

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE OF THE WHOLE

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, May 19, 2011
10:35 a.m.

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN JAMES KENNEY

BILLS 110135, 110136, 110137 and 110138
RESOLUTION 110161

- - -

1
2 COUNCIL PRESIDENT Verna: Good
3 morning, everyone. This is a continued
4 public hearing of the Committee of the
5 Whole.

6 The Chair recognizes
7 Mr. McPherson.

8 MR. MCPHERSON: This is a
9 continuation hearing on Resolution
10 110161, the City's Five Year Plan; Bill
11 No. 110135, the Capital Program
12 2012-2017; Bill No. 110136, the Capital
13 Budget for 2012; Bill No. 110137, the
14 Operating Budget for 2012; Bill No.
15 110138, wage tax. And could the City
16 Controller please come to the table.

17 (Witnesses approached witness
18 table.)

19 COUNCIL PRESIDENT Verna: Good
20 morning. Welcome.

21 MR. BUTKOVITZ: Good morning.

22 COUNCIL PRESIDENT Verna:
23 Councilman Green?

24 COUNCILMAN GREEN: Yes, Madam
25 President.

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2 COUNCIL PRESIDENT VERNA: I
3 believe that you had requested a callback
4 for the City Controller.

5 COUNCILMAN GREEN: I have
6 indeed. Thank you.

7 COUNCIL PRESIDENT VERNA: We
8 can proceed.

9 COUNCILMAN GREEN: Thank you,
10 Mr. Controller. I appreciate you coming
11 over here again. I apologize that I was
12 not able to make your first testimony. I
13 had a few things going on the last few
14 months. So I very much appreciate it.

15 I wanted to really talk to you
16 about the School District. You did, I
17 thought, some great work in reviewing
18 charter schools and taking a specific
19 look at auditing charter schools, and we
20 have next week the School District coming
21 before us. We don't know exactly what
22 they're going to say yet, but we imagine
23 a lot of it will be, It's not our fault.
24 And so I am wondering if -- we have
25 limited authority in City Council. Act

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2 46 requires that we appropriate the same
3 we appropriated last year. There is no
4 overview under the state law that created
5 the SRC. Essentially we give them money
6 and they do whatever they want with it,
7 and I just wanted to talk to you about
8 your office probably being the only one
9 with the authority to go in and see
10 what's happening, take a look at the
11 Class 200 contracts, take a look at where
12 the money has been going, et cetera, in
13 some detail.

14 As you know, we get a very
15 short, short, small, teeny budget request
16 from them, and I just wondered if you
17 were open to using some resources to try
18 to take a look at that so that we can
19 have a much clearer understanding in the
20 City government about what's happening in
21 the School District.

22 MR. BUTKOVITZ: Well, it's a
23 good idea. The problem is, we don't
24 really have as extensive a power with
25 respect to the School District as we do

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2 with the City. I've been arm wrestling
3 with the School District since my first
4 day in office. First of all, the state
5 takeover legislation created some
6 ambiguity as to who is the auditor over
7 the School District. Now, we
8 successfully kind of fought that battle,
9 but essentially we're limited to the
10 following year review, the post audit
11 review of the financial statements of the
12 previous year. So everybody is
13 interested in the budget for next year,
14 not last year.

15 So it would be useful, for
16 example, when Jonathan Saidel was the
17 Controller, he had legislation in
18 Harrisburg to try to get the Controller
19 pre-audit authority, as they do with the
20 City. That would be very productive.

21 When we did a review of school
22 physical facilities, buildings, temporary
23 Superintendent Tom Brady tried to bar
24 access to us, because he said that we do
25 not have the authority to do performance

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2 audits of the schools. And our top
3 technical people in the office came up
4 with the brilliant conclusion that since
5 we have to certify the assets of the
6 School District and since they claim they
7 have boilers and all sorts of equipment
8 in the building, how the heck did we know
9 if they really did if they didn't let us
10 into the building? So they had to admit
11 us to the building. We found all sorts
12 of fire code violations and electrical
13 hazards and so on in the course of doing
14 that. So we've had to be crafty and
15 circuitous.

16 I mean, there's clearly a
17 governance issue in that Philadelphia and
18 Pittsburgh are the only districts in the
19 state, they don't have elected school
20 boards, they have theoretically a state
21 board that is looking over the shoulder
22 of the governance of the School District,
23 but was in fact managing it. They don't
24 get elected, and they don't have taxing
25 power. They come to the City Council for

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2 a relatively small percentage of their
3 supplemental appropriation, although with
4 a substantial infusion of cash from the
5 real estate tax, and basically they're
6 still doing what they did when Hornbeck
7 was in, which is throwing their hat over
8 the fence and saying, We've made a down
9 payment on something and now you have to
10 back us up. And there's a problem, and
11 now there's a huge problem, because, as
12 you well understand, the \$600-plus
13 million deficit can only be remedied
14 either with a near doubling of the real
15 estate tax or with something like a 15 to
16 20 percent cut in school spending, and
17 they're both -- it's a choice between
18 death by hanging and firing squad.

19 There's also a problem with the
20 way they maintain their records. During
21 the first years that we did do this
22 review, we compiled an extensive list of
23 200 contracts in the School District, and
24 the dearth of information is staggering.
25 Basically they provide one line, which is

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2 the name of the contractor, the amount of
3 the contract, a one-sentence explanation
4 of what it's for, and that's it. And
5 it's a sheet of paper like this. It is
6 looking for a needle in a haystack.
7 Because that same state takeover
8 legislation, which was passed with the
9 idea that business would be superior to
10 the political and the governmental
11 process in getting the schools out of
12 trouble, exempts them from competitive
13 bidding requirements. It provides all
14 sorts of opportunity for old-fashioned
15 patronage and favoritism. And if you
16 know exactly which contracts you're
17 looking for, you're in good shape, but if
18 you don't, there's going to be an
19 extensive amount of digging, and the
20 schools are not compelled to respond to
21 our subpoenas for that kind of
22 information.

