlines then to come in and compete with US Air.

22 On the domestic side, I am engaged
23 right now in designing some gates that we control,
24 until we re-look at the entire airport, that we
25 are trying very hard to get some low-cost service

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2 into the Airport to compete on those routes.
3 AirTran is one, nonstop service to Florida. I
4 think it's two to Orlando, two to Fort Lauderdale,
5 and one to Tampa, or something like that. That
6 is, believe me --

7 COUNCILMAN CLARKE: Yeah -- no, I
8 recently was on AirTran and I'm not going to talk
9 about that.

10 MR. TESTA: Well, low-cost service
11 means low-cost service.

12 COUNCILMAN CLARKE: Well, you know, I
13 don't want to talk about that, it might be libel.

14 But, okay, when we talk about the
15 different airlines, I mean, you have AirTran and
16 then you have US Air. The reality is, as it
17 relates to the type of airplanes they have, it's
18 not comparable. I mean, let's --

19 MR. TESTA: No, they're buying all
20 brand-new 717s.

21 COUNCILMAN CLARKE: Okay, they must
22 have put me on an older one.

23 MR. TESTA: They put you on an older
24 one, I'm sure. Believe me, the airline has
25 changed, but the ATA has all brand-new -- five --

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2 you can fly to Florida from here on any airline --
3 Northwest, United, all the major airlines fly, but
4 you'll have to fly through a hub. The only
5 nonstop service is ATA, AirTran, and US Air.

6 COUNCILMAN CLARKE: Yeah. I had to go
7 to Cincinnati on --

8 MR. TESTA: Yeah, Cincinnati with
9 Delta. Northwest has a very inexpensive flight,
10 but you have to go to Detroit and then south, but
11 when it's only \$225, I wouldn't -- I would
12 recommend that the more you vote with your
13 pocketbook and feet, the more -- it's very
14 difficult to get an airline to reduce its prices
15 when its planes are full every day.

16 COUNCILMAN CLARKE: Right, okay. So
17 it's either the federal law or competition, and
18 you're working on the competition.

19 MR. TESTA: Yeah, we're working on
20 competition because it's the slickest way to get
21 it done. And I can give you Baltimore,
22 Providence, Manchester as three concrete examples
23 of not being able to dictate prices. But those
24 three airports -- and especially Providence and
25 Manchester being two of the highest-priced

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2 airports in the country now are two of the top ten
3 cheapest airports in the country because you've
4 brought in enough competition for the
5 marketplace.

6 COUNCILMAN CLARKE: Okay.

7 MR. TESTA: Now, this is a much bigger
8 market, so I've got to bring in a lot more
9 competition.

10 COUNCILMAN CLARKE: Okay.

11 MR. TESTA: And we're working on that
12 very hard right now, and I've got lots of miles on
13 my shoes and holes in my soles from doing this.

14 COUNCILMAN CLARKE: Okay, thank you.
15 It's very useful information.

16 MR. TESTA: If you want to call me,
17 please do, and I'd be glad to go over everything
18 with you.

19 COUNCILMAN CLARKE: I'm going to call
20 you, all right, great. Thank you.

21 Thank you, Madam Chair.

22 COUNCIL PRESIDENT VERNA: Thank you.

23 The Chair recognizes Councilman Rizzo.

24 COUNCILMAN RIZZO: Thank you, Madam
25 Chair.

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2 I want to give Mr. Testa an opportunity
3 to finish his response when I asked about the
4 runway. Before you got here -- and you've driven
5 the Schuylkill Expressway -- we had a similar
6 situation where we designed and built a road, and
7 the day it was opened and they cut the ribbon, it
8 was considered antiquated.

9 MR. TESTA: Yes.

10 COUNCILMAN RIZZO: Is there a way when
11 we make this -- and I'll use the word -- when we
12 make the Airport larger that we can then do some
13 expansion to that runway to get it up to the
14 standards that are required there to support the
15 aircraft need that runway?

16 MR. TESTA: Yes. Right now, we are
17 working on a master plan. We'll have several
18 alternatives. Some of those alternatives will
19 take that runway and lengthen it towards the
20 terminal building.

21 Our constraints are Kvaerner Crane on
22 one end and the terminal building on the other
23 end, and it blocks the runway in. If we could
24 lengthen it, that would mean destroying the
25 present terminal complex and building a new

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2 terminal complex, but that would all be in the
3 master plan, which will be available and ready --
4 we'll keep the Council informed as to that.

5 There are ways to do it, and we can
6 make that airport work. Philadelphia's halfway
7 between Washington and New York. Unfortunately,
8 the mentality is, we're halfway between Washington
9 and New York. I think with all the
10 (unintelligible) of tax money, not one penny of
11 tax dollars, we can build an airport that truly
12 screams "Philadelphia" and can be the slickest,
13 neatest, best airport on the East Coast. I
14 wouldn't have taken this job if I didn't believe
15 that deeply, and in the process of doing so,
16 create one of the best transportation experiences
17 from Amtrak to SEPTA to watercraft to the
18 airport. I think we can do that.

19 COUNCILMAN RIZZO: My final question.
20 Presently, the Philadelphia Parking Authority
21 manages the parking operations at your airport?

22 MR. TESTA: Yes.

23 COUNCILMAN RIZZO: I can't figure why
24 -- you do a lot of things and do them well, and
25 the constant -- the constant response that I get

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2 to that question is that you don't know anyone
3 about running a parking lot, you run an airport.

4 Could you run the parking operations
5 down there? And are there other airports that run
6 their own parking operation throughout the
7 country?

8 MR. TESTA: Let me be awfully honest
9 with you.

10 COUNCILMAN RIZZO: I can't hear you.

11 MR. TESTA: I'm going to be brutally
12 honest. Oh, boy, I'm going to regret this.

13 COUNCILMAN RIZZO: No, you're not.

14 MR. TESTA: Every single airport in
15 this country runs its own parking operation; we're
16 the only ones who don't. Parking is a matter of
17 airport policy, and we cannot implement policy
18 because I cannot influence the Parking Authority
19 into doing some very basic things.

20 Number one is lowering the price of
21 short-term parking to create situations where
22 people can find parking spaces, and sticking the
23 price way up on business people who use the
24 short-term parking for very long term is used all
25 over the country -- this is not reinventing the

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2 wheel.

3 I've heard the criticism that we can't
4 run parking lots. I can guarantee you that we can
5 run parking lot parking lots better.

6 COUNCILMAN COHEN: Madam Chair, I can't
7 hear.

8 MR. TESTA: I'm sorry, excuse me. I
9 apologize.

10 COUNCIL PRESIDENT VERNA: Mr. Testa,
11 did you hear about Parking Authority?

12 COUNCILMAN COHEN: What's that?

13 MR. TESTA: The parking Port
14 Authority?

15 COUNCIL PRESIDENT VERNA: Mr. Testa,
16 why don't you repeat what you said, please.

17 MR. TESTA: I'm afraid that it's going
18 to be very (inaudible).

19 Airports all around the country control
20 their own parking. It's a matter of policy.
21 We're the only airport in the country that has an
22 outside agency that has absolutely no expertise in
23 airports to allow them to operate the parking.

24 They have this big empty parking lot
25 right now that they were going to start -- oh, I

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2 should shut up -- they were going to start valet
3 parking in August, September, October, November,
4 January, February, March, and we were paying for
5 all buses they bought and all this refurbishing of
6 the parking lot, and they still haven't opened up
7 the valet parking lot.

8 Every airport in this country, from
9 large to small, from a small airport like
10 Manchester like, to a very large airport -- like
11 the New York Port Authority has three airports.
12 Baltimore has a huge parking area. Airports
13 operate their own parking because we can make
14 policy.

15 One of the things I've suggested for
16 almost a year now is, let's lower the price of the
17 short-term parking for grandma and grandpa, mom
18 and dad, who come to the airport, to pay no more
19 than a buck an hour for the first two hours. The
20 business person who sits and uses the parking lot
21 in the short term should be paying \$50 a day if he
22 wants to leave that car in overnight. That way,
23 you leave open spaces for those who truly need the
24 short-term access to the parking lot.

25 I can't get them to change policy

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2 because I don't have the ability to make them
3 change policy. If I were in a wishing -- if I had
4 a crystal ball and a wishing well and I would rub
5 the belly and have my druthers, I would take back
6 the parking to the Airport where it belongs. It's
7 truly needed.

8 COUNCILMAN RIZZO: And, Mr. Testa,
9 you're telling me that we're the only large --

10 MR. TESTA: We're the only -- any
11 airport.

12 COUNCILMAN RIZZO: Any airport?

13 MR. TESTA: Yes.

14 COUNCILMAN RIZZO: Including
15 (unintelligible) field?

16 MR. TESTA: No, just. . .

17 COUNCILMAN RIZZO: That concerns me
18 because I've heard this complaint that there's
19 very little cooperation between the Parking
20 Authority and the management of the Airport.

