

1

2

3

COUNCIL OF THE CITY OF PHILADELPHIA

4

COMMITTEE ON FINANCE

5

- - -

6

Monday, March 6, 2006

7

11:30 a.m.

8

- - -

9

Room 400, City Hall

10

Philadelphia, Pennsylvania

11

- - -

12

BILL NO. 060011 - PGW Capital Budget Amendment

13

BILL NO. 050661 - FY '06 Capital Loan
Authorization

14

- - -

15

PRESENT:

16

JANNIE L. BLACKWELL, Chair

17

BLONDELL REYNOLDS BROWN

18

MARIAN B. TASCO

FRANK DiCICCO

W. WILSON GOOD, JR.

19

JUAN F. RAMOS

20

- - -

21

22

V A R A L L O Incorporated

23

Litigation Support Services

1835 Market Street, Suite 600

24

Philadelphia, PA 19103

(215) 561-2220

25

1 BILL NO. 060011 - 3/6/06

2 COUNCILWOMAN BLACKWELL: This is the
3 Committee on Finance. We are here to hear
4 testimony on Bill Nos. 060011 and 050661.

5 We will ask the Clerk to please read
6 the title of the PGW Capital Budget Amendment,
7 Bill No. 060011.

8 THE CLERK: Bill No. 060011, and
9 Ordinance amending Bill No. 050792 entitled,
10 "An Ordinance Approving the Fiscal year 2006
11 Capital Budget providing for expenditures for
12 the capital purposes of the Philadelphia Gas
13 Works, subject to certain constraints and
14 conditions, and acknowledging receipt of the
15 Forecast of Capital Budgets for Fiscal Years
16 2007 through 2011" by approving a revised
17 Capital Budget for Fiscal Year 2006 and by
18 extending the timeline related to line item
19 transfers.

20 COUNCILWOMAN BLACKWELL: Thank you
21 very much.

22 The Chair notes that we have a
23 quorum. To my left, Councilwoman Marian
24 Tasco; to her left, Council W. Wilson Goode;
25 to his left, Councilwoman Blondell Reynolds

1 BILL NO. 060011 - 3/6/06

2 Brown.

3 We also have to my right Councilman
4 Juan Ramos, and we also have Councilman Frank
5 DiCicco here.

6 Good morning again. Please identify
7 yourself, for the record, and begin your
8 testimony.

9 MS. JANET PARRISH: Thank you, Madam
10 Chairwoman. I am Janet Parrish, the Executive
11 Director of the Philadelphia Gas Commission.

12 MR. CRAIG WHITE: Thank you, Madam
13 Chairwoman. I am Craig White, Acting Chief
14 Operating Officer for Philadelphia Gas Works.

15 COUNCILWOMAN BLACKWELL: Thank you.

16 Thank you all.

17 MR. PARRISH: My testimony this
18 morning has been submitted in writing on
19 behalf of the Gas Commission. I won't read
20 that or reiterate it at length.

21 The bill before you does reflect
22 recommendations by the Philadelphia Gas
23 Commission adopted at various meetings in
24 November and December 2005. Copies of those
25 orders are attached to my testimony.

1 BILL NO. 060011 - 3/6/06

2 In brief, we are urging approval of
3 three amendments to the Fiscal Year 2006
4 Capital Budget ordinance for the Philadelphia
5 Gas Works.

6 There are two new line items to be
7 added to the budget and one recommendation
8 that pertains to a short extension on the time
9 frame within which the Gas Commission and PGW
10 can perform year-end budget reconciliations
11 via the line item transfer mechanism that
12 Council has delegated the authority to us.

13 I can speak to more detail to either
14 line item, if you would like. But, in the
15 absence of that, I would be happy to answer
16 any questions.

17 And we simply ask that the committee
18 report this bill out favorably, with a
19 suspension of the Rules so that first reading
20 can occur at the next session of Council.

21 COUNCILWOMAN BLACKWELL: Thank you
22 very much.

23 Councilman Goode.

24 COUNCILMAN GOODE: Thank you, Madam
25 Chair. Quick question sort of unrelated to

1 BILL NO. 060011 - 3/6/06

2 the amendment.

3 PGW floats its capital bonds. Where
4 are the bond proceeds held afterwards,
5 particularly as it relates to this matter?

6 There is a capital improvement fund,
7 a sinking fund, that is held by the city on
8 behalf of PGW. And that is where all the bond
9 proceeds go that fund PGW's Capital Program.

10 COUNCILMAN GOODE: So it goes into
11 the city treasury?

12 MS. PARRISH: It is related to the
13 city treasury. It is held separately because
14 of this separation of the General Fund for the
15 city, and not commingle that, of course, with
16 the revenue bonds held strictly and paid
17 strictly out of PGW revenues.

18 All the debt service, of course, is
19 paid solely out of PGW revenues.

20 COUNCILMAN GOODE: Do you know
21 specifically where these bond proceeds will be
22 housed?

23 I am sorry, off the top of my
24 head -- I'm not sure if Mr. White does. But
25 Mr. Bogdanovich, who I believe is not with us

1 BILL NO. 050661 - 3/6/06

2 today, from PGW certainly could answer that
3 question.

