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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE OF THE WHOLE

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6

Room 401, City Hall
Philadelphia, Pennsylvania
Tuesday, March 7, 2000
1:10 p.m.

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BILL NOS. 000079, 000080, 000082, 000083, 000084,
and 000085

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PRESENT:

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COUNCIL PRESIDENT ANNA C. VERNA, Chair

13

COUNCILWOMAN JANNIE L. BLACKWELL

COUNCILWOMAN BLONDELL REYNOLDS BROWN

14

COUNCILMAN DARRELL L. CLARKE

COUNCILMAN DAVID COHEN

15

COUNCILMAN FRANK J. DI CICCIO

COUNCILMAN W. WILSON GOODE, JR.

16

COUNCILMAN JAMES F. KENNEY

COUNCILWOMAN JOAN L. KRAJEWSKI

17

COUNCILMAN W. THACHER LONGSTRETH

COUNCILMAN RICHARD T. MARIANO

18

COUNCILWOMAN DONNA REED MILLER

COUNCILMAN MICHAEL A. NUTTER

19

COUNCILMAN BRIAN J. O'NEILL

COUNCILMAN ANGEL L. ORTIZ

20

COUNCILMAN FRANK RIZZO

COUNCILWOMAN MARIAN B. TASCO

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COUNCIL PRESIDENT Verna: Good morning everyone. This is the continued public hearing of the Committee of the Whole regarding Bill Nos. 79, 80, 82, 83, 84 and 85.

Our first witness is Phillip Berg. Is Mr. Berg in the audience?

(No response.)

Joe Rauscher?

MR. RAUSCHER: Yes.

COUNCIL PRESIDENT Verna: Would you take the witness table, please?

(Applause.)

COUNCIL PRESIDENT Verna: Good morning. Please identify yourself and proceed with your testimony.

MR. RAUSCHER: Good morning, Madam Chairperson. I have copies of my testimony.

COUNCIL PRESIDENT Verna: We'll have them distributed.

Would you proceed, please?

MR. RAUSCHER: Madam President, Members of City Council, ladies and gentlemen. I am Joseph Rauscher, President of the Philadelphia Council AFL-CIO. This Council and our affiliated local

1 Bill Nos. 79, 90, 82, 83, 84, 85
2 unions represent almost 225,000 of the most
3 dedicated working men and women in all of
4 Philadelphia.

5 We're a diverse group. We're hotel
6 workers. We're printers. We work in food stores.
7 We make clothes. We care for the very young, the
8 very old, the sick and the afflicted. We teach
9 children who are our futures. We are fire fighters
10 and police officers who risk their lives to protect
11 us all. We are white-collar and blue-collar city
12 workers who provide the many city services that we
13 often take for granted. We are the building trades,
14 the men and women whose skills and strengths have
15 transformed the skyline of our great city and are
16 creating the Philadelphia of the 21st Century.

17 Madam President, we have a great city
18 that we all can be proud of, and organized labor
19 leads the way in that pride. But we know that there
20 is still much to do. We must continue to
21 rehabilitate our neighborhoods. Every person who
22 chooses to live in our city deserves a decent place
23 to live, the security of safe streets, the
24 assurances of hospital and health care near their
25 homes, affordable daycare and a public school system

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 that is second to none. But to provide all these
3 things cost money, and to provide that money we need
4 investments in our city by individuals and groups
5 that want to be a part of the renaissance of our
6 great city.

7 We will have a great opportunity this
8 summer to show Philadelphia to the world when we
9 host the Republican National Convention. The
10 investment the city is making for this convention
11 will pay off a hundred times over if we put forth
12 our best efforts to showcase our great city and its
13 residents and work force. The AFL-CIO is proud of
14 the working relationships we have with our corporate
15 partners who provide employment for our members.
16 Without them and the partnership we have built,
17 Philadelphia, its people, and its institutions would
18 not be holding center stage this summer.

19 However, we've taken two of those
20 institutions for granted, like part of our family
21 that we always expect to be there. Sure, we fight
22 with them, we call them names, we say never again,
23 and the next day we start the love affair all over
24 again. The teams that we grew up. The teams that
25 we booed and cheered, hated and love, but always

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 came back to. Of course, I'm talking about the
3 Phillies and the Eagles.

4 Now, these team seek the city's help in
5 building two new stadiums. Some in this Council
6 have raised questions as to the wisdom of the city
7 supplying such help.

8 Let me remind you not too long ago there
9 was strong opposition to a first-class convention
10 center for downtown. Yet today we have one of the
11 finest facilities anywhere in the country, a
12 facility that not only spawned hotel construction
13 and a restaurant renaissance, but is bringing
14 millions of people and hundreds of millions of
15 dollars to Philadelphia.

16 We have two other teams in town that a
17 few years back some were saying the same things
18 about. Today they play in the new First Union
19 Center that outshines any arena in the country, so
20 much so that the Republican Convention will be held
21 there.

22 The point that I'm making is that public
23 investment in convention centers, arenas,
24 entertainment complexes, and yes, sports stadiums,
25 are investments in our future that we cannot let

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 slip away.

3 (Applause.)

4 MR. RAUSCHER: We're now in an age when
5 sports teams are an integral part of our economy.
6 Picture a city without hockey, basketball, football,
7 or baseball. Picture waking up one morning in
8 September 2007 and checking the box scores to see if
9 the Phillies, the Fargo, North Dakota Phillies, to
10 see that they still have the lead in the pennant
11 race. Sounds strange? Could happen.

12 As cities like Baltimore, Cleveland,
13 Boston, Minneapolis, and many more, including our
14 sister city Pittsburgh move toward or have completed
15 new stadiums, we are mired down in politics, politics
16 this city has not seen in many years. There are
17 some, Madam President, in this body that don't
18 realize that the Mayor's election is over and their
19 guy lost.

20 (Applause.)

21 MR. RAUSCHER: There are some in this
22 body who feel their address should be City Hall, 2nd
23 Floor, not 4th Floor. To them I say, get over it.

24 We're dealing with apples and oranges
25 here, the capital budget and an operating budget.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 We need the one to keep Philadelphia growing, and we
3 need the other to run the day-to-day workings of our
4 great city.

5 As we approach the spring and summer of
6 contract negotiations, we will be working with Mayor
7 Street and our unions to assure that our city
8 workers who make this city run and the teachers to
9 whom we entrust our children get a fair and decent
10 contract.

11 (Applause.)

12 MR. RAUSCHER: Madam President, I urge
13 you and the Members of this great body to put
14 politics aside for the good for our city and vote
15 for the approval of the Eagles practice field. Then
16 again to vote in the very near future to approve the
17 building of two new stadiums to keep Philadelphia
18 the greatest city in this country.

19 (Applause.)

20 MR. RAUSCHER: If I may add, Madam
21 President, the Executive Board of the Philadelphia
22 Council AFL-CIO met yesterday and by unanimous
23 resolution passed that we support the practice field
24 and the new stadiums.

25 (Applause.)

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 MR. RAUSCHER: Thank you for your time,
3 Madam President.

4 COUNCIL PRESIDENT VERNA: Thank you Mr.
5 Rauscher. I don't think that there is a Member of
6 City Council who has that indicated that they are
7 not in favor of the new practice facility. We have
8 not gotten to the issue of the new stadiums. This
9 is merely about the practice facility. And you're
10 injecting politics into this. I think every Member
11 of City Council was elected, and that's what we're
12 doing, our job, too. So we're all in favor of doing
13 the practice facility. But it's how we get there.

14 MR. RAUSCHER: Well, anything we can do
15 as far as organized labor goes, we will help.

16 COUNCIL PRESIDENT VERNA: We are
17 presently working with the Administration on a
18 number of amendments, and hopefully, before the end
19 of the day we will know whether the Administration
20 is in favor of those amendments.

21 But I just want to make the record very
22 clear that I don't know of anyone in this Chamber
23 that is playing politics. We are here to do a job,
24 and that's exactly what we're trying to do.

25 MR. RAUSCHER: I'm very glad to hear

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 that, Madam President.

3 (Applause.)

4 MR. RAUSCHER: And anything that our
5 office can do to assist you in that, we will be
6 happy to do it.

7 COUNCIL PRESIDENT Verna: We appreciate
8 it that. Thank you.

9 Councilman Mariano.

10 COUNCILMAN MARIANO: Thank you, Madam
11 President. Mr. Rauscher, thank you for your
12 oratation (sic). That's a new big word I learned.

13 MR. RAUSCHER: Can I use that, sir.

14 COUNCILMAN MARIANO: You can. How many
15 members in the AFL-CIO.

16 MR. RAUSCHER: Approximately 225,000.

17 COUNCILMAN MARIANO: And it's not just
18 the building trades, right?

19 MR. RAUSCHER: No, it's not just the
20 building trades. As my testimony said, it's a
21 cross-section of every working person in the city.

22 COUNCILMAN MARIANO: What percentage of
23 the AFL-CIO is the building trade?

24 MR. RAUSCHER: The building trades,
25 approximately 20 percent.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 COUNCILMAN MARIANO: What's the other
3 percent beside cops and firemen.

4 THE WITNESS: Hotel workers, garment
5 workers, hospital workers, printers, food handlers,
6 supermarket employees, restaurant workers.

7 COUNCILMAN MARIANO: And like the
8 Council President said, we're really not debating
9 stadiums at this point, we're debating the practice
10 facility. And everyone in Council seems to be in
11 favor of the practice facility, it's just how we get
12 to that point which may differ and that's the
13 beautiful thing about this legislative body, how we
14 differ and get to different things. There's how
15 many flavors of ice cream that that company has?

16 MR. RAUSCHER: Seventy-seven.

17 COUNCILMAN MARIANO: Seventy-seven,
18 whatever. We got all different flavors in here. So
19 I appreciate you coming in here, but you know that
20 I'm like a home-grown flavor when it comes to the
21 AFL-CIO. But what happened in here about the
22 practice facility is the Council President is a
23 district councilperson in that area so she would
24 have great -- you know, if it was my area, I would
25 and I've been told that a number of times, and we

1 Bill Nos. 79, 90, 82, 83, 84, 85
2 understand that. But I also understand you coming
3 here and speaking for your membership as I
4 understood Mr. Cronin the other day. Although I
5 didn't agree with everything Mr. Cronin said, he
6 still has that right to come here and he has that
7 fiduciary responsibility to his membership.

8 But the 80 percent, taking the building
9 trades out of the mix because I'm skewed when it
10 comes to the building trades because my brother is
11 in the building trades, my father was in the
12 building trades, my cousins are in the building
13 trades, my neighbors are in the building trades, my
14 friends are in the building trades, and some women I
15 like in the building trades, but not that way. The
16 other 80 percent, those people are people who will
17 benefit by this practice facility and more so by the
18 stadium if we get to that. The printers will print
19 the score cards hopefully, it will done by
20 Philadelphia region people. Pat's people from
21 District Council -- what's Pat's number.

22 MR. RAUSCHER: 274.

23 COUNCILMAN MARIANO: 274. The people
24 will work there for the food service people. His
25 people make up the hotel rooms and chamber maids and

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 the bar tenders.

3 MR. RAUSCHER: And the most important
4 part is it increases the tax base and that tax base
5 then goes into an operating budget that we need to
6 get the fair and decent contract for our city
7 workers. So, you know, we have to keep growing both
8 sections.

9 COUNCILMAN MARIANO: Thank you, Joe.
10 Thank you, Madam President. No further
11 questions.

12 COUNCIL PRESIDENT VERNA: Thank you.
13 The Chair recognizes Councilwoman Tasco.

14 COUNCILWOMAN TASCO: Thank you, Madam
15 President.

16 Thank you for coming in, Mr. Rauscher,
17 to share your thoughts about the practice facility.
18 I'd just like to say you mentioned the Convention
19 Center, and I was on Council, it was one of my
20 pieces of legislation when I came into Council. And
21 I support the President in what she says in that we
22 do have to take our time to deliberate. That's why
23 we're a legislative body. And if you might
24 remember, you might not remember, it took over a
25 year to do the Convention Center and we came out

1 Bill Nos. 79, 90, 82, 83, 84, 85
2 with a very, very good deal for the citizens of
3 Philadelphia. We got a training program, we got a
4 lot of minority participation, and it worked to the
5 benefit of this city. So it is a great convention
6 center, not only for people who come here, but also
7 for the people who live and work in Philadelphia .

8 (Applause.)

9 COUNCILWOMAN TASC0: So our job here
10 today is to make sure that when this piece of
11 legislation goes out of this Body that it benefits
12 the taxpayers of the City of Philadelphia as well as
13 the workers.

14 (Applause.)

15 COUNCILWOMAN TASC0: I'd like to know
16 and think that my constituents voted for me because
17 we do deliberate and I do take my time to make sure
18 what we're doing is in the best interest of them.
19 And so I regret that we had to interject the thought
20 of politics. The election is over. There were
21 people who were on different sides and there were
22 people who did what they had to do. That was
23 November. We want to you to let us know the
24 election is over, but other people have to recognize
25 that it's over and we don't want to hear those

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 comments again. Thank you very much.

3 (Applause.)

4 COUNCIL PRESIDENT VERNA: Are there any
5 other questions?

6 MR. RAUSCHER: If I might add, Madam
7 President, to the Councilwoman's remarks. Yes, she
8 does represent the taxpayers, but 95 percent of the
9 members of the AFL-CIO live, work, pay taxes in this
10 city, so we are the taxpayers.

11 (Applause.)

12 COUNCIL PRESIDENT VERNA: Thank you.
13 Are there any questions or comments from
14 members?

15 Thank you, Mr. Rauscher.

16 MR. RAUSCHER: You're welcome.

17 COUNCIL PRESIDENT VERNA: Terry Cohen
18 and Ronald Bridges?

19 Milton Segal?

20 MR. SEGAL: Here.

21 COUNCIL PRESIDENT VERNA: You want to
22 approach the witness table, sir?

23 MR. SEGAL: Thank you.

24 COUNCIL PRESIDENT VERNA: Good morning,
25 Mr. Segal. Please identify yourself for the record

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 and proceed with your testimony.

3 MR. SEGAL: My name is Milton Segal.

4 I'm a citizen of Philadelphia all my life. I'm '82

5 years old. And I have a plan that would make Broad

6 and Spring Garden the ideal spot for the stadium.

7 (Applause.)

8 COUNCIL PRESIDENT VERNA: Excuse me, Mr.

9 Segal. Mr. Segal, our hearings are not regarding
10 the stadiums, but the practice facility.

11 MR. SEGAL: Well, I've been trying to
12 make this statement for quite a while, and I feel
13 that it's very important for the city because it's
14 completely revolutionary.

15 Why I state that the stadium would be
16 ideal is because easy access from North Philadelphia
17 with the subway and South Philadelphia, plus
18 closeness of the Ben Franklin Bridge.

19 When I first heard of the stadium, they
20 were planning on closing off 15th Street and having
21 a parking lot on Delaware Avenue and bussing the
22 patrons in. Now, my plan would eliminate all the
23 problems with the neighbors and everything. The
24 plan is basically to make the stadium one level
25 above street level. That would make entrances and

1 Bill Nos. 79, 90, 82, 83, 84, 85
2 exits on all streets, Broad Street, 15 Street, 16th
3 Street, Spring Garden Street and Callowhill Street.
4 Plus, there would be ramps going down to lower
5 levels and a person that would come to the stadium
6 to see the game and spend a lot of money for that
7 wouldn't mind spending 5 or 10 dollars to park their
8 car, knowing that when the game is over, they take
9 an escalator down to the level where they parked
10 their car, drive on the street that is best for them
11 and know that their car is safe. I feel that would
12 cover everything. It's completely revolutionary.
13 It's never been done. I did a lot of research. I
14 went through the internet and got all things.
15 There's all kinds of stadiums in the United States,
16 but nothing -- when I hear that in South
17 Philadelphia, there's plenty of parking down in
18 South Philadelphia, but it's within 15 minutes of
19 the stadium. Now, with mine, it's immediately.
20 Plus, it alleviates the parking in the area. I
21 guess that's all about to say. I want to thank you
22 all for listening to me.

23 (Applause.)

24 COUNCIL PRESIDENT VERNA: Thank you very
25 much.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 Phillip Berg, is Phillip Berg in the
3 audience?

4 (No response.)

5 COUNCIL PRESIDENT VERNA: Do we have
6 anyone else to testify on these bills? Do we have
7 anyone to testify? Do you want to approach the
8 witness table, please?

9 (Applause.)

10 COUNCIL PRESIDENT VERNA: Do you have
11 copies of your testimony?

12 MR. MATTHEWS: Yes, I do.

13 COUNCIL PRESIDENT VERNA: We'll have
14 them circulated. Thank you.

15 Kindly identify yourself for the record
16 and proceed with your testimony.

17 MR. MATTHEWS: My name is Pete Matthews,
18 I'm the president of AFSCME District Council 33
19 representing 13,000 Philadelphia City Workers. .

20 (Applause.)

21 MR. MATTHEWS: Good morning, Council
22 President Verna and other Members of Council and
23 everything present. First, let me thank you for
24 letting everybody in our unions in today. I know it
25 was some kind of problem, but all our members

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 appreciate it. And thank you Councilwoman

3 Blackwell, thank you.

4 COUNCIL PRESIDENT VERNA: I just want
5 everyone to know that we have to abide by the laws
6 also, and we did have someone in from L & I this
7 morning. They feel that it is really very unsafe to
8 have more than 265 people on this first floor. So
9 as I said, I knew I would start a war today, so I
10 thought I would let everybody in. But hereafter,
11 we're going to have to abide by the law like
12 everybody else.

13 MR. MATTHEWS: Well, we thank you for
14 that consideration.

15 (Applause.)

16 MR. MATTHEWS: As I said, good morning.
17 I'm here today to advise Council of our union's
18 concerns about proposed financing for the building
19 stadiums for Eagles and Phillies.

20 Let me be clear from the start. I'm not
21 here to oppose building any sports facilities, nor
22 am I here to be drawn into a fight with my fellow
23 union brothers and in sisters in the building trades
24 union who I hope will build stadiums wherever and
25 whenever they are built.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 (Applause.)

3 MR. MATTHEWS: I am here merely to ask
4 City Council to exercise some judgment and restraint
5 and acknowledge the sacrifices made by city workers
6 before rushing to any decisions on this matter.

7 Quite frankly, it is the position of our
8 union that City Council should not commit to funding
9 the proposed stadium out of proposed budget surplus
10 until such time as City has settled a fair contract
11 for the city workers who helped to create that
12 budget surplus.

13 (Applause.)

14 MR. MATTHEWS: The members of AFSCME
15 District Council 33 sacrificed a lot in contracts in
16 1992 and 1996. What our union members gave up in
17 work rule changes, wages, and benefits helped to put
18 this City back on the stable financial footing for
19 the first time in years. These dedicated city
20 residents and workers deserve first consideration in
21 matters concerning the City's budget surplus for one
22 very important reason: They have earned the right
23 to a fair contract.

24 (Applause.)

25 MR. MATTHEWS: As you debate whether and

1 Bill Nos. 79, 90, 82, 83, 84, 85
2 where to build stadiums and how to finance this
3 project, I want to remind you that our union's
4 contracts with the City expire on June 30th and we
5 are looking forward to reaching a fair settlement.
6 We do not believe that we should be tied in any way
7 to the stadium financing deal.

8 Our District Council 33 members are
9 dedicated to helping the City put on its best face
10 when our own international union holds its
11 convention here in June with 5,000 delegates.

12 (Applause.)

13 MR. MATTHEWS: And when the Republican
14 party holds its convention at the end of the July.
15 I was part of the effort to bring both of these
16 conventions here, and the last thing that our
17 members District Council 33 want is to see any
18 unnecessary disruption of city services. That is
19 why we are willing to work hard to negotiate a fair
20 contract in a timely fashion.

21 I have been warned to be concerned about
22 a move by Mayor Street to use the stadium financing
23 proposal to tap the budget surplus in order to pay
24 for the City's commitment for Eagle's practice
25 facility and the football and baseball facilities.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 I have also be told that the Mayor intended to spend
3 down the budget surplus on stadium deals so he could
4 tell us in our negotiations that the City had no
5 more money for raises and benefits for our members.

6 Given these warnings, I took my concerns
7 on the matter directly to the Mayor and asked him to
8 assure me that he did not intend to pursue this
9 strategy.

10 Mayor Street told me there was no way
11 the public dollars or any part of the budget surplus
12 was going to be used to finance the stadium project.
13 He told me that in no uncertain terms, and I want to
14 take him at his word in the same way I want to take
15 him at his word when he told me that he wanted to
16 settle a fair contract for City workers. I want to
17 trust him and I want to him, but I am not leaving
18 anything to chance. That is why I am here today.

19 (Applause.)

20 MR. MATTHEWS: I want to make it clear
21 to the Members of Council, to my friends in the
22 building trades union, to the taxpayers of the City
23 and Mayor Street that District Council 33 is opposed
24 to the use of any part of the City's budget surplus
25 for the purpose of financing the stadium deal unless

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 and until the City has reached a fair contract that
3 recognizes the sacrifices made by the members of our
4 union.

5 (Applause.)

6 MR. MATTHEWS: If we are able to settle
7 a fair contract with the City, I can assure you that
8 our union will seriously consider lending its
9 support to any responsible economic development
10 projects, including building stadiums, that will
11 create jobs and expand the tax base of the City.

12 We will not support any such projects,
13 however, if we believe that they will be built on
14 the backs of our members who have already sacrificed
15 enough over the past eight years to put the City
16 back together financially.

17 (Applause.)

18 MR. MATTHEWS: As far as this project is
19 concerned, I am not yet convinced that it is not too
20 dependent on a commitment by th City to tap into the
21 budget surplus in order to succeed, but I am willing
22 to be convinced otherwise.

23 I would ask, then, that City Council
24 take a close look at Mayor Street's proposal and the
25 bills and amendments being proposed by Members of

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 City Council to make sure that they do commit the
3 budget surplus to a stadium building project at the
4 expense of a fair contract settlement for City
5 workers.

6 Thank you, Council President Verna and
7 the Councilmembers who have given me this
8 opportunity to speak today. Thank you.

9 (Applause.)

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

12 COUNCILMAN NUTTER: Thank you, Madam
13 President and good morning, Mr. Matthews.

14 Actually, Madam Chair, I would like to
15 get some.

16 AUDIENCE MEMBER: Speak up.

17 COUNCILMAN NUTTER: I'll talk a little
18 louder.

19 Madam Chair, I actually don't
20 necessarily have a question for Mr. Matthews. I
21 think his testimony is very clear and very direct.
22 There were some statements that he made that I would
23 at some point like have an opportunity to ask if
24 there are any representatives from the
25 Administration to respond to some questions

1 Bill Nos. 79, 90, 82, 83, 84, 85
2 regarding the financial issues because there seems
3 to be a little disconnect between some of the
4 statements made and --

5 COUNCIL PRESIDENT VERNA: Is anyone
6 from the Administration present to respond?

7 Mr. Dubow. Good morning. Kindly
8 identify yourself for the record.

9 MR. DUBOW: Good morning. My name is
10 Robert Dubow, I'm the City Budget Director.

11 COUNCILMAN NUTTER: Good morning, Mr.
12 Dubow.

13 MR. DUBOW: Good morning.

14 COUNCILMAN NUTTER: I will assume that
15 you heard Mr. Matthews' statement.

16 MR. DUBOW: Yes, I did.

17 COUNCILMAN NUTTER: His statement was
18 that he had received assurances with regard to the
19 budget surplus or, I'm assuming, any City General
20 Fund dollars regarding commitments for either the
21 practice facility or proposed football or baseball
22 facilities.

23 Now, in the proposed five-year plan,
24 Fiscal Year 2001 to Fiscal year 2005, are there any
25 revenues designated for the labor contracts or any

1 Bill Nos. 79, 90, 82, 83, 84, 85
2 proposed labor contracts or labor contract
3 settlements?

4 MR. DUBOW: There are no specific
5 revenues dedicated for them, no.

6 COUNCILMAN NUTTER: Well, if there are
7 specific revenues dedicated, are there any general
8 revenues dedicated?

9 MR. DUBOW: No.

10 COUNCILMAN NUTTER: So the statement in
11 the five-year plan on Page (vii) that says "To date
12 the City has been able to afford these increases" --
13 talking about the current contract. "However, no
14 funds are included in this plan to cover increases
15 for any bargaining unit beyond expiration of the
16 current agreements," that statement is still true?

17 MR. DUBOW: Yes, it is. What we've said
18 to the unions, and we've actually had this
19 discussion with Mr. Matthews, is that as we get into
20 negotiations and we understand the cost of any
21 negotiated agreement that we will take another look
22 at the plan and see how we can afford those
23 agreements.

24 (Audience reacts.)

25 COUNCILMAN NUTTER: I'm sorry, I didn't

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 hear the end of your statement.

3 MR. DUBOW: That we will see how we can
4 afford those agreements.

5 COUNCILMAN NUTTER: See how you can
6 afford the agreement?

7 MR. DUBOW: Yes.

8 COUNCILMAN NUTTER: So you would have to
9 come back -- so you're saying you would have to come
10 back amend the five-year plan?

11 MR. DUBOW: Yes.

12 COUNCILMAN NUTTER: Does the five-year
13 plan include any funding for the City's share of any
14 proposed stadium projects or even the practice
15 facility?

16 MR. DUBOW: Yes.

17 (Audience reacts.)

18 COUNCILMAN NUTTER: What is the amount
19 in the plan?

20 MR. DUBOW: The plan includes car rental
21 tax, which is projected to start at 4.5 million and
22 that's dedicated to this. It also assumes that by
23 having the practice facility in the City that we
24 will retain wage tax revenues from the teams and
25 that those revenues would also used to help pay the

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 debt service on the repairs at the stadium. That's
3 not for a new stadium deal, it's for repairs to the
4 Vet.

5 COUNCILMAN NUTTER: I'm sorry, I didn't
6 understand that last part of your statement.

7 MR. DUBOW: The revenues that the plan
8 assumes having the practice facility in the City
9 will generate or will save are dedicated in the plan
10 to repairs at the Veteran's Stadium. They're not
11 dedicated to a new stadium. There's nothing in the
12 plan about a new stadium.

13 COUNCILMAN NUTTER: The wage tax you're
14 talking are General Fund revenues, correct?

15 MR. DUBOW: That's correct.

16 COUNCILMAN NUTTER: So how are they
17 dedicated to repairs to the Vet?

18 MR. DUBOW: They are General Fund
19 revenues that we would lose if the teams did not
20 practice in the City.

21 COUNCILMAN NUTTER: I understand that,
22 but what did that have to do with what you said
23 earlier?

24 I thought your statement was the
25 retention of the wage tax was dedicated to repairs

1 Bill Nos. 79, 90, 82, 83, 84, 85
2 of Veterans Stadium.

3 MR. DUBOW: Well, dedicated might have
4 been the wrong word. What we're assuming is that
5 without the teams practicing here, we would lose
6 those revenues so that doing the repairs and paying
7 for them with debt service is actually revenue
8 neutral for the five-year plan.

9 COUNCILMAN NUTTER: But the teams are
10 not required to practice in the City today; is that
11 correct?

12 MR. DUBOW: That's correct.

13 COUNCILMAN NUTTER: And the teams may
14 not be required to practice in the City even after
15 the building of the practice facility; is that
16 correct?

17 MR. DUBOW: That's correct.

18 COUNCILMAN NUTTER: What's the maximum
19 amount the City is willing to spend with regard to
20 new stadiums?

21 MR. DUBOW: I think what the City would
22 want is that any deal will be revenue neutral.

23 COUNCILMAN NUTTER: Can you further
24 explain that? How can that be?

25 MR. DUBOW: Well, any costs would be

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 paid additional revenues generated by those new
3 stadiums.

4 COUNCILMAN NUTTER: That's the
5 assumption?

6 MR. DUBOW: Yes.

7 COUNCILMAN NUTTER: Now, with regard to
8 the surplus, is it true that in the five-plan before
9 us that the surplus is already targeted to be spent
10 over the next five years down to a level of --
11 presently the surplus is \$205 million; is that
12 correct?

13 MR. DUBOW: That is what it was at the
14 end of FY '99, that's correct.

15 COUNCILMAN NUTTER: And in the FY 2005
16 year in the five-year plan, you're showing that the
17 surplus will have been spent down to \$4.9 million;
18 is that correct?

19 MR. DUBOW: That's correct.

20 COUNCILMAN NUTTER: And again, that's
21 without taking into consideration any wage
22 settlements because you haven't targeted any money
23 for wage settlements; is that correct?

24 MR. DUBOW: That's correct.

25 COUNCILMAN NUTTER: So you anticipate on

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 spending the surplus in the five-year plan already;
3 is that correct?

4 MR. DUBOW: That's correct, on general
5 City operations.

6 COUNCILMAN NUTTER: Let me ask one last
7 question. I'm sure my time may be coming to a
8 close. Does the City's proposed capital program
9 include any capital repairs to Veterans Stadium
10 beyond FY '02?

11 MR. DUBOW: It includes adding into that
12 two million beyond 2002.

13 COUNCILMAN NUTTER: Well, in the capital
14 program that I have, 2001 to 2006, the green book,
15 it's showing \$40 million in 2001, it shows \$40
16 million in 2002, and it shows no funding in 2003,
17 2004, 2005, or 2006 in the capital program that I
18 have.

19 MR. DUBOW: I don't have it in front of
20 me.

21 COUNCILMAN NUTTER: I'll be happy to
22 share mine.

23 MR. DUBOW: I think there's the
24 carry-forward amount is probably what --

25 COUNCILMAN NUTTER: Or funding that

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 hasn't been spent for previous years.

3 MR. DUBOW: Right, right.

4 COUNCILMAN NUTTER: Are you anticipating
5 doing any repairs to Veterans Stadium beyond 2003?

6 MR. DUBOW: Only minor repairs.

7 COUNCILMAN NUTTER: And in the current
8 proposal before us there is debt service associated
9 with the proposed \$80 million to be spent on
10 Veterans Stadium in the two fiscal years as well as
11 debt service to be paid on the buy-back of the
12 practice facility; is that correct?

13 MR. DUBOW: That's correct.

14 COUNCILMAN NUTTER: Are those dollar
15 figures included in the five-year plan?

16 MR. DUBOW: Yes, they are.

17 COUNCILMAN NUTTER: So you have provided
18 for funding on the contingency if we have to buy
19 back the practice facility and put capital dollars
20 into veteran stadiums, you've made preparations for
21 those in the five-year plan, but you have no
22 targeted revenues to settle wage contracts; is that
23 correct?

24 MR. DUBOW: That's correct.

25 (Audience reacts.)

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 COUNCILMAN NUTTER: Thank you, Madam
3 President.

4 COUNCIL PRESIDENT VERNA: Thank you.
5 The Chair recognizes Councilman Ortiz.

6 COUNCILMAN ORTIZ: Madam Chair, I just
7 have one follow-up question.

8 Mr. Matthews' statement, he mentions
9 public dollars and that he's been given assurances
10 that no public dollars will spent on any part of
11 these dollars. Any money we spend as a City comes
12 from the taxpayers, doesn't it? Right?

13 MR. DUBOW: Yes.

14 COUNCILMAN ORTIZ: Any money that we
15 spend in either buying back the facility,
16 construction, is public dollars; is that true?

17 MR. DUBOW: That's true.

18 COUNCILMAN ORTIZ: So we will be
19 spending public dollars.

20 MR. DUBOW: That's right. And the
21 facilities and the new stadiums will be generating
22 more dollars for the General Fund, too. So the
23 theory is that any deal will be at least revenue
24 neutral.

25 COUNCILMAN ORTIZ: That's what you're

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 hoping for?

3 MR. DUBOW: That's right. That's why we
4 would be doing it.

5 COUNCILMAN ORTIZ: Thank you, Madam
6 Chair.

7 COUNCIL PRESIDENT VERNA: Thank you.
8 Are there any other questions?

9 The chair recognizes Councilman Mariano.

10 COUNCILMAN MARIANO: Thank you, Madam
11 President.

12 Mr. Dubow, for those of us that didn't
13 attend Wharton School of Financing, where does the
14 money come from for the stadiums and this person's
15 money? There's operating budgets capital, budgets.
16 Give is like 12th grade and below level, high school
17 graduate and below.

18 MR. DUBOW: Well the simplest
19 explanation, it all comes from our General Fund one
20 way or the other. Or either paying directly for
21 operating costs or we're paying debt service for the
22 bonds that we would issue for capital projects. So
23 in those funds either come from tax revenues, from
24 reimbursements from other governments, or from fees.
25 And our assumption on this project is that it will

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 generate tax revenues that will at least pay for our
3 costs.

4 COUNCILMAN MARIANO: Are we projecting
5 the NFL salary cap going from 50 million to a
6 hundred million?

7 MR. DUBOW: We're projecting an increase
8 in the salary capital. I'm not sure exactly what
9 we're projecting it goes to.

10 COUNCILMAN MARIANO: And if the NFL
11 salary cap does raise itself, whatever the
12 projection is, I mean that would go directly to pay
13 for Mr. Matthews' members and Mr. Cronin's members
14 raises, or would it build the stadium or --

15 MR. DUBOW: That's right, it would go to
16 both. It would go to any costs of the General Fund.
17 And the General Fund's largest costs are personnel
18 costs.

19 COUNCILMAN MARIANO: Well, let me micro
20 this right down because when you were talking my son
21 called me to tell me he got detention for going late
22 to school today so I missed part of what you were
23 saying. I caught the end of Councilman Nutter's
24 questions.

25 You collect taxes from me for working.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 You collect taxes from everyone in here for working,
3 and that money is paid to city wage taxes, less than
4 five percent now, right?

5 MR. DUBOW: That's right. Yes, it is.

6 COUNCILMAN MARIANO: That money helps
7 pay the recreation people?

8 MR. DUBOW: That's right.

9 COUNCILMAN MARIANO: It helps pay the
10 people that collect the trash on my street, right?
11 It pays for the firemen the policemen?

12 MR. DUBOW: That's correct. It pays for
13 all City services.

14 AUDIENCE MEMBER: And we pay taxes.

15 COUNCILMAN MARIANO: That's right. We
16 all pay all taxes. We pay too much taxes, but my
17 question is here to get him on the record. A lot of
18 people aren't real sure where all this money comes
19 from and goes for. I mean, Mr. Matthews has a
20 conversation with the Administration or the Mayor
21 and he has to take them on his word because he's
22 never had that. Now, if that doesn't work the way
23 Mr. Matthews wants to see that or Mr. Cronin,
24 however that happens, then he has something to go
25 back on. At this point, we don't know what's going

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 to happen. All we do know is Veterans Stadium needs
3 to be fixed up and we put \$80 million away. Now, if
4 that doesn't happen and everything gets through here
5 today or tomorrow or whenever that happens, that \$80
6 million, could that be used to help Mr. Matthews'
7 members get their -- is that capital money?

8 MR. DUBOW: There are a couple of
9 answers to that. Yes, it's capital money on which
10 we would pay debt service. The debt service comes
11 from the City's General Fund.

12 COUNCILMAN MARIANO: Explain what debt
13 service is for those people in this audience who
14 don't understand what debt service is.

15 MR. DUBOW: Debt service is the
16 repayment of principal and interest on the bonds
17 that we issue.

18 COUNCILMAN MARIANO: It's not real
19 money. We borrow money, we don't have money laying
20 around to even pay me; we borrow money.

21 MR. DUBOW: That's right.

22 COUNCILMAN MARIANO: And that's who you
23 pay to borrow the money.

24 MR. DUBOW: That's what we pay to borrow
25 the money.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 COUNCILMAN MARIANO: We understand it
3 now. It's in a language that we understand. So
4 that's what you have to do, you got to pay this
5 money back for borrowing money. The banks just
6 don't give us money just because they like us or
7 don't like us, correct?

8 MR. DUBOW: Right.

9 COUNCILMAN MARIANO: My question is can
10 we pay Pete's people with the money we save from
11 building this practice facility and from building
12 this if we do decide to get to that? Or actually
13 the money we're going to save the \$80 million?

14 MR. DUBOW: The money that we would pay
15 on that debt service, there are a couple things.
16 First of all, one way or the other there's some
17 repairs we have to make to the Vet. So even if we
18 don't do this deal, there's some money that's going
19 in that direction.

20 COUNCILMAN MARIANO: We were going to
21 make repairs like if it's a heater we're going to
22 fix the heater, but we're not going to put a whole
23 new heater in if we're going to change the place.

24 MR. DUBOW: That's right.

25 COUNCILMAN MARIANO: So if we change the

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 place, we're not worried about a new heater, we just
3 want you to be warm for the next couple of seasons.

4 MR. DUBOW: And then the other part of
5 the answer is that those expenditures can be used in
6 any way; but on the other side of it is if we don't
7 do the repairs, we wind up not having teams in the
8 City, we lose General Fund revenues. So in the long
9 run everyone here winds up getting hurt if we lose
10 those revenues.

11 COUNCILMAN MARIANO: This is way-out
12 question for a budget director, and if it's a
13 problem for you to answer, that's pretty much up to
14 you. But if we don't do these stadiums, and
15 everybody thinks we probably will get to that, I
16 want them to have a good contract, because your
17 members live in my district. We're not going to sit
18 here and lie or say anything, but the Eagles do
19 leave -- not the Eagles. If we don't get to that
20 point.

21 AUDIENCE MEMBER: They suck.

22 COUNCILMAN MARIANO: They're going to
23 have a 10 and 6 season next, I guarantee it. Then
24 you'll be happy for that.

25 But if we get to the point where we

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 don't build these stadiums and then we have \$80
3 million, we're not going to be \$80 million in two
4 years; we couldn't do that if we wanted to. So we'd
5 have to work on that. But do you believe that there
6 are things that haven't done for them where they
7 just might want to break the lease anyhow? Is that
8 an option?

9 MR. DUBOW: I don't want to get in that.

10 COUNCILMAN MARIANO: You don't want to
11 speculate?

12 MR. DUBOW: No.

13 COUNCILMAN MARIANO: That's fair.

14 Another question. We talked about the
15 surplus, the \$4.9 million surplus?

16 MR. DUBOW: At the end of 2005.

17 COUNCILMAN MARIANO: There will be a
18 surplus. What is it now?

19 MR. DUBOW: At the end of FY '99 it was
20 205.7 million.

21 COUNCILMAN MARIANO: What was it in
22 1992, do you recall.

23 MR. DUBOW: In 1992 we had a deficit.

24 (Audience reacts.)

25 COUNCILMAN MARIANO: We have \$4.9

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 million now. In '91 it was what? There was a lot
3 of cross talk.

4 MR. DUBOW: We were in a deficit.

5 COUNCILMAN MARIANO: Why do we have a
6 deficit? I mean, you went to the schools; I didn't.
7 I don't have to believe you, but I think you're
8 pretty educated.

9 MR. DUBOW: We had a basic imbalance
10 between our revenues and our expenditures.

11 COUNCILMAN MARIANO: It's much like
12 balancing your checkbook at home, right?

13 MR. DUBOW: That's right.

14 COUNCILMAN MARIANO: You can't spend
15 more than you make or you get in big credit card
16 debt or you wind up owing somebody down the street,
17 right.

18 MR. DUBOW: That's right.

19 COUNCILMAN MARIANO: One or the other.
20 So that's pretty much what we do but on a bigger
21 level?

22 MR. DUBOW: Yes.

23 COUNCILMAN MARIANO: But that's broken
24 down so ordinary people can understand. So there
25 will be money.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 AUDIENCE MEMBER: How did you get out of
3 the deficit?

4 COUNCILMAN MARIANO: I can answer that.
5 They got out of deficit by screwing your members on
6 that last contract.

7 (Applause.)

8 COUNCILMAN MARIANO: Did I just say
9 "screw" in City Council? I can't believe this. I've
10 been known to say things.

11 I'm sure that's not going to happen this
12 time because I'm looking at Mr. Matthews smiling.
13 I'm sure he's got something up his sleeve like a big
14 convention here in the summer and possibly nobody
15 negotiating any kind of labor contract. We don't
16 want anybody to have their city workers on strike
17 during the summer.

18 (Audience reacts.)

19 COUNCILMAN MARIANO: That's what we have
20 to do, right?

21 MR. DUBOW: I think I actually missed
22 your question.

23 COUNCILMAN MARIANO: But we're basically
24 back to the checkbook and we're balancing checkbook.

25 MR. DUBOW: That's right.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 COUNCILMAN MARIANO: So Mr. Matthews and
3 Mr. Cronin and everyone else in here have people
4 that are smart enough to figure this out. So we
5 know what's in the budget and we know what's not in
6 the budget. They knew there was a deficit before.
7 That's why the Administration said before -- and
8 believe me, I don't think it was morally right. I'm
9 not playing to the crowd, but I came from a labor
10 background. But what happens is, they have people
11 who study, they know it's in the budget and they
12 know what's projected. We know what's projected.

13 So if someone promises a president of a
14 district council something, how many times can they
15 get you? Once, only once. Hopefully, that won't
16 happen. We've got to go on here and we've got to do
17 other things. As much as I expected Mr. Cronin to
18 come the other day to say that, I expect Mr.
19 Matthews to do his job, too. Because if I was in
20 that district council, I wouldn't vote for either of
21 them if they did the opposite. That's the beauty of
22 this whole process. But as long as the number
23 crunchers realize what we're doing, and as long as
24 we can get our own people like these young people
25 here to study the numbers to make sure they're not

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 lying to us because those people that aren't capable
3 to study the numbers hire people that can. So
4 nobody's fooling anybody. We know what's in the
5 budget. Pete knows what's in the budget. They
6 deserve a good contract. And that's all I'll say on
7 that.

8 (Applause.)

9 COUNCILMAN MARIANO: My last question,
10 Madam President. Someone said this a long time ago.
11 We're not making sausage here. This stuff comes in
12 looking one way, as Councilwoman Tasco just told
13 you, and comes out looking another way because
14 that's what the process is all about.

15 Now, I know you're sitting there and
16 beads of sweat are coming down your head saying
17 "What is this guy asking me?" That's why I let you
18 off the hook a little because you're only the point
19 man here. You're doing your job, just like they're
20 all doing their job. They're concerned about their
21 job. So that money will be there. We could sit
22 down for the rest of the year and figure out why we
23 can't do something, but we can't actually jump ahead
24 to the day Pete's contracts up and say, "You know
25 what, the Administration screwed them again. They

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 did it again." That's not going to happen.

3 (Applause.)

4 COUNCILMAN MARIANO: Let me tell you why
5 that won't happen. Let me give you the most
6 important advice why that won't happen, because the
7 guys sitting on the second floor only one his office
8 by 1.4 votes a polling place, 1.4 votes. That's me
9 and my wife going deciding we don't want to vote for
10 someone. And that's you and your wife, and him and
11 his wife, and so on and so forth. So anybody that
12 wants to do this job after -- you got him four
13 years. The guy wants to do eight years. I would
14 love to negotiate your contract with terms on your
15 side, on your side. So as far as I'm concerned, and
16 that's just my opinion --

17 MR. DUBOW: I think the Mayor has said
18 he's committed to having fair contracts.

19 COUNCILMAN MARIANO: But Councilman
20 Nutter's questions are very fair. And because it
21 looks unfair to these people sitting here with their
22 banners going "You say there's really no money, but
23 where does the money come from?"

24 I know you understand. And I don't know
25 why I understand finally; by osmosis, where this all

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 comes from. It's not real money, folks. But it's
3 your money. It's the tax money you take down. They
4 never take that money and hand it to Mr. Dubow.
5 John Street never touches that money. Anne Verna
6 never touches that money. God's Sake, they don't
7 let me near that money.

8 (Laughter.)

9 COUNCILMAN MARIANO: You know why?
10 Because that money is not real money. They move it
11 around. The bankers see the money. Believe me,
12 there's money somewhere.

13 Now, Nutter, he's smart enough to figure
14 out where that money is. And if it's hidden,
15 Michael knows where it is. And that's a compliment,
16 Councilman Nutter. There's money there and there's
17 going to be money there. Because if there's not,
18 you guys get screwed again and what happens? You
19 don't vote for this guy for Mayor in four years.
20 He's not Mayor in 4 years, it's that simple, right?
21 Thank you.

22 (Applause.)

23 COUNCIL PRESIDENT VERNA: The Chair
24 recognizes Councilman Kenney.

25 COUNCILMAN KENNEY: Thank you, Madam

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 President. Mr. Dubow, I want to return a moment to
3 the issue of revenue neutrality which was raised by
4 Councilman Nutter. Is it the Administration
5 position for the record that any subsidy, potential
6 public subsidy for the construction of new stadia
7 will be in fact revenue neutral as it relates to the
8 operating budget and to the five-year plan?

9 MR. DUBOW: That's the Administration's
10 intention, yes.

11 COUNCILMAN KENNEY: Now, is it the
12 Administration's position for the record that any
13 public subsidies spent on the construction of new
14 stadia will in fact be absolutely revenue neutral?

15 MR. DUBOW: That's our position.

16 COUNCILMAN KENNEY: So in other words,
17 there will be no additional General Fund dollars
18 outside the computation of wage tax and other tax
19 revenues that relate to the construction and
20 maintenance of the two teams in the facilities in
21 the City and that we will not be spending additional
22 general fund dollars over and above that neutrality?

23 MR. DUBOW: Outside of the revenues
24 generated by the new stadiums.

25 COUNCILMAN KENNEY: Thank you very much.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 I just wanted to make sure I got that on the record.

3 Thank you.

4 COUNCIL PRESIDENT Verna: Thank you.

5 The Chair recognizes Councilman Rizzo.

6 COUNCILMAN RIZZO: Thank you, Madam

7 President.

8 Mr. Dubow, the follow-up on the
9 question, where is the money coming from, can you
10 explain to me -- right now we don't know where the
11 Eagles facility is going to be or do we know where
12 the Phillies stadium is going to be located. In the
13 event that those stadiums aren't built on land
14 presently owned by the City of Philadelphia and we
15 have to buy an Acme facility or the tea warehouse in
16 South Philadelphia, where does the money come from?

17 MR. DUBOW: I guess it would depend on
18 how the deal was structured. It would most likely,
19 I guess, rolled into bond issue and then we'd be
20 paying debt service on it.

21 COUNCILMAN RIZZO: Can we afford to do
22 that?

23 MR. DUBOW: It would go back to the same
24 analysis of looking at the revenues generated from
25 the new stadiums.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 COUNCILMAN RIZZO: Can we afford that?

3 MR. DUBOW: We would look at the numbers
4 to make sure we could afford it.

5 COUNCILMAN RIZZO: At this point, don't
6 you think we should know what those numbers are?

7 MR. DUBOW: We haven't gotten into
8 negotiating a stadiums deal, which I think is part
9 of the reason this hearing is on a practice facility
10 and not on the stadiums in general because we're not
11 far enough along in that process to answer questions
12 like that.

13 COUNCILMAN RIZZO: Thank you, Madam
14 President.

15 COUNCIL PRESIDENT VERNA: You're
16 welcome.

17 Again, we are here today to consider the
18 practice facility, not the stadiums. I've given
19 everybody latitude so that everybody could have
20 their voice heard. But as I said, from here on, we
21 simply talk about the practice facility.

22 At this time, the Chair recognizes
23 Councilman Goode.

24 COUNCILMAN GOODE: Thank you, Madam
25 President. I hope you will give me a little bit of

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 latitude also.

3 COUNCIL PRESIDENT Verna: Since
4 everyone was given that latitude, I would certainly
5 afford it to you.

6 COUNCILMAN Goode: Mr. Dubow, let's talk
7 about revenue neutral. Is it or is it not true that
8 not only has this City spent hundreds of millions of
9 dollars on the last several years on economic
10 development projects, but they plan to spend
11 hundreds of millions of dollars over the next
12 several years?

13 MR. DUBOW: The City spends a
14 substantial amount of money on economic development
15 projects, yes.

16 COUNCILMAN Goode: So we can simplify,
17 getting back to Councilman Mariano's questioning, I
18 think he was along the right path. Let's discuss
19 some of the economic development financing. There
20 is several million dollars in a practice facility
21 right now from the economic stimulus program. Can
22 you tell me the source of those funds?

23 MR. DUBOW: It's economic stimulus
24 dollars that came from the General Fund.

25 COUNCILMAN Goode: But how did it come

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 from the General Fund, out of what sources? There
3 was attach link (ph) sale and the sale of port
4 proceeds; is that correct?

5 MR. DUBOW: I'm not sure.

6 COUNCILMAN GOODE: For the record,
7 having been on the other side of this, it's sale
8 port proceeds and attach link sale created a pot of
9 money up to \$100 million, some of which went to the
10 School District, others which went to an economic
11 stimulus program.

12 Could that money have been used for
13 labor contracts?

14 (Applause.)

15 MR. DUBOW: That money, could have gone
16 to the General Fund, yes.

17 COUNCILMAN GOODE: So we don't want to
18 go down that path again, but other money that was
19 spent, particularly on hotel development, HUD 108
20 funds, could you explain where HUD 108 funds come
21 from?

22 MR. DUBOW: I'd actually rather have
23 someone from the City's Economic Development side
24 talk about that because I don't know the details.

25 COUNCILMAN GOODE: Let me save some

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 time. Having been on the other side again in the
3 executive branch HUD 108 funds are funds that are
4 borrowed against future community development block
5 grant funds, secured against future community
6 development block grant funds.

7 Could those dollars been borrowed from
8 the federal government for labor contracts?

9 MR. DUBOW: Again, I don't know.

10 COUNCILMAN GOODE: The answer to that
11 question is no. On the first source of funding, the
12 economic stimulus funds, some funds could have been
13 used for labor contracts depending upon how the
14 money flows into the General Fund. Other money
15 which is borrowed, whether it's from federal
16 government or whether it's from other private
17 sources cannot be used for labor contracts.

18 Rather than just the term revenue
19 neutral, can we as we begin to discuss this project
20 talk about how we make it revenue neutral in terms
21 of packaging and financially?

22 MR. DUBOW: Yes. As we go along with
23 the project.

24 COUNCILMAN GOODE: Thank you, Madam
25 Chair. No further questions.

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 COUNCIL PRESIDENT VERNA: Thank you.

3 Are there any other questions or
4 comments from Members of Council?

5 The Chair recognizes Councilman Ortiz.

6 COUNCILMAN ORTIZ: All the money for the
7 debt service comes from the General Fund?

8 MR. DUBOW: That's correct.

9 COUNCILMAN ORTIZ: A lot of monies that
10 we may spend on either the practice facility or the
11 stadiums later on will go and will be produced by
12 issuing a bond; is that correct?

13 MR. DUBOW: That's correct.

14 COUNCILMAN ORTIZ: And those bonds will
15 have to be -- and the debt service from that will
16 have to be paid from the General Fund?

17 MR. DUBOW: That's correct.

18 COUNCILMAN ORTIZ: And since we don't
19 have any idea how much it's going to cost, because
20 we don't have any idea -- last night there were 400
21 people in South Philadelphia complaining about
22 citing and what that might mean. Since we have no
23 idea what it might cost in terms of where this place
24 might be at, those two stadiums, the cost can go
25 much higher than we anticipate right now; isn't that

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 so?

3 MR. DUBOW: We don't have a deal.

4 COUNCILMAN ORTIZ: That's exactly it.

5 You cannot make any predictions. So you cannot make
6 any predictions as to how much money from the
7 General Fund will be needed in order to be able to
8 finance any deal that we may come to; is that true?

9 MR. DUBOW: Well, what I've said is that
10 it's too early to look, to be able to project either
11 the revenues or the expenditures, but that the
12 Administration's position is that the revenues that
13 this will generate will be able to pay for those
14 expenditures. That's the approach we're going to
15 take in the deal.

16 COUNCILMAN ORTIZ: But we don't have an
17 idea in terms of expenditures.

18 COUNCIL PRESIDENT VERA: Councilman
19 Ortiz, I just don't think we're being fair to Mr.
20 Dubow. We're talking about stadiums.

21 COUNCILMAN ORTIZ: Thank you, Madam
22 Chair. That's all.

23 COUNCIL PRESIDENT VERA: Thank you.
24 Are there any other questions or comments from
25 Members of the Committee?

1 Bill Nos. 79, 90, 82, 83, 84, 85

2 Hearing none, this Committee will stand
3 in recess until tomorrow, Wednesday, March the 8th
4 at noontime. Thank you.

5 MR. MC PHERSON: The School District
6 hearing that was supposed to follow will be recessed
7 until Wednesday at 2:00 p.m. Thank you.

8 (Adjourned at 11:20 a.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of March 7, 2000, were reported fully
and accurately by me, and that this is a correct
transcript of the same.

RE: COMMITTEE OF THE WHOLE

Lisa C. Bradley, RPR
and Notary Public