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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON RULES

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6

Room 696, City Hall
Philadelphia, Pennsylvania
Wednesday, October 16, 2002
10:14 a.m.

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10 BILL 020166 - An ordinance establishing a
neighborhood improvement district...
11 BILL 020431 - An ordinance establishing a
neighborhood improvement district...
12 BILL 020486 - An ordinance adopting an amendment to
the Articles of Incorporation of the City Avenue
13 Special Services District...
14 RESOLUTION 020627 - Resolution approving the
Revision to the Cathedral Village Lifecare Facility
"RC-6" Master Plan.

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PRESENT:

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COUNCILMAN JAMES KENNEY, Chair
COUNCIL PRESIDENT ANNA C. VERNA
18 COUNCILMAN DARRELL CLARKE
COUNCILMAN MICHAEL NUTTER
19 COUNCILMAN BRIAN O'NEILL
COUNCILMAN ANGEL ORTIZ

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1 10/16/02 - RULES - BILL 020486

2 COUNCILMAN KENNEY: Good morning, ladies
3 and gentlemen. Council Committee on Rules is now in
4 session for a public hearing on a number of bills.

5 The first bill is Bill No. 020431, an
6 ordinance establishing a neighborhood improvement
7 district in an area that generally includes both
8 sides of East Passyunk Avenue from the south side of
9 Federal Street to the east side of South Broad
10 Street.

11 Is there anyone here to testify on this
12 bill?

13 (No response.)

14 COUNCILMAN KENNEY: Seeing none, we will
15 now move to Bill No. 020486, which is an ordinance
16 adopting an amendment to the Articles of
17 Incorporation of the City Avenue Special Services
18 District of Philadelphia and Lower Merion to extend
19 the term of that Authority; all under certain terms
20 and conditions.

21 The Chair calls David L. Cohen.

22 Good morning. Please identify yourself
23 for the record and proceed.

24 MR. COHEN: Good morning. My name is
25 David L. Cohen. I'm the Executive Director of the

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2 City Avenue Special Services District.

3 COUNCILMAN KENNEY: Please proceed.

4 MR. COHEN: Thank you for allowing me to
5 testify before you today on the extension of the
6 term of the City Avenue Special Services District.

7 The City Avenue Special Services
8 District is the first bi-jurisdictional special
9 services district in the country and represents the
10 cooperation of Philadelphia and Lower Merion
11 Township. The City Avenue Special Services District
12 runs along and near both the Philadelphia and Lower
13 Merion sides of City Avenue from the Schuylkill
14 Expressway to Wynnewood Road.

15 The purpose of Bill 020486 is to extend
16 the lifespan of the district to December 21, 2022.
17 On October 9, 2002, the Building and Planning
18 Committee of the Lower Merion Township Board of
19 Commissioners voted to approve a comparison
20 ordinance to Bill 020486. Next year the District
21 will develop and release a 20-year plan, which will
22 include the budget and a programming plan.

23 Councilman Nutter, along with Lower
24 Merion Commissioners Joseph Manko and Jim Ettlelson,
25 and Pennsylvania Representative Lita Cohen, has

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2 played a key role in the creation and support of the
3 City Avenue Special Services District. Pennsylvania
4 Representatives Kathy Manderino and Louise Williams
5 Bishop have also been supportive to the District.

6 During its first four years of
7 operation, the City Avenue Special Services District
8 has achieved a number of significant accomplishments
9 including:

10 Over 400,000 square feet of new
11 institutional, commercial, and retail space have
12 been added to the district resulting in the creation
13 of over 450 permanent jobs;

14 Crime has dropped over 28 percent in the
15 district;

16 The District's community service
17 representatives which patrol the City Avenue Special
18 Services District by bicycle six days a week have
19 had over 5,000 meaningful contacts with the public,
20 helping citizens with a range of problems;

21 Creation and operation of CART, City
22 Avenue Regional Transit, a shuttle bus system that
23 operates along and near City Avenue and Manayunk;

24 The development of a streetscape plan
25 calling for over \$5.8 million in improvements;

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2 Over \$1.2 million in grants have been
3 secured by the District. This represents 51 percent
4 of the value of the District's revenue from
5 assessments;

6 The awarding of a Pennsylvania Planning
7 Association award for special community initiative
8 in 1999;

9 And the awarding of a Pennsylvania
10 Governor's award for local government excellence for
11 building community partnerships in 2001.

12 Once again, thank you for providing me
13 with the opportunity to testify before you today.
14 I'll be pleased to answer any questions.

15 COUNCILMAN KENNEY: Any questions for
16 Mr. Cohen?

17 (No response.)

18 COUNCILMAN KENNEY: Seeing none, thank
19 you for your testimony.

20 Anyone else to testify on this bill?

21 (No response.)

22 COUNCILMAN KENNEY: Seeing none, we will
23 now move to Resolution No. 020672, which is a
24 resolution approving the revision of the Cathedral
25 Village Lifecare Facility RC-6 Master Plan.

1 10/16/02 - RULES - RESOLUTION 020672

2 Good morning.

3 MR. CHAPMAN: Good morning, Mr.

4 Chairman, Madam President. From the City Planning
5 Commission, my name is Thomas Chapman. I am here
6 today to testify on an amendment to the RC-6 Master
7 Plan for Cathedral Village.

8 This amendment is for the construction
9 of 16 one-story townhouse structures. These
10 additions will provide additional senior housing at
11 this location. The construction will include an
12 additional parking area with 18 parking spaces.
13 This will result in the facility containing 287
14 parking spaces total.

15 The Planning Commission considered and
16 approved this amendment to the RC-6 Master Plan of
17 Cathedral Village at its meeting of May 22, 2002.

18 I'd be happy to answer any questions of
19 the Committee.

20 COUNCILMAN KENNEY: Any questions for
21 this witness?

22 (No response.)

23 COUNCILMAN KENNEY: Seeing none. Thank
24 you.

25 Anyone else to testify on this bill?

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2 Please come forward. Good morning.

3 MR. OWENS: Good morning, ladies and
4 gentlemen. I'm Bill Owens. I'm the President of
5 Cathedral Village, and we're seeking your approval
6 of this project which, as you know, is creating 16
7 new townhouses as well as we're going to be
8 constructing a dining room which will be needed for
9 additional service for these people. The real
10 purpose of this project is to help us generate
11 additional operating revenue to help us deal with
12 the problems that we're all experiencing, the
13 shortfalls because of significant insurance rate
14 increases. We have a 148-bed skilled nursing
15 facility, and we also deal with the problems of the
16 lower reimbursement, increased drug costs, et
17 cetera, that all healthcare people are dealing with.
18 So the additional revenue that this project will
19 generate will certainly help us in terms of
20 maintaining our level and quality of care and
21 services.

22 COUNCIL PRESIDENT VERNA: Are these
23 one-bedroom units?

24 MR. OWENS: No, they're two-bedroom
25 units. They're two-bedroom, two-bath units.

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2 They're our largest units.

3 COUNCIL PRESIDENT VERNA: And are they
4 for rental or for purchase?

5 MR. OWENS: We're a full-service
6 lifecare retirement community. And when a resident
7 moves to our community, they pay for a resident
8 in-care contract. They do not buy the apartment,
9 but they sign a contract for life with us. They pay
10 an entrance fee, depending on the size of the unit.
11 We have eight different size units. And then they
12 pay a monthly fee for the services we provide. And
13 so the entrance fee on these large units is
14 \$245,000. But we maintain ownership of that
15 property. And as the apartments turn over, then we
16 resell them. That's the normal structure of a
17 full-service lifecare retirement community. We
18 offer unlimited healthcare, unlimited stays in our
19 nursing facility, if needed. We have physicians
20 five days a week, physician offices, as well as
21 outpatient care for our residents.

22 COUNCIL PRESIDENT VERNA: Thank you.

23 COUNCILMAN KENNEY: Thank you very much.

24 Any other questions?

25 Councilman Nutter.

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2 COUNCILMAN NUTTER: Mr. Owen, thank you
3 very much, one, for coming in today. I'm going to
4 put into record some support letters. But I greatly
5 appreciate your cooperation during the course of
6 this process and also making sure that not only your
7 residents were aware of this proposal, but also the
8 surrounding neighborhoods. This worked out very
9 well in the community, and it's a testament to the
10 relationship that Cathedral Village has, not only as
11 a fine institution, but also opening its doors
12 whenever there is a need for meetings for the
13 infrequent controversy that might take place in the
14 Roxborough community. So I just want to thank you.

15 Given our present pay status, I probably
16 won't ever be able to become a resident, but I
17 certainly enjoy visiting and stopping by.

18 With that, Mr. Chairman -- and copies
19 are being circulated. And if we can have one given
20 to the stenographer, there are support letters for
21 this amendment to the RC-6 Master Plan from Edward
22 Warwick, President of the Cathedral Village
23 Residents Association; residents of the 700 block of
24 Manatawna Avenue; Bob Turino, President of the Upper
25 Roxborough Civic Association; and Robert Adams, Vice

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2 President of the Chapel Hill Civic Association, all
3 in support of this particular project. Thank you.

4 COUNCILMAN KENNEY: Thank you very much.

5 Any other questions for this witness?

6 (No response.)

7 COUNCILMAN KENNEY: Seeing none, anyone
8 else to testify on this bill?

9 (No response.)

10 COUNCILMAN KENNEY: Thank you very much.

11 MR. OWENS: Thank you.

12 COUNCILMAN KENNEY: We'll now move to
13 Bill No. 020611-A, an ordinance establishing a
14 neighborhood improvement district in the area
15 bounded generally by the eastern side of Tulip
16 Street, the northern side of Allegheny Avenue, the
17 western side of Amber Street, and northern side
18 Venango Street, to be known as Port Richmond
19 Industrial Development Enterprise, PRIDE,
20 Neighborhood Improvement District; designating
21 PRIDE, Inc., a Pennsylvania nonprofit corporation as
22 a Neighborhood Improvement District Management
23 Association for the District.

24 Is there anyone to testify on this bill?

25 Please identify yourself for the record.

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2 MR. BUMB: Good morning. My name is
3 Duane Bumb, Deputy Director of Commerce.

4 I appreciate the opportunity to provide
5 testimony on 020166-A, and I'd also like to -- this
6 testimony is actually also relevant to 020431, which
7 was the Passyunk Avenue bill.

8 These bills will allow for the creation
9 of Neighborhood Improvement Districts in the East
10 Passyunk area and the Port Richmond industrial area.

11 While there are already several Special
12 Service Districts and Business Improvement Districts
13 operating successfully within the City, Passyunk
14 Avenue and Port Richmond Neighborhood Improvement
15 Districts will be the first districts created under
16 the State's recent enabling legislation entitled
17 "Community and Economic Improvement Act." This Act
18 authorized the creation of Neighborhood Improvement
19 Districts within cities of the first class. All
20 previous Special Service Districts, including the
21 City Avenue District before you today for extension,
22 were created under the 1945 Municipality Act.

23 The new act creating Neighborhood
24 Improvement Districts gives the City the authority
25 to collect special property assessments on behalf of

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2 the Neighborhood Improvement Management Association.
3 This Management Association is defined within the
4 legislation as the organization responsible for
5 administrating the Neighborhood Improvement
6 District. Bills 020431 and 020166-A specifically
7 make the City responsible for the collection of all
8 property assessment fees levied within the
9 respective districts. This is a significant change
10 from the previously organized Special Service
11 Districts where each district was responsible for
12 its own assessment and collection. I would
13 recommend that the language in the two bills before
14 you today be modified to allow the City to pass back
15 to the Neighborhood Improvement Districts all the
16 costs associated with the assessment and collection.
17 There is some real possibility that the
18 City can achieve some economies of scale in
19 administering the assessment process from multiple
20 districts. We propose seeking the services of a
21 qualified contractor who would be willing to provide
22 a discount for service over multiple districts. If
23 such a contractor can be identified, we would
24 propose offering the service to the eight existing
25 districts as well as the two newly formed districts

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2 being discussed today. Under this scenario, all
3 districts participating in the City-sponsored
4 assessment program would share the savings
5 associated with the consolidated process. At the
6 same time, all participating districts would still
7 be responsible for their proportionate share
8 associated with these activities.

9 If the City is not allowed to pass
10 through the costs for this service, we will have
11 created a new financial burden for City government
12 and will have created an inequitable situation
13 between those existing districts who currently pay
14 for the administration of the assessment process and
15 the newly-created districts that are relieved of
16 this expense.

17 For this reason, I respectfully
18 recommend that the language in Bills 020431 and
19 020611-A be amended as I've outlined. Thank for
20 your consideration.

21 COUNCILMAN KENNEY: Have you prepared
22 amendments for these bills?

23 MR. BUMB: The only amendment would be a
24 couple words which just say --

25 COUNCILMAN KENNEY: Have you prepared

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2 amendments for these bills?

3 MR. BUMB: I have not.

4 COUNCILMAN KENNEY: So there's no
5 prepared amendments from the Administration for
6 these bills?

7 MR. BUMB: Right.

8 COUNCILMAN KENNEY: When was the
9 decision made to come here today to make this
10 request and to put this testimony on the record?
11 When was the request made to be a witness in this
12 hearing?

13 MR. BUMB: I understood I should come
14 here as of late yesterday.

15 COUNCILMAN KENNEY: How late?

16 MR. BUMB: Approximately 6:00.

17 COUNCILMAN KENNEY: Six o'clock
18 yesterday afternoon they told -- who prepared the
19 testimony?

20 MR. BUMB: I did, this morning.

21 COUNCILMAN KENNEY: At whose direction?

22 MR. BUMB: In consultation with the
23 Mayor's Office and with the Revenue Commissioner.

24 COUNCILMAN KENNEY: Who did you talk to
25 on the telephone?

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2 MR. BUMB: I talked with Caroline
3 Brobeil.

4 COUNCILMAN KENNEY: Caroline Brobeil
5 directed you to prepare this testimony at 6:00
6 yesterday and to attend a meeting today?

7 MR. BUMB: Yes.

8 COUNCILMAN KENNEY: Does the Commerce
9 Director have an opinion on this? Does the Commerce
10 Director know about this particular position?

11 MR. BUMB: He knows that I'm testifying,
12 yes.

13 COUNCILMAN KENNEY: I'm sorry?

14 MR. BUMB: He knows that I'm testifying.
15 In fact, I have not reviewed the specific testimony
16 with him.

17 COUNCILMAN KENNEY: You talked with the
18 Commerce Director about this?

19 MR. BUMB: I talked with him about
20 coming here. He has not reviewed this specific
21 testimony.

22 COUNCILMAN KENNEY: When did you talk to
23 the Commerce Director?

24 MR. BUMB: This morning.

25 COUNCILMAN KENNEY: That conversation

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2 consisted of what?

3 MR. BUMB: It consisted of me --

4 COUNCILMAN KENNEY: Telling him that you
5 were going to be here?

6 MR. BUMB: That I was going to be here.

7 COUNCILMAN KENNEY: And did you tell him
8 what you were going to do when you got here?

9 MR. BUMB: Yes.

10 COUNCILMAN KENNEY: And what he did he
11 say?

12 COUNCILMAN KENNEY: I don't know that he
13 had a specific response to that.

14 COUNCILMAN KENNEY: Did he say,
15 "Uh-huh"? Did he say, "Okay"? Did he say, "That's
16 a good idea"? Did he say, "I don't care"? Did he
17 say, "I'll see you at lunch"?

18 I mean, he must have said something.
19 When you have a telephone conversation, usually
20 someone responds on the other end.

21 MR. BUMB: Well, I saw him in person.

22 COUNCILMAN KENNEY: And what did he say?
23 Did he shrug his shoulders? Did he shake his head?
24 He did something.

25 MR. BUMB: It was more along the lines

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2 of "okay."

3 COUNCILMAN KENNEY: Okay? This is Jim
4 Cuorato himself?

5 MR. BUMB: Yes.

6 COUNCILMAN KENNEY: Okay.

7 Councilman DiCicco.

8 COUNCILMAN DICICCO: Thank you, Mr.
9 Chairman.

10 This is the second hearing on these
11 bills. Could you explain why there was no
12 communication of this recommendation at the last
13 hearing?

14 MR. BUMB: I think that the problem was
15 that no one had reviewed the State enabling
16 legislation to fully understand that there was one
17 cost passing through that we would like to see
18 removed from these bills. So that didn't happen at
19 the time of the previous hearings.

20 COUNCILMAN DICICCO: You're not aware of
21 any conversation that took place between my
22 legislative assistant, Mr. Fitz, and the Revenue
23 Department and the Commerce Department back in July
24 as it relates to this new legislation? You're not
25 aware of that?

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2 MR. BUMB: I've had conversations
3 directly with Mr. Fitz on the Passyunk bill.

4 COUNCILMAN DICICCO: But no mention of
5 the request that's being made today?

6 MR. BUMB: That's right. We did not at
7 that time understand the impact of the state
8 legislation.

9 COUNCILMAN DICICCO: In your testimony,
10 you state that this is a significant change from the
11 previously organized Special Services Districts
12 where each district was responsible for its own
13 assessment and collection. Is that a requirement
14 that they collect their own tax -- they make their
15 own collections, or was that just something that
16 they choose to do?

17 MR. BUMB: The previously authorized
18 district's legislation does not require the City to
19 make the assessment and collection. That is --

20 COUNCILMAN DICICCO: Neither does it
21 require that the district --

22 MR. BUMB: That's right.

23 COUNCILMAN DICICCO: It requires that
24 the District --

25 MR. BUMB: It does not.

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2 COUNCILMAN DICICCO: So it can be either
3 way?

4 MR. BUMB: It can.

5 COUNCILMAN DICICCO: Do you know what
6 the cost to the two districts in front of us -- what
7 would the cost of PRIDE be and what would the cost
8 of the Passyunk Avenue District be?

9 COUNCILMAN KENNEY: Before you answer
10 the question, I'd like to make a request that either
11 Mr. Fitz or Mr. Hawkins call the Mayor's Office and
12 ask for Ms. Brobeil to attend this hearing because,
13 obviously, Mr. Bumb is here to be the messenger, and
14 apparently isn't aware of the policy that's been
15 apparently discussed in the Mayor's Office as to why
16 he's the messenger on this particular issue. So I
17 would request that one of the staff people call down
18 there and ask that she come or send someone else up
19 to explain their position on this particular bill.

20 Sorry to interrupt.

21 MR. BUMB: Could you repeat that
22 question?

23 MR. DICICCO: Do you have any knowledge
24 as to what the costs would be for each of the
25 districts independent of each other?

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2 MR. BUMB: Just based on my conversation
3 with the Revenue Commissioner, the estimate is going
4 to vary by size of district and the number of
5 assessments. But order of magnitude might be 8 to
6 \$15,000 per district.

7 COUNCILMAN DICICCO: Do you happen to
8 know what the collection for the Passyunk Avenue
9 District would be?

10 MR. BUMB: I understood it to be
11 something like 46,000.

12 COUNCILMAN DICICCO: So we would take
13 almost 40 percent of their revenues?

14 MR. BUMB: That's right.

15 COUNCILMAN DICICCO: So they're taxing
16 themselves to provide a service that we as a City
17 can't provide for them and we're going to charge
18 them for the privilege of taxing themselves?

19 And I know you're messenger, as the
20 Chair pointed out, Mr. Bumb. I'm not being
21 confrontational with you. It's about 10 to \$15,000
22 and the revenues that will be collected are around
23 45 to 60,000.

24 COUNCILMAN KENNEY: Just so the record
25 is clear, Mr. Bumb, and again, I apologize if this

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2 is going to get contentious, but is the Commerce
3 Director, yourself, Ms. Brobeil or anyone else in
4 the Mayor's Office aware of the composition of these
5 two business strips? This is not the Center City
6 District. This is not an area that has necessarily
7 extremely high tax rateables. This is a blue collar
8 working class business strip along with Port
9 Richmond that are attempting to survive in the City.
10 Does the Commerce Director or Mayor's Office have
11 any interest in allowing these people to maintain
12 their businesses, promote their own strip, do their
13 own cleaning, do their own promotion so that they
14 can remain active and viable taxpaying employers in
15 the City? Does that enter into the discussion at
16 all?

17 MR. BUMB: I'll speak for the Commerce
18 Director who, in fact, has a history of being very
19 supportive of --

20 COUNCILMAN KENNEY: Up until today. As
21 a matter of fact, the September 12th letter is
22 extremely supportive with no mention of any
23 additional discussion on changing the legislation.
24 So I assumed up until today he is very supportive of
25 these blue collar working-class districts that are

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2 attempting to survive in the City. So maybe you can
3 bring me up to date on what his position is now.

4 MR. BUMB: It would be my understanding
5 that he remains very support of the creation of
6 these two districts as well as the retention of the
7 eight existing districts we have within the City.
8 We're working with other districts that are still in
9 a formative stage. We, through commerce, provide
10 some of the funding that helps districts do the
11 planning for their creation. And I think we may
12 have even on these two cases.

13 COUNCILMAN KENNEY: And it's the
14 position of the Commerce Director today that 40
15 percent of the revenue that they're going generate
16 and using that to defray costs to something that's
17 in the best interest of these struggling
18 neighborhood business strips?

19 MR. BUMB: I can't say that that would
20 be --

21 COUNCILMAN KENNEY: Well, maybe we can
22 find out from the Commerce Director what his
23 position is on that, if he has one.

24 Councilman Nutter.

25 COUNCILMAN NUTTER: Just one quick

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2 question. With regard to the cost estimate, I mean,
3 obviously you heard the testimony earlier. I have
4 two Special Services Districts, one being extended
5 in the district that I represent and possibly
6 another coming on-line soon. Where did the cost
7 estimate come from and what are those costs
8 covering?

9 I mean, I'm assuming at a certain level,
10 not to over simplify, letters are going to be sent
11 out to these respective property owners. I
12 understand there's mail costs, staff time. I'm
13 assuming we're not hiring extra people to do any of
14 this. Somebody in someplace, I guess, has some
15 experience sending out notices or bills or whatever.
16 I'm not disputing -- I'm not weighing in for the
17 moment about whether it's right or wrong. It
18 probably at a certain level doesn't make much sense.
19 But I understand that. We don't need to have that
20 debate. Where did the estimate come from and what
21 is that covering? What would you spend 8- to
22 \$15,000 on?

23 MR. BUMB: Well, I think I said 8 to 15
24 and smaller ones I would hope to be less. It would
25 be for the compilation of the data on all the

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2 property owners, the assessments, the notices given,
3 and then the collection process to get payment.
4 Again, that is for the current districts that are
5 formed and operating, including City Avenue. Those
6 are burdens that each of those districts already
7 incurs. We would suggest here that there is some
8 potential to everybody if the City consolidates that
9 process, so that would be one advantage to the City
10 stepping into --

11 COUNCILMAN NUTTER: But as you
12 mentioned, for instance, specifically for the two
13 that I have, the data, the compilation of the data
14 is actually done by the City. I mean, they get a
15 file from our very good friends over at the BRT, the
16 one that goes in the vacuum tube and "shoop," you
17 know that sound. So they actually do the compiling
18 of the data. The Planning Commission provides some
19 GIS mapping capability to make sure that you're
20 matching things up. And, again, never take anything
21 away from any department, time is time and time is
22 money at a certain level, but I never got the
23 impression, to be honest with you, that they were
24 overwhelmed by the request. I don't know how big
25 this district is. I mean, they're all different.

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2 But some computer person who likes doing that kind
3 of work plugs in the locations and the values and
4 they give you a disk.

5 MR. BUMB: That's right. And that work
6 is already -- these bills actually have attachments
7 which specifically list the properties and the
8 assessments. So that work is already done. It is
9 only a matter of issuing the assessment notices and
10 following through on a collection process with
11 those, which the City heretofore hasn't done.

12 COUNCILMAN NUTTER: I understand. I
13 mean, I don't want to act like there's nothing
14 involved. There is something involved. But I was
15 just intrigued by that particular figure and how
16 someone calculated what that number would be.

17 MR. BUMB: It's all second- or
18 third-hand information to me. I thought it was
19 based on specific conversations with one of the
20 consultants who does some of this work right now.

21 COUNCILMAN KENNEY: Councilman O'Neill.

22 COUNCILMAN O'NEILL: I know I come in on
23 the details of this somewhat late in the game, but
24 the difference between the previous state
25 legislation and the legislation that affects these

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2 two districts, could you explain the difference and
3 is there an advantage or disadvantage to either one?

4 MR. BUMB: Well, we probably should have
5 an attorney doing that, but from my layman's
6 viewpoint, the --

7 COUNCILMAN O'NEILL: The layman's
8 viewpoint is always better.

9 MR. BUMB: The current legislation
10 provides much greater detail on how districts are to
11 be formed, the plans that they should have created
12 and their administration. So sort of saying nothing
13 more, there is much greater detail provided in the
14 recent enabling legislation just on the guidance
15 that is provided to these districts as they're
16 formed. Again, the only sort of specific issue I
17 bring to your attention is that one of those details
18 in that is that the local government will be
19 responsible for the assessment. It has not been
20 specifically responsible in the past for providing
21 that assessment and collection service.

22 COUNCILMAN O'NEILL: When you say the
23 assessment, how much?

24 MR. BUMB: That's right. Literally just
25 sending an assessment tax bill out and then

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 following up to make sure it's paid.

3 COUNCILMAN O'NEILL: Under the other
4 state legislation and the existing districts, the
5 legislation itself has -- the City legislation has
6 the amount of the assessment in it? Or do they vote
7 individually to assess themselves rather than
8 government voting to assess it?

9 MR. BUMB: The state legislation, the
10 Municipality Act of 1945, I believe, was silent on
11 it. The legislation that would have been passed in
12 City Council for each of the Special Service
13 Districts created would have talked in terms of the
14 assessment provided, allowing the assessment to be
15 passed through to those property owners.

16 COUNCILMAN O'NEILL: Do you know if in
17 the existing districts there is mandated by
18 legislation what the assessment should be, or do the
19 individual districts self-assess in terms of how
20 much?

21 MR. BUMB: I don't know the answer to
22 that question. I would guess that there is a limit
23 provided in the legislation but up to that limit
24 they are self-assessing.

25 COUNCILMAN O'NEILL: And is it in the

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 legislation here what the assessment will be on
3 these two?

4 MR. BUMB: Yes.

5 COUNCILMAN O'NEILL: What is that?

6 MR. BUMB: I mean, there's an assessment
7 on a property-by-property basis that is an
8 attachment --

9 COUNCILMAN O'NEILL: It's a percentage
10 in addition to what the regular real estate tax is?

11 MR. BUMB: Yes.

12 COUNCILMAN O'NEILL: That's the way it's
13 normally done, right?

14 MR. BUMB: Yes, it is. It's percentage
15 of the assessed value.

16 COUNCILMAN O'NEILL: Is it in line with
17 what the other ones are, the different districts?

18 MR. BUMB: I don't know that. My
19 assumption is that it is, yes, that it is not out of
20 line with what one would expect the assessment to
21 be.

22 COUNCILMAN KENNEY: Well, the new
23 commercial assessments are coming out soon, coming
24 out this week, I think.

25 COUNCILMAN O'NEILL: If your assessment

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 is X, it's X plus 4 percent or something like that.

3 MR. BUMB: That's right. This is a
4 special assessment above the normal City property
5 real estate assessment.

6 COUNCILMAN O'NEILL: And the Original
7 Center City District started with that?

8 MR. BUMB: That's correct.

9 COUNCILMAN O'NEILL: But it was not done
10 -- City Council and the Administration did not
11 decide what the assessment was, it was determined by
12 the district itself what was needed and how much
13 they were willing to be --

14 MR. BUMB: It has its own governing body
15 that it forms, and that body determines the
16 assessment that is approved by the district.

17 COUNCILMAN O'NEILL: So now someone
18 trying to set up a new district could either fall
19 under the -- choose to be the Municipality Act or
20 the new state legislation, it's an either-or now for
21 someone rather than totally having one choice?

22 MR. BUMB: I would have thought that the
23 act would supersede the old act, but you may be
24 right.

25 COUNCILMAN O'NEILL: You're not sure.

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 MR. BUMB: I'm not sure.

3 COUNCILMAN O'NEILL: Thank you.

4 COUNCILMAN KENNEY: Thank you.

5 Councilman Nutter.

6 COUNCILMAN NUTTER: Thank you.

7 Mr. Bumb, the one thing I guess I was
8 going to throw out to you, again, because of at
9 least some of my involvement with both City Avenue
10 and with the Main Street Special Services District
11 is -- I mean, the Commerce Department in definitely
12 the City Avenue District and possibly in Main Street
13 but absolutely with City Avenue, the Commerce
14 Department was very, very helpful in helping to
15 establish that particular district, not only with
16 resource support, but also financially. And I guess
17 as this goes forward, and I think my information is
18 in response to the question that Councilman O'Neill
19 raised, is I think this is now the new way under the
20 Municipality Act of how future Special Service
21 Districts will be created. There was the original
22 process under the Municipality Act and then that was
23 amended, I believe, to create this new process. And
24 I guess I'm now wondering for whatever these costs
25 may be, but given where these districts usually are

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2 and the nature of the relationship in many instances
3 between these districts and the Commerce Department
4 specifically because these are businesses and
5 they're doing things that I think we want them to
6 do, is this a place where Commerce as it relates to
7 whatever these costs may be may look to help some of
8 these districts at least as they get started with
9 covering some of these costs so that whether it's by
10 a start-up grant or something like that, if there's
11 a concern about quote/unquote covering costs, this
12 could be a value-added benefit by the Commerce
13 Department to maintain a relationship -- I mean, we
14 obviously have a variety of grant programs between
15 Commerce and individual business. I mean, you're
16 presently supporting activities up in Roxborough
17 which is proceeding down a particular path probably
18 leading toward creation of a Special Services
19 District. I mean, I think they're now having
20 neighborhood meetings about that issue. So I'm
21 going to be right back in this same situation under
22 a different model sometime soon. You might want to
23 think about that.

24 MR. BUMB: And as you point out, we have
25 actively supported and financially supported the

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2 formation of, I think, all the Special Services
3 Districts created, I think including the two in
4 front of you today for formation. So the concept of
5 creating Special Service Districts, we fully
6 appreciate the value and the need for them. I guess
7 I view this amendment here as sort of a small
8 correction within the language and not, in fact,
9 looking to send a signal that we don't support these
10 bills or the predecessors or those that are coming
11 in the future.

12 COUNCILMAN KENNEY: It's not a small
13 correction to the available -- the money's available
14 for them to do the work they need to do in this
15 district. That's not a small correction.

16 MR. BUMB: Some of the districts that
17 operate right now actually handle that service.
18 They don't contract it out, they actually within
19 their own small staffing they send out letters or
20 they knock on doors to do that. That can be cost
21 effective as well.

22 COUNCILMAN KENNEY: Thank you.

23 Any questions?

24 Administration. Please identify
25 yourself for the record.

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2 MS. WILKERSON: My name is Joyce
3 Wilkerson, I'm Chief of Staff for Mayor Street.

4 COUNCILMAN KENNEY: Please proceed with
5 any testimony you have relative to this amendment or
6 this proposed amendment.

7 MS. WILKERSON: I am up here because I
8 understand there was some question about how the
9 Administration arrived at its policy.

10 COUNCILMAN KENNEY: Yes.

11 MS. WILKERSON: And I'm prepared to
12 respond to that.

13 The Administration reviewed the bills
14 and had concerns about having the Revenue Department
15 actually undertake the collection aspect of the
16 Special Services Districts. It would involve
17 reprogramming the City's computer and setting up a
18 different collection mechanism than the one we
19 currently utilize. It was thought to be cost
20 prohibitive. We asked what other structures are
21 available, and some of the other districts,
22 specifically the Center City District, has contract
23 relationships that enable it to undertake the
24 collection. We didn't want to come up here and
25 testify against the Special Services Districts

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2 because we are supportive of them, but wanted to
3 investigate whether or not the City might be able to
4 negotiate some kind of arrangement that would
5 provide an efficient collection mechanism for all
6 the Special Services Districts created. Currently,
7 some do it themselves, as Duane has testified. Some
8 contract, subcontract with Lockheed and other
9 parties. And some just do it themselves. But there
10 may be a more efficient arrangement that all of them
11 could utilize and that was the basis for our taking
12 the position we did.

13 COUNCILMAN KENNEY: Mr. Bumb testified
14 that he received this information and request to
15 testify at 6 o'clock yesterday evening. Generally,
16 we try to at least keep a 24- to 48-hour window of
17 discussion. Mr. Bumb said that 6 o'clock yesterday
18 he received this information to testify, prepared
19 testimony, talked with the Commerce Director cursory
20 this morning. And whether he knew about it or not,
21 he said okay, but I don't know if he necessarily
22 expressed an opinion. And now we're sitting here
23 being asked to amend a bill with that kind of time
24 frame. We just don't understand why -- how much
25 does the Administration estimate the cost of this

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 assessment and collection is going to be?

3 MS. WILKERSON: I don't know how much it
4 would cost to reprogram. It would be a matter of
5 having to reprogram the Revenue Department's
6 collection. We discussed this as an Administration
7 on Friday and reviewed the issues. I don't have a
8 final figure. If you would like a figure, we could
9 explore the cost with a software company to find out
10 how much it would cost to set up the appropriate
11 programs. All the different Special Service
12 Districts have their own plans, they have different
13 rates of collection, and we would have to work with
14 parties to figure out what it would take to program
15 all the various Service Districts' programs.

16 COUNCILMAN KENNEY: I don't want the
17 record to be misleading that somehow the comparison
18 of the Center City District to the East Passyunk
19 Avenue or the Port Richmond District are equal
20 comparisons. The revenue available to those
21 districts are substantial and that the cost assumed
22 by these struggling districts attempting to remain
23 viable employers in the City would be a major hit to
24 the revenue available to them to be able to do what
25 they've intended to do in the first place.

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2 MS. WILKERSON: Well, I think we don't
3 know until we actually find out what it would cost
4 to set up an efficient collection system for them.
5 It may be that there is a way of doing it, but we
6 don't know until we explore that more fully.

7 COUNCILMAN KENNEY: Councilman DiCicco.

8 COUNCILMAN DICICCO: Thank you.

9 Good morning. My information from David
10 Fitz, my legislative assistant, is that
11 conversations with the Revenue Department back in
12 July, the Revenue Department indicated that there
13 would be some adjustment that they would have to
14 make in terms of the billing, but it was nothing of
15 any major problem and that they would probably send
16 the assessment for the district immediately
17 thereafter sending the original real estate bill
18 out. So they didn't make it sound to us -- and
19 David is in the room; he can correct me if I'm
20 wrong -- that it was anything that was a major
21 significant increase in the administrative costs.
22 And this is our second meeting on this bill. For
23 the Administration to send something up at this late
24 stage when we have a couple folks, three fellows
25 from the Passyunk Avenue District and no one is here

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2 is from the Port Richmond District because they
3 didn't assume there would be any change to the
4 original discussion and first hearing that we had.
5 I think it's really counter-productive. I think
6 it's sending a wrong message to, not only these
7 districts, but future districts, especially the
8 smaller ones where they're probably going to
9 generate revenue under a hundred thousand dollars a
10 year. And no one has the exact number, but even if
11 it's 10,000, it's 10 percent of their budget that's
12 going to go back to the City for administrative
13 costs when in effect what they're attempting to do,
14 as Councilman Kenney said, is not only sustain their
15 businesses but increase business. The City will
16 reap the rewards out of their efforts. And really,
17 what did the City do for them? Nothing but give
18 them the authority to tax themselves. We will as a
19 City see an increase in sales taxes and other kinds
20 of things that are desperately needed as a result of
21 their undertaking this measure. I just don't see
22 any benefit in doing this. Center City District and
23 some of the other ones are huge. They're generating
24 millions of dollars a year. And I would understand
25 -- I think they understand that there's a certain

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2 requirement on their part. But for a little
3 neighborhood commercial district to have to pay an
4 additional tax for taxing themselves in the first
5 place, I think that's counter-productive. I'm not
6 trying to be argumentative. I just don't see the
7 sense in it.

8 MS. WILKERSON: I think it's a problem.

9 These are the first of the two Special Service
10 Districts to propose that the City undertake
11 collection on their behalf. We probably have over
12 10 Special Service Districts now. If this becomes
13 the rule rather than the exception, we're into a
14 whole different scope of problem. These will not be
15 the only two Special Service Districts where the
16 City is expected to do the collection activity. I
17 think it makes sense to try to put together a
18 program that works for everybody that is
19 cost-efficient for the collection agencies and does
20 not drag the City into a whole different collection
21 regimen than it currently has. I fully expect there
22 to be additional amendments to the Special Service
23 Districts now if the City is going to become their
24 agent for the purpose of collection.

25 COUNCILMAN DICICCO: I can agree with

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 you, but I just think that this will send the wrong
3 message out for any other commercial corridors who
4 are considering establishing a district, to impose
5 an additional tax on them in addition to the tax
6 that they're putting on themselves. I just think
7 it's a bad message.

8 MS. WILKERSON: I think we've -- I'm
9 sorry.

10 COUNCILMAN KENNEY: Any other questions?
11 Councilman O'Neill.

12 COUNCILMAN O'NEILL: The public match
13 that's involved in these, is there a public match in
14 the other bills, the other districts? This says,
15 "Revenue assessment public match." Is public match
16 public money? What does that refer to?

17 COUNCIL PRESIDENT VERNA: What page is
18 it?

19 COUNCILMAN O'NEILL: Eight. I have the
20 Port Richmond bill, second line down.

21 MS. WILKERSON: I don't know where
22 you're reading.

23 COUNCILMAN O'NEILL: There's a chart on
24 Page 8, the left column of the chart says, "Annual
25 revenue," it says "Assessment 46,000 plus, public

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 match 23,000 plus." I wanted to know what the
3 public match referred to and who pays it.

4 MR. BUMB: I don't know the answer to
5 that question. We can find out for you.

6 COUNCILMAN DICICCO: If I recall,
7 because this has been a while since we first started
8 talking about this, I think that is a budget that
9 was put together by PRIDE in the hopes of being able
10 to attract some public dollars to it. But I don't
11 think it's a requirement from the City or any other
12 government entity to match it. I think that that's
13 what their assessment in order to accommodate their
14 mission, what their goal would be.

15 COUNCILMAN O'NEILL: Okay. I'll point
16 out, in the second paragraph on that same page,
17 "This proposal to collect a 20 percent assessment
18 would require a 50 percent match to cover the annual
19 costs," et cetera, et cetera. And so --

20 COUNCILMAN DICICCO: I think the public
21 match could be anything, it could be City, it could
22 be State, it could be the businesses themselves or
23 corporate sponsors or something else. I think,
24 again, this was for PRIDE's purposes of doing a
25 budget. No City dollars that ever in my

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 conversation was ever anticipated.

3 MS. WILKERSON: I think that when you
4 look at a lot of the Special Service Districts, some
5 of them really are drawing on a thin base. You
6 questioned whether or not in every instance a
7 Special Service District is the appropriate tool.
8 But the Administration does support them and I think
9 that it does make sense if in fact they're having a
10 struggle with the burden of collection to try to
11 come up with something, try to come up with a
12 structure for collecting for all the special service
13 districts, not just for the one or two that are on
14 the Calendar today. Historically, they have been
15 launched as independent entities. They do their own
16 collection. I'm thinking of we have just a number
17 of them across neighborhoods in the City.

18 COUNCILMAN O'NEILL: It seems to me that
19 the estimated cost of collection could be a lot
20 lower. I mean, there's some way of getting that
21 number down. I don't know if it's by the government
22 doing it or some other method. It just seems
23 extraordinarily high for such a small
24 easy-to-figure-out equation.

25 Thank you.

1 10/16/02 - RULES - BILLS 020166-A, 020431

2 COUNCILMAN KENNEY: Any other questions?

3 (No response.)

4 COUNCILMAN KENNEY: Seeing none, thank
5 you very much.

6 Anyone else to testify on this Bill?

7 (No response.)

8 COUNCILMAN KENNEY: Seeing none, that
9 will conclude our public hearing.

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COUNCIL OF THE CITY OF PHILADELPHIA

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PUBLIC MEETING

4

COMMITTEE ON RULES

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Thursday, October 16, 2002

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Public Meeting conducted by the

9

Committee on Rules, held in Room 696, City Hall,

10

Philadelphia, Pennsylvania, on the above date, to

11

consider action on the following:

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BILLS 020166-A, 020431, 020486.

13

RESOLUTION 020627.

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- - -

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PRESENT:

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COUNCILMAN JAMES KENNEY, Chair
COUNCIL PRESIDENT ANNA C. VERNA
COUNCILMAN DARRELL CLARKE
COUNCILMAN MICHAEL NUTTER
COUNCILMAN BRIAN O'NEILL
COUNCILMAN ANGEL ORTIZ

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1 10/16/02 - RULES - PUBLIC MEETING

2 COUNCILMAN KENNEY: We will convene a
3 public meeting.

4 The Chair recognizes Councilmember
5 DiCicco for a motion on Bill 020166-A.

6 COUNCILMAN DICICCO: Thank you, Mr.
7 Chair. I move that Bill No. 020166-A be reported
8 out of this Committee with a favorable
9 recommendation, and the further recommendation that
10 the Rules of Council be suspended.

11 (Duly seconded.)

12 COUNCILMAN KENNEY: It's been moved and
13 seconded.

14 All in favor?

15 (Aye.)

16 COUNCILMAN KENNEY: Are there any
17 opposed?

18 (No response.)

19 COUNCILMAN KENNEY: None opposed.

20 Bill No. 020166-A will be reported out
21 of this Committee favorably. A request will be made
22 for rules suspension to allow first reading at our
23 next Council Session.

24 The Chair recognizes Councilmember
25 DiCicco for a motion on Bill 020431.

1 10/16/02 - RULES - PUBLIC MEETING

2 COUNCILMAN DICICCO: Thank you, Mr.
3 Chair. I move that Bill No. 020431 be reported out
4 of this Committee with a favorable recommendation,
5 and a further recommendation that the Rules of
6 Council be suspended.

7 (Duly seconded.)

8 COUNCILMAN KENNEY: Moved and seconded.
9 All in favor?

10 (Aye.)

11 COUNCILMAN KENNEY: There are none
12 opposed.

13 Bill No. 020431 reported out of this
14 Committee favorably. A request will be made for
15 Rules suspension to allow for first reading at our
16 next Council Session.

17 The Chair recognizes Councilmember
18 Nutter for a motion on Bill 0202486.

19 COUNCILMAN NUTTER: Thank you, Mr.
20 Chairman. I move that Bill 020486 be reported out
21 of this Committee with a favorable recommendation,
22 and a further recommendation that the Rules of
23 Council be suspended so as to permit first reading
24 at our next session.

25 (Duly seconded.)

1 10/16/02 - RULES - PUBLIC MEETING

2 COUNCILMAN KENNEY: Moved and seconded.

3 All in favor?

4 (Aye.)

5 COUNCILMAN KENNEY: There are none

6 opposed.

7 Bill No. 020486 reported out of this
8 Committee favorably. A request will be made for
9 Rules suspension to allow for first reading at our
10 next Council Session.

11 The Chair recognizes Councilmember
12 Nutter for a motion to approve the Resolution
13 020627.

14 COUNCILMAN NUTTER: Thank you, Mr.
15 Chairman. I move that Resolution No. 020672 be
16 reported out of this Committee with a favorable
17 recommendation.

18 (Duly seconded.)

19 COUNCILMAN KENNEY: It's been moved and
20 seconded.

21 All in favor?

22 (Aye.)

23 COUNCILMAN KENNEY: There are none

24 opposed.

25 Resolution No. 020627 reported out of

1 10/16/02 - RULES - PUBLIC MEETING

2 Committee favorably.

3 And also the Rules Committee will be
4 meeting again tomorrow morning at 9:00 a.m. Thank
5 you very much for your participation. And I
6 apologize to the business people of Passyunk Avenue
7 for that embarrassment. Thank you.

8 (Council adjourned at 11:00 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 October 16, 2002, were reported
fully and accurately by me, and that this is a
correct transcript of the same.

RE: COMMITTEE ON RULES

Lisa C. Bradley, RPR
and Notary Public