21 MR. TESTA: There's no animosity. I
22 like most of those people who operate it. We just
23 have a different focus on philosophy.

24 COUNCILMAN RIZZO: But the point is,
25 you know the needs of your passengers better than

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2 the Parking Authority.

3 MR. TESTA: The number-one complaint
4 letter that comes in to me has to do with parking,
5 the lowest approval rating we get on the comment
6 cards has to do with parking. That will give you
7 enough.

8 COUNCILMAN RIZZO: Thank you. I'm
9 hoping that the Members of this Council --

10 MR. TESTA: We pay off their bonds, we
11 pay all the administration, we pay the operation,
12 we pay the private operator, we pay everything.

13 COUNCIL PRESIDENT VERNA: Excuse me,
14 Mr. Testa.

15 Councilman? Councilman Cohen, can you
16 hear what is being said? I see you're trying to
17 strain. Can you hear what Mr. Testa is saying?

18 COUNCILMAN COHEN: Yes.

19 COUNCIL PRESIDENT VERNA: Mr. Testa,
20 you're going to have to speak into the microphone
21 and --

22 MR. TESTA: I apologize.

23 COUNCIL PRESIDENT VERNA: -- do not
24 have conversation --

25 MR. TESTA: This is the first time I've

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2 been in front of the Council.

3 COUNCIL PRESIDENT Verna: We welcome
4 you.

5 COUNCILMAN Rizzo: Thank you. I have
6 one final question. This is for the Commerce
7 Department.

8 Could you explain, the City
9 Representative and Director of Commerce, the fact
10 that there's been a decrease, a decrease in the
11 purchase of services by \$44 million. How do you
12 explain a \$44 million decrease for the purchase of
13 services and a decrease of purchase in services
14 for Economic Stimulus of 2 -- of a little over
15 \$2 million? That's the Commerce Department.

16 MR. HANKOWSKY: Yeah, I'm responding.
17 I actually believe I answered the question. It
18 was answered in a slightly different way by
19 Councilwoman Tasco. I believe you were out of the
20 chamber at the time.

21 What it reflects is that last fiscal
22 year -- I guess, actually, the fiscal year we're
23 in -- there was approximately \$40 million provided
24 to the General Fund in appropriation for
25 Stimulus. And in the proposed budget that's

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2 before you, there's 5 million in appropriation;
3 and hence, the decrease in appropriation under the
4 Stimulus Program, which, I believe, is the
5 decrease in purchase of goods and services.

6 COUNCILMAN RIZZO: Okay. That's
7 better. Sorry I wasn't here when you said it the
8 first time, Bill.

9 Thank you Madam, Chair.

10 COUNCIL PRESIDENT VERNA: You're
11 welcome.

12 The Chair recognizes Councilwoman
13 Tasco.

14 COUNCILWOMAN TASCO: Mr. Testa,
15 relative to the -- going back to the parking lot,
16 the revenue generated from the parking lot, would
17 that go into the General Fund or would that go
18 into the Aviation Fund?

19 MR. TESTA: It goes into the Aviation
20 Fund now. All revenue generated by the Airport
21 must be used on the Airport for the capital and
22 operating needs of the Airport by federal law.

23 COUNCILWOMAN TASCO: Mm-hmm. Okay,
24 thank you.

25 MR. TESTA: You're welcome.

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2 COUNCIL PRESIDENT VERNA: Thank you.

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

5 (No further questions.)

6 COUNCIL PRESIDENT VERNA: Gentlemen,
7 thank you very much.

8 MR. TESTA: Thank you.

9 COUNCIL PRESIDENT VERNA: The Civic
10 Center is next.

11 (Civic Center witnesses come forward.)

12 COUNCIL PRESIDENT VERNA: Good
13 evening. Please identify yourself for the record
14 and proceed with your testimony.

15 MR. COLEMAN: Madam President, members
16 of the committee, I'm James Coleman, Deputy
17 Managing Director and also the Executive Director
18 of the Philadelphia Civic Center, which is, as you
19 know from previous testimony, on the way out of
20 business. There have been no events at the Civic
21 Center for well over two years, about two years.
22 The middle portions of the five buildings are
23 beginning the process of going to be demolished.
24 The only activity that's taking place at the Civic
25 Center at the current time is it being used as a

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2 sound stage by various phone companies brought to
3 Philadelphia by the Film Office.

