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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

BEFORE THE COUNCIL COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 6, 1998
9:38 a.m.

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BILL NO. 980228 - An ordinance authorizing the Mayor, on behalf of the City to file an application with the United States Department of Housing and Urban Development ("HUD") for a Community Development Block Grant ("CDBG"), as required by Section 104 of Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended, including all understandings and assurances contained therein, and designating the Mayor and the Director of Office and Community Development ("Housing Director") as the authorized representatives of the City to act in connection with the application to provide such additional as may be required and to accept the grant under certain terms and conditions.

17

PRESENT: COUNCILWOMAN ANNA C. VERNA, Chairwoman
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN DAVID COHEN
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN DONNA REED MILLER
COUNCILWOMAN MARIAN TASCO
COUNCILMAN MICHAEL A. NUTTER
COUNCILWOMAN HAPPY FERNANDEZ

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

3 COUNCILWOMAN VERNA: Good morning.

4 This is the public hearing of the Committee on
5 Finance. I would ask the clerk to please read
6 Bill No. 980228.

7 THE CLERK: Bill No. 980228, an
8 ordinance authorizing the Mayor, on behalf of the
9 City to file an application with the United States
10 Department of Housing and Urban Development
11 ("HUD") for a Community Development Block Grant
12 ("CDBG"), as required by Section 104 of Title 1
13 of the Housing and Community Development Act of
14 1974, Public Law 93-383, as amended, including all
15 understandings and assurances contained therein,
16 and designating the Mayor and the Director of
17 Office and Community Development ("Housing
18 Director") as the authorized representatives of
19 the City to act in connection with the application
20 to provide such additional as may be required and
21 to accept the grant under certain terms and
22 conditions.

23 COUNCILWOMAN VERNA: Mr. Kromer, before
24 you start your testimony, I would like to invite
25 Mr. Eisenstat and also Mr. Mullin to the table so

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2 that we could hear all of your testimonies, and
3 then we could proceed with our questioning.

4 Good morning. Please identify yourself
5 for the record, and proceed with your testimony.

6 MR. KROMER: Good morning, Councilwoman
7 Verna and members of the Finance Committee. I am
8 John Kromer, Director of Housing for the City of
9 Philadelphia, and I'm pleased to testify here on
10 behalf -- in support of Bill No. 980028.

11 I have submitted copies of my written
12 testimony, but I wanted to go quickly to emphasize
13 a few highlights and make a few comments about
14 this upcoming fiscal year.

15 I do want to say that again this year,
16 in order to meet our filing deadlines with the
17 U.S. Department of Housing and Urban Development,
18 I would like to request that the Finance Committee
19 vote this bill out of committee with a favorable
20 recommendation and with a request to suspend the
21 rules to allow first reading at the next Council
22 meeting.

23 This is an exciting time for
24 Philadelphia's Community Development Block Grant
25 Program for Philadelphia neighborhoods, and I

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2 really owe a lot of thanks to this Finance
3 Committee and this Council for the progress that
4 we've been making.

5 Two weeks ago, the first 20 houses in
6 the Cecil B. Moore Home Ownership Zone were
7 selected by buyers. And we have buyers -- some of
8 them moderate-income buyers -- for the first time
9 in our program heading towards settlement on
10 houses in the Cecil B. Moore area.

11 We have the nation's largest housing
12 counseling and settlement assistance program. And
13 sometime during the coming fiscal year, we will
14 have helped 10,000 households become first-time
15 home buyers. That will be a national record and a
16 real boost to Philadelphia's real estate sales
17 housing market.

18 I'd like to have three individuals make
19 presentations very briefly, a couple minutes
20 apiece, on special areas of activity in which
21 we've been engaged this year first. But first, I
22 wanted to also distribute some information about
23 the funding picture that we face.

24 The Community Development Block Grant
25 allocation this year is approximately \$68 million,

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2 with home funding in the amount of approximately
3 \$13 million. And that's a very substantial
4 resource. But as you can see from this chart, the
5 resource has been cut in the past three years by
6 relatively small percentages, but the percentages
7 add up overall. And, of course, the cost of
8 hammers and nails continues to see.

9 This situation means that we've got to
10 be as cost-efficient as we possibly can be, that
11 we have to support our core programs -- housing
12 counseling, the home ownership zone, moderate
13 rehab, the Community Development Corporation,
14 sales housing and rental development, and so on.
15 And that is the basic thrust of this program.

16 First I'd like to call on Belinda Mayo
17 to briefly present some information about the
18 employment and training and job-readiness activity
19 that we are supporting.

20 MS. MAYO: Good morning. My name is
21 Belinda Mayo. And I'm Assistant Director for
22 Community Development, at the Office of Housing
23 and Community Development.

24 OHCD has continued to work for the
25 School District nonprofit community-based

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2 organizations and the private sector to identify
3 job opportunities and to develop training and
4 skills development programs that prepare
5 low-income unskilled and unemployed residents for
6 employment.

7 Of particular interest -- there's a
8 chart attached to my remarks that shows the
9 programs that we're currently involved in and will
10 be involved in the Year 24.

11 Of particular interest is a new
12 initiative that will facilitate a partnership
13 between Community College of Philadelphia,
14 communities and schools, OHCD, and American
15 Airlines.

16 American Airlines will establish an
17 American Airlines travel academy that will provide
18 training to high school juniors and seniors in the
19 hospitalities and tourism industry. Through the
20 Philadelphia School District's Small Learning
21 Communities Programs, students will divide their
22 learning experience between a basic academic
23 curriculum and a specialized curriculum that will
24 prepare them for opportunities in the hospitality
25 and tourism industry.

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2 In addition, Community College of
3 Philadelphia will provide training facilities and
4 instruction on related technical skills.

5 Graduates of the program will complete
6 the program as high school graduates and with up
7 to 17 college credits from CCP. These graduates
8 will be uniquely prepared to compete in the
9 hospitality and tourism job market at a time when
10 the City's experienced a growth in the industry
11 that brought \$3 billion of resources to
12 Philadelphia in 1996.

13 Also during 1997, OHCD began a
14 collaboration with the Private Industry Council,
15 the Department of Public Welfare, and the Mayor's
16 Office of Planning and Policy to identify the
17 training and employment needs of welfare
18 recipients affected by changes in public
19 assistance regulations under the new temporary Aid
20 to Needy Families program.

21 As a result, resources are being
22 coordinated in a way that leverages CDBG dollars
23 and that fills funding gaps in program.

24 The Year 24 proposed allocation of CDBG
25 funds for the job training and education, more

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2 than \$750,000, is included as a resource in the
3 City's Greater Philadelphia Works Program to be
4 funded by the State's federally-funded
5 Welfare-to-Work Program.

6 Finally, in the area of job
7 development, during Year 24, OHCD proposes to
8 continue to support the work of the Greater
9 Philadelphia First Corporation in identifying job
10 opportunities in the private sector. The focus
11 has been to work with potential employers to
12 identify the human resource needs over the next
13 five years.

14 Greater Philadelphia First Corporation
15 has been successful in this approach in the
16 data-intensive and precision manufacturing
17 industry. Working with corporate partners, GPF
18 has helped to identify over 1,000 future job
19 opportunities in the data-intensive field, develop
20 training programs, and is currently identifying
21 training providers.

22 During Year 24, GPF will take the same
23 approach in the hospitality and tourism industry,
24 and particularly in the hotel industry, in light
25 of the plans for the development of five new

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2 hotels in Philadelphia by the year 2000.

3 So, as you see, OHCD has continued to
4 work closely with partners to make sure that we
5 have a prepared work force in Philadelphia that
6 can take advantage of economic opportunities that
7 will become available over the next few years.
8 We've tried to focus on programs on welfare
9 recipients and chronically unemployed individuals,
10 and we've met some obstacles but have been very
11 successful in our partnerships.

12 MR. KROMER: Thank you.

13 Next I'd like to call on Dainette Mintz
14 to briefly describe some of our special needs
15 housing initiatives.

16 MS. MINTZ: Good morning. My name is
17 Dainette Mintz. I'm --

18 COUNCILWOMAN VERNA: I'm sorry, you're
19 going to have to speak closer into the
20 microphone. Thank you.

21 MS. MINTZ: My name is Dainette Mintz.
22 And I'm the Director of Special Needs Housing, at
23 OHCD.

24 OHCD special needs housing activities
25 include the funding of transitional and permanent

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2 housing for a variety of special-needs
3 populations, which include the homeless, persons
4 with substance-abuse problems, and mentally ill
5 and mentally disabled persons.

6 COUNCILWOMAN VERNA: Excuse me, I'm
7 sorry. Members of the committee cannot hear you.
8 Just pull the microphone closer to you.

9 MS. MINTZ: I'll start with the
10 identification of the populations.

11 COUNCILWOMAN VERNA: Thank you.

12 MS. MINTZ: The special needs
13 populations include the homeless, persons with
14 substance abuse, mentally ill and mentally
15 disabled persons, persons with AIDS, disabled
16 persons, and the elderly.

17 OHCD provides development financing to
18 special-needs housing projects selected through a
19 competitive RFP process overseen by the
20 Redevelopment Authority. Funding is provided to
21 the Homeless Prevention Program whose goal is
22 eviction prevention through delinquent rent,
23 mortgage, and utility assistance, and the
24 provision of job placement assistance, to reduce
25 the threat of homelessness.

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2 Funding is also provided to the Health
3 Department's Office of Health and Mental
4 Retardation to support assisted housing for
5 persons with mental illness.

6 And OHCD also funds the Philadelphia
7 Transitional Housing Program, which is
8 administered by the Tenants Rental Assistance
9 Corporation and the Philadelphia Health Management
10 Corporation to provide housing counseling, case
11 management, and rental assistance to homeless
12 households.

13 Funding is also provided to support
14 Dignity Housing's program of counseling for
15 formerly-homeless persons residing in housing
16 rehabilitated by Dignity.

17 OHCD is also the grantee for Housing
18 Opportunities for Persons with AIDS ("HOPWA"),
19 funding for the nine-county Philadelphia region,
20 and supports the following activities with the
21 HOPWA: rental assistance, emergency assistance to
22 prevent homeless, operating costs for community-
23 based and other residences, information and
24 referral, resource identification, and supportive
25 services.

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2 Funding is also provided to increase
3 housing accessibility for disabled people and
4 funds the Adaptive Modification Program, which
5 modifies to make fully accessible the residences
6 of homeowner and renter-occupied disabled
7 households.

8 Funding is also provided to support the
9 Pennsylvania SIDS Center and fund technical
10 assistance through the Urban Affairs Coalition and
11 for the operations of special-needs housing
12 projects.

13 We also provide technical assistance to
14 organizations developing or providing assistance
15 to persons with disabilities or to elderly
16 persons.

17 OHCD also acts as the administrator and
18 the packager of a competitive federal McKinney
19 Homeless Continuum of Care Program, which funds
20 local nonprofit organizations through a
21 consolidated application.

22 And OHCD serves as the agency that
23 receives the funds and contracts with the
24 agencies.

25 MR. KROMER: Thank you kindly.

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2 Finally, I'd like to ask for a brief
3 presentation from Kevin Brooks of the Office of
4 Housing and Community Development, and Michael
5 Bell of the Redevelopment Authority, confirming --
6 concerning employment and training issues
7 associated with our development ventures.

8 MR. BROOKS: Good morning.

9 COUNCILWOMAN VERNA: Good morning.

10 MR. BROOKS: Good morning. My name is
11 Kevin Brooks, and I work as the Assistant Director
12 for Employment and Training in the Office of
13 Housing and --

14 COUNCILWOMAN VERNA: Excuse me, Mr.
15 Brooks.

16 MR. BROOKS: Yes.

17 COUNCILWOMAN VERNA: Do you have copies
18 of your testimony to be distributed?

19 MR. BROOKS: Yes, ma'am.
20 Unfortunately, the handouts are not my written
21 testimony. Unfortunately, I didn't bring prepared
22 written testimony for distribution.

23 But we'll be happy to -- these are
24 handouts that are being circulated now that
25 address some of the construction employment

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2 activities overseen by our office.

3 My name is Kevin Brooks. I'm the
4 Assistant Director for Development and Training,
5 in the Office of Housing and Community
6 Development. And my department is responsible for
7 coordinating affirmative action and employment and
8 contracting policy on behalf of OHCD, where our
9 funds are spent.

10 We work very closely with the
11 Redevelopment Authority of the City of
12 Philadelphia, and you'll hear from Michael Bell,
13 who is the MBE/WBE Director for the Redevelopment
14 Authority, shortly. We also work with PAC, the
15 Philadelphia Housing Development Corporation, the
16 Commerce Department, and PIDC.

17 Our focus is on construction-related
18 activities. We address employment and
19 subcontracting on housing projects and commercial
20 development projects in the City of Philadelphia.

21 We perform oversight responsibilities,
22 either directly administering the activities; or
23 through our relationships with delegate agencies,
24 outlay policies that they would adhere to.

25 I'd briefly like to explain to you the

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2 trends that exist right now in subcontracting and
3 employment activities. And I think the handout
4 that you have in front of you will help clarify
5 for you that information.

6 The first sheet you have in front of
7 you is a listing of the subcontracting allocations
8 by Councilmatic District for the first -- for the
9 quarter, the last quarter, between January and
10 March. We provide a quarterly report that shows
11 the distribution of subcontracting by race and
12 gender and location. And that's the most recent
13 quarterly report we have.

14 The second summary report you have
15 summarizes the general contracts awarded. And
16 you'll see there's a slight increase in the number
17 of general contracts awarded to minorities over
18 the past quarter.

19 And you'll also notice a continuing
20 trend of about 25 percent subcontracting to MBEs.
21 This shows that there is a slight increase, as I
22 said, in the general contracting and in the
23 subcontracting activity on housing and commercial
24 projects. So that's one of our responsibilities.

25 The second responsibility we have is

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2 working closer with PIDC to help ensure that
3 Council's concerns and the City's concerns
4 regarding minority participation on major
5 commercial projects are achieved.

6 And it's my understanding that PIDC
7 will be holding hearings on these projects in the
8 next couple weeks, and my office will be providing
9 materials that address the subcontracting
10 employment on these projects.

11 Finally, I'd like to just highlight a
12 couple of areas that we've identified where
13 there's room for improvement; one being the area
14 of professional services on development projects.

15 When perspective developers want to do
16 business in the City of Philadelphia, we have to
17 do a better job of communicating to them the need
18 to have a diverse professional team on projects
19 here in the City of Philadelphia to allow more
20 opportunities for minority and women in
21 professional service.

22 The second area that I would highlight
23 is the number and the diversity of skilled
24 tradespersons on construction projects, both
25 housing and commercial projects. We just have to

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2 do a better job of getting more skilled minorities
3 and women on construction projects.

4 Now I'd like to turn it over to Michael
5 Bell, who will highlight some of the specific
6 accomplishments on RDA-administered activities.

7 MR. BELL: Okay. I have a handout, and
8 I don't know if it was distributed.

9 COUNCILWOMAN VERNA: Mr. Bell, before
10 you start your testimony, can we just look at your
11 first sheet, please (addressing Mr. Brooks).

12 MR. BROOKS: Yes, ma'am, certainly.

13 COUNCILWOMAN VERNA: In the 4th
14 District, is that for an enterprise zone, why are
15 there so many more in one district, and there's
16 practical zero -- you have 31 contracts in the 4th
17 District, and I see that other districts have
18 absolutely zero.

19 Can you please explain that?

20 MR. BROOKS: This is a quarterly
21 report, and it's for this period -- for this
22 quarter. And it's some of the most recent
23 information we have on contracts, both general
24 contracts and subcontracts for that period of
25 time.

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2 Overall, there will be a distribution
3 of general contracts and subcontracts awarded.
4 But what you have is a snapshot of one quarter,
5 the period between January and March 31st.

6 COUNCILWOMAN VERNA: Can we see a
7 completed list, please?

8 MR. BROOKS: We provide a completed
9 list on a quarterly basis, and I'll be happy to
10 provide our quarterly 1029-A report to you.

11 COUNCILWOMAN VERNA: Mr. Bell, please
12 identify yourself for the record.

13 MR. BELL: My name is Michael Bell.
14 And I'm the Director of Minority and Women's
15 Business Enterprise Development for the
16 Redevelopment Authority.

17 And what I have to present to you today
18 is just a summary of employment statistics and
19 subcontracting statistics on Redevelopment
20 Authority-sponsored projects.

21 On an 8 1/2-by-14 sheet here, we have
22 the projects, and we also have employment by
23 Councilmatic district. So for 1997, during the
24 year, we had a total of 753 Philadelphia residents
25 working on RDA-sponsored projects, and we do have

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2 a breakdown by City Council districts. We have
3 derived this information from Section 3 reports
4 that are submitted by the general contractors on
5 these projects and also by the subcontractors.

6 And we are going to try to increase
7 these numbers this year -- we get the reports very
8 early -- and then summarize where the employees
9 are coming from on these projects.

10 So for all these projects, they're in
11 alphabetical order with the numbers of Council
12 Districts from 1 to 10 totals on your right-hand
13 side.

14 On the second page, we have from --
15 what we do is we complete neighborhoods benefit
16 strategy summaries, and we have the total
17 employees that worked on these projects from which
18 we have reports. And there were 1722 total
19 employees that worked on RDA-sponsored projects
20 during 1997; 720 minority, 17 female -- which that
21 is a sore point; and 985 non-minority employees by
22 project zip code and also by surrounding zip
23 codes.

24 We try to emphasize, wherever a project
25 is being completed, that a general contractor

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2 would solicit employees from the immediate zip
3 code and also from the surrounding zip codes on a
4 project.

5 Also, you have a sheet which will
6 company that and will talk about the contracts
7 that were awarded to Philadelphia-based firms,
8 minority-, and women-owned businesses in specific
9 areas and the percentages. And these are projects
10 for which we have completed neighborhood benefit
11 strategy summaries.

12 And we try to work according to the
13 executive order that was signed by Mayor Rendell
14 to try to keep 50 percent of what a total contract
15 value is within the Philadelphia limits. And I
16 think we reached that on one or two projects.

17 I would say Aspen Olive Apartments and
18 the Cecil B. Moore Village, and Station House
19 Apartments were all very good projects in terms of
20 the number of Philadelphia-based contractors that
21 were hired and also employees.

22 So when you look at the total
23 neighborhood benefit strategy summaries, these are
24 the goals that we are trying to have this year.
25 We have a number of projects going on now and

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2 which we'll talk to contractors early, not just in
3 terms of minority- and female-businesses, but also
4 suppliers and employees.

5 COUNCILWOMAN VERNA: Thank you. Thank
6 you very much for your testimony, Mr. Bell.

7 MR. KROMER: Thank you. That concludes
8 our presentation.

9 COUNCILWOMAN VERNA: Thank you.

10 Mr. Eisenstat and Mr. Mullin.

11 (Mr. Eisenstat and Mr. Mullin come
12 forward.)

13 COUNCILWOMAN VERNA: Good morning, Mr.
14 Eisenstat. Do you have any testimony to present
15 today?

16 MR. EISENSTAT: I'm available for
17 questions, but I do not have any testimony to
18 present today.

19 COUNCILWOMAN VERNA: Thank you.

20 Mr. Mullin?

21 MR. MULLIN: Good morning, Councilwoman
22 Verna and the committee. My name is Steven
23 Mullin. I'm the Director of Commerce for the City
24 of Philadelphia.

25 And I would like to offer brief

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2 testimony in conjunction with John Kromer's
3 testimony related to the economic development
4 component of the CDBG Year 24 Fiscal Year '99
5 Consolidated Plan.

6 Today -- I will also note that various
7 of my colleagues from the Commerce Department and
8 from PIDC and PCDC are also here today and will be
9 happy to join me in answering any questions you
10 may have.

11 But in terms of a very brief overview,
12 I would like to note that we in the Commerce
13 Department and in the City's "Economic Development
14 Division," I will call it, the Philadelphia's
15 neighborhoods do play a very pivotal role in the
16 City's economy. And most of the City's economic
17 activity takes place in the neighborhoods, and the
18 funding used if the block grant is strongly
19 directed in that direction.

20 The City's approach to neighborhood
21 economic development encompasses three basic
22 goals:

23 First, assisting small businesses in
24 the neighborhood;

25 Second, investing in the neighborhood

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2 physical infrastructure, including housing, to
3 improve the business environment near residential
4 areas; and

5 Third, fostering the growth of
6 community economic skills and capacities,
7 particularly within CDCs.

8 These goals are reflected in a broad
9 array of neighborhood programs, initiatives, and
10 accomplishments in this past year and what we are
11 looking for in this block grant year.

12 To help meet these goals, for example,
13 we will be expanding this year our targeted CDC
14 support efforts in lower Germantown and East and
15 North Philadelphia. And we will be continuing our
16 basic lending and grant programs that are carried
17 out and administered by, first, the Commerce
18 Department and various programs by PCDC and PIDC.

19 The Small Business Lending Facade and
20 improvement Program are implemented by PCDC. And
21 in this upcoming year, we anticipate funding the
22 Small Business Revolving Loan Program at
23 \$1,900,000 the facade program will be funded at
24 \$250,000, and the Housing Contractors' program
25 will provide approximately \$1 million in lending.

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2 PCDC will provide support for, in
3 addition, the Small Business Support Center, the
4 Old Philadelphia Company Store Job Training
5 Program and our Micro Loan Program. These are
6 typically funded from non-CDBG sources, but they
7 are used in conjunction with the CDBG funding for
8 PCDC.

9 PCDC will continue to operate the
10 Neighborhood Commercial Revitalization Program,
11 providing an array of support to 38 commercial
12 areas. And this year, we are proposing four new
13 commercial to add to the list -- Fifth Street,
14 below the Boulevard; the 100 to 700 blocks of West
15 Gerard Avenue; East Girard Avenue in Fishtown; and
16 South Street west from Broad Street west.

17 Our major commercial and industrial
18 lending programs are administered by PIDC. These
19 include the CDBG Mortgage Loan Program, the
20 Neighborhood Development Fund, and the Section 108
21 Loan Program.

22 And \$4.2 million this year will be used
23 to support the Mortgage Loan and Neighborhood
24 Development Programs. And toward the end of this
25 coming year, we anticipate drawing down Section

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2 108 funds to assist larger-scale development
3 projects in support of our hotel development
4 initiatives and to support neighborhood lending
5 programs.

6 We anticipate the loans to range, in
7 general, from \$250,000 to \$5,000, with certain
8 exceptions on particular programs.

9 The loans will be utilized to support
10 an array of development needs, including, but not
11 limited to, acquisition, site preparation,
12 construction, infrastructure improvements,
13 machinery and equipment.

14 The primary goals of these Section 108
15 loans will be to create permanent jobs for
16 residents of Philadelphia, to stimulate private
17 investment, and to generate tax retables for the
18 City. While the creation of jobs for low- and
19 moderate-income Philadelphians will be the key
20 criteria of these loans, the expansion of goods
21 and services in our neighborhoods and the
22 elimination of blight will be the alternative
23 criteria.

24 The projects approved for the Section
25 108 loans will be appropriate to the City's

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2 overall economic development strategy, as
3 presented in the economic stimulus component of
4 the five-year plan.

5 At Commerce, we will continue to
6 provide neighborhood development and planning
7 grants to nonprofit community-based organizations,
8 and we will also expand our targeted neighborhood
9 service grants.

10 We will provide support for
11 organizations in the American Street and West
12 Parkside Enterprise Zones in Germantown, West
13 Philadelphia, South Philadelphia, Frankford, and
14 Central North Philadelphia, and Eastern
15 Philadelphia.

16 At this time, I would like to thank the
17 Council for the opportunity to share this brief
18 overview. And, as I mentioned, my colleagues and
19 I will be more than happy to address any questions
20 you may have. Thank you.

21 COUNCILWOMAN VERNA: Thank you.

22 Mr. Kromer, is there anyone else that
23 you want to testify at this point in time?

24 MR. KROMER: No.

25 COUNCILWOMAN VERNA: Thank you. Then I

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2 guess it's time for a question-and-answer period.

3 Mr. Kromer, on page 123 of the plan, it
4 refers to the neighborhood-based home ownership
5 reduction and states that in Year 24, OHCD intends
6 to fund the development projects selected through
7 Year 22 RFP process for which the planning and
8 acquisition activities have been completed.

9 Would you please provide us with a full
10 list of all of those proposals that were selected
11 through the Year 22 RFP and which of those
12 proposals are now ready to proceed in the Year
13 24.

14 If they are not ready to proceed, can
15 we be told what the holdup is?

16 MR. KROMER: Yes. I have a list
17 identifying all of the sales housing development
18 ventures that were selected through that RFP
19 process and can provide further information.

20 Some of these measures were funded for
21 planning and acquisition activities, which are now
22 completed or substantially completed and will be
23 funded for development during Year 14, and that
24 was the purpose of the reference.

25 You'll see through the handout that a

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2 number of the projects are currently under
3 construction or scheduled for construction this
4 summer. Others are in the midst of plan review at
5 the Redevelopment Authority. And in some cases,
6 there are acquisition issue that have to be
7 addressed in order to complete pre-development and
8 move to development.

9 In two instances, a list at the bottom
10 of that chart, there was a change in the developer
11 due to the withdrawal of the developer that had
12 been selected previously.

13 COUNCILWOMAN VERNA: Please explain to
14 me the home ownership rehabilitation plan that is
15 referenced on page 124 of your plan. I know that
16 there is up to \$25,000 per property available.

17 Is this a grant, or is it a loan
18 program?

19 MR. KROMER: The Home Ownership
20 Rehabilitation Program, known as the "HRP," is
21 administered by Redevelopment Authority and was
22 developed several years ago as a result of some
23 discussions about the need to deal with vacant
24 properties that are in reasonably good condition
25 that we'd like to turn around faster so that they

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2 don't remain vacant and become more expensive to
3 rehabilitate and take longer to fix up.

4 The intent of the program, which was
5 designed by the Office of Housing and Community
6 Development and the Redevelopment Authority staff
7 and with the participation of others, was to
8 create a very simple mechanism in which a city
9 subsidy, which, in effect, is a grant, which, I
10 believe, is structured as a self-amortizing loan,
11 with no --

12 COUNCILWOMAN VERNA: Tell me how that
13 works, please.

14 MR. KROMER: In the -- Noel Eisenstat
15 can elaborate if need be, but all of our
16 development subsidies are structured as
17 self-amortizing loans in which no interest or
18 principle payments are due for the life of the
19 long as long as the venture is maintained as
20 affordable housing for income-eligible people.

21 And that's the structure of this grant,
22 which is in the amount of up to \$25,000. That
23 subsidy is combined with a rehab loan used to fix
24 up a short-term vacant house for home ownership.

25 COUNCILWOMAN VERNA: Can you tell this

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2 committee how many such properties were renovated
3 in the Year 22 and the Year 23, and how many
4 properties can be done with the additional \$3
5 million requested in Year 24?

6 MR. KROMER: Since the inception of the
7 program in the Year 22, a pipeline of 243 cases
8 has been established. Of that amount, 119 houses
9 have been completed, and another 54 are under
10 construction, with an additional 25 awaiting
11 construction start.

12 Although that's aggregate amount, the
13 program is fairly new and has increased in volume
14 every year.

15 I think the Year 24 could be a good
16 year for HRP because a lot of the Year 22 and 23
17 cases are cases left over from the old PRP case
18 load and are not, strictly speaking, the houses
19 that we or other groups that have committed
20 themselves to finishing up the PRP pipeline would
21 have chosen ordinarily.

22 Now there are a number of groups that
23 have substantial experience with the program and
24 are going to be able to pick their own houses,
25 having completed the commitment to the PRP

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2 pipeline. And I think we can increase production
3 again during the Year 24 as a result.

4 COUNCILWOMAN VERNA: On page 124 of the
5 plan, it refers to the Troubled Buildings Program,
6 which is operated in conjunction with L&I.

7 Can you tell us how many such buildings
8 were treated in the Year 23? And is L&I using all
9 of the money that is available for this program?

10 MR. KROMER: The Office of Housing and
11 Community Development had proposed in prior years
12 a troubled buildings line item in the budget that
13 was intended to provide development subsidy
14 funding to address situations in which a
15 deteriorated rental property in danger of being
16 closed, due to a bankruptcy action or L&I
17 citation, could be rescued so that tenants would
18 not be displaced and the building could be
19 recovered and brought back to its stability.

20 Our experience was that that line item
21 generated a lot of proposals which really were not
22 the kinds of proposals that we would have liked to
23 have seen. And so, several years ago, we
24 discontinued that line item in the budget and,
25 instead, supported a process in which we've worked

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2 with the Department of Licenses and Inspections
3 and the Law Department to coordinate our
4 activities.

5 I guess the best current example of
6 that coordination is the Manheim Gardens venture
7 of several hundred units in the lower Germantown
8 area partially occupied in a bankruptcy
9 proceeding, a complicated case and a potential for
10 workout being managed by the Law Department, in
11 coordination with us.

12 The Redevelopment Authority has
13 participated in the review of alternative
14 development proposals for Manheim Gardens, and
15 prior to any commitment of City funding, has
16 evaluated these proposals and communicated with
17 the developers in the Law Department so that we
18 are trying to get the best deal that we can for
19 any dollars that we may commit.

20 So we really rejected the approach of
21 putting forth a troubled buildings line item and
22 offering to spend money and, instead, committed to
23 working with other City agencies, primarily Law
24 and L&I, to address these issues in a coordinated
25 fashion as they come up. And that approach has

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2 proven more successful.

3 COUNCILWOMAN VERNA: Your budget detail
4 shows a cut of \$500,000 in the Emergency Repair
5 Program through L&I for rental buildings. Can you
6 tell us why?

7 And what is the difference between this
8 and the Troubled Building Program?

9 MR. KROMER: The Emergency Repair line
10 item is funding that has been made available to
11 L&I to address the need for emergency heater
12 repairs in rental properties.

13 The rental properties that are repaired
14 through this program are abated for a heating
15 emergency. They are not troubled buildings in
16 danger of being shut down, per se, but they need a
17 heater or they need some heater work and it's not
18 getting done by the owner or the manager. And so
19 L&I abates the heating problem to prevent
20 displacement.

21 But in these situations, there's not
22 the multitude of problems that we experienced with
23 the Manheim Gardens or other troubled-buildings-
24 type situation.

25 The Department of L&I had not kept pace

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2 with spending funding that had been allocated in
3 the Years 22 and 23. And the amount that's
4 proposed in the Year 24 will be combined with
5 unspent Year 23 funding and, we expect, will be
6 sufficient to fund L&I at capacity, to continue
7 this activity all year.

8 COUNCILWOMAN VERNA: Are they growing
9 for rental buildings?

10 MR. KROMER: Yes, it is.

11 For the owner-occupied buildings, we
12 have the basic systems repair program and the
13 heater hotline operated by PHDC.

14 COUNCILWOMAN VERNA: I hear very little
15 about that program these days.

16 MR. KROMER: Maceo Cummings can report
17 in more detail on that.

18 COUNCILWOMAN VERNA: I would like to
19 hear what they say a little later.

20 I don't want to dominate this hearing.
21 I'm sure that several of the Councilmembers have
22 other questions, and I will get back to mine.

23 The Chair recognizes Councilman Nutter.

24 COUNCILMAN NUTTER: Thank you, Madame
25 Chair.

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2 Mr. Mullin, let me ask you a couple
3 questions about your testimony. At the bottom of
4 the first page, your testimony reads, "In
5 recognition of these two simple facts, the City
6 has targeted neighborhood economic development as
7 Philadelphia's number-one priority."

8 And just for the record, I think I'd
9 like to get a better explanation for the basis of
10 that particular statement. How is that measured.

11 MR. MULLIN: Oh, how is that measured.

12 COUNCILMAN NUTTER: And how is that
13 determined as compared to what?

14 MR. MULLIN: Okay. I'm not sure
15 whether I want to say "compared to what," but I
16 will note that our Economic Development and
17 Economic Stimulus Program focuses on neighborhood
18 economic development, not only in the direct
19 employment in the neighborhoods, but also focuses
20 on trying to make sure that neighborhood residents
21 have access to jobs throughout the City.

22 COUNCILMAN NUTTER: Do you measure that
23 in dollars spent in neighborhoods? Do you measure
24 that in the number of jobs created in
25 neighborhoods? Do you measure that in development

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2 projects in neighborhood? Do you measure that in
3 the amount of rehabilitation of either homes or
4 businesses or commercial corridors in
5 neighborhoods?

6 I mean, what is the measure?

7 MR. MULLIN: I would take the category
8 "all of the above."

9 We don't -- in the Commerce Department,
10 we don't measure the houses directly, as they do
11 at OHCD, but all of those areas, the number of
12 developments, the rehabilitation of commercial
13 projects or buildings or businesses. The
14 retention of businesses, and the employment -- not
15 only directly in neighborhood but, again, for
16 employment for neighborhood residents.

17 COUNCILMAN NUTTER: Okay. Well, I
18 guess the only reason I'm confused is -- well,
19 maybe we have a number of number-one priorities in
20 the City.

21 But I thought the number-one priority
22 was the hotel and tourism industry. That's the
23 one that seems to get the primary focus, that's
24 the one that seems to get all the money.

25 Do you want to tell me about how many

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2 HUD 108 loans were granted in the neighborhood
3 areas as compared to everywhere else, or in Center
4 City?

5 MR. MULLIN: Uh. . .

6 COUNCILMAN NUTTER: I'm trying to
7 understand the --

8 MR. MULLIN: I don't necessarily see
9 them as mutually exclusive. The targeting of a
10 particular industry to invest in is also, as you
11 know, the Administration considers that a source
12 of employment for neighborhoods and can be seen as
13 an integral component of the overall neighborhood
14 economic development throughout the City.

15 We do have HUD 108 loans, for example,
16 that go to businesses and to projects that are not
17 in Center City, even though the largest dollar
18 amounts are for projects in Center City, that is
19 true.

20 COUNCILMAN NUTTER: Okay. And if one
21 of the engines driving Center City investment and
22 development is hotel and tourism -- and that's
23 fine, I guess something has to drive the engine
24 down here -- then tell me what is the engine
25 driving the economy of West Philadelphia, and

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2 what's the targeted industry that we're going
3 after to get people employed or jobs developed in
4 West Philadelphia.

5 MR. MULLIN: Um, the --

6 COUNCILMAN NUTTER: Or South
7 Philadelphia.

8 MR. MULLIN: Right.

9 COUNCILMAN NUTTER: Or the Northeast or
10 East Philly, or anywhere else.

11 MR. MULLIN: Right. I want to answer
12 that in three components:

13 One is the employment-based businesses,
14 whether they be industrial or service-sectors
15 businesses that are not located in the Center City
16 area, and there are thousands of those. We do
17 look at retention and attraction of businesses
18 there, and certain of these funds are directed
19 towards trying to promote that business activity.

20 In addition, we are looking at and we
21 spend funds and time and effort to try to help
22 develop the economic development skill bases of
23 not-for-profit organizations and community
24 development corporations throughout the City so
25 that they can work hand-in-hand with us and

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2 actually see if we can -- more than working
3 hand-in-hand with us, see if we can assist them in
4 helping generate economic activity in the sub
5 markets throughout the City.

6 The third area is job -- job -- well,
7 employment recruitment, job training, and other
8 efforts that part of these funds are used in
9 conjunction with the Private Industry Council with
10 the new Greater Philadelphia Works Program and in
11 other areas there that we are looking for
12 assistance to try to help the -- to try to help
13 the employability and the employment for
14 individuals in these other areas, whether that is
15 directly in the neighborhood or jobs or employment
16 that they can reach through transportation.

17 COUNCILMAN NUTTER: Well, I greatly
18 appreciate the response, but I take it from the
19 response that the answer is that there is no
20 targeted industry that we are going after similar
21 to hotel and tourism.

22 I mean, let's take as a granted that
23 hotel and tourism is not the industry that's
24 driving the engine of activity in West
25 Philadelphia or Southwest Philadelphia or South

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2 Philadelphia, is that right?

3 MR. MULLIN: Um, there's --

4 COUNCILMAN NUTTER: There's not a lot
5 of hotels being built in West Philly.

6 MR. MULLIN: Not a lot of hotels, but
7 residents of West Philadelphia probably will have
8 increased employment opportunity through those,
9 and they'll bring the money back into the
10 neighborhood that --

11 COUNCILMAN NUTTER: Well, this is the
12 refined trickle-back theory. This is not
13 trickle-down; this is trickle-back.

14 You get a job somewhere, you take your
15 money from your job in some other neighborhood,
16 and the you run in back to your neighborhood, and
17 that makes everything better. Is that our
18 theory?

19 MR. MULLIN: I'm not sure that that's
20 necessarily new. I think that the income
21 generated by individuals in neighborhood is what
22 supports the neighborhood services.

23 And that's -- and I'm not saying that
24 that's the only --

25 COUNCILMAN NUTTER: And then they fix

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2 up the neighborhoods themselves, is that what they
3 do?

4 MR. MULLIN: They create demand for
5 services. I'M not saying it's the only thing, and
6 I'm not saying it -- it works one hundred percent
7 to solve everything, but it is an important
8 component.

9 COUNCILMAN NUTTER: All right. Well,
10 on page 2 of your testimony, at the top of the
11 page, you talk about investing in neighborhood
12 physical infrastructure, including housing to
13 improve the business environment near residential
14 areas.

15 Could you tell me about these
16 neighborhood physical infrastructure improvements
17 that have been made out in our
18 commercial/residential areas? What investments
19 does the Commerce Department make to improve the
20 physical infrastructure in residential areas?

21 MR. MULLIN: Well, first, I'll note,
22 the housing is through OHCD.

23 COUNCILMAN NUTTER: I understand the
24 housing part.

25 MR. MULLIN: The two ways that we --

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2 that the Commerce Department is involved in the
3 economic development, one is through block grant
4 funding for neighborhood capital projects, and the
5 second is through City capital funding, which we
6 try to coordinate as much as possible.

7 And one thing that I would note to give
8 an example, with block grant funding, the
9 recently-opened parking facility or parking lot at
10 Fifth and Indiana tried to help the commercial
11 corridor along North Fifth Street would be one
12 example of CDBG dollars going to infrastructure in
13 a neighborhood to hopefully make the ability of
14 that neighborhood commercial strip stronger in
15 servicing the people of the area.

16 COUNCILMAN NUTTER: What are the top
17 industries for the City and not just our
18 neighborhoods? What are the top three industries
19 that we're trying to attract to Philadelphia?

20 MR. MULLIN: I --

21 COUNCILMAN NUTTER: Are we trying to be
22 known as any particular hub of service or industry
23 in the country? Or are we just taking whoever
24 comes and we're glad that they come?

25 MR. MULLIN: Well, as you've mentioned,

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2 certainly, we are trying to capitalize on what we
3 consider to be an underutilized asset of
4 Philadelphia as a location for a tourist and
5 convention city and still investing in that
6 industry.

7 The second industry that we are going
8 to -- say when I say "we," it is really the entire
9 metropolitan area, but the pharmaceutical and
10 health-care industry, even though the latter is
11 going through significant change, it is still a
12 huge engine for both investment and employment
13 throughout the area.

14 Service-sector industries, including
15 telecommunications and communication information
16 technology, are also broadly-defined areas --
17 broadly-defined industries that we are trying to
18 figure out ways and that we are trying to promote
19 for the City of Philadelphia.

20 COUNCILMAN NUTTER: And lastly in this
21 area, there was a story in the paper on Sunday
22 that talked about the Philadelphia region as a
23 major financial services center; although in the
24 D-2 graphic, the City of Philadelphia was barely
25 visible on the chart.

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2 Are there reasons why these kinds of
3 companies -- GMAC Commercial Mortgage or MBNA, or
4 any of these entities -- choose not to be in
5 Philadelphia versus wherever else they might be?
6 Don't they employ large numbers of people? And
7 people who work at those kinds of companies make a
8 fairly decent amount of money versus somebody who
9 might -- and if you're unemployed, I guess a job
10 beats no job every day.

11 But if we had our druthers, wouldn't we
12 want to have more people working in those kinds of
13 industries than in hotel rooms?

14 MR. MULLIN: All else equal, I believe
15 the very strongly that the answer is yes, although
16 I don't mind that people work in hotel rooms
17 either.

18 COUNCILMAN NUTTER: Well, they work
19 wherever they want to work. I rather work they
20 work than not work.

21 What I want to know is what are we
22 doing to -- we're obviously trying to get the one.

23 MR. MULLIN: Right.

24 COUNCILMAN NUTTER: Aggressively. What
25 are we doing about everybody else?

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2 MR. MULLIN: Okay. Well, in terms of
3 the -- I can give you one example in terms of the
4 financial services industry.

5 And I saw that article too, and we are
6 very much aware that there is a very strong
7 regional financial services industry here, which
8 includes money management. And you're familiar,
9 with your background, both money management,
10 mutual funds, investment banking, and commercial
11 banking, which has seen a lot of air play lately
12 as that industry restructures.

13 There are a couple of things that we
14 are working on right now because I can tell you
15 that there are certain things in our tax code that
16 make locating inside Philadelphia for certain
17 types of financial services industries very, very
18 uncompetitive to locating outside of Philadelphia.
19 We are working with the Law Department and the
20 Revenue Department to identify those things.

21 And, by the way, I'm not talking -- we
22 will always hear people say the wage tax or
23 business privilege tax, and it's -- I won't say
24 that those aren't in part factors because we --
25 this administration recognizes that, yes, they

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2 are. But even the way that they are applied, the
3 way that we apply business privilege tax, what we
4 count as net income, with financial service
5 industries, including many of the ones that
6 essentially accumulate money from other people,
7 invest it, and then return some type of return to
8 the investors, we tax those extra here in the City
9 of Philadelphia.

10 COUNCILMAN NUTTER: I understand you,
11 and I don't mean to cut you off. I'm pretty much
12 aware of what the problems are.

13 What I want to know is if somebody's
14 doing something about it and that it may actually
15 happen even in my lifetime.

16 MR. MULLIN: And I hope it happens in
17 mine, too, yes.

18 In terms of the financial -- again, in
19 terms of the financial services industry, we are
20 working very closely with the Law Department and
21 the Revenue Department to identify some of those
22 cases where we just have these little burrs that
23 are -- that seem nothing to us, but they're huge
24 out there.

25 COUNCILMAN NUTTER: Okay, gotcha.

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2 The last thing in this area is, do we
3 have a written policy that either a potential
4 developer or someone that has a project or even a
5 member of City Council might be able to see with
6 regard to the use of HUD 108 loans and TIFs and
7 all of those various incentives that we try to
8 utilize to either keep or attract new businesses
9 here?

10 I'm becoming concerned, and I've raised
11 this before. I think Mr. Hankowsky has provided,
12 from time to time, a listing of all the various
13 deals and what we think they might do long term.

14 The flip side of that is, in the TIF
15 deals, for instance, we give up a fair amount of
16 potential tax revenue. And I understand the
17 argument "You might not have had it if you didn't
18 do this anyway."

19 But the City is increasingly being
20 chopped up into either TIF districts, special
21 services districts. And now, out of the brain
22 trust in Harrisburg, we are being told about, I
23 believe, Keystone Opportunity Zones, which I have
24 very little information on. I heard a little bit
25 about it, but would like to get more data.

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2 Is there any concern by the
3 Administration that in our efforts -- in our, at
4 times, desperate efforts to do anything we
5 possibly can to have anybody here for any reason,
6 that we will have no one paying any taxes for long
7 periods of time?

8 MR. MULLIN: I think the answer is no
9 to that, that we do not think that we're -- that
10 we are close to --

11 COUNCILMAN NUTTER: My first question
12 was a policy.

13 MR. MULLIN: What's that?

14 COUNCILMAN NUTTER: First question was
15 a policy, is there a policy?

16 MR. MULLIN: Oh, on that, yes. And I
17 -- um -- and --

18 COUNCILMAN NUTTER: I suggest you leave
19 some wiggle room for yourself.

20 MR. MULLIN: Yeah. As part of it is,
21 as we talked with the Mayor and PIDC and so on,
22 how are we strategizing, and what areas might we
23 want to use various types of incentives? That's
24 one, and that isn't something where we have it
25 codified and said, "If you have XYZ, then you can

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2 apply for this."

3 And in some of our other programs, like
4 the HUD 108 loans for the loan pools, we actually
5 do have the written procedures. We have gotten
6 those in CDBG mortgage programs and others like
7 that where we have regulations. You know, they've
8 been approved by HUD, and we've been using them
9 for some time. Or they're new regulations on sort
10 of what is eligible.

11 They're generally broad-based type of
12 eligibility as opposed to this type of business
13 only, but there are ones where we --

14 COUNCILMAN NUTTER: Yeah, I understand
15 that. But what I'm concerned about is, is
16 somebody keeping a running total somewhere, does
17 somebody have a board somewhere, you know?

18 Or has someone decided that each and
19 every year, we will do X-amount, and we'll only do
20 X-amount because we're not going to mortgage the
21 future, or we're not going to have ourselves do
22 HUD 1078 loans into the year 2020. That's what
23 I'm concerned about.

24 MR. MULLIN: Yeah, I think that every
25 one of my colleagues, the Mayor on down -- and I'm

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2 not counting him as a colleague, but all my
3 colleagues and the Mayor, we are very conscious of
4 how much of the 108 are talking about. And we
5 have a statutory -- or a HUD-imposed limit on that
6 and we recognize that, and also with the tax
7 increment financing.

8 It was also consciously talked about,
9 last year, the extension of three-year to ten-year
10 tax abatement for the conversion of commercial
11 industrial institutional properties into
12 apartments.

13 Part of what shaped -- and I think you
14 were involved in some of that or had input on
15 that. Part of the what shaped that was how much
16 are we talking about, what parts of the tax base
17 are we talking about.

18 COUNCILMAN NUTTER: Okay.

19 MR. MULLIN: So my short answer is, I
20 think we are extremely conscious of that. But
21 there isn't -- to my knowledge, there isn't a
22 single number where we say once we hit 500 million
23 or something, that's too much.

24 COUNCILMAN NUTTER: I think the policy
25 is, if we think it helps the deal, or if it serves

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2 as a further inducement, you can get one. I think
3 that's the policy.

4 MR. MULLIN: The only thing that I
5 would -- I think that there's a cost benefit
6 calculus that's done there too, because there are
7 a lot of deals that come in, or a lot of projects
8 proposed, where they say, you know, and let's use
9 a TIF and let's use a TIF.

10 So before it even gets up to any level
11 here, there's a level where PIDC will say, No,
12 that is not appropriate for a TIF.

13 COUNCILMAN NUTTER: All right. Lastly,
14 if you can get me any information additional
15 information that you may have on these Keystone
16 Opportunity Zones, I would be very interested in
17 getting it prior to anyone's attempt to create
18 one.

19 MR. MULLIN: Sure, I'd be happy to.
20 Thank you.

21 COUNCILMAN NUTTER: Madame Chair, I
22 have other questions, but I know you have
23 questions too, so I yield back.

24 COUNCILWOMAN VERNA: At this time, I
25 will recognize Councilwoman Blackwell.

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2 COUNCILWOMAN BLACKWELL: Thank you.

3 Mr. Kromer, in your testimony, you
4 mentioned a relationship with the Health
5 Department and OMH and Mental Health and Mental
6 Retardation for Assisted Housing.

7 Does that put you in a position to have
8 any kind of relationship with CDH, does housing
9 have any relationship with that department?

10 MR. KROMER: The answer is no at this
11 point, although we've had some discussions with
12 Commissioner Richman about the possibility for
13 linking our resources.

14 To date, we've collaborated with the
15 Health Department and various affiliates of the
16 Health Department on special needs ventures that
17 involve particular services to mentally ill
18 people, for example, but that's all been
19 Community-Development-Block-Grant-related.

20 COUNCILWOMAN BLACKWELL: Thank you.
21 That's it for me.

22 COUNCILWOMAN VERNA: Thank you.

23 Mr. Kromer, can you tell us how much is
24 allocated for the basic system repairs?

25 MR. KROMER: Yes. The allocation is

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2 shown on page 218. And it shows the division, at
3 the very top of that chart, between the three
4 tiers of the program, Tier I being the emergency
5 repair hotline, item 1 on that page. And then
6 under item 3, the Tier II and Tier III categories.

7 In past years, as you'll see the
8 overall funding --.

9 COUNCILWOMAN VERNA: I'm sorry. Would
10 you mind explaining what the tiers are -- Tier I,
11 Tier II, and III.

12 MR. KROMER: Yes. The tiers represent
13 various levels of repair needs. And Tier I is the
14 most basic one and involves activities such as
15 heater repair, just addressing a crisis that
16 requires a contractor to fix or replace a heater
17 primarily, or to deal with other immediate
18 emergency.

19 Tier II is a level that -- and Tier I
20 is limited to one category -- plumbing only or
21 heating only.

22 Tier II is a category that is intended
23 to support repair needs that require more than one
24 trade -- plumbing and heating, plumbing and
25 electrical. And, of course, the cost of the

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2 repair per unit goes up.

3 And Tier III is reserved for the most
4 expensive repair work that is required, where the
5 roof may be in danger of collapse and the heater
6 needs to be replaced and the weatherization needs
7 to be done.

8 Although the funding for emergency
9 repairs and other related activities has increased
10 slightly. You'll see the Year 23 amount of \$18.4
11 million compared to our proposed 19.3 million.

12 PHDC, with our support, has made some
13 changes in the basic systems prepare program, and
14 Maceo Cummings can elaborate if that would be
15 helpful.

16 But PHDC was finding that a lot of the
17 Tier I cases were cases that, months later or a
18 year later or two years later, required a return
19 visit from the PHDC. People called the hotline
20 they got the heater replaced, but there was an
21 electrical problem and so there was a callback a
22 short time later, the electrical contractor came
23 out.

24 So we could say to you, we do two Tier
25 I cases during that year. In fact, it was one

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2 house; we came back twice.

3 And so PHDC reasonably suggested that
4 we build up the Tier II category and try to
5 anticipate, look more closely at the total need of
6 the house, and try to address that through Tier
7 II.

8 That's the reason for the increased
9 funding for Tier II that's shown here, an increase
10 of about 14 percent.

11 COUNCILWOMAN VERNA: Is Mr. Cummings
12 here?

13 MR. KROMER: Yes.

14 COUNCILWOMAN VERNA: I would like to
15 get some information on how many of our
16 constituents were serviced through the system
17 repairs during the last year.

18 (Maceo Cummings comes forward.)

19 MR. CUMMINGS: Good morning.

20 COUNCILWOMAN VERNA: Good morning.

21 MR. CUMMINGS: My name is Maceo
22 Cummings. I'm the Executive Vice President of the
23 Philadelphia Housing Development Corporation.

24 The Philadelphia Housing Development
25 Corporation, as you have heard, administers the

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2 Basic Systems Repair Program. And during -- and I
3 can actually give you up through the end of April
4 of this year, we have completed close to 4,000
5 units of service.

6 That does not mean that, obviously,
7 there were quite a few numbers where we had to go
8 out and inspect and they were not emergencies or
9 they did not -- they were not eligible.

10 But from working the Tier I, Tier II
11 and Tier III levels, including weatherization, we
12 were above 4,000 units of service.

13 COUNCILWOMAN VERNA: If a senior calls
14 and says that they have no heat or there is
15 something wrong with their heater, how long does
16 it take for repair or replacement of the heater?

17 MR. CUMMINGS: We usually try to
18 respond within 24 for 48 hours. We also have a
19 nonprofit corporation that works with us, ECA,
20 where they will do repairs to heaters.

21 So we try to refer the repair -- what
22 we would believe a repair to a heater as to ECA.
23 If it's a replacement, we do the replacement.

24 Typically, we're 24 to 48 hours.

25 COUNCILWOMAN VERNA: You respond within

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2 24 hours?

3 MR. CUMMINGS: Yes.

4 COUNCILWOMAN VERNA: And how long does
5 take before the repair or replacement takes place?

6 MR. CUMMINGS: I would say we are
7 probably at a week for repair.

8 COUNCILWOMAN VERNA: All right, thank
9 you.

10 Does anybody have any questions of Mr.
11 Cummings? Councilman Nutter.

12 COUNCILMAN NUTTER: Yeah. Actually,
13 for all three individuals at the table.

14 Having to do with the CDBG budget. On
15 pages 220 and 221, and we'll wait until Mr.
16 Eisenstat gets here. Has he disappeared from the
17 room?

18 COUNCILWOMAN VERNA: Is Mr. Eisenstat
19 in the room?

20 UNIDENTIFIED PERSON: He's outside.

21 COUNCILMAN NUTTER: If I'm reading this
22 correctly, it appears that \$30,948,000 out of the
23 \$78,268,000 in CDBG funds are categorized in
24 either annual operating costs or general
25 administration, is that correct?

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2 MR. KROMER: That's correct. These
3 categories -- annual operating costs, and as you
4 can see, that's broken down into program delivery,
5 the category on page 220, and the general
6 administration's on page 221.

7 COUNCILMAN NUTTER: Right. So those
8 number seem to add up or actually divide such that
9 nearly 40 percent of our CDBG allocation from the
10 federal government is used for annual operating
11 costs and general administration, is that
12 correct?

13 MR. KROMER: That's right.

14 COUNCILMAN NUTTER: Okay. And when
15 CDCs get money from us, is there a particular
16 breakdown of operation costs or general
17 administration that is either a mandate or a
18 requirement for those funds?

19 MR. KROMER: No. All of the
20 development funding is awarded for development
21 only, and we have no awards to CDCs for operating
22 costs, although we do fund neighborhood advisory
23 committees, which are a separate line item.

24 COUNCILMAN NUTTER: Well, I guess, you
25 know, when you think about this program and who it

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2 is for, it might lead the somewhat naive person to
3 think that most of the money is going to the very
4 low, low and moderate-income population for which
5 it is granted and is the basis for the calculation
6 by the federal government.

7 MR. KROMER: And that is correct. Most
8 of the money is going to that population, not only
9 because of federal mandate but because of a City
10 Council mandate that requires us to structure the
11 plan in that way.

12 COUNCILMAN NUTTER: But you don't find
13 40 percent admin costs to be unusual or high or
14 out of whack? Or are we leading the nation in low
15 administration costs, or are we in the middle of
16 the pack? I mean --

17 MR. KROMER: They're very substantial,
18 and let me be clear. I'm sure you're familiar
19 with the distinction between program delivery and
20 general administration.

21 Program delivery involves specific
22 costs that are staff costs and other
23 administrative costs that relate to producing a
24 unit of housing or a unit of repair, the cost of
25 inspectors and others associated with those

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2 specific tasks, as opposed to general
3 administration -- my salary and people like me who
4 are in purely administrative positions. And the
5 cost is substantial.

6 Let me be clear. We could reduce these
7 costs very dramatically if we changed the nature
8 of our program and provided a lot more funding to
9 developers to do housing anywhere, to do any kind
10 of housing, and reduced our underwriting. Or if
11 we --

12 COUNCILMAN NUTTER: How does that
13 change how does that change your admin costs?
14 You'd farm more of it out?

15 MR. KROMER: Sure. We could get rid of
16 the people that scrutinize the low-income housing
17 tax credit proposals and coordinate with PHFA to
18 get as much tax credit financing as we can.

19 We could do away with the housing
20 counseling contracts. There are 27 of them. And
21 with the contract administration, which we are
22 committed to because we support the idea of
23 community and nonprofit -- community-based and
24 nonprofit groups delivering programs and
25 services. We don't have to fund 30 housing

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2 counseling agencies throughout the City.

3 COUNCILMAN NUTTER: I don't think
4 anyone would even venture to think that we should
5 somehow cut services to people. I'm just asking
6 you a very simple question about the size of the
7 administration costs versus the total grant.

8 And it just struck me as -- that it
9 might be somewhat high. And knowing that you
10 would never accept a grantee having such high
11 admin costs, I'm just asking the question.

12 MR. KROMER: This is a level of admin,
13 both program delivery and general admin, that is
14 comparable to that of other large cities around
15 the country. And I think you'd find that we're
16 actually more cost-efficient than other cities.

17 Our product is certainly superior. I
18 don't know of a another city that is dependent on
19 the federal and State funding, that has a
20 performance that we have in some key areas --
21 housing counseling, home ownership zone, moderate
22 rehab, Title 1 lending, and title property
23 acquisition.

24 And that's been studied. We've got a
25 better project, and we're paying for that in

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2 staffing it appropriately to deliver that product.

3 COUNCILMAN NUTTER: But at the same
4 time, Mr. Kromer, I don't think you want to
5 completely leave the record that the only way to
6 cut admin costs is to cut program delivery.

7 Don't you at least want to throw out
8 the possibility that some of these administrative
9 costs, if there was a change in policy internal to
10 the government, that some of these -- I mean, your
11 admin costs are people, they are bodies. They are
12 salaries.

13 MR. KROMER: That's right.

14 COUNCILMAN NUTTER: Right? They are
15 salaries.

16 MR. KROMER: That's right.

17 COUNCILMAN NUTTER: That some of those
18 could either be offset by additional City funding,
19 or those folks could be paid from another pot of
20 money as opposed to CDBG funds? Don't you want to
21 at least throw out that possibility?

22 MR. KROMER: There's no question of
23 that, but -- and I would love to have more City
24 funding. But I don't think it makes sense. Given
25 the other properties that you and the Mayor have

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2 to deal with, and I would not propose that.

3 The Community Development Block Grant
4 is a limited resource, but it's a substantial
5 resource, and I think we could make very effective
6 use of that.

7 I think that there's plenty of room for
8 administrative cost cutting, and I've tried to
9 lead the way in cutting administrative costs.
10 Several years ago, when the decline in HUD funding
11 began, I eliminated a deputy director position,
12 the Deputy Director for Special Projects. John
13 Palen (ph.) filled that position.

14 The next year, I eliminated another
15 deputy director position; that was the Deputy
16 Director for Operations. Carlos Acosta filled
17 that position. There is no position of that type
18 at OHCD.

19 The next year, I eliminated the
20 executive secretary position assigned to me that
21 was vacant.

22 I reassigned the Assistant to the
23 Director, Teresa Mulligan, to the Commerce
24 Department.

25 This month, I terminated funding for

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2 the Deputy Director of Operations position at the
3 Philadelphia Housing Development Corporation.

4 I was the only cabinet member or
5 commissioner that recommended to the task force
6 that was studying the compensation levels for
7 department heads that there be no increase in
8 compensation, and they concurred, and there has
9 been no increase in the compensation for our
10 agencies.

11 So this is not going to bring in
12 millions of dollars, but I think it represents the
13 kind of cost-cutting to which you're referring,
14 and we have to be committed to it.

15 COUNCILMAN NUTTER: Well, I appreciate
16 all of your efforts and even your sense of
17 personal self-commitment to trying to cut costs,
18 your enthusiasm for the recommendation of no
19 salary increases, which may or may not be shared
20 by others affected by the recommendation.

21 (Laughter.)

22 COUNCILMAN NUTTER: I have not heard
23 them jumping up and down about it but you can
24 certainly continue to do that.

25 Let me ask you one last question,

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2 because I never did complete understand this, and
3 I was left to just try figure it out by reading
4 newspaper stories.

5 The contract with Carl Green seemed to
6 take a fairly circuitous route somehow weaving its
7 way through PHDC. And I any never could figure
8 out why that was the case. Whose payroll is he
9 on, signs his paycheck?

10 MR. KROMER: Maceo Cummings may be able
11 to elaborate on some of this, but I believe the
12 correct answer is that the Housing Authority --

13 COUNCILMAN NUTTER: Anyone who's taken
14 an involuntary cut doesn't have to respond.

15 (Laughter.)

16 MR. KROMER: Carl Green is on PHA's
17 payroll, but I believe that the PHDC arrangement
18 is the contingency in the event that during the
19 three-year contract period, the Board of
20 Commissioners of PHA determine that his services
21 are not required by PHA, at which time he would be
22 assigned to PHDC.

23 But there is no Community Development
24 Block Grant funding nor any other funding other
25 than PHA funding that is supporting his salary.

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2 COUNCILMAN NUTTER: He would be
3 assigned to PHDC do what? If PHA didn't want him
4 for some reason, why would PHDC want him?

5 MR. KROMER: Well, I think it's -- in
6 the past, some of our staff have gone to PHA, and
7 some PHA staff have come to the City's Housing --

8 COUNCILMAN NUTTER: Well, I understand
9 that people float around all over the place. You
10 know, it's a great thing to do.

11 Mr. Green is in a singly, kind of
12 special situation with a somewhat guaranteed
13 contract. I don't know why, if the PHA Board made
14 such a serious determination about his services,
15 that he would subsequently, as the fall-back, end
16 up at PHDC. I never heard that before.

17 My understanding was that if the
18 termination was for any particular reason, and
19 specifically having anything to do with the
20 situation in Detroit, that we would just buy him
21 out of his contract. And I assume he goes
22 wherever he goes with the cash.

23 I hadn't heard about the fall-back, the
24 PHDC scenario, so can you explain that?

25 MR. KROMER: I'd be glad to submit

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2 additional written information just to be sure
3 that I'm giving you the correct information.

4 My feeling is that it's unlikely that
5 the Board of Commissioners would opt to do this,
6 but I will give you the details.

7 COUNCILMAN NUTTER: Well, I understand
8 that, but I still don't have an answer to the
9 other question.

10 Who signs his paycheck, where does his
11 check come from?

12 MR. KROMER: PHA, the Philadelphia
13 Housing Authority.

14 COUNCILMAN NUTTER: All right, thank
15 you.

16 COUNCILWOMAN VERNA: Mr. Kromer, can
17 you tell me the reason for the reduction of
18 approximately \$450,000 from the Youth Build
19 budget? I think that's such a wonderful,
20 wonderful program, and I don't understand why we
21 would be reducing the funding for it.

22 MR. KROMER: We've increased our
23 support for Youth Build every year and continue to
24 support Youth Build.

25 I believe this reduction represents a

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2 shift from the Year 23, in which the Youth Build
3 line item included some development funding to
4 line item which reflects the administrative
5 funding only for Youth Build, with the development
6 funding being committed under the line item under
7 Page 217, Neighborhood-Based Home Ownership
8 Production.

9 Our feeling was, rather than include
10 the development subsidy in a specific contract
11 with Youth Build, that we should fund them for
12 operations and continue to commit to funding at
13 the level that we had committed to in the past,
14 but to provide the development subsidy funding
15 through the Redevelopment Authority, as part of
16 our Housing Production Program.

17 COUNCILWOMAN VERNA: Hasn't that
18 program expanded into other sections of the City?
19 I know the first section of the City being
20 addressed by this program is South Philadelphia.

21 MR. KROMER: Yes.

22 COUNCILWOMAN VERNA: But it's my
23 understand now that they have expanded to other
24 areas.

25 MR. KROMER: That's right.

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2 COUNCILWOMAN Verna: So shouldn't we be
3 giving them more money to get more youngsters to
4 get involved?

5 MR. KROMER: There are three Youth
6 Build sites in Philadelphia now. South
7 Philadelphia continues, there's a Ludlow site in
8 eastern North Philadelphia, and a Northwest
9 Philadelphia site, working in West Oak Lane now
10 and to move it to Germantown in the future. And I
11 know there's discussion about a West Philadelphia
12 Youth Build site as well.

13 At this point, it's my understanding
14 that Youth Build has not raised the matching funds
15 that it would like to see in order to open up in
16 West Philadelphia. But to the extent that the
17 organization is ready to move ahead and expand
18 again, we would like to support them.

19 Of course, resources is always a
20 problem, but I agree with you, the Youth Build
21 needs to be one of our highest priorities. It's a
22 great program, and we're regarded as the best
23 program in the country by many people that are
24 familiar Youth Build.

25 COUNCILWOMAN Verna: I think that

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2 Councilwoman Fernandez feels as strongly as I do
3 about that program, and I know that's she's really
4 very anxious to say something, so I would
5 recognize her at this point.

6 COUNCILWOMAN FERNANDEZ: Well,
7 actually, one of my questions related to that --
8 yes, again, Youth Build, I think, is one of the
9 most excellent programs that takes young kids
10 who've dropped out of school and gives them
11 training and a GED; and, probably most important,
12 rebuilds their self-esteem.

13 The young people really feel ready to
14 go into the job market, or some are going on to
15 college. So I think that's a very good investment
16 of CDBG dollars, particularly since their work
17 involves rehabbing a house for a low-income
18 family.

19 But it leads to another question. And
20 I think when Belinda Mayo, you know, had given the
21 testimony, she -- but I thought -- for the record,
22 I think it would be very important to get clear,
23 why are we using housing dollars? And I think of
24 OHCD primarily as housing, even though I know
25 there's community development.

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2 Why are you proposing to use housing
3 dollars for all this job training? I can see it
4 with Youth Build because the young people are
5 perhaps getting trained for jobs in housing, rehab
6 and construction. They are also actually
7 rehabbing houses and you're using the money for
8 that.

9 But since there are other big pots of
10 money through the Private Industry Council and now
11 the new federal Philadelphia Works jobs money.
12 Why are we taking these limited dollars out of
13 OHCD for job training programs?

14 MR. KROMER: Our approach really
15 relates to our definition of community
16 development, which, simply put, involves fixing up
17 the physical environment but also getting people
18 ready to succeed in today's economy.

19 And we work very closely with the
20 Private Industry Council and other agencies to try
21 to identify areas that we have interest in and
22 programs that we think make sense.

23 And Youth Build is a good example that,
24 for whatever reason, can't be funded, or can't be
25 funded as quickly or as effectively through the

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2 Private Industry Council or other sources, either
3 because of restrictions or the limited flexibility
4 of the funding that's available to those agencies,
5 or because of the timing, because we can move in
6 more quickly and seed a program that can later be
7 taken on by the Private Industry Council.

8 A good example of that is the Greater
9 Philadelphia First initiative in which we started
10 up an approach involving Greater Philadelphia
11 First staff interviewing employers in some of the
12 key industries -- the precision manufacturing and
13 the data-intensive industries -- to try to
14 structure a training program that specifically
15 addressed the needs of those major employers.
16 Once that work was done at a relatively low cost,
17 the Private Industry Council funded the training
18 program itself.

19 But my understanding is that it would
20 have been difficult for the Private Industry
21 Council to initiate the planning contract with the
22 Greater Philadelphia First, for a relatively small
23 amount of funding, got this rolling.

24 COUNCILWOMAN FERNANDEZ: So that
25 250,000 was just a planning contract?

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2 Again, I was surprised to see the GPF,
3 you know, in the OHCD budget. So next year, it's
4 showing 250,000.

5 MR. KROMER: It was some planning and
6 start-up for these models. And it cut across
7 three of the clusters of employment opportunity
8 that Greater Philadelphia First had identified in
9 its report on the economic development potential
10 of the region.

11 COUNCILWOMAN FERNANDEZ: Yeah, I
12 remember the report. And it's good and I know
13 it's a great idea. I was just puzzled as to why
14 it's here when there is all of this PIC money and
15 now the other kinds of job-training money.

16 MR. KROMER: The answer is that the PIC
17 money wouldn't have been ready quickly enough to
18 fund that, and that the process of going to the
19 PIC's funding sources and getting that money
20 available would have consumed time that I think
21 would be better spent moving to implementation.

22 COUNCILWOMAN FERNANDEZ: Well, I think
23 and I am very aware of the kind of leadership
24 you've provided at OHCD. I assume you keep a very
25 close eye, and it's the exception rather than the

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2 rule that, in a sense, shrinking CDBG dollars
3 would be used for --

4 MR. KROMER: The good news is that --

5 COUNCILWOMAN FERNANDEZ: And try to get
6 it out of the other pots.

7 MR. KROMER: The good news is that the
8 federal money for jobs and for Welfare-to-Work
9 that was the subject of announcement a few weeks
10 ago --

11 COUNCILWOMAN FERNANDEZ: 50 million,
12 right.

13 MR. KROMER: -- provides a lot of
14 additional money and a lot of flexibility that the
15 traditional conventional funding sources did not.

16 So I expect, as a result, we'll see
17 less of need to fund these initiatives through the
18 block program.

19 COUNCILWOMAN FERNANDEZ: Also, I just
20 want to note for the record, when I looked at the
21 overall budget, the major place where there were
22 cuts was in the administrative costs.

23 So despite some of the other issues
24 raised, I think it should be noted for the record
25 that that was a major -- you know, there weren't

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2 that many cuts in other parts of the program, but
3 you really are constantly trying to squeeze the
4 administrative costs.

5 There's one other question I had, and I
6 forgot to write down his name, the representative
7 from OHCD who was talking about the contracts.
8 And the chart he gave us showing contracts by --
9 or subcontracting by Councilmatic district, I was
10 puzzled and would like an explanation as to why
11 the 10th Councilmatic District had like 1.7
12 million.

13 I could understand perhaps some of the
14 other districts, but I didn't know what kind of
15 projects were going on up there that would account
16 for that, unless the contractors are up there.

17 MR. BROOKS: Councilwoman Fernandez, my
18 name is Kevin Brooks, and I'm the Assistant
19 Director in the Office of Housing and Community
20 Development.

21 In answer to your question, that's a
22 quarterly report. And I provide a snapshot of
23 general contracts and subcontracts for that period
24 of time, so it's over a four-quarter period, but
25 you have one snapshot.

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2 And there's been request from
3 Councilwoman Verna for a full report, and we'll
4 provide a full report to Council on general
5 contracting and subcontracting.

6 So I can't specifically answer in why
7 this quarter, there's a zero, but I suspect that
8 over time, it averages out.

9 COUNCILWOMAN FERNANDEZ: No, it wasn't
10 a zero; it was 1.7 million in the 10th
11 Councilmatic District, and I couldn't figure it
12 out.

13 MR. BROOKS: We can go back and find
14 out what activity that represents.

15 COUNCILWOMAN FERNANDEZ: Let's see, I
16 had one other question, and that relates to the
17 housing preservation.

18 Mr. Kromer, again, you know I feel
19 strongly about investing in preserving and keeping
20 the current stock that's livable, to keep it in
21 good shape so people can continue to live, and so
22 we don't have more and more abandoned and vacant
23 houses.

24 But I was curious as to why in the --
25 this is a second-quarter report. And I couldn't

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2 find it in here of how many Tier I and Tier II and
3 Tier III basic systems repair projects had
4 actually been completed.

5 COUNCILWOMAN VERNA: I had asked that
6 question, and I believe he said 4,000.

7 MR. KROMER: There was a -- we've, for
8 over a year, been submitting quarterly reports to
9 Councilmembers.

10 The most recent one showed the
11 statistics for the period ending with the end of
12 March 1998 and showed that Citywide, 6,013 cases
13 had been completed in all three tiers. And -- I'm
14 sorry 3,435 cases had been completed in all three
15 tiers.

16 In your district, Councilwoman Verna --
17 I think you asked the question -- 382 cases were
18 completed for the year ending March 1998.

19 But it is in the quarterly report that
20 was distributed about a week ago, ten days ago.

21 COUNCILWOMAN FERNANDEZ: Well, that's
22 what I was looking at, the quarterly report. It's
23 not -- the pages aren't numbered, but it only
24 shows cumulative completed was like 500 -- oh,
25 that was weatherization. Let me get my lines

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2 right. The print's so small.

3 But I guess I just wanted to know, are
4 you on schedule in terms of the basic systems
5 repairs? Because the figures didn't seem to make
6 since in the second quarterly report.

7 MR. KROMER: I'm sorry that we don't
8 have page numbers on the report.

9 There's a chart that begins the section
10 on basic systems repair. I know there are lengthy
11 lists of addresses by Council district, but that
12 section starts with a chart titled "BSRP Tiers I,
13 II and II, and Weatherization."

14 COUNCILWOMAN FERNANDEZ: Is that in
15 this big book?

16 MR. KROMER: Yes, it shows the -- no.
17 It's in a binder that was circulated to
18 Councilmembers last week.

19 COUNCILWOMAN FERNANDEZ: My staff
20 member says she has it. Why don't we check it
21 back.

22 MR. KROMER: We'll follow up with it.

23 COUNCILWOMAN FERNANDEZ: I just wanted
24 to -- 'cause, again, that's such an important
25 program. I just wanted to make sure --

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2 MR. KROMER: Yes.

3 COUNCILWOMAN FERNANDEZ: -- at this
4 stage that production is really -- nor repairs are
5 really moving ahead on schedule .

6 MR. KROMER: The numbers are down
7 because of this change from Tier I to Tier II.
8 Rather than visiting the same house twice and
9 counting it as two units, because we fixed the
10 heater and then we got a call about the roof, PHDC
11 is going once.

12 So it means, in that case, the
13 production drops by half, but the value of the
14 program as increased, as a result.

15 COUNCILWOMAN FERNANDEZ: Thank you.

16 COUNCILWOMAN VERNA: Are there any
17 other questions?

18 The Chair recognizes Councilman
19 Nutter.

20 COUNCILMAN NUTTER: Thank you,
21 Councilwoman.

22 Mr. Kromer, let's go back for a moment
23 to pages 220 and 221. And I see that Mr.
24 Eisenstat has returned.

25 In the program delivery category, it

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2 appears that the Redevelopment Authority gets \$8.6
3 million, is that correct?

4 MR. KROMER: Proposing a reduction to
5 approximately \$8.3 million in the Year 24, that's
6 right.

7 COUNCILMAN NUTTER: I'm sorry, in the
8 yeah 24.

9 MR. KROMER: That's right.

10 COUNCILMAN NUTTER: That's 8-3-8-0,
11 right?

12 And in the general administration
13 category, it is -- it looks like a total of
14 2.870?

15 MR. KROMER: That's right.

16 COUNCILMAN NUTTER: 2370 in CDBG and
17 500,000 in home?

18 MR. KROMER: That's right.

19 COUNCILMAN NUTTER: What is RDA's total
20 budget?

21 MR. EISENSTAT: That number is hard to
22 estimate on any given year. It depends on the
23 nature of the other work that the Authority has in
24 general from an administrative -- from an
25 administrative standpoint, I would explain that

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2 generally for calculations, this represents
3 somewhere around 80 percent of the Authority's
4 budget.

5 COUNCILMAN NUTTER: I'm sorry, I didn't
6 hear you.

7 MR. EISENSTAT: This is a difficult --
8 this is a difficult question to answer.

9 Let me explain what some of our other
10 sources of revenues are and then explain that they
11 are somewhat -- they change from year to year.
12 And depending on the amount of work within a given
13 year, you won't know that until the work is
14 completed.

15 In general, I would say that this is
16 about 80 percent of the Authority's core work.

17 COUNCILMAN NUTTER: Are you saying "8"
18 or "80?"

19 MR. EISENSTAT: It's 80.

20 COUNCILMAN NUTTER: 8-0.

21 MR. EISENSTAT: 8-0. There's a series
22 of other functions that the Authority undertakes
23 on behalf of the City, and those are billed back
24 directly on other funding contracts and
25 agreements.

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2 In addition, some of the CDBG
3 administrative dollars are, in fact, used to pay
4 for the administration of those other activities
5 that are not reflected in the plan. And the
6 examples of those would primarily go to the
7 administration of the various site improvement
8 activities utilizing City capital dollars.

9 COUNCILMAN NUTTER: All right, but the
10 totals, for this discussion, are 11 \$11,250,000.
11 And you're saying that that represent about 80
12 percent of your budget.

13 MR. EISENSTAT: I'm not too sure how
14 you're -- when you take the two numbers and add
15 them up, that's correct. And I do appreciate it
16 that --

17 COUNCILMAN NUTTER: I was very good in
18 fundamental addition but I got 8.38 and 2.870.

19 MR. KROMER: Correct.

20 COUNCILMAN NUTTER: All right, okay,
21 that's 11.250.

22 MR. EISENSTAT: Right.

23 COUNCILMAN NUTTER: And you're saying
24 that's about 80 percent of your total budget?

25 MR. EISENSTAT: In any given year, it

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2 could be as high as 80 to 90 percent. I don't
3 have that number today because that number
4 fluctuates based on what other work is taken.

5 COUNCILMAN NUTTER: All right. But
6 with that in mind, I mean, your total budget is
7 somewhere in the -- maybe 13, 14, it could be as
8 high as \$15 million, but the bulk of the -- the
9 overwhelming majority of your funding comes right
10 out of this book.

11 MR. EISENSTAT: That's correct.

12 COUNCILMAN NUTTER: Okay. Now, have we
13 ever seen a budget from RDA?

14 MR. EISENSTAT: We submitted an annual
15 budget to the Office of Housing and Community
16 Development for a funding of everything and -- I
17 don't know if -- I mean, we don't submit an annual
18 budget to City Council; we submit an annual
19 budget, as the primary funding agency, to OHCD.

20 Our contract, prepared by the Law
21 Department, is reviewed by numerous City
22 officials, both in OHCD and in the Law Department,
23 which includes our budget.

24 I'd be happy to share with you a
25 line-by-line budget of the Authority.

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2 COUNCILMAN NUTTER: I mean, given the
3 level of funding that comes out of this, it would
4 seem to me that it would be most helpful.

5 MR. EISENSTAT: Be happy to.

6 COUNCILMAN NUTTER: Given the amount of
7 contact that we have with the Redevelopment
8 Authority, your budget should be a part of this
9 budget, and not just two lines.

10 MR. EISENSTAT: I'd be happy to forward
11 you the budget detail and the process and the
12 nature of the contracts that create the budget.

13 COUNCILMAN NUTTER: All right. It
14 appears on page 159, there's an item here,
15 \$300,000 in CDBG is being money used to maintain
16 RDA-owned sites.

17 Can you explain that, please?

18 MR. EISENSTAT: Just a moment.

19 MR. KROMER: Yes. The Department of
20 Housing and Urban Development requires the City to
21 show that it's taking responsibility for land that
22 was acquired with HUD funding in the past but has
23 not yet been conveyed.

24 And that land includes some parcels
25 that were acquired during the 1990s, but also a

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2 substantial number of parcels that were acquired
3 during the 1970s and possibly earlier that were
4 associated with urban renewal plans were never
5 funded by the federal government, and we are
6 required to use a portion of our block grant
7 funding for maintaining those parcels.

8 MR. EISENSTAT: If I could further
9 explain, that's a line item that is generally
10 known, or has been known over the years, but has
11 euphemistically been changed, but was previously
12 known as "Urban Renewal Liability."

13 That number was originally, in the
14 early 1990s, at about \$750,000 a year. Those
15 dollars primarily, as John explained, but I could
16 explain in further detail, go to the upkeep,
17 maintenance and demolition of properties that were
18 primarily acquired in the Redevelopment
19 Authority's inventory as far back as the 1960s.

20 It, for example, pays for the
21 maintenance staff to provide the cleaning and
22 upkeep of properties in Eastwick during the
23 summertime, something we could spend four or five
24 times more on, as well as the emergency demolition
25 and other demolition of RDA-owned properties that

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2 have been in inventory for a substantial number of
3 years.

4 COUNCILMAN NUTTER: Tell me about, on
5 page 161, this item number 3, acquisition, It's
6 \$2 million in acquisition funds available. Is
7 this for Citywide use?

8 MR. KROMER: Yes. And this is
9 primarily for the rental and sales housing
10 development ventures that had been funded in the
11 past years and are to be funded in the Year 24.

12 The primary acquisition area is the
13 Cecil B. Moore area, and a lot of this acquisition
14 is associated with the Home Ownership Zone
15 activities going on there.

16 However, to the extent that we have tax
17 credit rental ventures and sales housing
18 development ventures going on in other parts of
19 the City, the acquisition expense would come from
20 this line item.

21 In addition, where we have a commitment
22 to a specific program -- Philadelphia Neighborhood
23 Housing Services for example -- any eminent domain
24 activity required to support that program would
25 come from this line item.

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2 COUNCILMAN NUTTER: And lastly in this
3 area, how much money is available for Act 94 and
4 other condemnation procedures?

5 MR. KROMER: The funding for Act 94 and
6 other condemnation would come from this line item.

7 COUNCILMAN NUTTER: Out of the \$2
8 million?

9 MR. KROMER: That's right.

10 COUNCILMAN NUTTER: Well, given the
11 level of acquisition requests that you must get --
12 I know a fair number of them come directly from my
13 office, and I figure 16 other people are doing a
14 few things around here -- you can't be getting
15 ready to tell us that \$2 million is enough.

16 MR. KROMER: Not at all, not at all.
17 Again, it's a problem of resources. It would be
18 great to have more funding for acquisition.
19 Eminent domain costs a lot, and it requires money
20 to be paid for the fair-market value of the
21 properties, and it requires a level of staffing to
22 manage the details of this process, which takes a
23 couple of dozen steps.

24 COUNCILMAN NUTTER: Here we go back to
25 those administrative costs again.

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2 MR. KROMER: Absolutely. And that's
3 the crux of the matter.

4 Let me say, though, in 1992, I could
5 not have sat here and looked you in the eye and
6 talked with you seriously about eminent domain.
7 You could not be serious about Redevelopment
8 Authority and eminent domain. I mean, it could
9 not be done predictably.

10 Now the Authority routinely requires
11 and disposes of well over a thousand properties a
12 year. And so that capacity has increased very
13 substantially.

14 If we had more resources, the Authority
15 has the capacity to do a lot more. But we're
16 constrained.

17 COUNCILMAN NUTTER: Well, since you're
18 pursuing these dollars in the 108 program, have
19 you -- and we had a Section 108 discussion a
20 little earlier -- have you tried to seek more
21 funding from that particular source?

22 MR. KROMER: We could use 108 dollars.
23 But as a practical matter, we've simply funded the
24 development costs, the development subsidy funding
25 through 108 freeing up more money for the

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2 acquisition line item.

3 So it's a -- we come up against the
4 same problem.

5 COUNCILMAN NUTTER: Lastly, I think
6 about two years ago, possibly in a Finance
7 Committee hearing or in some subsequent hearings,
8 Mr. Kromer and Mr. Eisenstat, you were at the
9 table and had made various commitments regarding
10 acquisition disposition process -- legal issues,
11 charts, the bodies, who does what, how it gets
12 done, what we are required to do and the like.

13 And if my memory serves me correctly, I
14 think we've received some information, certainly
15 nowhere near all the information that had been
16 requested at that time. And I think we're at
17 least two years old in those requests.

18 Now, I guess I would just have to say
19 to you directly, one, I would like the
20 information.

21 But, two, if you're not going to
22 provide it all or if we're not going to have a
23 full detail discussion about it, either in a
24 public hearing or in some private hearing, I'd
25 rather appreciate it if you'd just tell us that

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2 you're not going to do it or you can't do it,
3 rather than continue to play this game.

4 MR. KROMER: I recall that at last
5 year's hearing, a number of questions were raised
6 and a number of requests were made for
7 information. And I believe that we've supplied
8 all the information that was requested, and I
9 don't know of an instance in which we did not do
10 that.

11 COUNCILMAN NUTTER: Well, we can have
12 some further discussion of that off the record. I
13 don't think we have all the information.

14 MR. KROMER: We'd be glad to follow
15 up. To my knowledge, Councilman Nutter, we have
16 followed up on every request by Council.

17 COUNCILMAN NUTTER: Nor do I think it
18 was supplied in the fashion that it was requested,
19 but we can discuss that later.

20 MR. KROMER: We'd be glad to.

21 COUNCILMAN NUTTER: Thank you.

22 COUNCILWOMAN VERNA: Mr. Hankowsky,
23 would you please approach the witness table.

24 (Mr. Hankowsky comes forward.)

25 COUNCILWOMAN VERNA: Gentlemen, you

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2 will stay with us the remainder of the day?

3 MR. KROMER: Yes, indeed.

4 COUNCILWOMAN VERNA: Thank you.

5 The Chair recognizes Councilman Nutter.

6 COUNCILMAN NUTTER: Thank you, Madame
7 Chair.

8 Mr. Hankowsky, you, I think, were here
9 for the discussion about the use and the public
10 policy issues around HUD 108 loans, TIFs, and the
11 prospect of the latest thing out of the Ridge
12 administration, the Keystone Opportunity Zones.

13 And in an exchange between myself and
14 Mr. Mullin, we had some discussion about how these
15 programs and incentives get used, what the
16 longer-term impact is beyond any particular
17 administration but their aggressive present use
18 and what that mean for the long-term future of the
19 City.

20 One, do you have any particular
21 perspective on that?

22 Two, are you, as usually the prime
23 mover of many of those programs and projects, I
24 think you'll be coming back to us soon to talk
25 about some more of them. Is there any work going

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2 on in this regard in terms of developing policy
3 and looking at or better monitoring how we utilize
4 these programs?

5 MR. HANKOWSKY: I will actually first
6 apologize. I actually was not physically present
7 during the question and responses that Steve
8 Mullin gave you. I stepped out for a short
9 meeting and came back.

10 COUNCILMAN NUTTER: Why don't we get
11 Mr. Mullin back.

12 MR. HANKOWSKY: I've been moderately
13 brought up to date --

14 COUNCILMAN NUTTER: Well, why don't we
15 get Mr. Mullin back, and we'll do it again.

16 MR. HANKOWSKY: Sorry. I think have
17 the gist of it. And if I don't, you'll, as
18 always, correct me.

19 I think on the 108 side, we've got
20 basically two -- and I'm now talking about the
21 economic development side. Mr. Kromer, I think,
22 spoke about how 108's been used on the housing
23 side.

24 But on the economic development side,
25 we basically have two pools of funds that we use.

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2 One, in fact, is called "the pool," which we
3 established a couple years back whereby we remain
4 the only city in the country that HUD has been
5 comfortable enough to give the capacity to do what
6 is called "delegated underwriting," such that we
7 actually draw the dollars down, have them in
8 place, can underwrite a loan, and loan it to a
9 company, and don't have to go through what is an
10 unpredictable process with HUD in terms of how
11 long they're going to take to approve a particular
12 transaction.

13 The pool has guidelines. And, again,
14 not to let -- I think, in past hearings on the
15 community development budget -- in the last
16 several years, we have talked a little bit about
17 that. And I think maybe in the initial year, we
18 did the pools, shared them, and I'm happy to
19 provide further copies or update.

20 Councilman, I'm also happy to provide
21 you -- I think recently I provided you some
22 information on exactly the status of the pool.

23 But it, basically, a program that deals
24 with fixed-asset financing, certain kinds of
25 clients with certain kinds of projects, and

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2 certain loan amounts and certain underwriting
3 criteria.

4 In terms of how do we decide we're
5 using it in transaction A versus transaction B, at
6 the current time, PIDC administers in some way --
7 because the notion of how we administer loan
8 programs varies by the program -- 23 separate loan
9 programs. I wish it weren't that case, but the
10 feds have programs, the State has programs, the
11 (unintelligible) had a program, so we try to make
12 sure we get everything the City has a right to go
13 after.

14 So we generally, when a client comes
15 in, look at what they're trying to do versus the
16 kinds of programs that are available, and match
17 the need with the resources from the client
18 perspective as well as from our perspective.

19 What I mean by "from our perspective"
20 is that there are instances where we don't have
21 very much of one kind of money, or we try to
22 maximize the use of State money, for example.

23 So for the fourth year in a row,
24 Philadelphia, through PIDC, did more Pennsylvania
25 Industrial Development Authority loans than any

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2 other county in the Commonwealth, and we want to
3 make it a fifth year in a row. So the more money
4 we bring down the turnpike, we think, the better.

5 So we try to do that first and look at
6 what I would tend to call "our own resources,"
7 local resources last, so that we try to maximize
8 bringing in dollars. That's how the pool work.

9 The second way we use the 108s is what
10 we call "stand-alones." These are transactions we
11 apply to HUD one at a time. They are transactions
12 that one, break the 5 million per transaction
13 limit of the pool. So by their very nature, we
14 can't do them out of the pool.

15 There are projects that would not meet
16 the pool standards of underwriting. What I mean
17 by that is the pool, for example, you have to
18 basically be an established business. If you're
19 developing a new hotel, it doesn't count in our
20 delegated underwriting. We need to show HUD that
21 project before we can do it. So in one case,
22 we're on the stand-alone basis by the nature of
23 the pool rules.

24 Why do we use the 108? Basically, the
25 108's there and the TIF's there. We're part of

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2 the overall policy of developing at least 2,000
3 more hotel rooms by the year 2000, a policy that
4 the City Administration wanted to do. We've
5 talked about this in the past too, and we went off
6 on a journey to try to make that happen and see
7 what resources we could bring to bear to make that
8 happen.

9 COUNCILMAN NUTTER: Let me just ask you
10 a quick question.

11 MR. HANKOWSKY: Sure.

12 COUNCILMAN NUTTER: I hate to interrupt
13 you. And having nothing to do with the decision
14 to go after 2,000 more hotel rooms, because that
15 decision was made, and fine.

16 Can you tell me about any other
17 meetings, discussions or decisions where so
18 definite a target was made about doing anything
19 else for any other type of business or industry?

20 MR. HANKOWSKY: Well --

21 COUNCILMAN NUTTER: 'Cause a clear
22 decision was made for whatever reason that we have
23 to have more hotels, we've got to have 2,000 more
24 hotel rooms. And the only way to have 2,000 more
25 hotel rooms is to build 5 to 10 new hotels.

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2 MR. HANKOWSKY: Right.

3 COUNCILMAN NUTTER: Right? Other than,
4 I guess, most recently the Kvaerner deal at the
5 ship yard.

6 MR. HANKOWSKY: I was about to say
7 think that's another example, right.

8 COUNCILMAN NUTTER: Tell me about
9 another type of process where we have said we have
10 to have eight to ten more of X, because that's
11 what we want, and we're going to break down every
12 possible barrier or jump through every possible
13 hoop to have that.

14 MR. HANKOWSKY: Right. I don't want to
15 say I can't think of another, because it would --
16 it might -- if I spent long enough, I might.

17 But, as you mentioned, the Kvaerner
18 transaction. But before it was called Kvaerner,
19 the that we were going to have a closed ship yard
20 and we were going to go out and search the world
21 and find somebody to try to build, you know,
22 hopefully, try to build ships in Philadelphia, you
23 know, that was an enunciated goal from basically
24 1992 on.

25 There have been other situations where

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2 the public has said, We want to develop an area or
3 whatever. I think the family entertainment
4 project at Penns Landing where, again, we want to
5 get somebody to do a project that looks like this
6 and go off and try to find somebody to do it is an
7 example.

8 The counter -- to some extent, the
9 other side of it is when we're dealing -- in the
10 majority of instances, we're -- we're dealing with
11 companies making decisions about what they want to
12 do; and us then working to make that decision
13 happen in Philadelphia.

14 I'm not sure we could have said we want
15 -- this is just to use an example that is
16 relevant to the question. You know, we want to
17 build bank operation centers. I mean, if no bank
18 wants to build one, I'm not sure we can induce
19 it. But then to the degree PNC said we want to
20 build one, we want to have it happen here.

21 So that it's -- and so we have been --
22 and so we try to position ourselves, whether it be
23 by having industrial parks available so that we
24 can respond to somebody that needs a site, whether
25 it's by having financing tools available so that

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2 we can respond to the financing needs companies
3 have, and then be in a position to corral, lasso
4 that economic activity in Philadelphia.

5 I think that the hotel example is one
6 where, because of the Convention Center and
7 because we sort of created a base of business, a
8 base of justification to go after it. And either
9 you're going build a convention hotel next to the
10 Convention Center or you're not. I mean, you're
11 not going to build it in King of Prussia. That
12 was a situation where we wanted to build on an
13 opportunity that we had previously -- meaning when
14 we had voted to do the Convention Center --
15 previously decided to do and build off of it.

16 But I agree with you. I mean,
17 understand what's implicit in question.

18 COUNCILMAN NUTTER: Right, if there
19 aren't any other examples, we don't have to search
20 the universe.

21 MR. HANKOWSKY: Right, right.

22 COUNCILMAN NUTTER: So why don't we go
23 back to the --

24 MR. HANKOWSKY: Right, right.

25 COUNCILMAN NUTTER: Earlier discussion

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2 and talk about TIFs and Keystone zones.

3 MR. HANKOWSKY: Right.

4 COUNCILMAN NUTTER: And tax abatements
5 and all of that.

6 MR. HANKOWSKY: Right. I think I
7 talked about the pool, stand-alone 108s.

8 COUNCILMAN NUTTER: Right.

9 MR. HANKOWSKY: Which have been either
10 of the hotel deals; or, going back to your
11 question, the ship yard transaction.

12 COUNCILMAN NUTTER: Right.

13 MR. HANKOWSKY: We are also now looking
14 at, and are anticipated, a couple of
15 community-based stand-alones in areas where
16 between ourselves and the community and others,
17 there's been a decision, let's try to make
18 something happen at Cecil B. Moore Avenue. Or
19 hopefully soon now, thanks to your intervention,
20 we might actually be looking at doing one in West
21 Parkside on a stand-alone.

22 On the TIF question -- and, again,
23 correctly so, as you've asked in the past, we have
24 used the TIF mechanism, one, against this hotel
25 policy; and, two, in a couple of specific

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2 instances where we're trying -- where we had PNC
3 or SmithKline Kvaerner, and then, of course, we
4 have a couple that will be before Council later
5 this month.

6 But the question of what is our -- when
7 will we use TIFs and when will we not. There is
8 not a firm written policy that answers that. I
9 mean, we're responding to large projects. And
10 I've thought some, but I'm not going to tell you
11 we've moved far on this, that we probably do need
12 to do that because it becomes a tool that, you
13 know, to be blunt, once the developers see it,
14 they say, Give me one of those, and we've been
15 saying no a lot.

16 COUNCILMAN NUTTER: Right.

17 MR. HANKOWSKY: I mean, I don't want
18 you to think we say yes all the time. We say no
19 clearly more than say yes, to date.

20 But I think, out of fairness to
21 everybody, people -- it would be helpful if there
22 was sort of the what are the rules of the game.

23 COUNCILMAN NUTTER: Right.

24 MR. HANKOWSKY: I mean, maybe we'd get
25 less calls, and they'd know that we'd say no if

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2 they called.

3 On the opportunity zone question,
4 Keystone Opportunity Zones, as I said, I was --
5 unfortunately, I had to step out and didn't hear
6 Mr. Mullin's response, so I hope I'm being
7 consistent.

8 But the legislation's out there. My
9 understanding, as of this morning, is that, you
10 know, this legislature, they'll wrap it up when
11 come back in June, that Philadelphia has every
12 intent to pursue the program, that work has begun
13 to think about what kinds of sites and what kinds
14 of areas, presuming the bill will look generally
15 the way it's moving through the legislature, it
16 might make sense.

17 And I believe, in fact, the Mayor's
18 interested in a meeting shortly with Council to
19 just begin a discussion about, okay, here's the
20 current thought process, let's talk about it as we
21 work spring through summer into fall, when
22 currently (unintelligible), applications are due.

23 COUNCILMAN NUTTER: And just briefly,
24 is it my understanding that in these new Keystone
25 Zones, the business would be exempt from virtually

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2 all taxes? I mean, what's exempt?

3 MR. HANKOWSKY: Again, subject to final
4 passage, these zones are modeled, cloned from a
5 program that exists in the state of Michigan
6 labeled "Renaissance Zones."

7 The legislature -- well, the Governor,
8 he proposed the legislation -- is proposing
9 zones. There will be 12 Statewide, and then there
10 could be subzones within a zone where there would
11 be no State corporate taxes, no City business
12 taxes -- or municipal, obviously -- no real estate
13 taxes, and there would be no income or wage or
14 local income taxes, wage tax, for residents of the
15 zone, not employees of the zone.

16 I mean, it would be like a suburbanite,
17 you know, the indice (sic) of paying an income or
18 wage tax is residence, not where you work.

19 COUNCILMAN NUTTER: Okay.

20 MR. HANKOWSKY: But basically the
21 company would be, that's right, would not pay any
22 of those company-related taxes -- real estate,
23 State or local business -- for, I think it's
24 twelve years. I believe it's ten or twelve years
25 would be the length of the zone. That's right,

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2 that's the proposal.

3 COUNCILMAN NUTTER: And is there any
4 requirement based on current legislation that the
5 company stay in the zone for any amount of time?

6 MR. HANKOWSKY: Those kinds of
7 questions are a little bit unclear at the moment,
8 answers to those questions.

9 The legislation presumes the
10 promulgation of rules and regulations by the
11 Department of Community and Economic Development,
12 in Harrisburg, which I have to answer some of
13 those questions. What happens about staying, what
14 happens when an existing business moves from
15 someplace else in the Commonwealth in?

16 COUNCILMAN NUTTER: Right. How about
17 from somewhere else in the City?

18 MR. HANKOWSKY: Oh, I'm making it
19 simply -- yeah, any -- including within the
20 locality?

21 COUNCILMAN NUTTER: Right.

22 MR. HANKOWSKY: Adjoining county to
23 across the State?

24 COUNCILMAN NUTTER: Right.

25 MR. HANKOWSKY: And so there's -- the

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2 discussion is that there would be requirements
3 that you,, quote/unquote,, create blank-percent
4 new jobs, blank-percent new investment. But a lot
5 of that, as I best understand it, is to be further
6 refined in the regulations. But it will raise
7 many of the, quote/unquote, classic economic
8 development questions, policy questions.

9 COUNCILMAN NUTTER: Well -- this will
10 be my last thing, Madame Chair.

11 I thought in your initial explanation
12 of this that legislation is soon to be passed.
13 Did I understand you to say that the Mayor plans
14 to have some discussion about this prior to
15 application or --

16 MR. HANKOWSKY: Yes.

17 COUNCILMAN NUTTER: Or during any
18 application or after the application?

19 MR. HANKOWSKY: No, no, no. I think he
20 wants to engage this body and others but clearly
21 before application.

22 COUNCILMAN NUTTER: Okay. Well, I
23 would only ask -- I mean, I'm sure that that will
24 happen, but I'd like to ask you and the Commerce
25 Director, as you obviously better understand this

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2 than at least myself, I'd like somebody to write
3 down some kind of an analysis on paper on this
4 that explains what someone believes are the true
5 benefits to the City of Philadelphia to be engaged
6 in this.

7 I mean, I just -- I mean, what do we
8 ultimately get out of it? I understand that the
9 business is to come here and, I guess, people get
10 jobs, but I really would like to see some kind of
11 cost benefit analysis .

12 MR. HANKOWSKY: Right.

13 COUNCILMAN NUTTER: And a public policy
14 analysis of why we think we should proceed down
15 this path.

16 MR. HANKOWSKY: Right. And my
17 understanding is that, in fact, that analogous
18 dialogue is, in part, happening in the
19 legislature.

20 COUNCILMAN NUTTER: Okay.

21 MR. HANKOWSKY: At a -- you know,
22 another cut of discussion.

23 COUNCILMAN NUTTER: All right, thank
24 you.

25 COUNCILWOMAN VERNA: Thank you.

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2 Are there any other questions to ask,
3 Mr. Hankowsky?

4 COUNCILMAN COHEN: Madame Chair --

5 COUNCILWOMAN VERNA: Yes, Councilman
6 Cohen.

7 COUNCILMAN COHEN: Mr. Hankowsky, you
8 have frequent communication with corporations of
9 all kinds in the City in connection with your
10 work?

11 MR. HANKOWSKY: I sure do. Some days I
12 wish it were, less but it's true.

13 COUNCILMAN COHEN: And you sort of have
14 a series of responsibilities to the City to try to
15 bring businesses here fundamentally in order to
16 increase the job availabilities to Philadelphia
17 residents?

18 MR. HANKOWSKY: Mm-hmm.

19 COUNCILMAN COHEN: I'm intrigued. Do
20 you get into situations like this. Rohm and Haas,
21 a great Philadelphian institution, many jobs in
22 the Philadelphia area, also has plants near
23 Philadelphia, as well as, I guess, throughout the
24 world.

25 MR. HANKOWSKY: Mm-hmm.

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2 COUNCILMAN COHEN: But they have a
3 small plant up in Bristol.

4 MR. HANKOWSKY: Mm-hmm.

5 COUNCILMAN COHEN: Just outside the
6 City limits. And it's been there for quite some
7 time, a very important part of their operation.

8 And in addition to the great chemical
9 things they do and, you know, the development of
10 all kinds of paints of very special initiative --

11 MR. HANKOWSKY: Mm-hmm.

12 COUNCILMAN COHEN: -- they have to have
13 the place cleaned doing what those -- a number of
14 us have despaired many times, they kind of
15 privatized that work many years ago, before labor
16 organizations and people general understood it.

17 And the company they hired to do the
18 cleaning and the custodial work is another great
19 Philadelphia institution, Aramark.

20 MR. HANKOWSKY: Mm-hmm.

21 COUNCILMAN COHEN: And the company
22 employed -- and what Rohm and Haas did, was they
23 contracted with Aramark for the cleaning
24 services. And we liked it a lot because they
25 employed 32 people, all of whom were

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2 Philadelphians. Overwhelmingly, they were
3 minority, heavily Latino, a few Black employees,
4 but heavily Latino employees.

5 The three-year contract expired in
6 December of 1997. It was two big Philadelphia
7 institutions, you know, providing Philadelphia
8 jobs.

9 Suddenly, Rohm and Haas decided to put
10 the new contract out to bid, and they decided the
11 lowest bidder wasn't, for some reason,
12 acceptable. But the second-lowest bidder was a
13 South Jersey company employing people in South
14 Jersey.

15 And Rohm and Haas figured out they'd
16 save \$300,000 by switching from Aramark, a
17 Philadelphia institution employing Philadelphians,
18 to the South Philadelphia Jersey company employing
19 minimum-wage people. In fact, the wage rate was
20 cut by \$4 an hour, and all health benefits were
21 lost.

22 The Aramark workers were represented by
23 a union, national, that has a big Philadelphia
24 presence. It represents our Gas Works union, it
25 represents the custodial and maintenance employees

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2 at the School District, and it also represented
3 janitors in our main offices in Philadelphia, and
4 also, this union, represented the workers whose
5 employer technically was Aramark, although the
6 only work they did was at the Rohm and Haas
7 Bristol plant.

8 So in one fell swoop, Philadelphia got
9 32 more unemployed families, very few of whom have
10 been able to get jobs yet because the, you know,
11 job availability for custodial workers is much
12 more limited than for technical or professional
13 workers.

14 Now, wouldn't your department have a
15 real role to play in that, to try to bring about a
16 change?

17 The contract, incidently -- and I
18 understand these are contracts in the field of
19 janitorial and custodial services -- always seems
20 to provide a 30-day cancellation notice; either
21 party can serve notice, no reason has to be given.

22 I attended a stockholders meeting on
23 Monday morning, here in Philadelphia, of Rohm and
24 Haas, their annual meeting, to speak on behalf --
25 and my plea was a simple one:

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2 You have saved \$300,000 for the
3 company, but I suspect it's going to cost the City
4 of Philadelphia, you know, maybe 10 times, many 20
5 times to deal with 32 increased unemployed
6 Philadelphians.

7 Now, wouldn't it be within the scope of
8 your concerns to deal with companies? We have
9 certain problems in trying to pass ordinances that
10 say the City of Philadelphia should only hire
11 Philadelphians in many areas in dealing with
12 companies, but the company could adopt such a
13 policy. I mean, they're not a government and they
14 have greater freedom.

15 But doesn't that one act of eliminating
16 those 32 jobs has probably, whatever gains your
17 department, the Commerce Department, feels they
18 may have made over the last five years, that one
19 act of taking business away from the Philadelphia
20 corporation Aramark and putting 32 low-income
21 minority workers -- eliminating them from
22 employment. Somehow we're going to have to pick
23 up, you know, the health benefits. We're not
24 going to let them starve so we're going to pick up
25 all kinds of expenses.

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2 Don't want you think that would be
3 within the realm of the work you do? That's the
4 reason I wanted to know about your relations with
5 these corporations. Could you and your office
6 intercede and explain how many millions of dollars
7 it would save, you know, if they just reinstated
8 the contract?

9 I can tell you that when Rohm and Haas
10 learned that there were going to be
11 representatives of the public speaking out against
12 this, they hastily arranged a meeting Monday
13 morning, very early in the morning, with the
14 union, to say, Let's begin talking again.

15 And when I raised this issue at this
16 open annual meeting, and there were others that
17 also raised this issue -- and I didn't deal with
18 the humanitarian reasons, I mentioned them.
19 Obviously, it's a great tragedy to these 32
20 families, 'cause after many years, they had worked
21 up to a decent -- a half-decent wage salary.

22 But shouldn't Philadelphia play a role
23 in it? It certainly impacts upon us very heavily.

24 MR. HANKOWSKY: I think the simple
25 answer is yes. I mean, other than you asking me

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2 this question this morning, it's the first I've
3 heard of it.

4 COUNCILMAN COHEN: Well, incidently,
5 Rohm and Haas said they were excellent workers.
6 They had no complaint, they spoke of Aramark as a
7 company, in providing these kinds of services, it
8 is doing outstanding work. They have Aramark in
9 two other plants where the contracts have not yet
10 expired.

11 MR. HANKOWSKY: Mm-hmm.

12 COUNCILMAN COHEN: But we're very
13 concerned about what may happen. The company
14 saves 300,000, but it may cost the City, I
15 estimate, 3 to 5 million, maybe even more, to deal
16 with all of the problems of 32 additional
17 unemployed Philadelphians on top of those we
18 already have in the face of our trying to get jobs
19 for people, you know, that are leaving the welfare
20 roll.

21 And it just seemed to me that
22 government has a responsibility. And from a
23 financial point of view, it's very costly to us.

24 MR. HANKOWSKY: Right, yeah. I mean,
25 this instance was in Bristol, though. Is that --

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2 COUNCILMAN COHEN: What's that?

3 MR. HANKOWSKY: Was the facts that
4 these people were laid off from employment in
5 Bristol? Is that what you said?

6 COUNCILMAN COHEN: I'm -- I'm not
7 getting your --

8 MR. HANKOWSKY: They worked in
9 Bristol?

10 COUNCILMAN COHEN: They worked in
11 Bristol. They were all employed in Bristol, they
12 were all Philadelphians.

13 MR. HANKOWSKY: Right.

14 COUNCILMAN COHEN: Because, you know,
15 it's the same problem of people in Philadelphia,
16 and they had managed to solve the transportation
17 problem that often plagues Philadelphians, you
18 know, when they get jobs available in the suburban
19 areas.

20 But because this was well established,
21 this contract had originally been set forth 11
22 years ago.

23 MR. HANKOWSKY: Mm-hmm.

24 COUNCILMAN COHEN: And in the course of
25 that time, the wages and the working conditions

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2 had worked up to at least a minimally good wage,
3 about \$10 an hour.

4 MR. HANKOWSKY: Right.

5 COUNCILMAN COHEN: Kind of the same
6 wages that the unionized shops get, that unionized
7 buildings pay their janitors and custodial
8 services.

9 MR. HANKOWSKY: Right. But the simple
10 answer is yes. And, as you know, there's an
11 ordinance that provides a notification process if
12 a company is phasing out jobs in Philadelphia.

13 And those notices go to the Commerce
14 Department and they are responded to, and whether
15 at our level, in a number of instances. The Mayor
16 has personally intervened in terms of job loss,
17 companies rearranging opportunities to try to --

18 COUNCILMAN COHEN: Well, it's -- this
19 isn't any of that. It's just a technical problem.

20 MR. HANKOWSKY: I understand, but --

21 COUNCILMAN COHEN: That they're Aramark
22 employees working totally for the Bristol plant of
23 Rohm and Haas.

24 MR. HANKOWSKY: Right, right.

25 COUNCILMAN COHEN: And where they state

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2 -- and, you know, I urge you to call their
3 officials 'cause you can verify these statements.

4 But at the annual meeting, the Chief
5 Executive Officer got up and said, Yes, this
6 company did excellent work, Aramark, and in the
7 furnishings, they had no complaint.

8 He said a little proudly, "We didn't
9 pick the lowest bidder." My understanding is that
10 they picked the one next to the lowest bidder.
11 And the savings, they estimated, were \$300,000
12 yearly.

13 MR. HANKOWSKY: Mm-hmm.

14 COUNCILMAN COHEN: And I had to point
15 out from a -- you know, we thanked them because
16 Rohm and Haas is one of our very good employers.

17 MR. HANKOWSKY: Right.

18 COUNCILMAN COHEN: And they contribute,
19 you know, we know, to Kvaerner Ship Yard, they're
20 contributing \$4 million worth of paint.

21 MR. HANKOWSKY: Right.

22 COUNCILMAN COHEN: You know, they think
23 it's good business because they're anxious to
24 sell. You know, they have a new paint on the
25 outside of ships that's supposed to be much

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2 longer-wearing.

3 MR. HANKOWSKY: Right.

4 COUNCILMAN COHEN: And so they were
5 anxious, from a business point of view, to get
6 people to know their paint, and they took
7 advantage of the Kvaerner situation, but it's very
8 helpful of making a gift of \$4 million worth of
9 paint for the first three ships that the Kvaerner
10 Ship Yard builds.

11 MR. HANKOWSKY: Right.

12 COUNCILMAN COHEN: They're going to do
13 all the painting for free, they're going to supply
14 the paint for free.

15 MR. HANKOWSKY: Mm-hmm.

16 COUNCILMAN COHEN: I'd like to urge,
17 and then following up Councilman Nutter's
18 question, I would like to see if you can develop a
19 plan because I'm sure this kind of thing happens
20 elsewhere. Sometimes they're organized, sometimes
21 they're not organized. And we learned of it only
22 because it's an organized group --

23 MR. HANKOWSKY: Right.

24 COUNCILMAN COHEN: -- that we work
25 with. And I thought it so important to arrange to

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2 get a proxy to be able to attend their
3 stockholders' meeting.

4 MR. HANKOWSKY: Right.

5 COUNCILMAN COHEN: But it seems to me
6 that that's a great area of job development. If
7 we could get Philadelphia corporations to increase
8 their hiring because they can legally, you know,
9 factor that into what they do, and I would think
10 they'd want to help the Philadelphia company
11 Aramark, you know, because it does excellent work.

12 So I raise with you, I would like to
13 suggest that as you reply to Councilman Nutter's
14 questions, that you prepare in writing a plan to
15 kind of deal with this kind of situation. I think
16 it offers a great possibility for increasing the
17 number of jobs available to residents.

18 MR. HANKOWSKY: Fine.

19 COUNCILMAN COHEN: Would you be able to
20 do that?

21 MR. HANKOWSKY: Yeah. I think working
22 with the Commerce Department and the Private
23 Industry Council, they tend to be actually the
24 agencies that respond to those 'cause --

25 COUNCILMAN COHEN: All right. And I

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2 understand there may be questions quickly.

3 And I tried to indicate that this City
4 Council adopted a resolution -- Madame Chair,
5 you'll recollect -- at the end of March, urging
6 Rohm and Haas to bring back, you know, to restore
7 the contract.

8 COUNCILWOMAN VERNA: Councilman Cohen.
9 I don't mean to interrupt you, but Councilman
10 Longstreth asked to be recognized.

11 COUNCILMAN COHEN: Oh, surely.

12 COUNCILMAN LONGSTRETH: (Inaudible,
13 off-mike.)

14 COUNCILMAN COHEN: Go right ahead. I
15 always recognize junior members.

16 (Laughter.)

17 COUNCILMAN COHEN: Both chronologically
18 and --

19 COUNCILMAN LONGSTRETH: I'd like to
20 simply ask for permission to go down to attend the
21 service for the police and firemen who have died
22 during the year, and would like to be listed as
23 voting for the bills that are before us today.

24 COUNCILWOMAN VERNA: Thank you.

25 Councilman Cohen.

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2 COUNCILMAN COHEN: No, that's all I
3 have.

4 I do have a question of the OHCD people
5 with respect to the labor matter that has been
6 before them over a period of a number of months.
7 The offices, you know, the workers at the OHCD,
8 whether there's any up to date, those --

9 MR. HANKOWSKY: Do you mean me?

10 COUNCILMAN COHEN: No. Oh, you want to
11 -- all right.

12 COUNCILWOMAN VERNA: Mr. Kromer, before
13 you -- Councilman Ortiz, did you want to ask
14 questions of Mr. Hankowsky?

15 COUNCILMAN ORTIZ: Well, all three of
16 them, but I'll let Dave finish, and then I'll --
17 I'll wait.

18 COUNCILWOMAN VERNA: Okay. Councilman
19 Cohen.

20 COUNCILMAN COHEN: My question is,
21 could we have an update? Can we get some good
22 news that maybe we've restored some labor peace
23 somewhere?

24 MR. KROMER: I was glad to have an
25 opportunity to meet with you last week at some

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2 length to talk over the issues.

3 COUNCILMAN COHEN: Yes.

4 MR. KROMER: And I do appreciate the
5 time that you devoted to that.

6 I did what you had asked and reviewed
7 the issues. And I think that, although there's no
8 good news today, that the prospects for resolution
9 are reasonably good.

10 I didn't know at the time that we had
11 met that a mediation session is scheduled for this
12 Friday, the 8th. And this session, I think, will
13 be the first in which we'll really be able to
14 engage with the recently-appointed State mediator
15 and get into issues.

16 I know that union representatives are
17 scheduled to testify today, and I would be glad to
18 respond to any testimony that they may have,
19 which, I believe, will be forthcoming shortly.

20 COUNCILMAN COHEN: All right. Thank
21 you. We'll hear from -- I understand the union
22 representatives are scheduled to testify at 1
23 o'clock today?

24 COUNCILWOMAN VERNA: Well, they're on
25 the schedule. I don't know what time they're

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2 coming in.

3 The Chair recognizes Councilman Ortiz.

4 COUNCILMAN ORTIZ: Thank you, Madame
5 Chairwoman.

6 Steve and John and. . . I'm going to
7 read from here, and I want to follow up on A
8 statement that I heard Councilman Nutter make as I
9 came in. And my staff has been during the
10 hearing, and I want to excuse myself for being
11 late, but I had other things outside of Council.

12 It says disproportionate needs of
13 racial groups is, according to HUD definitions,
14 for the purposes of the consolidated plan, a
15 disproportionately greater need exists when the
16 percentage of persons in the category of need who
17 are members of a particular racial or ethnic group
18 is at least 10 percentage points higher than the
19 persons of the category as a whole.

20 By this definition, Latino households
21 in Philadelphia exhibit disproportionately greater
22 housing needs. Latinos are disproportionately
23 represented in the extremely-low and low-income
24 categories -- 60 percent of Latinos, compared to
25 30 percent of the general population.

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2 Small Latino renters households have a
3 disproportionately higher incidence of housing
4 problems -- 84 percent compared to 74 percent of
5 the general population. And large Latino
6 households have a disproportionately higher
7 incidence of housing problems -- 83 percent
8 compared to 67 percent.

9 The three tables on the following page,
10 the greater incidence of poverty and housing are,
11 among some Latinos, is an area of concern for the
12 City of Philadelphia, as well it should be.

13 Although we represent actually 10
14 percent of the City's population, Latinos make up
15 one of the fastest-growing populations in the
16 City. And I know that we have been doing some
17 housing work, as you well note here. And we have
18 done work with some of the CDCs that we have
19 developed over the years. It's taken us around
20 ten years, twelve years work to develop these CDCs
21 to the point which they're at.

22 But job development, which, if you're
23 going to have housing and you don't develop the
24 jobs and you do not develop the economy, the
25 housing will be destroyed within a generation or

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2 less. And in essence, we'll be throwing money
3 down a hole.

4 And Michael was talking about data, in
5 essence. And I want you to give us what has been
6 the impact of the efforts that we've had in terms
7 of job creation in the neighborhood. And how have
8 you measured that, if you have it?

9 And I think Bill Hankowsky here can
10 begin to address that problem.

11 MR. KROMER: Let me start out by saying
12 clearly that a lot needs to be done, but I think
13 we've accomplished a lot. The need is still there
14 and needs to be addressed fully.

15 COUNCILMAN ORTIZ: I agree. I think we
16 have established some housing programs. I mean,
17 obviously, the need is huge, and we need to be
18 able to do that.

19 But housing programs, without the job
20 development, and that's what I've been bending
21 Mullin's ear now for years, in terms of developing
22 a cultural commercial zone in the barrio. Because
23 I cannot see us putting housing in and not having
24 job development.

25 And it's nice, you know, I was reading

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2 Steven Mullin's testimony about, you know,
3 investment in facade programs and so on, and
4 that's nice, that's nice. I think the leap is
5 here, and we want the money to fix up the facade
6 of the streets and so on.

7 But we're spending huge amounts of
8 money in attracting businesses to the City --
9 Kvaerner, which is one. We are putting in at
10 least 50 million, that I know of, and more money
11 to attract Kvaerner. We have -- we're giving an
12 incredible amount of tax breaks to different
13 developers in different areas.

14 What is our attitude in terms of
15 developing the same sort of mindset in terms of
16 neighborhood development? And my question has
17 been so far is, what has been the impact of our
18 efforts?

19 Because I don't see the -- I don't see
20 the joblessnessrate going down in North
21 Philadelphia, I don't see it, and that includes
22 east of Broad and west of Broad. I don't see the
23 jobless rate going down in North Philadelphia.

24 So if we have a job creation program
25 going on, and now we're going to have a

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2 Welfare-to-Work Program going on, what has been
3 the impact of that job creation program to date
4 and how have we measured that?

5 And if we're going to measure also the
6 impact of individuals who, from the City and the
7 neighborhoods, who are working in all of these
8 Center City projects that we have had?

9 MR. KROMER: Just a couple of things.
10 And these don't address the core issue, but I feel
11 they're important in terms of the Community
12 Development Block Grant Program.

13 We've tried to fund job-creating
14 development ventures where we think they make
15 sense. And the substantial commitment to the
16 Gateway Plaza that APM is currently developing a
17 full city block of retail is an example of that.

18 There aren't a wealth of ventures like
19 that, but those that make sense, that we think are
20 feasible, we think --

21 COUNCILMAN ORTIZ: Say that again? You
22 said it too fast.

23 MR. KROMER: I'm sorry.

24 We try to support neighborhood
25 development ventures that create jobs that make

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2 sense. And we think one good example of that is
3 the Gateway Plaza development that APM is
4 constructing now. It's going to create some
5 neighborhood jobs for neighborhood people. And
6 the Commerce Department and PIDC support more of
7 those.

8 In addition, and I realize this doesn't
9 address the core issue you're raising, but I did
10 want to mention it. We have a lot more affordable
11 housing construction going on now, thanks to the
12 success of --

13 COUNCILMAN ORTIZ: I understand that we
14 have affordable housing construction -- how many
15 -- because I've been --

16 MR. KROMER: Yes.

17 COUNCILMAN ORTIZ: And very soon, we'll
18 have two schools being built east of Broad --
19 Hunter and Julio (unintelligible).

20 But the employment and the
21 participation, let's say, of businesses, like, for
22 instances, Latino contractors in the overall
23 participation of the construction in those areas
24 is minimal. And I think of African-Americans
25 contractors, the participation of African-

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2 Americans has been minimal.

3 So -- and the job creation, the job --
4 if anything it's seasonal, and I don't think -- I
5 would like to see the percentages in terms of
6 ethnic groups in those jobs of Latinos and
7 African-Americans and women along those lines
8 because I don't think the numbers are very big.

9 MR. KROMER: Mm-hmm. That's the point
10 I wanted to make because we have a neighborhood
11 benefits strategy and a reporting system in place,
12 and there was a presentation earlier by Kevin
13 Brooks and Michael Bell. We can give you that
14 report.

15 A lot more has been done. I think you
16 were at the press conference a couple of years
17 ago, where APM and the Electricians Union
18 announced that apprenticeships for electricians
19 were being created as a result of the construction
20 there.

21 Earlier in this decade, we couldn't
22 even report to you --

23 COUNCILMAN ORTIZ: Do we have any
24 numbers of what --

25 MR. KROMER: Yes, we do.

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2 COUNCILMAN ORTIZ: How many? And I'd
3 like --

4 MR. KROMER: And we'll provide that to
5 you in detail.

6 COUNCILMAN ORTIZ: Could you give those
7 to the Chairwoman and --

8 MR. KROMER: Yes. We'll make sure you
9 get the detail.

10 COUNCILWOMAN VERNA: Thank you, Mr.
11 Kromer.

12 COUNCILMAN ORTIZ: But we haven't
13 finished.

14 You're still -- I don't know what --
15 how you're measuring it and if you have any data
16 along those lines.

17 MR. KROMER: The only data that I have
18 relates to the specific construction-related
19 employment in the development ventures that we're
20 supporting.

21 It seems to me that in addition to the
22 broad economic issues, the economy of Philadelphia
23 and its neighborhoods, the bigger -- the core of
24 the problem is job-readiness, the public school
25 systems and the training programs that we can make

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2 available to the neighborhood residents.

3 Our community and schools program has a
4 substantial Latino enrollment from all over the
5 public school system. And that's the kind of use
6 that we try to make of our funding, where we can
7 do something to what the schools --

8 COUNCILMAN ORTIZ: In essence, what
9 you're saying is that we've been involved in job
10 development over ten years, whatever it is, how
11 many years, and we have no data right now to say
12 we have created these many permanent jobs in these
13 neighborhoods. We don't have that data available.

14 MR. KROMER: We do have the data, but
15 it's not going to show, as I expect you can guess,
16 that we've turned the neighborhood around or we've
17 turned the neighborhood economy around, it will
18 not show that.

19 But we do have the data, and we will
20 provide that.

21 COUNCILMAN ORTIZ: Because my staff
22 told me that one of the examples of neighborhood
23 economic development that was used was the parking
24 lot on Fifth and Indiana.

25 Well, I'm very grateful for that, you

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2 know, but it took 16, 20 years to get a 25-car
3 parking lot. And I don't see that -- if we had
4 been -- if the parking lot was tied into an
5 overall plan of economic development of the whole
6 area, that to bring in other stuff, it would be
7 very good.

8 But right, it is really obsolete
9 because it -- the need is greater than 25 cars,
10 and the need is greater than the small little
11 parking lot that is there.

12 And so that's what I'm trying to bring
13 up. If we're going to have a plan, if we've got
14 commercial corridors, I would like -- I've been
15 telling this to Bill and to Steven and to you for
16 a long time.

17 Why don't we just sit down and put down
18 and get together the plan that we've been talking
19 about for the Fifth Street Lehigh front, all the
20 way up area, in terms of economic development
21 because in the long run, and coming from the
22 liberal hearings here in City Council, it is going
23 to be the business people that make the difference
24 in terms of that -- not the social agencies and so
25 on but the business people.

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2 So what I'm trying to say is, can we
3 just get seriously going during the next year or
4 so and prepare something along those lines? So
5 that we don't have to do a 25-parking lot and say
6 that this is a great event.

7 MR. KROMER: Yes. Just for
8 clarifications, the parking lot was a response to
9 a question specifically about infrastructure. But
10 your point is very clear.

11 And, as you're aware, we have squared a
12 neighborhood strategic plan for the community
13 development corporations in east and north
14 Philadelphia as well as some areas west of Broad.
15 The Empowerment Zone Strategic Plan, I believe,
16 was intended to be that kind of consolidated
17 document.

18 But, again, I understand your point,
19 and we're not where we need to be.

20 COUNCILMAN ORTIZ: I don't see anything
21 coming out of the empowerment zone. I mean, I
22 really don't. There's a lot of money, a lot of
23 talk about process and so on, very few jobs, very
24 few jobs, you know.

25 And what I'm talking about is if we're

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2 going to be talking about -- that we have an
3 economic stimulus fund, I would like to see how
4 much of that economic stimulus money is going to
5 be invested in neighborhood economic and job
6 development.

7 And I don't know if -- Madame Chair, I
8 don't know if they have testified as to how much
9 of that economic stimulus percentage-wise is going
10 to be dedicated to economic neighborhood
11 development vis-a-vis the Kvaerners and the other
12 aspects and so on.

13 And if you have any data along those
14 lines, I would appreciate it you giving it to the
15 Chair.

16 MR. MULLIN: My answer is yes, we can
17 provide that.

18 And in my testimony for the City's
19 general fund budget, I identified the break-out of
20 the proposed stimulus funding in neighborhood
21 housing and business retention, but I --

22 COUNCILWOMAN VERNA: Excuse me just a
23 second. The stenographer can't hear you. Mr.
24 Mullin.

25 MR. MULLIN: I'm pointing the wrong

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2 way, I'm sorry. Steve Mullin.

3 And in my general fund testimony, I
4 outlined the proposed allocations for the stimulus
5 funds. And I would also like to note that I'd be
6 very happy to continue to meet with Councilman
7 Ortiz about this planning.

8 Where we do keep information on
9 employment is through any of the projects or
10 programs where we have any type of financing
11 assistance. We do keep measures of employment
12 both initially and throughout the project.

13 The one thing to remember, though, and
14 that is the number of jobs perhaps at a specific
15 location, but over time, those could be different
16 individuals. And some of those individuals could
17 be from Camden, some of those individuals could be
18 from South Philadelphia.

19 In other words, if they say there are
20 24 jobs here and there are 24 jobs 2 years from
21 now, we don't know necessarily know exactly where
22 those people are.

23 In addition, we do keep track with PIC
24 and with the programs that Councilwoman Fernandez
25 asked about. With the block grant job training

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2 programs, we do keep track of how many people get
3 placed and how many people are continued on jobs 6
4 or 12 months out. But, again, that might be an
5 individual, and that job might be anywhere in the
6 metropolitan area.

7 So there's a little bit of a mismatch
8 when we're talking about the data, which always
9 makes it puzzling. We do look at the very top
10 level of the data, the information that we'll see
11 every quarter coming out in the newspaper from the
12 Bureau of Labor Statistics, which publishes the
13 employment statistics for the City, for jobs in
14 the City, regardless of where you live.

15 That's our -- that is our first basis
16 of information for employment, but that does not
17 include sole proprietorships, that does not
18 include a variety of other types of employment.
19 So we know that's not perfect.

20 In addition, the Bureau of Labor
21 Statistics and the Department of Commerce collect
22 information -- collect statistics that they, by
23 their own admission, recognize is not very -- is
24 not very, very strong in terms of the detail
25 because it's -- their sampling abilities -- they

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2 can't get to this, and that is employment by
3 residence; in other words, how many people who are
4 residents of Philadelphia are employed, regardless
5 of where they're employed.

6 And that data is not available as
7 frequently as the job data, but it is also --
8 there are some significant errors on that. We try
9 it -- the big picture is to try to take a look at
10 those numbers. In other words, what's the story
11 with the employment of our residents, what's the
12 story of employment in establishments inside
13 Philadelphia?

14 COUNCILMAN ORTIZ: Well, I'm glad that
15 you're looking at that, but I'm interested in even
16 more detail. I'm interested in bringing it down
17 by ethnic group and by available geographical
18 areas and so on.

19 And Kathy brought this chart to me
20 about monies and contractor summary. I'd like to
21 see in terms of these contractors, Mr. Kromer and
22 Steve, you know, how many of these contracts have
23 gone to Latino contractors, you know, and so on,
24 along the lines. And what is the percentage of
25 those in this type of sheet here.

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2 COUNCILWOMAN Verna: Would you identify
3 yourself for the record, please.

4 (Kevin Brooks comes forward.)

5 MR. BROOKS: Kevin Brooks. I work in
6 the Office of Housing and Community Development,
7 Councilman Ortiz.

8 And we provided testimony earlier that
9 summarized some of the subcontracting and
10 employment activities, both on housing projects.

11 And I apologize we didn't provide a
12 full report, but we can provide you a full report
13 that shows not only the breakdown of minority
14 contractors -- Latinos versus other minority
15 groups -- but also by location and the zip codes.

16 We have moved pretty far ahead, and I'm
17 trying to demonstrate that Philadelphia residents
18 are benefitting from our projects. And we have
19 the ability now to sort by location, by race and
20 gender, and we produce a report that does that.

21 And we have also produced ad hoc
22 reports that --

23 COUNCILMAN ORTIZ: Could you make that
24 available to the Chair? And she will make it
25 available to --

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2 COUNCILWOMAN VERNA: We've already
3 asked for that.

4 COUNCILMAN ORTIZ: Okay, good.

5 COUNCILWOMAN VERNA: Thank you.

6 MR. BROOKS: In addition, we have
7 recently been working with Congreso de Latinos
8 Unidos on specific construction-related
9 apprenticeship training programs. So our office,
10 as graduates of this apprenticeship training
11 program emerge, will be looking to place them on
12 housing and on development projects, as well as
13 downtown commercial development projects.

14 COUNCILMAN COHEN: Madame Chair,
15 Councilman Ortiz yielded to me.

16 COUNCILMAN ORTIZ: Yes, go ahead.

17 COUNCILWOMAN VERNA: The Chair
18 recognizes Councilman Cohen.

19 COUNCILMAN COHEN: Mr. Mullin, wouldn't
20 32 additional jobs in the Latino community be a
21 big feather in the cap of your department, maybe
22 rival the number of Latino positions you've
23 secured? And I'll let you fill in the period of
24 time.

25 MR. MULLIN: Any number, I think, would

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2 be considered very positive. And any time there
3 are dollars spent and they can be provided for
4 Philadelphia residents and Latino residents, I
5 would say that that would be something that we
6 would like to try to promote.

7 COUNCILMAN COHEN: Well, do you see a
8 role for yourself in the situation I raised with
9 the Rohm and Haas and Aramark situation?

10 MR. MULLIN: Yeah. I agree with Bill
11 Hankowsky's testimony, that certain of that --
12 just the practical logistics of finding out about
13 that type of activity. Rohm and Haas must have
14 6,000 contracts, they are one of 30,000 firms in
15 Philadelphia.

16 And we do try to -- we, PIDC, and PCDC
17 do try to make contacts among firms and --

18 COUNCILMAN COHEN: But now that you
19 know about the situation.

20 MR. MULLIN: Yeah, and those sort of
21 things, we would certainly -- I mean, all the way
22 up to, as Bill mentioned, when the -- when we get
23 a warn letter from a company talking about
24 eliminating positions, even though that's pretty
25 much the last thing they do, so it's a foregone

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2 conclusion.

3 Oftentimes, we will, with the Mayor,
4 sit down with the company and see, isn't there any
5 other thing that you can potentially do? Is there
6 any other way -- can we help with unions, can we
7 help with trying to find job-training funds or
8 on-the-job training funds or other types of things
9 to try to prevent this.

10 So those are the things that we do very
11 much like to, one, get information from. And the
12 story that you gave here, I just want you to know,
13 there's probably .00000001 of what's going on out
14 there, so we're constantly trying to do an
15 outreach with business firms, with lawyers, with
16 accountants as to where these things are happening
17 so we can potentially play a role.

18 COUNCILMAN COHEN: Well, the one thing
19 I would suggest in general is a much closer
20 relationship with the labor movement 'cause it
21 seems to me that there is an intensive
22 relationship with the corporate world. And I'm
23 not opposed to that -- I think that's good and
24 even enlarge that.

25 But, simultaneously, you ought to be

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2 enlarging your information because it's the unions
3 that will know first about threats.

4 MR. MULLIN: Sure.

5 COUNCILMAN COHEN: And I think you're
6 right. Generally, some companies tend to not want
7 the City to know about what they're doing --

8 MR. MULLIN: Right.

9 COUNCILMAN COHEN: -- until they're in
10 a position where they're compelled to do so.

11 MR. MULLIN: But I would note.

12 COUNCILMAN COHEN: But I would like to
13 see aggressive action, particularly since they're
14 both Philadelphia corporations. And I recommend
15 you do that. You might want to contact Aramark
16 first --

17 MR. MULLIN: I will do that.

18 COUNCILMAN COHEN: -- since they were
19 the company. And we understand they're very
20 anxious also to have a renewal of the contract.

21 MR. MULLIN: I will do that, and I do
22 want to note for the record -- and this anecdotal,
23 but I would say that at least half of the time
24 that we hear about situations like this, it is
25 through the labor -- the labor union or the

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2 bargaining unit who will contact us. And when I
3 say "us," it's the Mayor, the Mayor's Office,
4 Commerce Department, PIDC, PCDC.

5 So our communications on that side --
6 and you're exactly right, that's sometimes --
7 what's where you hear the earliest bits of news in
8 some cases. And we consider that a valuable
9 connection.

10 COUNCILMAN COHEN: All right, thank
11 you.

12 COUNCILWOMAN VERNA: Thank you.

13 COUNCILMAN ORTIZ: Can we just agree,
14 then, that we're going to sit down and look at the
15 economic stimulus fund that is there, see how it
16 applies to neighborhoods and so on, and develop
17 some very concrete plans to invest some of that
18 money in the job creation in those areas.

19 So, I mean, to go beyond just the PCDC
20 facade-building and so on to real aspects of real
21 investment.

22 MR. MULLIN: I say absolutely yes.

23 COUNCILMAN COHEN: Councilman Ortiz's
24 position, I think, would represent a very strong
25 position of most of the Councilmembers.

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2 COUNCILWOMAN VERNA: Thank you,
3 gentlemen. Mr. Mullin, you will stay the
4 remainder of the day?

5 COUNCILWOMAN TASCO: I have a question.

6 COUNCILWOMAN VERNA: The Chair
7 recognizes Councilwoman Tasco.

8 COUNCILWOMAN TASCO: Just a couple of
9 questions. I apologize for being late. I had a
10 school appointment this morning.

11 I have -- could you tell me how the
12 stimulus money is determined, how you determine
13 whether you use Community Development Block Grant
14 money or stimulus money in a community.

15 I have a sheet here that has housing
16 and commercial projects contracting economic
17 benefit by Councilmatic District, and I see a
18 zero-balance for the 9th Councilmatic District.

19 I'd like to know what that means. What
20 are you telling us here?

21 And also, I want to know about the
22 stimulus money and how that money is appropriated,
23 how you determine it's appropriated.

24 MR. MULLIN: Okay. Councilwoman Tasco,
25 I'm not sure what data you're looking at there.

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2 And I'd also, with regard to the stimulus program
3 for the housing allocation, I think John Kromer
4 can address how he determines which --

5 COUNCILWOMAN TASC0: Commercial, I want
6 to talk about commercial.

7 MR. MULLIN: But what we call
8 neighborhood economic development and the business
9 retention -- oh, thank you.

10 COUNCILWOMAN TASC0: Mm-hmm.

11 MR. MULLIN: Business retention and
12 neighborhood economic development. I think the
13 best way to characterize how we look at what funds
14 -- what funds can we potentially put together for
15 a particular project or for a business, we will
16 literally, literally, sit down and take it if it a
17 business looking to expand.

18 For example, what type of -- what are
19 they looking at? Are they looking at -- are they
20 looking at building a building, expanding a
21 building, buying - purchasing equipment or
22 machinery. Do they need working capital loans?
23 Are they planning to staff up maybe 20 new
24 employees? All of these are signals to us of what
25 type of financial assistance we might be able to

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2 provide.

3 We also, obviously, ask what type of
4 equity do you have, or what type of other funding
5 might you have, what are your relationships with
6 commercial banks or other commercial lenders?

7 And we'll try to mix something where we
8 will try to use the more appropriate, in terms of
9 our funding -- and by the way, our funding, when
10 you're talking about PIDC, includes State loan and
11 finance programs since PIDC administers that.

12 So we sort of sit back here with -- in
13 a sense, one tap of this, one tap of this, one tap
14 of this. And what we try to do is use the funds.
15 If there's a specific thing for machinery, for
16 example, we would like to use a loan fund that
17 specifically goes to machinery so that we're not
18 using something that's more flexible when we can't
19 use that.

20 Now, there are some times -- for
21 example, huge dollar amounts in the block grant
22 are obviously restricted by employment,
23 potentially location, and other criteria. And
24 there might be certain things that we cannot fund
25 with block grant dollars.

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2 And so that's the type of thing that we
3 might look at stimulus funds for a loan or
4 neighborhood development fund loans or even a
5 Section 108 loan, those type of things.

6 COUNCILWOMAN TASCO: Okay. Is this
7 your -- you're going to answer about this and
8 subcontracting economic benefits?

9 MR. BROOKS: Kevin Brooks.

10 Councilwoman Tasco, I apologize. This
11 is my infamous summary. A number of
12 Councilpersons have asked about this report.

13 This is information drawn from a
14 quarterly report that we submit that shows where
15 contracts have been awarded. It lists the name,
16 the dollar amount, and location of a general
17 contract. This is housing-related construction
18 information. And I just gleaned the information
19 from our quarterly report.

20 And there's been a request to have the
21 full report. It's done every quarter, so there's
22 four quarters. So maybe in this period, there was
23 no activity to be reported in that Councilmatic
24 District.

25 But our experience has been that it

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2 really does level out because we do activities all
3 over the City. And I will be providing a full
4 report, maybe for the entire year last year, of
5 where contracts -- who contracts are awarded to by
6 race and gender, dollar amounts and location, zip
7 code as well. And that's going to be forthcoming.

8 COUNCILWOMAN TASC0: Thank you.

9 COUNCILMAN COHEN: One question to the
10 -- it's a throwback to the Director of Commerce.

11 Do you know whether that project on
12 Limekiln Turnpike, just west of Ogontz Avenue,
13 that business incubator -- they're also going to
14 have a health center. It's on the 6100 block of
15 Limekiln Turnpike.

16 Congressman Foglietta, shortly before
17 he became the ambassador, had gotten a federal
18 grant, I think, of a million and a quarter, or
19 something in that area, to take over what had been
20 a church and its building that the church didn't
21 have enough money for. And then the church turned
22 in the direction, I think, of establishing that.

23 I know that there's work ongoing on it.

24 I spoke to the minister who seems to be in
25 charge, and I had an impression that there were

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2 funds from the City, or that at least there were
3 funds being administered by the City, but he did
4 not know precisely where the funds were coming
5 from.

6 MR. MULLIN: Right. I can -- it's my
7 understanding -- I know that in the category -- in
8 the classification named giving of self
9 partnership on that, and I will find out --

10 COUNCILMAN COHEN: All right.

11 MR. MULLIN: -- where and what for you.

12 COUNCILMAN COHEN: Well, with the
13 Chair's permission, could we get that report?

14 COUNCILWOMAN VERNA: That would be
15 fine. Thank you.

16 I would ask, if there are any
17 Councilmembers that still have questions, that
18 they hold them, if they have questions of anybody
19 from the Administration.

20 We do have witnesses that have been
21 waiting since before 9 o'clock, and many of them
22 have to leave. So at this point in time, I would
23 like to start our list of witnesses.

24 Is there anyone here from Philadelphia
25 Green?

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2 (Blaine Bonham comes forward.)

3 COUNCILWOMAN Verna: Good afternoon.

4 Please identify yourself for the record and
5 proceed with your testimony.

6 MR. BONHAM: Good afternoon, Madame
7 Chair and members of Council. I am Blaine Bonham,
8 Vice President of Programs for the Pennsylvania
9 Horticultural Society. And its Philadelphia Green
10 program is a budget item in the City's Year 24
11 application to HUD for our work in communities.

12 The CDBG funding provides us with a
13 great ability to leverage City support to attract
14 a whole wide range of public and private
15 investments.

16 I want to give you some of the few
17 brief highlights from our activities this past
18 year. This year, we are helping to develop close
19 to 100 new greening projects, and it's close to
20 200 existing sites make improvements.

21 Our Garden Tenders Project started in
22 the fall of 1995. It's completing its seventh
23 class of neighbor groups. And, to date, 99 groups
24 of residents have produced 52 new green spaces.
25 And this program is both a training program and a

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2 screening program for people who are committed to
3 improving their neighborhood.

4 In particular Dickinson Square
5 Pennsport is one example which includes a group
6 called "The South Philly Clippers." It has
7 converted 20 vacant lots while working with Bell
8 Arbor, which is the nonprofit tree farm that was
9 established at 11th and Washington Streets, where
10 they are buying and also sharing trees with
11 neighborhoods in other parts of the City.

12 The southwest CDC has developed six
13 lots. They've been trained by us, and now they
14 are holding their own workshops, getting their own
15 resources, and they are a part of a large Citywide
16 network.

17 Our Tree Tenders Program has, over the
18 past 4 years, passed through 71 groups, including
19 700 people who now tend 8,000 trees and have
20 planted 1500.

21 And what's interesting to note about
22 this is that these groups, once they have been
23 trained, have been able to raise almost a quarter
24 of a million dollars in public and private sources
25 other than ours and OHCD. They've gone to federal

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2 and State for funding and also to private
3 sources. So the money that we're investing in
4 training has been leveraged to attract funding
5 from a wide range of sources.

6 With the School District Service
7 Learning Program, Tree Tenders is training
8 teachers, and the City's actually paying teachers
9 to come learn about how to work with school
10 children on environmental projects and lessons
11 centered around trees and the urban environment.

12 On another project, in Port Richmond, a
13 supplemental environmental project, which was the
14 result of a suit against Conrail for environmental
15 degradation, and almost \$250,000 was awarded to
16 the Port Richmond community through us, with the
17 efforts of the Pennsylvania Environmental
18 Council.

19 And now we're working with the
20 residents in the business district. Over the next
21 year, we will be planting 350 street trees and 150
22 trees in open spaces in the neighborhood. And the
23 Port Richmond CDC is really thrilled that it has
24 brought a ground swell of community interest and
25 commitment.

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2 The Parks Program that we are now
3 working with, in close cooperation with the
4 Department of Recreation, has resulted in some
5 very dramatic changes in some of the community
6 parks. Malcolm X Park, at 52nd and Pine, has made
7 notable progress. Its main focus is to address
8 the terrible appearance in the years of deferred
9 maintenance and vandalism.

10 It's a newly-formed group of residents,
11 business people, churches, and schools that also
12 includes the Mercy Hospital and the 52nd Street
13 Revitalization Project and the Partnership CDC in
14 West Philadelphia.

15 Part of the focus not only is to
16 improve the physical appearance, but now there is
17 a whole range of programming that's taking place
18 in that park. We are conducting art classes with
19 the Mural Arts Program. And schools like the Huey
20 School are using it as a focus. There was
21 recently an Arbor Day event there, and a thousand
22 kids came out on that day to celebrate Arbor Day
23 in the park.

24 At Elmwood Park, in southwest
25 Philadelphia, they've gotten a really good start.

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2 It's been a really neglected park, and one of its
3 serious problems is drainage -- you probably know
4 about that. In fact, some of the area residents
5 swear that they have lake-front property at some
6 times of the year.

7 But because of our working with them
8 and the Department of Recreation, a large nature
9 remediation project is underway, and it's going to
10 take care of the drainage problem in that park.
11 It's a very strong, committed group. We're
12 building -- we're working with them to build a
13 stronger coalition, become incorporated.

14 And they also told me that they wanted
15 to express their grateful thanks to Councilwoman
16 Verna for her support, so I don't want to be
17 remiss in doing.

18 And that there have been a number of
19 programs with local schools like Patterson and the
20 Archdiocese schools.

21 In Carol Park, in West Philadelphia,
22 they have a stellar start to their efforts. This
23 is a really a committed group of mothers and
24 grandmothers who are working with the enthusiastic
25 schools, the Carol Park Community Council, and

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2 they too are very grateful for the support from
3 Councilman Nutter for his help in getting them
4 extra funds to improve the park.

5 As a result of all of this park work,
6 we recently received a grant from the Lila Wallace
7 Reader's Digest Fund, in New York, because they're
8 looking at our Parks Program in Philadelphia as a
9 national model. So, hopefully, with funding that
10 we can attract over the next year through Lila
11 Wallace, we're going to be able to expand this
12 program in Philadelphia.

13 Last year, I talked to you about the
14 new Kensington Open Space Management Program. And
15 as a result of the progress we've made there, we
16 worked closely with Councilwoman Fernandez, with
17 Barbara Kaplan from the City Planning Commission,
18 John Kromer, and the Pennsylvania Environmental
19 Council. And recently the Horticultural Society
20 received a grant from the William Penn Foundation
21 to conduct a vacant land reuse study for
22 Philadelphia.

23 We will be looking at a large
24 geographic area in North Philadelphia, east of
25 Broad Street, from Spring Garden Street to Lehigh,

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2 and Broad Street to the river, as an experimental
3 pilot area to take the new Kensington project and
4 expand it to that whole area and identify
5 appropriate resources needed, the appropriate
6 roles of the CDCs of the City and of the private
7 sector, and with the hope of producing a model
8 that then can then be used throughout the City to
9 help it manage its land.

10 And other parts of that grant include
11 working with the City Administration to take the
12 recommendations that the City Planning Commission
13 produced in their 1990 report to -- how to change
14 the systems and the procedures and the policies of
15 the City so that the City can manage its vacant
16 land in a more effective manner and support
17 communities.

18 And then, lastly, we are going to be
19 working with the City to help them look at the
20 financing mechanisms to enable the City to
21 entertain dealing with vacant land in such a
22 massive way.

23 I think it's been recognized that the
24 vacant land problem is one of the big issues
25 facing communities. And CDCs and neighborhood

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2 groups continue to clamor for solutions for this.

3 And I will be glad to keep Council
4 abreast as this continues and develops over the
5 next year.

6 COUNCILWOMAN VERNA: We thank you for
7 coming in to testify today, and we certainly want
8 to thank you for your patience.

9 And I personally want to thank you for
10 all of the wonderful work that your organization
11 does.

12 MR. BONHAM: Thank you.

13 COUNCILWOMAN FERNANDEZ: Amen.

14 COUNCILWOMAN VERNA: Dr. Lee Kaplan --
15 Capkin.

16 (Dr. Lee Capkin comes forward.)

17 COUNCILWOMAN VERNA: Doctor, it's
18 always very nice to have you with us.

19 DR. CAPKIN: Thank you, and good to see
20 you again.

21 COUNCILWOMAN VERNA: Thank you.

22 DR. CAPKIN: Councilwoman Verna and
23 members of the Finance Committee, my name's Lee
24 Capkin, and I am the Executive Director of Housing
25 Consortium for Disabled Individuals.

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2 I have prepared a full written
3 statement, which was given to you, I think, in
4 sufficient copies for all to have. Therefore, I
5 will basically just summarize some major points.

6 We're here today as HCDI to indicate
7 our basic support for the consolidated plan for
8 Year 24, as prepared by OHCD. We've been very
9 pleased with the progress that has been made over
10 the past year and some of the continuing efforts
11 for the coming year to bring housing counseling
12 services for people with disabilities into a
13 broader arena, giving them a choice of obtaining
14 these services in the neighborhoods where they
15 live or coming to a specialized agency such as
16 HCDI.

17 We've also been pleased about the
18 accomplishments of the Disabled in Action
19 Partnership Agreement, which was a landmark
20 agreement between disability groups and the City
21 to generally work on improving the housing
22 situation of people with disabilities.

23 One of the most outstanding pieces of
24 that, which would be known in your Council
25 districts would be the doubling of the funding for

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2 the Adaptive Modifications Program during the past
3 year.

4 The funding is scheduled to continue at
5 its high level for this year. And for that, we're
6 very grateful.

7 The housing situation of the disabled
8 community will not improve, however, without
9 sufficient information being available and
10 sufficient assistance. And if this material and
11 knowledge is not available, you, as
12 Councilmembers, will continue to get very large
13 numbers of contacts, visits, and calls from
14 unsatisfied disabled people about their housing
15 situation.

16 OHCD intends to continue its Technical
17 Assistance Program on the issues of housing and
18 disability this year. For the past ten years,
19 HCDI has had the pleasure of being able to be the
20 provider of those services. And we're very much
21 interested in being able to do that in response to
22 the OHCD's request for proposal.

23 We have gained experience in all of the
24 City's key neighborhoods and in working with many
25 of the CDCs in West Philadelphia, South Philly,

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2 Kensington, Frankford, and the greater parts of
3 North Philadelphia. And we are sufficiently
4 linked to most of the disability groups in the
5 City.

6 When the decisions are being made on
7 the provision of these technical assistance
8 services, we would appreciate the consideration of
9 Councilmembers in reviewing the experience of
10 groups involved. And it is our hope that we'll be
11 able to continue providing these services.

12 They will help people with disabilities
13 in understanding about fair housing, understanding
14 how to apply for and receive appropriate housing
15 services, and how developers can work with the
16 disabled community in creating housing that works
17 both for disabled people and for all of the
18 neighborhood revitalization plans in Philadelphia.

19 The one final area that I'd like to
20 talk about is the fact that we know full well that
21 housing for people with disabilities also depends
22 on raising their incomes and having people with
23 disability become part of the jobs picture.

24 And one of the things that you will see
25 in our testimony is that, as the Mayor's plan for

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2 welfare to work becomes a reality, we want to see
3 people with disabilities being given adequate
4 consideration in that picture.

5 To that us, that means adherence to ADA
6 policies in the selection of job training sites,
7 groups that will provide employment training,
8 social service agencies that will be involved in
9 providing supportive services in relation to
10 work.

11 And, generally, throughout the whole
12 administration of this program, we want to see
13 people with disabilities and ADA policies benefit
14 so that disabled people will not be relegated to
15 traditional disability employment, which has
16 served them so poorly in the past.

17 In conclusion, I just want to thank
18 City Council again for the opportunity to come
19 down and testify on the plan, and to indicate the
20 willingness of our office to work with you on a
21 regular basis.

22 We have frequent contacts with various
23 Members of City Council, and we attempt to assist
24 your constituents in whatever way we can. And we
25 only hope to be able to continue doing that in the

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2 coming year.

3 Thanks very much.

4 COUNCILWOMAN VERNA: Thank you very
5 much, Doctor, and a copy of your written testimony
6 will be given to the stenographer so that it will
7 be in the transcript of the testimony today.

8 Thank you.

9 COUNCILWOMAN VERNA: Vivian VanStory.
10 (Vivian VanStory and Vincent Mason come
11 forward.)

12 COUNCILWOMAN VERNA: Good afternoon.
13 Please identify yours for the record.

14 MS. VANSTORY: Good afternoon. My name
15 is Vivian VanStory, President of Community Land
16 Trust Corporation.

17 MR. MASON: Good afternoon, Chairperson
18 and City Council. My name is Vincent Mason, Vice
19 President of Community Land Trust Corporation.

20 MS. VANSTORY: And this is the
21 Community Land Trust financial report.

22 This financial request of Community
23 Land Trust Corporation's strategic economic plan
24 for the fiscal year of 1998. The Community Land
25 Trust Corporation ("CTC") is a multipurpose

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2 corporation incorporated to stabilize the
3 community in economic growth.

4 The Community Land Trust Corporation's
5 primary objective in a comprehensive fashion is
6 the plan and design of the public outdoor
7 environment of North Central Philadelphia, but not
8 limited.

9 It will provide an opportunity to
10 promote the economic and social well-being of this
11 area. The Community Land Trust Corporation wishes
12 to provide local job training and employment for
13 the community. This is a self-help program.

14 The Community Land Trust Corporation is
15 a nonprofit organization. We realized that we can
16 help with the funds that we are requesting today
17 within a strategic plan. We envision a new rehab
18 building for our office, which would include the
19 components of the organization. It will include
20 the preservation of community parks, vacant lots,
21 and other open spaces. It will supply services to
22 the community in the area of housing and rehab, to
23 make funds available to residents of the
24 community, building new houses where needed.

25 Our first phase of the rehabilitation

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2 of housing will be the 18000 block of West Master
3 Street, which is 80 percent homeowner-occupied.
4 In rehabbing the houses that are vacant, it will
5 only enhance the continual new construction in the
6 area.

7 We would like to address environmental
8 issues such as pollution, health, crime, and
9 safety, forming partnerships with experts to
10 educate and advise.

11 We would like to create recreational
12 facilities.

13 The Community Land Trust Corporation
14 conducted a survey in 1990 that determined that
15 there are no outdoor recreational facilities in
16 the census tracts 140 and 147. The outdoor living
17 room effect would expose residents to creative art
18 in a depressed area.

19 We are requesting and -- we are
20 requesting \$4.5 million for housing, which would
21 include our office space. We are also requesting
22 \$2.5 million to educate residents on horticultural
23 safe and healthy environment. This will allow us
24 to create a safe haven for the community members.

25 We, the Community Land Trust

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2 Corporation, await your decision and your request.

3 Seriously, Vivian VanStory.

4 And we thank you for the opportunity
5 here to testify on behalf of the community that
6 exists in a depressed area of North Central
7 Philadelphia, which is now called the "Empowerment
8 Zone," which we, the community, have not seen any
9 money towards our self on revitalization. It's
10 only been directed to the businesses that exist
11 there.

12 COUNCILWOMAN VERNA: Miss VanStory?

13 MS. VANSTORY: Yes?

14 COUNCILWOMAN VERNA: Have you met with
15 your District Councilperson.

16 MS. VANSTORY: No, I haven't.

17 COUNCILWOMAN VERNA: Well, I think
18 that's the first step that you should take.

19 MS. VANSTORY: Mm-hmm.

20 COUNCILWOMAN VERNA: I think that you
21 should have a vision as to what you would like to
22 see happen.

23 MS. VANSTORY: Oh, yes, I have met with
24 them in previous years, yes, I have.

25 COUNCILWOMAN VERNA: You have met with

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2 them?

3 MS. VANSTORY: Yes.

4 COUNCILWOMAN VERNA: I think that
5 you're going to have to meet again.

6 MS. VANSTORY: Okay.

7 COUNCILWOMAN VERNA: So that you could
8 be included in Year 24.

9 MS. VANSTORY: Okay.

10 COUNCILWOMAN VERNA: But that's
11 something that you're going to have to do
12 personally.

13 MS. VANSTORY: Mm-hmm, mm-hmm. Well, I
14 was told by HUD to testify here, by HUD.

15 COUNCILWOMAN VERNA: I appreciate your
16 coming in, but I think it's absolutely essential
17 that you speak with your District Councilperson.

18 MS. VANSTORY: Okay, thank you very
19 much.

20 MR. MASON: Thank you.

21 COUNCILWOMAN VERNA: Thank you. Pete
22 Matthews.

23 (Not present.)

24 COUNCILWOMAN VERNA: Clarisse Williams.
25 Is Clarisse Williams here?

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2 (Not present.)

3 COUNCILWOMAN VERNA: Diane Grimes, from
4 Dixon House? Is there anyone here from Dixon
5 House?

6 (No one from Dixon House present at
7 this time.)

8 COUNCILWOMAN VERNA: Do we have someone
9 here from ACORN?

10 UNIDENTIFIED PERSON: Yes.

11 COUNCILWOMAN VERNA: Please approach
12 the witness table.

13 (Bertha Barksdale comes forward.)

14 COUNCILWOMAN VERNA: Good afternoon.
15 Please identify yourself for the record, and
16 proceed with your testimony.

17 MS. BARKSDALE: Hi, good afternoon.
18 I'm a representative from ACORN, and my name is
19 Miss Bertha Barksdale. And I thank you for having
20 me.

21 COUNCILWOMAN VERNA: Pull the
22 microphone closer to you, please.

23 MS. BARKSDALE: I'm sure you're
24 familiar with ACORN and its issues. The issue
25 that today concerns me is more money allocated for

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2 low-income people to obtain homes.

3 Home ownership would be giving them a
4 foundation, a history, a home, being able to use
5 this home to obtain other homes for family
6 descendant. Home ownership for low-income people
7 would improve the community, giving them strength
8 that renters otherwise would not have.

9 There is no American dream for us
10 low-income Philadelphians. ACORN is part of the
11 coalition effort fighting get Bill No. 970586
12 passed, to increase the income above the federal
13 poverty line of 16,450. That wage is 7.90 an
14 hour, plus benefits.

15 Our neighborhoods are actually fading
16 away. Houses are now becoming defensive lots. We
17 need to attract new business, creating more jobs.

18 As you see, the people here today have
19 all stressed the fact that we need more money for
20 these issues. If we don't get them, there will be
21 lots an lots of homelessness an joblessness. You
22 think it's something now, but in the future, the
23 poverty level would be lower (sic) than it is, and
24 it's a tremendous factor that -- that's extremely
25 depressing. It really makes me sick.

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2 If we don't get money, where will we
3 be, what would our future be? How will we live?

4 I had one woman follow me, asking me
5 for \$2; they no longer ask for 50 cents.

6 This work-to-welfare (sic) issue, okay,
7 the Mayor, he has things going on. I hope there
8 are enough. The adequacy level, if it isn't
9 enough, it's going to be terrible, worse than
10 you've ever seen. It's scary. It scares me.

11 And I hope it scares you enough to take
12 this issue and the fact that we want this bill
13 passed. This bill stands for new jobs.

14 Are you familiar with the bill? I'm
15 sure --

16 COUNCILWOMAN VERNA: Mm-hmm.

17 MS. BARKSDALE: Yes. What it stands
18 for, the raising of the living wage here? We need
19 that, we need that passed. Please consider it.

20 Thank you.

21 COUNCILWOMAN VERNA: Thank you. Thank
22 you for coming in to testify.

23 MS. BARKSDALE: Thank you.

24 COUNCILWOMAN FERNANDEZ: Miss
25 Barksdale, I think your groups has done a very

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2 good job in lobbying the bill, and I think there's
3 some amendments being discussed, but I think the
4 coalition has been very active in making sure all
5 Members of Council know about the bill. It's
6 coming up soon, I think -- next week.

7 MS. BARKSDALE: Thank you, ma'am.

8 COUNCILWOMAN VERNA: Our next witness
9 is Len Lombardo, from the carpenters union. Is
10 Len here?

11 (Len Lombardo is not present at this
12 time.)

13 COUNCILWOMAN VERNA: Felipe Alvarez?

14 (Felipe Alvarez comes forward.)

15 MR. ALVAREZ: Good morning. My name is
16 Felipe Alvarez. I'm the Business District Manager
17 for the Hispanic Association of Contractors and
18 Enterprises.

19 I'm here today on behalf of the
20 residents, businesses and community organizations
21 surrounding the Fifth Street and Lehigh Avenue
22 business district to request your support for, as
23 the Fifth and Lehigh Main Street Program.

24 This nationally successful approach to
25 commercial redevelopment was started out in July

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2 as a demonstration project fully funded by the
3 Pennsylvania Department of Community and Economic
4 Development. The Local Initiative Support
5 Corporation has also committed to support cost of
6 the technical assistance of experts in community
7 development from the National Main Street Center.

8 We are requesting the City to help us
9 expand our resources in order to do a better job
10 of coordinating the many private and public
11 programs available to increase jobs in our
12 community.

13 The report that's being distributed
14 outlines most of the key points of the program.
15 While it is being distributed, I would like to
16 acquaint you with the neighborhood surrounding the
17 Fifth and Lehigh Business District. El CENTRO de
18 ORO is home to the greatest concentration of
19 Latino businesses as well as social, cultural and
20 community organizations, not just in the city, but
21 in the Delaware Valley.

22 The business district is located in the
23 Fairhill Neighborhood of North Philadelphia,
24 Census Tract 176. Several recent studies of the
25 neighborhood have confirmed a growing Latino

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2 population, both in size and poverty. From 1980
3 to 1990, the population of the neighborhood
4 increased 6 percent as compared to the Citywide
5 decline of 6 percent.

6 From 1970 to 1990, the portion of the
7 population claiming Hispanic origin in the
8 Philadelphia area roughly doubled, from 2.6 in
9 1970, to 5.6 in 1990. While in the five census
10 tracts surrounding our district, it increased
11 almost four times, from 16.7 to 67.9. Roughly 7
12 out of 10 residents of this neighborhood claim
13 Hispanic ancestry.

14 From 1970 to 1990, the percentage of
15 the labor force unemployed increased to 220
16 percent, as compared to 150 percent for the entire
17 City.

18 Despite the social and economic
19 problems faced by most inner city business
20 districts, El CENTRO de ORO is currently
21 economically sound and culturally rich.

22 The new energy generated by the
23 fastest-growing youngest segment of the general
24 population as created a unique and festive
25 "barrio," a Latino city within a city. That, in

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2 turn, is attracting other Hispanics as they
3 immigrate in increasing numbers.

4 In addition to bilingual merchants and
5 professionals, the multi-cultural and Latino
6 organizations that have a strong commitment in
7 this district by locating their institutions in
8 the neighborhoods and sponsoring many of the
9 events throughout the year.

10 For example, El Congreso de Latinos
11 Unidos, Inc., the leading social services agency
12 in the Latino community, is moving its
13 headquarters of the expanding Hispanic
14 organization to our district.

15 HACE's own program in the
16 revitalization of the HACE Mall, 1 of 15 vacant
17 properties in 1982 has generated well over
18 \$100,000 in real estate taxes. Our key tenants
19 alone, such as Esperanza Health Center, Health
20 Partners, the District Office of Avon Products,
21 and the West Kensington Boys and Girls Club, are
22 not only providing valuable services to the area
23 residents, but are creating hundreds of jobs in
24 our community.

25 The primary purpose of our funding

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2 request is to hire staff to help me -- right now,
3 I'm the only staff -- coordinate the diverse needs
4 of the many community stakeholders in order to
5 further develop the ethnic characteristic of the
6 district, while diversifying our base of
7 mainstream businesses and shoppers.

8 I appreciate the opportunity to testify
9 in front of this committee, and I'm now available
10 to answer any questions that you may have on this
11 program.

12 COUNCILWOMAN VERNA: The Chair
13 recognizes Councilwoman Fernandez.

14 COUNCILWOMAN FERNANDEZ: Mr. Alvarez,
15 are you aware of what is recommended in the --

16 MR. ALVAREZ: Yes, ma'am.

17 COUNCILWOMAN FERNANDEZ: -- Year 24?

18 MR. ALVAREZ: Yes, ma'am.

19 COUNCILWOMAN FERNANDEZ: How much is
20 HACE proposed to get?

21 MR. ALVAREZ: We are requesting a
22 \$50,000 fund from the City. We are also having
23 funded from the State Department of Community and
24 Economic Development, and we're asking -- from
25 that point, we're asking to provide us money for

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2 facade improvement as well as some property
3 improvement.

4 Basically, our request from the City is
5 to be able to hire a community organizer and a
6 staff assistant.

7 COUNCILWOMAN FERNANDEZ: Again, I
8 remember reading but I can't find it.

9 MR. ALVAREZ: It's on page 156 of the
10 budget. In other words --

11 COUNCILWOMAN FERNANDEZ: Okay. Just to
12 clarify the record, you have made requests, and
13 these requests.

14 MR. ALVAREZ: Is being proposed, and we
15 would like to -- this is a brand new funding
16 request for the Council, and I'd like to make
17 myself available if you have any questions about
18 the purpose of our program.

19 COUNCILWOMAN FERNANDEZ: You all do
20 good work.

21 MR. ALVAREZ: Thank you. And attached
22 are some examples of the work we've done for the
23 community.

24 COUNCILWOMAN FERNANDEZ: Thank you very
25 much.

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2 Jeff Brown.

3 (Jeff Brown comes forward.)

4 COUNCILWOMAN Verna: Good afternoon.

5 Please identify yourself for the record, and
6 proceed with your testimony.

7 MR. BROWN: Good afternoon,
8 Councilwomen. My name is Jeff Brown, and I'm
9 President of AFSCME Local 1971, District Council
10 33.

11 Our local union represents workers at
12 the Philadelphia Housing Development Corporation,
13 at the Office of Housing and Community
14 Development, and at the Redevelopment Authority.

15 These workers will administer and
16 implement the Community Development Block Grant
17 Year 24 Consolidated Plan that City Council is
18 being asked to approve today.

19 The people at Local 1971 represents
20 that these three agencies include clerical,
21 technical, and supervisory employees. Their job
22 titles range from clerk-typist to housing rehab
23 inspector to neighborhood program coordinator to
24 architect to rehab financial supervisor, to many
25 others.

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2 Most of these employees have dedicated
3 their careers to preserving and expanding housing
4 opportunities for low- and moderate-income
5 residents of our City's neighborhoods. All of
6 these employees must live in the City, and many
7 live in neighborhoods targeted for housing and
8 community development programs included in the
9 Year 24 Plan. They are, therefore, directly
10 affected by the Year 24 Plan, both as City workers
11 and as residents.

12 I'm here today to raise two issues
13 encompassed by the Year 24 Plan which critically
14 affect members of my local at OHCD and PHDC.

15 The first is the fact that 34 employees
16 in the OHCD nonprofessional bargaining unit are
17 the last remaining City workers that do not have a
18 collective bargaining agreement, which should have
19 begun on July 1, 1996.

20 The second stems from OHCD's reduction
21 of annual operating costs, which were a result in
22 the layoff of 16 additional employees that PHDC
23 see this year after the layoff of 22 PHDC
24 employees last year, in Year 23.

25 Under the heading of the Year 24

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2 administrative cost reduction, OHCD claims, quote,
3 wage increases that occurred in December 1997 will
4 substantially increase Year 24 administrative
5 expenses for City development agencies.

6 That statement is so ludicrous with
7 respect to OHCD's bargaining unit, that it appears
8 to be intentionally misleading.

9 As we've pointed out to City
10 Councilmembers individually, OHCD bargaining unit
11 employees have not received any increase in
12 December of 1997. And to date, they have not yet
13 received the City-Council-approved 3 percent wage
14 increase.

15 Out of the 85 employees that work for
16 OHCD, Local 1971 represents a small
17 nonprofessional bargaining unit of 34 employees.
18 Eighty percent of the bargaining unit are women,
19 while 76 percent are minority.

20 Although the union began collective
21 bargaining negotiations in November 1995 for the
22 contract due to expire on June 30, 1996, which was
23 prior to District Council 33, our parent body, we
24 alone, among all City unions, do not yet have a
25 collective bargaining agreement.

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2 That's because OHCD has taken
3 intransigent positions demanding that the union
4 weaken contract language crucial to our members
5 who are not civil-service employees.

6 The concessions that OHCD is demanding
7 are in addition to the ones that Local 1971, along
8 with District Council 33, made in 1992. However,
9 no other District Council 33 bargaining unit made
10 or was even asked to make similar additional
11 concessions during the 1996 negotiations.

12 In order to force the union to agree
13 their demands, OHCD will not provide the
14 bargaining unit employees with the 3 percent
15 increase that all other non-uniformed
16 union-represented City employees have received,
17 effective December 15, 1997 -- even though it was
18 approved by City Council as part of OHCD CDBG Year
19 23 budget.

20 Even if the OHCD bargaining unit
21 employees had received the 3 percent wage
22 increase, we estimate that, on an annual basis,
23 although the wage increase would have been five
24 and a half months into the year, December 15,
25 1997, it would equal only \$29,724.

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2 If that amount were added to what we
3 estimate PHDC's and the Redevelopment Authority's
4 bargaining unit 3 percent increase to be annually
5 -- approximately 118,00 and 129,000 respectively
6 -- it would only total \$277,437, which is a mere
7 0.98 percent, less than 1 percent of the 3 housing
8 agencies' total annual operating costs of
9 \$28,220,000. How can any honest person claim that
10 that tiny percentage is substantial?

11 Regardless, Local 1971 will not give
12 into OHCD's unreasonable demands, we will not make
13 concessions that other non-uniformed
14 union-represented City employees did not have to
15 make in order to obtain the wage increase that
16 other City employees have all received. That
17 simply not fair.

18 We have asked, and we continue to ask,
19 for the support of City Council in obtaining the
20 wage increase that it approved, that it approved,
21 for CDBG Year 23 and its assistance in obtaining a
22 fair and a just contract.

23 With respect to PHDC, according to the
24 Year 24 Consolidated Plan, the total reduction in
25 CDBG resources was 1.6 percent, or \$1,233,000.

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2 OHCD is calling for a reduction in the
3 program delivery and/or general administration of
4 the three development agencies that must
5 administer the Year 24 Plan. It's proposing a 3.5
6 reduction in OHCD, a 2.99 decrease in the
7 Redevelopment Authority, and a 2.97 reduction at
8 PHDC.

9 We've been informed by both OHCD and
10 the Redevelopment Authority that they can absorb
11 the reductions without laying off employees.
12 However, PHDC, which had suffered a layoff of 22
13 employees in CDBG Year 23, has notified the union
14 that the reduction will cause an operating
15 deficit, which will force PHDC to lay off an
16 additional 16 employees.

17 It should be noted that among the CDBG
18 Year 24 goals of the three-year strategic plan is
19 the goal of advancing employment and training
20 opportunities to help stabilize the City's
21 employment base and create or low- and
22 moderate-income jobs.

23 Throughout the plan, there are
24 countless references to the high priority of
25 creating and retaining such jobs and how the City

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2 has made advancing employment and training
3 opportunities one of the primary goals in its
4 housing and community development plan.

5 In fact, PHDC itself is funded to
6 operate a job center to provide employment and
7 training referral services. Yet, passage of this
8 plan will result in the loss of 16 low- and
9 moderate-income jobs for Philadelphia residents.

10 I believe that it is counterproductive
11 and the complete opposite of OHCD's stated
12 priority to lay off employees currently working in
13 good jobs, who administer programs that improve
14 the housing and community infrastructure. But
15 that's exactly what this Year 24 Plan proposes to
16 do, and that defies logic.

17 The Year 24 Plans assigns PHDC many
18 functions, which are integral to the success of
19 the Plan. PHDC acts as developer and undertakes
20 projects directed by OHCD such new home ownership
21 projects in Cecil B. Moore and North Philadelphia,
22 and Sears Street in South Philadelphia.

23 PHDC manages the Home Start Program,
24 which involves the rehabilitation of homes for
25 sale to income-eligible first-time home buyers.

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2 It plays a significant role in the rehabbing of
3 PHA row houses.

4 PHDC administers the Emergency Repair,
5 Housing Repair, and Weatherization Programs by
6 overseeing the rehab services provided by
7 contractors to income-eligible owner-occupants
8 under the Hotline, Weatherization, and Basic
9 Systems Repair Program, also known as "BSRP." In
10 fact, PHDC will receive one million more in the
11 Year 24 funding for the BSRP Program.

12 Why, then, is OHCD proposing to reduce
13 its budget, thereby forcing the layoff of an
14 additional 16 employees who must inspect and
15 administer these plans.

16 For your information, the employees who
17 will be laid off include people in the positions
18 of Clerk-Typist I, making \$20,362 a year;
19 Maintenance Mechanic I, earning \$25,405 a year;
20 Housing Rehab Inspector I, getting \$29,631 a year.

21 These employees and their families fall
22 within the low- and moderate-income eligibility
23 guidelines for CDBG programs, along with living in
24 the neighborhood.

25 And where does OHCD think that these

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2 people go home to at night, to the Main Line or to
3 New Jersey? If they did, they would lose their
4 jobs.

5 Let me remind the committee that all of
6 the employees in these three housing agencies are
7 Philadelphia residents. By city charter and board
8 policy as a condition of employment, all of the
9 employees in these housings agencies are required
10 to live in the City of Philadelphia.

11 As a result, they must pay all
12 Philadelphia taxes, as City residents, at City
13 rates. They also spend the bulk of their housing
14 agency paychecks on rent or mortgages, shopping,
15 transportation, and entertainment in
16 Philadelphia's neighborhoods where they live.

17 Isn't that what the CDBG Year 24 Plan
18 is attempting to encourage? What it says it wants
19 to strengthen the neighborhood economy?

20 Yet, once again, these employees seem
21 to be exempt from any consideration for job
22 retention. We're not asking that these employees
23 get make-work jobs. No, we feel they should
24 retain the productive jobs that they currently
25 hold, that are necessary to improve the affordable

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2 housing and community development plan and make
3 the Year 24 Plan a success.

4 Whether 16 or 60 employees are
5 scheduled to be laid off, these statistics
6 represent human beings and people's lives.
7 Housing agency workers whose jobs are eliminated
8 have families to whom they're responsible.

9 When they lose their jobs, their whole
10 lives change. They regress from productive
11 members of society to burdens of society. They no
12 longer pay the full amount of City taxes, but
13 become dependent on programs that cost tax
14 dollars, including unemployment compensation,
15 Medicaid, food stamps, and even welfare.

16 At a time when the Mayor's attempting
17 to find jobs for 15,000 people coming off the
18 welfare rolls, it's illogical to lay off
19 productive workers and increase the number of
20 people competing for those very scarce jobs.

21 To me, as a concerned citizen and a
22 union leader, layoffs are a tragedy and they
23 should be a tragedy to you, as public officials,
24 as well. Layoffs represent a failure of our
25 society to provide meaningful productive work for

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2 our citizens.

3 City Council is frequently confronted
4 with downsizing and plant closings and mergers in
5 the private sector, and there's little you can do
6 but lament the loss of jobs. In the housing
7 agencies, however, you have the power to reverse
8 the situation and to keep the residents working in
9 productive jobs.

10 And what happens to the work the
11 laid-off employees were doing? Don't forget, it
12 takes people to make the Year 24 programs
13 function. The housing agencies have a legal
14 obligation to ensure that all funds provided to
15 outside entities are spent properly and in
16 accordance with all federal, State, and local
17 requirements.

18 There must be a sufficient number of
19 employees to provide professional and technical
20 oversight by the housing agencies. Therefore, it
21 makes no sense for OHCD not to even consider those
22 employees who work for the housing agencies worthy
23 enough to retain the types of jobs that the plan
24 claims to want to retain and create for other
25 citizens.

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2 I've seen in the past how layoffs and
3 staff reductions result in decreased housing
4 productivity. Layoffs cause an enormous amount of
5 disruption. They require an inordinate amount of
6 time to be spent on such bureaucratic functions as
7 reorganization.

8 The question of who will be laid off
9 next causes a great deal of insecurity among the
10 remaining employees. All of the disruption, which
11 can continue for months, reduces the time and
12 energy that could be spent on housing production.

13 Let me just mention that the union has
14 not objected the PHDC's having the head of the
15 Philadelphia Housing Authority on the contract.
16 However, we do strenuously object to the layoff of
17 the little people to do the work that PHDC is
18 mandated to perform.

19 In discussions with City Councilpeople,
20 it was recommended that the union indicate where
21 funding would go come from in order to avoid
22 layoffs. Well, I'd like to suggest that we take a
23 look at the Year 24 proposal to subsidize the
24 City's Commerce Department to the tune of
25 \$668,000, finance to the tune of \$45,000, and the

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2 Law Department for \$308,000, and the City Planning
3 Commission in the amount of \$339,000. That amount
4 totals \$1,363,000, which is more than enough to
5 cover PHDC's budget deficit.

6 I believe that the City should use part
7 of its general fund budget surplus to fully fund
8 these City departments so that employees at PHDC
9 who are primarily funded with CDBG monies do not
10 have to be laid off.

11 And why is the Housing Director
12 ignoring City Council's request to provide the pay
13 increase to OHCD bargaining unit employees? It's
14 my understanding that OHCD is presenting the CDBG
15 Year 24 consolidated plan to City Council because
16 it's legally required to obtain City authorization
17 to apply for CDBG and other funding.

18 Well, as part of last year's CDBG Year
19 23 budget, City Council approved the 3 percent
20 wage increase that OHCD bargaining unit employees
21 should have received effective December 15, 1997.

22 I'm also aware, and I do appreciate the
23 fact that the City Council President has requested
24 that OHCD provide its bargaining unit employees
25 with the approved 3 percent wage increase

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2 retroactive to December 15, 1997. However, the
3 Housing Director has not yet done so.

4 How can this be? How can the Housing
5 Director continue to ignore the instructions of
6 the elected legislative body of this City? If he
7 can continue to ignore City Council and do
8 whatever he wants, why are we even here today
9 bothering to obtain City Council approval of the
10 Year 24 Plan?

11 In conclusion, OHCD is asking that City
12 Council approve the CDBG Year 24 plan and budget,
13 which inaccurately refers to 3 percent wage
14 increases as substantial, even though they're less
15 than 1 percent of the total operating cost, and
16 proposes to create and retain jobs for low- and
17 moderate-income neighborhood residents while its
18 passage will result in the layoff of low- and
19 moderate-income neighborhood residents who happen
20 to currently work for the housing agencies
21 administer the plan.

22 That's not merely unjust and a
23 travesty, but a complete contradiction of OHCD's
24 stated priorities, as well.

25 On behalf of the affected employees of

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2 Local 1971 and District Council 33, we request
3 that City Council require that OHCD provide its
4 bargaining union employees with the approved 3
5 percent increase retroactive to December 15, 1997,
6 and negotiate a fair and just contract with Local
7 1971.

8 We also ask that City Council prevent
9 the layoffs of employees at PHDC. If it is
10 necessary to defer action on the CDBG year
11 consolidated plan to accomplish the above, we
12 implore City Council to do so.

13 We of Local 1971 and District Council
14 33 thank you and City Council for your support.

15 (Applause.)

16 COUNCILWOMAN Verna: Mr. Matthews
17 please identify yourself for the record, and
18 proceed with your testimony.

19 MR. MATTHEWS: Yes, Pete Matthews,
20 President of District Council 33.

21 I'm sorry I was a little late. I heard
22 Jeff's speech, and I wholeheartedly agree. And,
23 you know, not to repeat Jeff, what I can't
24 understand is why this contract isn't settled. We
25 had four other contracts, they were settled.

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2 And I would just hope that this is not
3 some sort of personal vendetta against Jeff, who
4 is a fiery union leader. It seems to be that some
5 of these administrators basically don't like him
6 because he fights for his members.

7 But I can't understand why this is
8 happening. I mean, this contract should be
9 settled. It's not a lot of money. I just don't
10 understand what's going on.

11 And if you want good labor
12 relationships in this city, I don't know why this
13 would happen. So I would implore Council to do
14 whatever it can to get this contract settled, and
15 immediately give them the money that's due. We
16 can probably work on some other things, but to get
17 that money for -- those wages for those members.

18 'Cause this makes no sense. We're
19 going into the year 2000, and I think going into
20 the year 2000, I think we ought to get some of
21 these things straightened out now.

22 In fact, this is the last contract to
23 be straightened out because, as you know, we're
24 not satisfied with some of the things that have
25 happened to us in the past, and we're prepared to

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2 deal with that if we have to.

3 And this is not going to help the
4 City's situation at all. If we come into, I
5 believe -- what is your membership, Jeff? How
6 many members is there?

7 MR. BROWN: It's 34 that haven't
8 received their wage increase.

9 MR. MATTHEWS: It's 34 members. And,
10 you know, I think should be looked into. I mean,
11 what is this, some kind of vendetta? I mean,
12 'cause the man works hard for his members. So we
13 would implore City Council, you know, to do what
14 they have to do and, you know, also to
15 understand.

16 You know, just like our officers come
17 up for elections -- and, you know, this is not a
18 threat to anybody here. You know, other people
19 come up for elections too, and we're very
20 political now in District Council 33, and we're
21 going to remember a lot of things that happened to
22 us. As I said, we're very political.

23 These members deserve this money,
24 there's no doubt about it. I mean, if we deserve
25 ours, they definitely deserve theirs, so we're

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2 talking about 34 members here, you know.

3 So let's, you know, get on the ball and
4 get this settled and give these people a decent
5 contract. Thank you.

6 (Applause.)

7 COUNCILWOMAN VERNA: Mr. Kromer, is
8 there an arbitrator, to my understanding, that's
9 assigned to this?

10 MR. KROMER: Yes, there is. And this
11 is -- it really speaks to your point, Mr.
12 Matthews. There is a State-appointed mediator who
13 has been engaged to work with both parties.

14 The idea of engaging a mediator was the
15 union's proposal. I think it was a good proposal.
16 It was made last year, and the State appointed a
17 mediator. We worked together with that mediator.
18 I think the experience was generally good. We had
19 17 sessions with the mediator.

20 During the most recent sessions, the
21 mediator expressed some criticism of the conduct
22 of Mr. Brown. And shortly after that time, the
23 mediator was removed. We didn't ask that he be
24 removed, he didn't ask that he be removed. Did
25 Jeff or the union ask that he be removed? I don't

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2 know, but he's gone after 17 sessions.

3 Now we have a new mediator. We've just
4 begun working with a new mediator. We think
5 she'll be fair, that we can accomplish a lot with
6 this mediator. And we want to do that.

7 As I indicated previously, we have a
8 session coming up on Friday. We take that very
9 seriously, and we want to go forward with that.

10 But Jeff really has to make two
11 decisions. One is whether he wants to go forward
12 with the mediation, which he recommended, and we
13 support it, we like that recommendation; or not.
14 And he's here to say, apparently, no, he does not
15 want to do that; he wants City Council to play a
16 role that Council has not played in other labor
17 negotiations.

18 Secondly, Jeff really has to decide
19 whether, in this situation, he's going to be like
20 SEPTA and TWU, or like SEPTA and UTU. We've got
21 some basic issues to negotiate and we've got to
22 negotiate them.

23 And I've got to speak with you and with
24 my staff and the staff of the City's housing
25 agencies whom I support and respect as a person in

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2 this room who has the highest legal responsibility
3 to the federal government and to our neighborhoods
4 to implement an effective program. And that's the
5 perspective I've got to take.

6 If I came here today with the 1988 plan
7 for Philadelphia's Community Development Program,
8 you'd send me out the door. By that same token,
9 I'm not willing to concede that contract terms
10 that were established in the 1980s are appropriate
11 for 1998. Everything that each side has described
12 as an issue is an issue that we have to resolve
13 together.

14 We are committed to the economic terms
15 of the contract, we have always been committed.
16 However, we have also been very clear other issues
17 that we had other issues that needed to be
18 negotiated and that we wanted to negotiate those
19 issues.

20 The Mayor has supported this approach.
21 We have coordinated this approach with the City's
22 top labor relations personnel, and we have made
23 our approach clear to the union from the start, as
24 we have made clear our commitment to the economic
25 terms of contract.

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2 Some people have suggested that we
3 release the 3 percent pay increase and that we
4 implement that. Well, we tried something similar
5 twice before, and it didn't work. We released the
6 so-called signing bonus of \$1100 as a good-faith
7 effort, expecting that that would be a catalyst to
8 lead to some progress in negotiations. We didn't
9 achieve the progress in the negotiations.

10 We approved have Veterans' Day holiday
11 without any substantial movement in the union.

12 I don't really know of any effective
13 labor relations negotiator who gives away the
14 economics of the contract and then expects to
15 negotiate an appropriate agreement. It just
16 doesn't make sense.

17 We've got to work together. I'm
18 committed to doing that. I think Friday's session
19 can be very productive, and I think that we can
20 conclude discussion on the major issues on Friday
21 if we're both committed to doing that. And to do
22 that, we've got to negotiate.

23 Councilman Cohen I thanked earlier for
24 the time that he devoted to listening to my
25 position the other day and expressing my point of

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2 view and challenging me to think over the contract
3 terms again and our position again. And I did do
4 that.

5 And since Jeff has gotten into quite a
6 bit of detail on the issues, I wanted to take this
7 opportunity to give you a preview of the approach
8 that we will propose to the mediator, which the
9 union had recommended, on Friday just so that
10 you'll have some advance notice of the approach
11 that we intend to take based on my thinking after
12 our meeting.

13 We proposed a four-part approach to
14 deal with major issues that have been on the
15 table. This doesn't address all of the issues,
16 and it is not four proposals; it is a single
17 proposal with four parts. And it addresses the
18 implementation of the 3 percent, new job
19 classifications that the union has requested. In
20 order to support those new job classifications, we
21 really need to create appropriate promotion
22 language, and we've simply proposed the language
23 that attaches to the D.C. 33 contract, which
24 consists of merit and a 10 percent seniority
25 credit.

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2 And then, finally, we think that the
3 layoff language that the mediator herself has
4 drafted is a sensible approach to changing the
5 layoff language. And with one moderate revision,
6 we propose adoption of that language.

7 Those four components of the proposal
8 really would clear the table of some very
9 substantive issues and, I think, enable to us move
10 ahead.

11 And so I wanted you to have that in
12 advance.

13 COUNCILWOMAN VERNA: Thank you, Mr.
14 Kromer.

15 The Chair recognizes Councilman Cohen.

16 COUNCILMAN COHEN: I just have--

17 COUNCILWOMAN VERNA: Councilman, did
18 you receive a copy of the proposal?

19 COUNCILMAN COHEN: No.

20 I just have great difficulty in
21 understanding Mr. Kromer's position. And in
22 addition, I am terribly disturbed by the notion of
23 layoffs.

24 I can't tell you how many hearings
25 we've had here where the Mayor and all of his

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2 people have proudly proclaimed that Philadelphia
3 has a no-layoff policy. He keeps telling us time
4 and time again, We accomplished whatever they did
5 through privatization, City Councilman Cohen, see,
6 other Councilmembers, we did it without a single
7 layoff. And, suddenly, I'm confronted with this
8 layoff question, which is separate entirely from
9 the 3 percent.

10 The 3 percent payoff has been agreed
11 to. All that's happening is you're not paying.
12 It it's like going to the bank where you have a
13 small checking account and saying, "I want my
14 money," and they say, "Well, before we give you
15 back your money, you know, we have other things in
16 mind we want you to do."

17 And I would think that that would be
18 outrageous. I would say, "Well, that's my money.
19 You can't have any conditions attached to giving
20 me back my money."

21 I think that's the situation with the 3
22 percent. I think the money should have been paid
23 when it was due.

24 (Applause.)

25 COUNCILMAN COHEN: And I don't see that

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2 as an issue to be debated about. There may be
3 other issues -- I'm not up to date, and I don't
4 want to be involved in mediating.

5 The discussion I had with you on Friday
6 was aimed at dealing with something that in the 30
7 years since I first came into Council till now,
8 I've never seen happen, where a contract with the
9 union by the City has been agreed to. And then
10 suddenly months after things were supposed to
11 happen, we're still talking about making it
12 happen.

13 And so I think they're entitled to that
14 money, no matter what happens in mediation.

15 (Applause.)

16 COUNCILMAN COHEN: I assume the
17 question of these potential layoffs is before you
18 because I think the whole City government has a
19 responsibility in seeing to it that there are no
20 layoffs of City employees.

21 (Applause.)

22 COUNCILMAN COHEN: Maybe there's a
23 technical difference between civil service and
24 non-civil-service, but we haven't made the
25 distinction. All the non-civil-service employees

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2 have been blanketed in by the Mayor in all of his
3 speeches to us here in City Council. They have
4 all been protected as far as the layoff
5 situation.

6 I don't know what brings this about or
7 why it does, but I have to tell you, I kind of
8 share District Council 33's President, Pete
9 Matthews, that there's something not being put on
10 the table that is responsible for what I think is
11 a very wrong anti-labor, anti-union position by a
12 City agency.

13 (Applause.)

14 COUNCILMAN COHEN: Now, none of this,
15 Madame Chair, none of this is a surprise to Mr.
16 Kromer. He's heard me express these views in
17 public, he's heard me express them in private when
18 we had meetings on the budget that his office was
19 presenting for City Council's consideration.

20 That was the basis of our meeting on
21 Friday. This subject came up incidently to it
22 because I don't think we can deal with the budget
23 problem until we resolve the labor problem.

24 Now, in an unusual amount of
25 conciliation from my point, 'cause I'm not known

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2 particularly as a conciliator, there was a
3 resolution before us to act, you know, and to
4 condemn publicly the action of OHCD.

5 We withdrew that resolution from action
6 before City Council because we were led to believe
7 that actions were being taken by others, the City
8 Council President, people in the City Solicitor's
9 Office, and elsewhere to deal with this situation.

10 But I think, unless this question of
11 the 3 percent, the other matters, I think properly
12 belong in mediation, but I don't think that 3
13 percent belongs anywhere except in the pockets of
14 the people.

15 (Applause.)

16 COUNCILMAN COHEN: So, Madame Chair, I
17 think if we don't get an answer by the end of the
18 week, that City Council ought to put back on the
19 agenda, as a top order of priority, that
20 resolution that was before us.

21 We have tried, in the interest of good
22 relations, to deal with it in some other way. But
23 in view of the intransigence of Mr. Kromer, I
24 think we're being left with no other option.

25 Because it's a question of good faith.

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2 Why should these people be punished, be kept from
3 the 3 percent, and we're told it is a big sum, and
4 you know it's not a big sum -- it's a tiny sum,
5 it's less than one 1/10th of 1 percent. It
6 doesn't even amount to 1/10th of 1 percent of the
7 budget.

8 So it's not a significant figure at
9 all. But even if it were, it's money that belongs
10 to them and not to the OHCD.

11 Thank you, Madame Chair.

12 (Standing ovation.)

13 MR. KROMER: Just one small comment.

14 All of your comments overlook the fact that
15 collective bargaining is a two-way street. I need,
16 for the benefit of Philadelphia's economy and its
17 neighborhoods, to negotiate a fair contract for
18 OHCD and for Local 1971. I'm committed to doing
19 that.

20 COUNCILMAN COHEN: But that -- the 3
21 percent has already been negotiated. That we
22 don't seem to get through. I agree. I said that
23 other matters like the layoffs belong in
24 mediation.

25 Because, I'll tell you, I will not

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2 accept a policy that these people are different
3 from all other people who work for City
4 government.

5 (Applause.)

6 COUNCILMAN COHEN: And, therefore, for
7 some reason --

8 MR. KROMER: Neither the Mayor nor I
9 committed to implementing a pay raise without a
10 conclusion of negotiations, and we did not commit
11 to that.

12 COUNCILMAN COHEN: You mean you're not
13 covered by the Citywide negotiations?

14 MR. KROMER: We're absolutely committed
15 to that, but we never committed to implement it
16 without concluding the contract negotiations.

17 As I said, no one supports a
18 negotiation position of giving the money away and
19 then trying to negotiate the (unintelligible). No
20 one would support that.

21 COUNCILMAN COHEN: I know, but you
22 can't money that belongs to other people and
23 withhold it from them as a threat in a different
24 negotiation. That 3 percent is not subject to
25 negotiations.

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2 MR. KROMER: No, we --

3 COUNCILMAN COHEN: It's already been
4 agreed to, and you have no right -- legal or
5 otherwise -- to withhold the money from them.
6 That belongs to them.

7 (Applause.)

8 COUNCILMAN COHEN: Either Mr. Kromer,
9 Madame Chair, I've got to say we either have a
10 government in Philadelphia that keeps the faith
11 with working people, or we've got to do everything
12 necessary to make the present Administration
13 follow fair labor policies.

14 You're --

15 (Applause.)

16 COUNCILMAN COHEN:

17 MR. BROWN: Madame Chair, can I respond
18 to a few of the statements that John Kromer had
19 made?

20 First of all, yes, the union had
21 suggested mediation. And if you're aware of
22 collective bargaining, you can use mediation, you
23 don't have to use mediation. You can be using it
24 on one track and do other things on another
25 track. There is nothing that says if you call in

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2 a mediator that that mediator has to be gospel or
3 what the mediator suggests.

4 There is nothing that says that you
5 can't agree to other things aside from the
6 mediator. And if both parties don't want to
7 agree, then whatever the mediator has to say
8 doesn't really mean anything.

9 There was a proposal that they had made
10 at one point to have fact-finding, which is
11 permitted under the law. We said to them, rather
12 than go through fact-finding, we're willing to do
13 that, but let's go to binding arbitration and have
14 an arbitrator -- like the 111, the police and fire
15 arbitrations -- to resolve the contract.

16 'Cause the fact-finder can come up
17 with their facts, and then either side can ignore
18 it. Why waste the additional time and money?

19 So when they proposed fact-finding, we
20 responded to them that we were willing to have a
21 neutral come in and arbitrate, but leave that as a
22 binding arbitration. They rejected that.

23 The mediator -- and I'm not going to
24 get into any personal things here, but there are
25 other people who --

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2 COUNCILWOMAN VERNA: No, please don't,
3 because we're not going to mediate the contract
4 here. Just be very general, please.

5 MR. BROWN: Okay. I'm not getting in
6 anything, as I said, about the mediator, but it
7 was a common agreement. The mediator -- there was
8 no problem with -- both ourselves and the mediator
9 had no problem with the previous mediator leaving
10 the mediation and someone else coming on. I had
11 wanted to point that out.

12 In addition, John Kromer, if he's been
13 to one of those sessions or two of those sessions
14 -- and we've been having them since '95 -- it's a
15 whole lot. He does not show up at the sessions.
16 He leaves -- and he doesn't have to, I understand
17 that. But he leaves it up to people that have
18 their own way of doing things and their own
19 agendas, and I don't know if they always get back
20 to John on what happens in those negotiations.

21 In addition, let me point out that --
22 he mentioned that they gave Veterans' Day without
23 getting anything substantial. We negotiated for
24 Veterans' Day, we negotiated, and he knows that.
25 If he were going to be honest, he would know that

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2 Pat Herron (ph.) sat in Pat Herron's office and
3 worked out something on negotiating on Veterans'
4 Day because we were going to have a picket line up
5 if they made us work.

6 We had spoken to Pete Matthews about
7 it, and he suggested that I get together with Pat
8 Herron, and we did. We negotiated that; it was
9 not given out of the goodness of John Kromer's
10 heart.

11 In addition to that, there is nothing
12 that we are asking for -- and all we're asking for
13 is to retain what we have. And what we have is
14 the same language, almost verbatim at the PHDC
15 contract and almost identical with the
16 Redevelopment Authority contract.

17 We're not asking for more; we're asking
18 for what those others agencies that have already
19 negotiated contracts with CDBG money what they
20 already have.

21 John also says that the promotion
22 language they're talking about is the same as
23 District Council's 33 contract. He's never seen
24 District Council 33's contract 'cause it doesn't
25 deal with promotion language. They have a

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2 civil-service system; we do not. We don't have a
3 civil-service system.

4 (Applause.)

5 MR. BROWN: We will not leave their
6 interpretation of merit that has been challenged
7 and lost in arbitration because they don't
8 consider the merit of employees, we will not
9 accept their determination as to what merit is.
10 We don't have civil service, se don't have an
11 objective way of determining that.

12 John also says, Oh, there's a meeting
13 coming up, there's another negotiation. I've
14 heard this time and time again. Yeah, we've had
15 meetings. And what happens is, we go into the
16 meetings, and their position has not changed.

17 Or their position -- we were -- it's
18 really interesting that he handed something out in
19 writing today 'cause since December of last year,
20 we haven't gotten anything in writing from them.

21 I sent them a letter last month saying,
22 Give us your comprehensive proposal in writing
23 'cause we are not sure what you have on the
24 table. We've given them ours in writing and we've
25 given them whatever were the revised changes.

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2 And we've made a lot of revisions and
3 we've made a lot of compromises, but until right
4 now -- and I haven't had a chance to look at this
5 -- there was nothing given in writing by them.

6 So, you know, things are not always as
7 John Kromer says.

8 (Applause.)

9 COUNCILWOMAN VERNA: Councilman Cohen,
10 do you have any further questions? You're light's
11 still on.

12 COUNCILMAN COHEN: I just don't
13 understand the 3 percent holdup. I can understand
14 there can be differences between management and
15 labor that have to be negotiated.

16 And, as the Chair said, we don't
17 negotiate contracts, but what we're trying to
18 enforce is a commitment already made by the City
19 with respect to that wage increase, and there's no
20 reason, no reason at all, why that wage increase
21 can't be made in the very next paycheck --

22 (Applause.)

23 COUNCILMAN COHEN: -- while the
24 negotiations continue on.

25 (Applause.)

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2 COUNCILMAN COHEN: Good faith -- Madame
3 Chair, just one moment.

4 Good-faith negotiations on these other
5 issues can't -- there's no way of achieving it as
6 long as you take the position that we're going to
7 hold their money as a penalty to use against them
8 to force a concession on their part which they
9 might not be willing to concede in good-faith
10 bargaining.

11 You're holding them hostage, and it
12 makes no sense whatsoever.

13 (Applause.)

14 COUNCILWOMAN VERNA: The Chair
15 recognizes Councilwoman Fernandez.

16 COUNCILWOMAN FERNANDEZ: With all due
17 respect, could I just note for the record, if the
18 tables were reversed, I think union people would
19 be quite upset if their leadership negotiated a
20 contract on all the terms of employment and
21 working conditions and said we'll wait till later
22 to reach some agreement on the money part of the
23 package.

24 There are two parts, in my
25 understanding, to labor negotiates -- the money

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2 package, and the terms and conditions of
3 employment.

4 So, again, for the record, I think we
5 have to be clear, that's my understanding of
6 contract negotiations. The two are inextricably
7 linked, and you need an agreement on the whole
8 package.

9 COUNCILWOMAN VERNA: The Chair
10 recognizes Councilwoman Blackwell.

11 (Booing by audience members.)

12 COUNCILWOMAN VERNA: I will not have
13 anybody being disrespectful, please.

14 COUNCILWOMAN BLACKWELL: Thank you,
15 Madame Chair. Good afternoon, Mr. Brown and Mr.
16 Matthews.

17 Based on these four points then as of
18 Friday, there's an opportunity to again deal with
19 the wage increase. All of these issues will be on
20 the table on Friday, is that clear? So that we
21 have an opportunity?

22 MR. KROMER: (Nods.)

23 COUNCILWOMAN BLACKWELL: 'Cause I've
24 talked with both sides. And, quite frankly, I've
25 kind of heard the same thing from both sides. And

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2 it's been a while, it's been a while, I know, and
3 things have gone on. And it's trying when things
4 don't change.

5 In fact, I talked with Mr. Kromer as
6 recently as yesterday and I've talked with Jeff
7 Brown, and he said the same thing about mediators
8 and that sort of thing over the past several
9 months.

10 So then on Friday, what will happen?
11 Can we hope to have a settlement that would deal
12 with all of these issues?

13 MR. KROMER: If we can reach an
14 agreement on the proposal that I distributed or
15 something like it, we can go ahead with what is
16 described in that proposal and negotiate the other
17 issues, the other outstanding issues separately,
18 but go forward with everything that is described
19 in that handout, and that is what I'd like to do.

20 I realize that Local 1971 will probably
21 want to have some time to consider this, talk it
22 over, and so on. We have a couple of days to do
23 that, and I expect there should be more discussion
24 with the mediator.

25 But my hope is that we would resolve

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2 all of these issues in a package on Friday.

3 COUNCILWOMAN BLACKWELL: Jeff?

4 MR. BROWN: Yeah. As I said, we
5 haven't gotten anything in writing from them since
6 December. For them to come here now in front of
7 City Council and say, Oh, these are what we're
8 going to propose, we have other thing on the
9 table, number one.

10 Number two, the items that I -- I
11 haven't even taken a look at this because I've
12 just gotten it right now. But, again, the items
13 that we're taking about, they're proposing things
14 regarding promotion language, and we haven't had a
15 grievance on promotion language in over a decade.

16 They're proposing changes among
17 temporary appointments, and I didn't want to get
18 into this detail, but since he handed the things
19 out, I, you know I'm going.

20 They're talking about excluding people
21 -- temporary employees from the bargaining unit.
22 This is a bargaining unit of 34 -- how many people
23 do they want to exclude?

24 OHCD has 85 or 90 people. We're only a
25 small part -- we only represent a small part of

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2 OHCD anyway, and we can -- we do have grievances
3 on their exempt employees doing our work anyway,
4 you know.

5 And they also want to decrease retiree
6 health benefits, things that nobody in District
7 Council 33 had to agree to last time.

8 And, remember, in '92, we made
9 significant concessions, and we were willing to go
10 along with District Council 33 and make those
11 concessions. We don't know why, when we haven't
12 had grievances over certain language issues, now
13 they're coming back and asking for non -- some
14 people, they say it's economic; other people, they
15 say, it's non-economic of the issues.

16 I don't know exactly what their issues
17 are, and I don't know what's going to happen on
18 Friday till we actually get to the table on Friday
19 and find out. But just 'cause they hand something
20 out. It doesn't mean that's what we're going to be
21 -- that's what we're going to accept. We have to
22 review it, we have to determine what is best for
23 our members, because the position that they have
24 taken --

25 (Applause.)

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2 MR. BROWN: The position that they have
3 taken -- had taken up to this point -- and as I
4 said, I haven't looked at this language yet. Our
5 members, these people that are residents of the
6 neighborhoods, that are your constituents in
7 Council, that are low- and moderate-income people,
8 they deserve much, much better than that. And
9 OHCD wasn't going to give it to 'em.

10 COUNCILWOMAN VERNA: Mr. Kromer, are
11 you going to be at the scheduled meeting on
12 Friday? You will personally be there?

13 MR. KROMER: I learned yesterday that I
14 have to be away on Friday. A member of my family
15 passed away, and I will be at a memorial service.
16 So I will be out on Friday.

17 COUNCILWOMAN VERNA: Why have the
18 meeting Friday? Why not just have it Monday or
19 Tuesday?

20 MR. KROMER: I think we can go ahead
21 Friday, and I think that we go ahead on Friday, as
22 we had planned. And I will keep in contact during
23 the meeting, if necessary, so that we can do that.

24 I don't think there will be or needs to
25 be any communication problem.

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2 COUNCILWOMAN BLACKWELL: Madame Chair,
3 may I follow up with one question?

4 COUNCILWOMAN Verna: Yes.

5 COUNCILWOMAN BLACKWELL: Is it your
6 understanding, Mr. Kromer, as well as Jeff's or
7 Pete Matthews', that there are proposed give-backs
8 that no other City employees in other unions have
9 been asked to deal with or to consider?

10 MR. BROWN: Absolutely, absolutely.

11 Nobody in District Council 33, to my
12 knowledge, had to revise their promotion language,
13 nobody had to give back on their layoff language,
14 nobody had to give back on their retiree health
15 benefits, and nobody had to give back on the
16 provision of temporary -- or the ability to
17 appoint temporary people outside the bargaining
18 unit.

19 Those are the four issues that I
20 understand that OHCD still has on the table, the
21 four non-economic issues. They may be the only
22 four issues.

23 But those things -- nobody else in
24 District Council 33 had to give back those items.
25 And that's what we're saying, it is not fair to

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2 request or to demand and to hold, as Councilman
3 Cohen said, the 3 percent -- hold these people
4 hostage for the 3 percent to give back, when
5 nobody else was even asked to give back in
6 District Council 33. It's not fair.

7 (Applause.)

8 COUNCILWOMAN BLACKWELL: Mr. Kromer?

9 MR. KROMER: The Local 1971 OHCD
10 contract is substantially different from the D.C.
11 33, for whatever reason, and I'm sure we would
12 agree or disagree on the use of the term
13 "give-back."

14 But our position has been, from the
15 start, we need to negotiate some changes in
16 contract language, and that's all that we're
17 taking about now.

18 COUNCILWOMAN BLACKWELL: I'm certain
19 that I speak for myself, and I know that the Chair
20 and other members of the committee, when I say
21 that that we are willing to play any part that we
22 can in being helpful. It's very frustrating and
23 disparaging that these things go on so long,
24 without progress.

25 I was saying yesterday that it reminds

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2 me of the SEPTA strike. Here we're still working
3 under old contracts, and it's very difficult for
4 people to plan when they don't know what tomorrow
5 brings.

6 So, certainly, we want to be available
7 in any way we can and to be helpful in any way
8 that you deem proper to help expedite things.

9 So, you know, we kind of feel guilty
10 that here we're all in the City, and we haven't
11 been able to make a difference thus far.

12 Thank you, Madame Chair.

13 COUNCILWOMAN VERNA: Thank you.

14 The Chair recognizes Councilman Nutter.

15 COUNCILMAN NUTTER: Thank you, Madame
16 Chair.

17 Mr. Kromer, just a couple quick
18 questions. Is it true that in the Year 23 budget,
19 there was a 3 percent wage increase that was
20 approved as a part of the Year 23 Plan?

21 MR. KROMER: Yes.

22 (Applause.)

23 COUNCILMAN NUTTER: And what is the
24 reason that the approved and, I assume, allocated
25 and authorized funds were not given to the

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2 employees?

3 MR. KROMER: Let me be clear,
4 Councilman. We proposed, and Council authorized
5 funding for developers in the Year 23 Plan also.
6 Some of that funding has not been released to
7 developers.

8 And the same principle is at work here.
9 It's the principle -- let me --

10 COUNCILMAN NUTTER: Mr. Kromer, I don't
11 want to talk about developers, I don't care about
12 developers.

13 (Applause.)

14 COUNCILMAN NUTTER: So the same
15 principle doesn't apply to developers that applies
16 to our public employees. Do not go there. We
17 want to talk about the employees.

18 (Applause.)

19 COUNCILMAN NUTTER: Why wasn't the
20 approved, authorized, allocated funds given to the
21 employees?

22 MR. KROMER: The raise was not
23 implemented because we did not have a signed
24 contract.

25 COUNCILMAN NUTTER: Well, let me ask

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2 this question: Are the people getting paid?

3 MR. KROMER: People are getting paid.

4 COUNCILMAN NUTTER: Do you have a
5 signed contract?

6 MR. KROMER: We have a signed existing
7 contract which -- and we're working under those
8 terms, but we do not have a new contract.

9 COUNCILMAN NUTTER: So your position is
10 that even though raise dollars have been approved,
11 allocated, and authorized, and even though the
12 people are on the payroll today, and whenever
13 their pay periods are, whether it was last week or
14 this coming Friday or whatever, since you don't
15 have a new contract, you will not authorize the
16 payment of the funds?

17 Is that your position?

18 MR. KROMER: Until one is executed.

19 COUNCILMAN NUTTER: Okay.

20 MR. KROMER: And we did not propose
21 anything different to Council in Year 23.

22 COUNCILMAN NUTTER: So -- I mean that's
23 -- I guess that's the leverage that you try to
24 hold over them in terms of dealing with the
25 contract; that unless you agree to a contract, you

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2 don't get your raise? I mean, is that the way
3 this goes?

4 MR. KROMER: That is my understanding
5 of the term "negotiation." And we are negotiating
6 a fair contract for both parties.

7 COUNCILMAN NUTTER: But we didn't have
8 a negotiation about the 3 percent when we went
9 over the Year 23 Plan, right? You didn't have
10 that negotiated at --

11 MR. KROMER: We are committed and
12 expressed our commitment to that.

13 COUNCILMAN NUTTER: All right. So when
14 you came in in Year 23 and said, We plan to have a
15 3 percent raise, do you recall that your testimony
16 was that it was subject to a new signed contract?
17 Is that your testimony?

18 MR. KROMER: I don't recall any
19 discussions of that whatsoever.

20 But it has always been our position
21 that we negotiate a contract and we execute a
22 contract. And that is our intent now.

23 COUNCILMAN NUTTER: Well, my last
24 question is-- I mean, all of this obviously comes
25 up because we're now at Year 24, and you have to

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2 make an application to HUD for the next round of
3 funding.

4 When is the application due?

5 MR. KROMER: We intend to submit it
6 next month, subject to City Council's approval.

7 COUNCILMAN NUTTER: What's the
8 deadline?

9 MR. KROMER: Well, there's no
10 deadline. But the sooner it gets submitted, the
11 sooner we can receive the funding and move the
12 program ahead.

13 COUNCILMAN NUTTER: And I may have
14 missed some of the earlier discussion when I was
15 in the hallway. There's a meeting coming up on
16 May 8th? This is the much-discussed mediation
17 session?

18 MR. KROMER: With the mediator, that's
19 right.

20 COUNCILMAN NUTTER: Okay. And did I
21 hear you make a statement earlier that you thought
22 that things were going to be concluded soon?

23 MR. KROMER: I distributed a summary of
24 the proposed approach, which OHCD will present at
25 that session, which, I feel, would resolve four

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2 very significant issues and could resolve them on
3 that day.

4 COUNCILMAN NUTTER: All right. Madame
5 Chair, unfortunately, I'm going to have to go back
6 down the hall to finish another piece of business,
7 and I'm not sure whether this discussion is going
8 to go back and forth.

9 I have to say, though, that at the
10 moment, having gotten a lot of information about
11 this and having talked to a lot of people, I
12 haven't necessarily heard anything from the OHCD
13 side that's given me any greater comfort, and I'm
14 not necessarily sure that we're exactly in a
15 position to deal with the Year 24 Program and
16 budget, under these particular circumstances.

17 (Applause.)

18 COUNCILMAN NUTTER: So -- I mean, I'm
19 sure that other members have other questions. I
20 am not going to leave a vote, and I will only be
21 down the hall, and I'm not sure where this
22 ultimately ends up.

23 But I think we need to reconsider what
24 we've been asked to do today and what the
25 implications are of all that, given the request

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2 for a suspension of the rules, advertising issues,
3 Council sessions being scheduled, not being
4 scheduled. And now we learn of a no-deadline
5 situation on this particular application.

6 I'd like to see this issue resolved for
7 both sides in a fair and equitable contract. I
8 don't plan to be at the negotiating table, but I
9 am uncomfortable, under these circumstances,
10 taking an action that seems to place one side in a
11 much more superior position than the other side.

12 And I don't particularly appreciate if
13 we did the Year 23 and there were apparently some
14 strings attached that we were not told about. I
15 don't like that.

16 (Applause.)

17 COUNCILMAN NUTTER: So having possibly
18 created a little further confusion, knowing this
19 will not conclude in the next few minutes, I'm
20 going to excuse myself. I shall return.

21 (Applause.).

22 COUNCILWOMAN VERNA: The Chair
23 recognizes Councilman Cohen.

24 COUNCILMAN COHEN: What I hear from Mr.
25 Kromer is that he hopes that Friday morning will

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2 be the beginning of another 17-session mediation
3 course, maybe even exceeding the 17 sessions and
4 on to 19 or 20.

5 I don't -- and that's not the direction
6 this ought to take. And item 1 on salary
7 increases should not be on the agenda. There is
8 enough to negotiate on that. That negotiation was
9 done in connection with the Citywide contract in
10 which it was agreed that all City workers, without
11 distinction, were to get that 3 percent increase.
12 And I don't understand -- I just can't understand
13 why it appears as No. 1 on the negotiation.

14 In other words, Madame Chair, I'm
15 charging that OHCD -- and I didn't want to say
16 that -- in my judgment, is not negotiating in good
17 faith.

18 (Applause.)

19 COUNCILWOMAN VERNA: Is somebody going
20 to respond? As I said, I think we're getting into
21 negotiating a contract, and that's not our job or
22 our responsibility.

23 COUNCILMAN COHEN: Well, Madame Chair,
24 I have to disagree. When an agency of the City
25 government takes something that's already been

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2 negotiated and agreed upon --

3 COUNCILWOMAN VERNA: I don't think he
4 said that.

5 COUNCILMAN COHEN: -- and then uses
6 that against them, I say that's wrong.

7 COUNCILWOMAN VERNA: I don't think he
8 -- I don't think he --

9 COUNCILMAN COHEN: And we should say
10 that clearly that it's wrong to --

11 COUNCILWOMAN VERNA: I don't think Mr.
12 Kromer said that that was negotiated. And I hate
13 to tell you, Councilman, but I don't think that
14 people in City Council got the bonus or the 3
15 percent.

16 So, Mr. Kromer, will you please
17 answer? We're going to conclude this. I think --
18 who's going to answer the comments made by
19 Councilman Cohen?

20 MR. KROMER: I intend to and would
21 like, with the support of Jeff Brown and Local
22 1971, to resolve these four substantive issues on
23 Friday. I'm sure they will be characterized in
24 different ways, but -- and there may be
25 recommendations for changes that will be discussed

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2 on Friday.

3 But if we can resolve them, then we'll
4 be well on our way to --

5 COUNCILWOMAN Verna: Now, Mr. Kromer,
6 if they're not resolved by Friday, are you willing
7 to meet with them one day next week to work toward
8 the end this entire issue?

9 MR. KROMER: I'll do whatever is needed
10 to resolve this, but to go through a constructive
11 negotiation between both parties.

12 MR. PETERS: Can I make a closing
13 statement?

14 You know, I listened really intently,
15 and you have to understand, the clock is ticking
16 here. Now, I'm -- maybe this is my personal
17 opinion on this. But from what I understand, the
18 City's working because of the union. I mean, all
19 the P.R. that they put out about America's Mayor
20 and how everything's going with the City, and you
21 know, it did it off the back of the workers, and
22 we accept that.

23 But the clock is clicking to the year
24 2000. And if this the kind of negotiations that
25 we're going to expect in the year 2000, well,

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2 they're really getting us prepared for it 'cause
3 this is wrong, this is wrong. These people should
4 have that money, there's no need for that. This
5 is 34 members of a local which District City
6 Council 33 strongly supports.

7 And if goes past Friday the only way we
8 can look at this is it's a threat to District
9 Council 33 what's going to happen in the year
10 2000. And I could tell you, we are going to be
11 absolutely prepared for that.

12 And we want to send this message out to
13 all the Councilpeople, all elected officials that
14 -- you know, I stand with Jeff Brown, and I
15 understand his position in not giving anything
16 back because that is strongly my position going
17 into the year 2000.

18 And District Council 33, under no
19 circumstances, will give anything back. If they
20 said we made this city, they got it off the
21 workers' backs, well, we're going to accept that.
22 And we're going to go into our future
23 negotiations, as Jeff is doing right now, saying
24 that we won't give anything back. And I stand
25 fully behind Jeff with this. He's supposed to

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2 have that, he negotiated strongly for it.

3 And now -- now one issue that comes up,
4 if they can't come to agreement on something that
5 I normally wouldn't do, but Jeff seems to be
6 comfortable with that, why don't they go to
7 binding arbitration. He has absolutely no problem
8 with that, why don't they go to binding
9 arbitration and then let a mutual party decide.

10 That should be the question in the back
11 of everybody's minds. Why doesn't management go
12 along with that? And, Jeff, you're willing to do
13 that, right?

14 MR. BROWN: Absolutely, yes.

15 MR. MATTHEWS: So Jeff is willing to do
16 that, so that should be -- why -- why won't they
17 do that? What is the answer to that? Why won't
18 you do that? Why won't you agree upon that, upon
19 binding arbitration?

20 MR. KROMER: We've agreed to Local
21 1971's recommendation regarding the mediation
22 process. And we think the process has yielded
23 some constructive results, and can -- we'd like to
24 see it through to a conclusion. And I think we
25 can reach a conclusion on some substantive points

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2 on Friday.

3 I don't want to abandon that process
4 which you have proposed and which we support.

5 COUNCILWOMAN VERNA: Any other
6 questions?

7 COUNCILWOMAN BLACKWELL: I certainly
8 commend all of you who are here for having this
9 discussion. Certainly, Councilman Cohen and I
10 were at an affair, I guess, maybe a week ago or
11 two weeks ago, with Mr. Matthews, and he said the
12 exact same things in terms of give-backs at his
13 union hall.

14 And so we understand that he is sincere
15 and committed to this as well as Mr. Brown. And
16 we're hopeful that we can, with Mr. Kromer,
17 negotiate some kind of a settlement, to be as
18 close to it as we can be, to help the party
19 helping him to resolve this. It's really gone on
20 far too long.

21 COUNCILWOMAN VERNA: Councilwoman, I
22 think we have all indicated our willingness to
23 help in whatever way we can.

24 And, again, I would say to Mr. Kromer,
25 I know you're indicated that you cannot be at the

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2 willing Friday. If there's not a conclusion to
3 this is Friday, I would like your commitment that
4 you will certainly personally meet with the
5 mediator and whomever one day next week, because I
6 think this has been going on for much too long,
7 and it has to be resolved one way or another.

8 MR. KROMER: Gladly.

9 COUNCILWOMAN VERNA: Do I have your
10 commitment on that?

11 MR. KROMER: Absolutely.

12 COUNCILMAN COHEN: (Inaudible,
13 off-mike.)

14 COUNCILWOMAN VERNA: I think we're
15 getting --

16 COUNCILMAN COHEN: I just want you to
17 know that.

18 COUNCILWOMAN VERNA: We're hearing that
19 he's never been --

20 COUNCILMAN COHEN: Because Mr. Kromer
21 has had this position, with the precise words, for
22 months. And he intends to keep it.

23 Because what he wants is to be able to
24 make all of the important decisions affecting
25 their lives without union intervention. That's

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2 what this is all about.

3 (Applause.)

4 COUNCILMAN COHEN: He's going to stall
5 and stall and stall and making pretty and making
6 nice while he holds their money in his pocket.
7 And it's outrageous.

8 And we should not be giving him any
9 leeway whatever. He violated that union contract,
10 a 3 percent increase was agreed upon. It is not
11 on the negotiation table.

12 What they're talking about -- you have
13 the union which is saying, We're not giving back.
14 And if they do, I can tell you, it will take a
15 long time before they do.

16 You have Mr. Kromer saying, Well, if we
17 make progress, but what he means "If I frighten
18 the union badly enough and scare them enough and
19 threaten enough layoffs, maybe they'll come around
20 and accept my point of view."

21 And that's dirty union-busting. That's
22 all it is.

23 (Applause.)

24 COUNCILMAN COHEN: And I don't think we
25 ought to make it appear that we've arrived at any

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2 kind of agreement -- we haven't.

3 Because he hasn't said one thing that
4 indicates that he's willing to recognize the
5 rights of the union in this situation. If he had
6 the slightest good faith, he'd immediately pay
7 them off, then go into negotiations and let
8 negotiating take place.

9 (Applause.)

10 COUNCILWOMAN VERNA: Okay, gentlemen.
11 Thank you, thank you very much.

12 MR. BROWN: Thank you.

13 (Applause.)

14 COUNCILWOMAN VERNA: Our next witness
15 is Lionel Drain. Is Lionel Drain still in the
16 audience?

17 (Lionel Drain comes forward.)

18 COUNCILWOMAN VERNA: Good afternoon.

19 MR. DRAIN: Good afternoon.

20 COUNCILWOMAN VERNA: Excuse me, Mr.
21 Drain.

22 We're still trying to have a hearing.
23 I would suggest that you leave quietly. Thank
24 you.

25 Mr. Drain, please identify yourself for

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2 the record, and proceed with your testimony.

3 MR. DRAIN: My name is Lionel Drain,
4 L-I-O-N-E-L.

5 COUNCILWOMAN VERNA: Mr. Drain, you're
6 going to have to pull that microphone closer to
7 you, please.

8 MR. DRAIN: My name is Lionel Drain.

9 COUNCILWOMAN VERNA: Mr. Drain, just a
10 minute, please.

11 Please proceed. Thank you.

12 MR. DRAIN: I'll start over. My name
13 is Lionel Drain, L-I-O-N-E-L, D-R-A-I-N. I am a
14 community developer in the Mantua section of
15 Philadelphia. And I'm here on behalf of Mantua.

16 There is a development that is in the
17 process at 40th and Aspen Street, which we are
18 interested in being the developer, or a
19 partnership in developing that particular lot.

20 We had just gotten information on that,
21 and we need the Council's help -- we need the
22 Council's help in order to be a CDC for that site.

23 COUNCILWOMAN VERNA: Have you been in
24 communication with the District Councilperson?

25 MR. DRAIN: Yes, I have. Just

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2 recently, yes.

3 But we also have -- we also have just
4 found that L&I has been going around in our
5 community just recently in the past week, putting
6 red tags on abandoned houses to be demolished.

7 And we are also trying to start a new
8 program where we will go right behind them and
9 acquire these lots so that we can start the
10 paperwork to have X-amount of houses built on
11 those lots.

12 Rather than have a lot sit for five,
13 ten, fifteen, twenty years before we do anything,
14 we want to start immediately on the lots in which
15 the houses were sitting on.

16 COUNCILWOMAN Verna: I believe this is
17 in Councilwoman Blackwell's district, and I know
18 that if you work with her, she will do everything
19 possible to form a partnership with you so that
20 much of what you're talking about could be
21 accomplished.

22 The Chair recognizes Councilwoman
23 Blackwell.

24 COUNCILWOMAN Blackwell: Thank you,
25 Madame Chair.

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2 Lionel Drain is from the area in Mantua
3 where Tim Spencer once lived. And what they're
4 doing -- we have various organizations in Mantua,
5 but he wants to be part of a CDC effort on new
6 ventures that come in, one new one that's in
7 question now. And that's what his interest is.

8 And, certainly, we support him. He
9 works with all the people down there, and he's
10 kind of assumed this leadership mantle since we
11 lost Tim Spencer and those who come after him,
12 Charles Underhill and others.

13 And we respect his leadership and
14 certainly look forward to -- in fact, we invited
15 him here today so that he could get on the record
16 stating they want to be a new CDC in Mantua.

17 Thank you, Madame Chair.

18 MR. DRAIN: And thank you.

19 COUNCILWOMAN VERNA: Thank you very
20 much, Mr. Drain, for coming in.

21 Is there anyone else to testify on this
22 bill?

23 (No response.)

24 COUNCILWOMAN VERNA: I believe that
25 concludes our list of witnesses. We will just

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2 wait for two of the members of the committee to
3 return to the chambers so that we can go into the
4 public meeting.

5 There were other witness scheduled to
6 testify. However, I believe, the hour got late
7 and many of them had to leave. We will give the
8 stenographer written testimony from a couple of
9 the groups, namely -- who did we have?

10 THE CLERK: Madame Chair, the Walnut
11 Hill Community Development Corporation and
12 Northwest Counseling Services, and the full
13 testimony of Dr. Capkin.

14 COUNCILWOMAN VERNA: All right. This
15 concludes the public hearing on Bill No. 980228.
16 We will now go into our public meeting

17 - - -

18 COUNCILWOMAN VERNA: The Chair
19 recognizes Councilman Nutter.

20 COUNCILMAN NUTTER: Madame Chair, I
21 move that Bill No. 980228 be reported out of this
22 committee with a favorable recommendation, and a
23 further recommendation that the rules of Council
24 be suspended so as to permit first reading at our
25 next session.

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2 (Duly seconded.)

3 COUNCILWOMAN VERNA: It's been properly
4 move and seconded that Bill No. 980228 be reported
5 out of committee with a favorable recommendation;
6 and further, that a recommendation that the rules
7 of Council be suspended so as to permit first
8 reading at our next session of Council.

9 All those in favor will signify by
10 saying aye.

11 Those opposed?

12 The ayes have it, the motion is
13 carried.

14 This concludes the public meeting of
15 the Finance Committee. Thank you all very much.

16 Oh, and, you know, Mr. Kromer, I just
17 have to tell you, I remember years ago, as I'm
18 sure my beloved colleague Councilman Cohen will
19 remember, when we had people hanging from the
20 rafters here during these hearings, and they would
21 last perhaps three or four days.

22 I want to commend you. Apparently, you
23 have been out in the community, you have explained
24 to area residents and community people what the
25 budget was all about. And I think if they were

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2 unhappy, I think we would have had people hanging
3 from the rafters again.

4 So I think you're to be commended. I
5 think that you've done a great job in
6 communicating with people regarding Year 24
7 budget, and I know it's a very difficult job and I
8 want to thank you for it.

9 I just can't believe it. This is the
10 first time in my memory that we've had so few
11 people come in to testify.

12 COUNCILMAN NUTTER: Madame Chair, I've
13 come to understand that all the people who used to
14 be in the rafters and came to protest are now
15 working.

16 (Laughter.)

17 COUNCILMAN NUTTER: So they have no
18 interest in coming to these hearings.

19 COUNCILWOMAN VERNA: For OHCD? They're
20 working for OHCD?

21 COUNCILMAN NUTTER: Some of them work
22 for OHCD now.

23 (Laughter.)

24 MR. KROMER: One comment.

25 This is our last full fiscal year

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2 funding during this Administration. I'm sure
3 you'll hear a lot of speeches about what's been
4 accomplished.

5 But, really, there's no cabinet member
6 or commissioner who owes more to Council than I do
7 for your support. We've never, ever had a
8 sustained community development approach up until
9 now, because of your support.

10 And that to me is why it's all the more
11 important that we resolve this issue with the
12 union, which is not fundamentally going to change
13 the program. The people that you saw are
14 committed, capable people whom I respect and who
15 all of the exempt staff respect.

16 And I meant what say I said -- I will
17 see this through to a conclusion. We need to
18 negotiate, but I understand the need to conclude
19 this.

20 COUNCILWOMAN VERNA: I also think, Mr.
21 Kromer, that you're going to have to get
22 personally involved in this. I think that's a
23 must, and it's something that you should do.

24 MR. KROMER: Very good, I will.

25 COUNCILWOMAN BLACKWELL: And, Madame

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2 Chairwoman, I agree with all that was said.

3 Certainly, I talked to the some of my CDCs last
4 evening, and they said they had been in
5 communication with Mr. Kromer and they had worked
6 out various issue.

7 So I too am supportive of your
8 statements and thank everyone from the department
9 who works with us to try to get housing done.
10 Thank you.

11 MR. KROMER: Thank you.

12 COUNCILWOMAN Verna: Thank you.

13 (Adjourned at 2:25 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Wednesday, May 6, 1998. Were
reported and accurately by me, and that this is a
correct transcript of same.

RE: COUNCIL COMMITTEE ON FINANCE
BILL NO. 980228

_____,
JOSEPHINE CARDILLO, RPR