

1
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 PUBLIC HEARING BEFORE COMMITTEE OF THE WHOLE

4 - - -
5 Room 400, City Hall
6 Philadelphia, Pennsylvania
7 Tuesday, 3/13/01
8 10:21 a.m.
9 - - -

6
7 BILL 010001 - Adopting Capital Program for the six
8 fiscal years 2002 through 2007, inclusive.
9 BILL 010002 - Adopting Fiscal '02 Capital Budget.
10 BILL 010003 - Amending wage and net profits tax by
11 decreasing the rates of the tax.
12 BILL 010004 - Amending business privilege taxes by
13 decreasing rates tax based on gross receipts.
14 BILL 010005 - Adopting FY '02 Operating Budget.
15 BILL 010011 - To further authorize Board of Ed. to
16 impose tax on real estate within Philadelphia.
17 BILL 010012 - To further authorize Board of Ed. to
18 impose tax on net income from real property.
19 BILL 010013 - To further authorize Board of Ed. to
20 impose tax on use or occupancy of real estate
21 within School District of Philadelphia.
22

23
24 PRESENT: COUNCIL PRESIDENT ANNA C. VERNA, Chair
25 COUNCILWOMAN JANNIE BLACKWELL, Vice Chair
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK J. DICICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JAMES F. KENNEY
COUNCILWOMAN JOAN L. KRAJEWSKI
COUNCILMAN RICHARD T. MARIANO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN ANGEL L. ORTIZ
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN B. TASCO

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

3 COUNCIL PRESIDENT VERNA: Good morning,
4 everyone. This is the continued public hearing of
5 the Committee of the Whole regarding Bill No.'s
6 010001, 010002, 010003, 010004, 010005, 010011,
7 010012 and 010013.

8 I would ask Mr. McPherson to please
9 read titles of the bills.

10 MR. MCPHERSON: Bill No. 010001, an
11 ordinance to adopt the Capital Program for the six
12 fiscal years 2002 through 2007, inclusive.

13 Bill No. 010002, an ordinance to adopt
14 a Fiscal 2002 Capital Budget.

15 Bill No. 010003, an ordinance amending
16 Chapter 19-1500 of the Philadelphia Code, entitled
17 "Wage and Net Profits Tax," by decreasing the
18 rates of the tax.

19 Bill No. 010004, an ordinance amending
20 Chapter 19-2600 of the Philadelphia Code, entitled
21 "Business Privilege Taxes," by decreasing the
22 rates of the tax based upon gross receipts.

23 Bill No. 010005, an ordinance adopting
24 the Operating Budget for Fiscal Year 2002.

25 Bill No. 010011, an ordinance amending

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2 Chapter 19-1800 of the Philadelphia Code, entitled
3 "School Tax Authorization," by amending Section
4 19-1801 to further authorize the Board of
5 Education of the School District of Philadelphia
6 to impose a tax on real estate within the City of
7 Philadelphia.

8 Bill No. 010012, an ordinance amending
9 Chapter 19-1800 of the Philadelphia Code, entitled
10 "School Tax Authorization," by amending Section
11 19-1804 to further authorize the Board of
12 Education of the School District of Philadelphia
13 to impose a tax on net income from real property,
14 tangible and intangible, personal property of
15 residents of the School District of Philadelphia.

16 And Bill No. 010013, an ordinance
17 amending Chapter 19-1800 of the Philadelphia Code,
18 entitled "School Tax Authorization," by amending
19 Section 19-1806 to further authorize the Board of
20 Education of the School District of Philadelphia
21 to impose tax on the use or occupancy of real
22 estate within the School District of Philadelphia.

23 COUNCIL PRESIDENT VERNA: Thank you.

24 Our first call-back witness this
25 morning is John Kromer from OHCD.

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2 (Witness comes forward.)

3 COUNCIL PRESIDENT Verna: Good morning.

4 MR. KROMER: Good morning.

5 COUNCIL PRESIDENT Verna: The Chair
6 recognizes Councilman Goode.

7 COUNCILMAN GOODE: Thank you, Madam
8 President.

9 Mr. Kromer, unfortunately I missed your
10 testimony last time. I was down in South
11 Philadelphia, in the Council President's District,
12 on a universal tour with the HUD secretary, but I
13 did have a few questions.

14 First, I wanted to thank you for your
15 inclusion of Bill No. 546 in the executive order
16 within the preliminary plan and for your
17 commitment to participation and commission.

18 Last year at this time, as I began to
19 raise issues of how we leverage private investment
20 from our investment in community developed, I
21 posed a question to you, How much private dollars
22 are leveraged from our community block grant
23 spending? I'm not sure we ever got an answer to
24 that question.

25 But as we begin to organize this

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2 commission and the commission takes form and begin
3 to look at how to leverage private investment from
4 depository banks and CDBG spending and land reuse
5 plans and the creation of the Philadelphia CDFI
6 fund, I have requested from the Commerce
7 Department and PIDC and PCDC that they provide
8 those numbers for me in terms of how much private
9 money is leveraged. PIDC has already complied
10 with that request and essentially has given me
11 figures over the last 10-year period that say that
12 they leveraged \$6.01 for every dollar in public
13 lending. They basically have said they have gone
14 from a low year of \$1.40 per dollar to a high year
15 of \$9.11 per dollar.

16 I was wondering, do you track those
17 type of figures on an annual basis at OHCD? And
18 can you provide similar information for me over
19 the last ten years?

20 MR. KROMER: We can definitely provide
21 the information. We don't track the performance
22 in the same way, but I don't see any problem with
23 providing the information for the last five or so
24 years. It would be easy to do. I'm not sure how
25 we would it with regard to the information from

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2 ten years ago, but I think we could do reasonably
3 well.

4 As you know, the Community Development
5 Block Grant funds a whole range of housing
6 activities. Some of them don't leverage any
7 dollars. For example, a basic systems repair
8 grant to replace a heater, no leveraging at all.
9 Other programs leverage quite a bit of funding.
10 Every settlement assistance grant of \$800
11 leverages a mortgage, and the median is 35,000 or
12 so. So that's a good leveraging. And there are a
13 variety of other forms of leveraging.

14 I think we could quantify that fairly
15 readily, meaning, you know, next two weeks, and
16 give you a response to that inquiry.

17 COUNCILMAN GOODE: Okay, thank you. If
18 you could provide that information through the
19 Chair for Community Development Block Grant
20 programming in general and then specifically for
21 housing programs.

22 MR. KROMER: All right.

23 COUNCILMAN GOODE: Secondly, pursuant
24 to Bill No. 716, I have made this request, and as
25 you know, OHCD currently spends approximately

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2 10 to 15 percent of its Community Development
3 Block Grant budget on economic development
4 activity, and you know that the Philadelphia Code
5 reads that we cannot spend more than 25 percent on
6 economic development activity that benefits low-
7 and moderate-income people. You know I seek to
8 expand that.

9 For the record, in light of the
10 Neighborhood Transformation Initiative and as we
11 are revisiting all of our community and economic
12 development policies, what portion of community
13 development funding or strategy do you think
14 should be dedicated toward economic development
15 activity? I know in your book that you released,
16 you talk how about after 25 years of massively
17 investing in housing activities, we have not
18 changed the economic condition of the people or
19 neighborhoods in many of the places that we've
20 invested in.

21 How do you think we should revisit that
22 strategy in terms of percentage of economic
23 development activity?

24 MR. KROMER: I think the -- of course,
25 this question is one for the Mayor and the

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2 Commerce Director and others to resolve.

3 Let me say first, I don't think the
4 amounts spent on economic development currently is
5 excessive; it certainly is in line with what other
6 cities are spending in terms of making a division
7 of the block grant between housing and economic
8 development. And this year, with the proposed
9 Neighborhood Transformation Initiative, there
10 appears to be an opportunity to bring substantial
11 new resources into the housing picture.

12 So I don't think that the current
13 division is unrealistic and frequently is
14 unreasonable, and frequently there are good
15 opportunities to make linkages between the housing
16 piece and the economic development piece, and I
17 feel those linkages are being made effectively
18 now.

19 COUNCILMAN GOODE: Well, beyond public
20 resources that might be available, my real
21 question is as a matter of strategy, where should
22 we be investing if we're seeking to leverage
23 dollars from both private housing and economic
24 activity? Do you really believe that we should be
25 invested in housing development activity at a

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2 ratio of

3 10-to-1 or 8-to-1 or 6-to-1? Or should it be
4 something around 3-to-1 in terms of housing versus
5 economic development activity?

6 MR. KROMER: I guess at this point, I
7 could say that I think the allocation of resources
8 is appropriate now for a city like Philadelphia.
9 A reassessment of the overall housing policy and
10 strategies is currently being conducted by the
11 reinvestment fund at the request of the Mayor's
12 Office, and I'm expecting that some commentary and
13 recommendations will emerge this month as a result
14 of that analysis.

15 But to me-- and clearly, there are a
16 number of ways to allocate to different
17 activities, but I think we've shown, and can show,
18 that the funds that are allocated to housing are
19 being used in a way that is responsive to the
20 market opportunities that you've been focusing on
21 and that we're pursuing those opportunities well
22 and also leveraging non-public dollars pretty
23 effectively.

24 COUNCILMAN GOODE: This is the last
25 thing. I guess what I'm saying is, even as look

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2 at reinvestment funds analysis that's forthcoming,
3 you can also look at the reinvestment fund and how
4 it's changed its own operations in terms of being
5 massively invested in housing to diversifying.

6 I believe that they are the leading
7 funder of charter schools, a leading funder in
8 day-cares, a funder of small businesses, and now
9 even provide venture capital.

10 They have expanded what they do
11 tremendously in terms of diversification, and I
12 might suggest that probably their recommendation
13 is going to be an increase in economic development
14 activity.

15 MR. KROMER: Mm-hmm.

16 COUNCILMAN GOODE: Thank you, Madam
17 President.

18 COUNCIL PRESIDENT Verna: Thank you.

19 The Chair recognizes Councilwoman
20 Tasco.

21 COUNCILWOMAN TASC0: Thank you. Good
22 morning.

23 MR. KROMER: Good morning.

24 COUNCILWOMAN TASC0: You know, we've
25 talking about this whole issue of predatory

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2 lending for some time, and I hear there are some
3 efforts in your office to fund some programs for
4 predatory lending abatement?

5 MR. KROMER: There's been a lot of
6 discussion about the numerous issues that are a
7 part of the predatory lending concern, and a lot
8 of the discussion that has concerned -- has been
9 conducted has focused on the issue of financing
10 for home improvement loans.

11 COUNCILWOMAN TASCO: Mm-hmm.

12 MR. KROMER: That doesn't cover the
13 entire issue of predatory lending, which
14 frequently, as I understand it, also relates to
15 credit card debt and other kinds of personal
16 debt. But what a number of participants in the
17 dialogue, including people from CLS and ACORN and
18 others, have said is that if we could find a way
19 to create a vehicle that provides home improvement
20 financing to people whose credit, for whatever
21 reason, doesn't qualify them for a Title 1
22 improvement loan, who are attracted by the
23 opportunity to borrow quickly to address, in many
24 cases, a critical need, that would be great. So
25 can't the City do something to address that

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2 opportunity.

3 COUNCILWOMAN TASCO: Mm-hmm.

4 MR. KROMER: And currently, there is a
5 program, the Phil Loan Program, which is perfectly
6 good and has provided a lot of benefit around the
7 City, but it's not fast enough, it can't compete
8 with the products that are out on the market now.

9 COUNCILWOMAN TASCO: Mm-hmm.

10 MR. KROMER: And it's not available to
11 people with the level of credit that gets them
12 into trouble with the predatory lenders.

13 So as part of the discussion is focused
14 on, Can we create something that's like Phil Loan,
15 except faster, possibly a City-insured program,
16 possibly something that's linked to Fannie Mae or
17 the secondary market so that people who are now
18 experiencing a need for home improvements can come
19 to this program that we support, that involves
20 lenders that have taken the pledge to comply with
21 the standards that we think are appropriate, that
22 provides them quickly with the money that they
23 need. So that's one piece, and that discussion is
24 ongoing.

25 The other discussion is about the more

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2 immediate need to help people out of a jam, people
3 that have been victimized by predatory lenders,
4 who need a work-out plan and looking at the models
5 in other cities, which you've heard mentioned
6 repeatedly, and determining whether the Chicago or
7 the Boston program or some other program could be
8 replicated here, again, in collaboration with
9 Fannie Mae or some of the others in the secondary
10 market to help people get out of the jam that
11 they're in now.

12 COUNCILWOMAN TASCO: Mm-hmm.

13 MR. KROMER: So those two issues are
14 currently under the focus of discussion of
15 financing. There is no program that's been mapped
16 out, but we, along with the advocates and the
17 agencies that have been involved, as well as the
18 Law Department, have committed to working on both
19 of these issues in the hope that by the start of
20 the fiscal year, we'll have a couple of programs
21 in place or something much more tangible to
22 present to you possibly -- and possibly to link
23 some of this financing with the Neighborhood
24 Transformation Initiative funds.

25 COUNCILWOMAN TASCO: Well, when we were

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2 doing Bill 715, and you had representation on the
3 drafting committee, we talked about your
4 department being the department that would enforce
5 the bill. And, of course, the Law Department
6 wrote back and said, Well, we can't set up an
7 entity like that. But we weren't setting up an
8 entity; we were just giving you the responsibility
9 for overseeing whatever enforcement powers came
10 out of the bill. I mean, how do you view position
11 of the Law Department.

12 MR. KROMER: I think the last time I
13 was here testifying on the bill, the draft of the
14 bill, which I think has been unchanged, was
15 responsive to all of the concerns that OHCD had
16 raised. So the bill, as written, I believe, is
17 something that we can deal with.

18 COUNCILWOMAN TASC0: Mm-hmm.

19 MR. KROMER: I can't answer for all of
20 the other issues that may have been raised by the
21 Law Department and others.

22 COUNCILWOMAN TASC0: I was only asking
23 as it relates to your department, not the --

24 MR. KROMER: That's right, yes.
25 Speaking for my department, we're on board.

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2 COUNCILWOMAN TASC0: Yes.

3 MR. KROMER: What we can do, and what I
4 think we need to do, is move ahead in coordination
5 with you and your staff and all of the others to
6 do as much as we can now and not to sit and wait
7 for the bill. I think that would support the
8 spirit of the bill to try to move on issues like
9 these financing issues and get them in place as
10 quickly as we can, given the urgency of the
11 problem.

12 COUNCILWOMAN TASC0: Maybe you haven't
13 seen the letter, and I'll talk to you about it,
14 the Law Department letter.

15 MR. KROMER: All right.

16 COUNCILWOMAN TASC0: 'Cause the portion
17 where we wanted you to be the enforcing agency
18 does not create a new department; it would just be
19 a new responsibility for your department, but
20 we'll talk to you about.

21 MR. KROMER: All right, I'll glad to
22 review that with you.

23 COUNCILWOMAN TASC0: Thank you, Madam
24 President.

25 COUNCIL PRESIDENT VERNA: Thank you.

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2 The Chair recognizes Councilman Clarke.

3 COUNCILMAN CLARKE: Thank you, Madam

4 Chair. Good morning, Mr. Kromer.

5 MR. KROMER: Good morning.

6 COUNCILMAN CLARKE: Mr. Kromer, a
7 couple years ago, actually in the last
8 administration, and I think Mr. Basillon, from the
9 Redevelopment Authority, he was the Chair at the
10 time, was very concerned about the cost of
11 housing. And I think either informally or
12 formally, there were some meetings initiated to
13 discuss how to get those housing costs down
14 because they continued to go up 125, 150,000 per
15 unit, and we were selling them for, like, 40, 45,
16 and it just didn't seem the appropriate thing to
17 do.

18 What came out of that?

19 MR. KROMER: The policy that the
20 Redevelopment Authority adopted -- and we can
21 provide the written form of this -- I think was
22 very effective. It called for development
23 proposals that don't meet the federally-
24 established 221(d)(3) cost standards, which are
25 the standards that HUD uses for some of its

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2 program and the PHFA also uses for the tax credit
3 financing. Ventures that exceeded those standards
4 would have to be bid out or offered to other
5 contractors, offered competitively so that there
6 would be an opportunity to look at other qualified
7 contractors' bids to see if there was an
8 opportunity to select another contractor other
9 than the one proposed to get the cost down.

10 I think that's worked reasonably well
11 in terms of in some cases getting the price down,
12 and in other cases, where the price can't come
13 down, showing that the effort was made to do that
14 and that the effort was unsuccessful.

15 Frankly, in the 5th District, but not
16 only in the 5th District, there is an overriding
17 problem of big, older buildings with large
18 bedrooms and a history of vacancy and
19 deterioration, and there is a limit to what any
20 cost control policy can do with respect to those
21 buildings. If the building is strategically
22 located, if it's an anchor on a block or in a
23 neighborhood, then the City has to make a decision
24 about whether to pay a high cost per unit to
25 rehabilitate or whether to let the building go.

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2 COUNCILMAN CLARKE: Well, I think as a
3 result of that, the older, rehabilitated types of
4 initiative, we had kind of gotten away from that
5 wherever we could, and we started with this new
6 construction policy, and those prices continue to
7 escalate.

8 And I'm wondering, is there things
9 other than simply rebidding the particular job to
10 get the cost down or other things that we can do
11 associated with that.

12 As an example, I know in some of the
13 units that we did, the simple fact that we made a
14 decision to do make basements as opposed to
15 building on slab escalated the cost, not only
16 initially, but we had to actually come back
17 because there were water problems.

18 In our policy, as it relates to new
19 construction as we move ahead, will there be any
20 thought given to the possibility of not doing
21 basements in some of these areas, particularly
22 areas where we know we have a high water table
23 such as the Cecil B. Moore area, but yet, we've
24 made a decision to go ahead and build basements
25 anyway? Are we looking at those types of things?

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2 MR. KROMER: I think deleting a
3 basement is an excellent opportunity. I think in
4 terms -- frequently, costs get reduced in the
5 process of underwriting; that is, through the
6 process in which the Redevelopment Authority staff
7 just scrutinize every single item and argue some
8 of those items down.

9 One thing that I could do would be to
10 show you how that underwriting process has been
11 applied to several projects around the City and
12 show you the resulting cost changes to give you a
13 sense of how that's worked in practice.

14 I do think the eliminating the basement
15 opportunity is one of a few larger opportunities
16 we've got.

17 COUNCILMAN CLARKE: Mm-hmm. With
18 respects to modular housing, have we looked at
19 that again seriously? I know when the former
20 mayor came in, there was a serious discussion
21 about modular housing. A couple of these
22 suppliers wanted the City to guarantee a number of
23 units, we said we couldn't do that.

24 Are we looking at that again as we move
25 ahead, particularly with this Neighborhood

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2 Transformation program that will potentially clear
3 acres and miles and miles of land, the possibility
4 of looking at modular housing, and even the
5 possibility of doing a modular housing factory in
6 the City of Philadelphia so we can, in fact, have
7 some control over the --

8 MR. KROMER: From OHCD's standpoint, I
9 haven't looked at the issue recently, partly
10 because OHCD isn't anticipating funding
11 large-scale development anytime in the foreseeable
12 future.

13 I think the shorter-term large-scale
14 development opportunities are at the Philadelphia
15 Housing Authority, and that there might be an
16 opportunity to consider the economic benefits of
17 taking a modular housing approach. Even in
18 looking through the Mayor's proposed Neighborhood
19 Transformation Initiative, I see a lot of funding
20 for preservation, which I think is great, but I
21 don't see a big opportunity for large-scale
22 housing development.

23 That's not to say we shouldn't look at
24 it again, and there may be a combination of public
25 housing, a limited amount of OHCD housing, and

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2 some market-rate housing that might make the case
3 for modular convincing this time around, but I
4 haven't look at it recently.

5 COUNCILMAN CLARKE: You say that you're
6 not looking -- OHCD is not looking to do any
7 large-scale housing developments in the
8 foreseeable future?

9 MR. KROMER: That's right.

10 COUNCILMAN CLARKE: What do you call
11 "large-scale"? I mean, is it 150 units, 75?

12 MR. KROMER: More than 50 units of
13 housing is large by OHCD's standards, although
14 there are, as you know, 70- and 75-unit ventures.
15 The majority of the CDBG-funded ventures are fewer
16 than 50.

17 COUNCILMAN CLARKE: When you say
18 "foreseeable future," are you talking about this
19 this fiscal year?

20 MR. KROMER: This fiscal year and the
21 coming fiscal year, yes.

22 COUNCILMAN CLARKE: I actually have a
23 couple of them at least planned in my mind that I
24 would like to do above 50.

25 MR. KROMER: Mm-hmm. I'm not going to

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2 say we'll never consider it, but for the way
3 things look now, the opportunity seems limited.

4 Again, we should come back to issues
5 like that, and I haven't recently, and I'd be glad
6 to reopen that and have some further discussion of
7 that.

8 COUNCILMAN CLARKE: Okay, thank you.

9 Thank you, Madam Chair.

10 COUNCIL PRESIDENT VERNA: Thank you.

11 The Chair recognizes Councilman Nutter.

12 COUNCILMAN NUTTER: Thank you Madam
13 Chair.

14 Good morning, Mr. Kromer.

15 MR. KROMER: Good morning.

16 COUNCILMAN NUTTER: I'm sorry I didn't
17 have the pleasure of the opportunity to be with
18 you when you were here originally during the first
19 part of the budget process, so I'm grateful to
20 have the opportunity today.