23 So, first of all, the
24 Legislature could make that clearer. I
25 think -- I'm not sure City Council could

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2 give us that power, because we're under a
3 state takeover statute of the schools.
4 So even if Council said, We think the
5 Controller should do this, we're still
6 going to have an issue about state
7 authorization.

8 I guess we could get the
9 consent of the School District. Since
10 they're going to come in here and ask for
11 things, you could try to get them to
12 consent to an audit of certain types of
13 expenditures. And if we have the -- we
14 can't be in a position where we start to
15 go in and then they withdraw their
16 permission because they don't like what
17 we're doing, but if they consent to the
18 scope of an audit, then we would do it.

19 COUNCILMAN GREEN: Thank you.

20 I certainly will suggest that to them and
21 certainly would be happy to work with you
22 at the state level. I don't see why
23 there would be an objection by the
24 Legislature or the Governor to having
25 oversight of the School District at the

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2 local level in terms of auditing
3 authority, and would be happy to work
4 with you on that if that's something you
5 want to try to achieve. Ultimately, I
6 think given the cutbacks, we ought to be
7 going to Harrisburg to fight to get back
8 control of our School District, and then
9 we can amend the portion of the Charter
10 dealing with the School District to give
11 everybody appropriate oversight authority
12 of what's happening there. And so I'd be
13 happy to work with you on that.

14 I did want to mention one thing
15 that I would ask that you look at, and,
16 that is, I have been told by people
17 representing the people in the Office of
18 Property Assessment that they are
19 literally, literally sitting on years of
20 assessment data that they are not allowed
21 to enter into the computer system. And
22 there is a part of this deficit that is a
23 loss of state funding. There is a part
24 that we knew and identified last year at
25 budget hearings would be a problem, which

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2 is a loss of stimulus funds, but
3 everybody saw that coming. So the fact
4 that there's a deficit related to the
5 loss of funding that we knew was
6 happening is poor planning.

7 MR. BUTKOVITZ: I agree with
8 you.

9 COUNCILMAN GREEN: And then,
10 finally, a portion of it is because they
11 anticipated revenues from an increased
12 real estate base which didn't appear
13 because of a -- I guess it's one of the
14 unintended consequences of the decision
15 to freeze assessments.

16 MR. BUTKOVITZ: Yes.

17 COUNCILMAN GREEN: And I don't
18 know if you have authority to look into
19 the OPA or why they have been instructed
20 not to enter new assessment data that
21 they've been holding on to for three or
22 four years, but I would suggest you look
23 at that, and that may help the School
24 District financial problems somewhat.

25 MR. BUTKOVITZ: Well, I think

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2 we could do a performance audit of the
3 Office of Property Assessment.

4 Do we have money that is
5 available for that?

6 We do. Okay. Well, we could
7 do that. And Senator Piccola also had a
8 draft legislation on the charter schools
9 last year in which he was going to give
10 our office authority to review charter
11 schools. Now, that's been held up for
12 over a year. So while you're out there
13 battling with Harrisburg, you might put
14 that on the list.

15 COUNCILMAN GREEN: Well,
16 hopefully it's something we can do
17 together. You have far more experience
18 than I do there.

19 MR. BUTKOVITZ: Thank you.

20 COUNCILMAN GREEN: Thank you.

21 COUNCIL PRESIDENT VERNA: Are
22 there any other questions of the
23 Controller?

24 (No response.)

25 COUNCIL PRESIDENT VERNA:

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2 Seeing no one, thank you very much.

3 MR. BUTKOVITZ: Thank you.

4 COUNCIL PRESIDENT VERNA: Last
5 week we had asked for callbacks for
6 Police, Fire and Fleet Management, also
7 Procurement. Does anyone have any
8 questions regarding Police, Fire or
9 Procurement?

10 COUNCILMAN KENNEY: Just a
11 process question.

12 COUNCIL PRESIDENT VERNA: Yes.

13 COUNCILMAN KENNEY: Was there
14 specific requests for these departments
15 to come back?

16 COUNCIL PRESIDENT VERNA: Yes.

17 COUNCILMAN KENNEY: By specific
18 Councilmembers?

19 COUNCIL PRESIDENT VERNA: Yes.

20 And I understand that at the last minute
21 we got a call that it wasn't necessary
22 for Police, Fire and Procurement.

23 However, there may have been other
24 members who may have had questions.

25 COUNCILMAN KENNEY: Over the

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2 years, I just feel sorry for these folks
3 that during the budget process sit here
4 when they actually could be working.

5 COUNCIL PRESIDENT Verna: The
6 Chair agrees, and that's why we made a
7 call and said it was not necessary for
8 the Commissioners themselves to come in,
9 because I didn't know what the
10 Councilmembers may have wanted to ask.

11 COUNCILMAN JONES: Madam
12 President?

13 COUNCIL PRESIDENT Verna: Yes,
14 sir.

15 COUNCILMAN JONES: Thank you,
16 Madam President. Not that there was any
17 of these specific departments, but at a
18 point, I had called back two, and I had
19 worked out with the Administration to get
20 my questions answered and conveyed that
21 both to the Administration. And so we're
22 always glad to see them, but I don't have
23 any specific questions of them.

24 Thank you, Madam President.

25 COUNCIL PRESIDENT Verna: So I

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2 don't see any need for the Police, Fire
3 or Procurement to wait. Thank you for
4 coming in.

5 Councilwoman Blackwell had made
6 a request for Fleet Management to be
7 here. So while we're waiting for her, I
8 would like Fleet Management to come up to
9 the witness table. I see you have
10 written testimony.

11 (Witnesses approached witness
12 table.)

13 MR. McPHERSON: No; that's not
14 him. It's Local 1927, Vincent Fragale.

15 COUNCIL PRESIDENT Verna: I'm
16 sorry. Is Vincent Fragale here?

17 (No response.)

18 COUNCIL PRESIDENT Verna:
19 Vincent Fragale?

20 UNIDENTIFIED WITNESS: He
21 stepped out.

22 COUNCIL PRESIDENT Verna: Is he
23 coming back?

24 UNIDENTIFIED WITNESS: He's in
25 the hall.

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2 COUNCIL PRESIDENT Verna: If
3 you don't mind, we'll wait for him.

4 MR. MULLER: Sure. Good
5 morning.

6 COUNCIL PRESIDENT Verna: Thank
7 you.

8 (Pause.)

9 (Witness approached witness
10 table.)

11 MR. FRAGALE: Good morning,
12 President.

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

16 MR. FRAGALE: I didn't hear
17 you.

18 COUNCIL PRESIDENT Verna:
19 Identify yourself for the record.

20 MR. FRAGALE: My name is Vince
21 Fragale, Business Agent of Local 1927.

22 COUNCIL PRESIDENT Verna:
23 Proceed with your testimony, please.

24 MR. FRAGALE: Thank you.

25 President Verna, members of

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2 City Council, thank you for this
3 opportunity to testify on the City budget
4 as it relates to the Office of Fleet
5 Management.

6 The members of the Office of
7 Fleet Management employees Local 1927
8 District Council 33 are responsible for
9 servicing and maintaining equipment in
10 the general fleet for the City as well as
11 the vehicles and equipment in Water,
12 Public Safety and the Aviation
13 Departments.

14 We are here today to offer
15 testimony of how the increasing amount of
16 contracting out in this city has
17 negatively affected the productivity of
18 our department. We will show how the
19 department, when adequately staffed with
20 a workforce of dedicated and qualified
21 technicians, has benefited our department
22 and the City as well. It is our goal
23 today to ask the members of this Council
24 to remove the funding from the 200 class
25 and return it to the General Fund. By

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2 doing this, you will allow our department
3 to return to its proper staffing level,
4 while at the same time reducing the need
5 for private contractors.

6 The Union contends that there's
7 too much wasteful spending on outside
8 contractors. Our tax dollars are wasted
9 on contractors to perform work previously
10 done better and cheaper by our members.
11 This is a serious problem. Over the past
12 12 years, our department has seen an
13 almost 45 percent reduction in its
14 workforce, while at the same time the
15 amount of work that is contracted out has
16 grown each year. As citizens, we are
17 told that this is done in order to
18 increase efficiency and productivity, but
19 after years of this practice, the results
20 have produced the opposite. Our members
21 have seen their jobs given to private
22 contractors, because contracting out
23 reduces the amount of oversight and
24 control over the workforce. We have seen
25 an increase in the amount of vehicles

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2 that have to be returned to the vendors
3 and have to be repaired a second time by
4 OFM technicians.

5 Every year we see more and more
6 of our tax dollars spent on private
7 contractors. Work that was previously
8 done by City workers is now being done by
9 people that don't live in this city and
10 that don't have no vested interest in
11 seeing the City succeed. Their bottom
12 line is the bottom line. These
13 contractors in many cases do not hire
14 people from this city and their workforce
15 does not increase our tax revenue. How
16 can we bring jobs to this city by laying
17 off people? When the work is done, it's
18 shoddy. To whom do we complain? When
19 the work being done costs the taxpayers
20 more, why do these contracts continue to
21 be renewed? Where is the accountability?

22 The reason we bring this to
23 your attention is that a lot of the work
24 that our members can do is now being
25 contracted out. When City vehicles or

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2 equipment are returned, very often our
3 members have to correct the mistakes made
4 by outside contractors, when we could
5 have done the job right in the first
6 place. Through it all, our members have
7 continued to be efficient and productive.
8 They have worked to maintain the high
9 standards that the citizens of this city
10 have come to expect.

11 In addition, when Fleet
12 Management contracts out this kind of
13 work to companies based outside the City
14 and in some cases outside the state,
15 contract employees and the communities
16 that they live in reap the benefits of
17 our tax dollars. When Local 1927 members
18 perform work, you can be certain the
19 majority of their wages and taxes stay
20 here in this city. Our members are not
21 just employees; they are citizens and
22 taxpayers that reside in this city.

23 Here is just a quick review of
24 the Fleet Management budget that was
25 presented to City Council, allowed Local

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2 1927 to identify \$2,659,500 in
3 contracted-out work that could be done
4 cheaper, quicker and with better quality
5 by our members, just to name a few.

6 Below are few examples of how
7 the City could save millions by ending
8 contracting out and returning the work to
9 Local 1927.

10 Here is a breakdown of a few of
11 the outside contractors in Fleet
12 Management.

13 We basically have three funds
14 here - General, Water and Aviation.
15 Janitorial services: General Fund
16 96,000, Water 26,000, Aviation 10,000,
17 for a total of 132,000 in janitorial
18 services. Heavy equipment repair:
19 300,000, in Water 298,000, in Aviation
20 80,000, 678,000 total. Auto collision
21 and light truck repairs: 496,000 in
22 General Fund, 248,000 in Water, 42,000 in
23 Aviation. That's 786,000 in auto
24 collision/repair.

