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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON LAW AND GOVERNMENT

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Room 696, City Hall
Philadelphia, Pennsylvania
Wednesday, November 19, 2003
6:50 p.m.

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BILL 030562 - An Ordinance amending Title 20
of the Philadelphia Code, entitle "Campaign
Contributions and Expenditures..."

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BILL 030710 - An Ordinance amending Title
20-600 of The Philadelphia Code entitled
"Standards of Conduct and Ethics"...

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PRESENT:

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COUNCILMAN DAVID COHEN, Chair
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN W. WILSON GOODE
COUNCILMAN JAMES KENNEY
COUNCILMAN RICHARD MARIANO
COUNCILMAN MICHAEL NUTTER
COUNCILMAN ANGEL ORTIZ
COUNCILMAN FRANK RIZZO

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2 COUNCILMAN COHEN: The Committee on
3 Law and Government is now in session. I will
4 ask the clerk to read the bills.

5 THE CLERK: Bill No. 030562, an
6 ordinance amending Title 20 of the
7 Philadelphia Code, entitled "Officers and
8 Employees," by adding a new Chapter entitled
9 "Campaign Contributions and Expenditures,"
10 under certain terms and conditions.

11 Bill No. 030710, an ordinance
12 amending Chapter 20-600 of the Philadelphia
13 Code entitled "Standards of Conduct and
14 Ethics" to limit the receipt of contributions
15 by elected City officers or candidates for
16 City offices from individuals or businesses
17 who are applicants for, or recipients of, City
18 contracts or financial assistance, if they
19 have made political contributions within
20 certain timeframes to elected City officers or
21 candidates for City offices, and prohibiting
22 any individuals or businesses from receiving
23 City contracts or financial assistance if they
24 have made contributions to elected City
25 officers or candidates for City offices, all

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2 under certain terms and conditions.

3 COUNCILMAN COHEN: Thank you very
4 much.

5 Unless there are objections, we're
6 going to consider both bills at the same time.
7 It is the Chairman's conclusion that the bills
8 do not necessarily conflict with each other.
9 Therefore, I see no problem in maintaining one
10 hearing for the two bills. There will, of
11 course, be a separate vote on each bill.

12 Now, the first bill was No. 030562,
13 and that was introduced by Councilman Goode.

14 I'm going to ask each sponsor to
15 summarize briefly the purpose of the bill and
16 then we will call the witnesses.

17 If everybody cooperates, I think we
18 can cover the territory fairly responsibly and
19 fairly quickly.

20 Councilman Goode.

21 COUNCILMAN GOODE: Thank you, Mr.
22 Chairman. I will actually go over the bill as
23 originally proposed and the amendments that
24 are also being proposed. Amendments have been
25 circulated to the Committee.

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2 This is a bill that actually amends
3 Title 20 of the Philadelphia Code by adding a
4 section that deals specifically with campaign
5 contributions and expenditures. There are
6 several definitions in it, including the
7 definition of "Election Reform Board" which
8 will be established as a nonpartisan,
9 non-governmental entity that will execute and
10 monitor voluntary contracts for campaign
11 expenditure limitations and will include
12 representation of League of Women Voters in
13 Philadelphia and the Committee of 70.

14 With regard to campaign contribution
15 limitations, this bill would limit individual
16 contributions to \$1,000 per person, per
17 covered election, per candidate, per year. It
18 would also limit political Committee
19 contributions to \$5,000 per candidate, per
20 person, per covered election per year. It
21 would also, in non-covered election years,
22 limit aggregate contributions from political
23 committees to \$250,000 for mayoral candidates
24 and to \$50,000 for council candidates.

25 Lastly, there are provisions in it

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2 that say that for candidates, they have to
3 have one bank account and one campaign
4 committee for their office that they are
5 seeking.

6 Beyond that, there are provisions
7 for voluntary limitations on expenditures.
8 They will be done through contract or
9 agreement with the Election Reform Board to be
10 created.

11 In addition to that, the agreement
12 would also contain a provision that the
13 candidates submit to the Election Reform Board
14 their contributions and expenditures to be
15 posted on a website to be developed by the
16 Election Reform Board.

17 And that's the nuts and bolts of the
18 bill. Thank you, Mr. Chairman.

19 COUNCILMAN COHEN: Thank you very
20 much, Councilman Goode.

21 Before Councilman Kenney gets
22 started, let me note the presence of a quorum
23 consisting of to my right Councilman Frank
24 Rizzo. I am David Cohen, Chairman of the
25 Committee. Next to me is Councilman Angel

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2 Ortiz. And to his left his Councilman Wilson
3 Goode. In back of him is Councilman Jim
4 Kenney. And I see Councilwoman Blackwell and
5 Councilman Mariano and Councilman Nutter.
6 That covers a very substantial part of the
7 total membership of the Committee and is
8 clearly a quorum.

9 Councilman Kenney, may we ask you to
10 give a brief summary of your bill?

11 COUNCILMAN KENNEY: Thank you, Mr.
12 Chairman. I also thank you for allowing me to
13 speak. I am not a member of the Committee,
14 but I do appreciate the courtesy allowing me
15 to explain my bill.

16 First, I'd also like to also commend
17 Councilman Goode as a Member of the Committee
18 for his efforts in addressing campaign finance
19 reform. I think it's an issue that,
20 obviously, has been on the minds of many
21 people in the City. And I think that all
22 efforts to bring as much light as possible to
23 this process and to change the way we do
24 business in the City is laudable, and I expect
25 to vote for Councilman Goode's bill when it

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2 reaches the floor and would like my bill to be
3 on the floor also so we can have a continued
4 discussion about that, about the way in which
5 we do business in the City.

6 My bill basically concentrates more
7 on the issue of contractors, people who do
8 business with the City who have received
9 no-bid contracts or professional service
10 contracts with the City.

11 Initially, my bill was introduced to
12 prohibit any campaign contributions coming
13 from any principals in law firms or other
14 businesses that do business with the City.
15 But I, since then, had input from the Law
16 Department and some other individuals on
17 Council tech staff and have decided to amend
18 the bill and have amendments circulated to
19 Members of the Committee and model this more
20 on the Chicago model which would limit
21 contributions from principals who have
22 contracts with the City to a thousand dollars.
23 And that also includes individuals who are
24 employees of the company whose contributions
25 are reimbursed by the company.

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2 Certainly, we don't want to stop any
3 employee from contributing to any elected
4 official or candidate, but when that
5 contribution is reimbursed by the company, we
6 think that should be disallowed.

7 Additionally, spouses, members of
8 the immediate family of people who have
9 contracts with the City would also be limited
10 to a thousand dollars.

11 Let me read some for you.

12 "Eligibility for contracts and financial
13 assistance. A, if an individual or a member
14 of such individual's immediate family or life
15 partner, as defined in 9-1106 of the
16 Philadelphia Code, of such individual makes a
17 contribution in excess of a thousand dollars
18 in the aggregate during a calendar year to a
19 candidate for elected office, then the term of
20 that office to which any candidate is elected,
21 the individual should not be eligible to apply
22 for or been awarded any non-competitively bid
23 City or City-related agency contract in excess
24 of \$10,000, or to renew any such contract, nor
25 shall said individual be eligible to be a

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2 subcontractor of any of the aforementioned
3 contracts."

4 Additionally, the individual shall
5 not be eligible to apply for or to receive any
6 financial assistance in excess of \$50,000.
7 That includes items like TIFs and other
8 abatements that we have offered to companies
9 in the past.

10 There are also a number of other
11 issues that I will not -- Members of the
12 Committee have the ability to read this
13 clearly. It's a five-page bill.

14 One of the major changes, however,
15 in this bill at the suggestion of the Law
16 Department was that initially we were holding
17 the elected officials and candidates
18 responsible for knowing whether or not an
19 individual had a contract with the City before
20 accepting the campaign contribute. The Law
21 Department, and I agree, thought that was a
22 difficult standard. So now that has been
23 removed and the burden is now on the
24 individual contractor not to make those
25 contributions. So that was one of the major

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2 changes that the Law Department had asked for.

3 And as the course of the testimony
4 goes on, I'm sure myself and Councilmember
5 Goode will be willing to answer any questions
6 that arise.

7 Thank you, Mr. Chairman.

8 COUNCILMAN COHEN: I'm going to the
9 call the witnesses. And when I call you,
10 identify yourself as being in support or
11 opposed to either or both bills. You can
12 identify the bills by number or you can
13 identify the bills by name of the sponsor.
14 Either way will be clear. Or you can speak in
15 favor of both bills or you can speak opposed
16 to both bills. We want to hear your point of
17 view and any questions you may have.

18 The first two witnesses will be
19 Kelly Green of the Institute of Civic Values
20 and Kevin Williams of Common Cause.

21 Will the two please approach the
22 witness stand?

23 And Kelly Green, will you begin?
24 And I'm going to ask, in view of the hour,
25 that you try to limit your statements to brief

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2 statements.

3 MS. GREEN: I will try. Although,
4 you know I work with Ed Schwartz with the
5 Institute, I'll still keep my comments brief.

6 COUNCILMAN COHEN: And you're also
7 representing the League of Women Voters.

8 MS. GREEN: I'm actually not here to
9 represent the Institute; I'm here to represent
10 the League of Women Voters.

11 Good evening, gentlemen. The League
12 of Women Voters supports both bills as steps
13 towards campaign finance reform and election
14 reform in Philadelphia.

15 With regard to Bill No. 030562 we
16 are pleased to have the opportunity to meet
17 with Councilman Goode to provide him with our
18 feedback prior to this hearing. We are
19 especially pleased that our recommendation to
20 create an independent nonpartisan Campaign
21 Finance Review Board was added as an amendment
22 to the bill.

23 This Board will be the body that
24 executes and monitors the voluntary campaign
25 expenditure limit agreements. Candidates will

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2 report their contributions, and if they sign
3 the agreement, their expenditures to the
4 Campaign Finance Review Board, the League of
5 Women Voters have always believed in full
6 public disclosure of campaign contributions
7 and we believe the Campaign Finance Review
8 Board is the right choice to monitor these
9 records and make them available to the public
10 via posting it on the City's website.

11 We also testify today in support of
12 Councilman Kenney's standards of conduct and
13 ethics, Bill No. 030710, as a step towards
14 campaign finance reform and an approach
15 towards eliminating the pay-to-play system in
16 Philadelphia.

17 Across the country voters are crying
18 out for reforms that will reduce special
19 interest influence and the government
20 decision-making while opening the political
21 process to ordinary citizens.

22 The current system stifles
23 competition and scares away potential
24 businesses, including women and minority
25 businesses in favor of those who are connected

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2 by the political contributions.

3 Unfortunately, because we currently
4 have no campaign finance reform law,
5 Philadelphians are witnessing the worst case
6 scenario of the pay-to-play system. A federal
7 investigation into contracts allegedly awarded
8 as a thank you for campaign contributions. By
9 working towards eliminating the pay-to-play
10 system, we will restore public confidence in
11 government as an instrument of all people by
12 all people and for all people.

13 In supporting both of these
14 legislative initiatives, the League of Women
15 Voters believes that campaign finance reform
16 will improve the methods of financing
17 political campaigns in order to ensure the
18 public's right to know, combat corruption and
19 undue influence, enable candidates to compete
20 more equitably for public office and promote
21 citizen participation in the political
22 process.

23 We call on City Council to pass a
24 resolution urging the State Legislature to
25 pass campaign finance reform. We believe in

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2 an open and representative government that
3 permits all voices to be heard so that the
4 office-holders reflect the diversity of the
5 citizens they represent.

6 COUNCILMAN COHEN: Thank you very
7 much.

8 Are there any questions of Kelly
9 Green?

10 (No response.)

11 COUNCILMAN COHEN: Seeing none,
12 before Mr. Williams begins, Councilman Goode,
13 you have amendments to offer to your bill? I
14 think it might be good to summarize the
15 amendments that Councilman Kenney has if you
16 will follow Councilman Goode so that witnesses
17 can address any questions in the amendments as
18 well?

19 COUNCILMAN GOODE: Those amendments
20 were circulated, they were contained in my
21 opening comments, but I will separate what is
22 new.

23 What's new is the creation of
24 Election Reform Board at the request of the
25 League of Women Voters.

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2 What is also new is that it is not
3 constitutional to do aggregate limits on
4 contributions in non-covered election years,
5 so instead what is constitutional is to do
6 aggregate contribution limits from political
7 committees. So it does contain aggregate
8 limits from what candidates can take from
9 political committees \$250,000 for mayoral
10 candidates and \$50,000 for City Council
11 candidates in non-covered election years.

12 And lastly, it is just in line with
13 the creation of Election Reform Board. It
14 says that the voluntary expenditures would be
15 done with that board and that there's a
16 further agreement that candidates would give
17 their contributions and expenditure
18 information to the Election Reform Board to be
19 posed on the website to be developed by the
20 Election Reform Board.

21 COUNCILMAN COHEN: Thank you very
22 much, Councilman Goode.

23 Councilman Kenney, do you want to
24 state whatever amendments you may have to your
25 bills.

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2 COUNCILMAN KENNEY: I may take the
3 opportunity to explain the amendments, but
4 formally, Councilman Nutter, as a member of
5 the Committee, will be offering them on my
6 behalf.

7 Councilman, did you have something
8 you want to say before --

9 COUNCILMAN NUTTER: I actually
10 wanted to query for one second, because I did
11 notice that in the amendments and on
12 Councilman Goode's bill, and I think he did
13 explain it, which seemed to be some
14 prohibition on total aggregate amount and so
15 you made the distinction between the political
16 committees, and I just made a real quick note
17 to myself when I'm looking on your amendment
18 sheet. So under 20-802, No. 3, small "I" and
19 small double "I," I'm taking that to mean
20 while there is a cap on the total amount in a
21 non-election year for how much a candidate
22 could receive in political committee
23 contributions, there would then be no limit on
24 what you could receive from individuals?

25 COUNCILMAN GOODE: That is correct.

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2 Doing both would be unconstitutional. Doing
3 both, a total aggregate contribution limit
4 would be --

5 COUNCILMAN NUTTER: And then the
6 individuals naturally are capped because of
7 other provisions of the bill at what they can
8 contribute at any time?

9 COUNCILMAN GOODE: That is correct.
10 Political committees are still capped at the
11 limit of 5,000 within that aggregate total.

12 COUNCILMAN NUTTER: Right. Okay.
13 Thank you.

14 Thank you, Mr. Chairman.

15 COUNCILMAN COHEN: Thank you.

16 Ms. Green, since you didn't have an
17 opportunity to comment, you may comment on the
18 amendments if you choose to or accept them.

19 The amendments will actually be
20 offered during the public meeting of the
21 Committee when the vote is taken. So you can
22 consider these amendments -- although they
23 have not yet been adopted, they undoubtedly
24 would be adopted. So you may discuss them,
25 oppose them or support them or find that they

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2 are of no concern to you.

3 MS. GREEN: We'll discuss them among
4 the board at our next board meeting, which is
5 next week.

6 COUNCILMAN COHEN: Thank you.
7 Councilman Kenney..

8 COUNCILMAN KENNEY: Did you want me
9 to do the amendments now, to explain mine now?

10 COUNCILMAN COHEN: Yes. Go ahead.

11 COUNCILMAN KENNEY: Thank you very
12 much.

13 There's basically five areas that
14 have experienced amendment. The first, as I
15 said earlier, was the onus is not on the
16 individual elected official or candidate to
17 monitor who has City contracts or not, it is
18 on the contractor who know that they have City
19 work or going after City work and they need to
20 limit themselves.

21 The other change, we're going from
22 zero dollars to a thousand dollars per
23 contractor.

24 The third area is an issue dealing
25 with packs. Let me read the section. "For

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2 purposes of this section a contribution in
3 excess of \$1,000 in the aggregate during a
4 calendar year to any political Committee which
5 during the calendar year in which the
6 contribution is made itself, makes
7 contributions or give financial support in
8 excess of 50 percent of the Committee's total
9 receipts for that calendar year to a
10 particular candidate for elected office shall
11 be considered a contribution to such
12 candidate."

13 This is an effort to -- and again,
14 this is still open for amendment as we move
15 forward to consideration on the calendar. But
16 this is an effort to limit the ability of
17 packs to collect money individually from
18 people and businesses and then to distribute
19 that money to a particular candidate. So if a
20 pack is established to collect or bundle
21 checks, bundle contributions and more than 50
22 percent of that pack's contribution a
23 particular year is to one candidate, then that
24 pack would be considered -- I'm sorry. It
25 would not be eligible to receive that money.

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2 Or that the people contributing to that pack
3 would not be eligible for City contract if
4 more than 50 percent of that one individual
5 pack goes to one candidate for either Mayor or
6 City Council or any other City office.

7 And then finally, we changed --
8 because of the concern over a large company,
9 say, like IBM who had an employee that made a
10 contribution, there would be no way to track
11 that, so we limited that to -- we took away
12 "any employee" and made it "officers,
13 directors or partners" of a company are only
14 allowed to give a thousand dollars. But any
15 reimbursable contribution from another
16 employee would also be considered to trigger
17 the prohibition.

18 For example, if someone's secretary
19 gave a thousand dollars to a particular
20 candidate and that thousand dollars was
21 reimbursed by the company, then that would be
22 considered a contribution that would trigger
23 the prohibition on contracting.

24 COUNCILMAN COHEN: Councilman
25 Kenney, do you have a general conclusion -- do

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2 you agree or disagree with the
3 characterization of your bill by the press
4 generally, that it's aimed at the pay-to-play
5 concept?

6 COUNCILMAN KENNEY: I agree. I
7 think Councilmember Goode's bill addresses
8 campaign finance reform in a very general and
9 good way. And I think that this bill
10 specifically targets the issue of pay-to-play.
11 I do agree with that characterization and the
12 difference in the two bills.

13 COUNCILMAN COHEN: Councilman Goode,
14 did you want to add anything to that or
15 disagree with the general characterization of
16 the two bills?

17 COUNCILMAN GOODE: These two bills
18 amend different sections of the Code. They
19 can mutually exist. While they are connected,
20 I believe in the spirit of what happens in the
21 course of elections and it's appropriate that
22 they are heard at the same time and the
23 testimony is offered at the same time. They
24 can coexist and are in no way mutually
25 exclusive.

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2 COUNCILMAN COHEN: Thank you very
3 much.

4 Ms. Green, any comment? If not, Mr.
5 Williams your statement and comments.

6 MR. WILLIAMS: Thank you. Thank you
7 for giving me the opportunity to testify in
8 favor of Councilman Kenney's bill.

9 I'm representing Common Cause PA, a
10 citizens group that works for clean and open
11 government.

12 With regarding Councilman Goode's
13 bill, Common Cause supports contribution
14 expenditure limits, but we have not had the
15 chance to review your bill.

16 Councilman Kenney's bill is an
17 essential first step towards restoring public
18 confidence in city government. The
19 environment in city government right now with
20 pay-to-play receiving so much attention
21 requires direct action like this bill.
22 Government contracts should not be bought
23 through campaign contributions nor should
24 there be appearance that City contracts are
25 for sale nor should there been the perception

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2 that to obtain a City contract you must make a
3 political contribution.

4 City contracts should not be a
5 device to launder public funds into the war
6 chests of political incumbents. Failure to
7 pass an ordinance correcting this problem
8 would be a mistake because it would send the
9 wrong message to voters, public officials,
10 businesses, contractors tourists and others
11 that pay-to-play is the way that Philadelphia
12 does business. It's a drain on City business
13 and City life.

14 Mayor Street finally came out and
15 said what everyone has known for years:
16 Campaign supporters have, quote, a greater
17 chance of getting business, end quote, from
18 the City. Now more than ever with a federal
19 probe investigating City corruption, we need
20 legislation to deal with pay-to-play. What a
21 coincidence that just prior to these hearings,
22 a developer that gave almost a half million
23 dollars to the Mayor's campaign was asking for
24 a \$5 million tax abatement. That's a great
25 return.

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2 Mayor Street did not invent this
3 system. He is hardly the first Mayor to be
4 aware of it, nor has the problem been limited
5 to Philadelphia. But it is certainly
6 unacceptable to allow pay-to-play to continue
7 here. Statutes limiting or banning
8 pay-to-play are now a normal part of
9 government on the federal, state and municipal
10 levels. According to the Brennan Center at
11 the New York University School of Law, federal
12 efforts to regulate pay-to-play date at least
13 as far back as the 1940s.

14 In 1994, the Securities and Exchange
15 Commission approved Rule G-36 which bans
16 dealers, brokers, municipal securities dealers
17 and their packs from making campaign
18 contributions to issuer officials from two
19 years before through the termination of the
20 securities contract. The rule also includes
21 disclosure requirements. Importantly, the
22 rule was challenged in court and was upheld.

23 On the state level, all states ban
24 bribery. A number of states such as South
25 Carolina, West Virginia, Hawaii, and

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2 Pennsylvania's neighbor Ohio have added
3 explicit restrictions against campaign
4 contributions from individuals or entities
5 before and during a government contract.
6 Philadelphia's neighbor, New Jersey, may soon
7 enact similar law. New Jersey is particularly
8 relevant to this bill because 10 towns in New
9 Jersey have already adopted their own
10 pay-to-play restrictions. In other words,
11 local governments nearby have recognized this
12 problem and they have dealt with it.
13 Councilman Kenney has already pointed out this
14 bill is modeled after a similar law in
15 Chicago.

16 Common Cause supports the adoption
17 of measures to protect government integrity
18 like this bill. We were just handed a
19 substantially revised version which we would
20 like to study. But for now, to strengthen it,
21 we recommend that the limit of \$1,000 apply in
22 the aggregate over the time period, which I
23 understand has just been done, and over each
24 business and its affiliates.

25 Second, it appears that the revised

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2 bill now covers only non-competitive
3 contracts, while we believe all City business
4 should be covered.

5 Third, we recommend tighter
6 penalties and enforcement. And this is
7 addressed more fully in my written testimony.

8 Finally, clean and open government
9 goes beyond a ban on pay-to-play. Campaign
10 finance reform in general is needed here.
11 Only 2 of the 10 largest cities in the United
12 States do not have contribution limits, and
13 Philadelphia is one of them. Several, like
14 New York City and Los Angeles, have
15 expenditure limits and public financing.

16 Some members of this City Council
17 have been leaders in this area as well, and we
18 hope that you will continue your efforts and
19 that we can assist you. Thank you for your
20 attention.

21 COUNCILMAN COHEN: Thank you very
22 much.

23 Any questions?

24 If not, the Chair --

25 COUNCILMAN ORTIZ: Yes.

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2 COUNCILMAN COHEN: Yes, Councilman
3 Ortiz.

4 COUNCILMAN ORTIZ: One of the
5 crucial things -- and I was just reading a
6 case in New York in fact where the Majority
7 Leader of City Council, I think it is, Joe
8 Rivera, was just fined by the Board in terms
9 of not reporting certain of the contributions
10 and he was being penalized quite a hefty sum
11 as a fine. And it seems to be that unless you
12 have a Board that can exact some sort of
13 penalty, compliance then is really -- is like
14 George Bush asking the oil companies to
15 regulate themselves and fix the environment.

16 So it's troubling. You need to have
17 a mechanism in which once you put forward a
18 limitation on spending, that if anybody
19 violates that, there is a process and a fine
20 procedure in which people can be held
21 accountable. And we don't have that here
22 because it's totally voluntary, and I think
23 that's one of the flaws that we have in both
24 bills in terms of that. But a step at a time,
25 I would imagine.

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2 MR. WILLIAMS: As I mentioned in my
3 written testimony we specifically asked for
4 meaningful penalties, including fines and
5 imprisonment and enforcement provisions. So I
6 completely agree with you.

7 COUNCILMAN ORTIZ: But for that we
8 need to have some sort of public financing to
9 go along with that.

10 MR. WILLIAMS: Common Cause agrees
11 with that as well.

12 COUNCILMAN ORTIZ: Thanks.

13 COUNCILMAN COHEN: Thank you. Any
14 other questions?

15 (No response.)

16 COUNCILMAN COHEN: If not,
17 Councilman Mariano has to leave and wants to
18 make a short statement indicating his vote on
19 these two bills.

20 COUNCILMAN MARIANO: Thank you,
21 Councilman. Councilman Goode's Bill is 562,
22 I'm going to vote in favor of that one, and
23 I'm going to vote against the other one, okay?

24 COUNCILMAN COHEN: Okay. You're
25 voting for the Goode bill and against the

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2 Kenney bill?

3 COUNCILMAN MARIANO: Yes. Thank
4 you.

5 COUNCILMAN COHEN: Thank you.

6 As the Chair stated before, it
7 welcomes the presence and participation of
8 former Councilman George Burrell, currently
9 the Secretary of External Affairs for Mayor
10 Street. Mr. Burrell, come forward. We're
11 happy to see you in your old home.

12 MR. BURRELL: Thank you, sir. I'm
13 among my old colleagues; I was never in this
14 home. Fortunately, I was able to be
15 downstairs. But thank you very much. It's
16 always a pleasure.

17 COUNCILMAN COHEN: Give your name.
18 I don't know whether you were here when I
19 announced generally you may refer to these
20 bills as the Goode bill and the Kenney bill or
21 by numbers, whichever way you prefer.

22 MR. BURRELL: Thank you very much,
23 Mr. Chairman.

24 COUNCILMAN COHEN: And for either,
25 against either, or for both or against both.

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2 Whatever your views are, please state them.
3 And tell us if you're speaking on behalf of
4 the City Administration.

5 MR. BURRELL: I am speaking on
6 behalf of the Administration, and I think I'm
7 probably going to break up this love fest for
8 a little period of time.

9 Good afternoon. For the record, my
10 name is George Burrell, Secretary of External
11 Affairs. And thank you for the opportunity to
12 testify on behalf of the Administration with
13 respect to Bill 030562 concerning campaign
14 finance reform, I believe that's Councilman
15 Goode's bill, and bill 030710 concerning the
16 relationship between contributions and the
17 award of City contracts, which I believe is
18 Councilman Kenney's bill.

19 As I stated in my testimony in
20 December of 2000, this Administration supports
21 comprehensive, meaningful and effective
22 campaign finance reform. It is impossible not
23 to be conscience of the cynicism in our
24 electorate about the power of money in
25 politics and the overall cost of elections.

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2 I would add, this Administration
3 also supports a critical look at our Ethics
4 Code with a view to implementing, either by
5 ordinance or executive order, reforms that
6 will strengthen our ethics laws and ensure the
7 continued integrity of city government.
8 Working together, Council and the Mayor need
9 to rise above the need for a short-term,
10 symbolic, political response and work toward
11 real reform.

12 In light of the just completed
13 campaign when the refrain of nepotism,
14 cronyism, and pay-to-play echoed endlessly
15 over the airwaves and in print, the path of
16 least resistance would be to support these
17 bills. But in defense of real and honest
18 reform, we cannot speak in favor of them
19 today. Unfortunately, they are rife with
20 unintended consequences that will do little to
21 advance the administration of government, much
22 less the public's faith in it. The bottom
23 line, these bills fall short of achieving the
24 comprehensive, effective and meaningful reform
25 that will inspire renewed public confidence.

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2 First, let me address Bill 030562,
3 which would establish campaign contribution
4 limits for candidates for Mayor or City
5 Council, cap the amount of money a candidate
6 may receive during off years, and allow a
7 candidate to pledge to limit total campaign
8 expenditures per election.

9 Earlier, I referred to unintended
10 consequences. Let me give an example.
11 Whether you supported or opposed the Vietnam
12 War, no one can deny the course of history was
13 changed by the presidential candidacy of
14 Eugene McCarthy. I was recently reminded by
15 an article in the Election Law Journal that
16 McCarthy's challenge was funded in large
17 measure by a few wealthy supporters. But
18 under the federal campaign contribution limits
19 that have since been enacted, their support
20 would have been prohibited and his voice
21 stilled.

22 In the end, that is what this
23 campaign finance reform does. It stills some
24 voices and raises the volume on others. We
25 need to be very careful when we do that.

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2 The continuing saga of campaign
3 finance reform at the federal level highlights
4 the complexity of this issue. Recognizing
5 that limits on direct contributions were
6 ineffective, Congress attempted to implement
7 new reforms through the Bipartisan Campaign
8 Reform Act of 2002, also known as
9 McCain-Feingold. Among other things, that law
10 tries to prevent the use of soft money in
11 federal elections.

12 But where there's a will, there's a
13 way, and the national parties have already
14 found away around many of the new law's
15 limitations. Both parties have dramatically
16 increased their use of state political party
17 organizations, funneling hundreds of millions
18 of dollars to support campaign activities
19 benefited federal candidates that are still
20 permitted by state law but forbidden to be
21 done directly by federal laws. Soft money
22 hasn't gone away, it has just continued to
23 evolve. More over, many of the soft money
24 prohibitions in McCain-Feingold, ineffective
25 though they may be, have been declared

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2 unconstitutional by a three-judge federal
3 panel and await review by the United States
4 Supreme Court.

5 With the existence of federal
6 campaign limits, President Bush has already
7 successfully raised more than a hundred
8 million dollars for his reelection campaign
9 and opted out of the voluntary spending cap
10 portion of the federal campaign laws.
11 Democratic presidential candidates have been
12 compelled to follow suit.

13 Campaign finance reform is not an
14 issue that can be resolved by adopting limits
15 on direct contributions to candidates, as this
16 bill seeks to do. Such limits already exist
17 at the federal level and even after
18 McCain-Feingold, we routinely witness
19 multi-million dollar campaigns in
20 Congressional and Senate elections.

21 In fact, one of the frequent
22 complaints from federal elected officials is
23 the time they spend raising money because of
24 the increasing cost of pursuing elected office
25 combined with low contribution limits. The

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2 legislation before this Committee will not
3 reduce the cost of local elections, but it
4 will increase the time spent by you and others
5 raising the money required to win election or
6 reelection.

7 If the real object is campaign
8 finance reform, then I would encourage this
9 Council to work with Republicans and Democrats
10 here and in Harrisburg, and with respected
11 political watchdogs like the Committee of 70
12 to tackle this issue in a comprehensive way.
13 Whether we like it or not, real reform must
14 originate at the state level and must address
15 soft dollars, the cost of elections and the
16 role of public financing, as well as
17 contribution limits.

18 We must also focus on how campaigns
19 can be adequately financed so that voters, in
20 fact, get the information required to make
21 informed choices. You cannot have an
22 effective campaign in today's political
23 environment without money. Without money, you
24 cannot inform voters, you cannot change minds,
25 you cannot respond to the twists and turns of

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2 an election. Not every person can go to
3 community forums or reads newspapers. Most
4 people get their information through mass
5 communication mediums and they are
6 prohibitively expensive.

7 In addition to ignoring several key
8 elements of campaign finance reform, the
9 limits in the proposed legislation are too
10 easy to circumvent. The ultimate result of
11 the bill would not level the playing field or
12 enhance public confidence, but increase the
13 importance in local elections of power brokers
14 who historically raise much more money for
15 candidates than they contribute; independent
16 political committees; state elected officials;
17 and individuals with personal wealth willing
18 to spend it to get elected. Also, the failure
19 or inability to address the issue of soft
20 dollars further strengthens the role of
21 organized parties.

22 Nothing in these bills prohibit a
23 person from contributing an unlimited amount
24 to an independent political committee with the
25 intent to influence local elections.

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2 Furthermore, the provisions do not prohibit a
3 political committee from spending millions in
4 support of a candidate or slate of candidates
5 so long as the money is spent independently of
6 the candidates and there is no contribution to
7 any candidate of more than \$5,000. And I
8 guarantee that candidates will know who gave
9 the money to the independent political
10 committees.

11 These new rules will inevitably
12 encourage the creation of so called
13 independent political committees who can spend
14 unlimited amounts of money influencing local
15 elections.

16 Why is it better for an independent
17 Committee to expend money than a candidate to
18 expend it directly? Why is it better to take
19 away from a candidate the ability to finance
20 his or her campaign directly and everyone be
21 able to know who is contributing to individual
22 candidates?

23 Even worse, this bill would be a
24 powerful incentive for candidates to evade the
25 contribution limits by collaborating with

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2 political committees that were independent in
3 appearance only. We have seen this subterfuge
4 at the federal level time and again, and it
5 only compounds the public's cynicism about the
6 electoral process.

7 The bill invites power brokers to
8 dominate the election process in Philadelphia.
9 The hard truth is that candidates will do what
10 is required to build large campaign chests.
11 By making that task harder, we increase the
12 influence of those who have the connections
13 and relationships necessary to fund-raise for
14 candidates. It encourages candidates to build
15 relationships with those individuals so that
16 they will make the calls and collect the
17 checks. I don't think that's really what
18 we're intending to try to achieve.

19 The limits contained in this bill on
20 the amounts that candidates could receive in
21 non-election years exemplifies the problem
22 with reform that is focused exclusively on the
23 local arena. Changing the rules for local
24 candidates produces an unfair advantage for
25 other elected officials who operate under no

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2 such limitations and can affect local
3 elections here.

4 The voluntary limit on campaign
5 expenditures is very difficult to understand
6 in the absence of any benefit to the
7 candidates from doing so. The \$2 million for
8 mayoral campaign essentially means that such a
9 candidate could not put his message on
10 television and mount a meaningful
11 get-out-the-vote drive, in short, could not
12 run a campaign in the modern world.

13 There is a substantial risk
14 identified by the City Solicitor that any
15 foray into campaign finance law by the City
16 could be preempted by state law, perhaps the
17 strongest argument to pursue state-wide
18 reform.

19 I recognize that other
20 municipalities are experimenting with campaign
21 finance reform. But I think it is important
22 to note that the Committee of 70, an
23 independent watchdog organization, having
24 reviewed such efforts in numerous other
25 cities, remains skeptical that contribution

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2 limits will be effective, mainly because of
3 the possibility of major increases in soft
4 money and the resulting difficulty in
5 identifying pay-to-play politics.

6 In my judgment, the key to campaign
7 finance reform is disclosure and a greater
8 commitment by mass media outlets to reduce the
9 cost to communicate with voters rather than
10 limits that have no ability to reduce the
11 influence and the importance of money in
12 politics. Campaign finance reform is an
13 extraordinarily important issue, but it is
14 ill-suited to local piecemeal change. I do
15 not believe that the cause of campaign finance
16 reform is advanced by Bill 030562. The short
17 term symbolic gesture will turn to frustration
18 with the next more expensive round of local
19 public elections.

20 I'd also like to turn for a brief
21 moment to Bill 030710, which proposes to amend
22 the City's Ethics Code.

23 The Administration emphatically
24 supports a deep, careful and genuine look at
25 how best to strengthen our City's 41-year-old

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2 ethics law and ensure the continued integrity
3 of city government. But it would be a great
4 mistake to act hastily or in a restrictive
5 way.

6 And I'm going to skip over some of
7 the testimony here because a lot of it has
8 been addressed, I think, in some of what
9 Councilman Kenney has put forward in his
10 proposed amendments. It does not change our
11 lack of support for the bills, but I think
12 it's unnecessary to read through a lot of
13 issues that have perhaps been covered. And
14 there are some issues that I think Councilman
15 Kenney has addressed here that are important
16 or appropriate and it addresses some of the
17 concerns that we had had, but we do believe
18 that the combination campaign limitations and
19 the dealing with vendors have too many ways to
20 get circumvented.

21 There is a current frenzy about
22 whether the City contracting process is
23 dominated by the awarding of contracts to
24 friends at the expense of more qualified
25 businesses. This is inaccurate, and I think

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2 most people in this room know that it is not
3 true. Outside of legal and financing
4 appointments, and the financing appointments
5 are done specific -- which are a number of the
6 no-bid contracts that people are concerned --
7 are given to people who are covered by G-37
8 and prohibited from making political
9 contributions. And yet, people still suggest
10 that those selections are made in a political
11 way. Even though they're no-bid contracts,
12 none of those people can give, under G-37,
13 more than \$250 to any candidate who can award
14 them business. Yet people still talk about
15 the influence that the underwriting community
16 has in public affairs.

17 But outside the legal and financing
18 appointments, virtually all non-bid contracts
19 are awarded based on their merits after a
20 competitive process that focuses on cost and
21 quality. None of us can deny that friends and
22 supporters of the Mayor, members of this City
23 Council, and other elected officials compete
24 for many of those contracts. What you also
25 know is that in each case, the unsuccessful

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2 competitors also consist of friends and
3 supporters of those elected officials. It is
4 naive and unfair to the integrity of the
5 people in government who make recommendations
6 and decisions that political support is the
7 deciding factor on public policy decisions. I
8 can assure you that over the last four years,
9 contracts have gone often to highly qualified
10 businesses associated with the other side of
11 the aisle. Most financial supporters of the
12 Mayor have not received the business they
13 competed for, and I can assure you that most
14 of the frustrations that those people
15 articulate show up in my office.

16 I am proud to say that one of the
17 hallmarks of this Administration's contracting
18 process has been its integrity. And nothing I
19 have heard in recent months changes that view
20 for me, nor will the Mayor success in the
21 recent election change our view that all
22 contracts be awarded to qualified vendors who
23 include significant MBE and WBE participation
24 at the lowest cost to the City.

25 In conclusion, this Administration

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2 stands ready to work with Council to evaluate
3 and develop reforms to the City's Ethics Code.
4 Bill 030710, however, we think, is not the
5 solution.

6 Thank you all very much.

7 COUNCILMAN COHEN: Thank you, Mr.
8 Burrell. I think it ought to be recorded --
9 is this the statement of the Mayor on the
10 subject?

11 MR. BURRELL: This is the statement
12 of the Administration, yes, Councilman Cohen.

13 COUNCILMAN COHEN: Thank you.

14 Questions from members?

15 Councilman Goode.

16 COUNCILMAN GOODE: Thank you, Mr.
17 Chairman.

18 Good evening, Mr. Burrell.

19 MR. BURRELL: Good evening.

20 COUNCILMAN GOODE: Let me start by
21 saying, it's obvious from your references to
22 what needs to be done at the state and federal
23 level that the Administration either refuses
24 or cannot see this within a strictly local
25 context; is that correct?

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2 MR. BURRELL: The Administration
3 does not believe that you can successfully
4 achieve campaign finance reform and take the
5 influence of money out of politics simply by
6 the passage of local legislation.

7 COUNCILMAN GOODE: You can achieve
8 perfect reform on a local level. I'm sure you
9 can achieve perfect reform, period, even on a
10 state and federal level. But are there
11 reforms that can be achieved on a local level?

12 MR. BURRELL: It is my opinion, and
13 I think the opinion of the Administration,
14 that we will not achieve reform by the
15 adoption of these bills.

16 COUNCILMAN GOODE: Perfect reform or
17 any reform?

18 MR. BURRELL: No, we won't achieve
19 reform as long as an independent political
20 committee or a state elected official or
21 someone outside of the City of Philadelphia
22 not controlled or limited by the limitations
23 controlled in this limitation can spend
24 millions of dollars to influence the outcome
25 of a Mayor's race or a Council race or any

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2 other local race, you cannot achieve reform.

3 COUNCILMAN GOODE: So briefly, yes
4 or no, there's no level of reform that can be
5 achieved through local legislation alone?

6 MR. BURRELL: You cannot achieve
7 reform by local legislation.

8 COUNCILMAN GOODE: There's no level
9 of reform that can be achieved through local
10 legislation?

11 MR. BURRELL: The public is not
12 really looking for the level -- what we have
13 seen, the federal government --

14 COUNCILMAN GOODE: I have other
15 questions. It's just whether you believe any
16 level of reform can be achieved through local
17 legislation alone?

18 MR. BURRELL: I do not believe that
19 reform can be achieved through local
20 legislation independent of state
21 participation.

22 COUNCILMAN GOODE: Since your
23 testimony of December of 2000, what have you
24 done?

25 MR. BURRELL: I get up and go to

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2 work every day.

3 COUNCILMAN GOODE: What have you
4 done on this issue?

5 MR. BURRELL: We have said -- I said
6 in December of 2000, and I'll say again today,
7 that we stand perfectly prepared to work with
8 this Council, to work with the Governor, to
9 work with the general assembly to try to
10 fashion campaign finance reform that will
11 work. But as long as the state is not
12 prepared to participate in those discussions,
13 we do not believe that you can complete that
14 process.

15 COUNCILMAN GOODE: Part of the state
16 lobbying efforts and connections
17 intergovernmentally would be made by you. My
18 question is, what are you or anyone else in
19 the Administration prepared to do that you
20 obviously didn't do since December of 2000?
21 What are you prepared to do now specifically?

22 MR. BURRELL: This Administration's
23 priorities are to improve the quality of life
24 for people in this City, to get drugs off the
25 streets, to improve neighborhoods --

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2 COUNCILMAN GOODE: So you haven't
3 done anything on this issue?

4 MR. BURRELL: We have not
5 established campaign financing reform as a No.
6 1 priority of this Administration. But we
7 have always said that we are prepared to
8 participate in real discussions about reform
9 in solving this problem.

10 COUNCILMAN GOODE: Okay. You also
11 mischaracterized my legislation as limiting
12 mayoral campaigns to \$2 million in
13 expenditures, all of that is a voluntarily
14 limit. It is actually \$2 million -- let me
15 put the question this way. How much does it
16 cost to win a Mayor's race.

17 MR. BURRELL: I don't know. Two
18 candidates just spent \$25 million to run a
19 Mayor's race in a general election. And that
20 \$25 million is almost twice as much that was
21 spent four years ago to win a general election
22 in the City of Philadelphia. I guarantee you,
23 though, that you cannot win -- and in 1999
24 John White, Dwight Evans, Happy Fernandez, all
25 spent \$2 million to run for the office of

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2 Mayor in the Democratic Primary and came
3 nowhere close to getting the percentage of the
4 vote that made them competitive.

5 COUNCILMAN GOODE: But did they lose
6 because of the money?

7 MR. BURRELL: I think if you don't
8 have the resources to communicate on
9 television, communicate by mass media, put
10 together a field operation to do an election
11 day operation, which is expensive in today's
12 politics, that, yes, they loss because they
13 didn't have the resources to do what they
14 needed to do. It wasn't simply their message,
15 they didn't have the resources to do what they
16 needed to do.

17 COUNCILMAN GOODE: Since the
18 Administration is not taking on this issue as
19 a priority or done any significant study of
20 it, is that your personal opinion in terms of
21 what it takes to win a Mayor's race? Because
22 I don't know what amount of money --

23 MR. BURRELL: In 1991 I ran for
24 Mayor. I think I know a little bit about what
25 it takes to run for Mayor in this City. I

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2 think I know a little bit about what it takes
3 to win. In 1999 I worked in the Mayor's race,
4 both in the primary and in the general
5 election. I've been involved in the politics
6 of this City, short of the period of time that
7 I worked in this Street Administration, I've
8 been involved in politics for almost 20 years.
9 I think I know a little bit about what it
10 takes to win a Mayor's race.

11 COUNCILMAN GOODE: Let me ask a
12 question. Is there an amount that it takes?

13 MR. BURRELL: Today, it took \$12
14 million for the Mayor to get reelected Mayor
15 of the City of Philadelphia. And I guarantee
16 you, he spent every one of those \$12 million.

17 COUNCILMAN GOODE: I will for the
18 sake of not even getting into that discussion
19 of how and why he won and whether money had
20 anything to do with it or the expenditure had
21 anything to do with it, I'll move on to
22 Council races and move away from the Mayor's
23 race.

24 Does your critique of the bill
25 extend beyond the Mayor's race and what it

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2 takes, the amount of money it takes to win a
3 Mayor's race to Council races? Do you believe
4 there's an amount of money that it takes to
5 win a Council race?

6 MR. BURRELL: I believe that,
7 unfortunately, the devining issue in public
8 elections in America, not just in
9 Philadelphia, but in America, is money. And I
10 think if you look at the numbers in the
11 Council races and you look at the number of
12 votes that people get, you would think that
13 five Democratic Councilmembers who are running
14 at-large would all get the same number of
15 votes. You would think. They don't. I don't
16 know. Certainly money has something to do
17 with that differential.

18 COUNCILMAN GOODE: What does it have
19 to do with it? I mean, I'm asking -- the
20 Administration has not studied the issue. You
21 say you are qualified as someone being
22 involved in politics. I'm strictly asking can
23 you directly tell me what connection there is
24 between expenditure and votes?

25 MR. BURRELL: Politics is about

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2 communicating a message. And you communicate
3 that message by mail, you communicate that
4 message on television, you communicate that
5 message on radio, you communicate that message
6 in newspapers. All of those things -- now,
7 there are other ways you communicate that
8 message, but all of those communications you
9 pay for. You put an election effort together
10 on election day. You pay for it. There is no
11 volunteer election day effort.

12 Now, we can spend all night long
13 talking about who does what, but we all know
14 we wouldn't be here tonight if we all didn't
15 know that money was an important influence in
16 public affairs and in politics and in
17 electoral politics. Now, we can go back and
18 forth with that for a long time, but it's a
19 fact. I didn't do it; you didn't do it.

20 COUNCILMAN GOODE: You're offering
21 anecdotally. I don't believe it's evidence to
22 that fact. I am someone who has actually run
23 in five different elections. I've won four of
24 the five. I've beaten over 60 candidates.
25 Still to date over five elections, I've spent

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2 less than \$200,000. So obviously, money is
3 not the driving force, not the only driving
4 force.

5 MR. BURRELL: There is money that is
6 being spent -- there is a lot of money that
7 was spent by the Mayor in this most recently
8 completed elections that supported the
9 election of incumbent candidates. You're one
10 of those. Your name was probably on every
11 single ballot that the Mayor sent anywhere in
12 this City. Anything that we did that
13 included --

14 COUNCILMAN GOODE: The Mayor --
15 you're talking about in the general election
16 or primary election?

17 MR. BURRELL: The Mayor's campaign.

18 COUNCILMAN COHEN: Councilman Goode,
19 could I interrupt and permit other
20 Councilmembers to come in. You will be able
21 to get the floor again.

22 MR. BURRELL: Councilman Cohen, this
23 is fun. I could do this all night. I've got
24 nowhere to go. Except to have dinner with
25 David Heinman (ph).

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2 COUNCILMAN COHEN: I think you both
3 need second breaths.

4 COUNCILMAN GOODE: I'll be very
5 brief.

6 COUNCILMAN COHEN: Okay.

7 COUNCILMAN GOODE: Are you referring
8 to a general election or a primary election?

9 MR. BURRELL: The Mayor gives money
10 to the Democratic City Committee. The
11 Democratic City Committee produces ballots.
12 They pay an election day force to be on the
13 street on election day. On those ballots are
14 the names of all the incumbent Democratic
15 Councilmembers or the endorsed.

16 COUNCILMAN KENNEY: Most of them.

17 MR. BURRELL: Or the endorsed
18 Councilmembers. That money helps people get
19 elected.

20 COUNCILMAN GOODE: I actually
21 believe I paid \$15,000 for that, for my name
22 to be on it.

23 MR. BURRELL: Well, if you think
24 that \$15,000 and the money that they collect
25 from the candidates pays the Democratic City

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2 Committee for what they need to do, then
3 they're collecting --

4 COUNCILMAN GOODE: I believe that my
5 payment of \$15,000 got my name on the ballot.

6 COUNCILMAN ORTIZ: And I paid
7 \$15,000 and they put my name off a lot of
8 ballots. The same Democratic City Committee,
9 by the way.

10 MR. BURRELL: I ran for City
11 at-large. I ran for Mayor. I know a little
12 bit about what it takes to get elected. Money
13 is an important part of politics.

14 COUNCILMAN GOODE: I would just
15 briefly end by saying this. We can disagree
16 on this issue, but it has nothing to do with
17 the legislation before us. I mean, to
18 actually say that campaigns are driven
19 strictly by money and the unlimited nature of
20 the ability to spend, I just believe is what
21 these bills are about and why we have to
22 attack this issue locally. And this is about
23 reform. Not only have you not said anything
24 that the Administration has done over the four
25 years toward that reform, but you actually are

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2 saying that the game is about money. And
3 that's why there's a need to do something
4 locally.

5 MR. BURRELL: Don't put words in my
6 mouth. That's not what I said.

7 COUNCILMAN GOODE: That's what you
8 said.

9 MR. BURRELL: That is not what I
10 said. Don't put words in my mouth. What I
11 have said --

12 COUNCILMAN ORTIZ: You said that the
13 defining issue in American elections is money.

14 MR. BURRELL: I said the divining
15 issue in American politics today is money. If
16 it weren't, we wouldn't have all of the
17 national discussion about campaign finance
18 reform and we wouldn't have it over 20 years
19 when we tried and they failed to achieve
20 success at it.

21 What I have said is that we cannot
22 achieve reform and get the influence of money
23 as it is currently defined out of politics
24 without a comprehensive statewide campaign
25 finance reform. I have said that we stand

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2 prepared to participate in those discussions.
3 We have not gone about the business of being
4 the catalyst for them. I have not said that
5 we don't understand this issue. I have not
6 said that we haven't looked at this issue. I
7 wouldn't be able to testify today or to talk
8 about it if we hadn't looked at the issue and
9 don't understand. I understand campaign
10 finance reform. I simply do not agree with
11 your attempt to achieve reform.

12 COUNCILMAN GOODE: You did not speak
13 to it on a local level. And my bill only
14 relates to Mayor and Council races. And I do
15 believe -- you can correct me if I'm wrong. I
16 do believe that you said in order to be
17 elected Mayor or to City Council it takes
18 money.

19 MR. BURRELL: Let me try this one
20 more time. I'm usually pretty good with the
21 King's English, but I'll try it one more time.
22 What I have said is if you -- and I'm going to
23 change my words. So if you go back, it won't
24 be exactly, but it will be the same point.

25 Councilman Kenney and I had this

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2 discussion the other day. It will be the
3 same. If you pass a bill that says you must
4 limit contributions to \$1,000 and \$5,000 by
5 individuals and/or political committees, all
6 you do is increase the effort that it takes
7 for people to raise \$12 million. There's
8 still going to be \$12 million spent in the
9 next Mayor's race. And as long as you leave
10 independent committees out there and you leave
11 state elected officials out there who have the
12 ability to raise the money and spend it on
13 local elections, you are not going to change
14 the public's sense that money is the devining
15 issue in politics and that it influences the
16 outcomes. That's what I've said. But I
17 haven't said anything about you can't pass a
18 bill locally. I said it wouldn't have the
19 effect that you think it will.

20 COUNCILMAN GOODE: (Inaudible,
21 microphone not on.)

22 MR. BURRELL: I said "devining,"
23 d-i-v-i-n-e, not "defining."

24 COUNCILMAN COHEN: How does the
25 Administration's words comport with its

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2 actions?

3 Today we had a hearing before this
4 one, and the morning Inquirer pointed out that
5 the Mayor received a contribution from the man
6 who was here, the Goldenberg Group, asking for
7 millions of dollars from City Council today.
8 Late in October of this year, he made a
9 contribution to the Mayor of 160 or \$165,000.
10 Tell me how that gives confidence to the
11 American people that decisions are being made
12 based on merit rather than on money and
13 political influence?

14 MR. BURRELL: Because this is the
15 same gentleman who had contributed to the
16 Mayor probably in 1999 when he ran for public
17 office and when he acquired the building and
18 wanted to tear it down. This is the same
19 Mayor who got right in his face and said,
20 "We're not tearing down the Boyd Theater. It
21 is a historically preserved site. We want to
22 protect it. We want to preserve it." And he
23 caused that developer, despite his
24 contribution to him, to back down from their
25 intent to want to tear it down.

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2 I think people are smart enough to
3 look at the judgments that people exercise.
4 And the fact that that developer was here
5 asking for a TIF has no connection, has no
6 connection to the fact that he gave money to
7 the Mayor.

8 COUNCILMAN COHEN: You know, maybe
9 in the book on fairy tales that would be
10 believed, but in today's real world we know
11 that a return of 5 million on an investment of
12 just under a half million and a number of
13 years for support for the Mayor was a
14 tremendous investment. The return on that
15 investment was much better than you could have
16 gotten when wall street was booming. He got a
17 10 to 1 investment.

18 MR. BURRELL: I don't --

19 COUNCILMAN COHEN: Aren't, Mr.
20 Burrell, in fact investments in the form of
21 campaign contributions just about the best
22 paying investment in America? And isn't it
23 most costly to citizens?

24 MR. BURRELL: Councilman, I said
25 this in my testimony. That -- I didn't say

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2 this exactly in my testimony, but let me
3 embellish it a little bit. I've said in the
4 past that lots of the decisions in our
5 Administration about discretionary contracts
6 get made in my office. And I guarantee you
7 that every time we make one of those
8 decisions, we make one ingrate because they
9 never get as much money as they want and we
10 make four or five enemies because everybody
11 that we turn down is full of people who are
12 our friends and friends of other elected
13 officials in the marketplace. And I
14 believe -- and I'm not being flippant about
15 what I'm about to say. But this issue, we
16 just completed a campaign in this City where
17 this issue was the No. 1 issue by the
18 opposition to the Mayor. Fifty-eight percent
19 of the people in this City or more said,
20 "We're going to reelect this Mayor." I don't
21 think they believe that pay-to-play is the
22 order of the business in the John Street
23 Administration. I do not believe that's what
24 the people in this City believe, because if
25 they believed it, if they believed it, there

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2 was enough of an attempt over the last several
3 months to say to you, "You have an alternative
4 to this pay-to-play system that is corrupting
5 this government." I do not believe that the
6 people of the City of Philadelphia believe
7 that this Mayor or this Administration
8 operates in a corrupt way or makes decisions
9 based upon the money that people give to them
10 because you simply cannot do it. And we all
11 in this room, we all really know that you
12 can't do it that way. You simply can't do it
13 that way because every time there is a
14 competitive bid, there are friends on every
15 team.

16 COUNCILMAN COHEN: Councilman
17 Nutter.

18 COUNCILMAN NUTTER: Thank you, Mr.
19 Chairman. I'll be brief.

20 Secretary Burrell, I was intrigued
21 by the exchange between you and Councilman
22 Goode. And I certainly don't want to
23 mischaracterize or place any words anywhere,
24 but did I take from both your written
25 statement and the exchange between yourself

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2 and Councilman Goode that the basic position
3 here is that local campaign reform efforts,
4 whatever they may be, will have no impact on
5 the amount of campaign dollars spent?

6 MR. BURRELL: Oh, absolutely.

7 Absolutely. And I think if you look --

8 COUNCILMAN NUTTER: So you think
9 even with any of these bills, if the -- I
10 don't want to say going rate. But if the cost
11 to be competitive by, I think, all published
12 accounts in the last mayoral election and in
13 the general was 12 and a half a piece or
14 aggregate of 25 regardless of what, that even
15 with the limits that the candidates will still
16 raise that amount of money?

17 MR. BURRELL: Councilman Nutter,
18 Arlen Specter will spend probably upwards of
19 \$20 million to run in the United States Senate
20 race in the Commonwealth of Pennsylvania next
21 year. He has to raise his money subject to
22 limits of \$1,000 and \$5,000.

23 COUNCILMAN NUTTER: I understand
24 that, but --

25 MR. BURRELL: It will not limit the

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2 amounts of money.

3 COUNCILMAN NUTTER: I understand
4 that. But when you're one of a hundred
5 senators in the United States of America, I
6 mean, he probably has a few fund-raisers in
7 California or Florida or a variety of other
8 places across the country or you have major
9 national interest that weigh in. Maybe the
10 mayoral candidates had some fund-raisers in
11 different places, but just logistically or by
12 the standards that we all know I guess there
13 is some notion of the usual suspects that get
14 involved in this. If there are limits on what
15 individuals or packs can contribute, I mean,
16 it seems to me your next step is you have to
17 widen your base. You have to go after more
18 people to raise that amount of money. I mean,
19 I guess the question is -- I mean, there's
20 only 24 hours in a day. We are a local
21 government. Even the office of Mayor, and it
22 is significant and you can attract certainly
23 some national people to be involved but, I
24 mean, again, I'm just taking away -- you're
25 saying that there will be no real impact on

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2 the amount spent even if you significantly
3 drop the amount that individuals and packs can
4 give?

5 MR. BURRELL: I think I'll give you
6 two answers to that. I think the answer to
7 that is yes. Number 1 because, you know,
8 there are fund-raisers out there. There are
9 fund-raisers out there. It's not just the
10 candidate who have to make those calls. There
11 are fund-raisers out there and you're going --
12 you'll just produce more fund-raisers and the
13 guy will start raising more money -- he'll
14 make a hundred calls instead of making 10
15 calls. And as long as independent political
16 committees defer the cost of elections on
17 behalf of a candidate they favor so an
18 independent political committee spends
19 \$2 million and you spend 8. You still get to
20 10.

21 COUNCILMAN NUTTER: Let me just ask
22 a couple questions about your testimony. On
23 the first page, the testimony reads, that last
24 paragraph, "I would add this Administration
25 also supports a critical look at our Ethics

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2 Code with a view to implementing either by
3 ordinance or executive order reforms that will
4 strengthen our ethics laws and ensure the
5 continued integrity of city government.

6 What are some examples of provisions
7 that the Administration would support either
8 by ordinance or executive order to strengthen
9 the ethics laws to ensure the continued
10 integrity of city government? What kinds of
11 things are we talking about?

12 MR. BURRELL: I am not prepared
13 today, Councilman, to offer you a number of
14 things that the Administration is prepared to
15 support and recommend. I have not had that
16 discussion with the Mayor and I don't want to
17 speak independently on that subject.

18 COUNCILMAN NUTTER: Okay, but, I
19 mean, Mr. Burrell -- and I'm not being flip
20 either, I mean, it is your testimony. Your
21 testimony is, "We're prepared to support a
22 variety of things." I mean, a reasonable
23 person would then say, "Well, what?"

24 Because I'm assuming that you
25 thought about it before the testimony was put

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2 together to make that statement. I mean, it
3 opens kind of a big wide door.

4 MR. BURRELL: And it opens a door
5 that says we're prepared to sit down and we
6 would prepare, in fact, for those discussions.
7 If those discussions were to be held, we would
8 come to them with ideas and with thoughts and
9 with recommendations about how to resolve
10 these issue.

11 COUNCILMAN NUTTER: Well, what kinds
12 of things do you think we should be working
13 on?

14 MR. BURRELL: I think that we have
15 to take a hard look at not creating form over
16 substance. We have vendors out there who do,
17 in fact, compete for business with the City,
18 who do, in fact, contribute in political
19 elections. And I think we have to honestly
20 figure out how we can protect the interest of
21 the public that people are not unfairly --
22 Councilman, one of the differences that I have
23 with many people, I start from the premise
24 that we don't make decisions based upon who
25 gave money to the Administration or not. And

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2 I think --

3 COUNCILMAN NUTTER: I know that's
4 your position.

5 MR. BURRELL: And I think that we'd
6 be prepared to come and discuss how we can
7 achieve the objective in a very real way, but
8 I believe, as I said throughout this
9 testimony, that I do not believe that it can
10 be achieved unless we have all the players at
11 the table and we have comprehensive reform.

12 COUNCILMAN NUTTER: I hear what
13 you're saying. I just want to make sure that
14 I'm -- I'm not try to ask the narrower
15 question. That statement says to me, at
16 least, you might be looking at the variety of
17 provisions either by ordinance or executive
18 order that will create these reforms to
19 strengthen our ethics laws and ensure the
20 continued integrity of city government. Are
21 you only talking about with regard to campaign
22 finance and campaign contributions, or are
23 there other things that we should be doing in
24 the government that address that particular
25 statement?

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2 MR. BURRELL: I think that today
3 we're talking about campaign finance reform.
4 I think ethics laws are something that should
5 be on the radar screen for people on a
6 recurring basis. But today we're really
7 talking about campaign finance reform.

8 COUNCILMAN NUTTER: And when you say
9 that the ethics laws should be on the radar
10 screen for continued review, again, are there
11 any kinds of things that you could share with
12 us where you would recommend that some changes
13 be made?

14 MR. BURRELL: Not today.

15 COUNCILMAN NUTTER: Does the
16 Administration have any particular view on the
17 issue of -- there's actually a bill sitting on
18 the Council Calendar and since we're in this
19 conversation talking about ethics laws with
20 regard to the issue of nepotism, is there any
21 view by the Administration on that particular
22 issue?

23 MR. BURRELL: I am not prepared to
24 articulate the Administration's view on the
25 nepotism bill today.

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2 COUNCILMAN NUTTER: Okay. All
3 right.

4 On Page 5, and it is throughout the
5 testimony because specifically you talk about
6 you'd encourage this Council to work with
7 Democrats and Republicans here and in
8 Harrisburg and with others this is very much
9 similar to Councilman Goode's question. I'd
10 like to take a slightly different angle at it.
11 I mean -- and I understand what you said
12 earlier about the Administration's priorities
13 in terms of issues that you've been working on
14 specifically with Harrisburg but, I mean, in
15 the now, in short of, I guess, a month, four
16 years, has there ever been any discussion with
17 any state legislator about the issue of
18 campaign finance reform or the development of
19 a bill to address that particular issue or
20 anyone working anywhere, either the
21 Administration itself, lobbyists or people
22 that work on a variety of legislative matters,
23 I mean, is there anybody in the Administration
24 on or behalf of the Administration who has
25 ever worked on a proposed piece of legislator

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2 to address this particular issue at the state
3 level?

4 MR. BURRELL: Councilman, I don't
5 want to give a specific response to that
6 because then I'll be forced to try to recall
7 specific conversations that I and/or others
8 had. But I can say from my own experience
9 have not gotten any sense that there are
10 people in Harrisburg who are today, people in
11 Harrisburg who represent the City of
12 Philadelphia who are today prepared to put
13 campaign finance reform at the top of their
14 agenda. I've been in discussions about it.
15 We have not discussed specific legislation.
16 We have talked about the concept.

17 COUNCILMAN COHEN: Isn't it a fact,
18 Councilman Burrell or Secretary Burrell, that
19 every reason given by the Mayor supports the
20 common belief the Mayor has not the least
21 interest in campaign finance reform because he
22 always says pay-to-play is how it is in
23 Philadelphia. He said that's it. And the
24 Mayor's action certainly support is concept
25 that that's there forever and nothing can be

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2 done. And isn't that a very expensive method
3 for government to operate on, because,
4 obviously, the taxpayer is making the campaign
5 contributions?

6 MR. BURRELL: Councilman, as I said
7 in my testimony, the easiest thing for this
8 Administration to do today would be to come
9 and to testify in favor of campaign finance
10 reform. The Mayor can't run for Mayor for
11 Philadelphia again. He simply can't do it.
12 The Charter prohibits it. He's done. So that
13 the comments that he makes and we make on this
14 subject, I think, ring true and will ring true
15 to the people of this City because we have no
16 self interest to protect in terms of another
17 election.

18 COUNCILMAN COHEN: Well, are there
19 any other questions by Councilmembers?

20 COUNCILMAN NUTTER: Yes, just let me
21 finish my last one.

22 COUNCILMAN COHEN: Yes, go ahead.
23 Sorry for the interruption.

24 COUNCILMAN NUTTER: That's okay, Mr.
25 Chairman.

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2 So, Secretary Burrell, on this
3 particular issue, I think what I'm hearing is
4 if there were a person in Harrisburg working
5 on this particular issue, the City
6 Administration would join with that individual
7 in Harrisburg to work on this problem from a
8 state level; is that what you're saying?

9 MR. BURRELL: The City -- and I
10 think I said it. I just would expand that a
11 little. The City would be fully prepared to
12 work with representatives of the General
13 Assembly, the Governor and City Council to
14 discuss and to work out -- we could be fully
15 supportive of a campaign finance reform bill
16 that works and a campaign reform process in
17 the Commonwealth of Pennsylvania that allows
18 us to really change the way elections are
19 conducted.

20 COUNCILMAN NUTTER: Has the
21 Administration ever had any discussions with
22 representative Greg Vitali about his efforts
23 to have campaign finance reform legislation in
24 Harrisburg? I think he's tried on a number of
25 sessions or however they conduct themselves.

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2 MR. BURRELL: I have not. To my
3 knowledge we have not. I would probably know
4 if we did. So I have not.

5 COUNCILMAN NUTTER: Isn't to some
6 extent in conflict with your last statement?
7 I mean, there is someone working on something
8 up there and you said you'd join --

9 MR. BURRELL: I think I said
10 representatives from the City of Philadelphia
11 in my earlier comment. And in my broader
12 comment, I said we're prepared to work --

13 COUNCILMAN NUTTER: You said the
14 General Assembly.

15 MR. BURRELL: Representatives of the
16 General Assembly, the Governor, City Council
17 and the City Administration. We will
18 participate in those discussions. To my
19 knowledge, Representative Vitali has never
20 invited us to a discussion to participate at
21 any given point or time. And I am unaware his
22 efforts.

23 COUNCILMAN NUTTER: Just lastly, I
24 guess in recent times for a variety of
25 purposes, the term "road map" has been used to

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2 try to lay something out. So how, in your
3 view, how would it need to work? Someone
4 either generally from the General Assembly or
5 someone within the Philly delegation would
6 move something forward and then would have to
7 organize the City, the City Council, the
8 Governor and other people in Harrisburg to
9 make something happen, but the City will not
10 initiate anything, it will just participate if
11 it's requested?

12 MR. BURRELL: We have not and are
13 not going to take the lead right now today on
14 campaign finance reform. We will
15 participate --

16 COUNCILMAN NUTTER: Why is that?

17 MR. BURRELL: -- in discussions.
18 Because the priorities of the Mayor as he's
19 going into his second term are going to be to
20 continue to improve the quality of life in the
21 City of Philadelphia and continue to work on
22 Safe Streets, continue to work NTI, to
23 continue to try to improve public education in
24 the City of Philadelphia. Those are going to
25 BE our priorities as we begin the second term

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2 of this Administration.

3 If someone else has a priority of
4 campaign finance reform and they want our
5 support and our participation in that effort
6 and in those discussions, we're ready,
7 willing, and able to do it. But we're not
8 prepared to take the leadership on that issue
9 today.

10 COUNCILMAN NUTTER: Because it would
11 interfere with your other objectives either
12 here in the City or in Harrisburg? Take away
13 too much time?

14 MR. BURRELL: Even though we think
15 it's important, we think it is not on top of
16 the list of the priorities of this
17 Administration.

18 COUNCILMAN NUTTER: Okay. All
19 right. Thank you.

20 COUNCILMAN ORTIZ: Mr. Burrell, you
21 said that the election results are more or
22 less a validation of the way business has been
23 done and, therefore, no change is needed. You
24 see that the way business is done in
25 Philadelphia needs no reform, the status quo

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2 should be maintained, business as usual, there
3 is no need to bring new ways of either in
4 terms of the contracting, campaign financing
5 reform, how contributions are done down the
6 line -- and the cynicism that you referred to
7 that has been created about surrounding
8 elections and elected leaders, the election
9 results validate the status quo.

10 MR. BURRELL: That's not what I
11 said. Let me be clear in what I said. I said
12 that the issue of pay-to-play was debated
13 thoroughly in this most recently completed
14 campaign, that the people of the City of
15 Philadelphia had the opportunity to evaluate
16 and to determine whether the pay-to-play
17 culture, as was suggested by the opposition
18 and opponents to the Mayor in that campaign,
19 was reason enough to take him out of office,
20 that 58 percent of the people in this City
21 considered that issue among all the other
22 issues and said, "We support this Mayor."

23 I did not say and what I've said
24 here today is not that we don't support
25 campaign finance reform. What I said today is

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2 that campaign finance reform, and I think that
3 we owe it to the people of this City that if
4 we're going to do it, that we don't do it
5 symbolically, we do it in a way in which they
6 are going to see change.

7 COUNCILMAN ORTIZ: Well, I'm not
8 interested in symbols.

9 MR. BURRELL: I don't believe that
10 what we are proposing today is going to cause
11 the people of this City to see change.

12 COUNCILMAN ORTIZ: But I'm really
13 intrigued because you said 58 percent of the
14 people in essence validated the way business
15 is done in Philadelphia, that the issue was
16 put to them and they decided that pay-to-play,
17 as defined, was really turned down and the
18 people -- repudiated by the people that is no
19 such thing and that the way business is done
20 in Philadelphia is fine and dandy and we
21 should just go on as we have been doing. And
22 that was approved by 58 percent of the people
23 because you say that that was the issue that
24 was put forward, so no reform is needed.

25 MR. BURRELL: I'm having real

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2 trouble with my English today. But I don't
3 think I've said anything in this testimony
4 that would suggest that reform is not
5 necessary. What I have said is that the
6 proposals --

7 COUNCILMAN ORTIZ: Well, we tried to
8 talk reform here.

9 MR. BURRELL: What I have said is
10 that the proposals that are before us, we are
11 suggesting by the work that we are doing
12 today, we are saying to the people of
13 Philadelphia that you are going to see real
14 change in the way elections are conducted in
15 the City of Philadelphia as a result of what
16 we do here. I do not -- I believe as long as
17 the state is not at that table and you don't
18 have comprehensive reform, that you can't
19 achieve that objective, that there are too
20 many ways to get around it. I did not say
21 that 58 percent of the people fully accept the
22 way everything is done in the City of
23 Philadelphia. What I said is that that was a
24 preeminent issue in the most recently
25 completed campaign. People took it into

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2 consideration. I do not believe that people
3 believe that the way the Mayor conducts the
4 business of this City and makes decisions on
5 behalf of the people of this City is corrupt.
6 I think that is what the people decided, not
7 that it's perfect, not that we can't make it
8 better, not that we can't improve it. And
9 that's the responsibility of all of us.

10 COUNCILMAN ORTIZ: How would you
11 characterize the widespread federal
12 investigation that's taking place in the City
13 of Philadelphia that has really put a cloud
14 about how government functions in this City?

15 And I do not believe that that is a
16 conspiracy by a right wing cabal if it is not
17 about the way we do business in the City of
18 Philadelphia and reform is needed and the way
19 campaigns are run.

20 MR. BURRELL: You know, to draw a
21 connection between the corruption
22 investigation and campaigns in Philadelphia, I
23 don't quite get that. I don't know how you
24 get to that point. There seems to be a
25 coincidence of finding.

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2 COUNCILMAN ORTIZ: I'm trying to get
3 -- because you just reject any sort of action
4 to bring some sort of reform and you sort of
5 say it is insignificant, the two bills that
6 are in front of us, that they have no meaning,
7 they're both symbolic. Well, at times,
8 symbolism has an impact and has a role to play
9 in the way reform and change is brought about.

10 MR. BURRELL: You can look at the
11 federal system, and people are tired of
12 symbolism. They've reformed the federal
13 system three or four times over the last 20
14 years, and they still haven't gotten money out
15 of politics. That doesn't say that we can't
16 make changes and we shouldn't make changes.
17 I'm simply saying that the legislation before
18 us today, I don't think achieves it. If
19 people think that symbolism is important, if
20 people think this is a first step, I don't get
21 there. But people are entitled -- that's a
22 reasonable conclusion to reach. But I think
23 people want change, and I think they want to
24 see -- they're going to believe that if we do
25 what is being proposed here that they're going

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2 to see change in the way elections are
3 conducted in Philadelphia. I don't believe
4 that's true.

5 COUNCILMAN ORTIZ: Four years ago,
6 you testified before this Council and we
7 waited for some way, some signal, some
8 direction from you and the Administration in
9 terms of campaign finance reform, and none was
10 forthcoming. And right now at the state
11 house, Mr. Vitali has had a good bill because
12 we consulted him when we started this whole
13 process. And you say that there's need to
14 communicate with those individuals because
15 they're not from Philadelphia. Again, what I
16 get from you is that business as usual is fine
17 and dandy and we don't need to change the way
18 business is done.

19 MR. BURRELL: That's not what I've
20 said. If that's what you want to construe,
21 you have a right to construe it that way.
22 That's not what I've said. I've not said
23 business as usual. And when I testified here
24 the last time on this legislation, I in large
25 measure said what I said today, that we stand

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2 ready to participate but it's not a priority
3 for the Administration that we were going to
4 take the leadership on. If Representative
5 Vitali had reached out to us to have some
6 discussion or you had reached out to us to
7 have discussion when we wanted to -- when we
8 went through this the last time, I sat in a
9 meeting with you and Councilman Kenney and the
10 Mayor in which we discussed this issue and
11 laid out our issues and our concerns. We're
12 prepared to have those discussions again. We
13 simply do not believe that the legislation
14 before us gets us where we need to go.

15 COUNCILMAN COHEN: When was the last
16 time there was open discussion on anything
17 between the Council and the Mayor?

18 MR. BURRELL: On the issue of
19 campaign finance reform, the Mayor, Councilman
20 Kenney, Councilman Ortiz, myself and the Mayor
21 met to discuss the bills before we testified
22 before. We didn't reach a meeting of the
23 minds, but we met and we discussed their
24 campaign finance reform bills in some depth in
25 the Mayor's office.

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2 COUNCILMAN COHEN: The Mayor talks
3 about saving money. Isn't campaign finance
4 very costly to the government?

5 Is campaign finance the only
6 expenditure a businessman makes that's not
7 recovered by him?

8 MR. BURRELL: I'm sorry, I --

9 COUNCILMAN COHEN: Because as I
10 indicated before, the recovery rate is
11 enormous. It may be as high as 20 to 1, as in
12 the Goldenberg Group. It could be much higher
13 in other circumstances. So obviously, the
14 businessman has to recover when he bids and
15 sells things to the City he has to consider
16 what the costs of his contributions are. And
17 when a businessman writes a check for \$165,000
18 in the mayoral race, you've got to be kidding
19 if you think that that businessman doesn't
20 expect to recover that money many times over.
21 It's as plain as day. Some of it would be,
22 not only cleaner, it would eliminate many
23 forms of corruption, but it would be most
24 economical for the City on every bid it puts
25 out or every offer that it sends out to get

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2 work done if we eliminated these contributions
3 and if, for example, we had as these laws move
4 in the direction of making it very difficult
5 for anybody to continue that pay-to-play game.
6 It's very expensive. Taxpayers can't afford
7 it. Just on the money end and from the
8 ethical end, it's a crime that it continues.

9 MR. BURRELL: Councilman, I said in
10 my testimony, this Administration makes every
11 one of its decisions based upon the quality of
12 the people and the competence of the people
13 who are competing for contracts and on a
14 cost-effective basis to the City of
15 Philadelphia. We do not make decisions based
16 upon the size or the magnitude of political
17 contributions. You know, one of the
18 interesting things is when you read about
19 these issues -- I was looking at some of the
20 limits in the legislation. There are \$1,000
21 limits there. \$10,000 limits and I was
22 bemused by using some of the stories that have
23 been written on pay-to-play issues where
24 someone has one a contract who gave \$750 to a
25 political person and that connection is drawn

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2 between pay-to-play. If that's the rule, then
3 the limits in the current legislation don't
4 even eliminate the pay-to-play question. It's
5 a little bit out of control.

6 COUNCILMAN COHEN: Well, it would be
7 funny if it weren't so tragic and so costly
8 and create such a loss of public confidence in
9 government at a time when the opposite needs
10 to be done.

11 MR. BURRELL: And I'm having a great
12 struggle getting this point -- and Councilman
13 Ortiz is in the back. I'm having a great
14 struggle getting this point across, and I want
15 to reaffirm that I don't diminish this issue
16 or diminish the importance of pay-to-play,
17 diminish the importance of any sense of
18 corruption in the government, but I do think
19 it's important that in a recently completed
20 election in the presence of a federal
21 investigation and in the presence of
22 considerable campaigning on the issue of
23 pay-to-play that a substantial majority of the
24 people of the City of Philadelphia considering
25 those issues said, I believe this Mayor is

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2 honest, I believe this Administration is
3 honest and I believe that the priorities that
4 they've set or priorities that support what I
5 believe in a very diverse way. People in
6 every section of this City, as I said a couple
7 of weeks ago on a television program that I
8 do, if you take the Republicans out of the mix
9 of this most recently completed election,
10 almost 50 percent of the white Democrats in
11 the City of Philadelphia voted for Mayor
12 Street's reelection. It is an extraordinarily
13 diverse election result, and I think both
14 people considered these issues doesn't mean
15 they think the world is perfect, doesn't mean
16 they don't want to see change, doesn't mean
17 that they don't put a responsibility on us to
18 be part of that change. But I don't think
19 that they believe that this government makes
20 decisions in a way that is corrupt or is in
21 response to a pay-to-play initiative.

22 We supported, for example, a number
23 of Liberty Property projects that Bill Rause
24 (ph), bless his soul, was a part of. Bill
25 Rause, as we all know, is a guy who never

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2 contributed to political campaigns, yet he has
3 a number of projects that has been supported
4 by this and other Administrations. And there
5 are a number of other projects around that we
6 support of people who don't give money to this
7 Administration and who are predominately
8 Republican firms. We pick people based on
9 their quality to do the work.

10 COUNCILMAN COHEN: If a poll were
11 taken, "do you believe that there's corruption
12 and cronyism in city government," obviously
13 the vote would be overwhelmingly yes. I
14 haven't seen such a poll. I don't know why
15 somebody doesn't take it. You can't go by the
16 election. Election results, a lot of
17 different facts are being brought together.

18 MR. BURRELL: Councilman, I'll be
19 very clear, I don't get involved in politics.
20 I'm a public City employee. I will guarantee
21 that if you do a little bit of research, you
22 can find a whole bunch of polls in the City of
23 Philadelphia that ask the question, "Do you
24 believe that this government is corrupt?" I
25 will guarantee you that you can find a lot of

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2 polls around that ask that question over the
3 last six weeks.

4 COUNCILMAN COHEN: And you would
5 find the yes answer.

6 MR. BURRELL: And if the answer --
7 my only response can be if the answer to that
8 question had been overwhelmingly yes, it is my
9 opinion that the outcome of the election would
10 have been different.

11 COUNCILMAN COHEN: Councilman Goode.

12 COUNCILMAN GOODE: Thank you, Mr.
13 Chairman. Two clarifications on the record.

14 One with regard to statements about
15 my bill, it was stated that there is a limit
16 of \$2 million for mayoral election and a
17 \$200,000 limit on Council election. There is,
18 in fact, a \$2 million limit per covered
19 election. And a covered election is a
20 primary, general or special election. So in
21 total there's a \$4 million limit on a mayoral
22 limit. There's a 400,000 limit on a Council
23 election, which I believe in both cases is
24 more than enough money to run effective and
25 get a message out.

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2 The second clarification on the
3 record is, in your testimony you refer to the
4 City Solicitor's opinion on my bill. The City
5 Solicitor said that every single part of my
6 bill was defensible. And that was his
7 characterization of the bill legally. I just
8 want to put that on the record.

9 And lastly, since just of my own
10 personal intrigue as a young legislator going
11 into a second term, do you think that tax
12 reform is able to be accomplished on a local
13 level?

14 MR. BURRELL: I think that if you
15 look at the performance of the government of
16 the City of Philadelphia, going back as early
17 as Ed Rendell's first term as Mayor that tax
18 reform is being accomplished in the City of
19 Philadelphia and it continues to be
20 accomplished in the City of Philadelphia. The
21 question is, can you change the pace?

22 COUNCILMAN GOODE: So there could be
23 incremental tax reform but not incremental
24 campaign reform?

25 MR. BURRELL: The ability to achieve

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2 tax reform in the City of Philadelphia, as we
3 are currently engaged in it, is completely
4 within the power of the elected organization
5 officials of the City. The ability to achieve
6 campaign finance reform as we want to achieve
7 it is not fully within the power of the
8 elected officials in the City of Philadelphia.

9 COUNCILMAN GOODE: So the ability to
10 achieve more comprehensive tax reform over the
11 next term is within the hands of the Mayor and
12 City Council?

13 MR. BURRELL: Is within the power of
14 the elected officials within the City of
15 Philadelphia.

16 COUNCILMAN GOODE: Thank you.

17 COUNCILMAN COHEN: Councilman Kenney

18 COUNCILMAN KENNEY: The Solicitor's
19 Office did indicate that my bill also was
20 defensible. I think some of the amendments
21 that we're offering to cure that, to cure some
22 of the issues of the Solicitor's Office did
23 create that situation. So it is a defensible
24 bill also. So thank you.

25 COUNCILMAN COHEN: Councilman Rizzo.

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2 COUNCILMAN RIZZO: Thank you. Mr.
3 Burrell, the professional service contracts
4 within the City of Philadelphia, they're
5 basically no-bid, correct?

6 MR. BURRELL: I'm being cautious
7 because it really does define how you --
8 depends upon how you define "professional
9 service contracts," because many of the
10 architectural contracts and engineering
11 contracts are in fact done on a competitive
12 RFP process, they're not low bid processes.
13 Almost the only thing in this government that
14 is done on a no-bid basis is -- except in
15 instances where you can only sole source
16 things -- is for the appointment of legal
17 counsel and the selection of bond teams,
18 underwriters on bond teams and some of the
19 financial advisors on bond teams. That's
20 probably the only place in any significant way
21 no-bid contracts are awarded. And as I said,
22 the underwriters are all subject to Rule G-37,
23 so they can't give more than \$250 to local
24 elected officials.

25 COUNCILMAN RIZZO: Could you just

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2 backtrack for a second, explain professional
3 service contract, how that works, how a person
4 gets to do business with the City of
5 Philadelphia? And they refer to it as a
6 personal service -- professional service
7 contract.

8 MR. BURRELL: In most instances, the
9 City determines when it is going to do a
10 public financing. And in the doing of the
11 public financing, whether that is done
12 directly through the City or through some of
13 the authorities like the Municipal Authority
14 or the Hospitals and Higher Education
15 Authority or the Parking Authority or the
16 Convention Center Authority, usually the
17 Finance Director and the Treasurer will get
18 together and they'll make determinations based
19 on who has the expertise to do the kinds of
20 deals that are going to be done. They will
21 recommend a team. That team will usually
22 consist of a senior underwriter, a couple of
23 co-senior underwriters and two or three or so
24 underwriters who are on the management team,
25 will pick a financial advisor to advise the

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2 City on it. They'll pick lawyers for the
3 underwriters, and pick lawyers for the City.
4 Almost in every instance there are a
5 combination of both majority firms and
6 minority firms. Those recommendations are
7 then sent to the Mayor's Office and we either
8 confirm them or change them.

9 COUNCILMAN RIZZO: Let's talk about
10 something a little bit more basic. Let's talk
11 about Risk Management. Risk Management hires
12 a company that appraises damage that City
13 vehicles create. A Streets Department vehicle
14 hits a parked car, that's a professional
15 service contract. It's, from what I
16 understand, no-bid. Can you explain how a
17 company --

18 MR. BURRELL: Those contracts are
19 almost always -- and again, I don't want to
20 say always because somebody will come back and
21 say, "I got one where it wasn't."

22 Those contracts are almost always
23 done on a competitive bid process. We will
24 ask a number of providers to say, "This is the
25 service we're looking for, and what is the fee

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2 for which you would provide it on?"

3 And we'll get three, four, five,
4 depending upon the number of people who will
5 bid on those products. And a determination, a
6 review is made of it, an evaluation is done of
7 it and a determination is made.

8 COUNCILMAN RIZZO: How I understand
9 it is it's a lot different than buying a
10 police car. It's not the same process, a
11 professional service contract. There's a lot
12 of latitude to award a professional service
13 contract than buying a commodity.

14 MR. BURRELL: Councilman, whenever
15 we are letting in a Risk Management contract
16 or any other contract, we're always trying to
17 get the best price for the City of
18 Philadelphia. So we're always going to have
19 -- and trust me, again, it goes back to this
20 system that we talked about. And I'll
21 guarantee you, every one of those people or
22 most of those people have teams of people who
23 have been contributors to political people.
24 And you can't make these selections based upon
25 whether people simply gave you money or

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2 didn't. They come in with teams, they'll give
3 us their price, they'll tell us what they can
4 do, and we'll select from among that. And
5 almost always, almost always in those
6 instances, and again I'm only limiting it
7 because I'm sure we'll find some exceptions
8 somewhere in the world. But almost always
9 those decisions are made based on the
10 recommendations of the professionals who run
11 those departments. Almost never do those
12 decisions really get changed anywhere else in
13 the government. They're made by people down
14 in the government. That's why I said in my
15 testimony that to suggest that the people who
16 simply want to do a good job in this
17 government and who make decisions and make
18 recommendations on decisions like that are
19 doing it on a political basis is wrong.

20 COUNCILMAN RIZZO: But let's be
21 clear for the record. There is a difference
22 between the way a professional service
23 contract is awarded than a bid for a
24 commodity. If we're buying light bulbs or
25 we're buying vehicles, it's a different

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2 process than a professional service contract.
3 There's more latitude for a person to select a
4 particular vendor under a professional service
5 contract than it is when you're out buying
6 material.

7 MR. BURRELL: There certainly is
8 more latitude. In a bid contract, everybody
9 who's a qualified bidder can pick up the bid
10 and they can submit a bid and we are bound by
11 selecting the most responsible and responsive
12 bidder. Any company that is qualified to do
13 the work and submits the lowest bid, assuming
14 they satisfy the participation requirements of
15 MBE, disadvantaged, WBE, and others, are
16 qualified to get that bid.

17 In the professional service which
18 are mostly RFP competitive processes, we have
19 the capacity to say, here are the five people
20 who really do this in this community, and go
21 out and say we want you to submit responses
22 to -- whether you call it a bid or a
23 response -- to submit responses to this
24 service that we need to be done. Those five
25 people will respond and then, yes, in that

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2 instance we are able to spend time looking at
3 the responses and make substantive
4 determinations about this person over here we
5 think have all the skill, for example that we
6 want to do it, and they're 2 percent higher
7 than the those folks over here. There are
8 instances like that where you have absolutely
9 more discretion than in a straight bid
10 situation.

11 COUNCILMAN RIZZO: My last question.
12 Not to be labor this. Are those professional
13 service contracts, do they have timelines
14 associated with them, or are they just
15 open-ended?

16 MR. BURRELL: Most of them are not
17 open-ended. Most of them have timelines. And
18 most of them are for discreet services or a
19 project. There's a project going on and we
20 need that service, because many of those
21 professional services contracts, whether it be
22 -- for example, if we do the trash hauling
23 contracts that we do for the City, they have
24 to come to City Council. If they're beyond
25 the timeline of the one year time limit, those

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2 contracts, professional service or otherwise,
3 must come to City Council. We don't have the
4 discretion to just give 5 and 10-year
5 contracts to people on a professional service
6 basis.

7 COUNCILMAN RIZZO: Well, it's
8 interesting you say that. And I'm going to
9 end. The Procurement process where there's a
10 three-year -- there's a requirement for those
11 contracts to come back to Council, but they
12 don't because they have the option to renew
13 for the next year, so Council never sees it.
14 That's why Councilman Kenney --

15 MR. BURRELL: Councilman Kenney was
16 right, let's not get into that issue.

17 COUNCILMAN RIZZO: But again,
18 there's manipulating the process right there.

19 MR. BURRELL: I guess there has been
20 forever, not started by this Administration,
21 certainly these contracts that people put in
22 place and say, we're going to have -- we're
23 going to give you a one-year contract with 37
24 one-year renewable options and try to get
25 around it. I do think we really have tried to

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2 get out of that business, not get into that
3 business. With the help of Council, I might
4 add.

5 COUNCILMAN RIZZO: Thank you. Thank
6 you, Secretary.

7 Thank you, Mr. Chairman.

8 COUNCILMAN COHEN: We can recommend
9 you if any publishing house is looking for a
10 writer of fairy tales. You have my
11 recommendation.

12 MR. BURRELL: I appreciate,
13 Councilman --

14 COUNCILMAN COHEN: City of
15 Philadelphia purchasing policies.

16 MR. BURRELL: I lost 50 pounds
17 before I came up here so I'd be almost close
18 to my playing weight. I knew I'd need to be
19 in pretty good shape.

20 COUNCILMAN COHEN: Thank you, Mr.
21 Burrell. No further questions.

22 MR. BURRELL: Thank you very much.

23 COUNCILMAN COHEN: There are three
24 witnesses left on my list. I'm going to ask
25 all three to come up at the same time. After

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2 that, if there's any member of the public who
3 has not been heard from who wishes to testify,
4 that will be possible.

5 Lou Coffey, Terry Gillen and Troy
6 Madres. Lou Coffey is from Center City
7 Residents. Terry Gillen is leader of the 30th
8 Ward, Democratic Ward. And Troy Madres is
9 from Young Involved Professionals. So if the
10 three of you will come up.

11 After the testimony, the Committee
12 will be taking a vote on these two bills. I
13 suggest in the interest of chivalry Terry
14 speak first.

15 MS. GILLEN: Lou can go. Lou's been
16 here longer.

17 COUNCILMAN COHEN: Unless Terry
18 refuses.

19 MS. GILLEN: I'm going to yield to
20 Lou.

21 COUNCILMAN COHEN: Okay. Lou
22 Coffey.

23 You have to fight for women's rights
24 everywhere, Terry.

25 MR. COFFEY: Equal rights,

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2 Councilman Cohen, equal rights.

3 COUNCILMAN COHEN: Equal rights.

4 It's a pleasure to have the three of
5 you here.

6 MR. COFFEY: Thank you. My name is
7 Louis Coffey. I want to thank Councilman
8 Cohen and members of the Committee on Law and
9 Government for giving me this opportunity to
10 speak with you today on this important issue.
11 I especially want to thank Councilman Nutter
12 who, in response to my letter regarding Bill
13 030562, encouraged me to appear today.
14 Although my wife is going to be a little upset
15 because I was supposed to meet her at 6
16 o'clock.

17 I'm here in my capacity as President
18 of Center City Residents Association.
19 Unfortunately, neither of the co-chairs of our
20 Legislative Committee, Lenora Berson and
21 Jeanne Wroblewski were able to be here today.
22 So you're stuck with the second team. Because
23 I'm new to this, I ask your understanding, if
24 not your indulgence, if I violate protocols
25 unknown to me.

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2 CCRA was organized in 1947 to
3 prevent the conversion of Rittenhouse Square
4 into a parking lot. Our mission is to
5 maintain and improve quality of life in Center
6 City. The scope of our activities has
7 broadened since 1947. You can get some idea
8 of our activities from our website which is
9 centercityresidents.org.

10 We have more than 1500 members, most
11 of them residents, but a number of them are
12 also businesses, religious and cultural
13 institutions. Many of our resident members
14 are also business or professional people. Our
15 area is bounded by JFK Boulevard, South
16 Street, Broad Street and the Schuylkill River.

17 CCRA strongly supports campaign
18 finance reform. We believe that it is long
19 overdue in Philadelphia, the Commonwealth and
20 the Nation.

21 Bill 0305262 that was introduced on
22 September 11th by Councilpersons Goode and
23 Reynolds-Brown involves the subject of limits
24 on campaign contributions and expenditures.

25 CCRA supports the goal of the bill.

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2 I'm at a bit of a disadvantage in that both
3 bills have been modified since our Legislative
4 Committee and Board looked at them.

5 Therefore, part of what I may say may be my
6 own opinion and not that of CCRA, if only
7 because CCRA Legislative Committee and Board
8 have not had the opportunity to review the
9 modifications. I'll do my best to distinguish
10 my personal opinions from those of CCRA.

11 I support the mandatory limits on
12 campaign contributions that the bill would
13 impose. Limits on campaign contributions by
14 individuals and entities will substantially
15 advance the democratic process in
16 Philadelphia. I cannot emphasize strongly
17 enough how important contribution limits are
18 to the integrity of the democratic process.

19 CCRA has problems with parts of the
20 bill relating to voluntary campaign
21 expenditures, as it is drafted, though not in
22 concept.

23 The bill provides limitations on
24 campaign expenditures shall be purely
25 voluntary. It is not mandatory and it is not

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2 required of all candidates. In a recent
3 discussion that I had with Councilman Goode,
4 he advised me that although campaign
5 contributions may be legally capped, mandatory
6 limits on campaign expenditures are
7 unconstitutional, and that accounts for why
8 the bill provides for voluntary limits on
9 campaign expenditures. He advised me that he
10 would prefer mandatory spending caps if they
11 could withstand a constitutional challenge.

12 One problem with the voluntary
13 spending caps in the bill is that once a
14 candidate has voluntarily agreed to impose
15 limits on his or her campaign spending, he or
16 she cannot change his or her mind irrespective
17 of any changed circumstances in the campaign
18 and whether or not the opponent has agreed to
19 spending limits.

20 Under the bill, the City Solicitor's
21 Office can enforce the limitations by
22 obtaining injunctive relief in the Court of
23 Common Pleas even though the opposition
24 candidate is not bound by any similar
25 limitations. Anyone who voluntarily caps

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2 campaign spending, therefore, assumes the risk
3 that he or she could be outspent by his or her
4 opposition, while he or she is legally bound
5 to keep his or her self-imposed limits.

6 The provisions do not create an even
7 playing field. Voluntary campaign caps can be
8 detrimental if the opposition is not also
9 bound. The bill provides no incentive or
10 motivation for anyone to agree to curb
11 spending. There is no reason for anyone to
12 agree to campaign spending caps when there are
13 risks of prosecution and a better financed
14 opposition unless they believe that they won't
15 raise enough money to enable them to exceed
16 the spending limits and can gain some public
17 relations advantage from such a unilateral
18 agreement.

19 It is my personal opinion that if
20 the spending limits are to be voluntary, there
21 should be some incentive provided for agreeing
22 to them.

23 On a national level, the incentive
24 for agreeing to voluntary limits has been
25 matching funds. We have seen recently that

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2 where candidates are confident that they will
3 raise enough money to be able to exceed the
4 spending limits without matching funds, they
5 are foregoing the matching funds and not
6 adhering to spending limits. In those
7 circumstances, the incentive goes away. With
8 the elimination of the incentive, the
9 agreement to limit spending goes away.

10 Whether it is matching funds or
11 something else, there needs to be some
12 incentive to cause candidates to agree to
13 voluntary spending limits.

14 I believe that CCRA would strongly
15 support all parts of Bill 030562 if it were
16 amended to create either enforceable,
17 mandatory spending caps or realize particular
18 incentives for voluntary spending caps.

19 Turning to Bill 030710, CCRA
20 strongly supports Bill 030710 that was
21 introduced on October 30th by Councilman
22 Kenney. We urge Council and the Mayor to
23 adopt it.

24 The bill is a significant step
25 forward in the campaign finance reform

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2 movement, a movement that unquestionably has
3 been favored throughout the country on the
4 national and local levels. Voters everywhere
5 support the need to eliminate the many
6 negative influences on the political process
7 invited by large campaign contributions. CCRA
8 supports the campaign reform movement as a
9 matter of principle and the elimination of
10 pay-to-play in particular.

11 Pay-to-play is a sport that is not
12 in the public interest. It creates
13 unnecessary pressures on political aspirants
14 and office-holders who want to do the right
15 thing for the electorate but are faced with
16 the realities of the high cost of financing
17 modern political campaigns. For the aspiring
18 or elected office-holder to do good, he or she
19 needs to get elected. To get elected, he or
20 she needs to run a well-financed campaign.
21 Until we limit campaign contributions and
22 spending, we are putting our best and
23 brightest and most principled in temptation's
24 way.

25 We have read reports in the media

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2 from those whose careers are spent studying
3 such matters on a national scale that
4 Philadelphia and Pennsylvania has taken
5 pay-to-play to hither to unknown extremes.
6 They were not being complimentary.

7 More specifically, here in
8 Philadelphia during many Administrations,
9 there has been a perception that favored City
10 contracts are and were awarded as a matter of
11 course only to large contributors in political
12 campaigns. Even if, in actuality, there is no
13 pay-to-play or quid pro quo, the appearance of
14 impropriety alone has an adverse impact. The
15 elimination of an even playing field for
16 obtaining City contracts is demoralizing and
17 dissuades less affluent individuals and
18 businesses from applying for City work. The
19 City loses the benefits that are obtained from
20 real competitive bidding for City work.

21 Pay-to-play has a material adverse
22 impact on residing and doing business in the
23 City. Yesterday, the Tax Reform Commission
24 delivered its report and recommendations for
25 reducing and restructuring City taxes. The

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2 Commissioners concluded that the City taxes
3 adversely impact residents and businesses,
4 erodes our tax base and reduces tax revenues,
5 creating a need to impose a greater tax burden
6 on those who remain.

7 The pay part of pay-to-play has some
8 similarities to a tax. It is an additional
9 cost of doing business in the City where the
10 taxes already make the City uncompetitive.
11 The pay portion is, however, unlike a tax in
12 two important ways. First, if you have the
13 permits and approvals needed, operate a
14 legitimate business and pay your taxes, you
15 can operate in the City. With pay-to-play,
16 paying does not guarantee that you can play.

17 We have read the story of a
18 Northeast car dealer who paid heavily but was
19 not able to play until a court, at the end of
20 a brutal and costly court battle, ordered the
21 City to issue the permits that the car dealer
22 was entitled to as a matter of right under the
23 law. The car dealer was a multi-millionaire
24 who was tenacious and could afford to pay and,
25 when he was not allowed to play, could afford

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2 to finance the costly court battle to get that
3 to which he was entitled without having to
4 pay.

5 But what about our average small
6 business person who can neither afford to
7 pay-to-play nor to finance the court battle to
8 get that to which he or she is entitled? It
9 is a barrier to doing business.

10 The second way in which pay-to-play
11 differs from a tax is that tax revenues go
12 into the public treasury and are presumably
13 used for the public good. The pay in
14 pay-to-play does not go into the public
15 treasury. It goes to a few individuals who
16 use their public office or influence with
17 those in public office for their own purposes
18 by steering public assets to those who pay.
19 They use Public Property for their own private
20 gain.

21 You might ask why a residents'
22 association cares so much about business. As
23 I mentioned earlier, a number of our members
24 are businesses and many of our individual
25 members are business and professional people

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2 who are directly affected by the barriers to
3 doing business that pay-to-play imposes.

4 But purely as residents, if business
5 is discouraged, the variety and quality of
6 merchants and service providers who offer the
7 goods and services that make up the quality of
8 life in Center City is diminished. Businesses
9 leave or choose not to locate here. Property
10 values are impacted, and the tax burden on
11 those who remain is increased.

12 It is not surprising that elected
13 officials want those on their staff, those
14 closest to them, to be their loyal supporters
15 and not those who would want to bring them
16 down. I have no problem with that. However,
17 when awarding public contracts or public
18 assistance or otherwise dealing with public
19 assets, public office-holders have a duty to
20 deal with people on the basis of merit.

21 Where pay-to-play is a legal
22 sporting event, even the most virtuous among
23 us, and we all have weaknesses and blind
24 spots, may have difficulty distinguishing
25 between the public good and personal gain. We

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2 need to remove that pressure and confusion
3 from our aspiring and elected officials so
4 that they can focus on advancing the public
5 good.

6 I commit to you that I will do my
7 best to get CCRA's more than 1500 members
8 behind your campaign of finance reform
9 initiatives. If there are things that CCRA
10 can do to be supportive, please let us know.
11 If you would like to address our members on
12 this issue at a public forum, I will work with
13 you on arranging such an event. Thank you.

14 COUNCILMAN COHEN: Thank you very
15 much, Mr. Coffey.

16 Any questions from members?

17 (No response.)

18 COUNCILMAN COHEN: It's a very
19 thoughtful statement.

20 Terry Gillen.

21 MS. GILLEN: Thank you, Members. In
22 the interest of the time, I'll be very brief.
23 And I want to say that I am testifying in
24 support of the bill that limits contributions
25 from people who do contracts with the City.

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2 I'm also testifying on behalf of the campaign
3 finance bill introduced by Councilman Goode.

4 I do want to say that I think the bill would
5 be strengthened with maybe three things. I
6 want to urge Council to consider this.

7 One is that it, in my opinion, ought
8 to apply to all City officials not just
9 Council and the Mayor. It ought to apply to
10 the row offices as well. And I think the
11 broader we can make the bill, the better.

12 The second is that if there's a way
13 to limit spending on campaigns by related
14 packs or state packs, we need to do that.
15 This is obviously the problem that's been at
16 the national level with soft money. People
17 figure out another way to get around limits.
18 And if we don't have state campaign finance
19 reform -- which we don't right now. A number
20 of us are working on that to change that, but
21 in the meantime, I think it's important that
22 we really look and see if there's a way we can
23 limit spending by related packs.

24 And finally, I want to say the
25 enforcement mechanisms, I think, need to be

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2 strengthened, because what's especially
3 troubling in the City of Philadelphia is that
4 we don't get enforcement of a lot of local
5 election laws by the District Attorney who
6 often recuses herself because she says if she
7 knows the person, she should not be in the
8 enforcement business. That leaves a real hole
9 in the enforcement of a lot of election
10 violations, in my opinion. And I think the
11 reform board that was proposed by the League
12 of Women Voters is a good first step. But if
13 we don't have some serious teeth in this with
14 some serious penalties, and frankly people
15 have the possibility of going to jail if they
16 commit violations, then I think we are really
17 just kidding ourselves.

18 So I would urge you to make any
19 changes that you can. If you can't make these
20 changes, to look at this as a first step and
21 to not say that you've done your work and that
22 you're finished, but that this is just a first
23 step in a longer process. Thank you.

24 COUNCILMAN COHEN: Thank you very
25 much.

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2 Any questions?

3 (No response.)

4 COUNCILMAN COHEN: Seeing none, Mr.

5 Madres.

6 MR. MADRES: Thank you. I just
7 would like to thank everyone at Council. I
8 know it's been along night and I really thank
9 you for allowing Young Involved Philadelphia
10 to speak.

11 My name is Troy Madres, and I'm
12 speaking on behalf of Young Involved
13 Philadelphia in support of both bills that
14 Councilman Kenney and Councilman Goode are
15 introducing. We feel that passage of this
16 bill is essential to showing all
17 Philadelphians that Council is serious about
18 campaign finance reform and willing to take
19 steps against the practice of pay-to-play.

20 I'm co-founder and board member of
21 Young Involved Philadelphia, otherwise known
22 as YIP. YIP was founded in fall of 2003 as a
23 civil engagement organization for young
24 Philadelphians to meet, discuss important
25 issues pertaining to the City, and to advocate

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2 on good government reforms. We have a
3 membership base of over 600 Philadelphians who
4 regularly attend our meetings, participate in
5 many of our activities and receive our
6 newsletter. Our organization is based on two
7 visions.

8 First, we aim to educate
9 Philadelphians about local civic affairs and
10 key issues facing the City. We've held forums
11 on the State's planned take over of the School
12 District, planning efforts and revitalize
13 neighborhoods, the future of the Sam Eric
14 Theater, and immigration, to name a few. Even
15 several members of the Chamber, including
16 Councilman Nutter and Kenny have come to speak
17 to our group.

18 Our second vision is to support
19 reforms that help create a better
20 Philadelphia. We've participated in several
21 advocacy campaigns since our inception, most
22 notably, the effort to continue cuts to the
23 City wage tax; and more recently, support for
24 balance solution in Love Park.

25 A third issue that we have monitored

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2 and supported has been campaign finance
3 reform. The bill that both Councilmember
4 Kenney and Goode is introducing represents a
5 viable step for reform in the City and shows
6 that the City is willing to end its system of
7 pay-to-play, which is significant for young
8 adults like myself.

9 You might ask why young people would
10 care about a bill like this. You might think
11 that education reform or better access to job
12 training would be a more immediate. And while
13 they're extremely important, this bill
14 addresses an issue that is at the core of many
15 residents' dissatisfaction with the City, the
16 notion that money gives you the keys to doing
17 business in the City, that effort and
18 determination is second to the connections
19 that special interest receives, and that the
20 public interest is held in low regard to
21 campaign contributions.

22 YIP supports this bill because
23 ending pay-to-play would incur a change in the
24 perception of City Hall to Philadelphians. We
25 feel the appearance of pay-to-play as to the

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2 sense of corruption in the City makes them
3 feel more jaded, that the City does more to
4 represent the interest of businesses than its
5 citizens and leads to apathy to precisely the
6 same group of people who the City should want
7 to culture as future leaders.

8 There's a growing sense to many
9 Philadelphians, as highlighted in our recent
10 election and federal investigation, that
11 corruption is extensive in City Hall. As
12 outlined in an article in today's Inquirer,
13 contributors who gave large donations to the
14 Mayor's campaign also receive City business
15 and taxpayer money. One has to ask if these
16 contributors receive the work because of their
17 proposals and experience and hard work or
18 because certain politicians receive their
19 money. Even if that is not the case and a
20 transparent selection process govern and a
21 firm is chosen, the entire process is still
22 tainted. The appearance of corruption is just
23 as harmful in creating cynicism and skepticism
24 in the City's residents.

25 The two bills that Councilmember

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2 Kenney and Goode are proposing would begin to
3 erode that perception and give the impression
4 to the citizens of this community and
5 elsewhere that the City plays fair and bases
6 its business decisions on factors of skill and
7 experience.

8 Many young Philadelphians also feel
9 jaded that the City does not represent them.
10 They draw a straight line from the
11 contributions a firm makes to the special
12 treatment and business it receives from the
13 City, and it makes them ask about their
14 interests and concerns. What does it take for
15 government to listen to me; a well-written
16 letter, a visit to the office, a protest, or
17 does it take a campaign contribution?

18 The Mayor once stated that people
19 supported himself in the general election have
20 a greater chance of getting business from his
21 Administration than those who supported his
22 opponent. I believe that when young people
23 read a quote like this and follow the trail of
24 money, they feel worn down that their best
25 effort will always be dwarfed by big business

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2 and its extensive financial resources. What's
3 the point of any effort if the City caters to
4 special interests and not to me?

5 Last, the appearance of pay-to-play
6 creates apathy in young people and other
7 Philadelphians as well. Campaign
8 contributions represents an additional cost of
9 doing business, creating another disincentive
10 to young people who are already saddled with
11 high taxes, cheaper alternatives across the
12 river and the county line, and 50 years of
13 economic decline. It leaves to young people
14 who don't want to be civically engaged.
15 Through their silence, the current system is
16 allowed to continue. At its best, it creates
17 citizens who aren't motivated to make change
18 in the City and at its worst, makes the ones
19 who can afford to leave go to places like New
20 York, Chicago, Los Angeles or even Montgomery
21 County. And guess what? Those three cities I
22 mentioned ended pay-to-play long ago and have
23 also enacted progressive and modern campaign
24 finance reform.

25 Philadelphia needs to culture and

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2 promote its young leaders. They're its
3 future, and we can't let them go because they
4 simply don't care about the City. Passing
5 this bill and others will set a good example
6 to our youth and encourage their future
7 involvement and interaction with the City.

8 As young leaders, many of us want to
9 be in politics and we hope our good ideas and
10 hard work will make it happen and not simply
11 the amount of money that we can raise.

12 Cities like Philadelphia are endowed
13 with many positive attributes. It's a
14 cosmopolitan environment. There's a high
15 concentration of higher education centers.
16 There's incredible museums and cultural
17 offerings and the unique feel that only a
18 place like Philadelphia can provide. But
19 adding these positive attributes are expensive
20 or impossible. Lake Tahoe is never going to
21 be two hours away, and we don't have the
22 millions to build another stadium or another
23 Kimmel Center. But the City can remove its
24 negative attributes. It can reduce taxes, it
25 can help lower the cost of construction, and

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2 it can enact serious campaign finance reform.
3 Passing Councilmember Kenney's bill
4 and Councilmember Goode's bill will be the
5 first step to reduce the sense of corruption
6 and attachment citizens feel about the City,
7 make people feel that their elective
8 politicians truly represent them and engender
9 a sense of civic participation amongst all
10 citizens, including and especially its youth.
11 This is certainly an attribute that the City
12 will want to remove, and I hope Council
13 realizes this and makes a correct decision.
14 Thank you.

15 COUNCILMAN COHEN: Thank you all
16 also for a very thoughtful statement.

17 Are there any questions?

18 (No response.)

19 COUNCILMAN COHEN: Hearing none,
20 thank you very much.

21 The last speaker on my list is Lance
22 Haver, Director of Consumer Affairs.

23 MR. HAVER: Thank you very much, and
24 I'll be very brief because I appreciate all
25 the time that you've spent.

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2 Good evening, my name is Lance
3 Haver. I'm the Director of the Office of
4 Consumer Affairs. I want to be clear and I
5 guess you already know that I'm not testifying
6 on behalf of the Street Administration which
7 created the independent Consumer Affairs
8 Office. It is that independence that allows
9 me to provide what may be a different
10 perspective than the Mayor's. I am very
11 thankful that City Council is taking up the
12 critical issue of campaign finance reform
13 because we need campaign finance reform.

14 All too often our elections are
15 turned into auctions with the office going to
16 the highest bidders. The sanctity of the
17 democratic process is placed at risk when rank
18 and file voters believe that elected officials
19 answer first to the contributors and second to
20 the people. I don't believe that these two
21 bills go far enough.

22 Inadvertently, we have created a
23 system that tars everyone in the election
24 process. The candidates are forced to raise
25 money to be credible, and then accused of

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2 selling their office. The contributors who
3 are on the one hand are urged to be civic
4 minded, on the other are accused of trying to
5 buy favor. Voters are told ever vote counts,
6 but led to believe by the federal government,
7 no less, that those that give are more
8 important than those that vote.

9 The problem is the current system,
10 it forces all of us into an untenable dance.
11 It cost \$12 million to run for the Mayor's
12 office. A candidate must raise millions to be
13 seen by the media as credible. If a candidate
14 is not seen as credible because they have not
15 raised enough money, they don't get covered.
16 Without coverage, there's no hope of a
17 candidate winning. In much the way that bank
18 robbers rob banks because that is where the
19 money is, candidates are forced to try and
20 raise money from the wealthy because that is
21 who has the money to give. It should be no
22 surprise to anyone that the wealthy have
23 business interests in the City and from time
24 to time do business with the City.

25 I realize that the idea such as

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2 limiting contributions and making it illegal
3 for people to give to businesses with the City
4 of Philadelphia are tempting. Unfortunately,
5 our past experience with national campaign
6 finance laws show that nothing short of public
7 finance of elections will end the need for
8 people running for office to also run for
9 money.

10 Limiting campaign contributions will
11 simply make prodigious fund-raisers more
12 important. Creative lawyers will find ways
13 around whatever rules are established, in much
14 the way that big donors find ways around the
15 federal laws by using soft money to buy
16 national elections.

17 Yes, the ideas are lofty, but the
18 devil and the details of anything short of
19 public funding is too large to defeat. We
20 have had 30 years of experience with the
21 quote/unquote post-Watergate campaign reforms.
22 I do not believe that any rational person can
23 say that big donors are no longer important,
24 despite limits placed on campaign
25 contributions. It doesn't make sense to me to

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2 try and implement a system that has not worked
3 in the past with the hope that it will work in
4 the future. The only way to make voters more
5 important than contributors is to have
6 campaigns publicly funded. Thank you.

7 COUNCILMAN COHEN: Thank you very
8 much.

9 Any questions?

10 (No response.)

11 COUNCILMAN COHEN: If not, is there
12 anybody who has not been called who wishes to
13 be heard?

14 I'm not inviting testimony, but
15 we're willing to have it.

16 (No response.)

17 COUNCILMAN COHEN: Seeing no one,
18 the Chair declares the public hearing at the
19 end and calls for the beginning of the meeting
20 of the City Council Law and Government
21 Committee.

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COUNCIL OF THE CITY OF PHILADELPHIA

4

PUBLIC MEETING

5

COMMITTEE ON LAW AND GOVERNMENT

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Wednesday, December 11, 2003

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10 Public meeting conducted by the
11 Committee on Law and Government, held in Room
12 696, City Hall, Philadelphia, Pennsylvania, on
 the above date, to consider action on the
 following:

13

BILLS 030562, 030710.

14

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PRESENT:

16

COUNCILMAN DAVID COHEN, Chair

17

COUNCILWOMAN JANNIE BLACKWELL

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COUNCILMAN W. WILSON GOODE

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COUNCILMAN JAMES KENNEY

20

COUNCILMAN MICHAEL NUTTER

21

COUNCILMAN ANGEL ORTIZ

22

COUNCILMAN FRANK RIZZO

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1 11/19/03 - LAW - PUBLIC MEETING

2 COUNCILMAN COHEN: First order of
3 business should be the introduction by
4 Councilmembers Goode and Kenney of the
5 amendments they offered at the hearing. Do I
6 hear such a motion of Councilman Goode?

7 COUNCILMAN GOODE: Thank you, Mr.
8 Chairman. I move that the amendments, as
9 circulated, on Bill 030562 and discussed on
10 the record be approved.

11 (Duly seconded.)

12 COUNCILMAN COHEN: Any discussion?

13 (No response.)

14 COUNCILMAN COHEN: If not, all in
15 favor of that motion, please say aye.

16 (Aye.)

17 COUNCILMAN COHEN: Any opposed?

18 (No response.)

19 COUNCILMAN COHEN: The ayes have it.
20 The amendment is adopted.

21 Councilman Kenney, do you have with
22 respect to your bill --

23 COUNCILMAN KENNEY: I'm not on the
24 Committee. Perhaps Councilmember Goode ought
25 to make a motion to approve his amended bill.

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2 Councilman Nutter will be handling
3 my amendments.

4 COUNCILMAN COHEN: Are you prepared
5 to make a motion to approve the bill, as
6 amended.

7 COUNCILMAN GOODE: Thank you, Mr.
8 Chairman. I move that Bill 030562, as
9 amended, be reported out of Committee with a
10 favorable recommendation, and a further
11 recommendation that the Rules of Council be
12 suspended to allow first reading at our next
13 Council Session.

14 (Duly seconded.)

15 COUNCILMAN COHEN: Any discussion?

16 (No response.)

17 COUNCILMAN COHEN: If not --

18 COUNCILWOMAN BLACKWELL: Mr.
19 Chairman, I'm voting nay on the amendment and
20 on the bill. I'm voting nay on the second
21 bill.

22 COUNCILMAN COHEN: On the amendments
23 and on the motion, okay.

24 All those in favor please say aye.

25 (Aye.)

1 11/19/03 - LAW - PUBLIC MEETING

2 COUNCILMAN COHEN: Any nays?

3 COUNCILWOMAN BLACKWELL: I'm voting
4 no on the second bill. I'm voting yes on
5 Councilman Goode's bill and I'm voting no on
6 the second bill.

7 COUNCILMAN COHEN: Councilman
8 Mariano left his vote. He's voting aye on
9 Councilman Goode's amendments and on the bill.

10 COUNCILMAN COHEN: All those in
11 favor of the motion of Councilman Goode to
12 support his bill, please say aye.

13 (Aye.)

14 COUNCILMAN COHEN: Any opposed?

15 (No response.)

16 COUNCILMAN COHEN: It's unanimous on
17 Councilman Goode's bill.

18 Now, Councilman Kenney's bill.

19 COUNCILMAN NUTTER: Mr. Chairman,
20 I'm going to offer the amendments for
21 Councilman Kenney on this particular bill.
22 He's not a member of the Committee.

23 The amendments have been circulated
24 and I would move the adoption of the
25 amendments to Bill 030710.

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2 (Duly seconded.)

3 COUNCILMAN COHEN: All those in
4 favor, please say aye?

5 (Aye.)

6 COUNCILMAN COHEN: Any nays?

7 COUNCILWOMAN BLACKWELL: Nay.

8 COUNCILMAN COHEN: One nay,
9 Councilwoman Blackwell.

10 COUNCILMAN NUTTER: Councilman
11 Mariano left his vote as a no also.

12 COUNCILMAN COHEN: And Councilman
13 Mariano.

14 The amendment is adopted.

15 Councilman Nutter, will you offer
16 the final motion?

17 COUNCILMAN NUTTER: Mr. Chairman, I
18 move that Bill 030710, as amended, be reported
19 out of this Committee with favorable
20 recommendation, a further recommendation that
21 the Rules of Council be suspended so as to
22 permit first reading at our next session.

23 (Duly seconded.)

24 COUNCILMAN COHEN: Any discussion?

25 (No response.)

1 11/19/03 - LAW - PUBLIC MEETING

2 COUNCILMAN COHEN: If not, all those
3 in favor, please say aye.

4 (Aye.)

5 COUNCILMAN COHEN: Those against
6 will say nay.

7 COUNCILWOMAN BLACKWELL: Nay.

8 COUNCILMAN COHEN: Councilwoman
9 Blackwell and Councilman Mariano.

10 The bill as amended is adopted.

11 The public meeting is at the end. I
12 thank everybody for their patience, the
13 witnesses the Members of Council, and I'll
14 even thank the Chairman.

15 (Council adjourned at 9:00 p.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Wednesday, November 11, 2003,
were reported fully and accurately by me, and
that this is a correct transcript of the same.

RE: COMMITTEE ON LAW AND GOVERNMENT

Lisa C. Bradley, RPR