4 COUNCIL PRESIDENT VERNA: How many
5 times has the sound stage been used in the last
6 two years or in the last year?

7 MR. COLEMAN: In the last two years,
8 three times. For the Film "Beloved," for the film
9 "Sixth Sense," and is currently being used for a
10 film that's in preparation and going into
11 production that's tentatively entitled
12 "Unbreakable."

13 COUNCIL PRESIDENT VERNA: I didn't mean
14 to interrupt you. Please continue.

15 MR. COLEMAN: That's really all I have
16 to say by introductory remarks.

17 The budget request for the current year
18 is \$294,235. This represents an increase of
19 \$3,354 roughly, 1.14 percent, over the Fiscal Year
20 2000 estimated obligations. The increase is all
21 in personnel costs, Class 100 -- \$347 in earned
22 increments, \$372 in longevity increases for
23 contractually-required wage increases, and \$451
24 for additional overtime to correspond with those
25 other increases. This request is actually \$1,076,

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2 or 0.36 percent, under the Fiscal Year 2000
3 appropriation.

4 I have no further formal remarks and
5 would be happy to take any questions.

6 COUNCIL PRESIDENT Verna: I'm just
7 curious as to how many employees we still have at
8 the Civic Center.

9 MR. Coleman: Three, ma'am.

10 COUNCIL PRESIDENT Verna: How about
11 security, don't we have security?

12 MR. Coleman: We have an alarm system,
13 but tenants in the building have to provide their
14 own security.

15 COUNCIL PRESIDENT Verna: Thank you.

16 Are there any questions from members of
17 the committee?

18 (No questions.)

19 COUNCIL PRESIDENT Verna: Thank you so
20 much.

21 MR. Coleman: You're quite welcome.

22 COUNCIL PRESIDENT Verna: The next and
23 final group is the Mayor's Office of Community
24 Services.

25 (Mayor's Office of Community Services

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2 witnesses come forward.)

3 COUNCIL PRESIDENT VERNA: Good

4 afternoon -- or good evening.

5 MS. GREENE: Good evening.

6 President Verna and Members of City
7 Council, I am Gail Greene, the Executive Director
8 of the Mayor's Office of Community Services, and
9 I'm here to testify on behalf of the agency.

10 MOCS hereby requests appropriation
11 authorization for \$41,542,319. \$40,396,434 to
12 come from the Grants Revenue Fund and \$1,145,885
13 from the General Fund for Fiscal Year 2001. This
14 authorization level will accommodate anticipated
15 grants revenue from the federal and state
16 governments as well as local agencies specifically
17 earmarked for MOCS to provide quality services and
18 assisting low-income Philadelphians to achieve
19 self-sufficiency.

20 In 1964, Congress passed the Economic
21 Opportunity Act. Consequently, in 1965, the
22 Community Action Agency of Philadelphia was
23 established.

24 The Mayor's Office of Community
25 Services offers a broad menu of referral and

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2 direct services to individuals who are considered
3 economically disadvantaged. Supported by a wide
4 range of funding sources, our main funders are the
5 Pennsylvania Department of Community and Economic
6 Development for the Community Services Block
7 Grant, United States Department of Health and
8 Human Services for Title XX Block Grants for the
9 Philadelphia Empowerment Zone, and the
10 Pennsylvania Commission on Crime and Delinquency
11 for Communities That Care.

12 Most of MOCS's operating funds is
13 derived from the Community Services Block Grant.
14 With these dollars, some programs operated by MOCS
15 include:

16 The Family Development Center, which
17 provides intensive case-management services to
18 families who are at risk for homelessness, child
19 abuse, or neglect, welfare sanctions and community
20 isolation. The Family Development Center, located
21 in South Philadelphia, offers workshops and
22 training in budgeting and home management, job
23 readiness, parenting, abuse prevention, nutrition,
24 self-esteem building, and other subjects. In
25 program year 1999, the Center served 100

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2 families. These 100 families moved to stability
3 in one or more dimensions of MOCS case-management
4 matrix.

5 We also run the Frankford Family
6 Development Center, which opened in March of 1999
7 and provides intensive case-management services to
8 at-risk families in the Frankford section of the
9 City. The Center also functions to leverage
10 community resources to advocate for children and
11 families. The Frankford Family Development
12 Center's mission is to help the family become
13 self-sufficient by providing training, counseling,
14 and emergency support.

15 We also operate a welfare initiative
16 entitled "Workwise." It's located in the OIC
17 building, at 1231 North Broad Street. It is a
18 comprehensive program designed to address problems
19 that have prevented TANF recipients from obtaining
20 employment. Services include life skills,
21 training, job development, and job placement.
22 Workwise participants are referred by Philadelphia
23 County Assistance Office. The success rate has
24 been so high, the State funding for this program
25 has increased from \$697,000 in 1997 to

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2 \$1.8 million for the current year that we're
3 operating in.

4 Another welfare-to-work initiative is
5 our Workforce Solutions 2000, which provides TANF
6 recipients with skills assessment, intensive
7 case-management support, life skills development,
8 basic office technology training, job search
9 skills information, and employment retention
10 services.

11 MOCS also provides administrative
12 services to the federally funded Empowerment Zone.
13 The three neighborhoods that constitute
14 Philadelphia's Empowerment Zone are the American
15 Street Corridor, North Central Philadelphia, and
16 sections of West Philadelphia are witnessing
17 tangible improvement. Community and economic
18 development partnerships among residents, City
19 agencies, and community-based organizations have
20 brought about significant change in these
21 communities. The Empowerment Zone promotes
22 economic development in these once-industry-rich
23 neighborhoods.

24 The worst brown field is the
25 (unintelligible) the former site of Sovereign Oil,

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2 has been cleaned, and a new 60,000 square foot
3 food distribution center built on the site. These
4 impressive efforts will continue in Fiscal Year
5 2001. The Communities That Care Program supports
6 the implementation of anti-crime and public safety
7 strategies in the Empowerment Zone.

8 MOCS also continues its tradition of
9 engaging graffiti offenders and community service
10 and positive career development opportunities.
11 MOCS established the Urban Artscape Program to
12 work with youth and young adults who have been
13 adjudicated for graffiti and other property
14 crimes. In Fiscal Year 2000, at least 100 youths
15 referred by the graffiti courts, (unintelligible),
16 the School District, and SEPTA will be involved in
17 supervised community services programs. In
18 addition, Urban Artscape introduces participants
19 to new and more productive forms of self-
20 expression.

21 President Verna and Members of City
22 Council, this concludes my Fiscal Year 2000
23 testimony. I would be happy to answer any
24 questions that you may have at this time.

25 COUNCIL PRESIDENT VERNA: Thank you.

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2 The Chair recognizes Councilman Nutter.

3 COUNCILMAN NUTTER: Madam President,
4 I've never been first, so I wasn't ready.

5 Now, I know that was the Mayor's Office
6 of Communications Office. Are we open for
7 questions on everyone at the table?

8 MS. GREENE: Yes. Jane Golden and Tom
9 Conway have testimony on the different components
10 of the Graffiti Program.

11 COUNCILMAN NUTTER: Great, okay. I
12 heard the tail-end of your testimony as I was
13 walking back in the room, and thought I heard you
14 talk about graffiti offenders and your work with
15 them.

16 MS. GREENE: Yes.

17 COUNCILMAN NUTTER: And is that also a
18 part of -- one of the original components of the
19 Philadelphia Anti-Graffiti Network from many years
20 ago is that it worked with adjudicated youth.

21 MS. GREENE: Exactly.

22 COUNCILMAN NUTTER: And is that the
23 same?

24 MS. GREENE: Yes, and we've named it
25 "The Urban Artscape Program."

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2 COUNCILMAN NUTTER: Okay, all right,
3 very good.

4 I want to talk a little bit about the
5 Mural Arts Program and a little bit about the
6 Anti-Graffiti Campaign for the Anti-Graffiti
7 Abatement Program.

8 Miss Goldman, in the FY '01 budget,
9 your testimony is that you plan to again paint 133
10 murals, restore 10, offer 6,000 hours of art
11 workshops, a combination of public and private
12 funding. What does that translate into in terms
13 of the number of young people that you work with?
14 How many workshop sites are there? How well
15 spread are they around the City? Can you give me
16 a sense of the actual guts and components of the
17 Mural Arts Program?

18 MS. GOLDEN: Yes. My name is Jane
19 Golden, and I'm the Artistic Director of the
20 Philadelphia Department of Recreation's Mural Arts
21 Program.

