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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT

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Room 696, City Hall
Philadelphia, Pennsylvania
Thursday, February 27, 2003
1:20 p.m.

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RESOLUTION 020238 - Resolution authorizing City
Council Commerce and Economic Development Committee
to conduct Public Hearings to investigate the
underutilization of Disadvantaged Business
Enterprises (DBE)...
RESOLUTION 030038 - Resolution calling on the
Philadelphia Workforce Development Corporation to
conduct a needs assessment of training opportunities
within the Building and Construction Trades...

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PRESENT:

17

COUNCILMAN MICHAEL NUTTER, Chairman
COUNCILMAN DARRELL CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN W. WILSON GOODE
COUNCILMAN ANGEL ORTIZ
COUNCILWOMAN MARIAN TASCO

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2 COUNCILMAN NUTTER: Good afternoon,
3 ladies and gentlemen. This is the Committee on
4 Commerce and Economic Development. I am Councilman
5 Nutter, Chair of the Committee. Other
6 Councilmembers here at the moment are Councilman
7 Goode and Councilman Ortiz. I apologize for the
8 delay in getting our hearing started.

9 The committee is taking testimony on two
10 resolutions, Resolution 0202338 and 030038.

11 Resolution 020238 is a Resolution
12 authorizing City Council Commerce and Economic
13 Development to conduct public hearings to
14 investigate the underutilization of Disadvantaged
15 Business Enterprises (DBE) and the underemployment
16 of women, disabled and minority residents of the
17 City of Philadelphia on local construction projects
18 and City procurement contracts, and further
19 authorizing the Committee to issue subpoenas and
20 such other processes as may be appropriate to compel
21 the attendance of witnesses and the production of
22 documents in furtherance of the investigation to the
23 full extent authorized by Section 2-401 of the Home
24 Rule Charter.

25 Resolution 030038 is a resolution

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2 calling on Philadelphia Workforce Development
3 Corporation to conduct a needs assessment of
4 training opportunities within the Building and
5 Construction Trades, particularly to improve
6 minority and female employment participation through
7 PWDC financial support of initiatives such as the
8 Diversity Apprenticeship Program, and authorizing
9 City Council's Committee on Commerce and Economic
10 Development to hold hearings into the state of
11 training opportunities for minorities and women in
12 Philadelphia's Building and Construction Trades.

13 Both of the sponsors of the resolutions,
14 Councilman Goode and Councilman Ortiz, have
15 assembled. Witnesses and panels, we will do our
16 best to maintain the integrity of the schedule. And
17 I believe both members have opening statements. The
18 Chair will recognize Councilman Goode and then
19 Councilman Ortiz.

20 COUNCILMAN GOODE: Thank you, Mr.
21 Chairman. I will make my remarks brief.

22 Several months ago I was invited by the
23 Philadelphia Workforce Development Corporation to
24 participate in the final panel discussion of a
25 Workforce Development Conference. I was invited as

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2 an economic development professional and legislator.
3 The panel discussion was entitled, "Workforce
4 Development - Where Do We Go From Here."

5 My presentation focused on the
6 disconnect between work force development and
7 economic development and my assertion that job
8 training is not economic development unless it leads
9 to a job.

10 We must create more job opportunities
11 for Philadelphia residents. We must prepare more
12 people for those job opportunities. There must be a
13 direct link between training opportunities and real
14 jobs. Particularly, as we invest billions of
15 dollars in stadiums, convention center expansion,
16 and neighborhood transformation, including Community
17 Development Block Grant and Capital Budget spending,
18 there are lost economic opportunities for
19 Philadelphia residents, particularly minorities and
20 women, if there are training gaps that are not being
21 addressed. Otherwise, Philadelphia residents will
22 continue to watch others economically benefit from
23 public investment of Philadelphia taxpayer dollars.

24 This Resolution 030038 calls for a
25 hearing to address those training needs. Thank you.

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2 COUNCILMAN NUTTER: Councilman Ortiz.

3 COUNCILMAN ORTIZ: Thank you, Mr.

4 Chairman. For the last 15 years and ever since --
5 actually, since 1982 when legislation was passed in
6 this City creating MBEC, the Office of Minority
7 Business Enterprises. And then in '97-'98, a
8 Supreme Court, going on a lawsuit by Contractors
9 Association, really nullified that 1982 law. And we
10 have had really an office that has very little force
11 for implementing obligating the hiring of minority
12 contractors in this City.

13 Over the years we have asked MBEC and
14 other institutions and government offices of the
15 Procurement Department for data and information as
16 to minority participation in all of the contracts,
17 the millions of dollars in contracts that the City
18 gives out, personal service contracts, bond
19 contracts, contracts for a multitude of issues and
20 projects and services. We really haven't been able
21 to detail what minority participation we are
22 getting. However, what we do know, because even the
23 Mayor in his State of the City speech in January
24 said it, the participation of minority contractors
25 and minority business in the City of Philadelphia

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2 needs to be hugely improved. We're not where we
3 thought we were or we should be, and we have no
4 means of really getting there.

5 A few months ago, a group of black
6 activists in this City, Sacaree and other
7 individuals, Sacaree Rhodes and other activists in
8 the City began organizing around the issue of
9 minority contractors in all of the building projects
10 across the City, going down to the Constitutional
11 Center that was getting built, SEPTA operations.
12 What they found and what we want to really emphasize
13 is that there were very -- minority contractors were
14 nonexistent in any of these projects across the
15 City.

16 Both Councilman Goode and I believe and
17 Michael Nutter that if you give contracts and
18 minority contractors begin getting contracts in this
19 City, be they for construction projects, be they to
20 supply services and goods to the City for materials
21 that the City needs, that minorities will get
22 employment. We believe that if we create an
23 environment of business in this City in which
24 minority folks, African American, Latinos, and women
25 and other minorities can begin and can trust that

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2 they will be getting participation in the millions
3 of dollars that are contracted out by the City, I
4 believe that employment will happen. I believe that
5 blacks will get employed. I think that Latinos will
6 get employed. But we have to provide the
7 contracting opportunities to African American
8 entrepreneurs, Latino entrepreneurs. And we no
9 longer use the excuse that was given back when I
10 started in this business in '84, "Well, there are no
11 minority contractors out there. There are no
12 lawyers out there that can do bond work. There are
13 no minority entrepreneurs that can provide services
14 and goods in this area or that area."

15 Well, I think if there aren't, I think
16 we have to begin making it possible that they come
17 about. And if they are, we've got to make sure that
18 they have a very good opportunity to become involved
19 and get the contracts.

20 Today we put legislation to try to
21 assure that that happens. All of my colleagues
22 signed that legislation. We will be having hearings
23 on it and we will pass that legislation. It will
24 replace what is commonly known today as MBEC with a
25 new organization that the Mayor will put together

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2 and then that the Mayor will put an executive order
3 that will fit into the purposes and goals of the new
4 Affirmative Action legislation.

5 So today, we have a beginning, really.

6 This is a hearing that I remember having in 1985.

7 This is the year 2003 and we're still talking about
8 the lack of minority participation. We shouldn't be
9 having this hearing at this time. Thank you. So
10 let's begin the hearing.

11 COUNCILMAN NUTTER: Thank you to both
12 Councilmembers for their opening comments. And the
13 record should note that we've also been joined by
14 Councilwoman Tasco and Councilman Cohen.

15 The first panel that we're going to hear
16 testimony from is from the Philadelphia Workforce
17 Development Corporation as Panel 1.

18 MR. CLANCY: Good afternoon, Chairman
19 Nutter, Councilwoman Tasco, Councilman Cohen, Ortiz
20 and Wilson Goode, Jr. I thank you very much on
21 behalf of the Philadelphia Workforce Development
22 Corporation to bring you testimony today.
23 Particular thanks to Wilson Goode, Jr., who invited
24 us.

25 I bring you greetings from our

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2 President, Mr. Earnest Jones. At the same time, I
3 relay his regrets for not being able to be here
4 personally because of an out-of-town event.

5 I am Patrick Clancy, Vice President for
6 Training and Defense Programs at the Philadelphia
7 Workforce Development Corporation, formerly known as
8 the Private Industry Council, however we will be
9 known as PWDC in this testimony.

10 PWDC is the largest work force
11 development agency in Philadelphia and also serves
12 as the City's fiscal agent for work force funds from
13 the Department of Public Welfare and the Department
14 of Labor and Industry. In this capacity, we
15 contract most of these funds for training and
16 placement services for our constituents.

17 We realize the importance of getting
18 City residents into building trade, and
19 consequently, have funded a number of apprenticeship
20 programs to accomplish that. Over the past five
21 years, PWDC has invested in three
22 apprenticeship/construction programs at the level of
23 \$2.2 million. The contracts were with the following
24 organizations as you'll see in my testimony and
25 there's a break-out of the investment we made, the

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2 amount of people that were enrolled, the number of
3 people that were employed from the program, and then
4 you'll see the number of people that actually were
5 able to get into union positions. And for the sake
6 of my friends behind me who may not have the chart,
7 I'll read it quickly for them.

8 We've invested in Congreso de Latinos
9 Unido at a tune of \$1.2 million for a
10 pre-apprenticeship training program. We've been
11 working with Congreso for five years in which
12 they've been able to enroll 248 individuals.
13 They've been able to secure employment for 182
14 individuals. And 90 of those individuals were able
15 to access union positions mainly within the
16 carpenter union.

17 Over the past years was also invested in
18 TOP/WIN which is a non-traditional training for
19 women. So it's a program that helps to convince
20 women to access into building trades and other
21 trades because the pay is what we would consider a
22 self-sufficient wage. The program earlier on had a
23 much more concentrated effort on trying to get
24 people into the unions, but that did not work out.
25 So most of their training now really focuses on

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2 getting individuals into a variety of unions, maybe
3 not necessarily the construction union even though
4 they're open to that.

5 The third program that we're currently
6 funding is a program called Connections Training,
7 and it works predominantly with ex-offenders who are
8 trying to reestablish themselves in the community.
9 And what we've been able to do with Connections is
10 really look at taking someone who's had minimal
11 skills or who had skills that are not updated to get
12 them into a position, whether it be union or
13 non-union, but to continue them on the road toward
14 that self-sufficiency. So even though you will see
15 that none of those individuals have transitioned
16 into union employment, it is the goal of the program
17 to get people towards that.

18 Based on the information we have
19 received from our training vendors, 80 percent of
20 the students who have taken the apprenticeship have
21 passed. The challenge has been actually getting
22 people into the unions. So we have individuals
23 who've done all their due diligence, who've taken
24 all tests, but yet have not been able to access
25 union opportunities.

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2 Additionally, the Philadelphia Workforce
3 Development Corporation is a fiscal agent. What
4 that means is that we've received funds directly
5 from the State for other organizations. Over the
6 past three years, we've received funds for the
7 Diversity Apprenticeship Program in total of 2.1
8 million. And that money came directly from the
9 State's Department of Labor and Industry.

10 Because the program is a pass-through
11 program, they are not required to give us
12 performance outcomes. That normally goes to the
13 State. And trying to get that information back from
14 the State is not an easy challenge.

15 I was able to read in your resolution
16 what some of the outcomes have been based on
17 testimony they may have given to you, and I just
18 repeated them in my testimony.

19 Based on the \$2.1 million, it's
20 estimated that 775 people were to go through
21 pre-apprenticeship training, of which 49 have gained
22 access into the building trades and 108 have gained
23 employment elsewhere.

24 We believe at PWDC that survival and
25 growth of our local economy depends largely upon our

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2 ability to provide a skilled and prepared work force
3 that allows the business community a steady pool of
4 Philadelphia residents ready to enter or in some
5 cases re-enter the world of work.

6 We recently received a two-page concept
7 paper from the Diversity Apprenticeship Program to
8 provide training and job placement for the City's
9 Neighborhood Transformation Initiative. We will
10 meet with them in the near future to see if we can
11 develop a proposal which meets the benchmarks set by
12 our Board of Directors, namely, that the investment
13 of public funds leads to real union jobs.

14 To this end we stand ready to partner
15 with training providers that offer sound practical
16 programs leading to jobs providing family-sustaining
17 wages.

18 I thank you for your attention, and I'll
19 be happy to address any questions I can.

20 COUNCILMAN NUTTER: The Chair recognizes
21 Councilman Goode.

22 COUNCILMAN GOODE: Thank you, Mr.
23 Chairman.

24 Good afternoon, Mr. Clancy, and thank
25 you for your testimony. Let me start by asking a

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2 few basic questions.

3 MR. CLANCY: Sure.

4 COUNCILMAN GOODE: What level of
5 Workforce Development funding comes to the City on
6 an annual basis?

7 MR. CLANCY: On an annual basis, both
8 with the Department of Public Welfare and the
9 Workforce Investment Act, we received close to
10 \$110 million.

11 COUNCILMAN GOODE: \$110 million. What
12 percentage of local Workforce Development funds flow
13 through PWDC directly? The same \$110 million?

14 MR. CLANCY: Well, there's actually
15 additional programs that the State funds. We're
16 sort of like the bank in the City that receives
17 funds.

18 COUNCILMAN GOODE: The first question
19 is, what amount of money actually comes to the City
20 annually? The second question is, what percentage
21 actually flows through PWDC?

22 MR. CLANCY: All of it.

23 COUNCILMAN GOODE: So \$110 million?

24 MR. CLANCY: All of it for training for
25 currently constituents on TANF and for those who

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2 have been displaced.

3 COUNCILMAN GOODE: How many PWDC clients
4 are placed annually in real jobs?

5 MR. CLANCY: We place over 4,000 people
6 a year.

7 COUNCILMAN GOODE: What percentage of
8 your clients is that?

9 MR. CLANCY: That is about -- we
10 probably serve close to 10,000, so it's about 40 to
11 45 percent actually.

12 COUNCILMAN GOODE: Forty percent
13 placement?

14 MR. CLANCY: Yes. Now just so I can
15 clarify that. That is based on how we train
16 individuals to get additional skills. Some of the
17 placement activity we're still trying to capture,
18 but we train about 4,000 a year that we now get into
19 positions.

20 COUNCILMAN GOODE: What percentage of
21 clients are placed?

22 MR. CLANCY: About 45 to 55 percent.

23 COUNCILMAN GOODE: What's the average
24 cost of training per client?

25 MR. CLANCY: The average cost across all

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2 of our programs is probably around \$5,000.

3 COUNCILMAN GOODE: So you are familiar
4 with the Diversity Apprenticeship Program?

5 MR. CLANCY: Yes, I am.

6 COUNCILMAN GOODE: Have you done any
7 analysis of the program and its effectiveness?

8 MR. CLANCY: I have not done that.

9 COUNCILMAN GOODE: Well, what is PWDC
10 prepared to do on its own initiative related to the
11 subject of this resolution?

12 MR. CLANCY: Well, our goal would be to
13 get the critical partners in the room to decide how
14 can our local investment really help individuals get
15 into the union. So we would be meeting with the
16 representatives of DAP. We also are trying to meet
17 with representatives of local unions to figure out
18 where does it disconnect and how we can begin to --
19 and I know others have begun that conversation so
20 it's not something that we want to recreate, but
21 it's something that we want to figure out how we can
22 help.

23 COUNCILMAN GOODE: So PWDC does realize
24 there needs to be a direct link between workforce
25 development and economic development, particularly

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2 if we are spending hundreds of millions or billions
3 of dollars --

4 MR. CLANCY: Absolutely. I mean, the
5 biggest we invest in is customized training for
6 employers.

7 COUNCILMAN GOODE: And besides sitting
8 down members of the training providers, including
9 DAP and others that you're already contracting with,
10 are you prepared to do a formal assessment of
11 training needs and whether there actually is a
12 training gap with regard to minorities, women,
13 ex-offenders?

14 MR. CLANCY: Yes, we are.

15 COUNCILMAN GOODE: Thank you for your
16 testimony.

17 COUNCILMAN NUTTER: The Chair recognizes
18 Councilman Cohen.

19 COUNCILMAN COHEN: Councilman Ortiz in
20 his opening remarks spoke about being unhappy about
21 the fact that I think he said in 1985 he was working
22 on this and now it's 2003 and we're still working on
23 it. Well, I have to run back a further. In my
24 first term in City Council which began 1968 and ran
25 through 1971, it was something called the

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2 Philadelphia Plan that the federal government set
3 out for the construction industry and for the
4 unions. It was called a Philadelphia Plan because
5 it was aimed at permitting minorities, including
6 those of color and also gender, women, to get into
7 the building trades. There were two Councilmembers
8 who participated in that discussion. One was
9 myself, the other one was Councilman Longstreth.
10 Councilman Longstreth urged that nothing be done;
11 and, of course, urged as I have over the years that
12 workers be hired, that minorities get into the
13 union, democratize the union movement and give real
14 validity of the American dream of a country being a
15 place of opportunity for everybody.

16 Well, nothing much happened. I think
17 Longstreth won that battle because, as I see it,
18 there's been almost no progress made since that time
19 or so a little progress that it's not worth talking
20 about 35 years later.

21 It seems to me that this is the time
22 that's urgent now. I think we've got to find the
23 road to move, and it would be nice to talk with
24 people who are interested in achieving a goal. But
25 I think that what we have here is that the people

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2 who are principal partners might not be anymore
3 interested in 2003 than they were in 1971 to achieve
4 the goal that we think is important, and that's that
5 everybody be treated equally and fairly and that
6 there really be equal opportunity for everyone. And
7 I think that until the labor movement can show that
8 it's interested, I think they're going to need a lot
9 of help for government and I think we're prepared to
10 find the road to do it.

11 So I commend you. I understand from
12 what you said, your organization works directly not
13 to get contracts for entrepreneurs, but to deal with
14 people in the community who want to work as workers;
15 am I right on that?

16 MR. CLANCY: You're absolutely correct.

17 COUNCILMAN COHEN: Well, I commend you
18 for doing it. And I think we ought to set sights
19 high enough to make the job worthwhile and then
20 we've got to be ready to use every bit of political
21 skill, every bit of political capital to bring that
22 about. Because what we find is that the building
23 trades, you know, we keep getting reports that when
24 their construction sites, including those that are
25 financed by the City of Philadelphia, when you look

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2 around you often see many more out of state car
3 licenses than you see anything else. And when you
4 look around the faces of workers, they tend to all
5 or overwhelmingly to be Caucasian. There are many
6 anecdotal stories about how difficult it is to get
7 into the union and that if you finally do break away
8 to get into a particular union that the jobs you're
9 assigned are not the nicest jobs, and it has a
10 completely discouraging effect.

11 So I commend you and I hope that out of
12 these hearings develops a determination for
13 everybody to see to it that at least as far as
14 Philadelphia financed contracts that the City of
15 Philadelphia is involved in, that the democracy
16 really prevails both with respect to union
17 organization.

18 I believe strongly we need unions, but
19 we need democratic unions. We need unions that
20 recognize the dignity of every worker, not just some
21 workers. And that's got to be without respect to
22 ethnicity, color, or gender.

23 Are you committed -- I gather you are
24 committed to that.

25 MR. CLANCY: Yes.

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2 COUNCILMAN COHEN: Is there any way
3 you've ever been able to determine the membership of
4 particular unions? For example, take the carpenters
5 union that's been referred to -- the same can apply
6 to any number of unions, cement masons, electricians
7 union, the full brunt of the building trade. Is
8 there any way of getting specific information as to
9 membership?

10 MR. CLANCY: That would be our goal,
11 based on Councilman Goode's question. I think we
12 need to do a full analysis, and with the
13 partnerships that we have, we hope that we can bring
14 that information back to you.

15 COUNCILMAN COHEN: And you need strong
16 government support to get that information.

17 MR. CLANCY: We will, or at least some
18 encouraging.

19 COUNCILMAN COHEN: Thank you. I'm glad
20 you're moving in that direction.

21 MR. CLANCY: Thank you very much.

22 COUNCILMAN NUTTER: Thank you,
23 Councilman.

24 Let the Chair note that Councilman
25 Clarke has joined us at the hearing today as well as

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2 Councilwoman Tasco.

3 The Chair recognizes Councilwoman Tasco.

4 COUNCILWOMAN TASCO: Thank you.

5 Mr. Clancy, when was the DAP program

6 started?

7 MR. CLANCY: It was started three years

8 ago.

9 COUNCILWOMAN TASCO: And what generated
10 the implementation of this program?

11 MR. CLANCY: There was a dire need to
12 begin to transition minorities and women into the
13 building and construction trades.

14 COUNCILWOMAN TASCO: What role did they
15 play in the origination of this program, the unions?

16 MR. CLANCY: There is a board that DAP
17 has, and the union -- I know Pat Gillespie and
18 others sit on that Board. And part of it was
19 designing the curriculum that the students would
20 learn to get in to take the test, and then the
21 second part of it is where people need to get the
22 sponsorship. And I think that's where we begin to
23 see the challenges. Individuals are passing the
24 apprentice test, but they're still not being able to
25 access the union jobs.

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2 COUNCILWOMAN TASC0: Yes, because I'm
3 looking out of your testimony and I see that out of
4 418 people that were enrolled in your program,
5 \$2 million expenditure, you had 307 employed but
6 only 90 of them were accepted into the union. And I
7 think my comment is that that is the bottom line to
8 all of this. And as Councilman Cohen gives his
9 experience, from 1968 I was at the Urban Coalition
10 in 1970-71 until 1977 and was Task Force Coordinator
11 for the coalition around the whole issue of
12 manpower in dealing with this. It's, what, 30 years
13 later, and we are still no further along than we
14 were back then. Same discussion. I could write the
15 script. And until there's a serious commitment on
16 the part of these unions to allow the members in
17 there, we're going to continue this with the
18 training people, building their hopes, and then out
19 of 307 people 90 people are in the union. The
20 others may be employed but it's temporary employment
21 because if they don't have the union card they can't
22 get in. And so there has to be a serious, serious
23 commitment on behalf of labor to be more inclusive
24 and open of their membership to a diverse community.

25 I appreciate all the people who are

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2 working very hard to try to make this happen, but I
3 think today we need to have the people here who
4 ultimately determine whether or not our employees
5 get on these jobs should be here testifying today,
6 because it's a very frustrating effort. It's been
7 going on, and I don't know at what point it ends.
8 Until drastic steps are taken to possibly deal with
9 it. I don't know.

10 MR. CLANCY: I agree.

11 COUNCILWOMAN TASC0: But I look at your
12 Congreso de Latinos where they have all those 90
13 people come out of Congreso. Could you tell me how
14 that program can have 90 employees into the union
15 and -- and I'm very familiar with TOP/WIN. I think
16 it's a wonderful program for women to get them into
17 the trades program. And I don't know too much about
18 Connections Training, but I'm sure it's probably a
19 good program too. But why they have zero
20 participation because TOP/WIN excludes.

21 MR. CLANCY: TOP/WIN is predominantly --

22 COUNCILWOMAN TASC0: Predominately women
23 so women would be excluded.

24 MR. CLANCY: No, women are included.

25 COUNCILWOMAN TASC0: No, excluded from

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2 membership in the union. I'm looking at zero
3 participation there.

4 MR. CLANCY: I think what has happened,
5 when I spoke to the people at TOP/WIN, and I've been
6 at the Philadelphia Workforce Development
7 Corporation 10 years so I also know TOP/WIN for a
8 variety of years. And I think they've changed their
9 focus, knowing it was easier to get these single
10 mothers into other union related positions at SEPTA,
11 at PECO, and some major employers in the City, than
12 have to go through, you know, all the weight that it
13 takes to get into a building trade union. So I
14 think a lot of focus came early on when they
15 realized they were having difficulties with that.

16 COUNCILWOMAN TASCO: So if an employee
17 finishes or completes an apprenticeship program, he
18 or she has to have a sponsor in order to get in?

19 MR. CLANCY: That is correct.

20 COUNCILWOMAN TASCO: So what is a
21 sponsor? Who is a sponsor?

22 MR. CLANCY: Well, a sponsor would be
23 any union contractor.

24 COUNCILWOMAN TASCO: So they have to
25 establish a relationship to get in?

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2 MR. CLANCY: Correct. They need a union
3 sponsor to get into the union, and that's where the
4 challenges start.

5 COUNCILWOMAN TASC0: Thank you very
6 much.

7 MR. CLANCY: Sure.

8 COUNCILMAN NUTTER: The Chair recognizes
9 Councilman Clarke.

10 COUNCILMAN CLARKE: Thank you, Mr.
11 Chairman.

12 Good afternoon.

13 MR. CLANCY: Good afternoon.

14 COUNCILMAN CLARKE: I just wanted to
15 add, with respect to the creation of DAP, was that
16 program assisted in terms of resources as a result
17 of some state initiative on funding for stadiums?

18 MR. CLANCY: It was actually right
19 before that. I think it was in preparation for the
20 larger programs that were coming down. That is
21 correct, that the State Department of Labor and
22 Industry put aside some money to help this
23 organization get started in hopes that by the time
24 the stadium projects got up and running there would
25 be a pool of applicants that could transition into

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2 positions.

3 COUNCILMAN CLARKE: I just remembered
4 during the debate as a part of an agreement for some
5 legislative support for the State's portion of the
6 stadium funding that there had to be some commitment
7 for funding for an organization that would train and
8 hopefully implement an installation program to get
9 people in the trades.

10 MR. CLANCY: You're absolutely right.

11 COUNCILMAN CLARKE: Can I ask you in
12 terms of Workforce Development's relations to all of
13 the trades, to what degree is information available
14 to you about the testing of the various
15 apprenticeship programs? Because I find that too
16 often, particularly members in my community, found
17 out about it after the fact or at the last minute I
18 just happen to be privy. Recently, the plumbers
19 union actually sent a notice to my office actually
20 prior to the application process for the
21 apprenticeship test. Do you have an ongoing
22 relationship with all of the trades where you can
23 get that information out to people who participate
24 in PWDC?

25 MR. CLANCY: Unfortunately, it's not as

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2 coordinated as we'd like. We work very closely with
3 the AFL-CIO. They help us to sort of troubleshoot
4 and get information. But we find the same
5 challenges that your office finds, that some of the
6 information is timely, and other times it's not.
7 Sometimes we would expect a certain flow of
8 information and then other times it doesn't arrive.

9 So what we're trying to do now is figure
10 out, you know, when are the tests announced, how can
11 we get it out to our broader constituents in the
12 neighborhoods so that everybody knows.

13 COUNCILMAN CLARKE: Have you asked them
14 and the information is not forthcoming? What
15 arrangement do you have?

16 MR. CLANCY: With the AFL-CIO, they're
17 working with us on trying to get all the unions
18 together to figure out how individuals through our
19 career link centers and our one stop system can
20 figure out how we can get people at least informed
21 about when the tests are going to be.

22 Now, the actual programs do a whole lot
23 more specific outreach. I know Congreso is very
24 active. They have a full-time staff person
25 dedicated just to going around to all the unions to

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2 see when the tests are given. So Congreso is
3 probably the partner I look at to give us the most
4 information because they're able to --

5 COUNCILMAN CLARKE: I understand that.
6 I'm asking does the Philadelphia Workforce
7 Development have such a relationship with the
8 various building trades, i.e., the business agents
9 in terms of getting notification?

10 MR. CLANCY: We don't. That's something
11 that we need to improve.

12 COUNCILMAN CLARKE: At a minimum, I
13 would think that that information would be
14 forthcoming if you just simply ask when you would
15 anticipate your testing programs or application
16 programs for the various apprenticeship programs
17 throughout the year since you deal with individuals
18 who are obviously seeking opportunities.

19 MR. CLANCY: That is something,
20 Councilman Clarke, we have to do a much better job
21 at.

22 COUNCILMAN CLARKE: And I'm assuming
23 that you will assign an individual to basically just
24 reach out.

25 MR. CLANCY: Absolutely.

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2 COUNCILMAN CLARKE: I just want to veer
3 a little bit off the building and construction
4 trades issue at point because I know you have a
5 varied approach. And I want to thank you all for
6 participating and helping me with a earlier jobs
7 fair last year that was relatively successful.

8 In terms of other initiatives as it
9 relates to employment opportunity, what does your
10 organization do? Do you contract with other
11 agencies?

12 MR. CLANCY: Our goal at the
13 Philadelphia Workforce Development Corporation is
14 really to make the link between the skill gap
15 between the jobs that exist in the our area and the
16 people that we're serving. So we serve mainly two
17 distinct groups of individuals. We serve people who
18 are coming off of TANF, who are transitioning off of
19 welfare and trying to get back to work. We also
20 serve adults who are transitioning for a variety of
21 reasons, whether they're coming out of prison,
22 whether just down on their luck. And then we also
23 serve dislocated workers, people who are laid off
24 from their job through no fault of their own. And
25 with those three groups of individuals, we try to do

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2 a full assessment of their skill level. Then we
3 have staff that goes out and meets with
4 organizations or employers in particular in which we
5 then try to develop customized training for where
6 the jobs that exist. So we really want to make sure
7 that our investment of public dollars really yields
8 people jobs. We're not opposed to sending people to
9 traditional training vendors and training
10 organizations, but we want to make sure up front
11 before we invest any public dollars that there are
12 employers willing to take these individuals after
13 they're trained, because we don't want to see the
14 precious dollars that we have get utilized on
15 programs that really won't yield people jobs. So
16 recently we've been able to go into contracts with
17 Independence Blue Cross, the Aramark Corporation,
18 School District of Philadelphia, Cottman
19 Transmission. So we've been able to coordinate our
20 efforts to make sure that, you know, Workforce
21 dollars are tied into the economy and it's not just
22 sending people to school and hope that they go to
23 work.

24 Our customers need to go to work. I
25 mean, these are people with families, with children.

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2 They need to go back to work.

3 COUNCILMAN CLARKE: Yield to the Chair.

4 COUNCILMAN NUTTER: Thank you,
5 Councilman.

6 Councilman Clarke and all the Members of
7 the Committee, and ladies and gentlemen, I just
8 wanted to make one announcement and recognize
9 Governor Mark Schweiker, President and CEO of the
10 Greater Philadelphia Chamber of Commerce has joined
11 us here this afternoon. I think it's significant
12 that he would attend this hearing. The Governor has
13 been in the building actually throughout the course
14 of the day meeting with individual Councilmembers as
15 a part of a meet and greet. This stop is not any of
16 the Councilmembers offices, and so the Governor has
17 taken the time and gone out of his way to come by
18 this hearing because of his concern about the issues
19 that are being raised here today, and I think it's
20 rather significant that he has come to be with us
21 this afternoon. So, Governor, I wanted to say thank
22 you.

23 GOVERNOR SCHWEIKER: Thank you, Mr.
24 Chairman. And with all due respect to your
25 respondent and commentator, it is a great interest

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2 of the Greater Philadelphia Chamber of Commerce that
3 it go about the business of economic development.
4 We certainly realize that workforce development
5 specifically is an important front and are very
6 supportive of an increase of this nature. As
7 someone who has been involved in this for a long
8 time, not just as a state office holder, but as a
9 local official like the good Members of the Council
10 here today, finding real world training for real
11 world jobs and putting folks on the path, that kind
12 of outcome is an important aspiration. And having
13 said that, we will continue to pursue that as a
14 business advocacy organization. And I say thank you
15 for the opportunity just to offer that remark.

16 COUNCILMAN NUTTER: Thank you very much,
17 Governor Schweiker.

18 Councilman Cohen.

19 COUNCILMAN COHEN: The building trades
20 unions contribute a great deal to the welfare of the
21 country. They happen to be the only unions I know
22 of whose wage levels are guaranteed by government
23 bodies. That seems strange most people don't know
24 that, because the building trades unions seem to
25 create the impression that they're independent and

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2 they often are critical of efforts made by other
3 labor organizations seeking governmental help. But
4 there is no other unions that I know of that have
5 legislation at the federal, state, and local level
6 which guarantees what they call Prevailing Wage
7 Rates. Whenever federal money is involved in the
8 construction of a project, the federal government
9 guarantees the wage level. And the wage level is
10 set by the region and if the union has a majority of
11 the work in any particular region then the union
12 wage becomes a prevailing wage that is guaranteed to
13 the workers. I think workers in every union ought
14 to have some form of guarantee like that; it would
15 help them a great deal. But the thought strikes me
16 that if the wage levels are guaranteed by federal,
17 state, and local government, has there been any
18 thought given to the question as to getting the
19 governments to require that as a condition of the
20 prevailing wage rate each labor organization seeking
21 to benefit by that legislation must meet a certain
22 level of openness in its membership? Has there ever
23 been any thought given to that?

24 For example in the City of Philadelphia,
25 has there ever been any thought given to our

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2 guaranteeing that if City money is involved that we
3 will guarantee their prevailing wage rates provided
4 their membership be democratic and open to all
5 segments of the worker population, including
6 females, including people of color, including every
7 democratic consideration involved? Have you run
8 into that question at all?

9 MR. CLANCY: We have run into that
10 question. The thing that we try to do with our
11 public investments in the City is to almost
12 guarantee that any project that we invest in starts
13 individuals between 9 and \$10 an hour. And keep in
14 mind, we try to do some studies on self-sufficiency
15 in the City of Philadelphia and we want to make sure
16 that any public investment really begins to move
17 individuals towards a higher wage.

18 The other thing that we want to make
19 sure of when we invest is that the training is
20 something that has a career ladder attached to it.
21 We don't want to invest any dollars into any
22 training that's not going to yield somebody an
23 opportunity to see that, "You're at level A now, but
24 if you continue to move up the educational ladder or
25 experience ladder, you can make more money."

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2 COUNCILMAN COHEN: Would such
3 legislation help the situation?

4 MR. CLANCY: Yes.

5 COUNCILMAN COHEN: I'm sure individual
6 leaders in the union are fine people and very much
7 dedicated, but sometimes people need governmental
8 help like to help enforce the democratic principles.
9 And I'm wondering whether that might not be thought
10 of as a possible useful tool which would help ensure
11 cooperation on everybody's part.

12 MR. CLANCY: I agree. That would be
13 helpful. I appreciate your comments.

14 COUNCILMAN COHEN: Thank you.

15 COUNCILMAN NUTTER: I actually have a
16 couple questions, but I'm not going to torture my
17 colleagues with my normal questioning. What I'd
18 like to do is give you my questions and ask if you
19 would provide the information later.

20 MR. CLANCY: Sure. I'd be happy to.

21 COUNCILMAN NUTTER: This is based on
22 some questions that you actually responded to
23 Councilman Goode regarding -- you said you had
24 placed 4,000 of your approximately 10,000 or so
25 people being trained?

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2 MR. CLANCY: What I can do is actually
3 be a little more specific. We have 10,000 people
4 that walk in our doors interested in training.
5 About 75 percent of them who go into training
6 actually get placed. So it's not 45 percent that
7 get placed. Those that actually go into training
8 programs, about 75 to 80 percent will get trained.
9 And I can break that out for you. I can break out
10 those numbers for you. There's a certain percentage
11 who walk in our doors looking for services, get some
12 basic services. And then there are others that
13 actually get a chance to go into training.

14 COUNCILMAN NUTTER: Okay. You'll give
15 us a full report on that?

16 MR. CLANCY: Absolutely.

17 COUNCILMAN NUTTER: I'd also be
18 interested in if you're tracking your program
19 participants, if you could give us any information
20 regarding how long they stay in the jobs they're
21 placed in or what's their average length of the
22 employment, the average salary of the jobs.

23 You indicated that the cost of training
24 was about 5,000, and I'd like to see what the
25 relationship is between the cost of training and the

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2 actual placement in positions and what the salaries
3 are.

4 MR. CLANCY: Absolutely.

5 COUNCILMAN NUTTER: And lastly, your
6 chart broke down number enrolled, number employed,
7 number union employment. I'd be interested in --
8 you have a total of 418 enrolled, 307 employed, and
9 90 in union employment. Is the 90 figure within the
10 307 or is that in addition?

11 MR. CLANCY: It's within the 307.

12 COUNCILMAN NUTTER: Okay. So then I'd
13 be interested to know of the 217 what kind of jobs
14 are those people in.

15 MR. CLANCY: Sure.

16 COUNCILMAN NUTTER: Those would be my
17 questions. Thank you very much.

18 MR. CLANCY: Thank you.

19 COUNCILMAN NUTTER: The next panel is
20 Mr. Samuel Staten, Sr., Business Manager Laborers
21 Local 332 and representatives from the Diversity
22 Apprenticeship Program.

23 While Mr. Staten is coming to the table,
24 let me also recognize Representative Ron Waters who
25 is a State Representative and a member of the

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2 Pennsylvania Legislative Black Caucus who is joining
3 us here day. And is our courtesy, whenever members
4 of the State Legislature join us, they are naturally
5 participants in all of our proceedings.

6 Please identify yourselves for the
7 record.

8 MR. LEWIS: My name is Tony Lewis.

9 MR. STATEN: Sam Staten, Sr.

10 MR. PEEBLES: William Peebles.

11 COUNCILMAN NUTTER: Gentlemen, please
12 begin your testimony. We have copies of your
13 testimony, so on the one hand I want to tell you you
14 should not feel compelled to have to read it all.
15 On the other hand, I'm certainly not trying to short
16 circuit or preempt any of your testimony, so it will
17 be at your discretion.

18 MR. STATEN: First of all, I would like
19 to say good afternoon to the distinguished members
20 of City Council. I am Sam Staten, Sr., Business
21 Manager of Laborers' Local 322 and the Chairman of
22 the Board of Directors, Philadelphia Revitalization
23 and Education Program, also known as PREP.

24 PREP began in 1996 as a result of my
25 brother, Tony Lewis, Managing Director of the

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2 Housing Association of Delaware Valley, approaching
3 me the year before about the inclusion of tenants as
4 laborers at their development. I indicated to him
5 that I would speak with my International Union about
6 the possibility of creating a special dispensation.
7 But I also indicated that the tenants should be
8 looking at all the trades, not just the laborers.

9 After a number of meetings with the
10 tenants, the Laborers' International Union of North
11 America, the Housing Association, and Laborers'
12 Local 332 developed PREP. PREP provided training
13 and employment to over 100 public housing tenants,
14 with about 75 entering the laborers' union.

15 When Philadelphia decided to build new
16 stadiums in 1998 and requested State support for the
17 project, the Pennsylvania Black Legislative Caucus
18 announced opposition to the stadiums, citing that
19 African Americans had been systematically excluded
20 from the trades and unable to get work on City
21 construction projects.

22 I received a call from the then
23 Pennsylvania Governor Ridge asking me if I could try
24 and bring the minority community and the building
25 trades unions together to discuss the new stadiums

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2 and their impact on Philadelphia. I agreed to try.
3 For me, it was like a double-edged challenge. On
4 the one hand, I am an African American and I could
5 feel the pain of my community as they watched
6 billions of dollars in construction work being done
7 in their backyard and many wanted to work, but could
8 not get jobs. On the other hand, I'm a member of
9 the building trades, and I knew that all of the
10 charges being made did not apply to all of the
11 trades. I had worked with many of these guys for
12 decades and I knew that you couldn't paint them all
13 with the same brush.

14 I immediately reached out to Pat
15 Gillespie of the Philadelphia Building Trades,
16 Representative Louise Bishop of the Pennsylvania
17 House, and State Senator Anthony Williams. They all
18 agreed to join me in an effort to bring the two
19 sides together.

20 In January of 1999, I convened the first
21 meeting. Joining us was Congressman Bob Brady,
22 Pennsylvania Labor Secretary Johnny Butler, and
23 Mayor Rendell. About 12 state elected officials,
24 over 20 building trades representatives, and some
25 community representatives also attended that

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2 meeting.

3 Halfway through the meeting, I wondered
4 to myself, was this the right thing to do. The
5 gloves came off and charges and counter-charges were
6 traded. The elected officials accused the trades of
7 systematically excluding minorities. The trades
8 countered that they found many minorities applying
9 to the trades to be unprepared for the entrance into
10 their trade. However, it was Secretary Butler broke
11 the impasse. He said, "If you guys can find a way
12 to come up with a solution, I'm willing to fund it."
13 Mayor Rendell pledged to match the State's offer.
14 The group agreed to give it some thought and to
15 return for another meeting.

16 At that second meeting a task force was
17 set up to develop a program that would respond to
18 the concerns of both sides. My brother Tony was
19 asked to Chair the group and to convene a focus
20 group of elected officials, building trade unions,
21 and community leaders to come up with a plan.

22 Once the task force was set up, a series
23 of meetings were held. There was initially still
24 some mistrust between the two. But as people
25 stopped concentrating on differences and directed

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2 their attention to getting this money the Secretary
3 had offered, they began to let down their guard.
4 More and more you could see the team begin to
5 develop.

6 The trades apprentice coordinators
7 provided guidance to the requirements of the trades
8 and the specifics of where applicants often fell
9 short on their efforts to enter the unions. Cheney
10 University, Berean Institute, two long-term African
11 American institutions were asked to join the team to
12 help to design the educational plan.

13 Meetings were held with officials at the
14 Philadelphia Board of Education to talk about the
15 shortfalls and the needs to provide the requisite
16 skills early on. Monthly meetings of the larger
17 group was held, where the progress of the task force
18 was reported and input was possible.

19 In January of 2000, the program was
20 funded by Secretary Butler, and the first applicant
21 entered that April. Recently, the numbers indicate
22 that the trades have slacked off in their
23 participation in the program. We have communicated
24 our concerns to them. Pat Gillespie has been
25 working to increase this participation. DAP is a

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2 program created by the building trades, and the
3 building trades must step up to the plate. It would
4 be a shame, with all due respect, if the government
5 would have to step in to make the trades do what is
6 right.

7 DAP is the vehicle. It has demonstrated
8 that it is capable to providing the training
9 necessary to get minorities prepared for entrance to
10 the trades. It must have the support of the trades
11 to succeed. It must have the support of the City to
12 succeed.

13 I stated earlier that Mayor Rendell
14 pledged to match the State's contribution. Since
15 the inception to this day, there has not been one
16 dime from the City to this program.

17 We can concentrate on the problem or we
18 can concentrate on the solution. I think we have
19 the solution. DAP is the solution.

20 I thank the honorable Council for this
21 opportunity to speak before you today.

22 MR. PEEBLES: Good afternoon. My name
23 is William Peebles. I'm the Director of the
24 Diversity Apprenticeship Program, known to most of
25 you as DAP.

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2 DAP is a union-based program created to
3 move qualified minorities into apprenticeships of
4 the construction building trades. It is a
5 public/private venture founded by members of the
6 Pennsylvania Black Legislative Caucus, the
7 Philadelphia Building Trades Council, and
8 Philadelphia Revitalization and Educational Program,
9 PREP. It's training was designed and developed by
10 members of the trades in consultation with the black
11 elected officials of Philadelphia, PREP, the
12 Philadelphia Office of AFL-CIO, Cheney University
13 Berean Institute and other community activists.

14 DAP Advisory Board meets every quarter
15 to discuss progress of the program, new
16 opportunities for DAP participants, and placement
17 requests from trades. The Advisory Board co-chaired
18 by four respected leaders of both the community and
19 the trades advises the program and takes the
20 information back to the communities related to
21 apprenticeships for minorities. These co-chairs are
22 Mr. Samuel Staten, Sr., Business Manager of
23 Laborers' Local 332; Mr. Patrick Gillespie, Business
24 Manager for the Philadelphia Building Trades
25 Council, State Representative Louise Williams Bishop

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2 and State Senator Anthony H. Williams.

3 COUNCILMAN NUTTER: Mr. Peebles?

4 MR. PEEBLES: Yes, sir.

5 COUNCILMAN NUTTER: Why don't I try to
6 make this quick suggestion. You have extensive
7 testimony. I think some of us have been reading
8 through it.

9 MR. PEEBLES: I'll shorten it.

10 COUNCILMAN NUTTER: If you could give us
11 a general overview because I'm sure some members are
12 going to have questions and we have a significantly
13 long day here today. The testimony is very good. I
14 mean no disrespect. And the testimony will be
15 included in the record as if had been read in its
16 entirety. I'll assure you that.

17 MR. PEEBLES: To make it short, I'll try
18 and make some key points in the testimony.

19 Number 1, DAP is an economic development
20 program, not a jobs training programs. That is,
21 it's designed to make sure that some of the dollars
22 go back into the community and not just getting
23 people jobs.

24 In the testimony, I outline the specific
25 training process that we have. And you're right, it

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2 is lengthy. However, it's very clear that we take a
3 very holistic and good approach to make sure that
4 the people that we put through our program are
5 qualified to make application to the
6 apprenticeships.

7 One of the things I'd like to highlight
8 is the fact that Philadelphia School System -- I'll
9 take this directly from the testimony. The
10 Philadelphia School System has not done a good job
11 in preparing our students for the trades. And
12 you'll find this on Page 7. For example, we had
13 2,819 applicants to date. Of these, we tested
14 1,414, and of these 691 passed the test to enter the
15 program where our standards are rather simple,
16 asking people to be at the ninth grade level for
17 reading and math. This represents 25 percent of the
18 persons who apply and pass the academic portion of
19 our entrance requirements.

20 The City's educational system does not
21 provide students with the mathematic and reading
22 skills necessary to become members of those more
23 complicated trades, such as the boilermaker,
24 electrical steam fitter, et cetera.

25 What we need to understand is that the

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2 Philadelphia School System needs to do a better job
3 in preparing our students. But in the mean time, we
4 need to make sure that the people who are not in
5 school have an opportunity to get into the trades.

6 Until the year 2000, all the trades used
7 the Genoa (ph) Aptitude Test Battery, but it was
8 called the was called the GAT-B, to measure
9 performance. That was one test designed for the
10 trades administered by the State to allow people to
11 enter the apprenticeships from an academic
12 perspective. Today, every trade can have its own
13 test. That makes it a little hard for minorities
14 because we know we have to train people on different
15 tests in order to go into the trade that they select
16 and they're able to go into.

17 We understand that 17 percent of the
18 apprentices of the construction unions for the
19 period beginning October 2001 through September 2002
20 were minorities. Well, if you reverse that, that
21 means 83 percent of the people who went into the
22 apprenticeships were not minorities.

23 When we look at the dollars that are
24 being spent in the Philadelphia area, particularly
25 Philadelphia, and those dollars that are being

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2 leveraged either by taxes and/or by bonds, if you
3 will, we're not getting a good return on investment
4 for our minority community which the City is made up
5 of more than 50 percent.

6 COUNCILMAN NUTTER: I'm sorry. I need
7 to make sure I'm understanding one thing. I don't
8 mean to interrupt you. You said 17 percent of the
9 people who went into the apprenticeship program.
10 And you only get to go into the apprenticeship
11 program after you pass the test.

12 MR. PEEBLES: Yes.

13 COUNCILMAN NUTTER: So let me back up to
14 before the test. What was the pool of people who
15 either indicated an interest or who actually took
16 the test? And how many people actually passed it?
17 And maybe you had that testimony earlier.

18 MR. PEEBLES: You're talking about the
19 universe, or just DAP? Because DAP --

20 COUNCILMAN NUTTER: Let me deal with the
21 universe.

22 MR. PEEBLES: I can't answer that
23 question at this time.

24 COUNCILMAN NUTTER: Then just you.

25 MR. PEEBLES: DAP, if I understand your

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2 question, basically we had 75 percent of the people
3 who came into our program.

4 COUNCILMAN NUTTER: What's the number?

5 MR. PEEBLES: Oh, the 2,819.

6 COUNCILMAN NUTTER: And how many people
7 passed the test?

8 MR. PEEBLES: Passed our initial test to
9 go into our pre-apprenticeship program was 691, and
10 that's just to get into our program. Then from that
11 number --

12 COUNCILMAN NUTTER: That's somewhere
13 between 25 and 30 percent?

14 MR. PEEBLES: Right. And what I'm
15 saying is from that number, usually 50 percent of
16 those people get to make applications and complete
17 our program. This is just to get into our program.

18 COUNCILMAN NUTTER: All right. Sorry.

19 MR. PEEBLES: And I'm trying to make my
20 testimony short.

21 COUNCILMAN NUTTER: The Chair recognizes
22 Councilman Ortiz.

23 COUNCILMAN ORTIZ: From apprenticeship
24 you go to journeyman, right?

25 MR. PEEBLES: Yes.

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2 COUNCILMAN ORTIZ: And at journeyman we
3 have a big drop off of minorities; is that correct?
4 That's what all of the records indicate. That's the
5 records that we have.

6 COUNCILMAN NUTTER: It appears that
7 you're not starting off with a particularly large
8 pool of apprentices.

9 COUNCILMAN ORTIZ: So we begin with 17
10 percent, and of that 17 percent -- that's one of the
11 things I would like to get later on. Of that 17
12 percent, the percentage that go on to be journeyman
13 is probably smaller -- maybe half of that, right?

14 MR. LEWIS: No question. There's
15 generally a decline.

16 COUNCILMAN ORTIZ: So of the 17 percent,
17 maybe half or less that half would go on to become
18 journeyman; that's what our records indicate.

19 MR. PEEBLES: Councilman, I got these
20 figures from the Bureau of Apprenticeship Training,
21 and they only look at the five-county area, so they
22 couldn't break it down to Philadelphia. The figure
23 was 19 percent of the people who got into
24 apprenticeships. The actual figure was 19 percent
25 of the people who got into apprenticeships were

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2 minorities. At the end of the first year during
3 that period, 17 percent were minorities. So you
4 lost 2 percent.

5 COUNCILMAN ORTIZ: And that's in the
6 five-county area.

7 MR. PEEBLES: Yes.

8 COUNCILMAN ORTIZ: I don't know, Mr.
9 Staten, if you read the report that we put out, "The
10 Illusion of Inclusion," in which in Philadelphia we
11 looked at Philadelphia apprenticeships. In
12 Philadelphia, the apprenticeships were not at all 17
13 percent in that report. So if this covers the five,
14 if you could, Sam, make available to us a figure of
15 what it is in Philadelphia.

16 MR. LEWIS: We can try to obtain those
17 numbers. But given just the racial breakdown and
18 the numbers of where they come from at this point,
19 the majority then would appear to be in
20 Philadelphia, the minorities.

21 COUNCILMAN ORTIZ: I would imagine so.

22 COUNCILMAN NUTTER: The Chair recognizes
23 Councilman Goode.

24 COUNCILMAN GOODE: Thank you, Mr.
25 Chairman. Good afternoon to Mr. Staten, Mr. Lewis,

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2 and Mr. Peebles, and thank you for your testimony.
3 I'll be very brief. I have one question. The
4 question is very simply, based upon experience and
5 track record, what do you believe you can accomplish
6 with \$2 million promised to you by then Mayor Ed
7 Rendell?

8 MR. LEWIS: What did we think we would
9 accomplish?

10 COUNCILMAN GOODE: What do you believe
11 you can accomplish with the \$2 million that was
12 promised to you by then Mayor Ed Rendell?

13 MR. LEWIS: Let me just say that we
14 don't want to leave the illusion -- and I think the
15 Council is obviously on the right track in terms of
16 the fact that this has got to be somehow
17 accomplished through the cooperation of the trades
18 as well as government. What we can do and what
19 we've indicated we had initially planned to do was
20 to get 200 people a year into the building trades.
21 But, again, that to a great degree depends on the
22 willingness and the cooperation of the building
23 trades.

24 COUNCILMAN GOODE: Again, I thank you
25 for your testimony. You should know for the record

Thank you again for your testimony.

MR. LEWIS: Let me say just say,

We met with the building trade just last

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2 month. They've indicated that they will give
3 special attention to this. So we're taking them at
4 their word that they're going to try to improve
5 this.

6 COUNCILMAN GOODE: You should know for
7 the record that PWDC has said on the record they're
8 willing to deal with your funding and so we can move
9 this process forward. But as part of also a broader
10 group of training providers but we have addressed
11 that and we will move forward. We actually will
12 continue this resolution for future hearings as we
13 work through that process. We're very glad you came
14 here today to talk about the DAP Program. And we're
15 also thankful that PWDC has committed to working
16 with you on your funding needs.

17 MR. PEEBLES: Thank you for your
18 support.

19 COUNCILMAN NUTTER: Gentlemen, thank
20 you.

21 Can I have a panel come up? Tara
22 Walton, Jahad Ali, and Sacaree Rhodes are the next
23 to testify.

24 While they're approaching the witness
25 table, I have one other question for the gentleman

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2 who testified earlier, Mr. Clancy. You don't need
3 to come back to the table. On your chart, you're
4 showing union employment out of the Congreso de
5 Latinos Unido program of 90 people, no other union
6 employment for the other two problems. What I'd
7 like to know is for the 90 people, what unions are
8 they employed in.

9 Please identify yourself for the record
10 and proceed with your testimony.

11 MS. RHODES: Good afternoon. My name is
12 Sacaree Rhodes. I belong to the African Daughters
13 of Fine Lineage and I'm a community activist.

14 Before I go into my testimony, I would
15 like to thank Councilman Ortiz for being a catalyst
16 for change and for truth, demanding justice for
17 Latinos, black women, black men in this racist City
18 of Philadelphia who has denied black people, Latino
19 people, jobs in a City where black people are paying
20 taxes and the contracts and the jobs are going to
21 others than persons that look like myself.

22 Mr. Nutter, as I sit here in these
23 chambers, City Hall, the people's house, there are
24 painters in this building, painter contractors that
25 has not hired, to my knowledge, any black painters.

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2 I looked for them, unless they're hiding. You know,
3 it's a disgrace that black men and Latino men and
4 black women and Latino women are not allowed to
5 paint in the people's house.

6 Also, for the last six or seven months,
7 I have gone on a crusade to demand justice and fight
8 for jobs. I have gone out to work sites. I hear
9 the names on a regular basis, MBEC, GPUAC, the DAP
10 Program, Workforce for Development. Personally, I
11 think that the DAP Program has no teeth. MBEC, I
12 think all of them should go to jail. And GPUAC,
13 they should be in handcuffs too. And Workforce for
14 Development, I'm so tired of people coming forth and
15 saying that we're training welfare to work folks and
16 then all you do is turn around and giving them their
17 welfare check back and you're not giving them a
18 credible profession.

19 First of all, I don't work for anybody.
20 Nobody pays me. I am only here on behalf of poor
21 black and Latino people. So there's so much
22 dishonesty in the City of Philadelphia when it comes
23 to poor persons. A lot of persons are in the union,
24 out of the union. They say that in order to get
25 into some of these training programs you have to

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2 have this and that. But the white boys that come in
3 North Central Philadelphia it Darrell Clarke's
4 district, which I'm appalled and upset about when I
5 go and look at the Richard Allen Project development
6 and you see a black one day, a black -- it's almost
7 like they place them. Ya'll must know when we're
8 coming. I mean, they're picking up trash. I don't
9 see them doing nothing that's really serious of any
10 grave nature. Black folks in North Philly are
11 standing outside on the corners while white folks
12 are in these fences with these expensive trucks.
13 And black folks are wondering, "Well, why am I not
14 working?" I mean, grown men 50 years old have not
15 had a chance to participate or have a part of this
16 purse called Philadelphia.

17 Right here in Center City, there are
18 Public Works projects where the City of Philadelphia
19 certainly has money in. There are no black women,
20 no Latino women. One or two black folks.

21 SEPTA is the most racist disgraceful
22 organization right here. The City of Philadelphia
23 does give SEPTA money, but black folks are not
24 working. They are racially discriminatory in terms
25 of the police, in terms of women, in terms of the

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2 lawyers. They do nothing. But we have a black
3 Mayor, we have black Councilpeople, we have all of
4 you here, and we deserve to work.

5 I go to West Philadelphia, we have PHA
6 projects. Black folks are not working on these
7 sites. Here we go again, white contractors are
8 inside these fences with these big red trucks and
9 black folks are sitting outside. And they say you
10 are not trained. But I've talked to some of those
11 white boys; they are in the union, they're on drugs,
12 they have all kinds of issues. But the contractors
13 hire them. But then we have to come under all of
14 these standards in order to hire black folks in our
15 own neighborhood. There is no reason that a black
16 person or a Latino person should come out of their
17 door and see these multiple contracts and these jobs
18 in their communities and nobody hires us.

19 COUNCILMAN NUTTER: Ms. Rhodes, I don't
20 mean to interrupt you and I know you're on a serious
21 roll, but I need to do one thing and then you can go
22 back to your testimony.

23 I need to recognize one of my
24 colleagues, Councilwoman Reynolds-Brown, and I know
25 that Councilwoman Miller was in the room and will be

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2 return.

3 Councilwoman Reynolds-Brown.

4 COUNCILWOMAN BROWN: Thank you, Mr.

5 Chairman.

6 Good afternoon. I want to salute
7 Sacaree Rhodes for your testimony and go on the
8 record saying that I and a number of members of this
9 legislative body are completely in support of this
10 legislation put forward by our colleague Angel
11 Ortiz. We join with you in the ongoing meetings and
12 discussions that have been started by your
13 organization and members of -- in fact, all elected
14 officials have been invited to those meetings on
15 Saturday morning. So we're prepared to work with
16 you and for you to make a difference and actually
17 make a change in the kinds of issues that this
18 legislation reflects.

19 I am now supposed to be at another
20 meeting that I Chair, so I wanted to go on the
21 record and show my support and step out and then
22 step back in once I have taken care of my duties in
23 the Caucus Room.

24 Thank you, Mr. Chairman.

25 COUNCILMAN NUTTER: Thank you,

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2 Councilwoman.

3 Ms. Rhodes, please continue.

4 MS. RHODES: Mr. Nutter, young African
5 American males and Latino males a lot of times are
6 on the corner selling drugs or either looking for
7 work. They're working low wage jobs, sometimes two
8 and three to make ends meet. And I have an
9 associate and what disturbs me is he has a business
10 on Jeweler's Row and every time he sees me he takes
11 pleasure and says, "You know, the white boys come
12 here on Friday and they spend big money that they're
13 making in North Central Philadelphia."

14 And then the grandmothers and the
15 mothers who are trying to find work for their sons
16 and grandsons and cannot find work because the
17 contractors say that we're shut out. What I hear
18 that there for sometime has been a document that
19 white contractors, they've orchestrated which tell
20 you how to keep Latino and blacks out of -- you
21 know, keep them from getting contracts. That's
22 unconscionable.

23 When I hear that MBEC and some of these
24 other groups have padded these numbers about who's
25 at the stadium and who has these jobs. And they had

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2 a report that was done some years ago and they've
3 been holding it and telling lies to the community.
4 When I hear people tell lies about the stadium --
5 I've been down to that stadium. I know who's
6 working. There is not 80 percent of those jobs for
7 black and Latino people. It's a lie. And the Mayor
8 said that. And I assured him, "Mayor, you're
9 wrong." But until the second floor and everybody in
10 this City that's supposed to be representing goods
11 and services for taxpayers -- and black people and
12 Latino people pay taxes -- that we should have a
13 piece of this purse. I'm just so tired of these
14 lies that they tell us and they send us away when
15 our young people want to work. And then there are
16 even persons with union cards who are not working.
17 They're standing on the walls.

18 I was told that Mr. Sam Staten said that
19 a lot of times when he sends his persons out to
20 these apprenticeship programs that a lot of times
21 they are treated with disdain and such racism that
22 they end up on his door step, they come back.
23 They've been isolated. They've been treated like a
24 dog because of their color. Somebody needs to do
25 something about that. Because I can't understand it

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2 that if Gillespie and Coryell (ph) and what's the
3 other one's name, Johnny Dock (ph), you know, they
4 enjoy the money and the taxes of these people here
5 in the City of Philadelphia, black folks. So they
6 need to be made to hire black people and Latinos.
7 Who are they?

8 And I pledge to this Council, and it's
9 getting warm, that I swear to you that we will shut
10 down and raise more hell in this town. And so if
11 the white union heads will not hire us, they will
12 not enjoy the pleasure of that money. We will go
13 everywhere we have to night and day. We will go to
14 jail if necessary. We will not let these white
15 folks get this money and not hire black folks. We
16 will not let black folks work with these union
17 people and cut deals behind our back and knowing
18 that they have not served their constituents. We
19 are tired of it. And we are not fools. And I can
20 go out and count heads. So a lot of this stuff on
21 paper is a bunch of lies. And the lies got to stop.
22 And as I say, it's going to get warm. It's not
23 going to snow always. We're going to be everywhere.
24 So we're serving notice on everybody that can hear
25 my voice, and these contractors, we're coming after

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2 you. You're not going to continue the way you've
3 done. And we're going to expose you if we have to
4 sue you.

5 We're going to go after SEPTA. SEPTA
6 has lied. They held all those meetings in those
7 churches telling those people they had that work.
8 Now we found out through Fay Moore, she has said
9 there may not be under a hundred jobs. There may
10 not be contracts at all. The lies that SEPTA --

11 MBEC. I'm serious, you need to do
12 something about MBEC. It needs to be scrapped and
13 then you need to look at criminal charges,
14 conspiracy charges. Because how many black people
15 lost their homes and had a chance to have a fruitful
16 life, but MBEC told lies.

17 The stadium, I was at the stadium the
18 other day. There are black people working there
19 that are saying that the white contractors are
20 calling them niggers and mistreating them. And
21 because a lot of times, you know, like black women
22 have always had to take stuff to feed their family.
23 There's a lot of black men that take things too.
24 But they shouldn't have to keep taking in 2003.

25 So I plead with you to make sure that

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2 this process is honest and the truth comes out,
3 because thus far, we are living lies. And lies have
4 been told from the second floor to where we are.
5 And these organizations who are supposed to be about
6 the business of monitoring jobs, who's working,
7 who's getting what contracts, they're plagued in
8 deceit and I really believe these person should be
9 put in jail.

10 (Applause.)

11 COUNCILMAN NUTTER: Thank you for your
12 testimony. There may be a couple questions.

13 Representative Waters.

14 REPRESENTATIVE WATERS: Thank you, Mr.
15 Chair. Ms. Sacaree Rhodes. As you know, I totally
16 support you. I've been out there in the cold with
17 you standing on the corners and doing what I believe
18 I was elected to do, that's to represent the
19 integrity of the community that voted for me. I
20 agree with your testimony.

21 We have a number in our community in the
22 City of Philadelphia, the minority population
23 represents a certain number, then if we have
24 contractors which are funded with public dollars and
25 people who are coming to work or receive contracts

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2 has said right here day. You're only asking for
3 some representation with your taxation. That's all
4 you're asking for. If they are contributing toward
5 it, they should benefit from it, too.

6 So I just wanted the record to say that
7 I had been there with you on those sites to do what
8 we had to do to make sure that we continue to fight
9 to get justice in the communities that we all
10 represent. So I just want to let the record show
11 that I support you in that effort, too.

12 COUNCILMAN NUTTER: Thank you,
13 Representative.

14 MS. RHODES: I just want to identify
15 this young man who will say something in a few
16 minutes. He is a contractor. This young contractor
17 has to go five minutes out of Washington, D.C. to
18 find work to build a church. Now, that is sinful.
19 With all of this work in this City, he has to go to
20 Washington, D.C. But when we look in the
21 neighborhood, there are trucks that say Delaware,
22 New York, Baltimore. I understand that there's a
23 contractor in here from Vermont.

24 But he lives in the City of
25 Philadelphia. His children attend public schools.

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2 His wife works here. They pay taxes.

3 That's not right. This is what I am
4 talking about. See, he's shut out. But then
5 somebody somewhere in the people's house is
6 responsible for this because somebody's letting
7 these contractors -- and I say this -- these white
8 boys get away.

9 Somebody has told them, "Maybe you gotta
10 hire black folk, you don't hire Latino." I wish I
11 could uncover who that person is. But I believe
12 such a thing has been said.

13 But we're going work very hard and find
14 out because we're going to expose that person to the
15 overall community. And I thank you very much.

16 COUNCILMAN NUTTER: Thank you very much.

17 Please identify yourself for the record.

18 MR. FULLARD: Anthony Fullard, I am the
19 Chairman of the Contractor's Roundtable and under
20 the African American Chamber of Commerce. Since we
21 had a greater Philadelphia Chamber of Commerce
22 announced, the African American Commerce is also
23 here and in full support of Councilman Ortiz'
24 hearings that he has constructed here today as well.
25 And we are in full support of Ms. Rhodes. We've

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2 also been out in the forefront, out on the streets
3 with State Representative Waters and as well as
4 State Senator Anthony Williams as well protesting
5 these sites and are very, very concerned about this
6 climate that has taken place in our City.

7 The African American Chamber of Commerce
8 is now trying to put together many programs. We've
9 been working very closely with Mjenzi Traylor who is
10 sitting right here on my right as well on trying to
11 finalize some programs for the NTI Program and see
12 how we can get more African Americans involved into
13 this demolition that is going to take place in our
14 own communities that we live in. Hopefully, that
15 can move as quickly as possible so that we can get
16 this resolved and then move forward so that we can
17 get some of these brothers out here working.

18 But my main concern is that -- I want to
19 bring up a current issue that has almost allowed me
20 to lose sleep. And this is this very issue about
21 all the meetings that we have, all of the different
22 laws and the specs that we put in place in order to
23 ensure that we have fair inclusions on these jobs
24 and we set goals and we set percentages and we put
25 things in place that once a prime contractor is

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2 identified that is going to the prime, whether he is
3 a majority prime or if he's a minority prime and
4 then there's certain paperwork that has to be filled
5 out that will name your participation, the subs and
6 all. Now, the Chamber is in a fight right now on an
7 issue at the Philly stadium that all of these things
8 have happened. Then we have a labor leader, Johnny
9 Dock calls the prime and tells the prime that he
10 cannot use that minority sub and that he will pick
11 the sub that he's going to use.

12 That's a problem. That's a huge
13 problem. If someone thinks that they can do that in
14 this City after all of the things that we put in
15 place to ensure fairness, that's a problem. When
16 the unions think that they can step in and tell
17 someone who they have to use, then everything that
18 we are doing here, Councilman Nutter, is being
19 undermined.

20 COUNCILMAN NUTTER: I understand. I
21 want to make sure that we have as clear a record as
22 possible. First let me apologize. I know you
23 identified yourself, but I didn't catch your name.

24 MR. FULLARD: Anthony Fullard,
25 F-U-L-L-A-R-D.

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2 COUNCILMAN NUTTER: And your company is?

3 MR. FULLARD: My company is Merck Steel,
4 but I am also the Chairman of the Contractors
5 Roundtable.

6 COUNCILMAN NUTTER: It would certainly
7 be helpful and I think it will lead to a clearer
8 record if you share with us any additional
9 information with regard to either which contractor
10 was involved in this particular situation, what
11 subcontractor was being proposed and, I guess, kind
12 of generally how do you know this particular
13 information? This is a public record, so I think we
14 want to try to be as clear as possibly about all --

15 MR. FULLARD: Well, it's a public job
16 with public money.

17 COUNCILMAN NUTTER: I understand that.
18 I just want to be clear about all the facts and I
19 generally like not to have a record that's somewhat
20 filled with "he said, she said, the other person
21 told me" and kind of third-hand information. So to
22 the extent that you can be as detailed as possible,
23 it would certainly be helpful.

24 MR. FULLARD: Well, let me be clear.
25 This is dealing with public information and on a

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2 public job that has public money funded in.
3 This is something that just came about
4 last couple of weeks. Factual, and also detailed.
5 The African American Chamber Commerce was contacted
6 for support and help in this matter. And we reached
7 out and we contacted our contractor who is Precision
8 Electric who is a minority subcontractor that has
9 been down on the Phillies project since the
10 conception of the start of that project. The
11 Phillies and also Driscoll Hunt (ph) who is the
12 construction manager are very pleased with this
13 contractor. And when more electrical packages
14 started to come out to bid, Precision Electric
15 submitted their bid, marketed their company and they
16 were chosen by the prime contractor who was
17 Petrocelli (ph) to represent a certain percentage of
18 the minority participation for this contract.
19 Everything went in. Things was negotiated as far as
20 the various companies, and then things was
21 documented to submit for approval by MBEC, GPUAC,
22 the Phillies and also Driscoll Hunt. Everybody was
23 satisfied with what the team was and signed off that
24 we would like to see this contract move forward.
25 Before the actual, I would say, subcontract from

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2 Petrocelli to Precision was sent out, there was a
3 call made to Petrocelli from Local 98 business
4 manager or president -- I don't know his exact title
5 who is Johnny Dockery (ph), but I'm sure that we all
6 know in this room who Johnny Dockery is -- that they
7 could not use Precision Electric.

8 COUNCILMAN NUTTER: Who could not use
9 Precision?

10 MR. FULLARD: Petrocelli who was the
11 prime contractor for that awarded contract. And
12 they must use --

13 COUNCILMAN NUTTER: As I'm trying to
14 keep track of the story, did you say Precision was
15 already working on the job for someone else?

16 MR. FULLARD: Yes, yes. They already
17 had smaller contracts doing other things on the
18 project. And then I explained that as more
19 contracts out, they marketed themselves and they
20 went out for various other electrical packages, jobs
21 that has gone out to bid for that project.

22 And as I said, there was a call made to
23 the prime, and this prime is in New York. They are
24 based in New York. And they shared with the
25 Phillies that they don't want to have any problems

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2 coming in to start this job with the unions.

3 But the problem lies is when someone can
4 go and disregard everything that has been put in
5 place in order to do the right thing and that
6 everything has been procured and when the submittals
7 and everything has went forward per the specs and
8 per how jobs are awarded and just disregard all of
9 that that and I want you to use this minority firm
10 over an awarded minority firm. And to this day it's
11 not resolved. That's a huge problem. That sends a
12 message that these union laborers -- and outside of
13 332 because I believe that when they start saying
14 percentages, that's where we get our large
15 percentages from Local 332 on these projects. You
16 remove them, then everything goes down. But when an
17 union labor leader believe he can make a call and
18 change what has been in writing to what he wants to
19 see happen, that's a problem. And for him to think
20 that he can do this -- because obviously if he
21 thought that he couldn't get away with it, he
22 wouldn't do it. He wouldn't even dream of doing
23 something like that. So that's.

24 COUNCILMAN NUTTER: I understand.
25 You've explained yourself. I appreciate it.

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2 Anything else?

3 MR. FULLARD: I can go on. How much
4 time you got?

5 (Laughter.)

6 COUNCILMAN NUTTER: I was trying to be
7 nice. Thank you very much. I will not be asking
8 anybody else that question.

9 The next panel will be our Finance
10 Director, Ms. Janice Davis, and the Director of
11 MBEC, Mr. James Roundtree.

12 Councilman, do you want to make a
13 statement?

14 COUNCILMAN ORTIZ: Welcome, Ms. Davis.

15 I'm sorry, but I just got a phone call;
16 I've got a family emergency.

17 While everybody is here, I would hope
18 that everybody can put the testimony on the record.
19 We're going to have another hearing on the
20 legislation that we put forward today, but I have
21 to do this because my wife is calling me and I have
22 to go home. So continue with the record.

23 COUNCILMAN NUTTER: Thank you,
24 Councilman.

25 Ms. Davis, identify yourself for the

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2 record.

3 MS. DAVIS: I'm Janice Davis, Director
4 of Finance.

5 Good afternoon, Councilman Nutter and
6 Members of the Committee. I'm Janice Davis,
7 Director of Finance. I'm here to offer testimony on
8 Resolution 020238. Here with me today are the
9 Procurement Commissioner, William Gamble, and the
10 Director of Minority Business Enterprise Council,
11 also known as MBEC, James Roundtree. They are
12 available to answer any questions you may have about
13 the operation of their specific departments.

14 A diverse business community is
15 essential to the economic health of any City. The
16 Street Administration is committed to achieving
17 diversity in all aspects of the City's operations.
18 We are not satisfied with the current level of
19 inclusiveness in the economic activity of this City.

20 This Administration's commitment to
21 increase diversity and procurement is demonstrated
22 by the initiatives directed at achieving that end.
23 A few of these initiatives are presented below.

24 Procurement and MBEC are working
25 together to increase the diversity of the vendors

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2 doing business with the City. Their efforts include
3 training and outreach to small minority and women
4 vendors concerning the City's bidding process and
5 business opportunities. The Procurement Department
6 recently implemented a program to increase the use
7 of small businesses as suppliers. Under the new
8 small order purchase program, solicitations of bids
9 for small order purchases are limited to small
10 businesses.

11 COUNCILMAN NUTTER: Secretary Davis, I
12 hate to interrupt you. Do you possibly have copies
13 of your testimony?

14 MS. DAVIS: Copies were supposed to have
15 been delivered to the Chamber.

16 COUNCILMAN NUTTER: Thank you. Sorry
17 about that.

18 MS. DAVIS: We'll get them from the
19 Chief of Staff.

20 COUNCILMAN NUTTER: I understand.
21 Thank you. Please proceed.

22 MS. DAVIS: Do you want me to mush on
23 through?

24 COUNCILMAN NUTTER: Yes.

25 MS. DAVIS: Okay.

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2 Under the new small order purchase
3 program, solicitation of bids for small order
4 purchases are limited to small businesses.
5 Beginning in March 2003, Procurement will make a
6 list of the upcoming small order purchases available
7 on its website. Small firms will be able to contact
8 the department to request that they receive the bid
9 solicitation for particular commodities.

10 The Mayor's initiative to create 100
11 new, viable businesses has as its goal the reduction
12 of the time and confusion involved in understanding
13 and complying with the complex rules and regulations
14 involved in starting a new business. Participants
15 in this program, which is a joint effort of the
16 Commerce Department, PCDC and the Office of the
17 Director of the Finance, can utilize the services of
18 several development and support centers. These
19 centers include Temple Small Business Development
20 Center, the Universal Business Support Center, the
21 Women's Business Development Center and the
22 Philadelphia Development Partnership, just to name a
23 few. These centers provide training, technical
24 assistance, one-on-one counseling and financial
25 assistance. Among the other assistance provided are

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2 credit repair, accounting services, business
3 planning and preparation of bond application
4 packages. One important service provided through
5 this initiative is a surety-bonding program.

6 Recognizing that one of the barriers to
7 small contractors is the inability to obtain bonds,
8 the Administration instituted a surety-bond program
9 to assist small, disadvantaged, minority and
10 women-owned contractors bidding on construction
11 contracts. The program managed by Surety Bond
12 Associates, a woman-owned business located in
13 Philadelphia, works with firms to provide surety
14 bond programs through the Small Business
15 Administration and through traditional surety market
16 channels. To date, there are 56 contractors
17 enrolled in the program. A total of 25 bonds have
18 been issued.

19 The City has partnered with the
20 African-American Chamber and the major banks in the
21 City to create the Emergency Contractors Financing
22 Fund, a loan program that will provide working
23 capital loans for small minority businesses. As
24 part of this program, the City will provide a grant
25 to the Chamber to be used for business training and

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2 development activities. To date, the banks have
3 made a commitment of \$20 million.

4 The City has created a wrap-around
5 insurance program to provide a low cost alternative
6 to traditional liability insurance for contractors
7 on City construction jobs.

8 Another Administration effort developed
9 to positively impact minority participation is the
10 Contract Review Committee process. The CRC reviews
11 every RFP, invitation to bid and contract renewal
12 for compliance with all City requirements, including
13 meeting diversity goals.

14 The Administration is finalizing an
15 Executive Order designed to address the deficiencies
16 in the existing order. Among other things, the
17 new Executive Order will provide for a weighting
18 scheme for determining "good faith effort."

19 That concludes my testimony. We will be
20 happy to answer any questions you may have at this
21 time.

22 COUNCILMAN NUTTER: The Chair recognizes
23 Councilman Cohen.

24 COUNCILMAN COHEN: Can you tell me of
25 anything specific that the City of Philadelphia has

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2 done to ensure that the work force, not the
3 entrepreneur, but the work force be truly diverse
4 and representative of the City's population?

5 MS. DAVIS: We're not the Workforce
6 Development.

7 COUNCILMAN COHEN: We heard from the
8 Workforce Development Corporation. Can you give
9 any examples?

10 For example, the Mayor calling in the
11 building trades leaders and getting information as
12 to the number of blacks, the number of Asians, the
13 number of Puerto Ricans, the number of women
14 employed in different trades, checking on them and
15 saying, "What's your goal going to be for the next
16 year and how are you going to improve that? What
17 did you do about the complaints we've been getting?"

18 At the stadiums, for example, the work
19 force is not at all a diverse work force, but seems
20 to eliminate many members of minority groups, many
21 women. Very few women are employed there in the
22 construction work. I think I can say probably that
23 no women are employed in the work force.

24 While I understand the complaints we've
25 gotten, specific things like that, what is the City

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2 doing on a day-to-day basis to ensure that there is
3 constantly increasing participation in the work
4 force of all the diverse elements?

5 MR. ROUNDTREE: My name is James
6 Roundtree. I'm the Director of Minority Business
7 Enterprise Council. Currently there is no
8 legislation for MBEC to monitor the day-to-day work
9 force, unless it's under a Bill that was passed
10 under Council, where a project seeks a labor work
11 force or labor agreement, arrangement, then the
12 Minority Business Enterprise Council can review the
13 work force that will be utilized on that project to
14 determine what level of participation should be
15 minority or women. But we have to get the
16 information from the union. And before the program
17 can be started, the unions, all of the unions, would
18 sign on for a project labor arrangement, must submit
19 to the MBEC that breakdown. As of today, they have
20 not done that.

21 We have sent out three requests asking
22 for the information from 26 different Locals. I
23 think we've gotten six responses back. The six
24 responses that we have gotten back, we have not
25 found a project, nor has a department requested that

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2 a project with those activities be considered for a
3 project labor agreement.

4 The Minority Business Enterprise Council
5 is only responsible for the labor aspect if a
6 project labor agreement is put in place. And right
7 now, we only have had two of them -- we haven't had
8 any since the enactment of the legislation. Because
9 before it can be agreed, the MBEC must provide
10 Council and the Administration with the report
11 detailing that information, and right now, no
12 department has requested a project labor agreement.

13 COUNCILMAN COHEN: In a very polite
14 way, it seems to me that the answer to the question
15 I asked, from the answer that you've given me, is
16 that nothing has been done of any consequence.

17 MR. ROUNDTREE: Well, the way you asked
18 the question, the only way I could answer it was the
19 way I did, Councilman.

20 COUNCILMAN COHEN: It certainly seems
21 to me that the City of Philadelphia is not at all
22 doing what it ought to be doing. Because the proof
23 is in the pudding. If there were a diverse work
24 force on construction projects, we'd know about it.
25 People in Philadelphia would be happy. The rate of

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2 unemployment in the minority communities would be no
3 higher than in the majority community. People
4 would know that there was a diverse work force and
5 that everybody in Philadelphia gets treated
6 properly.

7 Wouldn't you expect that to be the case
8 if the right steps were taken?

9 MR. ROUNDTREE: Yes, sir, Councilman.

10 COUNCILMAN COHEN: Why would legislation
11 be needed when the building trades are so well
12 represented at every level of government? The
13 chairman of the Redevelopment Authority, I believe,
14 is a union official. PIDC union officials are very
15 much recognized. It seems to me that the building
16 trade as a group of unions is supported fully by the
17 City Administration. Why would we even need
18 legislation? It would seem to me that all the Mayor
19 would have to do, if he wanted to, was to call
20 everybody in and say, "This has got to change. I
21 want a monthly report. I want to see progress each
22 month. And I want by the end of the year to make
23 sure every job is fully diversified."

24 Would that be a practical approach, you
25 think?

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2 MS. DAVIS: Councilman, I'm not certain
3 that the Mayor is not having meetings with those
4 labor representatives that you referenced. It's
5 just that MBEC and my office are not tasked with
6 work force issues. And so we're addressing that
7 aspect of minority participation in the City that we
8 are tasked with. We're not in the meetings that the
9 Mayor is having, if he's having meetings with the
10 labor unions. And I would not want to speculate on
11 what is said or not said. We're just trying to
12 address it from our standpoint in that area where we
13 have responsibility.

14 COUNCILMAN COHEN: Well, in government
15 we know that everything becomes known to the public.
16 There's no such thing as a secret. If meetings like
17 that were taking place, everybody in Philadelphia
18 would know about it, one way or the other. Either
19 CLOUT would write it in the Daily News or some
20 columnist at the Inquirer or the City Paper or the
21 Philadelphia Weekly or the Northeast Times or the
22 South Philadelphia Review or the Public Record.
23 Somebody would begin talking about it. But the fact
24 is, that the reason I believe the minority community
25 is so distressed is that, not only is the situation

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2 absolutely deplorable, but it looks as if nobody's
3 doing anything. I mean, nobody at the level where
4 something could be done.

5 We would like to have ideas on
6 legislation. I propose one. I propose the notion
7 that in order to be eligible for prevailing wage
8 legislative support to guarantee the union contracts
9 at the proper wages that -- and I have no problem
10 with the wages -- but what I have a problem with is
11 using government to gain things but not to feel a
12 duty to return the support you're getting in a way
13 of guaranteeing a diverse work force. It seems to
14 me it would be in everybody's interest to guarantee
15 a diverse work force, not just in the interest of
16 the minority community. I'm looking for
17 suggestions as to how we do it.

18 Philadelphia ought to be leading the
19 nation in this area, right? There's no reason why
20 we're not the model on how you diversify the work
21 force, particularly with respect to City contracts.
22 We have so much building ongoing and have had it for
23 years now.

24 I don't understand why the situation
25 seems to be just like it was 35 years ago when the

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2 building trade said, no, and there's no Council, as
3 the young man testified before. Apparently labor
4 feels that it is free to say no. I think we've got
5 to change that situation.

6 Thank you. If you have any specific
7 ideas as to how the Council can be helpful, we want
8 those ideas. Because I can tell you that this City
9 Council is, in fact, committed to a policy of having
10 a diversified work force. We will do anything we
11 can do to guarantee that.

12 The problem is that under the City Home
13 Rule Charter, basically those decisions are left to
14 the Mayor. And we're looking for legislation to
15 state the policy of the City of Philadelphia and
16 require the Mayor and every other agency in City
17 government to follow them. We ought to be ashamed
18 of our current record, and it's time now for
19 immediate change. That's what we're looking for as
20 a result of these hearings.

21 Thank you, Mr. Chairman.

22 (Applause.)

23 COUNCILMAN NUTTER: Thank you,
24 Councilman Cohen.

25 Mr. Roundtree, I have just two requests

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2 of you, and then Councilman Goode has a question. I
3 didn't understand completely your response to
4 Councilman Cohen.

5 You talked about the need for a project
6 labor agreement, and then I heard you say something
7 else about someone having to request something, and
8 I didn't understand that.

9 MR. ROUNDTREE: What I will get for you,
10 Councilman, is the exact Ordinance that Council
11 created for the -- it's called Project Labor
12 Agreement. That's what I was referring to. The
13 only authority that MBEC has to monitor work force
14 is under that Project Labor Agreement. A
15 department has to request --

16 COUNCILMAN NUTTER: When was that?

17 MR. ROUNDTREE: I believe it was in
18 2000. I will get you the specific number. I
19 prepared testimony on it. It passed. And we were
20 actually using that legislation or law as part of
21 the letter trying to get the union to respond to
22 information about their membership.

23 COUNCILMAN NUTTER: Whose legislation
24 was that? Do you remember who the sponsor was?

25 MR. ROUNDTREE: No, I don't. It's

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2 passed.

3 COUNCILMAN GOODE: It was passed last
4 August?

5 MR. ROUNDTREE: Yes. I think you
6 introduced it in 2000 and it actually passed in
7 2001, somewhere in there.

8 COUNCILMAN NUTTER: And what's the issue
9 about a request? Who has to request what?

10 MR. ROUNDTREE: The department. I think
11 it was used basically for capital projects. So the
12 department would have to make a request for the
13 project to be considered a Project Labor Agreement.
14 Once that is done, the MBEC is responsible getting
15 the information from the unions as to the members,
16 their membership, be it journeyman or apprentice,
17 and then assigning a range for participation for
18 minorities and females and then monitoring that
19 process.

20 COUNCILMAN NUTTER: Have any departments
21 made such a request?

22 MR. ROUNDTREE: No, they have not. Nor
23 has the union fully complied. The labor agreement
24 won't kick in place until the union complies. That
25 was part of Councilman Cohen's and Councilman

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2 Ortiz's.

3 COUNCILMAN NUTTER: Okay. Councilman
4 Goode.

5 COUNCILMAN GOODE: Thank you, Mr.
6 Chairman.

7 I have two questions. One for Ms. Davis
8 and then one for anyone in the panel that can answer
9 it.

10 My first is regarding work force
11 development. Ms. Davis, what is the City's
12 relationship with PWDC organizationally?

13 MS. DAVIS: I'll let PWDC --

14 COUNCILMAN GOODE: No. Actually, I
15 wanted a response from Administration regarding what
16 they view as their formal relationship,
17 organizational relationship, with PWDC.

18 MS. DAVIS: They're a quasi within the
19 City. They're not a department of the City.

20 COUNCILMAN GOODE: How do they interact?
21 What is the City Administration 's authority,
22 connection, board position?

23 MS. DAVIS: I will have to get that
24 information for you.

25 COUNCILMAN GOODE: Do any PWDC dollars

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2 flow through the City, or do they go directly PWDC?

3 MS. DAVIS: They go directly from PWDC.

4 My understanding, and it's very faint understanding,

5 is we would almost have to have a separate contract

6 or agreement to provide some service for them.

7 There is no funding --

8 COUNCILMAN GOODE: I'm asking, is there

9 a pass through, through the City to PWDC, or do they

10 receive their dollars directly?

11 MS. DAVIS: PWDC receives all of the

12 work-force-type dollars directly. They're the bank,

13 if you will, for the region.

14 COUNCILMAN GOODE: The Mayor is part of

15 and has appointments within the Workforce Investment

16 Board?

17 MS. DAVIS: Yes.

18 COUNCILMAN GOODE: How many appointments

19 does he have?

20 MS. DAVIS: I don't know. I'll get that

21 information for you, unless Mr. Clancy knows.

22 MR. CLANCY: The Mayor sets the entire

23 board. Right now, there's mandated partners that

24 need to be at the board. And then there's

25 discretionary appointments, which is about 22, that

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2 the Mayor has choice over.

3 COUNCILMAN GOODE: And so the Mayor
4 appoints the board that oversees \$110 million that
5 flows through the City?

6 MR. CLANCY: Well, it's a little
7 confusing. The Workforce Investment Board
8 technically helps us to plan our investments, but
9 their board doesn't necessarily oversee our board.

10 COUNCILMAN GOODE: What appointment
11 powers does the Mayor have regarding PWDC's board?

12 MR. CLANCY: I think Mr. Jones and the
13 Mayor get together and decide who -- I don't know
14 the authority that Mayor Street may have over our
15 board. I know there's been multiple discussions
16 between Mr. Jones and Mr. Street on that issue.

17 COUNCILMAN GOODE: Okay. While you're
18 there, you might as well pull up a seat. When PWDC
19 makes application to the state for funding, does it
20 require the Mayor's signature?

21 MR. CLANCY: It's only required in the
22 beginning of the year when we do our formal plan.
23 When we get additional funds throughout the year we
24 do not. All our funding are both federal and state
25 funds. So we don't receive any City funds.

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2 COUNCILMAN GOODE: So, similar to the
3 way that City Council have used Community
4 Development Block Grant money -- because a signature
5 is required by the local official -- City Council
6 could pass an Ordinance to require the Mayor to
7 require review of training dollars before the
8 Mayor's signature?

9 MR. CLANCY: My sense is that the Mayor
10 could have the plan reviewed. We have to submit a
11 plan every two years to the state on how we're going
12 to invest the money. When the money actually comes
13 into the City, then it's invested in a variety of
14 projects.

15 COUNCILMAN GOODE: The only reason that
16 I ask that question is because it was actually then
17 Councilman John Street who actually forced a review
18 of Community Development Block Grant money in his
19 first term. So I'm sure he wouldn't necessarily be
20 against our same type of review regarding training
21 dollars. Thank you.

22 The second question I had -- I want to
23 state for the record for those people who don't
24 know, Councilman Ortiz's office prepared and
25 Councilman Ortiz introduced a new Bill today which

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2 actually would repeal Chapter 17-500 of the Code
3 and replace -- and I believe that that Bill may have
4 been co-introduced and sponsored by every Member of
5 Council. My question is dealing with the history of
6 that portion of the Code and its success or failure,
7 for the record, do you know, since that part of the
8 Code become law, how much money has gone toward
9 disadvantaged businesses?

10 MR. ROUNDTREE: We can provide that
11 information to you.

12 COUNCILMAN GOODE: Don't tell me you
13 don't know it off the top of your head.

14 MR. ROUNDTREE: Okay. I won't tell you
15 that.

16 COUNCILMAN GOODE: Ms. Davis, do you
17 know how much money has gone toward disadvantaged
18 businesses since 1982 and since minority set-aside
19 law was enacted?

20 MS. DAVIS: I don't have that number off
21 the top of my head.

22 COUNCILMAN GOODE: If you could forward
23 that information to the Chair --

24 MS. DAVIS: I will forward the
25 information.

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2 COUNCILMAN GOODE: Along with that, I
3 would specifically also like to know what portion of
4 that happened during the Administration of Mayor W.
5 Wilson Goode and what portion of that happened
6 afterwards.

7 MS. DAVIS: The portion during Mayor
8 Goode's Administration and then everything after.

9 COUNCILMAN GOODE: And what portion
10 happened since then.

11 Thank you, Mr. Chairman.

12 COUNCILMAN COHEN: I have the distinct
13 impression that what the City has been doing over a
14 number of years has been to create a lot of smoke
15 and mirrors to try to indicate something ongoing in
16 such a mystifying way that nobody knew what was
17 happening. And the result was inevitable, that
18 nothing happened. Because it was intended to create
19 an illusion of something happening without anything
20 happening. Because the building trades certainly
21 play a very important role in the City's activity on
22 a daily basis. And it seems to me that this is
23 something that cries out for quick attention.

24 Let me ask personally. We know it's
25 very difficult if you work for the Mayor and are

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2 subject to dismissal by the Mayor, it's very
3 difficult to have independent opinions. Because I
4 remember when Mayor Rendell was the Mayor, he used
5 to first have a budget hearing with his
6 commissioners. And he would say to the
7 commissioners, "All of you are free to not support
8 my budget request or support it. But if you're not
9 going to support it, just leave your resignation on
10 the way out of the room." And I'm not absolutely
11 certain as to the exact truth of that, but I've been
12 told that so many times by so many commissioners
13 that I've begun to believe it. And, of course, we
14 understand that, you know, people should not be put
15 in a position where to tell the truth their job is
16 at stake.

17 But I think on this problem what we need
18 are some hard facts and some hard information.
19 There's absolutely no reason why Philadelphia should
20 not be number one in the nation in a diversified
21 work force.

22 Does anybody here have doubt about that?
23 I'd like somebody to come and testify why that
24 shouldn't be done or why it couldn't be done? Would
25 you come forward?

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2 Could you add just another Chair for a
3 moment?

4 I don't want to dismiss the panel
5 because that's Chairman Nutter's job.

6 MR. DICKERSON: My name is James
7 Dickerson. I don't know if you all heard about me.
8 I was the person who was in a shelter. I wrote a
9 proposal. I didn't have a dime to my name.

10 Philadelphia Housing Authority sent a
11 flyer around stating, "Would you like to start your
12 own business?" I wrote the proposal. It was
13 accepted. They called me down and gave me \$25,000
14 to start the business. They gave me a \$1 million
15 contract.

16 Now, here's a man who had been sleeping
17 on the floor, been in the street, in the shelter.
18 Somebody wakes you up the next morning and says,
19 "James, you have \$1 million." The top of my head
20 almost blew off.

21 Called me down there. Gave me a check.
22 \$25,000, James. But what you have to do is hire
23 people from the housing projects.

24 I hired six people. We began to cut the
25 grass, went through the housing projects, do the

11 I signed 20 percent; 20 percent. They
12 said \$200,000 from this one. I said, "I've never
13 seen that much money in my life." \$200,000 from
14 this one.

21 "Oh, we can't do anything about that."

23 They said, "You've got to pay that

25 I said, "How can I pay the \$25,000 when

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2 you all don't give me no work?"

3 Everybody had to go home. The other
4 people kept the work to themselves.

5 PHA said, "We can't make them give you
6 no work. You're a problem, James."

7 And if there's anything that comes out
8 of your legislation today, sir, I would like to say
9 to ya'll that it has to be enforcement, enforcement,
10 enforcement.

11 (Applause.)

12 MR. DICKERSON: Because even though in
13 the federal guidelines of HUD money -- and this was
14 HUD money -- the federal guidelines in Section 3
15 compliance, they have no one to enforce it. It is
16 written very fairly. If they go by how it is
17 written, it would have come out fair. But they had
18 nobody to enforce it. They couldn't help me. They
19 couldn't give me any work. So here I now have what
20 you call -- what Mr. Ortiz said? This was the
21 delusion of the inclusion. And here I am stuck
22 with a bill that I never had. Here I am owing Tom,
23 Dick, and Harry, and nobody can help me in one, way,
24 shape, form or fashion.

25 Mr. Caldgreen (ph), they washed their

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2 hands of me. Mrs. Asia Coney, this made her program
3 look so wonderful. "Oh, here's a tenant that we
4 selected. He got a \$1 million contract." And they
5 wouldn't even give me no work.

6 So if there's anything I have to say to
7 you, sir, through anything that Council does, please
8 enforce it. Please put together a team that can
9 actually enforce what you've written and then it
10 will work. Because in the reality and scheme of
11 things, once the work begins, they don't care. They
12 don't care. It's all about greed.

13 When I went back and said this to Ms.
14 Asia Coney, she said, "James, you should have known
15 that they're businessmen, that they were going to
16 keep the work to themselves." I said, "Miss, no, I
17 didn't. I thought that you went with Section 3
18 compliance, the federal guidelines of HUD." No.

19 So that's what I been waiting here to
20 say to ya'll.

21 And, again, if ya'll do anything,
22 please put together some people who will enforce
23 whatever you write and will go behind and make sure
24 that what you say is getting done. Because they
25 washed their hands of me like Pontius Pilate. They

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2 won't even return my calls. That's what they did to
3 me.

4 God bless you. Thank you all very much
5 for everything you do.

6 (Applause.)

7 COUNCILMAN COHEN: Thank you very much.
8 Will the panel come back, because the Chairman of
9 the Committee is here and only he can dismiss.

10 COUNCILMAN NUTTER: Councilman Cohen, I
11 understand that you've been taking full advantage of
12 the absence of the Chair, as I would expect you to
13 do. I knew it was a mistake to go out of the room,
14 but I do appreciate the previous testimony.

15 I had a couple of questions that I
16 wanted to get on the record and I know that
17 Councilman Ortiz had some as well. So let me ask
18 these questions.

19 Primarily directed at MBEC, but
20 certainly Ms. Davis or Mr. Gamble -- and I have a
21 couple of questions for Procurement, as well.

22 Under Executive Order 193, what is your
23 responsibility and how have you been able to enforce
24 compliance?

25 MR. ROUNDTREE: Our responsibility is to

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2 review all of the bids mostly over \$100,000

3 and to set goals and ranges for participation and
4 then monitor that activity, do outreach for on-City
5 projects.

6 And the second part of your question,
7 Councilman, was?

8 COUNCILMAN NUTTER: How have you been
9 able to enforce compliance?

10 MR. ROUNDTREE: Through the use of a
11 desk auditor to make sure that --

12 COUNCILMAN NUTTER: Through the use of
13 what?

14 MR. ROUNDTREE: Desk audits. We send
15 out an audited letter asking the contractor if they
16 have received a certain amount of money on a certain
17 contract, and ask them to sign that document and
18 provide us any additional information, unless it's a
19 large contract like, for instance, I used at One
20 Parkway project is because we did that in totality.
21 We can request a copy of the subcontractor, if
22 subcontractors are involved, and we do it based on
23 that. Any signed document that can be utilized as a
24 contract document, that's what we request.

25 COUNCILMAN NUTTER: Are there any actual

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2 field audits conducted? This sounds like this is
3 more of an honesty-based system or whatever
4 somebody's willing to sign.

5 MR. ROUNDTREE: Most of the field audits
6 that I've done, I've done based on larger projects.
7 I currently have a staff of 13 people that's divided
8 up into three different units. And so my resources
9 right now to do field audits on all of the projects
10 are limited. So what we have been doing on large
11 projects, mainly TIF projects, is dispatching our
12 resources to that.

13 COUNCILMAN NUTTER: What was the overall
14 level or percentage of participation for MBE's,
15 WBE's and DBE's during the last Fiscal Year on
16 projects that were monitored by MBEC?

17 MR. ROUNDTREE: On Public Works
18 contracts, there are 10 percent for minorities,
19 about 4 percent for females. I can give you the
20 specific breakdown on the rest. Those are the ones
21 I know off top of my head because I was comparing to
22 this Bill from last time.

23 COUNCILMAN NUTTER: Does MBEC have the
24 capacity to monitor all the projects --

25 MR. ROUNDTREE: One second. I was just

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2 passed the participation report.

3 MS. DAVIS: I came prepared, sir.

4 COUNCILMAN NUTTER: You always do, Ms.
5 Davis.

6 Is it possible for the Committee to
7 receive a copy of this subsequent to the hearing?

8 MS. DAVIS: Of course.

9 MR. ROUNDTREE: For Public Works, 9.2
10 percent for minorities. For women, 4.6 percent. In
11 supplies, 1.3 percent for minorities.

12 COUNCILMAN NUTTER: I'm sorry. What
13 was that number again?

14 MR. ROUNDTREE: 1.3 for minority
15 participation in supply.

16 COUNCILMAN NUTTER: Okay. Hold on for
17 one second. This is for FY '02?

18 MR. ROUNDTREE: Yes.

19 COUNCILMAN NUTTER: So supplies was
20 what?

21 MR. ROUNDTREE: Supplies for minorities
22 was 1.2.

23 COUNCILMAN NUTTER: What's the total
24 dollar value of the supply contracts during FY '02?

25 MR. ROUNDTREE: \$39,800,000. So that

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2 would come out to \$500,000 for minorities.

3 COUNCILMAN NUTTER: Was that

4 390-some-odd thousand dollars?

5 MR. ROUNDTREE: \$544,661.

6 COUNCILMAN NUTTER: Are minority firms

7 just not bidding on supply contracts?

8 MR. ROUNDTREE: It's a combination of

9 both.

10 COUNCILMAN NUTTER: What are these

11 contracts? What kinds of contracts would be in the

12 supply category?

13 MR. GAMBLE: My name is William Gamble,

14 Procurement Commissioner.

15 In those items will be things such as

16 janitorial supplies, office supplies, basically

17 anything from A to Z that we procure.

18 COUNCILMAN NUTTER: Let me ask this

19 question.

20 MR. ROUNDTREE: Cars, too.

21 COUNCILMAN NUTTER: Well, I know we buy

22 a lot of cars.

23 There was testimony the other day in the

24 City Council budget hearing, Mr. Roundtree. I seem

25 to recall generally the round number of 1,200

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2 companies are MBEC certified; is that correct?

3 MR. ROUNDTREE: Yes, sir.

4 COUNCILMAN NUTTER: Do you have a
5 ballpark figure on how many of them are in a
6 business that generally supplies these kinds --
7 would be respondents to a supply bid?

8 MR. ROUNDTREE: I could get you that
9 information.

10 COUNCILMAN NUTTER: That would be nice.

11 MR. ROUNDTREE: I don't have it right
12 here with me, Councilman, so I'd have to respond to
13 you in writing.

14 COUNCILMAN NUTTER: This goes back to a
15 conversation or discussion that we were having just
16 the other day about review and analysis of data. I
17 mean, does anybody think it a little strange that
18 minority businesses would only be supplying 1.2
19 percent or winning 1.2 percent of the contracts in
20 this particular area? I mean, does that strike
21 anybody as, what's going on?

22 MR. ROUNDTREE: Yes. And what we've
23 tried to do is identify -- these are specialty
24 contracts. So what we are doing with the
25 Procurement Department is identifying the areas

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2 where we are the weakest.

3 For the last several years, when we were
4 purchasing a lot of furniture, we identified that as
5 a weakness. We tried to identify firms that could
6 provide furniture or furniture items to the City.
7 We were successful in helping locate two local firms
8 that have been providing furniture and equipment to
9 the City since then. As a matter of fact, in our
10 next annual report, a minority firm won the City's
11 annual contract for supplying the City with
12 furniture.

13 MS. DAVIS: Those are particularly hard
14 areas because it is where someone is buying
15 something from someone else. And because it may be
16 a small firm that does not have the advantage of a
17 relationship with a particular manufacturer in
18 several places, they're at a price disadvantage
19 when they purchase to resale to us. So those are
20 particularly difficult areas.

21 The other thing is that we do citywide
22 contracts. It's one of the reasons why at CRC we
23 are looking at packaging certain things in different
24 ways. Because where a firm may be able to compete
25 on a smaller piece, if we do it as a citywide, where

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2 it's going to become just -- it's just a bid in most
3 instances. We don't have the flexibility of an RFP.
4 It's low price that prevails. So supplies for all
5 people who are looking at goals is a particularly
6 difficult hurdle because our people have to purchase
7 from somebody else. And we don't control those
8 sweetheart deals that may be upstream from us. And
9 by the time it gets to us, the damage has already
10 been done or they've already been set in place.

11 And there's very little competition when
12 you get to automobiles, which would be a large
13 dollar amount and probably represent almost half of
14 that \$30-plus million. Since we procure about
15 \$15 million in vehicles, that effectively becomes a
16 very large piece of that \$30 million.

17 COUNCILMAN NUTTER: Where are we buying
18 our vehicles these days?

19 MS. DAVIS: It's low bid.

20 COUNCILMAN NUTTER: I understand that.
21 Who won the last contract?

22 MR. GAMBLE: The last contract was won
23 by a company in Rhode Island by the name of Rizzo
24 Ford.

25 COUNCILMAN NUTTER: I have to talk to

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2 the Councilman about that. A company in Vermont?

3 MR. GAMBLE: No, Rhode Island.

4 COUNCILMAN NUTTER: Rhode Island. A

5 company in Rhode Island won the City bid on

6 vehicles.

7 What was the dollar amount of the

8 contract?

9 MR. GAMBLE: The dollar amount of the
10 contract was roughly about \$6 million and it was for
11 vehicles for the Police Department.

12 COUNCILMAN NUTTER: So these are Crown
13 Victorias?

14 Mr. Gamble: Most of them, yes.

15 COUNCILMAN NUTTER: Mr. Roundtree, you
16 talked about Public Works. You just mentioned to us
17 supplies. I don't know if you finished. And is the
18 last in that category equipment?

19 MR. ROUNDTREE: No. The next one is
20 service, where minority firms receive 15 percent.
21 Women businesses receive 4.3 percent.

22 And then the next category is equipment.
23 Minorities receive 3 percent. There was no female
24 participation.

25 And professional services for a profit,

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2 minorities received 9.5 percent, and women received
3 9.6 percent. But the dollar value in professional
4 services for profit was \$200 million, with minority
5 firms getting \$19.1 million and females firms
6 getting \$19.2 million.

7 COUNCILMAN NUTTER: Let's talk about
8 professional services. That's not subject to lowest
9 responsible bid; is that correct?

10 MR. ROUNDTREE: No.

11 COUNCILMAN NUTTER: That seems to be an
12 area that has a tremendous amount of discretion or
13 subjectivity. Based on -- obviously people have to
14 meet the threshold of being qualified to do the
15 work. I guess I'm somewhat surprised that even in
16 that area the numbers aren't higher. What's the
17 problem in the professional services area?

18 MR. ROUNDTREE: Well, we'd have to take
19 a look at what we bought that year. For instance,
20 we know we're going to do --

21 COUNCILMAN NUTTER: You bought
22 \$200 million worth of stuff.

23 MR. ROUNDTREE: And of that, \$39 million
24 went to minorities and females.

25 COUNCILMAN NUTTER: Hold on for a

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2 second. I thought you said \$19.1 for minorities.

3 MR. ROUNDTREE: Right.

4 COUNCILMAN NUTTER: How much --

5 MR. ROUNDTREE: \$19.2 for women gives
6 you 38 out of 200.

7 COUNCILMAN NUTTER: So generally the
8 total percentage is 19, right, somewhere in the 19
9 range, 38 out of 200?

10 MR. ROUNDTREE: Right. And you were
11 asking me, why we didn't do better. And I would
12 suggest to you that we took a look at that and we've
13 identified some areas where, in the past, minority
14 firms may have subcontractors, but in this Fiscal
15 Year, they will be prime contractors. And one of
16 the big areas is, we'll be in our facilities where
17 a firm will have won the whole contract of
18 \$12 million. And so we think we have made some
19 strides in that area.

20 COUNCILMAN NUTTER: Okay. You'll get us
21 the full report, right?

22 MR. ROUNDTREE: Yes. Yes, sir.

23 COUNCILMAN NUTTER: Does the MBEC have
24 the capacity to monitor all the projects covered by
25 Executive Order 193?

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2 MR. ROUNDTREE: Yes.

3 COUNCILMAN NUTTER: So you have all the
4 people you need, all the resources you need. You're
5 just all over it. And at times, people are actually
6 bored over there?

7 MR. ROUNDTREE: No, we don't. No,
8 Councilman. We, too, are subject to the budgetary
9 constraints that has been placed on the
10 Administration due to the budget. So our task is to
11 do better with what we have to improve in our
12 automation or technology. We're looking to increase
13 or enhance our report mechanism by enabling to link
14 through the City's computer system. We think we can
15 do what we're tasked to do with the staff we have
16 and some technology information.

17 COUNCILMAN NUTTER: You're going to
18 stick to the party line that you have enough people,
19 there, you're not going to ask for anymore,
20 regardless of what the reality situation is, right?

21 MS. DAVIS: The draft Executive Order
22 sets up some responsibilities and some other avenues
23 and it also makes several mentions -- because it was
24 drafted by Mr. Roundtree -- of being provided
25 adequate resources.

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2 COUNCILMAN NUTTER: This is the new
3 Executive Order?

4 MS. DAVIS: Yes, the one that's
5 currently --

6 COUNCILMAN NUTTER: Under discussion.

7 MS. DAVIS: -- under discussion. So I
8 anticipate that, as a result of implementation of
9 that -- because it does entail some additional
10 responsibilities and an expansion of the current
11 responsibility -- recognizing that there does need
12 to be a greater effort towards monitoring to the
13 extent that we cannot provide the resources.
14 Through some type of restructuring, there's going to
15 have to be additional resources provided.

16 COUNCILMAN NUTTER: Let me ask about
17 some reporting requirements.

18 Ms. Davis, are you aware of the
19 provisions of Ordinance No. 990181 that has a
20 recording requirement by the Mayor that, no later
21 than December 31st of every year, that Council is
22 supposed to receive a report with respect to tax
23 increment financing districts?

24 MS. DAVIS: I'm not specifically aware
25 of that requirement.

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2 COUNCILMAN NUTTER: Are you aware of any
3 reporting requirements from Ordinance No. 990326
4 that has a Section 13 requirement for monthly
5 reports by OHCD, which actually I think we do
6 actually receive? Are you aware those reporting
7 requirements?

8 MS. DAVIS: I'm not aware of what OHCD's
9 reporting requirements are.

10 COUNCILMAN NUTTER: Are you aware of the
11 reporting requirements from Ordinance 990563 that
12 require annual reports by OHCD and the Department of
13 Commerce that are to be submitted to the Mayor and
14 the Council no later than December 31st of every
15 year regarding the Neighborhood Benefit Strategy?

16 MS. DAVIS: The OHCD and Commerce people
17 are here, and perhaps they'd like to address that.

18 COUNCILMAN NUTTER: Okay. I understand.
19 When they come up I'll ask them about it.

20 Are you familiar with the reporting
21 requirements of Bill 000181-A regarding employment
22 of low and moderate-income persons by City
23 contractors?

24 MS. DAVIS: No, I'm not. Does it
25 specify a department with responsibility or area?

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2 COUNCILMAN NUTTER: The reporting
3 requirement is, "All bidders or contractors on any
4 covered construction contract shall provide to the
5 Procurement Commissioner, in the case of contracts
6 to which to the City is a party, credit, or the
7 Director of Finance, in the case of contracts to
8 which the City is not a party, such information as
9 the Commissioner or the Director may need to assess
10 the bidder's or contractor's ability to meet the
11 hiring requirements set forth in Section 17-1002.
12 That requirement is, every covered construction
13 contract shall contain a provision requiring the
14 business responsible for performing work under the
15 contract must certify that at least 40 percent of
16 the workers who work on the covered construction
17 contract are low or moderate-income persons."

18 Are you familiar with that reporting
19 requirement?

20 MS. DAVIS: No, I'm not. Councilman,
21 would you give us a copy of that at the end of the
22 meeting? We'd like to comply with our requirements
23 to the extent that they exist.

24 COUNCILMAN NUTTER: Actually, so would
25 I.

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2 And there's finally Bill 000180, which
3 is related to the Neighborhood Benefit Strategy,
4 which also has a reporting requirement. These
5 bills, the last couple of those bills, as you can
6 tell from their Ordinance number, are all bills that
7 were introduced in 2000 and probably passed in 2001.
8 I'll be glad to give you copies of the material.

9 It would be helpful, I think, for all of
10 us if we actually take these reporting requirements
11 seriously that are passed by the Council, signed by
12 the Mayor, and turn them into something. So, again,
13 I think we can use the power of information to deal
14 with some of these situations.

15 Let me ask this last question. After
16 the successful challenges, legal challenges, were
17 made to Chapter 17-500, what legal tools were at
18 your disposal to enforce compliance with minority
19 participation legislation or Executive Orders?

20 MR. ROUNDTREE: Just that. The
21 Executive Orders themselves and the way the
22 Executive Order is written, it provides the MBEC
23 with the opportunity to recommend to the Procurement
24 Commissioner debarment of contracts who are not in
25 compliance.

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2 COUNCILMAN NUTTER: How many contractors
3 were debarred last year?

4 MR. ROUNDTREE: None.

5 COUNCILMAN NUTTER: Everybody is doing
6 the right thing?

7 MR. ROUNDTREE: That's subjected to --
8 we are not happy with the level of participation,
9 but we have not been able to prove that a contractor
10 discriminated. The provision under 193 is based on
11 whether or not the contractor discriminated.

12 COUNCILMAN NUTTER: How would you prove
13 it?

14 MR. ROUNDTREE: Minority firm or female
15 firm was denied a contract, perform a contract,
16 solely on the basis of race.

17 COUNCILMAN NUTTER: Do you think that
18 any contractor would generally be stupid enough to
19 say, "I'm not giving you this contract because
20 you're African American, Latino, Filipino, female or
21 some other gender that we don't know about"?

22 MR. ROUNDTREE: I don't know how to
23 respond to that, Councilman.

24 COUNCILMAN NUTTER: Take your best shot.
25 Yes or no. It's a yes-or-no question.

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2 MR. ROUNDTREE: Yes.

3 COUNCILMAN NUTTER: You think somebody
4 would be stupid enough --

5 MR. ROUNDTREE: I think if you push a
6 person far enough for them to say, "I'm not going to
7 do this, and I'm not going to do this because."

8 COUNCILMAN NUTTER: Has anybody reported
9 that to you?

10 MR. ROUNDTREE: No.

11 COUNCILMAN NUTTER: But they're not
12 getting any business?

13 MR. ROUNDTREE: No, it's not that
14 they're not getting any business. They're not
15 getting the business at the level that we would deem
16 successful. These numbers by no means represent --

17 COUNCILMAN NUTTER: So if no one has
18 reported that any of those kinds of comments were
19 made and you're not satisfied with the level of
20 participation, what do you think is going on?

21 MR. ROUNDTREE: We think our greatest
22 weakness right now is the outreach and the
23 monitoring of the actual project. Once we are able
24 to hold people accountable for the letter of what
25 they sign and once we are able to make sure that

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2 there's an ample market of ready, willing, and able
3 contractors --

4 COUNCILMAN NUTTER: When you say, once
5 we're able, is there something we're waiting on to
6 allow you to be able?

7 MR. ROUNDTREE: No. I'm saying that we
8 need to do what you're saying. We need to do a
9 better job at what we're doing, simply put.

10 COUNCILMAN NUTTER: And how is that
11 going to happen? I think we've all known that for a
12 little while.

13 MR. ROUNDTREE: Hopefully, how it's
14 going to happen is, once the new Executive Order is
15 passed and we begin to implement, that's how we
16 believe it will happen.

17 COUNCILMAN NUTTER: When did you draft
18 the Executive Order?

19 MR. ROUNDTREE: We were requested by a
20 transition team from the new Administration to do
21 that. And we did that.

22 COUNCILMAN NUTTER: Are we talking about
23 sometime in early 2000? You wrote it down?

24 MR. ROUNDTREE: Yes. We've been kind of
25 tweaking it since then. It was submitted to the

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2 Finance Director just before Christmas.

3 COUNCILMAN NUTTER: Christmas?

4 MR. ROUNDTREE: Of last year.

5 COUNCILMAN NUTTER: 2002?

6 MR. ROUNDTREE: Yes.

7 COUNCILMAN NUTTER: So you worked on it
8 during transition in the winter of 2000, tweaked it
9 for a while, submitted, I guess, what you think is
10 kind of a final draft or close to a final draft
11 somewhere near Christmas 2002. And the present
12 status is?

13 MS. DAVIS: It's with me to set up a
14 meeting with the Mayor. We had budget hearings to
15 intervene and that's why it hasn't moved since
16 Christmas. But it is with me now to be moved to the
17 Mayor.

18 COUNCILMAN NUTTER: Well, I'm never
19 going to get into how people spend their time, but
20 we've done a fair number of things since January of
21 2000, all of which, I'm sure, were very important.
22 We helped build stadiums. We tried to work on
23 resolving School District issues. We passed a
24 couple budgets during that time period. We had a
25 Republican National Convention. We negotiated

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2 contracts. I mean, how long is this Executive
3 Order?

4 MS. DAVIS: Sir, as soon as I got it in
5 November 2002, I started reading. I had been asking
6 for it. It was delivered in November of 2002. I
7 was not here when the original request was made of
8 MBEC to prepare it, so I don't know who didn't ask
9 for it subsequently. But now that I have it, I am
10 moving it forward.

11 I admit it has been much too long in
12 coming and that's why I intend to move it
13 aggressively. But it's not a lone order. It's not
14 boxes. So we will move it now that I have it. It's
15 with me now and it won't be with me, I can
16 guarantee, beyond next month, because I want to get
17 out of my office and into some form that will give
18 us some teeth to do what we need to do.

19 We recognize that we are not where we
20 need to be. I'm from the so-called racist south
21 where we did it a lot more aggressively than it's
22 done in Philadelphia. So I'm particularly not happy
23 when I have to talk to my friends back down in Texas
24 and Louisiana about how well they're doing and how
25 well I'm not doing. So it's not going to stay with

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2 me long. My desire would be to put more teeth in.

3 But I have to go with what the rules are in

4 Pennsylvania.

5 And there are definitely differences

6 between operating in a Commonwealth and operating in

7 just a plain old state. And the level of

8 aggressiveness that Southerners take with issues

9 like this is very different than the genteel way in

10 which Philadelphians approach things. So I've

11 adjusted to that, but I am not happy with it. I

12 don't think this Administration is happy with where

13 we are.

14 COUNCILMAN NUTTER: I would actually ask

15 you not to adjust to it. Please don't adjust to it.

16 MS. DAVIS: I don't think you would like

17 the mean me.

18 COUNCILMAN NUTTER: I'll deal with you,

19 Ms. Davis, however the situation is going to be.

20 This is a priority of the

21 Administration?

22 MS. DAVIS: It is definitely a priority.

23 I cannot begin to tell you how many meetings I have

24 been in with entrepreneurs, with people who would

25 like to be entrepreneurs, where I leave disgusted

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2 and brokenhearted. Because I'm African-American
3 too. I have a husband who owns a small construction
4 firm. And I know how hard it is on a family to
5 wonder from week to week if there's going to be
6 another job to pay the bills. So believe me, being
7 a wife and a mother of African-Americans who are
8 dependent on the, in some instances, good will of
9 somebody willing to take you on to do a job, that it
10 is not a comfortable place to be. And I don't wish
11 that place for anybody. I personally take it very
12 seriously and this Administration takes it
13 seriously.

14 It is just that very often what people
15 see as places where we can demand, because of Crozen
16 and some of the other impediments, we are in the
17 position of asking. And it is very uncomfortable
18 when you go to the person who holds all of the cards
19 to ask.

20 Perhaps finalizing our Availability
21 Disparity Study, provided that that study supports
22 our going to set goals oriented program would give
23 us those teeth. But until you get to point where
24 you have something that represents a hammer and not
25 a glove, you're dealing with an ask and not a tell.

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2 And we need a tell.

3 COUNCILMAN NUTTER: Ms. Davis, I agree
4 with probably 98 percent of everything that you
5 said. I would only probably disagree with one
6 particular issue, which is, it's our money. And we
7 have a right to make certain conditions on how we
8 spend the public's money. I can choose to go to a
9 particular store and patronize a particular business
10 with my money. And I think that we have some
11 ability and a little bit of a hammer, or any other
12 tool that you might want to identify, to say, "This
13 is the deal. This is how we do business. We are
14 going to be within the law. We're going to be
15 within the Charter. We're going to do whatever it
16 is that we have to do to maintain the public trust
17 and public responsibility. But some of this
18 behavior is unacceptable. And if you want to do
19 business here, these are the rules."

20 MS. DAVIS: I agree wholeheartedly with
21 you. That's what we are attempting in those
22 instances, which are primarily professional services
23 where we have the leeway, we are attempting through
24 CRC to force that behavior. But what you have to
25 realize is that, while there are many of us who are

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2 people of good will, there are many people in
3 departments making decisions who don't have the same
4 interests that we have. And so it is not just a
5 "you do it." It's not telling them to do it and
6 they do it instantly. It's telling them to do it
7 and you sit on them to make certain it's done. It's
8 why we review every contract. It's why we attempt,
9 before people make a decision to spend the money, to
10 force them to at least consider the fact that there
11 are people of other colors other than white, that
12 there are people who are female, that there are
13 people who have disabilities.

14 But again, you're looking at behavior
15 that is deeply embedded in -- not this government,
16 when you think of government as the big political --
17 but this City, when you look at City government. So
18 it is something that has proven to those of us who
19 sit on the CRC to be amazing, because we still hear
20 some of the stories about there not being anybody
21 qualified to do it, when we're some of the people
22 sitting at the table.

23 COUNCILMAN NUTTER: I've heard about
24 some qualifications issues recently myself and who's
25 qualified to do what.

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2 (Laughter.)

3 MS. DAVIS: You brought that one up. I
4 wasn't going there.

5 COUNCILMAN NUTTER: I'm used to that
6 conversation. We can have that discussion.

7 MS. DAVIS: I would never go there,
8 Councilman. I've had too many people go there on
9 me.

10 COUNCILMAN NUTTER: I have a great
11 appreciation for the qualifications discussion.

12 MS. DAVIS: We actually do hear that
13 from departments. And they're sort of in dismay
14 because the three of us are part of the team that
15 they're talking to. So it is an attitude that
16 doesn't change because you dictate it. It's an
17 attitude that you have to force to change.

18 We've begun this process in May with a
19 very short time frame for the first one because we
20 were facing the deadline of getting things on tap
21 for the new budget year. I'm hoping that that
22 process becomes one that does accomplish what we're
23 attempting.

24 And based on your recommendations of
25 Tuesday, we're going to start to measure and we're

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2 going to start to track how many we change just by
3 virtue of sitting there and forcing people to come
4 before us. Because it is important that we measure
5 and know what impact we're having. Because it's
6 kind of uncomfortable to come here when we know
7 we're doing stuff and we can't prove it to you
8 because we don't have those objective numbers, the
9 things that accountants always love to have and say,
10 "See, we're doing much better." So we will begin to
11 measure.

12 But we're not happy. I mean, we are not
13 happy people. We come here with our heads bowed
14 because I, for one, always want to do a good job.
15 And when I am not serving those who need my
16 services most, I don't feel that I am doing a good
17 job. And so from that standpoint, our efforts have
18 to continue.

19 COUNCILMAN NUTTER: Thank you, Ms.
20 Davis.

21 MS. DAVIS: Thank you.

22 COUNCILMAN NUTTER: I now have a
23 tremendous dilemma. I've had simultaneous requests
24 by Councilwoman Tasco and Councilwoman
25 Reynolds-Brown, and I will leave it to them to

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2 figure out who goes first. I think that's the best
3 course of action for me.

4 The Chair recognizes Councilwoman
5 Reynolds-Brown.

6 COUNCILWOMAN BROWN: Foot note question.
7 Does the Capital Program office -- does the work
8 you're doing with the CRC, is the Capital Program a
9 part of the process as well?

10 MS. DAVIS: Everyone has to come to that
11 meeting. Everyone.

12 COUNCILMAN NUTTER: I think we haven't
13 identified actually -- because we're continuing a
14 conversation from a couple of days ago. I think we
15 haven't identified CRC. It's a contract review
16 team?

17 MS. DAVIS: CRC is a Contract Review
18 Committee.

19 We'd like to get it to the point where
20 every time somebody thinks about spending a dollar,
21 they have to come see us. In fact, we are looking
22 at incorporating in any financial system changes we
23 do, a requisition, and implement a requisition phase
24 for everything. So that if you were going to do
25 personal services, you'd have to do a requisition

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2 that would come up the chain, because then I know
3 when you're thinking about spending a dollar.

4 CRC grew out of the Mayor asking the
5 simple question, "Who in the government can obligate
6 this government?" And we started looking.

7 And directors had delegated to the point
8 that there might be some clerk sitting in a corner
9 somewhere who can spend a million dollars, and the
10 director would never know that the dollar was spent.
11 But that clerk may have been here 30 years, because
12 we have a lot of people who have been here 30 years.
13 30 years, you've got to remember, is only 1973 at
14 this point. So you have some 30-year people here.
15 You've got a lot of 30-year people here. So that
16 clerk might be a 30-year person who has been doing
17 it that way forever and they have their loyalties.
18 And thier loyalties aren't our loyalties. Their
19 loyalties may be loyalties to somebody we don't even
20 recognize. But they're going to do it the way
21 they've always done it. It's their department's
22 money. It's their money. We have no right to
23 intervene.

24 So when we say, get MBEC involved, we
25 found out MBEC wasn't involved. In fact, the

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2 contract would be drawn up and the Law Department
3 wasn't involved. People would take it on themselves
4 to negotiate it. Do everything. Tell the people to
5 start working. And then the contract would catch up
6 later. When that's happening, the government's not
7 controlling anything. It's happening. It's not
8 being directed. So CRC is an effort to force
9 accountability, number one, on the director and the
10 head of the department to say, you at a minimum are
11 going to know what dollars are being spent and why
12 they're being spent. How can we have a larger
13 citywide agenda when people can spend money for
14 anything that may not tie into the City's agenda?

15 So CRC first looks at, is this mission
16 critical? Is it something that we are doing in
17 furtherance of a larger goal? Or is it something
18 that we're just doing because we've always done it?

19 It then looks at, can we get it done a
20 different way? Does it make sense doing this way
21 versus doing it some other way?

22 It looks at whether we're following
23 rules and regulations.

24 Around the CRC table we have a saying
25 that a dead contract cannot be amended. It's dead.

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2 We can't bring people back from the dead, so how can
3 we bring a dead contract back? But that had been a
4 practice. A contract could be dead for a year and
5 somebody amended it back to life. Well, we don't
6 allow that anymore. Once you've passed the point of
7 death, you don't come back. You became a new
8 contract. And with that, you give us a second bite
9 at the apple because that's another way to get
10 around the process.

11 COUNCILMAN NUTTER: The next thing you
12 know, you'll be trying to stop the dead from voting.
13 Ms. Davis, how far does this go?

14 (Laughter.)

15 MS. DAVIS: I'm from Louisiana. We
16 never stopped that. You need those extra votes.
17 No, we would never stop the dead from voting. But
18 we don't want the dead doing contracts with us.

19 (Laughter.)

20 MS. DAVIS: And then we also looked at
21 where in this process was minority participation
22 being considered. How are people procuring things?
23 Were they doing it formerly? Or were they calling
24 up Joe because they knew Joe and Joe was a good guy
25 and they knew he wouldn't give them a headache?

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2 And a lot of times they were calling Joe because Joe
3 is a good guy. Well, I don't know Joe. And a lot
4 of times what Joe is giving me, particularly in
5 certain services, is tying me to Joe for the rest of
6 my life. So if we call Joe for something, what we
7 had a lot of were people saying, "Well, I can do it
8 as a small order purchase without a bid." And what
9 that began was, it opened the door for millions more
10 to follow. But then you were trapped with Joe
11 because it was a sole source at that point. Joe did
12 something for \$10,000 that you didn't have to bid
13 out, but then the follow on could be a million
14 because Joe had his foot in the door. And the Joes
15 weren't our Joes who are getting their feet in their
16 door. The Joes were friends.

17 So when somebody comes to us with
18 something, the questions are, "Well, how is this
19 procured? What's your participation? How does it
20 fit in the overall plan? Can you do it some other
21 way? Has everybody who needs to see it, seen it?
22 Was MBEC involved at the beginning? Because if they
23 weren't, we're not going to do it."

24 And we hold things up. Or we say, "We
25 don't think you need to do it."

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2 Philadelphia and the way it works. So that's what
3 CRC is. That was a long answer, but I talk a lot.

4 COUNCILWOMAN BROWN: It's appreciated
5 nonetheless.

6 COUNCILMAN NUTTER: Councilwoman Tasco.

7 COUNCILWOMAN TASCO: Well, I think
8 that's very refreshing because you hit the nail on
9 the head. You really do see where the systems have
10 been institutionalized through the years. I hope
11 that your efforts will institutionalize the change.

12 MS. DAVIS: That's what we're hoping.

13 COUNCILWOMAN TASCO: Because
14 Administrations come and Administrations go and we
15 don't want this to go at the end of the term.

16 MS. DAVIS: And that's why we're looking
17 at the Charter and ways that the Charter can be used
18 to create some hammers that are hammers that
19 transcend Administrations. Because unless you have
20 something that isn't dependent on personalities,
21 that's dependent on a system in place, it's not
22 going to be long lived. And Philadelphia deserves
23 something that lasts well beyond our tenure here.

24 COUNCILWOMAN TASCO: I just want to ask
25 you a couple questions. You mentioned the Crozen

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2 case. Is there any way we could use our disparity
3 study if there's a will on the part of the
4 Administration to challenge that case? I mean,
5 nothing is ever set in stone.

6 MS. DAVIS: I'll turn that over to Mr.
7 Roundtree because good disparity and availability
8 studies give you additional tools. So I'll let Mr.
9 Roundtree answer that one.

10 MR. ROUNDTREE: I don't know if I can
11 answer that as eloquently as you just did.

12 Councilwoman Tasco, that, in fact, was
13 what happened. What we need to do now is, once you
14 all review the study, is to refresh the data that's
15 in it and use that data to establish factor or
16 predicate for what we believe will be two programs
17 really.

18 One will be a race and gender preference
19 program and one will be a non-race and gender, but
20 more specifically a small business program. You
21 need to have the components of both of them in order
22 to have very viable programs, because you have to be
23 flexible and you have to set what they call
24 guidelines and it must be narrowly tailored.

25 So once the legislative hearings begin

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2 you will begin to be able to do that. You'll be
3 able to hear both sides and develop a legislative
4 picture to show that it is a factor or predicate for
5 you to have what was once known as a set-aside
6 program, but is now called race and gender
7 preference programs.

8 COUNCILWOMAN TASCO: Okay.

9 COUNCILMAN NUTTER: Thank you,
10 Councilwoman Tasco.

11 COUNCILWOMAN TASCO: I haven't
12 finished.

13 COUNCILMAN NUTTER: I know that. We
14 need a five-minute break for the stenographer.

15 (Brief recess.)

16 COUNCILMAN NUTTER: Ladies and
17 gentlemen, we're back in Session.

18 The Chair recognizes Councilwoman Tasco
19 who was in a question prior to the break.

20 COUNCILWOMAN TASCO: In the Resolution I
21 was just reading that was used to establish these
22 hearings, it has, "Whereas the Greater Philadelphia
23 Urban Affairs Coalition has reported favorable
24 progress in advancing diversity goals, but has
25 refused to validate their findings by sharing

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2 certified payroll information on the new stadium
3 construction projects with City Council; and

4 Whereas, GPUAC has further stated that
5 the payroll information is not for public
6 consumption, although approximately \$670 million
7 that were realized for the first new stadiums has
8 come from state and city sources, including
9 taxpayers."

10 Did they contract with the City? Or who
11 are they contracting with to be the Oversight
12 Committee for the stadiums?

13 MR. ROUNDTREE: Directly with the teams,
14 the teams representatives.

15 COUNCILWOMAN TASC0: So they work for
16 the teams?

17 MR. ROUNDTREE: Yes.

18 COUNCILWOMAN TASC0: What information do
19 we require from them since we do have some financial
20 investment in this project?

21 MR. ROUNDTREE: We require the business
22 information from them, but not the employment.

23 COUNCILWOMAN TASC0: So how are we going
24 to determine whether or not they're meeting their
25 goals?

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2 MR. ROUNDTREE: We're monitoring the
3 business participation, but not the employment.

4 COUNCILWOMAN TASC0: Well, I thought
5 when we had the discussion here in City Council on
6 the legislation, you know, as we were talking about
7 the day, our main concern was about participation in
8 terms of employment also. It was not either or.
9 And how do we monitor that?

10 MR. ROUNDTREE: Well, I am on the
11 Oversight Committee and I do participate in all the
12 outreach programs that the teams and the Urban
13 Coalition perform.

14 COUNCILWOMAN TASC0: So do you get
15 reports on the minority participation on these
16 projects?

17 MR. ROUNDTREE: Yes.

18 COUNCILWOMAN TASC0: So what is it like?

19 MR. ROUNDTREE: It's basically the same
20 report that was agreed upon City Council, the
21 information that City Council receives is basically
22 that information. We do go through a more detailed
23 analysis at the actual Oversight Committee meeting,
24 but essentially you get the summary of that
25 information.

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2 COUNCILWOMAN TASC0: While they're
3 meeting the employment goals?

4 MR. ROUNDTREE: I would prefer for them
5 to answer. They're not meeting all of the goals,
6 no. But I think they will be here to provide their
7 testimony.

8 COUNCILWOMAN TASC0: Are they coming
9 here, Councilman, the Coalition?

10 COUNCILMAN NUTTER: The teams?

11 COUNCILWOMAN TASC0: Whoever.

12 COUNCILMAN NUTTER: GPUAC, I believe,
13 were scheduled for today's hearing. There was, as I
14 understand it from Councilman Ortiz, and I believe
15 they actually contacted me a little while ago,
16 apparently there was a scheduling conflict when the
17 request was made for this particular hearing.

18 We are actually going to adjourn today's
19 hearing to a date and time certain on March 13th.
20 And I'm going to assume that Councilman Ortiz is
21 going to re-contact GPUAC to make sure that they're
22 at that particular hearing on March 13th at 3:30.
23 But they are not on the list for today, and my
24 recollection is that there was a scheduling conflict
25 between the organization and today's Committee

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2 hearing.

3 COUNCILWOMAN TASC0: Thank you,
4 Councilman.

5 Mr. Roundtree, as a member of the panel,
6 if they are not meeting their goals, how do you
7 communicate with Council to let us know what's
8 going on?

9 MR. ROUNDTREE: Council also has a
10 representative on the Oversight Committee, and
11 generally it is someone from Councilman Clarke's
12 office or Councilman Goode's office that attends
13 either one of the meetings. I know that Councilman
14 Clarke, he and his representatives have been
15 attending the Eagles meetings. I'm not sure whether
16 or not he is on the Eagles, but Council does have a
17 representative on each one of those Oversight
18 Committees.

19 COUNCILWOMAN TASC0: Okay. Thank you
20 very much.

21 COUNCILMAN NUTTER: Let me stay in that
22 area, because I was slightly confused by the
23 response. Are you saying that MBEC is not directly
24 involved in oversight of either the contracting
25 activity or the employment?

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2 MR. ROUNDTREE: No, sir. I said that we
3 were not involved in the employment. We're not
4 involved in monitoring the actual employment.

5 COUNCILMAN NUTTER: Why is that?

6 MR. ROUNDTREE: Because we were created
7 to monitor the business aspect. The only employment
8 we were asked to monitor has been under the Project
9 Labor Agreement.

10 COUNCILMAN NUTTER: And then you said
11 GPUAC is responsible for monitoring the employment.
12 And then did I understand you earlier to say that
13 the employment goals were not being met?

14 Mr. ROUNDTREE: To my understanding, the
15 total level of what was supposed to be achieved was
16 not being met. They're working towards that end,
17 but I don't think that they've reached that plateau
18 yet.

19 COUNCILMAN NUTTER: Only one of the
20 stadiums is almost done.

21 MR. ROUNDTREE: That's why I would defer
22 to them to really provide that answer because I
23 don't have that report to produce to you.

24 COUNCILMAN NUTTER: Well, are they
25 sharing this information with you as a part of the

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2 City government? As Councilwoman said, we made a
3 little investment in this.

4 MR. ROUNDTREE: Yes. But, Councilman,
5 it's the same information that's being provided to
6 Council. And they send a report around to Council
7 on a monthly basis that at least gives you the
8 summary. What has been the most difficult is, I
9 think, you were requesting the details. They have
10 not provided you with the detail, but they have
11 given you a summary and they have broken it down by
12 Councilmatic district and ZIP code.

13 COUNCILWOMAN TASC0: Does the report go
14 to the President, or it goes to each Councilmember?

15 COUNCILMAN NUTTER: I've seen these
16 before. We get one from the Phillies. That one, I
17 have best recollection on. And I think I've seen
18 some stuff from the Eagles from time to time. You
19 look at the reports and the numbers seem almost
20 incredible. And I've been involved in different
21 discussions and different places where questions
22 have been raised about the integrity of the numbers,
23 but I'm not aware of any independent analysis of
24 these figures to verify what actually is going on.

25 There was a question raised the other

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2 day about the issue of companies receiving
3 contracts, and then the prospect of those companies
4 subcontracting with other people and whether or not
5 the initial contracting entity, for accounting
6 purposes, is being credited with the entire
7 percentage of the work, notwithstanding the fact
8 that some significant components of that contract
9 may have been subbed out to other people.

10 Now, have you heard or been aware of
11 that concern?

12 MR. ROUNDTREE: Yes, Councilman. It
13 basically revolved around a joint venture issue.
14 There's been a lot of unrest about how joint
15 ventures accounted on as participation.

16 COUNCILMAN NUTTER: Well, what's your
17 understanding of how they're counted?

18 MR. ROUNDTREE: If a minority firm or a
19 female firm has 51 percent of the joint venture and
20 is in control of the day-to-day operations, or can
21 control the day-to-day operations, it is counted as
22 100 percent of the contract, of the contract dollar
23 value.

24 COUNCILMAN NUTTER: Even though they're
25 only 51 percent?

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2 MR. ROUNDTREE: They are still
3 responsible for the overall contract. Has 51
4 percent of the contract and 51 percent of the
5 day-to-day management, they still control the
6 contract. Ans that's directly out of 17-500. When
7 it was promulgated, that's how it was established to
8 encourage firms to joint venture.

9 COUNCILMAN NUTTER: Well, I understand
10 that. But does the underlying factual information
11 layout that the company is, in fact, doing a hundred
12 percent of the work?

13 MR. ROUNDTREE: It lays out that if
14 it's -- just as I explained to it you. If they have
15 51 percent of the ownership of the joint venture,
16 and if they are in charge of 51 percent of the
17 day-to-day operations, then it would be credited 100
18 percent.

19 COUNCILMAN NUTTER: 51 percent is not
20 100 percent. 51 percent is 51 percent, the last I
21 checked.

22 MR. ROUNDTREE: Okay. We're
23 implementors of what was put in there, and that's
24 the one thing that was encouraged to increase the
25 capacity.

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2 COUNCILMAN NUTTER: Okay. Councilwoman,
3 I'm sorry.

4 COUNCILWOMAN TASC0: Maybe what we need
5 to do is get some contractors in here to negotiate
6 these agreements.

7 MR. ROUNDTREE: That's who has to
8 negotiate them, Councilwoman.

9 COUNCILWOMAN TASC0: It seems to me they
10 seem to know a little more about this than we do,
11 although we have good intentions. It's tricky
12 business. We can learn a little bit. They bring
13 more stuff.

14 Thank you.

15 COUNCILMAN NUTTER: Anything else you'd
16 like to leave with us?

17 MS. DAVIS: We're done.

18 MR. ROUNDTREE: In my attempt to maybe
19 explain some of the things that MBEC is about, I
20 wanted to express that we are totally in favor of
21 this legislation. We are in favor of this Committee
22 reviewing the activity. We fully and wholeheartedly
23 believe that more -- and we try to do more -- can be
24 done. And, again, we're the implementors of your
25 policies.

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2 COUNCILMAN NUTTER: Councilwoman Tasco.

3 COUNCILWOMAN TASCO: Ms. Davis, I love
4 that word "genteel." We're not genteel. We're
5 just slick up here. The South is known for
6 gentility. The North is known for slickness.
7 Slickness is going up here.

8 MS. DAVIS: That's what it is. Okay.
9 Now I know. Thank you.

10 COUNCILMAN NUTTER: Thank you very much.
11 Executive Director of the Philadelphia
12 Human Relations Commission, Lazar Kliet.

13 Please identify yourself for the record.

14 MR. KLIET: My name is Lazar Kliet. I'm
15 the Executive Director of the Philadelphia
16 Commission on Human Relations. I wanted to thank
17 Councilman Nutter and the rest of Council for
18 allowing me to testify today, and especially
19 Councilman Ortiz, who provided the initial
20 invitation. I also want to deliver greetings from
21 James Allen, the Chair of our Commission.

22 I apologize for not having prepared
23 testimony, although we may very well be better off
24 that I don't, because that forces me to talk quick
25 and be to the point.

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2 Basically I could talk for hours about
3 what the agency does and what our legal mandate is.
4 Essentially we do two things. One, we enforce
5 portions of Chapter 9 of the City Code which
6 prohibits discrimination in employment, housing,
7 public accommodations, and the delivery of City
8 services.

9 The second thing is, we deal with all
10 matters of inter-group conflict that occur within
11 the City.

12 But what I would rather do is talk a
13 little history, because I may very well be the only
14 person here whose service with the City of
15 Philadelphia is co-terminus with Councilman Cohen's.
16 I started in '68 and we've been having the same
17 discussion.

18 COUNCILMAN NUTTER: You were part of the
19 Teenage Employment Program that the City had back
20 at that time?

21 MR. KLIET: Right.

22 COUNCILWOMAN TASC0: Were you involved
23 with me at the Urban Coalition in '70, what?

24 MR. KLIET: At any rate, my age and
25 infirmities are not really the important thing.

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2 The important thing is that all of the
3 mechanisms that you were asking about -- not you
4 individually -- but Council's asking about, are in
5 place. They exist in theory. And they existed in
6 fact in 1968, 1969, 1970, where we did a number of
7 things that were in support of -- God forbid, I
8 should mention the word -- Affirmative Action. And
9 the City was in support of it in ways that were
10 quite legal.

11 Councilman Cohen mentioned the
12 Philadelphia Plan. That was the federal
13 Philadelphia Plan. There was also the Philadelphia,
14 Philadelphia Plan. And I'm going to oversimplify,
15 so there may be a little bit of inaccuracy here. If
16 you wanted to do business with the City you had to
17 meet certain standards. And those standards were
18 that you were both hiring in a nondiscriminatory
19 manner and treating your employees in a
20 nondiscriminatory manner in terms of conditions of
21 employment, as well as promotions. And you were
22 also acting in an affirmative way to increase
23 minority and subsequently female representation,
24 which was much narrower than it is now.

25 What you were doing for a living -- and

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2 it didn't matter whether or not your company was
3 inside the City of Philadelphia. At one time there
4 was a rule that dead voters either had to have died
5 in Philadelphia or be interred in Philadelphia. As
6 far as people under our jurisdiction, they have to
7 do business within the City of Philadelphia. They
8 don't necessarily have to exist within the City of
9 Philadelphia.

10 We have gone from 85 staff when I
11 started here to 38 staff as we speak. And that's
12 not a complaint as far as agencies like ours go
13 nationally, we are treated extraordinarily well. We
14 are funded as well can be expected, given current
15 financial circumstances. But nevertheless, in order
16 for us to really perform our mandate, we have to do
17 things that require employers to report information
18 to us. We have to have the ability to in some way
19 analyze that information. And then we have the
20 ability to do two other things, and to me they're
21 critical. One is something that we did for a very
22 long time, plant inspections. And I apologize, I'm
23 talking through the veil of the three fracture ribs
24 so if you can't hear me, let me know.

25 The plant inspection was quite literally

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2 going out to a construction site or to a bank or to
3 wherever there were a large number of employees with
4 documentation that we received from the employer,
5 and we'd have somebody counting heads. Now,
6 obviously, there would be a disparity, but we would
7 frequently find the disparity between 80 percent and
8 10 percent. Somebody was lying. We could then
9 force the issue by subpoenaing employment records,
10 not simply reports submitted by the employer.

11 The other thing which I think is the
12 most critical thing that any government can do to
13 combat employment discrimination is testing. And
14 testing is simply you send in -- there's a job
15 announced or you have to make a buying call and you
16 send in a white tester -- and it could be any
17 combination. White tester, black tester, white
18 tester. And you want to see if the two white
19 testers are treated the same as the black tester.
20 And the sequence is very important. And it can be,
21 you know, black, Asian, black. It could be anyway
22 you want to divy it up.

23 In order for the City to be able to
24 accomplish the goals contained in that resolution,
25 there has to be an investment in doing the

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2 day-to-day grunge work of gathering information, of
3 testing the validity of that information, and
4 pursuing people who are violating the law. As far
5 I'm concerned -- and this is not a legal opinion. I
6 can be overruled. If you want to do business with
7 me, then you have to meet my standards. Me as an
8 individual. If you want to sell me a product, it
9 has to fit me. I me grossly fat clothing, but it
10 has to be the size that it is. Conceptually it's no
11 different. I mean, we're not talking brain surgery.
12 Conceptually it's no different. If you want to do
13 business with the City, you have to meet certain
14 standards.

15 The one area of the law -- and then I'll
16 finished. And again, I'll be happy to respond to
17 any questions or come back later. We don't have
18 jurisdiction over the way contractors are treated by
19 other contractors. Now, I don't know if that's --
20 and I honestly don't know. I would have to ask
21 Nelson Diaz about this. That I don't know if that's
22 some that Council could change. We've never really
23 explored it. We certainly have jurisdiction over
24 unions as employers, over anybody as an employer.
25 And our jurisdiction can be expanded by allowing us

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2 to verify the qualifications of a contractor or a
3 supplier who wants to do business with the City.

4 Thank you very much.

5 COUNCILMAN NUTTER: Councilwoman Tasco.

6 COUNCILWOMAN TASCO: I want to ask
7 you -- what's your name again?

8 MR. KLIET: Lazar Kliet.

9 COUNCILWOMAN TASCO: I want to ask you,
10 where are we with the Philadelphia Plan? Did it
11 just die or is it still in existence or did it have
12 to be revitalized by the federal government?
13 Because I remember very vividly working under that
14 when we were at the Urban Coalition.

15 MR. KLIET: Again, there was the federal
16 Philadelphia Plan, which I believe was declared
17 unconstitutional. The Philadelphia Philadelphia
18 Plan which was something that we invented at our
19 agency in conjunction with the Tate Administration
20 is just a matter of City policy. It may have tested
21 in the courts; I'm not sure. The only reason why we
22 don't do it is because we can't. I mean, we being
23 the Commission on Human Relations. It can be almost
24 any entity of City government that does it, but it
25 requires fundamentals that I described before, the

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2 ability to investigate, the ability to examine. And
3 we had a social scientist working for us at one time
4 who did nothing but statistical evaluations of what
5 was in front of us to see if they made sense. We
6 had two guys who did nothing but head counts, would
7 walk through a construction site making sure that
8 the contractor was telling us the truth, which they
9 frequently were not. I know this shocks you. It
10 shocked me; I was young then. And the ability to
11 test.

12 Frequently, you have the statistical
13 result or a numerical result, but it doesn't tell
14 you how you came to that result.

15 So it's simply a matter of the will and
16 a money. It's not a lot of money, by the way, to do
17 something like that. We're not talking about
18 hundreds of employees. We're talking about 35, 40
19 people who would do nothing but that sort of work.
20 It ain't a biggie.

21 COUNCILMAN NUTTER: Thank you very much.
22 I would anticipate at the continued hearing that
23 Councilman Ortiz very well may ask for you to
24 return.

25 MR. KLIET: I'll be happy to. It's

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2 going to be on the 13th?

3 COUNCILMAN NUTTER: The 13th, yes, 3:30.

4 Thank you very much.

5 Deborah McColloch, Vincent Coles and
6 Mjenzi Traylor, which will be our last formal panel.
7 There may be others who wish to speak. And
8 certainly, anyone who is here who wishes to speak
9 will have that opportunity.

10 Please identify yourselves for the
11 record and proceed with your testimony.

12 MS. MCCOLLOCH: My name is Deborah
13 McColloch, I am the Director the Housing.

14 I apologize that the written testimony
15 was not presented earlier. There was a
16 misunderstanding. I thought it had been distributed
17 to you all earlier, so it is now coming around so
18 you'll have a copy of the written testimony. I'm
19 not going to read the written testimony, I'm just
20 going to give you a couple of highlights. We were
21 invited to attend this hearing by Councilman Ortiz
22 to talk about what OHCD does in terms of the
23 implement and enforcement of the Neighborhood
24 Benefits Strategy.

25 OHCD, as you know, is a planning and

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2 contracting agency. We don't actually build any
3 houses, we don't hammer any nails, we don't build
4 any roofs. We contract with others who do that sort
5 of the work. And so our development projects are
6 placed under contract, for the most part, to the
7 Redevelopment Authority and Philadelphia Housing
8 Development Corporation.

9 What is attached to my testimony and is
10 being distributed is a summary of the MBE/WBE
11 projects administers by the Redevelopment Authority
12 for the period January 1, 2001 through December 31,
13 2002. The summary total for these contracts show
14 MBE awards of 13.8 million, which is a 15 percent
15 minority participation; and WBE, Women Owned
16 Businesses, awards of 9.1 million, which is a 9
17 percent female participation. The summary also
18 indicates that 39 percent of the work force on these
19 contracts were residents of the Philadelphia.

20 One of the questions that we were asked
21 was, what actions do we take to try to increase
22 participation and ensure compliance with the -- I'm
23 sorry.

24 COUNCILMAN NUTTER: Mr. McColloch, your
25 testimony says "That summary also shows 39 percent

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2 of the work force..." Are you talking about from --

3 MS. MCCOLLOCH: During that period,
4 during the period January 1, 2001 through December
5 31, 2002.

6 COUNCILMAN NUTTER: This is 1332 out of
7 3333, is that what we're talking about?

8 MS. MCCOLLOCH: Yes. You'll see it at
9 the bottom of the last page is the summary.

10 And then the other thing that we were
11 asked to talk about was just what we do to increase
12 minority and female-owned business participation.
13 And the OHCD staff works with the Redevelopment
14 Authority and Philadelphia Housing Development
15 Corporation staff to try to increase that. We
16 support job fairs.

17 There was recently a job fair held
18 February 25th to promote construction jobs for three
19 development Projects, St. Ignatius, the Aletha
20 Gibson Education Center and the Calcutta House,
21 three projects. Seventy-five residents participated
22 in the job fair and expressed an interest in
23 employment. We do what we can to try to match up
24 the jobs that contractors have to offer with
25 neighborhood residents. Through the delegate

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2 agencies, the Redevelopment Authority and PHDC, we
3 provide lists of interested residents to the
4 contractors who have made a commitment to hire
5 neighborhood residents. We provide the list of
6 minority and female-owned businesses, and we assist
7 through the MBEC process. So we're doing what we
8 can to try to promote the minority and female-owned
9 business so that the contractors meet their goals,
10 but it is through our delegate agencies that this
11 work is done.

12 MR. MJENZI: Good afternoon, Councilman
13 Nutter and Councilwoman Tasco and Councilwoman
14 Reynolds-Brown. My name is Mjenzi Traylor and I'm
15 First Deputy Director of Commerce. And I too will
16 try to remind myself of the lateness of the hour and
17 just touch upon -- I think by now my testimony has
18 been distributed.

19 First, let me state that in Fiscal 2002
20 the Department of Commerce, including the
21 Philadelphia International Airport, participated
22 directly in procurement activities. Over a total of
23 24 million in Public Works contracts, 4.6 million
24 went to minority business enterprises and 1.2
25 million went to women enterprises. A total of 14

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2 million was expended on personal and professional
3 service contracts. Of this amount, 5.2 million went
4 to minority and women-owned business enterprises.
5 Miscellaneous and small order purchases total
6 463,000, of which 38,000 went to minority
7 businesses. So we can see that it's very necessary
8 for us to make every effort to continue to increase
9 the share of disadvantaged business enterprises in
10 our contracting efforts.

11 Each year the Commerce Department
12 receives Community Development Block Grant funds
13 which are then used to fund economic development in
14 neighborhoods. Funded agencies are required to
15 follow an equal employment opportunity plan which is
16 consistent with the goals and objectives in the
17 Mayor's executive order 1-93 and Chapter 17-900 of
18 the Philadelphia Code entitled "Neighborhood
19 Benefits Strategy."

20 I am happy to report to the Council
21 today that most of our neighborhood development
22 contracts have met or exceeded the expectations of
23 these legislation. The Enterprise Center, headed by
24 a female entrepreneur had a 100 percent minority
25 participation when the Commerce Department assisted

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2 them with the funding of the renovation of the west
3 wing of the center. And a lot of our activity, as
4 you know, is done through CDCs, and they help to
5 create projects which benefit neighborhoods, not
6 only by bringing idle or blighted real estate into
7 economic use, but mostly by providing permanent jobs
8 for low-income residents of the neighborhood.

9 And I just want to touch quickly on a
10 few of these. Universal Communities CDC serving the
11 South Philadelphia area created a mini-mart that
12 provides permanent jobs to neighborhood residents.
13 APM Central Philadelphia developed the Cousins
14 Supermarket. The Macado developed a shopping center
15 in Norris Square. And Hasay continues to develop
16 the Fifth and Lehigh shopping district all to the
17 benefit of the Hispanic businesses and residents.

18 In many instances, prime contractors
19 have expressed the opinion that minority contractors
20 are not sufficiently available, trained, financed or
21 bonded to participate in contracts. The commerce
22 Department as an agency that encourages economic and
23 business development in the City is instituting and
24 conducting measures to change this perception. And
25 I think you heard about some of that when Mr.

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2 Fullard testified and the fact we're doing that work
3 through the African American Chamber of Commerce.

4 Another operation, the Enterprise Center
5 in West Philadelphia, it's a leading engine to
6 create and strengthen small businesses and
7 revitalizing the neighborhood by empowering the
8 residents with entrepreneurial skills, resources,
9 and opportunities. These efforts have enabled these
10 entrepreneurs, all of whom are small and
11 disadvantaged, to generate jobs and wealth.

12 Currently, the Enterprise Center works
13 with 20 incubator clients. The center has eight
14 graduate businesses. That means that they grew and
15 got strong enough to leave the incubator operation.
16 And the biggest graduate in terms of sales is a
17 multimedia production firm that grosses several
18 million dollars annually. The biggest in terms of
19 employees is a janitorial services firm that employs
20 85 people. The Women's Business Development Center
21 is also worth mentioning and it is, of course,
22 dedicated to the economic empowerment of women.

23 And since 1998, the Department of
24 Commerce funded a child care program which has now
25 produced more than 500 providers. Most of these

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2 women entrepreneurs who are providing a twofold
3 service inasmuch as they provide a safe place for
4 parents to leave their kids so that these parents
5 can in turn participate in the work force.

6 The Small Business Support Center
7 conducts several seminars and workshops. The
8 information covered in these seminars and workshops
9 include business planning, credit review, legal
10 structure, licensing and zoning, and market
11 research.

12 PCDC has identified a pool of seven
13 consultants that are being used to assist companies
14 in resolving critical business problems.
15 Consultants include accountants, business plan
16 specialists, tax specialists, credit repair
17 professionals, attorneys, and computers specialists
18 and website developers. And we are providing dollar
19 support for that program.

20 Philadelphia Development Partnership is
21 very important in that it serves micro-entrepreneurs
22 in low and moderate-income neighborhoods. These
23 companies are well below the radar of most banks and
24 economic development agencies. And most of the
25 micro-entrepreneurs are part-time and have another

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2 job. They're mainly home based. And PDP dispenses
3 cash, technical assistance, and social services,
4 offering loans of 500 to \$5,000, an intensive class
5 teaching the basis of cash flow, accounting and
6 marketing, leadership training, and networking
7 opportunities.

8 The Commerce Department awarded PDP
9 \$475,000. These grants will be used to support the
10 operations of PDP as well as its micro-enterprise
11 lending effort. And the thing that's important
12 about that is this is the way we talk constantly
13 about how business is operating under the table and,
14 you know, are not legitimate. Well, the importance
15 of this program is it provides a system through
16 which businesses can become legal and grow.

17 Then over at PCDC, Council is well
18 familiar with the various programs, lending
19 programs, that serve these disadvantaged businesses
20 that we're talking about.

21 On the Surety Bond Program that was
22 mentioned earlier, it's now available to small,
23 women, minority-owned and other businesses operating
24 in the City. There are many contracting
25 opportunities which disadvantaged businesses miss

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2 out on because the bidding process frequently
3 requires that they secure a surety bond to guarantee
4 performance and payment. The Commerce Department
5 and other agencies have joined together to institute
6 a pilot surety bond program for these contractors.

7 In April of 2002, the Commerce
8 Department provided 71,500 to finance this program.
9 Obviously, we're working off an earlier report that
10 was reported on earlier by the Finance Department
11 where they said that 56 contractors are now enrolled
12 in the program. As of the time of the report that
13 we had, it was 40 businesses. So we're glad that
14 it's grown.

15 So we're doing our part to change the
16 inequities in the provision of contracting and other
17 services to DBEs and we are partnering with other
18 public sector agencies and with the private sector
19 to make businesses ready to take advantage
20 contracting opportunities. Thank you.

21 COUNCILMAN NUTTER: Thank you. First,
22 let me say that I do appreciate receiving these
23 reports. We get a couple of them; one from Mr.
24 Coles in accordance with Ordinance 990563, and I
25 think I received another one recently from the RDA

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2 in accordance with another ordinance that has a
3 reporting requirement. So I do appreciate the
4 housing agencies being responsive.

5 What I do notice about them, and I have
6 the January 8, 2003 report for October 2002 from Mr.
7 Coles, and we've been getting these reports for some
8 time, it never ceases to strike me when we look at
9 the non-Philadelphia workers on these projects, and
10 some of them are 65 percent, 59 percent, 67 percent,
11 60 percent. And for the month of October, at least,
12 for the CDBG projects, 51 percent total -- this is
13 11 or 12 different projects. 51 percent of the
14 people who worked were non-Philadelphia residents.
15 And I guess the question goes back to maybe how this
16 hearing started, which is, one, given the level of
17 unemployment in Philadelphia; two, given the level
18 of unemployment in some of the neighborhoods where
19 these development projects are taking place, I still
20 cannot understand why more Philadelphia residents
21 aren't working on these development projects. And
22 I'd be interested in your perspective on all of
23 this.

24 MR. COLES: Councilman Nutter, my name
25 is Vincent Coles. I'm the newly appointed

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2 Administrative of EEO and OHCD.

3 We looked at this situation, too, based
4 on the fact that we knew that we needed to increase
5 the number of Philadelphia-based people on these
6 particular jobs. So what we've started doing is
7 going out to the contractors early on, hopefully,
8 before they started construction so that we could
9 have discussions. And principally, the first one
10 that we went to see was at St. Ignatius, and we had
11 to chance to talk to Domus, Inc. They told us what
12 their plan was to try to get more Philadelphia-based
13 people in.

14 Subsequent to that --

15 COUNCILMAN NUTTER: That project's under
16 construction now, right?

17 MR. COLES: It's under construction now.
18 We had a meeting out there in between the snow and
19 ice days where we went to the trailer and we
20 actually talked to the people who are in charge of
21 the doing the work.

22 We're going to continue to do that on a
23 monthly basis, seeing as many contractors as we can
24 to do some maintenance-type things and also to talk
25 to them before we actually begin production.

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2 And we've talked to them seriously about
3 it, and they're aware of the fact that we're looking
4 for more neighborhood people. And on Tuesday of
5 this week, there was a job fair for the three
6 projects where we actually got people from those
7 neighborhoods to come in and they expressed an
8 interest in some type of employment. So now we have
9 yet another list that we can give to the people who
10 are in charge so that they have some access to the
11 people who live in that area that are interested in
12 working.

13 COUNCILMAN NUTTER: Councilwoman
14 Reynolds-Brown.

15 COUNCILWOMAN BROWN: Thank you.
16 Providing this is an important first step, so often
17 as previous testimony indicated, due diligence
18 happens on the part of the community to do the work
19 for these contractors and find interested residents
20 who want to work and the follow-through doesn't
21 happen by the contractors. So providing the list is
22 an important first step. What are the subsequent
23 steps to ensure follow-through?

24 MR. COLES: What we're going to continue
25 to do is put these contracts on rotation where we're

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2 going to go out and talk to the people who are
3 running them to look to see if they are adhering to
4 what they said, if they contacted the people on the
5 list that they gave them, we're going to see whether
6 or not they're on the payrolls. And if not, we're
7 going to ask why. Because we do have some power in
8 that we don't have to pay them if they don't comply.

9 COUNCILWOMAN BROWN: So there's some
10 written set of -- I am a stickler for SOPs, Standard
11 Operating Procedures, in black and white for these
12 contractors to follow. And then what I hear you
13 saying is that there are provisions for penalties if
14 they do not within the time frame of that contract,
15 because it's no use if at the end of the contract
16 you discover that they haven't done the
17 follow-through.

18 MR. COLES: That's why we're trying to
19 make sure that we have times that we see them on a
20 routine basis. Because as I came into position, we
21 found that there were a number jobs that you just
22 couldn't do anything about because they were over.
23 They had already let the subcontracts and things
24 were going on. But I'm able to work with the staff,
25 Mike Bell and Jim Roundtree in order to get these

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2 things done, at least for RDA and PHDC.

3 COUNCILWOMAN BROWN: So is that to
4 suggest that heretofore there hasn't been any kind
5 of enforcement mechanism in the agency to hold these
6 contractors in check?

7 MR. COLES: I can't answer that
8 question.

9 MR. BELL: My name is Michael Bell, and
10 I'm the Director of Minority and Women's Business
11 Development at the Redevelopment Authority. And
12 Vince, he is just taking over, but we have done this
13 on a number of projects in the past where we conduct
14 job fairs, we get referrals from the Community
15 Development Corporations and we make referrals to
16 the general contracts.

17 If you look at the a list, on a number
18 of them on the list where Davis Bacon or union jobs,
19 that's where we have had the most difficulty is
20 because we have get individuals sponsored. But
21 we've also gotten individuals sponsored and we've
22 suspended projects from the Federal Street project,
23 Reed Street Presbyterian Project until community
24 residents were hired. But also, like I said, the
25 individuals in the neighborhoods that have skills,

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2 we take priority in terms of making referrals to the
3 general contractors and the subcontractors.

4 We also have two other projects in our
5 sight right now, Elders Place and also another South
6 Philadelphia Presbyterian apartments project in
7 which we're doing recruitments now in terms of
8 making referrals to the general contractors.

9 So there was enforcement. We have
10 stopped payments on project. And like I said, on
11 some of the commercial projects, that's where we've
12 had the most difficulty. We've reached out because
13 of the fact that you have to be union or you have be
14 in an apprenticeship program.

15 COUNCILWOMAN BROWN: Which type of
16 project you said, commercial?

17 MR. BELL: That's commercial where the
18 Redevelopment Authority would be involved with these
19 projects because of a land agreement. So for
20 instance, there was a grand opening recently on a
21 industry and technology building at Community
22 College, and those numbers were maybe 135
23 Philadelphia residents out of 500 total. We met
24 with the contractor on a regular basis, and that's
25 where the difficulty was. We couldn't stop payments

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2 on that project because we didn't fund the project.
3 We had the land deal, but we tried as hard as we
4 could on those. On the projects in which the
5 funding is coming through the RDA by way of the
6 Community Development Block Grant funding, we've had
7 more success.

8 COUNCILWOMAN BROWN: So given that
9 reality and knowing that there were handicaps to
10 exercise enforcement with the type circumstance you
11 just presented, can you from this point forward
12 craft contracts or provisions that overcome the
13 handicap you just mentioned?

14 MR. BELL: When we see the contractor
15 coming back again intact, we will have to have goals
16 set higher. Or for instance, if it's a Keating
17 project -- and we got some better success from a
18 Keating project when we got OHCD involved and we did
19 more recruitment. It was finding individuals. It's
20 basically finding because all the commercial
21 projects, everybody has the same requirements. It's
22 finding the skilled individuals that we can keep on
23 the projects. In the neighborhoods, like I said, it
24 has been easier. But we've also worked with the
25 PHCD Job Center on a number of projects in the past,

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2 including a number of the Cecil B. Moore projects in
3 which we've had better success in terms of getting
4 neighborhood residents hired.

5 COUNCILWOMAN BROWN: Any relationship
6 with DAP?

7 And my colleagues will have to help me
8 remember what that acronym stands for, DAP.

9 MR. BELL: Diversified Apprenticeship
10 Program.

11 COUNCILWOMAN BROWN: Yes. Is any
12 relationship with them at all?

13 MR. BELL: We have not because every
14 time we've tried to work with DAP, there was a
15 funding issue. Like they needed money from us and
16 we couldn't be in a situation where we could fund
17 DAP. So basically at the RDA, we work with the
18 Philadelphia Housing Development Corporation and we
19 utilize the services of their job center on most of
20 our projects.

21 COUNCILWOMAN BROWN: Thank you very much
22 for your testimony.

23 Thank you, Mr. Chair.

24 COUNCILMAN NUTTER: You're welcome,
25 Councilwoman.

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2 Let me ask another side of that
3 question -- before I get to that question. When you
4 talk about the Redevelopment Authority having a --
5 what is that, a land lease?

6 MR. BELL: Redevelopment agreements. So
7 in terms of the Redevelopment Authority helping
8 developers to acquire land, then they would sign
9 redevelopment agreements indicating that they're
10 going to reach goals with regards MBE/WBE
11 participation and also hiring a Philadelphia-based,
12 minority, and also women residents.

13 COUNCILMAN NUTTER: And you say you are
14 having trouble enforcing those.

15 MR. BELL: On some of the larger
16 commercial projects, Dock Side Residences, the Hyatt
17 Hotel, Filbert Street Garage. There was a TIF
18 involved in the Filbert Street Garage and we worked
19 with Parkway Corporation, but we got success once
20 the Parkway Cooperation knew they wanted to do
21 additional tax incremental financing deals. We
22 really were able to give leverage in terms of
23 employment and also participation. So like I said,
24 on the two Keating projects, we called in MBEC on
25 the Dock Side Residences because we were having some

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2 resistance initially, but we did get some success.

3 But most of those projects, those numbers would go
4 towards 70 percent non-Philadelphia residents as you
5 got into the skilled trades areas.

6 COUNCILMAN NUTTER: I'm going to assume
7 people are told up front what the requirements are
8 or what the specifications are before they bid and
9 prior to the award.

10 MR. BELL: Yes.

11 COUNCILMAN NUTTER: And am I hearing a
12 bit of a need for additional -- we've used the term
13 leverage or enforcement power. There are other
14 things that you might want to have at your disposal
15 to make sure that people do what they're supposed to
16 do.

17 MR. BELL: Well, like I said, with
18 Philadelphia being a union town, where I sit it's
19 very difficult for us, you know, like I said, on the
20 larger projects. When you look and you see some of
21 the projects that are funded and are residential, we
22 can fight that battle a little bit better. But like
23 I said, it would probably be a need for either
24 additional sources of recruitment or additional
25 leverage that we could put on some of the

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2 subcontractors or in some of the trades that we
3 haven't been able to have the success in.

4 COUNCILMAN NUTTER: What I think I'm
5 hearing you say is that you're having more success
6 with the neighborhood projects in terms of getting
7 local residents hired because you're now telling
8 people that basically, if you don't hire folks,
9 we're going to stop payment?

10 MR. BELL: Right.

11 MS. MCCOLLOCH: And those are the
12 projects that are being funded with Community
13 Development Block Grant funds. The larger projects
14 to which Michael was referring are not CDBG funded.
15 RDA's participation is as part of the land transfer,
16 not as part of the funding. So the projects that
17 have the direct development subsidies from OHCD, we
18 have more clout, if you will, to withhold the
19 payments to ensure that they do what they're
20 supposed to do.

21 COUNCILMAN NUTTER: Well, I think what
22 will be helpful to all of us is as you monitor these
23 activities, if other ideas come up -- I mean,
24 everyone recognizes that there is certainly a strong
25 union presence and activity in Philadelphia and

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2 that's certainly more than fine. I think what the
3 discussion here is how do we get more Philadelphians
4 into the trades and to participate. Nobody's making
5 a big issue or any particular issue that people are
6 in unions. And, you know, quite honestly, because
7 of what the unions do and how they negotiate
8 agreements, a person is pretty much assured, as long
9 as there's consistent work, of a pretty decent
10 livelihood. So I think overall it's something that
11 we want to encourage and support. But we're not
12 necessarily trying to create an environment where
13 Philadelphia is a great place to work but not to
14 live and that we're helping to subsidize the school
15 systems around us and housing purchases around us
16 and you can just kind of pop into town, do your job,
17 get the pay and the employment, and go back
18 somewhere else while the City continues to have
19 significantly high levels of unemployment in many
20 neighborhoods and cutting across, in some instances
21 I'm sure, racial or ethnic lines. I mean, we want
22 people to work. If there's work going on here, we
23 want people to work. My preference generally would
24 be that they're from the City. I doubt that there
25 are many Philadelphians working on job sites outside

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2 the City of Philadelphia in other counties in
3 significant numbers. They don't necessarily have a
4 goal of supporting folks from the City to do work
5 outside. And I don't want to get into a big
6 city/county kind of thing, but until somebody can
7 show me that we have virtually eliminated
8 unemployment in Philadelphia, I think your primary
9 focus has to be on people who are living here and
10 trying to struggle to make a living.

11 So again, I would say, one, these
12 reporting requirements I think are helpful to us
13 because it lays out in the clearest terms in black
14 and white what's really going on. And as the
15 numbers continue to improve, certainly you'll let us
16 know about that. But you see some of those jobs and
17 you wonder both from the contracting side as well as
18 the employment side, you know, what's going on. And
19 people have a right, I think, to be at times angry,
20 upset, and chastising us in a way when they're
21 standing around watching all this activity going on
22 in their neighborhood and folks drive up in the
23 morning and leave out for all parts north, south,
24 east, and west to enjoy the benefit of what's going
25 on. I don't think that that's a system that we want

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2 to continue to encourage or promote. And if folks
3 want to live in the City and continue to enjoy these
4 benefits, that's wonderful.

5 Thank you for your testimony.

6 Councilman Ortiz has returned.

7 Councilwoman Brown and then Councilman Ortiz.

8 COUNCILWOMAN BROWN: Thank you. Your
9 remarks trigger another question for me.

10 In the contracting provisions that you
11 present to those you do business with, is there a
12 question posed where you want to know how many of
13 those working on the job are indeed Philadelphia
14 residents? Do you ask that question at all?

15 MR. BELL: We use the ordinance that was
16 passed by City Council. It was the Mayoral
17 Executive Order that came to the level of law. And
18 so anytime that we have a project in which the
19 number of Philadelphia residents on project dip
20 below 50 percent, then we have a job site meeting.
21 And like I said, we've been working since Vince has
22 taken over in his position. It has also given us
23 more force when we tell them that we're bringing a
24 representative from the Office of Housing to the job
25 site from the policy organization.

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2 So on our regular meeting when we
3 receive Section 3 reports and we have to tabulate
4 the reports for the CDBG report. And when those
5 numbers go below 50 percent, we're out there, we're
6 writing letters. You have to do what you have to
7 do. And like I said, it has been very effective to
8 have Vince, as he indicated, go out to job sites,
9 reference the Office of Housing and also reference
10 we will not pay you if the numbers don't come up.

11 COUNCILWOMAN BROWN: Do you take that at
12 face value or do they have to provide record of --

13 MR. BELL: They have to provide the
14 record. The Section 3 reports that are forwarded to
15 you are sent to us by the subcontractor under
16 Section 3 HUD forms, so these are federal forms that
17 they sent into us. That's where we get the
18 information and we tabulate the reports. So if they
19 don't send in the report or we don't see that there
20 are improvements, we're back out there again and
21 we're suspending payments.

22 But also, like I said, once again, we
23 have to have the community residents identified
24 either through the community groups or if they're
25 coming to the trailers and filling out applications.

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2 And on the three projects that we talked about, we
3 dropped off PHDC applications and encouraged people
4 that come there and encourage the subcontractors to
5 have the residents fill out the applications. And
6 then we take them back. We assess people's skills
7 and we make the referrals to the general contractors
8 and the subcontractors after that.

9 COUNCILWOMAN BROWN: Well, the model
10 that you've shared with us, at least for me, having
11 been here almost 40 months, signals that it can
12 work. So if we could get major quasi-public or at
13 least agencies receiving some support from the City,
14 specifically SEPTA to embrace what you're doing and
15 execute those kind of measures with major projects
16 like what they're doing in West Philadelphia, we
17 might not have the need for this kind of hearing.
18 So I do applaud the work that you're doing. It's a
19 signal that it can be done, but the challenge for us
20 is how do you, if not persuade, use a hammer with
21 agencies like those like SEPTA who refuse to honor
22 and provide opportunity for neighborhood residents.

23 MR. BELL: If the federal regulations
24 weren't in place, it might be more difficult. But
25 since these are federal regulations and, like I

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2 said, also helped strengthen by the local ordinance
3 that was passed by City Council, then we have some
4 teeth. And the only thing, like I said, we can
5 really concentrate on the housing programs. We
6 can't really solve the ills of what's happening in
7 the City. But in the housing agency, we have the
8 support from the policy organization and we just go
9 after these guys that don't do what they're supposed
10 to do.

11 COUNCILWOMAN BROWN: I thank you again.
12 Thank you very much.

13 COUNCILMAN NUTTER: Mr. Bell, let me ask
14 you this question and then I know Councilman Ortiz
15 has a question.

16 We heard a story earlier and know you
17 probably don't directly monitor what goes on at PHA,
18 but there was kind of a somewhat incredible story, a
19 tragic story shared with us earlier. Are there
20 periodic checks in the course of a workday as to
21 who's actually on the job side with, you know, as
22 the Director from the Human Relations Commission
23 talked about, basically of counting heads as to
24 who's working and dealing with issues of diversity?
25 Because you always hear about the numbers on paper

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2 are one thing, what's actually happening at a job
3 site may be another thing. Do we from time to time
4 go out and periodically check?

5 MR. BELL: I utilize the services of my
6 field inspector for my Davis Bacon inspections
7 because I'm also the Director of Wage and
8 Compliance. But also, too, I was necessitated to go
9 to a job site because on a project that we have,
10 Elders Place in Germantown, we had 78 people, only 9
11 minorities and only 23 Philadelphia-based residents.
12 So I had to go out there. And I saw less minorities
13 than I thought. So once again, on that project,
14 based on the job fair that we had the other day, we
15 had Germantown residents because we had not been
16 receiving referrals from the Greater Germantown
17 Housing Development Corporation of people that were
18 actually interested in working. So I went out to
19 the site, went to the job site meeting, had a tour.
20 And we're going to have people based on the job fair
21 that we had the other day that we're going to be
22 referring to Allied Construction so they can
23 increase their numbers.

24 But I will go out to job sites. As
25 Vince indicated, we went out the St. Ignatius early

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2 because Domus, which is the general contractor, was
3 working on a project called Interim House. And as
4 they got to the skilled trades level, the numbers,
5 once again, were going more toward people from
6 outside of Philadelphia. And we notified Domus
7 early on, to do this again is not going to be
8 acceptable.

9 And so what we're doing is trying to
10 cast a net out to get skilled people so not just at
11 the laborer phase, but once the skilled tradesmen
12 come that we can have a higher representation of
13 Philadelphia-based and minority residents.

14 COUNCILMAN NUTTER: Are the contractors
15 required as a part of the bidding process to tell
16 you how they're going to meet the prospective goal?

17 MR. BELL: That's an Affirmative Action
18 plan that's submitted. And the general
19 contractor --

20 COUNCILMAN NUTTER: Is that considered
21 as a part -- I mean, you know, in the City we
22 utilize -- the terminology is lowest responsible
23 bidder. And, I mean, I think that there is a fair
24 amount, even legally, of leeway in the definition of
25 "responsible." So then the question becomes, maybe

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2 your price is right but the rest of your stuff is
3 not. At what point does a person tell us how
4 they're going to meet whatever the specs are of the
5 job or the goals?

6 MR. COLES: Councilman Nutter, what
7 generally happens is each contractor fills out an
8 Affirmative Action plan. And this is basically what
9 we use to gauge what they're doing. They say
10 they're going to have so many minorities, so many
11 women. So when we have our subsequent meeting, you
12 know, to meet with them before they issue their
13 proceed order, we're going to see whether or not
14 these people are in place and we're going to keep
15 looking to see whether or not they're in place. So
16 as we get to about maybe 50 percent of the job, if
17 they're not on target, at that point we know what we
18 have to do. They have to come in line -- because
19 you don't put some of the trades people on until the
20 end. But they have to make sure that they give us
21 information saying who's going to be doing what and
22 at what percentage they're going to be doing this
23 work.

24 COUNCILMAN NUTTER: Lastly, can you tell
25 us on the record, you know, one of the other big

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2 stores with all this is -- and I guess it goes back
3 to what the gentleman was laying out to us. The
4 whole notion of Subcontractor Sam Jones is contacted
5 by Prime Contractor Jim Smith and puts down on a
6 form that Sam Jones is going to provide whatever Sam
7 Jones provides. And ultimately on paper and
8 possibly even by payment Sam Jones is credited with
9 doing certain work and gets paid for doing certain
10 things, but in reality Sam Jones never really does
11 anything. Does that happen?

12 MR. BELL: What you're talking about is
13 when contractors -- before I would approve an
14 Affirmative Action plan, contractors have to submit
15 on a solicitation and commitment form. So as you
16 indicated, what my department would do is we call
17 the people. So if you listed Debra's Painting
18 Service or Vince's Carpentry, we're calling you.
19 "This contractor listed you for a \$80,000 contract
20 for carpentry. Is this in fact the case?"

21 And what also happens is in order for us
22 to enforce that, once the contract starts, we get
23 copies of the subcontracts. If we notice that
24 people are not on the project, then that's when
25 we're raising a red flag.

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2 We've also had situations, for instance,
3 like I said, the South Philadelphia Reed Street
4 Presbyterian where there was a WBE firm that was
5 committed to. And in order to make it better in the
6 community, they tried to replace the WBE firm with a
7 minority firm. But that violated our laws when you
8 got rid of the WBE firm. We stopped payments until
9 we got the company Applewood Painting back on the
10 project.

11 So it happens, but that's part of what
12 our enforcement responsibility is, is that we get
13 the subcontractors list. We have the Affirmative
14 Action plan. And if we don't see the companies that
15 are working in the monthly Section 3 reports that
16 are submitted, then the red flag is raised. There's
17 a violation of our anti-discrimination policy.

18 So it does happen. As much as possible,
19 we're trying to be vigilant with the submission of
20 reports and with checking the original Affirmative
21 Action Plan with who is actually working on the job
22 site.

23 COUNCILMAN NUTTER: Councilman Ortiz.

24 COUNCILMAN ORTIZ: Thank you.

25 I want to thank you, Mike, for stepping

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2 up to the breach. I want to thank everybody who
3 came. I'm sure that my questions have been asked
4 already. I will be reading the report. I will be
5 looking at it.

6 But, obviously, this is a problem that
7 we have to fix and come up with the right program
8 and the right solutions. I mean, we cannot keep on
9 coming back periodically to resolve and deal with
10 these questions. We are a City that is growing.
11 We're a City of color. And to have this question
12 hanging over us over the last 30 years, and for a
13 hearing such as this to be needed in the year 2003
14 is something that baffles all of us. And I believe
15 that if this is the beginning of the end of this
16 type of attitude and situation in this City, I think
17 we've made a good start.

18 I know that all of the right people that
19 came in, and I know -- I mean, I have friends,
20 Mjenzi has been a person in the struggle since I've
21 known him for 27, 28 years. We came into this thing
22 in order to end all sorts of discrimination and
23 exclusion. And on our watch, we've got to make sure
24 that it's over. We've got to make sure that on our
25 watch our kids do not have to go through this, do

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2 not have to be feeling that in their own City
3 they're excluded from the process and the jobs and
4 the contractors that are available. So I'm very
5 glad.

6 And I want to thank Michael again for
7 stepping in and doing what he did. And my
8 colleagues who stayed, Blondel, Darrell, Marian,
9 Wilson Goode who is here, I just want to thank you
10 for coming in and doing this.

11 COUNCILMAN NUTTER: Councilman, we
12 appreciate that, but we're actually not finished.
13 We still have a couple people who want to be heard.

14 Any other questions for this panel?
15 (No response.)

16 COUNCILMAN NUTTER: Thank you very much.
17 Jahad Ali. Please identify for the
18 record. And before you start, is there anyone else
19 who plans to testify?

20 Okay. And we're going to have a
21 continuation hearing.

22 Please identify yourself.

23 MR. ALI: Good afternoon, Chairman
24 Nutter, Councilman Ortiz and other distinguished
25 members of City Council. My name is Jahad Ali, and

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2 I'm a African American Contractors Roundtable, which
3 is an organization of 25 African American
4 contractors, particularly African Americans and
5 Hispanic contractors who recognize the need to be
6 organized to fight the very things that we're here
7 today about. I wanted to testify today, but in
8 light of the time, I'd like to come back on March
9 13th.

10 But there was one thing that the
11 previous speaker said, Michael Bell, that I would
12 like to have clarified. Michael said that the
13 prevailing wage jobs were union only jobs. And I
14 don't know if that's a correct statement. I think
15 that we should have that defined because that's not
16 a fact of law that prevailing wage jobs are union
17 only, and we shouldn't concede that point. The
18 unions, they have their vested interest to make sure
19 that their people participate, but I don't know if
20 that statement that he made is reflected by the fact
21 that the director of that organization is a union
22 official and that might be one of those points
23 that's said but that's not written anywhere. But we
24 need to be on top on all the points.

25 And I also wanted to commend you,

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2 Councilman, on questioning of the panel consisting
3 of Jim Roundtree, because it is through the
4 questioning of people in the manner that you did
5 that we will arrive at the truth. Because both
6 sides of this veil that's put up to stop African
7 American participation, they have black people,
8 people of color participating in this conspiracy to
9 keep us out. Maybe they know it and maybe they
10 don't. But I think by you nailing them with those
11 types of questions that we can get to where we want
12 to go. And I would like to come back on the 13th
13 with some testimony.

14 COUNCILMAN NUTTER: Sure. Thank you.
15 Mr. Ali, thank you very much for your statement and
16 I appreciate your comments.

17 This committee hearing on both
18 Resolutions 020238 and 030038, both of these
19 Resolutions will be held in this Committee. The
20 Committee is going to recess until March 13 at 3:30
21 p.m. There will be a continuation of this hearing
22 in order to take further testimony.

23 Thank you very much. I appreciate the
24 committee's attention.

25 (Council adjourned at 4:25 p.m.)

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

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of February 27, 2003, were reported
fully and accurately by me, and that this is a
correct transcript of the same.

RE: COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT

Lisa C. Bradley, RPR
and Notary Public