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COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING AND PUBLIC MEETING
BEFORE THE COUNCIL COMMITTEE ON
COMMERCE & ECONOMIC DEVELOPMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, October 27, 1998
2:15 p.m.

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PRESENT: COUNCILMAN MICHAEL A. NUTTER, Chairman
COUNCILWOMAN AUGUSTA A. CLARK
COUNCILMAN DAVID COHEN
COUNCILWOMAN ANNA C. VERNA
COUNCILWOMAN DONNA REED MILLER
COUNCILWOMAN MARIAN B. TASCO
COUNCILMAN ANGEL L. ORTIZ
COUNCILMAN FRANK DICICCO
COUNCILMAN RICHARD T. MARIANO

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

3 COUNCILMAN NUTTER: Good afternoon,
4 ladies and gentlemen. This is the City Council
5 Committee on Commerce and Economic Development for
6 a public hearing on Resolution No. 980734. My
7 name is Michael Nutter, and I'm the chair of the
8 committee.

9 With me presently is Councilwoman
10 Tasco, who was appointed as a member of the
11 committee for today's hearing by Council President
12 Street. We are anticipating other members of
13 Council who are members of the committee to be
14 present, they are on their way. But we would like
15 to get today's proceeding started and respect
16 everyone's time.

17 Let me read the title of Resolution
18 980734. Authorizing the City Council Committee on
19 Commerce and Economic Development to hold
20 investigative hearings on the performance and
21 compliance of Kvaerner Shipbuilders and the
22 Philadelphia Shipyard Development Corporation with
23 the participation goals of minority and female
24 businesses and the contractors on the
25 rehabilitation of the Philadelphia Naval Yard.

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2 Before we get started, one,
3 Councilwoman Donna Reed-Miller has joined us here
4 at the table. Two, my colleague, Councilwoman
5 Tasco, who introduced Resolution No. 980734, has
6 put together -- as is generally the responsibility
7 of a sponsoring member -- an agenda for today's
8 hearing. I will conduct the hearing as the chair,
9 but Councilwoman Tasco has put together today's
10 agenda.

11 If there are individuals who wish to
12 testify who have not already notified either my
13 office or Councilman Tasco's, you should you see
14 Miss Brenda Frazier or Miss Debra Johnson who are
15 over on the side. We wish to hear everyone who is
16 here today and we will do our best to keep the
17 hearing moving. We understand that some people
18 have time constraints, but we do want to fully
19 explore and examine the issues that have been
20 raised by the resolution.

21 Lastly, joining us at the table is
22 Councilman Ortiz, a member of the committee.

23 I believe that Councilwoman Tasco
24 wishes to make an opening statement, and then we
25 will start with our testimony following the agenda

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2 that was provided by Councilwoman Tasco.

3 The Chair recognizes Councilwoman
4 Tasco.

5 COUNCILWOMAN TASCO: Thank you,
6 Councilman Nutter.

7 Good afternoon, everyone. And I want
8 to thank you for coming out to the hearing today.

9 During my first term on City Council, I
10 chaired this Committee on Commerce and Economic
11 Development, and I've never lost my concerns for
12 the issues that impact on economic development of
13 this city. And specifically, I am committed to
14 ensuring that everyone who is eligible has access
15 to every and all opportunities that are created in
16 the city.

17 My interest in participation by all
18 citizens of Philadelphia goes back further to the
19 days when I worked as Philadelphia Urban Coalition
20 as the task force coordinator and had the economic
21 Development Task Force, and our concerns are not
22 far from the concerns then as are the concerns
23 today.

24 We are still fighting for participation
25 in the economic growth of this city, and it was

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2 very difficult in the early seventies to foster
3 that kind of participation. Some people in this
4 room who will testify today worked with me back in
5 those days to gain some assurance that all
6 citizens of this city would participate in the
7 economic largesse of this city.

8 I'm very disappointed that we are here
9 today. It's like an "I told you so" hearing,
10 because in December, when this legislation was
11 brought to us in a briefing in the City Council
12 chambers, we all -- and I specifically expressed
13 interest and concern about the inclusiveness of
14 this contract -- of the contract and how women and
15 minorities would participate in this
16 \$400 million project which consists of public
17 dollars.

18 No matter how you identify them, the
19 dollars are taxpayers' dollars, mine included.
20 The dollars may come from the federal government,
21 they may come from the State, and they may come
22 from the City. But in the end, the dollars come
23 from the taxpayers. As a taxpayer, I am
24 interested that my dollars are spread around in a
25 diverse way and that no one is excluded from

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2 participating.

3 The National League -- and I remember
4 this so vividly because the National League of
5 Cities was meeting here, and were at a meeting
6 over at the National League, and we were called
7 into Council and told that we had to vote on this
8 legislation, it was very important, and I agree.
9 Developing and bringing the Navy Yard back is very
10 important to all of us. We want to see jobs.

11 And because of our concern for the
12 employment and economic development around that
13 project, we voted. We were asked to vote without
14 even reading the contract, and we said no.

15 So we're here now because at that time,
16 our concerns, I believe now, were valid, because
17 we began to get complaints from individuals who
18 had sought participation on that project and were
19 not given access.

20 So we had a meeting with staff of PIDC
21 and with some of the contractors and in particular
22 with other Councilmembers just to get a feel for
23 what was happening. And we really weren't too
24 happy -- at least I wasn't -- with the results of
25 that meeting.

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2 And that's why we introduced a
3 resolution to have these hearings so that those
4 people who believe that they have not been given
5 an opportunity to participate in this effort could
6 come forth and put it on public record, what their
7 concerns are. And hopefully, we will come up
8 today with some resolution.

9 We know that -- I have been told that
10 the Mr. Radahl, who is the head of Kvaerner, could
11 not be here today, but we did not to postpone
12 these hearings. We wanted them to go forward. We
13 will ask him to come, and we've been given a date
14 of November the 16th.

15 We will ask him to come. And at the
16 same time, we want the Pennsylvania Ship
17 Development Corporation to come forth because that
18 is the board that we were told would oversee this
19 project.

20 So we will have the testimony today.
21 And for those people who have just come in the
22 room, our agenda is such that we will have
23 testimony from business people who have tried to
24 gain work on this project, and then we'll go to
25 the agency and Kvaerner representatives.

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2 Thank you so much, Mr. Nutter. And,
3 again, we thank you for coming out to broken your
4 testimony.

5 COUNCILMAN NUTTER: Thank you,
6 Councilwoman Tasco.

7 The first witness this afternoon is Mr.
8 Tony McNeil, Deputy City Controller.

9 (Anthony McNeil comes forward.)

10 COUNCILMAN NUTTER: Please identify
11 yourself for the record and proceed with your
12 testimony.

13 MR. MCNEIL: Thank you, Mr. Chairman.
14 My name is Anthony McNeil, and I'm a deputy in the
15 City Controller's office. Thank you for this
16 opportunity. I'd like to read a brief statement.
17 I've provided copies earlier.

18 COUNCILMAN NUTTER: That will be fine.

19 MR. MCNEIL: Thank you. In early
20 September, the Controller's Office was contacted
21 by numerous parties alleging a whole host of
22 discriminatory bidding practices at Kvaerner
23 Philadelphia Naval Shipyard.

24 Some of those allegations included out
25 of over 100 million in bid openings to date, with

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2 almost 70 million awarded, only four MBEs and WBE
3 firms have been awarded contracts as subcontracts,
4 for a total of \$1,740,000.

5 KPS prequalified bidders, created an
6 improved list of five to six prime contractors.
7 Based on this process, qualified MBEs and WBE
8 firms are not privy to information and, hence,
9 allowed to bid as prime contractors.

10 Most bids are not advertised. MBE/WBE
11 firms cannot purchase plans or specifications for
12 the bids in order to submit timely and competitive
13 prices.

14 OHCD and the City Department of Labor
15 Standards employees who are responsible for
16 monitoring the expenditures of federal funds and
17 contract compliances at KPS were banned from the
18 site and from attending all bid openings and from
19 informational process meetings.

20 According to the letter, according to a
21 letter from a former KPS planning and scheduling
22 manager, high-level KPS executives have made
23 inclusion of MBEs and WBE firms in the process was
24 given a very low priority.

25 One KPS executive was quoted as

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2 stating, "I don't care what the contract says, we
3 will do what we want to do in this project. It's
4 Kvaerner's business, not the City's. And all we
5 promised in the contract was an attempt to involve
6 minority companies. We are not contractually
7 bound to do anything. And by the way, this
8 conversation does not leave this room."

9 The former KPS employee letter
10 collaborates the information provided by other
11 interested parties. He states the contracts have
12 been open bids, and that MBE and WBE firms have
13 not been notified of upcoming dates for various
14 contracts.

15 KPS has signed a document that requires
16 them to take steps to use good-faith efforts to
17 arrange for competitively-situated MBEs and WBE
18 business enterprises to have access to bid
19 documents and opportunities to bid on contracts.
20 Based on the information presented to the
21 Controller's Office, KPS has not been complying
22 with contractual requirements to utilize
23 minority- and women-owned firms.

24 Hundreds of millions of dollars of
25 public monies are included in this project. KPS

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2 has a duty, under the master agreement, to use the
3 best efforts to arrange for MBEs and WBE firms to
4 be engaged as subcontractors and I believe prime
5 contractors as well. If they are qualified, to
6 date, KPS has not lived up to its
7 responsibilities.

8 With the hiring of the Greater
9 Philadelphia Urban Affairs Coalition and a renewed
10 partnership with the appropriate City agencies
11 charged with monitoring the expenditures of public
12 funds, I am hopeful Kvaerner will change its ways
13 and become a good corporate citizen it has the
14 reputation of being.

15 To foster this effort, KPS should
16 broaden its outreach efforts to include MBEs and
17 WBE firms as prime and subcontractors. The
18 Philadelphia Shipyard Development Corporation
19 should also consider the placement of a
20 representative of a WBE and WE contractors
21 community on its board.

22 I will be happy to answer any questions
23 you may have. Thank you.

24 COUNCILMAN NUTTER: Thank you very much
25 for your testimony.

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2 First, just a bit of housekeeping. You
3 are testifying in your capacity as Deputy City
4 Controller.

5 MR. MCNEIL: Yes.

6 COUNCILMAN NUTTER: Is that correct.

7 MR. MCNEIL: Yes.

8 COUNCILMAN NUTTER: And does your
9 testimony reflect the concerns, if not the
10 position, of the City Controller?

11 MR. MCNEIL: Yes.

12 COUNCILMAN NUTTER: Mr. Saidel?

13 MR. MCNEIL: Yes.

14 COUNCILMAN NUTTER: Okay. I've been
15 intrigued for sometime about the statement -- and
16 I've heard this before -- on page 2.

17 MR. MCNEIL: Yes.

18 COUNCILMAN NUTTER: That's been
19 attributed to one KPS executive and the quote as
20 you read it into the record. Do we know who made
21 this particular statement?

22 MR. MCNEIL: Yes. We received a
23 letter. And when I say "we," I mean the City
24 Controller, Mr. Saidel, received a letter from
25 this employee. I have that letter here as

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2 documentation.

3 COUNCILMAN NUTTER: What's the person's
4 name?

5 MR. MCNEIL: Anthony Leonard, who was a
6 previous department manager at Kvaerner.

7 COUNCILMAN NUTTER: He's the person
8 that wrote the letter relaying the alleged
9 conversation?

10 MR. MCNEIL: Yes.

11 COUNCILMAN NUTTER: Do we know who made
12 the statement?

13 MR. MCNEIL: I'm sorry, I didn't hear
14 you.

15 COUNCILMAN NUTTER: Do we know who made
16 the statement?

17 MR. MCNEIL: No -- well, I can show you
18 a copy of the letter.

19 COUNCILMAN NUTTER: Okay, all right.

20 Any other questions for Mr. McNeil?
21 Councilman Ortiz.

22 COUNCILMAN ORTIZ: You say that he's a
23 former employee. What was the reason for
24 leaving?

25 MR. MCNEIL: I don't have that

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2 information right now, sir.

3 Well, it says here in this letter that
4 he had some false charges against him when he was
5 terminated. He's filing suit.

6 COUNCILMAN ORTIZ: I didn't hear that,
7 excuse me.

8 MR. MCNEIL: I'm sorry. He was
9 terminated for some false charges. It didn't
10 elaborate on it, but he's filing suit presently
11 against Kvaerner.

12 COUNCILMAN NUTTER: Councilman, it's my
13 understanding that that individual is actually
14 here and will be testifying in the first panel.

15 COUNCILMAN ORTIZ: Oh, okay.

16 MR. LEONARD: That's me, Councilman.

17 COUNCILMAN NUTTER: Okay. Well, we
18 will get to you, sir. Thank you.

19 COUNCILMAN ORTIZ: I was told at a
20 meeting that we had with PIDC that we had no
21 authority to be able to audit the Kvaerner
22 contract. And I would like to find out what is
23 the extent of the authority of the Controller's
24 Office. And you are speaking for the Controller's
25 Office, right?

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2 MR. MCNEIL: Yes.

3 COUNCILMAN ORTIZ: What is the extent
4 that we have to be able to audit the overall
5 working of Kvaerner as it is at the present time?
6 And is it limited to the amount of money that the
7 City now contributes to the overall grant that was
8 given Kvaerner?

9 MR. MCNEIL: We are researching that.
10 Our authority to audit Kvaerner is very limited.
11 We're researching the possibilities up to the
12 administration to invite us in so that we can do
13 the necessary proper auditing processes.

14 COUNCILMAN ORTIZ: What is the
15 limitations that you presume to have at the
16 present time? What are the parameters that we
17 have currently as seen by your office?

18 MR. MCNEIL: Well, I'm going to try to
19 -- basically as our guiding force, basically it
20 limits us to auditing outside projects where
21 monies are federal --

22 COUNCILMAN ORTIZ: I can't hear you,
23 you got to speak up.

24 MR. MCNEIL: I'm sorry, I'm sorry,
25 forgive me. Can you hear me now?

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2 COUNCILMAN ORTIZ: Yeah.

3 MR. MCNEIL: Okay. We were told that
4 basically the federal government -- 'cause the
5 majority of the money came from the federal
6 government -- needs to do this audit, or proceed
7 to do that. But we're very limited because of the
8 Home Rule Charter.

9 COUNCILMAN ORTIZ: When that contract
10 was before us in Council, we were told we were
11 partners in the process. I just want to establish
12 what the limitation -- there are limited
13 partnerships in the corporate world, and I want to
14 establish what limited partnership we have, if
15 possible.

16 And I would like you to be able to be
17 as specific as you can as to the limited
18 partnership that the City has in the whole aspect
19 of this contract. And how can we be sure that our
20 money is being spent correctly at this time?

21 MR. MCNEIL: Okay. Well, then, like I
22 said, we have to research that, and we'll do that
23 and come back with an answer at a later day. But
24 I know we're limited by the Home Rule Charter. We
25 really can't go in and do a full-blown audit like

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2 we do with the school board.

3 COUNCILMAN ORTIZ: Do you have an idea,
4 because, let's say, since there is state money,
5 and can we as a legislative body, for example, and
6 maybe you have this answer, maybe you don't. But
7 if you don't, I would like you to bring it back to
8 us.

9 And if he cannot, Mr. Chair, I'd like
10 the City Solicitor to give us an answer.

11 COUNCILMAN NUTTER: What's the
12 question, Councilman?

13 COUNCILMAN ORTIZ: Since we are limited
14 -- the City's limited and you don't have an
15 answer to that, also, what is the role, the
16 auditing role -- or can we ask the Auditor
17 General, for example to audit the whole Kvaerner
18 contract? And what are his limitations, if any,
19 that you know about?

20 (David Volpe comes forward.)

21 MR. VOLPE: I can answer that.

22 MR. MCNEIL: Mr. Volpe has joined me,
23 who's the Chief Deputy in our office.

24 COUNCILMAN NUTTER: Mr. Volpe, please
25 identify yourself for the record. Do you wish to

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2 blocks that are being put forward to prevent us
3 from following up on what you're talking about?

4 MR. VOLPE: To my knowledge, none. I
5 mean, we have not attempted to do a full-scale
6 audit of the funds.

7 Basically, we got the initial
8 allegations in from a couple of different parties,
9 followed up on those, met with PIDC, talked to the
10 responsible City parties who have been monitoring
11 the project related to the bidding requirements
12 from OHCD, from MBEC.

13 And we have found that certainly -- and
14 we all, I think would agree -- they haven't been
15 following the contract and the management
16 agreement in terms of the goals that were set and
17 the responsibilities we believe they have in terms
18 of notification of vendors to get on subcontractor
19 and prime contractor bidding lists.

20 And that's basically the extent of what
21 we've done. We haven't gone past what we found on
22 the lack of follow-through on the bidding.

23 COUNCILMAN ORTIZ: I would definitely
24 like, Mr. Chairman, the Controller's Office to get
25 together with this committee and maybe structure a

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2 process in which an auditing process can be put
3 into place so that all of the information that we
4 may not be getting willingly or voluntarily will
5 be forthcoming through the audit, if possible.

6 MR. VOLPE: We'd be happy to work with
7 the committee.

8 COUNCILMAN NUTTER: Councilman, I'll
9 make that request as well as your earlier request
10 was for the City Solicitor's Office to make some
11 determination as to what is the official and
12 authorized role of the City Controller with regard
13 to this particular project.

14 COUNCILMAN ORTIZ: Thank you.

15 COUNCILMAN NUTTER: Any other
16 questions?

17 Councilwoman Miller?

18 COUNCILWOMAN MILLER: Yes. This
19 question is for Tony McNeil.

20 In your statement on page 1, at the
21 bottom, the last two items. When you make
22 reference that most bids are not advertised and
23 MBE and WBE firms cannot purchase plans, would an
24 audit -- does your audit also deal with contract
25 compliance? Because I would believe that because

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2 there's public money, that these two items should
3 not have happened. Am I correct or am I
4 off-base?

5 MR. MCNEIL: That's correct.

6 COUNCILWOMAN MILLER: Okay, thank you.

7 COUNCILMAN NUTTER: Lastly, Mr. McNeil,
8 on that same point, are you saying, without it
9 being written, that the MBE/WBE firms cannot
10 purchase plans -- this is your testimony --
11 purchase plans and specifications for the bids in
12 order to submit timely and competitive prices?

13 Are you also saying that non-MBE/WBE
14 firms are able to purchase plans and
15 specifications for these bids?

16 MR. VOLPE: Can I answer that if
17 possible.

18 The way they've structured the project,
19 you have a prequalification of certain bidders for
20 certain types of job, so they'll pick -- they'll
21 solicit input from five, six -- let's take that
22 number -- prime contractors that they believe
23 firms that are prime contractor type of firms.
24 How they get to that determination if they are a
25 prime versus a sub, I can't say.

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2 But they'll solicit input and
3 qualifications from those types of firms and they
4 will negotiate with those firms. And then they'll
5 follow up on that or not follow up on that with
6 those types of firms in terms of trying to find
7 subcontractors who, generally speaking, would be
8 minority type of contractors or WBE or DBE type of
9 contractors.

10 So what we found was, the process
11 they're using inherently limits the number of
12 potential bidders, some of whom would be MBE/WBE.

13 COUNCILMAN NUTTER: Because of the
14 prequalification process?

15 MR. VOLPE: The prequalification
16 process.

17 COUNCILMAN NUTTER: Okay.

18 COUNCILWOMAN MILLER: And these were
19 just bids on prime contracts?

20 MR. VOLPE: These would be bids on
21 structural steel, for example, or the crane, the
22 demolition. They did-- on the architecture, they
23 did pick as a partner contractor, a minority firm
24 in addition to the prime contractor they selected
25 for the architectural.

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2 COUNCILMAN NUTTER: Okay. Councilwoman

3 Tasco?

4 COUNCILWOMAN TASCO: Mr. Volpe, you
5 audit the -- this is a hypothetical. You audit
6 the Kvaerner deal, and you find that there is no
7 compliance, a little compliance to the City's MBE
8 requirements, the state requirements, and the
9 federal requirements, what happens?

10 MR. VOLPE: To be perfectly honest,
11 Councilwoman, I'm not sure. We'd obviously report
12 that, and we're in the process of telling you what
13 we found to date on the bidding and procurement
14 side.

15 In terms of the City's ability to do
16 anything about it, I'm not sure what the City's
17 ability is. The managing agreement, the way it's
18 written, they are structured as goals. They are
19 not firm set-asides in any way where 15 percent
20 has to be the case. It does say "best efforts."

21 Now, certainly, what we found is that
22 the best efforts have not been there. I don't
23 think they have exercised best efforts in the
24 process to be inclusionary.

25 But in terms of action to take,

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2 recognizing they're not meeting the goal, I'm not
3 sure what the resultant action is.

4 COUNCILWOMAN TASC0: Who pays the
5 bills? The money flows into what coffer? Do we
6 receive all the money in the City and then -- or
7 where does the money go, all of this money, where
8 does the City money go? Where does the
9 federal-money dollars go, where do the state
10 dollars go? Who pays the bill?

11 MR. VOLPE: The Shipyard Development
12 Corporation.

13 COUNCILWOMAN TASC0: So the money goes
14 to the shipyard Development Corporation so they
15 have the financial responsibility for paying the
16 Kvaerner.

17 MR. VOLPE: Yes.

18 COUNCILWOMAN TASC0: Thank you.

19 COUNCILMAN NUTTER: Any other
20 questions?

21 Councilman Mariano?

22 COUNCILMAN MARIANO: Mr. Chairman, this
23 is to one of the controller's people here, Tony or
24 David Volpe.

25 Are either of you familiar with the

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2 been slowed up. Would that be any help, do you
3 think? I mean, I just want to throw out something
4 positive here.

5 MR. VOLPE: I'm not really sure if that
6 would help or hinder the situation. You don't
7 want to do anything that -- this is fast track,
8 the project is, and you don't want to slow it
9 down. But at the same time, you want to make sure
10 that the entities are complying with the
11 management agreement requirements.

12 So I'm sorry I can't answer that
13 question directly. I'm not sure if --

14 COUNCILMAN MARIANO: Could you
15 officially ask the Controller to respond to me in
16 writing about that if possible?

17 MR. VOLPE: Sure.

18 COUNCILMAN MARIANO: See, I mean if
19 it's farfetched, it's something. I mean, we want
20 to get this going.

21 MR. VOLPE: Absolutely.

22 COUNCILMAN MARIANO: Fast track is fast
23 track.

24 MR. VOLPE: Absolutely.

25 COUNCILMAN MARIANO: Thank you.

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2 COUNCILMAN NUTTER: Councilwoman

3 Clark?

4 COUNCILWOMAN CLARK: Good afternoon.

5 I'm concerned about the
6 pre-qualifications process. Do you know if
7 minority-women and disabled business firms were
8 prequalified as prime contractors?

9 MR. VOLPE: I'm not sure of the answer
10 on that, Councilwoman.

11 COUNCILWOMAN CLARK: Tony?

12 MR. MCNEIL: I'm not sure. Someone
13 from OHCD would probably know.

14 COUNCILWOMAN CLARK: Are you saying
15 that you don't know what the prequalification
16 process is that Kvaerner uses? Do you know that?

17 MR. VOLPE: Well, I think it's been
18 evolving certainly up until. Not too long ago,
19 certainly, there was a very limited
20 prequalification process. At least for the
21 primes, there was a structured process.

22 As for the smaller firms and
23 traditional minority firms, we're not sure how
24 many were included in, that if any. As Tony said,
25 someone from OHCD might be in a better position to

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2 together the witnesses as panels, as I indicated
3 earlier. If there are people who have not been in
4 touch with Councilwoman Tasco's office about
5 getting on the witness list, please see Debra
6 Johnson or Brenda Frazier.

7 The first panel is Anthony Fullard,
8 Steven Henderson, Ronald Bridges, and Anthony
9 Leonard. Would those individual please come to
10 the witness table and begin their testimony.

11 (Above panel comes forward.)

12 COUNCILMAN NUTTER: While those persons
13 are coming to the table, let me recognize the
14 presence of Councilman DiCicco, who is a member of
15 the committee, and Councilwoman Verna, the
16 majority leader.

17 Can we have everyone identify
18 themselves for the record as you begin your
19 testimony and proceed in whatever order you've
20 worked out amongst yourselves.

21 If you haven't developed an order,
22 we'll start with the gentleman in the striped
23 shirt. Proceed, sir.

24 MR. FULLARD: My name is Anthony
25 Fullard. I am the president of KKAJ Incorporated

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2 Steel Erecting & Fabricating Company.

3 COUNCILMAN NUTTER: Proceed, I'm sorry.

4 MR. FULLARD: My testimony is probably
5 short and straight to the point.

6 COUNCILMAN NUTTER: That would be a
7 novelty in this place, sir.

8 COUNCILWOMAN TASC0: Excuse me, sir.
9 We were conferring.

10 MR. FULLARD: Okay.

11 COUNCILWOMAN TASC0: Could you please
12 state your name and where you're from, please. I
13 didn't hear that.

14 MR. FULLARD: Mm-hmm. My name is
15 Anthony Fullard. I'm from KKAJ Incorporated Steel
16 Erecting & Fabricating Company.

17 COUNCILMAN NUTTER: Okay.

18 MR. FULLARD: We have shown great
19 interest in the Kvaerner project, and we have been
20 in contact with the OHCD Department. Hanford
21 Jones had been a great help to us to try to
22 acquire as much information that we could to begin
23 the bidding process for our company.

24 As we pursued that information, we --
25 normally, we are given the structural drawings in

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2 order to bid a project. We, up until this date,
3 have never received any drawings whatsoever, nor
4 have we been directed where to even purchase any
5 drawings, if any. We were told that it was a it
6 was a as-built project, and that there were no
7 drawings to be obtained.

8 Now, the information that we did
9 receive was --

10 COUNCILMAN NUTTER: Mr. Fullard, I'm
11 sorry to interrupt you. What -- I'm not too
12 expert in the construction industry. What does
13 that mean?

14 MR. FULLARD: It means that whomever is
15 bidding the fabrication and the erection of this
16 building would have to come up with some designs
17 of what they consider of, you know, how this
18 building or how this structure could be built.

19 COUNCILMAN NUTTER: Right. Based on
20 what?

21 MR. FULLARD: Based on -- I don't
22 know. Normally, they have some type of template
23 for you to go by of what the owner wants to build
24 there, okay? And, as I said before, we had never
25 received any drawings or anything of that

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2 magnitude so that we can give any kind of a quote
3 of what we could do on the project.

4 COUNCILMAN NUTTER: Well, what building
5 are we talking about?

6 MR. FULLARD: Well, there are seven
7 buildings.

8 COUNCILMAN NUTTER: Right. I mean, how
9 did you of this?

10 MR. FULLARD: Excuse me?

11 COUNCILMAN NUTTER: And how did you
12 learn about these buildings? Or how do you know
13 that there is an building opportunity?

14 MR. FULLARD: OHCD -- Hanford Jones has
15 been giving us information on this project to
16 extent that he had that we could bid this
17 project. And this is what I have here.

18 COUNCILMAN NUTTER: Okay. So when you
19 found out about that, what did you do next? Who
20 did you try to contact in order to be able to
21 either get some drawings, find out more
22 information? What was your next step?

23 MR. FULLARD: Okay. My next step is I
24 did receive a prime -- a still prime contractors
25 list.

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2 COUNCILMAN NUTTER: From whom?

3 MR. FULLARD: From Hanford Jones,
4 OHDC. And we looked through these prime
5 contractors on whom we felt comfortable to bid
6 from. So I contacted numerous fabricating prime
7 contractors.

8 COUNCILMAN NUTTER: Right.

9 MR. FULLARD: Okay. And the only one
10 that responded to us was S.M.I. Owens Fabricating
11 Company. And they did send us some information,
12 and this is the information that I have on the
13 project. And the information basically had the
14 total weights of each building that had to be
15 built.

16 COUNCILMAN NUTTER: Now, this company
17 that sent you information, are they somehow
18 involved in the project?

19 MR. FULLARD: Now they have been
20 awarded the project. They are doing a joint
21 venture with Havenstill and S&M Owens (ph).

22 COUNCILMAN NUTTER: So they have
23 responsibility for building the building.

24 MR. FULLARD: Yes.

25 COUNCILMAN NUTTER: And what would your

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2 company do as it relates to their project to build
3 the building? What part of the business are you
4 in?

5 MR. FULLARD: We are in steel erection,
6 so we would be the company that would pursue to
7 install the steel that they actually would
8 fabricate.

9 COUNCILMAN NUTTER: So somebody else
10 fabricates these pieces, and then your company
11 comes in and you erect them.

12 MR. FULLARD: Yes.

13 COUNCILMAN NUTTER: Okay, so where are
14 things now?

15 MR. FULLARD: So once we learned that
16 they had won the project, we contacted them again,
17 and I spoke to a Mr. Brown, and he said that they
18 had already awarded the project.

19 Well, I'm a little ahead of myself. We
20 did submit some bids to them, okay?

21 COUNCILMAN NUTTER: Okay.

22 MR. FULLARD: But only on the
23 information that we had. We never seen any
24 drawings. We just gave them a per-ton price
25 because that's all that we had.

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2 COUNCILMAN NUTTER: Right.

3 MR. FULLARD: So we came up with what
4 we could handle, and we submitted them a price per
5 ton because that's what they asked for.

6 COUNCILMAN NUTTER: Right.

7 MR. FULLARD: And then once we learned
8 that they did -- when the fabricating bid -- well,
9 the whole package, they subbed out the total
10 erection package to Cornell, who is a sub to Owen
11 Steel now. And so they told us to get in contact
12 with them to see if there was anything that we
13 could obtain from them. And that's where it is at
14 this date.

15 COUNCILMAN NUTTER: And have you been
16 in touch with that company?

17 MR. FULLARD: Yes, I have.

18 COUNCILMAN NUTTER: And what can you
19 tell us about those discussions?

20 MR. FULLARD: Cornell had asked us to
21 call them within 30 days because they had not had
22 a signed contract, nor did they have any drawings
23 for us to review. So they asked us to get back in
24 contact with them in 30 days.

25 COUNCILMAN NUTTER: All right. So, I

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2 mean, based on your testimony, I guess what I'm
3 taking away is that you were told by various
4 people that no one seems to have anything that you
5 need to be able to submit a responsible bid. But
6 then somehow, some way --

7 MR. FULLARD: Someone else did.

8 COUNCILMAN NUTTER: -- somebody
9 apparently get the information that they need,
10 they submit a bid, they get a contract, and then
11 you're told to go talk to the next group from whom
12 you cannot get any information in order to be able
13 to submit a bid for your type of work. Is that --

14 MR. FULLARD: Exactly. And this is the
15 first time that we've -- and we've been on a lot
16 of major projects throughout the city, and this is
17 the first time that we ever was not able to
18 obtain, even if we had to purchase them, to submit
19 a competitive bid.

20 COUNCILMAN NUTTER: You've done work
21 either on city or other governmental projects?

22 MR. FULLARD: Mostly some of the
23 city-funded projects.

24 COUNCILMAN NUTTER: City-funded, okay,
25 okay.

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2 Any questions?

3 Are you MBEC-qualified?

4 MR. FULLARD: Yes, I am.

5 COUNCILMAN NUTTER: Okay, any other
6 questions?

7 COUNCILMAN MARIANO: At the risk of
8 extending this here, I missed a little bit of what
9 Councilman Nutter said.

10 You do structural steel?

11 MR. FULLARD: Yes.

12 COUNCILMAN MARIANO: So what do you do
13 exactly? You buy it from one of the steel
14 companies? Do you hire iron workers? is what I
15 want to know.

16 MR. FULLARD: Yes, we do.

17 COUNCILMAN MARIANO: You hire iron
18 workers out of Local 401.

19 MR. FULLARD: Local 401, yes.

20 COUNCILMAN MARIANO: Possibly. So your
21 thing here is that you're not on the list? I
22 mean, you're not getting information to see what
23 specifications you need from Corning or one of the
24 guys that supply the iron?

25 MR. FULLARD: I am -- as of --

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2 COUNCILMAN MARIANO: I'm just trying to
3 understand.?

4 MR. FULLARD: No, we were not on the
5 list to receive anything. We contacted OHCD and
6 other entities that was in charge of this project
7 to help us to obtain some information.

8 COUNCILMAN MARIANO: How about if I
9 tell you that I have a list with eight structural
10 steel contractors that are recommended
11 subcontractors for Kvaerner and you're one of
12 them? KKAJ, Incorporated, 7500 Germantown Avenue,
13 Anthony Fullard, 753-0280, that's you?

14 MR. FULLARD: That's us.

15 COUNCILMAN MARIANO: You're on the
16 list. Are there any other structural steel guys
17 on here that may have not received the
18 information? You know, it's some list that I got
19 from someone that I know at Kvaerner.

20 MR. FULLARD: Okay.

21 COUNCILMAN MARIANO: That works at the
22 Navy Yard.?

23 MR. FULLARD: Okay. That may be the
24 miscellaneous steel list that you may be reading
25 from because I've just learned that we were on

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2 that list, and the --

3 COUNCILMAN MARIANO: 'Cause you've done
4 some really big projects from what I understand.
5 I mean --

6 MR. FULLARD: Yes.

7 COUNCILMAN ORTIZ: Could you ask him to
8 name the projects that he's done.

9 COUNCILMAN MARIANO: I'm getting to
10 that, I'm getting to that.

11 Yeah, if you could tell us some of the
12 projects that you've done in Philadelphia.

13 MR. FULLARD: Right now we're doing the
14 Marriott Hotel, which is concluded. We have the
15 stair project as well for that. We are doing the
16 south work --

17 COUNCILMAN ORTIZ: Could you put a
18 dollar sign next to the projects, how much money
19 is the project for and so on?

20 MR. FULLARD: Okay. The Marriott
21 project was -- the dollar sign was approximately
22 \$700,000. With the stair project, which is over
23 300,000, actually brought our contract for that
24 particular project over a \$1 million.

25 COUNCILMAN NUTTER: So Mr. Fullard, I

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2 mean, you've done significant work on
3 government-sponsored projects.

4 COUNCILMAN ORTIZ: That's exactly what
5 I --

6 COUNCILMAN MARIANO: He's certainly
7 qualified for this work.

8 COUNCILMAN NUTTER: Okay, all right.
9 Any other questions?

10 MR. FULLARD: Just to respond to that
11 list that he may be reading from, as I said, it
12 may be the miscellaneous steel list that you may
13 be reading from, but the initial list was the
14 structural steel list, which we are not on as
15 well.

16 COUNCILMAN NUTTER: Right.

17 COUNCILMAN MARIANO: This is the
18 structural steel list.

19 MR. FULLARD: Okay, well --

20 COUNCILMAN MARIANO: So you're on it.?

21 MR. FULLARD: Okay.

22 COUNCILMAN NUTTER: Councilman, if you
23 would be so kind -- 'cause I don't have the list
24 -- could you share a copy of the list with the
25 other members? And then we can all read from the

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 material.

3 COUNCILMAN MARIANO: Yes.

4 COUNCILMAN NUTTER: Any other
5 questions?

6 COUNCILMAN MARIANO: My point here,
7 Councilman, is, if you'll indulge me for a
8 minute. I mean, he's certainly qualified.

9 COUNCILMAN NUTTER: Right.

10 COUNCILMAN MARIANO: I just can't see
11 -- somebody's not telling us something here. And
12 I -- all the good intentions of the world are
13 here, everyone on the committee, certainly you and
14 the Councilwoman, and everyone up there, and all
15 the people we hear.

16 COUNCILMAN NUTTER: Right, right.

17 COUNCILMAN MARIANO: But them iron
18 workers aren't working yet. I want to see them
19 working. I want him to make money, I want them to
20 work. I don't want 'em to miss November, December
21 and January because of something we do.

22 COUNCILMAN NUTTER: Right, well --

23 COUNCILMAN MARIANO: You know, they
24 tell me the path to hell is paved with good
25 intentions, and I think there's great intentions

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2 here. I think they're personally paved with
3 intentions of elected officials that want to do
4 the right thing but keep them iron workers from
5 working.

6 And, believe me, them iron workers have
7 all sizes and colors, I know them. I know the
8 people that run the union, I know people in the
9 class. They actually have American Indians in
10 that union, correct??

11 MR. FULLARD: That's right.

12 COUNCILMAN MARIANO: So, I mean, let's
13 not --

14 MR. FULLARD: And we employ 'em.

15 COUNCILMAN MARIANO: Not to take any
16 gunshots away from anybody today, but the man's --
17 you're obviously on some list that I happened to
18 get my hands on.

19 MR. FULLARD: Do you what date that
20 list is?

21 COUNCILMAN MARIANO: No. It doesn't
22 have a date on it.

23 COUNCILMAN NUTTER: Councilman, I think
24 -- I think what we've found, though, is -- I
25 mean, you can be, obviously, on a million lists.

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2 COUNCILMAN MARIANO: But is he getting
3 in his flow chart? That's my next question.

4 COUNCILMAN NUTTER: The bottom line is
5 that the gentleman is not participating in the
6 opportunity, and so whether they're on the list,
7 off the list, no list, for his testimony here
8 today, it really doesn't matter where he may be
9 because he's obviously not getting contact and
10 relationship direct with the people that he needs
11 to.

12 COUNCILMAN MARIANO: But, Councilman,
13 has anyone been contacted?

14 COUNCILMAN NUTTER: I'm sorry?

15 COUNCILMAN MARIANO: Has anyone that
16 would be in his business have been contacted?

17 COUNCILMAN NUTTER: Well, we'll hear as
18 go down the list, and we can go to the next
19 gentleman unless there are any other questions.
20 But I appreciate the information.

21 COUNCILMAN MARIANO: Thank you.

22 (Steven Henderson comes forward.)

23 COUNCILMAN NUTTER: Yes, sir. Please
24 identify yourself for the record.

25 MR. HENDERSON: My name is Steven

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2 Henderson. I am President of S&W Contracting. We
3 are primarily an asbestos abatement, lead
4 abatement, interior demolition. We also are
5 assigned with Local 542. We supply equipment,
6 heavy equipment, equipment operators, and we can
7 supply equipment.

8 We were working at the Navy Yard during
9 the summer. When we went over to PIDC, we called
10 them to ask them for work that was going to be
11 upcoming to see if we could get a jump on some of
12 the GCs or primes that would be awarded the jobs.
13 We never got a response.

14 The first time I heard about an actual
15 bid going out on the Kvaerner Shipyard --

16 COUNCILMAN NUTTER: Who did you call
17 and did you talk to anyone when you called?

18 MR. HENDERSON: Yes, yes. We called
19 and left a message for a William P. -- I think
20 it's Hankowsky?

21 COUNCILMAN NUTTER: Hankowsky.

22 MR. HENDERSON: Hankowsky, yeah. We
23 had left messages for him. We got his name
24 initially from 542 when we asked who should we
25 contact as far as the conversions from the Navy to

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 PIDC with different properties at the Navy Yard.

3 COUNCILMAN NUTTER: Okay.

4 MR. HENDERSON: And we left numerous
5 messages with him and we never got a response.

6 The first response I got from him was
7 at another meeting that we had that I attended
8 with Council in one of the rooms here, and he gave
9 me Julie K. Van Norstrum's card, and we called
10 her, and we still haven't got a response. This
11 was all -- we did this prior to contacting him,
12 and we got this card from him at that meeting.

13 But the first time I heard anything
14 officially about the Kvaerner Shipyard was when
15 Hanford Jones contacted my office a day before a
16 pre-bid meeting and told us to come down and
17 attend a meeting.

18 We came down and attended the meeting,
19 and the meeting was not productive for MBEs at
20 all, in my view. It was an afterthought, after
21 everything was already told to all of the other
22 prospective bidders. Nothing other than there was
23 some goals for MBE contractors.

24 And as a result of that and as a result
25 of not being able to get in on some of the work

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2 that we do as far as asbestos abatement, we sent
3 information on our company to every prospective
4 bidder that attended that meeting.

5 We informed them that we are signed
6 with the laborers and that we could supply
7 laborers to work under their supervision. We
8 informed them that we could supply equipment, we
9 gave at him rates. We informed them that we were
10 signed with Local 542, and we gave them list of
11 the rates and all the things that we could
12 supply.

13 And we sent that list out and we cc'd
14 Kvaerner, and we never received a response or
15 anything about the project at all.

16 COUNCILMAN NUTTER: Okay. Councilwoman
17 Tasco?

18 COUNCILWOMAN TASC0: When was your
19 pre-bid meeting?

20 MR. HENDERSON: That meeting, I think
21 it was in August. I attended it at the request of
22 Handford Jones.

23 COUNCILWOMAN TASC0: We've heard this
24 name, Hanford Jones. Who is Handford Jones? What
25 role does he play in this?

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2 MR. HENDERSON: Well, he assists the
3 minority business -- I'm certified with the
4 Minority Business Enterprise Council. And when
5 there are goals involved on City-funded projects
6 that we are not directly told about from the
7 primes or the GCs, we usually find out through him
8 that the project is actually going on, and then,
9 you know, we should go to the meeting.

10 A lot of times, we are not even
11 contacted or even know about the job or that it's
12 going to come about. And most of the times, we've
13 gotten most of our leads from Handford Jones.

14 COUNCILWOMAN TASCO: What was the bid
15 for, what project was it for?

16 MR. HENDERSON: This particular bid
17 that we went on that job, I think it was called
18 "the concrete package." And because we had
19 missed the environmental package, we suggested
20 that we would supply some equipment operators and
21 possible equipment to help augment the work that
22 would already be ongoing on without interfering
23 with anything.

24 Since we were told it was fast-paced, we
25 figured this would be a way that we could still

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2 get in and get a small piece of the work, since
3 we're capable of doing that, and we received no
4 response.

5 And we sent the -- we obtained the list
6 at that meeting from every prospective bidder that
7 attended that meeting. We got a list after the
8 meeting, and we sent that information to every
9 prospective bidder on the list, and we cc'd
10 Kvaerner with the same information.

11 COUNCILWOMAN TASC0: And you got no
12 response.

13 MR. HENDERSON: No response.

14 COUNCILWOMAN TASC0: From any of the
15 prime contractor.

16 MR. HENDERSON: From any prime
17 contractor at all. Or Kvaerner.

18 COUNCILMAN MARIANO: Mm-hmm, thank you.

19 COUNCILMAN NUTTER: Any other
20 questions?

21 Councilwoman Clark?.

22 COUNCILWOMAN CLARK: So, may I ask, if
23 you feel you are behind the schedule as a result
24 of not having heard from anybody, what is it that
25 you would consider success at this point? What do

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 you want to happen for you?

3 MR. HENDERSON: There's still an
4 opportunity because when we come in with the
5 supplying of equipment operators and equipment,
6 that can be done at any phase of the project.
7 There's still time left for that to happen.

8 COUNCILWOMAN CLARK: Okay.

9 MR. HENDERSON: If we could get a
10 response.

11 COUNCILWOMAN CLARK: Okay.

12 MR. HENDERSON: They have other
13 contractors on the site that they've awarded work
14 to have those needs. And they could fulfill some
15 goals, if any, by complying with that.

16 COUNCILWOMAN CLARK: So your greatest
17 problem right now is that you feel invisible;
18 nothing you do gets you any response.

19 MR. HENDERSON: We are invisible as a
20 result of this.

21 COUNCILWOMAN CLARK: All right, thank
22 you.

23 COUNCILMAN NUTTER: Thank you.

24 COUNCILWOMAN TASCO: Let me ask you a
25 question. When you bid -- let's go away from the

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 Kvaerner project for a moment -- and you are
3 bidding with other contractors for other work in
4 other areas, and you put in a bid or you write
5 them, do you normally get a response from them,
6 the prime contractor?

7 MR. HENDERSON: We did Building 101 at
8 the Navy Yard -- that was the old marine
9 barracks. And we were contacted by a consultant
10 to come bid on the project. We put a number in on
11 the project, and we were contacted.

12 Sometimes I'm actually told whether
13 I've re -- what I -- we always find out where we
14 came in. The bonding companies that work with us
15 want to know, they want to see the result. So we
16 have to go after the results to find out. If not
17 contacted, we contact them to try to find out
18 what's going on, because they would like to see
19 the results.

20 But in this instance, we got no
21 response; we wasn't even contacted at all. And we
22 sent information on the company -- rates, who were
23 signed with, the associations we belonged to, and
24 we got no response.

25 COUNCILWOMAN TASC0: You never got any

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 information about the scope of work for the
3 project, right.

4 MR. HENDERSON: Never.

5 COUNCILWOMAN TASC0: So you really
6 wouldn't know how to bid.

7 MR. HENDERSON: Exactly. So we thought
8 that we were being ingenious by at least, at that
9 point, not having any specifications, not having
10 anything to go on, supplying equipment rates and
11 equipment operators.

12 COUNCILWOMAN TASC0: So you were
13 bidding in the blind.

14 MR. HENDERSON: Yeah, to go to anyone
15 at that point.

16 COUNCILWOMAN TASC0: Mm-hmm, thank you.

17 COUNCILMAN NUTTER: Councilman Cohen?

18 COUNCILMAN COHEN: How long has your
19 company been in business?

20 MR. HENDERSON: Five years this
21 October.

22 COUNCILMAN COHEN: And during the time
23 your company was in business, did you and other
24 representatives of your company develop a sort of
25 sensitivity as to when somebody was cooperating

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 with you and when somebody was seeking to exclude
3 you?

4 MR. HENDERSON: Yes, sir. Yes, yes.

5 COUNCILMAN COHEN: Based upon your
6 experience in the past, what conclusion have you
7 arrived at with respect to Kvaerner?

8 MR. HENDERSON: At this point, I have
9 even -- I went after contractors that have done
10 work with the Department of Transportation, and
11 I've been able to, through numerous letters and
12 working with their affirmative action people in
13 the DOT, SEPTA, I've been able to get somewhere.

14 This is the first time -- we don't even
15 have an exchange of letters, we don't even have no
16 response at all. I mean, I've had to fight for a
17 lot of contracts, but I've been able to get some
18 headway, but this is the first time we've gotten
19 nothing at all.

20 COUNCILMAN COHEN: All right, thank
21 you.

22 (Joyce Bridges comes forward.)

23 COUNCILMAN NUTTER: Yes, ma'am?

24 MS. BRIDGES: Yes, my name is Joyce
25 Bridges. I'm sitting in for business partners,

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 Ronald Bridges and Donald Abney from Bridges
3 Contracting.

4 COUNCILMAN NUTTER: I'm sorry, was it
5 Joyce, Joyce Bridges?

6 MS. BRIDGES: Joyce Bridges that's
7 correct.

8 COUNCILMAN NUTTER: Thank you, please
9 proceed.

10 MS. BRIDGES: Bridges Contracting
11 currently has a very large contract that we're
12 doing at 12th and Market Street, the old PSFS
13 building, where we're employing over 115 men.
14 We're associated with various unions in the City
15 of Philadelphia, Local 332 being the largest union
16 that we are affiliated with and employing their
17 men out of that local. We're also employing
18 operators, cement workers.

19 Other projects that we're currently
20 working on is down at Fourth and Washington, the
21 Southwark project, 20th and Nedro, Champlost
22 Homes, Abbott's Fort Housing Project, along with
23 the Richard Allen project.

24 In the past few months, we've had
25 projects at the Reading Terminal, working with

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2 Central Salvage Corporation; at the Mellon Bank at
3 Broad and Chestnut, Central Salvage and Pepper
4 Environmental; and a number of other projects.

5 COUNCILMAN NUTTER: So you're pretty
6 busy. You're pretty busy?

7 MS. BRIDGES: Yes, we are, thank you.

8 Total to date, as of now, we have 150
9 men and women on our payroll.

10 As far as Kvaerner is concerned, we
11 made contact with Kvaerner back in the middle of
12 June because we received information, again from
13 Mr. Handford Jones's office, and -- excuse me --
14 advising us of a project that was being walked
15 through the day, the next day.

16 Our business -- my business partners
17 attended that walk-through and received -- they
18 walked away with a list of all the companies that
19 were at that walk-through at the naval base.
20 Everyone has a copy of that as the first page.

21 After the walk-through was over, we
22 were contacted by Kvaerner. We received from them
23 a list of contractors that they elected to provide
24 to us as being prequalified or those who were
25 prime contractors in their view, and asked that we

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2 contact them to establish a relationship if we so
3 desired to do business down at the naval base.

4 Using the list that Kvaerner provided
5 with Bridges Contracting, along with that list
6 that we had to come home with, which basically was
7 more information than what they gave us, we sent
8 out letters introducing ourselves, along with
9 giving a brief background of the various projects
10 that we were working on, our qualifications, our
11 bonding capacity, along with just a general
12 background of how financial secured we were.

13 All of our union dues are paid, all of
14 our taxes are paid, so we are a company that are
15 in good standings financially and have a strong
16 backing, and we're able and willing to go out and
17 do the work.

18 Out of the number of contractors that
19 we did make contact with, we received no
20 information from them. We went a step further and
21 sent a letter to Mr. Gary Thompson at Kvaerner,
22 thanking him for the information that he provided
23 to us, also giving him a background of our company
24 and asking that they consider us also. No
25 information has come from that. So we decided to

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2 do a follow-up of our letters.

3 Just to go back, number one, we needed
4 to find out whether some of these prime
5 contractors that we made contact with have
6 actually received a contract from the shipyard.
7 We don't know what contracts are out there so we
8 are trying to do our homework and some follow-up
9 steps to try to identify what contracts were out
10 there, who were bidding on these contracts, who
11 had secured contracts, and we got absolutely no
12 information.

13 I would sit down and call Kvaerner.
14 And I called the number -- I think it was -- I'm
15 pretty sure it's 785-2600. I've called it so
16 much, I remember the number.

17 And to me the question asked is, What
18 sense do you get of this person being willing to
19 assist you and deal with you? In calling
20 Kvaerner's office at the naval base, my sense of
21 dealing with them is that their first line of
22 against is the administrative assistant who
23 answers the phone, who knows nothing, who has no
24 information to give you, who will take your name
25 and number and promise to pass it along and have

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2 someone call you back, and that phone call is
3 never returned.

4 So when you call a company and you're
5 asking, What is the name of the person that I can
6 talk to get some information so that I can receive
7 information on the bids that are coming forth that
8 you have up for bid that will be coming up for bid
9 soon? and person cannot give you information and
10 that person cannot transfer you to anyone, you're
11 at a standstill.

12 I have called that number a number of
13 times and asked for a face-to-face meeting. I
14 would like to come in and meet with someone,
15 develop a relationship. I know from past
16 experience that you simply cannot go down to the
17 naval base and walk in an office somewhere. So
18 these phone call are very important when you do
19 not have the name and title of someone that you
20 can just call and say, May I speak to Mr. John Doe
21 who handles X-Y-Z project? That information does
22 not come forth.

23 To even ask for a list of people in the
24 organization, you do not get that information.

25 So --

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2 COUNCILMAN NUTTER: Miss Bridges I'm
3 sorry, excuse me. You said wrote to a Mr. Gary
4 Thompson. I have a copy of the letter -- Kvaerner
5 Philadelphia Shipyard, Inc. Who is Gary
6 Thompson?

7 MS. BRIDGES: Gary Thompson is the
8 person who faxed a letter to Bridges Contracting,
9 along with the second page that you have
10 identifying a list of contractors. The letter is
11 pretty short. I didn't have enough copies to give
12 out so --

13 COUNCILMAN NUTTER: No, I understand.
14 Do we know what his title is or what his
15 responsibilities are?

16 MS. BRIDGES: Project director of
17 construction. And then when I call and ask for
18 Mr. Gary Thompson, I'm told that he's not there, I
19 get no information.

20 COUNCILMAN ORTIZ: Has he ever returned
21 your phone calls?

22 MS. BRIDGES: I have not had one phone
23 call returned, and I've made at least 15 phone
24 calls requesting information, trying to get
25 various information faxed to me or sent to me

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2 through the mail on the various bids that were up
3 for bid.

4 COUNCILMAN ORTIZ: Have you received
5 any answer to these letters that you sent out?

6 MS. BRIDGES: Not one, not one.

7 COUNCILWOMAN MILLER: Miss Bridges do
8 you know of any other firms that has received
9 information or had questioned answered, any other
10 small firms?

11 MS. BRIDGES: Not from Kvaerner. The
12 only information that comes down to the minority
13 company comes from the city agencies that are
14 trying to help the companies, the minority
15 companies gain some work. No information comes
16 forth from Kvaerner itself.

17 COUNCILWOMAN MILLER: And do you have
18 any information on non-minority firms receiving
19 information?

20 MS. BRIDGES: We do have information of
21 plans that have been purchased by majority
22 companies. I personally myself cannot name those
23 companies; my partner is in contact with them. So
24 they are able to get the information when you call
25 and identify yourself.

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2 And so the strategy now is to call and
3 I'll change my name. You know, I'm sure the gate
4 keeper there knows Joyce Bridges by now so I'll go
5 as a/k/a and try to go in without identifying
6 myself, you know, as a company trying to get on
7 their minorities bidders list.

8 COUNCILWOMAN MILLER: Okay, thank you.

9 COUNCILMAN NUTTER: Okay. Any other
10 questions?

11 (No further questions at this time.)

12 (Anthony Leonard comes forward.)

13 COUNCILMAN NUTTER: Okay. Now, is that
14 Mr. Leonard?

15 MR. LEONARD: Yes.

16 COUNCILMAN NUTTER: Mr. Leonard, there
17 was information, and you stood in the back. I
18 just want to make sure I understand what your
19 situation is.

20 You are former employee of Kvaerner?

21 MR. LEONARD: Correct.

22 COUNCILMAN NUTTER: We need you to get
23 to the microphone, please.

24 MR. LEONARD: Correct.

25 COUNCILMAN NUTTER: Please identify

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2 yourself for the record.

3 MR. LEONARD: My name is Anthony
4 Leonard. I was previously the department
5 scheduling manager for Kvaerner Philadelphia
6 Shipyard.

7 COUNCILMAN NUTTER: Okay.

8 MR. LEONARD: My responsibility, when I
9 was hired May 4th, was to develop the entire
10 project schedule.

11 COUNCILMAN NUTTER: May 4th of. . . ?

12 MR. LEONARD: Of 1998.

13 COUNCILMAN NUTTER: You've got to
14 really speak into the microphone.

15 MR. LEONARD: I'm sorry. May 4th of
16 1998.

17 COUNCILMAN NUTTER: Okay. Now, is it
18 my understanding that you have since been
19 discharged and that you have a pending lawsuit
20 against your former employer?

21 MR. LEONARD: Correct.

22 COUNCILMAN NUTTER: Is the suit
23 strictly between yourself and your former
24 employer? Are there any other parties that are --

25 MR. LEONARD: Correct. And also one of

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2 our Kvaerner subsidiaries, so it is primarily

3 Kvaerner.

4 COUNCILMAN NUTTER: Okay. I'm not sure

5 what your testimony is. And to the best of my

6 knowledge, I don't have any written testimony in

7 front of me from you.

8 I do want to strongly caution you that

9 given the nature of the fact that you have a

10 pending lawsuit against your employer, we do not

11 want to get into the issues that are detailed or

12 that may be detailed in that particular lawsuit.

13 MR. LEONARD: Right.

14 COUNCILMAN NUTTER: If you have other

15 information that you'd like to share with us,

16 we're more than pleased to hear it.

17 MR. LEONARD: Correct.

18 COUNCILMAN NUTTER: But I will again

19 strongly caution you about getting into issues

20 between you and your former employer in this

21 public hearing.

22 MR. LEONARD: Not a problem.

23 COUNCILMAN NUTTER: Please proceed.

24 MR. LEONARD: Basically, the testimony

25 I'm providing is, I was brought on with Kvaerner

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2 to develop the planning reconstruction schedule
3 for the shipyard. That test commenced May 4th,
4 and I was given a four-week deadline.

5 So, basically, I worked day and night
6 and got the schedule issued June 1st of 1998,
7 which was accepted by PIDC, the Kvaerner
8 management, as a workable base line schedule for
9 the engineering procurement and construction
10 efforts, all encompassing for the redevelopment of
11 the shipyard.

12 Now, after that was issued, during the
13 course of June and July, the main focus of my
14 point, which I raised to the vice president of the
15 yard construction, a Mr. Tore Sjursen, was what I
16 was noticing with the exclusion of minority
17 participation.

18 And I already raised the issue that
19 basically the reason I took this position was
20 because I grew up in this area, and this job
21 brought me back to this area with the hopes of
22 bringing economic stability back to this tristate
23 region. So I thought they understood that.

24 Now, during the course of my
25 conversations with the vice president, Tore

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2 Sjursen, repeatedly, when I approached him with
3 these questions of minority exclusion, he found a
4 way to sort of lay it to the side. Don't worry
5 about it Tony, it's being handled, it's being
6 covered.

7 A few times, persons of the management
8 team would make jokes. Well, should we grab the
9 telephone book? And from my standpoint, I didn't
10 find that too humorous.

11 Now to go further on, in a management
12 meeting, I raised the question again -- and this
13 was a management meeting of all management
14 participants relative to the shipyard, and it was
15 the week of July 17th.

16 And I directed the minority exclusion
17 inference that I was seeing directly again to Tore
18 Sjursen. His direct statement to me was,
19 point-blank, "This is our project, not the city's
20 -- Kvaerner's project, not the city's. I don't
21 care what the contract says, we are not
22 contractually bound. We are only contractually
23 bound to involve minorities."

24 And that pretty much put us at odds at
25 that point. And I sent a letter to Jonathon

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2 Saidel stipulating the same essence of his quote
3 directed toward me.

4 Now, this was July 17th. No, I'm
5 sorry, this was earlier, it was during the week of
6 July 2nd.

7 COUNCILMAN NUTTER: Mr. Leonard, I
8 assume that those issues must be the heart and
9 soul of some part of your --

10 MR. LEONARD: No, they are not.

11 COUNCILMAN NUTTER: -- suit.

12 MR. LEONARD: No, they are not, they
13 are not.

14 COUNCILMAN NUTTER: Well, again, I'm
15 very concerned about where we're going with your
16 testimony.

17 COUNCILMAN ORTIZ: We don't want you to
18 hurt yourself here.

19 COUNCILMAN NUTTER: Yeah.

20 MR. LEONARD: Okay.

21 COUNCILMAN NUTTER: Again, if there are
22 general issues that you want to put on the record
23 about minority participation --

24 MR. LEONARD: Just from a general
25 standpoint.

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2 COUNCILMAN NUTTER: -- I'd be glad to
3 get into that. What I don't want to entertain is
4 a "he said/he said" conversation.

5 MR. LEONARD: Okay. Well, from the
6 standpoint of minority participation, there was
7 minimal. It was a low priority. It was
8 questioned many times. The documents from May
9 through August stipulate that.

10 I raised the question to the management
11 at Kvaerner many times, and nothing was done.

12 COUNCILMAN NUTTER: Okay.

13 MR. LEONARD: Now, in quick, concise
14 terms, that was it. Minorities were put on the
15 back burner. There was not a fair playing ground.
16 It was more of a chosen field of people who were
17 known by other people at Kvaerner, which did not
18 stipulate a fair, competitive bid ground.

19 And it was made harder for individuals
20 in this region, along with minorities and WBE
21 businesses to get information to purchase, or to
22 get advertised bids. I created the schedule, all
23 the bid dates were there. They were all known in
24 May. All the packages were defined from May
25 through '99.

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2 COUNCILMAN NUTTER: So -- I'm sorry.

3 So should I take from your testimony that you are
4 essentially verifying or corroborating the
5 previous testimony of at least the three witnesses
6 that we've heard so far?

7 MR. LEONARD: Correct.

8 COUNCILMAN NUTTER: Okay. Any
9 questions?

10 COUNCILWOMAN TASCO: I have a question.

11 You mentioned that the process was open
12 only to those people who had an inside track.
13 Were there other non-minority groups who were not
14 given an opportunity also to participate?

15 MR. LEONARD: Not that I was aware of.
16 There was specific instances of, for example, the
17 structural steel package that I became aware of.

18 A pre-bid meeting was entertained, and
19 bidders came in. However, following that meeting,
20 there was a sort of more detailed meeting that
21 Kvaerner had with one of their Malaysian
22 subsidiaries, which I vehemently opposed.

23 And the management team tried to tell
24 me, It's none of your business. And I informed
25 them that it is my business. You hired me to do a

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2 job; the contact says 20/10, and what I'm seeing
3 you do is a attempt to take a \$50 million
4 structural steel package overseas.

5 COUNCILWOMAN TASC0: So it was not --
6 the regional companies, whether they were minority
7 or non-minority, were not prime -- prime --

8 MR. LEONARD: Okay, I'm not
9 understanding what you're saying right there.

10 COUNCILWOMAN TASC0: Were there
11 majority companies, as well as minority companies,
12 who were excluded from the process also?

13 MR. LEONARD: This was only one
14 specific instance where it involved an attempt to
15 do a total exclusion. However, on other bid
16 packages, it was more of an exclusion of minority
17 and WBE companies, which I opposed.

18 COUNCILWOMAN TASC0: Thank you.

19 COUNCILWOMAN MILLER: I have a
20 question.

21 Mr. Leonard, were you a part of the
22 management team?

23 MR. LEONARD: Correct.

24 COUNCILWOMAN MILLER: So do you know --
25 you know, we've been asking this question for a

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2 while, and we haven't really received an answer --
3 not just today, but a couple meetings ago.
4 Do you know what the
5 pre-qualifications, specific qualifications are?
6 MR. LEONARD: No.
7 COUNCILWOMAN MILLER: So who makes that
8 up? I mean, who says, Well, you qualify and you
9 don't qualify?
10 MR. LEONARD: That's exactly the point.
11 A procedure? I haven't seen one.
12 COUNCILWOMAN MILLER: All right. And I
13 have one other question.
14 How did you get your job at Kvaerner?
15 MR. LEONARD: I've been with Kvaerner
16 for five years. I was with another subsidiary of
17 Kvaerner.
18 COUNCILWOMAN MILLER: In another
19 state?
20 MR. LEONARD: No, in New Jersey -- yes,
21 in another state.
22 COUNCILWOMAN MILLER: Okay.
23 MR. LEONARD: About 50 miles away, in
24 Bridgewater, New Jersey, Kvaerner Process. And
25 through the president of construction for Kvaerner

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2 Process, after a split between -- well, I don't
3 want to get into that because that gets into
4 another issue, okay.

5 COUNCILWOMAN MILLER: Okay.

6 MR. LEONARD: But that's the realm of
7 where it came. It came from the president of
8 construction for Kvaerner Process, who I'd worked
9 with hand in and hand and had done quick jobs for
10 all over the nation. He found out about the
11 shipyard and he saw myself as fitting the bill
12 perfectly.

13 COUNCILWOMAN MILLER: How does Kvaerner
14 in New Jersey handle minority participation?

15 MR. LEONARD: That is -- that, again,
16 is --

17 COUNCILWOMAN MILLER: It gets into your
18 case.

19 MR. LEONARD: Yes, yes.

20 COUNCILWOMAN MILLER: All right, okay.
21 Thank you.

22 COUNCILMAN NUTTER: Any other
23 questions?

24 COUNCILMAN ORTIZ: Yes. I just want to
25 have it very clear for the record so that the

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2 aspect of minority exclusion from the bid process
3 was not one that was unconscious; it was a
4 conscious effort, they knew about it, and they
5 just disregarded the -- or they did not make any
6 attempt to include and be inclusive of minority
7 participation.

8 MR. LEONARD: I can best answer that
9 as, brought it to their attention numerous times.

10 COUNCILMAN ORTIZ: And they ignored it.

11 MR. LEONARD: Numerous times.

12 COUNCILMAN ORTIZ: And they ignored it.

13 MR. LEONARD: And they ignored it.

14 COUNCILMAN ORTIZ: Thank you.

15 COUNCILMAN NUTTER: Any other
16 questions? Councilman Cohen?

17 COUNCILMAN COHEN: Getting to a final
18 conclusion, based upon your experiences at
19 Kvaerner, what conclusions have you drawn with
20 respect to the good-faith efforts by Kvaerner to
21 employ minority firms or women-based firms?

22 MR. HENDERSON: Relative to the
23 shipyard program?

24 MR. LEONARD: Relative to the
25 shipyard?

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2 COUNCILMAN COHEN: Yes.

3 MR. LEONARD: I have seen no good-faith
4 efforts at all. And that's what brought me
5 basically head to head and in contention with the
6 management team of Kvaerner.

7 COUNCILMAN COHEN: Could you repeat the
8 beginning? I didn't get the first part. What is
9 the conclusion that you arrived at?

10 MR. LEONARD: Relative to the shipyard?

11 COUNCILMAN COHEN: Yes.

12 MR. LEONARD: I've seen.

13 COUNCILMAN COHEN: You've seen --

14 MR. LEONARD: I have seen no good faith
15 efforts.

16 COUNCILMAN COHEN: No good-faith
17 efforts.

18 MR. LEONARD: Right.

19 COUNCILMAN COHEN: With respect to your
20 general experience with Kvaerner over the five
21 years you worked for them, what conclusion did you
22 draw with respect to the company's approach to --

23 COUNCILMAN NUTTER: Councilman, hold
24 on. Councilman, you would probably make out
25 better if you clipped the mike to your tie.

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2 COUNCILMAN COHEN: I tried that and --

3 COUNCILMAN NUTTER: I don't mean to
4 give you sartorial advice but. . .

5 COUNCILMAN COHEN: Very good.

6 COUNCILMAN NUTTER: It's all right.

7 COUNCILMAN COHEN: As long as it
8 doesn't interfere with the pattern on my tie.

9 (Laughter.)

10 COUNCILMAN NUTTER: No, I don't think
11 so. It's black, it goes with everything, don't
12 worry about it.

13 COUNCILMAN COHEN: But, sir, could you
14 tell us, based upon your work experience with
15 Kvaerner --

16 MR. LEONARD: Relative to the other
17 divisions I've been in with Kvaerner?

18 COUNCILMAN COHEN: Yes.

19 MR. LEONARD: Relative to the other
20 divisions I've been in with Kvaerner, I've spent
21 maybe 80 percent of my time on special assignments
22 in the field resolving problems of projects that
23 were in trouble -- cost overruns and delay.

24 And relative to their good-faith
25 efforts there, I've had no problems. I've raised

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2 some issues, but it has not been to the extreme
3 measure that I have seen when I came to the
4 shipyard.

5 COUNCILMAN COHEN: Very good. Thank
6 you.

7 COUNCILMAN NUTTER: Thank you. Thank
8 you all very much.

9 The second panel is comprised of James
10 Barnes, John Simon, Ellen Ryan, William Tyler, and
11 Charles Ang. Would those individuals please come
12 to the table.

13 (Above group comes forward.)

14 (Councilman Cohen addresses Councilman
15 Nutter off-mike.)

16 COUNCILMAN NUTTER: Yes, Councilman?

17 COUNCILMAN COHEN: I saw a letter from
18 the president and CEO saying they were not
19 available. Are there present senior members of
20 Kvaerner hearing this testimony that have some
21 power in the company?

22 COUNCILMAN NUTTER: Councilman, it's my
23 understanding -- one, I can see that Mr. Hankowsky
24 from PIDC is here. It is also my understanding
25 that there are some representatives from

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2 Kvaerner. Mr. Rafdal could not be here, but it's
3 my understanding that a fairly senior Kvaerner
4 person is here.

5 And according to the schedule, as put
6 together by Councilwoman Tasco, they will have an
7 opportunity after the business owners and
8 contractors to respond to questions and respond to
9 the testimony that's been given.

10 COUNCILMAN COHEN: All right, thank you
11 Mr. Chairman.

12 COUNCILMAN NUTTER: Sure.

13 (James Barnes comes forward.)

14 COUNCILMAN NUTTER: Gentlemen, I'd ask
15 to you introduce yourselves to the record and
16 proceed with your testimony.

17 I would only mention to you that only
18 in the interest of time, you can get right into
19 your issue. I think a fairly decent foundation of
20 some of the problems, in fact, have been laid
21 out. If you have some different situations that
22 you'd like to share with us, we'd certainly be
23 pleased to hear them.

24 Please proceed.

25 MR. BARNES: Well, we will attempt to

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2 be brief.

3 COUNCILMAN NUTTER: I'm sorry?

4 MR. BARNES: We will attempt to be
5 brief.

6 COUNCILMAN NUTTER: Well, unless you
7 can't be.

8 Please proceed.

9 COUNCILMAN COHEN: Would you admonish
10 all the witnesses to speak directly into the
11 microphone, holding it as close to their mouths as
12 possible, because the acoustics otherwise is very
13 bad in this chamber.

14 COUNCILMAN NUTTER: I'm sorry,
15 Councilman, I couldn't hear you -- no.

16 Go ahead.

17 MR. BARNES: I'm sure you'll hear me.

18 To the Honorable Chairman and other
19 Councilmembers, I'm J. Pierce Barnes, Jr.,
20 Executive Director of United Minority Enterprise
21 Associates Minority Contractors Association. And
22 on proceeding, I'd like to read into the record a
23 brief statement and then get right into our
24 details as our concerns.

25 COUNCILMAN NUTTER: Do we have your

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2 statement, Mr. Barnes?

3 MR. BARNES: No, unfortunately.

4 COUNCILMAN NUTTER: No problem, go
5 ahead.

6 MR. BARNES: It has always been the
7 goals of United Minorities Enterprises Associates
8 to represent minorities and females and
9 disadvantaged and disabled business to provide
10 access to the community resources and facilities
11 that address the needs of the families and the
12 community at large and those who ask for our help
13 in representation.

14 UMBA was the initiator of the amendment
15 to the 17-500 for the City of Philadelphia,
16 establishing minority and female participation.
17 To that end, we come here today with a multitude
18 of concerns that will affect our participation in
19 the expenditures of public and private funds in
20 the projects around the City of Philadelphia going
21 into the 21st century.

22 UMBA initiated a letter written to the
23 City Controller, Jonathon Saidel, addressing our
24 concerns with Kvaerner and its practices.

25 Number one, Kvaerner Ship Building of

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2 Philadelphia has been contracted to establish
3 facilities here in the City of Philadelphia to the
4 former naval yard, with an initial contract that
5 will exceed more than \$450 million in the next
6 decade.

7 Under the master agreement with the
8 City of Philadelphia, United States Navy, HUD,
9 OHCD, the Delaware River Port Authority, and
10 others, a somewhat comprehensive but inadequate
11 plan has been drawn that do not meet the inclusion
12 of all the members of the City of Philadelphia.

13 I, therefore, request an organizational
14 breakdown chart of all the entities concerned in
15 the participating master agreement, their dollar
16 budget, names, addresses and telephone numbers of
17 the department directors and the decision-making
18 executives. I also call for an up-to-date copy of
19 all Section 3 reports tendered to date.

20 We found out after our initial meeting
21 with Harald Rafdal several weeks ago -- he's the
22 president of Kvaerner Shipbuilding -- that our
23 concerns and proposals to include MBEs, WBEs, and
24 DBEs has yet to be taken in what we feel to be a
25 serious and representative light.

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2 We call for the same opportunities to
3 negotiate with Kvaerner as was expended with the
4 unions, the majority contractors, and others to
5 establish a working relationship on contracts and
6 agendas in light of the invoices and direct
7 documentations of expenditures of monies to date
8 to set up the contracts and the cross-training of
9 personnel to accommodate acceptance of their
10 agreement.

11 We would further request a copy of
12 those documents which would allow for waivers of
13 the Buy America Act and Buy Pennsylvania Act that
14 subsequently allowed Kvaerner Shipbuilding to
15 purchase its crane outside of the United States
16 and all of the amendments that would allow for its
17 payments using public funds.

18 I further question the following
19 awarded contracts of records that lack minority
20 and female and disadvantaged business
21 participation. And in that light, the contracts
22 awarded to date are:

23 In the demolition, Phase I -
24 Dismantlement Specialties Company, L.P., has been
25 awarded \$2,932,565 in contracts. No minority, W

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2 or DBE participation.

3 We have adequate certified contractors
4 capable of dealing with this portion of the
5 contract, and you previously heard from some of
6 the representatives. I won't recall them in
7 consideration of the time.

8 In Demolition, Phase II -
9 A.P. Construction Incorporated has been awarded
10 \$1.6 million.

11 To date, Hannah & Son has received
12 a 5 percent contract, totaling \$80,000.

13 Demolition and site, including site
14 paving and caps, which was discussed previously by
15 KKAJ, you are aware of. And without minority
16 participation, these contracts continue to
17 proceed.

18 The electrical demolition, 2A - awarded
19 to Rite-Way Electric, Inc., \$2,292,836 to date.
20 No minority participation.

21 And in this particular contract, we
22 will not settle for just the supply end; we want
23 work on that job. We have adequate certified
24 contractors who are able to deal with the
25 demolition and the reinstallation of the

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2 electrical work on the job. So just to award us a
3 supplier consideration is not going to be
4 acceptable by UMBA.

5 Continuing on, you previously heard a
6 reference to the structural steel. To date,
7 Havens Steel has been awarded \$48,253,000. This
8 is a joint venture, and they have no WBE or MBE
9 participation.

10 On the steel pylons, a \$20 million
11 contract was awarded to Agate, a construction
12 company. No minority participation to date. And
13 they have 7500 pylons that have to be driven. And
14 I'm sure that we have minority contractors capable
15 of providing services on the preparation, digging,
16 and evacuation concerning these 7500 pylons that
17 they're going to be installing.

18 On the concrete bid, Madison
19 Construction has won. I'm not sure of the
20 dollar-amount. But, again, they have no minority
21 participation to date.

22 It is a local firm. They've done work
23 over in New Jersey, which required them to have
24 minority participation. They're well-aware of the
25 requirements in the area, yet they still choose to

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2 ignore minorities and the law. And we are calling
3 for a reconciliation and identification in this
4 aspect.

5 Continuing. Former representation of a
6 small minority business should be -- I'm sorry.
7 Former representation of small minority business
8 concerns should be addressed through a
9 representative, advisory or oversight board of
10 which United Minority Enterprise should be a
11 voting member with direct communications with
12 Kvaerner Shipbuilding, majority contractors and
13 such, concerning the percentage participation of
14 M, W, DBE participation.

15 In closing, I call for an investigation
16 of the Eighth and Market Street contract, which
17 will be coming before you shortly for funding.
18 Again, there is no minority A and E firms that
19 have been included in this project, and we have
20 our concerns.

21 I will, as well as UMBA, make myself
22 available for any follow-up successful
23 negotiations concerning these matters of
24 interest.

25 In proceeding, Mr. Simon has forgone

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2 his participation so that we could present Mr.
3 Jihad Ali, who is a committee chairman from United
4 Minority Enterprise Associates, also dealing with
5 directly with the questions concerning Kvaerner.
6 Mr. Ali?
7 (Jihad Ali comes forward.)
8 COUNCILMAN NUTTER: Thank you. Please
9 identify yourself for the record.
10 MR. ALI: Mr. Chairman, I have some
11 literature.
12 COUNCILMAN NUTTER: Thank you. The
13 sergeant-at-arms will distribute them.
14 Please identify yourself for the record
15 and proceed.
16 MR. ALI: I'm Jihad Ali. I'm a member
17 of the United Minority Enterprises Associates.
18 COUNCILMAN NUTTER: Do me a favor.
19 Bring that microphone a little closer.
20 MR. ALI: I'm Jihad Ali, a member of
21 the United Minority Enterprise Associates. And
22 it's an honor to be here today, Mr. Chairman and
23 other members of the committee.
24 COUNCILMAN NUTTER: Pull that mike down
25 a little bit, a little closer.

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2 MR. ALI: It's an honor to be here
3 today, Mr. Chairman and members of the committee,
4 because we're still struggling.

5 And I take that as an honor because in
6 the history -- when I focus on the history of
7 Black American people in this country, we've
8 struggled to get everywhere we are today. That
9 legacy is still passing on. It's been 22
10 generations before us in our community that have
11 been here, and we're still fighting that
12 struggle.

13 And when I look back at my lifetime, in
14 the 41 years that I've been here, I look back and
15 I see the great struggles such as Cecil B. Moore,
16 Martin Luther King, Jr., and others that have
17 existed in this city. So it's really an honor to
18 be here today to continue that struggle because 30
19 years ago, at 33rd and Dauphin, they were talking
20 about jobs; 30 years later, we're sitting right
21 here still talking about jobs.

22 Because this whole thing, this whole
23 master lease, this whole set of exhibits that's
24 attached to the master lease, it all talks about
25 jobs. That's the number-one payout for the city.

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2 And, in fact, that's the thing that we need to
3 focus on. So it's not so much as Kvaerner
4 building those ships, but the payoff for us is in
5 jobs.

6 Chairman Nutter and members of the
7 committee, I appreciate the opportunity to appear
8 before you today to discuss the rehabilitation of
9 the Philadelphia Naval Shipyard and Kvaerner
10 Shipbuilders and their equal-opportunity
11 responsibilities.

12 Some of the matters discussed today are
13 similar to matters happening on all of the major
14 construction projects occurring in Philadelphia
15 being financed by the City of Philadelphia.

16 Mr. Chairman, to begin with, I would
17 like to discuss the financing that was extended to
18 Kvaerner Philadelphia Shipyard, Inc. I believe
19 that it is important to see where the money came
20 from and what laws apply.

21 There is little doubt about the
22 importance of Kvaerner Shipbuilders to the City of
23 Philadelphia. Nearly 1,585,577 people call
24 Philadelphia their home. Over the past year,
25 \$429,500,000 of taxpayer dollars has been

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2 channeled to Kvaerner Philadelphia Shipyard, Inc.
3 primarily in the form of housing and urban
4 development 108 loans an special-purposes grants.

5 Two of the HUD 108 loans are identified
6 below. It is a \$30 million Tax Increment
7 Financing Grant financed by PIDC through a loan of
8 HUD 108 loan funds. A \$10 million PIDC loan,
9 which is also a HUD 108 loan.

10 Other loans and special-purposes loans
11 are as follows:

12 A \$182 million investment authorized by
13 the Commonwealth Capital Budget Project
14 Itemization Act for 1996 and 1997.

15 A \$25 million loan from the
16 Commonwealth Discretionary Dislocated Workers
17 Fund.

18 A \$20 million PIDA loan.

19 A \$19 million Economic Conversion Fund
20 interest-free loan to PSDC for the benefit of
21 Kvaerner.

22 A \$65 million grant from the Delaware
23 River Port Authority.

24 A \$50 million grant from the United
25 States Department of Defense.

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2 A \$25 million grant or grants from the
3 National Reserve Account Job Partnership Act.

4 And \$3 million in savings to Kvaerner
5 through utility discounts from public utility
6 companies.

7 Above are other sources of funds as
8 indicated in the master agreement.

9 "The problem that we have is that in
10 all the loans or grant documentation is a clause
11 that reads: The borrower shall comply with all
12 state and federal laws prohibiting discrimination
13 in hiring or employment opportunities.

14 "In the event of borrowers not
15 complying with the nondiscrimination clause of
16 this contract or with any such laws, this contract
17 may be terminated or suspended in whole or part,
18 and borrower may be declared temporarily
19 ineligible for further city contracts, and other
20 sanctions may be imposed and remedies invoked."

21 Other clauses state: "The contractor
22 shall actively recruit minority subcontractors and
23 women subcontractors or subcontractors with
24 substantial minority representation among their
25 employees."

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2 There are other clauses that should be
3 incorporated in all these long documents that are
4 missing; most notably, from the 108 loan funds,
5 are the Section 3 clause. These loans are a
6 direct advance of the future community development
7 block grant entitlement receipts. These are some
8 of the obligations that Kvaerner is ignoring.

9 While Kvaerner Philadelphia Shipyard,
10 Inc. has only been there a short time, they have
11 awarded several major contracts for construction
12 of the yard. This blatant disregard for existing
13 laws and regulations of state and federal
14 requirements is being passed through to the
15 contractors that Kvaerner is contracting with
16 because these rules and regulations are not a part
17 of the bidding documentation.

18 These problems have been exacerbated by
19 the failure of our local city government to
20 correctly give responsibility for compliance to
21 the Office of Housing and Community Development.
22 Because of the federal dollars that gives
23 jurisdiction to them, in addition, others chosen
24 by Kvaerner Philadelphia Shipyard, Inc. has
25 recently been contracted to obtain minorities

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2 involvement have taken an adversarial role.

3 We hope to have a meeting with our
4 attorney and also parties involved to solve these
5 problems at this stage of the development.

6 Mr. Chairman, I hope you can see that
7 Kvaerner Philadelphia Shipyard, Inc. has not been
8 fair in the construction process. The hiring of
9 prominent African-Americans will not put a happy
10 face on what has been occurring. We will need
11 direct oversight of this committee to put this
12 construction-letting process back on the right
13 track. Because, as of now, Kvaerner Philadelphia
14 Shipyard, Inc. has done all the wrong things.

15 Since our organization has exposed what
16 is occurring at Kvaerner Philadelphia Shipyard,
17 Inc., Kvaerner has been like an animal caught in a
18 net. The more it struggles to get out of its
19 predicament, the more it gets entangled.

20 The time has come for all of us to work
21 together to help Kvaerner Philadelphia Shipyard,
22 Inc. get untangled. That is why we're here
23 today. I suggest that our organization and our
24 attorney, Mr. Michael Davis, be invited to any
25 follow-up meeting to address this issue.

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2 What we would like compliance with
3 Section 3 and other federal laws. We'd also like
4 an open bidding process. We'd like documentation
5 of all minority outreach efforts until the project
6 is completed. And we'd like access to the those
7 records. Perhaps the United Minority Enterprise
8 Association can assist in these monitoring
9 efforts.

10 The controller earlier, David -- I
11 didn't get his last name -- he asked one of the
12 Councilwomen -- the Councilwoman asked him what
13 could be done when we find out that they're not in
14 compliance. As I've indicated through the
15 documents that I saw that were a part of the
16 master agreement, but they weren't signed, so I
17 can't say legally that that's what they signed.

18 Because when you look at that issue of
19 documentation, when you go to the mayor, when he
20 submitted the bill before the Council, at the time
21 he sent the master agreement, and he said
22 contemporaneously, the agreement was going to be
23 placed in the chief clerk's office.

24 It's still not there today. I went
25 there today before this hearing and it still is

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2 not there. I looked at the file. That document
3 has been in existence for over a year. It
4 consists of over 500 pages.

5 I would ask the Council, in your
6 capacity, under your rules and regulations, you
7 have the ability to get outside counsel. Because,
8 obviously, there's going to be a conflict. You're
9 represented by the City Solicitor, then they
10 represent PIDC. If we're going to look at legally
11 what can be done, I want you to have the right
12 information. Perhaps you can obtain outside
13 counsel.

14 COUNCILMAN NUTTER: Okay.

15 MR. ALI: And the other thing before I
16 close is, there's a concern by one of your other
17 Councilman about -- his focus was on union work.
18 Well, there's a lot of people that I know that
19 aren't in the union. I would want everybody to be
20 in the union. However, there's going to be
21 sometimes when people have the skills but they
22 really don't have the ability for the union.

23 As things exist now, we need to know if
24 there was a project agreement signed, waiving the
25 requirements of disadvantaged people to work on

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2 this job. Because if that's the case, then that's
3 going to mean that this is going to be a 100
4 percent union job, which is quite in contrary to
5 Section 3 regulations. And we need those types of
6 answers answered.

7 COUNCILMAN NUTTER: Just one item for
8 the record. The City Solicitor's Office does
9 represent a number of -- represents all of the
10 City departments and some of the agencies.

11 I do not believe, though, that the City
12 Solicitor's Office represents PIDC. I believe
13 that PIDC has their own legal counsel, as they are
14 a quasi governmental agency.

15 COUNCILMAN ORTIZ: Yeah, I go along
16 with what you're saying because, going down the
17 listing of organizations, we've had -- we've had a
18 few meetings with PIDC and the Hispanic Chamber of
19 Commerce. And within that, there have been
20 several contractors and representatives of the
21 Hispanic Contractors Association.

22 And as of this time, I do not know of
23 anything that has gone in terms of a pre-bid or a
24 bid proposal or RFP to the Hispanic Chamber of
25 Commerce or to the Hispanic Contractors

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2 Association. And we actually said that the
3 Hispanic Chamber should be the instrument that
4 they use to be able to get involvement.

5 And after this time and so it's -- and
6 I agree with you in terms of contractors and
7 construction workers and electricians. They would
8 be very hard to find within the building
9 contractors union and so on.

10 So in terms of participation, in terms
11 of jobs, it becomes a problem in terms of
12 diversity and minority representation, both
13 African-American and Latino and women.

14 MR. ALI: Just in answer to you, it's
15 not a problem for the other guys, but that is a
16 problem for us. And as long as we're on point and
17 this committee takes a stand, this stuff can't go
18 on.

19 Today in the paper, they quote that
20 there's going to be \$2.7 billion worth of
21 construction in this city. And if you don't stand
22 up now, then you might as well just kiss all of
23 that money good-bye.

24 And everything that we to today affects
25 all these young brothers that we bury every night

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2 out there. Because they're not selling drugs
3 because they inherited that, that's nonsense.
4 It's the easiest opportunity that they have. They
5 have no idea about the kind of money that's
6 involved in construction.

7 And, I tell you, it is my
8 responsibility to come down here today, to stand
9 up, to tell you that we, as UMBEA, is going to do
10 everything within our power to stop this project
11 within the law, because we owe it to ourselves, we
12 owe it to our children, and we owe it to you our
13 ancestors.

14 (Applause.)

15 (Charles Ang comes forward.)

16 COUNCILMAN NUTTER: Yes, sir?

17 MR. ANG: Chairman and people of the
18 Council, I appreciate the opportunity today to
19 come here and air the concerns from the minority
20 and the women's business sector.

21 COUNCILMAN NUTTER: Sir, please
22 identify yourself for the record.

23 MR. ANG: My name is Charles Ang. I'm
24 president of Ang Associates, which is a consulting
25 engineering office, and also a small construction

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 company named Innovative Construction Systems.

3 My concern is pretty straightforward.
4 This Kvaerner job, I believe we are not getting
5 enough information for the minority and WBE
6 sector. Attest to that, I have a letter here that
7 shows a follow-up to an ad in The Inquirer
8 regarding -- well, this came out from the
9 Philadelphia Shipyard Development Corporation.

10 And the people, the contact person
11 there, is Bob Benko. And the letter here I had is
12 when this ad came out looking for project
13 management consulting services, and I addressed to
14 them to Mr. Benko, and this is following a very --
15 it's just a very regular, normal procedure.

16 And I quickly mentioned about my
17 company, and I'm a certified minority business
18 enterprise and I'm interested in offering my
19 services. In fact, I did mention, because our
20 company, a minority company. Not too many have
21 grown to be strong enough to be a prime.

22 And I have stated right here I'm only
23 interested to go in as a sub to the primes. In
24 the letter here, I ask them to keep our company
25 informed of your short-listed firms so that we can

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2 network with them independently.

3 And I gave him my number, telephone
4 number, my e-mail number, but I got no response.
5 In fact, I followed up with several telephone
6 calls and I never got a return call.

7 COUNCILWOMAN TASC0: Did you get past
8 the administrative assistant?

9 (Laughter.)

10 COUNCILWOMAN TASC0: You heard
11 Mrs. Bridges. Did you get past the administrative
12 assistant?

13 MR. ANG: I never got to Mr. Benko,
14 right.

15 COUNCILWOMAN TASC0: Oh, this was Mr.
16 Benko.

17 MR. ANG: Yes.

18 COUNCILWOMAN TASC0: This wasn't the
19 Kvaerner piece, okay. This was with the Ship
20 Development Corporation, and you wrote to Mr.
21 Benko 'cause he is -- this corporation, we were
22 told, was going to be the oversight board to make
23 sure that everything went all right. And you got
24 no response from him?

25 MR. ANG: No response from him.

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2 MR. BARNES: Let us say that we have
3 given Kvaerner and its entities untold
4 opportunities to communicate and establish a
5 working conduit with us, and they have directly,
6 callously and with aforethought avoided any
7 opportunities to deal with any minorities.

8 As included within the package that I
9 gave you, there had been also the concerning
10 testimony by Mr. Leonard. And every sense of the
11 operation that we have tried to make this thing
12 work prior to coming here and voicing our concerns
13 has been received with total disregards to the
14 community in which they are located.

15 And when you're paying out of your
16 pocket, you expect to at least hear the music if
17 you don't even get to a dance to it. They're not
18 evening hearing us.

19 COUNCILWOMAN TASC0: Let me ask you a
20 question. Have you made any contact with PIDC or
21 PSDC? Has your organization contacted both of
22 those agencies? And what was the response?

23 MR. BARNES: Again, inquiries have been
24 directed to Mr. Hankowsky ad his office.

25 COUNCILWOMAN TASC0: Did you get a

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 response?

3 MR. BARNES: It's status quo. The
4 status quo is to avoid. If you avoid us long
5 enough, maybe we'll go away. Well, we're here
6 today and we're here to tell you that we're here
7 for the long run.

8 COUNCILWOMAN TASC0: Did you get a
9 response?

10 MR. BARNES: No, ma'am.

11 COUNCILWOMAN TASC0: You made phone
12 calls. Did you write letters?

13 MR. BARNES: There has been phone calls
14 and I do believe those letters. At least two
15 letters that I'm aware of have been written. I
16 have no response to those letters.

17 Unfortunately in my rush to get down
18 here today, some items were overlooked for
19 inclusion in this package. However, I shall make
20 it my duty to get that to you before the end of
21 the week, Mr. Chairman and other members.

22 COUNCILMAN NUTTER: That would be fine.

23 MR. BARNES: We had proceeded in giving
24 them a variety of proposals and packages
25 concerning our cross-training and participation

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2 with the minority community, of which I believe
3 Dr. Spencer and others will discuss in their
4 follow-up after we leave the podium.

5 COUNCILMAN NUTTER: Thank you.

6 MR. BARNES: However, we thank you for
7 allowing us an opportunity to bring forth our
8 concerns. And as Mr. Ali has just proposed, that
9 we're here for the duration.

10 COUNCILMAN NUTTER: Thank you.

11 Councilwoman Miller.

12 COUNCILWOMAN MILLER: Thank you, Mr.
13 Chairman.

14 This question can be for any one of the
15 three. You know, we all went down to meet with
16 the president of Kvaerner.

17 MR. BARNES: Yes, we did.

18 COUNCILWOMAN MILLER: What, about three
19 weeks ago or so?

20 MR. BARNES: Mm-hmm.

21 COUNCILWOMAN MILLER: And since that
22 time, I've received correspondence, and I think at
23 the meeting, Jim Roundtree was there, so I think
24 things started to be worked out where OHCD and
25 MBEC were now going to participate actively.

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2 MR. BARNES: Mm-hmm.

3 COUNCILWOMAN MILLER: Has there been
4 any change in information flow? Have
5 communications opened better? Or what?

6 MR. BARNES: To date, no, it hasn't
7 changed. And I say this with a jaundiced eye
8 because there are other entities that have been
9 further included into it that does not communicate
10 or represent the minority community.

11 However, I notice by a letter that I
12 received dated October the 13th, which is included
13 in the last four pages of the package, which kind
14 of offhandedly just dismisses us and says that
15 these entities have been awarded contracts to
16 establish a communication and contact with the
17 minority community. And I don't feel that all of
18 it is representative of the needs that we have
19 espoused here.

20 COUNCILWOMAN MILLER: So you haven't
21 met with them?

22 MR. BARNES: No, ma'am.

23 MR. ANG: Can I say something?

24 COUNCILMAN NUTTER: Sure.

25 MR. ANG: Yesterday, Handford Jones

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2 from OHCD, HE called my office, and I did have to
3 say this, that we were able to see some principal
4 people down at Kvaerner yesterday. And I was able
5 to present my credentials and brochures and seems
6 to be receptive.

7 And I hope that kind of spirit should
8 be kept up and someone else can follow up. And we
9 were only two parties, went down to together with
10 Handford Jones. So I hope that that kind of
11 activity can continue on and bring up more
12 interested people in there to be involved.

13 COUNCILMAN NUTTER: Okay.

14 MR. ALI: I just wanted to add that
15 Handford Jones is doing his job. And sometimes
16 when you do your job --

17 (Applause.)

18 MR. ALI: -- people don't like it.
19 Regardless of what it says paper, they don't like
20 it. And he's one that's going to need protection
21 from the chairman and rest of the members of the
22 board.

23 And the only way things are going to
24 change is through the efforts of this board
25 sitting right here because you have the power to

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2 change it. You can always get everybody's
3 attention when you stop the money.

4 COUNCILMAN NUTTER: Right, okay. Thank
5 you, thank you very much.

6 (Applause.)

7 COUNCILMAN NUTTER: Ladies and
8 gentlemen, after consultation with Councilwoman
9 Tasco, the prime sponsor of the resolution, given
10 the substance and the weight of the testimony that
11 we've heard from two panels, we will make a slight
12 deviation.

13 We believe at this point in time, it is
14 appropriate to have representatives from PIDC
15 Kvaerner Philadelphia Shipbuilders, Inc., and Mr.
16 Hankowsky and Miss Van Nostrum come to the witness
17 table.

18 (Above group comes forward.)

19 COUNCILMAN NUTTER: Thank you for your
20 presence here.

21 If we could have initially each
22 individual at the table identify themselves, your
23 agency, your connection to the project. And then
24 I will assume that you have worked out amongst
25 yourselves, if you have a presentation, please

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2 make the presentation.

3 But we would certainly ask, and I know
4 you've been here from the start. You have heard
5 the testimony of many individuals who have,
6 apparently with good faith, attempted to be
7 involved with this project. We would like direct
8 and forthright answers or explanations to the
9 statements that have been made.

10 And so if we could start with Mr.
11 Hankowsky and go around. If everyone could just
12 identify themselves and their agency or employer.

13 MR. HANKOWSKY: I'm William Hankowsky,
14 the President of the Philadelphia Industrial
15 Development Corporation.

16 MR. RYAN: I'm Richard Ryan, the
17 Project Manager for Kvaerner for the Construction.

18 COUNCILMAN NUTTER: I'm sorry. It's
19 Richard. . . ?

20 MR. RYAN: Richard Ryan, R-Y-A-N.

21 COUNCILMAN NUTTER: Project manager?

22 MR. RYAN: Project Manager
23 Construction, Kvaerner.

24 COUNCILMAN NUTTER: All right.

25 MR. THOMPSON: My name is Gary

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2 Thompson. I'm the Project Director of
3 Construction for Kvaerner.

4 COUNCILMAN NUTTER: Oh, Mr. Gary
5 Thompson.

6 MR. SJURSEN: My name is Tore Sjursen.
7 I am Vice President for Yard Development for
8 Kvaerner. And I would like to convey Harald
9 Rafdal's apologies for not being able to be
10 present personally.

11 COUNCILMAN NUTTER: I understand.
12 Unfortunately -- could -- I'm sorry and I
13 apologize. Can you say your name again and spell
14 it.

15 MR. SJURSEN: T-O-R-E.

16 COUNCILMAN NUTTER: T-O-R-E.

17 MR. SJURSEN: Last name S-J-U-R-S-E-N.

18 COUNCILMAN NUTTER: -- S-E-N. And your
19 position is. . . ?

20 MR. SJURSEN: Vice President, Yard
21 Development.

22 COUNCILMAN NUTTER: Okay.

23 MR. WHITE: I'm Ron White, Mr. Chairman
24 and, I'm here as counsel to Kvaerner.

25 IDENTIFIED AUDIENCE MEMBER: I didn't

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734

2 hear you.

3 MR. WHITE: My name is Ron White, and
4 I'm counsel to Kvaerner. Is that okay?

5 COUNCILMAN NUTTER: Okay. Let's try to
6 have decorum and respect for all of the witnesses.
7 I appreciate it if anyone didn't hear it; they now
8 heard.

9 Is someone making an opening statement
10 or presentation on behalf of Kvaerner? Don't
11 everybody jump up at the mike too quickly.

12 We can just go around then.

13 MR. HANKOWSKY: Mr. Chairman, I do have
14 written testimony. I'm a little more used to this
15 format.

16 COUNCILMAN NUTTER: Sergeant-at-arms,
17 please.

18 MR. HANKOWSKY: I could quickly go
19 through it if it's the pleasure of the Chair.

20 Goodafternoon, Mr. Chairman and
21 members of the Committee on Commerce and Economic
22 Development. I'm here today to testify on the
23 resolution before the committee.

24 I would like to begin with some
25 background information. As you know, we have been

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2 on a seven-year search to find a firm that would
3 come to the Philadelphia Naval Shipyard to
4 resurrect Shipbuilders after the U.S. Navy
5 announced its plans to close the facility. This
6 search been extremely difficult and, at times,
7 seemed hopeless.

8 Last year, we completed a two-year
9 effort to put together a transaction to induce
10 Kvaerner to reestablish shipbuilding. This is
11 perhaps the most complicated project we have ever
12 done, involving numerous branches of the federal,
13 state, and local government. The agreement with
14 Kvaerner was signed December 16, 1997. Without
15 going through the entire agreement I would just
16 outline the structure of the transaction.

17 The Philadelphia Authority for
18 Industrial Development, (PAID), has leased a
19 114-acre site from the United States Navy. PAID,
20 in turn, has leased site to the Philadelphia
21 Shipyard Development Corporation, or PSDC.

22 PSDC has entered into a master
23 agreement and lease with Kvaerner Philadelphia
24 Shipyard, Inc. (Kvaerner). Kvaerner is designing
25 and building the shipyard and will operate the

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2 shipyard. Included in the master agreement is an
3 MBE/WBE program, which is Section 118 of the
4 agreement, which Kvaerner proposed and agreed to.

5 The first contract awarded for
6 construction was the design contract. This
7 contract was awarded to a joint venture, The
8 Pennsylvania Shipyard Engineering Group, in April
9 of this year. This \$5 million contract includes
10 25 percent MBE and 5 percent WBE participation.
11 Actual construction contracts, beginning with
12 demolition, began to be bid and awarded in July
13 and August of this year.

