

# CITY OF PHILADELPHIA PENNSYLVANIA

## OFFICE OF THE CONTROLLER

*Promoting honest, efficient, and fully accountable government*

### **Department of Licenses & Inspections Follow-Up Investigation**

Review of Internal Communications

AUGUST 2015



City Controller  
**ALAN BUTKOVITZ**



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#### Background

Since taking office almost 10 years ago, the City Controller has issued several audits and reports that implicated major deficiencies and lack of controls for the functions, procedures and staffing levels within the Department of Licenses and Inspections (L&I). It wasn't until after the deadly June 2013 Market Street building collapse that the City began to initiate new regulations and oversight standards for L&I in relation to demolitions and construction services. However, as revealed in a performance audit issued by the Controller one year after the collapse, many of these new procedures were not being followed.

In February 2015, the Philadelphia Inquirer reported that an illegal, unsafe demolition occurred on the block of 26<sup>th</sup> and Poplar streets, which resulted in the complete destruction of several houses and garages. According to the Inquirer, a demolition company received permission from L&I to tear down the buildings without having to obtain the required permits and inspections.

Subsequently, the City Controller immediately issued a subpoena to L&I for records pertaining to the demolition that occurred at 26<sup>th</sup> and Poplar streets, as well as other demolitions that occurred throughout 2014, including internal communications between L&I officials, contractors and many others who corresponded with the department.

#### What the Controller's Office Found

After reviewing internal communications as part of a subpoena issued to L&I, the following events were identified by the Controller's Office:

- Several properties located at 26<sup>th</sup> and Poplar and on the 900 Block of Taney Street were demolished at some point between the evening of Friday, April 18, 2014 (Good Friday) and that Saturday morning. Staff in the Law and L&I departments raised concerns with a top L&I Inspector days after, as no one knew who contracted or performed the demolitions.
- Communication between the contractor who reportedly performed the illegal demolitions and L&I officials occurred months after the incident. When the L&I Commissioner requested a status update for the contractor to obtain demolition permits, an employee stated that the contractor's permits were reviewed several times but the applicant failed to provide basic information. The following was communicated to the Commissioner:  
*"We may want to explore alternative application for ID bldgs (sic) – these guys just refuse to comply with code bulletin."*
- The same contractor in question was placed on the City's Master Demolition list eight months after the illegal demolition and awarded 12 demolitions in December 2014 valued at \$171,888.
- Communication with the newly-formed Construction Site Task Force indicated that overtime was prevalent for employees within this unit, as stated by the unit's supervisor when asked by another employee if he could get overtime for a project:  
*"Anything you want f\*ck it, there's money to burn. You can work everyday if you want"*

**The detailed email communication that was provided through the Controller's Office subpoena are summarized and presented in the subsequent pages.**

## **Email Communications Related to Illegal Demolition within L&I**

**April 22, 2014 (Tuesday)**

(11:56 AM) An attorney from the Law Department contacted Department of Licenses and Inspections' (L&I) INSPECTOR #1 regarding a property at 909 N. Taney Street that was demolished without the owner's knowledge or permission. The attorney indicated that the property was demolished sometime between Thursday and Saturday of last week.

The attorney indicated that the property owner of 911 and 913 N. Taney Street appeared to have demolished his two properties along with 909 N. Taney Street, which he did not own.

The attorney also requested for INSPECTOR #1 to issue the requisite notice of violation to the property owner of 911-913 Taney Street and/or the contractor who performed the demolition. The attorney stated he/she will obtain the name of the demolition contractor if possible.

(12:31 PM) INSPECTOR #2 sent a photograph to INSPECTOR #1 of a Stop Work Order that was posted at the sites of 909, 911, 913 Taney and 2619 Poplar streets.

(12:32 PM) L&I ADMINISTRATOR #1 contacted INSPECTOR #1 and stated that the properties at 2619 Poplar, 909 N. Taney and 911 N. Taney (and possibly other nearby properties) were demolished at some point between Friday evening (4/18/14) and Saturday evening (4/19/14).

L&I ADMINISTRATOR #1: "We do not know who contracted for the demolitions or what contractor performed the demolitions, as there are no demolition permits (issued or applied for) in Hansen."

L&I ADMINISTRATOR #1 indicated that the three properties in question were declared ID after an inspection by INSPECTOR #2 on 4/16/2014.

L&I ADMINISTRATOR #1 requested the following from INSPECTOR #1:

1. What prompted the inspection on 4/16/2014? There is no record of any service requests in Hansen.
2. What contact was made with the owners of the properties in question? Who made the contact and what was stated?
3. Was a copy of the court order received by L&I and if so, when and from whom?
4. When did L&I stop the owner of 911-913 N. Taney streets? What was the violation that prompted a stoppage? Who was the inspector and were there photos? There is no record of an inspection or stop work in Hansen so I need details as to what the inspector saw and what was communicated to the owner.
5. Who was the inspector that was on the site in question on Saturday? Are there photos? There is no record of an inspection in Hansen so I need details as to what happened.
6. The Code Enforcement compliant and NOV [Notice of Violation] for 909 N. Taney was sent to the wrong owner. Has a notice been sent to the proper owner?

L&I ADMINISTRATOR #1 said to INSPECTOR #1: "Please advise on all these questions as soon as possible. I want to have all of the information in detail so that we can properly respond to questions."

(2:04 PM): INSPECTOR #1 responded to the attorney: "Ok".

(3:23 PM) INSPECTOR #2 sent message to INSPECTOR #1 with information regarding an inspection as follows:

INSPECTOR #2: "Walk in complaint building in danger of collapsing from George Wed. April 16<sup>th</sup> prompted inspection of buildings at site. ID cases written all properties imminently dangerous fence was around properties at time of inspection. Pictures taken. No permission was given to start demolition. Cases written 4-17-14 and posted 4-17-14. Owner of some properties demolished buildings without permits over the holiday weekend. STOP WORK order posted on all properties. Police notified."

(4:01 PM) INSPECTOR #1 said to L&I ADMINISTRATOR #1: "We spoke with the law department. Please refer any other questions regarding this to me. Thanks."

(4:24 PM) L&I ADMINISTRATOR #1 responded to INSPECTOR #1 asking for additional information on these properties since they all had open Vacant Property Strategy cases.

L&I ADMINISTRATOR #1 again asks for INSPECTOR #1 to respond to the original questions and that 2619 Poplar and 909 N. Taney were both in the middle of active Blight Court proceedings, with 2619 Poplar just in court on 4/15; stating that this is why the Law Department is involved.

#### **April 24, 2014 (Thursday)**

(4:30 PM) L&I ADMINISTRATOR #1 sent message to INSPECTOR #1 stating that L&I received a complaint that 917-41 N. Taney and 2601 Poplar Street were part of the illegal demolition over the same weekend. Neither of the properties was cited for working without a permit.

L&I ADMINISTRATOR #1 indicated that 917-41 N. Taney is a large beer distributor that was owned by Fairmount Beer Distributors and under the control of the owner of 911 N. Taney Street.

L&I ADMINISTRATOR #1: "Not sure if the inspector saw this when he/she went out to write the demo without a permit cases yesterday, but I am told that the building is down. You guys did not declare this one ID on 4/17 like you did with the others on the block. No demo permit."

L&I ADMINISTRATOR #1 also indicated that 2601 Poplar is a corner property and is owned by the same owner involved with the other properties.

L&I ADMINISTRATOR #1: "Not sure if the inspector saw this when he/she went out to write the demo without a permit case yesterday but I am told that the building is down. This one was one of those declared ID on 4/17. Not active demo permit (application only – not issued).

(5:16 PM) INSPECTOR #1 responded to L&I ADMINISTRATOR #1: "Ok".

(9:01 PM) INSPECTOR #1 sent message to INSPECTOR #2 under the subject of 917-41 N. Taney and 2601 Poplar: "Please get back to me on this."

**July 15, 2014 (Tuesday)**

(1:19 PM) CONTRACTOR #1 sent message to INSPECTOR #1, "Here is info requested. 2601 w poplar st one story garage. 911-913 n Taney st one story garage. Two- three days of work"

(1:44 PM) INSPECTOR #1 sent message to [phillybuildingappointments@gmail.com](mailto:phillybuildingappointments@gmail.com) under the subject Fw: Demo Taney: "Can you please look into the demo permits for these? Contractor states he has been waiting for months. Thanks."

**August 1, 2014 (Friday)**

(4:20 PM) COMMISSIONER sent message to L&I ADMINISTRATOR #2 under the subject RE: Demolition Permit Issues: "Also 911-913 Taney Street"

(4:35 PM) L&I ADMINISTRATOR #2 responded to the L&I COMMISSIONER with the following:

"This is the same- it was reviewed multiple times but applicant failed to provide basic information such as the height of the structure, sidewalk protection, past experience, workman's comp, etc... I spoke with [a representative of CONTRACTOR #1] about issues two weeks ago."

"It looks like additional info was dropped off on 7/29. [An L&I employee] is on vacation so I'll ask [another L&I employee] to have someone take a look on Monday."

"We may want to explore alternative application for ID blds- these guys just refuse to comply with code bulletin."

## **Additional Information in Connection to 26<sup>th</sup> & Poplar**

In December 2014, eight months after the illegal demolition occurred, the contractor in question, was awarded 12 demolition projects with a total value of \$171,888 by being placed on the City's Master Demolition List.

In one month the contractor was awarded the following demolition projects:

	<u>Property Address</u>	<u>Amount</u>
1.	3132 N. Broad St.	\$21,300
2.	4841 N. 10 <sup>th</sup> St.	\$19,600
3.	3348 N. 15 <sup>th</sup> St.	\$19,460
4.	172 W. Seymour St.	\$16,800
5.	2731 N. Fairhill St.	\$15,500
6.	2733 N. Fairhill St.	\$15,500
7.	3230 N. Sydenham St.	\$15,260
8.	1133 W. Westmoreland St.	\$14,000
9.	2119 N. 7 <sup>th</sup> St.	\$9,980
10.	2915 Kip St.	\$9,600
11.	3233 N. Woodstock St.	\$8,888
12.	66 E. Earlham St.	\$6,000
	Total	\$171,888

For four of the 12 demolitions awarded, INSPECTOR #2, who was included in the communication regarding the illegal demolition at 26<sup>th</sup> and Poplar streets, was the inspector in charge of overseeing the awarded demolitions.

On February 25, 2015, three days after the Philadelphia Inquirer reported that an illegal demolition took place at 26<sup>th</sup> and Poplar streets, the Philadelphia Procurement Department sent a Notice of Default and Termination to the same contractor in question. The Termination Notice stated that this action was taken pursuant to Section 3, "Contract Management, Default and Termination," of the Fiscal 2015 Master Demolition Terms and Conditions of Bidding and Contract. The contractor failed to comply with the City Code ("Applicable Law") when it illegally performed demolition at 26<sup>th</sup> & Poplar Streets (as referenced in your application for the Fiscal Year 2015 Master Demolition Program). The contractor failed to secure requisite permits from the Department of Licenses & Inspections, violated the provisions of the Philadelphia Code regarding demolitions and put the public at serious risk.

## **Additional Communication Regarding the Construction Site Task Force**

After the June 2013 deadly building collapse, L&I created the Construction Site Task Force (CSTF) was created to review and audit licensing, permitting, and inspections of major construction and demolition sites, according to a June 12, 2013, press release issued by the Mayor's Office. According to subpoenaed records, the CSTF consisted of 30 employees that appeared to operate as a separate division within L&I from the current inspection unit. The CSTF consisted of current L&I employees as well as new hires.

The City Controller's Feb. 23, 2015, subpoena for records included a request for time records pertaining to overtime costs associated with several individuals on the CSTF. It was discovered that several CSTF employees had received significant increases in overtime for 2014. The range of overtime for these employees went from a few thousand dollars to as much as \$50,000 – in addition to the employees' salary.

INSPECTOR #3 earned \$50,552 in 2014, which was in addition to an annual salary of \$59,627. INSPECTOR #3 never earned more than \$250 in overtime in prior years working for L&I.

The overtime in CSTF was prevalent as indicated in a message from INSPECTOR #3 to a CTSF employee as described below:

**September 24, 2014 (Wednesday)**

(3:27 PM) INSPECTOR #3 to CTSF employee under the subject RE: 2630 n 6th: "thank you"

(3:32 PM) CTSF employee responds: "Can I put in for o/t???"

(3:37 PM) INSPECTOR #3 responds: "Anything you want f\*ck it, there's money to burn. You can work everyday if you want"

After CSTF was formed, internal communications indicated that employees within other divisions of L&I were provided with an opportunity to join the Task Force. However, the actions of the CSTF appear to go beyond its stated mission to provide oversight of construction and demolition sites. In a message sent from INSPECTOR #3, who was in a leadership role within the CSTF, to an L&I employee in the Permit Control Unit, the role of the CSTF was described in the message below:

**September 26, 2014 (Friday)**

(5:18 PM) L&I employee in the Permit Control Unit sent message to INSPECTOR #3: "Gotta admit, I was enthused last night and this morning thinking about the possible change. Plus dealing with these contractors today with the no employee letter and pulling a permit to build a house makes me want to come over."

(5:32 PM) INSPECTOR #3 responds: "Come on down then, so you can f\*ck with those same guys!"

**September 29, 2014 (Monday)**

(2:37 PM) L&I employee in the Permit Control Unit sent message to INSPECTOR #3: "Okay I thought about more over the weekend. I still would like to do the shadow thing first just to make sure I know what I'll be doing. Would I have to set that up with INSPECTOR #1? I will but I want to talk you first before I say anything down here. I'll text or call you later after work."

(2:39 PM) INSPECTOR #3 responds: "Ok"