4 COUNCILMAN GOODE: Could you forward
5 that information through the Chair, and also
6 who makes that decision?

7 MS. PARRISH: Of course.

8 COUNCILMAN GOODE: Thank you.

9 COUNCILWOMAN BLACKWELL: Thank you
10 very much.

11 Are there further questions from
12 members of this committee? Thank you.

13 We will now ask the clerk to read
14 the title of Bill No. 050661, the Fiscal Year
15 '06 Capital Loan Authorization.

16 THE CLERK: Bill No. 050661, An
17 Ordinance authorizing the creation of a loan
18 or loans to provide funds for and towards
19 various capital municipal purposes;
20 authorizing the Mayor, City Controller, and
21 City Solicitor, or a majority of them, to sell
22 bonds at public or private negotiated sale,
23 setting forth the capital purposes and the
24 amounts for which the proceeds of the loan or
25 loans will be expended, including

1 BILL NO. 050661 - 3/6/06

2 reimbursement of city capital expenditures.

3 COUNCILWOMAN BLACKWELL: Thank you
4 very much. We regret that the fire alarm may
5 have held up some of our city folks.

6 We do see Mr. Tustin, who is here.
7 And we invite him. We have the Vince Jannetti
8 also coming, and Clarena Tolson.

9 But we certainly invite you up to
10 give testimony and to take all the heat
11 involved in the issue. Come forward.

12 Mr. Tustin, please identify yourself
13 for the record and begin your testimony.

14 MR. RICK TUSTIN: Good morning. My
15 name is Richard Tustin, and I am Director for
16 the city's Capital Program Office.

17 I'm, basically, here to give
18 supporting testimony to the Finance Director.
19 And I know he has testimony, I believe,
20 prepared.

21 I was hoping to wait until he
22 completed his so I could then give the
23 supporting testimony. I don't know whether my
24 testimony will make sense without his prior to
25 mine.

1 BILL NO. 050661 - 3/6/06

2 COUNCILWOMAN BLACKWELL: We do have
3 a copy of his testimony. It includes topics
4 of fuel tank replacements, City Hall exterior
5 restoration, Police facilities, Fire
6 facilities, Library facilities, and Fairmount
7 Park.

8 MR. TUSTIN: I would be more than
9 happy to speak on those issues.

10 COUNCILWOMAN BLACKWELL: Fine.
11 Thank you.

12 MR. TUSTIN: Should I proceed?

13 COUNCILWOMAN BLACKWELL: Yes, please
14 proceed.

15 And to members of the committee, you
16 do have this testimony in your packet.

17 MR. TUSTIN: Good morning,
18 Councilwoman Blackwell, members of the Finance
19 Committee.

20 As I said, my name is Richard
21 Tustin, I am the Director of the city's
22 Capital Program Office.

23 I am here today to provide you with
24 a snapshot of the many FY '06 planned capital
25 projects which have not been able to move

1 BILL NO. 050661 - 3/6/06

2 forward due to the lack of authorization and
3 the effects not having a loan authorization
4 will have on the operations of city
5 departments and the City of Philadelphia and
6 the citizens of Philadelphia.

7 Fuel tank replacements. The
8 Pennsylvania Department of Environmental
9 Protection has mandated that the city conduct
10 remedial work on gasoline and fuel tanks at 27
11 of our sites, including 7 police and 10 fire
12 stations.

13 7 sites, including the 3rd, 4th
14 Police District, the 39th Police District, the
15 22nd, 23rd Police District must be completed
16 by June 30 of 2006.

17 An additional five sites, including
18 other police and fire stations, will be funded
19 through the FY '06 loan authorization.
20 Without FY '06 funds, most of this work cannot
21 proceed.

22 Should a tank fail, the city will
23 have to immediately close that facility or
24 face a fine of up to \$10,000 per tank per day
25 at the facility until the conditions have been

1 BILL NO. 050661 - 3/6/06

2 rectified.

3 City Hall exterior restoration.

4 This project is presently focusing on the
5 southern portion of the building.

6 I am sure we have all looked at the
7 north face of the building and the west face
8 of the building, and you can see the
9 difference from what it was to what it is now.

10 When we bid this work, we only had
11 sufficient funds to complete one-third of the
12 area along the south face of the building, but
13 felt confident that the FY '06 authorization
14 would be approved in time to fund the balance
15 of the contract.

16 If additional funds are not
17 available by August of 2006, this project will
18 shut down. The continuing problems of roof
19 leaks, rusting of cast iron, rotting of
20 windows, and disintegration of the stone work
21 and statutes will only worsen and, in the long
22 run, cost the city more to correct.

23 You may have noticed that we have
24 had to take some protective measures around
25 the building. Especially on the south side,

1 BILL NO. 050661 - 3/6/06

2 you will notice some netting up at the roof
3 line, as well as some metal strapping.

4 We have had to do this on portions
5 of the stone work to temporarily hold it in
6 place for safety reasons. Delaying this work
7 will only worsen these conditions.

8 I have a couple of examples of some
9 metal cresting cast iron work that has
10 actually fallen from the building over the
11 past couple of years.

12 I would be more than happy to show
13 it to you, if you would like.

14 COUNCILWOMAN BLACKWELL: Yes.

15 And while you are doing that, we
16 invite Mr. Jannetti and Ms. Tolson to the
17 witness table.

18 MR. TUSTIN: The samples that I just
19 gave to Mr. Christmas are pieces that have
20 fallen off the roof already. And we have had
21 to take measures to protect this.

22 That ball is about 50 pounds, and it
23 is at the roof line, which over 800 feet.

24 COUNCILMAN DiCICCO: That looks like
25 a bocce ball.

1 BILL NO. 050661 - 3/6/06

2 MR. TUSTIN: Should that fall on
3 somebody and hit the ground, forgetting about
4 the person, it will probably go through the
5 sidewalk and cause some substantial damage.

6 Our concern, more than anything
7 else, is life and safety. And if any of those
8 issues were to fall and hit somebody, the city
9 would be in terrible trouble.

10 The next area would be police
11 facilities. The roofs at Police District 16
12 and 18, the Accident Investigation Unit, the
13 Police Academy gym, have all exceeded their
14 useful life and frequently leak.

15 The problems have and will continue
16 to accelerate, if replacements are not
17 undertaken within the next year.

18 Leaks create interior damage and
19 cause further habitability concerns related to
20 environmental issues; such as, mold and
21 mildew. Without an FY '06 loan authorization,
22 this work will not be done.

23 Fire facilities. The boilers at
24 Engine 35 is leaking now. The boilers at
25 Engine 25, 46, 55 are all over 40 years old.

1 BILL NO. 050661 - 3/6/06

2 Failure to repairs these boilers could render
3 the stations again uninhabitable. I said it
4 better that time.

5 Aged boilers can fail at any time,
6 thus creating emergency conditions at these
7 critical facilities.

8 Although the design has been
9 initiated for the work, construction cannot
10 begin until funds have been authorized.

11 The roofs at Engines 1, 2, 9, and 50
12 have exceeded their useful life and frequently
13 fail. The problems have and will continue to
14 accelerate, if the roofs are not replaced
15 within the next year.

16 And, as stated earlier, leaks can
17 lead to interior and environmental issues, if
18 not corrected.

19 Cooling coils at the Fire
20 Administration Building have exceeded their
21 effective life and are in need of replacement.
22 Failure of these coils will render the HVAC
23 system unusable and cause the building or
24 portions thereof to be uninhabitable.

25 Note that these projects are also

1 BILL NO. 050661 - 3/6/06

2 currently in design; but, without FY '06 loan
3 authorization, the work will not get done.

4 Library facilities. Boilers and
5 HVAC systems at Bustleton, McPhearson Square,
6 Northeast Regional, as well as the cooling
7 tower as Cecil B. Moore, require replacement.

8 Roof replacements are required at
9 the Welsh Road branch and the Chestnut Hill
10 branch, as well as the replacement of the
11 steps to McPhearson Square branch. Without FY
12 '06 funds, these projects cannot proceed.
13 Failure of these systems will more than likely
14 require closing these facilities.

15 Fairmount Park. Martin Luther King
16 Junior Drive, some of us remember it as West
17 River Drive, has become a regional recreation
18 park as an extension of the trail system from
19 Center City, past the Art Museum, to East
20 Falls.

21 Unfortunately, trail users have also
22 experienced muggings and recently even a rape
23 due to poor lighting and security.

24 As the trail use becomes more
25 intense in popularity, and popularity

1 BILL NO. 050661 - 3/6/06

2 increases, crime is likely to rise, causing
3 concern for the recreational public.

4 Without FY '06 funds, the
5 construction of new lighting and security
6 enhancements, which, again, is already in the
7 works as far as design of these trails, will
8 not go forward and will stop.

9 As I stated at the beginning of my
10 testimony, this is only a sampling of
11 projects, albeit the most critical, which
12 desperately need to move forward.

13 I sincerely hope Council will
14 consider these issues when they vote to move
15 the FY '06 authorization ordinance forward.

16 Thank you very much.

17 COUNCILWOMAN BLACKWELL: Thank you
18 very much.

19 Councilwoman Tasco has a question.
20 She is happy to wait until all the testimony
21 is provided.

22 Mr. Jannetti, do you have any
23 testimony?

24 MR. VINCE JANNETTI: I don't have
25 any prepared testimony, Councilwoman.

1 BILL NO. 050661 - 3/6/06

2 COUNCILWOMAN BLACKWELL: Thank you.
3 Commissioner Tolson.

4 MS. TOLSON: Good morning.

5 COUNCILWOMAN BLACKWELL: Good
6 morning. And we do have a copy of your
7 testimony. We are happy to have you make it.

8 MS. CLARENA TOLSON: Good morning to
9 the members of this committee. I am Clarena
10 Tolson, Commissioner of the Streets
11 Department, and I am here today to present
12 testimony on behalf of the department's
13 Capital Budget funding request.

14 The funding request is critical to
15 our department's ability to fulfill its
16 mission of clean and safe streets.

17 Major projects for roadway
18 resurfacing and reconstruction, bridge
19 reconstruction, and improvements to traffic
20 controls and street lighting will be
21 significantly reduced or delayed.

22 Without adequate funding, these
23 projects would be in jeopardy. As such, our
24 ability to maintain the safety of our
25 infrastructure would be severely compromised.

1 BILL NO. 050661 - 3/6/06

2 The department is dependent on
3 capital funding for both its street
4 resurfacing and reconstruction programs.
5 Resurfacing and reconstruction will cease in
6 the fall of 2006, if the department does not
7 receive the requested funding.

8 The South Street Bridge is one of
9 the department's largest and most critical
10 public works projects, and failure to provide
11 funding would delay the needed reconstruction
12 of that bridge.

13 The bridge is a major thoroughfare
14 and is in dire need of replacement. If the
15 structure is not replaced in a timely manner,
16 we will be forced to consider closing the
17 bridge as it continues to deteriorate, since
18 we will be unable to mitigate through normal
19 or routine maintenance.

20 The department continues to move
21 forward on improvements to our traffic control
22 system to improve vehicular and pedestrian
23 safety.

24 We will not be able to install
25 school flashers beyond July 2006. This is a

1 BILL NO. 050661 - 3/6/06

2 high priority for the city's School Safety
3 Task Force and has significant impact on the
4 safety of our school children throughout the
5 city.

6 The Streets Department and its
7 employees continue to work diligently in the
8 delivery of services to our citizens and
9 neighborhoods and to improve the quality of
10 life in our city by providing clean and safe
11 streets.

12 The Capital Program is a critical
13 component of the department's ability to
14 provide these services. Therefore, we request
15 your favorable consideration to authorizing
16 the loan request.

17 Thank you so much.

18 COUNCILWOMAN BLACKWELL: Thank you,
19 Commissioner.

20 Councilwoman Tasco.

21 COUNCILWOMAN TASCO: Thank you.

22 Good morning.

23 On Page 2 of the bill, you have
24 outlined in Section 2 the appropriations for
25 each department. You have \$5,067,000 for

1 BILL NO. 050661 - 3/6/06

2 transit. What does that cover?

3 MR. JANNETTI: Let me get that for
4 you.

5 Councilwoman, this \$5 million is
6 primarily for SEPTA improvements that concern
7 SEPTA. It is Broad Street Subway signal
8 modernization; the escalator/elevator program
9 at Pattison station and Olney Transportation
10 Center, amongst others; Fernrock roof
11 replacement; the Market-Frankford Elevated
12 reconstruction program; the Market Street
13 Elevated streetscape.

14 COUNCILWOMAN TASC0: Why are we
15 doing SEPTA capital improvements?

16 MR. JANNETTI: These are funds that
17 the city provides SEPTA through the Capital
18 Budget.

19 COUNCILWOMAN TASC0: Now, I notice
20 you had the Streets Department here to talk
21 about their needs. Where is the Recreation
22 Department? And you don't talk about it in
23 the testimony.

24 What is the money used for? You
25 talk about the park. Didn't mention

1 BILL NO. 050661 - 3/6/06

2 Recreation.

3 And I want to know what museum will
4 benefit from that, if the museum -- there is a
5 proposal to spend \$150 million for capital
6 improvement, and some of the museums are
7 included.

8 What museum would this be?

9 MR. TUSTIN: Council person, I know
10 there was some additional talk of some funding
11 for museum purposes over and above the
12 original submitted Capital Budget.

13 I am prepared to talk about the
14 funding that the Capital Program Office
15 oversees on behalf of the Recreation
16 Department, which includes all the ITEF funds,
17 as you know, for the individual Council
18 people, as well as their primary lines.

19 Now, there are lines in the
20 Recreation capital budget for cultural
21 facilities. But, to be honest with you, I
22 would like to get back to you with a
23 definitive answer to that question. And I
24 don't know that right now.

25 COUNCILWOMAN TASCO: Also, how much

1 BILL NO. 050661 - 3/6/06

2 is appropriated in this budget, do you know?
3 Do Council districts get certain appropriation
4 out of these capital funds to determine which
5 rec facilities or whatever facilities we want
6 to appropriate this money to? How much is in
7 this?

8 MR. TUSTIN: It is my understand the
9 budget as submitted was \$5 million for ITEF.
10 I think that's --

11 COUNCILWOMAN TASC0: \$5 million?

12 MR. TUSTIN: 4 million out of the
13 Recreation line and 1 million out of the MDO
14 line.

15 COUNCILWOMAN TASC0: MDO?

16 MR. TUSTIN: Managing Director's
17 Office.

18 As you know, normally the funding
19 comes from two sources; one is recreation, the
20 other is MDO. That allows each Council person
21 the ability to spend some of their ITEF on
22 nonrecreation-type projects.

23 Streetscaping, lighting in streets,
24 things like that comes out of the MDO portion
25 of that allotment.

1 BILL NO. 050661 - 3/6/06

2 COUNCILWOMAN TASC0: So that's about
3 \$400,000? \$500,000 per district?

4 MR. TUSTIN: Correct.

5 COUNCILWOMAN TASC0: Is that going
6 to be designated to the districts or will that
7 money be spent by the Capital Improvement
8 Office?

9 MR. TUSTIN: My understanding,
10 Councilwoman, is that 500,000 would be
11 designated to the individual districts as
12 ITEF.

13 COUNCILWOMAN TASC0: Now, tell me
14 about economic and community development.

15 MR. TUSTIN: That usually is handled
16 through the Commerce Department, so we are
17 going to have to get somebody from commerce to
18 answer those questions.

19 As you may or may not know, the
20 Capital Program Office does not manage the
21 projects for Commerce, Aviation, Water,
22 Streets.

23 So, they need to answer those
24 questions directly. I don't have those
25 questions.

1 BILL NO. 050661 - 3/6/06

2 COUNCILWOMAN TASC0: Well, you all
3 knew we were going to be a little senile from
4 two years ago on this stuff. We weren't going
5 to remember the testimony when you originally
6 gave it on this request, this budget item.
7 Which is a 2005 item?

8 MR. TUSTIN: I don't have that in
9 front of me, but I would be more than happy --
10 if you have it --

11 COUNCILWOMAN TASC0: We should have
12 had the representatives from the department
13 here so they can answer our questions, because
14 this is an old, old bill.

15 MR. JANNETTI: We have just asked
16 them to come over, Councilwoman. We have just
17 asked someone from Commerce to come over.

18 COUNCILWOMAN BLACKWELL: It is
19 always helpful if we have details for big
20 numbers. Of course you all know that. And it
21 has already been requested that we hold this
22 bill.

23 And, so, probably maybe on Thursday
24 morning. We will hold this bill until
25 Thursday morning at 9:00, and maybe then you

1 BILL NO. 050661 - 3/6/06

2 can get information to us and also have the
3 other departments involved in this to come and
4 be prepared to provide detail.

5 MR. JANNETTI: Okay.

6 COUNCILWOMAN BLACKWELL: Councilman
7 Goode.

8 COUNCILMAN GOODE: Thank you, Madam
9 Chair.

10 Good morning Mr. Jannetti. Has it
11 been determined yet which institution would
12 hold the bond proceeds?

13 MR. JANNETTI: Councilman, the bond
14 proceeds, these are general obligation capital
15 proceeds. They would be in con cash with --
16 these would be principally in Wachovia and PNC
17 Bank.

18 COUNCILMAN GOODE: Is that an
19 agreement that's already in writing or is that
20 just general practice?

21 MR. JANNETTI: That's the bank that
22 we use for these funds.

23 COUNCILMAN GOODE: Why is that?

24 MR. JANNETTI: Because we do have
25 some type of -- I'm not sure if it is a

1 BILL NO. 050661 - 3/6/06
2 contract or an agreement with the institutions
3 for these funds.

4 COUNCILMAN GOODE: I made a request
5 of the City Treasurer, I will make the same
6 request to you; that we, essentially,
7 prequalify all of our institutions that are
8 already authorized for whether they can handle
9 this trust and custodial work.

10 I'm not satisfied that only Wachovia
11 and PNC can handle these accounts.
12 Essentially, they are not managing the money;
13 they are just holding the money for investment
14 managers. Is that correct?

15 MR. JANNETTI: Yes, sir, that is
16 correct.

17 COUNCILMAN GOODE: And what is the
18 status of Wachovia's trust and custodial
19 business? My understanding is they have sold
20 it or are in the process of selling it?

21 MR. JANNETTI: The custodial
22 business has been sold to U.S. Bank, the
23 custodial side. That's on the bond side. But
24 these funds are -- these funds are --

25 COUNCILMAN GOODE: Go with the cash

1 BILL NO. 050661 - 3/6/06

2 accounts?

3 MR. JANNETTI: Yes, part of con
4 cash. It is not part of the business that's
5 at U.S. Bank.

6 COUNCILMAN GOODE: Thank you.

7 COUNCILWOMAN BLACKWELL:
8 Councilwoman Reynolds Brown.

9 COUNCILWOMAN BROWN: Thank you.
10 Commissioner Tolson, good morning.

11 I am looking at your testimony, Page
12 2 of your testimony, wherein you give very
13 brief discussion to the installation of the
14 school flashers.

15 MS. TOLSON: Yes.

16 COUNCILWOMAN BROWN: And I am at a
17 serious disadvantage because I don't have my
18 notes from months ago when we had telephone
19 conversations around what was happening with
20 the School Safety Task Force on this issue.

21 So help me understand, where is this
22 federal allocation in the mix of things? Is
23 it at the school district? Is it with the
24 city? Because it was my understanding that
25 was going to be matched by the city.

1 BILL NO. 050661 - 3/6/06

2 And help me with this, so that we
3 can get those school flashers up and started.

4 MS. TOLSON: The School District's
5 money was \$1 million. That is nearly spent.

6 COUNCILWOMAN BROWN: That is spent.

7 MS. TOLSON: Not all spent; that is
8 nearly spent. We probably have less than a
9 handful of schools to do with that money.

10 And then we will be using additional
11 city monies through the Capital Program to do
12 additional flashers.

13 That's the comment I make here about
14 probably -- we will probably have -- use our
15 money by summertime, by July. We will use
16 that up.

17 There is additional funds that come
18 from our Congressman, Congressman Fattah.
19 That money is still going through a process of
20 getting put on our TIP, being authorized for
21 us to use in this way.

22 COUNCILWOMAN BROWN: Define that for
23 me. When you get getting put on our TIP, what
24 is that?

25 MS. TOLSON: Right. That means

1 BILL NO. 050661 - 3/6/06

2 making it eligible for us to spend.

3 Though it has been designated as
4 something that's to come to the City of
5 Philadelphia, it is still -- there is a
6 process wherein federal funds, how they come
7 to the city and how we are able to access it.

8 COUNCILWOMAN BROWN: What's the
9 status of that, do you know?

10 MS. TOLSON: I'm not sure of the
11 exact status. I can find that out for you.
12 But it will be some time before that money
13 becomes available.

14 COUNCILWOMAN BROWN: When you say,
15 "some time," that means what? A year from
16 now, 18 months from now?

17 MS. TOLSON: Yes, a year, 18 months.

18 COUNCILWOMAN BROWN: Is that
19 typical, when the city is in position to
20 receive federal dollars?

21 MS. TOLSON: Yes.

22 COUNCILWOMAN BROWN: So there is no
23 nudging we can do from our end, since we know
24 for sure that those dollars have been
25 allocated strictly for the --

1 BILL NO. 050661 - 3/6/06

2 MS. TOLSON: Yes, Councilwoman,
3 actually, there is. And we are asking for
4 some support on the federal level to help
5 address this.

6 And we are asking for support in the
7 local level to help get it through the process
8 faster, in terms of the review and approval
9 for us to access the monies.

10 COUNCILWOMAN BROWN: So is that a
11 role for Council? Is that a role for the
12 Mayor's Office? Or who?

13 MS. TOLSON: I will define that for
14 you further and share that with you, how you
15 can possibly help.

16 COUNCILWOMAN BROWN: How many can we
17 expect to see in place -- first of all, how
18 many remain on the list? Or is that list a
19 rolling list, it is always being added to?

20 MS. TOLSON: Yes. There are very
21 few schools that remain on the list that have
22 applied, very few.

23 But we are also wanting to go past
24 those that have applied and try to get more
25 to --

1 BILL NO. 050661 - 3/6/06

2 COUNCILWOMAN BROWN: Take advantage
3 of that.

4 MS. TOLSON: Absolutely. Right.

5 COUNCILWOMAN BROWN: So how many
6 more do you expect to see in place by July
7 '06?

8 MS. TOLSON: By July '06, we should
9 probably have another, I want to say, 15; 15
10 to 20.

11 COUNCILWOMAN BROWN: You told me
12 this figure once before. What's the per-unit
13 cost for the installation?

14 MS. TOLSON: About 20, 25 thousand
15 dollars.

16 COUNCILWOMAN BROWN: Thank you for
17 your testimony. Thank you, Madam Chair.

18 COUNCILWOMAN BLACKWELL: Thank you
19 very much.

20 Councilman Goode.

21 COUNCILMAN GOODE: Thank you, Madam
22 Chair.

23 Mr. Jannetti, a couple of other
24 questions. For the \$150 million bond issue
25 that's being proposed, has that bond issue

1 BILL NO. 050661 - 3/6/06

2 been structured yet?

3 MR. JANNETTI: No, sir.

4 COUNCILMAN GOODE: It has not.

5 So there will be time to prequalify
6 what institutions can hold that money, if
7 necessary?

8 MR. JANNETTI: Yes. Yes, sir. Yes.
9 I was just going to say, we have a long road
10 to go. But, yes.

11 COUNCILMAN GOODE: Second question.
12 And to the extent that U.S. Bank -- because my
13 understanding is that U.S. Bank bought
14 Wachovia's trust and custody business. And
15 then my understanding, as of Friday, is the
16 deal didn't fully go through yet.

17 At whatever point the deal goes
18 through, where they are to receive money --
19 because they have not received any prior bond
20 proceeds yet; is that correct?

21 MR. JANNETTI: U.S. Bank would not
22 have the bond proceeds; that would be with --
23 in con cash with Wachovia and PNC.

24 The U.S. Bank would be on the debt
25 service payments for the bonds. So when we go

1 BILL NO. 050661 - 3/6/06

2 to make a debt service payment on any day,
3 funds would go to those folks.

4 COUNCILMAN GOODE: I am actually not
5 referring to these particular bond issues; I
6 am referring to whatever proceeds that
7 Wachovia was holding.

8 MR. JANNETTI: The proceeds, the
9 bond proceeds, would still be in con cash in
10 the capital fund, and would be with whatever
11 money -- you know, it would be managed with
12 whatever money manager manages those funds,
13 investing on our behalf.

14 COUNCILMAN GOODE: Let me be a
15 little more specific, then.

16 In 2005, on average, Wachovia held
17 1.3 billion in investment and trust accounts.

18 MR. JANNETTI: Yes, sir.

19 COUNCILMAN GOODE: If U.S. Bank buys
20 that business, does that money then go to U.S.
21 Bank?

22 MR. JANNETTI: No, sir. They bought
23 the corporate trust business. They bought the
24 work on the bond -- the debt service payment
25 side.

1 BILL NO. 050661 - 3/6/06

2 The funds you are speaking about are
3 the tax revenues for General Fund, all funds
4 in the Capital Program. And, you know,
5 airport and water, that's still in --

6 COUNCILMAN GOODE: So all of that is
7 on the cash side?

8 MR. JANNETTI: Yes, sir.

9 COUNCILMAN GOODE: Thank you.

10 COUNCILWOMAN BLACKWELL: Thank you,
11 Councilman.

12 Are there other questions from
13 members of this committee?

14 Councilwoman Reynolds Brown.

15 COUNCILWOMAN BROWN: Yes. I simply
16 want to confirm for the record that you will
17 do the followup with me, Commissioner,
18 regarding --

19 MS. TOLSON: The federal funding on
20 the school flashers, yes.

21 COUNCILWOMAN BROWN: Could I get a
22 copy of that School Safety Task Force report?
23 Is there such a report?

24 MS. TOLSON: There was a report last
25 year, yes.

1 BILL NO. 050661 - 3/6/06

2 COUNCILWOMAN BROWN: If you could
3 see I get a copy of that. Send it to the
4 Chair, if you will. Thank you.

5 COUNCILWOMAN BLACKWELL: Thank you.
6 Mr. Tustin.

7 MR. TUSTIN: Yes, Councilwoman. I
8 wanted to respond to Councilwoman Tasco's
9 question just a second ago concerning the
10 money that was in the budget for FY '07 for
11 recreation. And I can give you a breakdown.
12 1.7 million of it will go for Del
13 East and Mummers Museum. 4 million of the
14 total requested budget for Recreation is for
15 ITEF for Council.

16 COUNCILWOMAN BLACKWELL: Would you
17 begin again, move the mike a little closer so
18 everybody can hear you.

19 COUNCILWOMAN TASCO: This is '05.
20 You are saying this is the budget for '07?

21 MR. TUSTIN: This is '07. I thought
22 that's what you were referring to, the '07
23 budget.

24 Or are you referring to the '06
25 budget?

1 BILL NO. 050661 - 3/6/06

2 COUNCILWOMAN TASC0: '06.

3 MR. TUSTIN: My mistake.

4 COUNCILWOMAN TASC0: Isn't this June
5 16, '05, isn't this for the '06 budget?

6 MR. JANNETTI: This is for the --
7 yes, Councilwoman, it is the '06 loan
8 authorization.

9 COUNCILWOMAN TASC0: We did not
10 approve this to go on the ballot for this
11 year?

12 MR. JANNETTI: That is correct.

13 COUNCILWOMAN TASC0: That is what we
14 are talking about. This is '05, but it was
15 for '06.

16 MR. JANNETTI: Yes.

17 COUNCILWOMAN TASC0: So that's why I
18 was asking about our minds being refreshed
19 regarding these expenditures.

20 The money in the '05 budget, was
21 that money spent, appropriated to the district
22 Council people, the '05 money?

23 MR. TUSTIN: The '05 funding was
24 appropriated. \$5 million of ITEF was
25 appropriated to Council people. That's

1 BILL NO. 050661 - 3/6/06
2 400,000 per district from Recreation and
3 100,000 from the Managing Director's Office.

4 COUNCILWOMAN TASC0: So that '05
5 money we can spend.

6 MR. TUSTIN: '05, \$500,000 of the
7 '05 funding, you can spend. And, in fact, we
8 have shown on each one of your spreadsheets
9 for your use to spend in your Council
10 district.

11 COUNCILWOMAN TASC0: What happened
12 to the amended? We amended the '05 budget for
13 us to get 1.2 million, I believe.

14 MR. TUSTIN: Correct.

15 COUNCILWOMAN TASC0: And the Mayor
16 signed it. So what's wrong with the ability
17 to spend that money?

18 MR. TUSTIN: We have not been given
19 authorization from the Administration to spend
20 any more than 500,000 of that 1.2 million per
21 Council district.

22 I know there has been ongoing
23 discussions between the Mayor's Office and
24 City Council, Council President Verna,
25 concerning that \$7 million.

1 BILL NO. 050661 - 3/6/06

2 I do not know what any conclusions
3 have been on that funding as of right now, but
4 I know that \$7 million has been a point of
5 issue.

6 COUNCILWOMAN TASC0: Is the money
7 sitting someplace? Have you all spent any of
8 that money.

9 MR. TUSTIN: No, we have not spent
10 any of that money.

11 COUNCILWOMAN TASC0: So the money is
12 still waiting for us to be spent.

13 Mr. Jannetti you seemed interested
14 there.

15 MR. JANNETTI: No, Councilwoman.
16 The truth of the matter is, the '05
17 authorization has not even been funded yet.
18 But the funds are still -- the authorization
19 is still there, is what I am trying to say.

20 COUNCILWOMAN TASC0: For the 1.2
21 million per district?

22 MR. JANNETTI: Yes. Whatever the
23 breakdown.

24 COUNCILWOMAN TASC0: But you have
25 been told not to spend the money?

1 BILL NO. 050661 - 3/6/06

2 MR. TUSTIN: 700 of that 1.2
3 million, correct.

4 COUNCILWOMAN TASC0: But the money
5 is there?

6 MR. TUSTIN: Correct.

7 COUNCILWOMAN TASC0: Is there any
8 reason we can't?

9 MR. TUSTIN: That is an issue I know
10 has been in discussion between the
11 Administration and Council President's office.

12 I do not know the reason behind
13 that, but I do know there is ongoing
14 discussion.

15 COUNCILWOMAN TASC0: And, so, this
16 bill dated June 16, '05, is for the '06
17 budget?

18 MR. JANNETTI: Yes, ma'am.

19 COUNCILWOMAN TASC0: And that's \$5
20 million?

21 MR. TUSTIN: Correct.

22 COUNCILWOMAN TASC0: And you need to
23 get this on the ballot --

24 MR. TUSTIN: Correct.

25 COUNCILWOMAN TASC0: -- this year in

1 BILL NO. 050661 - 3/6/06

2 order to have the appropriation to spend this
3 money?

4 MR. TUSTIN: Yes, ma'am.

5 COUNCILWOMAN TASC0: Thank you.

6 COUNCILWOMAN BLACKWELL: Thank you.

7 Are there further questions from
8 members of this committee?

9 That will end the stated part of our
10 deliberations.

11 (Public hearing adjourned.)

12 - - -

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC MEETING

of the

COMMITTEE ON FINANCE

- - -

Monday, March 6, 2006

- - -

Public Meeting conducted by the
Committee on Finance, held in Room 400, City
Hall, Philadelphia, Pennsylvania, on the above
date, to consider action on the following:

BILLS 060011, 050661

- - -

PRESENT:

JANNIE L. BLACKWELL, Chair
BLONDELL REYNOLDS BROWN
MARIAN B. TASCIO
FRANK DiCICCO
W. WILSON GOOD, JR.
JUAN F. RAMOS

- - -

1 PUBLIC MEETING - 3/6/06

2 COUNCILWOMAN BLACKWELL: We will now
3 enter into our stated meeting.

4 The Chair recognizes Councilwoman
5 Tasco with regard to Bill No. 060011, which is
6 the bill dealing with PGW Capital Budget.

7 COUNCILWOMAN TASCO: Madam Chair, I
8 move that Bill No. 060011 be reported out of
9 committee with a favorable recommendation and
10 a request for the suspension of the Rules.

11 (Duly seconded.)

12 COUNCILWOMAN BLACKWELL: It has been
13 moved and seconded that Bill No. 060011 be
14 reported out of committee with a favorable
15 recommendation, and furthermore that the Rules
16 of Council be suspended so as to permit first
17 reading at our next session of Council.

18 All in favor will say aye.

19 Opposed?

20 The ayes have it, and so the bill
21 passes.

22 With regard to Bill No. 050661, the
23 Capital Loan Fiscal Year '06 Loan
24 Authorization, this bill will be held until
25 Thursday, the 9th, at 9:00 a.m., where we will

1 PUBLIC MEETING - 3/6/06

2 hear further information and receive further
3 testimony.

4 We also ask that all of those who
5 are involved in this be present so that, if
6 this committee has any questions, they may be
7 answered at that time.

8 As you know, it is our Council day,
9 so we don't have a lot of time. We hope that
10 everyone will come prepared with answers to
11 the questions that were raised and with
12 representatives from Commerce Department and
13 anyone else who may be involved and included
14 in this discussion.

15 Thank you very much. This hearing
16 is recessed until Thursday, March 9, 9:00 a.m.

17 (Public Meeting adjourned.)

18 - - -

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 Monday, March 6, 2006,
were reported fully and accurately by me, and
that this is a correct transcript of same.

RE: COMMITTEE ON FINANCE

DEBRA A. WHITEHEAD