21 What is -- at the moment, could you
22 give us an overview or an explanation of what is
23 the City's housing policy?

24 MR. KROMER: The City's housing policy
25 is described in the Consolidated Plan, which has

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2 been published in its first version as the
3 Preliminary Plan last month. And in the
4 Consolidated Plan, there is a description of the
5 policy bases for assigning the Community
6 Development Block Grant funding and the home
7 funding that is really the major resource that the
8 City has available for housing. And various goals
9 and priorities are specified in the plan.

10 COUNCILMAN NUTTER: Okay, but I mean,
11 again, I guess, in somewhat brief terms, I mean,
12 overall, what's the goal, what's the mission of
13 the office? What's our basic game plan and
14 strategy in dealing with housing throughout the
15 City of Philadelphia?

16 MR. KROMER: The basic mission of the
17 Office of Housing and Community Development, which
18 has served as the City's housing agency, is to
19 strengthen -- stabilize and strengthen the
20 Philadelphia neighborhood economy, and what that
21 means from my perspective is, where there are
22 opportunities, build new housing, rehabilitate
23 vacant housing, but also where there's need and
24 opportunity to preserve existing housing through
25 home repair programs and through programs which

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2 promote the private real estate market, such as
3 the counseling and settlement assistance programs.

4 COUNCILMAN NUTTER: Okay. And would
5 you say that we have a variety of direct services
6 and outreach programs pretty much spread
7 throughout the City in its various neighborhoods
8 and the socioeconomic characteristics of a variety
9 of places throughout the City?

10 MR. KROMER: We have a variety
11 programs. Some would say the variety isn't wide
12 enough. For example, we don't fund public
13 facilities as some other cities do. And we have a
14 reasonable geographic distribution for many of the
15 major programs. The basic systems program, for
16 example, the settlement grant program, for
17 example, are relatively well-distributed
18 geographically. Other programs don't have that
19 level of geographic distribution.

20 As we have discussed previously, a lot
21 of the low-income housing tax credit development
22 is focussed in areas such as North and West
23 Philadelphia, primarily the 5th and the 3rd
24 Districts. On the other hand, the City, through
25 OHCD, has increasingly been making commitments to

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2 Hope Six development by PHA. And we made a major
3 commitment in the 1st District for King Plaza and
4 have committed, through the Capital Program, to
5 Schuylkill Falls.

6 So in some respects, it's an even
7 distribution; in others, it's not even.

8 COUNCILMAN NUTTER: What's our policy,
9 again, throughout the City with regard to
10 preservation and maintenance? And how well do we,
11 I guess, promote and market and inform people of
12 the variety of programs that we have, again,
13 throughout the City?

14 MR. KROMER: The preservation and
15 maintenance programs, I think, are critical to the
16 future of the City's neighborhoods. The level of
17 Community Development Block Grant funding for
18 these programs has increased substantially over
19 the years, and I believe there is a lot of
20 community awareness of these programs. There
21 could be more. And, again, as we discussed last
22 year, there could be a more concerted outreach on
23 the part of my office and other agencies that are
24 involved to get more people involved in the
25 planning process and let them know about these

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2 programs.

3 The really critical problem associated
4 with the preservation programs is a lack of, or
5 limitations of, resources. The basic system
6 repair program, for example, has had its funding
7 cut in half as a result of decreases in State
8 funding to the City. And that resource problem, I
9 think, is really central to preservation and
10 maintenance.

11 That's why I'm very encouraged to have
12 seen in the initial material about the Mayor's
13 Neighborhood Transformation Program a substantial
14 amount of funding that will be used for just
15 purpose that purpose -- preservation and
16 maintenance.

17 COUNCILMAN NUTTER: Let me go back for
18 one second. You said that the basic systems
19 program was cut as a result of what?

20 MR. KROMER: A cut in State funding to
21 the City.

22 COUNCILMAN NUTTER: That program was
23 funded by the State? I thought it got all of its
24 funding from the CDBG.

25 MR. KROMER: The Tier 1 component of

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2 the program, which is the most active component of
3 the program, has been funded for most of the past
4 decade from the State Department of Community and
5 Economic Development. And the reason for that is
6 that the State does not require the level of
7 documentation from a person applying for the
8 program that is associated with the City -- with
9 the Community Development Block Grant funding.

10 COUNCILMAN NUTTER: Let me just try to
11 understand this. We have, I guess, the
12 opportunity, if you will, to get these dollars
13 from the State for a particular part of the
14 program.

15 MR. KROMER: That's right.

16 COUNCILMAN NUTTER: Okay. Now, if that
17 resource wasn't available, I'm assuming then you
18 would then use CDBG funds for that part of the
19 program?

20 MR. KROMER: Yes.

21 COUNCILMAN NUTTER: And so, I mean,
22 that was a policy decision to use that particular
23 funding source to fund -- what is it? Is it Tier
24 1 or Tier 1 and 2.

25 MR. KROMER: Tier 1, really.

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2 COUNCILMAN NUTTER: Tier 1.

3 MR. KROMER: Yes.

4 COUNCILMAN NUTTER: So we made a policy
5 decision to use a particular funding source to
6 fund Tier 1.

7 MR. KROMER: That's right.

8 COUNCILMAN NUTTER: And so whatever
9 happens with that funding source, although we're
10 not apparently required to use that funding
11 resource for Tier 1, whatever happens with that
12 funding source, therefore, happens to Tier 1? Is
13 that the way this works?

14 MR. KROMER: That's right. But you're
15 correct that --

16 COUNCILMAN NUTTER: Why don't we make
17 up the shortfall with the CDBG funds that we're
18 not using because we're accessing some other
19 funding source?

20 MR. KROMER: Well, we have done
21 that and --

22 COUNCILMAN NUTTER: Why would we cut,
23 or allow for a cut, in the most used component
24 just because a particular funding source, which we
25 are not required to utilize, happens to make that

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2 cut to the City? Why would we do that?

3 MR. KROMER: Well, that's just what we
4 have done in the years in which the cuts began.
5 Four or five years ago, we filled in the gap with
6 CDBG funds or Section 108 funds. This year, we
7 had hoped to get a little bit more State funding;
8 we weren't successful. And there will be a
9 proposed approach to filling that gap again during
10 the coming fiscal year that I'll be presenting to
11 Council.

12 COUNCILMAN NUTTER: What was the cut?

13 MR. KROMER: The cut was in the
14 allocation of funding from the State's Department
15 of Community and Economic Development to cities --
16 Philadelphia, Pittsburgh, and other cities.
17 Traditionally, Philadelphia has received
18 20 percent of that allocation. That is a
19 guideline, not a requirement. And the
20 Commonwealth has chosen to reduce the amount of
21 the State allocation made available to
22 Philadelphia.

23 In addition, the State has --

24 COUNCILMAN NUTTER: Well, I understand
25 that, but just tell me what the numbers were. I

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2 mean, it's all kind of relative. You tell me that
3 it was cut in half. I don't know what's half and
4 what was the result.

5 MR. KROMER: Five years ago, the
6 funding from the Commonwealth was \$4 million, all
7 of which went into the basic system repairs
8 program. In this year's budget, the funding line
9 item, which I think reflects what's been proposed
10 in here Harrisburg, is 1.6 million.

11 COUNCILMAN NUTTER: And so are you
12 saying that you're going to put 2.4 from CDBG to
13 get it back to where it was? Or, I mean --

14 MR. KROMER: I think there are several
15 opportunities. One is to reallocate from other
16 portions of the CDBG budget. Secondly, we've
17 proposed -- and this is summarized in the
18 preliminary plan. We've proposed drawing down
19 CDBG float loans to create a zero-interest
20 construction loan fund. That will save a lot of
21 funding from developers of CDBG-funded projects
22 that are currently borrowing on the private market
23 at 9.5 percent and more. And our intent is to put
24 that savings into BSRP.

25 First deal, coincidentally, will be one

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2 phase of the Cecil B. Moore Home Ownership Zone,
3 which PHDC is developing, and the attempt intent
4 is to take the savings and construction interest
5 that PHDC will achieve, which will be over
6 \$200,000 just for that one deal and put it right
7 into BSRP. We have some other opportunities to
8 supplement BSRP through the private activity
9 bonds, which are proposed as part of the
10 Neighborhood Transformation Initiative as well.

11 COUNCILMAN NUTTER: Well, I appreciate
12 that information. If you could give us a schedule
13 of the funding, both sources and uses, for the
14 past ten years on the BSRP program, who the
15 various funding sources were, how much they put
16 in, how much we put in, and what the result of the
17 budget or the resulting budget impact has been, I
18 would appreciate that. I'm sure we'll have more
19 of this discussion at CDBG time.

20 Now, I seem to remember from your
21 original testimony a few weeks ago that there was,
22 either in your testimony or someone else's someone
23 testimony or in some larger packet testimony,
24 reference made to \$500,000 for curb and sidewalk
25 replacement, which, given the fact that we've been

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2 talking about that for almost ten years, I was
3 certainly intrigued by it, although not in any
4 critical way. I was wondering about the \$500,000
5 figure.

6 And so can you shed a little more light
7 on that? What is that about? how did you arrive
8 at that figure? what would you do with \$500,000?
9 and how did this all happen?

10 MR. KROMER: I believe the testimony
11 you're referring to was my testimony during the
12 Capital Program hearing, and I think you had
13 mentioned that that funding would be designated
14 for the 4th District, which I remember hearing.

15 COUNCILMAN NUTTER: Right. My
16 recollection was I was smiling at the time.

17 MR. KROMER: I had proposed that this
18 line be added to the Capital Program, despite the
19 questions and problems that nearly everyone here
20 is aware of because I felt that there might be an
21 opportunity to link curb and sidewalk
22 reconstruction with some of the block improvement
23 programs, the model block-type programs that have
24 been operating, that are being proposed for
25 expansion during the coming year as part of a

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2 neighbor preservation effort.

3 I've mentioned to the Controller in
4 formal discussion, not in a full program review
5 with all of our staffs involved, but I've
6 mentioned that some of these block improvement
7 programs could be structured so that most of the
8 properties, or possibly all of the properties, on
9 a particular block would receive various exterior
10 improvements, including roof replacement, painting
11 of wood trim, porch repair, step repair, and so on
12 that would be funded through the Community
13 Development Block Grant in combination with the
14 private activity bonds, and have questioned
15 whether this kind of approach, which would not be
16 full new construction or full rehabilitation, but
17 would certainly touch every single property on the
18 block, or the majority of properties on the block,
19 might not meet the eligibility question that had
20 been raised by the Controller in the past. And
21 the response I got was that would be considered
22 and could be considered. And on that basis, the
23 line item was proposed.

24 Clearly, a lot more discussion has to
25 take place regarding the program detail and the

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2 issue of whether this meets the standard or not.
3 But particularly in light of the discussion we've
4 had during the Community Development Block Grant
5 hearings about this issue and the need to do
6 something about it, I felt that this was a
7 constructive way of moving us on to the next step.

8 COUNCILMAN NUTTER: All right. So I
9 guess at the end of the day for that particular
10 item, there's a lot more work that needs to be
11 done. We are now apparently going to be blessed
12 to get some further insight from the Budget
13 Director, who has very stealthily moved his way up
14 to the witness table.

15 Mr. Dubow, would you like to enlighten
16 us about something?

17 MR. DUBOW: I'd like to talk to
18 Mr. Kromer for one minute and then --

19 (Messrs. Dubow and Kromer confer off
20 record.).

21 MR. KROMER: Thank you.

22 The issue is somewhat easier in that,
23 as part of some funding reallocations that were
24 made this month, that \$500,000 will be funded
25 through the Neighborhood Transformation Initiative

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2 rather than through the Capital Program, so I
3 would expect that all of the control issues would
4 -- we would not have to deal with any of the
5 Controller issues.

6 COUNCILMAN NUTTER: All right, so
7 there's been a change in the, well, funding
8 situation.

9 MR. KROMER: That's right, which
10 apparently means that we could proceed without
11 having to deal with some of the issues that we
12 were concerned about.

13 COUNCILMAN NUTTER: Okay, all right.

14 You've made reference on a couple of
15 occasions that you were looking through the
16 preliminary materials of the Mayor's Neighborhood
17 Transformation Initiative program?

18 MR. KROMER: Yes.

19 COUNCILMAN NUTTER: Okay. Are there
20 materials out?

21 MR. KROMER: The materials I was
22 referring to were the materials that were
23 presented to Councilmembers at a session held last
24 November at the University of Pennsylvania. Those
25 basic materials have been reprinted as an appendix

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2 to the preliminary plan, and I know that questions
3 have been raised about the detail of the
4 Neighborhood Transformation Initiative.

5 But in broad terms, looking at the
6 information that has been presented, there is a
7 lot of funding for the kinds of preservation
8 activities that we've discussed and if and when
9 combined with the --

10 COUNCILMAN NUTTER: Are you talking
11 about after the -- I mean, I thought, like,
12 \$190 million of it was primarily for either
13 demolition or encapsulization.

14 MR. KROMER: Yes, but I'm really
15 speaking of the private activity bond funding,
16 which is a part of the program but separate from.

17 COUNCILMAN NUTTER: Is that about
18 \$10 million?

19 MR. KROMER: Yes. It's separate from
20 the demolition funding.

21 COUNCILMAN NUTTER: All right.

22 MR. KROMER: The private activity bond
23 funding that could be linked with the CDBG and
24 home funding amounts to \$35 million extra. And,
25 again, we've included this in the preliminary plan

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2 as an additional column, so that \$35 million
3 combined with our existing effort really would be
4 the biggest year of preservation in the history of
5 the program.

6 COUNCILMAN NUTTER: Now, to your
7 knowledge, with regard to the private activity
8 funds, do you know they're being floated this year
9 or over some period of years? Our current
10 understanding is that of the \$250 million, it's
11 only anticipated that about 50 million is actually
12 going to be floated this year. So where would the
13 10 million private activity bonds come in the
14 series of financings?

15 MR. KROMER: I don't have the answer to
16 that now, but my understanding is that some
17 additional detail will be provided this month.

18 COUNCILMAN NUTTER: Okay. What's our
19 policy in the areas of the City in certain
20 neighborhoods where you only have maybe one or two
21 vacant houses on the block? Who steps in if
22 there's not an active CDC or kind of a
23 neighborhood, homegrown developer? What do we do
24 with those houses?

25 MR. KROMER: The opportunity that we're

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2 pursuing in recent years effective in areas of
3 that kind is a program the Home Ownership
4 Rehabilitation Program. It's limited but I think
5 it has been effective in areas of that kind. It's
6 a moderate subsidy program year-round that is
7 available year-round that is available to turn
8 around houses that were recently vacated
9 frequently on good blocks of the type that you
10 described.

11 And in this moderate rehab program, a
12 developer can come to the Redevelopment Authority,
13 submit a proposal to rehabilitate a house with an
14 up to \$25,000 subsidy, get an approval if the
15 proposal is complete within 30 days, and move
16 ahead with the rehabilitation. That program has
17 been very effective in some of the outlying that
18 have not been the focus of a lot of Community
19 Development Block Grant Program activities.

20 One of the limitations of the program
21 up till now has been that it has been restricted
22 to nonprofit groups and community development
23 corporations. Part of the proposal for the coming
24 year is to open the program up to private
25 developers. And, again, with the private activity

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2 bond financing, there will be an opportunity to
3 use this program citywide and to increase the
4 income levels associated with the home buyers.

5 COUNCILMAN NUTTER: Could you provide
6 to us, through the Chair, a listing, then, of all
7 of the projects and activities that have taken
8 place citywide over the last eight years by
9 address and Council District?

10 MR. KROMER: I think we could. We've
11 done some detailed reporting to Council by address
12 during most of that period. So I believe we could
13 do that.

14 COUNCILMAN NUTTER: Okay, great.
15 What are we doing in the area of senior
16 housing and senior housing with services and that
17 kind of activity?

18 MR. KROMER: The ongoing programs that
19 have been funded through the Community Development
20 Block Grant, I expect, you're familiar with. The
21 Home Repair Program, for example, is used to a
22 great degree by elderly homeowners whose houses
23 need repair.

24 COUNCILMAN NUTTER: I'm sorry, I may
25 not have been crystal-clear with the question. I

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2 was speaking more of housing for seniors in, you
3 know, 20 units, 30 units, 50 units, some have no
4 services, some may have services, you have
5 assisted living types of facilities, continuum of
6 care, those kinds. Do we have any particular
7 policy, or are we looking forward with regard to
8 aging population and how we house people after
9 they're kind of no longer able to take care of the
10 house and paint and get out on the roof and all of
11 that kind of stuff?

12 MR. KROMER: We've tried to use the two
13 programs -- the Low-Income Housing Tax Credit and
14 the Federal Section 202 Program -- to leverage
15 federal funding in combination with CDBG funding
16 for elderly housing development. I can provide
17 you with a listing of what has been funded. It's
18 an ongoing process and something that's being
19 funded or being completed every year.

20 COUNCILMAN NUTTER: Okay. But, I mean,
21 are we -- is it on an as-people-come-in-and-ask-
22 about-it basis? I mean, do we have any particular
23 strategy or policy as it relates to the production
24 of senior housing based on our population and
25 demographics? Or is it, you know, 10 people come

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2 in the door and 9 want to do one kind of thing and
3 one happens to want to do senior housing and so we
4 just fund 'em 'cause they asked for it?

5 MR. KROMER: As a policy, we work with
6 developers to get as much of the HUD 202 funding,
7 which is exclusively for senior housing as we can
8 every year, and that's good for something every
9 year.

10 COUNCILMAN NUTTER: Mm-hmm.

11 MR. KROMER: In addition, although
12 there isn't a formal set-aside, we see to it that
13 funding linked to the low-income house tax credit
14 is made available every year for senior housing as
15 well.

16 COUNCILMAN NUTTER: Okay. What is the
17 review by the reinvestment fund of the CDBG
18 Program about, when do you expect that it will be
19 completed, and where does it fit in in terms of
20 future policies and strategies on the utilization
21 of CDBG funds?

22 MR. KROMER: I don't have a scope of
23 work for the reinvestment fund project, and I'm
24 not sure whether one exists, but my understanding
25 is that the Mayor's Office asked the reinvestment

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2 fund to look at the City's overall housing policy,
3 how that related to the condition of Philadelphia
4 neighborhoods, and to suggest ways in which the
5 City could consider making policy changes or
6 possibly realigning funding allocations to various
7 neighborhoods or realigning City housing agency
8 responsibilities. And I expect that a number of
9 those recommendations will be forthcoming this
10 month. How long the entire project will extend, I
11 don't know.

12 COUNCILMAN NUTTER: Okay. I think this
13 is probably my last question. Can you get on a
14 year-by-year basis for, say, the last ten years
15 all of the work that's been done on either new
16 construction or rehab in the residential market,
17 separating out the special needs housing?

18 I think there are three programs.
19 Isn't there -- there's the neighborhood home
20 ownership, neighbor rental.

21 MR. KROMER: Mm-hmm.

22 COUNCILMAN NUTTER: And. . .

23 MR. KROMER: Special needs development,
24 that's right.

25 COUNCILMAN NUTTER: Special needs. And

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2 there was one other that seemed to be geared
3 toward either rehab or new construction. Was that
4 HRP?

5 MR. KROMER: That would be it, yes.

6 COUNCILMAN NUTTER: Okay.

7 MR. KROMER: Those would be the primary
8 production programs.

9 COUNCILMAN NUTTER: All right. Why
10 don't we just do, on the residential side, the
11 rehab and new construction. I think they're
12 primarily covered by home ownership and rental?

13 MR. KROMER: That's right. Those two
14 big items, yes.

15 COUNCILMAN NUTTER: For those for the
16 past ten years, can you provide us with data
17 regarding every property that was done and when it
18 was done. And is there a reasonable assumption
19 that within a relatively short period of time of
20 when one of those rehabs or new construction is
21 done that it's pretty much occupied shortly after
22 that?

23 MR. KROMER: Yes.

24 COUNCILMAN NUTTER: Okay, all right.
25 So you can tell us on a year-by-year basis the

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2 actually the actual address of each one of those
3 per program on a year-by-year basis.

4 MR. KROMER: Okay.

5 COUNCILMAN NUTTER: Okay?

6 MR. KROMER: The property and the year
7 completed by a program, okay.

8 COUNCILMAN NUTTER: Right, okay. And
9 if you can -- again, it would be a lot easier to
10 keep track of them keep them together probably in
11 Council district.

12 MR. KROMER: All right.

13 COUNCILMAN NUTTER: Okay. And my last
14 question is, what -- do you have any way of
15 determining for all of the programs and project
16 activities that OHCD funds -- we get reports from
17 time to time that indicate the number -- the total
18 number of people working on the project, a certain
19 percentage were Philadelphians, a certain
20 percentage were non-Philadelphians. Now, do you
21 have that for all of the CDBG funds or all of the
22 programs and activities that OHCD funds?

23 MR. KROMER: We have that for all of
24 the production activities, new construction and
25 vacant rehab, yes.

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2 COUNCILMAN NUTTER: Okay. So without a
3 tremendous amount of detail but, again, on a
4 year-by-year basis, let's say, for the last six,
5 seven years, if the total amount of dollars coming
6 in, I mean, between all of the various pots, and I
7 think there are primarily four major funding
8 sources, adds up to usually about 100, 102, 105
9 million dollars, could you tell us out of that for
10 any program a year what percentage of those funds
11 was spent primarily in the area of, I guess, kind
12 of union-related projects versus -- I guess we
13 have some that are nonunion? Do we?

14 MR. KROMER: Basically everything --
15 all of the major activities are union -- are
16 prevailing wage.

17 COUNCILMAN NUTTER: Okay, all right.
18 If you could break that out, that would be
19 helpful.

20 MR. KROMER: So just to make sure I get
21 it --

22 COUNCILMAN NUTTER: Year by year, total
23 amount of dollars.

24 MR. KROMER: Okay.

25 COUNCILMAN NUTTER: Take \$100 million.

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2 I mean, I know it's more or less a couple of other
3 hundred million.

4 MR. KROMER: Okay.

5 COUNCILMAN NUTTER: But within the pot,
6 I'd like to see the break-out between what's spent
7 on a dollar basis for union-related projects and
8 then anything else.

9 MR. KROMER: All right. And could we
10 define "prevailing wage" versus other --

11 COUNCILMAN NUTTER: That would be fine.

12 MR. KROMER: All right. Yes, we could
13 certainly do that.

14 COUNCILMAN NUTTER: All right, great.

15 Thank you, Madam Chair.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 The Chair recognizes Councilman Ortiz.

18 COUNCILMAN ORTIZ: Hi.

19 MR. KROMER: Hello.

20 COUNCILMAN ORTIZ: Following up on
21 that, I would like to see that done in terms of
22 how many minorities are in each of the projects
23 and the hours in terms of -- your breakdown of
24 project in terms of skilled labor and you put down
25 the hours of skilled labor by nonresident,

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2 minority, non-minority, and so on.

3 And I would also like to see how many
4 apprenticeships have been given per project or in
5 each project and those, again, broken down to
6 minority, non-minorities, resident, nonresident.

7 And, obviously, also the breakdown of
8 the monies that are spent in terms of contracts
9 and how many of those contracts or subcontractors
10 are local Philadelphia contractors and which are
11 not. So we find out how much of the money that is
12 coming in for the federal government is really
13 being spent outside of Philadelphia and not inside
14 of Philadelphia that we give.

15 MR. KROMER: Mm-hmm.

16 COUNCILMAN ORTIZ: And if you can do
17 that for -- well Mike asked for the last seven. I
18 think that will be fine.

19 MR. KROMER: Okay.

20 COUNCILMAN ORTIZ: But up to the year
21 2000 and if you have anything for --

22 MR. KROMER: Certainly, okay.

23 COUNCILMAN ORTIZ: If you have anything
24 along those lines.

25 MR. KROMER: Okay.

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2 COUNCILMAN ORTIZ: And if you have any
3 information in terms of other projects such as the
4 ones that we give loans to such as hotels and --
5 that come through CDBG.

6 MR. KROMER: Okay.

7 COUNCILMAN ORTIZ: And those projects
8 that get that type of loan, and I would like to
9 see the same type of breakdown.

10 MR. KROMER: Okay.

11 COUNCILMAN ORTIZ: In terms of minority
12 participation and apprenticeships, subcontracts,
13 skilled labor by hours, how many hours, what
14 percentage of the hours, for example, because
15 sometimes we get a statistic that says 40 percent
16 minorities, but when you get down to it, the hours
17 are like 10 percent of the hours.

18 MR. KROMER: I see.

19 COUNCILMAN ORTIZ: So if that could be
20 done because, as you know, we've been working on a
21 report along those lines. We have it up until
22 1998, and we'd like to see it all across the board
23 for Center City projects and the other ones. And
24 if you have that information, we really would
25 appreciate it.

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2 MR. KROMER: Okay.

3 COUNCILMAN ORTIZ: And how long do you
4 think it would take?

5 MR. KROMER: I don't know. I'll have
6 to let you know, but as you know, a lot of
7 record-keeping has been done.

8 COUNCILMAN ORTIZ: Right. Well, we've
9 asking for this.

10 MR. KROMER: Right.

11 COUNCILMAN ORTIZ: So, obviously, you
12 started the process along those lines. For the
13 last few years, we've been asking for this
14 information so -- because we want to be able to --
15 you saw the census.

16 MR. KROMER: Yes.

17 COUNCILMAN ORTIZ: And we didn't lose
18 as many people as we thought we were going to
19 lose. However, the joblessness rate among the
20 majority of Philadelphians remains the same, and
21 we have to be able to see how we use those federal
22 monies so that jobs are created within
23 Philadelphia and we put those individuals to
24 work. And everybody keeps saying about creating a
25 new middle class; well, we have to create a new

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2 middle class, and this is the way to do it.

3 So if you can make that available to
4 us, I'd really appreciate it.

5 MR. KROMER: All right, I will.

6 COUNCILMAN ORTIZ: Thank you, Madam
7 Chair.

8 COUNCIL PRESIDENT Verna: You're
9 welcome.

10 The Chair recognizes Councilwoman
11 Blackwell.

12 COUNCILWOMAN BLACKWELL: Thank you,
13 Madam President.

14 Mr. Kromer, can you give us names for
15 people who applied -- low-income homeowners for
16 the Tier 1 and 2 and 3 services as well as those
17 who are involved for the basic system repair
18 program? Can you give us those people?

19 MR. KROMER: We -- yes, we can. We
20 currently report through PHDC on the cases
21 completed through the program. I don't know if
22 there would be a confidentiality issue or any type
23 of issue for people that have applied but have not
24 yet been approved, but I'm sure we could find a
25 way to give you the data, and then if there was

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2 specific inquiry about addresses and so on, we
3 could help you with that.

4 So the answer is yes.

5 COUNCILWOMAN BLACKWELL: Thank you.

6 How many Section 108 loans have been
7 granted in the last three years -- '99, 2000 and
8 2001? Section 108's, how many have we gotten?

9 MR. KROMER: In each of the past three
10 fiscal years, I believe we have done Section 108
11 borrowing for housing and for economic
12 development, so I believe it's --

13 (Mr. Kromer privately confers with
14 colleague off the record.)

15 MR. KROMER: I just want to make sure I
16 understood the question. As I understand it, you
17 were asking, during the last three years, how many
18 Section 108 loans have we --

19 MS. WHITE: Right. Do you know that in
20 dollar amounts offhand? Do you have that? Or you
21 can always submit it to us.

22 MR. KROMER: Debra McColloch will
23 respond.

24 COUNCILWOMAN BLACKWELL: Thank you.

25 MS. MCCOLLOCH: Good morning.

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2 In the Housing 108 loans, we've applied
3 for a \$10.5 million 108 loan for each of the last
4 three years.

5 COUNCILWOMAN BLACKWELL: All right.
6 Thank you very much.

7 And finally, could you give us any
8 detail that would not violate confidentiality on
9 who got the ECA -- people assisted by the ECA
10 grants, tract and 1260 housing?

11 MR. KROMER: Yes. We could work with
12 your office to provide that as well.

13 COUNCILWOMAN BLACKWELL: Thank you.
14 Madam President, that's it for me.

15 COUNCIL PRESIDENT VERNA: Thank you.
16 The Chair recognizes Councilman Cohen.

17 COUNCILMAN COHEN: Thank you, Madam
18 President.

19 First, an individual case. Has anybody
20 from the Redevelopment Authority discussed with
21 you the problem that exists with respect to
22 driveways on back of the new homes on the 1400
23 block of West Grain Street, a problem caused by
24 the fact that the new homes share a driveway with
25 homes that existed for many years on the other

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2 side of Grain Street?

3 MR. KROMER: Yes. I have heard of the
4 problem, and I believe we've recommended a
5 compromised approach to dealing with the problem,
6 which includes some additional funding.

7 COUNCILMAN COHEN: All right. Do you
8 think that whatever was recommended is going to
9 assist in the solution?

10 MR. KROMER: I'm sure it will, and I
11 believe we're all on board with that.

12 COUNCILMAN COHEN: Good.

13 Second, are there jobs -- is there
14 funding for housing where prevailing-wage rates do
15 not have to be paid as well as certain funding
16 where prevailing wages have to be paid?

17 MR. KROMER: In terms of the federal
18 law, there are a number of housing activities
19 which are not linked to a prevailing wage
20 requirement. For example, rental housing does not
21 trigger the Davis Bacon regulations.

22 COUNCILMAN COHEN: Is there any
23 single-family housing that stopped required to
24 follow prevailing wages under the federal law?

25 MR. KROMER: Single-family of fewer

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2 than eight units is exempt from Davis Bacon as
3 well.

4 COUNCILMAN COHEN: Do those homes cost
5 the same or more or less? The cost to build than
6 the homes that are prevailing wage? What's the
7 relationship?

8 MR. KROMER: Well, as a practical
9 matter, most, or all, of the housing development
10 activities in reason years have been prevailing
11 wage, whether the federal regulations required it
12 or not.

13 COUNCILMAN COHEN: Is that because of
14 City ordinances filling the gap or because of just
15 practical problems?

16 MR. KROMER: No. It's really, in my
17 view, because the building trades and the
18 developers have supported that approach to the
19 extent that there may not be any jobs that are
20 done that are not prevailing wage.

21 COUNCILMAN COHEN: Is there any way of
22 finding out statistically, as a result of the
23 construction of homes, whether under the required
24 prevailing wage or those that nonetheless apply
25 method, how many local people have been trained so

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2 as to be able to become members of labor
3 organizations in the construction industry, the
4 building trades, I guess.

5 MR. KROMER: We could provide some of
6 that information from sources such as Congreso and
7 Youth Build. So we could respond on a limited
8 basis, but that, I think, would give you some of
9 the information you're looking for of.

10 COUNCILMAN COHEN: All right. And I
11 would like that compared with the number of -- if
12 this could be tracked -- the number of young
13 people, men, women, ethnic backgrounds that get
14 involved and how many of them pass through at
15 various stages. How many, say, get jobs and then
16 only last for a very short time, how many go on to
17 become eligible perhaps for the apprenticeship
18 program, how many have gone beyond that and gotten
19 into union membership.

20 MR. KROMER: We could provide that as
21 well.

22 COUNCILMAN COHEN: Is there any method
23 by which the City tracks what happens, say, after
24 union membership? Because sometimes we get
25 complaints that members don't get employed too

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2 frequently. Now, maybe the complaint is wrong I;
3 have no idea of its truth. But could we find out
4 that?

5 Because we understood -- I think there
6 was testimony at a recent hearing that for the
7 next five years, the construction industry seems
8 to be booming; I don't know whether that's been
9 impacted upon by what's happening on Wall Street
10 these days.

11 MR. KROMER: We could provide some of
12 that information as well, again, through the
13 training providers that we're working with.

14 COUNCILMAN COHEN: All right. I would
15 like -- and if you could send that to the
16 President, that information, I think, would be
17 useful to every member of City Council, and I'm
18 sure that she will see it gets there.

19 Thank you very much. Madam President.

20 COUNCIL PRESIDENT VERA: You're
21 welcome.

22 Are there any other questions of
23 Mr. Kromer?

24 (No further questions.)

25 COUNCIL PRESIDENT VERA: Thank you,

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2 Mr. Kromer. Thank you.

3 MR. KROMER: Thank you.

4 COUNCIL PRESIDENT VERNA: The
5 recreation is next.

6 (Witnesses come forward.)

7 COUNCIL PRESIDENT VERNA: Good morning.

8 WITNESSES: Good morning.

9 COUNCIL PRESIDENT VERNA: The Chair
10 recognizes Councilman Nutter.

11 COUNCILMAN NUTTER: Thank you, Madam
12 Chair.

13 Commissioner,, I wanted to get some
14 follow up based on a couple of items that have
15 been raised both by Councilman Darrell Clarke as
16 well as myself specifically related to the future
17 operations of the Robin Hood Dell East, some
18 outstanding capital issues as well as Operating
19 Budget issues, and I wanted to have an opportunity
20 to get an update on the record as to what's going
21 on with the Dell. There was some construction
22 issues of a somewhat pressing nature as well as
23 the ability of the facility to open not only on
24 time but also in a way that we can ensure that we
25 have the various acts and performers under

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2 contract as early as possible, get a schedule out
3 as early as possible, and ensure a successful
4 season.

5 Could you provide an update to us on
6 operations of the Robin Hood Dell East?

7 COMMISSIONER RICHARD: Great. Good
8 morning. The Budget and Operating Budget is the
9 same that it's been for the three previous --

10 COUNCIL PRESIDENT VERNA: I'm sorry.
11 Commissioner, you have to identify yourself for
12 the record, please.

13 COMMISSIONER RICHARD: I'm sorry. Good
14 morning. Vic Richard, Recreation Commissioner.

15 On Operation Budget, our budget for the
16 Robin Hood Dell is consistent to what it's been in
17 the past three years: 388,000 in operating
18 funds. No changes, no cuts have been made
19 whatsoever, so we should have no problems.

20 The money that was needed for us to do
21 early bookings, an additional \$75,000 is being put
22 in place to be in place for us to be able to have
23 the shows in a earlier fashion -- booked in a
24 earlier fashion by April of this year.

25 The issues that you brought up --

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2 raising infrastructure and capital project --
3 there's a half a million that has been
4 appropriated over the past three or four years
5 through the capital fund. Presently, there's a
6 open bid that's out that's due to be opened on the
7 29th of this month to address two of the three
8 pressing issues right now.

9 The present structure of the speaker
10 towers at the facility are presently structured
11 out of wood; we're having them torn down and
12 replaced for this upcoming season in steel framing
13 in a permanent basis. We also have some problems
14 with the floor of the stage. That will addressed
15 prior to this season as well. We also have a
16 larger issue: substrata subsidence in a higher
17 level of being in the Dell. And we're looking to
18 see if we can do a patch-up job to get us through
19 this season and appropriate more monies next year
20 to do a total dig-out.

21 And our major concern is to preserve
22 and maintain the present operation and the
23 infrastructure of the Dell.

24 COUNCILMAN NUTTER: As a result of
25 those projects, will the present seating

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2 arrangement and the number of seats remain the
3 same or be increased or decreased?

4 COMMISSIONER RICHARD: Our goal is to
5 maintain the present seating capacity at the Dell,
6 not to decrease it whatsoever.

7 The work, based upon the subsidence
8 issue, will dictate if we will be able to maintain
9 the present level of seating this year because we
10 want to make sure that all of our patrons and
11 guests are safe, so that would be a security
12 issue. But the Administration and the department
13 has no initiatives to reduce seating. That would
14 only be towards addressing the construction
15 issues.

16 COUNCILMAN NUTTER: Okay. Lastly,
17 based on my experience over the years and given
18 some of things that have happened in recent times,
19 I would ask if you would give strong thought and
20 consideration to either a strategic plan or a full
21 and comprehensive review of the operations and
22 activities out at the Robin Hood Dell East, both
23 from a capital perspective as well as the
24 day-to-day, week-to-week operations, reviewing a
25 variety of items -- whether it's tickets,

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2 security, parking, lighting, additional uses for
3 the facilities -- so that we get the maximum use
4 of an outdoor ampitheater.

5 I understand that it obviously is not
6 covered, but it is in a unique location, serves a
7 wide variety of purposes and neighborhoods. And I
8 think that at this point, we need to possibly take
9 it a step up in terms of how we run and operate
10 this facility, similar to other major ampitheaters
11 and entertainment facilities throughout the City.

12 And I would ask that you give
13 consideration to that kind of strategic planning
14 and a full laid-out plan for how we make this
15 facility not only function and operate for people
16 in the course of a year, but also how, from an
17 economic standpoint, we make it a more viable
18 facility and allow it to be somewhat self-
19 sufficient.

20 COMMISSIONER RICHARD: Thank you.
21 That's the goal.

22 COUNCILMAN NUTTER: Thank you. Thank
23 you very much.

24 Thank you, Madam Chair.

25 COUNCIL PRESIDENT VERNA: Thank you.

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2 Commissioner, did I understand you to
3 say that you had to advance \$75,000 for bookings
4 for the concerts?

5 COMMISSIONER RICHARD: It's not a --
6 may have worded it wrong. It's money that we have
7 appropriated, that we just need to move up. It
8 normally kicks in, I want to say, July 1st. So we
9 need to move the money up. It's already pre-
10 appropriated money; we just need to access it
11 earlier.

12 COUNCIL PRESIDENT Verna: Thank you.

13 COMMISSIONER RICHARD: Thank you.

14 COUNCIL PRESIDENT Verna: The Chair
15 recognizes Councilman Cohen.

16 COUNCILMAN COHEN: Thank you, Madam
17 President.

18 First, I wanted to congratulate the
19 Commissioner, the Deputy Commissioner, and the
20 Recreation Department in what appears to be
21 finally nearing completion the Bellfield
22 Recreation Center, which, for seven years, I've
23 been complaining -- maybe it's eight years -- that
24 it's only partially in use because the
25 rehabilitation of it was fouled up by contractors

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2 going broke, contractors being chosen and then not
3 performing, matters being stolen, by doors not
4 fitting. And it appears as if there's going to be
5 enough work done by the end of April to perhaps
6 have a formal opening of the rehabilitated
7 structure.

8 It will certainly surprise many people
9 in the community, because they've given up the
10 recreation center for dead. But it seems to have
11 come to life. Am I right as to that?

12 MR. WILLIAMS: Thank you, Councilman
13 Cohen. My name is Deputy Commissioner Carlton
14 Williams for the Department of Recreation.

15 We were -- one of the challenge and
16 tasks that the Commissioner and I had when we
17 first came into the door was introduced to the
18 Bellfield Recreation Center, and we met with the
19 community leaders. We also met with our planning
20 and construction division to ensure that we would
21 be able to turn the facility back over into the
22 community.

23 And so we were more than happy to
24 address those issues, and we will have it open by
25 the end of April.

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2 COUNCILMAN COHEN: And it wasn't easy
3 because you suffer from the old (inaudible) for a
4 while, but you persevered and overcame them all,
5 and the community wants to, and I'm expressing it
6 on their behalf, give you thanks from the
7 community for that.

8 Secondly, having done so well on that,
9 it raises in my mind the question of -- and I
10 don't know whether either or any of the three of
11 you at the table remember or have ever heard of
12 something called the "Playhouse in the Park,"
13 which for many, many years was a great feature of
14 Fairmount Park. I'm sure Councilman Nutter would
15 remember it, although he was probably a young boy
16 the last time they had plays there.

17 It was located in a beautiful part of
18 the Fairmount Park many. For many, many years, it
19 was a great success. There were frequently
20 professional plays, occasionally amateur groups.
21 And then it just kind of lost attendance, perhaps
22 the direction, you know, or the will to keep it
23 going.

24 I wonder, in keeping with Councilman
25 Nutter's talk about strategic planning, whether

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2 that could be researched again to see whether
3 Philadelphia could restore an outdoor theater. It
4 was a delightful place to go to, you know, during
5 the summer for those who were in the City. And I
6 would just like to see if there's any way to
7 revitalize it over a period of years.

8 COMMISSIONER RICHARD: I'm not familiar
9 with the facility, but I've written down the idea
10 along with Councilman Nutter.

11 COUNCILMAN COHEN: It was the Playhouse
12 in the Park.

13 COMMISSIONER RICHARD: Yeah, well, I
14 wrote that down, but maybe we can augment the Dell
15 in doing outdoor small-neighborhood community
16 plays using the Dell.

17 COUNCILMAN COHEN: Well, maybe so. It
18 existed sort of side by side, very close to the
19 Dell, but it was a separate performance. It might
20 be able to be. I'd be very much interested, you
21 know, in your conclusions as to how that kind of
22 programming could be done.

23 All right, if you would do, I'd be very
24 appreciative for a report maybe at the next budget
25 year.

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2 Thank you, Madam President.

3 COUNCIL PRESIDENT Verna: You're
4 welcome.

5 Commissioner, I want to get back to the
6 \$75,000, but I would suggest that you speak to
7 Mr. Dubow before you leave the room. I think he
8 is present here. To the best of my knowledge, you
9 cannot transfer money from this year to next year,
10 or advance it. You cannot advance the money prior
11 to July 1st.

12 COMMISSIONER RICHARD: Okay, we
13 understand.

14 COUNCIL PRESIDENT Verna: So are you
15 aware of it? So the \$75,000 is coming from the
16 current budget.

17 MS. MANGANO: It will come from our
18 current budget.

19 COUNCIL PRESIDENT Verna: Are you
20 cutting any programs?

21 MS. MANGANO: If we have any surpluses,
22 we will --

23 COUNCIL PRESIDENT Verna: I beg your
24 pardon.

25 MS. MANGANO: If we have any surpluses

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2 in our current budget, we will definitely dedicate
3 it to the Dell. We did that last year.

4 COUNCIL PRESIDENT VERNA: Councilman
5 Nutter.

6 COUNCILMAN NUTTER: Thank you, Madam
7 Chair.

8 On that particular item, can we -- I
9 missed the first part of it, but I have a very
10 good sense of -- don't repeat it, don't go back
11 over it. Do we need to get Mr. Dubow up here to
12 make sure that everybody's clear about this
13 particular issue so that we don't run no a problem
14 subsequent to the hearing?

15 COUNCIL PRESIDENT VERNA: Well, he's
16 just testified that they have a \$75,000 surplus,
17 which they will be able to use for that.

18 Is Mr. Dubow in the room?

19 (Mr. Dubow not present at this time.)

20 COUNCILMAN NUTTER: He's operating in a
21 parallel universe somewhere.

22 I don't want to hold this portion of
23 this hearing up, but if at some point, we can get
24 him.

25 COUNCIL PRESIDENT VERNA: If he is not

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2 here, we will verify it. We'll just wait a
3 second.

4 (Mr. Dubow returns to witness table.)

5 COUNCILMAN NUTTER: Mr. Dubow, could
6 you answer that, please.

7 MR. DUBOW: Yes. It's coming from the
8 FY '01 budget. We will look for appropriate
9 places, a place to put the allocation.

10 COUNCILMAN NUTTER: Okay, one of the
11 many places where you hide the money, and you'll
12 just get it from one of those --

13 MR. DUBOW: There's no hidden money.

14 COUNCILMAN NUTTER: I'm sorry?

15 MR. DUBOW: There's no hidden money.

16 COUNCILMAN NUTTER: There's no hidden
17 money, yes, all right. Seriously --

18 COUNCIL PRESIDENT VERNA: Excuse me.
19 Mr. Dubow, is that coming from the Recreation
20 Department's budget?

21 MR. DUBOW: Yes, it will come from the
22 Recreation Department's budget.

23 COUNCILMAN NUTTER: All right. So just
24 so we're all straight, the Recreation Department
25 will be able to move forward in terms of accessing

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2 dollars that they will need almost immediately to
3 lock in contracts with either promoters or concert
4 artists in anticipation of this year's upcoming
5 season and do it in a way that's timely such that
6 they can get people under contract and announce
7 their schedule whenever it's put together as
8 quickly as possible, and this particular issue
9 will not slow that process down?

10 MR. DUBOW: That's correct.

11 COUNCILMAN NUTTER: Okay. Thank you,
12 Madam Chair.

13 COUNCILWOMAN VERNA: Thank you.

14 I'm just very curious. I mean, we
15 never hear about departments coming in and say
16 they have surpluses of this size. What are you
17 doing that's right?

18 MS. MANGANO: Well, can I answer that?

19 COMMISSIONER RICHARD: I don't think
20 she meant to say "surplus." It may have been
21 money that we use from the Vets Stadium or maybe
22 supply money, but I'm looking for a surplus
23 myself.

24 MS. MANGANO: It's not -- it's not
25 really a surplus money if, at the end of the year,

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2 we haven't expended money because --

3 COUNCIL PRESIDENT Verna: I'm sorry.

4 You're going to have to for identification
5 yourself.

6 MS. MANGANO: My name is Josephine
7 Mangano, and I'm the Administrative Services
8 Director for the Recreation Department.

9 If at end of the fiscal year, we
10 identify any money that we have not expended, then
11 we will put that towards the Dell. And we have
12 some expenses that we cannot really project with
13 100 percent certainty. Where it happens that we
14 fall under that projection, that's what we will
15 dedicate for this purpose.

16 COUNCIL PRESIDENT Verna: Do you have
17 more than the 75,000 that you would like to share
18 with us?

19 MS. MANGANO: No.

20 COUNCIL PRESIDENT Verna: No?

21 MS. MANGANO: No. We're scraping
22 together for that.

23 COMMISSIONER RICHARD: Madam President,
24 if I may say, the snow weekend alone for the
25 football game and the Mummers exceeded six

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2 figures, so we have no surplus, I can guarantee
3 you.

4 COUNCIL PRESIDENT Verna: Thank you.

5 Are there any other questions for the
6 Recreation Department?

7 The Chair recognizes Councilwoman
8 Krajewski.

9 COUNCILWOMAN KRAJEWSKI: Thank you,
10 Madam Chair.

11 I just want to compliment the
12 Recreation Department. They have been on walking
13 tours with me, they have been to my rec centers,
14 they have come to community meetings, and the
15 service is very well. I just wanted to compliment
16 all of you.

17 COMMISSIONER RICHARDS: Thank you.

18 COUNCILWOMAN KRAJEWSKI: Thank you.

19 COUNCIL PRESIDENT Verna: The Chair
20 recognizes Councilman Cohen.

21 COUNCILMAN COHEN: I think everybody
22 appreciates the work of the Recreation
23 Department. As I indicated before, it's been at a
24 level that I have not seen in a long, long time,
25 if ever.

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2 The Mann Center, is there any parity
3 arrangement between the Dell East and the Mann
4 Center with respect to funding?

5 MR. WILLIAMS: No, not at this time. I
6 think they have a separate organization, although
7 it's a City agency, that governs, and they assist
8 with the family group. We have a family group
9 also that we're working closely with.

10 And I would like to say for the record
11 also that we are seeking public-private
12 partnerships to improve the entertainment venue at
13 the Dell and also doing cost-effective methods to
14 provide affordable entertainment for the public.

15 COUNCILMAN COHEN: And does that mean
16 that whatever financial problems existed at the
17 Mann Center have been resolved?

18 COMMISSIONER RICHARD: We don't manage
19 the Mann, so we're unable to we have no fiscal or
20 managerial responsibility at the Mann, so we're
21 not able to answer that question. I'm sorry.

22 COUNCILMAN COHEN: (Inaudible.). . .
23 About the support of the Mann Center. Do we know
24 who -- it sounds like a form of privatization,
25 but --

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2 COMMISSIONER RICHARD: Mr. Dubow may
3 know, but trust me, I've got enough
4 responsibility.

5 COUNCIL PRESIDENT VERNA: I think that
6 was contracted out; was it not, Mr. Dubow?

7 COUNCILMAN COHEN: Yeah, how is the
8 Mann Center financed? Who operates it?

9 MR. DUBOW: The Mann Center is
10 privately run by -- I think the name is the Mann
11 Center for Performing Arts. They actually reached
12 a -- they bid for the operations of the Mann
13 Center. As part of that bid, they agreed that
14 they would be self-sufficient.

15 COUNCILMAN COHEN: Does the City still
16 own the land?

17 MR. DUBOW: Yes.

18 COUNCILMAN COHEN: Was the land sold?

19 MR. DUBOW: No. They just -- they
20 operate the facility. They didn't buy the land;
21 they just operate the facility.

22 COUNCILMAN COHEN: Do they have an
23 accounting system that reports to the City, or do
24 they -- are they free of the auditing processes?
25 I mean, I'm just trying to figure out what kind of

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2 operation it is.

3 MR. DUBOW: Yeah, they don't report to
4 the City on a regular basis. Occasionally,
5 they've come back to us and requested additional
6 funding. At that point, we've gone through their
7 records, and there have been a couple of instances
8 where they've requested funding and gotten some
9 additional funding, even though their actual
10 agreement calls for them to be completely
11 self-sufficient.

12 We have not gotten any such requests
13 this year.

14 COUNCILMAN COHEN: Is it an association
15 or a corporation of some kind? What is the --

16 COUNCILMAN NUTTER: Councilman.

17 COUNCILMAN COHEN: Yes. I yield to
18 Councilman Nutter.

19 COUNCILMAN NUTTER: Thank you.

20 Councilman, it's actually the Mann
21 Center for the Performing Arts Incorporated.
22 They're an incorporated organization, as Mr. Dubow
23 indicated. They bid as a, I guess either as a
24 vendor or as a concession operator for the
25 operations at the Mann Music Center.

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2 I'm working with their Executive
3 Director, Peter Lane, on their operations out
4 there. And actually somewhat similar to request
5 of the Recreation Commissioner, actually, the Mann
6 Center for the Performing Arts is presently going
7 through a strategic planning process for their
8 future operations. As Mr. Dubow indicated, there
9 have been past discussions and there may be future
10 discussion about their financial situation out
11 there. We certainly want to see that facility
12 continue to operate and function as a premier
13 outdoor entertainment facility in the City.

14 They do have a very different situation
15 as compared to the Dell. We own the Dell, we
16 operate the Dell. I think we helped to build
17 possibly the Mann Center. All of that is before
18 my time. It's in my district, but I wasn't in
19 Council at the time.

20 We obviously own the land. We also
21 make capital improvement to the Mann Center.
22 Again, given the nature of the relationship, they
23 have a building on our land, and that's nature of
24 the contract between the Mann and the Fairmount
25 Park Commission.

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2 I am actively monitoring their
3 financial situation. They have from time to time
4 had some difficulties. We obviously want it to be
5 successful, but they did respond to an RFP, and
6 through that process, made certain commitments
7 with regard to their future financial stability.
8 Sometimes things work perfectly the way you want,
9 sometimes they don't. They're kind of in between.
10 And we're continuing to work with them.

11 I'd be glad to give you a further
12 update on that activity out there, but the City
13 has been very cooperative with the Mann Music
14 Center over time, even under the new contractual
15 arrangement.

16 COUNCILMAN COHEN: Well, I raise the
17 question because the programming at the Mann
18 Center is quite different from the programming at
19 the Dell East.

20 COUNCILMAN NUTTER: Right.

21 COUNCILMAN COHEN: I think they're both
22 extremely important cultural centers.

23 COUNCILMAN NUTTER: Mm-hmm.

24 COUNCILMAN COHEN: And the emphasis of
25 the Mann Center is in the classical field, and I'm

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2 concerned that, you know, throughout country,
3 that's been losing a base of support and --

4 COUNCILMAN NUTTER: Well, Councilman, I
5 will tell you that over the past couple of years,
6 Mann, while maintaining a core program -- and I
7 believe they have a new contractual relationship,
8 which is helpful to them, with the Philadelphia
9 Orchestra -- their programming over the past
10 couple of years has changed quite dramatically
11 with regard to either popular concerts and other
12 shows and activities, and so they have
13 significantly upgraded the programming at the Mann
14 so as to not be solely dependent on the activities
15 with the Philadelphia Orchestra.

16 We love having the orchestra out there,
17 but they have diversified their program so as to
18 provide new and different funding sources to keep
19 their operation viable. And I think they're
20 trying to better promote the diversity of
21 programming that they have out there as compared
22 to what everyone thinks, which is just a summer
23 with the Philadelphia Orchestra. It's a very
24 different operation over the past couple years.

25 COUNCILMAN COHEN: Thank you very much.

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2 COUNCILMAN NUTTER: Thank you.

3 COUNCIL PRESIDENT VERNA: Thank you.

4 Are there any other questions for the Department
5 of Recreation?.

6 (No further questions.)

7 COUNCIL PRESIDENT VERNA: Thank you all
8 very much.

9 COMMISSIONER RICHARD: Thank you, Madam
10 President.

11 COUNCIL PRESIDENT VERNA: The School
12 District is next.

13 (Witnesses come forward.)

14 COUNCIL PRESIDENT VERNA: Good morning.

15 WITNESSES: Good morning.

16 COUNCIL PRESIDENT VERNA: I believe
17 several of the Councilmembers had asked that you
18 come back.

19 Who wants to be recognized first? Who
20 wants to be recognized first?

21 COUNCILMAN NUTTER: I'll take it if
22 nobody else wants it.

23 COUNCIL PRESIDENT VERNA: I know
24 Councilman Nutter is so shy. Here we go,
25 Councilman Nutter.

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2 COUNCILMAN NUTTER: Thank you. Thank
3 you, Madam Chair.

4 It seems like so long ago when we last
5 saw each other. Last week, we had a discussion
6 with regard to obviously a wide variety of items,
7 but one was particularly pressing, and I think
8 there was a meeting that was scheduled this past
9 Friday with regard to the Parent Cooperative
10 Nursery program and a meeting between the staff, I
11 think, overseeing childhood education programs and
12 the parent leaders. And then I know there was a
13 Board meeting yesterday.

14 I had made a request at last week's
15 hearing that, notwithstanding the meeting on
16 Friday and possible presentation to the Board with
17 regard to proposed new fees, that no action would
18 be taken in that regard at the Board meeting
19 yesterday because of today's continuation hearing
20 on the budget.

21 Can you give us an update on, first,
22 Friday's meeting, what happened with that, and
23 then any of yesterday's activities, and then where
24 are we?

25 DR. FARMBRY: Good morning. Yes,

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2 Councilman Nutter, a meeting was held --

3 COUNCILMAN NUTTER: You need to
4 identify yourself.

5 MS. FARMBRY: I'm sorry. Deirdre
6 Farmbry, Chief Academic Officer, School District
7 of Philadelphia.

8 A meeting was held on Friday with
9 representatives from the School District;
10 specifically, our Director of Early Childhood
11 Education, our Associate Superintendent for
12 Leadership and Learning, and the person who has
13 responsibility for Parent Cooperative Nurseries.

14 At that meeting, the results of the
15 parent surveys were shared, and in addition, there
16 was discussion around two proposals. One set of
17 proposals that was --

18 COUNCILMAN NUTTER: I'm sorry,
19 Dr. Farmbry, before you get to that part, can you
20 tell me what came out of the parent surveys.

21 DR. FARMBRY: Okay, yes. Basically,
22 the surveys -- the parents in the surveys, their
23 number-one requirement was that there be no fee;
24 that was the overwhelming outcome of the surveys.

25 After that, there was a letter that we

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2 received, I think, the very next day -- and I
3 understand it was cc'd to all members of Council
4 -- written by two of parents from Parent
5 Cooperative Nursery in which they set out about
6 three particular designs for fee. There was
7 discussion about that letter, and members of the
8 District also shared a proposal that we wanted to
9 submit to the Board as well.

10 COUNCILMAN NUTTER: All right, let me
11 understand the first part of it.

12 So you're saying that there was a
13 letter, a document, some piece of paper from the
14 parents that, I guess, possibly notwithstanding
15 whatever the surveys may have said or revealed or
16 showed, that the parent leadership of this
17 particular program made some response or made, I
18 guess, a proposal, if you will, to the District on
19 a variety of increased fee scenarios, whether in a
20 sliding scale fashion or in a flat-fee scenario?
21 Is that what you're saying?

22 DR. FARMBRY: That is correct. One of
23 my staff members has the a letter. I thought I
24 had the letter with me, but I do not.

25 COUNCILMAN NUTTER: I understand. And

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2 whatever that was, it was an increase of over
3 where things are today; is that correct?

4 DR. FARMBRY: Yes, it was.

5 COUNCILMAN NUTTER: All right. So,
6 again, just so we're following the path here.
7 There had been a fee in place. We had last year's
8 situation. The District suggested that the fee
9 should be somewhat higher, although at the time,
10 maybe not completely and necessarily fully
11 defined. Then the fee was suspended. And we
12 don't need to go back over what did or did not
13 happen from September to February, but then we got
14 to February and into March, the result of which
15 was at least the parents did come back with their
16 own increased fee schedule, whether on a
17 sliding-scale basis or on a flat fee basis.

18 Are all of those facts correct?

19 DR. FARMBRY: That's correct.

20 COUNCILMAN NUTTER: Okay.

21 DR. FARMBRY: Okay. At which time, the
22 meeting concluded with the staff letting the
23 parents know that we would take this information
24 to the Board. We were -- we understood that a
25 decision would not be made at yesterday's Board

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2 meeting but that we would take the fee back to the
3 Board.

4 COUNCILMAN NUTTER: Now, what was the
5 parents' proposed increase?

6 DR. FARMBRY: The fees that the parents
7 were proposing was a flat fee of \$5 per week.

8 COUNCILMAN NUTTER: In addition to the
9 25 a month? I mean, why don't we talk in monthly
10 figures. It's \$45, right?

11 DR. FARMBRY: Correct, correct.

12 COUNCILMAN NUTTER: So they proposed to
13 go from 25 to 45 on their own?

14 DR. FARMBRY: Correct.

15 COUNCILMAN NUTTER: Based on these
16 discussions.

17 DR. FARMBRY: Correct.

18 COUNCILMAN NUTTER: Okay. That's close
19 to 100 percent increase in the program cost? What
20 is it, 80?

21 DR. FARMBRY: Yeah, 80 percent
22 increase.

23 COUNCILMAN NUTTER: An 80 percent
24 increase.

25 MS. FARMBRY: Right.

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2 COUNCILMAN NUTTER: All right, go
3 ahead.

4 DR. FARMBRY: So yesterday morning at
5 the Board meeting, we relayed the information that
6 had transpired since Friday, and we made a
7 proposal to the Board of Education for a flat fee
8 that does give credits to parents for the time
9 that they work. Basically, it would be a
10 \$14-a-week fee, in addition to the money that the
11 parents that have already been used to paying for
12 snacks and for trips.

13 COUNCILMAN NUTTER: Right.

14 MS. FARMBRY: Bringing the total to a
15 \$20.55 total weekly fee for PCN parents.

16 COUNCILMAN NUTTER: Okay. The monthly
17 on that -- again, if we can stay in monthly terms,
18 it's a little easier to keep track of.

19 DR. FARMBRY: The monthly would be
20 about \$80 a month.

21 COUNCILMAN NUTTER: All right. So let
22 me make sure I understand this.

23 The present fee is \$25. The District's
24 proposal is to go -- I think it's somewhere in the
25 \$80 to \$81-a-month fee.

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2 DR. FARMBRY: Correct.

3 COUNCILMAN NUTTER: And that is an over
4 200 percent increase in the present fee schedule;
5 is that correct?

6 DR. FARMBRY: Correct.

7 COUNCILMAN NUTTER: It's actually a
8 224 percent increase.

9 DR. FARMBRY: Yes. And it's my
10 understanding that at the end of last year, the
11 proposal actually called for a \$50 fee. So we
12 have reduced that amount in revisiting this.

13 COUNCILMAN NUTTER: I'm sorry?

14 DR. FARMBRY: At the end of last year,
15 if I look at the entire -- the chronology over the
16 last-- in July of 2000, there was a decision made
17 to implement a flat-rate fee of \$50 per week.

18 COUNCILMAN NUTTER: Right.

19 DR. FARMBRY: And then in September, of
20 course --

21 COUNCILMAN NUTTER: And that proposal
22 would have led to a \$200-a-month.

23 DR. FARMBRY: Correct.

24 COUNCILMAN NUTTER: Fee.

25 DR. FARMBRY: Correct.

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2 COUNCILMAN NUTTER: All right. So
3 you're now taking the perspective that last
4 summer, you proposed to raise it to \$200 a month;
5 this year, you're proposing to raise it to 81 a
6 month.

7 DR. FARMBRY: Correct.

8 COUNCILMAN NUTTER: And so, therefore,
9 you're actually proposing a savings of \$119 a
10 month. Is that the way you're presenting this?

11 DR. FARMBRY: Over what our -- the
12 original decision was in July. In other words,
13 from July to date, through the interactions and
14 the discussions back and forth, we have come to
15 the current rate of \$20 a week, which would be
16 about \$80 a month.

17 COUNCILMAN NUTTER: Now, just for the
18 record, I'll say this, and you don't have to
19 respond: That was the original poorly-timed, bad
20 strategy fee that was suggested last summer. That
21 was the one in July, after people had already
22 signed up in the spring, right?

23 DR. FARMBRY: That was the July figure.

24 COUNCILMAN NUTTER: Okay, all right.

25 Let me say this: One, the School

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2 District has obviously done a tremendous amount of
3 work to try to grapple with a whole host of issues
4 around this particular program, and I know you're
5 doing a longer-term look at all of the preschool
6 programs that we have -- Head Start CDC, and PCN,
7 which I am certainly, one, deeply appreciative
8 of. I think it is due and maybe overdue as we try
9 to figure out how to prepare kids now for
10 kindergarten since we have already decided that
11 we're going to try to well-prepare them for 1st
12 grade by having made the commitment to
13 kindergarten, and now we're basically in the
14 4-year-old business, but we have a variety of
15 programs that have various funding sources, which
16 come with various strings attached to them and
17 complexities and the like.

18 Two, I know that over a long period of
19 time, possibly before I was ever here or spent
20 much time focused on PCN, there have been efforts
21 to either increase the fee, change the program,
22 some would probably talk about expanding it, some
23 would probably talk about shrinking it. There's
24 been a lot of discussion about this over a long
25 period of time. Last year's effort was last

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2 year's effort, and I think we all learned a great
3 deal as a result of that.

4 My problem at the moment is, in days
5 and days of hearings, no one has said that it's
6 not a good program, no one has said that it
7 doesn't do good things for 4-year-olds as they go
8 on to kindergarten. And it seems that we've now
9 just come down to the financial component of this.
10 There doesn't seem to be a should we have it,
11 should we not have it; it's more in the realm of,
12 we've got a \$235 million deficit, we've been
13 trying to increase the fees in this program,
14 probably appropriately -- I won't comment on the
15 methodology.

16 And now we have this opportunity, based
17 on the Board resolution, which laid out a series
18 of steps that would be taken. From my perspective
19 at least, in terms of completeness of steps, only
20 one of them is now complete, which is the fee
21 proposal. The comprehensive review of all of the
22 programs and activities may not have been done by
23 this point in time, but I don't know whether that
24 got off to the right start or not.

25 And now say we want to announce in a

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2 reasonable period of time, which is good, a
3 224 percent increase in a program in one year.
4 And I guess my problem with that is, under no
5 other circumstance, in no other business, in no
6 other universe would anyone propose a 224 percent
7 increase in the cost of their product and expect
8 anyone to continue to utilize it.

9 I have stated a million times that I
10 would agree with the School District in terms of
11 some increase in fees on this particular program.
12 There are probably some parents who are not
13 thrilled about that, parents that I have worked
14 with, but I have stated that publicly, and I'm
15 going to maintain that position. And so now the
16 discussion is, as best as I can figure out, is
17 really a discussion about \$45 versus \$81 and
18 whether there's some number in between that makes
19 sense for you, is not harmful to the parents, and
20 creates an environment in which, well, yes, you
21 can still have this program, but financially, you
22 may not be able to access it, and then you will
23 not use the program, and ultimately, we will have
24 no problem.

25 And I say all that -- and I'll close

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2 with this -- in the context of, it is very clear
3 that based on the work that the District is doing,
4 whether with United Way, the University of
5 Pennsylvania, Harriet Dichter and the Office of
6 Child Care and anyone else who we may be working
7 with, that all of these programs could very well
8 be different in the following school year, 2002,
9 such that the question comes, how much do we need
10 to do and how much change needs to take place at
11 this particular moment versus a larger change that
12 more than likely will happen in September of 2002,
13 when we have either a variety of different
14 programs or all one program serving the 4-year-old
15 or 5-year-old or both populations.

16 And so I'm just left with, if we're
17 down now to the money and if, by your own
18 calculations, this raises at the max \$200,000, and
19 I don't discount a dollar, they're all important
20 and they actually add up, but given where we are
21 and what this has all has been about, the question
22 for me finally is, is it really all worth it? And
23 is there a number that we can reasonably agree
24 upon that let's everyone have basically what they
25 need to have and close the book on this particular

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2 issue and move on?

3 MR. RAMOS: Councilman, I'm Pedro
4 Ramos, President of the School Board.

5 I think, Councilman Nutter, you
6 summarized the what the Board of Education is
7 grappling with pretty well. I would add that
8 although there's some piece of this that is
9 financial, and certainly, you know, we're headed
10 towards a whole lot more difficult financial
11 decisions, given the School District's fiscal
12 crisis, that the Board of Education, as it's
13 considered these issues, has also thought about
14 balancing, you know, what kind of what's fair when
15 you look at the system as a whole. When you look
16 at for example, the Comprehensive Day Care
17 program, which I know you're familiar with.

18 And, I mean, one way of putting at it
19 is, what's the percent increase another way might
20 be, how's it compare to what a -- compared to what
21 CDC, which is based on need and takes income into
22 account and requires income verification, what
23 parents there are expected to do for a similar
24 amount of service, and the methodology that staff
25 used in the proposal that was given to the Board

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2 although, you know, at your request, we got into
3 the discussion of what staff was working on at the
4 time. Yesterday was the first time that the Board
5 heard the staff proposal.

6 COUNCILMAN NUTTER: Mm-hmm.

7 MR. RAMOS: And that methodology
8 started with looking to see what was fair,
9 comparing to programs like CDC, taking into the
10 account the hours that parents work in the PCN,
11 taking into account the difference in hours, and
12 other factors.

13 And I agree -- I agree with you in
14 terms of, you know, other than utilities, you
15 don't usually don't see that type of increase,
16 but --

17 COUNCILMAN NUTTER: I'd be glad to have
18 a fairness discussion with you as well. And I
19 think my argument about fairness is, should there
20 be an increase? Yes. How much is also, I
21 believe, a function of fairness as compared to any
22 other program, and I don't know their history and
23 their development.

24 All I'm saying and my argument today
25 is, in an environment of fairness, because our

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2 first discussion, not about this issue, but about
3 your budget, is that you're laying out a plan to
4 show to us and to show to Harrisburg.

5 Now, I didn't hear anybody at the
6 table, including Miss Chatzkel, say, We expect to
7 get \$235 million from the Commonwealth of
8 Pennsylvania and the City of Philadelphia combined
9 this year. No one said that. I don't think
10 anybody expects that, I don't think anybody
11 believes that. And the reason you don't expect it
12 and the reason you don't believe it is because it
13 is unreasonable. And no matter how much of a
14 fairness argument you made to the Commonwealth or
15 to the City, we cannot do that.

16 And so at the same time, all I'm
17 arguing is, on a fairness argument, you are asking
18 for too much too soon, and that over a period of
19 time -- the program didn't get to where it is
20 overnight and we're not going to solve all of its
21 issues and problems overnight, similar to the
22 School District.

23 And so all I'm making an argument is on
24 fairness. Let us be fair in what we ask for and
25 the timeliness in which we ask for it and

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2 acknowledge the fact that some progress -- I think
3 significant progress -- has been made. You
4 probably could walk away with a 100 percent
5 increase, declare victory, and go on about your
6 business.

7 MR. RAMOS: Well, Councilman --

8 COUNCILMAN NUTTER: And I think at the
9 moment, given where this started and where it is
10 today, that's fair.

11 MR. RAMOS: Councilman, you know, a
12 couple things just for the record in terms of the
13 methodology that the staff used and then I'll come
14 back to your question.

15 The other thing that the staff did was,
16 they reported to the Board yesterday that they had
17 looked at what similar programs that provide the
18 service charge and also determined that the rate
19 being proposed by staff was also fair from a
20 market perspective. It's not going to your issue
21 of fair increase.

22 COUNCILMAN NUTTER: I understand.

23 MR. RAMOS: And the Board also
24 yesterday heard testimony from parents that raised
25 some questions, even under the District's

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2 methodology, whether the number was right, whether
3 there's some dispute about the number of hours
4 that the parents are required to work.

5 COUNCILMAN NUTTER: Right.

6 MR. RAMOS: So, I mean, at this point,
7 what I can tell you is that --

8 COUNCILMAN NUTTER: And with more time
9 and more research and more dialogue --

10 MR. RAMOS: The Board yesterday got a
11 proposal that it's trying to be fair, that it's
12 here at Council in these budget hearings to also
13 hear what Council has to say. Councilman Cohen
14 sent a representative and testified at the Board
15 yesterday, and that, you know, that the Board, you
16 know, expects to, before making any final
17 determination, have to conclude that what it's
18 doing is fair to everybody, and we're not -- you
19 know, when we get something new, we've been
20 following up on it.

21 COUNCILMAN NUTTER: I appreciate that.

22 Madam Chair, I'll close with -- then
23 all I can ask -- and I now other colleagues have
24 questions -- is that you could take a sense back
25 to the Board that we want to see these programs,

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2 we want to support these programs. We are very
3 sensitive to the School District's financial
4 situation.

5 The School District from my perspective
6 at least -- I mean the School District is us. We
7 all serve the same people. And one day I'm
8 arguing for somebody about, you know, a day care
9 program, and the next day, I'm potentially argue
10 for that same person about their trash getting
11 picked up or an abandoned house next to it.
12 They're all the same people.

13 We're a little more, from my
14 perspective, empowered on, you know, the
15 government side, the City government side as
16 compared to the School District's side, given the
17 nature of the funding and who has the
18 relationships. But on a day-to-day basis, it is
19 all of us who make all of these decisions.

20 And so what I'm asking for at the
21 moment is a sense of fairness and compassion about
22 this particular situation, acknowledging that we
23 have a million additional issues to work on
24 together. I'm going to continue to be a friend
25 and a supporter of the School District. It's in

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2 my heart, it's in my soul, it's there.

3 But I feel very strongly and very
4 passionately about this particular issue. And I
5 think in the context of all of the other things
6 that we have to do that need to be done, some
7 accommodation could be made, and I'm asking to be
8 made by the Board in this particular circumstance
9 given the nature of all of our relationships and
10 all of the other things that we have to get done.
11 And that's all that I can ask.

12 MR. RAMOS: Thank you, Councilman. I
13 will certainly relay that to the Board.

14 COUNCILMAN NUTTER: Thank you.

15 Thank you, Madam Chair.

16 COUNCIL PRESIDENT VERNA: Thank you.

17 The Chair recognizes Councilman Rizzo.

18 COUNCILMAN RIZZO: Thank you, Madam
19 Chair.

20 And I would also like to express my
21 support for program and am hoping that some
22 reasonable solution can come of this conversation
23 because we've spent a lot of time, a lot of
24 effort, and I think if we did the arithmetic, we'd
25 probably spent more than the program probably can

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2 produce in revenue, so I hope we would come to
3 some decision quickly.

4 I appreciate the District providing
5 some information as a result of our questions the
6 last time you were here. And, again, I don't want
7 to appear to nitpick, but I must. I must respond
8 and ask a couple questions about the documents
9 that you've submitted.

10 The one telecommunications expense,
11 where it indicates we've spent \$5.3 million on
12 telecommunications. And I believe I asked the
13 question about the existing communications system
14 that the School District has and asked
15 approximately what that system cost to operate and
16 maintain, and I don't see that question addressed
17 in this document; at least if it is, I've missed
18 it.

19 But let me just point out -- I've done
20 some arithmetic while I'm sitting here, I've added
21 up some numbers. And we learned that the School
22 District has Nextel telephones, and I know there's
23 a preference in Council for -- what was that other
24 brand?

25 COUNCILMAN NUTTER: Nokia.

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2 COUNCILMAN RIZZO: Nokia. Councilman
3 Nutter likes Nokia.

4 But in all seriousness, I've done some
5 arithmetic, and I have to point out that the
6 information is for Fiscal Year 2000, not Fiscal
7 Year 2001, because we're still in that fiscal
8 year, but I'd be curious to know six months of
9 Fiscal Year 2001.

10 Now, I've done some arithmetic here and
11 I'm looking at communications, Nextel. And I'm
12 looking at Bell Atlantic Mobile and I'm looking at
13 other line items here that add up for cellular
14 telephone service \$419,000. I'm adding up the
15 paging and I probably have done -- and missed some
16 things here of \$34,558 for paging, and it goes on
17 and on and on.

18 And I'm -- an uneducated guess that if
19 that is if this is Fiscal Year 2000 that the
20 history of the School District is maybe things --
21 maybe there's nor Nextel phones or maybe there's
22 more Bell Atlantic cell phones. I think that I
23 bet that there are more than less, and I'm
24 suggesting that probably this particular expense
25 is going to be more in this fiscal year.

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2 So I'd like to just nitpick for a
3 minute and talk about almost a half a million
4 dollars in paging equipment and cellular
5 telephones. I was told that this radio system
6 that the School District has doesn't cost anything
7 to operate. Well, what good is it -- and I can
8 understand that certain executives, certain
9 supervisors need cell telephones. But, boy, I'm
10 telling you, this does not send a very good signal
11 to me that you over at the School District are
12 really trying to get your financial -- the
13 financial condition in order over there.

14 So -- and by the way, one thing I do is
15 dot my i's and cross my t's. I was told this was
16 negotiated or there was some interface with the
17 City's Communications Division, and I called the
18 Communications Director, and he didn't know what I
19 was talking about. Your response?

20 MS. CHATZKEL: Rhonda Chatzkel, CFO for
21 the School District.

22 Councilman Rizzo, if I might respond
23 and add some additional information on our
24 telecommunications charges for 2000. When I
25 reviewed what had been sent to you, I realized

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2 that there was not an offset to those expenses
3 that the School District Reeves receives. It's
4 called the e-rate. The e-rate is a surcharge on
5 telephone bills that are paid. And to the extent
6 that any of these expenses are used at the
7 schools, they're offset by an e-rate, up to 86
8 percent of the cost.

9 I don't really know the protocol,
10 whether this could have been given out before, but
11 brought with us this morning our net cost for
12 Fiscal Year 2000 for all telecommunications
13 charges, which is \$1.6 million, for an offset of
14 about 67 percent of all costs.

15 COUNCILMAN RIZZO: Are you suggesting
16 that offset is nobody's money?

17 MS. CHATZKEL: "Offset" that means on a
18 net basis to the District, we're seeing much lower
19 expense than this gross number that you saw.

20 COUNCILMAN RIZZO: I'm not -- let's
21 forget the dollar amount here. In other words,
22 I'm told that you spent -- let me see here --
23 \$419,000 on a cellular telephone bill. That to me
24 -- I don't care if it's federal money, State
25 money, it's taxpayers' money, no matter where you

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2 come up with this money. You know, it gets -- I
3 get tired of hearing, Well, it's federal money,
4 it's State money, it's not our money. Well, it is
5 our money, and sometimes I think we in government
6 forget that there's people out there working to
7 pay their federal income tax, their State income
8 tax, their City wage tax.

9 And I'm just commenting on a cell
10 telephone bill when I was told that we have a
11 communications system that doesn't cost us
12 anything. Well, I'm curious to know how much it
13 costs to operate system. But, again, I know that
14 this is nitpicking, but it's important. This is a
15 half a million dollars. We're talking about
16 cutting programs, we're talking about
17 \$190-some million shortfall.

18 And this isn't a signal to me or the
19 taxpayers of this region that you are really
20 trying to save money over there.

21 MS. CHATZKEL: Two comments, if I may,
22 Councilman Rizzo.

23 One is that the e-rate cannot be used
24 to offset other operating expenses within the
25 District. We need to apply it to the

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2 telecommunications charges only. Those are the
3 guidelines. So we have to deal within those
4 guidelines.

5 But to your second question, which is
6 the magnitude of total charges, even though we do
7 have an offset, there is a policy change and I
8 guess a reduction in telecommunications expenses
9 by design that our CEO, Mr. Goldsmith,
10 implemented. And, in fact, the budget for next
11 year shows an overall reduction in the gross cost
12 before e-rate of all telecommunications charges,
13 being mindful of what you raised.

14 COUNCILMAN RIZZO: Uh-huh. Well, I
15 appreciate that, but again, there's another line
16 here: Bell Atlantic Mobile Systems. That's
17 another wireless company. That isn't even
18 factored -- that's factored into the number, but
19 that's 24,978, so obviously, that wasn't good
20 enough for someone and we had to go out and do a
21 deal with Nextel, which is City communication.
22 We're talking about trying to consolidate services
23 here.

24 And I checked the record. It was
25 stated that this was done in cooperation or in

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2 consultation with our communication division, and
3 the director of that organization didn't know what
4 I was talking about, I repeat.

5 So, again, I'm going to be interested
6 in after receiving this morning -- you have two
7 pages of expenses, and I'm confident that with
8 some consolidation and some work with the City
9 communications system, this new technology that's
10 on the way, that many of these costs that are on
11 this page, that according to the information that
12 I have and the e-rate and all of that -- all I
13 know is that the document says \$5.3 million, and I
14 don't know a lot about the e-rate or any of those
15 formulas, but this is a lot of money.

16 MR. GOLDSMITH: Councilman Rizzo, if I
17 may. Phil Goldsmith, Interim CEO of the
18 Philadelphia School District.

19 First, I apologize for not getting the
20 information on the maintenance and cost of the
21 other communications system, and we will get you
22 the cost of that, and I apologize.

23 Let me just say that the whole cost of
24 telecommunications is one that I have instructed
25 our staff to look at. You know, we got sort of

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2 the headlines on eliminating phone lines, which to
3 me is somewhat of a no-brainer, but there's a
4 bunch of other initiatives going on, and I will
5 provide with you what those initiatives are and
6 what we see the savings being in undertaking those
7 items. I think you will be impressed that we have
8 a lot of things going on, have been going on, and
9 continue to be going on.

10 I think getting our arms around the
11 different cell phones is another issue that we've
12 been trying to do and, frankly, get from the
13 vendors by department the costs, the usage costs
14 of the cell phones so that we can start to
15 centralize that and understand where those costs
16 are coming from and so forth.

17 So I think your concerns are warranted
18 and it's something that we're working on. I'm
19 trying to get my arms around it and I will provide
20 you with additional data.

21 COUNCILMAN RIZZO: Thank you.

22 And I would like to also complement the
23 School District in reference to the energy
24 conservation issue. I think that is a great job
25 in identifying the cost savings. And, again, this

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2 information is important. Now I'm able to
3 communicate, and I'll explain for those that might
4 not be familiar with this issue, there's been some
5 criticism about the District leaving lights on at
6 schools at night unnecessarily. And a little bit
7 of information goes a long way, and it's
8 interesting that you've negotiated with the union
9 the ability to do maintenance work during the
10 overnight hours so they can't work in the dark, so
11 they need to have lights on.

12 MR. GOLDSMITH: Right.

13 COUNCILMAN RIZZO: But it would have
14 been -- now that I know this, I have no problem
15 now being able to respond to a constituent that
16 says, Can you believe it, at George Washington
17 High School, all of the lights are on. And now
18 I'll say, Yeah, because they're inside because of
19 some creative techniques that they're working
20 during the overnight hours 'cause the building is
21 used probably from 6 o'clock in the morning to
22 10 o'clock at night, and you just can't clean and
23 have people around.

24 So this is very important and it's
25 impressive with the energy conservation effort

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2 that the School District is undertaking.

3 MR. GOLDSMITH: We will try to, you
4 know, continue to share information like that with
5 you. My guess is we probably do a better job than
6 people think but not as good a job as we should,
7 and we have a lot of work ahead of us to do to
8 manage the school system the way I think we all
9 aspire to.

10 COUNCILMAN RIZZO: That's why we like
11 to end on a positive note. Thank you.

12 Thank you, Madam Chair.

13 COUNCIL PRESIDENT VERNA: Thank you.

14 The Chair recognizes Councilwoman
15 Brown.

16 COUNCILWOMAN BROWN: Thank you, Madam
17 Chair. Good afternoon, everybody.

18 I wanted to revisit, if I could,
19 information around the MBE/WBE activity. I know
20 you did mention that we would get the additional
21 information, and I have received some additional
22 information, but I need to put some realities on
23 the record.

24 Help me first with the reporting line.
25 What is the reporting line internally with regards

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2 to the office that oversees MBE/WBE activity? Who
3 reports to. . .

4 (Witness comes forward.)

5 MR. MCGLINCHEY: Good afternoon. I'm
6 Tom McGlinchey, Chief Operating Officer for the
7 School District.

8 Councilwoman, the Office of Small-
9 Business Development reports to the Chief
10 Operating Officer.

11 COUNCILWOMAN BROWN: Okay. So the
12 final checkoff with regards to the awarding sits
13 in whose lap?

14 MR. MCGLINCHEY: The Office of
15 Small-Business Development reviews every Board
16 award and Board resolution that approves service
17 for anything for the School District. So that
18 office essentially looks at every procurement for
19 the District.

20 COUNCILWOMAN BROWN: You said it's the
21 Chief Operating Officer.

22 MR. MCGLINCHEY: Pardon me?

23 COUNCILWOMAN BROWN: You said that the
24 head of the Office of Small-Business Development
25 reports to the Chief Operating Officer?

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2 MR. MCGLINCHEY: That's correct.

3 COUNCILWOMAN BROWN: Is there a board
4 subcommittee that oversees the activities of this
5 office?

6 MR. MCGLINCHEY: No, there is not.

7 COUNCILWOMAN BROWN: Okay. But that's
8 helpful to us in terms of getting --

9 MR. MCGLINCHEY: Well, Councilwoman,
10 there is a board committee for facilities,
11 purchasing, and equal opportunity. To the extent
12 that that function relates to small-business
13 development, then yes, the Board does have a
14 committee to oversee that.

15 MR. RAMOS: If I could just supplement
16 that, Councilwoman.

17 COUNCILWOMAN BROWN: Please.

18 MR. RAMOS: There's a committee, which
19 is the Facilities, Purchasing and EEO Committee
20 that's chaired by Vice President Dorothy
21 Sumners-Rush. EEO, including small-business
22 development. We treat small-business development
23 and EEO issues together generally.

24 COUNCILWOMAN BROWN: Okay.

25 MR. RAMOS: And just in terms of recent

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2 news, although I -- I was at a different Board
3 meeting and was not at the last meeting or two
4 meetings ago of that committee. There has been
5 discussion going on in that committee about some
6 -- renewing some efforts that had been discussed
7 some years ago, including the possibility of
8 prequalification processes and things like that
9 that are still in the development stage, but I
10 understand that that committee at its last meeting
11 did have staff reporting on small-business
12 development and EEO issues, particularly in the
13 construction area.

14 COUNCILWOMAN BROWN: In construction.
15 Okay, that's one -- I have thee areas here.

16 MR. RAMOS: And that committee also
17 regularly asks questions both at the committee and
18 at the board about minority bidding and
19 purchasing. I don't know of many Board meetings
20 where the question isn't asked with respect to
21 contracts that come before the Board for
22 approval. And it's a -- and it's a discussion
23 that is going on, and Mrs. Rush --

24 COUNCILWOMAN BROWN: It's ongoing.

25 MR. GOLDSMITH: And I might add -- and

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2 the President can correct me if I'm wrong, but
3 every resolution that comes before the Board on
4 purchasing designates how many minority bidders
5 there were and if they did not -- if they were not
6 the successful bidder, why they were not the
7 successful bidder. So that comes through on every
8 purchasing agreement.

9 COUNCILWOMAN BROWN: So there's some
10 examination as to why either MBE or WBE firms
11 ultimately do not end up the awardee.

12 MR. GOLDSMITH: Yes.

13 MR. RAMOS: I mean, just to kind of
14 give you some more -- perhaps I should invite to
15 you a committee meeting where we talk about this,
16 'cause there are a number of things that have
17 happened over the year. In addition to
18 designating documents showing whether it's WBE or
19 MBE, we also started probably a year or two go
20 asking questions about the winners, you know, how
21 long has this bidder been bidding on a project,
22 you know, who had this project, who won this bid
23 last time.

24 COUNCILWOMAN BROWN: What's the
25 history?

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2 MR. RAMOS: We also want to, you know,
3 keep an eye on the competitive aspect and make
4 sure that the District's providing opportunity for
5 competition and for small-business opportunity.

6 COUNCILWOMAN BROWN: Well, all of those
7 observations become important when we know that at
8 least 41 percent of the School District's
9 operating dollars come from local -- at least as
10 the City's contribution, and my numbers tell me
11 that amounts to about 599 million, yet we have one
12 contract in the area of design and construction
13 that was awarded to a minority in the March 2000
14 report and 1 percent of the dollars and 5 percent
15 contracts went to women for materials management,
16 so if you have a database of 3,000 and this is
17 based on information that you've provided, if you
18 have a database of 3,000 minority and women-owned
19 business, yet we end up with single digits,
20 specifically 1 percent, that is troubling.

21 MR. RAMOS: It is.

22 COUNCILWOMAN BROWN: And so I'm happy
23 to learn that at the Board level now, there is a
24 serious look at that because five years ago, it
25 was 2 percent, and I only anyhow know that 'cause

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2 it was in 1995, and that was a year where I had to
3 study what was happening in an area that I care
4 about.

5 So it's troubling, and I would
6 encourage you to do whatever needs to happen
7 internally to change these numbers because
8 1 percent is terrible.

9 MR. GOLDSMITH: Thank you.

10 MR. RAMOS: We will certainly take that
11 back, Councilwoman.

12 I think you probably know just from
13 your knowledge of the Board members that this is
14 an -- you know, this is an issue of concern to all
15 of the members of this board and something we're
16 grappling with, probably similar to issues that
17 the City deals with in publicly-bid contracts and
18 some of the obstacles that there are for --
19 particularly if for small businesses in bidding
20 large contracts, and sometimes -- and
21 Ms. Smallwood, our small-business development
22 officer, would say, you know, there are time when
23 they are able to, at no loss to the District, to
24 break up contracts.

25 COUNCILWOMAN BROWN: Sure.

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2 MR. RAMOS: And provide opportunities,
3 and sometimes that results some in small
4 businesses having opportunities and sometimes it
5 doesn't.

6 COUNCILWOMAN BROWN: And in defense, I
7 know of the competency in both Riva Smallwood and
8 Nancy Lewis, and I trust that they're doing
9 everything they are able to at their level, but
10 someplace between where they are and at the Board
11 level in terms of oversight, something is
12 happening or not happening.

13 So know that an interest exists at this
14 level with an improvement in that area, and just
15 keep us informed. Because if 41 percent is coming
16 from local contributions, then the number of the
17 percentage of contracts going to MBE and WBE
18 should in some kind of way mirror that if we have
19 a database of 3,000. Thank you very much.

20 Thank you, Madam Chair.

21 COUNCILWOMAN BLACKWELL: You're
22 welcome.

23 The Chair recognizes Councilman Kenney.

24 COUNCILMAN KENNEY: I'd like to go back
25 a moment to the line of questioning with

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2 Councilman Nutter on the parent co-op nurse
3 program.

4 My understanding is that currently, the
5 parent contribution is \$25 a month, and we're
6 discussing -- staff has recommended an increase to
7 \$85 a month -- \$81 a month, I'm sorry, 81. And
8 that's going to raise approximately \$200,000.

9 MR. GOLDSMITH: That's correct.

10 COUNCILMAN KENNEY: Okay. I want to
11 thank you for providing me the information that I
12 asked for relative to the travel budget, and I
13 recognize that with the large size of this overall
14 budget here with the School District that 1.4
15 million really isn't all that much money in the
16 scheme of things.

17 However, I harken back to one of my
18 favorite movies. Have you ever seed a movie
19 called "Dave"?

20 MR. GOLDSMITH: Yes.

21 COUNCILMAN KENNEY: It's with Kevin
22 Kline, Charles Grodin, and Frank Langella.

23 MR. GOLDSMITH: Yes.

24 COUNCILMAN KENNEY: Well, Dave becomes
25 because President of the United States because the

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2 President had a stroke and he's disabled.

3 MR. GOLDSMITH: Right.

4 COUNCILMAN KENNEY: And he's in the
5 basement on life support, and Dave becomes the
6 President. And him and his personal accountant,
7 Charles Grodin, sit down at a cabinet meeting and
8 actually go through and start figuring out what
9 they're going to cut and wind up saving a couple
10 hundred millions to save, I think, a day care
11 program, I think it was, as a matter of fact.

12 Could we do without \$200,000 less of
13 travel in 2001? I mean, I'm not even questioning
14 whether the travel in effect is a bad thing 'cause
15 I see some things in here that make some sense.
16 There's some conferences and other things that
17 probably people should attend.

18 And I look at the 2001 projected, or at
19 least for the first three months of 2001, we're at
20 about 400,000 now, so we're on a pace of about
21 1.6 as opposed to about 1.4 last year.

22 Is there a possibility we could cut
23 \$200,000 out of a 1.4 or a \$1.6 million travel
24 budget and keep the parent co-op just the way it
25 is, by using David and Charles Grodin-like

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2 accounting methods?

3 MR. GOLDSMITH: I just saw another
4 movie which I rented, a Peter Sellers movie, where
5 he became the President -- he was the gardener.

6 COUNCILMAN KENNEY: "Being There,"
7 yeah. Chauncey Gardener.

8 MR. GOLDSMITH: Yeah, Chauncey
9 Gardener, yes.

10 COUNCILMAN KENNEY: He was a gardener
11 for 40 years and this his patron dies and they let
12 him out in the street.

13 MR. GOLDSMITH: Yes.

14 COUNCILMAN KENNEY: It was a great
15 movie.

16 MR. GOLDSMITH: For some reason, I
17 rented that the other night.

18 COUNCILMAN KENNEY: It was a good
19 movie.

20 MR. GOLDSMITH: In any event, the
21 answer is -- I did recently put out new processes,
22 which I took to the Board, which they approved, to
23 get a better handle on travel and conferences.
24 And I think Councilman Cohen said -- I mean,
25 conferences are important, they're important for

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2 professional development and so forth.

3 It's important, however, that we have a
4 focus on what they're being used for and we reduce
5 the numbers and so forth. And the new process,
6 which took effect March 1st so it's not reflected
7 in the numbers you have numbers, will now kick
8 in. And Dr. Farmbry review it from an educational
9 perspective and I review it from a different set
10 of eyes.

11 COUNCILMAN KENNEY: And I'm not
12 suggesting that we eliminate it. I think it's
13 something that needs to be done.

14 MR. GOLDSMITH: Yeah, I understand, and
15 I want to get to your question about if we can
16 reduce the \$200,000. I don't know. Maybe. And
17 whether that should be used to fund PCN and so
18 forth, I think the context that I think we have to
19 keep in perspective, we also have a \$191 million
20 deficit, and so every dollar we save has got to go
21 there, and there's a whole bunch of needs -- not
22 just with PCN but in our schools and so forth.

23 I personally think we've got to be
24 aggressive in looking at this stuff and we've got
25 to move the resources, as I said the other day,

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2 back into the classroom.

3 COUNCILMAN KENNEY: But if, in effect,
4 we raise it to 81 and parents drop out of the
5 program because of the inability to pay, isn't
6 that a self-defeating scenario for the program
7 itself? 'Cause then the argument will be made, you
8 know what, why do we really need this program
9 'cause nobody's using it anyway, 'cause people
10 can't afford it. And, therefore, the program has
11 a possibility in the next year or the year after
12 of being determined not to be worth it and kind of
13 getting rid of it.

14 MR. GOLDSMITH: I think those are, you
15 know, valid concerns. I think the other valid
16 concern that we're all concerned about is
17 stabilizing our programs and that if we don't
18 charge anything and if we have too much of a, you
19 know, too much of a gap in what our expenditures
20 are and our revenues, that's going to destabilize
21 programs. And I know there's a fine line between,
22 you know, how you transition into that.

23 But I think the worst thing that could
24 happen is that we constantly look at that program,
25 or any program, as a loser, it's a loser, loser,

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2 and then after a while, it falls down because we
3 haven't stabilized it. So I think that's a fine
4 line that we're trying to walk, and this issue of
5 fairness where we really started out, you know,
6 last year, as I understand it, the recommendation
7 that the Board approved was \$50. And we can --
8 and having heard from parents and others and
9 understanding the concerns, we have come down to
10 \$14.

11 And I know any fee increase always
12 makes people unhappy in any enterprise, and we
13 understand that, and we're just trying to find the
14 right balance here, and I don't expect anyone to
15 be particularly happy or comfortable with what the
16 results are. And that's what makes it difficult.

17 COUNCILMAN KENNEY: And, again, I'm not
18 making -- I'm not making, you know, a subjective
19 analysis that somehow this travel isn't important.

20 MR. GOLDSMITH: Right.

21 COUNCILMAN KENNEY: But when you look
22 in the scheme of things, the Parent Cooperative
23 Nursery, you know, other types of programs, again,
24 that are dealing with children and with students,
25 you know, it's like I'd like to drive, you know, a

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2 Lexus, but, you know, but my family car is a Sable
3 'cause I can't afford the Lexus.

4 And I'm wondering whether or not we
5 should be looking at all of these areas and
6 hopefully I'm sure you are, but at some point in
7 time, we have to start making the actual cuts.
8 So, I mean, if --

9 MS. CHATZKEL: Councilman Kenney, if I
10 can clarify. The School District cut its travel
11 budget by 25 percent.

12 COUNCILMAN KENNEY: When?

13 MS. CHATZKEL: Going into this fiscal
14 year. And the numbers that you're looking at for
15 Fiscal Year 2001 actually go for the first eight
16 months of the fiscal year, so we expect to bring
17 our travel expenses down for a combination of
18 budget cuts and a new travel policy by more than a
19 half, from 1.4 million to just under \$700,000 for
20 this year.

21 COUNCILMAN KENNEY: All right. Well,
22 hopefully, that is the case. But, again, when it
23 comes to these kinds of areas that are
24 questionable as to whether or not they're
25 absolutely needed and when we have a program that

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2 is apparently very popular and very effective,
3 that a raise of this significance is going to put
4 people out of it and, therefore, potentially hurt
5 it long term or eliminate it long term, I really
6 think if we have to make a decision, I'd rather
7 get rid of things like this than get rid of things
8 like that.

9 MR. GOLDSMITH: And I understand that,
10 and I think I'm pleased that Miss Chatzkel pointed
11 out the significant cuts, and I agree we need to
12 do more cutting wisely, and that's what we're
13 doing as we go through our budget process. I
14 mean, we're in the process of going through the
15 budget process and to do those things.

16 I should also point out -- I mean, some
17 of the challenges we face as we go through the
18 budget process is, we not only have issues like
19 PCN, but the poverty rate in this city has
20 declined, which is good news. The bad news is
21 that we're going to have, I believe, \$12 million
22 less in Title 1 monies that our schools have
23 received in the past, you know, several years. So
24 if we go through looking at the funding and the
25 allocations for our schools, we're not only faced

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2 with issues like PCN, we're also faced with the
3 day-to-day K-to-12 challenges that we have because
4 of a reduction in Title 1 monies through good
5 news, to the extent that that's good news.

6 So these are the balancing act that
7 we're going through and which I know Council
8 appreciates.

9 COUNCILMAN KENNEY: Can I shift for a
10 moment to the issue of magnets and academies and
11 admission criteria.

12 There's been an ongoing philosophical
13 battle in many areas of the City as it relates to
14 very successful and very sought-after magnet
15 programs and the special academy programs that are
16 in the comprehensive high schools. And a lot of
17 complaints have been regarding a perceived change,
18 or an actual change, in the standards for
19 admission. That if a child want to be involved in
20 animal husbandry or in engineering or in science
21 or math or law and have an avocation for that
22 particular type of work, that they seek out and
23 try to attend Saul and other schools that provide
24 that kind of opportunity.

25 And then we have the issue of putting

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2 kids into these schools by lottery, some of which
3 children maybe don't express an avocation or
4 desire to be there, but their parents would like
5 them there, and I've heard anecdotal stories about
6 children who have gotten into Saul, for example,
7 because the parents wanted him there but he didn't
8 like animals, which is a pretty tough place to be
9 if you don't like animal. So then the child
10 didn't participate, took up a space that could
11 have been used for someone who didn't get for the
12 lottery, and wasn't necessarily a discipline
13 problem but certainly wasn't engaged in the
14 process of learning because he or she -- I'm not
15 sure if it was a boy or girl -- didn't want to be
16 there.

17 What's the situation now? And in the
18 last administration, I sensed a real dislike, or
19 disdain, for magnets or for specialized schools in
20 that the last superintendent wanted every
21 comprehensive high school to be a successful
22 school, and that is our goal. And when asked the
23 question as to how long would that take, four or
24 five years was usually the answer. And I guess if
25 you're the parent of an 8th-grader, it's a pretty

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2 bad answer.

3 What are we doing with admission
4 criteria, magnets, academies, and what's our
5 current situation?

6 MR. RAMOS: Well, why don't I start,
7 and Dr. Farmbry can pick up, because part of this,
8 as you know, was a conversation that became a
9 Board conversation a couple years ago, and we had
10 -- you know, we talked about it here at City
11 Council.

12 And I think you'd be right to
13 characterize a policy shift -- you know, a couple
14 policy shifts that happened back then. One that
15 there was a -- that programs that previously had
16 used criteria were being mostly moved to a more
17 lottery-type system, and there was a lot of
18 resistance then. And you will remember that City
19 Council was very interested, there was some
20 concern at the Board, and I guess the famous
21 anecdote about this was that Mayor Rendell came to
22 a Board meeting to talk about the admission
23 criteria issue.

24 The Board subsequently sought out to
25 really try to address the concerns that were --

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2 that the former superintendent was trying to
3 address with kind of one approach. We tried to
4 address 'em in a more tailored approach. And the
5 result has been an expansion in the number of
6 programs in the City -- and we can, I'm sure, get
7 you that stuff -- that use admissions criteria.

8 The ability of schools to -- well, the
9 main thing the Board did was say that schools can
10 have admissions criteria, but your School Council
11 has to make the decision that you want admissions
12 criteria, and the admissions criteria have to, you
13 know, have to show that, you know, that they've
14 been thought out and are reasonable. And a number
15 of schools that had criteria before continued,
16 most of 'em. And the number of new schools
17 started and the net effect has been more kids
18 going to these magnet-type programs and greater
19 diversity. We also moved from having one citywide
20 fair that used to be at the old Civic Center to
21 neighborhood fairs, and that had an effect, as you
22 would suspect, on applications.

23 And there was a group that you
24 participated in, the Admissions Criteria
25 Monitoring Committee. Councilman Nutter is there

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2 from time to time, Councilman Rizzo always there,
3 or has a representative there, and Councilwoman
4 Miller, I think, from time to time also has had an
5 representative there. And it's where we basically
6 watch what's going on so that we balance the --
7 what the community wants, which is programs like
8 this versus some of the, you know, some of the
9 equity issues.

10 And this, you know -- and generally, I
11 think it's gone pretty well. Once in a while, you
12 hear a program where, you know, the question is
13 asked, why is there only one or no students of
14 color in this program? Or why, you know, if this
15 -- you know if there's a student with a
16 disability that applied and never got an answer,
17 was this student considered, because, you know, we
18 also find that with accommodation, some students,
19 you know, have done very well.

20 So what it's done, I think, has become
21 a much more kind of finely-tuned process, at least
22 from the Board's perspective looking out on it and
23 less of a broad-brush perspective.

24 COUNCILMAN KENNEY: Could I get a list
25 of those schools that have admission criteria and

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2 those that are either a lottery or a combination
3 of both?

4 DR. FARMBRY: We can get you that list.
5 I also want to reiterate what Mr. Ramos --

6 MR. RAMOS: Can I add one more thing.

7 MS. FARMBRY: I guess, go ahead.

8 MR. RAMOS: 'Cause this is something I
9 think is also a big change. If you just look from
10 a parent perspective, a couple major changes. One
11 is the application itself. It now has all of the
12 admission criteria programs together and you can
13 see -- you can apply to them. And it used to be
14 that you got -- it was a fragmented way of
15 responding to parents and students that if you
16 applied to do a Central and applied to the
17 Communications Academy, you know, at a
18 comprehensive high school, you would get -- it
19 would presume that if you applied to Central that
20 you didn't want to consider the others. It
21 automatically put you in there and closed out the
22 other. Now parents, I understand, I believe, get
23 -- you're told what schools you're admitted to
24 and then you pick.

25 So on the consumer side, it's a lot

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2 friendlier.

3 DR. FARMBRY: I was going to say that
4 in our empowerment plan, there is a bullet that
5 speaks directly to supporting the notion of choice
6 within the public school system. And I think that
7 parents, through the passing of that Board
8 resolution, I guess it's two or three years now,
9 have really exercised expanded choice within the
10 school system, and there really has been a growth
11 in the number of criteria-based program.

12 What we're also finding is that because
13 the criteria-based programs really do increase the
14 school's responsibility, that after you've
15 interviewed the students and had a writing sample
16 and really taken time to ascertain that a child
17 definitely wants this program, then once the
18 child's in, we really are holding schools
19 responsible for putting the supports in place for
20 making sure the child can then stay.

21 COUNCILMAN KENNEY: So attendance and
22 behavior and other things in the -- once admitted,
23 are issues for retaining that student.

24 DR. FARMBRY: Are issues for retaining
25 that student, but it also means that schools do

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2 have to take very seriously a process that we
3 have, called "Comprehensive Support Process," or
4 CSP, where teachers actually sit down and review
5 the progress of a child periodically to make sure
6 we can put supports in place. And, of course,
7 there has to be time for teachers to sit down
8 during the day to do that.

9 MR. RAMOS: I want to go back to one
10 other thing you said 'cause you mentioned the
11 lottery, and I want to make sure that, you know,
12 you didn't get -- that you have the right
13 impression about this. And this is the same as
14 when we discussed it at the admissions criteria
15 committee. There is still some element of
16 lottery, but you only get into the lottery after
17 the school has said that you're qualified.

18 So, I mean, that's the only -- it's
19 very narrowed down, it's not what it was.

20 COUNCILMAN KENNEY: Okay, thank you.

21 Thank you, Madam Chair.

22 COUNCILWOMAN BLACKWELL: You're
23 welcome.

24 Councilman Ortiz.

25 COUNCILMAN ORTIZ: Thank you, Madam

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2 Chair.

3 COUNCILWOMAN BLACKWELL: You're
4 welcome.

5 COUNCILMAN ORTIZ: I want to say that
6 comments made by Councilman Nutter in terms of the
7 parents cooperative, I don't think need to rehash
8 that issue, but go for the same line with me. It
9 is a program that has functioned, it's a program
10 that working-class people can afford at this
11 present time, and if we don't make it available
12 for working-class people, we pretty soon won't
13 have any working-class people in Philadelphia.

14 But, Pedro we've had -- and I've talked
15 to Mr. Goldsmith during the last few days because
16 all of a sudden, I'm getting a whole rush of lead
17 issues into the office. I attended a couple of
18 meetings in the community the other day at the
19 Welsh School, and we've had hearings on the lead
20 question, and we're supposed to have another one
21 coming up just to review the issue. Because I
22 know that attempts were being made, and we've been
23 petitioned to be able to see how we can manage
24 during this period of time.

25 And the thing is that I don't believe

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2 that information is getting down to the parents,
3 which is what I found at the meeting I attended
4 the other day, as to what -- the what the
5 resolutions can be, how to go about it, and I
6 think we should attend to it. I think information
7 is one of the things that these parents -- I gave
8 Mr. Goldsmith, I think, like five schools that
9 we've got questions on. And the parents are --
10 and I know that these parents have questions, and
11 I don't believe the principals are -- specifically
12 one principal I'm, and not going to name him, but
13 he gave the wrong information or was not giving
14 certain type of information to some of the
15 parents.

16 So I -- I think we have to revisit the
17 issue and -- because I know that we're dealing
18 with it but I would like to see what information
19 we got, how we're handling it and the availability
20 of bottled water and the policies for water in
21 different schools. I think parents are confused
22 about that, and I think it's creating perhaps
23 problems that we don't need at this time.

24 MR. GOLDSMITH: Councilman, if I may,
25 and I'll then ask Mr. McGlinchey to respond.

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2 I think you're right. I think the
3 issue is more of a communication issue than the
4 substantive issue of lead in the water that the
5 four schools that you mentioned to me have all
6 been, you know, been tested, they've all been
7 given a clean bill of health. And so it may be
8 that we're not just getting that message to the
9 schools in an adequate way and it may have to bear
10 repeating it because obviously, there's a
11 sensitivity out there.

12 So I think your point about the
13 communications is well-taken.

14 COUNCILMAN ORTIZ: Well, let me say
15 that in, for instance, the Welsch School that has,
16 I think, close to 900 students, they only have one
17 or two fountains open. That's what the parents
18 told me. I see you shaking your head, but I was
19 at a meeting with parents the other night and
20 that's what they said to me. One on the third
21 floor and one on the fourth floor.

22 And what they were afraid of is that
23 they don't know how the water in the bathrooms are
24 and that some of their kids were going into the
25 bathrooms, and because of the lack of fountains

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2 and the availability of water, some of the kids
3 were, when the parent asked them questions as to
4 where they drank water from, they said they go and
5 drink from the bathroom. And I know that there
6 are signs in the bathroom with red -- you know,
7 with the X and so on. But kids -- you know, kids
8 are not going to listen to that. And so,
9 according to the parents, there's only two there.
10 And other parents in the schools that I gave you.

11 So what I'm saying is, their reality is
12 this, and they might be -- they're being told
13 something else and they're obviously concerned
14 about their kids. I told them, I said I would
15 send my kid with bottles of water into the
16 schools.

17 MR. MCGLINCHEY: Councilman, let me
18 just give you an idea of the decision process with
19 regard to providing bottled water to a school.

20 Back in October of '99, a decision was
21 made to provide bottled water to 100 schools that
22 had not yet been tested. Now, since that time, as
23 the school is tested and as we identify outlets --
24 drinking water outlets within that school that are
25 acceptable, we will take that bottled water away

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2 from the school only if there are enough outlets
3 existing according to Philadelphia health codes
4 for the occupants of that school.

5 So it is not true that Welsh only
6 has --

7 COUNCILMAN ORTIZ: So in a school of
8 800, close to 900 kids, how many water fountains
9 should there be?

10 MR. MCGLINCHEY: At least 8 or 9. I
11 can get you the exact regulation.

12 COUNCILMAN ORTIZ: There are two.

13 MR. MCGLINCHEY: There are more than
14 two. I can assure you there are more than two.

15 COUNCILMAN ORTIZ: What I'm saying to
16 you is, I was there this week, on Friday, actually
17 I think it was, but they told me two, okay?

18 MR. MCGLINCHEY: Well, we'll send
19 someone out to check, but when your inquiry was
20 forwarded to me from Mr. Goldsmith, I did make
21 that call, and I was told how many outlets were
22 there. It certainly was more than two, but I will
23 double-check that for you.

24 Let me get to the sink issue. When any
25 outlet, whether it be drinking water or water in

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2 the bathrooms, whenever those outlets are
3 identified as exceeding the acceptable level, they
4 are taken out of service, shut off. They should
5 not be able to be turned on by anyone.

6 As a precaution, and according to a
7 suggestion from the EPA, we do post signs in the
8 bathrooms, which say "Do Not Drink From These
9 Sinks." However, should the child ignore those
10 signs, only those outlets in those bathrooms that
11 have shown to be below the acceptable level
12 provided by the EPA would be available. So we
13 don't want them to drink from the sinks, but we do
14 shut off those sinks where the testing has shown
15 that they exceeded the EPA levels.

16 COUNCILMAN ORTIZ: Well, I think the
17 parents of those schools should have meetings.
18 And Bethune, McKinley, Hunter, I gave -- and
19 communications be -- and I think the principals
20 should be told as to what the processes are. And
21 parents want to know because they seem to have the
22 idea that in order to have bottled water, they
23 would have to make a decision about their budget
24 to cut something else in order to have bottled
25 water and --

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2 MR. MCGLINCHEY: That's not the case.

3 COUNCILMAN ORTIZ: And I know that that
4 is not --

5 MR. MCGLINCHEY: That is not the case.

6 COUNCILMAN ORTIZ: That should not be
7 the case.

8 MR. GOLDSMITH: When bottled water is
9 provided, it does not theoretically come out of
10 the school budget. Everything obviously always
11 come bout of the school budget because we only
12 have so much money.

13 COUNCILMAN ORTIZ: Right.

14 MR. GOLDSMITH: But it probably
15 averages 700, \$800 a week.

16 COUNCILMAN ORTIZ: And one
17 administrator is going to be put into a position
18 in which he is going to have decide if it's books
19 versus clean water.

20 MR. GOLDSMITH: Absolutely, I couldn't
21 agree more.

22 So when there is that need because we
23 haven't been able to get the okay, then we provide
24 the bottled water.

25 But I think you're right, I think it's

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2 a communications issue, and I think we've told the
3 principals, but we tell the principals a lot of
4 things, and so I think we probably have to
5 reiterate it 'cause they get a lot of, you know --

6 COUNCILMAN ORTIZ: Well, I think the
7 message has to get to the parents.

8 MR. GOLDSMITH: Has to get to the
9 parents.

10 COUNCILMAN ORTIZ: Obviously, you know,
11 something is not -- because I have a petition in
12 my office which I'm going to give you with -- it's
13 over here.

14 MR. GOLDSMITH: Thank you.

15 COUNCILMAN ORTIZ: Okay. My staff says
16 we need it back because we need to make copies at
17 least for us. Okay, so this is a ceremonial
18 handing of it. Okay. And you can see their
19 concerns that obviously something is not kosher.

20 MR. GOLDSMITH: Okay.

21 COUNCILMAN ORTIZ: Could we be informed
22 as to what doing on that?

23 MR. GOLDSMITH: Yes.

24 COUNCILMAN ORTIZ: Thank you.

25 Thank you, Madam Chair.

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2 COUNCIL PRESIDENT VERNA: Thank you.

3 The Chair recognizes Councilman Cohen.

4 COUNCILMAN COHEN: Thank you, Madam
5 President.

6 When was the last addition to the sites
7 of the parent cooperatives? When was the last new
8 one?

9 MR. GOLDSMITH: One of the staff will
10 know the answer to that.

11 (Witness comes forward.)

12 MS. PLUMMER-DAVIS: Jennifer
13 Plummer-Davis, Director of Parent Cooperative
14 Nurseries.

15 We have not had any new locations in
16 recent years. In 1998, we relocated into the
17 H.A. Brown School, but that was just a relocation
18 from another site. There have not been any new
19 locations since the '80s.

20 COUNCILMAN COHEN: How do new locations
21 come about?

22 MS. PLUMMER-DAVIS: Well, presently in
23 the budget, it's budgeted for 22 classrooms, and
24 we have 20 classrooms presently operating. And
25 new locations come about if there is a site, a

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2 facility available, a classroom space available.

3 COUNCILMAN COHEN: I mean, do parents
4 make requests, or does the School Board decide
5 it's time to create a new one and that hasn't
6 happened for several years at least and locate --
7 does the School Board locate the site and announce
8 the opening of a new site?

9 MS. PLUMMER-DAVIS: It's basically a
10 needs assessment based on the community and how
11 well the community would use that program. And
12 currently in the budget, it's only for the 22
13 classrooms, so there has been no increase.

14 COUNCILMAN COHEN: Well, the reason I
15 raise the question is that all my recent reading
16 on education seems to conclude that the sooner a
17 child gets into an educational atmosphere, the
18 better the long-term prospects are for the child's
19 development so that this notion of a
20 prekindergarten, which in this case, it's a
21 combination of a day care and an educational
22 component with the patients feeling very -- that
23 it's really an important educational component,
24 and I think the staff at the School District, I
25 think they ought to be complimented for the way in

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2 which they've dealt with this program, because I
3 think it's been a very real educational
4 experience.

5 And I can't understand why it's limited
6 basically to the Northeast or Northwest and why --
7 I asked Councilman Kenney in the Council Caucus a
8 moment ago, Are there any in South Philadelphia?
9 and he said he didn't know of any. And I said
10 why? He didn't know why, he thought maybe there
11 no need, maybe there were more day care seniors.
12 I said, Well, in the Northwest, we're loaded with,
13 you know, in ordinary houses day care centers.

14 But is there any explanation as to why
15 it's only in the Northeast and the Northwest?

16 MS. PLUMMER-DAVIS: Well, originally,
17 our parent cooperative nurseries classrooms, they
18 were all over the City, but as the population
19 changed and as our parents moved to different
20 parts of the City, our classrooms basically
21 followed them, but we are in agreement with, as
22 far as early childhood education, because the
23 School District has increased its services for
24 preschool education by 50 percent. Last year, we
25 increased in our Head Start program. We also have

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2 our Comprehensive Day Care program, which services
3 over 2,000 children.

4 COUNCILMAN COHEN: But I know of no
5 program that get the kudos as much as this
6 program, and I know it over many years, 'cause, as
7 I mentioned in your earlier testimony, I was a
8 lawyer who initiated the action -- I think it was
9 with Councilman O'Neill actually at the time,
10 about 12 or 15 years ago, when the Board first
11 began making a decision that it really couldn't
12 afford it. It didn't seem then to make any sense,
13 as it doesn't seem now.

14 MR. RAMOS: Well, Councilman --

15 COUNCILMAN COHEN: You're lucky that
16 Councilman Nutter is much more reasonable than I
17 am. I see no justification at all for any raise
18 in the cost. If anything, since it's a public
19 school-sponsored activity I think the movement
20 ought to be in the other way since it is so
21 important as an educational component. I think as
22 soon as we get financially sound, that we would be
23 hoping to increase the prekindergarten component
24 to public education. And the nature of public
25 education is that it ought to be free to

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2 everyone. And I think this Parent Cooperative
3 Nursery, I think there ought to be a way of
4 expanding it despite financial problems.

5 Doing what you're doing, creating an
6 upset among all of the parents isn't really doing
7 anything for your budget. You know, if you had
8 your way, the deficit instead of being, what is it
9 now, 297 million, some figure like that?

10 MR. GOLDSMITH: It's \$100 million
11 lower.

12 COUNCILMAN COHEN: How much?

13 MR. GOLDSMITH: 191 million.

14 COUNCILMAN COHEN: 191 million. I
15 guess I was anticipating those years down the road
16 when you get to \$750 million. Well, so it would
17 be what, 190.8 million instead of 191 million.
18 You know, it doesn't really do anything and it
19 would seem to me that you wouldn't want to spend
20 the time that you must have spent meeting with
21 people, trying to work out something. You know,
22 I'm at a loss to understand why it was so
23 important to get involved in deciding that we got
24 to economize in this area.

25 MR. RAMOS: Well, I think, Councilman

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2 Cohen, there are probably two things that we're
3 grappling with. One, just to deal -- I'll come to
4 the specific question. On a general level and
5 your issue of availability of prekindergarten
6 programs, you know, what the Board is very
7 interested in and part of this whole effort with
8 the City and United Way and looking at citywide
9 is, I suspect that there are probably parts of the
10 City that are being underserved in programs such
11 as Head Start and CDC, and not because a decision
12 -- anyone's making a decision to ignore it, but
13 because there hasn't really been that
14 comprehensive look.

15 And it may be that -- and as you know,
16 Head Start, and you probably agree, it is a
17 program that is a nationally-funded program and
18 one that at least here in Philadelphia has gotten
19 a lot of compliments, a lot of support. And, you
20 know, and I would expect that there are parts of
21 the City where the District previously thought
22 people didn't qualify for Head Start, where they
23 probably now do. And we have to be a lot more
24 vigilant about meeting that demand, and there is
25 funding for that in the federal government.

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2 In CDC, which is a State-funded
3 program, I think, you know, we could do better at
4 matching the service with the need, but that's
5 also a State-funded program under. And that
6 program, parents pay anywhere from \$10 they if
7 make less than \$7700 a week (sic) to \$50 a week if
8 make over \$41,000. At the median family income,
9 parents who demonstrate -- who provide proof of
10 income pay around \$36 a week in that program. And
11 it's a program that, you know, we're also having
12 some trouble with, as I know from staff reports,
13 because of some of the welfare reform legislation
14 and the burdens that it's putting on those parents
15 to stay -- to be eligible to be able to continue
16 in the program. Some of those parents, you know,
17 we're losing a lot of those that are eligible and
18 need the service because of the requirements that
19 are being imposed on us for, you know -- and staff
20 can talk more about the verification requirement
21 under the welfare reform legislation.

22 So part of what's going on too -- I
23 mean, I agree that in -- my also as a layperson,
24 everything I read says, you know, the sooner you
25 start, you do better. And it's particularly true

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2 in most of the research that I've seen been and
3 has been reported to me with respect to low-income
4 students, low-income children. And we need to
5 provide both -- you know we need to do that,
6 though the -- with PCN, you don't have the Head
7 Start funding, you don't have the CDC funding, and
8 you have, by some accounts, terms that are
9 favorable to the CDC terms.

10 And so I think, part of what the Board
11 is grappling with trying to preserve all of them,
12 trying to figure out a more comprehensive way of
13 doing it, but also trying to be fair across the
14 system. And I think, you know, the issue of, you
15 know, how much is your increase is a legitimate
16 question of fairness, but I think another
17 legitimate issue of fairness is, are you treating
18 people similarly, you know, for a similar thing.
19 And I --

20 COUNCILMAN COHEN: And I'm very
21 concerned in the reevaluation that you're doing.
22 I don't hear the expressions that I would like to
23 hear about how we're going to safeguard this kind
24 of program, 'cause I think this is a very unique
25 program and it could do so much for the City of

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2 Philadelphia. What I heard this morning on the
3 radio in an advertisement about the City of
4 Philadelphia making a very real effort and has a
5 special program aimed at keeping young graduates
6 of the universities in the Philadelphia area in
7 Philadelphia and --

8 MR. RAMOS: Well, let me just try --

9 COUNCILMAN COHEN: And a program like
10 this would mean so much to young people in making
11 a decision as to whether Philadelphia is a
12 desirable place, you know, to stay, and if I get
13 married and have kids, what is being offered to
14 us.

15 And I think we're, you know, not taking
16 advantage of that opportunity. We do some things
17 to try to win people over, and then we sort of cut
18 off our nose to spite our face apparently and show
19 a lack of sensitivity in other areas. I think
20 this is a wonderful program that would win people
21 to staying in Philadelphia.

22 MR. RAMOS: Well, one of the things
23 that there's been limited discussion of but, you
24 know, the Board has raised is an issue as we look
25 at the citywide effort. I mean, this is the more

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2 long-term thing, which is to go to your point of
3 how do, you know, is there some thinking going on
4 about how to preserve and expand.

5 You know, one of the issues we'll be
6 looking at is, should we be making programs more
7 similar. Instead of having three silos, should we
8 be providing a program -- you know, should we be
9 really trying to bring these together, including,
10 if we have the ability down the road, to blend the
11 money, so you're not just compartmentalizing
12 according to, you know, this program is for folks
13 that fall below this line, but in a sense, try to
14 get a more blended way of funding programs, and
15 then being driven by the program by the needs of
16 the students as opposed to the funding source.

17 COUNCILMAN COHEN: But here you have a
18 program operating, and from everything we hear,
19 very successfully. Why isn't it possible to put
20 an end to all of the questioning and the concern
21 of parents and reach a quick decision?

22 Because I have to tell, I don't see
23 Council acting on the school budget until, in my
24 judgment, two questions are dealt with. One is
25 the parent cooperative and the other is how we get

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2 kids to ride to school without having in a family
3 of two or three or four, choosing which kid goes
4 to school that week, maybe no kid goes some weeks.

5 But this parent cooperative one which
6 involves so little money, I mean, if you accepted
7 the proposal, my figure would have been to keep it
8 at the \$25, if there's going to be any cost, and
9 try to scale that down, but apparently, if there's
10 been an acceptance by the parents of a proposal
11 for \$41, why can't you reach a decision quickly
12 and say while we're studying everything else, we
13 at least want to put these parents to rest with
14 their concerns. Why isn't it possible to arrive
15 at a quick decision since it's an already-existing
16 program?

17 MR. RAMOS: Well, the Board of
18 Education, like City Council, is a deliberative
19 body, and yesterday, the Board heard for the first
20 time the staff proposal that was being tossed
21 around last week. The Board yesterday for the
22 first time got the proposal from staff and also
23 heard of the report on the meeting from the parent
24 representatives on Friday.

25 There was testimony yesterday from

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2 parents raising some what I would call "fact
3 questions" about even our methodology, whether
4 even if you used our methodology, the numbers were
5 right. And, you know, we're looking at that, as I
6 committed to Councilman Nutter, and are also
7 taking back to the Board the concerns, you know,
8 of this body. And, you know, we hope to be able
9 to get, you know -- reach resolution and in a way
10 that parents know and in ample time for next year.

11 COUNCILMAN COHEN: But first I want to
12 express appreciation to you and Mr. Goldsmith for
13 your courtesy in accepting the call that I made
14 very early yesterday morning and interrupting for
15 a minute or meeting so I could find out what your
16 schedule was, and then for courtesy extended to my
17 representative who was at the hearing. I was here
18 at the hearing that was continuing.

19 But having said that, and I really
20 appreciated that courteous treatment, when you
21 hear all of this concern from City Councilmembers,
22 wouldn't it make sense to try to deal with the
23 problem quickly, expeditiously? You know, it's
24 not like getting a person up to the moon, you
25 know, where you got to study all kinds of

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2 technology as to how you're going to have this
3 thing go up.

4 Or is it that you are unable to do it
5 because I know now, basically, it's a
6 mayor-controlled situation. Before the amendment,
7 the Mayor had to wait, like we in City Council
8 often have to wait, on budgetary matters, 'cause
9 the Board was independent and the staff had these
10 four-year terms. But it seems to me that if the
11 Mayor involved, a recommendation from you for a
12 quick decision by him would probably be honored by
13 him. I know he's gotten several messages from me
14 on the subject and I think from other
15 Councilmembers, and I think he's aware of the
16 problem.

17 So I'm just urging that you deal very
18 quickly with the subject so that there's no need
19 for anybody to consider holding up the education
20 budget on that matter.

21 Now let me shift to the other matter
22 that I'm concerned with. Is there anybody here
23 who would know what the administrative cost is to
24 the School District of your current token and
25 transfer program?

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2 MR. GOLDSMITH: Rhonda, do you have
3 that?

4 COUNCILMAN COHEN: Is Mr. Lombardi
5 here?

6 MR. GOLDSMITH: Mr. Lombardi is not
7 here because at this moment, we are planning for,
8 hopefully, not a SEPTA strike, but we do have a
9 group that as we speak now planning, and
10 Mr. Lombardo's a key member of that planning and
11 that's why he is not here.

12 When you say "administratively," do you
13 mean what it costs in the schools to administer
14 the program, or could you --

15 COUNCILMAN COHEN: Well, all of the
16 costs to the School District principally. There
17 may be costs to SEPTA. It just seems to me that
18 there's a tremendous amount of waste when there's
19 such simple ways of getting people on buses and on
20 public transportation. Because of my age, if I
21 want to use, I can use my Social Security card.
22 I'm told that in Pittsburgh, students oven merely
23 have to show school their school identification
24 card and ride at any time during the day, and the
25 program seems to have worked very well from all of

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2 the reports we can get it of it, with no
3 problems.

4 I don't know why you can't have a
5 school identification card and eliminate whatever
6 there is to the cost of tokens, the cost of
7 transfers, the making availability of the --
8 making available the tokens to students. You
9 don't need any administrative setup.

10 MR. GOLDSMITH: Well --

11 COUNCILMAN COHEN: And --

12 MR. GOLDSMITH: Councilman, I think --

13 COUNCILMAN COHEN: And I know that's
14 not the school purpose, but that's SEPTA, but why
15 can't we be working with SEPTA?

16 MR. GOLDSMITH: Well, we would like to,
17 and my understanding is that there have been
18 efforts -- obviously, they have not been
19 successful. Some of it depends on technology,
20 like, you know, smart cards and things like that,
21 which just isn't here yet from SEPTA's
22 perspective. And having some background in that.
23 I understand it's easier said than done. Mr.
24 Leary and I do have a meeting scheduled for, I
25 think, next week, and hopefully, we can get the

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2 ball moving and figure out a way to do this.

3 I can assure you of one thing: We
4 really do not want to be in business of providing
5 tokens and administering tokens in our schools.
6 Our principals and staff have enough to do, and
7 one of our major attempts is trying to get people
8 to focus on the business of education and not have
9 to be distributing tokens and so forth. That's
10 not our business, we probably don't do a real good
11 job of it because that's not what we're trained to
12 do.

13 And so if we can sit down with SEPTA
14 and try to resolve this issue, part of it is a
15 technology issue and so forth. And no one would
16 be more delighted to do it than the School
17 District.

18 COUNCILMAN COHEN: What is the
19 technology?

20 MR. GOLDSMITH: How you will read the
21 swipe cards. If we're going to use the swipe
22 cards our students use in school today, there's
23 got to be a way to read those cards either to get
24 the tokens or whatever the process is. I mean,
25 that's simply one of them.

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2 I'm not saying it's all technology, but
3 there is issues that have to be resolved, and I
4 can't speak to the background of why they haven't
5 been resolved, but I know these things can be
6 difficult aside from the fact that SEPTA's a
7 regional agency, and they've got other school
8 districts that would confuse the matter.

9 There are issues of, you know, how you
10 do this. I know they were doing a feasibility
11 study a couple years ago, and I way to find out,
12 you know, where that's at. And this is not the
13 point the finger at SEPTA; they've got enough on
14 their hands.

15 All I can say is that it's in our
16 interest as a school district to resolve this
17 issue so we remove the impediments that exist for
18 our kids to get to school, that we remove the
19 administrative burdens that, you know, that plague
20 us in the schools, and we have enough burdens that
21 we have to deal with, so it's in our self-interest
22 to do that, and that's where I want to work to.

23 I can't speak to the issues of
24 involving SEPTA 'cause I haven't sat down with
25 them yet, but I plan to do that, and I think the

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2 meeting is scheduled for next week or the week
3 after.

4 COUNCILMAN COHEN: You know, that
5 concerns us. This issue has been around for a
6 number of years. Now, I know you haven't been the
7 CEO of the School District for very long, but
8 we've never gotten any kind of action except the
9 answer of no, that there isn't enough money enough
10 or there isn't enough technology or there isn't
11 enough of something or other.

12 Why can't those meetings be speeded
13 up?

14 MR. GOLDSMITH: Well, I think right
15 now, he's probably got his hands full with a
16 couple of other things going on, and I think --

17 COUNCILMAN COHEN: But nothing's
18 happening at the bargaining table, so I think he's
19 got plenty of time.

20 MR. GOLDSMITH: Well, I can't speak to
21 that, but we do have a meeting scheduled for early
22 next week and there have been meetings.

23 You know, my understanding is that the
24 use of tokens has been around since the early
25 '50s, and it wasn't until 1984 or 1985 where we

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2 got into an issue of subsidizing tokens and so
3 forth. So, you know, there's a history here that
4 goes back 40, 45 years that we got to understand
5 and so forth.

6 But, you know, I share your concern,
7 and I can't give you chapter and verse as to why
8 it hasn't happened sooner, but I am aware of other
9 school districts in Chicago and New York and
10 elsewhere where it's done, and we got to
11 understand what we can do to get it off the dime,
12 if you will.

13 COUNCILMAN COHEN: Well, would an
14 appropriation of a small sum of money -- maybe 2
15 to \$3 million -- be helpful in moving along if
16 that money was limited to the purpose of providing
17 free transportation, say, for children, and could
18 we find out whether that work and how it works?

19 MR. GOLDSMITH: Sure. As long as it's
20 a part of larger appropriation.

21 COUNCIL PRESIDENT VERA: As long as
22 it's part of what?

23 MR. GOLDSMITH: As long as it's part of
24 a larger appropriation from City Council. That's
25 a different story, but, you know, I mean,

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2 obviously that would help, you know, both
3 financially and try to do what we do in this
4 issue. I don't want to minimize the issue. I
5 think it's important, you know, it's important to
6 get kids to school.

7 But the issue, and I really can't
8 underestimate this and maybe it's 'cause I'm new
9 here and I'm blowing it out of proportion, but the
10 issue is just not getting kids to school; the
11 issue we're facing now is having schools that we
12 can open next September, and that's the real issue
13 that we are wrestling with, and the magnitude of
14 that is --

15 COUNCILMAN COHEN: Why do you say
16 that? I don't understand, I don't know why it's
17 your concern. There are people that can do that
18 -- the person that has to be able to that is the
19 Mayor. There's no way you're going to -- the
20 School Board can produce money.

21 MR. GOLDSMITH: Right.

22 COUNCILMAN COHEN: The Mayor, through
23 the dealings with the Governor, the Council, and
24 maybe the President. I think the federal
25 government intends to play a strong role in

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2 helping to finance education; otherwise what the
3 President says makes no sense. I think he wants
4 to make sense and I think he wants to score some
5 political points and maybe some educational points
6 by showing a strong support for public education,
7 and because the federal government puts in money
8 doesn't mean they have to control education. The
9 same controls can exist as now.

10 But I don't see how the School Board
11 can do that except what you can do is in the area,
12 say, like this parent cooperative, encourage it
13 and publicize it and let the students graduating
14 in the junior and senior and senior year know that
15 if they stay in Philadelphia, this kind of a
16 program is going to be available to them when they
17 get married.

18 I don't know about the Head Start
19 program, I don't know the specific details well
20 enough to know whether that is something that also
21 would be helpful, and if it is, that ought to be
22 publicized that Philadelphia is a place where a
23 young family with generally smaller income can get
24 an excellent beginning for their children in the
25 field of education. I think that would really

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2 keep young brain power here in Philadelphia rather
3 than having this drain on brain power that the
4 Philadelphia advertisement was dealing with, and
5 I'm trying to fine ways to encourage it.

6 MR. GOLDSMITH: I understand.

7 COUNCILMAN COHEN: You know, I don't
8 you kind of get a sense of (inaudible) about the
9 fact that some Philadelphia kids can't get to
10 school because there's no money for it and we
11 think we have a good public school education
12 process here? I know we have a good one, I'm a
13 product of it and my four kids are a product of
14 it, and my wife was a product of the public school
15 system in New York. Somehow I managed to get
16 through the University of Pennsylvania and lead
17 the law school class with this public education I
18 got in the public schools, and it wasn't Central;
19 it was Northeast, which was at that time the
20 Northeast Manual Training School. So I think we
21 have -- you know, we have a basically very sound
22 public school system, if we can make it work all
23 throughout the City of Philadelphia.

24 And then you have this very innovative
25 program, and instead of supporting it and really

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2 getting national attention for it 'cause I don't
3 think many places have a program like this parent
4 cooperative. You know, I think we ought to
5 utilize it.

6 And the other question is, how do you
7 get all of the kids to school, you know, in a free
8 public school system.

9 So I would like to urge a sense of
10 urgency. SEPTA will never feel urgent. I don't
11 think they need any new equipment, whatever. I
12 don't think there's any more cost to them. And if
13 occasionally in one neighborhood, everything will
14 be crowded, I think maybe we can, with your
15 cooperation, can maybe adjust school hours if
16 necessary to meet the transportation needs. In
17 most places, that won't be necessary; they have a
18 lot of, you know, present transportation
19 equipment.

20 MR. GOLDSMITH: I hear your sense of
21 urgency, and I will do what I can.

22 COUNCILMAN COHEN: And this is the
23 first real conversation we've had since the time I
24 think I drove you around City Hall one day, right
25 after you had left the Rendell Administration. I

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2 think I was traveling in the car and you were
3 walking, and I asked you what you were going to
4 do, and I said you were too good for us to lose in
5 public service.

6 MR. GOLDSMITH: Well, thank you.

7 COUNCILMAN COHEN: And I'm very
8 delighted that you've come back.

9 MR. GOLDSMITH: Thank you. You have a
10 far better memory than I do, and I appreciate
11 it. Thank you.

12 COUNCILMAN COHEN: Thank you.

13 Thank you, Madam President.

14 COUNCIL PRESIDENT Verna: Councilman, I
15 know you touched on the tokens or transportation
16 issue. Did you ask the question as to how much
17 that would cost to provide tokens to the
18 students?

19 COUNCILMAN COHEN: I asked the
20 question, but there was nobody here to answer it
21 as to what it would cost.

22 COUNCIL PRESIDENT Verna: Well, I think
23 that this has been discussed for some time. I'm
24 sure that somebody must have an indication.

25 MR. GOLDSMITH: \$2.5 million.

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2 COUNCIL PRESIDENT VERNA: I'm sorry.

3 2.5 million?

4 MR. GOLDSMITH: Million dollars, yes.

5 COUNCIL PRESIDENT VERNA: And what does
6 that do; is that for all students?

7 MS. CHATZKEL: \$2.5 million right now is
8 the net unreimbursed cost to the District in
9 providing free and reduced tokens to the current
10 population of students that use them, which is not
11 all students.

12 COUNCIL PRESIDENT VERNA: Do these
13 include high school students?

14 MS. CHATZKEL: Yes.

15 COUNCILMAN COHEN: And any proposal, I
16 think, has to cover (inaudible), Madam President.

17 COUNCIL PRESIDENT VERNA: I'm sorry?

18 COUNCILMAN COHEN: I think any program
19 has to cover those students other than public
20 schools. I think any transportation program has
21 to cover in the parochial and the private school
22 kids of the same age. Otherwise, you know, I
23 think if the parents have a choice of sending the
24 children elsewhere, we've still got to cover
25 them. So if it's 2.5 for public, there has to be

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2 something added for the non-public schools.

3 MS. CHATZKEL: Just to clarify. The
4 \$2.5 million is now the net unreimbursed cost to
5 the School District. The students that buy
6 tokens, that pay that reduced rate contribute
7 another \$7.9 million.

8 COUNCILMAN COHEN: Well, Madam
9 President, I think a fund of 2.5 to \$3 million to
10 provide transportation. . .

11 COUNCILMAN NUTTER: Point of
12 information, Madam Chair.

13 COUNCIL PRESIDENT Verna: Pardon me?

14 COUNCILMAN NUTTER: Just one point of
15 information. I didn't understand the last --
16 either didn't understand or didn't hear completely
17 what Miss Chatzkel said. I heard a number of
18 \$7.9 million. I don't know what that number went
19 with and I don't know what that number means in
20 relationship to the 2.5.

21 MS. CHATZKEL: The total payments made
22 to SEPTA this year, the projected payments for
23 free and reduced -- free-to-students and reduced-
24 cost-to-students tokens is in excess of
25 \$15 million. Students contribute about

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2 \$7.9 million when they pay 90 cents instead of
3 \$1.15 for a reduced-cost token.

4 COUNCILMAN NUTTER: Mm-hmm.

5 MS. CHATZKEL: The School District pays
6 for the rest, about \$7.5 million, but we are
7 reimbursed for about two-thirds of that cost so
8 there's a net cost to us after reimbursement of
9 about \$2.5 million.

10 COUNCILMAN NUTTER: Okay.

11 MS. CHATZKEL: If there were an aim to
12 have somebody fully cover the cost, providing free
13 transportation to this pool of students, it would
14 be \$2.5 million for the School District's
15 unreimbursed portion and \$7.9 million for what the
16 current students pay.

17 COUNCILMAN NUTTER: So in a total free
18 environment, is that what people are talking
19 about?

20 MS. CHATZKEL: For this pool of
21 students, yes.

22 COUNCILMAN NUTTER: It's really
23 \$10 million?

24 MS. CHATZKEL: Yes.

25 MR. RAMOS: And there's a question

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2 also, Councilman, that --

3 COUNCILMAN NUTTER: Madam President,
4 the Councilman's trying to get recognized.

5 COUNCIL PRESIDENT VERNA: I'm sorry.
6 Before I get a little confused.

7 COUNCILMAN GOODE: I'd like to clarify
8 it.

9 COUNCIL PRESIDENT VERNA: Okay.

10 COUNCILMAN GOODE: \$2.5 million is to
11 reimburse the School District or to cover the
12 School District's unreimbursed for what's
13 happening now, the status quo.

14 MS. CHATZKEL: Mm-hmm.

15 COUNCILMAN GOODE: The 7.9 is the
16 students' cost.

17 MS. CHATZKEL: Mm-hmm.

18 COUNCILMAN GOODE: If we were to deal
19 with the 7.9 figure, is none of that reimbursable
20 by the State?

21 MS. CHATZKEL: No, that's not
22 reimbursable by the State to the students who pay
23 that cost.

24 COUNCILMAN GOODE: If the School
25 District were to cover the 7.9. Is any of that

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2 reimbursable?

3 MS. CHATZKEL: I'm sorry?

4 COUNCILMAN GOODE: If the School
5 District were to cover that 7.9, is any of that
6 reimbursable by the state?

7 MS. CHATZKEL: I can't answer with
8 certainty. I think there's a possibility that we
9 could receive additional reimbursement. We'd have
10 to check the formula, the reimbursement formula.

11 COUNCILMAN GOODE: I thought in the
12 information that you submitted to me last week,
13 that you said the cost of reducing student
14 transportation costs per 5 cents of subsidy after
15 the State reimbursement is \$150,000, which means
16 that this is a -- to eliminate 90 cents makes it a
17 \$2.7 million issue for the City and a \$5.4 million
18 issue for the State if that reimbursement takes
19 place.

20 MS. CHATZKEL: What I'll need to get
21 back to you with Council and Councilman Goode is
22 whether we can get 67 percent reimbursement if we
23 were to pick up the full cost of tokens.

24 COUNCILMAN GOODE: But if the State
25 were to reimburse the full 67 percent of the 7.9,

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2 then it would be reimbursing the School District
3 for what's unreimbursed now, the 2.5, and
4 reimbursing the School District's share would be
5 roughly 5.2 million; is that correct?

6 MS. CHATZKEL: That's correct.

7 COUNCILMAN GOODE: So with State
8 reimbursement at the current rate, it's a
9 \$5.2 million issue; without any State
10 reimbursement, the 7.9 --

11 MS. CHATZKEL: It becomes \$10 million.

12 COUNCILMAN GOODE: Okay, thank you.

13 COUNCIL PRESIDENT VERNA: I'm sorry.
14 Are you finished, Councilman?

15 When you were talking about the cost,
16 you said with this pool of students, how many
17 various pools are there?

18 MS. CHATZKEL: The reason I used the
19 term "this pool" is because if free transportation
20 is available to all students, then students right
21 now who don't use transportation but in fact may
22 be in walking distance to schools may want to have
23 free transportation. And I don't know without the
24 Head of Transportation here -- and even then I'm
25 not sure of all of the students who might be

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2 interested in free transportation in that
3 instance.

4 MR. GOLDSMITH: What we do know now is
5 we purchase tokens -- these would be the free
6 tokens -- for 10,000 students. We purchase tokens
7 and sell them at a subsidized rate for 20,000
8 students, so that's pool that we're dealing with
9 now. If we were to provide free for everyone,
10 then obviously, the usage may go up, and we just
11 simply don't know what that number would be right
12 now.

13 MR. RAMOS: And I would apologize,
14 President Verna, for asking this question in this
15 way, but as I hear School District administration
16 respond to the question, as a Board member, I'd
17 have a question, which is the impact on non -- as
18 a general rule, we hear that whatever service we
19 provide to public school students we have to
20 provide to non-public and charter school.

21 COUNCIL PRESIDENT VERNA: Charter
22 schools too?

23 MR. RAMOS: Yes. So I don't know what
24 -- as we're giving these answers, I just want to
25 just flag for our folks that I don't know whether

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2 the answers are including the impact, if any, on
3 non-public schools.

4 Just from a sidebar here is that Rhonda
5 Chatzkel, our CFO, is saying that it's not -- it's
6 not that clear that there would be a significant
7 impact on account of non-publics because at least
8 the initial belief is that we would get reimbursed
9 similarly for charters and that we would get
10 substantially made whole for non-publics.

11 COUNCIL PRESIDENT Verna: I'm sorry, I
12 couldn't hear a word you said

13 MR. RAMOS: That with respect to
14 charters, Mrs. Chatzkel said that we -- they would
15 be treated similar to our students, so the
16 reimbursement would be the same, and with
17 non-public students, that we are substantially
18 made whole. And I hope that answer holds
19 because. . .

20 COUNCIL PRESIDENT Verna: Yes,
21 Councilman?

22 COUNCILMAN COHEN: I understand that
23 there's a Mr. Lombardo who is very familiar with
24 the facts involved, and I was wondering whether he
25 might be available to be here at a slightly later

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2 time this afternoon.

3 MR. GOLDSMITH: We can find that out.

4 COUNCILMAN COHEN: I understand that's
5 in the course of his work that he --

6 MR. GOLDSMITH: Yes.

7 COUNCILMAN COHEN: -- has familiarity
8 with these items.

9 COUNCIL PRESIDENT VERNA: Okay,
10 Councilman, do you have any further questions?

11 COUNCILMAN COHEN: No. I just wanted
12 to make certain that Mr. Lombardo was produced.

13 COUNCIL PRESIDENT VERNA: The Chair
14 recognizes Councilman Nutter.

15 COUNCILMAN NUTTER: Thank you, Madam
16 Chair. I'll be quick.

17 Just very briefly on this school token
18 issue, I know that Councilman Goode plans to have
19 some hearings in this regard, and I'm sure -- and
20 I'm sure he's made his own information requests.

21 One of the things I wasn't
22 crystal-clear about was, I guess going forward,
23 what is the -- what's the goal as it relates to
24 the transportation issue? Is it to -- I think in
25 Miss Chatzkel's words, you talked about a pool of

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2 students and then there might be another group of
3 students that we don't even know about if it was
4 completely free and available to everyone.

5 And so are we trying to deal with the
6 10,000. I think you said 10,000 get it for free.
7 Is based on some kind of income criteria or
8 something?

9 MR. GOLDSMITH: I think as I understand
10 the issue, it was to reduce the cost of the
11 subsidized tokens as well as transfers.

12 COUNCILMAN NUTTER: Right, okay. Do
13 the 10,000 that get the tokens free, is that
14 income criteria or something?

15 MR. GOLDSMITH: Yes.

16 COUNCILMAN NUTTER: Okay. And then the
17 20,000 who actually buy, so that gives us at least
18 a pool of 30, and if went to a totally free
19 situation, there might be some other group of
20 students unknown to us today who might want to
21 take advantage of that.

22 MR. GOLDSMITH: Yes.

23 COUNCILMAN NUTTER: Is that kind of all
24 of the various universes of students?

25 MR. GOLDSMITH: Yes. I think obviously

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2 the demand would probably increase --

3 COUNCILMAN NUTTER: The less.

4 MR. GOLDSMITH: (Inaudible)

5 . . . the fee.

6 COUNCILMAN NUTTER: Right. Do you have
7 any information, or could you at least get some
8 information for whatever exists out there? We
9 continue to hear about what other cities do
10 outside of Philadelphia, some in Pennsylvania.
11 I've read or heard Pittsburgh and Erie, and then I
12 hear about other cities across the country.

13 Could you get to us at some later but
14 relatively soon point in time and information you
15 are able to glean as to what those programs are.
16 I mean, I'm actually somewhat intrigued as to the
17 other cities in Pennsylvania and what they do and
18 how they do it. They obviously don't deal with
19 SEPTA, but there must be some public
20 transportation system out there.

21 And I would be interested in not only
22 how they do it but who pays for it.

23 MR. GOLDSMITH: Yes. We will provide
24 that.

25 COUNCILMAN NUTTER: Okay, thank you.

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2 Thank you, Madam Chair.

3 COUNCIL PRESIDENT Verna: You're
4 welcome.

5 The Chair recognizes Councilwoman
6 Blackwell.

7 COUNCILWOMAN BLACKWELL: Thank you,
8 Madam President.

9 Yesterday, we attended a meeting at
10 Turner School. And this is for the future. I
11 just wanted to speak to you in advance of a
12 program we want to do.

13 There we've had about four principals
14 in maybe four years so, you know, we've had a new
15 principal, new leadership at the school. And we
16 are trying -- with the hotel tax money, we are
17 trying to generate a program there to do
18 hospitality training, a job skills program for
19 people in the neighborhood with Universal, with
20 the University of Pennsylvania, some other
21 trainers and the school.

22 Now, there is space there that hasn't
23 been used for at least 15 years -- you know, an
24 industrial arts place, a kitchen, and the whole
25 bit. And, of course, you know the new principals

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2 said, of course, there may be plans for it and
3 that a commitment could not be made.

4 And what we wanted to do is -- I'll be
5 in contact with you in detail in the future, but
6 we just wanted to give an advance about that,
7 about using vacant space that hasn't been used in
8 15 years. There's a whole wing in the school that
9 hasn't been used -- only community uses it. It's
10 called "Support Our Community Organization,"
11 SOCCA. The leader there is Pat Evans. And they
12 run a program from 3 to 10, a voluntary program
13 and have for years.

14 We worked with them for years in that
15 unused wing, but we really would like to create a
16 job skills program out of that vacant space, and
17 pretty much I think all it needs to be is be
18 cleaned up, but we wanted to contact you in
19 advance about that.

20 And also ask if you will work with us
21 on -- you know, there's a beautiful Olympic pool
22 there that's not used, and we go through it every
23 summer and try to find a lifeguard to hire, and we
24 all try to pitch together, but I don't think it's
25 being used during the school year either. You

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2 could train people. It's fabulous. It's a
3 beautiful, beautiful school. And so we need to
4 deal with the swimming pool. So that's the second
5 issue.

6 And then the third thing is that they
7 have an arts and music space there such as I've
8 only seen at the School of Performing Arts. I
9 mean, they must have at least six or eight pianos
10 alone there that are not used. And this is a
11 building where we could have some kind of art and
12 music focus. And in fact, we were trying to start
13 a third district band and ask for materials, and
14 here we have at least six or eight pianos alone --
15 I saw them yesterday -- that aren't even being
16 used. You have practice rooms, you have
17 everything there.

18 So it really, really could be a model.
19 And as I said, I haven't seen anything that nice
20 other than at the School of Performing Arts. So,
21 you know, we have great space there. It's a
22 absolutely fabulous building. It doesn't have --
23 the only experience or the only record people hear
24 about Turner was (indiscernible) in the past, but
25 it's there, we have great space. We would really

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2 like to utilize it, and we certainly will be in
3 touch with you about how we can do that.

4 Thank you.

5 COUNCIL PRESIDENT Verna: Thank you.

6 Thank you all very much.

7 MR. GOLDSMITH: We appreciate it,
8 Councilwoman Verna.

9 I'm reluctant to do this, but just to
10 make sure the record is clear, I misstated myself
11 in saying that the free tokens are based on
12 income. They're really based on desegregation and
13 distance, so I just wanted to correct the record
14 on that.

15 COUNCIL PRESIDENT Verna: Thank you
16 very much. Thank you.

17 This committee will stand in recess
18 until 1 o'clock tomorrow.

19 (Adjourned 1:45 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Tuesday, March 13, 2001, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COUNCIL COMMITTEE OF THE WHOLE

BILL NO.'S 010001, 010002, 010003, 010004,
010005, 010011, 010012, 010013

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter