

**LAW DEPARTMENT
FISCAL YEAR 2017 BUDGET TESTIMONY
MAY 4, 2016**

INTRODUCTION

Good afternoon, Council President Clarke and Members of City Council. I am Sozi Pedro Tulante, City Solicitor. Joining me today are Craig Straw, First Deputy City Solicitor, Donna Mouzayck, Deputy Administrative Solicitor, Daniel Cantu-Hertzler, Chair of Corporate and Tax Group, Jane Istvan, Chair of Litigation Group, Vanessa Garrett Harley, Chair of Social Services Group, Suki Kazahaya Director of Administrative Services and Frank Paiva, Chief Counsel to the Department of Revenue, in addition to other members of my staff. I am pleased to provide testimony on the Law Department's Fiscal Year 2017 operating budget.

DEPARTMENT MISSION/PLANS

Mission: To provide high-quality legal advice and services to City departments, agencies, boards, commissions, and City Council, in a timely and cost-effective manner.

Description of Major Services: The Law Department ("Law") negotiates, drafts, and approves City contracts; maximizes the City's ability to collect delinquent taxes, fines and other debts; represents the City's interests in litigation; counsels departments, agencies, boards and commissions on legal issues; and prepares and assists in the preparation of legislation for introduction in City Council.

Plans for Fiscal Year 2017:

Affirmative Litigation Program: In FY17, Law will work to increase executions from existing judgments that the City has against other parties, and collections in lieu of such executions. These debts arise from court-ordered fines, code enforcement actions, unpaid service charges including police overtime, emergency medical transportation, excess alarm calls, penalties for air pollution violations, and business tax judgments.

Tax Collection Efforts: Law and the Revenue Department continue to step up efforts to increase delinquent collections for the General, School District and Water funds. So far in FY16, the Tax Unit has increased collections year-over-year in Business Taxes by 40%, in Real Estate Tax by 15%, in Water by 24%, and in Bankruptcy by 12%. Filings of real estate tax foreclosures increased from an average of 106 filings per month during the first six months of 2009 to an average of 900 foreclosures filed per month during the first seven months of FY16, an increase of over 850%. Additionally, Law and Revenue are coordinating efforts with the City's new Landbank to utilize the City's foreclosure tools to remediate blight by assisting in the Landbank's efforts to acquire delinquent vacant land in areas where strategic municipal acquisition will assist in revitalizing neighborhoods. In FY17, the Law Department expects to increase delinquent collections year-over-year in Business Tax by 15%, in Real Estate Tax by 5%, in Water by 35% and in Bankruptcy by 15%.

Law is in the second year of the Sequestration Program. Sequestration is a strategy by which the City petitions the courts to appoint a receiver to collect rents from tenants to pay the taxes of delinquent rental property owners. The Sequestration program was also started in late FY14 and through March 31, 2016 has collected almost \$36 million. In FY17, the Law Department anticipates collecting approximately \$17 million by means of the Sequestration program.

Landbank Program: Law has assisted in the transfer of properties to the Landbank through the Philadelphia Redevelopment Authority, for sale to the public, when authorized by resolution of City Council. As of April 6, 2016, there were approximately 1,020 City owned properties approved for transfer. Law reviewed approximately 850 of those deeds, and in FY17 will continue to review deeds and offer appropriate advice.

Enforcement for Code Violations: The December 2015 Building Safety and Oversight Report has recommended that the City expand the Law Department's capacity to enforce code violations in court by adding additional staff. These additional employees will allow Law to address a greater number of dangerous code violations in court in an expedited manner and benefit the overall safety of the City residents and its neighborhoods. The increased capacity to file cases in court will be tracked in conjunction with L&I. In addition, a newly created Administrative Search Warrant procedure was approved by the Court of Common Pleas, streamlining the process for gaining entry into properties where code violations are suspected. As a result, investigation of code violations can be expedited. Also, at the Law's request, the Court of Common Pleas has recently allotted additional time for cases involving unsafe and dangerous buildings. This new schedule will result in additional enforcement.

Child Welfare Laws: This fiscal year, Law continued to assist the Department of Human Services in the implementation of over 20 new amendments to the Child Protective Services Law, most of which became effective on January 1, 2015. In particular, Child Welfare attorneys have reviewed over 1,000 cases where DHS made an "indicated" finding of child abuse. This effort required the attorneys to meet with the social work team and evaluate whether the evidence collected by DHS was adequately "substantial" to support a finding of child abuse. This work will continue in FY17.

Electronic Signatures: Law is working with OIT and the Contracts Legislation Unit to implement electronic signatures for City contracts, with the objective of making all contracts fully electronic. This will eliminate paper documents and the transaction time required to handle them, including the time for paper execution, resulting in significant shortening of the time from initiation to conformance. A pilot project to test integration of the electronic signature process with ACIS, the contract workflow, is planned for 2016.

**LAW DEPARTMENT
BUDGET SUMMARY AND OTHER BUDGET DRIVERS**

Staff Demographics Summary (as of January 2016)

	Total	Minority	White	Female
Full-Time Staff	283	112	172	167
	100.0%	39.2%	60.8%	58.7%
Executive Staff	8	3	5	4
	100.0%	37.5%	62.5%	50.0%
Average Salary - Full-Time Staff	\$64,919	\$55,681	\$71,562	\$60,902
Average Salary - Executive Staff	\$128,258	\$133,065	\$125,365	\$130,549
Median Salary - Full-Time Staff	\$59,595	\$51,367	\$68,022	\$55,983
Median Salary - Executive Staff	\$133,387	\$133,773	\$133,000	\$133,387

Employment Levels (as of January 2016)

	Budgeted	Approved	Filled
Full-Time Positions	295	295	283
Part-Time Positions	1	1	1
Executive Positions	8	8	8
<i>Overall Average Salary</i>	\$66,292	\$66,292	\$64,919
<i>Overall Median Salary</i>	\$60,197	\$60,197	\$59,595

Financial Summary by Class - General Fund

	Fiscal 2015 Actual Obligations	Fiscal 2016 Original Appropriations	Fiscal 2016 Estimated Obligations	Fiscal 2017 Proposed Appropriations	Difference FY17-FY16
Class 100 - Employee Compensation	\$6,952,306	\$7,383,566	\$7,717,566	\$7,934,005	\$216,439
Class 200 - Purchase of Services	\$8,148,996	\$7,010,034	\$8,010,034	\$8,410,034	\$400,000
Class 300 - Materials and Supplies	\$209,148	\$211,185	\$211,185	\$211,185	\$0
Class 400 - Equipment	\$33,335	\$37,491	\$37,491	\$37,491	\$0
Class 500 - Contributions	\$399,122	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
TOTAL	\$15,742,907	\$14,642,276	\$15,976,276	\$16,592,715	\$616,439

Contracts Summary (as of December 2015)

	FY11	FY12	FY13	FY14	FY15	FY16*
Total amount of contracts	\$5,549,606	\$5,577,179	\$5,588,387	\$4,829,328	\$4,089,567	\$4,864,928
Total amount to M/W/DBE	\$2,309,562	\$2,284,648	\$2,527,745	\$1,970,130	\$2,014,838	\$1,847,084
Participation Rate	42%	41%	45%	41%	49%	38%

* as of December 2015

**LAW DEPARTMENT
PROPOSED BUDGET OVERVIEW**

PROPOSED FUNDING REQUEST

The proposed FY17 General Fund budget totals \$16,592,715, an increase of \$616,439 over FY16 estimated obligation levels. This net increase is primarily due to the implementation of the recommendation of the Special Independent Advisory Commission on L&I which proposed the hiring of six additional staff in the Law Department's Code Enforcement Division.

The proposed budget includes:

- \$7,934,005 in Class 100, a \$216,439 increase over FY16. Funding of \$475,000 will enable the hiring of the staff dedicated to code enforcement. This increase is offset by a payroll reduction totaling \$250,000. Additional funding in the amount of \$9,439 represents salary increases for some civil service staff.
- \$8,410,034 in Class 200, a \$400,000 increase over FY16. This funding is needed to pay for outside counsel and litigation support services.
- \$211,185 in Class 300 and \$37,491 in Class 400 are the same as FY16.

STAFFING LEVELS

- Law has 295 budgeted positions which include attorneys, legal assistants and support staff. This includes all positions budgeted for through Law and all other operating departments. As of January 2016, 283 full-time positions were filled. The vacancies are temporary and expected to be filled. In 2015, Law had a 19.2% attrition rate as staff separated from Law to seek other career opportunities.
- Of the 283 staff which includes attorneys, legal assistants and support staff, 39.1% are minority and 58.8% are women. At the Executive Committee level, 3 of 8 members are minority and 4 are women.
- As of January 2016, Law hired 34 new staff. These new hires include attorneys, legal assistants and support staff. 41.2% of the new hires are minority and 61.8% are women.

LAW DEPARTMENT PERFORMANCE, CHALLENGES AND INITIATIVES

DEPARTMENT PERFORMANCE (OPERATIONS)

Between July 1, 2015 and March 31, 2016, the Law Department collected over \$2.8 million in court-imposed fines in Municipal Court and Court of Common Pleas, food establishment costs, and liens and judgments related to remediation performed by the Department of Licenses and Inspections. In addition, since launching a bounced-check initiative three years ago, Code Enforcement attorneys have collected a total of \$430,000 from contractors who had bounced checks to the Department of Licenses and Inspections for permit fees.

The Law Department's endeavor to collect tort judgments owed to the City by uninsured property has been very successful. During FY16, this collection initiative yielded total collections in the amount of \$918,000.

Child Welfare attorneys continued to work with DHS in its implementation of Improving Outcomes for Children (IOC) where case management is performed by Community Umbrella Agencies (CUAs) that are based in neighborhoods. Law has been very involved in both preparing CUAs for their appearances in Dependency Court as well as training them on general Court issues.

The Health Department's mission of protecting air quality has been supported by the Law Department's Environmental Division which provides counseling and enforcement. Through efforts of the Division, Law collected penalties of \$309,412 in FY2015, and \$317,387 to date in FY2016.

Accomplishments in litigation include a victory in the LP Group 2 case in which the Law Department persuaded the Common Pleas Court to reject an appeal by a City contractor who had been found to have violated the City's prevailing wage laws. The City withheld almost \$300,000 from the contractor's payments and remitted these sums to the underpaid workers.

In litigation involving Parker Avenue, Law persuaded the Commonwealth Court to issue a precedential decision reversing a trial court's holding that the City had unconstitutionally taken a developer's property without just compensation by refusing to provide the developer with vehicular access to its virtually land-locked property. This was an important victory because it clearly establishes that City Council has discretion to make land use decisions based on the best interests of its constituents, as determined by City Council or even by just the district Councilmember, without interference from a court as to what it thinks is the best use of property.

In 2015, the Civil Rights Unit of the Law Department tried 25 cases to verdict resulting in 22 defense verdicts and 3 verdicts in favor of plaintiffs totaling less than \$150,000. In addition to the successful defenses at trial, civil rights attorneys, through motion practice, disposed of over 450 cases without any City payment, which is a significant increase from the 140 cases dismissed without payment in the previous year.

Thus far in FY16, the Claims Unit has tried 164 civil actions. These attorneys won 120 outright defense awards at Arbitration in the Court of Common Pleas, 4 jury verdicts against plaintiffs, 12 judgments based on cross-claims against property owners and seven wins where plaintiff failed to appear. Of the 24 arbitrations in favor of Plaintiff, four of those awards were less than the City's settlement offer and another four were less than the plaintiff's demand. In addition, attorneys in the Claims Unit were successful in disposing of 8 civil actions through motions practice based on substantive legal issues and had 10 cases where the City's defense was assumed by private insurance resulting in closure of these claims without any payment from the City of Philadelphia.

**LAW DEPARTMENT
OTHER BUDGETARY IMPACTS**

FEDERAL AND STATE (WHERE APPLICABLE)

- Sixty-six (66) Law Department employees of the Child Welfare Unit are funded by DHS. In addition, seven (7) legal assistants are subcontracted directly by the State. Three (3) Regulatory Affairs attorneys are funded through a grant from the Health Department. If the State or Federal funding to DHS and/or Health decreases, the City would be required to increase its proportionate share of dollars to purchase these services.

LAW DEPARTMENT – CONTRACTING EXPERIENCE

**M/W/DSBE Participation on Large Contracts
FY16 Contracts**

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % and \$ Value Participation - All DSBES	Local Business	Living Wage Compliant?
Ballard Spahr Andrews & Ingersoll	Legal Services	\$650,000	5/20/15	11/1/15	MBE: 10-15%	6%	\$39,000			
					WBE: 10-15%	94%	\$611,000	100%	Y	Y
					DSBE: 0%	0%	\$0	\$650,000		
Community Legal Services	Legal Services	\$1,300,000	4/10/15	7/1/15	MBE: 25-30%	5%	\$65,000			
					WBE: 25-30%	0%	\$0	5%	Y	Y
					DSBE: 0%	0%	\$0	\$65,000		
Linebarger Googan Blair & Sampson	Legal Services	\$375,000	12/11/15	3/15/16	MBE: 10-12%	0%	\$0			
					WBE: 5-8%	100%	\$375,000	100%	Y	Y
					DSBE: 0%	0%	\$0	\$375,000		
RCDH of PA Inc	Appraisers	\$400,000	Exempt	11/1/15	MBE: 0%	0%	\$0			
					WBE: 0%	0%	\$0	0%	N	Y
					DSBE: 0%	0%	\$0	\$0		
Salaman Grayson	Legal Services	\$375,000	12/11/15	3/15/16	MBE: 10-12%	0%	\$0			
					WBE: 5-8%	15%	\$56,250	15%	Y	Y
					DSBE: 0%	0%	\$0	\$56,250		

Staff Demographics (as of January 2016)

Full-Time Staff				Executive Staff			
		Male	Female			Male	Female
		African-American	African-American			African-American	African-American
<i>Total</i>		11	72	<i>Total</i>		1	1
<i>% of Total</i>		3.9%	25.4%	<i>% of Total</i>		12.5%	12.5%
<i>Average Salary</i>		\$60,429	\$53,875	<i>Average Salary</i>		\$175,000	\$133,773
<i>Median Salary</i>		\$60,197	\$47,857	<i>Median Salary</i>		\$175,000	\$133,773
		White	White			White	White
<i>Total</i>		96	76	<i>Total</i>		3	2
<i>% of Total</i>		33.8%	29.9%	<i>% of Total</i>		37.5%	25.0%
<i>Average Salary</i>		\$75,380	\$67,605	<i>Average Salary</i>		\$109,609	\$149,000
<i>Median Salary</i>		\$68,022	\$63,808	<i>Median Salary</i>		\$114,375	\$149,000
		Hispanic	Hispanic			Hispanic	Hispanic
<i>Total</i>		3	9	<i>Total</i>		0	0
<i>% of Total</i>		1.1%	3.2%	<i>% of Total</i>		0.0%	0.0%
<i>Average Salary</i>		\$51,467	\$52,369	<i>Average Salary</i>		\$0	\$0
<i>Median Salary</i>		\$56,583	\$56,732	<i>Median Salary</i>		\$0	\$0
		Asian	Asian			Asian	Asian
<i>Total</i>		6	6	<i>Total</i>		0	1
<i>% of Total</i>		2.1%	2.1%	<i>% of Total</i>		0.0%	12.5%
<i>Average Salary</i>		\$53,701	\$60,776	<i>Average Salary</i>		\$0	\$90,422
<i>Median Salary</i>		\$57,562	\$57,637	<i>Median Salary</i>		\$0	\$90,422
		Other	Other			Other	Other
<i>Total</i>		1	3	<i>Total</i>		0	0
<i>% of Total</i>		0.4%	1.1%	<i>% of Total</i>		0.0%	0.0%
<i>Average Salary</i>		\$53,422	\$64,253	<i>Average Salary</i>		\$0	\$0
<i>Median Salary</i>		\$53,422	\$60,197	<i>Median Salary</i>		\$0	\$0
		Bi-lingual	Bi-lingual			Bi-lingual	Bi-lingual
<i>Total</i>		0	0	<i>Total</i>		0	0
<i>% of Total</i>		0.0%	0.0%	<i>% of Total</i>		0.0%	0.0%
<i>Average Salary</i>		\$0	\$0	<i>Average Salary</i>		\$0	\$0
<i>Median Salary</i>		\$0	\$0	<i>Median Salary</i>		\$0	\$0
		Male	Female			Male	Female
<i>Total</i>		117	167	<i>Total</i>		4	4
<i>% of Total</i>		41.3%	58.7%	<i>% of Total</i>		50.0%	50.0%
<i>Average Salary</i>		\$71,241	\$60,463	<i>Average Salary</i>		\$125,957	\$130,549
<i>Median Salary</i>		\$63,808	\$56,583	<i>Median Salary</i>		\$126,188	\$133,387

LAW DEPARTMENT
APPENDIX (Other Relevant Data and Charts)

Number of Bilingual Employees (as of January 2016)

	Spanish	French	German	Greek	Hebrew	Polish	Italian	Haitian Creole
Executive	1	1	1			1		
Administrative Services	1							
Appeals & Legislation	2	1					1	
Civil Rights	1							1
Commercial Law	1	1		1				
Economic Development & Pensions					1			
Regulatory Affairs	1	1						
Tax	3			1				
Health & Adult Services	1							
Total - All Divisions	11	4	1	2	1	1	1	1
Total - # of Bilingual Employees *	16							
Total - # of Languages Spoken	8							

*Six (6) employees spoke more than 1 language.