22 I would first speak about Fiscal 2000,
23 and we have currently 11 privately-funded programs
24 that are primarily in North Philadelphia and the
25 Kensington area, due to the fact that that's where

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2 the funders wanted us to concentrate our energies.

3 And we're also helping to supervise
4 eight after-school programs held by the Department
5 of Recreation. The after-school programs are
6 basic drawing and painting. The 11
7 privately-funded programs are comprehensive
8 programs in mural history and technique.

9 I would say that all in all, we impact
10 about 4 to 500 young people.

11 COUNCILMAN NUTTER: Okay. That's in FY
12 2000.

13 MS. GOLDMAN: That's in FY 2000. Now,
14 what we're hoping to do is raise some additional
15 private funds to expand our workshops, 'cause I
16 think we've designed a really strong curriculum,
17 and we would like to offer it in other parts of
18 the City. And we're also going to begin working
19 on a plan for the allocation of additional funds
20 for after-school programming in general so that we
21 can try to service the needs of more kids in the
22 City.

23 COUNCILMAN NUTTER: Now, your budget is
24 a total of \$875,000.

25 MS. GOLDEN: That's public and private

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2 funds, correct.

3 COUNCILMAN NUTTER: Right, 500,000 of
4 which is private funds, which, with my handy-dandy
5 PECO Energy dual energy solar calculator, it seems
6 to come out to 57 percent of your budget actually
7 you raised privately?

8 MS. GOLDEN: That's correct.

9 COUNCILMAN NUTTER: And what is the
10 plan going forward as it relates to the increased
11 after-school funding that we've heard about on a
12 couple of occasions during the course of the
13 budget hearings? How will that impact either your
14 program or in general the Department of
15 Recreation?

16 MS. GOLDEN: Well, we have submitted a
17 proposal for additional after-school programming,
18 and we have it figured out to -- it's about \$530 a
19 child. And with that amount, we can offer 30
20 weeks of programming in the history and technique
21 of mural-making. So it's a comprehensive program.

22 And so if we -- and the proposal we
23 submitted was for 266,000, and we could serve an
24 additional 5 to 600 kids at 30 to 40 sites, and
25 that's over the original 400 kids. So we're

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2 looking at between 800 and 1,000 young people
3 could be impacted in the City of Philadelphia if
4 we were able to do that program.

5 COUNCILMAN NUTTER: Now, you say you
6 submitted a proposal. Are you talking about for
7 private or for City funding?

8 MS. GOLDEN: That's City funding, but
9 at the same time, we're very vigilant in our
10 pursuit of private funding in order to expand our
11 after-school programs.

12 COUNCILMAN NUTTER: Okay. The \$266,000
13 gets you 5 to 600 additional children. How many
14 workshops is that?

15 MS. GOLDEN: Well, that's at about 30
16 sites around the City, so that way, we can create
17 an equitable distribution of where the programs
18 are located. It's very similar to how we look at
19 the murals now. We try to make sure that the
20 murals are in every part of the City, and I would
21 like to -- it is a goal of ours to do the same
22 with our Art Education Programs.

23 COUNCILMAN NUTTER: Okay. Did I see
24 earlier. . . may I have Director Richman for a
25 second?

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2 COUNCIL PRESIDENT VERNA: Certainly.

3 (Estelle Richman comes forward.)

4 COUNCILMAN NUTTER: Good evening,
5 Director. I think you and I may have had a little
6 bit of this discussion a while ago, but it wasn't
7 in the completely proper form, but I think now is
8 the completely proper form.

9 We're having a discussion about
10 possible expansion based on after-school funding,
11 additional funding for after-school programs and
12 how it might affect the Mural Arts Program. I'm
13 just a bit supportive of the Mural Arts Program.
14 I've been wanting to see if we've figured out how
15 the funds are going to flow and who's going to get
16 what and how we can make sure that as a part of
17 the macro effort on after-school programs, that
18 this particular program gets some of that
19 funding. Do you have a sense of how that's going
20 to happen?

21 MS. RICHMAN: This is Estelle Richman,
22 Director of Social Services.

23 Jane did submit to me the proposal for
24 providing more service for after-school programs
25 and using those dollars. It's actually an

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2 excellent proposal. It also probably serves the
3 highest number of children in the after-school
4 format per cost that I have seen so far.

5 We're just getting into how we're going
6 to use those dollars. Right now, they're spread
7 between the Library Program and the Recreation
8 Program. I would see this as a primary candidate
9 for after-school programming. As we get into
10 that, that proposal will obviously be one of key
11 ones that we look at.

12 Some of the issues that are involved in
13 this are beginning to look at how many youngsters
14 do we want to use dollars for the summer program
15 versus what we want for after-school programs and
16 where those programs should lie. The proposal
17 that Jane had given me also looks at some of
18 summer programming as well as after-school
19 programming. So that it, again, covers the entire
20 year.

21 So I'm not sure that things are
22 mutually exclusive, and that we can accomplish
23 some of the activities for the summer as well as a
24 fairly extensive program for altogether close to
25 1,000 kids for the amount of money she's asking

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2 for. So it's very reasonable.

3 COUNCILMAN NUTTER: Now, where is the
4 -- what's the total dollar amount on the increased
5 funding for the after-school programs? I know
6 it's been bandied about that there's a tripling of
7 funding. I think it's going to \$4.8 million from
8 1.-some-odd million dollars.

9 MS. RICHMAN: It's close to tripling.
10 There was originally 1.4. I'm not sure quite sure
11 what the total is you.

12 MR. DUBOW: It's gone to 4.3 million.

13 COUNCILMAN NUTTER: You might want to
14 identify yourself.

15 MR. DUBOW: She knows me. Thanks.

16 COUNCILMAN NUTTER: You've been hanging
17 out, okay.

18 I'm sorry, it's going from what to
19 what?

20 MR. DUBOW: It's going to 4.3 million,
21 so it's about 1.4, 1.5, something like that.

22 COUNCILMAN NUTTER: Now, where is this
23 money presently?

24 MR. DUBOW: You mean in the 2001
25 budget?

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2 COUNCILMAN NUTTER: Yes.

3 MR. DUBOW: We're doing funding in
4 Recreation and in the Free Library, and there's a
5 small piece that's in DHS. It was in the Children
6 and Families Cabinet.

7 COUNCILMAN NUTTER: Can you, similar to
8 the discussion we had, it seems like so long ago,
9 about breaking out in the Sinking Fund Commission,
10 when I asked you to give a detailed listing of
11 where all the dollars are for the debt service on
12 the Blight Removal Program, could you give us on
13 one sheet a detail that adds up to the
14 \$4.3 million and where it is by budget category
15 and by department?

16 MR. DUBOW: Yes, I'd be happy to.

17 COUNCILMAN NUTTER: Okay. Now, if
18 there's a proposal in, and Director Richman is
19 looking at it and evaluating it alongside of, I'm
20 sure, a whole host of other proposals, if the
21 money potentially for this, I guess, as I
22 understand tonight's testimony, is Recreation
23 already has X-amount of additional dollars for
24 after-school programs; is that's correct?

25 MR. DUBOW: That's correct.

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2 COUNCILMAN NUTTER: And any
3 after-school programs to be funded that are
4 related to the Recreation department get funded
5 out of that pot of dollars; is that correct?

6 MR. DUBOW: That's correct. That would
7 be first place we would go.

8 COUNCILMAN NUTTER: Okay.

9 MR. DUBOW: And then there's a question
10 also about what class the money's in.

11 COUNCILMAN NUTTER: Right. What class
12 is it in now?

13 MR. DUBOW: Well, it's spread between
14 classes, so we'll show you that in the breakout.

15 COUNCILMAN NUTTER: But given the fact
16 that the dollars are already at least in the
17 department where they need to be might be, and
18 there might be a class issue, which, you may need
19 to do something with us, you might be able to move
20 something around, is it your testimony here
21 tonight that, at least with regard to the
22 departments that are under the jurisdiction of
23 Director Richman, the decision on who gets funded
24 and how they get funded is pretty much at that
25 level? I mean, this is now not necessarily a

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2 Budget Office issue because you've already put the
3 money in a particular place. How do those
4 decisions get made?

5 MS. RICHMAN: At this point, one of the
6 things we're going to do is look at established
7 standards and then begin to sort out who gets what
8 money. The only little bit awkward in this is
9 that the bulk of the money is actually in the
10 Library budget, and I will then be working with
11 the folks at the Free Library to determine both
12 the standards and how the dollars get spent. So
13 we need to see this over three budgets, not just
14 in one.

15 COUNCILMAN NUTTER: Well, for the '01
16 budget, I mean, the money needs to be in the right
17 place in order for you to do what you plan to do
18 for the summer of 2000.

19 MS. RICHMAN: Right. If we come up
20 with standards through the Commission, and again,
21 we are establishing and hope to announce soon the
22 members of the Children's Commission, determine
23 that the money may not be, quote, in the right
24 budget or in the right class, then we would go
25 back to the Budget Bureau to say we need this

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2 money for a transfer ordinance change from this
3 place to other place or from one class to another
4 class.

5 COUNCILMAN NUTTER: But are you then
6 saying here tonight that if you do run into that
7 problem, you're not then going to find yourself at
8 a point of not being able to spend what you need
9 to spend for the summer of 2000 because you have
10 dollars in wrong classes and you're seeking -- I
11 mean, the transfer ordinance wouldn't come to us
12 until, at best, in the fall, and more than likely
13 -- I mean, the FY 2000 transfer ordinance came in
14 with the rest of the budget message on February
15 3rd.

16 MR. DUBOW: Well, I -- we could
17 actually bring you an FY 2001 transfer ordinance
18 before FY 2001 started.

19 COUNCILMAN NUTTER: Right.

20 MR. DUBOW: We could bring it to you in
21 the session so we could get it straightened out so
22 that by July, we would have authority,
23 authorization in the right places.

24 COUNCILMAN NUTTER: Okay, all right.
25 That's really where I wanted to be. I wanted to

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2 make sure, whether during the course of these
3 hearings, I mean, if somehow miraculously you're
4 able figure it out, or before we get out of the
5 fiscal year, that the proper funds are where you
6 need them to be, that you've made decisions about
7 the spending, and that we don't have to worry,
8 going into the summer of 2000, that there is a
9 money problem because at the end of the day,
10 there's not supposed to be a money problem, and
11 then we end up with fights with the Budget Office
12 or, you know, Council didn't take some action on a
13 transfer ordinance and, therefore, we don't have
14 the dollars in the right place.

15 MR. DUBOW: Yeah, that's important to
16 us too so we'll make sure that happens.

17 MS. RICHMAN: Because this will involve
18 hiring people and recruiting kids, most of that
19 will have to be done well before July 1st if we're
20 actually going to have active programs that meet
21 the needs of the community.

22 COUNCILMAN NUTTER: Right, because, I
23 think it was last year or whenever Bill Carapucci
24 testified, when we hired the 46 people, based on
25 timing, interviews, getting them in the shop, many

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2 of those folks didn't actually start working until
3 the fall of that year, and we lost them for a
4 couple months for the summer. I think we don't
5 want to have that happen this year.

6 MS. RICHMAN: We will be very conscious
7 of that.

8 COUNCILMAN NUTTER: Okay, thank you.
9 Thank you, Madam Chair.

10 COUNCIL PRESIDENT Verna: You're
11 welcome.

12 The Chair recognizes Councilwoman
13 Blackwell.

14 COUNCILWOMAN BLACKWELL: Thank you,
15 Madam President.

16 Ms. Director, Madam Director, can we
17 also work with the Mural Arts Program so that they
18 have a dedicated space? She came to my area and
19 we're looking for houses and some space that a rec
20 center's not using, and it's for such a wonderful
21 program. It's just ridiculous how we've treated
22 that treated.

23 MS. RICHMAN: I have been made very
24 aware of their need for additional space, and
25 we'll also work -- obviously, if we're going to

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2 expand the program and hire the folks to be able
3 to make this a better program and a larger
4 program, we will be dedicated to finding the
5 appropriate space; it's not just larger space. As
6 Jane has told me, it's work space, where they can
7 spread out a little and they can do many of the
8 new things they want to do.

9 So we will be -- I think she already
10 has her eye looking out for additional space and
11 appropriate workshops.

12 COUNCILWOMAN BLACKWELL: Great, thank
13 you.

14 Thank you, Madam President.

15 COUNCIL PRESIDENT VERNA: Thank you.

16 Are there any other questions from
17 members of the committee?

18 (No further questions.)

19 COUNCIL PRESIDENT VERNA: Hearing none,
20 we're going to call it a day. Thank you all very
21 much.

22 This committee will stand in recess
23 until Monday, February 28, 2000, at 9:00 a.m.

24 Thank you all very much.

25 (Adjourned at 6:23 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Wednesday, February 23, 2000, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COUNCIL COMMITTEE OF THE WHOLE
BILL NO. 000005

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter