

**LAW DEPARTMENT
FISCAL YEAR 2018 BUDGET TESTIMONY
MAY 3, 2017**

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, Valerie Robinson, Chair of Corporate and Tax Group, Marcel Pratt, Chair of Litigation Group, Vanessa Garrett Harley, Chair of Social Services Group, Steve Ludovico, Director of Administrative Services and Frances Beckley, 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 2018 Operating Budget.

MISSION

The Law Department (Law) provides timely, cost-effective, and high-quality legal advice and services to City departments, agencies, boards, and commissions. 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 regulatory compliance and development of policies and procedures; represents the City in Child Welfare and Health matters; and prepares and assists in the preparation of legislation for introduction in City Council. In addition, Law is dedicated to developing and retaining a diverse workforce that is representative of the City's population.

Plans for Fiscal Year 2018:

The Philadelphia Beverage Tax: In Fiscal Year 2017, the Law Department spearheaded a team to defend the Philadelphia Beverage Tax. In December, the Court of Common Pleas dismissed the lawsuit filed by the American Beverage Association and other plaintiffs challenging the tax. Thereafter, the tax went into effect as scheduled on January 1, 2017. Since Plaintiffs have appealed the decision to the Commonwealth Court, which held oral arguments on April 5, 2017, the Law Department will continue to vigorously defend the validity of the tax in Fiscal Year 2018. Ultimately, if the tax is sustainable on appeal, it is anticipated to generate approximately \$92 million a year in tax revenue over the next five years. This revenue will primarily support the City's universal pre-K initiative, Community Schools, and renovations to parks, recreation centers, and libraries.

Sanctuary Cities: Law continues to evaluate potential funding threats from the federal and state governments with respect to our local policies that promote cooperation between the Police and our immigrant communities and require adherence to the requirements of the Constitution when the federal government asks us to detain someone without a criminal warrant. With the assistance of outside counsel we will evaluate the risks involved and work to develop strategies in Fiscal Year 2018 for protecting the interests of the City with respect to these issues.

Affirmative and General Litigation Program: Law obtained significant victories in addition to the Beverage Tax litigation over the last year. Notable among these were the City's defeat of an over \$20 million claim asserted by a former lessee of property reclaimed under the City's lease for Airport expansion purposes (Victory Recycling); the dismissal of a putative class action potentially seeking the replacement of all lead water pipes in the City; dismissal of an action seeking to restrict the rights of residents convicted of a felony to vote following their release from incarceration (ACRU); elimination of post-election challenges to the

integrity of the City's election process; and the release of a Fairmount Park mansion from testamentary restrictions that had resulted in its being closed to the public, meaning that the Loudoun Mansion will now be able to be renovated and reopened. In addition, Law collected over \$160,000 in an outstanding judgment against a former concessionaire through creative garnishments of notes held by a third party.

Law has sought to enhance executions on existing judgments against other parties and collections in lieu of those executions. The debts for collection activity arise from court-ordered fines, code enforcement actions, and business tax judgments. As a result of these efforts, we expect significant results before the end of the fiscal year.

Code Enforcement: In Fiscal Year 2018, Law plans to increase collection of outstanding liens by seeking payment agreements from individuals challenging liens before the Tax Review Board. Also, Code attorneys will begin to file actions in the Court of Common Pleas for permit violations, which will result in stiffer penalties than those issued as a result of filing complaints in Municipal Court. Finally, to save resources pre-suit letters will be sent to property owners to encourage them to bring their properties into compliance quickly and without litigation.

eProcurement: In the first half of Fiscal Year 2017, Law worked closely with the Procurement Commissioner and his staff to roll out PHLContracts, the electronic bidding software system that will largely eliminate paper contracts from the process of awarding competitively bid contracts. This project will dramatically increase the efficiency of competitive bidding in the City.

Diversity and Inclusion: Through the efforts of Law, in conjunction with Chief Diversity Officer Nolan Atkinson, the Law Department from January 1, 2016 through December 31, 2016, hired a total of 50 new employees, 56% (or 28 individuals) of which were diverse. As for attorney hires, the Law Department for this same period hired a total of 30 new attorneys, 56.67% (or 17 individuals) of which were diverse. In addition, Law created a Diversity Committee in 2016 to develop diversity initiatives into the Law Department's culture and operation, implement strategies to not only recruit but to maintain attorneys belonging to minority groups, educate employees on current and relevant diversity issues and create marketing and networking opportunities. Law is committed to continuing these efforts in FY18.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2016) –Law Dept. Staff, All Funds				
	Total	Minority	White	Female
Number of Full-Time Staff	169	70	99	87
Number of Civil Service-Exempt Staff	140	51	89	64
Number of Executive Staff	7	3	4	2
Average Salary, Full-Time Staff	\$68,600	\$56,314	\$77,287	\$61,558
Average Salary, Civil Service-Exempt Staff	\$69,432	\$62,942	\$81,568	\$69,432
Average Salary, Executive Staff	\$126,850	\$147,000	\$111,738	\$135,500
Median Salary, Full-Time Staff	\$60,197	\$50,565	\$72,237	\$53,422
Median Salary, Civil Service-Exempt Staff	\$68,022	\$54,177	\$72,737	\$64,245
Median Salary, Executive Staff	\$133,000	\$133,000	\$110,250	\$135,500

Employment Levels (as of December 2016) –Law Dept. Staff, All Funds		
	Budgeted	Filled
Number of Full-Time Positions	170	169
Number of Part-Time Positions	0	0
Number of Civil-Service Exempt Positions	138	140
Number of Executive Positions	6	7
Average Salary of All Full-Time Positions	\$71,576	\$68,600
Median Salary of All Full-Time Positions	\$61,526	\$60,197

Note: Not reflected in the Law Department’s All-Funds budget are 123 staff who report to the City Solicitor but whose salaries are accounted for in other departments’ budgets. The chart below shows the demographics and salaries of these staff in addition to the Law Department staff to provide a more complete picture of the departments’ demographics.

Staff Demographics Summary (as of December 2016) -- All Staff (includes staff who report to City Solicitor but are funded through other departments’ budgets)				
	Total	Minority	White	Female
Number of Full-Time Staff	299	119	180	171
Number of Civil Service-Exempt Staff	33	23	10	27
Number of Executive Staff	8	4	4	3
Average Salary, Full-Time Staff	\$66,513	\$57,756	\$72,302	\$62,637
Average Salary, Civil Service-Exempt Staff	\$38,028	\$37,521	\$39,195	\$38,628
Average Salary, Executive Staff	\$127,716	\$143,693	\$111,738	\$134,924
Median Salary, Full-Time Staff	\$59,595	\$51,867	\$68,022	\$55,177
Median Salary, Civil Service-Exempt Staff	\$37,548	\$34,101	\$38,518	\$37,548
Median Salary, Executive Staff	\$133,387	\$133,387	\$110,250	\$133,773

General Fund Financial Summary by Class						
	FY16 Original Appropriations	FY16 Actual Obligations	FY17 Original Appropriations	FY17 Estimated Obligations	FY18 Proposed Appropriations	Difference: FY18-FY17
Class 100 - Employee Compensation	\$7,383,566	\$7,405,269	\$7,934,005	\$8,200,743	\$8,334,481	\$133,738
Class 200 - Purchase of Services	\$7,010,034	\$6,628,250	\$8,410,034	\$8,236,860	\$7,010,034	(\$1,226,826)
Class 300 - Materials and Supplies	\$211,185	\$211,759	\$211,185	\$211,185	\$211,185	\$0
Class 400 - Equipment	\$37,491	\$14,271	\$37,491	\$37,491	\$37,491	\$0
Class 500 - Contributions	\$0	\$313,651	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0	\$0
	\$14,642,276	\$14,573,200	\$16,592,715	\$16,686,279	\$15,593,191	(\$1,093,088)

Professional Services Contracts Summary						
	FY12	FY13	FY14	FY15	FY16	FY17 YTD (Q1 & Q2)
Total amount of contracts	\$5,577,179	\$5,588,387	\$4,829,328	\$4,089,567	\$4,932,700	\$7,716,815
Total amount to M/W/DSBE	\$2,284,648	\$2,527,745	\$1,970,130	\$2,014,838	\$1,498,029	\$2,719,480
Participation Rate	41%	45%	41%	49%	30%	35%

M/W/DSBE Contract Participation Goal			
	FY16	FY17	FY18
M/W/DSBE Contract Participation Goal	30%	35%	35%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2018 General Fund budget totals \$15,593,191, a decrease of \$1,093,088 over Fiscal Year 2017 estimated obligation levels.

The proposed budget includes:

- \$8,334,481 in Class 100, a \$133,738 increase over FY17. This funding will cover staff compensation for the department with the increase covering exempt raises and DC33 pay increases.
- \$7,010,034 in Class 200, a \$1,226,826 decrease over FY17. This funding will pay for outside counsel and support services associated with litigation.
- \$211,185 in Class 300 and \$37,491 in Class 400 are the same as FY17.

STAFFING LEVELS

The department is requesting 176 budgeted positions (All Funds) for FY18, an increase of 6 positions over FY17. The increase is attributed to an additional Executive Team position and growth in our Code Enforcement and Child Welfare units.

NEW HIRES

New Hires -- All Staff (includes staff who report to the City Solicitor but are funded through other departments)	
	Total Number
Black or African American	3
Asian	1
White	7
Other	2
Total	13

New Hires -- All Funds (Law Department-funded staff only)	
	Total Number
Black or African American	1
Asian	1
White	1
Other	1
Total	4

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY18 Performance Measures				
Measure	FY16 Actual	FY17 YTD (Q1)	FY17 Estimate *	FY18 Target*
Number of incoming lawsuits (litigation)	2020	496	1,984	2,044
Number of cases closed (litigation)	1525	365	1,460	1,504
<i>With pay</i>	605	212	848	873
<i>Without pay</i>	920	153	612	630
Number of contracts (commercial law) **	2,892	1,971	2,705	2,705
Average days to process a contract (Law and Department drafts)	33	36	N/A	
<i>Conformed Law Draft, Total Average Steps to Process **</i>	39	44	benchmark: 30	30
<i>Conformed Department Draft, Total Average Steps to Process**</i>	14	13	benchmark: 19	19
Number of contracts and transactions (real estate and economic development)	1,683	1,070	1,834	1,889

* These are projections, not targets. FY18 Year-End Forecasted is based on FY17 Year-End Forecasted, plus 3%.

**FY17 and 18 Contract Estimated: These numbers represent the average for total contracts completed for the prior five-year period (FY12-16) since there was no clear progression either up or down from year to year upon which to base future contract totals.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

N/A.

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY17											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	MBE Range in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits)	Waiver for Living Wage Compliance?
Community Legal Services	Legal Services	\$1,700,000	4/10/2015	7/1/2015	MBE: 25-30%	5%	\$85,000	5%	\$85,000	yes	no
					WBE: 25-30%	0%	\$0				
					DSBE: 0%	0%	\$0				
Salaman Grayson	Legal Services	\$1,400,000	12/11/2015	7/1/2016	MBE: 10-12%	5%	\$70,000	25%	\$350,000	yes	no
					WBE: 5-8%	20%	\$280,000				
					DSBE: 0%	0%	\$0				
Linebarger, Goggin, Blair & Sampson	Legal Services	\$1,400,000	12/11/2015	7/1/2016	MBE: 10-12%	0%	\$0	100%	\$1,400,000	yes	no
					WBE: 5-8%	100%	\$1,400,000				
					DSBE: 0%	0%	\$0				
Chamberlain, Hrdlicka, White, Williams & Aughtry	Legal Services	\$800,000	Exempt	7/1/2016	MBE: N/A	100%	\$800,000	100%	\$800,000	no	no
					WBE: N/A	0%	\$0				
					DSBE: N/A	0%	\$0				
Hangley, Aronchick, Segal & Pudlin & Schiller	Legal Services	\$800,000	Exempt	8/2/2016	MBE: N/A	0%	\$0	0%	\$0	yes	no
					WBE: N/A	0%	\$0				
					DSBE: N/A	0%	\$0				

EMPLOYEE DATA

Staff Demographics (as of December 2016) -- All Staff (includes staff who report to the City Solicitor but are funded through other departments)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	14	72	<i>Total</i>	2	2
<i>% of Total</i>	5%	24%	<i>% of Total</i>	25%	25%
<i>Average Salary</i>	\$72,215	\$55,478	<i>Average Salary</i>	\$154,000	\$133,387
<i>Median Salary</i>	\$62,303	\$49,873	<i>Median Salary</i>	\$154,000	\$133,387
	White	White		White	White
<i>Total</i>	99	81	<i>Total</i>	3	1
<i>% of Total</i>	33%	27%	<i>% of Total</i>	38%	13%
<i>Average Salary</i>	\$74,782	\$69,271	<i>Average Salary</i>	\$102,984	\$138,000
<i>Median Salary</i>	\$68,522	\$68,022	<i>Median Salary</i>	\$82,500	\$138,000
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	4	9	<i>Total</i>	0	0
<i>% of Total</i>	1%	3%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$54,703	\$57,125	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$56,886	\$60,000	<i>Median Salary</i>	\$0	\$0
	Asian	Asian		Asian	Asian
<i>Total</i>	8	5	<i>Total</i>	0	0
<i>% of Total</i>	3%	2%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$52,108	\$65,042	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$53,422	\$60,197	<i>Median Salary</i>	\$0	\$0
	Other	Other		Other	Other
<i>Total</i>	3	4	<i>Total</i>	0	0
<i>% of Total</i>	1%	1%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$42,138	\$66,533	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$39,730	\$65,615	<i>Median Salary</i>	\$0	\$0
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	15	15	<i>Total</i>	0	0
<i>% of Total</i>	5%	5%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$77,903	\$56,220	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$63,808	\$53,422	<i>Median Salary</i>	\$0	\$0
	Male	Female		Male	Female
<i>Total</i>	128	171	<i>Total</i>	5	3
<i>% of Total</i>	43%	57%	<i>% of Total</i>	63%	38%
<i>Average Salary</i>	\$71,692	\$62,637	<i>Average Salary</i>	\$123,390	\$134,924
<i>Median Salary</i>	\$63,808	\$55,177	<i>Median Salary</i>	\$133,000	\$135,500

Staff Demographics (as of December 2016) -- All Funds (Law Department-funded staff only)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	11	40	<i>Total</i>	2	1
<i>% of Total</i>	7%	24%	<i>% of Total</i>	29%	14%
<i>Average Salary</i>	\$75,547	\$50,376	<i>Average Salary</i>	\$154,000	\$133,000
<i>Median Salary</i>	\$56,583	\$41,446	<i>Median Salary</i>	\$154,000	\$133,000
	White	White		White	White
<i>Total</i>	61	38	<i>Total</i>	3	1
<i>% of Total</i>	36%	22%	<i>% of Total</i>	43%	14%
<i>Average Salary</i>	\$80,721	\$71,776	<i>Average Salary</i>	\$102,984	\$138,000
<i>Median Salary</i>	\$76,461	\$71,369	<i>Median Salary</i>	\$82,500	\$138,000
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	3	4	<i>Total</i>	0	0
<i>% of Total</i>	2%	2%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$57,286	\$63,379	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$57,188	\$62,341	<i>Median Salary</i>	\$0	\$0
	Asian	Asian		Asian	Asian
<i>Total</i>	4	2	<i>Total</i>	0	0
<i>% of Total</i>	2%	1%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$46,163	\$78,257	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$42,965	\$78,257	<i>Median Salary</i>	\$0	\$0
	Other	Other		Other	Other
<i>Total</i>	3	3	<i>Total</i>	0	0
<i>% of Total</i>	2%	2%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$42,138	\$67,642	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$39,730	\$68,022	<i>Median Salary</i>	\$0	\$0
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	9	6	<i>Total</i>	0	0
<i>% of Total</i>	5%	4%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$86,665	\$59,612	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$80,664	\$56,186	<i>Median Salary</i>	\$0	\$0
	Male	Female		Male	Female
<i>Total</i>	82	87	<i>Total</i>	5	2
<i>% of Total</i>	49%	51%	<i>% of Total</i>	71%	29%
<i>Average Salary</i>	\$76,072	\$61,558	<i>Average Salary</i>	\$123,390	\$126,850
<i>Median Salary</i>	\$68,022	\$53,422	<i>Median Salary</i>	\$133,000	\$133,000

NUMBER OF BILINGUAL EMPLOYEES

Number of Bilingual Employees -- All Staff (includes staff who report to the City Solicitor but are funded through other departments)															
	Bambara	Cantonese	French	German	Greek	Hebrew	Italian	Korean	Malayalam	Mandarin	Polish	Portuguese	Spanish	Tagalog	Vietnamese
Admin	1												2		
Regulatory Affairs		1	1					1		1			1		
Code Enforcement			1											1	
Commercial Law			1	1	1						1		2		
Economic Development			1				1			1					
Tax			1	1			1		1			1	1	1	1
Child Welfare					1						1		1		
Claims					1										
Legislation						1									
Health & Adult Services													2		
Affirmative & General Litigation					1										
Total - All Divisions	1	1	5	2	4	1	2	1	1	2	2	1	9	2	1
Total - # of Bilingual Employees	30														
Total - # of Languages Spoken	15														

Number of Bilingual Employees -- All Funds (Law Department-funded staff only)											
	Bambara	French	German	Greek	Hebrew	Italian	Korean	Mandarin	Polish	Spanish	Tagalog
Admin	1									2	
Code Enforcement		1		1						2	1
Commercial Law		1	1						1		
Economic Development		1				1		1			
Claims				1							
Legislation					1						
Regulatory Affairs							1			1	
Affirmative & General Litigation				1							
Total - All Divisions	1	3	1	3	1	1	1	1	1	5	1
Total - # of Bilingual Employees		15									
Total - # of Languages Spoken		11									