25 I just want to stop for a

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2 minute there. We had a body shop at 11th
3 and Reed that had two shifts of people
4 working, with 34 people working in that
5 shop. We're now down to one shift with
6 11 people. I mean, there's no reason why
7 we can't bring all this work back to 11th
8 and Reed. I just had to stop and talk
9 about that for a second.

10 Emergency tire repair: 198,000
11 in General Fund and 30,000 in Water.

12 It's 228,000 that's contracted out.

13 Engine and transmission repair: 272 in
14 General, 129 in Water, 20,000 in
15 Aviation, for a total of 421,000. Steel
16 rim wheel cleaning and painting: 14,000.

17 Upholstery services: 42,000 in General,
18 15,000 in Water, for a total of 57,000.

19 Welding services: 12,000 in General,
20 30,000 in Water, for a total of 42,000.

21 Towing: 66,500 in General, 10,000 in
22 Water, 5,000 in Aviation. It's 81,000.

23 We used to do all our own towing. It's
24 really sickening when I pull up to a shop
25 to see my men and I had to watch a

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2 private vendor from outside the City
3 towing our vehicles. We always had our
4 own tow truck drivers. It's really hard
5 and sickening for me to watch this go on.
6 We need to hire tow truck drivers.

7 Refabrication, retrofit and
8 installing safety equipment on City
9 vehicles: It's 180,000 in the General
10 Fund, 10,000 in Water and 30,000 in
11 Aviation, for a total of 240,000.

12 It's a grand total of 2,659,500
13 worth of our work, and this is just a
14 small amount. I think the grand total of
15 what they contract out in the 200 class
16 is way more than that. We just touched
17 upon a few things. This is all work that
18 we know we could do in-house at a higher
19 quality that's being done now.

20 The services listed above are
21 just a few that are presently contracted
22 out that we know we could do quicker,
23 cheaper and with the superior quality,
24 while eliminating the duplication of
25 effort by Local 1927 members.

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2 We ask City Council to take a
3 long look at the information that we have
4 provided. We are confident that once all
5 of the factors have been weighed, you
6 will see that there is no better way to
7 ensure the taxpayers of this city are
8 getting the most out of their tax
9 dollars. Ending the practice of
10 privatizing City services and hiring City
11 workers would improve the levels of
12 efficiency and quality through increasing
13 oversight, enhancing quality assurance
14 and proper training. All of these
15 factors would allow OFM to return to its
16 proper staffing levels that would produce
17 the kind of savings that this city has
18 been seeking.

19 For years, contracting
20 out/privatization was considered the only
21 way to improve efficiency and to increase
22 productivity. However, after years and
23 years of this practice, what we know is
24 that there are no shortcuts to increase
25 success. There is no magic solution.

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2 There is no easy way to produce the kind
3 of results that our members have been
4 producing for years. It takes good, hard
5 work, well-trained and dedicated men and
6 women that take pride in the work that
7 they do. It also takes making good
8 decisions.

9 We can continue down this path
10 and allow City service to be contracted
11 out and hope for a better result or we
12 can return to what works and hire more
13 City employees. The surest sign of
14 insanity is continuing to do the same
15 thing and expect a different result.
16 That's Albert Einstein's quote.

17 Our Local 1927 members deliver
18 the highest quality work and with the
19 best value for our tax dollar. At
20 present, we are undermanned because of
21 the massive reduction of staffing levels.
22 We are not as productive as we could be.
23 Contracting out has proven to be
24 ineffective and expensive, especially
25 when there is a better alternative that

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2 our members can deliver.

3 The quality of work that our
4 members deliver can be illustrated by a
5 recent example when one of our members
6 identified both the cause and the
7 solution for a design flaw on the Police
8 Department's fleet patrol car. Our
9 member pays attention to these kind of
10 situations. They realize that by doing
11 their job, they are helping others do
12 theirs. When a call goes out for a
13 police officer and they have to respond,
14 our members work hard to make sure that
15 they can do so in a safe, reliable
16 vehicle. It is our mission of this
17 department and it is the mission of our
18 members.

19 To the members of City Council,
20 you can help us by addressing these
21 serious issues by moving funding for
22 contracted-out services from the 200
23 class fund into the General Fund. Using
24 the data that we have provided, along
25 with the return of funding to the General

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2 Fund, would allow the Office of Fleet
3 Management to hire upwards of 40 AMTs,
4 auto body techs and various support
5 staff. This would also eliminate our
6 short staffing problem and end the
7 wasteful contracting out which has hurt
8 our members and our department and this
9 city.

10 Thank you for your time and
11 consideration of this matter. I am
12 available to answer any questions you may
13 have and provide you more information if
14 you need.

15 Thank you very much.

16 COUNCIL PRESIDENT VERNA: Thank
17 you.

18 Councilwoman Blackwell, you
19 would like to be recognized.

20 COUNCILWOMAN BLACKWELL: Thank
21 you very much.

22 I would like to hear a response
23 from the Administration about this whole
24 issue of privatization. We all know --
25 we've been around here too long not to --

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2 that when privatization occurs, there is
3 always the initial savings and then it
4 always costs more. That's the way it is.

5 We would like to know -- one of
6 the folks told me that they had to --
7 when they reviewed -- when men from Fleet
8 Management reviewed a job that had been
9 privatized out and they were criticized
10 by poor work that was painted over, they
11 knew nothing about it, because it had
12 been privatized.

13 So for many reasons,
14 privatization, not only does it hurt us
15 income-wise but it hurts us
16 accountability-wise. And we who are
17 driving these cars from 1910 who need new
18 vehicles certainly would like to know.
19 We know that when we call Fleet
20 Management, they're available, but when
21 privatization occurs, all of us are put
22 in jeopardy, and we would like the
23 Administration to respond to this. We
24 want to hear them respond to the list of
25 savings that are listed, and certainly we

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2 want to say that we're in total agreement
3 with this testimony and thank them for
4 coming. Thank you. Thank you all,
5 Mr. Fragale and team.

6 MR. FRAGALE: Thank you.

7 COUNCIL PRESIDENT VERNA: May
8 we have someone from the Administration
9 here?

10 MR. MULLER: Jim Muller, Fleet
11 Management.

12 I do agree with the Union. In
13 2007, the past Administration, we had a
14 big layoff in Fleet Management. Our body
15 shop was devastated, and since that time,
16 we have not ramped back up. I mean, we
17 have only six openings right now. And
18 the responsibility that we have to make
19 decisions every day so we have enough
20 police cars and enough vehicles, that's
21 the decision. There was never a decision
22 made to privatize everything in the City.
23 We are not at all looking at that
24 initiative.

25 We also lack -- first of all,

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2 our body contracts go out to vendors that
3 are in the City of Philadelphia, that
4 have businesses in the City of
5 Philadelphia. I can name a few -
6 Pacifico Ford, Rocco's Twins Auto Body.

7 Any vehicle that is sent out
8 for a private contractor to repair, the
9 vehicle is brought back in and gone over
10 by our people, and they sign off to make
11 sure that that vehicle is safe to operate
12 before that vehicle is put back in
13 service.

14 The other thing we do contract
15 out is some of our warranty repair work
16 for engines, transmissions, because, like
17 I said, we just don't have the people to
18 do it, and we need to have vehicles on
19 the street every day. A vehicle in the
20 shop or a vehicle in a parking lot is not
21 helping the City of Philadelphia, the
22 Police or Fire do their job, and that's a
23 decision that we have to make every day.
24 Our supervisors when they come in in the
25 morning, they look at the down count, how

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2 many vehicles they have. We need
3 vehicles on the street every day.

4 COUNCILWOMAN BLACKWELL: So why
5 can't we make these people City
6 employees? Why can't we hire people
7 to -- I'm glad we use companies in the
8 City. That's the next best thing to
9 using the City itself, but certainly we
10 are concerned that we hire people to take
11 care of us who are City workers. Why
12 can't we do that? And we're also
13 concerned about the discrepancy and the
14 disparity in salaries between folks who
15 work and folks who don't between the
16 exempt employees, union employees. All
17 employees don't -- we're concerned about
18 the discrepancy in what they're paid as
19 well. It seems unfair that you have to
20 check behind somebody and you're not
21 making the money that they're making as
22 well. So there are other discrepancies
23 as well.

24 MR. WILSON: Madam President,
25 Dave Wilson, First Deputy Managing

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2 Director.

3 Councilwoman, the concerns that
4 Mr. Muller has raised have been -- are
5 issues that we've been dealing with for
6 some time, and, quite frankly, we're not
7 aware of -- to get to your position,
8 we're not necessarily aware of the
9 difference or any discrepancies in what
10 the compensation is for those contractors
11 and things like that.

12 So what I would ask is that you
13 give us an opportunity to look at the
14 information that Mr. Fragale has put in
15 front of us to do a much more in-depth
16 analysis of what it is that they're
17 proposing relative to what we contract
18 out.

19 One of the things why we do
20 contract a large amount of our auto body
21 work is that in 2006-2007, there was a
22 layoff relative or due to a budget issue,
23 and there was also an issue relative to
24 us having the adequate facilities to do
25 body work. Our body shop at 11th and

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2 Reed is in a residential area, which
3 prohibits us from doing any type of
4 spraying or any type of painting. So
5 there are a couple of issues that come up
6 relative to our body shop, as well as
7 some of the other things that we do
8 relative to our contracted-out repairs.

9 COUNCILWOMAN BLACKWELL: Well,
10 we would like to -- and the President can
11 speak to this better than I. We're happy
12 to allow you the time you need, as long
13 as we know before we have to pass the
14 budget. But it seems to me when we meet
15 with Public Property and others and they
16 talk about selling off surplus property
17 and all of that, I don't understand why
18 Fleet Management can't get what it needs,
19 and why then if you're saying it's not a
20 discrepancy on pay but we -- and you can
21 check that out and find out that
22 different people are paid differently.
23 That will take care of itself in your
24 investigation. But I don't understand
25 why Fleet Management can't get what it

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2 needs, because we know the great need and
3 it is a need that won't go away.

4 So I don't understand. I don't
5 know why we -- certainly I'm sure that
6 Council would support your getting the
7 space you need to do painting or whatever
8 else is required. So we would -- I'm
9 hoping that this year we can have a full
10 enough discussion to explore these issues
11 so that all of us are satisfied that
12 people are being paid properly or fairly
13 and that men have the equipment they
14 need, the space they need to do it, and
15 we're doing all that we can to hire
16 within the City during this harsh
17 employment time, but that we're doing all
18 we can to make sure that all can handle
19 the job that needs to be done. We're
20 always for hiring. I'm sure all
21 Councilpeople would agree. They're
22 always for hiring people to get the job
23 done as opposed to privatization.

24 But we'll look forward, and the
25 President knows better our timeframe.

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2 We're worried about -- we would like to
3 have all of this resolved before we pass
4 out the budget.

5 MR. WILSON: Again, we will
6 look at the report that Mr. Fragale has
7 put forth here. We will pull all our
8 data and do analysis and get that back to
9 the Chair.

10 COUNCILWOMAN BLACKWELL: Thank
11 you.

12 Thank you.

13 COUNCIL PRESIDENT VERNA: Thank
14 you.

15 The Chair recognizes Councilman
16 Green.

17 COUNCILMAN GREEN: Thank you.

18 I just really have a simple
19 question. Is there a cost-benefit
20 analysis that the department has done to
21 demonstrate that the outside contracts
22 mentioned are less expensive than the
23 work otherwise being done by department
24 employees?

25 MR. WILSON: There has not been

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2 one. I know that that's part of some of
3 the things that we are looking at right
4 now based on the legislation that had
5 come out earlier with --

6 COUNCILMAN GREEN: So explain
7 to me very simply why you would make a
8 decision to contract something out
9 without knowing that it's going to be
10 less expensive.

11 MR. WILSON: Councilman, the
12 decision to contract out was based on a
13 lack of manpower. It was a necessity.

14 COUNCILMAN GREEN: Well, why
15 not just hire more people, do a list and
16 hire people?

17 MR. WILSON: Well, because
18 the -- it was a decision made in the past
19 Administration to reduce that workforce.

20 COUNCILMAN GREEN: Past
21 Administrations, but it's three years and
22 four months into this Administration.
23 It's a little late to be blaming past
24 Administrations for lack of tests and
25 lack of police --

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2 MR. WILSON: No. It's not an
3 issue of a lack of a test, Councilman.
4 It was an issue that the workforce was
5 reduced, at which point we sought an
6 alternative way in which to fill the need
7 to get work done.

8 COUNCILMAN GREEN: Well, why
9 not just hire more people?

10 MR. WILSON: That could be --
11 when we do the analysis and we come to
12 that determination --

13 COUNCILMAN GREEN: Don't you
14 think we should have an analysis so we
15 can understand whether or not it's more
16 or less expensive to do things the way we
17 used to do them or the way we're doing
18 them now?

19 (Witness approached witness
20 table.)

21 MS. RHYNHART: Councilman
22 Green, Rebecca Rhynhart, Budget Director.

23 I think what Dave was trying to
24 say was that when the decision was made
25 in '06 and '07 -- and I wasn't here at

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2 that point -- that it would be
3 advantageous from a financial point of
4 view to contract out, my understanding is
5 that certain facilities were also
6 reduced. So there are certain
7 infrastructure that would need to be --
8 that we've gotten rid of, so that we've
9 downsized overall. It's something --
10 could we look at that? I think that Dave
11 said that he could look at the testimony
12 that was presented, but that -- and that
13 we could get back to Council really
14 quickly on that, but I think that overall
15 that it seems like the decision was made
16 and that the analysis when that decision
17 was made, there were also impacts in
18 terms of facilities on that that would
19 actually cost a good amount of funding to
20 ramp back up. But, again, I think it's
21 something we can -- we'll get back to you
22 on.

23 COUNCILMAN GREEN: So you don't
24 know, Ms. Rhyhart, as you're testifying
25 here today whether or not we have the

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2 facilities necessary to do the work?

3 MS. RHYNHART: We don't have
4 the facilities necessary to hire. That's
5 my understanding.

6 COUNCILMAN GREEN: My
7 understanding is, there are empty bays in
8 the facility we have every day.

9 MR. WILSON: Councilman, there
10 is the issue whether or not of being able
11 to paint and have the noxious fumes and
12 everything that's related to painting a
13 vehicle occur there at that facility.
14 Because it's in a neighborhood or in a
15 residential area, there is -- we're not
16 allowed to do that work there.

17 COUNCILMAN GREEN: Not just
18 paint bays, but automotive bays, bays
19 where other work is being done, et
20 cetera.

21 MR. WILSON: I believe the
22 concern that Mr. Fragale has outlined
23 here -- and, again, I just received
24 this -- I believe it was stressing the
25 issue of body technicians, auto body

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2 technicians.

3 COUNCILMAN GREEN: Well, it's
4 everything - general repairs; auto
5 collision and light repairs; emergency
6 tire repairs; janitorial services.
7 General repairs is not auto body.
8 Engine/transmission repairs; steel rim
9 wheel clean/paint; upholstery services;
10 welding services; towing; refabrication,
11 retrofit and installation of safety
12 equipment on City vehicles. It's
13 everything. It adds up to \$2.6 million a
14 year.

15 MR. WILSON: Right.

16 MS. RHYNHART: I think in terms
17 of the numbers, we just received them.
18 We would like to look at those to get
19 back to you on that to have a more
20 educated conversation in terms of it. We
21 just received the numbers that we got.

22 COUNCILMAN GREEN: It's really
23 a simple question. Is it more or less
24 expensive to do it the way we're doing?

25 MS. RHYNHART: Well, at this

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2 point, since the decision was made in '06
3 or '07, there would be significant cost
4 in order to ramp back up, but I can't
5 tell you the exact cost without going
6 back and looking at it, which is what
7 we'll do.

8 COUNCILMAN GREEN: Okay. I
9 appreciate that and I look forward to
10 getting information back. Thank you.

11 MR. FRAGALE: Could I speak for
12 a minute, sir?

13 COUNCILMAN GREEN: Yes, please.

14 MR. FRAGALE: In about
15 somewhere between the years of 1997 and
16 1999, we had 572 people total in our
17 department. I think total people in our
18 department now is less than 330. About
19 200 of those people that were lost are
20 technicians. We still have the same
21 amount of shops. I guarantee you that we
22 have empty work bays. I guarantee you a
23 blind person could walk into our shops
24 and find empty work bays.

25 I'm going to tell you that our

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2 auto body shop at 11th and Reed, we had
3 34 people working there on two shifts.
4 We now have 11 people working on one
5 shift. We have plenty of room to bring
6 body work back into our system. I mean,
7 any work that's done, we have room to
8 bring back into our system.

9 You know, anybody can come with
10 me at any time and I'll show you empty
11 work bays in the Office of Fleet
12 Management.

13 COUNCILMAN GREEN: Thank you.

14 COUNCIL PRESIDENT VERNA: The
15 Chair --

16 MR. FRAGALE: This is Aaron
17 Holliday, my President of Local 1927.

18 COUNCIL PRESIDENT VERNA: Oh,
19 I'm sorry. Did you want to be
20 recognized?

21 MR. HOLLIDAY: Good morning.

22 COUNCIL PRESIDENT VERNA:
23 Kindly identify yourself for the record.

24 MR. HOLLIDAY: My name is Aaron
25 Holliday. I'm President of Local 1927.

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2 Good morning, members of Council,
3 Councilman Green.

4 First off, to the department's
5 defense, I believe they would agree with
6 us they would love to bring the staffing
7 levels where they should be. The issue
8 initially was layoffs, but through the
9 years, it became less layoffs and either
10 whether it's through attrition, transfers
11 or what-have-you, money was removed or
12 lessened in the General Fund, basically
13 forcing the department's hand.

14 Like Mr. Muller stated earlier,
15 vehicles have to get out. We understand
16 that. And if there's no money to hire
17 new people, that's basically the dilemma
18 that's faced.

19 It's not an issue of will.
20 It's an issue of practicality. If
21 there's no money there, what are they
22 supposed to do? Because basically their
23 charge is ensuring that these vehicles
24 are on the street and safe.

25 Earlier it was stated that

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2 vehicles are brought back in and checked.

3 Partially. You don't have the time to

4 put a vehicle on the lift and do a

5 point-to-point service check, because

6 that's actually counterproductive to our

7 members, who basically are assigned other

8 vehicles. You have to at some level

9 trust that people will do the right job.

10 The reason that we're arguing
11 for having people in-house, because it is

12 more effective. Privatization is not

13 new. It's always done, and initially

14 there are initial savings saying, well,

15 the people who we contract out to don't

16 pay benefits like we have to pay our

17 members, but as we've learned from

18 Wal-Mart, the citizens pay one way or

19 another. Maybe not initially, but on the

20 back end, they pay. There's nothing

21 free. There's no free ride in this

22 country.

23 What we're saying is, it's

24 helpful to us as members and it's helpful

25 to the department because it gives them

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2 greater control. They can determine the
3 type of worker they hire, the training
4 level of that worker and prioritize the
5 work that they put out. When you send it
6 out to a vendor, you're pretty much left
7 to their mercy of what they want to do
8 with that particular vehicle.

9 And, lastly, it's like this:

10 If you contract out work and it's based
11 on a particular bid and that vendor said,
12 Okay, I can make this much profit, and
13 something changes, like the cost of fuel,
14 that's going to change his bottom line.
15 What we know is, in the City our basic
16 function is to make sure that vehicle go
17 out safe, but a vendor, his primary goal
18 is to make sure he makes money. There's
19 nobody I know that gets in the business
20 to lose money. Now, if he has to cut
21 something, he's not going to cut his
22 profit margin. He's going to cut
23 somewhere else. So maybe initially he
24 had workers that were basic acceptable to
25 us, but now if he wants to cut costs,

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2 well, maybe I'll get some Lincoln grad or
3 Pep Boy rejects or what-have-you, and the
4 quality of work decreases.

5 There's one factor that every
6 single vendor, no matter what the
7 department realizes, if you don't have
8 the manpower to do the work yourself, you
9 definitely don't have the manpower to
10 watch me do the work, and that's where
11 the lack of oversight. Basically that's
12 where the inefficiencies and basically
13 increased costs come in, because of
14 duplication and having to bring stuff
15 back in and check it and so forth and so
16 on, because they realize they can slice
17 the value, because realistically, there's
18 not enough hours in the day to check
19 everything, where if it's in our shop, we
20 have supervisors and team leaders that
21 basically monitor the work along the way.
22 When it goes out to a vendor, we don't
23 know it until it gets back, and some work
24 once it's covered up, you can't check it.

25 I can give you an example in

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2 our shop. We sent a job out to Pacifico
3 Ford and our team leader in the shop
4 noticed there were a couple of screws
5 missing. So he said, Let me put it on
6 the lift just to give it a further check,
7 and what he discovered was, there were
8 braces and stuff that weren't replaced
9 that were still broken, and one of the
10 rails had some epoxy put on it because it
11 was bent and spray-painted black. That
12 was like fraud. If that's one of our
13 employees and he's caught doing that,
14 he's out the door. First of all, he
15 wouldn't be caught doing that because a
16 group leader or supervisor would have
17 caught it, because these vehicles are
18 basically monitored on an hourly basis.
19 Somebody walks the floor just to see
20 where they're at and if the priority
21 changes. A group leader can say, You
22 know what, we need more EPWs on the
23 street, put Recreation Department outside
24 right now and get that in. How do you do
25 that with a vendor? Because it's his --

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2 MR. FRAGALE: That's the first
3 job that the vendor has.

4 MR. HOLLIDAY: And if they do
5 that on the very first job, they're
6 trying to make a good impression. What
7 are they telling you? You can't really
8 watch what I'm doing.

9 Basically what we're asking for
10 and of all the members of Council,
11 basically move some of the money that's
12 currently in the 200 class and put it in
13 the General Fund. Now, we're not naive.
14 We know you can't eliminate contracting
15 out, because as a tool, managers need
16 that to use it like a bleeder valve.
17 When the shop is overwhelmed with work or
18 there's basically a City emergency, they
19 can then use that. But a vendor
20 shouldn't constitute the makeup of your
21 workforce. And basically since the
22 layoffs and through attrition and stuff,
23 that's basically what our department has
24 become.

25 Like I said, I don't believe

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2 it's the department's goal to basically
3 say we're just going to privatize
4 everything, because I know for a fact
5 they don't want that. They like having
6 control over the people they hire, but
7 you basically still have to get work out.
8 So they have no recourse but to do it
9 when there's no funding in the General
10 Fund.

11 COUNCIL PRESIDENT Verna: Thank
12 you.

13 MR. Holliday: Thank you for
14 your time.

15 COUNCIL PRESIDENT Verna: The
16 Chair recognizes Councilman Greenlee.

17 COUNCILMAN GREENLEE: Thank
18 you, Madam President.

19 Just quickly, because my
20 questions were kind of along the same
21 line that Councilman Green asked, but
22 maybe of the Administration, I don't
23 know, Rebecca or Dave or whoever. I know
24 the decisions originally were made in a
25 previous Administration, but I guess my

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2 question is, do you have the study that
3 first showed that -- it must be around
4 somewhere -- that it was to the cost
5 benefit to contract out? And then I
6 guess a follow-up, has there been
7 monitoring of those numbers, if you will,
8 to show that that's still successful or
9 still beneficial financially, I guess I
10 would say?

11 MR. WILSON: Councilman, I
12 don't know what the study was back prior.
13 I do know, I mean, basically from some
14 information that we have right now, based
15 on the number of employees that we had in
16 the late '90s, in 1999, going to lough
17 (ph), that we have -- are more efficient
18 with less employees relative to how we
19 use the contracted firms than we were
20 back in 1999. I guess the case in point
21 is in 1999, we had 451 employees and our
22 contracted -- our Class 200 contracted
23 amount was about \$4.5 million. Looking
24 at 2010 -- or I'm sorry; 2009 with 300
25 employees, our contracted Class 200 piece

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2 is just about \$4 million. So there is an
3 efficiency with -- again, and that's just
4 off the paper and not doing any type of
5 in-depth analysis on that type of the
6 efficiency measure there.

7 COUNCILMAN GREENLEE: I guess
8 what I'm getting at, does the
9 Administration -- and this Administration
10 has obviously been in three years now --
11 look at those numbers to see if they're
12 still -- because as was stated,
13 oftentimes contracting out, the numbers
14 work in the beginning, but as time goes
15 on, they might not. I'm just trying to
16 see is there sort of a consistent
17 monitoring, I guess.

18 MR. WILSON: There hasn't been
19 a consistent monitoring that I know of,
20 and, again, I think it's part of -- it's
21 not that -- should we? Yes. And we can
22 do that. But I guess in part is that
23 it's not that we are constantly looking
24 to go out and move more of our operation
25 or more of our business outside. We

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2 value our employees. We value the folks
3 that are on the floor. They're the ones
4 that do the job. They're the ones that
5 are the magicians in a lot of cases. So
6 we value our employees. We look at them
7 as partners in this process, and, again,
8 the contracting out is just a part of our
9 business.

10 COUNCILMAN GREENLEE: I
11 understand, but it goes back and the
12 whole cost-benefit analysis thing. I
13 know that's not just with this department
14 but all over, but it seems like there
15 should be some justification --

16 MR. WILSON: And you're right.

17 COUNCILMAN GREENLEE: -- like
18 there is of all money.

19 MR. WILSON: Absolutely.

20 COUNCILMAN GREENLEE: Is it
21 justified to keep -- maybe the
22 contracting out isn't the most economical
23 way now. Maybe hiring City employees.
24 Even besides the fact that they are City
25 residents and all like that, as

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2 Mr. Fragale said, I think we have to look
3 does it save money. And I know you
4 haven't looked at this yet, but it seems
5 like his analysis, the Union's analysis,
6 shows that it very well could.

7 MR. WILSON: And we most
8 certainly will look at that.

9 COUNCILMAN GREENLEE: Okay.
10 Thank you.

11 Thank you, Madam President.

12 COUNCIL PRESIDENT Verna:
13 You're welcome.

14 Are there any other questions
15 from members of the Committee?

16 (No response.)

17 COUNCIL PRESIDENT Verna:
18 Seeing none, thank you, gentlemen. We
19 appreciate your coming in.

20 MR. FRAGALE: I really want to
21 thank all members of City Council for
22 this great opportunity of letting the
23 Union's voice be heard.

24 COUNCIL PRESIDENT Verna:
25 You're welcome, sir.

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2 This Committee of the Whole
3 will stand in recess until Tuesday, May
4 24th at 10:00 a.m.

5 Thank you.

6 (Committee of the Whole
7 recessed at 11:30 a.m.)

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1
2 CERTIFICATE

3 I HEREBY CERTIFY that the
4 proceedings, evidence and objections are
5 contained fully and accurately in the
6 stenographic notes taken by me upon the
7 foregoing matter on May 19, 2011, and that
8 this is a true and correct transcript of same.

9
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11
12
13 -----
14 MICHELE L. MURPHY
15 RPR-Notary Public
16
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