14 I first became aware of the concerns
15 about the implementation of the MBE/WBE program in
16 September via correspondence from the Controller's
17 Office and members of Council; in fact, members
18 who are with us today. I contacted Kvaerner to
19 share these concerns and asked that the issues
20 raised be addressed.

21 I met with Kvaerner and PSDC on
22 September 28th to specifically seek a plan of
23 action. And, obviously with Kvaerner here, I
24 think they can enumerate on it themselves. But my
25 understanding is that Kvaerner has taken a series

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2 of actions to ensure the implementation of the
3 plan.

4 These actions include the hiring of the
5 Greater Philadelphia Urban Affairs Coalition and
6 Ron White, Esquire, to provide assistance to
7 Kvaerner; meetings with OHCD and MBEC to enlist
8 their assistance in participating in the plans
9 implementation; in the inclusion of the MBE/WBE
10 goals and the bid packages and contracts with
11 contractors; and meetings with prime contractors
12 to stress the need to work towards fulfilling
13 these goals.

14 In addition, I have clarified on behalf
15 of various parties that the agency which will
16 monitor the plan on behalf of the City would be
17 the city's Office of Housing and Community
18 Development.

19 Obviously, PIDC is not a direct party
20 to the Kvaerner master agreement. However, I
21 share with City Council the serious concerns that
22 all provisions of the Kvaerner agreement be
23 adhered to.

24 I've decided to use my influence to
25 make sure that all the appropriate parties work

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2 towards an effective MBE/WBE program and I will
3 continue to do so. The proof, obviously, will be
4 in the results. And, therefore, I plan to stay
5 involved. This project is a critical one for the
6 city's future economic well-being. Its benefit
7 should be felt throughout our entire community.

8 I would be pleased to answer any
9 questions.

10 I'd like to take Councilman Nutter up
11 and the chairman up on his request that perhaps if
12 I address a couple of the items that have come up
13 in the comments. So if I might just for a minute
14 try to answer a few of the questions that were
15 raised.

16 One, there was a question raised with
17 regard to the auditing rights vis-a-vis Kvaerner.
18 The right to audit the project in a financial
19 sense -- I think I've clarified that the MBE/WBE
20 monitoring would be done by OHCD. But in a
21 financial sense, the auditing rights are embodied
22 in the master agreement, and those rights are
23 therefore PSDC, who has the right to review the
24 bills and the finances and the expenditure of the
25 funds that are in the transaction, and then to

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2 provide those reports to the various governmental
3 entities -- federal, state, local -- that are
4 signatories to the agreement.

5 There was also -- I just want to point
6 out that a couple of the firms that have been made
7 comments this afternoon -- for example, there was
8 a -- one of the firms discussed Building 101 at
9 the shipyard. That, in fact, is a PIDC project
10 that they participated in. The PSFS building, the
11 Mellon project, so that there have been projects
12 where we've sought to make sure that there were
13 MBE/WBE plans that they were working. OHCD has
14 been the monitor of those plans. And so I -- the
15 spirit of the hearing is something that we share,
16 not just specific to this transaction but
17 generally.

18 I have to be honest with you. I will
19 simply apologize to one firm, S&W Asbestos,
20 because I'm sure if they called me, I believe I
21 sent all of those calls, firms looking for
22 information, through a process that should have
23 gotten a response back to them, that we were
24 advising them, we were passing the information on,
25 etc. Because, obviously, we're not directly in

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2 the bid cycle. If that did not happen, that
3 should happened and I think has happened with
4 other firms as we have received this information.

5 And we'd be happy to provide a chart.
6 Someone requested a chart to show sort of how this
7 deal is organized. I briefly mentioned it in my
8 testimony, but we can show sort of which players
9 are handling which portions of the transaction.

10 I think probably, as Tore mentioned,
11 Harald Rafdal, the president of Kvaerner, ha
12 conveyed to me directly and in person his
13 commitment and his concern -- I'm sure Tore will
14 amplify -- that to whatever degree there have been
15 mistakes or omissions in getting this program off
16 the ground, that there is a focussed effort at
17 this point to get it back on track.

18 That doesn't satisfy the fact that, in
19 some instances, there may have been misinformation
20 or miscommunication in the past, but I think there
21 is an effort currently to try to get this
22 operating the way we are used to having MBE/WBE
23 plans operate and projects that we finance and
24 work on.

25 Perhaps with that, I'll end my

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2 testimony.

3 COUNCILMAN NUTTER: Well, let me ask
4 this question, Mr. Hankowsky. I mean, who at this
5 point, within either PIDC, PSDC, or Kvaerner
6 Philadelphia Shipyard, Inc., is directly in charge
7 and responsible by their job duty description or
8 title for the implementation and adherence to
9 goals for MBE/WBE participation?

10 MR. HANKOWSKY: I think the answer to
11 that question is that the implementation and
12 adherence is a responsibility of Kvaerner's. I
13 think that falls under Tore and his group as the
14 construction development group.

15 COUNCILMAN NUTTER: Well, let me ask
16 you this --

17 MR. HANKOWSKY: And that the monitoring
18 of their performance is a responsibility of OHCD.

19 COUNCILMAN NUTTER: Why do you say you
20 think it is?

21 MR. HANKOWSKY: Well, I mean, it is
22 Kvaerner. I think it is Tore's group, I think he
23 can confirm that.

24 COUNCILMAN NUTTER: So Kvaerner is
25 ultimately responsible for implementation and

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2 adherence to these goals.

3 MR. HANKOWSKY: That's right.

4 COUNCILMAN NUTTER: And then OHCD's
5 role is to. . . ?

6 MR. HANKOWSKY: To monitor that
7 performance, like they do in other projects.

8 COUNCILMAN NUTTER: And if, for some
9 reason, they might be deemed out of compliance,
10 who would they be deemed out of compliance by?

11 MR. HANKOWSKY: (No verbal response.)

12 COUNCILMAN NUTTER: Who has the
13 authority to deem them out of compliance?

14 MR. HANKOWSKY: Oh, OHCD would deem
15 them out of compliance.

16 COUNCILMAN NUTTER: OHCD does. And
17 what is OHCD's power, once they've been deemed out
18 of compliance, to do anything either about getting
19 them in compliance, or what other penalties come
20 with being out of compliance?

21 MR. HANKOWSKY: OHDC would do what they
22 have done in other transactions, which is, they
23 would notify -- in this particular transaction,
24 they would notify the city administration, PIDC,
25 PSDC; in other words, the parties to the

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2 transaction. And we would then raise that with
3 Kvaerner and seek that it be addressed.

4 COUNCILMAN NUTTER: And if it's not
5 addressed?

6 MR. HANKOWSKY: Well, we would continue
7 to -- I mean, again -- then parties would have to
8 decide what is the appropriate next step.

9 COUNCILMAN NUTTER: What is the final
10 and ultimate penalty for noncompliance?

11 MR. HANKOWSKY: Well, it is not -- the
12 plan is a plan, as it is in many development
13 agreements, that is there, it's an obligation of
14 the party to the agreement.

15 Noncompliance is -- does not terminate
16 the agreement, so it's not -- I mean, if you go
17 through sort of the legal parts of the agreement,
18 it's not an event of default under the master
19 agreement.

20 COUNCILMAN NUTTER: Well, what is it?

21 MR. HANKOWSKY: It is a default that
22 needs to be corrected.

23 Then the other place that it comes up
24 is in the loan documents that are between PIDC and
25 Kvaerner. We have not closed that loan. So at

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2 the moment, we sort of -- we haven't disbursed any
3 of those funds, none of the TIF funds have been
4 disbursed I think all of the funds disbursed.

5 I think, in fact, all of the funding
6 that has been disbursed to has been state in
7 origin. I'm pretty sure that's accurate. PSDC
8 will know that for sure.

9 COUNCILMAN NUTTER: Well, let me ask
10 this, then. If, for some reason, Kvaerner never
11 complied -- and maybe some parties had no
12 intention of complying or they just acted
13 inappropriately or by delay or by other strategies
14 and tactics -- but there was never, ever
15 compliance, does it mean that the project would
16 still, in fact, take place?

17 MR. HANKOWSKY: I'm -- I'm not trying
18 to be evasive or obtuse. I'm not sure it's a
19 simple yes or no because I think the various
20 parties to the transaction would independently
21 make a decision about what their actions should be
22 vis-a-vis that circumstance. So --

23 COUNCILMAN NUTTER: The parties to the
24 transaction being PIDC, PSDC and --

25 MR. HANKOWSKY: The Commonwealth of

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2 Pennsylvania, the Delaware River Port Authority,
3 the federal government. And, as I said, there's
4 always --

5 COUNCILMAN NUTTER: What about the City
6 of Philadelphia.

7 MR. HANKOWSKY: -- funding streams.
8 And the City. I mean, the City is --

9 COUNCILMAN NUTTER: Why is OHCD the
10 monitoring agency, and who made that decision?

11 MR. HANKOWSKY: When we have put HUD
12 108 funds and development projects, because their
13 origin is HUD in its ultimate origin, OHCD has
14 done that for the hotel projects that we've
15 undertaken. And so we have a protocol in place
16 where they've done that on behalf of those loans.

17 Because there's a 108 loan in this
18 transaction, I felt it was appropriate that we
19 have a direct party such as OHCD's office involved
20 in that. That's Kevin Brooks and Handford Jones
21 that were mentioned earlier by certain
22 individuals.

23 And so I basically said that's who I
24 want it to do it on behalf of us.

25 COUNCILMAN NUTTER: Okay.

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2 MR. HANKOWSKY: I guess that's the
3 simplest answer.

4 COUNCILMAN NUTTER: You have a
5 follow-up question, Councilman Ortiz?

6 COUNCILMAN ORTIZ: Mr. Hankowsky, just
7 to follow up because you say it doesn't require --
8 it doesn't have a simple yes or no answer.

9 I just signed a contract with a
10 contractor to rehab my house. If they don't
11 comply, there are some penalties; just as if I
12 don't comply with the payments to them. There are
13 some penalties.

14 I think the Councilman asked you very
15 specifically, where in the contract, where in that
16 huge contract is there any clause that goes to if
17 Kvaerner does not comply with the MBEC, WC, all
18 the way down the line? These are the penalties
19 that will accrue along those lines.

20 Obviously, the answer is no, there is
21 nothing in there to really force Kvaerner to
22 comply with these clauses. And there is nothing
23 within the contract. And so the answer is no
24 again because I don't think there's anything in
25 the contract that will stop the money to flow to

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2 Kvaerner if the answer is no to these questions.

3 Isn't that so?

4 MR. HANKOWSKY: Well, I obviously -- I
5 mean, you are an attorney by practice so I want to
6 careful I'm not giving an illegal response to an
7 attorney by practice.

8 But the distinction I'm making is to
9 your first point, which is, is there a specific
10 penalty clause for noncompliance; you know, pay a
11 fine or, you know, or in a monetary effect or
12 whatever that you might see in a transaction.
13 There is not, that's accurate.

14 There is a provision in the loan
15 documents, for example, that a borrower cannot
16 discriminate. If the determination was that there
17 was discrimination, then we could say we're not
18 loaning the money. I mean, that is a proviso in
19 the HUD 108 loan documents.

20 COUNCILMAN ORTIZ: First you have to
21 have a legal term and then you have to prove
22 intent and all of those other things.

23 MR. HANKOWSKY: I don't disagree with
24 that, Councilman. I just want to be responsive to
25 the question.

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2 COUNCILMAN NUTTER: Mr. Hankowsky, The
3 documents that we're talking about -- and I know
4 Councilwoman Clark wants to jump in.

5 The document that we're talking about,
6 is this the same document that on the day of the
7 final deal -- which I believe took place in the
8 chambers here -- is this the same document that
9 there was a significant amount of discussion about
10 members wanting to see this document prior to
11 voting on the bill to approve the Kvaerner deal?

12 And was this the same document that we
13 were told at the time we could not have a copy of
14 that document because of the sensitive nature of
15 the negotiations that were taking place
16 simultaneous to the Council hearings; but we were
17 encouraged to trust in the good-faith efforts of
18 the people who were negotiating the deal and the
19 documents and that everything in the end would be
20 to our liking.

21 Is that the same document that we're
22 talking about?

23 MR. HANKOWSKY: I believe that's the
24 document. That's accurate.

25 COUNCILMAN NUTTER: Okay.

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2 MR. HANKOWSKY: And I think earlier
3 again this afternoon -- I mean, we did file t with
4 the city clerk, and I believe we provided full
5 sets to every City Councilperson. If it's not
6 there, we can clearly provide one. There's no
7 attempt not to have it available. It is a matter
8 of public record.

9 COUNCILMAN NUTTER: Right.

10 Councilwoman Clark will follow up.

11 COUNCILWOMAN CLARK: Thank you, Mr.
12 Chairman. I want to follow up on the sanctions
13 question.

14 Mr. Hankowsky, what happens if Kvaerner
15 -- and I don't want to go to intent. If for
16 whatever reason Kvaerner never took one tiny baby
17 step to implementing any of the minority business
18 and disabled business, what happens? What
19 sanctions are there? Where in the document, what
20 language do you rely on to implement what
21 sanctions?

22 That's why we contracts now. This is
23 not who's a good guy and who's a bad guy. These
24 are the provisions of a written contract.

25 Where are they? Show me the language

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2 on which you rely that would give me some
3 assurance that I don't have an illusory promise.
4 Where's the language in the document?

5 MR. HANKOWSKY: Again, I think,
6 Councilwoman, as Councilman Ortiz asked in his
7 question, there is not a specific penalty
8 provision that is specific to nonperformance of
9 this section of the contract.

10 The contract -- and, again, I speak to
11 an attorney by practice so I want to be careful
12 I'm not making a legal analysis. But if the
13 contract is an entirety and the parties sign it
14 and both are to perform accordingly. So if there
15 is a total default of the agreement, clearly the
16 parties might make a decision to simply say, We
17 believe you're in default, egregious default, and
18 we're not proceeding, we're not disbursing, we're
19 not --

20 COUNCILWOMAN CLARK: Let me interrupt
21 you. Because sometimes a remedy like that is
22 illusory. What is the likelihood, if we can't
23 find language on which to rely, where will we sue
24 on? Where is the good-faith effort.

25 Now, you and I had this discussion.

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2 This is about what, the third or fourth time? At
3 some point, somebody is going to have to recognize
4 that there is a population in and about
5 Philadelphia that cannot rely on good-faith effort
6 and "trust me" and any of those other
7 "cutesy-tootsies."

8 We're going to have to have some
9 language on which you can sue out, Ron, on which
10 to say, Here's the standard, and you've fail to
11 meet the standard by more than an insignificant
12 degree and, therefore, we believe that you're in
13 violation. We have nothing now.

14 Mr. Chairman, we absolutely have
15 nothing on which to base our assertion that this
16 company is not in compliance because there is no
17 standard that requires them to do it.

18 And you say on the four corners of a
19 contract that's got as many dollars, as many jobs
20 and as much emotion wrapped in reactivating the
21 naval shipyard, if we can't get your commitment
22 now when you've got the new buildings up and the
23 cranes and the hardware and the people in hard
24 hats going to work, that just turns us into the
25 bad guys when we say, "Let us come to the party

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2 too."

3 So I need you to insist. I'll even be
4 willing to sit with you and help word the
5 provision we cannot rely on your willingness to do
6 it. There is not one example in all of recorded
7 history that permits me to rely on the haves
8 willing giving to the have-nots. There's just no
9 (unintelligible). And I've told you this, I've
10 told you this. You said it plainly, you said it
11 clearly, you said it with insistence.

12 I do not accuse you of bad fait. I
13 think you're a well-intentioned man, but I do not
14 have any language on which to rely.

15 MR. HANKOWSKY: I understand your point
16 totally, Councilwoman. And I can't -- I obviously
17 can respond to the facts are that we have today.
18 I can also say that it is -- which may provide no
19 comfort to you, I appreciate this, that it may
20 provide no comfort, but it is analogous to what we
21 have done in prior transactions where MBE/WBE
22 plans were components of those transactions, where
23 parties were responsible to execute them but where
24 there weren't specific -- and I'll again use the
25 term "penalty clauses" related to that.

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2 COUNCILWOMAN CLARK: Use "sanctions";
3 don't use "penalties." Sanctions are a much
4 better contract term. What are the sanctions for
5 failing to comply?

6 There is no standard for compliance.
7 There's a kind of good faith, "Well, we're going
8 to do what we can when it's convenient." But
9 that's not what we're talking about, okay?

10 And I remind you that in your capacity,
11 that you represent all of us so that you can't
12 (unintelligible). You have to represent all of
13 us, including those of us who represent all of
14 these people.

15 And sometimes I'm not persuaded that
16 you understand the severity of this situation to
17 us. Maybe we're being too polite about this. I
18 don't know what has happened in here.

19 (Applause.)

20 MR. HANKOWSKY: Well, I hope civility
21 is not a sin.

22 I do understand my responsibility to
23 represent the role I have as it may be all of the
24 city, and I take that seriously.

25 COUNCILMAN NUTTER: We have

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2 Councilwoman Tasco and then Councilwoman Miller
3 and then I'd like to get back to the Kvaerner
4 people.

5 COUNCILWOMAN TASCO: Mr. Hankowsky,
6 when we met in the caucus room in a briefing prior
7 to bringing the legislation to City Council, you
8 heard the sentiments around the table by many
9 Councilmembers about this whole issue of minority,
10 women, and disabled participation in this project.
11 And you assured us that you understood our
12 concerns, and just like the Councilwoman so
13 passionately has spoken, we talk to you about this
14 all the time.

15 And we don't seem to get your ear. I'm
16 not sure that PIDC understands what they should be
17 about in terms of representing us in the economic
18 development field.

19 What is your minority participation on
20 your board? And do you have a minority, women,
21 disadvantaged business component as a part of your
22 board? Or is there any discussion about it in
23 terms of what PIDC does?

24 MR. HANKOWSKY: Yes, there is in fact,
25 Councilwoman. I will apologize for not quickly

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2 being able to tell you what it is on my board. I
3 have a 30-member board, and I'd be happy to
4 provide it to you, I just -- would almost need to
5 do it quickly on a piece of paper. But there is
6 both minority and female participation and female
7 and business participation.

8 We also, as I mentioned a moment ago,
9 have sought to make sure that there are MBE/WBE
10 plans on projects like the various hotel projects
11 we've been seeking to do the same in our -- in all
12 our activity, understanding again that that is --
13 at the moment, I just kind of -- well, not kind
14 of, but that's independent of the Kvaerner
15 activity that we do at the shipyard. So to the
16 degree we are designing a building, we are looking
17 into the professional-service sector for that.

18 COUNCILWOMAN TASC0: But you know, Mr.
19 Hankowsky --

20 MR. HANKOWSKY: If I could,
21 Councilwoman, I really would appreciate just
22 another minute.

23 And I've taken that to the point of,
24 for example, on projects, looked at -- because
25 professional services, in fact, are a very

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2 discretionary area versus when you bid, when
3 public law may have certain requirements. And we
4 have done scenarios where we have only solicited
5 professional services proposals from minority or
6 female firms to ensure that there's
7 representation.

8 Just earlier this calendar year, in
9 fact, I've started an effort to revisit own
10 MBE/WBE program. And I hope to have that wrapped
11 up by the end of the calendar year because there's
12 been just a lot that has happened in terms of
13 different funding and different activity and
14 making sure that there is a plan that is
15 responsive to sorts of where we are today in terms
16 of what we do and how it works. And I'd be happy
17 to share that with Council as a draft before and
18 clearly after.

19 So, again, it may not satisfy you
20 today, but I am not, from my own perspective
21 ignoring or not trying to pay attention to the
22 issue. I believe it is an important issue.

23 COUNCILWOMAN TASC0: I will just say
24 for the record that I've been here and I was chair
25 of the Economic Development Committee my first

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2 term. I've heard that answer for the last eight
3 years, and we haven't gotten anything from you
4 regarding your agency about minority participation
5 since we've been here.

6 You're always looking at it, you're
7 always working on it, but we don't get anything,
8 okay? We don't get anything.

9 (Applause.)

10 COUNCILWOMAN TASCO: Now, I have a
11 question --

12 MR. HANKOWSKY: Councilwoman, if I
13 could, just for the record 'cause I at least want
14 to get the record --

15 COUNCILWOMAN TASCO: Mm-hmm?

16 MR. HANKOWSKY: We submit one annually,
17 and I'll be happy to share it with you and prior
18 copies of it. I don't -- I'm not sure where it
19 all goes but I'm happy to do it.

20 COUNCILWOMAN TASCO: Well, I think you
21 ought to give it to each of us.

22 In Mr. Jihad's testimony, he states
23 that in the master agreement -- and you can agree
24 or disagree with this, I don't have the master
25 agreement here -- that it reads that the borrower

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2 shall comply with all state and federal laws
3 prohibiting discrimination in hiring and in
4 employment opportunities.

5 And in the event a borrower is not in
6 compliance with nondiscrimination clauses in his
7 contract or with any such laws, this contract may
8 be terminated or suspended in whole or in part,
9 and borrower may be declared temporarily
10 ineligible for further City contracts, and other
11 sanctions may be imposed and remedies invoked.

12 And he further states in other clauses
13 that he has, he refers to the master agreement in
14 each of the footnotes here that the contractor
15 shall actively recruit minority subcontractors and
16 women subcontractors or subcontractors with
17 substantial minority representation among their
18 employees.

19 You talked about PSDC auditing the
20 Kvaerner project. In auditing other than for the
21 expenditure of dollars, do you and do you plan to
22 do a performance audit in relationship to the
23 terms of the master agreement?

24 MR. HANKOWSKY: A performance audit?
25 I'm --

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2 COUNCILWOMAN TASC0: Well, they spend
3 the dollars.

4 MR. HANKOWSKY: Right.

5 COUNCILWOMAN TASC0: And you look to
6 see that the dollars are spent --

7 MR. HANKOWSKY: Right.

8 COUNCILWOMAN TASC0: -- where they say
9 they're going to spend them, and you have a budget
10 and you have to spend the dollars.

11 MR. HANKOWSKY: Right, right, right.

12 COUNCILWOMAN TASC0: But do you look at
13 the performance in terms of participation?

14 MR. HANKOWSKY: Oh, yes. Oh, yes.

15 COUNCILWOMAN TASC0: In terms of
16 compliance, will you look at that?

17 MR. HANKOWSKY: Yes.

18 COUNCILWOMAN TASC0: All right. Well,
19 based on this information provided to us, if it is
20 a part of the master agreement, and you find that
21 Kvaerner is not in compliance, do you believe that
22 this part of the master agreement gives you the
23 authority and the power to take some action
24 against Kvaerner?

25 MR. HANKOWSKY: Well, first let me just

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2 make a point of clarity and then I'll answer the
3 question.

4 COUNCILWOMAN TASCO: I know it refers
5 to hiring and employment opportunities, but it
6 also addresses contractors.

7 MR. HANKOWSKY: Yeah. I believe the
8 provision that was read -- I believe this is
9 accurate -- is a provision that is in the loan
10 document between PIDC and Kvaerner. I do not
11 believe -- and I didn't have time to sort of go
12 through the whole time agreement back and forth --
13 that it's in the master agreement per se.

14 So I believe that should a party fail
15 on the provision you read, that the effect of it
16 would be that the loan -- I guess the ultimate
17 effect would be that the loan could be cancelled
18 or not funded or terminated.

19 I don't believe it's an event of
20 default under the master agreement. Again, I
21 don't want to say that categorically and give a
22 legal opinion.

23 COUNCILMAN ORTIZ: Does the master
24 agreement precede the whole agreement with PIDC?

25 MR. HANKOWSKY: The loan agreement is

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2 an attachment, Councilman, to it as an independent
3 document 'cause it's an -- it's an -- it's a --
4 COUNCILMAN NUTTER: Is there a
5 provision in the master lease, Mr. Hankowsky, that
6 if there is any default in the various
7 attachments, including the loan, that there is any
8 effect on the master lease?
9 MR. HANKOWSKY: I just can't cite that
10 off -- I'm not saying there is or there isn't. I
11 would have to sort of read the agreement in its
12 entirety.
13 COUNCILMAN NUTTER: Well, it is
14 anticipated that--
15 MR. HANKOWSKY: I just don't want to
16 mis --
17 COUNCILMAN NUTTER: I understand. It's
18 estimated that most, if not all of you, are going
19 to be back here in a couple weeks.
20 MR. HANKOWSKY: Right.
21 COUNCILMAN NUTTER: So if you could get
22 us answers to those particular questions, I'd
23 appreciate it.
24 MR. HANKOWSKY: Sure. I'd be pleased
25 to do that.

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2 COUNCILMAN NUTTER: Let me try to move
3 to the representatives from -- I'm sorry.
4 Councilman?

5 COUNCILMAN ORTIZ: Mr. Hankowsky,
6 there's a chart up there, and I have it here in
7 this chart. And it says: "Contractor Vendor
8 Selection Flow Chart," and it has an approved
9 bidder list distributed, and then it has 1, 2, 3,
10 4, and then it stops at 4. Send approved bidders
11 list to African-American Chamber of Commerce.

12 And we had met -- the Hispanic Chamber
13 of Commerce, we had met, and one of the things
14 that we had talked about was RFPs, bidders and
15 bids and so on that would be sent to the Hispanic
16 Chamber of Commerce. I don't see that list in
17 this flow chart.

18 MR. HANKOWSKY: First, that's not my --
19 that's Kvaerner.

20 COUNCILMAN ORTIZ: But you were
21 supposed to communicate at Kvaerner. That's the
22 understanding that we had at the meeting.

23 MR. HANKOWSKY: Yes.

24 COUNCILMAN ORTIZ: Right? It's not
25 here.

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2 MR. HANKOWSKY: Okay. Yeah, I'm not
3 saying that it is there.

4 COUNCILMAN NUTTER: All right. Mr.
5 Richard Ryan, you are the project manager of
6 construction for Kvaerner; is that correct?

7 MR. RYAN: That's correct.

8 COUNCILMAN NUTTER: Okay. What's your
9 phone number?

10 MR. RYAN: Pardon me?

11 COUNCILMAN NUTTER: What is your phone
12 number and where are you located?

13 MR. RYAN: I'm located at the shipyard,
14 at Kvaerner offices. 215-875-2711.

15 COUNCILMAN NUTTER: 2711?

16 MR. RYAN: Yep.

17 COUNCILMAN NUTTER: Okay. And, Mr.
18 Thompson, I didn't get your title. Who are you in
19 the whole scheme?

20 MR. THOMPSON: Project Director of
21 Construction, Kvaerner.

22 COUNCILMAN NUTTER: Project Director,
23 construction.

24 So on the organizational chart, does
25 Mr. Ryan work for you or do you work for Mr. Ryan.

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2 MR. THOMPSON: Mr. Ryan works for me.

3 COUNCILMAN NUTTER: Mr. Ryan works for
4 you. What's your phone number?

5 MR. THOMPSON: 875-2707.

6 COUNCILMAN NUTTER: 2707. And I'm very
7 sensitive -- if you have a last name like mine,
8 you're really sensitive to other people's names.

9 (Addressing Mr. Sjursen.) Is it
10 "Tore"? Okay, can you say your last name again
11 for me, please.

12 MR. SJURSEN: Sjursen (sounding like
13 "SHUR-SEN").

14 COUNCILMAN NUTTER: Sjursen?

15 MR. SJURSEN: Yes.

16 COUNCILMAN NUTTER: Okay. And what is
17 your phone number?

18 MR. SJURSEN: 875-2630.

19 COUNCILMAN NUTTER: 2630, okay.

20 Now, Mr. Sjursen, there is one matter
21 that I need to try to get some clarity on with
22 regard to you, and then I have some questions for
23 all of you.

24 In the letter from the City Controller
25 to Mr. Hankowsky, dated September 18, 1998, there

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2 that since this is in litigation, it would not be
3 appropriate for me to answer that. I'm sorry.

4 COUNCILMAN NUTTER: Okay, I'll accept
5 that.

6 Let me ask you so that you don't have
7 to respond to comments made by someone else. Why
8 don't you share with us your perspective on what
9 this project is about, whose project it is, what
10 your relationship is and the nature thereof with
11 the City of Philadelphia, what your
12 responsibilities are to the citizens of this city,
13 if not the surrounding county.

14 And why don't you put on the record
15 what your perspective is as it relates to this
16 project and our involvement in it.

17 MR. SJURSEN: Well, I believe that we
18 have the responsibility to build a
19 state-of-the-art shipyard. And I believe that in
20 doing that, we will provide jobs, long-term jobs
21 for the citizens of the city.

22 I believe that it is our responsibility
23 to give a fair chance, a fair chance to all
24 members of this community to both bid the
25 contracts we're giving out, we're letting out, and

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2 to seek employment within the organization.

3 COUNCILMAN NUTTER: And can you
4 describe to me the methodology and the program
5 plan that you intend to use to accomplish the
6 goals as you have stated them?

7 MR. SJURSEN: Yes. If I may, I would
8 like now to read the letter that I have submitted
9 on behalf of Mr. Rafdal, which I believe addresses
10 those questions.

11 COUNCILMAN NUTTER: Okay, read it into
12 the record.

13 MR. SJURSEN: As you may know, Kvaerner
14 Philadelphia Shipyard, Inc. has plans to transform
15 the former Philadelphia Naval Shipyard into a
16 state-of-the-art facility. One of our most
17 important objectives in our efforts to do so is to
18 start actual construction of our first ship by
19 next summer.

20 This objective is most critical because
21 if achieved, Kvaerner will be able to attain the
22 further goals of, A, meeting the objectives set in
23 our agreement with the Commonwealth of
24 Pennsylvania and the City of Philadelphia; and, B,
25 creating jobs and getting people back to work.

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2 The achievement of these goals is heavily on our
3 need to use the fast-track approach to complete
4 the construction of the shipyard.

5 Here at Kvaerner, we are very enthused
6 by the fact that our plans for the Philadelphia
7 Naval Shipyard will encourage many businesses and
8 employment opportunities for the Philadelphia
9 communities at large. We strongly encourage the
10 inclusion of minority-owned and women-owned
11 business as well as employment opportunities for
12 these groups in our construction plans for the
13 shipyard.

14 To ensure our good-faith efforts to
15 arrange so that these inclusions are met, we have
16 established a cooperative with the Minority
17 Business Enterprise Council, the Office of Housing
18 and Community Development, and the Greater
19 Philadelphia Urban Affairs Coalition to monitor
20 our directives to include minorities and women in
21 our shipyard project. We also have an existing
22 relationship with the Philadelphia Shipyard
23 Development Corporation.

24 The above-mentioned minority
25 organizations are an integral part of Kvaerner's

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2 contract bidding process. To that extent,
3 organizations such as MBEC and the PSDC are
4 incorporated to (unintelligible) selection
5 criteria which is used to establish our potential
6 bidders list.

7 Once we have established an appropriate
8 business list, that list of approved bidders will
9 be forwarded with adequate to the African Chamber
10 of Commerce, MBEC, and OHCD.

11 COUNCILMAN ORTIZ: And the Hispanic
12 Chamber of Commerce.

13 MR. SJURSEN: And, certainly, the
14 Hispanic Chamber of Commerce will be added to that
15 list.

16 This will also keep the necessary
17 contract information flowing through the
18 contracting process, we believe. We will also
19 give all the interested parties an opportunity to
20 participate in the contracting process.

21 Enclosed in this letter, you will find
22 a flow chart that outlines the various stages of
23 the contracting process. (I believe that's now
24 shown there.)

25 For future reference, please be

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 informed that we are working in collaboration with
3 MBEC's Mr. Jim Roundtree to consult with us in our
4 efforts to identify quality minority and female
5 subcontractors and to ensure that information
6 regarding contracting opportunities are
7 disseminated amongst all those that are
8 interested. For reasons of efficiency, we have
9 asked that he be responsible for providing
10 information of this sort to the appropriate
11 persons.

12 I hope this letter addresses any
13 concerns you may have about the Kvaerner
14 Philadelphia Shipyard project.

15 And also Mr. Rafdal encourages you to
16 call him if you have any further questions
17 regarding the matter.

18 COUNCILMAN NUTTER: Well, I may have a
19 few but there are probably some people in the
20 audience who may have even more questions. They
21 might want to call him.

22 MR. SJURSEN: Sure.

23 COUNCILMAN NUTTER: I appreciate your
24 reading the letter into the record.

25 And in light of what Mr. Rafdal

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2 indicates by way of interests and intentions and
3 what you plan to do, could you shed some light on
4 why we heard the type of testimony that we heard
5 earlier?

6 You were in the audience. If
7 everything is apparently in place to make the
8 process flow smoothly, get information out, why do
9 we have so many disgruntled people?

10 MR. SJURSEN: Well, I believe,
11 obviously, that this progress, while it has been
12 in place, does not work the way we intended it to
13 work.

14 COUNCILMAN NUTTER: Why is that?

15 MR. SJURSEN: I think there might be
16 several reasons for that. I think maybe we need
17 to explain the bidding process more detailed, in a
18 more detailed way. And if I could, I would like
19 to take the opportunity to do that.

20 COUNCILMAN NUTTER: That would be
21 good. Can you tell me, though, before you explain
22 it to us, what's been done in the past to get the
23 information out. Why do apparently, again, so
24 many people or organizations seem not to know
25 what's going on?

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2 MR. SJURSEN: Well, this process that
3 we set up has been in place since the beginning of
4 the project. It has been changed and amended in
5 some ways, which I can explain after I --

6 COUNCILMAN NUTTER: Before you get to
7 that, though --

8 COUNCILWOMAN TASC0: Can I just ask,
9 what process are you talking about, the process
10 you just read in the letter?

11 MR. SJURSEN: No, the vendor selection
12 process, the bidding process.

13 COUNCILMAN NUTTER: Okay. And how did
14 that information get out?

15 MR. SJURSEN: Excuse me, which
16 information?

17 COUNCILMAN NUTTER: If you're pointing
18 to the vendor selection process as "the process,"
19 what was the mechanism or system to get that
20 information out to people so that folks could
21 understand it? I mean, are you saying that you
22 handed people this chart and then expected them to
23 follow this chart to get to the money?

24 MR. SJURSEN: Yes. The chart was
25 established -- in June?

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2 MR. HANKOWSKY: In May.

3 MR. SJURSEN: In may, June.

4 COUNCILMAN NUTTER: Is there any
5 written material to go with it? I mean I'll just
6 -- I mean, I'm not a contractor; it's probably
7 fortunate that I never built anything.

8 But I'm about -- I'm fairly lost after
9 about the second level here, and I wouldn't know
10 where to go, so I'd probably go seek another
11 project.

12 Who -- what individual -- Mr. Hankowsky
13 said that Kvaerner's responsible for the
14 implementation of an MBE/WBE program.

15 Can you tell me what individual by name
16 title, location and function is specifically in
17 charge of the implementation of the goals of this
18 project?

19 MR. SJURSEN: The specific person in
20 charge of implementation of the MBE/WBE goals is
21 Mr. Gary Thompson. And working for him as the
22 project manager, Rich Ryan.

23 COUNCILMAN NUTTER: And so when people
24 have concerns and questions, is it your testimony
25 now and direction that they be in touch with those

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2 two individuals directly?

3 MR. SJURSEN: And also they should in
4 touch with a gentleman called Jason Carr.

5 COUNCILMAN NUTTER: I'm sorry?

6 MR. SJURSEN: Jason Carr.

7 COUNCILMAN NUTTER: Oh, this is a new
8 name.

9 MR. SJURSEN: Yes.

10 COUNCILMAN NUTTER: Who is Mr. Jason
11 Carr?

12 MR. SJURSEN: Mr. Jason Carr is working
13 in our organization under Mr. Mr. Gary Thompson,
14 and he has been responsible for receiving
15 information from potential vendors and in
16 establishing a supplier data base within our
17 organization.

18 COUNCILMAN NUTTER: What's Mr. Carr's
19 title, what is his job, and what was he doing
20 before you guys got to Philly?

21 MR. SJURSEN: Mr. Carr worked for
22 Kvaerner Construction, and he is now -- his title
23 is -- he's got dual responsibilities; he's also a
24 cost manager.

25 COUNCILMAN NUTTER: A cost. . . ?

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2 MR. SJURSEN: Cost manager. And --

3 MR. THOMPSON: He's maintaining the
4 data base of the vendor input we get from the
5 marketplace, and he logistically gets involved in
6 getting the pre-qualifications sent out and --

7 COUNCILMAN NUTTER: So he's a hands-on
8 person.

9 MR. THOMPSON: Correct.

10 COUNCILMAN NUTTER: He deals with
11 contractors, he knows the contracting business,
12 he's the person that someone who wants to do
13 business with you, they should be able to talk to
14 Mr. Carr.

15 MR. THOMPSON: Correct.

16 COUNCILMAN NUTTER: And they'll get
17 past the administrative assistant and talk to
18 Mr. Carr? I mean --

19 MR. THOMPSON: Yes. He gets hundreds
20 of calls a day, and he talks to hundreds of people
21 a day in corporation and --

22 COUNCILMAN NUTTER: And is he here
23 today?

24 MR. THOMPSON: No, he's not.

25 COUNCILMAN NUTTER: He's back at the

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2 shop?

3 MR. THOMPSON: Yes. He's at the

4 shipyard.

5 COUNCILMAN NUTTER: What's his phone

6 number?

7 MR. THOMPSON: I don't know off hand.

8 875-2712.

9 COUNCILMAN NUTTER: 2712.

10 MR. THOMPSON: Correct.

11 COUNCILMAN NUTTER: Okay. I know that

12 there must be some questions by my colleagues and

13 I know Councilman Cohen has a time issue, but

14 Councilwoman Clark beat him to the punch.

15 Councilwoman.

16 COUNCILWOMAN CLARK: If you don't mind,

17 Mr. Chairman, I'll defer to Mr. Cohen, who has to

18 leave. Then I would like to follow up.

19 COUNCILMAN COHEN: Earlier I raised the

20 question as to who from Kvaerner who is here

21 present today has power to make decisions? Is

22 there anybody?

23 MR. SJURSEN: I believe I do.

24 COUNCILMAN COHEN: You believe you do.

25 What kind of assurances can we have from this day

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2 on, you will take whatever steps are necessary to
3 maintain the closest contact with the groups that
4 are represented here at this hearing and address
5 the problems; that they will feel welcome; that
6 when they have questions, you will go out of your
7 way to make sure they have answers so that they
8 can do what they're prepared to do, which is to
9 undertake very responsible work on behalf of
10 Kvaerner, on behalf of the City of Philadelphia.

11 What assurance can we have from you
12 today that that will happen?

13 MR. SJURSEN: I think the best way that
14 we can assure that this will happen is that we now
15 make the procedures that we put in place in order
16 to keep everybody informed, everybody up to speed
17 and give everybody the opportunity, that we all
18 work together and make that procedure work. I
19 think that's the best way of making sure that
20 these concerns are addressed.

21 COUNCILMAN COHEN: I mean no disrespect
22 but I have to tell you, that kind of answer says
23 nothing.

24 The kind of answer I'm looking for that
25 would give me confidence would be your statement

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2 flat-out that you're going to undertake that
3 responsibility, and that you will report regularly
4 to the City Council, and that your phone will be
5 available to us as well as to all of the folks
6 that are here in case the system doesn't work
7 right.

8 MR. SJURSEN: Well, I can definitely
9 give you my assurance that that is what we will
10 do.

11 COUNCILMAN COHEN: And you will do
12 that?

13 MR. SJURSEN: Yes.

14 COUNCILMAN COHEN: Okay, thank you, Mr.
15 Chair.

16 MR. SJURSEN: I would like to state
17 that if this is perceived not to work, then I
18 would very much like to know about it, and I will
19 do what I can in order to rectify any problem.

20 COUNCILMAN COHEN: Well, is there
21 anything you cannot do? If you're responsible at
22 the Kvaerner operation, can't you give us absolute
23 assurance that we'll never have another hearing
24 like this where people come to us and say, We call
25 on the phone and don't get and answer. That we

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2 don't get the information we need to compete
3 fairly.

4 All of them, they impressed me with
5 their honesty, their integrity, and their ability
6 to do the kind of job that we understood Kvaerner
7 was interested in doing, and that was a job of
8 excellence.

9 And all of us believed -- you know, we
10 took Kvaerner in good faith, and we went out of
11 our way to reach that kind of a conclusion.

12 This is not news to you, right? Mr.
13 Hankowsky?

14 MR. HANKOWSKY: No.

15 COUNCILMAN COHEN: No. We want to deal
16 fairly and honestly and openly. We would like to
17 have it made clear that if there's any problem
18 whatever, City Council and the groups represented
19 here will have quick access to you so that you can
20 take steps to correct everything. That isn't
21 asking for very much, is it?

22 MR. SJURSEN: No.

23 COUNCILMAN COHEN: And I think you're
24 going to have the best kind of operation if you
25 cooperate fully with them.

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2 Mr. Chairman, I'd like to suggest,
3 before you're done, that it would be very good if
4 we could have continuing reports, maybe even
5 continuing hearings until everybody -- by
6 continuing hearings, I mean once a month to get
7 reports on progress, because I understand
8 Kvaerner's moving forward rapidly. It wants -- I
9 understood that from the testimony before, that
10 they have a quick timetable.

11 And we would like to feel very
12 confident, you know, that the confidence we placed
13 in you is fully earned by Kvaerner. We want
14 nothing but real success for Kvaerner and real
15 success on behalf of the folks that have testified
16 here, and we think both desires are fully
17 compatible.

18 (Applause.)

19 COUNCILMAN NUTTER: Mr. Sjursen?

20 MR. SJURSEN: I would like to say that
21 we have no objections at all in providing you with
22 the information you seek. We have contracted with
23 GEP, the Urban Coalition, to provide reports to
24 us. And also OHCD and MBEC are involved in our
25 process and will get information on how we

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2 proceed. And I'm sure they can also provide you
3 with that type of information.

4 COUNCILMAN COHEN: Well, I think the
5 last touch that's needed is our confidence that
6 you will be available on a hands-on basis to deal
7 with any problems that may develop so that this
8 whole process can go forward to everybody's
9 advantage.

10 MR. SJURSEN: Well, I can give you that
11 assurance.

12 COUNCILMAN COHEN: Very good.

13 Thank you, Mr. Chairman.

14 COUNCILMAN NUTTER: Councilwoman
15 Clark?

16 COUNCILWOMAN CLARK: Thank you, Mr.
17 Chairman.

18 I have several thoughts here. I'm
19 having difficulty with the fact that Mr. Rafdal,
20 who is the President and CEO, finds it
21 inconvenient for himself to be here. And the one
22 person in the corporation who has a direct
23 hands-on responsibility for monitoring minority,
24 disabled and women business opportunities is not
25 here either.

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2 Now how can it be that you didn't
3 anticipate that we would need to hear from the
4 person who sets overall company policy and the
5 person who has implementation responsibility
6 exclusively? How can it be that those two people
7 are missing?

8 And then in the light of those two very
9 glaring omissions, you ask me to take your word
10 that you're going to make it better? I mean, that
11 worries me. That lack of performance on your part
12 worries me.

13 Now we might have asked you some
14 esoteric question that the person who would have
15 the answer to it might not be here. But the only
16 reason you came here today was because we had
17 conveyed way in advance our unhappiness with the
18 assurance that minorities, women and disadvantages
19 would be handled in a fair way. I can't see you
20 came here without people who can speak firsthand
21 of what the process is and what the progress is
22 toward achieving the goal.

23 How can that be, sir?

24 MR. SJURSEN: Well, first of all, when
25 Mr. Jason Carr's name was mentioned, it was in

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2 response to a question regarding who minority
3 companies should call in order to get an
4 opportunity. I firmly believe that all of the
5 people present here have a hands-on responsibility
6 for --

7 COUNCILWOMAN CLARK: No, sir. No,
8 sir. Any job that's everybody's job is nobody's
9 job.

10 MR. SJURSEN: No.

11 COUNCILWOMAN CLARK: I want to know who
12 in your company on an organization chart charged
13 with the direct responsibility of monitoring and
14 reporting up the chain and down the chain what the
15 progress is, and what the sanctions for failing to
16 meet are?

17 And if you don't even understand the
18 significance of having one person responsible and
19 having that person in the room to answer for the
20 company, how then would you expect me take the
21 rest of your representation?

22 MR. SJURSEN: Well, I do believe we
23 have that person here who is directly responsible
24 for the implementation of these programs, and
25 that's Mr. Rich Ryan, the project manager.

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2 COUNCILWOMAN CLARK: Well, then, sir,
3 how are we doing?

4 MR. RYAN: Okay, you've asked a number
5 of questions, and I'm not trying to be evasive.
6 This chart set up here very is difficult to read
7 admittedly. The reason why the chart was set up
8 was to control the bidding process. It wasn't not
9 deliberately meant to be exclusionary, that wasn't
10 the intent. The intent behind the chart was to
11 get the best contractors and to get involvement of
12 them and WBE firms.

13 In the absence of this, let me just
14 tell you, we got many almost 1,000 contracting
15 firms in our data base. You can imagine, with the
16 amount of work that's available in the city,
17 everybody wants a piece of the pie. That has to
18 be controlled. The only way to control that
19 process with regard to the master agreement is to
20 put together a matrix where we can filter out the
21 correct firms.

22 Now, I'm sorry if I didn't answer your
23 question directly but that's the background to the
24 chart.

25 COUNCILWOMAN CLARK: Let me tell you

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2 what's wrong with it, sir. And I do not in any
3 way mean to impugn your motives, please.

4 MR. RYAN: Okay.

5 COUNCILWOMAN CLARK: You say to me that
6 this is a very complex chart in order to make sure
7 that everybody has an opportunity. That's not
8 what we're here for today. You need a chart that
9 specifically lays out the plans and steps that you
10 will take to be inclusive.

11 How will you find these people? We
12 found -- they found you and they can't get their
13 telephone calls answered. We don't ask you to be
14 (unintelligible) and find them. We say, Answer
15 your telephone calls. Don't do anything special
16 for them, just don't construct a new barrier for
17 them to hop over.

18 MR. RYAN: Agreed, agreed. I guess
19 what I'm saying is this chart addresses different
20 organizations at different level.

21 COUNCILWOMAN CLARK: But you introduced
22 the chart, I didn't.

23 MR. RYAN: Yeah, if I could just
24 finish.

25 COUNCILWOMAN CLARK: Excuse me. In

1 COMMERCE & ECONOMIC DEVELOPMENT - RES. 980734
2 response to our questions, you introduced this
3 chart. This is a poor chart under any
4 circumstance.

5 MR. RYAN: That's subjective, but if I
6 could just continue for a moment, please.

7 The chart is meant to handle
8 contracting organizations at different levels.
9 And what I mean by that is, all these good people
10 who sat here today -- and there are different
11 levels and sizes of contracting organization --
12 they all have an interest in the job. But
13 Kvaerner, the interest they have is represented on
14 a different level.

15 For instance, one organization may be a
16 subcontractor, one organization may be a prime
17 contractor. The intent of this chart is to try
18 and filter out into the correct position the prime
19 and the subcontractors.

20 COUNCILWOMAN CLARK: I know, but you're
21 being far too basic and you're missing the point
22 that I'm trying to make (unintelligible)
23 understand the concept of prime and sub. We've
24 been at this a very, very long time, and some of
25 these guys are primes and some of these guys are

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2 permanent subs.

3 MR. RYAN: Agreed.

4 COUNCILWOMAN CLARK: We know who we
5 are, we don't you knowing why we are.

6 In response to our question, what is
7 your plan, you drew up an unintelligible chart
8 which doesn't answer the question. Now I need you
9 to go back and develop a chart that says how will
10 you access these and others like them who are
11 qualified.

12 At no point did I ask you to hire
13 anybody in terms of what they look like or what
14 their gender is. But if you are going to put this
15 chart up this obfuscates, this confuses and
16 confounds. It does not make it plain that you
17 have the intention to include people who are
18 historically and systematically excluded.

19 And because there is no regular way of
20 doing it, we're offering you a process that's
21 about 30 years old. Some of us have been involved
22 in it. You don't have to take a block of wood and
23 turn it into a wheel; it's been done.

24 MR. RYAN: If you have any advice on
25 how you'd like the chart to be structured --

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2 COUNCILWOMAN CLARK: Yes, I have
3 advice.

4 MR. RYAN: -- we would be happy to
5 receive that.

6 COUNCILWOMAN CLARK: There's no
7 question about do I have advice. I've been trying
8 to give it to you as long as you've been trying to
9 get here.

10 (Applause.)

11 COUNCILWOMAN CLARK: Now, my direct
12 question is this: Is it true that \$80 million
13 worth of contracting has already been signed into
14 agreement? If so, how much contracting is left
15 and what's left for these people except to watch
16 other people go to the banquet?

17 MR. SJURSEN: We have signed -- I don't
18 know the exact figure, but we have signed
19 approximately that amount of money. A structural
20 steel contract was mentioned of \$48 million, and
21 we have -- although not signed it yet, we have a
22 pylon contract for practically \$20 million.

23 COUNCILMAN NUTTER: I'm sorry. I
24 didn't get the number. How much was it?

25 MR. SJURSEN: Approximately \$20

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2 million.

3 COUNCILMAN NUTTER: 20.

4 MR. SJURSEN: I think the important
5 thing for us, and this is part of the strategy
6 that we chose initially to involve minorities is
7 that the minority contents of those contracts have
8 not been finalized. We are on a very fast-track
9 schedule, and this is why I initially wanted very
10 much to be able to explain this procedure because
11 I think it's relevant to describe our efforts and
12 our strategy for involving minority companies.

13 I think, we, in order to reach another
14 important goal of the master agreement to start
15 shipbuilding next summer, we have needed to go out
16 and get contractors on board based on very little
17 information. Some of the gentlemen that
18 previously testified mentioned that there weren't
19 drawings available, etc., and this is true, this
20 is part of the enormous challenge that we have
21 because we're trying to both decide and buy and
22 construct this project in parallel.

23 I can tell that you just two weeks ago,
24 the structural field drawings were just issued.
25 Yet we had to contract with a structural steel

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2 supplier in order for him to place a mill order
3 with the different mills already in July.

4 COUNCILWOMAN CLARK: Well, that's --

5 MR. SJURSEN: And --

6 COUNCILWOMAN TASC0: How do you do that
7 without the specifications being available? And
8 how did he come up with the dollar figure for the
9 project and the scope of work without having the
10 plans?

11 (Interruption from unidentified member
12 of the audience.)

13 COUNCILMAN NUTTER: Sir, sir, sir, you
14 are out of order in the back. You are out of
15 order, you are not at the table.

16 Thank you. You will have an
17 opportunity to speak.

18 MR. SJURSEN: This is again part of our
19 challenge because this is not a normal way of
20 doing it, we realize that.

21 But the basis of the bids that these
22 people have given have been based on unit prices
23 and a general description of the work typical.

24 COUNCILWOMAN TASC0: Well, what happens
25 if they come in under or over, how do you just

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2 adjust for that?

3 MR. SJURSEN: It's a unit-priced
4 contract, which means that when the actual
5 quantities can be from the plans, the contract
6 price is adjusted accordingly.

7 COUNCILMAN NUTTER: Right.

8 MR. SJURSEN: And it's -- it's -- it's
9 -- it's not uncommon on fast-track projects to
10 use this type of. . .

11 If I could please --

12 COUNCILMAN NUTTER: Do you want to
13 finish?

14 MR. SJURSEN: Yes.

15 COUNCILMAN NUTTER: Go ahead.

16 MR. SJURSEN: If I could please
17 continue. And, therefore, since we have in a way
18 been, in my belief, since the schedule that we're
19 under has required that we employ this type of a
20 bid process, we have included the goals, the
21 minority- and women-based enterprise goals in
22 each of the prime contractors -- prime
23 contractors' contracts.

24 And so we are trying to have these
25 prime contractors as the process moves on, as they

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2 receive more plans, more drawings, we require them
3 to go out and receive bids from subcontractors.
4 And we have -- and that's why also we have asked
5 the Urban Coalition, on our behalf, to follow up
6 on contractors and to report back on the type of
7 job that they're doing.

8 COUNCILMAN NUTTER: Right. I want to
9 ask a question on that, but Councilwoman Clark has
10 a final comment, and Councilwoman Miller has to
11 get in a comment as well.

12 COUNCILWOMAN CLARK: Sir, in my
13 grown-up live before I came in government, I was
14 in affirmative action and in affirmative retention
15 and hiring and contracting.

16 And I can tell you, based on being a
17 member of three of the affected classes -- being
18 black, female, and over 50 -- that it doesn't
19 happen just because you say it's going to happen.
20 There has to be a sanction and you really have to
21 hold somebody's feet to the fire.

22 Unfortunately, you may have to
23 sacrifice somebody to prove that the bill has
24 teeth. And that's what we're missing. All of the
25 language -- if you go back through this transcript

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2 today, all of our questions have said, in essence,
3 And what is the "or else?" Comply or else; or
4 else what?

5 Or else the manager will not invite you
6 to tea? Or else I will call you in default of
7 your loan agreement and that the entire unpaid
8 balance is due and payable immediately with
9 sanctions? Now that's teeth.

10 I will tell you that if your goal to
11 include minorities, women and disabled was equal
12 to your goal of opening your shipyard by a date
13 certain, unless you care that much and unless you
14 are that strong in insisting you'll meet your
15 opening date and you'll give us a reason how come
16 you almost made it and didn't. It cannot be done
17 as an afterthought. And this is the last clear
18 chance you have to make all of your primes and
19 subs understand that you're serious about it.

20 And we're in these hearings trying to
21 insist to you how serious we are. We are on the
22 same team. I have nothing to gain by being a part
23 of the a cabal that kills Kvaerner Shipyard. Nor
24 do I have anything to gain by watching another
25 group of people go to a banquet while I hungrily

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2 press my nose to the glass and watch other people
3 eat.

4 That's why I'm very serious about it,
5 and I want you to know that we offer you help.
6 We're not daring you to succeed; we are offering
7 you help to help you succeed. But you have no
8 give us some process that's dependable.

9 Going back, then, what is your
10 prequalification process? You've got to work that
11 out, you've got to transmit that to us. And these
12 guys who meet it are in, these guys who don't meet
13 it our out, and the rest of it doesn't matter.

14 Thank you.

15 MR. SJURSEN: Thank you, Councilwoman.
16 (Applause.)

17 COUNCILMAN NUTTER: Councilwoman
18 Miller?

19 COUNCILWOMAN MILLER: Councilwoman
20 Clark did make some comments that I wanted to
21 make. I just want to add that I believe the
22 prequalification requirements need to be written
23 so all of us are very clear what that is.

24 I'd also like to know if you have a
25 written policy that can describe your good-faith

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2 efforts, the term "good faith," 'cause your
3 interpretation and, say, my interpretation of
4 "good faith" could be totally different.

5 And, also, one thing I still can't
6 understand, if OHCD was the entity to monitor and
7 you knew that Kvaerner knew it, then how come OHCD
8 reps and minority business reps were not allowed
9 on the base? I can't -- I still can't figure that
10 one out.

11 And I think they've been allowed back
12 on the base since we had that meeting in
13 September, and I don't know whether people knew
14 they weren't allowed. I mean, the security guards
15 would not allow them on the base to do their job.
16 I can't understand that.

17 I'd also like more information on the
18 term "fast-track" because to me, that sounds like
19 that could also be an exclusionary term. You
20 know, I don't know, you have to tell me a little
21 bit more about fast-track.

22 And does anybody there from Kvaerner
23 know anything about the New Jersey operations?

24 MR. SJURSEN: (Shakes head.)

25 COUNCILMAN NUTTER: It's going to be

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2 very difficult for the stenographer a shaking of
3 the head.

4 MR. SJURSEN: No, I don't -- I'm sorry.
5 No, I don't know anything about that operation.

6 COUNCILWOMAN MILLER: Can you give us
7 some history later written on minority
8 participation at your New Jersey plant?

9 MR. SJURSEN: Yes, I can try to get a
10 hold of that information. I will contact the
11 office in New Jersey and get the information on
12 that.

13 COUNCILWOMAN MILLER: Okay, minority
14 and women and disabled. Because I think I can
15 recall at our public hearings to discuss this last
16 year, that people asked about the history of
17 Kvaerner dealing with minorities, and I think I
18 remember, and I'm going to read the transcript,
19 but I think I remember that we really didn't get
20 any information. We got the impression that you
21 really just did business -- we only knew about
22 your business in Germany and whatnot.

23 So I'd like to get some of that
24 information too, Mr. Chairperson.

25 COUNCILMAN NUTTER: Mr. Sjursen, you

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2 didn't actually mean to say that you would "try"
3 to get the information in response to Councilman
4 Miller; you really meant to say that you "were"
5 going to get the information that she asked about;
6 is that right?

7 MR. SJURSEN: Yes.

8 COUNCILMAN NUTTER: Okay. What is Mr.
9 Carr's background with regard to monitoring
10 MBE/WBE contracts, compliance, involvement and the
11 like? Has he done this work before?

12 MR. SJURSEN: No. And it will not be
13 Mr. Carr's responsibility to do that; that will be
14 the responsibility of the Urban Coalition, under
15 the direction of Mr. Ryan.

16 Again, I would like to repeat that when
17 you asked me for Mr. Carr's name, I understood
18 this to mean the telephone number that people
19 would call to get information.

20 COUNCILMAN NUTTER: To get information.

21 MR. SJURSEN: Yes.

22 COUNCILMAN NUTTER: Okay. But it's
23 really Mr. Ryan working in conjunction with the
24 Urban Affairs Coalition that will disseminate
25 information.

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2 MR. SJURSEN: Yes.

3 COUNCILMAN NUTTER: Okay, all right. I
4 think that's why --

5 COUNCILWOMAN MILLER: Are they here?
6 Are there Urban Affairs Coalition reps here?

7 COUNCILWOMAN TASC0: I think they're
8 going to testify.

9 COUNCILMAN NUTTER: Yeah, they're going
10 to testify.

11 That's why I think, in response to
12 Councilwoman Clark's question and for the next
13 hearing, it would be, I believe extremely helpful
14 if -- notwithstanding the chart and whatever
15 you're going to do with the chart -- if there were
16 a written implementation plan that we could see
17 that was in a narrative, laid-out, what you will
18 do, what you plan to do, how you're going to do
19 it, and who is going to do what, and what the
20 various points of contact are.

21 Because I'm taking from your testimony
22 to some extent that you are really almost
23 contracting out the day-to-day responsibility for
24 implementation of your plan. And then Mr. Ryan
25 then has to have the involvement with the Urban

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2 Affairs Coalition. He ultimately becomes the
3 person, you know, holding the bag, if you will,
4 and will take -- you know, I guess he either gets
5 the praise or takes the hit if things don't go
6 right.

7 But you seem to not be directly engaged
8 in it, as Councilwoman Clark says, as you may be
9 in making sure that you start building ships in
10 June of 1999. This is a part of the larger
11 operation that you're trying to do, but it's
12 really being subbed out to somebody else. Is that
13 a fair characterization?

14 MR. SJURSEN: Well, it's my
15 responsibility to see that we meet all of the
16 goals of the master agreement for the development
17 of the shipyard.

18 COUNCILMAN NUTTER: At the Philadelphia
19 Shipyard operation, can you tell me how many on
20 your staff, how many African-Americans or other
21 people of color work for Kvaerner Philadelphia
22 shipyard, Inc.?

23 MR. SJURSEN: Four or five, I think.

24 COUNCILMAN NUTTER: Okay. You can
25 provide us at the next hearing, unless you know

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2 off the top of your head, who those people are,
3 what they do, what their responsibilities are.

4 MR. SJURSEN: Yes.

5 COUNCILMAN NUTTER: You have an
6 organization chart?

7 MR. SJURSEN: Yes.

8 COUNCILMAN NUTTER: Okay. I
9 apologize. I cut across Councilwoman Miller, she
10 was not finished.

11 COUNCILWOMAN MILLER: Okay. I know we
12 have all these steps that we have to do to get
13 through the construction phase of this, but I want
14 to talk about post-construction, and I don't
15 really know whether this is in the master
16 agreement or not. I guess the 20/10 -- I don't
17 know whether it's for construction or just what.

18 But I'd also like to get information
19 regarding Kvaerner's position on post-construction
20 opportunities for professional services, food
21 services, etc., etc., for minorities and women.
22 I'd like to get that in writing.

23 MR. SJURSEN: Yes.

24 COUNCILWOMAN MILLER: Thank you.

25 COUNCILMAN NUTTER: Councilwoman

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2 Tasco?

3 COUNCILWOMAN TASC0: How many contracts
4 does Kvaerner plan to let by the end of this
5 project?

6 MR. SJURSEN: 25.

7 COUNCILWOMAN TASC0: And you've let how
8 many so far?

9 MR. SJURSEN: We've let, I believe,
10 five?

11 COUNCILWOMAN TASC0: Five. And of
12 that, how much minority participation?

13 MR. SJURSEN: Well, it varies. We have
14 four goals in our -- we have four goals in our
15 objectives. Minority business participation,
16 women business participation, and also the
17 employment goals.

18 COUNCILWOMAN TASC0: Mm-hmm.

19 MR. SJURSEN: And so it varies from
20 contractor to contractor. And as I also tried to
21 explain, we haven't really finalized the process
22 with each contractor.

23 But we have a contractor, for example,
24 the dismantlement, they have a minority business
25 enterprise which is called "DCA," I believe. They

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2 handle hazardous waste. They have an employment
3 content of about 45 percent minority
4 participation. We have --

5 COUNCILWOMAN TASC0: Is that workers or
6 subcontractors.

7 MR. SJURSEN: Yes, workers.

8 COUNCILWOMAN TASC0: Workers?

9 MR. SJURSEN? Workers, people that are
10 employed.

11 COUNCILWOMAN TASC0: Mm-hmm.

12 MR. SJURSEN: We have, for example, in
13 the structural steel contract a women-based
14 company, Cornell from New Jersey, as the steel
15 erector.

16 We have Hannah & Sons, I believe was
17 mentioned on the demolition -- underground
18 demolition, 5 percent participation.

19 We have on the design contract
20 Synterra. I believe that's about 25 percent.

21 And Judy Schiller & Hersch.

22 COUNCILWOMAN TASC0: Do you report this
23 information to the PSDC board? Do they get this
24 information?

25 MR. SJURSEN: Not on a regular basis,

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2 but it will be part of the Urban Coalition report.
3 COUNCILWOMAN TASC0: And how often will
4 the -- is the Urban Coalition going to monitor
5 your projects from now on?
6 MR. SJURSEN: That's correct.
7 COUNCILWOMAN TASC0: And then you will
8 submit that report to the PSDC board?
9 MR. SJURSEN: That's correct.
10 COUNCILWOMAN TASC0: What are the
11 differences between the construction and
12 operational phases of the Kvaerner project?
13 MR. SJURSEN: With respect to minority
14 participation?
15 COUNCILWOMAN TASC0: No, just what's
16 the difference between construction and operation?
17 MR. SJURSEN: Yes. Well, in
18 construction, it's obviously building the facility
19 itself.
20 COUNCILWOMAN TASC0: Right.
21 MR. SJURSEN: Operations is when we
22 start building the ships. And during that phase,
23 we will be -- there will be a lot of
24 subcontractors also involved in that operation.
25 I guess that's the main difference.

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2 It's building the facility and then building --
3 the shipbuilding itself.

4 COUNCILWOMAN TASC0: Councilwoman
5 Miller mentioned something about professional
6 services contracts on the business side.

7 MR. SJURSEN: Yeah.

8 COUNCILWOMAN TASC0: How many
9 professional service contracts have you given out
10 to minorities and women?

11 MR. SJURSEN: Well, for the moment, we
12 have Mr. Ron White who is counsel to the company.

13 COUNCILWOMAN TASC0: Mm-hmm.

14 MR. SJURSEN: We are now in the process
15 of going out to bid the operations, or we're
16 looking for contractors for the operations part.
17 We really haven't proceeded very far with that.
18 The focus has been on the construction of the
19 yard.

20 COUNCILWOMAN TASC0: When did you let
21 your first contract? Not professional services;
22 let's go back to construction.

23 MR. SJURSEN: Yes. The first contract
24 was let in May, I believe.

25 Do you remember the bids?

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2 MR. THOMPSON: It was in May of this
3 year, the design contract.

4 MR. SJURSEN: Around the 15th May.

5 COUNCILWOMAN TASC0: Was that when
6 Synterra went on the design contract?

7 MR. THOMPSON: Yes.

8 MR. SJURSEN: Correct.

9 COUNCILWOMAN TASC0: Okay. What was
10 the next contract and what was the minority
11 participation?

12 MR. SJURSEN: The next contact was
13 Dismantlement Specialties. Pardon me?

14 COUNCILWOMAN TASC0: Go ahead.

15 MR. SJURSEN: Yes. And they are the
16 ones -- I don't know the exact percentage of the
17 minority business contract on that one, but they
18 are the ones with the employment content of 45
19 percent.

20 COUNCILWOMAN TASC0: I think that's it
21 right now.

22 COUNCILMAN ORTIZ: I have one question
23 to follow up.

24 COUNCILMAN NUTTER: Councilman Ortiz.

25 COUNCILMAN ORTIZ: Of the five

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2 contracts that you let out, what is the total
3 amount of those five contracts? And what
4 percentage of that total amount is minority
5 female?

6 What's the total amount of the five
7 contracts that they have let out, and what's the
8 percentage of minority and female on that?

9 MR. SJURSEN: It's approximately
10 \$80 million? Correct?

11 MR. THOMPSON: Right.

12 COUNCILMAN ORTIZ: And what is the
13 minority and female part of that \$80 million
14 percentage-wise.

15 MR. SJURSEN: The female content,
16 there's a \$12 million contract with Cornell.

17 COUNCILMAN ORTIZ: And Cornell is
18 what?

19 MR. SJURSEN: Women-based enterprise.

20 COUNCILMAN ORTIZ: And what do they
21 do?

22 MR. SJURSEN: Steel erection.

23 COUNCILMAN ORTIZ: Okay.

24 MR. SJURSEN: So I will say the total
25 of --

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2 COUNCILMAN ORTIZ: Where are they
3 located, by the way?

4 MR. SJURSEN: They are a New Jersey
5 corporation.

6 COUNCILMAN ORTIZ: Okay.

7 MR. SJURSEN: So that maybe it would be
8 around 18 percent, something like that.

9 COUNCILMAN ORTIZ: Is that the -- you
10 have one contract -- out of 80 million, you have
11 one female contractor. What about --

12 MR. SJURSEN: That's the largest one.
13 There's also --

14 COUNCILMAN ORTIZ: What's the total of
15 the overall minority and female of that \$80
16 million?

17 MR. SJURSEN: About 15 million.

18 COUNCILMAN ORTIZ: 15?

19 MR. SJURSEN: 15, yes, sir.

20 COUNCILMAN ORTIZ: I'm very bad in
21 math, I'm sorry. I'm a political science major,
22 so I don't know what's the percentage.

23 COUNCILMAN NUTTER: It's about 19, 20,
24 percent, correct?

25 MR. SJURSEN: Correct.

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2 COUNCILMAN ORTIZ: And of that
3 minority, could you break it down for me in terms
4 of how many African-American contractors, how many
5 Latino contractors, how many Asian-Americans, and
6 so on.

7 If you can do that because I'd like to
8 get from you a sense -- "minority" is an
9 all-encompassing word, and I'd like to see how
10 that minority piece is divided up in terms of
11 percentages.

12 COUNCILMAN NUTTER: You'll get that
13 prior to the next hearing?

14 MR. SJURSEN: Yes, certainly.

15 COUNCILMAN NUTTER: Okay.

16 COUNCILWOMAN TASC0: Let me ask you one
17 question. Is Cornell certified as a WBE? Is she
18 certified?

19 MR. SJURSEN: To my knowledge, she's
20 certified with the Commonwealth of Pennsylvania.
21 I believe that she's applying now for
22 certification with the City of Philadelphia.

23 COUNCILWOMAN TASC0: I, like
24 Councilwoman Clark, supported this legislation
25 because we wanted to bring jobs in and increase

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2 our economic viability here in the City of
3 Philadelphia. So I, too, have no pleasure in
4 trying to prevent the project from proceeding.

5 I would request that your reports that
6 you submit to the PSDC board be submitted to this
7 committee through the chair so that we can keep
8 apprised of what's going on in terms of this
9 project.

10 I don't know how the miscommunication
11 came about, but certainly, when we had this
12 discussion early on, when this legislation came
13 before us, it was the spirit and the will of this
14 Council that this project include a broad-based
15 coalition of people that represents the diversity
16 of this city, and we still want that to happen.

17 And we're not sure whether or not there
18 is any ability to sanction, but I will tell you,
19 we will look for it.

20 COUNCILMAN NUTTER: Mr. Sjursen,
21 there's a follow-up question by Councilwoman
22 Clark.

23 COUNCILWOMAN CLARK: Thank you for your
24 indulgence.

25 There are people here who have to

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2 leave, and I need to ask this question while
3 they're here. With respect to training, training
4 for shipbuilding, including some people who are
5 going to be sent to Europe and given some
6 hands-on, almost apprentice kinds of training.
7 How are you doing in finding minority firms and
8 institutions to do that training?

9 Specifically now, I refer to Berean
10 Institute, a very old manual training school.
11 OIC, which was founded by Leon Sullivan and his
12 international school of training the hard-to-hire
13 structural underclass of unemployed. And then
14 there's another group called ITTI Welding.

15 These three companies have come to me
16 on an insistent basis saying, We feel excluded, we
17 can't get in. We've got the experience, we've got
18 the will, and we're not being considered for the
19 training opportunities for Kvaerner.

20 Your words on that, please.

21 MR. SJURSEN: I'm not personally
22 familiar with those companies and I'm not also
23 personally familiar that they have been in touch
24 with us, but I will certainly ask the responsible
25 people that they are to take a look at that.

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2 COUNCILWOMAN CLARK: Fine. I know that
3 Mr. White and Mr. Hankowsky are aware of all three
4 organizations and can speak of their reputation in
5 the community.

6 We need to be certain that they have a
7 fair opportunity at the training, at the whole
8 training -- not the little icky-picky pieces that
9 are left over. We want them to be able to go into
10 it before the piece has already been allocated.

11 Bill, you know what I'm talking about,
12 don't you? Ron White, you understand what I mean,
13 don't you?

14 MR. WHITE: Yes.

15 COUNCILWOMAN CLARK: Thank you, thank
16 you very much.

17 And I thank you for your forbearance,
18 Mr. Chairman.

19 COUNCILMAN NUTTER: No problem.

20 Mr. Sjursen, I do want to ask very
21 directly that between now and the next hearing, I
22 would ask you to be responsible -- if you have Mr.
23 Thompson or Ryan do the actual work, that's
24 certainly fine with me, but I'm going to ask you
25 to be responsible for follow-up and contact with

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2 the various people who have already testified and
3 illuminated their issues and their problems.

4 And what I would request is that there
5 be direct contact with those individuals by either
6 yourself or your direct line staff people. That
7 as a part of the larger report that you're going
8 to give us about implementation and the like, that
9 there be a detailed analysis of who made the
10 contact, what was it about, when did it happen,
11 and if there's any follow-up or potential for
12 those individuals to participate, whatever it may
13 be.

14 I cannot tell you whether they are
15 eligible or not eligible, but I think one of the
16 things that has to be rectified out of today is
17 that most of them indicated that they have called
18 someone and could not talk to anyone. And I would
19 ask you to be personally responsible for making
20 sure that those contacts and the follow-up does in
21 fact take place for people who came to this
22 hearing today.

23 MR. SJURSEN: (No verbal response.)

24 COUNCILWOMAN TASC0: I would like to
25 add in the letter --

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2 COUNCILMAN NUTTER: Let me, if I can
3 get an answer.

4 COUNCILWOMAN TASCO: Oh, I'm sorry.

5 MR. SJURSEN: Well, I would ask you to
6 furnish me with the names and addresses of those
7 people.

8 COUNCILMAN NUTTER: I'd be glad to -- I
9 can, one, give you the agenda here, it has
10 everyone's name on it. Some of these people are,
11 I believe -- at least as articulated by one of my
12 colleagues, some of these people are apparently on
13 some lists that are floating around within your
14 own shop, but I'll at least give you the list.

15 I think all of these people can be
16 found. Most of them are still here. And I would
17 anticipate that the moment you walk through the
18 railing there, they're going to be right next to
19 you. So I don't think you'll have to go looking
20 for them. All right?

21 MR. SJURSEN: (Nods.)

22 COUNCILMAN NUTTER: Thank you.

23 Councilwoman Tasco?

24 COUNCILWOMAN TASCO: What I would like,
25 since one group who brought this issue before us

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2 feels that they are not included in the
3 information-sharing process, we wanted the United
4 Minority Contractors Coalition to be made a part
5 of the information-sharing, that you share with
6 them what contracts are coming up, how you do it
7 through the Urban Coalition, but they'd be a part
8 of the list and not be excluded.

9 MR. SJURSEN: Yes. I think if our
10 intent is that we send all of this information.
11 Both the bid lists and bids to both MBEC and to
12 OHCD and that all that information should be
13 available to them there. And if they need
14 anything else, then they should contact us
15 directly.

16 COUNCILMAN NUTTER: Okay.
17 Councilwoman, any other questions for this panel?

18 COUNCILWOMAN CLARK: No. I thank you
19 very much for your -- I think you've been a very
20 good panel, and I think we got some understanding
21 that in the past we didn't have quite to this
22 level of this detail.

23 I thank you very much.

24 MR. SJURSEN: Thank you.

25 COUNCILMAN NUTTER: Thank you very

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2 much.

3 Now, I believe there are possibly more
4 business owners and contractors to be heard.
5 Reggie Anderson; a representative from Omnitech;
6 Jessie Merrill; a representative from E. Johnson
7 Company; and Jerry Stein, from M.F. Stein
8 Corporation. Those are the only --

9 And Luis Cruz from the Latino
10 Contractors Association; Chisholm Electrical
11 Contractors; Robert Dickson.

12 If we can start getting all of those
13 individuals up to the table.

14 (Above individuals come forward.)

15 COUNCILMAN NUTTER: Now, as they're
16 coming up, are there any representatives still
17 here from MBEC or GPUAC?

18 Ladies and gentlemen, I know that
19 you've been here a long time. We appreciate your
20 indulgence, and we think that you may have also
21 benefitted from the break that we took to get in
22 the people who are responsible for implementation,
23 and we respect your time as well.

24 So you can go right into your
25 testimony. We can start with the gentleman on the

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2 corner. And as go around, please just introduce
3 yourselves and start your testimony.

4 (Jessie Merrill comes forward.)

5 MR. MERRILL: My name is Jessie
6 Merrill, and I'm an engineer -- I'm a structural
7 construction engineer. And I want to thank Donna
8 Miller, who's my Councilwoman, who had my resume.

9 COUNCILMAN NUTTER: Keep that
10 microphone close to you.

11 MR. MERRILL: Okay. She had my resume
12 for the last nine months.

13 I work at the shipyard. I'm a project
14 manager in construction, and I want Councilwoman
15 Clark to know that one of the questions she asked
16 is called "liquidated damages" when you want to
17 receive money from a contractor who passes time in
18 not doing what he's supposed to do. That's the
19 legal term.

20 At the same time, I'm going to let you
21 know that I'm at the shipyard, and I'm watching.
22 I'm a president of a union, which is mostly
23 minority -- the National Federation for Federal
24 Employees. And we've been giving our applications
25 and resumes to Kvaerner for the last over a year,

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2 and no response, and that's why I'm here.

3 I listened to a lot of things that were
4 said about the charts and all of this about the
5 bidding process. The bidding process did not
6 work, it hasn't been working. And the reason why
7 is because of what the Councilwoman brought up.

8 I think the Council here has to not
9 only make them narrow that person, they named the
10 person, but really, I don't know where that person
11 is in the chain of command that really has the
12 responsibility to do the things that you asked
13 for.

14 And, one, me being here as the project
15 manager, what I got out of it was very
16 frustrating. The process is not working because,
17 first, it's not organized. And the other thing
18 that's going on is that it's not being worked.

19 COUNCILMAN NUTTER: Let me interrupt
20 you for one second.

21 Let me put on this record. And Mr.
22 Sjursten, Mr. Sjursten. If I could just get your
23 attention for one second.

24 I would strongly encourage you -- as
25 you well know, this hearing is being

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2 stenographically recorded. And I understand that
3 you may in fact leave the chamber, and you have
4 excused from the table.

5 I would strongly encourage you, though,
6 that as soon as the transcript of this hearing is
7 available and prior to your reappearance -- I
8 assume you're coming back on the 16th with Mr.
9 Rafdal. I would strongly encourage you to get a
10 copy of this transcript so that you are fully
11 prepared to respond to the issues that have been
12 raised, there are a lot of issues.

13 And I'm sure you're very good at what
14 you do but it may be virtually impossible for you
15 to keep track of all the issues that were raised
16 in this public hearing, so I encourage you to get
17 a copy of the transcript. All right?

18 If you have any trouble, contact my
19 office, and I'll get you a copy.

20 Mr. Merrill, I'm sorry.

21 MR. MERRILL: That's okay.

22 One of the things I strongly suggest is
23 that the Council keeps track exactly on the
24 minority hiring, professional people. At this
25 date, Kvaerner has not hired any black engineers

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2 that I know of. And I'm sitting here with two
3 degrees -- a master's degree in engineering and a
4 license in project management. And I'm telling
5 you now that I haven't heard anything at all, and
6 I'm at the shipyard.

7 COUNCILMAN NUTTER: Mr. Merrill, I
8 think you heard me ask the question about the
9 composition of the workforce, and I think it was
10 indicated that there were maybe four or five
11 individuals. I don't know at least who they are
12 or what they do.

13 MR. MERRILL: Yeah, they're clerical
14 people, yes.

15 COUNCILMAN NUTTER: Okay. Well, we
16 expect them to follow up with a report to get a
17 detailed update on who the folks are and what they
18 do, okay?

19 MR. MERRILL: All right, thank you.

20 COUNCILMAN NUTTER: No problem.

21 (Trina Woodson comes forward.)

22 MS. WOODSON: Good afternoon. My name
23 is Trina Woodson. I am president and founder of
24 Scoops Promotional, and I'd like to introduce
25 myself to everyone and go on record to let them

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2 know that I am a female minority business in
3 Philadelphia that can promotional items, uniforms,
4 and signage.

5 So I just came here to introduce myself
6 to them so that they don't have to look for me.

7 COUNCILMAN NUTTER: Very good, great
8 testimony.

9 (Nancy Santana comes forward.)

10 MS. SANTANA: My name is Nancy Santana,
11 of Nancy Santana's Cleaning and Maintenance
12 Incorporated. I'm here representing the LCA
13 (Latino Contractors Association) as well as the
14 Philadelphia Hispanic Chamber of Commerce, of
15 which I'm a board member of.

16 I have also met with Kvaerner and PIDC
17 a number of occasions. I've sent enough flyers
18 and brochures and introduction letters to
19 wallpaper this entire room. And I haven't as of
20 yet had any return correspondence from them.

21 (Dwayne Ming comes forward.)

22 MR. MING: My name is Dwayne Ming
23 (ph.), and I'm with Chisholm Electrical
24 Contractors. And I guess I'm one of the few
25 people who did -- was able to get a response from

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2 Kvaerner Shipyard.

3 I talked to Mr. Ryan in terms of their
4 prequalification package that was sent to us our
5 office. We filled it out and sent it back, and we
6 didn't get any response. So what our family did,
7 I stayed on it, and our family got in touch with
8 Mr. Ryan.

9 And what I came back with from his
10 answer, the way that they qualify -- prequalify
11 contractors to participate in their particular
12 project was solely based on the dollar amount at.

13 Chisholm Electrical, we do
14 approximately 2 million, and presently, we're
15 doing about a million and a half. And we were
16 told in so many words by Mr. Ryan that we don't do
17 enough in terms of a dollar amount to be
18 considered as a prime contractor. So when they
19 look for prime contractors, it's solely based on
20 the dollar amount.

21 And hopefully from this process, things
22 will change and we can all participate.

23 (Louis Cruz comes forward.)

24 COUNCILMAN NUTTER: Yes, sir?

25 MR. CRUZ: Yes, sir. I'd also like to

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2 thank the Chair and the Councilpeople for being
3 here till this hour and for having this
4 presentation for us.

5 Also, I'd like to thank Handford
6 Jones. Because of his persistence and information
7 to the contractors in this room and in the city,
8 we have been able to know that there was something
9 happening at the Navy Yard.

10 My name is Louis Cruz. I represent
11 Cruz Construction. We're a contractor here in the
12 City of Philadelphia. We do excavation,
13 demolition, and site development.

14 I also represent the Latino Contractors
15 Association. And for the record, I'd like to
16 verify that there is Latino contractors that can
17 handle all of the trades, okay, noted by Kvaerner
18 and were available to do this.

19 And, basically, we're used to
20 fast-track jobs because, basically, all of the job
21 are fast track.

22 COUNCILMAN NUTTER: Okay. You want it
23 done now if not yesterday, right? It's on the
24 fast track.

25 (Laughter.)

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2 (Jerry Stein comes forward.)

3 COUNCILMAN NUTTER: Yes, sir?

4 MR. STEIN: How ya doin'.

5 COUNCILMAN NUTTER: Are there any

6 slow-track projects out there? Just do it

7 whenever you feel like it or what?

8 MR. STEIN: Not anymore.

9 My name Stein my name is Jerry Stein.

10 I represent Stein Corporation. We're a structural

11 fabricator and erector in the city since 1923.

12 The problem that I see down at the Navy

13 Yard is that the process for bidding has gotten so

14 complex that between the prequalifying and

15 qualifying of primes, subs back and forth,

16 everybody's getting confused on where we're

17 supposed to be.

18 It's a pretty cut-and-dry situation.

19 I've been on major projects a lot larger than

20 Kvaerner's project here. It's run a lot smoother

21 as far as the bidding process goes. It's not a

22 complicated issue.

23 You put the thing out for bid.

24 Qualified contractors bid on the job. You send

25 financials. You send all your company

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2 information. You're evaluated within 15 minutes.
3 It doesn't take a rocket scientist to decide if
4 you're a qualified contractor or not. It's summed
5 up rather quickly.

6 In the Philadelphia area, everybody
7 knows it's a small community with contractors.
8 Everybody knows who's legitimate and who is not.

9 On Kvaerner's side, I would say that
10 Richard Ryan has accepted my phone calls and has
11 helped me get in touch with primes after going
12 back and forth. He has helped. The only thing he
13 hasn't helped is getting signed contracts, which
14 is the bottom line, okay?

15 I've bucked heads with the best. I've
16 bucked heads with the Keens, the Driscolls --
17 they're tough, a lot of tougher than Kvaerner.
18 These people just don't seem to go with the flow.
19 It's not a complicated issue. We're making it all
20 very complicated and it's a simple process. And
21 the more that we get involved in complicating
22 this, the slower this fast-track job becomes.

23 COUNCILMAN NUTTER: Okay. Thank you.

24 MR. STEIN: That's about all I have to
25 say. If you need any more advice on the bidding

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2 process, I'd be more than happy to enlighten
3 anybody on the procedures. And I've been in this
4 business 28 years and. . .

5 COUNCILMAN NUTTER: Okay, thank you.

6 MR. STEIN: It's a great business.

7 COUNCILMAN NUTTER: Yeah, it seems like
8 it.

9 MR. STEIN: Thank you.

10 COUNCILMAN NUTTER: All right.

11 MR. CRUZ: Just to reiterate -- and I
12 apologize for the reiteration -- but we also
13 received all the information on who the major
14 contractors were bidding the project and were
15 given the project.

16 Although we contacted them several
17 times than the ones that were awarded the projects
18 we contacted didn't seem like there was enthusiasm
19 in them using any minorities, so it's not only
20 Kvaerner, but it's trickled down to the
21 contractors that they're using.

22 COUNCILMAN NUTTER: Right.

23 MR. CRUZ: The knowledge that they
24 don't have to use minorities.

25 COUNCILMAN NUTTER: That message has to

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2 come from the top. I think there's no question
3 about that. If the party that has the ultimate
4 responsibility -- in this case Kvaerner -- sends
5 the message that they are serious about this, then
6 the contractors will get the message.

7 And, you know, unfortunately, it may
8 mean that they not be able to do all of the
9 business they want with their buddies. Nobody
10 likes, you know, slicing off a piece for somebody
11 else.

12 But if we're serious about this, then
13 that is what has to happen. The pie is fairly
14 large. No one's trying to take any food off of
15 anybody else's table, but it's got to be spread
16 around. And that really kind of becomes the
17 bottom line.

18 If they're serious, the contractors
19 will become serious because they want the work,
20 they want the work.

21 COUNCILMAN ORTIZ: Can I -- if I may.

22 COUNCILMAN NUTTER: Councilman Ortiz?

23 COUNCILMAN ORTIZ: I also want to
24 reiterate the role that the City plays in all of
25 this because the Hispanic Chamber of Commerce had

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2 two meetings with PIDC, meeting down at the
3 Kvaerner, the shipyard, with a representative of
4 PIDC and the Commerce Department.

5 And where the assurances were given
6 that no contracts, no notice was going to go out
7 without full minority advisement as to how, where,
8 and for how much to be able to bid and
9 participate.

10 And Nancy and Louis, you know, you can
11 give me an answer, but none of the Hispanic
12 Chamber of Commerce has received "nada," right,
13 zero?

14 MR. CRUZ: Yeah.

15 COUNCILMAN ORTIZ: And through the --
16 you know, through the Hispanic and Latino
17 contractors, has received nothing.

18 But the City has a role to play in
19 this.

20 MR. MERRILL: May I just say on that
21 point, one of the things that since we've been
22 listening today is that Kvaerner right now seems
23 to be just overwhelmed, but there's so many layers
24 of people that are supposed to be having the best
25 interests in doing this.

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2 It would look like Kvaerner's at that
3 point with the kind of money we have allocated to
4 'em that they should have one office that they
5 have people that are designated for minority
6 contracts. They should have the listings of when
7 it comes to the contractors -- like this gentleman
8 was talking about, where they have an allocation
9 for a small, what they call "special projects,"
10 and you have large projects.

11 Unless they do that themselves, you
12 have too many layers now. You named all these
13 organizations and it's the reason why one hand
14 doesn't know what the other hand is doing.

15 COUNCILMAN NUTTER: Right.

16 MR. MERRILL: That's one problem. The
17 other thing is that when you go to the unions, the
18 unions are going to take care of themselves, all
19 right?

20 COUNCILMAN NUTTER: I understand.

21 MR. MERRILL: And they're not going to
22 look at the best interests when it comes to
23 minority contractors.

24 COUNCILMAN NUTTER: Right.

25 MR. MERRILL: I could tell you that

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2 'cause I know the fight that we've had in the
3 shipyard for years with that.

4 So my suggestion now is that when the
5 Council talks to Kvaerner and the suggestions that
6 you give them, they should have an office that
7 they should be taking care of 'cause right now,
8 they talking about this person, but I really don't
9 think he has full power, allocation or anything.

10 You had the project manager, who's
11 under the director, all right? This guy is the
12 third tier. That's the other thing that I wanted
13 to say. A third tier is not going to help you.
14 It's not going to get what you the goals that you
15 wanted to --

16 COUNCILWOMAN TASCO: He only collects
17 data. He doesn't make any decisions.

18 COUNCILMAN NUTTER: Right.

19 MR. MERRILL: He has nothing, no.

20 COUNCILMAN NUTTER: As best I could
21 understand and get out of that is that he was
22 responding to a particular question, but now the
23 central guy seems to be Richard Ryan, the project
24 manager of construction is what I took out of it.

25 MR. MERRILL: Right, but his boss is

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2 the director --

3 COUNCILMAN NUTTER: His boss is Gary
4 Thompson.

5 MR. MERRILL: Right. And what I'm
6 saying is that the gentleman that they named is
7 the third tier, and he's actually out of the
8 picture.

9 And unless you have a person that's a
10 project manager and his total responsibility is to
11 do the cost analysis, putting the charts together,
12 and making the direction of exactly how these
13 projects are being allocated, you'll never know --
14 that should be done on a daily basis. He should
15 have people working for him, actually doing
16 schedules on that.

17 So when these gentlemen ask questions,
18 they have a person to go to, that they can talk to
19 every day, and it's a listing that the Council can
20 look at and see a schedule. And you should know
21 what the critical path is, and nobody's brought
22 that up.

23 COUNCILMAN NUTTER: Okay.

24 MR. MERRILL: They're talking about
25 fast track. I understand what they're saying. No

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2 one's talk about a schedule. Have you seen the
3 schedule? Not only A&E firms, construction, the
4 planning, the design, all these things have been
5 said, you know, I've been hearing all of this, but
6 none of this -- that chart up there don't even
7 mean anything, I have to agree with the
8 Councilwoman on that.

9 COUNCILMAN NUTTER: Yeah, I got
10 confused. I stopped looking at it.

11 MR. STEIN: I have one thing.

12 COUNCILMAN NUTTER: One thing.

13 MR. STEIN: One thing. There was
14 omission with disabled. Has anything addressed as
15 far as where we're at with the disabled issue?

16 COUNCILMAN NUTTER: I don't think that
17 was raised. I'm aware, Mr. Stein, because of
18 other information that I have up here, some
19 letters going back and forth, I think, from you to
20 somebody from the chief of staff to -- I think the
21 path was maybe you wrote to Councilwoman Verna,
22 she wrote to the mayor, the chief of staff wrote
23 back to her to explain what had happened in a
24 particular matter.

25 But you are correct. I don't think

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2 that issue specifically came up today.

3 MR. STEIN: And where are we at? Is it
4 included? It was just language, it was just the
5 wording that wasn't in there? Or is there
6 disabled?

7 COUNCILMAN NUTTER: I believe all of
8 our contracts require it. I cannot tell you for
9 the \$80 million, for example, that was mentioned
10 -- Councilman Ortiz asked for a specific
11 breakdown of all of the areas, and I believe that
12 we should have that on the 16th or before the
13 16th.

14 MR. STEIN: Okay, thank you.

15 MR. MERRILL: Sir, that's a good
16 question because on all projects that are
17 allocated that go out, there should be a
18 percentage breakdown on each project, no matter
19 what the dollar amount is.

20 COUNCILMAN NUTTER: That's what we will
21 request.

22 MR. MERRILL: You should do that.

23 COUNCILMAN ORTIZ: We have asked that
24 question.

25 COUNCILMAN NUTTER: All right. Are

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2 there any other civilian, nongovernment or
3 quasi-governmental agency people here to testify?

4 Ladies and gentlemen, thank you for
5 your testimony. And if there is anyone else,
6 regular citizens not involved in the government,
7 please come up to the table and give your
8 testimony.

9 I know you've been here all day and
10 labored through this with us but if you could be
11 relatively brief, we would all appreciate it and,
12 you know, will be commended at an appropriate
13 time.

14 (Tyrone Reed comes forward.)

15 MR. REED: Good afternoon, Councilman
16 Nutter, Tasco, Ortiz. My name is Tyrone Reed, and
17 I'm here representing the Berean Institute, who's
18 one of the partners with OIC, ITTI, and the United
19 Minority Enterprise Association.

20 COUNCILMAN ORTIZ: Excuse me, I have to
21 go pick up my child at the after-school program
22 before they close it, pardon me.

23 MR. REED: Before I give my comment,
24 before I give the written comment that Dr.
25 Spencer, who is the president of Berean Institute,

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2 wrote for me to deliver to the body, I would just
3 like to personally just make a comment,
4 Councilman, if it's possible.

5 You know, when the vice president, the
6 governor, the mayor, (unintelligible) and the
7 other parties signed that agreement this summer
8 down at the waterfront, one of the things that
9 each one of them said was that this was good for
10 the city, this was good for the state. They said
11 that this was an opportunity to revitalize an area
12 that really needed to be revitalized, that it was
13 an opportunity to bring jobs into the City of
14 Philadelphia.

15 And I'm telling you, I am truly
16 appalled that I have to sit here and say to the
17 vice president of these United States, to say to
18 the governor, to say to the mayor that they have
19 participated in a process that is truly
20 discriminatory. They have contributed over
21 \$400 million to a process that is totally
22 discriminatory.

23 And I would like to go on record
24 letting it be known that when we talk about
25 affirmative action, that people has a problem with

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2 it. When we talk about quotas, people have a
3 problem with it. But still in this country,
4 discrimination is against the law. And for those
5 parties to engage in any process that is
6 discriminatory, that is not only a slap to the my
7 not community, but to the Afro-American community,
8 you know, as a whole.

9 It was said on the agenda that we were
10 going to read into the testimony the agreement
11 that the full body have. But since you already
12 have it, I won't take the time to read it into the
13 testimony because of time.

14 COUNCILMAN NUTTER: Mr. Reed, what we
15 can do is if you hand up that statement, all of
16 those statements are going to be handed to the
17 stenographer, they will be included into the
18 record as if they had been read directly into the
19 record, we can do that.

20 MR. REED: Okay. Well, Mr. Chairman,
21 may I just ask that I deliver this statement
22 tomorrow, the statement for the president, because
23 I don't want it delivered -- you know, I don't
24 want to hand it in in the state that it is in, and
25 I will bring it down and bring it to your office

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2 tomorrow.

3 COUNCILMAN NUTTER: That would be find.

4 MR. REED: Okay. Thank you.

5 COUNCILMAN NUTTER: And that's a
6 statement from --

7 MR. REED: That's a statement from our
8 president of Berean Institute, Dr. Norman K.
9 Spencer.

10 COUNCILMAN NUTTER: Then that statement
11 will be added to this record as if it were read
12 into the record.

13 MR. REED: It's going to be added to
14 the record that you already have?

15 COUNCILMAN NUTTER: Yes.

16 MR. REED: Okay, thank you very much,
17 sir.

18 COUNCILMAN NUTTER: Sure, thank you.
19 (John Thomas comes forward.)

20 COUNCILMAN NUTTER: Yes, sir.

21 MR. THOMAS: Thank you, Mr. Nutter.

22 My name is John Thomas. I want to
23 thank the members of Council for the opportunity
24 for allowing all these disgruntled members of the
25 African-American community to come out and voice

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2 their disenchantment, disenfranchisement with the
3 processes that are going on to -- in my term, it's
4 emasculate the black community, that's what it
5 amounts to. It's economic emasculation, plain and
6 simple.

7 My point, my one and only point that I
8 want to bring forward today is this: I've heard
9 repeatedly members of the Kvaerner organization
10 say that they could not, did not -- couldn't find
11 the time to dispense drawings and plans and what
12 have you. And the only question I have is: Has
13 anyone heard of computer?

14 I mean, we live in an age of computer
15 technology today where information can be accessed
16 via computer, via e-mail all over the bloody
17 globe. And yet nobody, never once did they
18 mention you can access this information via
19 computer. That's all I have to say.

20 COUNCILMAN NUTTER: Thank you very much
21 for your testimony.

22 Are there any other individuals who
23 wish to testify?

24 COUNCILWOMAN TASC0: I'd just like to
25 make a comment.

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2 COUNCILMAN NUTTER: Sure.

3 COUNCILWOMAN TASCO: The gentleman is
4 right. Inasmuch as we were told during the course
5 of the briefing that the ships would be built by
6 computer and not by skilled labor. So it's
7 interesting that we don't and can't access the
8 plan by computer. Your point is well-taken.

9 COUNCILMAN NUTTER: Thank you,
10 Councilwoman.

11 I wish to add to this record these
12 letters, and these letters will be handed to the
13 stenographer as if the letters had been read into
14 the record.

15 A letter from Cheryl McKissack, Chief
16 Operating Officer of McKissack & McKissack, to
17 Councilwoman Tasco;

18 A letter from Salaam Muhsin to Richard
19 Ryan at Kvaerner;

20 A letter from Vallahra Renita El Harre
21 Bey from Omnitech, to Councilwoman Tasco

22 A letter from Mr. Charles Ang to Mr.
23 Benko, from PSDC;

24 There is a letter from Mr. Dickson to
25 Councilwoman Tasco;

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2 And a letter from a Donna Wiley to
3 Kvaerner Philadelphia Shipyard, Inc.

4 A letter from Frank Gallo to
5 Councilwoman Tasco;

6 And a letter from Mr. Craddle to --
7 actually to me, to Councilman Nutter, from Hannah
8 & Sons Construction Company.

9 All of these letters will be handed to
10 our stenographer, and they will be included in the
11 transcript, including the letter --

12 COUNCILWOMAN CLARK: (Inaudible,
13 off-mike.)

14 COUNCILMAN NUTTER: And the sense of
15 the letters, as I have read them, all are pretty
16 much consistent with the testimony that we heard
17 earlier from people who testified at the table,
18 expressing concerns about the bid process, lack of
19 ability to get information, and other obstacles to
20 participation in this project.

21 All of these letters will be included
22 as part of the record as if they had been read
23 directly in the record.

24 Seeing no other business before us and
25 no one else to testify --

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2 COUNCILWOMAN TASCO: Here's some more.

3 COUNCILMAN NUTTER: There are -- I'm
4 sorry -- two last letters. One is from Ramon
5 Rucci, of the Latino Contractors Association, to
6 Councilwoman Tasco; and a letter from
7 Rod Herrera Jr., from RCH Architects and
8 Engineers, to Councilwoman Tasco.

9 There's no further business before the
10 committee at this time. This hearing is recessed
11 until Monday, November 16, 1998, at 1 o'clock
12 p.m.

13 Thank you very much.

14 (Applause.)

15 (Adjourned at 5:30 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Tuesday, October 27, 1998, were
reported and accurately by me, and that this is a
correct transcript of same.

RE: COUNCIL COMMITTEE ON
COMMERCE AND ECONOMIC DEVELOPMENT
RESOLUTION NO. 980734

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter